



# **GARDEN ROUTE SKILLS MECCA**



## **FUNDING STRATEGY**

**JUNE 2021**



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## 1. BACKGROUND AND PURPOSE

The concept of a Garden Route Skills Mecca (GRSM) originates from the Garden Route Rebuild Initiative (GRRRI), which followed the devastating fires that hit the district (Knysna/Plettenberg Bay) in June 2017. In 2018 and 2019 through two Skills Summits, municipalities in the District, in collaboration with all relevant national and provincial stakeholders, are progressively working together in order to bring about and implement the Garden Route Skills Mecca concept.

The Garden Route Skills Mecca (GRSM) is a critical component the overall Growth and Development Strategy (GDS) of the Garden Route as it is one of the four cross-cutting enablers that were identified, as a mechanism for supporting the implementation of the Garden Route Growth and Development Strategy. Skills development: “What are the skills requirements/ challenges that constrain this priority area?”. The context and importance of the Garden Route Skills Mecca (GRSM) is also included in the Integrated Development Plan (IDP) of the Garden Route District Municipality for 2021.

The Terms of Reference of the GRSM Task Team stipulate the need for the Core Task team to “Develop a long-term sustainability strategy for the Garden Route Skills Mecca”. The GRSM’s sustainable success and growth will depend on adequate resourcing of its projects and programmes Development of a funding strategy, and prudent implementation of the funding strategy is therefore critical.

Possibly the most critical enabler for the GRSM is adequate resourcing that includes funding for projects, processes, and programmes. The development of funding strategy for the GRSM that must include a long-term sustainability component will be developed through ongoing stakeholder engagement, in particular the Task Team and Forum members. The funding strategy framework include the processes that need to be developed to improve capacity within the GRSM and the GRDM to conceptualise, develop, submit and successfully close funding proposal deals for projects that can significantly impact the lives of persons that reside in the Garden Route. This will include linking up with local and global funding and support institutions that are identified by GRSM stakeholders.

A particular critical, mandatory feature of any funded projects is the need for a of total budget allocation for project management, funds that can effectively be utilized by the GRDM to grow the internal and/or in sourced capacity for skills development project implementation continuously and progressively. This may be the primary mechanism for sustainability of the GRSM in the future as well as the need to build a record of successes and return on social investment index for all projects implemented. The more successful the GRSM is with project implementation, the more likely it will be to leverage further and future funding.

