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**Employment policy implementation  
mechanisms in South Africa**

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Employment  
and Labour  
Market Policies  
Branch

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## Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on Social Justice for a Fair Globalization,<sup>1</sup> and which has now been widely adopted by the international community.

The comprehensive and integrated perspective to achieve this goal are embedded in the Employment Policy Convention, 1964 (No. 122), in the Global Employment Agenda (2003) and, in response to the 2008 global economic crisis, in the Global Jobs Pact (2009) and in the Conclusions of the recurrent discussion on Employment (2010).

The Employment Policy Department (EMPLOYMENT) is fully engaged in global advocacy and in supporting countries placing more and better jobs at the centre of economic and social policies and of inclusive growth and development strategies.

Policy research, knowledge generation and dissemination is an essential component of the Employment Policy Department's action. The publications include books, monographs, working papers, country policy reviews and policy briefs.<sup>2</sup>

The *Employment Policy Working Papers* series is designed to disseminate the main findings of research initiatives on a broad range of topics undertaken by the various branches, units and teams in the Department. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

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<sup>1</sup> See [http://www.ilo.org/public/english/bureau/dgo/download/dg\\_announce\\_en.pdf](http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf)

<sup>2</sup> See <http://www.ilo.org/employment>.



## Foreword

Job creation is a priority for all countries. Yet satisfactory job creation is an uphill battle because today's economic environment and policy circumstances are not necessarily aiding this collective effort. Employment challenges have been mounting, but policymakers are faced with limited, and even reduced, fiscal resources. It means that policy interventions for job creation need to be highly effective.

The ILO assists member states to formulate national employment policies (NEPs) as established in the Employment Policy Convention, 1964 (No.122). For the years 2012-2013 alone, 73 requests for technical assistance by countries seeking advice on and support for the formulation of their national employment policies have been received. This is why the Employment Policy Department is developing a series of tools that will guide and support ILO constituents in prioritizing policies based on informed choices and consultations.

As an independent evaluation in 2012 of the ILO's work on employment policy has pointed out, such NEPs, however well-formulated and well-designed, can remain as abstract entities unless the necessary institutional arrangements are put in place to ensure their timely and effective implementation. This needs to be complemented by coordination, monitoring and evaluation mechanisms to adapt them to changing economic circumstances.

In the light of these concerns, the ILO, with support from technical cooperation funds secured under the ILO-Korean Government Partnership Programme launched a cross-country project entitled "Comparative analysis of employment policy implementation mechanisms across countries" in the first quarter of 2013. The following countries and region are covered by the project: Argentina, Bosnia and Herzegovina, Burkina Faso, Brazil, China, Republic of Korea, South Africa and the European Union (EU) including two of its member states, the United Kingdom and Germany.

The paper discusses employment policies in South Africa and their implementation. It is organized in seven sections that outline the country's employment policies, and then review the effectiveness of the coordination system, the accountability system and other employment policy implementation support systems in South Africa in order to draw lessons which can be shared both within the country and more widely. This analysis is given greater depth through two case studies that were developed as part of this paper (see Annex 1).

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The Paper was prepared as part of a project that was managed by Yadong Wang under the overall guidance of Azita Berar Awad and Iyanatul Islam.





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## Abbreviations

ANC	African National Congress
ALMP	Active labour market policies
B-BBEE	Broad Based Black Economic Empowerment
BPS	Business processes services
COSATU	Congress of SA Trade Unions
CCMA	Commission for Conciliation Mediation and Arbitration
CWP	Community Works Programme
CDE	Centre for Development and Enterprise
DPME	Department of Performance Management and Evaluation
DTI	Department of Trade and Industry
DHET	Department for Higher Education and Training
DoL	Department of Labour
DoT	Department of Transport
DCoG	Department for Cooperative Governance
DBE	Departments of Basic Education
DG	Director General
DWCP	Decent Work Country Programme
EDD	Economic Development Department
EPWP	Expanded Public Works Programme
ES&E	Economic Sectors and Employment Cluster
ECF	Employment Creation Fund
FOSAD	Forum of Director Generals
HRDS-SA	Human resource development strategy
HSRC	Human Sciences Research Council
IPAP	Industrial Policy Action Plan
IF	Implementation Forum
IDC	Industrial Development Corporation
ITAC	International Trade Administration Commission
IRP2	Integrated Resource Plan 2
KAPs	Key Action Plans
LED	Local Economic Development
MCEP	Manufacturing Competitiveness Enhancement Programme
MTSF	Medium Term Strategic Framework
NPC	National Planning Commission
NFA	National Framework Agreement

NSF	National Skills Fund
NEDLAC	National Economic Development and Labour Council
NDP	National Development Plan
NYDA	National Youth Development Agency
NSDS III	National Skills Development Strategy
NT	National Treasury
NGP	New Growth Path
NIPF	National Industrial Policy Framework
NEPF	National Evaluation Policy Framework
NEP	National Evaluation Plan
PSA	Productivity South Africa
PES	Public Employment Services
PCC	Presidential Co-ordinating Committee
PICC	Presidential Infrastructure Co-ordinating Committee
SMMEs	Small, Medium and Micro Enterprises
SETAs	Sector Education and Training Authorities
SARS	South African Revenue Services
SACP	South African Communist Party
SQAM	Standards, Quality Assurance and Metrology
SIPS	Strategic Infrastructure Projects
SOEs	State owned enterprises
Samaf	South African Micro-finance Apex Fund
SEDA	Small Enterprise Development Agency
Sefa	Small Enterprise Finance Agency
SAQA	South African Qualifications Authority
TLS	Training Lay-off Scheme
TAU	Technical Assistance Unit
UIF	Unemployment Insurance Fund
QCTO	Quality Council for Trades and Occupations

# 1 Introduction

The International Labour Organization (ILO) is seeking to expand its knowledge of how countries are implementing employment policies and the extent to which such policies are being coordinated and monitored for implementation and impact. In order to share experiences and lessons learnt, a study is being carried out across a number of countries, including South Africa.

This paper outlines South Africa's policies, and then reviews the effectiveness of the employment policy coordination, accountability and other support systems in South Africa in order to draw lessons which can be shared both within the country and more widely. This analysis is given greater texture through two case studies prepared as part of this paper, one on the Expanded Public Works Programme (EPWP) and the other on business processes services (BPS) (see Annex 1).

When reviewing the efficacy of the system implemented in South Africa it is important to understand whether it is achieving its expected outcomes, i.e. employment is being created, is it at least on a positive trajectory in this regard.

A review of the South African context suggests, however, that unemployment is increasing (despite the fact that employment has been created) and that the growth rate is lower than in previous years (described in more detail in the next section). However, reviewing the extent to which the policies, programmes and institutional mechanisms established to drive employment creation are, in fact, providing support as effectively as possible (within a difficult global environment) is complex. Many of these policies are still in an embryonic state and their impact has perhaps not yet been felt. Others, such as the country's industrial strategy and many of its active labour market policies (ALMP) and programmes are aimed at the long term, but their impact on employment creation, if any, is not yet fully understood. A further complication is that while employment has increased, unemployment has also. These changes cannot necessarily be attributed directly to these policies, as it is difficult to determine whether they are related to the global crisis or reflect the interventions put in place. It is also not possible to state categorically whether the nascent policies and programmes that have been introduced will be able to create an environment where existing interventions can have a greater impact.

For this reason, this case study only describes the context and the measures put in place to support increased employment. It also highlights some of the tensions that have already emerged during the implementation of these policies and programmes. However, there is a need to find ways of evaluating whether or not the mechanism that has been established is effective, and related to this, to understand the extent to which they are contributing to improved outcomes.

## 1.1 Is South Africa creating employment and what impact is this having on unemployment?

South Africa is considered to be an upper middle-income country by virtue of the average national income per person or GDP per capita. However, this status masks extreme inequalities in income and access to opportunity now among the highest in the world. The combination of low levels of employment and deepening inequality has meant that very few people have been able to access paid employment.

By 2013, less than half of all South Africans of working age were in wage-earning employment, compared to an international norm of almost two thirds. The National Development Plan (NDP) highlights that the country's unemployment rate is currently

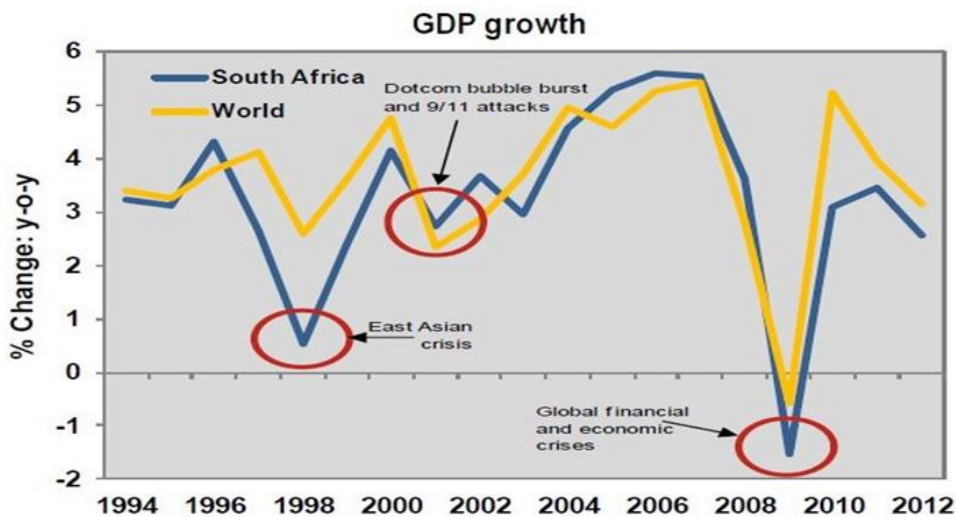
hovering around 25% (using the narrow definition of unemployment<sup>3</sup>). Whilst this is down from 31% more than a decade ago, it is up from 22% in 2008.

Unemployment remains the key economic challenge in South Africa. In the strict sense of the term, unemployment has increased from 2 million in 1995 to 4.6 million in March 2013. Within this context, many low-wage earners have to support an ever-increasing extended family network with the result that many working households live near or below the poverty line. Moreover, the level of inequality and joblessness has further entrenched the spatial patterns experienced apartheid and unemployment remains racially skewed with African unemployment at 28.8% compared to 7.2% for whites, 23.3% for coloureds and 12.3% for Indians<sup>4</sup>. Gender differences in the South African labour market are still pronounced despite some improvement in the female unemployment rate: the gap between male and female unemployment rates has narrowed (from 8.6% in 1998, to 6.9% in September 2004 and 4% in March 2013).

Of particular concern is the level of youth unemployment: the youth (15-24) share of total unemployment has more than doubled in less than 6 years (33% in September 2007 to 70.7% in March 2013). Moreover, 15-24 year olds have the highest unemployment rate (52.9%) among all age groups.

The enormity of the challenges faced by the country in addressing unemployment is highlighted by the reality that these employment figures are against the background of an economy that, post 1994, was on a positive trajectory. In the period 1994-2000, the economy grew on average by 2.9% and in the period 2001-2007 by 4.3%, but since the global financial crises the growth rate has fallen to only 2.2%. This compares with an average of 3.6% for the world economy at large with economic growth patterns in South Africa strongly correlated with global growth as illustrated in Figure 1 below.

Figure 1 South Africa GDP compared to world GDP growth



<sup>3</sup> The figures for the narrower definition are based on the strict definition of unemployment, i.e. a labour market that excludes the discouraged job-seeker. The expanded definition includes discouraged job-seekers and unemployed workers who have not recently sought employment.

<sup>4</sup> Stats SA, Occupational Household Survey 1998, 2004 and 2013

## 1.2 Defining employment policy

Given the high levels of unemployment and its societal impact, employment creation has been made a top priority by the State and has been built into the country's macro- and microeconomic policies (including but not exclusively active labour market policies).

This approach recognizes that the labour market is not the main cause of unemployment, and that active labour market policies (ALMPs) cannot, on their own, facilitate the absorption of the large numbers of unemployed.

This recognition of the importance of addressing macro- and microeconomic policies in the context of employment creation represents an important step up for South Africa, as it has only recently made changes to its approach to fiscal policy and the extent to which it supports employment creation. While the Government's initial fiscal policy was one of fiscal restraint, it has shifted to one that enables employment creation by ensuring that government spending addresses the cyclical nature of the economy and focuses on areas that can promote employment. In addition, there is now the recognition amongst senior government officials that there are other aspects of South Africa's macroeconomic policies that need to be reviewed to determine how they can better support employment creation. With respect to its microeconomic policies, moreover, South Africa has only recently begun to place equal emphasis on industrial and sectoral strategies that support growth and create employment, albeit through upstream and downstream linkages rather than focusing only on growth). South Africa continues to place emphasis on ALMPs as well as ensuring effective regulation of the labour market. In summary, South Africa's employment policies at a *macro level* now include a focus on a fiscal policy adopted by the Government including a commitment to adopt a countercyclical approach to the budget so that the way in which the budget is allocated and managed can be used both to protect jobs and, through targeted expenditure, create jobs. This approach enables the public sector to make a contribution to employment creation through direct employment within the public service, and by funding social programmes and infrastructure development, both of which generate large numbers of jobs.

At *micro level*, the focus is increasingly on how decisions made in relation to engaging in the economy take into account the impact of the intended changes on the creation of employment. The framework for these interventions is set out in the National Development Plan (NDP) which outlines the factors that will enable the requisite growth. These are described in a number of employment scenarios which focus on:

- the need for increased re-investment in network industries to raise their productivity and lower their costs as inputs to final production, e.g. transport and communications and water and energy production systems;
- exploiting opportunities to improve cross-cutting interventions such as small business development and the performance of state-owned enterprises;
- fostering rapid growth and/or employment creation from more diversified and competitive manufacturing and services industries through specific strategies for sectors which have significant potential for growth and/or exports; and
- shaping the regulatory and incentives pattern impacting on pricing, private sector decisions to invest, employ and produce.

The New Growth Path (NGP), which provides a medium-term perspective, specifically sets out the sectors that are considered critical for employment-generating growth. These priorities are each given expression by different initiatives. For example, the country's Industrial Policy Action Plan (IPAP) considers particular industries and seeks to identify the drivers of growth, and how these can be supported to promote employment creation. The IPAP sets out the objective of ensuring that there is, "diversification beyond

the country's current reliance on traditional commodities and non-tradable services... into non-traditional tradable goods and services that compete in export markets and against imports." The IPAP focuses on key sectors such as automotive, clothing, textiles, leather and footwear and business processes services (BPS). Infrastructure is another example of such an initiative: work in this sector is taken forward by the Presidential Infrastructure Coordinating Committee (PICC), which focuses on "catalytic projects that can fast-track development and growth<sup>5</sup>" to give an impetus to infrastructure development. It plays a coordinative role for the 18 Strategic Infrastructure Projects (SIPS)<sup>6</sup>. These micro policies also include a focus on a range of ALMPs such as the Expanded Public Works Programme (EPWP), Community Works Programme (CWP), Training Lay-off Scheme (TLS), learnerships/apprenticeships, and public employment services (PES). Policymakers are currently also debating whether a wage incentive should be introduced to ease the passage of new entrants into the labour market. A pilot is already in place to test this policy.

The debates about employment creation are overlaid with discussions about decent work, and while the Economic Development Department (EDD), Trade and Industry (DTI) and National Treasury (NT), together with the Department of Performance Management and Evaluation (DPME), drive the policy agenda to support employment creation, the Department of Labour (DoL) is responsible for monitoring the quality of these jobs. This carries with it a number of on-going debates about labour market policies, such as the labour laws and the extent to which they impact on labour market flexibility and in turn the effect that this has on enabling or inhibiting employment. This includes, for example, the procedures around hiring and firing and the extension of bargaining council agreements to non-parties which is increasingly being questioned and has become the subject of litigation and the like.

This review highlights the way in which South Africa has designed its macro and micro policies (including its ALMPs) and processes, and the manner in which these are managed, implemented and monitored. It then reflects on the extent to which these maximize employment creation and offers some analysis as to ways in which this could be strengthened and the learning that emanates from this case study.

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<sup>5</sup> A summary of the South African National Infrastructure Plan, Presidential Infrastructure Coordinating Commission, 2012

<sup>6</sup> The SIPS comprise: five Geographically-focused SIPS, 3 Spatial SIPS, 3 Energy SIPS, 3 Social Infrastructure SIPS, 2 Knowledge SIPS, 1 Regional Integration SIP and 1 Water and Sanitation SIP.



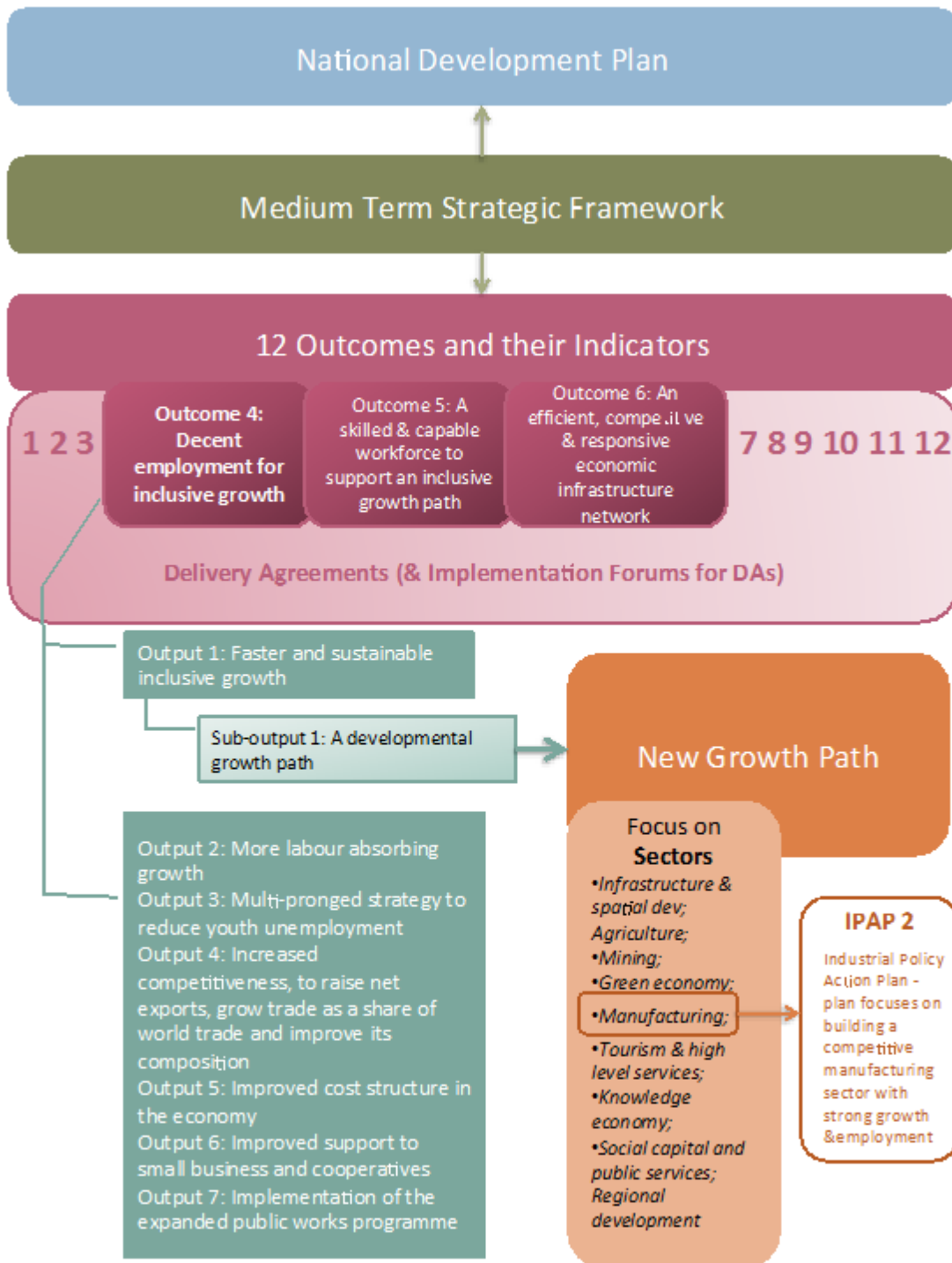
## 2 Overview of the policy environment supporting employment creation

There are a number of policies that frame the Government's employment creation process. This section describes these policies in terms of how they relate to each other, bearing in mind that they were not developed for this purpose and hence there is continuing debate about the extent to which they are aligned or conflict with each other, as further discussed in the concluding section of this case study.

