ISFAP

Ikusasa Student Financial Aid Programme

HRDC Skills Development Summit

07 March 2018

Who is ISFAP

- ➢ The **Ministerial Task Team (MTT)** completed its report on a financial aid and support model for poor and missing middle students

- ➢ On the 2nd November 2016 the MTT presented its Report to the Cabinet and gained government support for the following:

  - o Cabinet noted the **ISFAP blueprint**

  - o Cabinet approved that the MTT Report be published in the Government Gazette for public comment

  - o **Cabinet approved that the ISFAP pilot would go ahead** to test certain aspects of the proposal at selected universities and one TVET College

  - o Cabinet approved that parallel to the Pilot a full feasibility of the ISFAP PPP in line with National Treasury regulations should go ahead

- ➢ The **Department of Higher Education and Training (DHET) and the MTT Chair presented the ISFAP blue print** to the Presidential Inquiry into Higher Education and Training on the 21st November 2016.

*"ISFAP seeks to **secure the future of South African Youth** by providing needs-based assistance to **students** from poor and working classes to acquire a broad set of knowledge, skills and character traits that will significantly improve their **meaningful participation** in the growth of **the economy,** thereby advancing **equal opportunity and equitable income distribution** for **all South Africans**."*

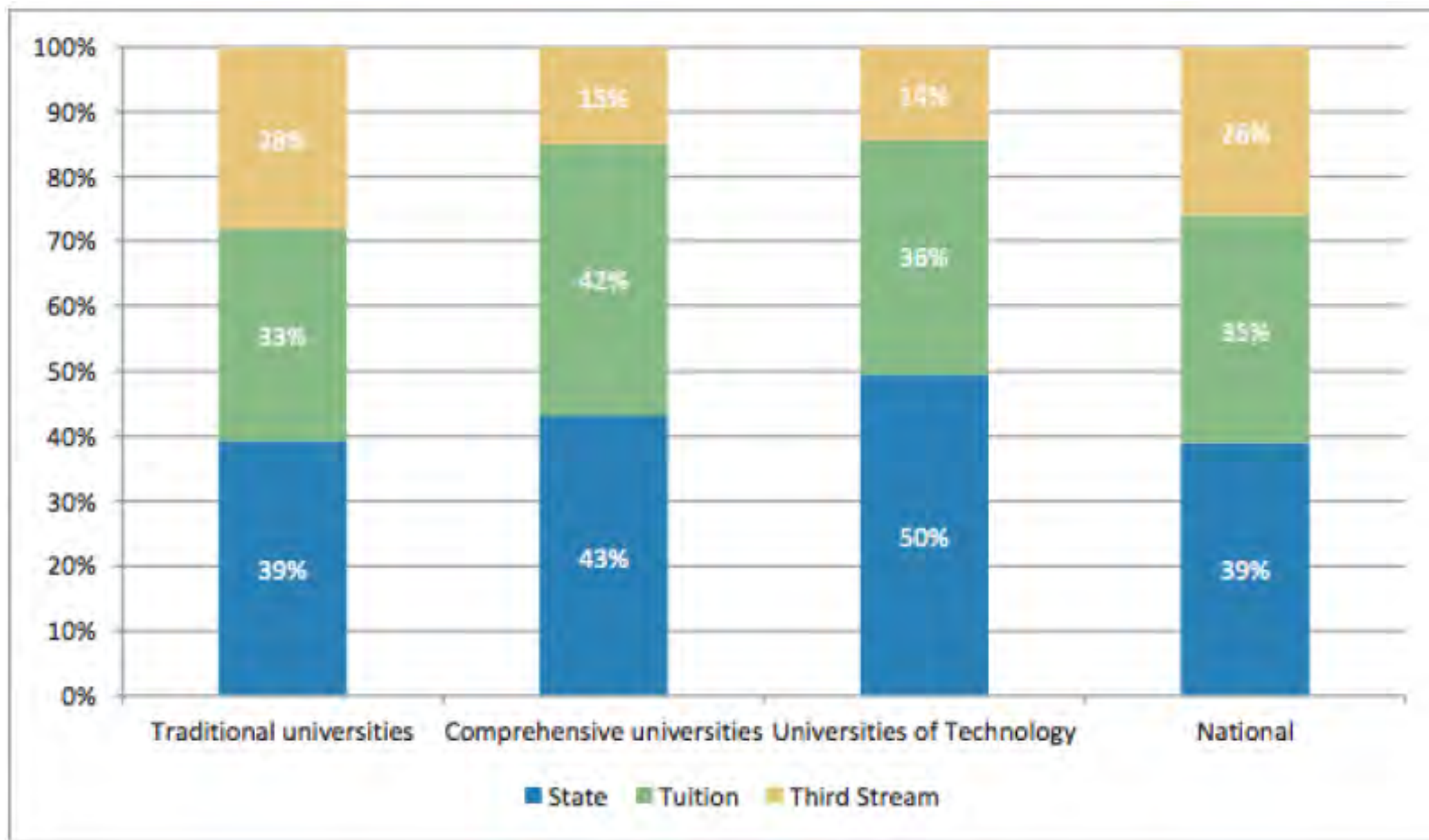| Related NDP Milestones	ISFAP's Mandate
1. Increase employment from 13 million in 2010 to 24 million in 2030	• Increase the number of graduates for Occupations in High Demand and scarce skills
2. Raise per capita income from R50 000 in 2010 to R120 000 by 2030	• Increase the pass rate of university students
3. Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup	• Increase the number of employable graduates • Build capacity at Universities

Higher Education is critical in achieving Sustainable Development Goals

South Africa already has a cost sharing model to fund higher education

	Traditional universities	Comprehensive universities	Universities of Technology	National
Third Stream	28%	15%	14%	26%
Tuition	33%	42%	36%	35%
State	39%	43%	50%	39%

Legend: ■ State ■ Tuition ■ Third Stream

ISFAP Strategic Objectives

|	
1. **Promote progressive support to financially needy students to access higher education**	▪ Promote the objectives of the Constitution of the Republic of South Africa
2. **Improve efficiency of the new model over the current model**	▪ Create an efficient and robust model to minimise leakage, fraud and risk in the granting and disbursement of bursaries and loans to deserving students.
3. **Align the skills promoted by the model with the NDP and Human Resources Development Council Strategy**	▪ Fast track South Africa's skills production for the 21st century.
4. **Reduce the dropout rates of poor students**	▪ Provide sufficient funding to poor and "missing middle" students to cover the full cost of study at universities. ▪ Provide comprehensive psychosocial and life skills support for poor students.
5. **Improve "skin in the game" in the future of South Africa for all**	▪ Create a shared and common vision for education in South Africa.

