OFFICE OF THE CEO	Doc Nr	OCEO/POL/REF01/2026
DISCRETIONARY GRANTS	Version	07
	Issue Date	Oct 2026
	Next Review Date	November 2027/ As and when necessary

DISCRETIONARY GRANTS POLICY

Signatories The signatories hereof, confirm their acceptance of the contents and recommend the adoption thereof.			
TITLE			
POLICY NO.	**OCEO/POL/REF01/2026**	**VERSION**	
DATE APPROVED		**PAGES**	
EFFECTIVE DATE		**REVIEW DATE**	**Month and year/ As and when necessary**
REVIEWED BY	**Senior Manager: Office of the CEO**		
RECOMMENDED BY	**Acting Chief Executive Officer**		
APPROVED BY	**Chairperson: Accounting Authority**		
CUSTODIAN OF THE PROCEDURE	**Acting Chief Executive Officer**		

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DOCUMENT CONTROL PAGE				
Document title	**DISCRETIONARY GRANT POLICY**			
Creation date	September 2014			
Effective date	16 Oct 2026			
Status	Draft		Final	X
Version	Version 08			
Owner title, name and contact details	Sibusiso Dhladhla Acting CEO SibusisoD@Serviceseta.org.za			
Author title, name and contact details	Mcintosh Sebake Senior Manager: Office of the CEO Mcintoshs@serviceseta.org.za			
Distribution	CEO, Executive and Senior Managers, Line Managers, Accounting Authority and its sub-committees, intranet, Legal, Risk and Compliance departments, All Services SETA staff.			
Classification	Restricted	X	Confidential	

Revision	**Version Nr**	**Revision Date**	**Revision Details**	**Revised by**
Review frequency: Annually	1	September 2014	Policy creation	Chief Financial Officer
	2	December 2017	Annual revision	SM: Project Accounting
	3	September 2020	Annual revision	SM: Financial Management & SM: Project Accounting
	4	March 2022	Annual revision	SM: Project Accounting
	5	March 2023	Annual revision	SM: Project Accounting
	6	March 2024	Annual revision	SM: Project Accounting
	7	April 2026	Annual revision	SM: OCEO
	8	October 2026	Annual revision	SM: OCEO

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1. ACRONYMS AND DEFINITIONS

For purposes of this Policy, the following terms and acronyms shall have the meanings ascribed to them below. Where a term is defined in legislation, the statutory definition shall prevail to the extent of any inconsistency.

Term/Acronym	Description/Definition
AA	Accounting Authority of the Services SETA as contemplated in section 49 of the Public Finance Management Act, No. 1 of 1999 (PFMA).
APP	Annual Performance Plan.
ATR	Annual Training Report.
BBBEE	Broad-Based Black Economic Empowerment as defined in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003.
CBO	Community-Based Organisation.
CEO	Chief Executive Officer.
CET	Community Education and Training.
Commencement Letter	A written notice issued by the Services SETA confirming that all suspensive conditions in the Offer Letter have been satisfied, and that implementation of the funded project may commence.
Critical Skills	Specific, key, or generic and "top up" skills required within an occupation as identified in the Sector Skills Plan.
DG	Discretionary Grants payable in terms of regulation 6 of the SETA Grant Regulations.
DHET	Department of Higher Education and Training.
Due Diligence	A documented investigation and verification process conducted by the Services SETA to assess an applicant's legal standing, financial capacity, operational readiness, and compliance posture prior to the allocation of a Discretionary Grant.
DoA	Delegation of Authority approved by the Accounting Authority.
EOI	Expression of Interest — a targeted call for applications issued by the Services SETA in respect of specified priorities or interventions.
ERRP	Economic Reconstruction and Recovery Plan.
EXCO	Executive Committee of the Services SETA.
Fruitless and Wasteful Expenditure	Expenditure made in vain, and which would have been avoided had reasonable care been exercised, as defined in section 1 of the PFMA.
Hard-to-Fill Vacancies	Vacancies identified by employers or in the Sector Skills Plan as difficult to fill due to a shortage of suitably qualified candidates, and which justify targeted skills development intervention.
HDI	Historically Disadvantaged Individual.

Term/Acronym	Description/Definition
HEI	Higher Education Institution as defined in the Higher Education Act, No. 101 of 1997.
Host Employer	An employer at whose workplace a learner is placed to obtain the structured practical experience required by a PIVOTAL learning programme, subject to the Services SETA's monitoring and workplace approval requirements.
Irregular Expenditure	Expenditure incurred in contravention of the PFMA, the SETA Grant Regulations, or any other applicable legislation, as defined in section 1 of the PFMA.
Lead Employer	The entity awarded a Discretionary Grant and contractually responsible to the Services SETA for implementation of the funded learning programme, including enrolment, delivery, monitoring, and reporting.
MOA	Memorandum of Agreement concluded between the Services SETA and a grant recipient or partner.
Municipality	is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the 25 Local Government: Municipal Demarcation Act, 1998.
Municipal entity	means a company, co-operating like. trust, fund or any other corporate entity established in terms of any applicable national or provincial legislation which operates under the ownership control of one or more municipalities. and includes, in the case of a company under' such ownership control, any subsidiary of that company
NGDP	National Graduate Development Programme.
NGO	Non-Governmental Organisation.
Non-PIVOTAL	Programmes that do not lead to credit-bearing qualifications but address key sector objectives and national priorities. would include but not limited to the listed below: - Infrastructure, career event, international programmes, workshops, non-credit bearing program, Research, QDF, Equipment & Machinery.
NPO	Non-Profit Organisation registered in terms of the Nonprofit Organisations Act, No. 71 of 1997.
NQF	National Qualifications Framework established in terms of the National Qualifications Framework Act, No. 67 of 2008.
NSDP	National Skills Development Plan.
NSF	National Skills Fund established in terms of section 27 of the Skills Development Act.
Offer Letter	A conditional written offer of Discretionary Grant funding issued by the Services SETA, subject to fulfilment of suspensive conditions before any financial obligation on the Services SETA arises.
PAJA	Promotion of Administrative Justice Act, No. 3 of 2000.

Term/Acronym	Description/Definition
Performance Rating Model	The framework applied by the Services SETA to assess Lead Employer historical implementation performance, compliance, reporting discipline, and completion rates, and to inform risk-based learner allocation decisions.
PFMA	Public Finance Management Act, No. 1 of 1999.
PIVOTAL	Professional, Vocational, Technical and Academic Learning programmes that result in qualifications or part-qualifications on the NQF as contemplated in the SETA Grant Regulations.
POPIA	Protection of Personal Information Act, No. 4 of 2013.
PPPFA	Preferential Procurement Policy Framework Act, No. 5 of 2000.
Pre-qualification	An initial screening of an application or applicant against prescribed threshold criteria prior to substantive evaluation.
Public Education and Training Institution	A public higher education institution as defined in the Higher Education Act, No. 101 of 1997 and a public college as defined in the Continuing Education and Training Act, No. 16 of 2006 and any Amendments thereto promulgated into law in the future.
QCTO	Quality Council for Trades and Occupations established in terms of section 26G of the Skills Development Act.
QDF	Qualification Development Facilitator.
QMD	Quality Management Division.
Regular Project (Formerly Known as Discretionary Grant Window)	Funds allocated by the SETA to support specific skills development projects that align with national and sectoral priorities. These funds are used to support training initiatives that address specific skills shortages, industry needs, or strategic goals. These projects are awarded at the discretion of the SETA in accordance with the allocation criteria in this Policy and are subject to approval by the Accounting Authority.
RPL	Recognition of Prior Learning.
SAQA	South African Qualifications Authority established in terms of section 11 of the NQF Act, No. 67 of 2008.
Scarce Skills	Skills for which there is a shortage of qualified and experienced people, currently or anticipated, as identified in the Sector Skills Plan.
SDA	Skills Development Act, No. 97 of 1998, as amended.
SDLA	Skills Development Levies Act, No. 9 of 1999, as amended.
Sector Employers	Skills development levy-paying and non-levy-paying employers whose sector indicator code falls within the mandate of the Services SETA.
SETA	Sector Education and Training Authority established in terms of section 9 of the Skills Development Act.
SETA Grant Regulations	The SETA Grant Regulations regarding monies received by a SETA and related matters, published in Government Notice R.990 in Government Gazette No. 35940 of 3 December 2012, as amended by GN 486 in GG 36655 of 15 July 2013.

Term/Acronym	Description/Definition
Services SETA	Services Sector Education and Training Authority.
SLA	Service Level Agreement.
SMME	Small, Medium and Micro Enterprise.
SOP	Standard Operating Procedure.
SP	Strategic Plan.
SSP	Sector Skills Plan as contemplated in section 10(1) of the Skills Development Act.
Strategic Partnerships	Formal collaborations between the Services SETA and external stakeholders (including government entities, private sector organisations, or training providers) to jointly implement skills development initiatives that support shared priorities and objectives.
Strategic Projects (Formerly Known as Special Projects)	Initiatives implemented by the Services SETA to address transformational and developmental imperatives, based on identified needs and approved by the Accounting Authority. Strategic Projects form part of the broader effort to enhance the skills and employability of South Africans, ensuring that the workforce is equipped with the necessary competencies to meet the demands of the modern economy.
Suspensive Conditions	Conditions stipulated in an Offer Letter which must be fulfilled to the satisfaction of the Services SETA before any financial obligation arises in respect of the offer.
Tranche Payment	A deliverable-based, performance-linked disbursement made by the Services SETA against verified implementation milestones in accordance with this Policy.
TVET	Technical and Vocational Education and Training College as defined in the Continuing Education and Training Act, No. 16 of 2006 (formerly the Further Education and Training Act).
UIF	Unemployment Insurance Fund established in terms of the Unemployment Insurance Act, No. 63 of 2001, and administered with the Unemployment Insurance Contributions Act, No. 4 of 2002.
Unit Cost Framework	The approved Services SETA framework prescribing the unit cost values (including stipends and non-stipend components) applicable to the disbursement of Discretionary Grants.
Workplace Approval	Approval issued by the QCTO or relevant Quality Council confirming that a workplace is suitable for practical learning in terms of an occupational qualification.
WSP	Workplace Skills Plan.

