

GROWTH AND DEVELOPMENT SUMMIT AGREEMENT: 7 June 2003

SECTION 1

VISION, OBJECTIVES AND OUTCOMES

1.1. Introduction

1.1.1. The constituencies in Nedlac have engaged in social dialogue over many years to address a range of challenges facing South Africa. This has laid a solid foundation for the consolidation of our democracy.

1.1.2. Constituencies recognise the important role that government has played in addressing challenges posed by the legacy of apartheid and in incorporating the products of social dialogue in policy frameworks in a number of areas.

1.1.3. Despite gains made by government in collaboration with constituencies, substantially more needs to be done to address the remaining challenges through stronger partnerships between government, organised labour, organised business and the community constituency.

1.1.4. Following President Thabo Mbeki's announcement of his intention to host a Growth and Development Summit (GDS) for constituencies to work together to address the investment, employment and poverty challenges our country faces, Nedlac constituencies have been engaging one another to prepare the ground for this Summit.

1.1.5. During deliberations, it was agreed that a vision for growth and development should be adopted, a set of priorities for joint action identified and a process set in place to ensure that the identified programme of action is carried out.

1.1.6. It was further noted during the deliberations that, given the challenges that our country has inherited from its past, it would not be possible for the Growth and Development Summit to address all priorities identified by constituencies.

1.1.7. Constituencies agreed on a process of ensuring that priorities that cannot be adequately dealt with prior to the Summit are followed up after the Summit.

1.1.8. In this sense, the Summit is launching a process for a longer-term dialogue that will require the Nedlac Executive Council to continue to focus and engage on as well as consider how to address the key challenges and options at hand - above all, job creation, economic growth, and overcoming the massive inequalities left by apartheid.

1.1.9. The outcome of our deliberations follows.

1.2. Vision

1.2.1. The constituencies of Nedlac - government, business, labour and the community - reaffirm their commitment to social dialogue and working together to address the economic and development challenges our country faces.

1.2.2. The constituencies commit themselves to a common vision for promoting rising levels of growth, investment, job creation and people-centred development.

1.2.3. This vision is aimed at making South Africa:

- a. The leading emerging market and destination of first choice for investors whilst retaining and expanding social equity and fair labour standards.
- b. A productive economy with high levels of service, a highly skilled workforce and modern systems of work organisation and management.
- c. A society in which there are economic opportunities for all, poverty is eradicated, income inequalities are reduced and basic services are available to all.
- d. A society in which our people, our most precious resource, are given the opportunity and support to develop to their fullest potential.
- e. A society that promotes the values of social equity, fairness and human dignity in the global economy.

1.2.4. The constituencies have accordingly identified the following national priorities for collaborative action:

- a. Promoting and mobilising investment and creating decent work for all
- b. Ensuring economic empowerment for all, especially for black people, workers, people with disabilities, women and youth
- c. Eradicating poverty and addressing the legacy of under-development
- d. Strategically engaging globalisation to the best advantage of the country

1.2.5. To address these national priorities, the constituencies are committed to forging a shared vision and set of objectives that will include a mutually acceptable framework for analysing the nature of these challenges and a common programme of action to address them.

1.2.6. The constituencies, through Nedlac, continue to strive to manage and promote the expanding social dialogue that is an important feature of our democratic dispensation. This presents an opportunity for the constituencies to develop a dynamic partnership that will facilitate social dialogue and joint action.

1.3. Objectives of the GDS

1.3.1. To give effect to this vision, the constituencies commit to:

- a. Building an enduring partnership - Promoting a shared vision of South Africa's growth and development strategy to frame sector and developmental agreements and lay the basis for partnerships in action.
- b. Addressing urgent challenges - Selecting from many possible interventions those which hold the promise of the greatest possible impact in the shortest possible time for accelerated investment, job creation, improved efficiency and productivity, greater social equity, and a fairer distribution of economic opportunities and rewards, while undertaking serious social dialogue on broad policy frameworks.

- c. Lending a hand - Securing the commitment and active participation of all constituencies in those areas identified for prioritised action in ways that build on lessons learnt from development programmes.

1.3.2. The constituencies recognise that the outcomes of the GDS will lay the basis for:

- a. Immediate action to address the challenges set out above.
- b. Ongoing social dialogue on the employment challenge and on a range of issues of mutual interest on which a national consensus needs to be developed after the GDS.

