NDA
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POLICY DISJUNCTURE BETWEEN ECONOMIC TRANSFORMATION AND JOB CREATION IN SOUTH AFRICA

POLICY BRIEF

December 2022

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Summary

Record-high unemployment is the main cause of poverty in South Africa. The hardship of impoverished communities is further compounded by collapsing public service delivery, including electricity provision, public transport, road maintenance, public health, policing, and waste-water treatment. Impoverished communities' plight and desperation is further amplified by rampant food and petrol inflation caused by oil trading over $122 a barrel at time of writing.

This is occurring against a backdrop that is not short of policy. Which begs the question, why is there an apparent disconnect between policy and economic development and poverty eradication. This Study posits that there is not simply a disconnect between policy and economic development, but rather between policy, implementation, how government structures its work (through Annual Performance Plans) and the role of civil society.

Ultimately, in order for policy to be effective, it needs to be supported by effective implementation by Government (through the intelligent crafting of Annual Performance Plan targets, monitoring and evaluation). Achieving these two fundamental aspects should encourage the investor community to support the country and businesses within the country, which will benefit private sector, with civil society helping to ensure accountability.

In depth research into successful efforts to eliminate poverty elsewhere in the world, specifically in Norway, Singapore, Brazil, China and Vietnam, has confirmed that South Africa's progressive economic policies, in particular Black Economic Empowerment, have to be augmented with policies that elevate the attraction of investments to create jobs as the highest national priority for all organs of state.

No job creation is possible without foreign and domestic direct investment, and vast investments are required to reach National Development Plan (NDP) employment targets.

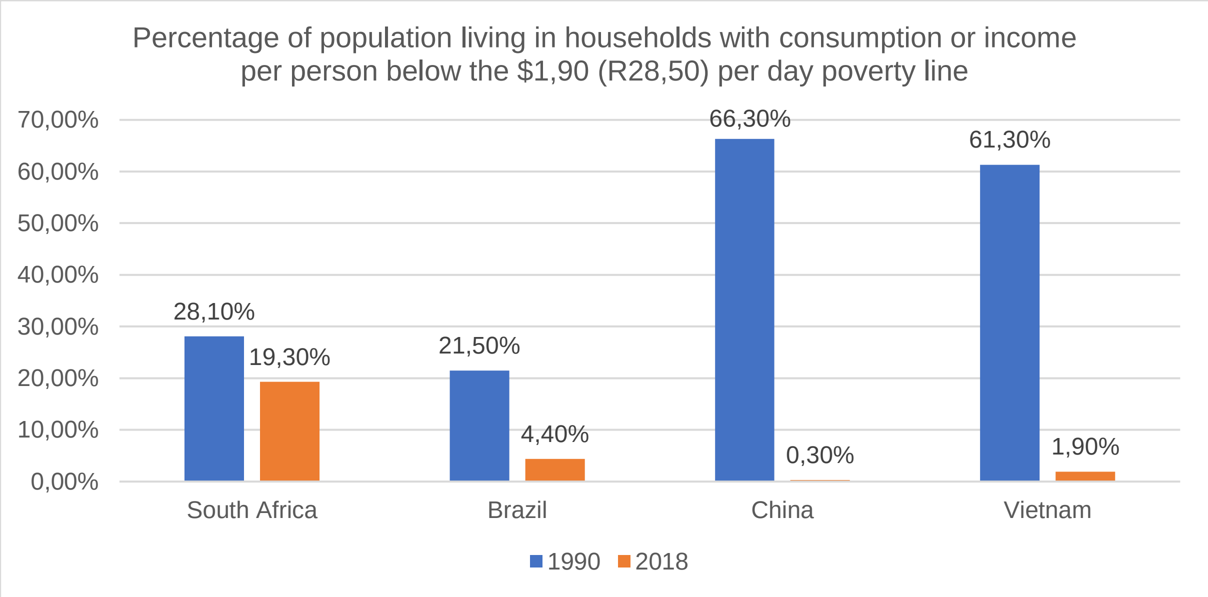
This imperative is acknowledged by the Government Gazetting of the Country Investment Strategy by the Presidency on 27 May 2022 as well as various Industry Master Plans that are in the process of being issued.

Sound investment strategy and industry plans are critical but the quality of these plans is not enough to ensure their success. All government, private sector, and civil society stakeholder groups must be invested in these strategies and plans in order to ensure success.

China and Vietnam were successful in lifting over 60% of their citizens out of absolute poverty in the short space of 28 years. By comparison South Africa has only lifted approximately 9% of their citizens out of absolute poverty in the same period, as illustrated in Figure 1 below.

All the countries (including South Africa), except for Norway, also share a colonial past, non-Western social customs, and a challenge to eradicate absolute poverty. These commonalities make China, Brazil, Singapore and Vietnam credible and relevant reference cases for South Africa. However, Norway's use of its natural resources also make for relevant learnings for South Africa.

__Figure 1: Poverty Reduction between 1990 and 2018__



Source: (World Bank, 2022)

The best practices employed by China and Vietnam also provide clear direction on policies South Africa should adopt to augment its existing progressive economic policies in order to eradicate poverty.

China and Vietnam found a working balance between market friendly policies and progressive economic policies that protected their citizens against the volatility and potential exploitation of global markets. These two countries did not choose between capitalism and socialism, they found an approach to embrace both. Pockets of poverty and inequality continue in both countries but their progress since 1990 overshadow these.

An in-depth analysis of China and Vietnam poverty eradication journeys highlighted three best practices for South Africa to consider in re-assessing its policy environment:

1. Common strategy across all departments, state-owned enterprises, agencies, and local governments to eradicate poverty.
2. Setting of individual, scientific economic performance targets determining bonuses, salaries, promotions, and dismissal for civil servants whose mandates materially influence investment, job creation, poverty reduction, economic growth, and public service quality. As a policy position, these performance targets should at least be included at ministerial, Director-General and Deputy Director-General levels.
3. Empowerment of civil society, focussing on marginalised communities to participate in economic policy creation and hold individual civil servants accountable on an annual basis.

Common Poverty Eradication Strategy - Policy Gap

China and Vietnam both followed a strategy of leveraging exports to generate revenues that are then re-invested to build professional skills and migrate into larger, more sophisticated, and higher margin export industries.

Their export strategies were supported by aggressive growth in electricity capacity, transport capacity and skills development. Electricity capacity, transport capacity and skills development were integral to the collective economic targets around investment, job creation, poverty reduction and economic growth

Their export strategies also drove the prioritisation of policies that have the biggest impact on investment, job creation, poverty reduction, economic growth and public service quality over conflicting policies that have more marginal impacts on economic performance.