2. POLICY STATEMENT

2.1. This Policy is informed by the Skills Development Act, No. 97 of 1998 (SDA), which provides the overarching legislative framework for skills development planning, implementation and oversight, read together with the Skills Development Levies Act, No. 9 of 1999 (SDLA).

2.2. This Policy affirms the Services SETA's commitment to the effective governance and administration of grants, guided by the SETA Grant Regulations and aligned with the requirements of the SDLA, the Public Finance Management Act, No. 1 of 1999 (PFMA) and the Treasury Regulations.

2.3. This Policy guides the allocation of grants to stakeholders for programmes targeted at building the capabilities of the services sector in scarce skills, critical skills and hard-to-fill vacancies falling under the Services SETA mandate.

2.4. This Policy further outlines the Discretionary Grant (DG) life cycle, encompassing the allocation, implementation and disbursement of funds, consistent with applicable legislative and governance frameworks and the Accounting Authority's fiduciary duties under sections 50 and 51 of the PFMA.

3. PREAMBLE

3.1. The Services SETA was established in terms of the SDA, which provides the national legislative framework for the development of skills in South Africa

3.2. To implement the objectives of the SDA, the SDLA introduced the levy grant system, which requires employers to contribute a skills development levy to fund education and training

3.3. In accordance with the SDA, the Minister of Higher Education and Training published the SETA Grant Regulations to provide the regulatory framework governing the allocation of SETA levy income in the form of administration expenses, mandatory grants and Discretionary Grants.

3.4. The Skills Development Levy and Discretionary Grant framework seeks to:

3.4.1. incentivise and expand skills development implementation within the services sector;

3.4.2. support the absorption of learners into employment; and

3.4.3. enable pathways to entrepreneurship and sustainable economic participation.

3.5. In terms of regulation 6(4) of the SETA Grant Regulations, the SETA may, on an annual basis, determine the conditions and requirements applicable to the allocation and payment of grants.

3.6. Regulation 6 empowers the Services SETA to determine the conditions, requirements and processes applicable to the allocation and payment of grants, enabling the SETA to exercise discretion within regulated and accountable frameworks.

3.7. These provisions allow the SETA to respond to sector-specific skills needs while ensuring alignment with national skills development strategies, PFMA principles and applicable oversight requirements.

4. PURPOSE

4.1. The purpose of this Policy is to provide a structured governance framework regulating the allocation, implementation and disbursement of DG within the Services SETA, consistent with the SDA, the SETA Grant Regulations, the PFMA and section 217 of the Constitution of the Republic of South Africa, 1996.

4.2. This Policy promotes inclusive and equitable access to funding, ensures that supported interventions respond to sector priorities and identified skills needs, and fosters transparent, fair and competitive participation among eligible stakeholders.

4.3. The Policy further facilitates the efficient and timely allocation of grants to support the achievement of Annual Performance Plan (APP) targets, strengthens accountability throughout the DG life cycle, and protects public resources through effective oversight, performance management and the recovery of funds where necessary, consistent with section 51 of the PFMA.

5. POLICY OBJECTIVES

The objectives of this Policy are to:

5.1. provide a structured and integrated framework governing DG allocation, implementation and disbursement across the full DG lifecycle;

5.2. ensure that all DG processes comply with the SDA, the SETA Grant Regulations, the PFMA, Treasury prescripts and applicable governance instruments;

5.3. facilitate equitable, transparent and competitive access to DG funding for eligible sector stakeholders;

5.4. ensure that grant allocations are strategically aligned to the SSP, the APP, national priorities and identified hard-to-fill vacancies and skills gaps;

5.5. broaden participation by sector employers, emerging entities and new entrants, while balancing performance history with inclusive access;

5.6. introduce a performance rating and allocation framework that links past implementation performance, capacity and risk exposure to financial and learner allocation decisions;

5.7. ensure the timely advertisement, allocation and activation of grants to support achievement of annual and multi-year performance targets;

5.8. strengthen financial discipline through deliverable-based tranche payments, verification controls, debt recovery mechanisms and consequence management in cases of non-performance; and

5.9. promote responsible project implementation and mitigation measures in cases of project failure to minimise negative impact on learners.

6. SCOPE AND APPLICABILITY

6.1. This Policy governs the full DG lifecycle within the Services SETA, including DG allocation and approvals, DG implementation and DG disbursement administered through the tranche payment model.

6.2. This Policy is applicable to:

6.2.1. Services SETA staff and members of the governance structures;

6.2.2. Local, provincial and national government departments and public entities;

6.2.3. trade unions and federations within the services sector;

6.2.4. Higher Education Institutions;

6.2.5. Technical, Vocational Education and Training Colleges;

6.2.6. Community Education and Training Colleges;

6.2.7. levy-paying and non-levy-paying companies;

6.2.8. CBOs, Non-Profit Organisations and NPC.

6.2.9. Small, Medium and Micro Enterprises;

6.2.10. accredited Skills Development Providers (SDPs) within the services sector; and

6.2.11. professional bodies and associations.

6.2.12. Municipalities and municipal entities

7. GUIDING PRINCIPLES

The implementation of this Policy shall be governed by the following principles, which give effect to constitutional values, PFMA financial governance duties and King IV good-governance standards. These principles must be applied consistently across the full DG lifecycle.

7.1. LEGALITY

All decisions and actions taken under this Policy shall be conducted strictly within the bounds of applicable legislation, including the Constitution, the SDA, the SDLA, the SETA Grant Regulations, the PFMA, the National Treasury Regulations, PAMA, PRECCA, POPIA, PAJA, PAIA, the PPPFA, the B-BBEE Act and the LRA. No commitment, approval, disbursement or implementation may proceed except based on lawful authority and a properly recorded approval.

7.2. EQUITY, FAIRNESS AND TRANSPARENCY

The allocation of DG funding shall be conducted through fair, equitable and transparent processes that afford all eligible applicants a meaningful opportunity to participate, and in which decisions, reasons and outcomes are documented, traceable and defensible.

7.3. VALUE FOR MONEY

All DG commitments shall demonstrate economy, efficiency and effectiveness in the use of public resources, consistent with section 51(1)(b)(iii) of the PFMA. Unit costs, learner numbers, and deliverable milestones must be proportionate to the reasonably expected developmental outcomes.

7.4. STRATEGIC ALIGNMENT

Every DG allocation shall demonstrate clear alignment to the SSP, APP, NSDP 2030, NDP and ERRP, and shall address identified scarce and critical skills, hard-to-fill vacancies, sector growth drivers or emerging occupational priorities.

7.5. COMPETITIVE AND NON-DISCRIMINATORY ACCESS

DG funding opportunities shall be advertised publicly and evaluated against published criteria. No applicant shall be favoured or excluded based on race, gender, disability, political affiliation or any other arbitrary ground. Informal thresholds, category caps and any other mechanism for ceasing the evaluation of applications before all submissions within a window have been assessed are prohibited.

7.6. PERFORMANCE-BASED FUNDING

Disbursements shall be linked to the delivery of verified outputs through a tranche payment model. Bulk invoicing at the end of a project is not permitted unless specifically approved. Learner allocation volumes shall be informed by the Performance Rating Model in clause 8.5.

7.7. PROPORTIONALITY AND RISK-BASED CONTROLS

The level of evaluation, due diligence, monitoring and reporting applied to a DG project shall be proportionate to its value, complexity and risk profile. Risk-based controls shall be applied consistently and documented in the project record

7.8. AUDIT DEFENSIBILITY

Every material decision taken under this Policy — including allocation, rejection, disqualification, extension, deviation, termination, recovery and write-off — shall be supported by a complete and retrievable evidence chain capable of withstanding review by the Auditor-General of South Africa, Internal Audit and any judicial or administrative forum.

7.9. INTEGRITY AND ETHICAL CONDUCT

Every official, evaluator, Accounting Authority member and sub-committee member involved in a DG process shall act ethically and in good faith, declare and manage conflicts of interest in accordance with clause 23, and comply with the Services SETA Code of Conduct, the Financial Disclosure Policy, the Lifestyle Audit Policy, the Fraud Prevention Policy and the Acceptable Use Policy. A Discretionary Grant shall not be used, directly or indirectly, as a mechanism to confer a prohibited gift, benefit or inducement on any person in contravention of PRECCA.

7.10. PREVENTION OF FRONTING AND CIRCUMVENTION

Services SETA shall not approve, disburse or continue funding in respect of any applicant that has engaged in fronting as defined in the B-BBEE Act. Applicants shall not artificially split projects, misrepresent empowerment status, conceal beneficial ownership or otherwise circumvent the thresholds, processes or requirements of this Policy.

8. POLICY CONTENT

8.1. SECTOR DEVELOPMENT

8.1.1. The development of key sub-sectors is one of the objectives of the Services SETA. Such development will be conducted in line with the Services SETA's SSP and APP.