1.4. Themes of the Summit

Following an extensive discussion on themes that the GDS should focus on in order to achieve the above-mentioned challenges, the following themes were adopted:

- More jobs, better jobs, decent work for all
- Addressing the investment challenge
- Advancing equity, developing skills, creating economic opportunities for all and extending services
- Local action and implementation

1.5. Implementation framework and way forward

1.5.1. The agreements reached by the constituencies in each area are set out in Sections 2 to 5 of this document.

1.5.2. The constituencies commit to ensuring that the GDS agreements are disseminated to all their structures and as widely as possible through a joint communication strategy.

1.5.3. Nedlac chambers and structures will have standing items on their agendas dealing with the GDS agreements and receive regular reports on the progress of the implementation of the agreements.

1.5.4. Constituencies commit to an annual review by the Executive Council of Nedlac, of the success of the GDS agreements and to making adjustments where necessary.

1.5.5. The remaining issues on which the constituencies have not reached agreement will be considered by the Executive Council of Nedlac, and a programme of social dialogue will be developed.

1.5.6. The details of agreements reached in respect of each theme will be finalised in existing task teams or in task teams set up for the specific purpose.

1.5.7. Amongst the issues that will require engagement after the GDS are:

- a. Investment instruments and mechanisms as in 3.1.4.
- b. Measures to promote decent work and to address the problem of casualisation
- c. Practical implementation where this is not specifically provided for in the agreement
- d. A discussion between constituencies to develop a strategy and programme to promote social dialogue at the local level

SECTION 2

MORE JOBS, BETTER JOBS, DECENT WORK FOR ALL

2.1. Introduction

2.1.1. South Africa has experienced a persistent structural unemployment problem and, with it, household poverty and vulnerability. The constituencies seek to promote sustainable jobs, more jobs and better jobs - in short, decent work for all. The constituencies agree that a range of immediate interventions is required and have reached agreement on the following:

- a. Public investment initiatives
- b. Expanded public works programmes
- c. Sector partnerships and strategies
- d. Local procurement
- e. Small enterprise promotion
- f. Support for co-operatives
- g. Jobs impact and monitoring

2.1.2 The constituencies aim to halve unemployment by 2014. The agreements in this document are part of our collective efforts to achieve this objective.

2.2. Public Investment Initiatives (PIIs) Constituencies record the following agreements:

2.2.1. An expansion in public investment initiatives (PIIs) to develop and maintain economic and social infrastructure by government, state-owned enterprises and developmental institutions, in order to facilitate growth, improve productivity, create jobs and promote urban and rural development. Many of these initiatives will be mainstream infrastructure projects with a very strong construction and labour-based component.

2.2.2. Examples of projects that have the greatest potential for job creation include:

- a. Road construction
- b. Dam construction
- c. Rail construction
- d. Construction of multi-purpose centres (MPCCs)
- e. Construction of schools, clinics, prisons
- f. Major renovations and maintenance programmes of public buildings (including prisons, schools, clinics, offices, railways and sanitation)
- g. Construction of harbours such as Coega
- h. Electrification

2.2.3. To this end, constituencies agree:

- a. To address bottlenecks in infrastructure planning and project management for infrastructure development and maintenance.
- b. To strengthen the design and terms of public-private partnerships, public-community partnerships and construction contracts, taking into account relevant legislation and Section 5.3 below.
- c. To assist in improving the implementation of infrastructure planning at national, provincial and local level, urban and rural development, and productive investment.
- d. To promote effective and accountable management and maintenance of assets, infrastructure and goods.
- e. To promote labour-based construction methods and to identify the types of projects where a deliberate choice in favour of labour-based methods is feasible.
- f. To identify projects and programmes that can be proposed for implementation.
- g. To mandate an appropriate structure through Nedlac to work in partnership to achieve the above.
- h. To provide details of projects that fit this framework.

2.2.4. Business commits to mobilise and make available its skills and expertise, within a framework to be agreed after the GDS, with a view to enhancing the proper project design and management of these projects. Further, business will explore the potential for synergies between corporate social investment and these initiatives, including support for skills transfer to local communities.

2.3. Expanded public works programmes **Constituencies record the following agreements:**

2.3.1. Expanded public works programmes (EPWPs) can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. These EPWPs will be designed to equip participants with a modicum of training and work experience, which should enhance their ability to earn a living in the future.

