NATGROWTH

National and Africa Growth, Development and Investment Implementation Programme

In association with

NATGROWTH DEVBANK
Development and Investment Banking Services

Report

September 2003

Towards Action Plans for Growth and Development

I'Africa Iyathuthuka – Africa is Happening

Following the Programmes
on
22-25 July 2003 at Sunnyside Park Hotel, Johannesburg
and
2-5 September 2003 at Gallagher Estate, Midrand, at the
Business Growth and Opportunities for Africa Exhibition

July Report Presented to

President Thabo Mbeki

at the Nepad Business Group
Sandton Sun and Towers
6th August 2003

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EXECUTIVE SUMMARY

This Report is based on the Programmes of July and September 2003, focusing on implementation of the **GDS** - Growth and Development Summit, **Nepad** and related initiatives, in the light of ongoing developments and previous reports. **Action plans** are presented for Broad-based Growth, Development and Employment, to be followed-up by further programmes, projects, financing and support services. Key recommendations include:

a. **I'Africa Iyathututhuka –** Africa is Happening. Nepad is in motion and many African economies are showing growth, except those in conflict. Despite the current slowdown, the IMF projects 2.2% for SA d 3.7% for Africa in 2003; 3,0% for SA & 4.8% for Africa in 2004. However, policy reviews by Government, Business, Labour and International agencies indicate that more **pro-active programmes** are needed to achieve the **targets** of **eradicating poverty** and **halving unemployment** by 2014, including

b. **Broad-based, growth-directed** Macro and Micro- Economic Strategies are needed to increase **Growth** towards a target of **7% and to include millions** of the poor and unemployed, to be **driven in** active partnerships between government, business, public enterprises, labour and stakeholders.

c. **The collective bargaining power** of the developing world and **G20+** needs to be **extended** from the **Cancun** WTO talks to **strengthen Nepad, broaden peace and development** in Africa and to achieve **full participation** in the **global economy,** the WTO, World Bank, IMF and other multi-lateral forums

d. **Implementation** of the GDS, Nepad and related initiatives needs to be **accelerated** with high impact on **job creation,** including enhanced Public and Private Investment, Public Works, Sector initiatives, Smme and Skills Development, Broad-based BEE, Service Delivery and coordinated **action plans** at all levels

e. **Integrated Action Plans** need to be implemented in **all sectors and regions**, including all government departments, public enterprises, the private sector, labour and community organisations, with effective performance management, targets, timeframes and accountability at top level, including the AU Heads of State, the Presidency, Premiers, Executive Mayors, Nedlac, Business, Labour and Stakeholder Leaders

f. **Budgets,** Resources and responsibilities need to be **aligned** with programmes across National, Provincial and Local spheres, to gain full utilisation of the large funds available in SA, led by the Presidency, Cabinet and the Treasury. **Concrete Projects, Business Action Plans,** Finance and Investment Proposals and specific Management Skills are key to mobilising resources in Government and the Private Sector.

PROFILE

NATGROWTH is an independent professional organisation facilitating Integrated Development, Growth, Investment and Employment Programmes and Projects, with a focus on practical implementation at all levels. Natgrowth serves as a strategic resource to government and stakeholders, including Reports to the GDS, Nedlac, the Presidency, Nepad and WSSD. Natgrowth **Participants** have been drawn from a wide range of Organisations supporting common objectives, including: Mrs Zanele Mbeki Womens Development Bank, ABSA, ACSA, AFD, Afrox, ANC, ANCYL, Banking Council of SA, BHP Billiton, BBC, British Consulate & Dfid, Canadian Business in SA, Cote D'Ivoir, Ceasefire Campaign, Cue Marketing, CPPP, CSIR, DBSA, DTI, Ernst & Young, Eskom, Fedusa, Gensec, Gili Group, GTKF, Hollard, IDC, Iscor, Johnnic, Kenya-SA Connection, KPMG, Mazwai, MIIU, M-Stars, Nafcoc, National Provincial and Local Government; NDA, Nedcor, Nedlac, Nehawu, Nepad, New Millennium, Old Mutual, Overberg Water, PMR, Proparco, Project Intelligence, Rand Water, Reed, Rotary, Sabc, Sabs, SA Bus Guide, Sacob; Safe, Safri, Salga, Sandf, SA Rai, SAPO, SA Reserve Bank, Siemens, Sports & Recreation SA, Thabo Mbeki Trust for Disabled; Xpert Group, TISA; Transnet, Umgeni Water, Umsobomvu, USA, Universal Services, World Bank, WorldSpace, Womens and Youth Organisations. The **Coordinators** include: Eric Stillerman B Soc Sc BA Hons MA CA (SA) CEO, Given Kakambi BSc MBA, Cynthia Dladla CIT, Carol Equamo DBA Zam, Tony Equamo Dip Acc Zam, Elaine Maroos DBA, Princess Mavundla MBM, Michael Masalesa NDA, Lisanias Mupambireyi AMD Zim, Artie Phatlane NDE. **Non-exec:** Desmond Golding MA LLM Lon SA Res Bank, Chris Hart B Com HDE ABSA, Dr Colin Lawrence UK, Themba Kirro Kinana Office of the Presidency. Iin assoc with **Natgrowth Devbank** Development Banking Services; **Natvest:** The **Black Sanlam; London School** of Business & University Studies South Africa, **Devgrowth** Strategic Management & Financial Services; t/a Maison cc CK89/24401/23**.** Ref www.natgrowth.co.za; www.londev.co.za; www.nedlac.org; www.nepad.org

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** ***(Comments****: which need detailed* ***implementation programmes*** *with targets, timeframes and resource allocations in all spheres and sectors):*

1.1 **Job Creation**: More Jobs, Better Jobs, Decent Work for All, includes **Public Investment** Initiatives, Expanded **Public Works** Programmes, **Sector** Initiatives, **Smme** Promotion, **Local** Procurement, Support for **Cooperatives**, **Jobs Impact** and Monitoring. The overall objectives are to **eradicate poverty** and **reduce unemployment by half by 2014.** ***Comment:*** *The* ***Target*** *is* ***3-4m*** *jobs based on official unemployment of 31.2% and the expanded rate of 42.1% or 8.4m (Stats SA Sep 03)*

1.2 **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**.** ***Comments:*** *Investment targets need to move from 15% to* ***25% of GDP. Public*** *Investment to be* ***unlocked*** *and* ***aligned*** *with the Investment* ***Budget*** *of* ***R105b*** *over 3 years and the total of* ***R334b*** *for 2003/4.*

1.3 **Advancing Equity, Skills and Enterprise** includes **accelerating** Skills Development, Learnerships, Strengthening SETAS, Education, Broad-based Black Economic Empowerment and Creating Economic Opportunities and Services for all. ***Comments: Action Plans*** *by D of Labour, Education, Dti & others*

1.4 **Local action and implementation requires** programmes of action and partnerships for development. ***Comments: Action plans*** *to be aligned across all spheres and sectors, with targets and timeframes using all available budgets, resources and capacity in the public and private sectors.*

Implementation plans include dissemination of the GDS as widely as possible, detailed finalisation in task teams, regular reports and annual review by Nedlac**.** A Monitoring committee is to report on implementation.