The National Development Plan (NDP) outlines what can be achieved over the next 20 years, i.e. in the long term. The implications of this long-term plan are addressed in the Medium Term Strategic Framework (MTSF). This includes an indication of the key interventions that will be undertaken in the next five years to support employment creation.

Whilst the initial Medium Term Strategic Framework (MTSF) was developed prior to the NDP, the current MTSF is being revised to ensure that it aligns with the NDP. It is given further expression in the 12 outcomes that have been negotiated and agreed upon within government. Each of these outcomes has an associated performance agreement between the President and the respective Minister, as well as an associated delivery agreement. The delivery agreement outlines the targets, indicators, activities, inputs and roles and responsibilities of the various delivery partners. It is intended that each responsible department will draft an implementation plan for every sub-output for which it is responsible. These delivery agreements are currently also being revised to ensure alignment across these core policies and to take into account lessons learned about the key levers for change and the implications of these regarding which interventions need more attention. As part of this review, there is also some discussion about including additional outcomes.

Outcome 4, 'Decent Employment through inclusive growth', is of particular relevance for this case study. A key output of Outcome 4 is the New growth path (NGP). This focuses on creating decent work, reducing inequality and defeating poverty through the restructuring of the South African economy by improving its performance in terms of labour absorption as well as its composition and rate of growth. The NGP concentrates on a number of key sectors, which have been identified as critical for growth and employment creation. One of these sectors is manufacturing - taken forward in the IPAP - which focuses on building a competitive manufacturing sector with strong growth and employment. These interrelationships are illustrated in the diagram below, and are described in more detail thereafter.



Source: own elaboration

## 2.1 National Development Plan (NDP)

The National Planning Commission (NPC), based in the Presidency, was established as a new initiative of government. It is chaired by the Minister in the Presidency for National Planning, Collins Chabane. The Commission is made up of 25 part-time commissioners appointed by the President on the basis of their skills and expertise. The Commission was tasked with developing a long-term vision and strategic plan for South Africa, and to advise on cross-cutting issues that impact on the country's long-term

development. It has fulfilled the first part of its mandate in terms of the drafting of the NDP 2030 entitled, “Our future - make it work”. It was handed to the President at a special joint sitting of Parliament on 15 August 2012, and adopted on 6 September 2012 by the Cabinet *Lekgotla*. The African National Congress (ANC) issued a draft declaration on 20 December 2012 supporting the NDP. It has also received strong endorsement from broader society, although it has also been the subject of criticism by the Congress of SA Trade Unions (COSATU) and some of its affiliates, and more recently the South African Community Party (SACP). The SACP has raised the need to provide more texture to the components of the plan related to employment creation, although it does suggest that the Plan provides a useful basis for this discussion.

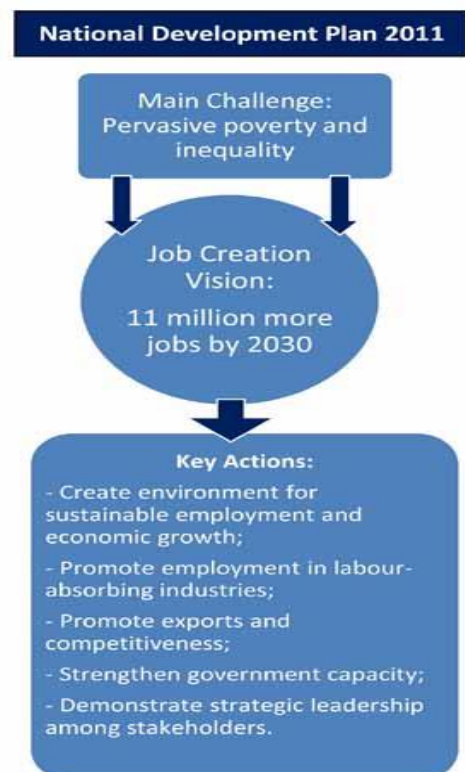
The NDP defines a desired destination and identifies the role that different sectors of society need to play in reaching that goal. As a long-term strategic plan, it has four broad objectives:

1. To provide the overarching goals to be achieved by 2030.
2. To build a consensus around the key obstacles to achieving these goals and on the steps that need to be taken to overcome those obstacles.
3. To provide a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP.
4. To create a basis for making choices about how best to use the limited resources available.

The Plan aims to ensure that all South Africans attain a decent standard of living through the elimination of poverty and reduction of inequality. The core elements of a decent standard of living identified in the Plan are described as: housing, water, electricity and sanitation; safe and reliable public transport; quality education and skills development; safety and security; quality health care; social protection; employment; recreation and leisure; clean environment and adequate nutrition.<sup>7</sup>

The focus of the plan is now on implementation and the process of determining the medium-term priorities and expressing these in the revised MTSF. As indicated, this is linked to the process of refining the outcomes based on these discussions and the lessons learned from the outcomes to date.

The current MTSF and the key outcomes are discussed below, together with an indication of the kinds of changes that are currently under discussion in government.



<sup>7</sup> *Juggling jobs: Assessing the New growth path and National Development Plan job targets*, Edge.

## 2.2 Medium Term Strategic Framework (MTSF)

The MTSF (2009-2014) states that its main focus is to minimize the impact of the economic downturn on the country's productive capacity as well as jobs, to ensure poverty reduction measures are in place, identify opportunities for new areas of growth and economic participation, and progressively set the country on a new growth and development path. Fundamental to the attainment of these objectives is a growing economy, appropriately transformed, so that the benefits of growth, are, shared by all. In this regard, the programmes undertaken should be aimed at reducing inequality. The activities that can drive this are outlined as:

- Major infrastructure programmes with a major impact on productivity, competitiveness, local industrial development and the quality of life;
- Public employment initiatives centred on public works projects and the expansion of public services such as health, education and social work;
- A comprehensive revamp of the social security system;
- Large investment projects by the private sector, especially projects with high labour-absorbing impact, including security of fuel supply, environment-friendly energy and other such products and services as well as supplier industries for infrastructure projects;
- Enhanced productivity across the public and private sectors underpinned by a massive skills development programme including, in the context of the economic crisis, training initiatives as an alternative to retrenchment; and
- Public and private socioeconomic projects with low import content, such as housing construction.

Informing this approach is an appreciation of the centrality of a growth path which addresses the economy's structural constraints, expands the industrial base and creates decent work opportunities on a larger scale. This is contingent on microeconomic interventions that improve the efficiency of, and participation in, the economy while supporting employment-creating investment.

The MTSF states that investment in quality education, as well as in skills development, should form the bedrock of the Government's approach to the challenges of youth. It also indicates that to reduce poverty, eliminate structural unemployment, implement a comprehensive social security system, build social cohesion and reduce crime will depend to a large extent on the progress made in growing the economy in an equitable manner, underpinned by a growing skills base. The MTSF suggests that, in turn, progress in these social areas will contribute to economic growth.

## 2.3 Outcome 4: Decent employment through inclusive growth

The current MTSF is given further expression in the 12 outcomes. These outcomes reflect the commitment of the key partners involved in the direct delivery process and indicate how they will, "work together to undertake activities effectively and on time to produce the mutually agreed-upon outputs."<sup>8</sup> In developing the delivery agreements, it is recognized that line departments will do other work over and above the activities outlined therein, and that the delivery agreements themselves will only focus on certain key priorities as defined by the outputs within the relevant outcome.

Outcome 4 deals with 'Decent Employment through inclusive growth,' with the focus being on achieving the outcome of decent work through inclusive growth. However, the paper also refers to other outcomes as it is recognized that these also contribute to

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<sup>8</sup> Delivery Agreement, Outcome 4, page 3

employment creation. The outcome is framed by the National Objectives contained in the MTSF, which inform the work of the Economic Sectors and Employment Cluster (ES&E):

- **Income and equality:** Increased average income and reduced levels of poverty and increased socioeconomic equality for all sectors of the population.
- **Labour absorption and employment:** Decent employment (accelerating employment creation) and higher rates of labour absorption.
- **GDP growth:** High rates of employment generating growth indicating economic expansion.
- **Diversification of the economy:** Movement towards a greater balance between primary, secondary and tertiary sectors.

The outputs within the delivery agreement provide a more focused set of priorities, which are seen as critical to achieving these National Objectives. The key outputs identified to achieve increased employment in line with Outcome 4 include the following:

- Output 1: Faster and sustainable inclusive growth
- Output 2: More labour absorbing growth
- Output 3: Multi-pronged strategy to reduce youth unemployment
- Output 4: Increased competitiveness, to raise net exports, grow trade as a share of world trade and improve its composition
- Output 5: Improved cost structure in the economy
- Output 6: Improved support to small business and cooperatives
- Output 7: Implementation of the expanded public works programme

Each of these outputs has associated sub-outputs that are considered critical for employment creation, as well as associated programmes. These are detailed below as follows:

***Output 1: Faster and sustainable inclusive growth*** has:

- A sub-output that highlights the imperative of a developmental growth path that aligns economic policies towards employment creation and equity, with stringent reprioritization and monitoring (this has since been given expression in the NGP).
- There is a sub-output that focuses on a counter-cyclical fiscal policy that includes, inter alia, the need to align the budget with the MTSF while the developmental growth path aims to ensure that the impact of fiscal policy on matters such as employment are monitored.
- Further, there is a specific sub-output that commits the social partners to promoting the goal of decent work through inclusive growth and strengthened implementation of the National Framework Agreement (NFA) which was the Government's response to the global economic crisis of 2008. This focuses on a number of programmes including an accelerated uptake of the Training Layoff Scheme (TLS) and funds for companies in distress administered by the Industrial Development Corporation (IDC).

***Output 2: More labour absorbing growth*** focuses on the following sub-outputs:

- *Increased financing for industrial development:* The need for a multi-pronged strategy to step up investment in labour absorbing sectors and save existing jobs, based on the mobilization of private and public savings.
- *Improved state procurement practices designed to foster local production:* Procurement regulations reformed to support local production and employment (this is linked to agreement on changes in procurement legislation).
- *Sector strategies to support growth of labour intensive industries:* Diversification of the economy into industries that can support employment, starting with labour-

absorbing sectors in the IPAP<sup>9</sup> (agro-processing, tourism, BPS, biofuels, clothing, forestry): implementing key action plans (KAPS); proposals for expanding employment in agriculture, especially by stepping up the number of formal small-scale producers based on integration of land reform with other support measures and qualitative improvement in output of existing micro producers; developing a standardized approach to sector strategies that establishes a common national methodology for: (a) identifying constraints on employment creating growth; (b) ensuring alignment of budgets and government institutions; and (c) working with stakeholders; identifying all labour-absorbing sectors and monitoring their development.

- *Spatial Programme*: This focuses, inter alia, on the Expanded Public Works Programme (EPWP) and Community Works Programme (CWP) (which are also addressed in Output 7).

**Output 3: Multi-pronged strategy to reduce youth unemployment:** youth brigades and other public employment schemes for youth; reviewing the wage subsidy; improving educational performance and skills development (targeting schools in the poorest 40% of communities); improving employment services for youth and establishing monitoring systems.

**Output 4: Increased competitiveness, to raise net exports, grow trade as a share of world trade and improve its composition.** This includes a focus on the IPAP, which begins to identify areas where employment could be leveraged and on KAPs to achieve positive employment outcomes (further described below).

Others of direct relevance to this study include:

**Output 6: Improved support to small business and cooperatives:** this recognizes the importance of small, medium-sized and micro-enterprises (SMMEs) and cooperatives in addressing the challenges of job creation.

**Output 7: Implementation of the Expanded Public Works Programme (EPWP):** this focuses on the implementation and expansion of the programme through increased opportunities created by public bodies and the introduction of fiscal incentives. It focuses on the social, environmental and the infrastructure sectors.

This section has focused on Outcome 4, but as mentioned above, other outcomes have relevance for employment creation. Outcome 6, critical both in terms of its contribution to the economy and with respect to the employment creation opportunities associated with infrastructure. Outcome 5 seeks to understand the demand for skills in the economy and to ensure that supply meets demand. It focuses further on ensuring that individuals have the relevant skills and qualifications to access and progress in the labour market. Where relevant, reference will be made to the roles and responsibilities associated with these delivery agreements.

## 2.4 New Growth Path

The New growth path (NGP), driven by the Economic Development Department (EDD), addresses Output 1 in Outcome 4: it sets the target of creating five million jobs over the next 10 years by identifying strategies that will enable South Africa to grow in a more equitable and inclusive manner while achieving its developmental agenda. The NGP states that to achieve the imperatives of labour absorption and an increased rate of growth there is

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<sup>9</sup> Note; there have been a number of iterations since then – and the current IPAP (2013-2014) is the 5<sup>th</sup> update of the plan. The principles and approach have remained consistent, though lessons from the process as well as contextual changes have been taken into account in the revisions.

a need to identify areas where employment creation is possible on a large scale as a result of substantial changes in conditions in South Africa and globally; and develop a policy package to facilitate employment creation in these areas, primarily through a comprehensive drive to enhance both social equity and competitiveness, systemic changes to mobilize domestic investment around activities that can create sustainable employment, and strong social dialogue to focus all stakeholders on encouraging growth in employment-creating activities.

The NGP identifies where employment creation is possible, both within economic sectors as conventionally defined and in cross-cutting activities. It then analyses the policies and institutional developments required to take advantage of these opportunities. In essence, it aims to target South Africa's limited capital and capacity into activities that maximize the creation of decent work opportunities. To this end, it states that there is a need to use both macro and microeconomic policies to create a favourable overall environment and to support more labour-absorbing activities. The NGP suggests that to achieve fundamental changes in the structure of savings, investment and production, the Government must steadily and consistently pursue key policies and programmes over at least a decade.

The NGP also states that long-term structural change needs to be phased to establish the preconditions for success over time so that:

*In the very short run*, the State can accelerate employment creation primarily through direct employment schemes, targeted subsidies and/or a more expansionary macroeconomic package.

*In the short to medium term*, it can support labour-absorbing activities, especially in the agricultural value chain, light manufacturing and services, to generate large-scale employment. Government can provide effective inducements to private investment in targeted sectors principally by prioritizing labour-absorbing activities for the provision of appropriate and cost-effective infrastructure, regulatory interventions that effectively address market and state failures, measures to improve skills systems, and, in some cases, subsidies to production and innovation.

*In the longer run*, as full employment is achieved, the State must increasingly support knowledge- and capital-intensive sectors in order to remain competitive.

The NGP observes that this inherent phasing means that, in the medium term, the State must focus on facilitating growth in sectors able to create employment on a large scale. However, the NGP cautions that there is a need to ensure that more advanced industries are not neglected, as these are considered crucial for sustained long-run growth.

To achieve this, it states that government must encourage stronger investment by the private and public sectors to grow employment-



creating activities rapidly while maintaining and incrementally improving South Africa's core strengths in key sectors such as capital equipment for construction and mining, metallurgy, heavy chemicals, pharmaceuticals, software, green technologies and biotechnology. The NGP explains that these industries have been identified as they build on South Africa's existing strong resource base and advanced skills and capacity in these economic sectors. The NGP observes, however, that, to succeed, there is a need to find opportunities (markets) and to pursue more actively exports to, and investment from, these emerging centres of economic power<sup>10</sup>.

A final point to note is that the sectors identified within the NGP as being key drivers of growth and employment creation include:

*Infrastructure and spatial development:* this states that public investment can create jobs in energy, transport, water, communications infrastructure, and housing through to 2015 by maintaining high levels of public investment in infrastructure and skills development including measures to prevent non-competitive pricing by contractors, strengthening local procurement of inputs, using labour-based production methods where appropriate, and an infrastructure provision linked to a coherent and sustainable strategy on rural development. The focus of its job activities include the construction of new infrastructure, operation of the new facilities, expanded maintenance, and the manufacture of components for the infrastructure programme. One aspect of this, the EPWP, is considered below. In addition, there are substantive other components, which have since been given expression in the 18 Strategic Infrastructure Projects (SIPS).

*The agricultural value chain* focuses on practical measures such as restructuring land reform to support smallholder schemes with comprehensive support around infrastructure, marketing, finance, extension services and the like. It involves upgrading employment in commercial agriculture especially through improved worker voice; measures to support growth in commercial farming and to help address price fluctuations in maize and wheat while supporting national food security; acceleration of land claims processes and better support to new farmers following land-claims settlements; programmes to ensure competitive pricing of inputs, especially fertilizer; and support for fishing and aquaculture.

*The mining value chain*, which suggests the following practical measures: accelerating exploitation of mineral reserves by ensuring an effective review of the minerals rights regime, lowering the cost of critical inputs including logistics and skills in order to stimulate private investment in the mining sector, and setting up a state-owned mining company that would co-exist with a strong private mining sector. This would include promoting beneficiation, as well as greater utilization of the country's mineral resource base for developmental purposes, including, potentially, through a sovereign wealth fund.

*The manufacturing sectors* are given some detail in the NGP but are described in greater detail in the IPAP. For this reason, this study focuses on the plan provided in the IPAP, which is discussed below. In addition, business processes services, an industry identified within the IPAP, is also explored in more depth in the case study.

*Tourism and certain high level services:* strengthening measures to expand the tourism infrastructure and services, promote targeted marketing campaigns, manage costs, quality assurance and logistics, improve training and identify employment and entrepreneurial opportunities for youth; in business services such as finance and communications, enhancing support measures to encourage diversification; and developing a comprehensive programme to support cultural industries. In addition, the conditions of vulnerable workers in these services will be addressed.

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<sup>10</sup> *ibid*, Edge



*The green economy and the knowledge economy* are both considered new economies. It is suggested that their potential will be realized through:

- comprehensive support for energy efficiency and renewable energy as required by the Integrated Resource Plan 2 (IRP2) including appropriate pricing policies, combined with programmes to encourage the local production of inputs, starting with solar water heaters;
- public employment and recycling schemes geared to greening the economy;
- stronger programmes, institutions and systems to diffuse new technologies to SMEs and households;
- greater support for R&D and tertiary education linked to growth potential and developing South Africa as the higher education hub for the continent; and
- continuing to reduce the cost of and improve access to broadband.

*Social capital and public services* has the following measures:

- government support for social-economy initiatives, including assistance with marketing, bookkeeping, technological and financial services and training, based in part on a stronger co-operative support agency and possibly a training academy;
- the development of linkages within the social economy to encourage learning and mutual support;
- work with union and community investment companies to develop a Charter with commitments to job creation; and increasing state procurement from and service delivery through organizations in the social economy.

The NGP also commits government to setting targets for growth in the public service to meet national needs. It will also establish rural, literacy, green and HIV-education youth brigades that engage up to a million young people over the next few years, combined with measures to expose young people to work experience through internships in the private and public sectors. It will also extend the Community Work Programme to more wards. It states that expansion of public employment will require proper budgeting and a strategy to ensure both affordability and cost effectiveness. Government is committed to developing a multi-pronged strategy to support youth employment in particular.

Finally, *Regional development* recognizes that while urbanization will continue, a significant share of the population will remain in rural areas, engaged in the rural economy. Government will have to step up its efforts to provide public infrastructure and housing in rural areas, both to lower the costs of economic activity and to foster sustainable communities. The NGP suggests that rural development programmes can achieve a measurable improvement in livelihoods for 500,000 households, as well as stimulating employment in other sectors. It further indicates that government must do more to support small-scale agriculture, including through community food gardens and marketing and service co-operatives as well as accessible banking facilities. Regional development also focuses on increasing employment in South Africa through increased exports to the Southern African Development Community (SADC). According to the NGP, this could generate almost 60,000 additional direct jobs by 2015 and around 150,000 by 2020, with additional employment growth coming from South Africa's position as a financial, logistics and services hub and collaboration around regional infrastructure and investment. The NGP recognizes that South Africa cannot succeed with regional development without strong partnerships with other countries on the continent.

All of the above-mentioned areas have policies that determine how they are implemented.