2.3.2. It is agreed to launch projects that provide short-term jobs in the communities with a greater emphasis on providing and/or improving basic and essential infrastructure in the communities. Examples of projects in this category include, amongst others, the following:

- a. School cleaning and renovation
- b. Community gardens
- c. Erosion control and land rehabilitation
- d. Removal of alien vegetation
- e. Community irrigation schemes
- f. Fencing of national roads
- g. Dipping schemes

- h. Access roads in rural areas
- i. Tree planting
- j. Maintenance of schools, clinics, drainage, roads and public buildings.

2.3.3. It is agreed to launch projects that cover social services that are provided by the social cluster departments with a view to meeting basic needs. Examples of projects in this category include the following:

- a. Integrated community home-based care for people living with HIV/AIDS
- b. Early childhood development (ECD) and integrated community home-based care for children of working mothers
- c. Integrated community home-based care for the aged
- d. Food distribution
- e. School feeding
- f. Feeding at clinics
- g. Food voucher

2.3.4. Such EPWPs must be large enough to have a substantial impact on employment and social cohesion, especially for young people, women and the rural poor. Some programmes in the EPWPs will take the form of the National Youth Service Programme.

2.3.5. To this end the constituencies agree the following:

- a. EPWP projects must not displace existing permanent jobs
- b. EPWPs will be multifaceted and demand driven. Constituencies will identify opportunities for such projects and initiate these, and will seek resources from both the public and private sectors to finance the programmes
- c. While projects themselves will be executed on a non-profit basis, project initiators may include national, provincial and local government departments and agencies, NGOs, CBOs, trade unions, and private companies
- d. Management of the programme must include the following:
 - i. distribution of resources to project initiators.
 - ii. development and implementation of a strong communication strategy to inform potential applicants and keep the public informed of the success of the programme.
 - iii. a detailed study of experience with public employment schemes in South Africa in order to develop best practice and learn from past experience.
 - iv. The development and implementation of measures to monitor spending in order to minimise wastage and leakage through inefficiency or corruption and to deal with corruption firmly.

2.3.6. Payment to participants in the schemes will be as set out in terms of Ministerial Determination Number 3 (25 January 2002) 'Special Public Works Programmes', which is based on the 1999 Nedlac agreement on public works programmes. This determination sets out the basis on which both task-rated and time-rated workers will be paid.

2.3.7. Relevant and targeted training is essential to the success of PIIs and the EPWP. Training will be a central component to ensure that workers attain relevant and marketable skills and those who have never worked gain valuable exposure to the world of work. To this end:

- a. SETAs may support training for participants in EPWPs, who should have time off to participate in relevant and targeted training programmes.
- b. Participants in EPWPs will be given a record of their competencies and a reference to assist them in gaining employment after they leave the scheme.
- c. Training programmes may include the following:
 - i. Basic literacy (ABET)
 - ii. HIV/AIDS awareness
 - iii. Health and safety
 - iv. Social entrepreneurship
 - v. Industrial relations
 - vi. Vocational skills, e.g. construction, agriculture
 - vii. Life skills
 - viii. Entrepreneurship
 - ix. Project management
 - x. Community development
 - xi. Project-specific skills
 - xii. Co-operatives training

2.3.8. Labour commits to contribute to EPWPs by:

- a. Supporting members and locals to sponsor, identify and/or initiate projects
- b. Working to set up partnerships with the Job Creation Trust
- c. Supporting the overall programme, which is important to enhance skills development and minimise disputes over pay and conditions
- d. Supporting skills development and certification in jobs programmes, including efforts to ensure alignment with SETA programmes and the National Qualifications Framework (NQF), and to develop modules on industrial relations

2.3.9. Community will assist in the mobilisation of participants in EPWPs and in the identification of potential projects at the local level.

2.3.10 Business commits to mobilise and make available its skills and expertise, within a framework to be agreed after the GDS, with a view to enhancing the proper project design and management of these projects. Further, business will explore the potential synergies between corporate social investments and these initiatives, including support for skills transfer to local communities.

2.4. Sector Partnerships and Strategies

2.4.1. The constituencies agree that effective use of sector strategies, based on sector co-ordination and partnerships in identified sectors, is needed to restructure the economy toward equitable, employment-creating growth.