Comments: *The GDS on 7 June achieved national consensus and commitment on a number of key initiatives. The* ***Nedlac*** *Executive has prioritised implementation, needing specific* ***action plans****, broad engagement with stakeholders, enhanced capacity, pro-active drive, performance and project management across all spheres.* ***Cabinet*** *has indicated a start to implementation, with approval of transport investment of R80b over 5 years.*

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.** ***Comment:*** *This implies +/-* ***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. **Examples** include 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 improve **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: *The* ***Treasury*** *has allocated* ***R105b*** *over 3 years for government investment. Investment by Public enterprises and Development finance institutions could exceed R100b (eg Transnet R80b over 5 years, Eskom R10b, DBSA, IDC, Land Bank, Khula etc R10b).* ***All national, provincial and local departments*** *need to identify* ***projects*** *with access to available* ***budgets. Conditional grants and roll-overs need to facilitate*** *rather than constrain investment. The* ***Presidency*** *is to engage in the budgeting process and* ***Cabinet*** *is to approve direct funding for public investment projects.* ***Note:*** *The 10 year policy review led by the Presidency indicates that investment by government has fallen by half since 1990 and from 16% to 4% of GDP since 1975; and by public enterprises from 10% to 2% of GDP (Financial Mail 19/09/03 p50). The collapse of public investment is acknowledged as one of the lessons of the past decade, not compensated for by the private sector. The policy is thus changing on a sound fiscal foundation.*

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. **Examples:** 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 and 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: *Dep of* ***Public Works Action Plan*** *due. The EPWP* ***Budget*** *needs to be* ***integrated*** *with other departments and the* ***R78b*** *public investment budget for greater impact and sustainability. All national, provincial and local departments 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; and use of the **dti Sector Partnership Fund** and **Nedlac Fridge**: Fund for Research into Industrial Development, Growth and Equity. 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 – a major project and summit for growth and job creation; Active **Pharmaceuticals** Ingredients Project; **Suga**r cane and beet projects; **Clothing and Textiles** projects for Growth, Employment, exports, skills, investment and transformation.

Comments: All Sectors *need to prepare* ***action plans*** *for growth, investment and employment, which can be integrated with* ***departmental budgets***. *A wide range of sector strategies and projects are summarised in the Natgrowth GDS Submissions together with employment and GDP trends. Eg.* ***agriculture*** *has lost 1m jobs over the past 2 years, which can be reversed by accelerated implementation of the Integrated Sustainable Rural Development Programme, cooperation between established and emerging farmers and intensive farming methods with low land and water use and high output, processing and market opportunities. (See the successful Gili Group Projects below)*

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

Comment: *Procurement and Proudly SA* ***Action Plans*** *can be integrated with sector growth strategies. Assistance programmes to be rolled out for 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:**

- **dti** will consider proposals on smme promotion
- **procurement** to be reviewed
- **land reform** to be accelerated,
- **improving access** eg. at local level through smme support nodes and MPCC's,
- **improving training** in tender procedures

Comments: *A comprehensive and pro-active* ***Smme support programme*** *is needed to reach large numbers of unemployed including youth and women in rural areas and the informal sector.* ***Khula, Ntsika, Umsobomvu, DBSA, IDC, Land Bank*** *and other agencies need to accelerate 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, and bigger businesses. Joint Ventures, Partnerships, Franchising, Incubators etc. offer high potential for rolling out successful smme's. The* ***dti action plan*** *needs to* ***coordinate*** *with other national, provincial and local departments eg. the Dep of Labour, Setas, Local IDP's and LED's as well as departments such as Agriculture, Housing, Environment and Tourism, Health, Public Works and Public Enterprises such as Eskom, SAPO and Transnet.*

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 and programmes and action plans need to be integrated.*

2.8 **Jobs Impact and Monitoring** aim to avoid job losses and promote decent work. The public and private sector are to **report on total employment** from 2003, and recommit to **active labour market** policies including job retention and use of the workplace challenges programme.

Comments: *Jobs need to be monitored against the* ***target of 4m Jobs.*** *Job creation can be* ***incentivised directly*** *rather than only indirectly through the skills fund and learnerships. Reporting can be combined with Employment Equity. Job creation & growth strategies to 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. ***Action Plans:*** *Investment Task Team to Report*

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. ***Action Plans:*** *Task Team to Report*

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. ***Action Plans:*** *Task Team to Report*

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. ***Action Plans:*** *Task Team to Report*

Comments: Pro-active Integrated Economic Strategies and Action Plans *are needed to facilitate the achievement of Targets of 7% Growth and Investment of 25% of GDP eg.*

- ***Investment*** *to target* ***25% of GDP of R1.2 trillion = R300b pa*** *including Government R100b, Public Enterprises R100b and the Private Sector R100b, in a mutually re-enforcing framework*
- ***Public Investment: Treasury*** *needs to facilitate the release of budget allocations of* ***R105b*** *for investment over 3 years in addition to* ***Public Enterprise*** *investment which could exceed* ***R100b 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*
- ***Increasing Capital Inflows*** *(SARB Sep 03) can be enhanced based on attractive returns for all types of Investment: Foreign and Domestic, Portfolio and Direct, Debt and Equity, Public and Private*

- ***Monetary** policy can **continue lowering repo** and retail bank interest rates for growth balanced with currency stability, lower inflation and supply side economies of scale. It is noted that the Reserve Bank Mandate is not limited to controlling inflation. The second quarter 2003 CPI is 5.1% and CPIX is 6.3% (SARB Sep 03). The SARB, Chris Hart of ABSA and most economists indicate that lower inflation and interest rates and currency stability appear to be sustainable.*
- ***Macro-economic** Policy needs to expand public investment as indicated in the Budget, the Intergovernmental Fiscal Review, the Cabinet and the engagement by the Presidency in the budget process to facilitate strategic objectives; Presidency Review to be publicized for comment and action*
- ***Micro-economic** Policies need to accelerate growth, investment and employment across sectors – Dti discussion papers to be translated into comprehensive action plans including services and other sectors*

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: The "Black Sanlam"** is proposed as a **major black-owned financial institution** mobilising pension and provident funds for viable growth investments and broad-based BEE. Natgrowth proposals developed since 1995 are available for action and mandating by stakeholders.*

3.3. Housing

3.3.1 To achieve the objectives of **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 to increase**. ***Comments: A Large Scale Housing** Programme to be presented by Dep 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 to accelerate implementation of agreements including over R70b in development-oriented investment, with ongoing pressure from stakeholders.*

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

4.1. Accelerating Equity: The pace 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 to be accelerated at all levels with greater drive and coordination between the Dep of Labour national, provincial and local government, business, labour & stakeholders*

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

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. through 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: Dti__ to __drive__ and coordinate implementation and communication to all stakeholders, to ensure that BEE becomes broad-based and growth-oriented, with clear guidelines on reporting and monitoring mechanisms. Public Enterprises and Development Finance Institutions such as IDC and DBSA to broaden scope and scale in terms of new mandates for BBBEE and job creation;

4.3. Employment Equity: joint campaign 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 1st 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 35, special efforts to include rural youth & 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:__ Target __1-2m Learnerships__ to have real impact. __Department of Labour and Setas__ to __streamline procedures__ and __remove of obstacles such as over-regulation (see 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: *The* ***Skills Fund of +/-R6b is largely under-utilised*** *and few Setas are effective, although these Setas demonstrate the way forward. The NQF is under review and the system and is to be* ***streamlined*** *and coordinated between the Departments of Labour and Education, the Setas, Business, Labour and Local Government IDP's and LED's.* ***Obstacles to be removed*** *such as* ***over-designed regulations and accreditation processes*** *which few public or 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. A direct campaign to be actioned to facilitate effective delivery on scale.* ***Cabinet*** *has set aside portion of the Skills Fund and National Student Aid Scheme for focused scientific, technical, management, professional and artisan training.*

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: The Dep of Education *has the* ***largest budget +/- R70b,*** *to be integrated with GDS and Skills Development initiatives eg. Job-related skills, using schools as community centers reaching the majority of youth and their parents on a daily basis; Strengthening the SETAS and delivery systems*

4.8 Access to basic services

4.8.1 **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 smme's 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 *with clear responsibilities and alignment of budgets and resources, to be presented by by the Departments of* ***Social Development, Public Administration, Provincial and Local Government*** *and delivery agencies such as* ***NDA***

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 socially and economically integrated communities. In many cases this will need 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 GDS
g. **Progress report** on implementation of the Integrated Sustainable Rural Development Programme (**ISRDP**) and the Urban Renewal Programme (**URP**), which target 21 nodes.