ISFAP is designed to have strong governance and oversight
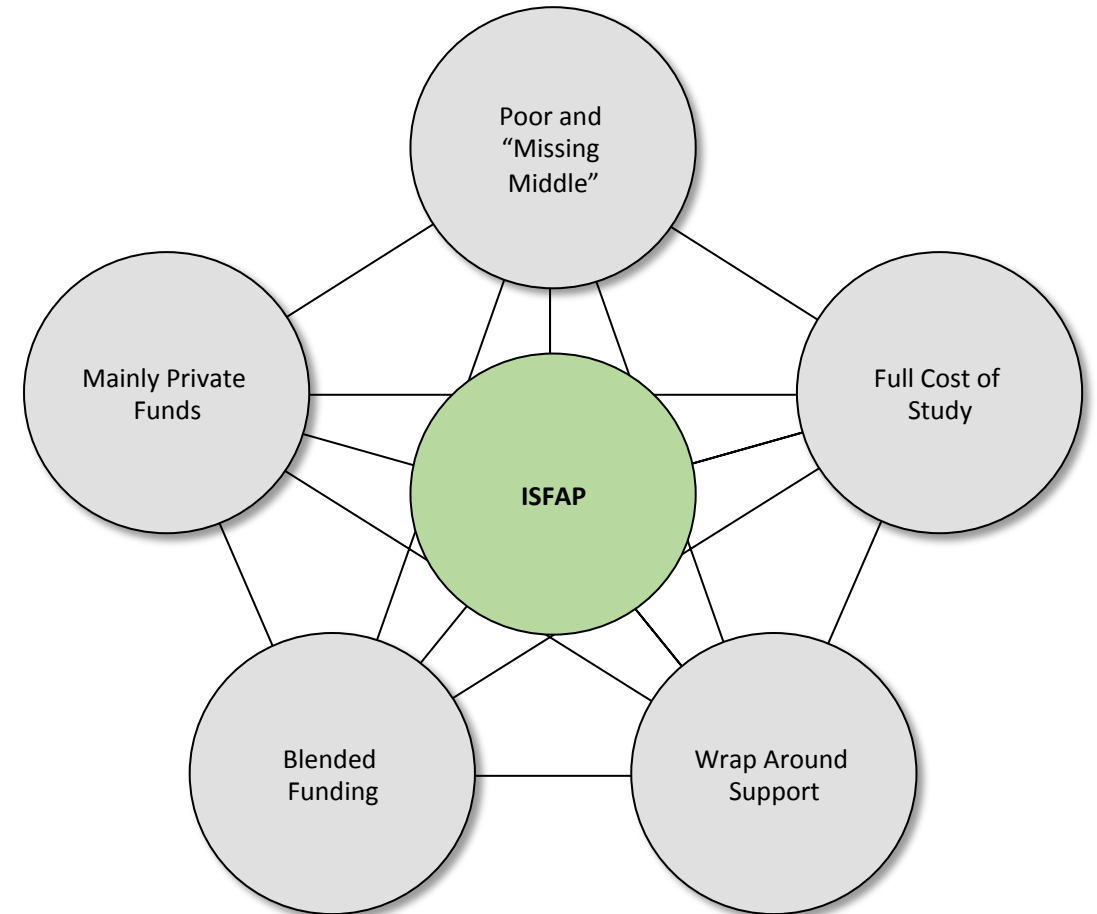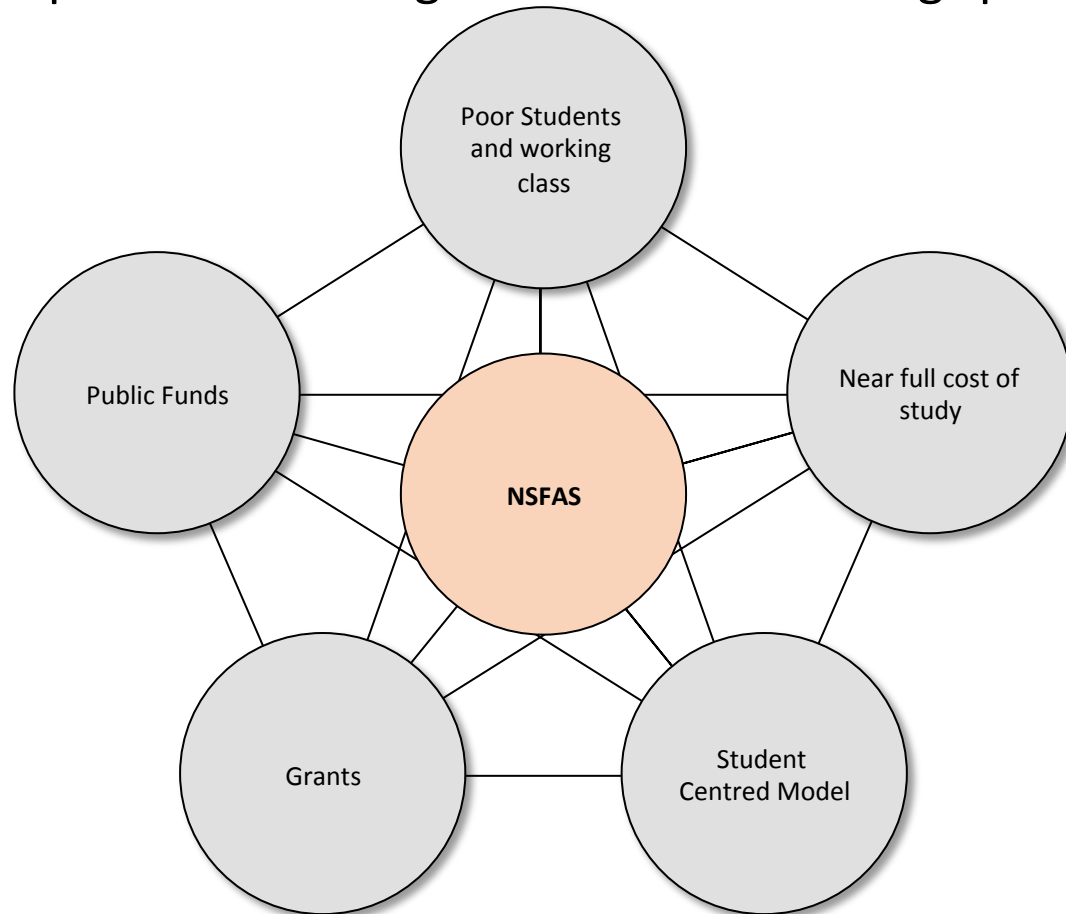
Source: Team Analysis
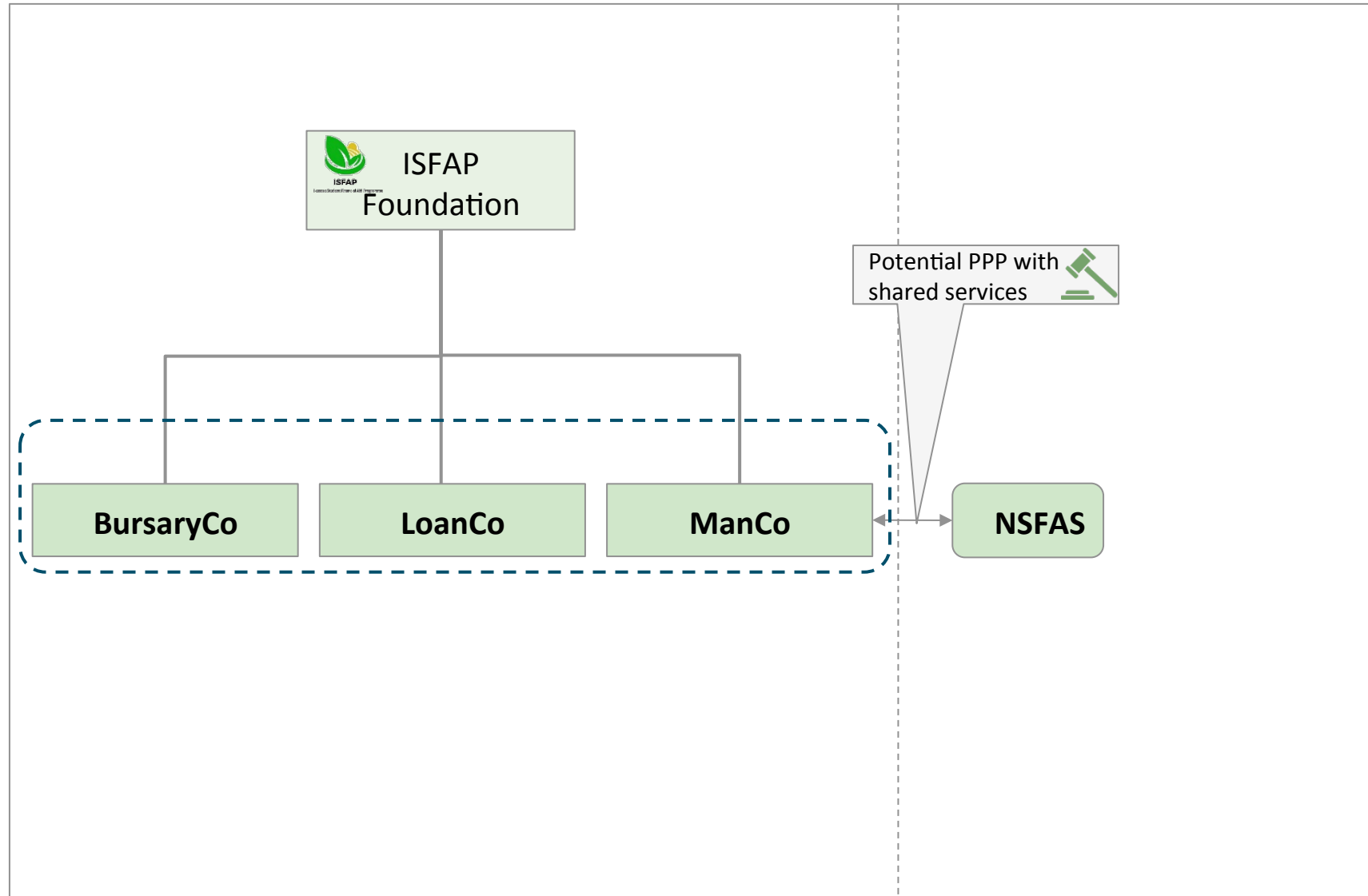
Why ISFAP

