



**NATGROWTH**

**National and Africa Growth, Development  
and Investment Implementation Programme**

**Report**

**July 2003**

**Presented to**

***President Thabo Mbeki***

at the Nepad Business Group

Sandton Sun and Towers

6<sup>th</sup> August 2003



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# **NATGROWTH**

## **National and Africa Growth, Development and Investment Implementation Programme**

### **Report July 2003**

**Notes**

#### **BACKGROUND**

**NATGROWTH** is an independent professional initiative facilitating Integrated Development, Growth, Investment and Employment Programmes and Projects, with a focus on practical implementation at all levels. Natgrowth provided input to the Presidential Growth and Development Summit (GDS) and offers assistance in the implementation process, to Nedlac, Nepad, WSSD and related initiatives. Natgrowth conducted accredited parallel events at WSSD and serves as a strategic resource to government and stakeholders. This Report summarises the GDS and the programme held on 22-25 July 2003. Further programmes are planned on 2-5 September as well as at National, Provincial, Local and Sector Levels. (Ref also [www.natgrowth.co.za](http://www.natgrowth.co.za)).

#### **1. GDS OBJECTIVES AND THEMES**

The **GDS** objectives include promoting rising levels of growth, investment, job creation and people-centred development, through programmes of action with the greatest possible impact in the shortest possible time. The GDS Agreement covers the following 4 themes which need detailed implementation programmes with targets, timeframes and resources in all spheres and sectors:

- 1.1 Job Creation:** More Jobs, Better Jobs, Decent Work for All which includes Public Investment Initiatives, Expanded Public Works Programmes, Sector Initiatives, Smmc Promotion, Local Procurement, Support for Cooperatives, Jobs Impact and Monitoring. The overall objectives are to **eradicate poverty** and to **reduce unemployment by half by 2014**. **Note:** this implies the creation of **2-4 million jobs**, based on Stats SA official unemployment figures of 4m and expanded unemployment of 7.9m.
- 1.2 Investment:** Addressing the investment challenge requires mobilising all types of investment from the current low level to promote growth and employment, including Public, Private, Financial Sector and Retirement Fund Investment. Private Investment includes R145b planned over 5 years in key sectors. **Note:** Public Investment needs to be aligned with Budget allocations of R78b of the R334b total for 2003/4. A **Growth** target of 6% as set out in the GEAR strategy is achievable based on sound fundamentals, pro-active macro- and micro-economic strategies, and improving prospects for economic growth.
- 1.3 Advancing Equity, Skills and Enterprise:** includes accelerating Skills Development, Learnerships, Strengthening the SETAS, Education, Broad-based Black Economic Empowerment (BBBEE), and Creating Economic Opportunities and Services for all
- 1.4 Local action and implementation requires** programmes of action and partnerships for development. **Note:** This requires action plans aligned in all spheres and sectors, with targets and timeframes using all available budgets, resources and capacity.

**Implementation** includes dissemination of the GDS as widely as possible, detailed finalisation in task teams, regular reports and annual review by Nedlac. A Monitoring committee has been set up and will report on implementation in due course. **Note:** Implementation needs broad engagement by all stakeholders with pro-active drive and performance management at all levels. The recent Cabinet Lekgotla indicates a start to implementation of the GDS and related initiatives.

## 2. JOB CREATION: MORE JOBS, BETTER JOBS, DECENT WORK FOR ALL

**2.1 Aims:** To promote sustainable jobs through agreed immediate interventions, **to reduce unemployment by half by 2014**. Note: This implies **2-4 m Jobs** as per Stats SA figures.

**2.2 Public Investment Initiatives (PIIs)** aim to develop and maintain **economic and social infrastructure by government, state-owned enterprises and development institutions**, to facilitate growth, improve productivity, **create jobs** and promote urban and rural development, with a strong construction and labour component eg. roads, dams, rail, Multi-purpose Community Centres (MPCC's), schools, clinics, prisons, public buildings, harbours and electrification. Constituencies agree to address bottlenecks, strengthen partnerships, to assist in improving **implementation at national, provincial and local levels**, and to identify programmes and projects. Business commits to mobilise skills and expertise in project management, to explore synergies with corporate social responsibility and skills transfers.

**Comments: R78b Budget** in 2003/4 is available for productive investment, with **R300b** over 3 years. Investment by Public enterprises and development finance institutions could exceed R50b. The key is for **all national, provincial and local departments to identify projects** with access to **available budgets**. The Presidency is to engage in the budgeting process and the Cabinet Lekgotla indicates direct funding for public investment projects.

**2.3. Expanded Public Works Programmes (EPWP's)** include temporary work for the unemployed with a modicum of training and work experience for future employment ie. short-term jobs in communities with emphasis on basic and essential infrastructure in the communities. Eg. school renovation, community gardens and irrigation schemes, erosion control, land rehabilitation, fencing of roads, access roads, dipping schemes, tree planting, maintenance of public buildings; as well as **social cluster projects** eg. home-based care for people with HIV/Aids, children of working mothers, the aged, food distribution, school feeding, food vouchers, feeding at clinics. **EPWPs must be large** enough to have a substantial **impact on employment** and social cohesion, especially for the young, women & rural poor; must not replace existing jobs; will be multi-faceted and demand-driven; will seek resources from both the public and private sectors, and will be run on a non-profit basis, with strong communication to stakeholders and monitoring mechanisms. Relevant **training** may involve Setas and certification and may include Abet, Hiv/Aids awareness, health and safety, entrepreneurship, vocational skills, life skills, project management, industrial relations, community development, project-specific skills and cooperatives.