Above all else both countries ensured that all organs of state, the private sector and civil society were aligned and committed to the overall poverty eradication strategies

South Africa's National Development Plan, Country Investment Strategy as well as the various Industry Master Plans indicate that South Africa is taking a strategic approach to poverty eradication that acknowledge the unyielding demands of the tightly integrated and market-orientated global economy.

When compared to the strategies of China and Vietnam the Country Investment Strategy and Industry Master Plans could be challenged and refined, but the value of doing so is marginal compared to the value of ensuring that all organs of state, the private sector and civil society is aligned, committed, and working toward the Country Investment

Any incarnation of the Country Investment Strategy and Industry Master Plans represent a major step forward. The most important matter now is not their improvement but rather their implementation.

Individual Civil Servant Job Creation Accountability - Policy Gap

Not all government departments, state owned entities and agencies have the same impact on investments and job creation. This stems from the interaction between the different organs of state's governmental mandates and the mechanical operation of the global economic systems.

The *de facto* departments of agriculture and energy have different impacts on the economic performance of water rich Brazil and oil rich Saudi Arabia respectively given their natural resource endowments.

This interaction is further determined by the balance of power between centralised functions and local governments.

Regardless of the differences between countries there are always individual civil servants' whose performance will have a disproportionately large impact on investments and job creation.

The Pareto Principle suggests that a minority of South Africa's civil servants will have the majority impact on investment and job creation. It follows that these civil servants' performance is of national importance in arresting South Africa's unemployment challenge. As such the optimisation of their performance is a matter of national importance and should be in the public domain.

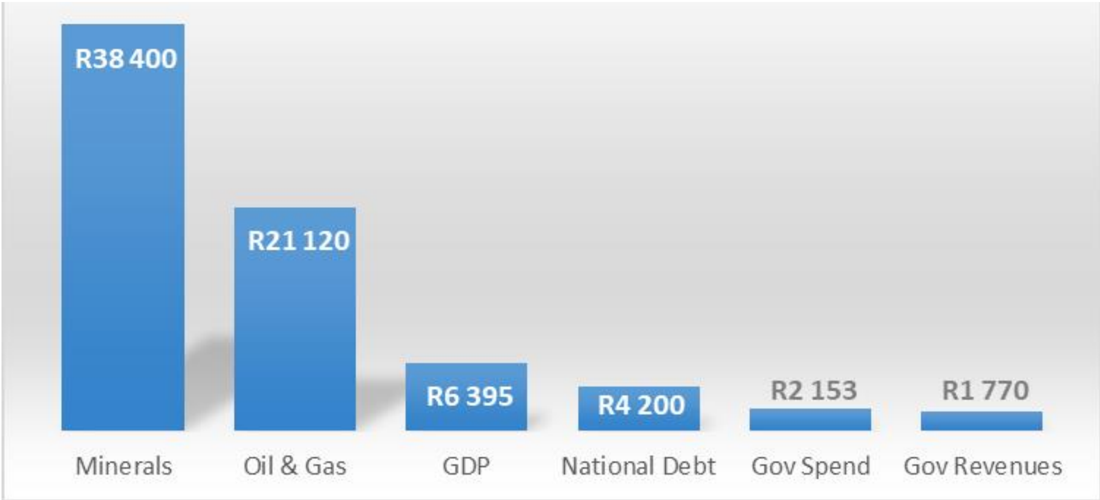
Central to performance optimisation is holding individual civil servants transparently accountable for outputs that they have control over, and which directly impact investment and job creation.

South Africa's vast collective natural resource wealth also provide direction on which departments, state-owned-enterprises, agencies, and local governments should be prioritised for performance optimisation and individual civil servant accountability.

South Africa is estimated to have non-energy minerals worth upwards of US$2.4 trillion, making it the wealthiest mining jurisdiction in the world (if petroleum reserves are excluded) (WorldBank, 2019). South Africa is also projected to have approximately 9 billion barrels of oil, and roughly 60 trillion cubic feet of gas offshore (BusinessTech, 2022).

The value of these mineral, oil and gas resources dwarf South Africa's national debt as illustrated below. They should arguably attract the investments needed to catalyse South Africa's journey out of unemployment and poverty:

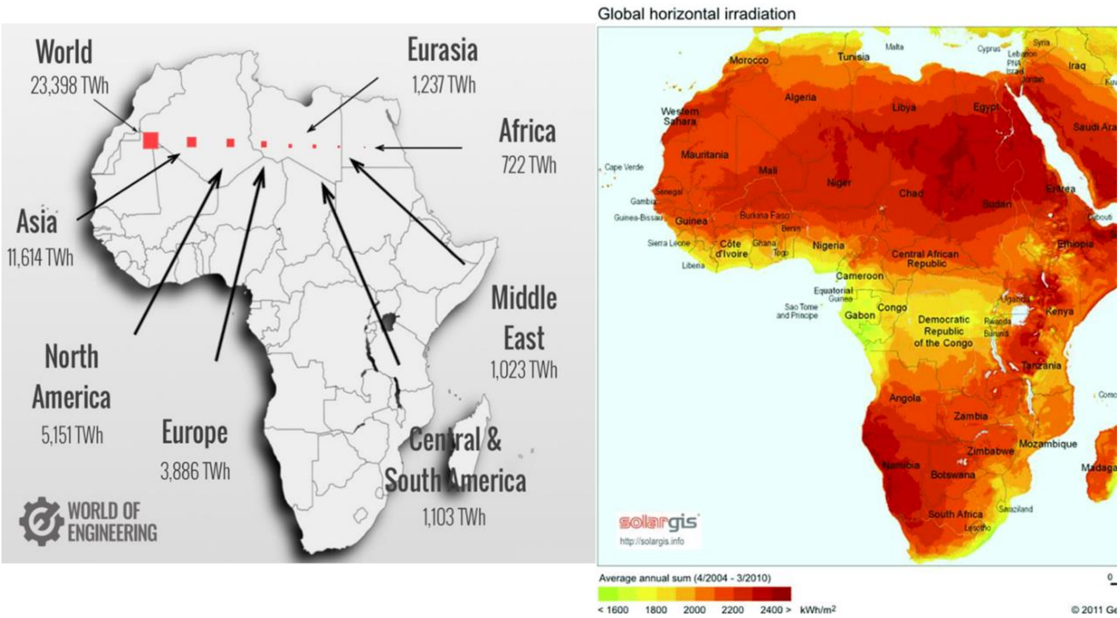
Figure 2: Key South African State Financial Indicators (in R billions)



Source: VisionActiv

South Africa, and the Northern Cape in particular, also have world class solar radiation levels, almost enough to meet global electricity demand, let alone South Africa's modest power needs, as illustrated below:

Figure 3: Surface Area Required to Power World with Solar Alone



This mineral and energy wealth belongs to the State, and thus to the citizens of South Africa, in terms of the Mineral and Petroleum Resources Development Act of 2002. Impoverished communities currently mired in poverty should benefit from this vast wealth.