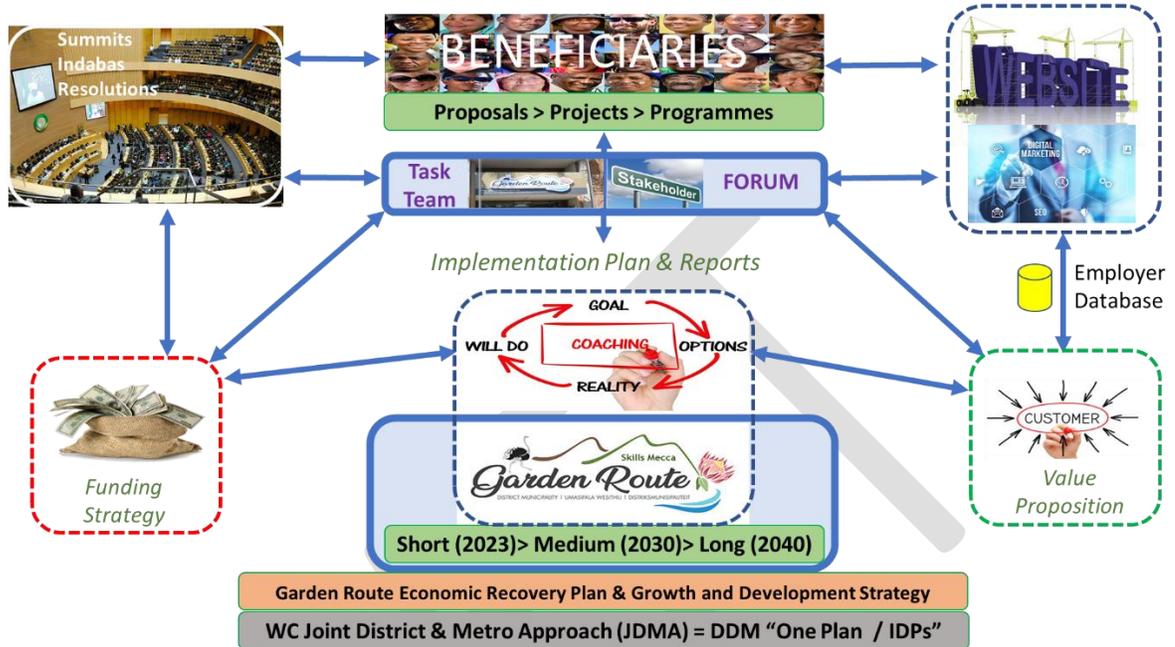


Figure 1: Garden Route Skills Mecca Concept

**Stage 8 of a the GRSM implementation plan requires the development of a funding strategy.** This document represents the strategic framework and draft implementation plan for the funding strategy. The strategy has been drafted taking into consideration the other GRSM strategic working documents. Figure 1 shows where the funding strategy is placed within the greater GRSM concept and strategic implementation framework.

**Summary:**

- ✓ The Terms of Reference of the GRSM Task Team stipulate the need for the core Task Team to “Develop a long-term sustainability strategy for the Garden Route Skills Mecca.”
- ✓ GRSM’s sustained success and growth will depend on adequate resourcing of its projects and programmes.
- ✓ Development of a funding strategy, and prudent implementation of the funding strategy, is critical.
- ✓ The funding strategy implementation will include processes that need to be developed to improve capacity within the GRSM and the GRDM (and wider associate stakeholder network) to conceptualise, develop, submit, and successfully close funding proposal deals for projects.
- ✓ Management processes and plans once funding is secured and growing a focused Garden Route Skills Fund (sustainability) is key.

## 2. SKILLS DEVELOPMENT FUNDING LANDSCAPE AND CATEGORISATION

The aim of this section of the GRSM funding strategy is to provide a guiding framework of the skills development landscape that the core task team and related stakeholders need to engage with to build sustainable funding partnerships for Skills Mecca projects and programmes.

One of the biggest challenges to ensure a sustainable flow of the right financial and non-financial resources to enable skills development is making sense of the fragmented funding landscape and the wide variety and types of funders and funding opportunities. Aligning funding opportunities with district development objectives and the GRSM implementation plan therefore requires a broad understanding of the skills funding landscape, categorisation of funders and practical tools to assist with matching funding needs (demands) with funding opportunities (supply).

### 2.1 Skills development funding stakeholder identification and categorisation

There exists a plethora of funders and financing resources for education and skills development, ranging from international development organisations to domestic legislated funding structures and resources. Due to the diversity of sectors, and region-specific skills requirements based on current economic activity and future economic growth and development projections, the challenge is to navigate the skills funding landscape, align it to regional priorities, and provide a framework for accessing the most appropriate public and private funding opportunities in a systematic and organised manner.



Any given skills development initiative can be funded through a variety of sources. These include:

- Government (e.g NSF / UIF) or Government Agency (e.g SETA) grants (sector specific, discretionary, mandatory etc.)
- Privately funded initiatives (private companies implementing workplace skills programmes, private bursaries). Including corporate social responsibility investment (CSR/CSI) in skills development & BBBEE skills development spend.
- Development funding (international and domestic development organisations funding skills programmes, NPO's etc.)
- Blended co-funding (a combination of any or all the above types).

The sources of these funds vary from international to national, provincial, district/regional, and local institutions. The specific objectives that each funder wishes to achieve, the timelines and amount of funding available and specific terms and conditions vary from one funder to the next, which is why the complexity of funding access, acquisition and management should not be underestimated, requiring a prudent implementation and management process.

One also must distinguish between direct and indirect funding opportunities. For example, an IDC grant for an industrial development project may require a skills development component, although it is not the primary objective of the project, the skills development component could be a significant opportunity requiring accredited skills training interventions over an extended period to be offered by specialised educational service providers. This can be categorised as an indirect skills funding opportunity as opposed to a direct opportunity, where a project is first conceptualised and a SETA, for example, funds it from a discretionary grant allocation.