**Comments: Expanded Public Works Budget** is currently limited to a portion of **R4.5b** and can be **integrated** with other departments and **R78b** public investment for greater impact and sustainability. **All departments at national, provincial and local levels need to identify and align EPWP Projects and Budgets.**

**2.4 Sector Partnerships and Strategies** aim to identify strategic interventions to achieve sector goals and to develop partnerships, with a strong impact on overall employment creation, sustainable livelihoods and communities, equity and economic expansion. Sector Summits can facilitate inclusiveness and commitment; use of the dti sector partnership fund and Nedlac Fund for Research into Industrial Development, Growth and Equity - Fridge. Every sector strategy should include a process to support **implementation**, monitoring, evaluation and further development. Issues may include decent work, marketing, market access, infrastructure, basic needs, skills, innovation, broad-based Bee, regulation, smme and cooperative development.

**Sector summits** have been held in Metals & Engineering, Chemicals, Construction and ICT. **Labour** intensive sectors to be prioritised include Clothing & Textiles, Agriculture & Agro-processing, Tourism, Call-centres and Cultural industries.

**Sector Investment Commitments** include: Automotive R15b over 5 years; Chemicals R10b; Mining R100b over 5 years, Oil R10b over 3 years; Metals & Engineering Industrial Policy Forum major project and summit for growth and job creation; Active Pharmaceuticals Ingredients Project; Sugar cane and beet projects; Clothing and Textiles projects for Growth, Employment, exports, skills, investment and transformation.

**Comments: All Sectors** need to engage in growth, investment and employment initiatives which can be integrated with **department budgets** in all spheres. A wide range of sector strategies and projects are summarised in the Natgrowth GDS Submission together with employment and GDP trends. Eg. agriculture has lost 1m jobs over the past 2 years, which needs to be reversed by accelerated implementation of the rural development programme, cooperation between established and emerging farmers and intensive farming methods with low land and water use and high output, processing & market opportunities.

- 2.5 Local procurement** serves various objectives eg. saving and creating jobs, Broad-based BEE, Co-ops, Smme's and local economic growth. Thus Proudly SA is to be intensified across sectors with an awareness campaign and a Label of Origin to be piloted in Clothing.

**Comment:** Procurement needs to be integrated with sector growth strategies. Greater assistance is required in tendering and procurement procedures.

- 2.6 Small Enterprise Promotion** requires various measures eg. **Improved linkages to larger businesses; Access** to affordable transport, water, electricity, telecoms, other basic services, retail networks, relevant training, capital, export marketing assistance and implementation of the Financial Sector Summit resolutions of 2002. Constituencies agree that **dti** will consider proposals on smme promotion, procurement to be reviewed, land reform be accelerated, improving access eg. at local level through smme support nodes and MPCC's, improved training in tender procedures.

**Comments:** A comprehensive Smme support programme is overdue to reach large numbers including youth and women in rural areas and the informal sector. **Khula, Ntsika, Umsobomvu** and others need to accelerate their delivery plans to serve the needs for finance, skills, mentorship etc. on the ground in cooperation with established organizations with capacity eg. Banks, Professional Firms, Business Partners and bigger businesses. Joint Ventures, Partnerships, Franchising, Incubators etc. offer high potential for rolling out successful smme's. **Coordination** is required between national, provincial and local governments eg. Dti, the Dep of Labour, Setas, Local IDP's and Economic Development Programmes as well as departments such as agriculture, housing, environment and tourism, health, public works and public enterprises such as SAPO.

- 2.7 Support for Cooperatives:** a task team is to report by Nov 2003 on how ILO support measures can be implemented eg. grants, fiscal dispensation, procurements, access to EPWP's, finance, support services, land, skills training, with special focus on HIV/Aids support coops, coop banks and consumer coops. Legislation expected in 2003 with a dti coop unit and a coop summit planned for 2004.

**Comments:** Smme and Coop initiatives and programmes can be integrated.

- 2.8 Jobs Impact and Monitoring:** Avoid job losses and promote decent work, public and private sector to report on total employment from 2003, recommitment to active labour market policies including job retention and use of workplace challenges programme.

**Comments:** Jobs need to be monitored against the target of 2-4m jobs Job creation should be incentivised directly rather than only indirectly eg. through the skills fund. Reporting can be combined with Employment Equity reports. Job creation and growth strategies can be mutually reinforcing.

### 3. ADDRESSING THE INVESTMENT CHALLENGE

**3.1 The Current** investment rate +/- **15%** of GDP is **too low** to achieve the desired growth and employment; **GDS Commits** to **raising the level** of investment to ensure dynamic **growth** and to **address unemployment**. Initiatives include:

**3.1.1 Contractual savings** can be **increased** through extension of **pension and provident funds** to more employees eg. National sector funds

**3.1.2 Constituencies agree to encourage investors**, including businesses (local, foreign, public and private), retirement funds, the life assurance industry, government, labour and community organisations to work towards investing **5% of investible income** in appropriate financial instruments, to be created by the end of 2003

**3.1.3 The Financial Services Charter** will commit to **substantial lending** in areas of low-income housing, small enterprise and co-operatives, agricultural and infrastructure development, as well as access to financial services and empowerment financing.