Noted that Local government faces **capacity and resource constraints** in developing & 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 local level should be strengthened - guidelines to be developed by government
d. **Participation** of Nedlac constituencies in structures and mechanisms that seek to deepen community participation, be strengthened eg. **i.Imbizos; ii.Letsema** Campaign; **iii.Ward** committees; **iv.School** Governing Bodies; **v.Community** Policing Forums; **vi.Hospital** boards; **vii.Workers** forums
g. **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 a wide range of societal objectives and engagement at local level on development and implementation of IDPs should be strengthened.

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

5.2.1 Local Economic Development (LED)

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** be explored to make it easier for SMMEs and co-ops to **tender** for local government work, including **payment** turnaround time.
b. **Local** government and procurement should commit to the **Proudly South African** campaign.

c. **Procurement** strategies should endeavour to promote LED & simpler standardised tender procedures.
d. **Seek to streamline** applications for permits and other approvals.
e. **Mechanisms** should be developed to link **LED** sub-sector strategies **with sector** strategies.
f. **Multi-Purpose Community Centres** (MPCCs) should ultimately operate in all **284** municipalities.
g. **MPCCs to support** development of SMEs and co-operatives.
h. **Mechanisms to facilitate access**, including access 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 coops.
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.

5.2. 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, and 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

5.3. Service delivery mechanisms

5.4.1. The constituencies agree that:

a **Employment** opportunities for the poor, vulnerable & marginalised to be facilitated & created through an integrated & coordinated 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.

Comments: Local Action Plans, IDP's and LED's need to be supported by targets, timeframes, capacity and budget allocations re-aligned with National and Provincial Budgets by the Treasury, DPLG and DPA – towards a streamlined public administration

6. Overall Comments on GDS Implementation – Making it Happen

Detailed and Coordinated Action Plans need to be implemented

- **By all departments and sectors**
- **At national, provincial and local levels**
- **With clear targets, timeframes and responsibilities**
- **With access to available funding and re-aligned budgets**
- **With access to available capacity**
- **With comprehensive business plans**
- **With performance management systems**
- **Without obstacles**

7. National Implementation

- **GDS Implementation** needs to be accelerated by the leadership of all constituencies. **Nedlac** has prioritised the implementation process, which requires detailed action plans, monitoring and broad engagement across all sectors and spheres with alignment of resources, responsibilities and capacity.
- **The Presidency and Cabinet** have driving roles in implementation of the GDS, overall Economic Policy and the budgeting process. The **National Treasury, Parliamentary and DG** Committees need to align budgets and programmes with the GDS; Mrs Farida Mohamed MP to follow-up
- **National Departments and Clusters** 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 on use of some 2000 Post Offices as MPCC's in many local areas
- **Public Enterprises and Development Finance Institutions** 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 support for GDS at all levels eg. through Nedlac, Nafcoc, Sacob, Cosatu, Nactu, Fedusa, Provincial and Local Development forums.

8. Provincial Implementation

8.1 **Provinces to align Provincial Growth and Development Strategies** and Budgets with GDS, led by the Offices of the **Premiers, Executive Councils** and the **Cluster** Committees

8.2 **Provincial Development Councils/"Nedlacs"** to be used for business & stakeholder engagement **and Investor Conferences** to be used for mobilising Private Sector Investment eg as in Limpopo

8.3 **Provinces to align strategies and budgets** both **with National and Local** Governments eg. Skills Development and Public Investment need to be integrated with Local IDP's and LED's

8.4 **Responsibilities,** performance management and budgets need to be **clearly defined** to unleash resources and available capacity with maximum impact.

8.5 **Provinces to follow-up** from July: Gauteng, Mpumalanga, W Cape; From September: KZN, Limpopo; Previously: Eastern Cape, Free State, Northern Cape and North West

9. Local Implementation

9.1 **Local IDP's, LED's, Budgets and Capacity** need to be reviewed and aligned with GDS, and with Provincial and National resources, including Government, Business, Labour and Communities

9.3 **Cape Town, Tshwane, Ekurhuleni, Midvaal, Nelson Mandela** and other Metros indicated the need for GDS related Action Plans. David Gretton of Cape Town, MMC Neldo Mokwena of Tshwane and Karuna Mohan of Ekurhuleni to follow-up further cooperation and implementation.

9.4 **Metros** such as eThekwine, Johannesburg, Tshwane and Cape Town to cooperate on GDS, IDP's and LED's with smaller local authorities eg. Emfuleni, Kangwini, Midvaal, Merafong, Pholokwane etc.

INITIATIVES AND PROJECTS 22-25 JULY 2003

In order to speed up implementation of GDS and related initiatives, further programmes, action plans and implementation processes are planned to engage National Departments, Provinces, Local Councils, Industry Sectors, Business, Labour and other stakeholders. July 2003 Delegates included Mrs Zanele Mbeki of Women's Development Bank, Mrs Farida Mahomed MP, Ms Karuna Mohan Ekhuruleni Metro, Mnati Mcambi IDC, Jessica Fortuin and Frans Hanekom of Western Cape Prov Admin, Johannes Malaka and Bongani Malungisa Dep of Labour Mpumalanga, Thabo Johnson and Buli Kapa Dep of Labour Gauteng, Chris Hart of ABSA, Desmond Golding of SA Reserve Bank, Ms Nina Mapili of the SA-German Business Initiative, Dr Louise Botha of the SA Foundation for Excellence, Allon Raiz of Raizcorp Business Incubators, Ezekiel Ledimo and Elmerie Emmanuel of First National Bank Public Sector and Smme Divisions (Refer www.natgrowth.co.za for further organisations, projects and initiatives). Specific initiatives discussed in July 2003, for follow-up include:

10. The Informal Sector and Women's Development Bank The Hon Mrs Zanele Mbeki

10.1 Mrs Mbeki indicated that the very large **informal sector,** comprising the majority of the population, is excluded from many initiatives eg. due to complex regulations, poor communication and entry barriers such as application fees and illiteracy eg. large numbers of poor people and women in the rural areas.

10.2 The **informal sector** could be catered for by a **specific policy and ministry** eg. as in Tanzania, and/or by prioritisation **in all policies and ministries, with simplified procedures**, outreach and communication strategies. Eg. GCIS, MPCC's and Post Offices should cater for this sector with user-friendly support, both electronic and people-oriented.

10.3 The **Presidency** has since **prioritised bridging the gap** between the "two economies" in a move towards **broader-based** socio-economic policies, programmes and action plans

10.4 **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 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
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** is being developed in alignment with GDS, National and Local Governments, Business, Labour, Communities and NGO's

11.4 **Bridging the divide between the poor communities and thriving** sectors is a key priorty. Eg. through infrastructure investment and partnerships between established and emerging sectors such as agriculture and tourism.

11.5 **Intergovernmental Cooperation and Budget alignment** with projects and business plans are moving towards a **breakthrough** with a focus on releasing resources for integrated development

11.6 **The Provincial Growth and Development Programme** and **Action Plans** to be developed and followed up with targets, timeframes and resource allocation

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 to be aligned with **GDS** and the Integrated Sustainable Rural Development Programme **(ISRDP),** the Nkedu Project and Social Development Programmes

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.

12.6 **The Provincial Growth and Development Programme** and Action Plans to be followed up

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 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 relevant Provincial Departments and with Business, Labour and Communities, in order to match the available funding with 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.

13.5 **Department of Labour, Provincial and Local Action Plans** to be followed-up

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,** which are now **overstretched** 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. **Action Plans** to be presented for follow-up.

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 agrcilture; land restitution funds, public works and public investment in government properties

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 underutlised and can be regenerated for better utilisation by a large number of people. Tshwane is considering various **follow-up action plans** and implementation processes.

16. **Ekurhuleni** Karuna Mohan LED Executive Director; summary of presentation

16.1 **Ekurhulei** 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.

16.2 **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.

16.3 **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, LED and IDP priorities. **Drivers** include cooperative governance, partnerships, rapid response to innovation and investment, and sound intergovernmental relations.