Figure 2 illustrates the four main skills development stakeholder categories being:

- Government
- Employers
- Educators
- Beneficiaries

Examples of role-players within each category is illustrated and the inner circle include some examples of potential funders and financiers of skills programmes (either directly or indirectly). A successful funding strategy will see optimal matches being made and resource partnerships formed where the individual, institutional and resource demand and supply of the respective stakeholders meet.



**Figure 2: Skills Development Stakeholder and Funding Resources Map**

## 2.2 Strategic Alignment: Skills funds and Garden Route Regional Development Priorities

The GRSM funding strategy is aligned to the content of the Garden Route Growth and Development Strategy (GDS) & the Garden Route Economic Recovery Plan (March 2021). The seven priority areas that the GDS needs to be matched with the standard industrial classification (SIC) sectors as SETA and other funders often have sector specific funding objectives. Funding opportunities from different funders must then be unlocked and managed to ensure adequate and sustainable resourcing of the GRSM programmes and projects. The 7 priority areas of the GDS are:

1. A water secure future.
2. A circular economy
3. Resilient agriculture
4. Sustainable tourism
5. Supporting wellbeing and resilience
6. A connected economy: transport and rural-urban integration and ICT
7. Sustainable local energy transition

The SIC classification sectors are outlined on the left and funding source types at the top in Figure 3.



*The Strategic Funding Framework of the NSF (2021-2025) is informed by the following key policy documents:*

- *National Development Plan;*
- *Medium Term Strategic Framework;*
- *Medium Term Expenditure Framework;*
- *National Skills Development Plan 2030;*
- *White Paper for Post School Education and Training;*
- *White Paper for Science and Innovation; and*
- *Economic Reconstruction and Recovery Plan; and*
- ***District Development Model.***

*The National Skills Fund has identified that for the next five years it will continue to prioritise and invest in post-school provision at Universities focusing on bursaries and scholarships in occupations in high demand as well as supporting learners from rural areas, Technical Vocation Education and Training (TVET) Colleges including to fund TVET college to roll out Occupational phase III, TVET campus construction and refurbishment, centre of specialisation and TVET connectivity projects and Community Education and Training Colleges (CETC).*

*The NSF therefore must fund and support the National Economic recovery and Reconstruction plan (ERRP) and National Skills and Innovation Strategy (ERRPSIS). The ERRPSIS further necessitate that the NSF must adjust its portfolio plan and funding windows to realise an immediate response to these priority areas.*

*(Source: NSF, 2021).*

### **2.3 Funder identification and relationship database tool**

Funding identification and access generally involves a pre-funding phase where an organisational relationship with any given funder is first developed (contact e-mails, meetings etc.), funding application requirements, objectives and timelines are clarified which, in turn, enables the applicant organisation to plan and structure its application accordingly. In order to facilitate structured funding matchmaking that the preceding section mentioned, all potential funders must be identified and a record kept of past, existing, emerging/developing and future funding opportunities.

Once a basic GRSM funding database tool has been established, it needs to be maintained by the GRSM administration team and stakeholders to ensure strategic alignment and monitoring to ensure that funding opportunities are realised and sustained.

This funding strategy is drafted as a practical resource guide and as part of the “Toolbox” for this section a draft funder categorisation and identification database is attached as a separate Excel formatted database to be used as a *working document* to assist with identifying funders and keep track of engagements with existing and potential future funders for GRSM programmes and projects. See **Annexure B**. The database can be modified and adapted as and when required and cross-reference it with district development and national skills development priorities.