In light of the recent free education announcement by the President, ISFAP will now:

➢ Fund university students who come from households who earn between **R0 and R600 000** in the new 2018 cohorts

➢ ISFAP-funded students will receive **full cost of study and wraparound support**

– ISFAP will work with universities to build systems & processes for wraparound support to reduce dropout rates

➢ ISFAP is piloting a **social impact bond (SIB)** which seeks to reduce the cost of producing graduates especially in OHDs

➢ ISFAP is developing a student **tracking and monitoring technology**

➢ Following the announcement of the provision of free education to the country's poor students through NSFAS, a number of donors (both current & prospective) have questioned whether there is still a need to provide funding to ISFAP, and the answer is "YES" as there is a still a difference in how the two will operate in SA's higher education funding space.

Student Payments

- University fees
- Accommodation
- Books
- Meals
- Stipend

All funded students

University

Other Support

- Academic support:
  Tutorial support
  Academic development
  Extended Programmes
- Managed social support
- Life skills training
- Mentoring
  First Year Experience
- Medical support
  Psycho-social Support

Oversight & admin

Verification of students & information

Admin systems & processes

Continuous monitoring, preventative action, remedial steps, student support

13

Funding Terms Decision Matrix (Bursary / ICDP)

Increased ICDP for increased household means

	1st Year	2nd Year	3rd Year	4th Year	
High	Bursary	Bursary	ICDP	ICDP	R600k
	Bursary	Bursary	Bursary	ICDP	R450k
Household Means	Bursary	Bursary	Bursary	Bursary	R350k
Low	Bursary	Bursary	Bursary	Bursary	

ISFAPs Unique Role in the Education Ecosystem

Limited coordination between the various stakeholders in the Higher Education Sector with all stakeholders playing their own role

Higher education Institutions (Universities, TVET's)

Uncollaborative & Inefficient

Government (DHET, HRDC, DTI)

Private Sector

Students

Professional Bodies and industry Associations (SAICA, BLSA etc.)
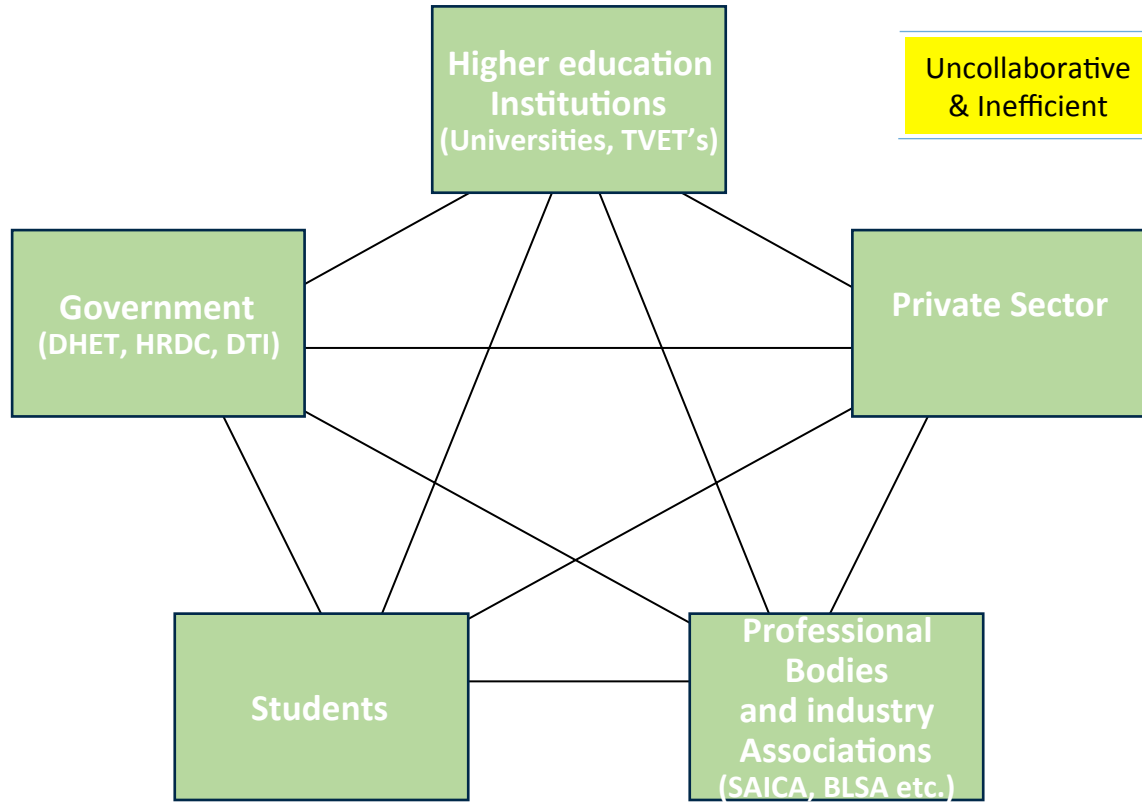
ISFAP operates through a collaborative platform that integrates and engages multiple stakeholders in the Higher Education Sector

