



merSETA

MANUFACTURING, ENGINEERING
AND RELATED SERVICES SETA

GRANTS POLICY 2022/23


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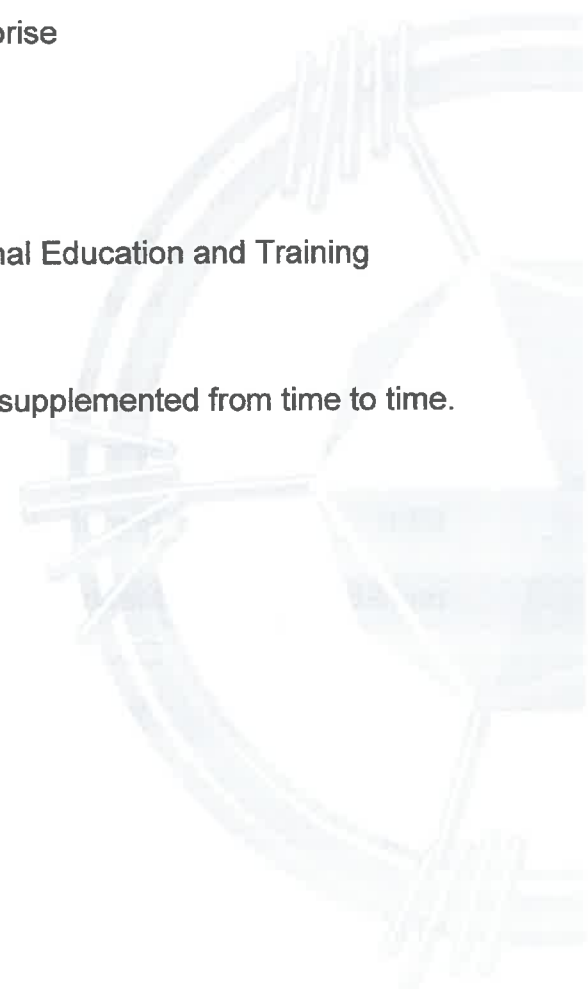
1. Acronyms

AA	- Accounting Authority
ATR	- Annual Training Report
BBBEE	- Broad-Based Black Economic Empowerment
APP	- Annual Performance Plan
CBO	- Community-based Organisation
CEO	- Chief Executive Officer
CETC	- Community Education and Training Colleges
COO	- Chief Operations Officer
DHET	- Department of Higher Education and Training
HEI	- Higher Education Institution
ISO	- International Organisation for Standardisation
MANCO	- Management Committee
MER	- Manufacturing Engineering and Related Services
merSETA	- Manufacturing Engineering and Related Services Sector Education and Training Authority
MoA	- Memorandum of Agreement
NGO	- Non-Governmental Organisation
NPO	- Non-Profit Organisation
NQF	- National Qualifications Framework
NSDP	- National Skills Development Plan 2030
PFMA	- Public Finance Management Act No. 1 of 1999, as amended
PIVOTAL	- Professional, Vocational, Technical and Academic Learning
QCTO	- Quality Council for Trades and Occupations

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- SAQA** - South African Qualifications Authority
- SARS** - South African Revenue Service
- SDA** - Skills Development Act No. 97 of 1998, as amended
- SDF** - Skills Development Facilitator
- SDLA** - Skills Development Levies Act No. 9 of 1999, as amended)
- SETA** - Sector Education and Training Authority
- SME** - Small and Micro Enterprise
- SP** - Strategic Plan
- SSP** - Sector Skills Plan
- TVET** - Technical and Vocational Education and Training
- WSP** - Workplace Skills Plan

*Acronyms are non-exhaustive and will be supplemented from time to time.



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2. Definitions

The definitions below are not exhaustive and may from time to time be reviewed.

Broad-Based Black Economic Empowerment means an economic system structured and transformed to enable the meaningful participation of the majority of its citizens and to further create capacity within the broader economic landscape at all levels through skills development, employment equity, socio economic development, preferential procurement, enterprise development, especially small and medium enterprises, promoting the entry of black entrepreneurs into the mainstream of economic activity, and the advancement of co-operatives.

Bursaries means study grants for students to enrol at continuing education and training colleges or higher education and training institutions on programmes relevant to the priority skills required in the manufacturing and engineering sector.