2.4.2. To this end the constituencies agree to the following:

- a. They will pay particular attention to sectors that can have a strong impact on overall employment creation, sustainable livelihoods and communities, equity and economic expansion.
- b. Effective strategies require a process that empowers government, business and labour, and where appropriate community, to identify strategic interventions required to achieve sector goals and to develop sector collaboration and partnerships.
- c. Sector Summits and sector forums can prove important for the purpose of ensuring communication and agreement-reaching amongst stakeholders in a sector. Summits serve not to finalise sector processes, but to support greater inclusivity, to help set timeframes and provide a framework for explicit agreements and commitments. Constituencies to a sector summit should ensure broad communication and buy-in from stakeholders.
- d. There must be sufficient commitment by all major stakeholders in terms of resources and time, including strong teams and mandating structures. Constituencies may use the dti's Sector Partnership Fund to support capacity in sector strategies.
- e. Constituencies in a sector process may jointly use the Fund for Research into Industrial Development Growth and Equity (FRIDGE) funding at Nedlac to ensure that policy proposals and strategies are informed by credible evidence.
- f. Every sector strategy should include a process to support implementation as well as monitoring, evaluation and further development where necessary.
- g. The linkages or synergies between sectors should be explored as part of the overall process.
- h. Stakeholders in a sector should be allowed to determine the most appropriate engagement mechanism for their sector.
- i. Where a process to develop a sector strategy has been agreed by the stakeholders in the sector, that process is recognised by all constituencies as the primary discussion forum on strategic issues affecting the sector as a whole.

- j. Successful sector strategies require commitments from government, business, labour, and where appropriate, from community. A key element for success is constructive engagement amongst the constituencies.
- k. In order to be effective, sector engagement may include the following issues:
 - i. Decent work
 - ii. Marketing and branding
 - iii. Market access (domestic penetration and exports) and related matters
 - iv. Infrastructure
 - v. Production for basic needs
 - vi. Skills development
 - vii. Support for innovation, research and development
 - viii. Regulation
 - ix. Broad-based black economic empowerment
 - x. Small enterprise development, including co-operatives

2.4.3. The following sectors are already engaged in a sector summit process:

- a. Metals and engineering
- b. Chemical
- c. Construction
- d. Information and Communication Technologies (ICT)

Other sectors, such as environmental goods and services, are considering the formulation of sector strategies.

2.4.4. In addition, the development and implementation of strategies for the following labour-intensive sectors will be prioritised:

- a. Clothing and textiles
- b. Agriculture and agro-processing
- c. Tourism
- d. Call centres and back-office processing
- e. Cultural industries including craft, music, film, publishing and other media

2.4.5. Government agrees to convene a meeting twice a year of the leaders of business and labour in prioritised sectors to review progress in accelerating and unblocking investment, creating jobs, lowering costs and improving efficiency, meeting critical skills needs, and increasing investment in research and development.

2.4.6. Business commits to:

- a. establishing a mechanism to facilitate secondment of experts to work with government

- b. releasing senior shop stewards to work on the development of sector strategies and for training to ensure an informed workforce

2.4.7. In addition, at this stage, the following sectors make specific commitments that they wish to be recorded as part of the Growth and Development Summit:

- a. Automotive
- b. Chemical
- c. Metals and engineering
- d. Mining
- e. Oil
- f. Pharmaceuticals
- g. Sugar
- h. Textiles and clothing

2.4.8. Current partnerships and strategies

Sector strategies and partnerships are being pursued to varying degrees in a number of sectors:

- a. The automotive sector has established an industry development council that addresses key challenges facing the sector. Partnership in this sector has been critical for the success of the Motor Industry Development Programme (MIDP).
- b. The mining industry held a summit in 2001, out of which the Sector Partnership Committee was established. The Sector Partnership Committee has a number of subcommittees that have dealt with issues such as minerals beneficiation, rural development, the social plan and minerals promotion. A number of successful post summit Sector Partnership Committee meetings have been held including participation by government Ministers and business and labour leadership.
- c. The clothing and textile sector has held a sector summit and has completed a sector strategy, which has been presented to the dti.
- d. Role-players in the printing industry value chain have initiated the Print Industry Cluster Council. Role-players include the paper industry, publishers, government departments (Department of Arts and Culture), libraries, printers and paper and board packaging.
- e. Business and government in the agricultural sector have developed a sector strategy, which they are in the process of implementing.
- f. The partnership between government and business to market South Africa as a tourist destination is another example of what sector partnerships can achieve. This is reflected in the manner in which international tourism promotion is managed. Business leaders sit on the Board of South African Tourism and private sector expertise was used to develop an internationally competitive marketing strategy. Government significantly increased funding to drive the international marketing campaign. Business, through the Business Trust and a levy under the Tourism Business Council, made a valuable contribution.