Higher education Institutions (Universities, TVET's)

Collaborative & Efficient

Government (DHET, HRDC, DTI)

ISFAP

Private Sector

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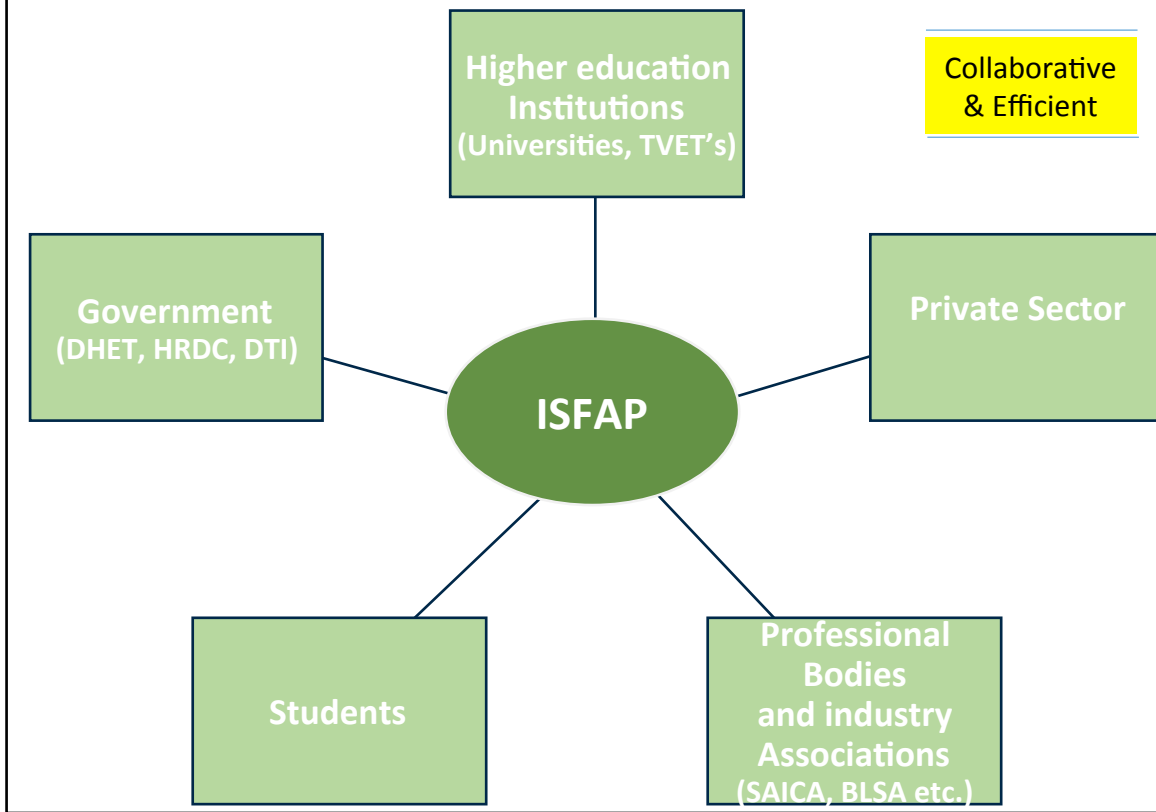
ISFAP provides an opportunity for **all stakeholders in the higher education sector** to **work together** towards a **common goal** of achieving the **objectives of the NDP** by **improving the quality of tertiary education across the country** through targeted and consolidated set of **interventions** while ensuring all **South Africans have a meaningful participation to the Economy.**
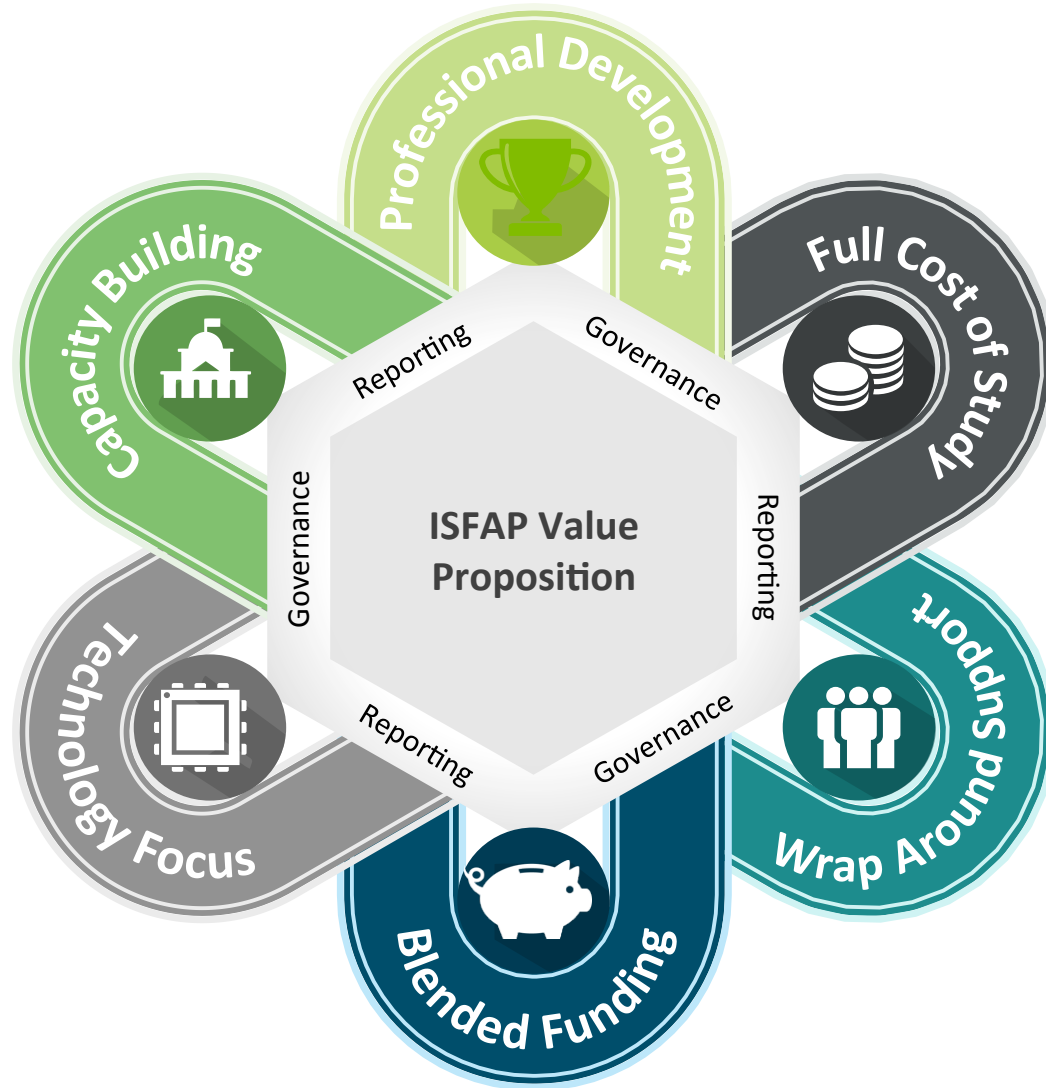
...*"Together we can do a lot more"*

