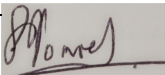





**merSETA**

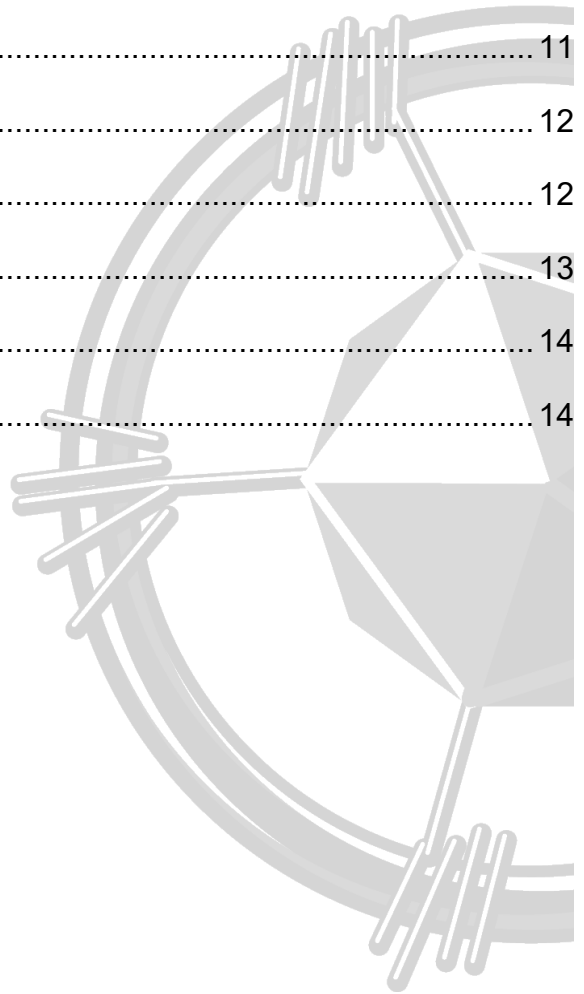
MANUFACTURING, ENGINEERING  
AND RELATED SERVICES SETA

# GRANTS POLICY 2023/24

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## 1. Acronyms

<b>AA</b>	Accounting Authority	<b>NPO</b>	Non-Profit Organisation
<b>ATR</b>	Annual Training Report	<b>NQF</b>	National Qualifications Framework
<b>BBBEE</b>	Broad-Based Black Economic Empowerment	<b>NSDP</b>	National Skills Development Plan 2030
<b>APP</b>	Annual Performance Plan	<b>PFMA</b>	Public Finance Management Act No. 1 of 1999, as amended
<b>CBO</b>	Community-based Organisation	<b>PIVOTAL</b>	Professional, Vocational, Technical and Academic Learning
<b>CEO</b>	Chief Executive Officer	<b>QCTO</b>	Quality Council for Trades and Occupations
<b>CETC</b>	Community Education and Training Colleges	<b>SAQA</b>	South African Qualifications Authority
<b>COO</b>	Chief Operations Officer	<b>SARS</b>	South African Revenue Service
<b>DHET</b>	Department of Higher Education and Training	<b>SDA</b>	Skills Development Act No. 97 of 1998, as amended
<b>DHESI</b>	Department of Higher Education Science and Innovation	<b>SDF</b>	Skills Development Facilitator
<b>HEI</b>	Higher Education Institution	<b>SDLA</b>	Skills Development Levies Act No. 9 of 1999, as amended)
<b>ISO</b>	International Organisation for Standardisation	<b>SETA</b>	Sector Education and Training Authority
<b>MANCO</b>	Management Committee	<b>SME</b>	Small and Micro Enterprise
<b>MER</b>	Manufacturing Engineering and Related Services	<b>SP</b>	Strategic Plan
<b>merSETA</b>	Manufacturing Engineering and Related Services Sector Education and Training Authority	<b>SSP</b>	Sector Skills Plan
<b>MoA</b>	Memorandum of Agreement	<b>TVET</b>	Technical and Vocational Education and Training
<b>NGO</b>	Non-Governmental Organisation	<b>WSP</b>	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** mean 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** mean forms of ownership registered in terms of the Co-operatives Act No. 14 of 2005, as amended.

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

**Employers (and companies bear the same meaning)** 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, and making representations to other bodies.

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**Employee Skills Development Facilitator** means a representative from a company where there is no recognition agreement, representing the workplace and appointed 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** mean 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, and 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. The Grants Criteria and Guideline Ref DGD-GL-001 contains the full range of learning programme types eligible for funding.