The rapid issuing of licences to exploit South Africa's mineral, oil, gas, and solar resources is the fastest way to convert the State's collective wealth into millions of employment opportunities.

Given that unemployment is the biggest issue the country currently faces it follows that the rapid issuing of licences to exploit mineral, oil, gas, and solar resources is probably the most important process being executed by government at present.

The management and progress of mineral and energy licence issuing should be in the public domain and impoverished communities which stand to benefit from those licences should be in a position to hold the relevant civil servants accountable.

In 2021 it was disclosed that there was a backlog of 5,326 applications for mining rights, prospecting rights, mining permits, renewals and cessions or the sale of rights. It can be assumed that these applications would translate to hundreds of thousands of jobs, many if not most benefitting impoverished communities.

The impact of these licence applications on specific impoverished communities, the progress of those licence applications, issues holding up the issuing of licences and the civil servants in control of these processes should all be public information.

Beyond minerals and energy, the provision of freight rail and harbour capacity, the provision of clean water to major industrial operations, the arrest and prosecution of criminal syndicates targeting investors and municipal service delivery have all featured prominently in the media as impediments to investment.

The impact of electricity, road, rail, harbour, water, crime and other services on specific communities, the progress on improving delivery, issues holding up progress and the civil servants in control of these processes should all be public information.

The civil servants controlling these processes should also directly engage with civil society, especially with CSOs representing impoverished communities. Shareholders of private companies can hold individual executives personally accountable; citizens of South Africa should have the same right.

In contrast to South Africa, it can be argued that both China and Vietnam's economic miracles are the result of their policies which hold individual civil servants accountable for economic targets which include growth, investment, and employment targets (TheDiplomat, 2013).

Both China and Vietnam ensure that key civil servants are committed to investment and employment by linking their remuneration, career progression and dismissal to national growth, exports, investment, employment, public safety and other economic performance targets.

This translation of national economic targets to individual economic targets is being done according to Management by Objective (MBO) principles.

In China targets are classified into veto, hard and normal targets with salaries, bonuses, promotions, and penalties predominantly determined by meeting, exceeding, or failing hard and veto targets. These consequences are rigorously applied, and civil servants are in no doubt about the imperative to deliver on their hard and veto targets.

In Vietnam the measurement of performance isn't solely performed by government agencies either, civil society is also given the opportunity to give de facto performance feedback on individual civil servant's performance.

Vietnam's Provincial Governance and Public Administration Performance Index (PAPI) is a policy monitoring tool that assesses citizen experiences and satisfaction with government performance at the national and sub-national levels in governance, public administration, and public service delivery. Following the initial pilot in 2009 and a larger survey in 2010, the PAPI survey has been implemented nationwide each year since 2011.

PAPI measures eight dimensions: participation at local levels, transparency, vertical accountability, control of corruption, public administrative procedures, public service delivery, environmental governance, and e-government.

In order for individual civil servant targets to be fair they must be under the control of the civil servant being held to account. Holding civil servants directly accountable for jobs creation is unreasonable if they cannot control all the processes required for job creation. Unreasonable targets also destroy the credibility of any performance management system.

While a National Police Commissioner can obviously not be held accountable for national job creation, they can be held accountable for of the arrest of cable thieves. Arresting cable thieves is not only within the National Police Commissioner's mandate and abilities, it also directly impacts investment and employment.

Transnet Freight Rail capacity constraints cost commodity exporters R35B in 2021 (Miningmix, 2022). This was due in part to 1 000 km of copper cable used to power electric locomotives being stolen in the financial year ending on March 3, 2022 (Engineering-News, 2022). Reducing cable theft is a fair target that increase investment.

Both China and Vietnam are communist countries with the political stability necessary to mature their civil servant performance management targets, processes, systems, and reward models. They are also believers in Confucianism which bestows great honour and responsibility on public service.

As such they cannot be replicated without significant modification to cater for the different political systems between China, Vietnam, and South Africa.

In practice though holding individual South African civil servants accountable for process outcomes that they have complete control over, and prioritising performance in processes that have the biggest impact on job creation is both fair and effective in promoting job creation.

Civil Society Inclusion in Economic Development - Policy Gap

Citizens languishing in impoverished communities, which constitutes the majority of South Africans, feel left behind and are seething with anger towards both the private sector and government.

Older South Africans still have vivid memories of local and multi-national corporations flourishing while the majority of South Africans were oppressed by racist Apartheid laws and vicious National Party security forces. For them GDP growth does not equate to a better life, as South Africa recorded stellar GDP growth performances from the 1950s through the 1970s, a period where Apartheid prevailed largely unopposed by the international business community.

To them the private sector is personified by mining bosses taking home R300 million bonuses while the workers are left without income for months over a monthly increase of R800. Regardless of the actual merits of Sibanye Stillwater's argument that the commodity boom is temporary, and that profit sharing is a more sustainable remuneration arrangement, the reality is that the perception of capitalist greed at the expense of vulnerable people is deeply entrenched in the South African psyche.

Government, which is synonymous with the ANC since 1994, is viewed with equal suspicion to the private sector by the citizens of impoverished communities. Unemployment, load-shedding, potholes, rampant violent crime and unchecked immigration have led to record-low voter turn-out in ANC stronghold communities including Soweto, Diepsloot, and Ivory Park during the 2021 local government elections.

This low turn-out have led to the loss of ANC control in Johannesburg, and similar issues also surrendered Ekurhuleni and Tshwane, the *de facto* economic centres of South Africa.

To compound matters the bitterness towards government has been deeply amplified since 2021 with rampant food and petrol price inflation truly devastating poor communities. For this too, impoverished communities are blaming government.

To people in impoverished communities, lofty rhetoric and strategies around investment and industrialisation means nothing unless these can translate to tangible benefits for their specific impoverished communities.

Civil Society Organisations (CSO) are the often the last line of defence for many vulnerable communities.

CSOs were the vanguard of the anti-Apartheid movement locally, and the umbrella organisation for the Apartheid-era CSOs, the United Democratic Front (UDF) was led by now President Cyril Ramaphosa. Despite the advent of democracy CSOs still remain true to their mission of speaking up on behalf of marginalised communities on the fringes of economic power.

This was vividly demonstrated recently when the widely respected Bertrams Inner City Farm close to Ellis Park rugby stadium faced forced removal. Dozens of CSOs joined arms to prevent the forced relocation of the farm to a plot 30 kilometres away from the impoverished community it currently serves (Daily-Maverick, 2022).

These CSOs are very much the embodiment of the ***"Poor Community First"*** mentality and their formal involvement during the conceptualisation and development of the multi-purpose Centre planned for the farm's current location would have saved the authorities from an avoidable public relations damage. Most likely they would have identified a suitable location near the existing farm for the two relatively small greenhouses, leaving all parties with a socially, economically and politically acceptable solution.