**3.1.4 A focused Review** will be undertaken of **opportunities** for **productivity** enhancement, reducing the **costs** of certain factors, improving the **quality** of investment opportunities including and review of Administered **prices** and Import-parity pricing

**Comments: Pro-active Integrated Economic Strategies** can facilitate the achievement of Growth and Investment Targets (although not covered in the GDS); eg.

- **Investment** needs to target **25% of GDP of R1.2 trillion = R300b pa** including Government, Public Enterprises and the Private Sector which can be mutually **re-enforcing**
- **Public Investment** includes budget allocations of **R300b** for investment over 3 years in addition to **Public Enterprise** investment which could exceed **R50b pa**
- **Private** Investment of **R145b** over 5 years in a few sectors can be multiplied with more confidence-building Growth, Investment and Marketing Strategies across all sectors
- **SA is an undervalued** market offering attractive returns for all types of Investment: Foreign and Domestic, Portfolio and Direct, Debt and Equity, Public and Private
- **Monetary** policy needs to balance lower repo and retail bank interest rates for growth with currency stability and lower inflation arising from growth and supply side economies of scale. The Reserve Bank Mandate is not limited to controlling inflation. Chris Hart of ABSA indicated that lower inflation & interest rates & currency stability appear to be sustainable.
- **Macro-economic** Policy provides a basis for expanded public investment as indicated in the Budget, the Intergovernmental Fiscal Review, the Cabinet Lekgotla and the engagement by the Presidency in the budget process to facilitate strategic objectives
- **Micro-economic** Policies can accelerate growth, investment & employment across sectors
- **Census 2001** indicates the potential pyramid of growth in a population of 44,8m with poverty eradication and job creation initiatives supporting expanding middle income sectors
- **Economic Growth** can move from +/- 3% towards the target of 6%, with a pro-active policy mix and improving Domestic, African and Global prospects.

### 3.2. Pension and provident funds

**A Conference of trustees** is to be held before the end of 2004 to discuss the various challenges, to devise training and capacity building programmes for trustees, and to develop guidelines on corporate governance, fiduciary responsibility, investment sustainability and social responsibility.

**Comments: A "Black Sanlam"** is a major initiative aimed at mobilising black-owned pension and provident funds for viable growth-oriented investment and broad-based black economic empowerment. Natgrowth proposals for the "Black Sanlam" are available for consideration by stakeholders.

### 3.3. Housing

- 3.3.1 To achieve the objectives on **affordable housing** in paragraph 5.1.1(f), constituencies agree that there is a need to investigate ways to **improve access to land** and the approach to **funding**.
- 3.3.2 Constituencies agree that the share of low-income housing financed by **private sector mortgages must increase**.

**Comments:** A **Large Scale Housing** Programme is overdue and is economically viable in cooperation between the Dept of Housing at National Provincial and Local Levels, together with the Private Sector and the Financial Sector

- 3.4. **Financial Sector Summit:** Constituencies Recommit to implement agreements made.  
**Comments:** The Financial Services Charter should facilitate implementation including over R70b in development-oriented investment.

## 4. ADVANCING EQUITY, DEVELOPING SKILLS, CREATING ECONOMIC OPPORTUNITIES FOR ALL AND EXTENDING SERVICES

- 4.1. **Accelerating Equity:** The pace of promoting equity needs to be **accelerated and reported** on, with a focus on:

- a. **Broad-based black economic empowerment (BBBEE)**
- b. **Employment equity**
- c. **Literacy, skills development** especially strengthening SETAs, learnerships and education
- d. **Access to basic services**

**Comments:** Implementation needs to be accelerated at all levels with greater coordination between national, provincial and local government, business, labour and other stakeholders

- 4.2. **The Broad-based BEE Strategy and Bill** have been tabled for public comment; Government has committed **R10 b** over 5 years and has been working on measures such:

- a. **Transformation and monitoring** mechanisms such as charters and codes
- b. **Strengthening black business development** and ownership
- c. **Creating new economic opportunities** and activities and promoting access to good quality productive assets and opportunities for black entrepreneurs
- d. **Access to finance** and financial services.
- e. **Developing skills** and expertise and providing support mechanisms.
- f. **Ensuring** the active participation of labour and the community

- Business reaffirms its commitment** to pro-active BEE eg. Sector Charters.
- Labour will support** the development of co-operatives and sector mechanisms
- Community will mobilise participation** in BEE initiatives in general and credit co-operatives for collective savings and productive purposes; and the voluntary **youth solidarity fund**, in which all employed youth invited to contribute one day's gross salary
- Black-owned enterprises** to have **preferred supplier status**, where possible including identifying and increasing current levels, partnerships and capacity

**Comments;** Coordinated implementation and communication to all stakeholders are needed to ensure that BEE becomes broad-based and growth-oriented, with clear guidelines on reporting and monitoring mechanisms.