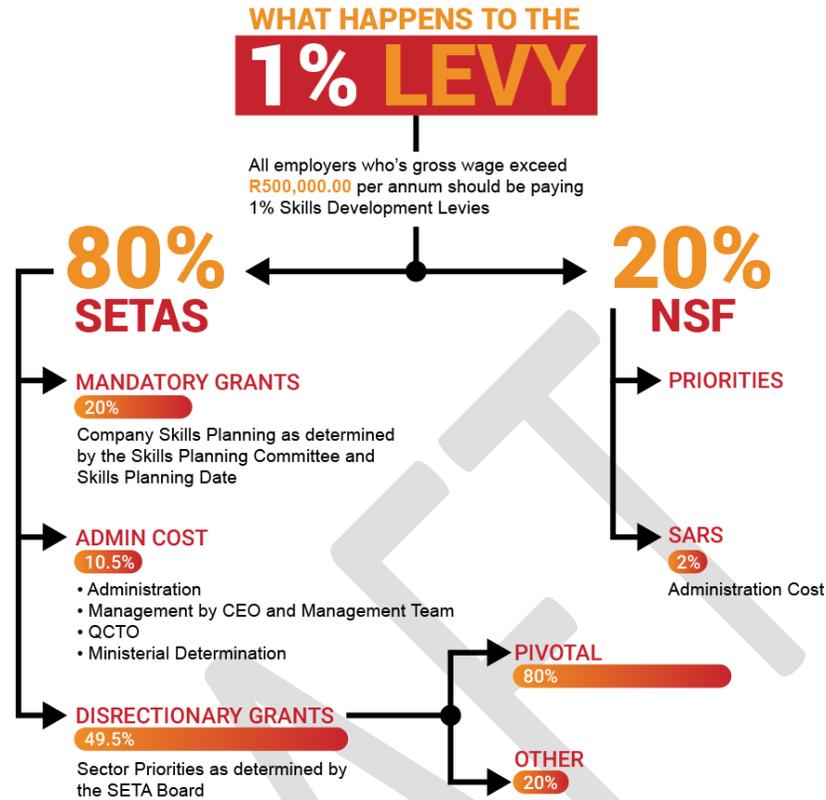


## 2.4 Skills Development Levies

Employers who are liable for payment of the Skills Development Levy (SDL) to SARS, have to nominate the SETA related to their core business upon registration. SDL is paid monthly to SARS together with PAYE and UIF contributions, and SARS then allocates this to the relevant SETA. Any employer exempt from SDL payment can apply for registration as a Services SETA non-levy paying member, if its core business relates to industries that fall under Services SETA.

The SDL system is a centralised system of generating funds for skills development, and as a result unfortunately resource “leakage” occurs in that not all funds paid by SDL paying institutions are re-invested in the area where the institution operates. See **Figure 4** for more detail on the SDL resource flow diagram. However, the extent to which this resource leakage, in the absence of wider legislative reform of the skill levy system, is minimised depends on several actions that the GRSM team can undertake. A few guiding questions are stated here and needs to be investigated when implementation of the strategy commences.

- a.) What is the quantum of Garden Route SDL’s?
- b.) How much is re-invested in the Garden Route region? How is it being spent?
- c.) Are SDL paying institutions engaging with their relevant SETA etc.?
- d.) How are smaller SMME’s pooling resources for targeted skills development?



**Figure 4: SDL Resource Flow Diagram**

(Source: Services SETA, 2021)

The scope of organisations and businesses in the Garden Route that pay SDL's should be identified and geo-located per local municipality to gauge the quantum of SDL contribution in the region and to ascertain the extend to which the SDL paying organisations are accessing and enabling skills development opportunities offered by SETA's. This information can be gathered while the GRSM develops a comprehensive employer database.

### 3. FUNDING ACCESS AND ACQUISITION STRATEGY

This section of the strategy is two parts. The first sections speak to project and programme funding readiness. The second section addresses funding access skills and capacity building.

#### 3.1 Programme and Project Funding Readiness

Funder identification and categorisation represents the supply side of the funding strategy. The demand side originates from the programmes and projects identified by the GRSM core task team, forum, or wider associate stakeholder network. Once a skills programme or project is identified, the readiness of that initiative needs to be assessed and an appropriate plan of action to get the project ready (qualified) for funding access needs to be formulated. This is a critical step



which require screening of a particular project or programme's characteristics and development maturity.

As this step requires practical scrutiny of projects and programmes the funding strategy's "Toolbox" provides a draft project funding readiness checklist to be used as a tool to assist with determining the appropriate intervention prior to the submission of a funding application. The Programme/Project Funding Readiness Checklist is found in **Annexure A**.

### **3.2 Funding access skills and capacity development**

The funding acquisition and access component of the funding strategy includes a strong emphasis on training and capacity building for institutional staff, administrators and stakeholders that need to apply for and manage GRDM projects and programmes. The success of the GRSM is highly dependent on the ability of the GRSM to be able to identify and submit successful funding proposals to partners that have the resources to invest in skills development in the Garden Route.