The Bertrams Inner City farm episode highlights the policy gap as it relates to formal collaboration with CSOs regarding investments that impact impoverished communities.

During the 1980s the CSOs under the UDF were a united force whose leader eventually took his seat at the CODESA negotiating table to represent the ANC. The current fragmented CSO community lacks the same formal organisation and influence in key economic development processes, specifically the Country Investment Strategy and Industry Master Plan implementation.

The National Development Agency (NDA) Act provides for government supported capacitation and funding of CSOs. The Act, however, lacks specificity around how to include CSOs in economic development processes, including investments in and around impoverished communities.

Given that many CSOs migrated towards providing de facto social services in the post-Apartheid era the National Development Agency has also been allocated to the Welfare cluster within government, moving them away from economic development as well.

It is thus clear that practical mechanisms formally involving government, the private sector and CSOs as well as a supporting government agency is required to meaningfully involve CSOs in the implementation of the Country Investment Strategy and the various Industry Master Plans.

More specifically South Africa needs a policy environment enabling a ***"United Civil Society Front"*** for CSOs to formally sit at the investment negotiating table with government and the global investment community in implementing the Country Investment Strategy and the various Industry Master Plans.

1 Background and Introduction

The section below outlines the purpose of this policy brief, as well as the research objectives of the underlying study that informed this policy brief. Additionally, the section below provides the context within which this policy brief was drafted and outlines the methodology adopted while gathering data.

1.1 Research Objectives

The purpose of this policy paper and its underlying research is to produce a body of evidence and information on policies for job creation and economic growth, relying on literature from local and international sources. This body of evidence is intended to inform policies, strategies, and programmes that result in economic growth, increased job creation, and reduced levels of poverty. The project also aims to spark debate on the failures of economic and development policies in creating reasonable growth in job creation in South Africa.

1.2 Background and Context

Given the extent of policies aimed at job creation and economic development in South Africa, juxtaposed against the relatively low levels of job creation and economic development seen in the country, there would appear to be a policy disjuncture.

This Study posits that there is not simply a disconnect between policy and economic development, but rather between policy, implementation, how government structures its work (through Annual Performance Plans) and the role of civil society.

To bridge this divide, this Study makes recommendations surrounding two key themes, namely:

- Individual Civil Servant Accountability Policy Recommendations
- Civil Society Inclusion in Economic Development Policy Recommendations

1.3 Research Methodology

This policy brief is based on a research study conducted on behalf of the NDA which gaps in policy, implementation of policy and the inclusion of civil society and private sector in promoting job creation and economic growth.

The study included a desktop literature review which was aimed at understanding the existing policy landscape, local successes and failures in implementing strategies, lessons learnt from abroad and relevant best practices that may be considered for the South African context.

In addition to the literature review, primary research was conducted, and 400 survey responses were received from co-operatives, and Civil Society Organisations ("CSOs"). Additionally, 9 interviews were conducted with a variety of stakeholders with views pertaining to job creation, economic development, and social and economic justice. We note that private sector's apparent unwillingness to partake in this Study, even after numerous requests, may be indicative of private sector's view on government's historical ability to implement policy, something that this policy brief addresses directly.

2 South African Policy in Relation to Economic Transformation and Job Creation

To understand whether the policies that have been enacted in South Africa over the last couple of decades since the advent of democracy have achieved impact, it helps to review the changing state of the economy and population welfare since then. But first, understanding the major policies introduced and what their objectives were will help in contrasting what they were supposed to achieve relative to what occurred. From then on, the views of civil society stakeholders can then be considered in the assessment of the impact or lack thereof of these economic and development policies on the ground in the lives of ordinary South Africans.

2.1 Major South African Economic and Development Policies

Nine major economic and development policies and their key objectives for the nation are presented in Table 1 below.

Table 1: Major South African Economic and Development Policies Over the Years

Development/Economic Policy	Key Objectives
RDP – Reconstruction and Development Programme (1994)	• Achieving high and sustainable economic growth. • Privatising underutilised state assets. • Liberalising trade policy to boost exports. • Increasing employment via economic growth. • Reducing the budget deficit. • Financing the RDP visa savings in other areas of government expenditure. • Increasing capital expenditure by government. • Forming a more effective civil service. • Reconstructing the environment of disadvantaged South Africans via the provision of housing, water, and electricity. • De-racialising the economy via legislation and policy changes in areas such as affirmative action. • Introducing competition policy to inhibit the over-concentration of economic power. • Strengthening the bargaining position of labour.
GEAR – Growth, Employment and Redistribution framework (1996)	• Encouraging greater public investment in infrastructure. • Reducing the budget deficit. • Using interest rates to control inflation. • Relaxing exchange controls. • Liberalising trade more rapidly. • Introducing tax incentives to stimulate investment. • Restraining growth of the public sector wage bill. • Privatising state-owned assets. • Increasing labour flexibility.

Development/Economic Policy	Key Objectives
AsgiSA – The Accelerated and Shared Growth Initiative for South Africa (2006)	• Introducing greater labour market flexibility via a review of labour laws. • Promoting/encouraging investment in infrastructure. • Ensuring a more competitive business environment especially for small and medium-sized enterprises. • Achieving GDP growth of 4.5% by 2009 and 6% between 2010 and 2014. • Improving the value of the rand. • Reviewing BEE policy. • Ensuring a supply of skilled labour.
IPAP – Industrial Policy Action Plan (2007)	• Fast-tracking implementation of four “lead sectors”, viz.: o Capital/transport equipment and metals; o Automotives and components; o Chemicals, plastic fabrication and pharmaceuticals; o Forestry, pulp and paper, and furniture. • Maintaining momentum on implementation of ASGI-SA sector priorities: business process outsourcing & offshoring (BPO&O), tourism and biofuels. • Implementing other substantive sector projects in: Diamond beneficiation and jewellery; Agro-processing; Film; and Crafts. • Furthering strategy in a range of other sectors including: Mining and mineral beneficiation; agriculture; agro-processing; ICT (services and products); and creative industries and white goods. • Designing and implementing an Industrial Upgrading Programme to deepen manufacturing capabilities. • Revising the suite of Industrial financing instruments to support the industrial policy. • Reducing input costs through competition policy and the review of import duties on a range of intermediate inputs into manufacturing. • Implementing Industrial policy related cross-cutting imperatives as set out in Government’s Programme of Action. • Instituting measures to improve government’s organisation and capacity to implement industrial policy.

