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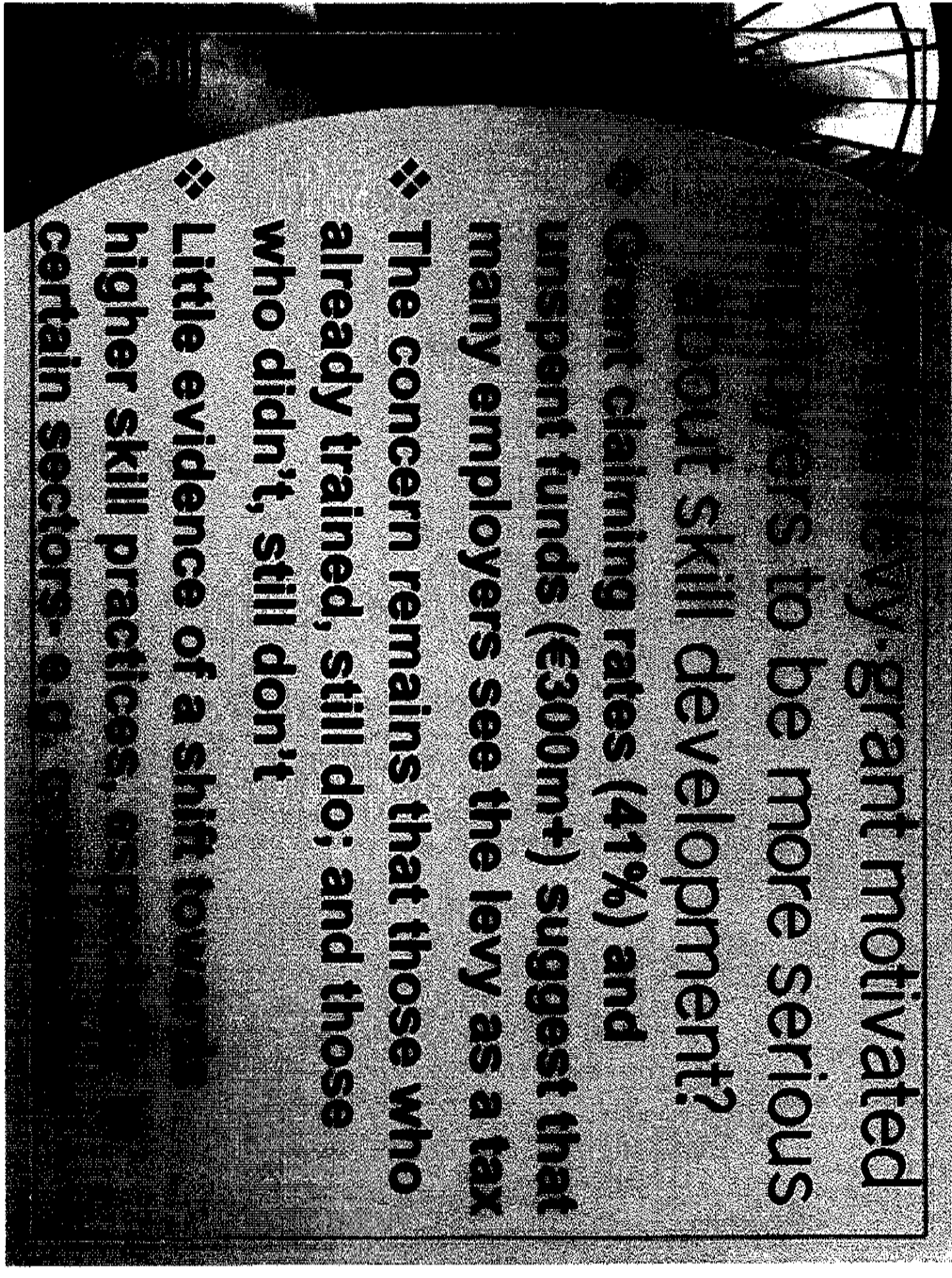
South African Levy- Grant System: Lessons from the first 5 Years

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**Are employers levy-grant motivated
about skill development?**

- Grant claiming rates (41%) and unspent funds (€300m+) suggest that many employers see the levy as a tax
- ❖ The concern remains that those who already trained, still do; and those who didn't, still don't
- ❖ Little evidence of a shift towards higher skill practices, especially in certain sectors- e.g. retail

Will the new levy-grant stimulated more and better training?

Training expenditure has risen somewhat (2,1% in 2003; 1,8% in 2000)

« A lot of training is still informal but there is a danger in assuming this is necessarily bad

❖ Less than 4% of workers getting National Qualifications Framework-aligned training

❖ Private provision has grown but the SETA quality assurance systems are inadequate to meet demand

➤ NSF has already grant a useful tool
➤ NSF also meeting the needs of
the informal economy and
national development?

- ❖ NSF Strategic Projects have been slow to develop – impact on informal economy still very limited
- ❖ Serious failings regarding equity
- ❖ Scale of many of the changes have been small relative to national economy

How does the NSDS 2005-9 propose changing the model?

- ❖ **Linking the mandatory grant payments and the time available to claim**
- ❖ **Linking skills and employment equity legislation and reporting**
- ❖ **Reducing bureaucracy, especially for smaller enterprises**
- ❖ **Addressing the need to support providers**

Challenges from South Africa

- 1. Achieving compliance is difficult**
- 2. It is even harder to go beyond compliance to a culture change**
- 3. It is importance to balance lightness of bureaucracy with sufficient controls**
- 4. There are advantages in a sectoral approach but institution-building may be slow and difficult**
- 5. Equity and redress need close attention**

Lessons from South Africa

Efforts need to reach smaller and more rural enterprises

Attention is needed to establishing adequate Management Information Systems

8. Measuring impact needs to be thought of from the start

9. The roles of the state and other stakeholders need to be clear

10. The right balance between public and private providers needs to be decided carefully