8.1.2. The following sub-sectors are central to the Services SETA's delivery on its mandate:

8.1.2.1. Cleaning and Hiring;

8.1.2.2. Communication Management;

8.1.2.3. Labour and Collective Services;

8.1.2.4. Management and Business Services;

8.1.2.5. Personal Care Services; and

8.1.2.6. Real Estate and Related Services.

8.1.3. In developing these key sub-sectors, the Services SETA shall focus on hard-to-fill vacancies, skills gaps and Small, Medium and Micro Enterprises. Priority will be given to programmes that lead to full qualifications, support career growth and enhance productivity.

8.1.4. Small and Micro Enterprises will be empowered through both skills development and the allocation of projects to them for delivery. Funds will be provided, inter alia, for external mentoring, training of business owners and managers as mentors, bursaries, internships and appropriate skills programmes.

8.2. FUNDING PRINCIPLES

8.2.1. Without being exhaustive, and without detracting from the Accounting Authority's discretion, the following key funding principles will be applied in the implementation of this Policy:

8.2.1.1. funding will be directed to hard-to-fill vacancies and skills gaps as set out in the SSP and the APP;

8.2.1.2. the allocation of funds will be based on equitable, fair and transparent processes without prejudice to any individual or stakeholder, consistent with section 217 of the Constitution;

8.2.1.3. the Services SETA will balance its performance agreement with the Minister, sector and national priorities;

8.2.1.4. the Services SETA will ensure the prevention of irregular, fruitless and wasteful expenditure in accordance with section 51 of the PFMA and the Treasury Regulations; and

8.2.1.5. funding decisions will be subject to value-for-money assessment and consequence management for non-performance, in accordance with applicable governance frameworks.

8.3. ELIGIBILITY FOR ACCESSING DISCRETIONARY GRANTS

8.3.1. The Services SETA ensures the fair and equitable distribution of discretionary funds and that such funds are disbursed in a manner consistent with the Services SETA's objectives and goals.

8.3.2. Although it is important for as many entities as possible, including small and micro enterprises, to benefit from Services SETA-funded programmes, it is the ultimate responsibility and sole prerogative of the Services SETA to determine the allocation criteria. Such criteria may include, but are not limited to:

8.3.2.1. the number of years in which the applicant has been in business;

8.3.2.2. the number of successful learning programmes delivered by the applicant;

8.3.2.3. the applicant's turnover; and

8.3.2.4. the geographic location of the applicant.

8.3.3. Project proposals addressing one or more of the following themes shall be considered for funding:

8.3.3.1. PIVOTAL and NON PIVOTAL programmes delivered through public and private education and training institutions;

8.3.3.2. learning programmes aligned to SAQA-registered qualifications and unit standards where such qualifications and unit standards are available, and where the programme addresses hard-to-fill vacancies or skills gaps as set out in the SSP;

8.3.3.3. artisan training in which the entity enrols an apprentice and ensures that he or she is exposed to theoretical learning, workshop training and practical work experience, with the combined programme culminating in a trade test;

8.3.3.4. a period of workplace learning for a student who must complete practical work as part of their qualification or to gain professional registration after qualifying;

8.3.3.5. a structured work placement, in the form of an internship, for students who have completed a qualification in an occupation identified as a hard-to-fill vacancy and who seek practical experience;

8.3.3.6. enrolment of an unemployed young person in a learnership, or an employed staff member in a skills programme, that addresses a hard-to-fill vacancy or skills gap (learnerships and skills programmes must be linked to occupationally directed qualifications);

8.3.3.7. provision of basic education services to adults within the services sector, aimed at improving their ability to enrol in full or part-qualification programmes within the sector; and

8.3.3.8. recognition of employed learners' prior learning through on-the-job or other learning programmes to enable the employee to acquire more formal recognition of their abilities.

8.4. EXCLUSIONS

The Services SETA shall not provide grant funding for:

8.4.1. projects that have already commenced prior to the approval of the application (this prohibition shall not apply to projects which need to be implemented to rescue a project or projects that previously commenced);

8.4.2. applicants that do not have valid accreditation with the relevant Quality Assurance body, where relevant;

8.4.3. set-up costs, for example start-up costs;

8.4.4. capital expenditure, for example building costs and the cost of equipment, except in respect of public institutions and infrastructure projects where such expenditure is expressly authorised;

8.4.5. existing operating expenses, for example salaries of current employees who will undergo training;

8.4.6. organisational policy development;

8.4.7. learners who participated in other SETA learning programmes (excluding progressions); and

8.4.8. learner dropouts and completions.

8.5. GRANT DISTRIBUTION

8.5.1. In terms of the SETA Grant Regulations, the levy grant system is distributed as follows:

LEVY GRANT SYSTEM ELEMENT	ALLOCATION %	CONDITIONS	AMENDMENT TIMELINES
Total levy	N/A	1% of remuneration costs of companies obliged by legislation	As required by the SETA Grant Regulations
NSF	20%	As prescribed in regulation 3 of the SETA Grant Regulations	
SETA Administration	10.5%	Maximum of 0.5% to QCTO	
Mandatory Grant	20%	Unclaimed mandatory grants are swept to Discretionary Grants by 15 August each year in terms of regulation 3(3) of the SETA Grant Regulations	
Discretionary Grant	49.5%	Discretionary Grants shall be allocated as follows: (i) minimum of 80% to PIVOTAL programmes in terms of regulation 3(6); (ii) maximum of 20% to Non-PIVOTAL programmes.	

8.6. DG ALLOCATION

8.6.1. *DG Budget Architecture*

DG allocation shall comply with the SETA Grant Regulations and the approved budget framework.

8.6.1.1. A minimum of 80% of DG funding shall be allocated to PIVOTAL programmes (leading to full or part qualifications), in terms of regulation 3(6) of the SETA Grant Regulations.

PIVOTAL learning programmes include:

i. learning programmes (maximum 12-months) delivered by a training provider, resulting in qualifications that can improve the work placement of the qualified learner and which align with sector objectives;

ii. formal full-time and part-time programmes delivered by an education and training provider that result in an occupational qualification (such programmes may attract bursaries);

iii. apprenticeships (Maximum of 36 months) leading to a trade test and artisanal qualification;

iv. internships (Maximum of 24 months) for learners studying for an occupational qualification who require work experience and learning as part of the qualification;

v. internships (Maximum of 18 months) for learners who have completed their occupational qualification and who are seeking a period of workplace experience in their chosen occupation (the work experience must be structured and supervised by a suitably qualified person);

vi. graduate placement programmes(varies per profession) that enable qualified individuals to become professionally registered, and part-qualification skills programmes made up of a combination of unit standards that fall within a qualification, with the aim of increasing the skill level of employed learners;

vii. recognition(varies per qualification) of prior learning for people with the experience but not the formal qualification in the services sector; and Adult Education and Training.

8.6.1.2. A maximum of 20% may be allocated to Non-PIVOTAL programmes, in line with approved priorities. Non-PIVOTAL programmes include:

Non-PIVOTAL programmes include:

i. research;
ii. qualification and curriculum development;
iii. career guidance; and
iv. career expos.

8.6.1.3. Up to the prescribed percentage may be utilised for DG administration in accordance with the SETA Grant Regulations.

8.6.1.4. DG Support: 7.5%,

based on the direct budget of Discretionary Grants as per the approved budget.

8.6.2. *Allocation Categories and Portfolio Balance*

Discretionary Grants shall be structured across the following portfolio categories:

8.6.2.1. Sector Projects (70%) — addressing sector employer demand, SSP priorities and proportional distribution across sub-sectors;

8.6.2.2. Strategic / Special Projects (30%) — targeting national imperatives, transformation drivers, rural and disability interventions, under-serviced provinces and strategic change initiatives; and

8.6.2.3. the 70/30 portfolio balance may be reviewed annually by the Accounting Authority (AA) based on strategic priorities and sector demand.

8.6.3. *Advertisement and Pipeline Management*

DG funding opportunities shall be issued through formally approved advertisements or targeted Expressions of Interest (EOIs).

Allocation cycles shall:

8.6.3.1. be planned early within the financial year;

8.6.3.2. support quarterly pipeline activation;

8.6.3.3. enable achievement of APP performance targets; and

8.6.3.4. promote predictable enrolment and implementation planning.

8.6.4. *Alignment to SSP and Sector Demand*

All DG allocations shall demonstrate clear alignment to:

8.6.4.1. identified hard-to-fill vacancies;

8.6.4.2. scarce and critical skills;

8.6.4.3. sector growth drivers;

8.6.4.4. emerging occupational priorities; and

8.6.4.5. allocations must support both absorption into employment and pathways to entrepreneurship and economic participation.

8.6.5. *Performance Rating and Allocation Framework*

The Services SETA shall implement a Performance Rating Model for Lead Employers (DG recipients).

The framework shall:

8.6.5.1. consolidate historical implementation performance, compliance, reporting discipline, completion rates and successful completion;

8.6.5.2. inform risk exposure and allocation thresholds;

8.6.5.3. link performance ratings to maximum learner allocation volumes per financial year;

8.6.5.4. prevent excessive concentration of learners with entities lacking delivery capacity; and

8.6.5.5. promote entry-level allocations for new or emerging entities to broaden market participation.

8.6.6. *Learner Allocation and Feasibility Principles*

Learner allocations shall consider:

8.6.6.1. implementation capacity and operational feasibility;

8.6.6.2. minimum viable cohort sizes for classroom-based delivery;

8.6.6.3. attrition risk and economic sustainability of programmes;

8.6.6.4. reasonable distribution between sector employers (majority) and other implementing entities (including SDPs and intermediaries); and

8.6.6.5. allocation decisions shall balance scale with deliverability to safeguard organisational performance targets.