Community Education and Training College means a college established under the Continuing Education and Training Act No 16 of 2006, previously titled "Further Education and Training Act", providing education and training programmes on a full, part time or distance learning basis that are aligned or lead to qualifications or part qualifications registered on level 1 to 4 of the NQF, which qualifications are quality managed by Umalusi.

Co-operatives means forms of ownership registered in terms of the Co-operatives Act No. 14 of 2005, as amended.

Discretionary Grants means funding allocated to incentivise or support education, training and skills development and related activities that will address skills development needs of the merSETA sector.

Employers means companies that are registered in terms of Companies Act. Employers include levy paying and non-levy paying companies as defined and described in the Grant Regulations of 3 December 2012.

Employer Associations means a body of employers, usually from the same sector of the economy, associated to further the interests of member companies such as conducting negotiations with trade unions, providing advice, making representations to other bodies.

Employee Skills Development Facilitator means a representative from a company where there is no recognition agreement, representing the workplace and appointed

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by the employees to serve on the training committee and signs off on the mandatory and discretionary grant submissions.

Entity means an organisation legally established in terms of relevant establishment laws such as the Companies Act, various education legislation, NPO Act No. 71 of 1997, Public Service Act No. 103 of 1994 (“Public Service Act”) and the Constitution of the Republic (“Constitution”) of South Africa 1996.

Government Departments and Public Entities means national, provincial and local government departments and public entities established in terms of the Public Service Act, Municipal Acts, the Constitution, governed by the Public Finance Management Act No. 1 of 1999 and Municipal Finance Management Act No. 56 of 2003 and participate in skills development related interventions within or for the merSETA sector.

International Partners mean entities, which include, but are not limited to international development agencies, international learning and research institutions, legally constituted in their country of origin.

Learning Programme means a structured and purposeful set of learning experiences that lead to a qualification or part-qualification, or a set of knowledge, skills and competencies. This may include learnerships, apprenticeships, skills programmes and any other set of learning which may or may not include a structured work experience component.

Legislation for the purpose of the policy means the SDA, SDLA, PFMA and related Acts and Regulations.

Management Committee (MANCO) means the merSETA committee chaired by the CEO, comprising of senior members appointed in terms of Treasury Regulation 24.1 and responsible for decisions-making in relation to the approved Delegation of Authority Framework of the merSETA.

Mandatory Grants means funds designated as mandatory grants as contemplated in Regulation 4 of the Grant Regulations, to fund the education and training programmes as contained in the WSP and Annual Training Reports of levy paying companies.

Memorandum of Agreement (MoA) means a legal agreement concluded between two or more parties for the execution of agreed skills development interventions,

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setting out the terms and conditions of the agreement. Counterparties in this type of agreement may be those contemplated in Sections 6(7) and (10)(a) to (d) of the Grants Regulations and entities listed in this Policy.

NGOs, CBOs, NPOs and NPCs means civil society organisations focused on public benefit and community development, registered with the Department of Social Development and involved in interventions that are within or for the merSETA sectors.

Partnerships means contractual arrangements between one or more parties where the parties agree to a common education, training and/or skills development purpose, aligned to national and sector specific strategic imperatives.

Private Education and Training Providers means non-public providers or private education and training institutions registered as private higher education institutions or continuing education and training colleges or training centres established by private sector companies or employer associations. Private education and training providers must be compliant in terms of legislative requirements and registration for the purpose of participation in learning and skills development interventions pertaining to relevant policies of the DHET, CHE, Umalusi, QCTO and the merSETA.

Public Education and Training Institutions means Public Higher Education Institutions; Technical High Schools; Public TVET Colleges; and Public Community Education and Training Colleges.

Programmes means strategic imperatives consisting of one or more projects or partnerships related to strategic imperatives in the merSETA SP and APP.

Projects means non-routine, temporary undertakings with defined strategically aligned scope of work, a clear start and end point and time-bound deliverables to achieve a unique goal within a defined deliverable schedule, inclusive of activities and reporting, and monitoring and evaluation requirements.

Research Institutes means, for the purpose of the Policy, institutes involved in research initiatives related to the merSETA sector.

Strategy means the integrated planned presentation of merSETA strategic imperatives and obligations encapsulated in the sector skills plan, 5 (five) year strategic plan, annual performance plan and the DHET service level agreement. The

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AA is the custodian of the merSETA strategy, providing oversight and monitoring its implementation.