## 2.5 Industrial Policy Action Plan (IPAP)

The Industrial Policy Action Plan (IPAP) which, as indicated above, has gone through multiple iterations and builds on the National Industrial Policy Framework (NIPF). To achieve growth and employment, the IPAP places emphasis on long-term industrialization and industrial diversification. It states that this is critical to enable South Africa to move beyond its current reliance on traditional commodities and non-tradable services. The plan emphasizes that manufacturing and other productive sectors of the economy are crucial to long-term sustainable growth and job creation in developing countries. In an interview with the Minister for Trade and Industry, the Minister observed that, *“structural unemployment experienced in the South African economy over the years could not be addressed by mere economic growth”, and that “If we want to make a dent on unemployment we need to boost the productive sector of the economy.”*

The IPAP notes the concern that the consumption sector of the economy has grown at twice the rate of productive sectors such as agriculture, mining, and manufacturing, citing figures which confirm this: between 1994 and 2008 consumption driven sectors grew by 7.7 per cent annually, compared with the productive sectors of the economy which grew by only 2.9 per cent annually.

Analysing the causes of this low growth, the IPAP links it to a number of factors including: a volatile and insufficiently competitive currency; the high cost of capital and the failure to adequately leverage public capital and other large and repetitive areas of public expenditure; pricing of key inputs; an aged, unreliable and expensive infrastructure system; and a weak skills system.

It highlights that these trends are of real concern for two reasons: because growth that is dependent on consumption is unsustainable as it is fuelled by credit expansion and, because these factors have meant that even at the peak of South Africa’s average annual growth, 5.1% (2005- 2007), unemployment did not fall below 22.8%. The IPAP also raises concerns about the quality of these jobs, and the Minister observed that, *“Even if we have jobs in the services sector, those jobs are more secure and are stronger in quality if they are underpinned by a strong value added manufacturing sector.”*

To address these challenges, the IPAP 2013/2014 seeks to promote value-added productive activity in different sectors of the economy, and states that, to achieve this, the Government intends to develop proposals to:

- Enhance access to concessional industrial financing for investment in IPAP priorities and other productive sectors on terms comparable to those of our major trading partners.
- Revise procurement legislation, regulations and practices to enable the designation of large, strategic and repeat or ‘fleet’ procurements in a range of sectors. This should sequentially increase competitive local procurement and supplier development opportunities, minimize ‘leakages’ from the domestic economy and support meaningful Broad Based Black Economic Empowerment (B-BBEE) in all three spheres of government and in SOEs. The IPAP further enables this through its designation process, whereby particular sectors have been designated to boost local content through procurement. These include railway equipment, transmission lines, uniforms, and medicine used in public health institutions. The IPAP also provides for new categories, which are being prepared, including valves, manual and pneumatic actuators, power and telecoms cables, and components for solar water heaters.
- Deploy its trade policies more strategically, e.g. in the campaign led by the South African Revenue Service (SARS) against practices such as customs fraud, under-invoicing, smuggling and illegal imports. Instruments such as tariffs will be deployed on a strategic basis underpinned by the imperatives of sector strategies. Technical infrastructure, Standards, Quality Assurance and Metrology (SQAM) institutions and

practices, will be strengthened to support the development, accreditation and enforcement of standards and bolster other measures to create, scale up and resuscitate certain industries, and anti-competitive practices will be targeted.

The IPAP suggests that these cross-cutting interventions will underpin focussed and significant interventions in three clusters of sectors.

- Metals fabrication, capital and transport equipment, green and energy-saving industries and agro-processing, will be new areas of focus of industrial policy.
- Automotive and components, medium and heavy vehicles, plastics, pharmaceuticals and chemicals, clothing, textiles, footwear and leather, bio-fuels, forestry, paper, pulp and furniture, cultural industries and tourism and business process services (or call centres). These all build on and broaden interventions in sectors which were identified in previous iterations.
- Nuclear, advanced materials and aerospace, all of which have the potential for long-term advanced capabilities.

The IPAP also identifies the constraints and risks, economic rationale, economic outcomes and KAPs for each one of these actions and indicates timelines for this work.

## **2.6 Expanded Public Works Programme (EPWP)**

The purpose of the EPWP is to ensure the creation of work opportunities and the provision of training for unskilled, marginalized and unemployed people in South Africa by coordinating the implementation of the expanded public works programme. The EPWP promotes the use of government expenditure to create additional employment opportunities by introducing labour intensive delivery methods and additional employment and skills programmes for the participation of the unemployed in delivering needed services. An example is the Zibambele programme, an initiative of the KwaZulu-Natal Department of Transport, which contracts households to maintain rural roads by ensuring good roadside visibility, maintaining the road drainage system and road surfaces, and clearing road verges of litter.

A component of the programme is the provision of performance-based incentive allocations to eligible provinces, municipalities and non-profit organizations to incentivize them to increase job creation efforts in expanded public works programmes by shifting towards more labour-intensive construction methods. The disbursement of funds to provinces, municipalities and non-governmental organizations is based on set job creation targets to create work opportunities in the infrastructure, environment and culture, social, and non-state sectors. These issues are explored in more depth in the case study in Annex 1.

## **2.7 Issues emerging from these policies**

This section has highlighted the policies and outcomes that frame the Government's efforts to support employment creation. These provide the basis for a set of macro and micro instruments that can be utilized to support this work. However, government interviewees indicate that, while fiscal policy is now geared towards supporting employment creation, it is doubtful whether this is applied in practice. Moreover, they question the extent to which other instruments, such as interest rates and the exchange rate, that are available within macro policy, are being utilized to effectively support employment creation. Interviewees indicate that this limits the macroeconomic instruments that are being used to support employment creation, and as a result, discussions are now taking place within the key economic departments and the Presidency to explore whether they could be used more effectively.

This proposed shift is reflected in policy proposals made in the NDP. These are consistent with the proposals made by the World Bank which highlights the importance of considering what it terms “MILES” when developing employment creation policies: Macroeconomic policies; Investment climate institutions and infrastructure; Labour market regulations and institutions; Education and skills; and Social Protection all need to act in support of employment creation<sup>11</sup>. This also resonates with the views put forward by the ILO when commenting on the World Bank’s analysis. The ILO argues that the emphasis on macroeconomic policy for employment creation is considered critical<sup>12</sup>.

A further shift that has been discussed relates to the extent to which certain industrial policies have focused on growth rather than employment. However, interviewees suggest that this has since been addressed and more effort is being made to evaluate strategies in terms of the direct jobs that are created, as well as the multiplier effect within the economy that is created through upstream and downstream linkages.

However, there are some issues have been highlighted with respect to these policies that, for example in a review undertaken by the Centre for Development and Enterprise (CDE<sup>13</sup>). The CDE publication observes that while all three policies focus on employment creation, there are significant differences in the central emphasis that they assign to employment creation, for example, “for IPAP and the NGP, employment growth is the sole quantified objective while for the NDP there are other quantified goals, and employment is seen as dependent on economic growth”.

The article also observes that there are significant differences between the IPAP and the NGP, on the one hand, and the NDP, on the other, in their respective characterizations of the trajectory of the South African economy, their identification of the binding constraints on further development and on the economic sectors and activities that have the potential to create new jobs.

It also states that there are differences with respect to the characteristics of firms that will drive this growth. In contrast with the IPAP and the NGP, the NDP envisages that most employment growth (90 per cent) will occur in small, labour-intensive service firms largely geared to the domestic market. These are not high-technology firms, but are composed largely of semi-skilled and low-skilled workers. Related to this, the article observes that whilst the NGP focuses on “decent work,” the NDP says that “decent work” should be achieved in the long term consequent upon an expanding economy with rising skill levels, suggesting that in the earlier phase of the plan emphasis will have to be placed on mass access to jobs while maintaining standards where decent jobs already exist.

The final issue, raised by interviewees for this study, is that there appears to be insufficient discussion between national, provincial and local government to ensure alignment and to determine particular strategies that could be applied in a particular area. As a result of the tenuous link between the three levels of government, the impact on policy implementation is compromised. It is noted that the EDD is embarking on a process to consider how local plans can be supported and this is seen to be a critical initiative to address the tensions highlighted in this study with respect to achieving alignment on the one hand, whilst ensuring an effective approach to local planning.

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<sup>11</sup> Cf. IFC jobs study, *Assessing private sector contributions to job creation and poverty reduction*, January 2013.

<sup>12</sup> ILO comments on the World Bank “*World Development Report 2013: Jobs*”, 2 November 2012

<sup>13</sup> Kaplan, D, *Policy Gridlock? Comparing the proposals made in three economic policy documents*, October 2013. Published by the CDE.

### 3 Driving these policies

This section outlines how these policies are coordinated, and indicates the different decision making forums within government (at both horizontal and vertical spheres of government), and also includes the varied government institutions as well as the social partners involved in this process<sup>14</sup>. In addition, the section articulates the specific responsibilities of each department with respect to employment creation.

#### 3.1 Coordinating employment creation

Cabinet is, of course, the central decision-making structure. It has five cabinet committees that deliberate on reports prior to submission to Cabinet. Of relevance to this study is the Cabinet Committee for the Economic Sectors, Employment and Infrastructure Development (with effect from 20 June 2012). The Chair of this committee is the President. Members include: the Minister of Agriculture Forestry and Fisheries; Minister of Communications; Minister for Co-operative Governance and Traditional Affairs; Minister of Economic Development; Minister of Energy; Minister of Finance; Minister of Higher Education and Training; Minister of Human Settlements; Minister of International Relations and Cooperation; Minister of Labour; Minister of Mineral Resources; Ministers in the Presidency; Minister of Public Enterprises; Minister of Public Works; Minister of Rural Development and Land Reform; Minister of Science and Technology; Minister of Tourism; Minister of Trade and Industry; Minister of Transport; and Minister of Water and Environmental Affairs as well as their respective Deputy Ministers.

Reporting into the various cabinet committees are the related clusters: for the purposes of this study, the relevant cluster is the Economic Sectors and Employment Cluster (ES&E). This cluster is responsible for generating reports to the Cabinet Committee on matters relating to the economy, including, but not limited to, employment creation, and the Cluster focuses on broader issues pertaining to much of the work of the various departments that participate in this cluster. It also considers reports relating to achievements against Outcome 4. The Economic Cluster is chaired by Rural Development and Science and Technology and includes the following members: Agriculture, forestry and fisheries; Economic Development; Environmental affairs; Higher Education and Training; Labour; Mineral Resources; National Treasury; Public Works; Tourism; Science and Technology; and Rural Development and Land Reform.

The Outcomes Framework specifies that Implementation Forums (IF) will be established to coordinate each Outcome. In the case of Outcome 4, it was agreed that the ES&E cluster would serve as the IF, although the scope of work related to Outcome 4 is only one component of its overall work. The IF is responsible for generating quarterly reports on progress made in achieving Outcome 4.

The Outcome 4 reports are drafted by an implementation task team (recently established as the Productive Sector Forum) which consists of three senior officials from the three core departments, namely the Economic Development Department (EDD), National Treasury and the Department of Trade and Industry (DTI). These reports cover the seven areas of work as outlined in Outcome 4 and integrate the work of the relevant departments. It is noted that the Department of Labour (DoL) submits reports relating to placement services as well as to decent work to this forum.

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<sup>14</sup> Note that this section only focuses on those forums which have been set up specifically to coordinate matters of the economy and employment creation. There are also other governance structures that have an impact on these decisions, including the Forum of Director Generals (FOSAD) and the DG technical implementation forum. These reports have to be discussed in these forums prior to being tabled at Cabinet Committees and in Cabinet.

In addition, there are also coordinating structures associated with each sector related to the NGP, which report to the above-mentioned forums on those aspects of their work relevant to the outcome. A description of the sectors within the NGP, and their respective coordinating arrangements, include:

*Infrastructure and spatial development:* this sector is coordinated through the Presidential Infrastructure Coordinating Committee (PICC). Its mandate is to develop a 20-year pipeline of infrastructure projects so that it can, as stated by the Deputy President, Kgalema Motlanthe, “move away from the ‘stop-start syndrome’ around the building of infrastructure.” The PICC should ensure the systematic selection, planning and monitoring of large projects. It has responsibility for coordinating the work of the 18 SIPS so far identified. The PICC Council comprises cabinet ministers, premiers and executive mayors. This structure considers the performance dashboards for every SIP, reports to Cabinet and recommends policy changes to Cabinet. The PICC management committee comprises a number of key ministries and is responsible for unblocking challenges, monitoring the development plan, and ensuring coordinated regulatory approvals. The PICC Secretariat is supported by ministers and deputy ministers and oversees the day-to-day work of the technical team. The PICC Technical Task Team comprises skills and competencies drawn from public agencies and government. SIP Coordinators support the PICC Task Team. SIP and Sector Skills Coordinators develop and monitor the skills plan in their SIP / Sector.

*Manufacturing sectors* are coordinated through a number of forums related to specific industrial strategies. This includes actors from government as well as the social partners, many of which also have structures that coordinate their input into these processes. For example, business has a forum called the ‘Manufacturing Circle’ that supports processes within business relating to manufacturing and addresses issues related to local procurement.

*Other sectors such as the agricultural value chain, tourism and certain high level services, and the mining value chain* are coordinated within the relevant departments, as they are largely responsible for taking forward departmental strategies. An example of how these arrangements work is offered by the BPS case study in Annex 1.

There are *other sectors such as the green economy* where there is not yet clarity with respect to the coordinating arrangements, as this sector cuts across the work of a number of departments. It is anticipated that this will be taken forward once there is greater clarity on the green economy strategy.

Over and above the reports emanating from the NGP sectors, the IF receives reports on a range of ALMPs. For example, Skills Development reports to this forum and, in particular, reflects on progress made against the Skills Accord (which emanates from the NGP). A similar report is also produced for Outcome 5. The PES data is fed into the ES&S Cluster and is also discussed as part of the Social Cluster.

The *provinces* engage with these policies through the Presidential Co-ordinating Committee (PCC), a statutory body that coordinates and aligns priorities, objectives and strategies across national, provincial and local government. The PCC, chaired by the President, brings together representatives from all three spheres of government: national ministers and provincial Executive Council Members (MEC), provincial premiers and local government representatives.

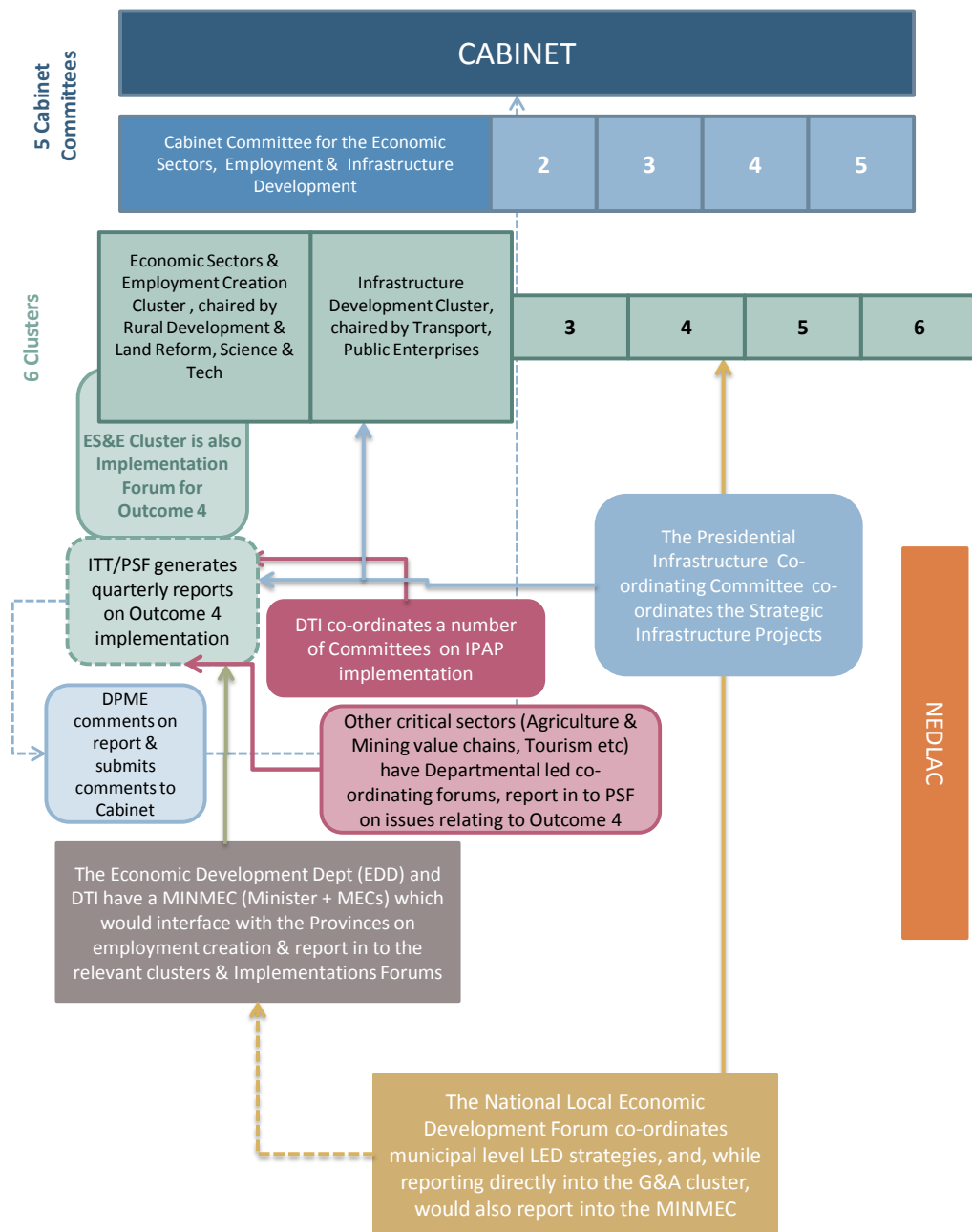
In addition to this forum, Economic Development has a Ministers and Members of Executive Councils meeting (MinMEC), which also includes the DTI, and involves the Executive Council Members responsible for economic development from each of the provinces. This forum ensures that the policies and processes are collectively discussed and agreed.

Within the Provinces, there are similar structures. In Gauteng, for example, as in most provinces, the Provincial Department of Economic Development takes responsibility for coordinating employment creation reports. These are then sent to the Premier's office for review. These in turn then feed into a number of national processes (including both MinMEC and well as the PCC).

As indicated, local government is represented in many of the forums mentioned above. Furthermore, in order to stimulate local economic activity and align priorities across the three spheres of government, local authorities develop Local Economic Development (LED) plans, which are then submitted to the Department for Cooperative Governance (DCoG). The National LED Forum was established to facilitate a broad intergovernmental partnership and to create a focal point for LED in South Africa. The EDD, as one of its responsibilities, is tasked with aligning the LEDs with the national priorities outlined in the NGP. This process is not yet in place but will be operational within the next year.

Other bodies such as the National Economic Development and Labour Council (NEDLAC) also play an important oversight role and ensure that various policies and programmes related to the above are negotiated within the institution. This includes, inter alia, all labour market related policies and programmes. It also supports the various accord processes (skills, education, local procurement and green economy) which are designed as mechanisms flowing out of the NGP. In addition, labour and organized business also coordinate employment creation initiatives through a range of forums.

The mechanisms for employment coordination are diagrammatically represented as follows:



Source: own elaboration

### 3.2 Employment mandates of key departments

This subsection provides a brief description of the mandates of the different departments that have key responsibilities for employment creation, with particular focus on what has been agreed with respect to Outcome 4. They include the three core coordinating ministries in the Outcome 4 Delivery Agreement (Minister of Economic Development, Minister of Trade and Industry and Minister of Finance) as well as other key signatories (Minister of Rural Development and Land Reform, Minister of Science and Technology, Minister of Public Works, Minister of Labour, Minister of Higher Education



and Training, Minister of Agriculture, Forestry and Fisheries, Minister of Mineral Resources, Minister of Communication, Minister of Tourism, Minister of Water and Environmental Affairs, Minister of Arts and Culture, Minister of Energy, Minister of International Relations and Cooperation, Minister of Public Enterprises, Minister of Defence and Military Veterans and Minister of Health).

In addition, as indicated above, there are other outcomes relevant to the employment creation mandate. This includes the Economic Infrastructure Outcome, which is coordinated by the Minister of Transport. The importance of basic education and local government with respect to employment creation is also well understood. For this reason we have also considered the mandate of the Departments of Basic Education (DBE) and DCoG.