Development/Economic Policy	Key Objectives
NIPF — National Industrial Policy Framework (2007)	• Facilitating diversification beyond reliance on traditional commodities and non-tradable services. Promoting movement into non-traditional tradable goods and services that compete in export markets as well as against imports. • Intensifying South Africa's industrialisation process and movement towards a knowledge economy in the long term. • Promoting a more labour-absorbing industrialisation path with a particular emphasis on tradable labour-absorbing goods and services and economic linkages that catalyse employment creation. • Promoting a broader-based industrialisation path characterised by increased participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy. • Contributing to industrial development on the African continent with a strong emphasis on building productive capabilities.
NGP – The New Growth Path (2010)	• Enabling the state to play a leading role in directing investment and providing investment incentives. • Promoting domestic investment. • Increasing employment via the private sector. • Strengthening public sector investment in infrastructure. • Targeting labour-absorbing industries for investment. • Promoting small-scale agriculture. • Reviewing BEE policy to focus on skills development and worker and community ownership. • Increasing labour market regulation to protect vulnerable workers. • Resisting the reduction of trade tariffs while promoting exports and combating illegal imports. • Capping pay and bonuses for senior managers and executives earning over R550,000 a year. • Moderate pay increase for people earning between R3,000 and R20,000 a month.
NDP – The National Development Plan 2030 (2011)	• Maintaining fiscal discipline and macro-economic stability. • Achieving sustained GDP growth of 5.4%. • Reducing unemployment to 14% by 2020 and to 6% by 2030. • Overhauling the civil service to improve efficiency and implementation. • Promoting market competitiveness. • Reducing the cost of living.

Development/Economic Policy	Key Objectives
	• Reducing impediments to investment. • Creating jobs through entrepreneurship, reducing regulations, and implementing public works programmes.
NSDP — National Skills Development Plan (2019)	• Derived from the National Development Plan (NDP), and seeks to ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development. • Identifying and increasing production of occupations in high demand to improve the responsiveness of the post school education and training system to the needs of the economy. • Linking education and the workplace through workplace based learning. • Improving the level of skills in the South African workforce. • Increasing access to occupationally directed programmes. • Supporting the growth of the public college system. • Supporting skills development for entrepreneurship and cooperative development. • Encouraging and supporting worker-initiated training. • Supporting career development services.
ERRP — Economic Reconstruction and Recovery Plan (2020)	• Modernising and reforming network industries and associated state owned enterprises. • Re-orienting trade policies and pursuing greater regional integration to boost exports, employment and innovation. • Diversifying the energy pool and capacity by implementing the Integrated Resource Plan[1]. • Lowering barriers to entry to make it easier for business to start, grow and compete. • Supporting labour-intensive sectors such as tourism and agriculture to achieve more inclusive growth. • Creating greater levels of economic inclusion, including through addressing high levels of economic concentration. • Addressing the weak job-creating capacity of the economy. • Boosting education and skills development. • Promoting greater beneficiation of raw materials • Addressing racial, gender and geographical inequalities which hamper deeper economic growth and development. • Prioritising green economy interventions.

[1] The Integrated Resource Plan (IRP) is an electricity capacity plan which aims to provide an indication of the country's electricity demand, how this demand will be supplied and what it will cost (Cliffe Dekker Hofmeyer , 2019).

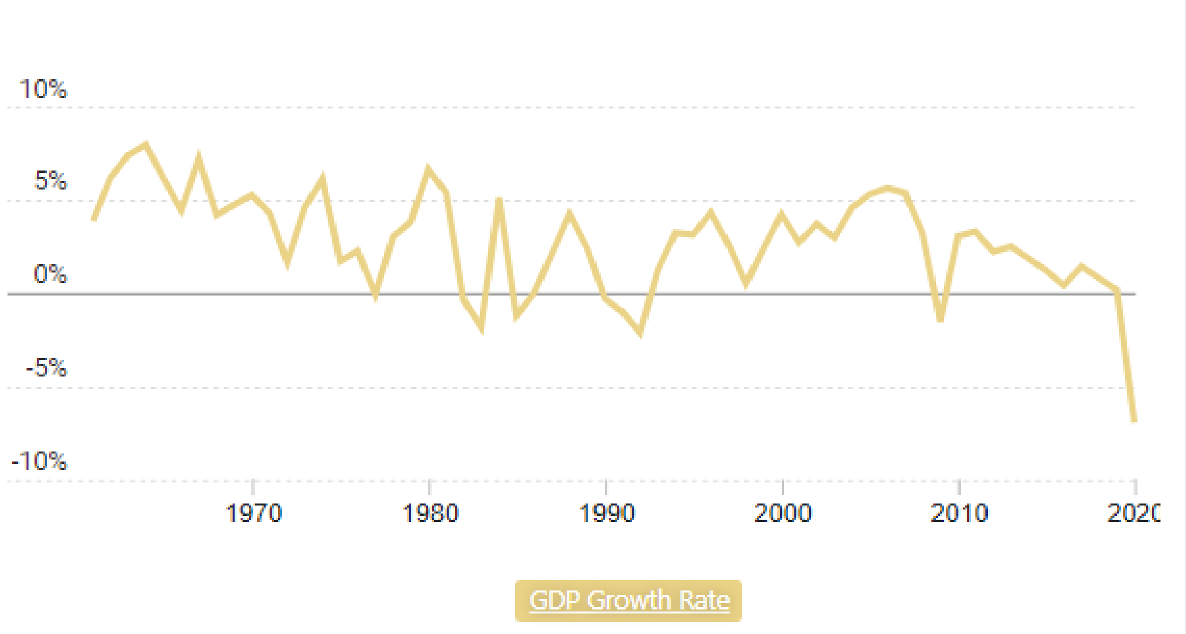
Development/Economic Policy	Key Objectives
	• Strengthening agriculture and food security. • Effectively coordinating fiscal and monetary policies to support the ERRP.

Source: (Cronjé, 2014), (Independent Entrepreneurship Group, 2015; Department of Higher Education and Training , 2019), (the dti, 2007), *and* (South African Government, 2020)

2.2 Policy Achievements and Non-Achievements in Context

The Study notes that the key objectives and targets as set out when the various economic development policies were promulgated were mostly not achieved. For example, *AsgiSA – The Accelerated and Shared Growth Initiative for South Africa* intended to achieve GDP growth of 4.5% by 2009 and 6% between 2010 and 2014. Instead, there was a -1.5% annual change in GDP in 2009, and a 3.0% annual change in GDP was achieved in 2010, which gradually fell back to 1.8% by 2014 (Data Commons, 2020) as illustrated in Figure 4 below.