Strategic Programme means a strategic imperative consisting of one or more projects/partnerships as detailed of the merSETA SP and APP. Programmes are ongoing activities to implement innovative skills development solutions through projects and through various partnerships to address emerging new complex skills challenges.

Strategic Projects means interventions that are intended to address strategic priorities of the merSETA, which include national or industry imperatives, as encapsulated in the merSETA SP and APP.

Technical and Vocational Education and Training College means a college established under the Continuing Education and Training Act No 16 of 2006, providing education and training programmes that lead to qualifications or part qualifications registered on level 2 (two) to 4 (four) of the National Qualifications Framework, which are quality managed by Umalusi. TVET colleges may accredited by the QCTO as skills development providers to provide programmes leading to occupational qualifications of the Trades and Occupations Sub-framework of the NQF as well as programmes at level 5 (five) of the Higher Education Sub-Framework of the NQF under a certification agreement with a higher education and training institution.

Trade Union means an organisation of workers that promotes and protects the interests of its members on issues such as wages and working conditions, especially through negotiations with employers.

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3. Purpose

The purpose of the merSETA Grant Policy is to set out conditions, rules, and standards for:

- 3.1. The application, awarding and management of mandatory and discretionary grant funds.
- 3.2. Enabling the collection of credible workforce and skills needs data from merSETA sector companies and organisations.

4. Scope of application of the policy

This policy applies to:

- 4.1. All governance structures and divisions of the merSETA, making provision for the funding of the mandate and core functions of the merSETA which include but are not limited to research, planning, monitoring, evaluation, innovation, learning programme and project implementation, quality assurance for learning, and, career guidance.
- 4.2. Entities and organisations (as stipulated in the Grants Regulations and this policy) that are active or have the potential to be active in the merSETA skills development ecosystem by implementing interventions that address merSETA strategic priorities.
- 4.3. Beneficiaries of the skills development policy and legislation including but not limited to employers, currently employed workers, retrenched workers, unemployed youth, professionals, historically economically and socially disadvantaged people such as designated Black people, women, differently abled people, and, township and rural communities.

5. Policy statement

The Grants Policy supports the funding of the merSETA mandate and strategy, as informed by the skills development legislation Skills Development Act (SDA) and Skills Development Levies Act (SDLA), Grant Regulations (Government Gazette no 35940 of 3 December 2012), strategic imperatives of the National Skills Development Plan (NSDP), and, the needs of all social partners. The merSETA recognises the catalytic role of skills development in economic and employment growth and seeks to optimally impact on these objectives through its work.

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- 5.1. The revenue source of the merSETA is the skills levies tax collected by South Africa Revenue Services (SARS).
- 5.2. The merSETA opens publicly advertised funding windows for mandatory and discretionary grant funding applications to enable the implementation of the SSP, 5 Year strategic plan, Annual Performance Plan (APP) and Department of Higher Education and Training (DHET) Service Level Agreement.
- 5.3. The award for funding is at the sole discretion of the merSETA, and, is subjected to a verification, evaluation and approval system which is detailed in the Grants Criteria and Guidelines-Ref: DGD-GL-001 available on the merSETA website.
- 5.4. Funding is awarded for PIVOTAL and Non-PIVOTAL interventions.
- 5.5. Mandatory Grant allocations
 - 5.5.1. Mandatory grant applications and submission of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) are received from 1 February until 30 April every year. All merSETA levy-paying companies can apply for PIVOTAL, as well as non-PIVOTAL programmes during the submission period.
 - 5.5.2. Although not compulsory, it is recommended that companies, with a payroll above the regulated threshold, submit their discretionary grant applications together with their PIVOTAL application for mandatory grant.
 - 5.5.3. In the case that an application may not be concluded before the closing date, an application for an extension may be made for extension to be considered at the discretion of the Chief Executive Officer (CEO).
 - 5.5.4. Applications are submitted through a dedicated merSETA online platform outlined in the call for applications notice.
 - 5.5.5. Employers, who signed recognition agreements with a trade union or unions must have the Workplace Skills Plan (WSP) and Annual Training Report (ATR) signed by all parties.
 - 5.5.6. Companies employing **50** (fifty) or more employees, who do not have a recognition agreement with labour, must facilitate a process for employees to nominate an employee SDF to be the appointed employee SDF to sign-off on the grant application.
 - 5.5.7. Learning interventions, funded through the mandatory grant funding process, shall not be funded from discretionary grant funding.