**4.3. Employment Equity: a joint campaign** is planned to enhance awareness and implementation by Aug 2003

**4.4. Promoting literacy Progressively widening access** to ABET through the adult learning centres, SETAs and other initiative, to achieve **70% NQF Level 1** by March 2005 – the 1<sup>st</sup> objective of the National Skills Strategy. Other constituencies are making a significant contribution to this area of work.

#### **4.5. Learnerships**

- a. There** needs to be a **dramatic increase** in the recruitment of young, unemployed people into learnerships to enable them to acquire the skills to become economically independent, without displacing existing jobs
- b. Business and government** have agreed to register at least **72 000** unemployed learners in learnerships by May 2004 (refer list of Seta targets).
- c. Equity targets** for learnerships as a whole: 85% black, 54% women, 4% people with disabilities. It is assumed that at least 95% of learners will be under age 35, with special efforts to include rural youth and women
- d. The public investment initiatives**, expanded public works programmes, co-operatives and small enterprises will be targeted for developing learnerships in relevant SETAs.
- e. Targets** will be the responsibility of the **SETA** concerned. Constituencies will use their representation to support and monitor targets.
- f. Target to exceed 80 000** for March 2005 linked to longer-term skill needs
- g. Mechanisms are needed to avoid abuse and displacing jobs**
- h. Workplace** agreement on policy and procedure to select and recruit learners, to ensure not more than 50% by word-of-mouth and at least 50% selected from people forwarded by the Department of Labour's Labour Centres or Employment & Skills Development Agencies.
- i. Joint marketing campaign** and strategy is needed to support learners on exiting

**Comments:** The Target should aim at **1-2m Learnerships** to have real impact. This will need **streamlining of implementation by the Dep of Labour and the Setas** at all levels; and the **removal of obstacles such as over-regulation (see 4.7 below)**

#### **4.6 Strengthening the SETAs**

- a. Constituencies** accept responsibility for the performance of **SETAs** and undertake to take **active steps** to address problems and accelerate delivery
- b. Nedlac** Executive Council should itself, on at least an annual basis:
  - Review** and discuss proposed performance indicators from SETAs
  - Monitor** and evaluate SETA performance against the indicators
  - Support** the acceleration of delivery against targets.
- c. Strengthen governance and accountability of SETAs** through ensuring senior representation in SETAs, a code of best practice for the SETAs and reporting on the progress made by each SETA
- d. Training** and capacity building for SETA representatives is prioritised.
  - consider the inclusion of community representatives on SETA Boards as part of the process of reconstituting SETAs after March 2005
  - All parties need to enhance skills, capacity and effectiveness



**Comments: R6b in the Skills Fund is under-spent** and few Setas are effective. The system needs to be **streamlined** and coordinated between the Dep of Labour, the Setas, Business, Labour and Local Government integrated development plans. **Obstacles need to be removed** such as **over-designed regulations and accreditation processes** which few public and private organizations can meet. The system is over-engineered as a Rolls Royce **restricting rather than facilitating** the “dramatic increase” of learnerships and skills development intended. **Cabinet** has set aside portion of the Skills Fund and National Student Aid Scheme for focused scientific, technical, management, professional and artisan training. More direct initiatives would facilitate effective delivery on scale.

#### 4.7. Education is a critical input for growth in employment

- universal access** to general education is essential and a right
- schools access to basic services** is essential, especially electricity, water, telecomms
- increase in education expenditures** but substantial **inequalities** still exist
- Government** will finalise recommendations to achieve affordable access and **will monitor overall school fees** relative to household income
- Review of Resourcing, Financing and Cost of Education** in Public Schools, to extend register of needs on infrastructure; integrate provincial asset management systems; improve the tracking of backlogs and update capital investment plans

**Comments: Education** has the largest budget +/- **R70b** which should be integrated with GDS initiatives eg. Job-related skills, using schools as community centers reaching the majority of youth and their parents on a daily basis.

#### 4.7. Access to basic services

##### 4.7.1. Government timeframes and targets are in place to extend access to: **Water, Electricity, Sanitation and Refuse collection**

##### 4.8.2. The constituencies agree:

- To work through local structures to **assist** households to access services.
- To encourage **PIIs, EPWPs, co-operatives** and small enterprises as mechanisms for extending services
- To review the **housing** programme to ensure it does more to support employment and efficient urban development, including densification.

##### 4.8.3 Continue progress in improving **social security** for children, the aged, underemployed and unemployed youth, especially in rural areas

##### 4.8.4. Constituencies recognise that current **social security measures** form a crucial measure to fight poverty. To this end they agree to:

- Commit to using their structures and resources to **raising awareness of child grants, pensions** and other special grants and addressing current obstacles for beneficiaries to take up these grants.
- Discuss the **extension of the social protection** framework, including for the long-term unemployed (including youth), pensioners, and those households with low incomes and people with disabilities.

##### 4.8.5. Government is finalising policy on a **comprehensive** framework for **social protection**, including social wage and social grant issues.