2.4.9 In addition, the following sectors make specific commitments that they wish to be recorded as part of the Growth and Development Summit:

a. Automotive industry

The South African new vehicle manufacturing industry plans, collectively, to invest in excess of R15 billion, over the course of the next five years, in automotive product, local content and export development and the expansion of the industry's productive infrastructure.

b. Chemical industry

The chemical industry has developed a pipeline of potential capital-intensive projects with a varying degree of certainty in terms of proceeding to investment stage. The total investment over the next five years is estimated at R10 billion.

A number of potential constraints to the successful implementation of investment projects have been identified. In order jointly to seek ways to overcome these constraints the industry proposes that execution of one project be used as the basis for developing a "best practice" model that can be applied to the sector.

c. Metals and engineering

The metals and engineering sector has established a permanent Industry Policy Forum (IPF), through which major issues affecting the sector can be discussed, especially with regard to job creation and job retention. A major project aimed at devising strategies to facilitate both the creation and retention of quality employment within the sector is currently underway. Recommendations from the project will be aimed at maximising growth, employment creation and job retention possibilities throughout the various sectors of the metal and engineering industries.

A Sector Summit Steering Committee is discussing proposals for possible stakeholder agreements in the sector summit in important areas such as the trade regime; preferential procurement in respect of local content; skills development in the metals and engineering industry in respect of both production workers and management; issues relating to raw material inputs; assistance for small and medium sized enterprises in the metal industries as well as improvement in supply-side measures for metal industries companies.

d. Mining industry

The mining industry has some R100 billion in approved capital projects, excluding maintenance capital for the next five years (based on current market conditions).

e. Oil industry

The oil industry is going to invest, by 2006, some R10 billion in refinery upgrades to produce "clean fuels," i.e. unleaded petrol and lower sulphur diesel. These clean-fuel projects should create a number of jobs in the engineering sector, and will result in South Africa enjoying better fuels.

This is in addition to their ongoing investment plans, which can be expected to be of the order of R2 billion per annum.

f. Pharmaceutical industry

There is a limited fine chemical manufacturing sector in South Africa, which has the necessary international approvals to manufacture active pharmaceutical ingredients (APIs). The potential for this capacity to be enhanced could be explored as part of the chemical industry project pipeline approach. The output of a project pipeline of appropriate active pharmaceutical ingredients could provide a platform for the downstream manufacture of generic medicines as well as for the export of APIs.

g. Sugar industry

The sugar industry is investigating the potential to develop a sugar beet industry, which would include cultivation and milling and by-products like animal feed, taking into account environmental impact. Successful execution of this project depends on a number of factors. Other investigations include the establishment of milling facilities closer to small-scale growers in KwaZulu Natal and the potential to establish cane plantations in new areas.

h. Textile industry

Business in the industry has committed to strategic interventions and targets in growth in sales and employment, penetration of value-added export markets, consolidation of the industry's domestic market presence, world class manufacturing standards, skills development, capital investment, transformation and environmental compliance.

The immediate establishment of a Textile Industry Development Council is the crucial first step in ensuring that this occurs.

2.4.10 Business commits to exploring the potential synergies amongst the sector approaches described above with a view to establishing stronger value chains and to encouraging other sectors to consider the potential benefits of collective action.

2.5. Local Procurement

Constituencies agree that:

2.5.1. Procurement policies serve a number of objectives including:

- a. Saving and creating jobs
- b. Broad-based black economic empowerment
- c. Co-operative development
- d. Small enterprise promotion
- e. Growing the local economy

2.5.2. This section specifically addresses the job creation aspect of local procurement, while other measures on procurement, BEE and enterprise development, including co-operatives and small enterprise, are dealt with in Section 4.

2.5.3. Local procurement, wherever possible, provides an important means of saving or creating jobs, promoting small enterprises and co-operatives, and securing growth of the South African economy.

2.5.4. The constituencies record that the Proudly South African Campaign is an important means of taking the message of local content, fair labour

standards, environmental sustainability and quality products and services to the nation. To this end, the constituencies commit to intensify support for the campaign and its objectives. To this end, it is agreed that each constituency will consider how it can strengthen support for the initiative and what overall approaches to implementation could be adopted to increase participation. Business will establish a stronger interaction between its representatives on the board of Proudly South African and its member organisations to ensure continuous updating on the initiative. Business will further encourage member organisations to, in their turn, develop sector-specific approaches to extending the membership of Proudly South African in key sectors. In this regard, one of the objectives could be to ensure that membership in a sector reflects the structure of the sector in the economy. In addition business will commit resources to examining ways in which the long term sustainability of the initiative can be assured, including, how verification of performance by members can be strengthened and in particular, ways in which verification mechanisms can be aligned with existing initiatives within sectors, to improve performance in the areas of quality, labour standards and environmental performances. In this regard the ways in which the Proudly South African brand can enhance consumer confidence in companies subscribing to the initiative, will be investigated.