Improving the quality of University and TVET Colleges
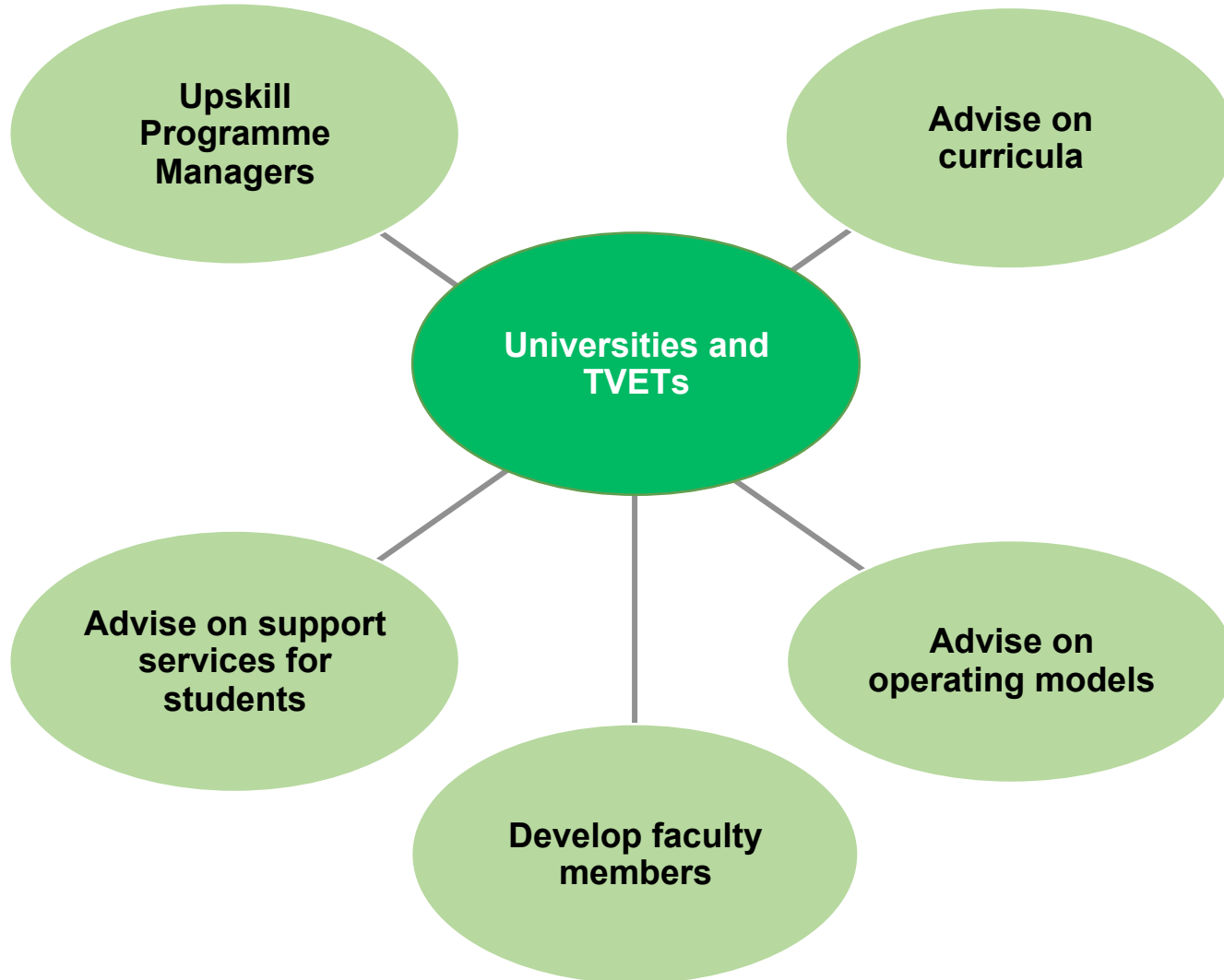
Comments:
- Curriculum development for specific professions will be undertaken in partnership with the universities, government and the relevant professional bodies

- The development of faculty members and the transformation of the academics within universities will be a key focus of ISFAP when engaging with stakeholders

- The support services for students will be tailored to the specific needs of the students linked to the degree they are studying and the university they are attending

Value Proposition

ISFAP Value Proposition

- **Professional Development**
- **Full Cost of Study**
- **Wrap Around Support**
- **Blended Funding**
- **Technology Focus**
- **Capacity Building**

(Governance / Reporting)

Professions Development
Strong focus on strengthening, developing and promoting professions and OHDs

Full Cost of Study
Provide non-capped funding to students to cover all necessities

Wrap Around Support
Provide psycho-social support services to students to ensure overall well-being

Blended Funding
Combination of grants and loans provided depending on household means

Technology Focus
Leverage integrated digital platforms to interface with stakeholders

Capacity Building
Assist tertiary institutions with optimising curricula and resources to suit the local context and student needs