The funding strategy therefore recommends a comprehensive and sustained focus on funding access skills and capacity building with internal staff as well as the wider associate network. Business chambers and other partners could also benefit from this capacity development component as the GRDM/GRSM will not always be the applicant for a specific funding opportunity.

The funding access skills and capacity development component will include, but is not limited to, the following:

- GRSM core team funding access and management capacity building sessions (inception session & quarterly workshops).
- Project funding screening list/ readiness checklist orientation working sessions.
- Funding proposal writing guidelines.
- Development of funding prioritization and strategic alignment tools.
- Meet the funders – interactive skills/ESG fund managers engagement sessions.
- Mini-funding fairs at GRSM events (supply meet demand & opportunity matchmaking).

## **4. GRSM FUNDING STRATEGY INSTITUTIONALISATION, ADMINISTRATION & IMPLEMENTATION**

A holistic approach for the implementation of the GRSM will be realised through an implementation framework that includes this funding strategy framework and its coordinated implementation to ensure a sustainable source of funding for programmes and projects. To ensure that the GRSM achieves its objective as one of the key enablers to the Garde Route District Growth and Development Strategy, the funding strategy must be prioritised in terms of institutionalisation, administration, and implementation.



#### **4.1 Institutional ownership and placement**

Formalised internal focused and externally focused structures to ensure good governance, leadership, management, and administration of the GRSM projects, processes and programmes are fully operational, respectively known as the GRSM Task Team (internal) and the GRSM Forum (external). The funding strategy will form part of all key engagement of the GRSM and is therefore placed and institutionalised within the core GRSM task team.

#### **4.2 Administration of the funding strategy**

The GRSM **Task Team** and The GRSM **Forum** work very closely together to create the “engine room” for all the operations and coordination for the GRSM. The two structures lead project & programme initiation, development and implementation with all discussion processes based a hybrid **virtual** model that is now standard operating procedure. The funding strategy, using the tools provided and additional resources to be developed, will be administered by the core task team members running the “engine room” of the GRSM.

#### **4.3 Implementation of the funding strategy work plan**

The funding strategy will be implemented by the core task team in the short term, however, a dedicated funding task team or advisory group within the institutional structures of the GRSM should be considered, especially once a critical quantum of skills funds is acquired that require on-going management and coordination.

A funding strategy lead must be assigned to drive the development of funder relationships and keep track of all funding opportunities. This will include developing and applying funding toolkits and standard GRSM funding proposal guidelines, closing funding deals on behalf of the GRSM and reporting to funders on project progress and performance. Further work to be done by projects to acquire/qualify for funding should be captured and the GRSM funding strategy champion and coordinator should assist projects with technical input to get projects to a stage where they qualify and are aligned to funding opportunity timelines.

**Annexure C** provides with **Draft Funding Strategy Implementation Work Plan** in Gantt chart format to be used and adapted as required.

### **5. GRSM FUNDING SUSTAINABILITY**

For the GRSM to be sustainable, it requires a sustainable source of well-coordinated funding allocations, linked to educational and economic impact metrics that can be monitored and evaluated over time. Most skills funding sources are categorised as grants, but innovative funding mechanisms that are not affected by government resource constraints must be considered and developed to ensure sustainability.



### 5.1 Pooling and aligning funding by sector, programme & projects.

In the interim and possibly even long-term resourcing options for the GRSM include but are not limited to:

- GRDM Funding; or
- GRDM and B Municipality Funding; or
- Project Based Funding where % of each funded project is ring fenced for GRSM operations; or
- Partnership Based Funding; or
- A Garden Skills Mecca Levey Fund; or
- GRSM is established as a District based public entity; or.
- GRSM is established as a membership driven non-profit organisation; or
- A combination of one or more of above options.

**Figure 3** in **Section 2.2** can be used as a tool at district and local level to identify the employers, skills demand, and funding opportunities (existing and future demand) to determine the skills resource provision per sector and funder type. The ideal scenario that would ensure a sustainable resource supply is for each sector to have a mix of funders complementing one another to meet all skills resource demands of programmes and projects that are “funding ready” and have project management capacity in place. The draft Work Plan suggest the development of a medium-term funding requirement matrix (funding demand, supply, matching plan by sector and area) which should be developed in parallel with a district employer and SDL paying institution audit.