8.7. DG IMPLEMENTATION

8.7.1. *Conditions for Commencement*

8.7.1.1. The Services SETA shall issue an Offer Letter to a successful applicant setting out the conditions upon which Discretionary Grant funding has been approved.

8.7.1.2. The issuance of an Offer Letter does not constitute a financial commitment. All suspensive conditions stipulated in the Offer Letter must be fulfilled to the satisfaction of the Services SETA before any financial obligation arises.

8.7.1.3. Implementation shall not commence until a formal Commencement Letter has been issued by the Services SETA confirming that all pre-implementation requirements have been met.

8.7.1.4. Lead Employers who fail to meet prescribed enrolment or commencement timelines may have the Offer Letter withdrawn or cancelled. Failure to meet the prescribed requirements may be categorised as poor performance and may affect future grant allocation consideration.

8.7.2. *Learner Eligibility and Enrolment*

8.7.2.1. Lead Employers are responsible for ensuring that learners meet all eligibility criteria for the relevant learning programme prior to enrolment.

8.7.2.2. For PIVOTAL learning programmes leading to full or part qualifications, implementation must comply with:

8.7.2.2.1. SAQA requirements on credit accumulation and notional hours;

8.7.2.2.2. all applicable QCTO requirements for occupational qualifications;

8.7.2.2.3. curriculum and workplace experience requirements as prescribed;

8.7.2.2.4. where learning programmes form part of occupational qualifications, Host Employers must hold valid Workplace Approval where required by the curriculum and regulatory framework; and

8.7.2.2.5. for PIVOTAL learning programmes resulting in part or full qualifications, only appropriately accredited SDPs may be utilised.

8.7.3. *Project Governance and Induction*

8.7.3.1. Implementation must follow due process and approved governance procedures.

8.7.3.2. Lead Employers must conduct a formal project induction session at commencement, clearly outlining:

8.7.3.2.1. roles and responsibilities of all parties;

8.7.3.2.2. reporting and monitoring requirements;

8.7.3.2.3. compliance obligations; and

8.7.3.2.4. learner support mechanisms.

8.7.4. *Record Management and Audit Compliance*

8.7.4.1. Lead Employers must maintain proper record management systems, including complete Portfolios of Evidence (PoEs) and supporting documentation.

8.7.4.2. All documentation must be sufficient to support:

8.7.4.2.1. invoicing and tranche claims;

8.7.4.2.2. monitoring and verification;

8.7.4.2.3. internal audit; and

8.7.4.2.4. external audit processes.

8.7.5. *Learner Terminations and Project Failure*

8.7.5.1. Learner terminations must be reported and administratively processed within prescribed timeframes.

8.7.5.2. Financial reconciliation must be performed for terminated learners to prevent financial loss and ensure accurate expenditure reporting.

8.7.5.3. Where a Lead Employer fails to implement the project post-commencement or enters into project failure, the Services SETA may:

8.7.5.3.1. terminate the project; and / or

8.7.5.4. initiate recovery of funds.

8.7.5.5. In cases of project failure, the Lead Employer has a duty to mitigate the negative impact on learners and to cooperate in supporting alternative arrangements where feasible.

8.8. DG DISBURSEMENT

8.8.1. *Tranche Payment Framework*

8.8.1.1. Disbursement of DG shall be implemented through a tranche payment model designed to be:

8.8.1.1.1. deliverable-based;

8.8.1.1.2. performance-linked; and

8.8.1.1.3. structured to enable appropriate cash flow at critical implementation stages.

The first tranche shall only be disbursed upon submission of verified evidence of actual learner commencement.

8.8.1.1.4. Lead Employers must submit tranche claims timeously in accordance with milestone requirements. Bulk invoicing at the project end shall not be permitted unless specifically approved.

8.8.1.1.5. Disbursement of funds shall be conditional upon satisfactory verification of deliverables and submission of required supporting documentation.

8.8.2. *Advance Payment of Discretionary Grants*

8.8.2.1. Services SETA shall ordinarily make discretionary grant payments in accordance with the approved Tranche Payment Framework. Advance payments may only be considered to facilitate the commencement or implementation of an approved learning programme and where adequate measures are in place to safeguard public funds.

8.8.2.2. Any advance payment shall be subject to a documented motivation explaining why the tranche payment model cannot be applied and why an advance payment is necessary, a risk assessment, and approval in accordance with the Delegation of Authority Framework.

8.8.2.3. The motivation and supporting risk assessment shall be presented to FINCOM and/or ARC, as applicable, and thereafter to EXCO for support and the Accounting Authority for approval.

8.8.2.4. Advance payments shall only be made after the conclusion of a legally binding funding agreement that clearly sets out the conditions of funding, performance obligations, reporting requirements and recovery mechanisms in the event of non-performance or breach of agreement.

8.8.2.5. Unless otherwise motivated and approved by the AA, the recipient shall commence implementation within sixty (60) calendar days of receiving the advance and account for its utilisation within the timeframes set out in the funding agreement

8.8.2.6. The recipient shall provide periodic financial and performance reports, supported by appropriate documentary evidence, as prescribed by Services SETA. Services SETA reserves the right to withhold further payments, recover unspent funds, or institute legal action where grant funds are not utilised for their intended purpose, where performance obligations are not met, or where there is evidence of fraud, misconduct, or non-compliance with the funding agreement.

8.8.2.7. All interest earned on advance payments shall accrue to Services SETA and shall not constitute additional funding for the recipient. Where required, the recipient shall keep the advance in a separate interest-bearing bank account and maintain records of the interest earned.

8.8.2.8. In compliance with the Public Finance Management Act 1 of 1999 and applicable National Treasury Regulations, Services SETA shall ensure that advance payments are managed in an efficient, economical, effective, economical, effective and transparent manner with appropriate controls to safeguard public resources and minimise financial risk.

8.8.2.9. For accounting purposes, advance grant payments shall be recognised and accounted for in accordance with the applicable Generally Recognised Accounting Practice (GRAP) standards. The advance shall be recognised as an asset until the relevant funding conditions have been met and the applicable expenditure recognition requirements have been satisfied.

8.8.2.10. Any advance payment that remains unaccounted for, unspent or is determined to have been utilised for purposes other than those approved shall be recoverable by the Services SETA in line with the PFMA, Treasury Regulations, GRAP requirements and any other applicable legislative or regulatory prescripts.

8.8.3. *Unit Cost Framework and Review*

Disbursement of DG shall be guided by an approved Unit Cost Framework. The framework shall:

8.8.3.1. distinguish between stipend and non-stipend components;

8.8.3.2. differentiate stipend values according to NQF level where applicable;

8.8.3.3. permit employer co-funding or top-ups at their discretion;

8.8.3.4. be reviewed periodically, including at least every two years, to account for inflation and cost drivers; and

8.8.3.5. be approved by the Accounting Authority in line with available budget and regulatory constraints.

8.8.4. *Terminated Learners and Financial Treatment*

8.8.4.1. Where learners legitimately participated in a programme for a defined period and subsequently terminate due to reasonable circumstances (including, but not limited to, employment uptake, personal circumstances or bereavement), expenditure incurred during the period of active participation shall not automatically be regarded as fruitless and wasteful expenditure.

8.8.4.2. Classification of expenditure under this clause shall be determined in accordance with the definitions of fruitless and wasteful expenditure and irregular expenditure in the PFMA and the Treasury Regulations, applied with reference to the facts of each case.

8.8.4.3. A structured financial reconciliation framework shall apply to determine recoverable and non-recoverable costs in such instances.

8.8.4.4. Costs relating to learners incorrectly enrolled, non-commenced learners or improperly administered claims shall be subject to recovery.

8.8.5. *Partial Performance and Deductions*

8.8.5.1. The Services SETA shall establish and apply a clear principle regarding payment deductions for partially successful learners or partially delivered outputs.

8.8.6. *Debt Recovery and Write-Offs*

8.8.6.1. Any recoverable debt arising from non-compliance or overpayment shall be pursued in accordance with the Services SETA Debt Management and Recovery Framework, consistent with section 51 of the PFMA and the Treasury Regulations.

8.8.6.2. Consideration of write-offs, including time-based prescriptions (for example after three years under the Prescription Act, No. 68 of 1969), shall be aligned with PFMA requirements, the Treasury Regulations and approved internal governance processes.

8.9. FUNDING WINDOWS

8.9.1. *Governance and Administration of Funding Windows*

8.9.1.1. Discretionary Grant funding windows shall be issued through advertisements and targeted EOIs approved by the Accounting Authority (AA), or in accordance with the approved Delegation of Authority (DoA).

8.9.1.2. Approved funding windows shall be publicly advertised and opened for submissions for one or more of the following funding categories: Regular Projects; Strategic / Special Projects; and Strategic Partnerships, with defined application timeframes applicable to each category.

8.9.1.3. The Services SETA shall determine the timing and frequency of funding windows in line with its approved strategic priorities, operational requirements and available budget.

8.9.1.4. The duration of each funding window may vary depending on the nature and complexity of the project; however, no funding window shall be advertised for a period exceeding twenty-one (21) working days across all communication platforms, including the Services SETA website and print media. Minium days to advertise is 8 working days and Maximum 21 working days.

8.9.1.5. An extension of an application window may be granted for a reasonable period, subject to the approval of the AA or delegated authority, where such extension is justified by operational or strategic considerations.