Professional Development

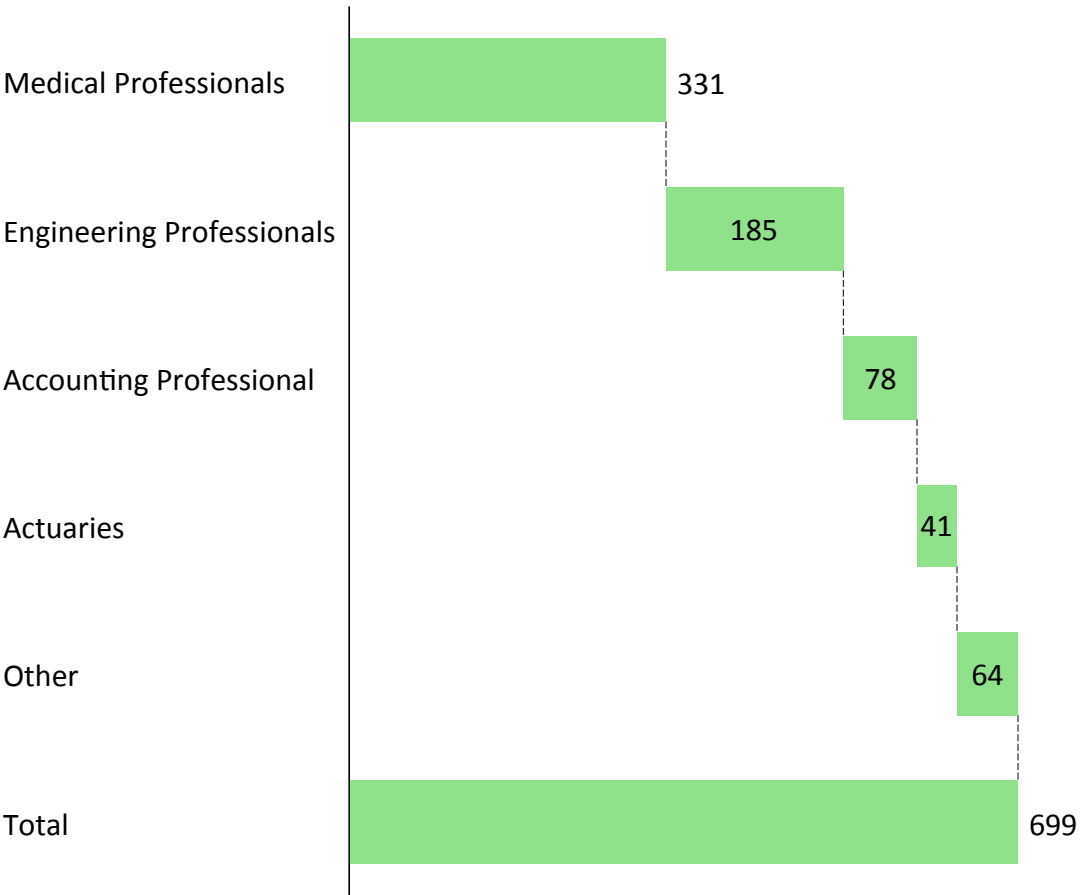| Critical Professions	
Medical Professionals	HPCSA — Health Professions Council of South Africa
Engineering Professionals	ECSA — Engineering Council of South Africa
Accounting Professional	SAICA
Actuaries	ACTUARIAL SOCIETY OF SOUTH AFRICA
Other	

Comments:

- Focus on Occupations in High Demand in order to align with the NDP

- Starting point will be with the professions related to the occupations in high demand and which students find the most challenging

- There is a two-pronged approach to professional development:

  - Funding of students studying towards the profession to create a pipeline

  - Working with professional associations and other stakeholders to improve the quality of the curriculum and teaching/ learning models

ISFAP's Success Thus Far

ISFAP: 2017 Pilot Outcomes

Student Distribution by Profession/ Degree

Profession/Degree	Value
Medical Professionals	331
Engineering Professionals	185
Accounting Professional	78
Actuaries	41
Other	64
Total	699

Key Performance Metrics from the 2017 Pilot

Academic Results	
Number of students on the pilot	692
Number of NSFAS students topped up	163
Number of drop outs from the pilot	26
Average marks achieved by students	60%
Pass rate of students on the pilot	96%
Number of students that failed	5 **
Wraparound Support	
Number of students actively engaged in wraparound support services	692
Reduced dropout rate to less than 5%	

The key achievements of the 2017 pilot highlight that **ISFAP is a viable and impactful solution for higher education funding and student support**.

*Funded by ringfenced funding
**Awaiting data from WSU, UKZN and TUT

Funding Requirements and Way Forward

Sources of funding for ISFAP

➢ From a funding perspective one of the key reasons for ISFAP was to raise funding from sources other than the fiscus:

  ➢ **Significant Contributions** from companies to fulfill B-BBEE scorecard criteria (code 300)

    ➢ At the time of Fees must fall the Presidential BBBEE Advisory Council advised the President and the Minister to change the Skills Development code 300 to make specific reference to skills development expenditure on bursaries, this was supported by the DHET as well as the Commissioner.

    ➢ Proposed amendments (to be Gazetted 18th March)

  ➢ **Contributions** from companies to fulfill CSI goals

  ➢ **Donations** from DFI's and Foundations

  ➢ **Donations** from B-BBEE endowments

  ➢ **Donations** from the public via crowd-funding platforms

  ➢ **Social Investments** through social impact bonds

  ➢ **Commercial Investors on the Capital Market**

➢ Majority of funding is proposed to be **grant based** in nature which means that the majority of ISFAP student funding will be **bursary based**

Funding Requirements and Sources of Private Funding

Government vs Private Sector Split of Total Student Funding Requirements
Rm

Total funding required for Tertiary Education in South Africa for household income bracket between 0-600k = R61 Bn

38,702

22,444

■ Government ■ Private
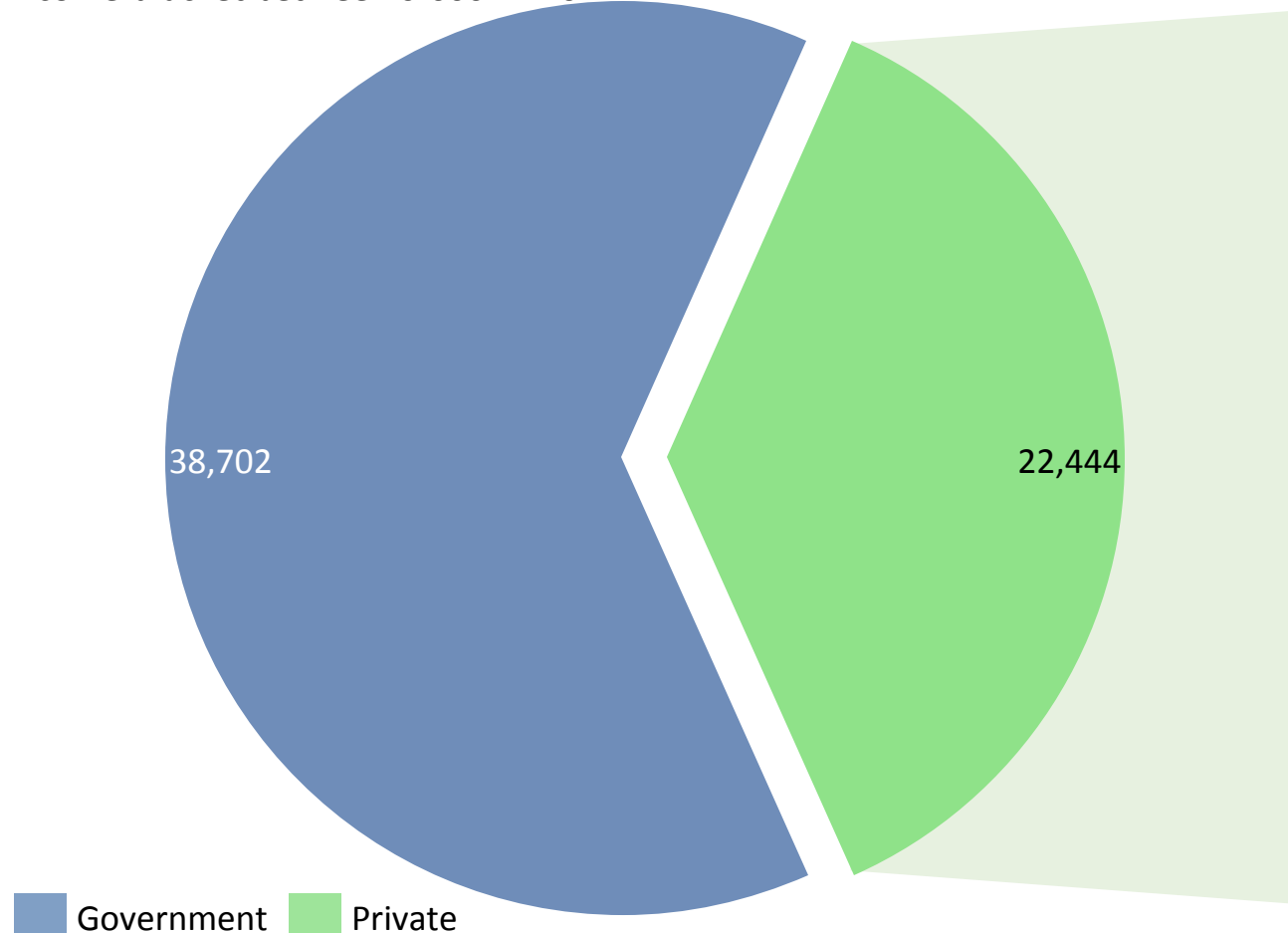
Expected Available Funding from the Private Sector for Student Funding