**Comments: Detailed implementation programmes** are needed with clear responsibilities and alignment of budgets and resources

## 5. LOCAL ACTION AND IMPLEMENTATION FOR DEVELOPMENT

### 5.1. Local level planning

#### 5.1.1. Key challenges to be addressed at local level including the need to:

- a. **Address** the legacy of **apartheid** planning, undermining social and economic integration & employment to achieve broad socio-economic integration
- b. **Implement poverty alleviation** and **local economic development** programmes including basic services, whilst creating social safety nets
- c. **Develop** people-centred and workable service partnerships amongst constituencies that **combine resources** and capacity in targeted developmental programmes
- d. **Increase capacity** of communities to participate in local development
- e. **Focus on basic** community services, social and economic infrastructure development, maintenance and delivery to sustain local development
- f. **Pursue** provision of **affordable housing** aligned with overall planning processes to support more socially and economically integrated communities. In many cases this will require densification in urban areas
- g. **Enhance capacity of emerging contractors** for tendering

#### 5.1.2. Constituencies agree to work together to:

- a. **Accelerate** implementation of integrated service delivery and development
- b. **Build** local development partnerships
- c. **Increase meaningful participation** and build vibrant communities
- d. **Strengthen local government** to achieve its developmental objectives
- e. **Ensure** and strengthen **integrated planning** between the recent **National Spatial Development Perspective**, **Provincial Growth and Development Strategies** and **Integrated Local Development Plans**
- f. **Ensure effective communication**, dissemination and local implementation of the outcomes of the GDS.
- g. **Progress report** on implementation of the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP), which target 21 nodes: Local government faces **capacity and resource constraints** in developing and implementing IDPs.

#### 5.1.4. Government has instituted processes to promote **social dialogue** at local level

#### 5.1.5. The constituencies agree that:

- a. **Local government** capacity to develop IDPs should be strengthened and supported. The capacity of councillors and officials should be developed
- b. **Stakeholders' participation** and capacity should be developed, focusing on workers and community organisations that typically lack capacity and resources
- c. **Social dialogue** at the local level should be strengthened through national guidelines to be developed by government
- d. **The participation** of Nedlac constituencies in structures and mechanisms that seek to deepen community participation, be strengthened, such as the following, **i.Imbizos;** **ii.Letsema** Campaign; **iii.Ward** committees; **iv.School** Governing Bodies; **v.Community** Policing Forums; **vi.Hospital** boards; **vii.Workers forums**
- e. **The role of constituencies** in the implementation of the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP) should be enhanced by formal links **f.Corporate** social investment can make a significant contribution to the a wide range of societal objectives and engagement at local level on development and implementation of the IDPs should be strengthened.

#### 5.1.6. Developing a framework to enhance local action and cooperation is essential

## 5.2. Local Economic Development

- a. **Local governments** are uniquely placed to ensure integrated infrastructure development for local economic development, and effective support for **small and micro enterprise**, which is critical for generating **employment** opportunities and meeting **basic needs**.
- b. **Local** governments can support economic expansion, job creation and equity through their procurement and employment policies and economic and infrastructure programmes.
- c. **The capacity** of local governments, especially outside the metropolitan areas, to support local economic development must be **strengthened**. The **IDP process** is a critical tool to achieve this aim.

### 5.2.2. The constituencies agree:

- a. **Mechanisms** to be explored to make it easier for SMEs and co-ops to **tender** for local government work, including **payment** turnaround time.
- b. **Local** government procurement should support the **Proudly South African** campaign. Municipalities should commit to the campaign.
- c. **Procurement** strategies should endeavour to promote local economic development and simpler, standardised tender procedures.
- d. **Seek to streamline** applications for permits and other approvals.
- e. **Mechanisms** should be developed to **link Local Economic Development** sub-sector strategies **with sector** strategies.
- f. **Multi-Purpose Community Centres** (MPCCs) should ultimately be operational **in all 284** municipalities.
- g. **MPCCs to support** development of SMEs and co-operatives.
- h. **Mechanisms to facilitate access**, including through local government to national economic incentive schemes for enterprises to be explored.

### 5.2.3. Commitments

- a. **Government** will extend the number of **MPCCs** from 37 to 60 in 18 months.
- b. **Labour** will support, through the Job Creation Trust, qualifying small-scale **projects that contribute to employment and skills** development based on applications from NGOs, community groups and co-operatives.
- c. **Business will mobilise** the capacity of business entities at local level to work with the dti to provide services to established and emerging businesses, within the principle of united business formations. The use of the MPCCs as a focal point for information will be explored. Business will explore synergies between local economic development sub-sector strategies and sector strategies.

## 5.3. Provision of infrastructure and access to basic services

- a. As national legislation confirms, **local governments** are responsible for the provision of basic infrastructure and **public provision** is the preferred option.
- b. There is space for **co-operation** between local governments and other stakeholders, especially to develop new and improve existing infrastructure, & strengthen services; to be carefully assessed, maintaining participation, aligned with national policy, and enhancing local contractor capacity
- c. Municipal Service Partnerships provide a framework within which investments in infrastructure, risk management and capacity building must be implemented

## 5.4. Service delivery mechanisms

### 5.4.1. The constituencies agree that:

- a. **Employment opportunities** for the poor, vulnerable and marginalised should be facilitated & created through an integrated and co-ordinated labour-based approach to government infrastructure delivery & services
- b. **Proposals** for public employment programmes provide strong roles for local government, community organisations, unions & local businesses.