8.9.1.6. Where, during the course of the financial year, specific objectives or targets have not been achieved, the Services SETA may publish an additional or targeted call for applications, subject to approval by the AA or delegated authority. Such advertisements may be issued for a shorter duration, provided that the application window is not less than seven (7) working days to allow timely applications.

8.9.2. *Advertisement Record-Keeping*

The Services SETA shall capture and retain verifiable records of all DG advertisements, including:

8.9.2.1. timestamped screenshots of the advertisement at the time of publication and removal from the Services SETA website and any other platform;

8.9.2.2. back-end system logs or content management records confirming publication and removal dates;

8.9.2.3. a signed confirmation by the responsible official attesting to the accuracy of the advert details, publication dates and platforms used; and

8.9.2.4. all advertisement records shall be retained for a minimum period of 20(years from the date of publication. Discretionary Grants (DG) records are classified for permanent preservation and must therefore not be destroyed. In accordance with the applicable archival requirements, these records must be retained and transferred to the relevant Archives repository after 20 years, in line with the approved records retention and disposal schedule. Due to space constraints, Services SETA transfers inactive DG records to Metrofile's storage facility for secure off-site storage once they are no longer actively used. This arrangement facilitates the preservation and safekeeping of the records pending their eventual transfer to the relevant Archives repository. The transfer

to Metrofile does not alter the records' classification as records for permanent preservation or authorise their destruction

8.10. DISCRETIONARY GRANT FUNDING DELIVERY MODELS

The Services SETA's Discretionary Grant funding for projects is divided between Strategic Projects, Regular Projects and Strategic Partnerships.

8.10.1. *Strategic Projects (formerly Special Projects)*

8.10.1.1. The purpose of these projects is to provide training aligned to the priorities of government and / or the AA.

8.10.1.2. These types of projects originate primarily from analyses of the Services SETA's responsiveness to, among others, its performance against its own objectives and to government pronouncements.

8.10.1.3. Strategic Projects shall be addressed through strategic initiatives in line with the Services SETA's development requirements as approved by the AA, and may be embarked upon at any point during the financial year. Approval for Strategic Projects rests with the Services SETA's AA.

8.10.1.4. Rural and disability projects will be advertised as standalone projects (outside Regular Projects and with ordinary Strategic Projects). The rules of rural and disability projects will apply to a specific window. The Services SETA will identify skills development programmes for rural areas and people with disabilities.

8.10.1.5. Strategic Projects shall not be used as a mechanism to process, award or fund applications that would ordinarily fall within the scope of Regular Projects (DG Window). The Strategic Projects window and the Regular Projects (DG Window) serve distinct purposes, and their criteria and processes are not interchangeable.

8.10.1.6. Any deviation from the prescribed funding window applicable to a particular category of grant shall require prior written approval by the AA, accompanied by a documented justification setting out the reasons for the deviation, the financial implications and the impact on the fairness and integrity of the DG process. Such deviations shall be reported to the Audit and Risk Committee.

8.10.2. *Regular Projects (DG Window)*

8.10.2.1. Regular Projects are projects that address Services SETA objectives as set out in the Service Level Agreement (SLA) between the Services SETA and the Department of Higher Education and Training (DHET).

8.10.2.2. One or more funding windows shall be created during a financial year for entities to submit applications for funding for Regular Projects.

8.10.2.3. Approval for Regular Projects rests with the AA and shall be in line with the requirements set out in this Policy. The allocation criteria shall be reviewed and determined by the AA.

8.10.2.4. Regular Projects include the DG Window and Expression of Interest funding routes.

8.10.3. *Strategic Partnerships*

8.10.3.1. Strategic Partnerships are interventions outside the normal DG funding window and Strategic Projects, implemented to achieve objectives in the APP, SSP and NSDP and national imperatives in the services sector. The SLA between DHET and the Services SETA further requires the Services SETA to enter into partnerships.

8.10.3.2. The Services SETA shall use the strategic partnership approach to deliver learning programmes through HEIs, TVETs, CETs, employers and unions.

8.10.3.3. The Services SETA's strategic partnership approach is as follows:

8.10.3.3.1. the Services SETA may, at its discretion, invite proposals from partners, or accept unsolicited proposals from partners that approach the Services SETA (or arise through Services SETA internal initiatives), to contribute towards the fulfilment of its strategic goals and objectives. Such proposals must be aligned to the Services SETA SLA with DHET, the SSP and the APP, and must address issues of national priority. Partnerships may also be submitted through an Expression of Interest and will be evaluated per the Discretionary Grant process;

8.10.3.3.2. the Services SETA may accordingly enter into Memoranda of Understanding with these entities to advance skills development within the sector; and

8.10.3.3.3. once the Services SETA has an MOU with such entities and there is a need for training in the sector that those entities can implement, the entities may be appointed to implement the training.

8.10.3.4. Partnerships may be funded through the following measures:

8.10.3.4.1. the Services SETA may enter into co-funding or full-funding agreements for learning programmes aimed at the development and implementation of scarce and critical skills in the sector; and

8.10.3.4.2. partnerships based on the indicators.

Distinction between Strategic Projects, Regular Projects and Strategic Partnerships:

Aspect	Strategic Projects (formerly Special Projects)	Regular Projects (DG Window / EOI)	Strategic Partnerships
Purpose	These projects are part of the broader effort to	Funds allocated by the SETA to support specific	Collaboration with external stakeholders to enhance

Aspect	Strategic Projects (formerly Special Projects)	Regular Projects (DG Window / EOI)	Strategic Partnerships
	enhance the skills and employability of South Africans, ensuring that the workforce is equipped with the necessary competencies to meet the demands of the modern economy and to respond to emerging priorities and strategic needs.	skills development projects that align with national and sectoral priorities. Awarded at the discretion of the AA in accordance with published criteria.	resources, capacity and impact in delivering skills development initiatives aligned to shared priorities.
Final Allocation and Approval	Accounting Authority / EXCO (unless delegated)	Accounting Authority / EXCO (unless delegated)	Accounting Authority / EXCO (unless delegated)
Timing	Any time during the financial year	Any time during the financial year	N/A
Contribution to APP and DHET SLA	APP & DHET SLA	APP & DHET SLA	APP & DHET SLA
PIVOTAL / Non-PIVOTAL Programmes	PIVOTAL and Non-PIVOTAL programmes	PIVOTAL and Non-PIVOTAL programmes	PIVOTAL and Non-PIVOTAL programmes
Qualifications	Occupational qualifications	Occupational qualifications	Occupational qualifications

8.11. FUNDING FOR PIVOTAL PROGRAMMES

8.11.1. Funding for PIVOTAL programmes will be subject to:

8.11.1.1. the appointment of training providers, which may be jointly undertaken by the Services SETA and the funded entity, based on a process determined by the Services SETA;

8.11.1.2. approved learning intervention(s) being accredited and leading to a recognised qualification;

8.11.1.3. in instances where training is for a short course, the value and benefit of the training programme(s) to the learner and (potential) employer(s) must be clearly demonstrated;

8.11.1.4. all funding applications must demonstrate capacity to successfully implement the proposed project and will be subject, among others, to the Services SETA verifying that the organisation has the capacity to deliver effectively, efficiently and in a timely manner; and

8.11.1.5. hosting of learners outside the funded entity is permitted, provided that the practical learning experience aligns with the learning programme being delivered and the practical experience required. The Host Employer must accept the terms and conditions permitting the Services SETA to conduct due diligence and monitoring visits to ensure that learners are hosted correctly and are being provided with the relevant practical experience.

8.12. TARGETED BENEFICIARIES

8.12.1. The Services SETA is a public institution and is obliged to provide business and skills development training opportunities to all South Africans who meet its requirements.

8.12.2. All stakeholders and role-players with the requisite capacity and good standing who comply with the criteria as determined by the Services SETA may apply for Services SETA-funded projects.

8.12.3. Given the special nature of skills development broadly and SETAs specifically, the Services SETA's discretionary funding is applicable, in the main, to levy-paying companies, non-levy-paying companies in the services sector, training providers, NGOs, NPOs, CBOs, public institutions (including public TVET Colleges), trade unions and other role-players in the services sector.

8.12.4. The Services SETA will prioritise the approval of applications that contribute to economic growth and human resource development, transformation and employment equity in line with the NSDP. It is important that training contributes to:

8.12.4.1. employment equity (improving the employee profile at all levels in terms of race, class, gender and disability);

8.12.4.2. the provision of opportunities for young people (particularly those not currently in education, training or work);

8.12.4.3. enabling access to special groups, such as women, youth and people with disabilities;

8.12.4.4. addressing the challenge of managing and reducing the spread of HIV and AIDS within the sector;

8.12.4.5. supporting enterprise development within the sector, including cooperatives and community-based entities;

8.12.4.6. extending access to Services SETA priority programmes to rural areas; and

8.12.4.7. improving the skills profile of those from poorer socio-economic backgrounds and assisting in career-pathing from lower-graded to higher-graded jobs within entities.

8.12.5. Services SETA discretionary funding is aimed, in the main, at benefiting designated groups, including:

8.12.5.1. Black South Africans;

8.12.5.2. women;

8.12.5.3. people with disabilities (the Services SETA has developed guidelines on disability allowance which are available upon request from the Services SETA);

8.12.5.4. B-BBEE entities;

8.12.5.5. SMME businesses;

8.12.5.6. non-levy-paying entities in the services sector;

8.12.5.7. NPOs;

8.12.5.8. CBOs;

8.12.5.9. youth; and

8.12.5.10. cooperatives.