A number of other institutions are also involved, including, the NPC, IDC, SA Reserve Bank (SARB), International Trade Administration Commission (ITAC), Competition Commission (CC), Khula Enterprises, South African Micro-finance Apex Fund (Samaf), Small Enterprise Development Agency (SEDA), Eskom, Transnet, Technology Innovation Agency (TIA), Council for Scientific and Industrial Research (CSIR), Finance and Fiscal Commission (FFC), SA Tourism and Development Bank of SA (DBSA).

The lead department for Outcome 6 is the Department of Transport (DoT) with Public Enterprises acting as co-Chair while the Departments of Energy, Communications, Water Affairs and Environment are signatories to the Delivery Agreement.

### *3.2.1 The Presidency*

The Presidency has multiple responsibilities with respect to employment creation. Critically, both the National Planning Commission (NPC) and the Department of Performance Management and Evaluation (DPME) are part of the Presidency. The Government established the DPME within the Presidency in 2010 as part of the South African Government's "commitment to ensure that our performance makes meaningful impact on the lives of our people."<sup>15</sup> The DPME is responsible for setting a framework for the implementation of the 12 Outcomes identified as priorities by the Government.

The Department's work is organized around three core goals: 1) to advance the Government's strategic agenda by developing and implementing the delivery agreements for the outcomes, monitoring and reporting on progress and evaluating impact; 2) to promote monitoring and evaluation practice through a coordinated policy platform, quality capacity building and credible data systems; and 3) to monitor the quality of management practices in departments and the quality of front line service delivery. Critically this department is responsible for supporting the processes related to planning and monitoring Outcome 4. As part of this, the Programme of Action (POA) system monitors progress of the delivery agreements. It is supposed to track and report on the key aspects through indicators and targets for the outputs, sub-outputs and in some cases, activities.

### *3.2.2 Signatories to Outcome 4*

A summary of the contributions of government departments with respect to this outcome is provided below (a more detailed description is provided in Annex 2).

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<sup>15</sup> [www.thepresidency-dpme.gov.za](http://www.thepresidency-dpme.gov.za)

## ***Economic Development***

The Department has taken on responsibilities relating to the creation of decent work through inclusive economic growth (Outcome 4), including the implementation of the NGP. It focuses on promoting and enhancing the development of economic policy by working alongside other departments to coordinate efforts to achieve better employment outcomes, and promote social dialogue and implementation of the accords including the basic education accord, the national skills accord, the local procurement accord and the green economy accord.

The Department is also responsible for a number of public entities which are important in terms of employment creation: these include the Industrial Development Corporation (IDC), which is a national development finance institution which seeks to lead industrial capacity development as well as the Small Enterprise Finance Agency (SEFA),<sup>16</sup> which focuses on SMME development by increasing access to and provision of finance to SMMEs to contribute to job creation.

## ***Trade and Industry (DTI)***

The Department's mandate includes, inter alia, promoting and facilitating access to sustainable economic activity and employment through an understanding of the economy, knowledge of economic opportunities and potential, and anticipation of future economic trends. The Department also focuses on developing policies and strategies that create an enabling environment for small, medium-sized and micro enterprises, and enhance the competitiveness of local and provincial economies to achieve equity, growth and job creation. In this regard it focuses on B-BBEE as well as the development and growth of SMMEs through the Small Enterprise Development Agency (SEDA), which plays a role in providing non-financial business development and support services to small business. The Department is also responsible for the implementation of the IPAP.

## ***National Treasury (NT)***

The National Treasury (NT) aims to promote a macroeconomic environment in which the financial system provides both economic stability and growth. Key to this is high levels of investment involving partnerships with the private sector, and economic policies that encourage investor confidence by minimizing shocks to the economy and ensuring relative stability in prices, interest and exchange rates. The Treasury recognizes that the development of infrastructure is critical for economic growth and employment. It therefore provides grants to projects for sustainable infrastructure development<sup>17</sup>.

In addition, the Treasury established a nine billion rand Jobs Fund to facilitate sustainable job creation on a large scale. This fund is a co-financing initiative whereby government will match funds spent by project owners on projects approved by the Fund.

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<sup>16</sup> SEFA was established in April 2012 and combines the operations of Khula Enterprise Finance, the South African Micro-Finance Apex Fund and the IDC's small business operations. It is a wholly owned subsidiary of the IDC.

<sup>17</sup> Several initiatives, including the neighbourhood development partnership programme, the recently introduced cities support programme and the infrastructure development improvement programme exist for these purposes. The neighbourhood development partnership grant has committed funds to projects with the aim of attracting added investment from the private sector to sustainably improve township infrastructure and capacity for economic growth. The neighbourhood development partnership also facilitates the employment of local labour and supports the EPWP in local government. The projects funded support a wide range of public infrastructure development, such as public transport facilities, roads, small and medium enterprises and community facilities, and public spaces and landscaping. The projects are located within prioritised strategic nodes in townships and the transport linkages that connect these nodes to other strategic locations within and outside of townships.

During the last financial year, the Fund was supposed to have been supporting 66 projects but only 22 have been implemented, creating 2,209 jobs and 295 new short-term jobs.

### ***Rural Development***

The Department has made specific commitments in terms of Outcome 4, including: developing policies to support the development of labour intensive sectors in rural areas; implementing the Comprehensive Rural Development Programme in distressed regions to alleviate poverty and provide employment opportunities; and participating in a multi-pronged strategy to deal with reducing youth unemployment in rural areas. The latter include interventions such as the National Rural Youth Services Corps which is responsible for training rural youth in a variety of skills such as building and farming, or skills to match the needs of the identified 23 district wards or communities from which they are recruited. Funding for the costs of this training is also derived from the National Skills Fund (NSF).

### ***Science and Technology***

The Department's commitment in terms of Outcome 4 includes a focus on small businesses and co-operatives by ensuring a 10% annual increase in the number of small and medium-sized enterprises receiving technology support through the 'Technology Stations' programme. In addition, the Department uses large-scale public procurement to support local companies. It is also piloting technology-based interventions which have the potential to create long-term sustainable job opportunities, particularly in rural communities.

### ***Public Works***

The Department seeks to promote an enabling environment for the creation of both short-term and sustainable work opportunities, and contribute to the national goal of job creation and poverty alleviation through the EPWP. It also focuses on ensuring an alignment of provincial and local strategies to the Growth Path Framework (see Outcome 4) and supports a number of other job creation programmes. These include the young professionals programme, the internship programme and the learnership programme for graduates from sectors relevant to the Department's core business, and the resuscitation of regional workshops through the artisan training programme.

### ***Labour***

The Department seeks to play a significant role in reducing unemployment, poverty and inequality. While it does not have a specific role in coordinating employment creation, it has a number of commitments to meet in terms of Outcome 4. It plays a role in supporting employment creation as well as the protection of employment through its various programmes such as the PES programme,<sup>18</sup> which aims to facilitate an increase in employment through its employer and jobseeker services<sup>19</sup>.

Its primary focus, with respect to employment, relates to its role in implementing the Decent Work Country Programme (DWCP) with the support of the ILO. The Programme has worked with the EDD and DPME to develop a monitoring tool, a dynamic social accounting matrix that will contribute towards evaluating government effectiveness in job-

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<sup>18</sup> A Public Employment Services Bill is currently before Parliament

<sup>19</sup> The work currently involves: registering vacancies, disseminating scarce skills information, addressing issues relating to immigrant corporate and work permits, tracking the numbers of migrating skilled South Africans, overseeing the placements of jobseekers, responding to companies in distress, facilitating a social plan aimed at companies in distress and regulating private employment agencies.

creating programmes. The DWCP also provided technical support to the DTI to support the drafting of a national informal business strategic framework.

The Department is also contributing to ensuring decent employment creation through a number of mechanisms such as strengthening the labour inspectorate and implementing the revised labour legislation that aims for labour market flexibility, and balances enterprise competitiveness with decent employment. In terms of the proposed amendments to labour legislation, which are currently before the Portfolio Committee on Labour in the National Assembly, the Department believes it has sought to contribute towards both flexibility (especially in relation to small business) and decent work. The amendments include, inter alia, measures to regulate labour brokers, with small business and start-ups being taken into account.

The Department also oversees a number of public entities which contribute towards employment creation including the Unemployment Insurance Fund (UIF) and Productivity South Africa (PSA), which is mandated to promote improvements in workplace productivity, competitiveness and social plans. During the 2008 global financial crisis, the PSA, together with the Commission for Conciliation, Mediation and Arbitration (CCMA), began work on assistance to companies in distress and prevention of job losses.

The Department also oversees NEDLAC which is mandated to promote economic growth and social equity by getting organized labour, organized business and government to work as a collective. The institution strives to promote the goals of economic growth, participation in economic decision-making and social equity and seeks to reach consensus and conclude agreements on matters pertaining to social and economic policy. This includes labour legislation relating to labour market policy before it is introduced in Parliament.

NEDLAC is meant to play a key monitoring role in terms of what is happening around employment, as well as in relation to the various accords mentioned above. However, over time, this role has become less clear and discussions are currently underway between NEDLAC and EDD to clarify that role and make it more grounded in partnerships. This will require not only a renewed commitment by the social partners to work together but must also ensure that they are held more accountable in terms of agreements to which they sign up.

### ***Higher Education and Training***

The Department has responsibilities with respect to Outcome 4. In particular it is responsible for the country's human resource development strategy (HRDS-SA), and also ensures that policies are in place to support systems for vocational and continuing education and training as well as to promote the current National Skills Development Strategy (NSDS III).

In addition, the Department states that it will seek to tackle youth unemployment by increasing the skills set and employability of unemployed youth. This will also include improving the capacity of Further Education and Training (FET) Colleges which forms part of Outcome 5 as well as improving training and skills services in public employment schemes.

### ***Agriculture, Forestry and Fisheries***

The Department's responsibility in terms of employment is to ensure that agriculture realizes the potential as outlined in the NGP and IPAP, to create job opportunities for 300,000 households in agricultural smallholder schemes and 145,000 jobs in agro-processing by 2020. It focuses on supporting labour-intensive industries, especially in rural areas and small towns and supports programmes such as the Working for Fisheries

Programme through which it aims to facilitate the creation of 3,920 job opportunities in coastal and rural communities by 2015/16. It also manages the Marine Living Resources Fund.

In terms of forestry, the Department hopes to facilitate the creation of 105,000 job opportunities through the LandCare programme and state forest land management over the medium term. As part of the transformation of the sector, it also aims to ensure the implementation of the Forestry Sector Transformation Charter which, it is hoped, will lead to the creation of 12,000 jobs through the refurbishment of certain categories of plantations through the EPWP.

### ***Mineral resources***

The Department is intended to support the industry to create a further 100,000 jobs initially, and 300,000 direct and indirect jobs by 2030. In order to meet its commitments in Outcome 4, the Department focuses on policy interventions to support the growth of the sector by ensuring increased domestic beneficiation of commodities. In addition, the Department focuses on implementation of the mining charter requirements, which are intended to stimulate development in local communities. The Department is also supporting 201 such enterprises and local development projects. They also promote investment in the industry, both locally and internationally, so it can grow and create sustainable jobs throughout the mining value chain.

The Department is also responsible for a number of public entities whose focus is on creating jobs such as the Council for Geoscience, Council for Mineral Technology and the South African Diamond and Precious Metals Regulator.

### ***Communications***

The Department has committed to ‘engagements that result in e-skills development initiatives for young South Africans and employment creation projects.’<sup>20</sup> It will also investigate the possibility of introducing telecommunications developmental pricing to support the growth of business processes services (as set out in the IPAP). In addition, the Department has committed to finalizing the Set Top Box Manufacturing Sector Development Strategy to ensure that maximum benefits flow to local manufacturers and that procurement stimulates local industrial development in the electronics industry.

### ***Tourism***

The Department is supporting the tourism sector to reach its target of creating 225,000 jobs by 2020. Specifically, the Department has explored potential employment opportunities by implementing labour-intensive tourism projects targeting unemployed youth, women, and people with disabilities, as well as creating 1,673 full time equivalent jobs through the EPWP social responsibility component.

### ***Environmental Affairs***

The Department’s commitments with respect to Outcome 4 include the imperative to work with other relevant departments to explore how the focus on the green economy<sup>21</sup> can provide new opportunities for employment. It also coordinates the environmental sectors in terms of EPWP.

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<sup>20</sup> See Outcome 4

<sup>21</sup> Outcome 4 states: “The Green Economy strategy and other policy work underway in the state seeks to build coherence between the climate change imperative and the creation of decent work and support of sustainable livelihoods.”

## ***Arts and Culture***

The creative arts sector is seen as having the potential for growth and job creation and, in line with Outcome 4, the Department will develop interventions to improve employment in cultural industries. The Department has adopted the Mzansi Golden Economy Strategy, which will mainstream the role of arts, culture, and heritage in social and economic development, and aims to create 5,950 jobs over the medium term.

## ***Energy***

The Department has a number of Community Upliftment Programmes and Projects and is responsible for public entities such as the South African National Energy Development Institute which has as its objective the creation of jobs and promoting the green economy. In terms of Outcome 4, the Department is supposed to work with EDD in developing and accessing proposals for the Energy Infrastructure as a jobs driver in the NGP.

## ***International Relations and Cooperation***

The Department will assist in the development of regional integration, one of the key drivers within the NGP, by exploring regional opportunities within the African Region.

## ***Public Enterprises***

This Department ensures the sustainability of the state-owned enterprises and supports the Government's strategic priorities of economic growth, expanding employment and developing infrastructure. Its commitments in terms of Outcome 4 include supporting the Treasury in ensuring a stable and competitive exchange rate. The Department will play a supporting role in improving state procurement practices. This includes a review of procurement legislation as well as the B-BBEE Codes and the preference points given for local procurement, to ensure that only suppliers that meet the minimum threshold for local content will be considered for preference points according to their B-BBEE status. The Department also co-chairs Outcome 6.

## ***Defence and Military Veterans***

In terms of the Departments' commitments in Outcome 4, it will participate in a multi-pronged strategy to reduce youth unemployment as well as work with other departments to develop public employment schemes targeting unemployed youth.

## ***Health***

In terms of Outcome 4, the Department will work with the EDD to develop and access proposals for the Health Sector knowledge economy so as to create opportunities consistent with the NGP.

### ***3.2.3 Other Key Departments***

The following departments are not signatories of Outcome 4 but are critical to Outcome 6, and in other cases play an important role with respect to employment creation.

## ***Transport***

The Departments' mandate is to lead the provision of an integrated, sustainable, reliable and safe transport system through planning, developing, coordinating, promoting

and implementing transport policies, regulations and strategies. The Department is the lead department for Outcome 6.

### ***Water Affairs***

In terms of employment, the Department has implemented a number of infrastructure projects. For example, in one project to raise a dam wall, they have created 2,500 permanent jobs in the agricultural sector, and during the construction phase, created 650 temporary jobs.

### ***Basic Education***

In relation to employment, the Department's vision is to improve the quality of education on an on-going basis with a special focus on ensuring that more learners pass matric with mathematics and physical science by 2030. In addition, the Department is exploring ways in which it can support youth access to employment whilst delivering key services for the Department such as the nutrition programme or providing support to learning and teaching.

### ***Cooperative Governance***

The Department has committed itself to the Community Works Programme (CWP), which is part of EPWP, and contributes to developing public assets in poor communities, provides income security and work experience for participants, and promotes social and economic inclusion. Currently, 159,621 participants are employed at 148 operational sites. Over the medium term, the CWP will provide work opportunities to 255,000 people at 348 operational sites to, focusing on rural areas.

## **3.3 Key issues related to the coordination arrangements for employment creation**

This section illustrates the extent to which employment creation is considered a priority for government; each department, agency and sphere of government has a responsibility in this regard. This has ensured that all policies and programmes are reviewed within the context of employment creation or 'job' lens. In addition, Outcome 4 seeks to ensure that these efforts towards job creation are aligned and can support each other.

However, as mentioned above, the number of structures in place coupled with the multiplicity of policies and programmes can create confusion, lead to conflicting priorities and also delays in decision making because of the number of forums that each decision needs to go through before being finalized.

One example of this was highlighted by interviewees who suggested that the arrangements pertaining to the ES&E cluster and the Implementation Forum (IF) are challenging and represented a "clumsy compromise between the cluster and outcomes system". Interviewees commented that the manner in which these structures have been integrated is that discussions are not focused on employment creation, as the mandates of departments and members of the cluster extend far beyond the economy and employment creation.

It was further suggested that these challenges are exacerbated by the fact that the economic departments are not the ones driving the IF, which is not chaired by them. Consequently, the agenda for these meetings is informed by a range of priorities, only some of which have relevance for the achievement of Outcome 4.

Interviewees suggested that this results in a cumbersome process and an over-burdened agenda. They go some way to explaining the formation of the Productive Sector Forum which sits underneath these structures. This forum is driven by the economic departments and has a far tighter mandate.

In addition, it has been noted that these issues pertaining to the Cluster and the IF have been highlighted at senior level and a recommendation has been made that the economic departments should be responsible for driving these processes.

In addition to these concerns, interviewees also indicated that another challenge with respect to the coordinating arrangements is that if a particular forum does not take place then it can delay the decision making process. It also means that whilst the process can allow for buy-in across a range of players, it can also make it difficult to act decisively about a particular priority, as each actor will feed in their own particular perspective as to what should be addressed. These issues are considered in more depth in section 6 on emerging lessons.

In addition, it has been argued that the clusters, which are supposed to be attended by DGs, representation is often by more junior officials. A report by the Technical Assistance Unit (TAU), a support facility in the Treasury<sup>22</sup>, suggests that DGs did not see attending cluster meetings as a good use of their time. It was suggested by some interviewees that this limits the ability of these forums to make decisions. Others suggested that the cluster system needs to recognize the numerous responsibilities placed on DGs and that the focus should rather be on ensuring that the relevant person attends, someone able to take responsibility for actions agreed upon. Of concern, though, is that research undertaken by the TAU suggests that there is also inconsistent representation from some departments. This further confounds the decision-making processes.

In addition to this, examples have been found of multiple departments responsible for a single output and/or sub-output. Interviewees suggested that this can result in an absence of accountability as, ultimately, there is no one institution responsible and the parties are able to blame each other for non-delivery rather than address where the blockages are and resolve them.

In summary, the above suggests that whilst this system ensures that there is involvement, and, hopefully, buy-in from all parties to employment creation, the complexity of reporting arrangements, the levels of representation and the quality of decision making makes for a rather cumbersome process and could result in employment creation policies not being implemented in an optimal manner.

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<sup>22</sup> Offering management and technical advisory services to programmes and projects across all three spheres of government



## 4 Accountability System

This section considers the mechanisms that have been put in place to support accountability for the implementation of the policies that have been put in place. These arrangements are seen as critical to ensuring that the different structures are held to account for the plans that are made.

### 4.1 Target setting

A key aspect of accountability is the setting of targets that can be monitored and for which departments can be held responsible. The previous sections have highlighted the policies and programmes that support employment creation and have pointed to the multitude of forums, departments and institutions that share responsibility for implementing them. Whilst it has been indicated that there are challenges in ensuring accountability, this section turns to a key mechanism that is used to try and achieve this: clear target setting.

Each policy and programme has a defined set of targets, some of which have already been mentioned above. This section outlines these targets and associated indicators and explores the way in which these are being monitored.

The NDP provides employment scenarios and suggests what is required to achieve specific targets<sup>23</sup>. These include the imperative of sharply reducing inequality and eliminating mass poverty. The NDP states that success will be measured based on a South African poverty line (about R418 in 2009 prices per person per month) whereby the proportion of South Africans below this line, currently 39%, would drop to zero. It further proposes that inequality will be measured by a reduction in the Gini coefficient from 0.7 to 0.6 by 2030.

Direct economic and employment 2030 targets under the NDP include:

- A reduction of the unemployment rate to 6%: this would mean that 11 million more jobs would need to be created and the economy would need to grow by 5.4% on average every year.
- An increase in the proportion of adults working from 41% to 61% and an increase in the proportion of adults working in rural areas from 29% to 40%.
- An increase in the labour participation rate to 65%.
- Two million people in public employment programmes.
- Seven other targets relating to the economy and employment, such as an increase in exports, savings rates, gross fixed capital formation.