16.4 **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 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. **Action Plans** to be presented for follow-up.

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 as part of the Department of Communications. Mxolisi will **follow-up with proposals** for an enhanced **countrywide communications** programme to support GDS and related initiatives.

19. **Business Development Incubators** Allon Raiz CEO Raizcorp (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 and SAEF in South Africa.

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, BEE and Nepad objectives. IDC has announced **R10b** in funding for new BEE-related initiatives, to be followed-up with **action plans.**

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

The "Black Sanlam" aims to establish a major black-owned financial institution, mobilising pension and provident funds for viable growth-oriented investment and broad-based black economic empowerment. Natgrowth **action plans** are available for consideration by stakeholders. **Natgrowth Devbank** provides development and investment financing services, facilitating the raising of finance for business and economic development projects and partnerships, in cooperation with established financial institutions. Services include business planning, feasibility studies, project structuring, corporate finance, management and financial services.

INITIATIVES AND PROJECTS 2-5 SEPTEMBER 2003

24. **GDS Update: Investment Initiative, Job Creation**

The Nedlac Executive has prioritised GDS implementation. This requires **detailed action plans, project management and the mobilisation of capacity and resources** for implementation across all sectors and spheres of Government, Business, Labour and stakeholder groups. **Natgrowth has offered assistance** to Nedlac and constituencies in GDS implementation, and serves as a strategic resource on a continuing basis. Brando Shabe of the **Investment** Task Team indicated that implementation plans are expected in due course. Chez Milani of the **Labour Constituency** outlined the Fedusa job creation proposals, emphasising the need and potential for **labour-based** public works and infrastructure programmes, where feasible. In order to achieve the **target** of reducing unemployment by 50%, **1m jobs** per year could be funded by part of the R105b Government Investment Budget over 3 years; eg. at R12 000 per job costing R12b.

25. **Alignment of Programmes, Budgets and Action Plans**

Participants reported a **breakthrough** in realising the need for the Alignment of Programmes, Budgets and Action Plans across the various spheres of government. While large funds are available for investment in the National Budget, it is not clear where and how the funds are allocated and accessed. **A pro-active approach** across all spheres has the potential to unlock the large resources available for productive investment, which would include clearer budget alignment processes with guidelines for project proposals, business plans and capacity building. An outline of National, Provincial and Local Budgets is presented below with a number of strategic budgeting guidelines. **Natgrowth** programmes and services address these key areas in more detail and are available to Government departments.

Effective Strategic Budgeting Guidelines

as per Gear, RDP, the Public Finance and Administration Acts

- **Detailed business plans** and programmes linked to strategic objectives
- ***Integrating budgets and programmes*** *across departments and spheres*
- **Reviewing** all expenditure for re-allocation to **productive activities**
- ***Re-allocating personnel*** *from administrative to* ***productive activities***
- **Specific Performance Management systems** linked to remuneration
- ***Enhancing inter-governmental coordination*** *for maximum impact*
- **Removing obstacles** to enable access to available budgets
- ***Specific short-term capacity building programmes*** *focused on delivery*
- **Using Public-Private Partnerships** to meet delivery targets and outcomes
- ***Reviewing roll-overs*** *to ensure that budgets and projects are not lost*
- **Integrated Accountability Systems at Top Level**
- ***Dramatic Improvements in Financial Management***
- **Eliminate** audit qualifications, wastage, corruption and maladministration

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Consolidated National, Provincial and Local Budgets 2003/4

CONSOLIDATED Rbn 2003/4		National	Provincial	Total	% PRIORITIES
SOCIAL SERVICES	Huge	26.1	148.6	174.7	49.2Stand & Deliver!
Arts, Culture, Sport	Low	1.1		1.1	Increase & Integrate
Education	Huge	9.9	59.2	69.1	Effectiveness
Health	Huge	8.4	30.7	39.1	Improve Delivery
Housing, Community	High	4,8	11.9	16.7	Concrete Projects
Social Development	Huge	1.9	46.8	48.7	Remove red tape
ECONOMIC	Med	26.6	14.4	41.0	11.5Multiplier effects
Agriculture	Med	1.1	5.6	6.7	Implement
Environment, Tourism	Low	1.4		1.4	Increase, Integrate
Labour	Low	1.3		1.3	Increase, Jobs
Land	Low	1.6		1.6	Increase, Integrate
Minerals & Energy	Low	1.8		1.8	Increase, Integrate
Public Works	Med	4.5		4.5	Productive Projects
Science & Technology	Low	1.1		1.1	Increase, Integrate
Trade & Industry	Low	2.7		2.7	Increase, Integrate
Transport & Commun	Med	7.0	6.9	13.9	Efficient & Effective
Water & Forestry	Med	4.1	1.9	6.0	Integrate, Implement

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CONSOLIDATED Rbn 2003/4		National	Provincial	Total	% PRIORITIES
PROTECTION	Huge	56.6	1.9	58.5	16.5Turn Productive
Defence, Intelligence	High	22.5		22,5	Productive
Safety & Security	High	21.9	0.9	22.8	Prevention
Justice & Constitution	Med	4.5	0.6	5.1	Efficient, Effective
Correctional Services	High	7.7	0.4	8.1	Rehabilitation/
OTHER		21.8		21.8	6.2
Skills Development	Med	3.9		3.9	Unblock & Implement
Contingency		3.0		3.0	
Admin/Other	High	14.9		14.9	Re-orient to Delivery
National& Provinces	Huge	131.1	164.9	296,0	83.5
Local Government	Med			58.3	16.5
Total ex interest	Huge			354.3	100.0
Interest				51.0	14.4
TOTAL				405.3	114.4

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Provincial and Local Budgets by Department 2003/4 Rbn

	Local	Province	Total
E Cape	3.1	26.4	29.5
Free State	1.7	10.7	12.4
Gauteng	20.2	25.8	46.0
KZN	8.5	32.2	40.7
Limpopo	1.0	21.0	22.0
Mpumalanga	1.6	11.3	12.9
N Cape	0.8	3.8	4.6
N West	1.5	12.9	14.4
W Cape	7.9	14.9	22.8
Nat Transfers	9.4	142.4	151.8
Own Revenue	46.3	5.9	52.2
Conditional	2.6	16.6	19.2
Total	58.3	164.9	223.2

Provincial Classification		
Personnel	51.5%	84.9
Current	37.6%	62.0
Capital	10.9%	18.0
Departments		164.9
Education		58.5
Health		36.6
Welfare		37.3
Housing & Com		6.1
Other		26.4
Nat Transfers		142.4
Own Revenue		5.9
Conditional		16.6
Total		164.9

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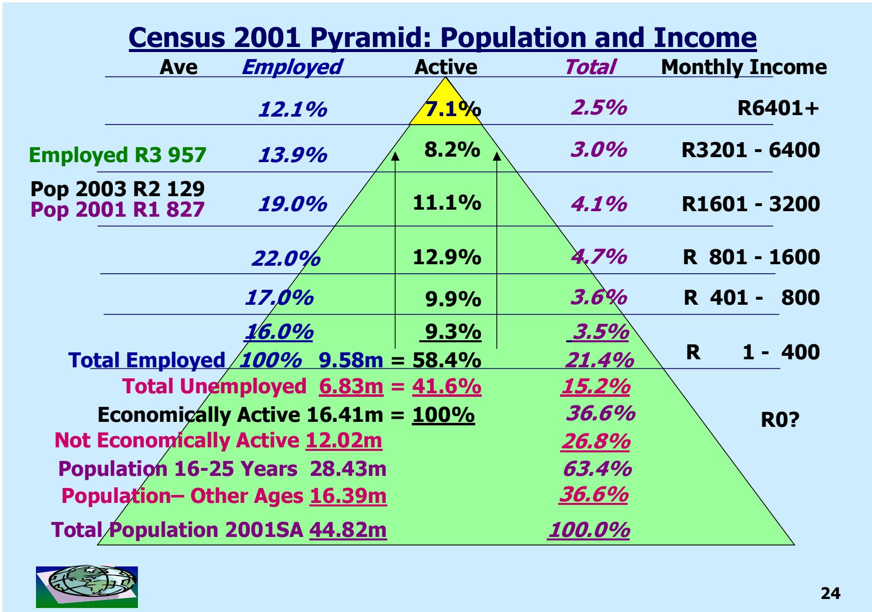
26. **Census 2001, Population Pyramid, Unemployment, GDP**