8.13. CRITERIA FOR THE ALLOCATION OF DISCRETIONARY GRANTS

8.13.1. *Allocation Criteria Used*

8.13.1.1. Depending on the availability of funds, and at the sole discretion of the AA, the following criteria will, inter alia, be considered in the Services SETA's allocation of discretionary funding for Regular Projects:

8.13.1.1.1. learning programmes that cover both employed and unemployed learners;

8.13.1.1.2. applications targeting and / or involving designated groups;

8.13.1.1.3. a dedicated focus on learners with disabilities;

8.13.1.1.4. equity imperatives such as women (55%), youth aged 18 – 35 years (55%) and HDI (85%), through resolute or integrated project strategies, consistent with the Employment Equity Act, No. 55 of 1998, the B-BBEE Act, No. 53 of 2003 and the NSDP;

8.13.1.1.5. applications based on partnerships, particularly those with empowerment elements built in and those combining public and private collaboration, will receive priority;

8.13.1.1.6. responsiveness to geographical and sub-sectoral considerations;

8.13.1.1.7. the capacity to develop and place learners, provided that this criterion shall not operate to counter or negate the Services SETA's strategic imperative to work with, and promote delivery of projects with, small businesses;

8.13.1.1.8. prior skills development experience and / or credibility within the Services SETA or other SETAs;

8.13.1.1.9. joint funding of projects with the Services SETA;

8.13.1.1.10. focus on hard-to-fill vacancies and skills gaps in the services sector;

8.13.1.1.11. acceptance of the Services SETA's terms and conditions for the delivery of grant-funded projects, required prior to discretionary funds being allocated for Regular Projects;

8.13.1.1.12. the applicant must, to the satisfaction of the Services SETA, have the capacity and ability to deliver the project (established through a due diligence process);

8.13.1.1.13. the payment model will be performance-based and tied to delivery and achievements per month; and

8.13.1.1.14. applications must be submitted as prescribed in the advertisement(s) — no exceptions may be granted.

8.13.2. *Financial Capacity Confirmation*

8.13.2.1. The confirmation of an applicant's financial capacity shall be based on:

8.13.2.2. proof of tax compliance (valid tax clearance certificate or SARS tax compliance status);

8.13.2.3. letter of good standing/bank rating letter issued by registered financial service provider (FSP)

8.14. APPLICATION PROCESS

8.14.1. The Services SETA will publish a Call for DG Applications. The Call serves as a formal invitation for eligible stakeholders to apply for funding.

8.14.2. The Call for Applications is communicated through appropriate and accessible platforms to promote transparency, equity and broad stakeholder participation.

8.14.3. The Call for Applications outlines, at a minimum, the following:

8.14.3.1. identified priority programmes and interventions to be funded;

8.14.3.2. target groups and eligibility criteria applicable to each funding category;

8.14.3.3. application requirements, prescribed documentation and submission procedures;

8.14.3.4. applicable application timeframes and closing dates;

8.14.3.5. conditions governing the submission, amendment or withdrawal of applications; and

8.14.3.6. any additional requirements determined by the Services SETA to ensure alignment with legislative, policy and strategic imperatives.

8.14.3.7. Applications for Discretionary Grants may be systematic or manual. Systematic applications are submitted through the relevant system and consist of the submission of proposals or forms.

8.14.4. *DG Application Register*

The Services SETA shall maintain a formal DG Application Register for each funding window, which shall include, at a minimum:

8.14.4.1. date and time of receipt of each application;

8.14.4.2. name and registration details of the applicant entity;

8.14.4.3. proposed learning programme and budget;

8.14.4.4. funding category applied for (Regular, Strategic, Partnership);

8.14.4.5. evaluation status (evaluated, accepted, rejected, disqualified);

8.14.4.6. evaluation scores allocated by each evaluator;

8.14.4.7. documented reasons for rejection or disqualification; and

the register shall be formally reviewed, verified for completeness and accuracy, and signed off by a designated senior official. The register shall be maintained on a controlled system with full audit-trail capabilities.

8.14.5. *Grounds for Rejection*

Applications may be rejected or disqualified where:

8.14.5.1. the Discretionary Grant criteria aligned to the SETA Grant Regulations are not met;

8.14.5.2. the submission deadline or other prescribed requirements have not been met; or

8.14.5.3. the Services SETA does not have adequate funding (reserves) to allocate the required award.

8.15. EVALUATION OF APPLICATIONS

8.15.1. All DG applications received shall be evaluated using a scoring matrix with predetermined weighted criteria as published in the advertisement, to ensure transparency, fairness and audit defensibility.

8.15.2. No application received within the published window period shall be excluded from evaluation without documented justification approved by the CEO. The use of informal thresholds, category caps or any other mechanism to cease evaluating applications before all submissions within the window period have been assessed is prohibited.

8.15.3. The appointment of evaluators for the assessment of DG applications shall be the responsibility of the CEO, who shall ensure that such appointments are made in line with approved governance processes and applicable policies.

8.15.4. Evaluator appointments shall be based on demonstrable competencies and experience. As a minimum, the evaluation panel shall collectively possess: (a) financial management and / or supply chain management experience; (b) prior experience with SETA grants or skills development programmes; and (c) relevant technical knowledge relating to the learning programmes being evaluated. The curriculum vitae of each appointed evaluator shall be retained as audit evidence to demonstrate compliance with the minimum competency requirements.

8.15.5. The appointed evaluators shall perform their functions within clearly defined roles and responsibilities as determined by the CEO. Evaluators may be internal employees or external

8.15.6. The evaluators will form part of the DG Committee that will make recommendations to EXCO.

8.15.7. All members participating in the evaluation shall sign a declaration of interest, confidentiality and impartiality prior to the commencement of each evaluation session, using the prescribed template approved by the Services SETA. Any member with a direct or indirect interest in any applicant entity shall recuse themselves from the evaluation of that entity, and such recusal shall be formally recorded in the evaluation report and reported to the CEO.

8.15.8. Applications shall be evaluated in accordance with the following process:

8.15.8.1. compliance;

8.15.8.2. evaluation; and

8.15.8.3. due diligence.

8.15.9. When evaluating, consideration will be given to the Performance Rating Model, being past performance and current active projects.

8.15.10. Evaluation will be done on the online system or manually where applicable.

8.15.11. Where the Services SETA invites partners to apply for funding for specific learning interventions, the Services SETA shall set the criteria for evaluation in line with the approved Sector Skills Plan and Annual Performance Plan, approved by the AA.

Evaluation Process Standards

8.15.12. A minimum of three (3) evaluators shall be assigned to evaluate each proposal to ensure consistency and fairness in scoring.

8.15.13. A mandatory pre-evaluation briefing and calibration session shall be conducted for all evaluators prior to the commencement of each evaluation cycle, to ensure a common understanding of the evaluation criteria, scoring methodology and expected standards.

8.15.14. Evaluators shall provide written comments justifying the score allocated for each evaluation criterion. Scores without written justification shall not be accepted.

8.15.15. Where scoring variance between evaluators on the same proposal exceeds 30% of the mean score, an automatic moderation review shall be triggered and its outcome documented.

8.15.16. Where the number of evaluators assigned to proposals varies, a normalisation or weighted scoring mechanism shall be applied to ensure equitable comparison of scores across all proposals.

8.15.17. An independent quality assurance review shall be conducted on the evaluation outcomes before the final recommendation is submitted to EXCO or the AA for approval. This will be appointed by the CEO. This applicable to all the funding

Evaluation and Appointment Process Record-Keeping

8.15.18. A complete audit trail shall be maintained for each DG evaluation and appointment process, including at a minimum: advertisement publication records (per clause 7.9.2); all proposals received; the DG Application Register (per clause 7.14.5); signed declarations of interest, confidentiality and impartiality; completed evaluation score sheets with written justifications; financial capacity assessment documentation; due diligence reports; evaluation committee recommendation report; EXCO / AA approval memoranda; and rejection correspondence with documented reasons.

8.15.19. All records shall be accessible and retrievable within two (2) working days of any request by the Auditor-General, internal audit or other authorised party, in accordance with the terms of engagement.

9. POST-APPROVAL PROCESS

9.1. Operations shall issue the Offer Letter relating to PIVOTAL projects and any related grant projects.

9.2. The Office of the CEO shall issue the Offer Letter relating to Non-PIVOTAL projects and any related grant projects.

9.3. Strategy and Insights shall issue the Offer Letter relating to Qualification Development Facilitator (QDF) projects and any related grant projects.

9.4. Finance shall record the grant in the commitment register and allocate budget on the system.

9.5. The CEO shall be responsible for the signing of all Offer Letters, subject to the approved Delegation of Authority.

10. DISABILITY AND RURAL ALLOWANCES

10.1. General

10.1.1. In alignment with the objectives of the National Skills Development Plan (NSDP) and the Services SETA's mandate, the Services SETA is committed to promoting inclusive access to training and skills development opportunities, with a particular focus on historically disadvantaged groups, including persons with disabilities (PWD) and rural communities.

10.1.2. To meet this objective, the Services SETA shall, from time to time, identify specific projects that will attract and be eligible for rural and disability allowances.

10.1.3. The allocation of the allowances is solely at the discretion of the Services SETA and is subject to the availability of funds.

10.2. Disability Allowance

10.2.1. The payment of the disability allowance is at the discretion of the AA. The amount payable to both the entity and the learner is as determined by the AA and may be revised periodically.

10.2.2. All allocations must be approved by the AA and shall be guided by a publicly advertised call for applications. The call shall include:

10.2.2.1. application process and eligibility criteria; and

10.2.2.2. required supporting documentation.