#### 5.4.2. Commitments

##### a. **Government** will:

- i. **Provide for increased service delivery** through improvement of local infrastructure, particularly for the poor as in various government programmes.
- ii. **Continue to increase investment** in basic municipal infrastructure
- iii. **Through the National Home Builders** Registration Council, commit to capacity building programmes for emerging contractors.

##### b. **Local authorities** will work with the National SA Building Industries Federation and regional Master Builders' Associations to try **solve the backlogs in approvals.**

##### c. **Labour** will support the direction of financial resources, including retirement funds, to low-income housing programmes that support densification and integration of communities, if appropriate financial mechanisms are established.

##### d. **Business:**

- i. **SA Federation** of Civil Engineering Contractors (SAFCEC) will launch a Mentor program with the Consolidated Municipal Infrastructure Program and the Construction SETA to enhance emerging contractors **capacity.**
- ii. **Construction Industry** Development Board to compile a follow-up document to address confusion amongst potential participants in contracts and bring standardisation to the delivery process. The "Toolkit" aims to provide a simple guide to public servants involved in delivery about what to do at each phase of the process
- iii. **SA Institute** of Civil Engineers (SAICE) has, with public stakeholders, developed a **programme** to address the **capacity** to run delivery processes at local level. The objective is to enhance understanding and capacity amongst local civil servants, and between bureaucrats and local councillors. Numerous **tutors/mentors** are ready to be deployed once funding is in place.

#### 6. **Overall Comments on GDS Implementation**

##### **Detailed and Coordinated Implementation Plans are needed for**

- **All departments and sectors**
- **At national, provincial and local levels**
- **With targets, budgets and timeframes**
- **With access to available funding including the budget of R334b**
- **With access to available capacity**
- **With comprehensive business plans**
- **With performance management systems**
- **Without obstacles**

#### 7. **National Implementation**

- **The Presidency** and Cabinet have indicated their driving role in GDS and budgets in cooperation with the **National Treasury** and the Intergovernmental Fiscal Commission
- **Parliamentary and DG committees** need to align budgets and programmes with the GDS – Mrs Farida Mohamed MP is to follow-up
- **National Departments and Clusters** need to align plans, budgets and responsibilities with Provincial and Local Structures, eg. Departments of Labour, Public Works, Trade and Industry, Environment and Tourism, Housing, Health, Education, Social Development, Public Administration, Transport and Communications (Mxolisi Notshulwana of GCIS to report on an integrated communication strategy; and Frans Pale of SA Post Office to report eg. on use of some 2000 Post Offices as MPCC's in many local areas)
- **Public Enterprises and Development Finance Institutions** need to align with GDS eg. DBSA, Eskom, IDC, Land Bank, NDA, Transnet, Housing Finance Corp, Ntsika, Khula and Umsobomvu. (Mnathi Mcambi of IDC CEO's Office to follow-up)
- **Business, Labour and Communities** need to coordinate engagement and support for GDS at all levels eg. through Nedlac, Provincial and Local Development forums.

## 8. Provincial Implementation

- 8.1 **Provinces need to align their Growth and Development Strategies** with GDS
- 8.2 **Provincial Development Councils/“Nedlacs”** can be used for stakeholder engagement
- 8.3 **Provincial GDS Summits/Forums** and Investor Conferences are proposed in a number of Provinces (eg. Western Cape, Mpumalanga, Limpopo, Free State, North West, Northern Cape, Eastern Cape as well as public hearings on GDS in the Gauteng Legislature)
- 8.4 **Provinces need to align their strategies and budgets** both with National and Local Governments eg. Skills development and Public Investment need to be integrated with Local IDP’s and Local Economic Development Programmes
- 8.5 **Responsibilities**, performance management and budgets need to be **clearly defined** to unleash resources and available capacity with maximum impact.

## 9. Local Implementation

- 9.1 **Local IDP’s and LED’s** need to be reviewed and aligned with GDS. **Budgets** and capacity can be more effectively aligned with Provincial and National resources.
- 9.2 **Cape Town, Tshwane, Ekurhuleni** and other SALGA structures presented GDS related proposals which need to be followed-up for implementation. David Gretton of Cape Town, MMC Neldo Mokwena of Tshwane and Karuna Mohan of Ekurhuleni to follow-up further cooperation and implementation.
- 9.3 **Major Metros** such as eThekwine, Johannesburg, Tshwane and Cape Town need to **share** their models and capacity with smaller local authorities

### Specific Comments and Initiatives from the Programme on 22-25 July 2003

**A number** of organisations expressed interest in GDS implementation and Natgrowth programmes eg. Mrs Zanele Mbeki of Women’s Development Bank, Ms Nina Mapili of the SA-German Business Initiative, Dr Louise Botha of the SA Foundation for Excellence, Chris Hart of ABSA, Desmond Golding of SA Reserve Bank, Allon Raiz of Raizcorp Business Incubators, First National Bank Public Sector and Smme Divisions as well as Nafcoc and Sangcoco. **Nafcoc** has initiated contact with Gala and Natgrowth on Local Economic Development. (Refer [www.natgrowth.co.za](http://www.natgrowth.co.za) for further organisations). **Natgrowth** is planning further programmes and implementation processes, including on 2-5 September 2003 in Midrand as well as with various National Departments, Provinces, Local Councils and industry sectors.