### 5.2 Garden Route Mecca Skills Fund: Concept

Development of a **Garden Route Mecca Skills Fund** should be considered an option for long-term resource sustainability for the GRSM. The rationale of the GRSMF would be to move away from mostly grant funding sources to a regional skills fund with a critical quantum of financial capital, assets, and investment to grow funds and provide co-funding, seed funding or full funding for catalytic skills development initiatives in the region. Funding partners and private sector stakeholders will co-lead the fund and can make financial contributions, donate, or provide usage time of movable assets (buildings, equipment), donate professional time etc. to the fund.

Crowdfunding for skills development by smaller businesses and institutions can be linked to the objectives of the GRM Skills Fund. Business chambers and regional sector bodies would also be able to contribute to the fund and guide its resource allocation to ensure that it meets private sector skills demands that would enable economic growth and development. Such a fund could receive revenue from multiple sources and should be managed by independent fund managers. A GRSMF would require a detailed concept document after more in-depth consideration by the GRSM task team.



### Annexure A: Skills Programme & Project Funding Readiness Intervention Checklist

PROGRAMME/PROJECT QUESTION	YES	NO		COMMENTS
		ACTION	ACTION	
1. Is a programme or project plan or business case in place?				
2. Is the project location, timelines, and resource requirements well defined?				
3. Has a project champion been appointed?				
4. Is the return on skills investment and district/local development alignment clearly articulated?				
5. Have all the project stakeholders and partners been identified?				
6. Have potential funding partners been identified?				
7. Have potential funding partners been engaged and application requirements and timelines been documented?				
8. Has the programme/project business case and funding application been revised to meet and exceed funder qualification criteria?				
9. Is there someone to manage and facilitate the funding application planning, implementation, and monitoring processes?				
10. Has a programme/project funding sustainability plan been developed with the project stakeholders and primary funding partner(s)?				

### Annexure B: Funder Identification and Relationship Database Tool

The funder categorisation and identification database is attached as a separate Excel formatted database to be used as a *working document*. The database is not exhaustive and represents a framework to be adapted as the GRSM funding strategy is implemented. The database can further be segmented into sectors, geographic areas etc.

### Annexure C: GRSM Funding Strategy Implementation Work Plan (Draft)

PROGRAMME COMPONENT	MILESTONES	2021-2023-20204-2025-2026-2027-2028-2029-2030											
		J	J	A	S	O	N	D	J	F	M	A	M
<b>1. STRATEGY PLANNING</b>													
	1.1 Finalise Draft GRSM Funding Strategy	■											
	1.2 Review Draft GRSM Funding Strategy		■										
	1.3 Approve Final GRSM Funding Strategy		■										
<b>2. IMPLEMENTATION</b>													
<b>Short Term (2021-2023)</b>	2.1 Identify existing funded skills programmes and low-hanging/project-ready unfunded programmes		■	■	■	■	■	■	■	■	■	■	■
	2.2 Develop 2021/2022 Financial Year Funding Application Project Schedule & Action Plan.			■	■								
	<b>2.3 Funding Readiness: Skills &amp; Capacity Development</b>												
	2.3.1 GRSM core team funding access and management capacity building sessions (inception session & quarterly workshops)			■		■			■			■	
	2.3.2 Funding proposal writing, submission & management skills development (Tools)				■		■		■		■		■
	2.3.3 Meet the funders – interactive skills/ESG fund managers engagement sessions.				■		■		■		■		■
	2.4 Develop GR Mecca Skills Fund Business Case					■	■						
	2.5 Develop medium term funding requirement matrix (funding demand, supply, matching plan by sector and area – following employer and SDL audit).												



<b>Medium Term (2023-2030)</b>	TBC (Ex. Activate the Garden Route Skills Fund)																				
<b>Long Term (2030---)</b>	TBC																				
<b>3. MONITORING &amp; EVALUATION</b>																					
	3.1 Monthly, Quarterly, & Annual Reporting to GRSM management & governance structures.																				
<b>General/Comments</b>																					

**Note:** The Funding Strategy Implementation Work Plan Plan is to be used as a live document for continuous updating and tracking of implementation activities over time.

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