Census 2001 indicates a population of **44,8m** split between expanding middle-income sectors and the unemployed. Stats SA figures for March 2003 indicate increasing official unemployment of 31.2% and an expanded rate of 42.1% or **8.4 m** people (supporting over 22m people). **Government-led** Poverty eradication and job creation initiatives are urgently required to expand the base and bridge the gap between the "two economies", and to realize the potential for an expanding **pyramid of growth and development.**



GDP Growth has slowed from 3.1% in 2002 to 1.5% in the first quarter of 2003 and 1% in the second quarter. This is partly attributed to high interest rates and the related impact of the stronger rand on certain sectors, such as resources, causing significant job losses. The outlook is improving with lower inflation and interest rates, higher commodity prices, a global upturn and increasing investment. The IMF projects 2.2% growth for 2003 and 3.0% for 2004. However, to achieve the GDS targets of halving unemployment by 2014 and growth rates of 6%+ across a broad base more **pro-active economic strategies** are required, such as **accelerated implementation** of the GDS initiatives, balanced monetary policies, active fiscal investment, dti micro-economic strategies, sector development programmes and further integration with Africa. Regarding sectors, it is noted that **Agriculture** shows wide **fluctuations and has lost 1m**+ jobs over the past 2 years, which can be **reversed** by effective implementation of the ISRDP and intensive agriculture initiatives (See Gili Group below). Mining is static after a steady decline, while manufacturing has slipped after strong growth. Services show steady growth in GDP with a significant increase in employment (see Table below).

GDP BY SECTOR Stats SA, June 2003

	REAL GDP % CHANGE				% OF TOTAL GDP		
SECTOR	**2000**	**2001**	**2002**	**1/2'03**	**2001**	**2002**	**Q2'03**
PRIMARY	**2,0**	**-2,0**	**1.5**	**-1,0**	**9,1%**	**10,7%**	**10,5%**
Agriculture	7,6	-1,7	4,0	-3,1	3.9%	3,4%	3,4%
Mining	-2,3	-1.5	-0.6	0,0	5,2%	7,3%	7,1%
SECONDARY	**4,0**	**2,0**	**3.0**	**-0,0**	**24,4%**	**21,7%**	**21,8%**
Manufacturing	5,1	3,6	4.0	-0,5	18,3%	17,1%	17,1%
Electricity & Water	0.7	1.3	1.5	1,7	3.3%	2,1%	2,2%
Construction	2,7	5,5	2.1	2,0	2,8%	2,5%	2,5%
TERTIARY	**3,5**	**2,5**	**3.5**	**2.0**	**58,1%**	**58,3%**	**58,8%**
Trade, Comm, Cater, Tourism	4.5	3.3	2.5	2,0	12.5%	12,1%	12,1%
Transport & Communication	7.0	6,9	6.1	5,0	10.4%	8,7%	8,7%
Financial/Bus Services,Real Est	4.8	4.5	3.7	2,3	17.8%	17,7%	18,1%
Community and Social	4.7	3.9	2.3	2,0	2.4%	2,8%	2,9%
Government services	-0,9	-0,5	0.8	0,8	12.6%	14,4%	14,5%
Other producers	1.9	1.6	1.5	1,5	2.4%	2,6%	2,5%
TOTAL VALUE ADDED	**3.6**	**2.9**	**3.0**	**1,1**	**91,6%**	**90,9%**	**91,1%**
Taxes less subsidies	2.8	2.4	2.6	2,0	8,4%	9,1%	8,9%
GDP AT MARKET PRICES	**3.5**	**2.8**	**3.0**	**1,1**	**100%**	**100%**	**100%**

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All sectors have significant job creating potential. The loss of 1m jobs in agriculture since 2000 is evident below, although this sector has major turnaround potential. Employment Growth of **0,5m** is significant in **Services,** including Trade, Commerce and Tourism, as well as in Government and Community services. Manufacturing jobs show a steady increase, despite the current slowdown.

Employment by Sector % (Statistics SA Sep 2003)

	FEB 00		SEP 00		SEP 02		MAR 03	
PRIMARY	**2,8m**	**23,1%**	**2,2m**	**19,0%**	**1,8m**	**16,7%**	**1,8m**	**15.5%**
Agriculture	2,3m	19,2%	1,7m	14,5%	1,3m	12,2%	1,3m	11,1%
Mining	0,5m	3,9%	0,5m	4,5%	0,5m	4,5%	0,5m	4,4%
SECONDARY	**2,2m**	**18,1%**	**2,4m**	**19,7%**	**2,3m**	**20,7%**	**2,4m**	**20,2%**
Manufacturing	1,5m	12,4%	1,6m	13,5%	1,6m	14,8%	1,7m	14.4%
Electricity	0,1m	0,7%	0,1m	0,7%	0,1m	0,7%	0,1m	0,8%
Construction	0,6m	5,0%	0,7m	5,5%	0,6m	5,2%	0,6m	5,0%
TERTIARY	**7,0m**	**58,8%**	**7,2m**	**61,3%**	**6,9m**	**62,6%**	**7,4m**	**64.3%**
Trade	2,4m	20,5%	2,4m	20,7%	2,2m	19,7%	2,4m	20,5%
Transport, Comun	0,6m	4,6%	0,6m	4,7%	0,6m	5,0%	0,6m	5,2%
Bus, Fin, Prop	0,8m	7,0%	0,9m	7,9%	1,0m	9,3%	1,0m	8,9%
Community, Gov	1,9m	16,0%	2,0m	17,0%	2,0m	18,6%	2,2m	18,9%
Households, other	1,3m	10,7%	1,3m	11,0%	1,1m	10,0%	1,2m	10,8%
TOTAL	**11,9m**	**100%**	**11,7m**	**100%**	**11,0m**	**100%**	**11,6m**	**100%**

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27. **Dti/TISA**

Dti and Trade and Investment SA are active in many key areas of the economy related to GDS, including promoting growth, investment, job creation, trade, industry sectors, smme development and funding, BEE and skills development. The current dti Discussion Paper indicates the need for a review of dti's strategies in effectively achieving its objectives, building on the Integrated Manufacturing Strategy (IMS) and the Medium-term Strategy Framework. The need was identified to **extend the reach** of dti initiatives through more **comprehensive implementation** and communication processes, in **cooperation** with all spheres of government, the private sector and stakeholders. Sare Grobler, Edwin Moloto and Thokozani Masilela to follow-up.

28. **Agriculture Projects** – Gili Group Zanele Luvono and Gill Arbel

Gili Group is **successfully implementing a "KibbutzSA" model** for commercially sustainable **intensive agriculture**, processing and exports, together with **land redistribution**, **job creation, BEE, skills development and foreign direct investment. Seven projects** are in progress including some of the most depressed areas of the country, such as the Karoo (where water has been channelled from the Orange River) and **several thousand jobs** have been created. Local communities manage the projects on a cooperative basis and are **partners** in the projects, with Provincial or Local **Government,** Business in certain cases, and Gili which provides the technical, management, crop selection, exporting, funding and skills development expertise. **Funding** by the Group, FDI, Government and/or the Land Bank amounts to an investment of some R780m.