Other areas of the Plan that explicitly mention jobs and job creation targets by 2030 include:

- Creating an inclusive rural economy: 643,000 direct jobs and 326,000 indirect jobs in agriculture, agro-processing and related sectors.
- Human settlements: more jobs in or near dense urban townships.
- Education, training, and innovation: various schooling and university targets producing 20,000 artisans a year, and an additional one million learning opportunities a year for school leavers and the unemployed.
- Social protection: the number of public works jobs should rise from the present level to two million.
- Transforming society and uniting the country: employment equity and other measures

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<sup>23</sup> Based on a summary in the article *Juggling Jobs: New Growth Path and National Development Plan Job Targets*, Edge

to redress inequalities should continue and become more effective.

The economic cluster is committed to tracking the following key outcomes as outlined in the MTSF, and Outcome 4 provides further details about what should be measured and how this should support job creation. All the outputs, sub-outputs, targets and outcomes in the delivery agreement relate to employment creation. A few examples of these are included for illustrative purposes:

<b>Output</b>	<b>Targets</b>	<b>Outcomes</b>
<b>More labour absorbing growth</b>	<ul style="list-style-type: none"> <li>Below market interest rates offered by DFIs</li> <li>Increased finance into priority labour-absorbing or export sectors</li> <li>Invest R2 billion from the Unemployment Insurance Fund (UIF) with the IDC to support employers embarking on job creation initiatives for the next 2 years</li> <li>Agreement on GEPP investments through IDC and DBSA</li> <li>Reduce import leakages to 30%</li> <li>Amended PPPFA</li> <li>Amended BBBEE Codes</li> <li>Improved capacity in state procurement system</li> <li>IPAP II KAPs implemented</li> <li>BPO Review completed</li> <li>Tourism strategy completed and implemented</li> <li>Agricultural strategy developed with targets for employment, upgrading farmworker conditions, enhancing food production and broadening BEE</li> <li>New labour absorbing sectors identified and strategy developed</li> </ul>	<ul style="list-style-type: none"> <li>Labour absorption rate increased to 45%</li> <li>390,000 direct jobs created through the implementation of IPAP II</li> </ul>
<b>Youth unemployment reduced</b>	<ul style="list-style-type: none"> <li>Improvement in indicators for African youth</li> <li>At least a million youth participate in youth brigades or other public employment schemes</li> <li>Systematic expansion in FET enrolment</li> <li>At least 70% youth job seekers registered on DoL's PES system referred to employment, training opportunities or career guidance within 30 days.</li> </ul>	<ul style="list-style-type: none"> <li>Youth unemployment significantly reduced from current levels</li> </ul>
<b>Improved support to small business and cooperatives</b>	<ul style="list-style-type: none"> <li>Increased share of SMMEs and co-ops in GDP and employment</li> <li>Consolidation of financing and support mechanisms with regular performance review</li> <li>10 products proposal approved and implemented</li> <li>Review the current Ministerial determination for Small Business</li> <li>640,000 work opportunities through CWP by 2014, targeted largely at poorest quintile of wards</li> <li>- Implementation of 2<sup>nd</sup> Economy Strategy underway</li> </ul>	<ul style="list-style-type: none"> <li>Competitive SMME sector that is integrated to the mainstream economy value chains</li> </ul>
<b>Expansion of EPWP</b>	<ul style="list-style-type: none"> <li>Average 100 days employment per year</li> <li>328,000 work opportunities through non-state sector by 2014</li> <li>Publish a determination on EPWP conditions of employment</li> <li>750,000 work opportunities by 2014 (in the social sector)</li> <li>2,374,000 work opportunities by 2014 (in the infrastructure sector)</li> <li>1,156,000 work opportunities by 2014 (in the environmental sector)</li> </ul>	<ul style="list-style-type: none"> <li>Employment targets of EPWP II achieved</li> <li>1,500,00 work opportunities reported in 2014 to contribute to halving unemployment</li> </ul>

As implementation has taken place, these outputs have evolved and targets have been refined. For example, the NGP, which was developed out of output 1, provides further indicators of success. These include: the number and quality of jobs created, the rate, labour

intensity and composition of economic growth; equity (lower income inequality and reduced poverty), and environmental outcomes.

The NGP sets a target of five million jobs and, as outlined above, it also indicates the sectors in which this growth is anticipated and suggests the skills requirements of these growth targets. These targets, integrating the IPAP targets as well, are as follows:

- *Infrastructure and spatial development:* Public investment resulting in 250,000 jobs a year in energy, transport, water and communications infrastructure, and in housing, through to 2015.
- *The agricultural value chain:* 300,000 householders in agricultural smallholder schemes plus 145,000 jobs in agro-processing by 2020 and the potential to upgrade conditions for 660,000 farmworkers.
- *The mining value chain:* 140,000 additional jobs by 2020 and 200,000 by 2030, not counting downstream and side stream effects.
- *Green economy:* 300,000 additional direct jobs by 2020 to green the economy, with 80,000 in manufacturing and the rest in construction, operations and maintenance of new environmentally friendly infrastructure. The potential for job creation rises to well over 400,000 by 2030. Additional jobs will be created by expanding existing public employment schemes to protect the environment, as well as in production of biofuels. The Integrated Resource Planning process opens up new opportunities for employment in manufacturing, new energy technologies and construction.
- *Manufacturing sectors:* IPAP targets 350,000 jobs by 2020 in industries not covered elsewhere. More generally, the IPAP is measured against its key purpose, which is to expand production in value-added sectors with high employment and growth multipliers. It also considers other factors including more labour absorbing production and services sectors, the increased participation of historically disadvantaged people and regions in the economy and, in the medium term, South Africa's contribution to industrial development in the African region. It is estimated that the IPAP will result in the creation of 2,477,000 direct and indirect decent jobs over the next ten years.
- *Tourism and certain high level services:* High level services can create over 250,000 jobs directly just in tourism and business services such as business processes services (the case study provides further detail – see Annex 1), with many more possible jobs linked to the cultural industries.
- *Knowledge economy:* 100,000 new jobs by 2020 in knowledge-intensive sectors of ICT, higher education, healthcare, mining-related technologies, pharmaceuticals and biotechnology.
- *Social capital and public services:* The social economy includes not-for-profit institutions that provide goods and services, including cooperatives, NGOs and *stokvels*. If the sector grew closer to international norms, 260,000 new employment opportunities could be expected. The public services can also generate 100,000 jobs in health, education and policing by 2020, as well as substantial opportunities through public employment schemes<sup>24</sup>.
- *Regional development:* Increased exports to the SADC can generate almost 60,000 direct jobs by 2015 and around 150,000 by 2020 with additional employment growth

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<sup>24</sup> See the case study on the EPWP in Annex 1: this illustrates how targets are set and the process of reporting into the various levels of government

arising from South Africa's position as a financial, logistics and services hub and from collaboration in the sphere of regional infrastructure and investment.

The NGP has also given rise to a number of key accords. As indicated above, these include: skills, green economy, local procurement and basic education. Each of these accords has defined targets: For example the local procurement accord sets out the following commitments:

Commitment 1:	Leveraging public procurement
Commitment 2:	Establishment of standards for measurement and verification of local content
Commitment 3:	Roll-out of infrastructure
Commitment 4:	Support for local manufacturing
Commitment 5	Investment in domestic manufacturing sectors
Commitment 6	Complementarities between private sector procurement and public procurement
Commitment 7	Organized business and industry associations initiatives
Commitment 8	Organized labour and affiliated procurement
Commitment 9	Alignment of union linked investment funds to local procurement initiatives
Commitment 10	Shareholder and corporate governance activism
Commitment 11	Creating Awareness and social mobilization and procuring locally
Commitment 12	Supplier development opportunities for cooperatives and social economy enterprises
Commitment 13	Partnerships with Proudly South African
Commitment 14	Implementation of the Accord

The Skills Accord also provides for a set of targets against which skills provision is measured, and indicates the number of learners that should be placed in the labour market and commits companies to enabling these placements. For example, in the Green Economy Accord there is a clear plan to support the installation of one million solar geysers by 2014/15.

The Accords are strengthened through the B-BEEE Code which sets out levels of expenditure that must be invested in training (including for the unemployed) as well as supplier development and specifies the targets for this training and development.

There is currently a process in place to reconcile the NDP targets, which are longer term, with the Outcome 4 targets. These will be contained in the MTSF and will be integrated into the revised Delivery Agreement.<sup>25</sup> However, this scenario is complicated by the way in which provincial economic strategies as well as LED Plans relate to these targets.

Whilst there are some attempts at alignment across spheres, in reality, it is not possible to neatly determine how the local contributes to the provincial and how, in turn, the provincial contributes to the national. The manner in which plans are developed against these targets and then reported on is discussed in the following sections.

## 4.2 Work Plan

Each policy has an associated intervention strategy to enable departments to realise these targets. For example, at macro level, in terms of fiscal policy, there are plans to

<sup>25</sup> Outcome 4

implement the agreed policy which is managed by the Treasury as the department responsible for determining levels of expenditure.

At a micro level, there are multiple interventions in place. For example, in terms of industrial policy there are various initiatives which have associated programmes, plans, interventions and targets. The plans are different for each of the sectors and have multiple actors involved in their implementation. In the example of the Manufacturing Competitiveness Enhancement Programme (MCEP), it was found that its intervention strategy focuses on strengthening the range and scope of the public sector financial instruments that make up the overall suite of industrial financing and incentive support mechanisms across a variety of government departments and institutions. The MCEP's core objectives are to boost public sector support for the manufacturing value added sectors of the economy and to address the critical constraints and market failures that exist. The plan for this programme specifies key milestones for each year. Similarly, other sectors within the IPAP have established milestones against which they are measured (cf. the BPS case study, Annex 1).

With regard to the infrastructure sector, the PICC has terms of reference with explicit objectives. These are supported by an Infrastructure Book, which contains more than 645 infrastructure projects across the country. These are implemented in an Infrastructure Plan. Each of these has an implementation plan that supports the overarching milestones for the programme.

Similarly, other sectors within the NGP are driven by a range of coordinative forums, and/or line departments. Each of these departments has strategies which they are responsible for developing and implementing.

In addition, the Accords each have associated plans, under which the partners are allocated responsibility. Under the Youth Accord, for example, there is a commitment to enable young people to access workplace experience. The intervention plan then talks about how government will support this process through funding, and how business will support interventions with respect to assessment, matching and placement.

Further, each of the ALMPs is given effect in programmes, which are implemented against defined targets with an associated work plan. This includes, for example, the EPWP, CWP, national youth service, learnerships and apprenticeships. The implementation process related to the EPWP is provided in the case study.

The CWP is the responsibility of the Department for Corporate Governance (DCoG). Its implementation involves the issue of contracts to NGOs to deliver the programme in multiple communities. Each CWP project has a minimum of 1000 individuals involved in the project: these individuals work two days a week, undertaking a range of work activities in the community. This takes the form of a guaranteed work income scheme.

The National Youth Service is supported by the National Youth Development Programme (NYDA), which works through NGOs to implement the programme. The Youth Accord provides a basis for expanded commitment to the youth brigades. Government departments are considering ways in which they can support the brigades and are developing plans which detail how components of their work can be supported by them.

Learnerships and apprenticeships fall within the responsibility of the DHET. Each skills and education authority (SETA) develops a sector skills plan, which sets out the priority qualifications required by the sector and this forms the basis of a plan to support programmes that enable individuals to attain these qualifications.

The PES does not have a clear set of targets against which it measures its implementation plan but it does try to place as many people as possible. In addition, it is

currently considering how best to expand its services through a bill that has been tabled in Parliament as well as through processes to align the UIF with the PES so that individuals who are unemployed are required to access support to secure employment.

Other ALMPs are directly implemented by business which support the attainment of targets. For example, business is supporting a number of placement programmes such as Harambee (Yellowwood) and the Redcap Foundation (Mr Price) which provide effective assessment, bridging and placement programmes for unemployed young people. Business is also directly supporting an Accelerated Artisan Training Programme and is providing placements for graduates of colleges as well as Universities of Technology. It is anticipated that this will be given further shape in the context of negotiations about ways in which the social partners will support youth employment.

### 4.3 Financing

Each of these plans has multiple sources of funding to support them in achieving their objectives. The fiscal regime is a major driver of job creation. The budget, which is in the region of R1,055 billion, allocates billions to a range of job creation initiatives, whether for specific projects, incentives or funds. The allocations to these activities are dependent on the programmes and plans presented by the various departments. For example, the EPWP allocation is currently in the region of R77.8 billion; R1.4 billion has been allocated to the CWP; Working for Water and Working on Fire receives in the region of R7.7 billion; the National Rural Youth Service Corps receives a total of R900 million over the next three years and R300 million has been given to the arts and culture for job creation. The budget also makes a substantial commitment to funding infrastructure development, approximately R827 billion over the next three years, and this is seen as critical to enabling job creation.

In recent years, the Government's approach has created the basis for the public service to grow, both directly to improve service delivery and through the funding of NGOs that employ community workers. However, reports suggest that the social sector has not been able to monitor the number of jobs effectively and that as a result, the Treasury has been reluctant to provide substantial funding for the EPWP in this sector. Whilst budget allocations have increased for some successful labour market programmes, recent pressure on the budget has led to some programmes receiving less funding than initially anticipated. This is likely to have a negative impact on the number of jobs that these programmes will create.

Other budgetary commitments which could impact on jobs include support for the implementation of the IPAP. With regard to the example provided above relating to the MCEP, the DTI website states that, "the new MCEP is set out in the IPAP 2012/13 - 2014/15 for the first time. The Minister of Finance has indicated that a sum of R5, 8 billion will be made available over the three-year MTEF period for this programme. The MCEP seeks to generate much greater confidence among manufacturers to invest now to see out the current period of significant economic uncertainty and emerge much more competitively out of it. The MCEP will be deployed towards upgrading the competitiveness of relatively labour-intensive and value-adding manufacturing sectors impacted by the currency, the global economic crisis and electricity cost escalations."

The Government has also set up a Jobs Fund . R9 billion was allocated in the 2011 budget for a period of three years. This is intended to serve as a catalyst for innovative projects that can support job creation, and also encourage private sector investment through its requirement that projects raise matching funds. To date, grant funding of R3.3 billion has been approved for allocation, and this is to be matched by a further R3.1 billion in funding raised by the private sector.

The levy-grant system provides a source of revenue to support skills development. This financing is allocated through the SETAs as well as the NSF.

The UIF directly supports ALMPs through the TLS which funds the re-training of workers that would otherwise be retrenched. Further, the UIF complements the monies allocated to the IDC to assist companies that support job creation.

The NYDA is funded by the Government to support employment creation programmes for young people. These support a range of skills programmes, youth service programmes, placement interventions and entrepreneurial development initiatives.

Aside from funding from various government sources, there is also funding from foreign donor organizations as well as from the social partners, labour and business. For example, the DTI is managing the Employment Creation Fund (ECF) which has received funding from the EU and the UK Department for International Development (DfID) to support employment creation across government. And from the side of the social partners, both business and labour have set up their own funds which support employment creation. In terms of the business fund, its allocation is almost exhausted and it now focuses primarily on employment creation in the agricultural sector. The smaller labour fund, the Job Creation Trust, which is still operating, indicates that it has contributed towards the creation of some 40,000 jobs being created in the last decade.

#### **4.4 Monitoring and Reporting**

Statistics South Africa (Stats SA) produces a quarterly labour review based on a number of surveys that it undertakes: this provides an analysis of the economy as well as employment figures and trends (based on the Quarterly Labour Force Survey). This helps to understand where employment is growing, including the number of workers finding employment, the nature of their qualifications, and the nature of this employment, and, conversely, where it is declining. Stats SA provides this data in a range of ways and is increasingly making this data accessible so as to support decision making. For example a recent publication states that between Q4: 2012 and Q1: 2013, with respect to the Working Age Population (15-64 years):

- employment increased by 44,000 to 13.6 million.
- unemployment increased by 100,000 to 4.6 million resulting in an increase in the unemployment rate to 25.2%.
- the number of discouraged work seekers increased by 73,000 to 2.3 million.
- other not economically active decreased by 106,000, resulting in a net decrease of 33,000 in the not economically active population.

It states further that:

- The formal and informal sectors contracted by 0.3% (25,000 jobs) and 0.6% (13,000 jobs) respectively between Q4:2012 and Q1:2013. However, both sectors grew by 0.8% and 4.1% respectively compared to a year ago (Q1:2012).
- Six industries contributed positively to the net gain of 44,000 jobs observed in Q1:2013 on a quarter-to-quarter basis.
- The biggest contributor was agriculture with 54,000 jobs, followed by community and social services with 44,000 while trade lost 66,000 jobs.
- Compared to a year ago (Q1:2012) employment grew by 199,000. This was mostly driven by community and social services and agriculture which contributed 181,000 jobs and 83,000 jobs respectively. Trade lost approximately 202,000 jobs year-on-year.
- The finance and other business services industry contributed the most to the net

decline in quarterly employment observed in the formal sector, decreasing by 41,000.

- Compared to a year ago (Q1:2012) formal sector employment grew by 77,000 jobs, although formal sector trade lost 169,000 jobs.
- The decline of 169,000 jobs year-on-year in the formal sector trade is the third consecutive decline observed.
- More than 60% of employed persons in the formal sector trade were employed in retail trade. The year-on-year decline in the formal sector trade employment coincides with the declining annual growth rate of retail trade sales observed recently.
- In Q4:2012, employment levels in finance remained unchanged and 41,000 jobs were shed in Q1:2013.
- Year on year, the growth in finance and other business services has been declining since Q1:2012. In Q1:2013 finance grew by only 23,000 year on year compared to the growth of 102,000 observed in Q1:2012.
- The decline in informal sector employment was mainly due to the decrease in trade (61,000) and construction industries (30,000).

Departments and institutions monitor and report against their specific programmes. For example, with respect to the automotive industry, the DTI reports that it has created a "People Carrier" automotive incentive scheme for minibus and midi-bus taxis, to grow local assembly and production; The Chinese automotive company First Automobile Works (FAW) commenced construction of a truck plant in Coega; the Beijing Automotive Works (BAW) invested R196 million in a taxi assembly plant for the South African/sub-Saharan markets; Toyota SA opened its new Ses'fikile taxi assembly line in Durban, and a new R363 million parts distribution warehouse (Africa's largest); Friedrich Boysen GmbH invested R180 million in a new 10,000m<sup>2</sup> plant, due to open in mid-2013, which will supply 90,000 exhaust systems annually to Mercedes Benz SA; Mercedes Benz SA has begun a recruitment drive for 600 new positions in preparation for production of the new C-class in 2014; 128 projects approved under the Automotive Investment Scheme (AIS); investments of R12 billion; Incentives of R3.4 billion; currently sustaining 56,197 jobs; In 2012 the DTI-sponsored three-year supplier development programme came to an end, with 65 companies having benefited from improvement interventions; and BMW South Africa introduced a third shift at its Rosslyn plant towards the end of 2012.

Each of the ALMP programmes have monitoring systems: the EPWP and CWP both have detailed systems which ensure that each employee is captured (and in the case of the EPWP, departments can only claim wage incentives for these employees if they provide verified data). The data from NGOs pertaining to community workers is still uneven and this is being addressed.

There is also data from the PES system, which is also currently being improved, as well as from the NYDA Graduate Placement Programme and the private sector funded placement programmes. – However, the latter do not appear to be included in the economic sector report.

Provinces as well as local government also take responsibility for monitoring and reporting on employment creation activities within the province or local area. The way in which these figures relate to those collected nationally is not clear, and interviewees state that they are not always sure of the processes that are meant to be followed in this regard.

This data is brought together into various levels of reporting. In terms of Outcomes 4, the IF technical task team produces a report. The report uses the Stats SA data and provides an overview of employment trends. This is then reinforced by data from the lead departments about specific programmes that they are supporting. For example, the DTI provides data about programmes within the IPAP; the Department for Public Works provides data about EPWP; DcoG provides data on the CWP; DHET provides data on learnerships and apprenticeships while the DoL provides data about PES.