## 10. Women’s Development Bank The Hon Mrs Zanele Mbeki, Spokesperson

- 10.1 Mrs Mbeki indicated that the very large **informal sector** is excluded from many initiatives eg. due to complex regulations, poor communication and entry barriers such as application fees and illiteracy affecting large numbers of poor people and women in the rural areas.
- 10.2 It was suggested that the **informal sector** should be catered for by a **specific policy and ministry** eg. as in Tanzania. It was also suggested that MPCC’s and Post Offices should cater for this sector with user friendly support, both electronic and people-oriented.
- 10.3 **Women’s Development Bank** has assisted some 16 000 poor women with loans from R300 building up to R10 000 to support livelihoods eg. children’s education. WDB is unfortunately limited in geographical coverage and donor funding, but the model of micro-credit is available for roll-out in other areas. Similar models have been applied successfully eg. in Uganda and Bangladesh.

- 11. Western Cape Provincial Administration** Office of the DG Support  
Jessica Fortuin Social Cluster; Frans Hanekom Governance & Admin Cluster
- 11.1 **A Provincial Development Council (PDC)** exists as a multi-stakeholder forum which can be used for a **Provincial GDS Summit, Investment and Implementation processes**
- 11.2 **Provincial departments are organised in clusters** similar to national departments; ie. Economic, Social and Governance & Administration. This facilitates **integrated** planning
- 11.3 A **Provincial Growth and Development Strategy** needs to be developed in alignment with GDS, National and Local Governments, Business, Labour, Communities and NGO's
- 11.4 **Intergovernmental Cooperation and Budget alignment are** priorities with a focus on releasing resources for integrated development;
- 11.5 **Bridging the divide between the poor communities and thriving** sectors is also a priority. Eg. through infrastructure investment and partnerships between established and emerging sectors such as agriculture and tourism.
- 12. Mpumalanga Province** Department of Labour Employment and Skills Development  
Johannes Malaka and Bongani Jeff Malungisa
- 12.1 A number of **Provincial and Local Development Forums** can be used to engage stakeholders and develop a Provincial Growth and Development Strategy aligned with GDS
- 12.2 Labour Forums and Centres** in +/- 16 local areas can be used to roll-out skills development and job creation projects
- 12.3 Integrated Development Plans (IDP's) and Local Economic Development (LED)** programmes need to be aligned together with **GDS** and the Integrated Sustainable Rural Development Programme (**ISRDP**), the Nkedu Project and Social Development
- 12.4 **Priority sectors** include Agriculture, Agro-industries and Tourism which need to be linked to skills development, smme's, job creation, public works and social development projects
- 12.5 **MPCC's** exist in the **West and East regions** but are needed in a number of other local districts. SA Post Office may be able to assist in providing a range of services.
- 13. Gauteng Province** Department of Labour  
Thabo Johnson and Buli Kapa Employment and Skills Development Business Unit
- 13.1 **Gauteng is reviewing its Provincial Growth and Development Strategies** to incorporate aspects of the GDS, through public hearings in the Provincial Legislature
- 13.2 **Inter-governmental cooperation and budget alignment** are priorities in order to focus resources on accelerated delivery with appropriate resources and accountability
- 13.3 **National Government Departments** operating at provincial level particularly need to establish programmes of action and projects with the necessary budgets and performance accountability eg. the Departments of Labour, Public Works, Trade and Industry
- 13.4 **Local Government IDP's and LED's** need to be aligned with the relevant Provincial Departments as well as with Business, Labour and Communities, in order to match the available funding with specific local needs eg. in the areas of Skills Development, Employment, Public Investment and Public Works. Skills development and Learnerships can be accelerated significantly on this basis, in addition to SETA initiatives.