The core business has been operating in Bapsfontein for some twenty years, supplying premium quality vegetables to top groups in SA such as Woolworths and Pick 'n Pay as well as overseas. The range of high value-added crops includes varieties of peppers, paprika, olives, strawberries and more recently livestock in the Karoo. The methodology is **medium-technology** intensive farming on **small land** holdings, with **irrigation** under controlled conditions. This reduces dependency on rainfall – which traditionally causes large fluctuations in production and job losses. The small land requirement presents major opportunities for productive re-distribution of land in SA and elsewhere in Africa. Intensive **training** is provided at the group College, which has applied for SAQA accreditation, as well as overseas and on site, to ensure that appropriate skills are transferred and applied with full commitment and expertise. Great interest has been shown in the **further roll-out** of group projects in various provinces, such as Limpopo and W Cape, and in other countries, including by government, mining houses, agricultural exporters and investors. The constraints are currently the speed of management skills development and the infrastructure investment required. Further discussions will be held to enhance the rollout process.

29. **Chambers of Commerce** – Nafcoc Sipho Mseleku CEO

Chambers of Commerce are well positioned to play a dynamic role in Growth and Development, moving towards a unified federal structure with representation throughout SA and an expanding network through Africa. Nafcoc has provincial and sector chambers. Services including policy advocacy, training and business development services, such as Strategy Formulation, Market Access, Input Supply and Procurement, Infrastructure, Business Incubators, Technical and Professional Assistance, Facilitating Access to Finance and Matchmaking. A Business Academy is in planning. Cooperation with Government and other business organisations is under discussion to enhance implementation of common initiatives such as the GDS. Natgrowth has offered its assistance to Nafcoc and other business organisations in this process.

30. **Tourism Projects** – Southern Cross, Doris Worfel

Tourism has been expanding at a rapid rate in SA, particularly since 9/11/01 with SA seen as an affordable, attractive, safe haven destination for corporates, individuals and major events such as WSSD. South African Tourism is enhancing its marketing initiatives, ACSA is continuing its infrastructure development throughout SA and Africa and transfrontier parks are assisting in an integrated SADC tourism flow. Tourism inflows exceed 6m and GDP contribution exceeds R15b. Further action plans are needed to realise the full potential for domestic and foreign tourism, job creation, smme and skills development, infrastructure, transport networks, cultural tourism, community participation, security and sustainable development.

Southern Cross (SC) Experiences is an existing successful tourism business currently focused on the Corporate Tourism market from Europe. SC Enterprises is a new venture focusing on the development of a **Cultural Tourism** route throughout SA and SADC. Doris Worfel is working on a series of historical, cultural and archaeological sites going back several centuries, which she believes would be highly attractive to overseas corporate and individual tourists.

In his opening address at Indaba 2003, Thabo Mbeki describes his dream trip through Africa's cultural sites (See "Thabo the Tourist" The Star 9 May 2003). It is noted that both Tourism and Cultural industries have been identified priority sectors, with a number sites at various stages of development eg. the Cradle of Humankind project.

SC is engaged in a research process with University of Pretoria and in consultations with SA Tourism, Provincial and Local Government, communities and tourism operators. The concept includes community participation in accommodation, service provision, management and ownership. At this stage, a pilot project is planned in Limpopo, with a business plan and investment proposal are under discussion.

Natgrowth believes that the project should be implemented in stages, with initial moderate investment and be incorporated in the existing marketing process. This would allow for a learning process within a sustainable business model attractive to investors, and avoid the delays of an extended research and development process, which would however continue in parallel.

31. **Skills Development / Setas**

It was noted that the Skills Fund, currently amounting to R6b, and the Setas remain under-utilised, and that the NQF and HR and Skills Development strategies are under review by the Departments of Labour, Education, dti and stakeholders. The following suggestions were discussed with input from a skills development consultant Ezekiel Motlhake;

- The **GDS commitment** to strengthen the Setas should be **accelerated and consolidated,** based on the **successful Setas**, with strong management, contact with industry, streamlined access, accreditation and application procedures for providers, learnerships and programmes.
- It may be advisable to **consolidate** the 25 Setas under the most effective management team, with the Setas operating as sector-focused delivery agencies rather than as separate entities.
- The **Department of Labour** is positioned to implement skills development programmes independently of the Setas, eg. in cooperation with Local Government LED's and Sectors. This role and targets should be incorporated in the **performance agreements** of the Dep of Labour

- The **NQF and Skills Development Strategy** need to be **radically simplified and streamlined** to facilitate rather than obstruct ease of access by learners and accreditation of providers and programmes. As indicated earlier, the system is currently over-engineered as a Rolls Royce to remote European standards, which few public or private institutions are able to or should in fact be required to meet. The skills development process is thus **stuck in a quagmire of unnecessary regulations** and bottlenecks including **cumbersome accreditation** processes, the generation of "Unit Standards", **over-elaborate** quality management systems and **inadequate capacity to manage its own systems!**
- It may be advisable to **consolidate** the system into one streamlined process with **minimum generic standards,** which would encourage the roll-out of skills development and rather a plethora of maximal standards.
- Since skills development needs to be closely aligned with **employment and smme** creation, training facilities could be multiplied within a wide range of organisations within industry. The previous Manpower Training System may provide some lessons from the past for the future.

32. **Education/ICT** – Kpmg Sithuthutikile Zungu

A pilot study conducted with two Technikons on the **relevance of ICT courses to job opportunities** revealed **disappointing** results (which may be a reflection of the downturn and rapid ongoing changes in the industry).

Course design must thus be **much more closely** related to actual **employment needs** and be **flexible** enough to adapt to continuously changing technologies.

33. **National Development Agency** – NDA Reuben Mogano

A discussion was held on the role of NDA in poverty alleviation (short-term relief), reduction (increasing assets) and eradication (change of power relations and policies in favour of the poor). NDA has a budget of R96m and operates a single entry point for a number of institutions. Its mandate focuses on building civil society capacity, dialogue, R & D and impact assessment on the poor.

Project Applications assessed however amount to **R731m**, most of which are not accommodated. It was pointed out that NDA is part of the Social Development, which has a budget of **R48,7b.** Although a large portion is allocated to social security, it was pointed out at the Social Development Summit in Nov 2002 that the effective **alignment of major funding to the major needs** on the ground is major priority and **opportunity.** It was also noted that the NGO and CBO Civil Society sector as well as corporate social responsibility departments have significant delivery capacity, which is currently under-utilised and under-funded. NDA also serves as a partner to the Nedlac **Community Constituency,** which is also under-resourced. An **Integrated Social Development Programme** was recommended to the NDA and the Department, aligning resources, capacity and needs. NDA has initiated strategic partnership discussions with Natgrowth to assist with these processes, on which further feedback is invited.

34. **Sports and Recreation SA** Dida representing Solomon Phango

SRSA is related to the Ministry of Sport (which has a budget of +/- R150m), and the SA Sports Commission, coordinating programmes in cooperation with Provincial and Local Government, contractors and project managers, such as

1. Finance, Logistics and Human Resources;
2. Sports Federations and HIV/Aids Programmes;
3. Building for Sport and Recreation: Infrastructure and Poverty Alleviation Programmes, which has additional sources of funding, totalling R268m

It was noted that the sports and recreation **budget is very small** for the scale of development challenges and provides potential for **re-alignment** with the multibillion sports industry and the national budget. For example, greater utilisation can be made of the facilities of schools and the education system for sport, recreation community development and a range of other activities, as is the case in many developed countries. The sector has business and job creation potential as well as contributing to integrated social development. Further discussions and feedback are invited.

35. **Provinces: KZN, Limpopo, Western Cape**

Provinces are at different stages of preparing, implementing and funding Provincial Growth and Development Strategies (PGDS's). It was noted that this process can be **accelerated** and that the **alignment with available unallocated funding in the national budget** is a major opportunity. Some comments made by delegates in discussion include the following:

35.1 **Kwazulu-Natal** Prof Sipho Shabalala Advisor in the Premier's Office

While the GDS was prepared under pressure, it was part of a shift to **pro-poor** development strategies which do not rely on GDP growth but are based on **inclusiveness** as a **win-win** growth and development strategy. This includes both **contributions** by disadvantaged communities in terms of their massive human resource potential; **and distributions** of assets and resources to the poor in order to reduce poverty and inequality through government-led programmes. It is hoped to pursue further discussions on the KZN Provincial Growth and Development Strategy.