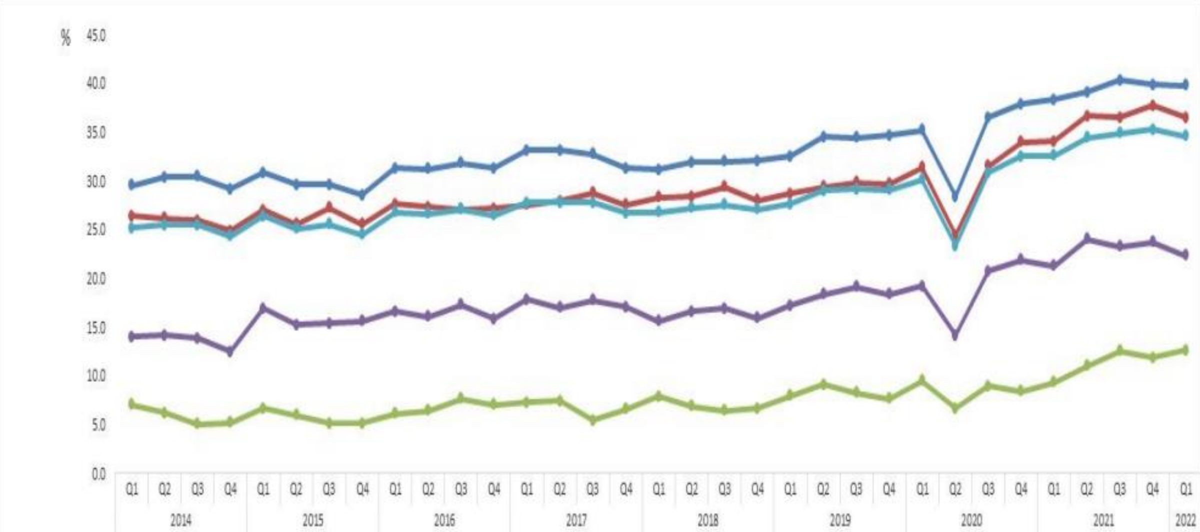
Figure 4: Gross Domestic Product Growth Rate in South Africa



Source: (Data Commons, 2020)

Furthermore, the *NDP – The National Development Plan 2030* intended to reduce unemployment to 14% by 2020 and to 6% by 2030. Up to 2022, that has not been achieved. Unemployment is currently at 34.5%, substantially more than was targeted for 2020. As such, the data suggests that the economic development policies of South Africa have, by most accounts, not achieved their intended objectives, and as such have not had much of an impact in alleviating poverty, reducing unemployment, and creating a transformed economy that benefits all citizens.

Figure 5: Unemployment Rate by Education Status, Q1: 2014 to Q1: 2022



	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Less than matric	29.5	30.3	30.4	29.1	30.8	29.6	29.6	28.5	31.3	31.2	31.8	31.2	33.1	33.1	32.7	31.2
Matric	26.4	26.1	25.9	24.8	27.0	25.6	27.2	25.5	27.6	27.3	27.0	27.1	27.5	27.9	28.7	27.5
Graduates	7.0	6.2	5.1	5.2	6.6	6.0	5.2	5.1	6.1	6.5	7.6	7.0	7.3	7.4	5.4	6.6
Other tertiary	14.0	14.2	13.8	12.4	16.9	15.2	15.3	15.6	16.6	16.0	17.3	15.8	17.8	17.0	17.8	17.0
RSA	25.2	25.5	25.4	24.3	26.4	25.0	25.5	24.5	26.7	26.6	27.1	26.5	27.7	27.7	27.7	26.7

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Less than matric	31.1	31.9	31.9	32.0	32.5	34.5	34.4	34.6	35.2	28.4	36.5	37.8	38.3	39.1	40.2	39.8	39.8
Matric	28.2	28.3	29.4	28.0	28.7	29.4	29.8	29.7	31.4	24.4	31.5	33.9	34.0	36.6	36.5	37.7	36.5
Graduates	7.9	6.9	6.4	6.7	7.9	9.1	8.2	7.6	9.5	6.6	8.9	8.4	9.3	11.0	12.5	11.8	12.6
Other tertiary	15.6	16.6	16.9	15.9	17.2	18.3	19.1	18.3	19.2	14.1	20.7	21.8	21.2	24.0	23.2	23.7	22.3
RSA	26.7	27.2	27.5	27.1	27.6	29.0	29.1	29.1	30.1	23.3	30.8	32.5	32.6	34.4	34.9	35.3	34.5

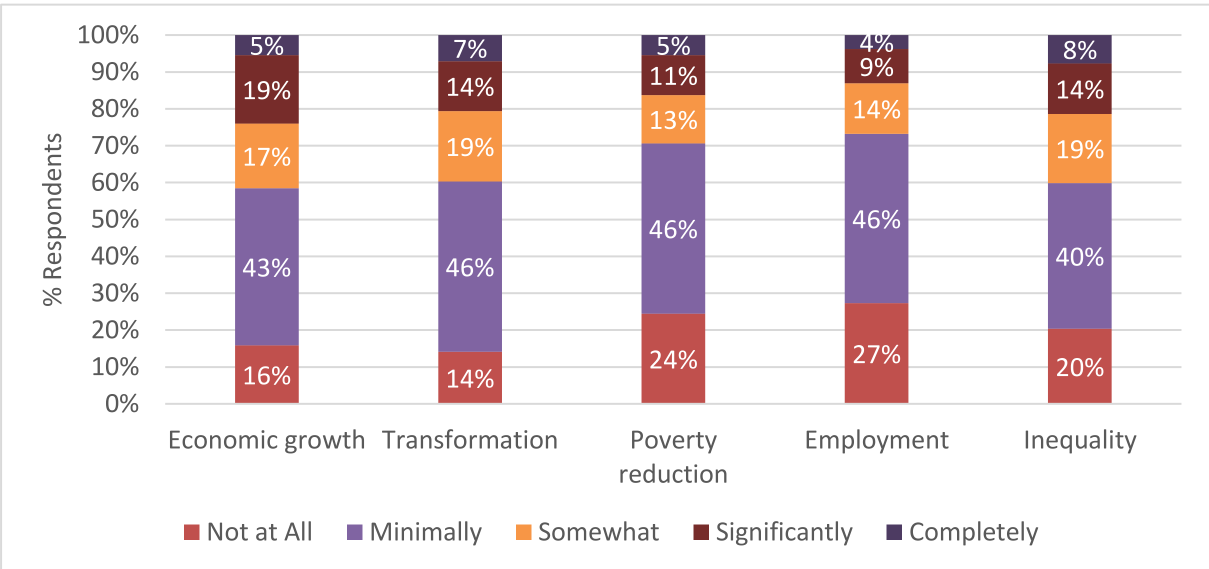
Source: (Statistics South Africa, 2022)

2.3 Stakeholder Views on Economic and Development Policies

In this section, the thoughts of civil society stakeholders on whether economic and development policies have had a positive impact, what could be the reason why they have not if so, and possible solutions are detailed.

In this study, civil society organisations (CSOs) were surveyed to determine how effective they think South Africa's development and economic policies have been. The figure below details their responses.