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- 5.6. Discretionary Grant allocations
- 5.6.1. Discretionary grant applications are received from 1 February until 30 April every year and during any other funding windows opened by merSETA through a public notice.
- 5.6.2. Evidence of compliance with B-BBEE codes enhances the potential approval of an entity's application.
- 5.6.3. The grant award for merSETA sector levy paying entities for PIVOTAL programmes is benchmarked but not limited to the value of entities' **49.5%** (forty-nine-point five percent) levy contribution.
- 5.6.4. The merSETA awards discretionary grants according to the levy paying entity categories below, in line with the **49.5%** (forty-nine-point five percent) value of the levies received.
- 5.6.5. Platinum category levy paying entities are awarded grants up to **2** (two) multiplied by **49.5%** (forty-nine-point five percent) of the levy contributed and an additional award may be considered, on condition of an agreed **50/50** co-funding.
- 5.6.6. Gold category levy paying entities are awarded grants up to **1.5** (one point five) multiplied by **49.5%** (forty-nine-point five percent) of the levy contributed and an additional award may be considered, on condition of an agreed **50/50** (fifty/fifty) co-funding.
- 5.6.7. Silver category levy paying entities are awarded grants up to **1** (one) multiplied by **49.5%** (forty-nine-point five percent) of the levy contributed and an additional award may be considered, on condition of an agreed **50/50** (fifty/fifty) co-funding.
- 5.6.8. Additional funding may be considered, over and above the stipulated amounts, provided the application is deemed to be contributing to merSETA strategic priorities.
- 5.6.9. Non levy paying entities are eligible for discretionary grant funding on condition the applications are aligned to the merSETA strategic priorities.
- 5.6.10. Clauses 5.6.3, 5.6.4, 5.6.5, 5.6.6, and 5.6.7 above are not applicable to discretionary grant awards of non-levy paying entities. Non-levy entities include but are not limited to:

5.6.10.1 Small, Medium and Micro enterprises

5.6.10.2 Black Industrialists

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- 5.6.10.3 Public and Private Higher Education Institutions
- 5.6.10.4 Public and Private TVET and Community Education and Training Colleges
- 5.6.10.5 Cooperatives
- 5.6.10.6 Government departments and other public entities
- 5.6.10.7 Not for Profit Organisations
- 5.6.10.8 Organisations active in township and rural economy
- 5.6.10.9 Organisations focused on activities of the digital economy (Industry 4.0)
- 5.6.10.11 Employer associations Trade Unions
- 5.6.10.12 Entities focusing on activities of the blue, green and circular economy

5.7. Strategic Programmes and Partnerships

- 5.7.1. The merSETA supports strategic programmes and projects from different role players. Strategic programmes and projects are based on priorities identified in the Sector Skills Plan (SSP), Strategic plan (SP), Annual Performance Plan (APP) and other government strategic policy initiatives and may be initiated by the department of Higher Education Science and Innovation (DHESI), Accounting Authority (AA), Management Committee (MANCO) and other government departments. Strategic programmes or projects may be implemented through various local and international partnerships. Strategic programmes or projects may include but not limited to national, industry or sub-sector specific, regional or provincial, employer association-driven, labour organisation-driven and, or inter-SETA collaboration-focused.
- 5.7.2. Proposals for partnership programmes or projects that address merSETA strategic priorities may be received from eligible legal entities as stipulated in the Grant Regulations and this policy and include international organisations as defined in this policy. Such proposals are received through open funding window period(s) and subjected to the verification, evaluation and approval system detailed in the Grant Criteria and Guideline-Ref: DGD-GL-001 available on the merSETA website.
- 5.7.3. Unsolicited proposals that address merSETA strategic priorities may be considered and adopted as management-initiated projects. Once adopted by management such projects are subjected to the Finance and Grants Committee (FCS) approval.

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6. Authority and governance

Noting that the merSETA Delegations of Authority Framework and the FGC Terms of Reference articulate the powers, duties and functions of the AA and FGC:

- 6.1. The AA has accountability for setting policy and strategy, budgeting, and monitoring implementation of aforesaid; and is thus accountable for approving this policy.
- 6.2. The FGC has delegated authority from the AA to approve management-initiated projects referred to in this policy.
- 6.3. The merSETA CEO is responsible for the implementation and operationalisation of policy and strategy, and may delegate certain responsibilities to management to implement set policy and strategy including this policy
- 6.4. The staff of the merSETA are responsible for complying to this policy in executing their duties and tasks.