35.2 **Limpopo** Economic Development Enterprise (Limdev) Sam Maloka

Limpopo is currently reviewing its PGDS, after achieving successes in **increasing growth** to +/- 6%. The official **unemployment** rate is **still the highest** in SA at 38.5%, requiring ever-increasing efforts for growth, development, employment and investment. A wide range of **projects** are at various stages of investigation and the recent **Investor Conference** was successful in attracting new sources of funding. Limdev is a separate company under the Dep of Finance, focusing on Smme Development and Financing in various sectors. Its investments include Great North Transport, Khumo Industrial Properties, Ritsimi Housing Finance, Northlink Tours as well as in agriculture, water and insurance. Its targets include R250m investments and 15000 jobs.

Natgrowth is in consultation with various Departments and MEC's including the Premier's Office; Finance, Economic Development & Tourism; Agriculture, Health, Housing & Local Government, Transport; Trade and Investment Limpopo and Limdev, with a view to assisting in the PGDS and implementation processes.

35.3 **Western Cape** Provincial Administration DG"s Office Jessica Fortuin, Frans Hanekom

The **PGDS** is in progress. The priorities now are to **operationalise action plans** and **unlock resources and budget allocations**. It was considered that the way forward is to prepare **detailed business action plans and project proposals addressed to the right people** in order to **access the funding allocations** available. Further feedback is awaited for follow-up and implementation.

36. **Local Government: Nelson Mandela, Midvaal, Joburg**

Local Government remains the sphere of Government with the **largest delivery responsibilities** and the **least funding – R9.4b of the R334b Budget,** supplemented by R2.6b conditional grants and R46.3b own revenue, which is constantly under pressure, making a total of R58.3b or only +/- **17%** of the total budget. It is not surprising why **delivery is limited.**

It appears **imperative** that **budget allocations and functions be radically re-aligned** and streamlined between the spheres of government, both for normal service delivery and the GDS implementation processes. Feedback is awaited for follow-up with Salga, Dep of Provincial & Local Government and the Treasury

36.1 **Nelson Mandela Metro** Department of Eco Development and Tourism Vuyo Zitumane, Margaret Skinner, George Mandis, T Selai

Brief discussions were held on Mandela Metro. The IDP Vision for 2020 includes Growth of 5-8%, Job Growth of 3,5% and a 50% decrease in poverty and unemployment. Key priority areas include: The Auto industry, Tourism, Infrastructure such as Coega, Human Resources, HIV/Aids and Marketing. Feedback and follow-up are awaited.

36.2 **Midvaal** LED Clr Nomakula Egna Madube-dube

Midvaal is a typical small Municipality with widespread poverty and unemployment, short of resources and capacity. The GDS and Natgrowth initiatives were welcomed by the Councillor, with a view to follow-up discussions on implementation processes.

36.3 **City of Johannesburg** Summary of Business Forum Report on Implementation of 2030 Strategy
By Lael Bethlehem, Director, Economic Development Unit

- **Sector** studies include: **Auto** parts, Retail and Wholesale, Finance and Business Services, Creative Industries, Biotechnology, ICT, Food and Beverages, Professional equipment, Other chemicals, a Pilot Project on **Call Centres**, an RSC database project and an **Integrated Transport Plan (ITP).**

- **Business Process Outsourcing** in Financial Services. **$356b** costs from industrial economies to be outsourced by 2008, including IT, Operations and **Call Centre**s. Drivers include Telecom and HR costs and quality, property development and experience. SA has +/- 410 call centre sites expected to grow by 15% + pa. +/- 60% or 238 are in Joburg. It is proposed to position Joburg as the hub in SA and internationally, in a cluster process in cooperation with national Government and Business.

- **Wholesale and Retail Trade**: 18.2% of Joburg GGP; large part of Gauteng and SA trade. Household expenditure grew +/- 8-9.6% in SA, 11% in Gauteng and 11-13% in Joburg from 1999-2001. Retail Constraints include poor public transport, skills, theft, high interest rates, gambling and cellphones. Wholesale constraints: skilled managers, HIV, few developments, overtraded shopping centres, rural-urban transport, supply chain inefficiency, freight and logistics.

- **Auto parts:** A major, growing sector. Gauteng 31%, E Cape 27%, KZN 42%; Joburg has 30% of Gauteng production; 66 firms employing + 66 000 with turnover of +/- R5.6b. Issues in Joburg: Traffic congestion, electricity reliability, crime. Auto sector issues: steel cost & quality, technical and middle-management skills, HIV/Aids, paperwork for incentives, exports depend on MIDP, currency changes.

Economic/Area Regeneration: work done on Randburg CBD, Nasrec area, Spweto nodes, Inner City; to follow on Bertrams/Ellis Park, Alex to Hillbrow; Future work with JDA on implementation.

- **Randburg** strategies: coordinated planning, land and public sector management; business development; expand residential market; enhance social and institutional infrastructure. Action Plans for approval by stakeholders.

- **Nasrec** strategies: facilitate development of sports and recreation hub, infill residential, area-wide integration; Projects: initiate hub, land release, transport linkages, Expo centre, housing, environment

Transport

- **Soweto:** road and rail links, Bus and Taxi lane on M1, future rail investment;

- **City Deep/Kaserne** freight and logistics hub: major project, integration of facilities etc.

- **Integrated Transport Plan (ITP)** 2003-2008; Funding R346m assisted by Gauteng, Part of IDP

- **New Vision:** safe Efficient Public Transport serving +/- 3m people, saving time and cost, Flagship projects: North-South - Soweto CBD Sunninghill; East West – Alex Sandton Roodepoort

- **Target**s for 2005 & 8: Joburg Transport Authority, Public Transport Network defined, Selected lanes and priority measures, Inner City Inter-modal Distribution Service, Accessible Transport Corridors, Rail improvements, safe modern fleet, coordinated scheduling routing, settings of traffic signals

Skills: pilot study on business and financial services, partnerships with GDE and institutions

Smme's: Informal trading design and licensing process, council procurement, open for business

Summary Assessment:

- **Substantial Progress:** Sectors, Economic Areas, Business Transport, Security, Skills, Smme's

- **Some Progress:** Telecoms, Informatics, Catalytic / Social projects

Programmes for 2003/4: Economic Regeneration Areas, Sectors, Security, Skills, Smme's, Investment and BEE facilitation, Institutional Coordination

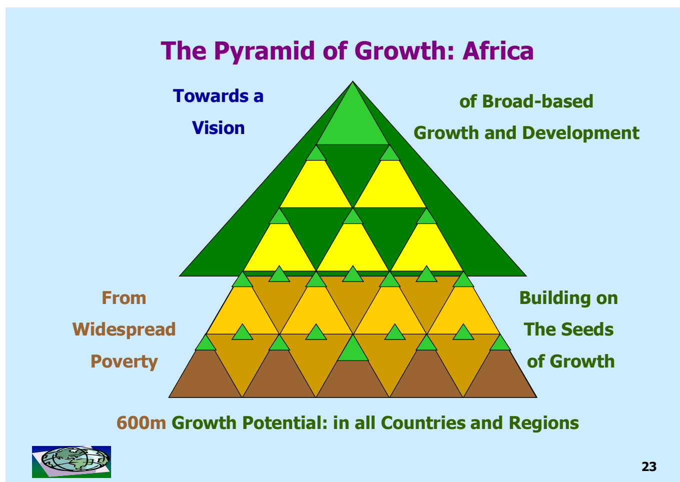
Further feedback and discussion will be pursued to enhance the implementation of Vision 2030, in alignment with the GDS, IDP, LED and Provincial Initiatives.