**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.

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**Mandatory Grants** mean 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 or strategic initiatives, 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, whose core activities are related to education, training and skills development and, or services and goods linked to the merSETA industries' value chain, and must be registered under the laws governing the registration of such entities, including the Companies Act, NPO Act and Income Tax Act. The entities may also be registered with the Department of Social Development.

**Partnerships** mean contractual arrangements between one or more parties where the parties agree to 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** mean initiatives consisting of one or more projects related to strategic imperatives in the merSETA SSP, SP and APP and include strategic initiatives to implement innovative skills development solutions to address emerging new complex skills challenges.

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**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 that have the capacity to provide research services in and for 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. .

**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 levels 2 (two) to 4 (four) of the National Qualifications Framework, which is quality managed by Umalusi. TVET colleges may be 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 or initiatives that address merSETA strategic priorities.
- 4.3. Beneficiaries of the skills development policy and legislation include 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 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 advertises 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 verification, evaluation and approval system, without exception, as 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. Mandatory grant applications are submitted separately from discretionary grant applications. .
  - 5.5.3. In the case that an application may not be concluded before the closing date, individual applications for an extension, may be requested in writing prior to the closing date for consideration 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 programme interventions, funded through the mandatory grant funding process, shall not be funded from discretionary grant funding.
- 5.6. Discretionary Grant allocations

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- 5.6.1. Discretionary grant applications are received when a funding window is opened by merSETA through a public notice. More than one funding window within a financial year may be opened.
- 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 Grant Criteria and Guideline Ref DGD-DL-01 provides detailed criteria and guidelines for the evaluation and awarding of discretionary grants to levy-paying employers.
- 5.6.5. Non levy paying entities are eligible for discretionary grant funding on the condition the applications are aligned to the merSETA strategic priorities.
- 5.6.6. Clauses 5.6.3 above is not applicable to discretionary grant awards of non-levy paying entities. Criteria and guidelines for such entities are detailed in the Grant Criteria and Guideline Ref DGD-GL-001. Non-levy entities include but are not limited to:
- 5.6.1 Small, Medium and Micro enterprises
  - 5.6.2 Black Industrialists
  - 5.6.3 Public and Private Higher Education Institutions
  - 5.6.4 Public and Private TVET and Community Education and Training Colleges
  - 5.6.5 Cooperatives
  - 5.6.6 Government departments and other public entities
  - 5.6.7 Not for-Profit Organisations
  - 5.6.8 Organisations active in the township and rural economy
  - 5.6.9 Organisations focused on activities of the digital economy (Industry 4.0)
  - 5.6.11 Employer associations Trade Unions
  - 5.6.12 Entities focusing on activities of the blue, green and circular economy

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## 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) and related public post-school education and training institutions of the DHESI, Accounting Authority (AA) and its Committees, Management Committee (MANCO) and other government departments or public entities.
- 5.7.2. Strategic programmes or projects may be implemented through various local and international partnerships. Strategic programmes or projects may include but are not limited to national, industry or sub-sector specific, regional or provincial, employer association-driven, labour organisation-driven and, or inter-SETA collaboration-focused.
- 5.7.3. 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, without exception, subject to the verification, evaluation and approval system detailed in the Grant Criteria and Guideline-Ref: DGD-GL-001 available on the merSETA website.
- 5.7.4. 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 (FGC) approval following set verification, evaluation and approval criteria.

## 6. Authority and governance

- 6.1 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:
- 6.1.1 The AA has accountability for setting policy and strategy, budgeting, and monitoring implementation of aforesaid; and is thus accountable for approving this policy.

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- 6.1.2 The FGC has delegated authority from the AA to approve management-initiated projects referred to in this policy.
- 6.1.3 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.
- 6.1.4 The staff of the merSETA are responsible for complying with 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.

## 8. Principles of the policy

8.1. **Transparency:** The merSETA conducts grant funding processes in a manner that is honest, and 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 respond to the needs of its stakeholders and beneficiaries.

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- 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 a manner that is professional, unbiased, fair, and 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.
- 8.6. **Due Diligence:** The merSETA is accountable for the efficient, effective and responsible allocation and utilisation of levy grants which are public funds. The merSETA, therefore, applies the due diligence principle in the management of levy grants and the manner in which they are allocated and utilised for the needs of and services of its Grant Policy beneficiaries.

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

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- 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 online 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 online 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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