10.2.3. A maximum of R18,000.00 per annum may be allocated per qualifying learner with a disability. Of this amount:

10.2.3.1. R12,000.00 will be paid directly to the learner in monthly instalments, in addition to their regular stipend, to cover disability-related costs; and

10.2.3.2. R6,000.00 will be allocated to the participating entity over the course of the project.

10.2.4. The allowance is payable subject to:

10.2.4.1. availability of funds to make the payments; and

10.2.4.2. submission of a medical certificate and / or assessment as evidence of disability.

10.3. Rural Allowance

10.3.1. The classification of rural areas shall be based on municipal demarcations and / or the definitions provided by Statistics South Africa, in accordance with the criteria approved by the Services SETA's Accounting Authority.

10.3.2. The Services SETA will publish a formal call for applications, which shall include:

10.3.2.1. application process and eligibility criteria; and

10.3.2.2. required supporting documentation, including proof of residence as evidence of rural status.

10.3.3. A rural allowance of R700.00 will be paid directly to qualifying learners residing in rural areas who are required to travel to attend training programmes offered exclusively in urban centres.

10.3.4. No rural allowance shall be payable to entities.

10.4. Monitoring, Reporting and Consequence Management

10.4.1. The Services SETA shall implement robust monitoring and reporting systems to ensure compliance with the approved criteria, track the disbursement and utilisation of allowances, and evaluate the impact of disability and rural allowances on access and inclusion.

10.4.2. All approved institutions shall be required to submit periodic reports and evidence of allowance distribution and learner participation.

10.4.3. The Services SETA may conduct audits, site visits or beneficiary verification processes to ensure accountability and traceability.

10.4.4. If it is discovered that the entity has provided false, misleading, or intentionally inaccurate information in order to qualify, the following actions shall be taken: immediate termination of the allowance; repayment of funds; disciplinary and legal action, including referral for criminal investigation where the conduct contravenes applicable law (including the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004); and disqualification from future benefits.

11. UNEMPLOYMENT INSURANCE FUND

11.1. With effect from 1 March 2018, employers must comply with the provisions of the Taxation Laws Amendment Act, No. 17 of 2017, which repealed the exclusion clauses in section 4 of the Unemployment Insurance Contributions Act, No. 4 of 2002.

11.2. Learners contemplated in section 18(2) of the SDA and their employers must each contribute 1% of the remuneration paid by the employer to the employee (1% from the employee and 1% from the employer, giving a combined contribution of 2%), in accordance with the Unemployment Insurance Contributions Act.

11.3. Employers with learners falling within section 18(2) of the SDA shall amend their payrolls to include contributions to the UIF for these learners. Such learners shall, upon becoming unemployed, be able to claim from the UIF in terms of the Unemployment Insurance Act, No. 63 of 2001.

12. INSTITUTIONAL ARRANGEMENTS

The following structures and roles are responsible for implementing and overseeing this Policy:

Structure / Role	Responsibilities
Accounting Authority / Administrator	Approve this Policy and any substantive revisions; approve the DG budget and allocation framework; approve individual DG allocations in line with the Delegation of Authority; approve deviations and write-offs in terms of the PFMA and National Treasury Regulations; exercise governance oversight over the implementation of this Policy; receive consolidated reports from the CEO and the Audit and Risk Committee.
Audit and Risk Committee	Provide independent oversight of the implementation of this Policy; review periodic reports on DG allocations, implementation, disbursement, debt management, conflicts of interest and consequence management; consider findings by the Auditor-General of South Africa, Internal Audit and combined assurance providers; make recommendations to the Accounting Authority.
Chief Executive Officer (CEO)	Accountable for the operational implementation of this Policy; approve DG allocations within delegated authority; appoint evaluators; sign Offer Letters and approve Commencement Letters; ensure that non-compliance is addressed through consequence management; escalate matters above delegation to the Accounting Authority; ensure adequate resourcing of implementing functions.
Executive Committee (EXCO)	Consider and recommend DG allocations to the Accounting Authority in accordance with the Delegation of Authority; consider recommendations of the DG Evaluation Committee .
Office of the Chief Executive Officer (OCEO)	Custodian of this Policy; coordinate implementation across divisions; maintain the DG Application Register and the DG Project Register; coordinate periodic review; issue Offer Letters in respect of non-PIVOTAL projects and related grant projects.
Operations	Implement DG projects in respect of PIVOTAL interventions; issue Offer Letters in respect of PIVOTAL projects and related grant projects; monitor implementation; verify deliverables for tranche disbursements; conduct site visits and learner verification.
Finance	Confirm budget availability; record approved commitments in the commitment register; process approved tranche disbursements; maintain financial records for audit purposes; classify and report irregular, fruitless and wasteful expenditure in terms of section 1 of the PFMA; manage debt recovery and write-offs in accordance with the Debt Management and Recovery Framework.

Structure / Role	Responsibilities
Supply Chain Management (SCM)	Manage any procurement component triggered by the implementation of a DG project in compliance with the PFMA, the National Treasury Regulations, the PPPFA and Services SETA's SCM Policy; confirm tax compliance status of applicants against the Central Supplier Database.
Legal Services	Draft, review or approve MOAs, MOUs, Offer Letters, Commencement Letters and any other legal instruments issued under this Policy; advise on legal risk arising from proposed allocations; provide opinions on contested decisions and administrative appeals.
Risk and Compliance	Identify, assess and mitigate risk associated with DG allocations and implementation; ensure compliance with applicable legislation and internal policies; monitor adherence to reporting, documentation and PRECCA reporting requirements; maintain the COI clearance evidence chain for evaluators and decision-makers.
Ethics Officer	Receive and consider declarations of conflict of interest relating to DG processes; coordinate referrals to the Lifestyle Audit Policy process where unexplained wealth or financial misconduct indicators emerge; maintain the Gifts and Hospitality Register; coordinate the Services SETA ethics training programme.
DG Evaluation Committee	Evaluate DG applications in accordance with clause 16; apply the approved scoring rubric; document scoring, moderation and rationale; recommend allocations to EXCO; maintain declarations of interest, confidentiality and impartiality for every evaluator.
Lead Employers, Applicants and Partners	Comply with the terms of this Policy, the Offer Letter, the Commencement Letter, the MOA or MOU and all applicable legislation; cooperate with monitoring, verification and audit activities; disclose conflicts of interest; submit tranche claims and close-out reports in good faith and in accordance with approved requirements.
All Services SETA Employees	Act ethically and in good faith; declare conflicts of interest in terms of clause 23; comply with this Policy and its procedures; cooperate with reviews, investigations and audits, including reviews conducted under the Lifestyle Audit Policy, the Financial Disclosure Policy and the Whistleblowing Policy.

The approval thresholds and delegations applicable to decisions taken under this Policy are set out below, and must be read together with the Delegation of Authority, which prevails in the event of any inconsistency:

Decision	Recommending Structure	Approval Authority
Approval of this Policy and substantive revisions	CEO, through the Audit and Risk Committee	Accounting Authority / Administrator
Annual DG budget and allocation framework	CEO	Accounting Authority
Approval of advertisements, Expressions of Interest and funding window terms	CEO (within DoA)	CEO or Accounting Authority per DoA
Approval of individual DG allocations	DG Evaluation Committee → EXCO	Accounting Authority, unless delegated per DoA
Approval of Strategic Projects	CEO → EXCO	Accounting Authority
Approval of Strategic Partnerships (MOUs)	CEO	Accounting Authority, unless delegated per DoA
Deviations from approved funding window	CEO, reporting to the Audit and Risk Committee	Accounting Authority (written justification required)
Disability or Rural Allowance approval	CEO	Accounting Authority
Debt write-off	CEO → Audit and Risk Committee	Accounting Authority (subject to the PFMA and National Treasury Regulations)

13. CONFLICTS OF INTEREST AND ETHICAL CONDUCT

13.1. Every Services SETA official, evaluator, Accounting Authority member and sub-committee member involved in the initiation, assessment, approval, implementation, monitoring or oversight of a Discretionary Grant shall declare any actual, potential or perceived conflict of interest in writing, using the declaration in Annexure A (for evaluators) or the Financial Disclosure Policy declaration (for all other decision-makers), before participating in the relevant decision.

13.2. An official or evaluator who has a conflict of interest shall recuse themselves from any decision relating to the applicant entity or initiative concerned. Participation in a decision without disclosure constitutes misconduct and may constitute a criminal offence under PRECCA and PAMA.

13.3. No Discretionary Grant shall be approved where the applicant entity is, or is controlled by, an employee, Accounting Authority member or sub-committee member, their spouse, life partner, dependent child, business partner or close family member, unless the interest has been fully disclosed, independently assessed and approved by the Accounting Authority on the recommendation of the Audit and Risk Committee.

13.4. All gifts, hospitality and benefits received by an official in connection with a Discretionary Grant shall be recorded in the Services SETA Gifts and Hospitality Register in terms of the Code of Conduct.

13.5. Applicants shall disclose their relationships with Services SETA officials, Accounting Authority members, sub-committee members and evaluators using the declaration in Annexure B. Material non-disclosure constitutes grounds for disqualification, termination, recovery and criminal referral where justified.

13.6. This Policy must be read together with the Services SETA Lifestyle Audit Policy and the Financial Disclosure Policy. Indicators of unexplained wealth, a pattern of undisclosed benefits or a material undeclared conflict of interest identified in connection with this Policy constitute a trigger for a lifestyle review under the Lifestyle Audit Policy.