	Short Term	Medium Term	Long Term
	Estimated Available Pool	Estimated Available Pool	Estimated Available Pool
B-BBEE Skills Development	R8bn	R10bn	R15bn
DFIs, Foundations, CSI ,Bursaries	R1.5bn	R3bn	R5bn
Credit Products and SIB	R0.5bn	R1bn	R2bn
Total	**R10bn**	**R14bn**	**R22bn**

Current Funders and Donors to ISFAP

Funders and Donors of ISFAP		BLSA Members
ATC SA Wireless	Mercantile Bank	
ABSA	Merseta	
Allan Gray Orbis	Mondi	
AngloGold Ashanti	Nedbank	
ASISA	Safika Holdings	
Capitec	Sanlam	
China Construction Bank	Sappi	
Compensation Commissioner	Sasol Social Investments	
Coronation	Standard Bank	
Fasset	Volkswagen South Africa	
FirstRand Foundation	Woolworths	
Hollard	Discovery	
IDC	Weber Wentzel	
Investec	ASISA	
Liberty	BASA	
MSDF		

➢ 2018 sees the ISFAP pilot extend into year two and beyond

➢ A go-to-market funding approach has been developed, with the aim of raising at R184m worth of student funding for the 2018 pilot year

➢ 1 609 applications have been received thus far and are in the process of being assessed, as per all the ISFAP funding criteria

➢ Meetings have been held with Vice-Chancellors, Deans and HODs to ensure that tertiary institutions are project managed

➢ There will also be meetings with service providers (accommodation and financial aid) to ensure that they too are managed according to ISFAP standards

➢ Key IT systems will be rolled out in 2018 in order to handle increased student volumes

➢ Social impact bond to be piloted using the engineering students at University of Pretoria
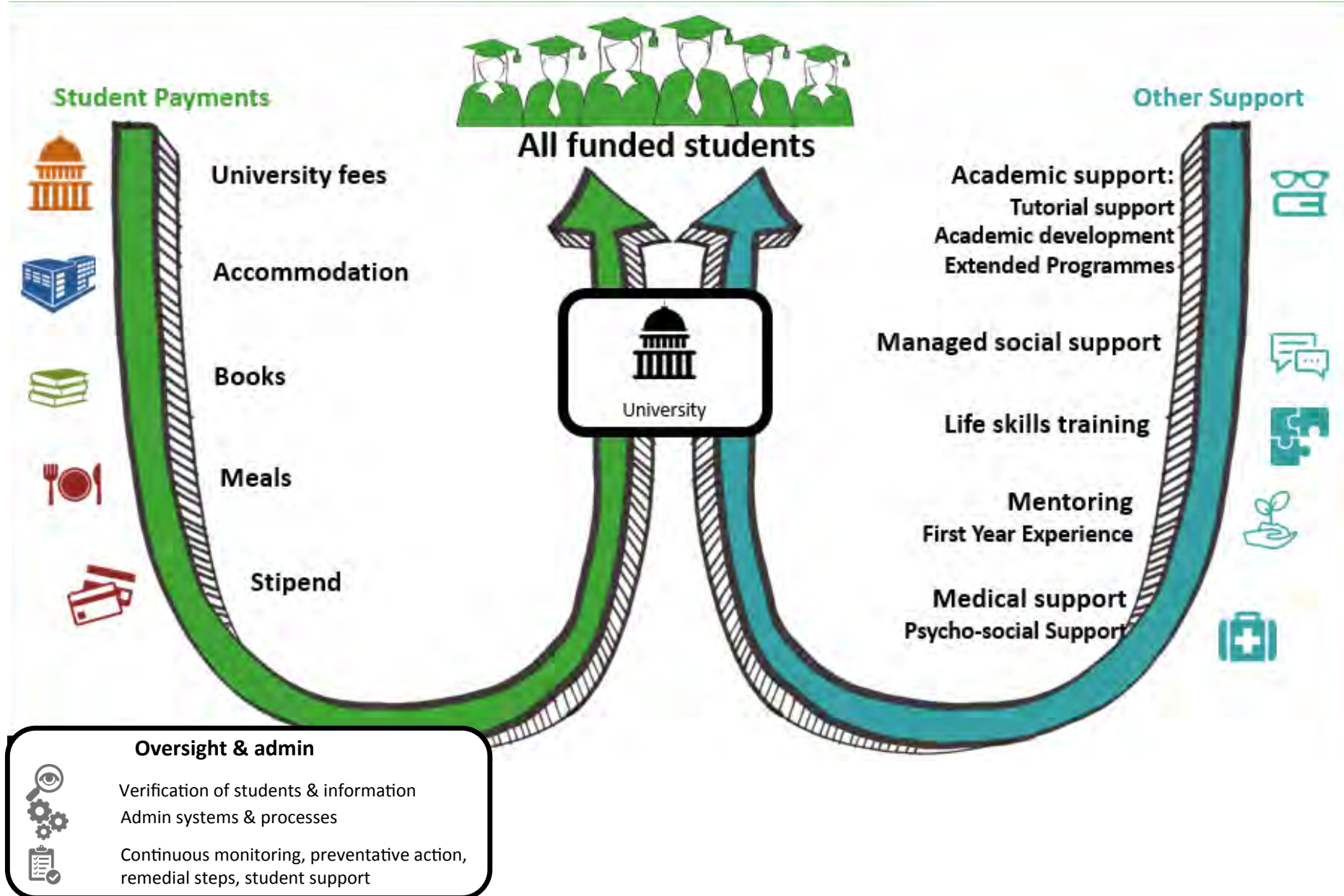
THANK YOU

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The ISFAP pilot has a data-driven approach to providing holistic wrap around support to students