- 14. City of Cape Town** David Gretton Business Development, Support and Special Projects
- 14.1 **Cape Town** is a well developed metro with a wide range of structures and services beyond basic services provided by local authorities eg. in tourism, investment promotion, “mega-projects”, housing, IT (the smart Cape”), agriculture, training for jobs, health, education, youth and community programmes. These are limited by available budgets and need to be re-aligned with provincial budgets.
- 14.2 **Poverty and imbalances** between communities need to be addressed in cooperation with the Province, communities and stakeholders. **The IDP and LED** thus need to be aligned with National, Provincial and Community Strategies and resources and with Public Enterprises. Cape Town is keen to participate in a Western Cape Development Forum and to share experiences for replication in rural areas. (A separate C Town report is available).
- 15. City of Tshwane** Neldo Mokwena Member of Mayoral Committee, Inner City Regeneration
- 15.1 **Tshwane has established a number of specific structures and positions** to deal with GDS related initiatives eg. a revised IDP, ward committees and MPCC’s in many communities, smme development, procurement policies, Blue IQ related projects in tourism, ICT, automotive and agriculture; land restitution funds, public works and public investment initiatives on government buildings in Tshwane
- 15.2 **The priorities** are to **accelerate implementation** of the various initiatives with IDP’s and LED’s to reach the large number of unemployed people at community level, in alignment with Provincial and National resources. Facilities in the city are underutilised and can be regenerated for better utilisation by a large number of people. Tshwane is considering various follow-up implementation processes
- 16. Ekurhuleni** Karuna Mohan LED Executive Director; summary of presentation
- 16.1 Ekurhuleni** is a large metro on the East Rand including some 2.3m people, which has been in economic decline from the previous mining and industrial development periods. Unemployment is 39.5%, with 28.8% living in poverty. **Contribution** to the national and provincial economy remains significant including manufacturing, commerce, trade, financial services as well as mining and agriculture. **Major projects** in development zones include: revitalising the manufacturing, trade, transport and services sectors with the Blue IQ projects at City Deep, Wadeville-Alrode Corridor and the IDZ at Johannesburg International Airport. **Policy thrusts** to bring marginalised communities into the mainstream include local production, community-based cooperatives, a skills development network, urban and commercial agriculture, waste recycling, small scale mining and dump cleaning, building local capital, participatory and integrated planning, linkages with the industrial base, facilitating and growing smme’s.
- 16.2 Strategic interventions** include facilitating growth in manufacturing, infrastructure upgrading, linking where people live, work and shop; export oriented agriculture, a skills development framework aligned with local policy, needs and IDP priorities. **Drivers** include cooperative governance, partnerships, rapid response to innovation and investment, and sound intergovernmental relations.
- 16.3 Comments** in discussion included the need to turn the metro region around with a number of quantum leap initiatives, building on its sound infrastructure and location, in cooperation with Gauteng Province. Suggestions included an **Investor Forum** to mobilise business interest in the prime locations and facilities available at low cost and a **major housing programme** which could meet the needs for a range of income groups and mixed use facilities. Follow-up discussions are planned.

**17. SA Post Office: SAPO** Frans Pale Senior Manager RDP

**SAPO** has some 2000 post offices countrywide, including some of the remotest areas. These are available to assist in the delivery of a wide range of services, such as those envisaged for MPCC's which are far fewer in number ( increasing from 37 to 60 in 18 months and 284 in due course.) **SAPO** is currently working with the Dep of Social Development, Provincial Premiers' Offices and Local Councils on a basket of services and information including social grants, tender and procurement information. Further services could include post office banking in cooperation with the Financial Sector, access to skills development and learnerships in cooperation with the Dep of Labour and Smme support services through dti. SAPO should thus be included in GDS initiatives at all levels, with capacity to roll-out services far and wide.

**18. Government Communication and Information Services (GCIS)** Mxolisi Ntshulwana

**GCIS** recognises the need and potential for communication of available initiatives and information in a user friendly format across a broad front. This could be done in cooperation with SAPO and the Department of Communications. Mxolisi will follow-up with proposals for an enhanced communications strategy to support GDS and related initiatives.

**19. Raizcorp; Business Incubators** Allon Raiz CEO (summary of presentation)

A successful business development incubator model was presented which addresses the range of problems encountered by entrepreneurs, including access to finance, skills, mentorship, marketing and support services. Start-up Finance has been arranged with the Shuttleworth Foundation, as well as facilities available through Ntsika and Khula. The model is available for roll-out with the necessary adaptations to different target groups.

**20. Southern Africa German Business Initiative: SAFRI** Nina Mapili HRD Project Manager

**Safri** facilitates trade, investment, business, smme's skills development and tourism between Germany and SADC countries, together with the German Chamber of Commerce.

**21. South African Excellence Foundation: SAEF** Dr Louise Botha CEO

**The SA Excellence Model** has been developed and applied in over 90 companies, integrating Quality and Performance Management with Global models. The model is adaptable to the private and public sectors and a range of other organisations.

**22. Industrial Development Corporation: IDC** Mnathi Mcambi CEO's Office

**IDC** provides significant financing for industrial development in SA and Africa. The scope and scale of development finance institutions such as IDC, DBSA, Land Bank, SA Housing Finance Corp and Khula can expand to a new level in support of the broad GDS objectives.

**23. The Black Sanlam and Natgrowth Devbank** Eric Stillerman CEO Natgrowth

**The "Black Sanlam"** is a major initiative aimed at mobilising black-owned pension and provident funds for viable growth-oriented investment and broad-based black economic empowerment. Natgrowth proposals are available for consideration by stakeholders.

**Natgrowth Devbank** is a development and investment financing initiative facilitating the raising of finance for business and economic development projects and partnerships, in cooperation with established financial institutions. Services include business planning, feasibilities, project structuring, corporate finance, management and financial services.





**NATGROWTH**  
**National and Africa Growth, Development**  
**and Investment Implementation Programme**  
**Report July 2003**

**COMMENTS AND FEEDBACK**

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**Comments on the GDS and Report**

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**Follow-up Implementation Programmes and Projects**

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**Interest in Natgrowth Programme (please tick and specify)**

2-5 September 2003 \_\_\_\_\_

Specific Provinces or Local Regions \_\_\_\_\_

Specific Sectors \_\_\_\_\_

Strategic Partnerships \_\_\_\_\_

Other \_\_\_\_\_

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