13.7. Whistle-blowers who disclose, in good faith, suspected irregularity, fraud or corruption in connection with Discretionary Grants are protected from occupational detriment under the Protected Disclosures Act, 2000 and the Whistleblowing Policy. Retaliation against a whistle-blower constitutes misconduct and is itself subject to disciplinary action.

13.8. All Services SETA officials involved in DG processes shall complete ethics and fraud prevention training on an annual basis, coordinated by the Ethics Officer and the Fraud Prevention function.

14. RECORDS, REPORTING AND MONITORING

14.1. Services SETA shall maintain appropriate and auditable records for all decisions taken under this Policy, including the motivation, due diligence output, approval, agreement, payment evidence, close-out report and any associated correspondence.

14.2. Each DG project shall be supported by documentation appropriate to its nature, value and risk, ensuring that decisions are justifiable, traceable and aligned to this Policy.

14.3. Central registers shall be maintained, including the DG Application Register, the commitment register, the DG Project Register and the Gifts and Hospitality Register.

14.4. The coordinating functions shall submit periodic reports to the CEO and the Audit and Risk Committee, at intervals determined by the CEO but not less frequently than quarterly, covering DG applications received, evaluated, approved, declined, implemented, terminated and closed out, including trend analysis and any material findings.

14.5. All records shall be retained for a minimum of five (5) years in accordance with the National Archives and Records Service of South Africa Act, 1996, the Records Classification and Handling Policy and PFMA audit requirements.

14.6. All processing of personal information in connection with Discretionary Grants shall comply with POPIA and with the Acceptable Use Policy in respect of the information systems on which such data is processed.

15. REFERENCES

15.1. The Constitution of the Republic of South Africa, 1996 (in particular sections 33, 195 and 217).

15.2. Skills Development Act, No. 97 of 1998.

15.3. Skills Development Levies Act, No. 9 of 1999.

15.4. Public Finance Management Act, No. 1 of 1999.

15.5. National Treasury Regulations (issued in terms of the PFMA).

15.6. SETA Grant Regulations — GN R.990 in Government Gazette No. 35940 of 3 December 2012, as amended by GN 486 in GG 36655 of 15 July 2013.

15.7. Protection of Personal Information Act, No. 4 of 2013.

15.8. Taxation Laws Amendment Act, No. 17 of 2017.

15.9. Promotion of Administrative Justice Act, No. 3 of 2000.

15.10. Preferential Procurement Policy Framework Act, No. 5 of 2000.

15.11. Broad-Based Black Economic Empowerment Act, No. 53 of 2003.

15.12. Employment Equity Act, No. 55 of 1998.

15.13. Unemployment Insurance Contributions Act, No. 4 of 2002.

15.14. Unemployment Insurance Act, No. 63 of 2001.

15.15. Higher Education Act, No. 101 of 1997.

15.16. Continuing Education and Training Act, No. 16 of 2006 (formerly the Further Education and Training Act).

15.17. National Qualifications Framework Act, No. 67 of 2008.

15.18. Nonprofit Organisations Act, No. 71 of 1997.

15.19. Prevention and Combating of Corrupt Activities Act, No. 12 of 2004.

15.20. Prescription Act, No. 68 of 1969.

15.21. King IV Report on Corporate Governance for South Africa (2016).

16. EFFECTIVE DATE AND REVISION DATE

16.1. This Policy will be reviewed annually on its anniversary date, or as and when necessary to incorporate updates in legislation and / or changes in organisational operations.

17. EFFECTIVE USE OF POLICY

17.1. This Policy shall be complied with by all Services SETA officials, governance structures and delegated authorities involved in the administration, approval and oversight of Discretionary Grants.

17.2. All Discretionary Grant activities shall be conducted in accordance with applicable legislation, including the SDA, the SETA Grant Regulations and the PFMA.

17.3. Decisions and actions taken under this Policy shall be exercised within approved delegations and governance frameworks.

17.4. No Discretionary Grant commitment, approval or disbursement shall be made outside the provisions of this Policy unless duly authorised in line with approved deviation and delegation processes.

17.5. Proper records, approvals and audit trails shall be maintained to support compliance, accountability and audit requirements.

17.6. Non-compliance with this Policy shall be managed in accordance with the Services SETA's Consequence Management and Disciplinary Policy, and in accordance with applicable labour law.

17.7. Non-compliance with the DG evaluation and appointment process prescribed in this Policy, including but not limited to deviation from prescribed funding windows without authorisation, incomplete or selective evaluation of applications, failure to document rejection reasons, failure to implement AA or EXCO directives and breach of declaration requirements, shall constitute a policy breach subject to the Services SETA's consequence management framework and may result in the classification of related expenditure as irregular expenditure in terms of the PFMA.

17.8. The application of this Policy shall ensure the lawful and secure processing of personal information in accordance with POPIA.

18. RELATED POLICIES AND PROCEDURES

18.1. Fraud Prevention Policy.

18.2. Records Classification and Handling Policy.

18.3. Delegation of Authority.

18.4. Discretionary Grant Standard Operating Procedure.

18.5. Budget Policy.

18.6. Financial Reporting Policy.

18.7. Debt Management and Recovery Framework.

18.8. Risk Management Policy.

18.9. Supply Chain Management Policy.

18.10. Code of Conduct and Ethics.

18.11. Consequence Management and Disciplinary Policy.

18.12. Records Management Policy.

ANNEXURE A — EVALUATOR DECLARATION OF INTEREST, CONFIDENTIALITY AND IMPARTIALITY

To be completed and signed by every evaluator appointed to assess Discretionary Grant applications, prior to the commencement of each evaluation session.

EVALUATOR DECLARATION OF INTEREST, CONFIDENTIALITY AND IMPARTIALITY	
Evaluator Full Name and Position	
Funding Window Reference	
Date of Evaluation Session	
Do you, your spouse, life partner, dependent child, business partner or close family member have any direct or indirect interest in any applicant entity, its directors, members or beneficial owners? (Yes / No)	
If Yes, list each entity, the nature of the interest and the extent of the interest	
Have you received any gift, hospitality or benefit from any applicant entity or person	

associated with an applicant entity in the past 12 months? (Yes / No)	
If Yes, describe the gift, value and date, and confirm whether it is recorded in the Services SETA Gifts and Hospitality Register	
Do you hold any directorship, shareholding, consultancy or remunerative work outside Services SETA that may intersect with any applicant entity or any learning programme being evaluated? (Yes / No)	
If Yes, provide details	
I undertake to maintain the confidentiality of all application documentation, evaluator deliberations and scoring information in accordance with the Acceptable Use Policy and POPIA; to evaluate applications impartially and on the basis of the approved evaluation criteria only; and to recuse myself immediately in respect of any applicant entity in which I have a conflict of interest. Evaluator Signature and Date	
Witnessed by: CEO or Designated Official — Signature and Date	

ANNEXURE B — APPLICANT DECLARATION AND CONFLICT OF INTEREST

To be completed and signed by the authorised representative of every applicant entity and submitted together with the DG application, in terms of clause 23.5.

APPLICANT DECLARATION AND CONFLICT OF INTEREST	
Applicant Entity (full legal name)	
Entity Registration Number and Type	
Authorised Representative (Name, Position, ID Number)	
Funding Category Applied For (Regular Project / Strategic Project / Strategic Partnership)	
Proposed Learning Programme and Funding Window Reference	
Does the applicant entity, or any of its directors, members, shareholders or beneficial owners, have any direct or indirect relationship (familial, financial, employment, consultancy, business or other) with any Services SETA employee, Accounting Authority or sub-committee member, or with any appointed evaluator? (Yes / No)	
If Yes, provide full particulars	
Is the applicant entity, or any of its directors, members, shareholders or beneficial owners, the subject of any pending or concluded criminal proceedings, disciplinary action, civil recovery proceedings or regulatory sanction in the preceding five (5) years? (Yes / No)	
If Yes, provide full particulars	

Does the applicant represent its empowerment status truthfully and in compliance with the B-BBEE Act? (Yes / No)	
I confirm that the information provided in this application is true and complete; that the applicant entity has not engaged in fronting as defined in section 1 of the B-BBEE Act; that the applicant will cooperate fully with any due diligence, monitoring, verification, audit or investigation by Services SETA; and that the applicant understands that any false or misleading information may result in disqualification, termination, recovery of funds and referral for criminal prosecution. Authorised Representative Signature and Date	

ANNEXURE C — FINANCIAL CAPACITY ASSESSMENT RUBRIC

To be applied by evaluators under clause 16.5.2 when assessing the financial capacity of an applicant entity. A reviewer applying this rubric to the same evidence shall reach a consistent classification.

FINANCIAL CAPACITY ASSESSMENT RUBRIC			
Indicator	**Evidence Required**	**Threshold**	**Classification**
Tax compliance	Valid SARS Tax Compliance Status (Pin letter or TCS API result)	Status: Compliant	Sufficient / Moderate / Poor (reviewer selects)
Banking activity	Letter of Good standing from financial service provider	Active operational account with consistent transaction history	Sufficient / Moderate / Poor (reviewer selects)
Central Supplier Database (CSD)	CSD printout at date of evaluation	Registered and verified; no flags	Sufficient / Moderate / Poor (reviewer selects)
B-BBEE verification	Valid B-BBEE Verification Certificate or Sworn Affidavit (as applicable)	Verifiable and unexpired	Sufficient / Moderate / Poor (reviewer selects)
Historical performance with Services SETA	Performance Rating Model output (clause 9.5)	No material non-compliance; completion rate ≥ the benchmark specified in the advert	Sufficient / Moderate / Poor (reviewer selects)