7. Legislative and regulatory requirements

The list is not exhaustive and may from time to time be reviewed.

- 7.1. Legislation regulation and government policy
 - 7.1.1. The PFMA and applicable regulations.
 - 7.1.2. The B-BBEE Act and Codes of Good Practice.
 - 7.1.3. The Skills Development Ley Act.
 - 7.1.4. The SETA Grant Regulations of 3 December 2012.
 - 7.1.5. The National Skills Development Plan 2030.
- 7.2. This policy must be read in conjunction with the following related merSETA policies:
 - 7.2.1 The Delegations of Authority Framework-Ref: CGD-GL-003.
 - 7.2.2 The Discretionary Grants Programmes and Projects Policy (Incorporating Partnerships)-Ref: SPU-PL-001.
 - 7.2.3 The Monitoring and Evaluation Policy-Ref: MAE-PL-002.
 - 7.2.4 The merSETA Disciplinary Code-Ref: HRM-PL-004.
 - 7.2.5 The merSETA Organisational Code of Ethics-Ref: CGD-PL-002.

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8. Principles of the policy

- 8.1. **Transparency:** The merSETA conducts grant funding processes in a manner that is honest, open, ensuring access to information whilst guided by the laws of the Republic of South Africa.
- 8.2. **Accountability:** The merSETA conducts grant funding processes in a manner that demonstrates its obligation to responding to the needs of its stakeholders and beneficiaries.
- 8.3. **Inclusivity:** The merSETA supports structural economic transformation that promotes an inclusive growth agenda; transformation in terms of control and ownership; and, demographic transformation of the labour market with respect to issues such as race, gender, differently abled people, youth, and, township and rural communities.
- 8.4. **Ethics:** The merSETA conducts grant funding processes in manner that is professional, unbiased, fair, equitable and recognises the diversity and dignity of its stakeholders and beneficiaries. The merSETA endeavours to serve its stakeholders, beneficiaries and communities to the best of its abilities and at all times to safeguard the rights and welfare of those that may be vulnerable to its work in this regard.
- 8.5. **Conflict of interest:** The merSETA conducts grant funding processes in a manner that promotes the interests and needs of its stakeholders and beneficiaries through best practice governance oversight and monitoring. All incidences of conflict of interest will be managed through relevant governance provisions.

9. Disbursement of grants

- 9.1. Mandatory grant disbursements are initiated on the approval of mandatory grant applications and related levies received, in line with the mandatory grant criteria stipulated in the Grants Criteria and Guidelines-Ref: DGD-GL-001 and the requirements set out in the Grant Regulations (Government Gazette no 35940 of 3 December 2012).
- 9.2. Discretionary grant disbursements are performance-based and aligned to the delivery of set milestones, stipulated in the agreement between merSETA and the entity.
- 9.3. The merSETA allows for multiyear agreements where such agreements comply with

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this policy as well as demonstrate the need for such agreement in order to achieve merSETA strategic priority.

9.4. The merSETA reserves the right to withhold payments for either mandatory or discretionary grant disbursements, should all the relevant supporting documents not be provided by an entity.

9.5. In the case whereby an entity has an active agreement with the merSETA and wishes to apply for funding through an additional agreement, consideration may be given to such an application on demonstration of good performance on its active agreement. The additional application remains subject to the verification, evaluation and approval system detailed in the Grants Criteria and Guideline-Ref: DGD-GL-001.

10. Grants appeal process

10.1. Should an appeal be lodged in respect of a mandatory grant application, the appeal must be submitted through the merSETA on line management information system, detailing the reasons for the appeal. The appeal must be submitted within 14 (fourteen) business days of receipt of the outcome notification.

10.2. Should an appeal be lodged in respect of a discretionary grant outcome, the appeal is done through the merSETA on line management information system for processing and decision. The merSETA investigates appeals and provides feedback to the relevant parties within 30 (thirty) business days of receipt.

10.3 The appeals process is detailed in the Criteria and Guidelines document that supports the operationalisation of this policy.

10.4. In all cases, the decision of the CEO is final.

11. Policy Review

11.1 The Policy will be reviewed every 5 years, or as per operational and strategic changes and requirements, and monitored in line with merSETA Quality Management System, based on ISO 9001:2015 for effective implementation.

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