37. NEPAD Update: I'Africa Iyathuthuka

37.1 **Morwesi More** of Nepad Private Sector Department gave a brief but impressive presentation on the Nepad projects and programmes in progress around Africa. The Nepad Secretariat is small and overstretched even as a facilitator rather than as an implementation agency. Implementation is effectively facilitated at a regional and country level, from Heads of State through to Government Departments, Cooperation between Public Enterprises such as Eskom and Transnet, and Development Finance Institutions such as IDC and DBSA (see below). Nepad Departments are active in initiatives such as Market Access, HR, ICT, Health, Capital, Infrastructure, Governance, Communication etc.

37.2 **Chris Hart** of ABSA highlighted growing mutual and critical interdependence between SA and Africa, transforming the SA economy from 5m to 44,8m to a 600m as Natgrowth has emphasised! eg.

- Manufacturing **Trade** Balance with Africa of **R30,4b** enabling SA manufacturing to become world-class
- SA is the **largest FDI** investor into Africa across the spectrum; the G7 follow mainly in resources
- **SADC**: s**trong growth** eg. Angola, Mozambique, Tanzania, Lesotho, Botswana, Namibia and Zambia
- **Countries in conflict** and Zimbabwe are becoming the exception, as the circle of growth, investment, peace, security and good and governance spreads towards an expanding Pyramid of Growth



37.3 Nepad Presentation on the Way Forward Ginny King Nov 2002

- Complete business plans for with clear goals and timeframes and prepare a plan for the next 5 years;
- Facilitate implementation, Accelerate Marketing and Communication
- Engage development partners and multilateral institutions
- Establish partnerships with key African and international organizations that specialise in priority areas
- Call on international partners to commit to a sustained involvement in a partnership with Africa
- To play an invaluable role as agents for progressive change;
- To support the implementation of NEPAD's objectives;
- To champion Africa as a destination for foreign direct investment and private sector investment

Projects emerging include

- DRC, Angola, Uganda debt cancellation, WTO Doha / Cancun round
- Nacala Investor Conference, $1,3bn Nigeria oil from gas, Namibia/Nigeria refinery,
- Nepad Funding Commission, Africa Energy Fund, Multi-national Task Force,
- ICT Infrastructure example - Marine Fibre Optic Cable,
- Pharmaceutical Technology Transfer,
- **Tourism** Anchor Project Eg Expanded Okavango Upper Zambezi International Tourism Spatial Development, **Integrated Project Approach** Example: Great African Rift Development Strategy;
- **Infrastructure Development** and Continental Integration:
- Electricity Grid, Rail/Road Network, Inland waterways, Liquid Fuels/Gas Grid, Telecommunications

37.4 Nepad/Africa Update Issues 2003

- **Capital Initiative:** Progress on African Sock Exchange; Investment follows Opportunities and Returns with acceptable risk – eg. Angola; Aid and Debt Relief still lagging due to excuses such as Iraq
- **Infrastructure Initiative** – major projects in progress and in planning eg. Energy, water, transport, some ICT, Tourism and Environment

- **Agriculture**: Mixed – Feast or Famine; Floods or Drought – we need to get into intensive farming
- **Industry Diversification:** Mixed: dependent on specific initiatives and trade agreements eg. Lesotho benefiting from AGOA and proposed USA-SADC Free Trade Agreement – waht about the rest?
- **Human Resource** Initiative. UN Millennium Goals and Development Indicators A long way to go: goals can be reached with right programmes: health, HIV/Aids, Education, Skills, Poverty Eradication
- **Comprehensive Programmes of Action Needed – Country by Country; Sector by Sector**

38. **DBSA's Support for Nepad** Lison Muwila DBSA Africa Regional Partnerships Unit

The Africa Regional Partnership Unit has been created to play a **leading role** in Nepad Implementation and Financing, including marketing, capacity enhancement, partnerships with governments, regional economic councils (REC"s), public & private sector and other development agencies and Investment. **Progress to date** includes setting up as a dedicated support unit, secondment of staff to Nepad, initiating partnerships and coordination with major international funding agencies, the private Sector, Nepad Business Group and REC's, In view of Nepad's limited capacity, and DBSA's proven track record its support is very encouraging for Nepad implementation. It was noted that DBSA may need to fly the **Nepad/Africa flag** to avoid accusations of excess SA influence. It is hoped that the **scale and scope** of DBSA's activities will multiply rapidly.

39. **Kenya-SA Connect (Kensac)** Martin Carberry

Kensac facilitates cooperation between SA and Kenya eg. high-level dialogue, trade and investment, practical projects, infrastructure, management, sustainable environment, smme's, skills development, science and technology, culture and tourism. It was noted that Kenya has strengths in many areas which complement SA, eg. it has over 50 5 star hotels, far exceeding the number in SA, with experience in an active tourist market. Kenya has an active Nepad office as a gateway in East Africa. It was also suggested that the network be extended to East-South and West Africa.

40. **Ceasefire Campaign** Chemist Khumalo CEO

The interdependence between Peace and development was demonstrated both in Africa, other regions as well as in certain areas of SA such as the problems of crime and violence. There are 15 African countries in conflict today – largely over the control of valuable economic resources between governments and "rebel" groups, which may control a particular area, as well as those arising from poverty and inequality. Military intervention does not offer lasting solutions. The UN Ecosoc deals with post conflict rehabilitation, while the AU is establishing a multi-national peacekeeping task force. The complex socio-economic nature of the conflicts requires a **holistic approach** with the participation not only of multi-national agencies, but also of civil society and the private sector, in advancing programmes for growth and development, linked with peace and security. **Nepad** provides an opportunity for economic cooperation which will go a long way to reducing the social, economic and environmental causes of conflict. The Ceasefire Campaign is active in mobilising initiatives for peace and development with government, business and stakeholders. Progress will be reported shortly.

41. Other Initiatives: Cote D'Ivoir, SA Rai, Eskom, Arivia

Cote D'Ivoir Agency for Exports and Africa Business Services Danielle Dona-Fologo is seeking to stimulate trade, investment and partnerships with SA, other countries and regions. The possibility of establishing a Nepad office is being investigated with the government and it was suggested that the regional network with South and East Africa be extended. Rufus Andrew of Face Technologies/**Arivia** discussed the roll-out of ID technologies in Africa. **SA Rai** organised Business Growth & Opportunities for Africa Exhibition with the support of **Eskom, dti** and others, indicating their increasing engagement with Africa. It is hope that further events will be held throughout Africa demonstrating Nepad in Action.

42. **Conclusions:** The Way Forward, Action Plans, Comments and Feedback

This report indicates the movement towards concrete **action plans** and the alignment of resources for growth and development by government, business, labour and stakeholders across the regions and sectors of SA and Africa. The realities are mixed, with some progress in the formal economies, while poverty, unemployment, conflict, disease and related conditions remain at **serious** levels. The **call for action** is thus urgent. Natgrowth will continue to play a facilitative role in this process, mobilising stakeholders from planning to action. Further programmes and services will endeavour to focus on the practical **implementation** of action plans, financing and investment proposals, budgeting and resource alignment, and key management skills, with high potential impact and outcomes. **Comments, feedback** and follow-up are invited on the form below.

NATGROWTH

National & Africa Growth, Development & Investment Programme

COMMENTS AND FEEDBACK

To: The Natgrowth Coordinators
Tel: 27 11 403-5483/4/5; Fax: 27 11 403-3237;
Email: natgrowth@global.co.za; grow@natgrowth.co.za

Name ______________________________ **Designation** ______________________________

Organisation ______________________________ **Department** ______________________________

Tel ______________________________ **Fax** ______________________________

Cell ______________________________ **Email** ______________________________

Comments on the Report

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Follow-up Implementation Programmes and Projects

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Interest in Natgrowth Programmes and Services (please tick and specify)

28-31 October 2003____

Further Programmes and Workshops____

Specific Provinces or Local Regions____

Specific Projects or Sectors____

Strategic Partnerships____

Finance and Investment ____

Management Skills Development____

Other____