Thus the reports use the Stats SA data to provide an overarching analysis of what has been achieved against targets, and triangulate the data emerging from other sources. The reports then rely on the departmental reports to explain the data emerging from Stats SA. This helps to understand the extent to which these programmes have contributed to the meeting of targets and to understand the factors that could explain the picture that emerges.

## 4.5 Evaluation and Adjustment

Evaluation is built into the process insofar as reports include an indication of where targets have not been met, and interviewees state that they also reflect on whether there are any worrying trends. Based on this analysis, the report will include suggestions about aspects of the programme that may need to be strengthened. So, for example, if manufacturing figures are down, in theory, this will then be used to inform discussion as to what is happening at industrial policy level. Based on that, decisions can be made on whether adjustments are needed to the implementation plan. The DTI suggests that each iteration of the IPAP takes into account learning from the previous phase.

Further, many ALMPs have evaluation mechanisms which provide feedback about the extent to which outcomes are being realized and explore how this is contributing to impact. The EPWP undertook a review of the first phase of implementation and, on the basis of this, made numerous changes including the introduction of the wage incentive and the non-state sector incentive. Similarly, the CWP has just completed an institutional evaluation and is using this as a basis for making decisions about how most effectively to grow the programme.

The PES undertook an evaluation of its work, supported by the German Development Agency (GIZ), in which it reviewed its systems, capacity and services and compared these to international examples. Based on this learning process, recommendations were made to strengthen the programme.

When implementing the wage subsidy programme, the Treasury contracted researchers from the University of Witwatersrand to undertake a randomized control trial. This enabled them to gather evidence as to whether the programme is enabling young people to access sustainable employment.

The learnerships and apprenticeships have been evaluated through a range of mechanisms and, based on these, decisions were made to extend the options available to individuals. This heralded the introduction of the internship programme which provided opportunities for young people to access workplace experience after completing a particular qualification, such as the National Certificate Vocational (NCV).

At a more macro level, government reviews the extent to which its employment creation targets are on track. A number of such reviews have explored what has taken place and then developed scenarios to indicate the way in which certain decisions will impact on employment creation. Critically, such reviews are undertaken within the cluster and will ultimately be submitted to Cabinet. In addition, the Outcome Facilitator from the DPME will produce a briefing document, which will include an assessment from the DPME on the extent to which the outcome appears to be on track, as well as a comment on where challenges may exist. This is seen to provide a greater sense of objectivity into the process and creates the space for certain obstacles to be tabled at Cabinet so as to enable adjustments to be considered, where required.

In general, though, whilst these initiatives are in place, limited evaluation work has taken place relating to the efficacy with which the various employment policies have been implemented, or the contribution that they have made to employment creation.

The DPME has, however, developed an evaluation policy, the National Evaluation Policy Framework (NEPF), which was approved in November 2011. The policy sets out an approach to establishing a National Evaluation System for South Africa. It attempts to ensure that evaluation is conducted so as to:

- Improve policy or programme performance, by providing feedback to managers;
- Improve accountability for where public spending is going and its impact;
- Improve decision making on what is working or not working; and
- Increase knowledge about what works and what does not with regard to a public policy, plan, programme, or project.

The NEPF focuses on different government interventions including policies, plans, programmes and projects. It envisages evaluation as a process throughout the intervention lifecycle, including prior to development of an intervention (diagnostic evaluation), to confirm the design (design evaluation), to assess progress and how implementation can be improved (implementation evaluation), to assess impact (impact evaluation), and to see the relationship between costs and benefits (economic evaluation).

The NEPF sets the basis for a National Evaluation Plan (NEP): this plan indicates those key interventions that are being implemented by government that will be evaluated through this process. The plan will be updated annually and the interventions that will form part of the plan will be those that are large (in budget or footprint), link closely to the priority outcomes and are strategic or innovative. Interventions that might be evaluated within the plan might also include those that address topics, which are of considerable public interest.

Selection in the Plan means support from Cabinet that the topic is important, that the guidelines and minimum standards being developed for the National Evaluation System must be used (e.g. an improvement plan must be produced), that the evaluation will be made public, and that the DPME will support the department concerned to ensure that the findings are implemented.

However, while the issue of employment creation is one that is being considered for evaluation, there is no agreement yet on the appropriate design or methodologies to enable a review of the economic policies and their impact. This is an area that will be considered in the final section of this study.

## 5 Labour Market Information Systems (LMIS)

It is understood that underpinning these reports there needs to be an effective labour market information system (LMIS). In South Africa there are a number of data systems that provide labour market information. However, these are fragmented and there continues to be a number of questions pertaining to supply and demand.

The table below highlights the availability of data in South Africa compared to other countries in Africa in terms of the 18 Key Indicators of the Labour Market (ILO):

Table 1 Key Labour Market Indicators (ILO):

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Egypt	11	11	10	10	07	...	...	09	10	10	10	...	11	10	07	...	11	08
Morocco	11	11	11	11	11	...	...	...	11	11	...	...	11	11	...	...	11	07
Ethiopia	11	11	05	06	06	04	04	04	06	06	...	...	11	05	...	...	11	04
Malawi	11	11	87	...	83	...	...	...	04	83	...	...	11	09	06	...	11	04
Mauritius	11	11	11	11	11	04	04	09	11	11	...	...	11	10	09	...	...	...
Botswana	11	11	06	06	06	06	06	06	06	06	06	06	11	09	09	...	...	03
Namibia	11	11	08	08	04	97	97	08	08	08	08	08	11	09	...	...	...	03
South Africa	11	11	11	11	11	11	11	10	11	11	11	11	11	11	09	...	11	06

An analysis of the data highlights that much of it can be drawn from a range of surveys produced by Stats SA, such as the Quarterly Labour Force Survey. As indicated previously, this provides policy makers with a coherent picture of growth of the economy and numbers employed. This can then be supported by data from programmes: for example, the DTI collects data relating to the implementation of the IPAP such as the number of jobs created through its interventions (with some concerns around data credibility). The EPWP also has a data system, and government is required to indicate the number of jobs created in order to access the incentives. Similarly, there are detailed records of jobs created through the CWP, which falls under the DCoG. Furthermore, both the ECF and Jobs Fund require reports on the number of jobs created in projects that they support.

In addition to this data, there is also supply data that allows policy makers to assess the extent to which supply (the education and training system) is supporting the change in employment. This data is drawn from the system within the DBE, which focuses on schooling, and the DHET which has data on FET enrolment, throughput and certification (and it is currently putting in place a system to track placements). It also has similar data on higher education and training and this has been supported by a tracer study process implemented by the Human Sciences Research Council (HSRC). In addition, SETAs collect data on occupational programmes which it submits to the South African Qualifications Authority (SAQA) which manages the National Learner Record Database. In the future this data will be collected by the QCTO. The National Artisan Moderating Body has data on artisans in South Africa.

Furthermore, the DoL collects data on the number of vacancies that are registered with them as well as the number of individuals they place (though they indicate that some of this data is more credible than others). They also expect reports on the numbers of jobs created through the IDC as they provide money to the IDC for projects that support job creation.

How this data is used to understand the extent to which the policies and programmes are being implemented effectively is discussed above. ES&S data rely on Stats SA data to understand how far employment policies are achieving their targets. It then relies on specific programme data to understand the contribution made by each. This allows decision makers to understand whether there are any areas where there is a need for an intervention

to enhance the programme. Critically, this is supported by a briefing note that is prepared by the DPME which indicates the extent to which targets contained in the delivery agreement are being met and the challenges which might exist in implementing the different interventions.

There are however some areas where data is limited: for example, while there is data for the numbers trained as part of the learnership programme, the data about the numbers that actually access and/or sustain employment are limited. Similarly, there are a number of job creation programmes where the data on the numbers of jobs actually created are also limited. Improving data relating to the indicators within the delivery agreement is a focus of attention.

## 6 Reflecting on the South African experience: emerging lessons

The South African experience has shown that there has been an ongoing process of learning through implementation. This section focuses on the lessons that have already been taken on board by government, and indicates the changes and initiatives which are underway to address challenges that have been identified thus far. It also considers the lessons to be drawn from this case study and outlines certain tensions that will need to be resolved as implementation continues.

Based on the review processes that have already taken place, changes have been made in the way in which government addresses employment creation.

It was found that, initially, fiscal policy focused almost entirely on ways to reduce the deficit. However, in the last few years there has been a recognition of the need to ensure that fiscal policy can be used to support employment creation – and critically to reduce job losses. This includes both a focus on ensuring increased employment within the public sector and supporting investment that will result in increased levels of employment. However, this is not yet being consistently applied: interviewees indicated that as a result of government not having collected the predicted levels of revenue, it has cut budgets, including those for dedicated employment creation programmes. In addition, this study has also show that government is currently considering whether other macro policies could be used more effectively to support employment creation, as highlighted by one interviewee who pointed out that this possibility is under discussion.

At micro level, there have also been changes made as a result of learning: whilst industrial and sector strategies historically have focused primarily on growth, there is now a greater focus on understanding how the interventions that are supported can take into account the imperative for growth, as well as employment creation. This analysis takes into account the number of jobs that can be created by the actual intervention, and/or in some cases through related upstream or downstream linkages.

A number of ALMPs, such as employment services and public employment programmes, are also being actively supported. These have been expanded in the last five years, building on lessons learnt. For example, Phase 2 of the EPWP includes the need to support the provinces in creating jobs through the wage subsidy. Similarly, the Community Work Programme has taken on board the need for certain programmes to be longer term, and implemented in a manner that offers participants the chance to pursue other opportunities at the same time as earning a guaranteed income.

In addition, there are some cases where challenges exist and plans are being developed to address these, by developing a particular strategy. For example, it is recognized that there is a need to develop a strategy, which is accepted by all relevant parties, with respect to the green economy. This is essential in order to enable government, and other parties involved, to develop a plan with defined responsibilities.

However, in other areas, plans have yet to be developed to fully resolve issues identified as a challenge, and highlighted by interviewees cited in this paper .

One such challenge relates to the varied levels of coordination, planning and implementation of priority interventions to support employment creation. In some cases, it has been shown that the mechanism to address a particular priority is very robust and is being effectively driven by a department, often working with others. In others, however, particularly where multiple departments are involved, despite having defined priorities and mechanisms to drive them, there is insufficient allocation of responsibilities, resulting in activities falling through the cracks. One interviewee stated, though, that this concern has been recognized and revised delivery agreements propose a sub-output to be allocated to a single department to enable the development of an implementation plan.

A further issue highlighted in the paper, is that there are multiple policies and programmes and, whilst government is strongly committed to ensuring that these are aligned, there is no clarity as to what this alignment entails. In some cases the alignment is superficial, i.e. the policies simply mention each other and indicate that they are aligned. For example, strong statements are made about the high level of alignment across the NDP, NGP and IPAP, yet this study has revealed some of the differences that have been raised about these policies. These differences are substantive and they affect the sectors in which jobs may be created, the characteristics of the firms that will drive this growth, the quality of job created by these interventions and the level of skills required. These differences are in the source of increasingly heated debates amongst the actors concerned and a more rigorous understanding of what has been agreed may still be required in order to focus implementation.

Also of concern is that the emphasis on alignment, while important, appears to have led to a situation in which every policy has multiple objectives (to support a variety of policies) rather than focusing on a defined objective, which could complement other work being carried out. This approach leads to the development of a rather blunt instrument, and this requires more careful thought about the way in which alignment is achieved. Whilst there is a growing understanding that the focus must be on employment creation, it continues to be ‘joined up’ with a range of other priorities as well.

There is also the challenge of how to improve levels of accountability, i.e. how one ensures that the myriad of coordinating structures ensure hold particular departments accountable for implementing their agreed responsibilities, and that they do, in fact, lead to the intended outcome. This challenge has been recognized and some progress has been made. The allocation of a sub-output to a single department, as mentioned above, assists both with the development of an implementation plan as well improving the ability of the IF to hold a department to account. Furthermore, the DPME now prepares a reporting brief which is circulated to Cabinet Committee members: this briefing note provides an ‘independent’ assessment of the progress made against the outcome. It also highlights any perceived blockages and makes recommendations as to how these could be addressed. This appears to be helping to create a space where there is more critical engagement about achievements, as well as non-achievements.

However, there are still concerns about the extent to which all departments have bought into, and fully comprehend, the outcomes approach. One interviewee commented that there appears to be a lack of understanding of the outcomes approach within the implementing departments, with the result that they continue to report against activities rather than on what has been achieved through them. However, other evaluations suggest that this is not the case and that there is a growing understanding of the need to monitor performance. However, there are not always the capacity and skills to support reporting in this manner.

There is also still the persistent concern that despite the extent to which there is political will relating to employment creation, this does not extend to ensuring accountability for implementing these strategies. This is exacerbated by the difficulty of knowing, when targets are not reached, who is responsible, and whether this could have been avoided.

### *Complexities of creating the appropriate balance*

This case study has illustrated that, in the South African example, certain challenges have been raised, some of which have already been addressed, others are being addressed (or at least attempts are being made in this regard) and still others persist and still need to be addressed. However, the lesson of this case study is also that there are difficult choices to be made with respect to tackling employment creation which are often at odds with each other.

The case study has highlighted the value of strong political backing for employment creation. This ensures that each department, level of government and agency has determined a strategy for addressing employment creation. However this emphasis contributes to the plethora of structures and actors involved in implementing these varied policies and programmes, which has created multiple coordinating points, making decision making more complex. Moreover, the processes do not always complement each other, and sometimes result in inefficiencies being created. Challenges relating to multiple coordinating points also feed into the concerns around accountability. as poor performance can be explained away by delays linked to coordination. Streamlining these processes is something that needs careful consideration.

Further, whilst it is invaluable to have an extensive range of actors involved in the imperative of employment creation, at the same time, this makes it more difficult to agree on key priorities or actions. For example, a comparison across countries about the objectives of public works programmes, undertaken by the HSRC, found that whilst in many countries public works programmes focused on one or two objectives, in South Africa they sought to address a whole range. This included poverty alleviation, employment creation, skills development, small business development, cooperative development, service delivery, etc. This has since been somewhat streamlined but the challenge of determining priorities remains. This is further illustrated by the comments of interviewees who suggest that whilst there are currently 12 outcomes, it was initially argued that there should be fewer to enable government to focus, and it is now being discussed whether to increase that number to fourteen.

In addition, it is also recognized that where there are multiple actors, there are sometimes competing priorities. One that has particular relevance for the ILO relates to the emphasis that is placed on the need to create employment that can be considered “decent work.” The understanding of what is meant by decent work, and whether this is critical for all employment created, has implications for the sectors which are prioritized in the different policies, and even more so for the strategies to drive growth in these sectors. This debate also has consequences for the extent to which public employment programmes are supported and the conditions of service and wages that should apply. In the South African context this is particularly important in defining how, or whether, the expanded public works programme, should grow. How this debate is resolved could have a negative impact on the numbers of jobs that could be created through this and other similar interventions.

The paper also highlights that accountability is complicated by the reality that most employment creation programmes are not simple, but rather complex, inter-related and inter-dependent programmes. This can explain the fact that growth has been lower than expected in South Africa, and that whilst the number of jobs created has increased, it has not reached the level lost during the global crisis. Furthermore, this has been coupled with an increase in unemployment, as the number of jobs is not keeping pace with new entrants into the labour market. Having said this, employment creation is a complex programme and there are many factors that may affect the achievement of these outcomes and government cannot fully control all of them. This makes it difficult for government to ensure either that all targets are met or that these ensure that the outcomes are realized, making accountability for their achievement even harder.

Furthermore, what this case study highlights is that, whilst it is possible to monitor at a macro level, the number of jobs created and lost and in which industries, it is more difficult to understand the contribution that particular programmes are making, or not making, to this. Programmes such as the EPWP can provide detailed numbers of those involved in the programme but cannot indicate how many of those jobs would have been created without the intervention having taken place. Similarly, while programmes such as the wage incentive programme and other placement programmes can report the numbers of young people who use the incentive and access employment, there is still limited data on the extent to which this employment is sustained and whether this is impacting on the hiring

practices of companies. This is even more complicated in programmes such as the incentives utilized by the DTI such as business processes services. In many of these initiatives it is difficult to calculate the number of jobs saved and/or created as a result and the DTI is only beginning to examine how to determine upstream and downstream jobs created.

Notwithstanding these complexities, this case study also highlights the extent to which setting targets, and creating mechanisms to monitor them, ensures that it is possible to take stock of progress and to create the space for the actors involved to reflect on which factors either enable or hinder this progress. Critically, the monitoring of targets ensures that people focus their minds on job creation and on ways to accelerate efforts.



## 7 Conclusion

This study has demonstrated that, in South Africa, government and other actors, place particularly strong emphasis on employment creation. It also highlights the mechanisms that have been put in place to ensure that there are agreed targets and associated implementation plans coupled with monitoring and reporting processes. These ensure that there is agreement as to what is to be achieved, and that there is a constant focus on determining the progress that has been made. It also ensures that these priorities are constantly on the political agenda, including at Cabinet level.

However, the case study also points to the challenges associated with making employment creation the centre of all policies, as this can, somewhat ironically, lead to a failure to prioritize and act decisively. Critically, it was found that the multiplicity of structures, policies and processes can impact adversely on levels of accountability.

The case study highlights the opportunity for learning, illustrating where changes have already taken place and where there are areas that require further work. It recognizes, that no one policy or intervention provides the magic bullet for creating employment, hence there will be a continued need for the multiplicity of policies, structures and the like. However, and this could emerge from current processes, there is a need to tighten up the cluster system and ensure that the Implementation Forum is driven by the economic departments and that the space created, through the Department for Performance Management and Evaluation briefing notes, ensures that more targeted commitment to progress is maintained and strengthened. The respective roles played by other to drive policies that support employment, create direct employment and, as is the case with Department of Labour, to ensure that these are decent jobs ,would then remain critical within this more streamlined arrangement.

Finally, ways of understanding the contribution that these different policies and programmes, as well as the institutional mechanisms, are making to the achievement of the intended impact should be explored, so as to feed into a process of refining them over time and ensure that, even if full employment is not achieved, positive progress towards that goal is being made.



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## Annex 1: Case Studies

Two case studies were identified, the Expanded Public Works Programme (EPWP) and Business Process Services (BPS), to illustrate how targets are set and then how programmes are financed, implemented and monitored.

### Case Study 1: Setting targets for the Expanded Public Works Programme (EPWP)

The Expanded Public Works Programme (EPWP) is a nationwide government-led initiative aimed at drawing a significant number of unemployed South Africans into productive work in a way that will enable them to gain skills and increase their capacity to earn income. The initiative is coordinated by the Department of Public Works (DPW) and is implemented by government departments and through civil society institutions.

The EPWP commenced in the 2004/05 financial year and targets were set for a five-year period ending on 31 March 2009. The DPW, as the lead department for the EPWP, initiated a process to extend the implementation timeframe of the EPWP by a further five years. The second phase of the EPWP significantly increased the targets for job creation, based on the findings of the Mid-Term Review in 2008, the achievements of the first phase, and the introduction of the EPWP wage incentive.

#### How targets have been determined

In 2003, when the first phase of the EPWP was being planned, an extensive consultation process was held with government agencies and other stakeholders. The EPWP is based on the following principles:

- Existing line department budgets should be used to create work opportunities for South Africa's unemployed.
- Only by creating large public employment interventions will the South African Government be able to make an impact on the problems associated with structural unemployment and poverty.
- The programme built on the recommendation of the Growth and Development Summit that such an initiative "can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities."<sup>26</sup>

The consultations focused on identifying which government programmes, and their associated budgets, lent themselves to the EPWP principles. The table below shows the original targets for the programme, set out in the first Logical Framework Analysis for the EPWP in 2004<sup>27</sup>.

Infrastructure targets were based on an assumption that if government departments applied labour-intensive engineering standards to appropriate projects, they could create additional employment. Environment targets were based on the performance of the large poverty alleviation programmes, such as the Working for Water Programme, already being run by national departments.

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<sup>26</sup> From a presentation by Stanley Henderson to the South African Monitoring and Evaluation Association (SAMEA).

<sup>27</sup> Logical Framework for the first phase of the EPWP: [http://www.epwp.gov.za/index.asp?c=Downloads#Logical Frameworks](http://www.epwp.gov.za/index.asp?c=Downloads#LogicalFrameworks)

Social sector targets were set on the basis that *if* the line departments allocated funds to increase the provision of home-based community care and early childhood development activities to meet the level of identified need, substantial work opportunities could be provided.