Two platforms have been developed to ensure that students receive holistic wrap around support:

- A student portal, called **ISFAP Student Connect –** Ability to update contact details, take a mandatory check-in survey once every semester, receive tasks, notifications or feedback from ISFAP or the University Project Manager.
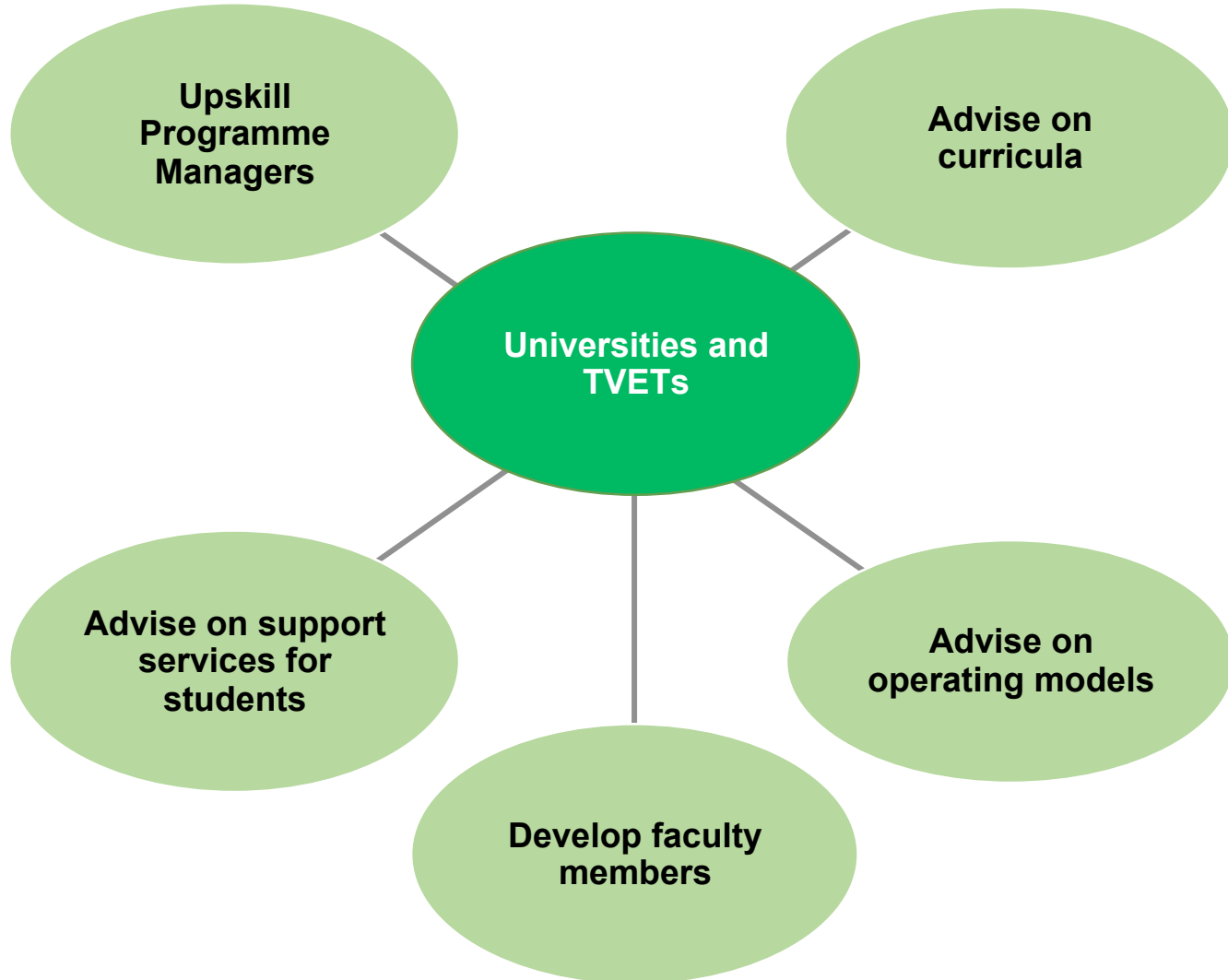
- An Administrative portal, called **ISFAP Administrative Tool –** Project Managers will receive check-in data from student through a dashboard, pay student allowances/stipends to students, track academic and financial information, collect contact notes, refer students to support services at the institution, track communication, and report on interventions created as part of the wrap around support.
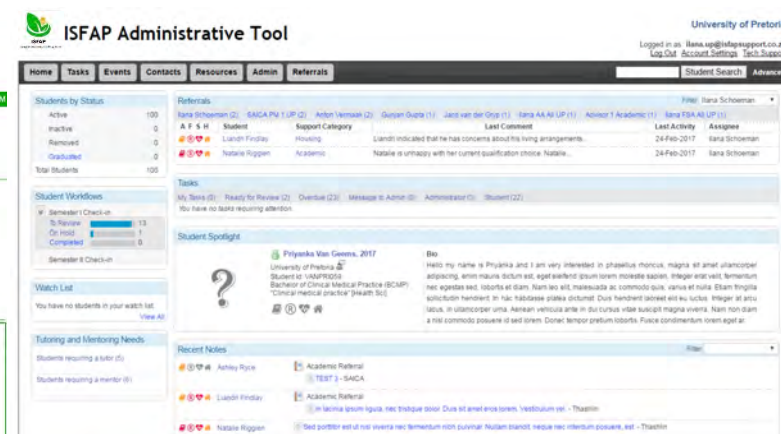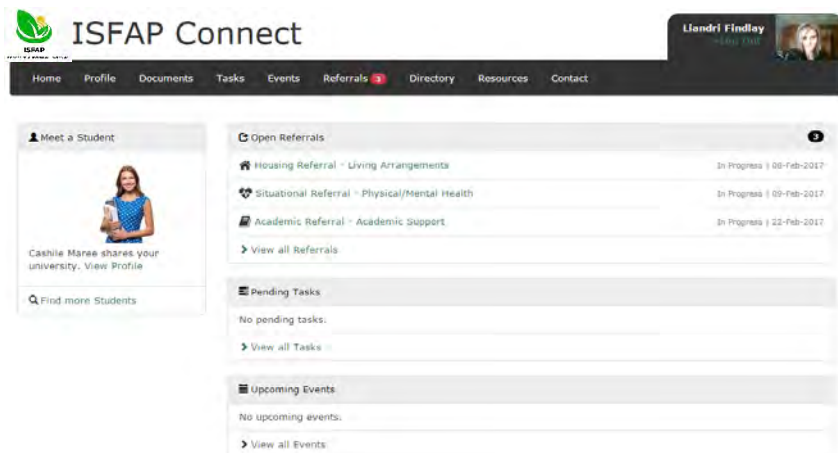
Tools are hosted at Internet Solutions, and supported by BBD until ISFAP can take over the management of the technology. Further customization of tools will take place as we learn from the pilot.

Capacity Building

Key Activities aimed at improving the quality of University and TVET education

Upskill Programme Managers

Advise on curricula

Universities and TVETs

Advise on support services for students

Develop faculty members

Advise on operating models

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