Figure 6: Effectiveness of Development and Economic Policies According to CSOs



Source: Survey, 2022

Around a quarter of respondents (24%) believe South Africa's development and economic policies have been significantly or completely effective in promoting economic growth. One in five respondents (21%) view policies on transformation as significantly to completely effective in promoting transformation. Only 16% and 22% of CSOs view policies on poverty reduction and inequality as effective, respectively. Employment policies show the lowest approval, with only around one in ten respondents (13%) believing these policies have been significantly to completely effective in solving unemployment.

For all five of these key focus areas, the majority of respondents (at least three out of five or 59%) indicated that the policies have not at all been effective or have only been minimally effective, as displayed in the figure above. These findings indicate that more effort has to be made to increase the degree to which policies align with the needs of stakeholders and achieve their intended objectives.

In addition to the surveys, interviews were also conducted with stakeholders to draw insights regarding the success or failure of economic and development policy in South Africa. The key insights highlighted during engagements are as follows:

The majority of stakeholders indicated that though South Africa has good policies, the challenge is poor implementation.

> "South Africa has perfect policies, but the problem starts with the people who are handling services that need to be delivered to the people out there. They are not creating the country to be the best place to live in by rerouting the resources into their own satisfaction and not the community."
>
> *Survey, CSO, 2022*

Some stakeholders, however, refuted the claim that South Africa has good policies, noting that well-written policies are not necessarily well-thought-out policies. They went further to say policies are sometimes erroneous and contradictory, and there is an opportunity to improve the actual content in terms of aligning it to the outcomes and impacts sought.

> "First is, anecdotally, it is commonly said that we have amazing policies, the best in the world. I think this is erroneous. There is contradictory content in them. Do not take them at first value. What is the actual content and what is it going to produce?"
>
> *Interview, CSO, 2022*

A factor that is said to exacerbate the challenge of poor implementation as highlighted by stakeholders is the lack of accountability among those who are tasked with implementing policy.

> "There are no adequate Policy implementation and [there is a] lack of accountability, including the use of [the] multiple stakeholder's approach."
>
> *Survey, CSO, 2022*

A key success factor for implementation highlighted by stakeholders is the hiring and retaining of quality civil servants with strong governance skills, integrity, and passion.

> "Implementation must be addressed critically so, reinforcing a responsible attitude whereby government officials become role models of this country. Officials must be proud South African, passionate about their work because they are working for the nation not themselves but for people."
>
> *Survey, CSO, 2022*

Monitoring and evaluation (M&E) is a mechanism that a number of stakeholders have noted as currently lacking. Promoting collaboration, stakeholders highlighted that civil society should be allowed to play a bigger role in monitoring and evaluating the activities of the government so that they can steer efforts in the best interest of the public.

> "For us the disjuncture is that policy need civil society (CS) to be more involved in planning, monitoring, and evaluation. We see that some of the implementation mechanisms done by government are more tick-box exercises, not the engagement space that we envision…"
>
> *Interview, CSO, 2022*

Stakeholders called for more contribution from the private sector in lifting the overall prosperity level of the South African.

> "Big & private business must create jobs; government can't do it alone. Apprenticeship scheme to be reintroduced at companies. [There must be] More skills mentorship programs for the youth."
>
> *Survey, CSO, 2022*

2.4 Key Impediments to Economic and Development Policies Achieving Impact

Having assessed whether South Africa's economic and development policies have achieved impact, and having engaged with civil society stakeholders, a few key points which guided further research emerged as listed below:

- South African policies are well written but have not worked as there has not been sufficient implementation.
- There must be greater monitoring and evaluation in government.
- Government must re-evaluate its metrics for success and ensure that their metrics are aligned to the prosperity of the average citizen.
- Civil servant hiring processes must be enhanced to weed out cadre deployment and corruption.
- Civil servants must be aware that if they do not perform by reaching targets, they could be fired and/or forfeit bonuses.
- Corruption is costing the country dearly and must be overcome.
- Job creation should be the core focus of each government department.

The above are issues calling for solutions. The following chapters explore ideas, common strategies, and frameworks that can help solve some of these issues; along with best practices from the historical experience of other countries that were once in a similar position to where South Africa currently finds itself (such as a colonial past, non-Western social customs, and a challenge to eradicate absolute poverty). Key among these are strategies that ensure policy is implemented well—a major contributor to the disjuncture.

3 Recommendations

The combination of the proposed policy recommendations will empower members of impoverished communities to negotiate equitable rewards with the global investment community and hold their civil servants personally accountable for job creation efforts in impoverished communities.

Handing this power to citizens living in impoverished communities will help bridge the trust gap between impoverished communities and the private sector as well as between impoverished communities and the government. Both of these are essential for buy-in to the implementation of the Country Investment Strategy and various Industry Master Plans.

Linking key civil servants' remuneration and career progress to targets which materially impact investment and employment but is still within their mandated ability to control will align their financial interests to the Country Investment Strategy and various Industry Master Plans.

Making the key processes that impact employment transparent and open to public feedback will also deter corruption and dramatically improve investor confidence into South Africa.

By introducing these practices South Africa will improve its ability to emulate the poverty elimination achievements of China and Vietnam. Most importantly, this will focus government, the private sector and civil society on what matters most, namely creating a million jobs a year to meet the 2030 National Development Plan's employment and unemployment targets.

3.1 Individual Civil Servant Accountability Policy Recommendations

1. Develop and maintain a central **Job Creation Performance Model** that indicate the impacts that different government processes have on investments, direct jobs, and indirect jobs respectively.
   a) For example, the issuing of a mining licences will lead to investment in a new mine, creating direct jobs for those working in the mine and indirect jobs for those working within the supply chain that serves the mine.
   b) The issuing of a power generation licence will lead to investment in the new power station, creating direct jobs for building and operating the power station and many multiples more indirect jobs within the wholesale and retail businesses consuming the power.
   c) Different departments, state owned enterprises, and agencies have varying degrees of impact on investment, as well as direct and indirect jobs. The **Job Creation Performance Model** must help identify the organs of state and their processes that have the largest impact in order to make sure they receive the most attention and assistance.
2. Engage with the local and global investment community and identify the 20% of government processes that will have the 80% impact on investment and direct and indirect jobs, as per the Pareto Principle ("80/20 rule"), as part of the **Job Creation Performance Model**.
   a) This process will first identify the departments, state owned enterprises, and agencies through investor feedback and then drill down into their mandates, operational processes, and existing Outcome Indicators in their Annual Performance Plans (APP).
3. Refine Output Indicators for the most investment and job creation sensitive processes to focus on short term job creation as part of **Job Creation Performance Model** (the 20%). The following are examples of refined Output Indicators:

Table 2: Examples of Refined Output Indicators in APPs

#	Government Process	Refined Output Indicator
1	**Grant Mining Licence**	Number of licences granted for mines employing between 2000 – 3000 people within 2 years since granting
2		Number of licences granted for mines employing between 2000 – 3000 people in 3 years since granting
3		Number of licences granted for mines employing between 2000 – 3000 people within 4 years since granting
4	**Grant Power Generation Licence**	Megawatt baseload installed capacity granted that can be connected to transmission network in 12 months
5		Megawatt day-time installed capacity granted that can be connected to transmission network in 12 months
6		Megawatt variable installed capacity granted that can be connected to transmission network in 12 months

4. Develop econometric models for the 20% of the most investment and job creation sensitive government processes and derive normative ratios between each process Output Indicator, Investment, Direct Jobs, and Indirect Jobs respectively as part of the **Job Creation Performance Model**.