Economic sector targets were based on the assumption that SMME activity could be created through delivery of government programmes.

Outputs	Sector outputs	OVI	MOV	Assumptions/ Risks
1. Participants acquire work and income opportunities	<b>1.1</b> 750,000 unemployed acquire temporary work & income in the infrastructure sector EPWP between 2004/5 and 2008/9.	Number of job opportunities disaggregated by youth status, women and people with disability. Person years of work Average income of EPWP worker	Audited departmental M&E records EPWP records	Provinces and municipalities have the capacity, competence and commitment to manage labour-intensive contracts Private firms respond to labour-intensive contracts M&E systems developed implemented by all departments Internal audit capacity in place
	<b>1.2</b> 200,000 unemployed acquire temporary work & income in the environmental sector EPWP between 2004/5 and 2008/9.	Number (disaggregated) of job opportunities Person years of work Average income of EPWP worker	Audited departmental M&E records EPWP records	Government levels have the capacity, competence and commitment to deliver. Additional funding secured in the next MTEF cycle for the expansion of the programme. M&E systems developed implemented by all departments Internal audit capacity in place
	<b>1.3</b> 150 000 unemployed acquire temporary work & income in the social sector EPWP between 2004/5 and 2008/9.	Number (disaggregated) of job opportunities Person years of work Average income of EPWP worker	Audited departmental M&E records EPWP records	Additional funding secured from 2005 for the planned expansion of the programme Government levels, NGOs and CBOs have the capacity, competence & commitment to deliver. M&E systems developed implemented by all departments Internal audit capacity in place
	<b>1.4</b> 12 000 unemployed acquire temporary work & income opportunities in the economic sector EPWP between 2004/5 and 2008/9.	Number (disaggregated) of job opportunities Person years of work Average income of EPWP worker	Audited departmental M&E records EPWP records	Government levels have the capacity, competence and commitment to deliver M&E systems developed implemented by all departments

In addition to setting the sector targets, the EPWP targets were then broken down to national, provincial and local government level. Achievement of targets was measured by requiring all government departments participating in the programme to complete quarterly reports. These reports were then consolidated and the EPWP Unit published a quarterly performance report showing performance by government level, sector and department. The reports also required all departments to report their compliance with the training targets, i.e. that each beneficiary obtained two days of training for every twenty days of work. A “job” was measured as a “contract of work with a person” regardless of the duration of the contract.

In the early stages of the EPWP most public bodies were confused by the principle “use existing funds” and had expected additional funds to be made available for new programmes. The EPWP deployed a team of technical personnel to help each Province to identify the portfolio of current projects or programmes which could be used as the basis of EPWP reporting.

## EPWP Phase Two

In 2008 the EPWP Unit commissioned a mid-term review to guide their planning and development of the programme over the next five years. In 2009 the second phase of the EPWP (2009-2014) commenced.

Targets for the second phase continued to be sector based, but drew on lessons from the first phase of the project. One of these lessons was that where budget based formulas could be used to set targets: for example, 40% of municipal infrastructure grants (MIG) could be allocated to labour intensive technology and thus a formula based on the amount of MIG funding in each municipality could give a rough estimate of the number of jobs the municipality would be expected to create. Thus, it was easier for officials to both own and take responsibility for achieving the targets.

A second lesson was that public bodies are more likely to support the EPWP target if they are able to access dedicated funds for the purpose. Thus the EPWP wage incentive was introduced. The incentive of R50 per person per work day could be claimed by public bodies who had achieved their targets in the previous quarter.

A third lesson was that the biggest constraint to large-scale implementation of EPWP initiatives was the capacity of the public sector. Therefore, the non-state sector was brought in. This included two programmes that were to be piloted and scaled up: the Community Work Programme and the NGO Programme.

The targets for the second phase of the EPWP were expressed in two ways:

- **Work Opportunities:** This would continue to mean the number of people engaged in contracted pieces of work, regardless of length.
- **Full Time Equivalent (FTE):** 230 days of work, regardless of who performed the work.

The importance of the FTE target was that it would allow the EPWP to measure the economic impact of the programme.

The second phase of the programme increased the targets from the approximately 1.1 million work opportunities in the first phase to 4.5 million work opportunities, as shown in the following table<sup>28</sup>.

Year	Full time equivalent jobs	Short and ongoing work opportunities
Year 1: 2009/10	210,000	500,000
Year 2: 2010/11	260,000	600,000
Year 3: 2011/12	360,000	850,000
Year 4: 2012/13	500,000	1,200,000
Year 5: 2013/14	680,000	1,500,000
Total	2,000,000	4,500,000

<sup>28</sup> From EPWP Second Phase: Target. Internal document of EPWP Unit 26 January 2009

## Case Study 2: Business Process Services (BPS)

Business Process Services BPS (or more specifically the global outsourcing and off-shore sector) was identified in around 2004/2005 as a sector to both create jobs and to attract foreign direct investment (FDI). This emerged out of a study commissioned by the Business Trust (BT) and the Department of Trade and Industry (DTI) which found that South Africa was ideally placed to take advantage of the opportunities offered by global developments in this sector. It was argued that there were a large number of jobs up for the taking in promoting offshore companies. At the time, it was estimated that in the region of 100,000 jobs (25,000 direct and 75,000 indirect) could be created while attracting up to one billion Rand in cumulative FDI in the following three years. This was, however, based on the provision of the requisite support to both encourage such investment and to assist the sector once established. In addition, the sector was identified as one of those sectors that the private sector could work in partnership with government through the BT.

Hence, by the time of the unveiling of the Government's Accelerated and Shared Growth Initiative for South Africa (ASGISA) during the first quarter of 2006, the sector was identified as one of a number which should receive priority. Following this, the parties commissioned the drafting of a customized sector programme (CSP) which was released later that year.

The CSP identified five strategic objectives which would drive the BPS initiative as follows:

- *Supporting the effective marketing of South Africa as a competitive business process outsourcing location:* This would be achieved through the marketing of the country through both the national and provincial investment promotion agencies. As part of this process, key markets, especially English speaking countries such as the UK, US and Australia, were targeted as part of an overall marketing strategy. Currently, the largest market is the UK, followed by the US although recent analysis suggests that Australia is overtaking the US as the second major investor in this area.
- *The development and deepening of a pool of internationally competitive talent:* This would be achieved through training and skills development and this saw the birth of a cross sector skills plan which gave rise to the Monyetla Work Readiness Programme. This programme is open to both offshore and domestic companies which can submit proposals to train unemployed people but with a proviso that they need to commit to employ at least 70% of those trained. A pilot was started in 2008 and to date over 4,500 unemployed have been trained and about 75% of those have been employed.
- *The creation of an enabling environment of incentives and infrastructure to support the sector:* The incentive programme was started in 2006 and will be outlined in more detail below.
- *The control of the quality of the South African offering:* This would be achieved through the development of industry standards approved by the South African Bureau of Standards (SABS). To date, there have been three areas of development of standards: back office processing operations, front office processing operations and human resources.
- *The development of an industry body capable of mobilising and representing the industry:* The DTI and the BT together help mobilize the industry to set up an industry association which has been formed and is called the Business Process Enabling South Africa (BPeSA). When the process began, there was an existing industry association for call centres, the South African Call Centre Community (SACCCOM) but this has evolved to form the new association which is now up and running.



## **How the incentives work**

Initially the incentives, only for foreign based companies servicing offshore clients, were for business process outsourcing (BPO) but this has been revised for BPS. The incentive is provided over a three-year period with the bulk of the incentive granted in the second year. Companies are required to submit a three-year business plan and they can start claiming the incentive once they have employed ten people. The value of the incentive is based on the year in which a company applies. For example, in the year 2011-12, the incentive was R112,000 over a three-year period per person employed but has now been slightly scaled down. The incentive, when developed, was initially capital expenditure based but now it is open based and the new incentive which has just come into effect grants companies a bonus incentive if they have sustained jobs for three years. The Industrial Development Division of the DTI, which manages the BPS, is also looking to get approval from cabinet to extend the incentive from three to five years.

Aside from the incentive for foreign companies, there is a skills development incentive available to both offshore and domestic companies which can be accessed to deepen the talent pool to cater for increased demand. This incentive is provided for under the Monyetla programme and is provided in one-off tranches.

## **Setting of targets**

At the start of this programme, initial targets were set based on the original research, which took into account the global environment at the time prior to the global financial crisis. The initial target for the first cycle of incentives (three-year period) was 25,000 jobs. Currently, however, targets are set based on the MTEF allocation. In total, over 11,000 jobs have been incentivized.

## **Reporting on figures**

In terms of this programme, which falls under the Industrial Policy Action Plan (IPAP), there are two key action plans (KAP) on which the division has to report: the rollout of the incentive programme, and skills development in the BPS sector. The division reports on its KAPs every month, as the Department is required to report on IPAP to the minister on a monthly basis. In addition, the programme reports on quarterly milestones in terms of skills development. However, the incentives are ongoing so quarterly figures are not reported.

Through the Office of the Director General, the DTI reports to the Presidency on its Outcome 4 commitments, and this, in turn, is reported to the economic cluster through the Implementation Forum (IF).

The Department also reports to the Employment Creation Fund which is administered by the DTI in the Office of the Director General.

## **Monitoring and evaluation**

There is a BPS steering committee which meets quarterly. It consists of the senior management of the division which manages the programme, monitors developments and prepares reports. Secondly, there are monthly technical committees for the various work streams, such as marketing, skills development and incentives, which meet and report on progress to the steering committee.

The Monyetla work readiness element is evaluated by external parties on an annual basis, while the incentive side of the programme is the subject of both internal and external evaluations.

In terms of the overall programme, the presidency identified eight programmes which should be evaluated and the BPS incentive was one of the eight targeted. The evaluation was conducted by an external company and will be presented to the DTI Executive Board, to be followed by a management response, before being presented to the Cabinet.

## **Funding**

There are multiple sources of funding with the tax measures being the main one with respect to the job component of the incentive scheme. The sources of funding for the skills development incentive include the Jobs Fund and the National Skills Fund (NSF).

## **Coordination**

In view of the way the incentive is structured in relation to talent development, it requires the Department to interact with the Department for Higher Education and Training (DHET) in relation to the NSF and with the Development Bank of Southern Africa (DBSA) for the Jobs Fund.

With respect to the role of the provinces, there is a provincial BPS coordinators' forum where all those responsible for the sector meet twice a year to review the strategic objectives and share experiences. In addition, a General Managers' forum coordinated by Trade and Investment SA (TISA) which coordinates marketing and works with the provincial investment promotion agencies.

## **Conclusion**

Although this initiative has created some jobs, it has not been to the extent anticipated. This, alongside the results of other incentive programmes, has contributed to the current debate as to whether such interventions are, in fact, designed only for job creation. In this instance, it was about both jobs and FDI. The DTI's own analysis acknowledges that companies in other destinations, with one or two examples in South Africa, follow the incentives. When the incentive ends, they move on to another destination. This could possibly be one of the justifications for wanting to extend the incentive from three to five years.

## **Annex 2: Employment mandates of key departments**

### **Presidency**

The Presidency has multiple responsibilities with respect to employment creation. Critically, the National Planning Commission (NPC) is part of the Presidency as well as the Department of Performance Management and Evaluation (DPME).

The Government established the DPME within the Presidency in 2010 as part of its “commitment to ensure that our performance makes meaningful impact on the lives of our people.”<sup>29</sup> The DPME is responsible for setting a framework for the implementation of the 12 Outcomes, identified as priorities by government.

The Department’s work is organized around three core goals: to advance the strategic agenda of government through the development and implementation of the delivery agreements for the outcomes, monitoring and reporting on progress and evaluating impact; to promote monitoring and evaluation practice through a coordinated policy platform, quality capacity building and credible data systems; and to monitor the quality of management practices in departments and the quality of front line service delivery. Critically this department is responsible for supporting the processes related to planning and monitoring Outcome 4. As part of this, the Programme of Action (POA) system monitors progress of the delivery agreements. It is supposed to track and reports on the key aspects through indicators and targets for the outputs, sub-outputs and in some cases, activities.

### **Key Departments: Signatories to Outcome 4**

#### **Economic Development Department (EDD)**

The Department’s mandate is to promote economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all South Africans. A key element of this is that the Department has taken on responsibilities relating to the creation of decent work through inclusive economic growth (Outcome 4), including the implementation of the New Growth Path (NGP), which provides a policy package to facilitate employment creation.

The Department is also responsible for a number of public entities, which are important in terms of employment. These include, amongst others, the Industrial Development Corporation (IDC) and the Small Enterprise Finance Agency (SEFA). The IDC is a national development finance institution which seeks to lead industrial capacity development. Through its support of the NGP and the IPAP, the Corporation aims to facilitate the creation of sustainable employment opportunities. To meet this objective, it has funded initiatives in manufacturing, green industries, mining and minerals beneficiation, and agro-processing and forestry value chain in support of the industrialization efforts of the country. The SEFA, a wholly-owned subsidiary of the IDC, was set up in April 2012. It focuses on SMME development by increasing access to and provision of finance to SMMEs to contribute to job creation. The operations of Khula Enterprise Finance, the South African Micro-Finance Apex Fund (SAMAF) and the IDC’s small business operations, as well as the Competition Tribunal and the International Trade Administration Commission (ITAC) all fall under its umbrella.

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<sup>29</sup> [www.thepresidency-dpme.gov.za](http://www.thepresidency-dpme.gov.za)

As part of seeking to fulfil its mandate in relation to employment, the Department's strategic goals include the implementation of the NGP which prioritizes support for employment creation in key infrastructure sectors; promoting and enhancing the development of economic policy by working alongside other departments to ensure better employment outcomes; and further promoting social dialogue and the implementation of the accords including the basic education accord, the national skills accord, the local procurement accord and the green economy accord.

The Department's NGP provides concrete programmes for growth, employment creation and equity in line with the Government's commitment to prioritize employment creation in its economic policies. The NGP sets the Department the principal target of creating five million jobs over the next 10 years by identifying strategies that will enable South Africa to grow in a more equitable and inclusive manner while achieving the developmental agenda. Central to this is a massive investment in infrastructure as a critical driver of jobs across the economy and enhancing its supporting role in Outcome 6. Jobs will be created through a series of partnerships between the Government and the private sector. In terms of the green economy, the Department aims to engage with government and non-governmental stakeholders to maximize the job creation potential of green economic activities.

Another key element of the Departments' work in relation to employment is promoting sector and workplace social dialogue in the form of social pacts that could address the challenges around growth and development, job creation and retention, and productivity and innovation.

## **Department of Trade and industry (DTI)**

The Department's mandate includes, amongst others, to lead and facilitate access to sustainable economic activity and employment through the understanding of the economy, knowledge of economic opportunities and potential, and anticipation of future economic trends.

A number of the Departments' programmes focus on promoting employment, such as broadening participation in the economy by developing policies and strategies that create an enabling environment for small, medium-sized and micro enterprises, and enhance the competitiveness of local and provincial economies to achieve equity, growth and job creation. In this regard it is not only about Broad-Based Black Economic Empowerment (B-BBEE) but also about the development and growth of SMMEs. This is where the Small Enterprise Development Agency (SEDA) plays a role in providing non-financial business development and support services to small business. Its role is complemented by SEFA (which falls under the responsibility of the EDD) which provides financial support in response to the challenge of access to finance for start-up and expansion by small businesses. In this way, it seeks to make a positive contribution to achieving the goals of Outcome 4.

The Department is also supposed to be developing a programme around industrial development which seeks to design and implement policies, strategies and programmes to develop the manufacturing and related sectors of the economy. Critically in this regard, it is responsible for the implementation of the Industrial Policy Action Plan (IPAP), and finally, to contribute to the creation of decent jobs, add value to manufactured products and enhance competitiveness in the domestic and export markets.

## **National Treasury**

The National Treasury's mandate is to ensure transparency, accountability and sound financial controls in the management of the country's public finances, and hence seeks, amongst others, to promote the national government's fiscal policy and coordination of its macroeconomic policy. In terms of its focus on employment, the Treasury aims to promote a macroeconomic environment in which the financial system provides both economic stability and growth. Key to this is high levels of investment which will involve partnerships with the private sector, and economic policies that encourage investor confidence by minimizing shocks to the economy and ensuring relative stability of prices, interest and exchange rates.

The Treasury recognizes that the development of infrastructure is critical for economic growth and employment. It therefore provides grants to sustainable infrastructure development projects. Several initiatives, including the neighbourhood development partnership programme, the recently introduced cities support programme and the infrastructure development improvement programme exist for these purposes. The neighbourhood development partnership grant has committed funds to projects with the aim of attracting added investments from the private sector to sustainably improve township infrastructure and capacity for economic growth. The neighbourhood development partnership programme aims to eradicate spatial inequality by the creation of habitable, sustainable, resilient, efficient and integrated human settlements. This is achieved through the funding of programme and project planning activities, and infrastructure projects. Programme planning and project prioritization are aimed at optimizing third party investments by other public sector departments, public entities and the private sector. The Neighbourhood Development Partnership also facilitates the employment of local labour and supports the EPWP in local government. The projects funded support a wide range of public infrastructure development, such as public transport facilities, roads, small and medium enterprises and community facilities, and public spaces and landscaping. The projects are located within prioritised strategic nodes in townships and the transport linkages that connect these nodes to other strategic locations within and outside of townships.

The Treasury also established a nine billion rand Jobs Fund to facilitate sustainable job creation on a large scale. This fund is a co-financing initiative whereby government will match funds spent by project owners on projects approved by the Fund. During the last financial year, the Fund was supposed to have been supporting 66 projects but only 22 have been implemented, creating 2,209 jobs and 295 new short-term jobs.

## **Department of Rural Development**

The Departments' mandate is twofold: to focus on land restitution as well as act as a catalyst in rural development that ensures sustainable rural livelihoods, decent work and continued social and economic advancement for all South Africans. Specific commitments made by the Department in terms of Outcome 4 include the following:

- to develop and implement policy interventions to support the development of vibrant rural economies, which should include a focus on supporting the development of labour-intensive sectors in rural areas such as the building of roads and bridges to provide economic and income generating opportunities.
- to implement the Comprehensive Rural Development Programme in distressed regions to alleviate poverty and provide employment opportunities.
- to participate in a multi-pronged strategy to deal with reducing youth unemployment in rural areas through interventions such as the National Rural Youth Services Corps and other forms of public employment; conducting an assessment of the potential

youth wage subsidy, including a pilot scheme; improve public employment services available to youth to aid matching of skills, job search, career guidance and counselling, skills development and job placement. The National Rural Youth Services Corps is responsible for training rural youth in a variety of skills such as building and farming, or skills to match the needs of the identified 23 district wards or communities from which they are recruited. Funding for this training is also derived from the National Skills Fund (NSF).

## **Department of Science and Technology**

The Department's mandate is to make science and technology a driving force in enhancing productivity, economic growth and socioeconomic development.

In seeking to meet its commitments in terms of Outcome 4, the following activities linked to employment creation form part of the department's plans:

- Support for small businesses and co-operatives by ensuring a 10 per cent annual increase in the number of small and medium-sized enterprises receiving technology support through the Technology Stations Programme (TSP). In addition, to use large-scale public procurement to support local companies.
- Piloting of a minimum of 4 novel technology-based interventions which have the potential to create long-term sustainable job opportunities, particularly in rural communities.
- Exploring research and development-led industrial development opportunities including the development of a titanium industry, growing the space industry, bio-composites, fuel cells, civilian unmanned aerial systems, and electronics industries.
- Support for key partner departments in building the stronger research, development, innovation, and technology transfer capabilities required to maintain and grow key labour-absorbing sectors of the economy, including agriculture, aquaculture, forestry, minerals processing, and post-harvest beneficiation and exports.

## **Department of Public Works**

This Department's mandate ranges from providing and managing the accommodation, housing, land and infrastructure needs of national departments to promoting growth, transformation and job creation in the construction and property industries as well as leading and directing the implementation of the EPWP.

In relation to employment, the Department seeks to promote an enabling environment for the creation of both short and sustainable work opportunities, to contribute to the national goal of job creation and poverty alleviation through the EPWP. As a result, one of its performance indicators is EPWP work opportunities.