   The following hypothetical example illustrates such normative ratios between each process Output Indicator, Investment, Direct Jobs, and Indirect Jobs:

Table 3: Example of Normative Ratios Between Processes and Indicators

#	Process	Output Indicator	Investment	Direct Jobs	Indirect Jobs
1	**Grant Power Generation Licences**	*Megawatt base-load installed capacity connected to transmission network in 12 months*	R15M	10	100

5. Work backwards from National Development Plan (NDP) targets and derive process Output Indicator Targets for the 20% of the most investment and job creation sensitive government processes as part of the **Job Creation Performance Model**. An example of a target is indicated below:

Table 4: Example of Process, Indicator and Target

#	Process	Output Indicator	Target (for financial year xxxx/xxxx)
1	**Grant Power Generation Licences**	*Megawatt base-load installed capacity connected to transmission network in 12 months*	2500 Megawatt

6. Establish a **Job Creation Office** within the Investment and Infrastructure Office of the Presidency to develop and maintain the central **Job Creation Performance Model** and maintain a list of the most investment and job creation sensitive processes, process Output Indicators, investment and jobs ratios, and NDP derived process Output Indicator Targets.

7. Formally partner the **Job Creation Office** with leading universities' Economics departments to develop econometric models and verify NDP derived targets.
8. Publish the **Job Creation Performance Model** in the Government Gazette for formal feedback from the private sector and organised CSO community.
9. Integrate **Job Creation Performance Model** Output Indicator Targets into relevant departmental, state-owned enterprise, and agency APPs.
10. Assign weights to all APP Output Indicator Targets of departments, state owned enterprises, and agencies that materially impact investment and employment. Mandate weightings of **Job Creation Performance Model** targets to 66% or above until unemployment levels drop to annual NDP target levels.
11. Align remuneration and bonuses of departments, state owned enterprises, and agencies' senior leadership on weighted APP Output Indicator Target performance. Institute mandatory disciplinary processes for gross underperformance against targets. This will ensure commitment from critically important civil servants towards investment driven job creation.
12. Develop a public web-based dashboard that tracks progress against **Job Creation Performance Model** Output Indicator Targets on a monthly basis.
13. Arrange quarterly **Job Creation Performance Model** performance feedback sessions between the CSO community and the relevant departments, state owned enterprises, and agencies' leadership.
14. Pilot the **Job Creation Performance Model** with 20 of the most important processes and add 20 additional processes on an annual basis till the 20% of the most investment and job creation sensitive processes are implemented.

3.2 Civil Society Inclusion in Economic Development Policy Recommendations

1. Create a dedicated Impoverished Community Investment Committee (ICIC) under the umbrella of the Country Investment Strategy's Investment Fast Track Committee (IFTC) that specifically focuses on investments that will uplift specific impoverished communities.
2. The ICIC must involve representatives from government, the private sector, and appropriately skilled and accredited Civil Society Organisation (CSOs).
3. Formally evaluate and invite CSOs that have the necessary social, financial, commercial, and legal acumen to effectively represent specific impoverished communities at the ICIC.
4. Formalise public-private investment models that allow impoverished community members to become equity partners with large private, institutional, and corporate investors using government supplied seed-capital in business ventures that leverage impoverished community assets such as land and water.
    a) An example of such a model would be the Taung Co-Op where a wholly owned subsidiary of major agricultural concern—GWK—partnered with emerging crop farmers operating on communal land in the impoverished Taung community.
    b) This membership and the Taung Co-Op's novel risk-sharing arrangement allows the emerging farmers to access markets, supply chains and finance that would not otherwise be available to farmers on communal land.
    c) Another example would be major beef conglomerate Sernick and emerging beef farmers in Vredenburg's having joint equity ownership of a beef sales and distribution company.

d) In both instances the Treasury's Jobs Fund provided the public capital for these Agricultural SMME–Corporate Collectives.

5. Allow accredited CSO operated trusts that are exclusively mandated to provide services to specific impoverished communities to meet **B-BBEE ownership requirements** that are preventing otherwise viable investments that will provide employment to impoverished communities.

   a) As an example, an accredited CSO operated trust that serves poor communities close to a prospective mine must be allowed to hold a non-tradable equity interest in the mine in order to meet B-BBEE requirements.

   b) The trust deed will prevent the CSO trustees to sell the interest, thereby allowing the mining companies to develop the 20–50 years' business case required by the global mining investment community. This would resolve the Mining Charter's "top-up" impasse between Government and the mining industry.

   c) The black ownership will not only remain stable but also benefit the actual people around the mine, providing social stability through an alignment between the owners and workers of the mines.

   d) This model will also reduce inequality, with mining profits not only accruing to wealthy investors but also to poor community members.

6. Only allow legally, commercially, and technologically skilled non-profit CSOs approved by the relevant impoverished community, government, and the Minerals Council of South Africa to operate such trust holding equity in mines.

7. Create a central and public **Impoverished Community Job Creation Projects Register** listing projects that have high job creation potential for specific impoverished communities. All projects on the register must be qualified in terms of:

   a) **Impoverished beneficiary communities**, such as Motherwell township for the R23B Coega Ridge development between Motherwell township and the Coega Industrial Development Zone (IDZ).

   b) **Number of jobs for the impoverished community**, such as between 2000 to 5000 jobs for Motherwell residents working on the Coega Ridge development.

   c) **Government cost per job created in impoverished community**, such as R20 000 per job for Motherwell residents, assuming that government contributes R40 Million to a public-private partnership for a new waste water treatment facility for Coega Ridge.

8. Accredited CSOs must be allowed to publish investment opportunities on the **Impoverished Community Job Creation Projects Register** to introduce investors to the communities and allow these investors and CSOs representing these communities to submit joint applications for regulatory approvals, such as mining, water, or land use licences.

9. Allocate a targeted percentage of government spend towards projects on the **Impoverished Community Job Creation Projects Register.** This will ensure a poor community specific view in the implementation of the Country Investment Strategy and Industry Master Plans.

10. Investigate mechanisms to classify the degree of poverty for project prioritisation purposes. Include dependency on social grants as one of the factors to consider.