Other activities in relation to employment, as highlighted in Outcome 4, involve ensuring an alignment of provincial and local strategies to the growth path framework; support initiatives to improve the integration of the second economy into the first economy; various interventions to reduce youth unemployment including working with other departments to monitor youth employment services.

The Department's other job creation programmes include the young professionals programme, the internship programme and the learnership programme for graduates from sectors relevant to its core business, and the resuscitation of regional workshops through the artisan training programme.

## Department of Labour

The Department seeks to play a significant role in reducing unemployment, poverty and inequality by pursuing the objectives of full and productive employment and decent work for all including: employment creation and enterprise development; standards and rights at work including equality of opportunities; social protection; and social dialogue.

To meet its commitments in terms of Outcome 4, the Department is implementing a Decent Work Country Programme (DWCP) with the support of the ILO. The Programme has worked with the EDD and DPME to develop a monitoring tool, a dynamic social accounting matrix, that will contribute towards evaluating government effectiveness in job creation programmes. The DWCP also provided technical support to the DTI to support the drafting of a national informal business strategic framework.

In addition, the Department is rebuilding the public employment services (PES) programme<sup>30</sup> for the effective facilitation of employment. The PES programme aims to contribute to facilitating an increase in employment through its employer and work seeker services<sup>31</sup>. The objectives of the PES are to:

- Reduce unemployment by registering and placing unemployed people in decent work by increasing the number of registered jobseekers matched and placed; increase the percentage of registered work seekers equipped with skills to secure employment through employment counselling interventions and protect vulnerable jobseekers through the regulation of private employment agencies.
- Increase the number of people employed with disabilities by improving and upgrading the sheltered employment factories (protected employment factories) and transforming them into viable and sustainable businesses; and
- Protect employment by providing financial support to Productivity South Africa (Productivity SA) to promote increased productivity, competitiveness and social plan interventions on an ongoing basis.

Critically, the Department is also contributing to decent employment creation by helping to improve working conditions, health and safety, employment conditions and productivity in the workplace; strengthening the labour inspectorate; restructuring sheltered employment factories; strengthening its institutional capacity to improve the quality of its service delivery and increase access to its services; and implementing the revised labour legislation that aims for labour market flexibility which balances enterprise competitiveness with decent employment. In terms of the proposed amendments to labour legislation, which are currently before the Portfolio Committee on Labour in the National Assembly, the Department has sought to contribute towards both flexibility (especially in relation to small business) and decent work. However, this is in theory, and the country has yet to see the impact of these amendments, which include measures to regulate labour brokers, taking into account small business and start-ups.

The Department also oversees a number of public entities which contribute towards employment creation, including the following:

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<sup>30</sup> A Public Employment Services Bill is currently before Parliament

<sup>31</sup> The work currently involves: registering vacancies, disseminating scarce skills information, addressing issues relating to immigrant corporate and work permits, tracking the numbers of migrating skilled South Africans, overseeing the placements of jobseekers, responding to companies in distress, facilitating a social plan aimed at companies in distress and regulating private employment agencies.

- The Unemployment Insurance Fund (UIF), whose mandate is to contribute to the alleviation of poverty by providing effective short term unemployment insurance to all workers who qualify for unemployment and related benefits. The Fund is financed by contributions from employees and employers. In addition, it contributes to government initiatives to create and sustain decent employment, which includes investing in socially responsible investments. For example, substantial amounts are invested in the IDC whose role is to support employment maximizing initiatives.
- Productivity SA's mandate is to promote improvements in workplace productivity, competitiveness and social plans and hence contribute to the country's socioeconomic development. The organization aims to improve the productive capacity of the economy through interventions that encourage social dialogue and collaboration between partners. Its strategic goals are to help prevent job losses by implementing the Turnaround Solutions Programme in companies facing financial distress. During the 2008 global financial crisis, Productivity SA together with the Commission for Conciliation, Mediation and Arbitration (CCMA) began working together to assist companies in distress and to prevent job losses.
- The CCMA's mandate is to deal with workplace disputes as effectively and efficiently as possible. However, one of its strategic goals is to facilitate social dialogue and economic development relating to labour market issues identified locally and internationally. In the wake of the 2008 global financial crisis, and the signing of the National Framework Agreement (NFA), the CCMA sought to act decisively to deal with job insecurity and to save jobs. It began to coordinate its response and worked together, for the first time, with other institutions such as ProductivitySA and the IDC. This coordinated response saw the interplay between labour market institutions and those set up to drive the country's industrial policy. In addition, the NFA kick-started the Training Layoff Scheme (TLS) which could be accessed via the CCMA or Sector Education and Training Authorities (SETAs) but the CCMA became the institution responsible for implementation. The TLS provides that for a period of three months workers could receive training provided by a SETA and during that time the company would only have to pay the basic social package (among others, pension contributions). Employees would remain in employment and in addition, receive half their wages up to a maximum of R6,239 per month. An employer, trade union or employee could request the CCMA to facilitate the conclusion of a training layoff agreement; alternatively the parties could independently conclude such an agreement and submit it to the CCMA for confirmation that it complies with the agreed rules and procedures. In order to meet its new obligations, the CCMA established a dedicated project office to manage these interventions, as well as beginning to work with ProductivitySA, the IDC and the UIF, SETAs, Employment Services and the National Youth Development Agency (NYDA). In addition, the CCMA enhanced its internal capacity and business processes through additional training of commissioners and the appointment of a panel of commissioners to deal with retrenchments in each region.
- The National Economic Development and Labour Council (NEDLAC) is mandated to promote economic growth and social equity by getting organized labour, organized business and government to work as a collective. Whilst NEDLAC's work programme is determined by the Government's legislative and policy programme, as well as issues tabled by its constituents, its goal is to promote economic growth, social equity and decent work. Under the NEDLAC Act, one of the first pieces of legislation promulgated by the new government post 1994, outlines the institution's core functions and its role in terms of the overall policy making process as well as its oversight functions. The institution role is to:
  - strive to promote the goals of economic growth, participation in economic decision-making and social equity;
  - seek to reach consensus and conclude agreements on matters pertaining to social and economic policy;



- consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament;
- consider all significant changes to social and economic policy before it is implemented or introduced in Parliament; and
- encourage and promote the formulation of co-ordinated policy on social and economic matters.

Its oversight responsibilities involve surveying and analysing social and economic affairs; keeping abreast of international developments in social and economic policy; continually evaluating the effectiveness of legislation and policy affecting social and economic policy; conducting research into social and economic policy; and working closely with departments of State, statutory bodies, programmes and other forums and non-governmental agencies engaged in the formulation and the implementation of social and economic policy.

Whilst this is laid down in the Act, NEDLAC should also play a monitoring role in terms of developments in the employment sphere, as well as in relation to the various accords that have been entered into, some of which are highlighted below, as they have an impact on employment creation. However, over time this role has become less clear and there are currently discussions underway between NEDLAC and the EDD to clarify that role and make it more grounded in partnerships. This will require not only a renewed commitment by the social partners to work together but also to ensure they are held more accountable in terms of agreements entered into.

## **Department of Higher Education and Training**

The Department's mandate is to develop and support a quality higher and vocational education sector, promote access to higher and vocational education and provide skills development training opportunities. As part of this, the Department is responsible for the National Skills Agency, the Quality Council for Trades and Occupations (QCTO), and the regulation of apprenticeships, learnerships and other matters relating to skills development.

In order to meet its strategic goals and commitments made in terms of Outcome 4, the Department has a number of programmes in place. It is responsible for the country's human resource development strategy (HRDS-SA). It also ensures that policies are in place to support systems of vocational and continuing education and training as well as to promote the National Skills Development Strategy (NSDS III) currently in place.

In addition, the Department states that it will seek to deal with youth unemployment by trying to increase the skills set and employability of unemployed youth. This will also include improving the capacity of FET Colleges, which forms part of Outcome 5, as well as improving training and skills services in public employment schemes. The Department will work with other departments to strengthen the development of the National System of Innovation and will support interventions to strength R&D funding and increase human capital to support growth in the knowledge economy.

Finally, in terms of the EPWP, the Department will assist with developing training opportunities for the various sectors targeted.

## **Department of Agriculture, Forestry and Fisheries**

The Department's mandate is to address production and consumption in the agriculture, forestry and fisheries sectors.

Its focus on employment, is in line with the NDP and IPAP, which identifies agriculture as one of the key job creating sectors, with the potential to create job opportunities for 300,000 households in agricultural smallholder schemes and 145,000 jobs in agro-processing by 2020. The sector also has the potential to improve the living conditions of 660,000 farm workers. In pursuance of this objective, the Department aims to continue developing and implementing various strategies that support labour-intensive industries, especially in rural areas and small towns, in order to increase the participation of agricultural communities in the country's economy. These strategies include the Working for Fisheries Programme, through which the Department aims to facilitate the creation of 3,920 job opportunities in coastal and rural communities by 2015/16.

As part of the Department's commitment to the development and sustainable use of the country's marine resources, it manages the Marine Living Resources Fund. The Fund's strategic priorities include, among others, meeting the objectives of Outcome 4.

In terms of its land reform agenda, the Department has a comprehensive agriculture support programme which provides post-settlement support to targeted land reform beneficiaries. In addition, the Department intends to implement various strategies to improve production efficiency for smallholder farmers.

The Department is also seeking to facilitate the creation of 105,000 jobs opportunities in forestry, through the LandCare programme and state forest land management over the medium term. The LandCare programme is about the rehabilitation of flood damaged infrastructure, and preventing and mitigating disaster risks. As part of the transformation of the sector, it also aims to ensure the implementation of the Forestry Sector Transformation Charter, which it is hoped will lead to the creation of 12,000 jobs through the refurbishment of certain categories of plantations through the EPWP.

## **Department of Mineral Resources**

The Department's mandate is to promote and regulate the minerals and mining sector for transformation, growth and development as well as to ensure that all South Africans derive sustainable benefits from the country's mineral wealth.

Despite the contraction of the industry in the past, some estimate that the industry could create a further 100,000 direct jobs, and 300,000 indirect jobs by 2030. In order to meet its commitments under Outcome 4, the Department will look at policy interventions aimed at supporting the growth of the sector by ensuring increased domestic beneficiation of commodities to increase employment and investment growth. In addition, it will explore how it can improve the alignment of the mining charter requirements to stimulate development in local communities.

The Department has identified a number of programmes focusing on promoting job creation: this includes the development of SMMEs and is supporting 201 such enterprises and local development projects. Other programmes include the need to promote investment in the industry, both locally and internationally, so it can grow and create sustainable jobs throughout the mining value chain. In addition, it also promotes small-scale mining through subsidies managed by the IDC.

The Department is also responsible for a number of public entities such as the Council for Geoscience, Council for Mineral Technology and South African Diamond and Precious Metals Regulator whose mandates include alleviating poverty and creating jobs.

## **Department of Communications**

The Department is responsible for developing information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans. As part of meeting its strategic objectives and commitments under Outcome 4, the Department has committed to involvement in ‘engagements that result in e-skills development initiatives for young South Africans and employment creation projects.’<sup>32</sup>

To assist with the implementation of the IPAP, the Department will investigate the possibility of introducing telecommunications developmental pricing to support the growth of business process services. In addition, it has committed to finalizing the Set Top Box Manufacturing Sector Development Strategy to ensure that maximum benefits flow to local manufacturers and that procurement stimulates local industrial development in the electronics industry.

Finally, the Department will contribute towards a review of the telecommunication cost structure with a view to reducing costs. Linked to this and the commitments made in Outcome 6, the Department will look at the cost of broadband and its impact on the low broadband penetration and usage and how this impacts on the urban-rural divide, to ensure that ICT is competitively priced so as to meet the needs of the economy. This will be achieved through the establishment of the Broadband Intergovernmental Implementation Committee to coordinate initiatives in this regard, possibly including a review of existing policies.

## **Department of Tourism**

The Department’s mandate is to promote and support the growth and development of an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities which include the potential to contribute significantly to economic development and employment.

The tourism sector has set a target of creating 225,000 jobs by 2020. In terms of its commitments under Outcome 4, the Department will develop and implement interventions to improve employment in the tourism sector as well as finalize the National Tourism Sector Strategy which is aimed at accelerating growth and increase employment in the sector. The Department has explored potential employment opportunities by implementing tourism projects through the EPWP. Examples include: labour-intensive tourism projects targeting unemployed youth, women, and people with disabilities; and creating 1,673 full time equivalent jobs through the EPWP social responsibility component, contributing to job creation, poverty alleviation, tourism sector transformation and economic empowerment. To drive more inclusive participation in the sector, the Department has conducted training and skills development amongst SMME’s, organized national tourism career expos, developed a rural tourism strategy and established a tourism incentive programme.

## **Department of Environmental Affairs**

The Department’s mandate is to create a prosperous and equitable society living in harmony with the natural environment. In terms of Outcome 4, its commitments include the imperative to work with other related departments to explore how the focus on the

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<sup>32</sup> Outcome 4

green economy<sup>33</sup> can provide new opportunities for employment creation while responding to issues relating to carbon emissions and seeking to improve efficiencies in the economy. The development of a green economy strategy will be aligned with other work on energy, environment, macro and microeconomic policies including innovation and investment plans. The Department also coordinates the environmental sectors in terms of the EPWP. As part of this commitment, it uses the EPWP incentive allocation to expand job creation outputs and achieve set targets, as well as implementing measures to increase labour intensity and lower cost per job.

## **Department of Arts and Culture**

The Department's mandate is to contribute to sustainable economic development, job creation and social cohesion by developing, preserving and promoting South African arts, culture and heritage nationally and internationally. The creative arts sector is seen to have the potential for growth and job creation and, in line with Outcome 4, the Department will develop interventions to improve employment in cultural industries. As part of this, the department has adopted the Mzansi Golden Economy strategy, which will mainstream the role of arts, culture, and heritage in social and economic development, and aims to create 5,950 jobs over the medium term.

## **Department of Energy**

The Department is mandated to ensure the secure and sustainable provision of energy for socioeconomic development. As part of the Department's commitment to community development and job creation, it has a number of Community Upliftment Programmes and Projects. These projects seek to ensure the mainstreaming of government priorities for broad transformation in the work of the department and the energy sector, and provide support to departmental special programmes and projects. This entails drafting youth and gender policies for the Department and the monitoring of job creation in projects. In addition, it is responsible for public entities such as the South African National Energy Development Institute (SANEDI) which has the objective of creating jobs and promoting the green economy. In terms of Outcome 4, the department is supposed to work with the EDD in developing and accessing energy infrastructure proposals as a jobs driver in the NGP. It will also work with other departments to improve the cost structure of the economy and specifically sub-output one; "Interventions to promote appropriate cost structure". In addition the Department has extensive commitments in terms of Outcome 6: these state that the Department will develop a long-term plan for electricity capacity expansion, including further progress on household access to electricity, now over 80% from around 32% in 1994.

## **Department of International Relations and Cooperation**

Part of the Department's mandate to coordinate and align South Africa's international relations abroad is to contribute to the creation of an enabling international environment for South African business abroad. In terms of Outcome 4, the Department will assist in the development of regional integration, one of the key drivers of the New Growth Path (NGP). This focuses on exploring regional opportunities to facilitate economic development within the African Region. As part of facilitating economic development, the Department will also play a role, together with the DTI and other related departments, in promoting international trade. The Department's key focus will be on improving the coordination of the country's communication and marketing strategy; determining a long-

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<sup>33</sup> Outcome 4 states: "The Green Economy strategy and other policy work underway in the state seeks to build coherence between the climate change imperative and the creation of decent work and support of sustainable livelihoods."

term strategy on the alignment of work to support targeted long-term trade relations; and designing a market diversification strategy, including the development of medium to high-tech exports.

### **Department of Public Enterprises**

The Department's mandate is to ensure the sustainability of the state-owned enterprises and support the government's strategic priorities of economic growth, expanding employment and developing infrastructure. It is a signatory to Outcome 4, and also co-chair for Outcome 6. Its commitments in terms of Outcome 4 include, amongst others: supporting the Treasury in ensuring a stable and competitive exchange rate so as to achieve faster and sustainable inclusive growth. In seeking to contribute towards ensuring more labour-absorbing growth, the Department will play a supporting role in improving state procurement practices, which includes a review of procurement legislation, B-BBEE Codes and the points given for local procurement, to ensure that only suppliers that meet the minimum threshold for local content will be considered for preference points based on their B-BBEE status. Through its oversight role over the SOEs, the Department, is particularly required to assist in the review as it concerns energy and transport costs. In terms of Outcome 6, the Department is working with others on a process to facilitate a shift towards a more optimal cargo split between road and rail. It also participates in other processes dealing with the restructuring of the transport sector involving high levels of coordination.

### **Department of Defence and Military Veterans**

The Department's mandate is to defend and protect the country, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. In addition, it is to provide for military veterans' benefits. In terms of its commitments in Outcome 4, it will participate in a multi-pronged strategy to reduce youth unemployment as well as work with other departments to develop public employment schemes targeted at unemployed youth.

### **Department of Health**

The Department's mandate is to provide leadership and coordination of health services to promote the health of all citizens through an accessible, caring and high quality health system based on the primary health care approach. In terms of Outcome 4, the Department will work with the EDD to develop and access proposals for the health sector knowledge economy so as to create opportunities that are consistent with the NGP.

### **Other key departments**

The following departments are not signatories of Outcome 4 but are critical to Outcome 6, and in other cases play an important role with respect to employment creation.

### **Department of Transport**

The Department's mandate is to lead the provision of an integrated, sustainable, reliable and safe transport system through planning, developing, coordinating, promoting and implementing transport policies, regulations and strategies. It is the lead department in terms of Outcome 6, which sets out its responsibility for a number of initiatives around restructuring the transport sector, including the role of the ports and introducing competition in the ports.

## **Department of Water Affairs and Forestry**

The Department's mandate is to ensure that the country's water resources are protected, managed, used, developed, conserved and controlled by regulating and supporting the delivery of effective water supply and sanitation. In terms of employment, one of its objectives is to implement programmes that support job creation: these include a number of infrastructure projects, e.g. the raising of Clanwilliam Dam to make the dam safer during floods, stabilize dam distortion caused by alkali-aggregate reaction, provide an additional yield of 70 million cubic metres of water per year, and help under-resourced, poor farmers promote food security and employment. The dam is located in the middle reaches of the Olifants River near Clanwilliam in the Western Cape. By the time it is completed, the project will have created 2,500 permanent jobs in the agricultural sector. During the construction phase, the project will create 650 temporary jobs. The project is in its design stage, pending approval of the final height of the dam wall, and is scheduled for completion by 2017. In terms of Outcome 4, the Department is a support department but is not a signatory to the Delivery Agreement. However, its commitments in terms of Outcome 6 include the need to align the planning processes for water services to enhance the development of the provincial regional bulk master plan, and the need to review the legislative environment as part of addressing the equitable allocation of water supplies.

## **Department of Basic Education**

The Department's mandate is to develop, maintain and support a South African school education system for the 21st century which includes ensuring that all learners have the right of access to quality education free of discrimination, as well as regulating the teachers' professional, moral and ethical responsibilities as well as their skills levels. In relation to employment, the Department's vision is to improve the quality of education on an ongoing basis with a special focus on ensuring that more learners pass matric with mathematics and physical science by 2030. In addition, it is exploring ways in which it can support youth access to employment while delivering key services such as the nutrition programme or support to learning and teaching.

## **Department of Cooperative Governance and Traditional Affairs**

The Department's mandate is, amongst others, to promote sustainable development by providing support to and exercising oversight over provincial and local government. In respect of job creation and employment, the Department has committed itself to the Community Works Programme (CWP) which contributes towards the goal of broadening the Expanded Public Works Programme as outlined in the National Development Plan, as a significant driver of job creation. As a result, one of the Department's performance indicators is the number of work opportunities created through the CWP, which contribute to developing public assets in poor communities, providing income security and work experience for participants, and promoting social and economic inclusion. Currently, 159,621 participants are employed at 148 operational sites. Over the medium term, the CWP will provide work opportunities to 255,000 people and 348 operational sites, focusing on rural areas.

# **Employment Policy Department**

**For more information visit our site:  
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