2.5.5. Constituencies recognise the potential value of a label of origin in giving consumers better information in their buying decisions. A label of origin requirement will be introduced in the clothing sector. This will be used as a pilot scheme before such a requirement is considered for other consumer goods.

2.5.6. The constituencies commit to supporting a strong campaign aimed at raising consumer awareness on local content over Christmas 2003 and taking into account the objectives given in paragraph 2.5.1 above.

2.5.7 Procurement policy is an important instrument that government uses to achieve various objectives as reflected in 2.5.1 above. In market-access negotiations, when the issue of procurement is raised, the government will seek to advance South Africa's interests.

2.6. Small Enterprise Promotion

Constituencies agree that:

2.6.1. Small enterprise promotion, and especially the development of black-owned small enterprises, is a crucial component of job creation in the economy.

2.6.2. Small enterprise development must be based on respect for and observance of labour standards for workers and the promotion of decent work.

2.6.3. Small enterprise promotion and development requires a number of measures, including:

- a. Improved linkages to large-scale enterprises
- b. Access to affordable transport, water, electricity, telecommunications, and other basic services
- c. Access to retail networks
- d. Relevant and easily accessible training in entrepreneurial, industrial relations and productive skills
- e. Access to capital

- f. International and export marketing assistance
- g. The implementation of the resolutions for the transformation of the financial sector as agreed in the Financial Sector Summit held in August 2002.

2.6.4. In order to ensure the promotion of small enterprises, the constituencies agree the following:

- a. As part of its ongoing review of existing systems of support for small, medium and micro enterprise, the dti will consider proposals from constituencies on how to improve small enterprise promotion. The Nedlac constituencies will ensure that their constituencies are made more aware of existing programmes to support small enterprise.
- b. The Nedlac constituencies are currently conducting a review of procurement in the public and private sectors. As part of the review, they will consider ways to ensure greater access for small suppliers.
- c. Constituencies agree to support the acceleration of the land reform programme of the Department of Agriculture and Land Affairs, and to propose ways to ensure a substantial expansion in scope and acceleration of the programme, specifically the development of small producers in agriculture, taking into account the agricultural sector strategy.
- d. Small enterprise promotion is directed at support for entrepreneurs and workers of small enterprises and is intended to obtain a net employment increase and overall benefit in the economy;
- e. Constituencies will endeavour to improve access by small enterprise to physical, commercial and professional infrastructure by establishing business, co-operative and labour support nodes, especially in townships and rural areas, and ensuring the upgrading of physical infrastructure within these nodes, including access to fax and internet facilities and establishing legal, accounting, industrial relations and business support clinics. These nodes will form the basis for the establishment of small and informal business and co-operative clusters. MPCCs can play an important role in this regard.

2.6.5. Business will consider extending the Business Trust beyond its original five-year lifespan, including specific Business Trust programmes such as the Tourism Enterprise programme.

2.6.6. To ensure greater procurement from small enterprises, especially black-owned businesses and co-operatives:

- a. Community will promote training in government tender procedures.
- b. Labour will ensure that the interests of workers in small enterprises are represented in small enterprise forums.

2.7. Support for co-operatives

Constituencies agree that:

2.7.1. Co-operatives provide an important vehicle to:

- a. Create and develop income-generating activities and sustainable, decent employment
- b. Develop human resource capacities
- c. Increase savings and investment
- d. Improve social and economic well-being
- e. Establish and expand a viable and dynamic distinctive sector of the economy, which includes co-operatives, that responds to the social and economic needs of the community.

2.7.2. The scope for significant increases in employment through the development of co-operatives requires a supportive policy framework. It is agreed that organised labour and community organisations will, in partnership with government, and with the support of business, initiate and strengthen co-operatives at all levels.

2.7.3. The constituencies endorse the Recommendation on the Promotion of Co-operatives adopted by the ILO in 2002. The ILO recommendation states that the adoption of special measures should be encouraged to enable co-operatives, as enterprises and organisations inspired by solidarity, to respond to their member's needs and the needs of society. Examples of these special measures include:

- a. Grants, fiscal dispensation, procurement provisions and access to EPWPs
- b. Services such as accounting, human resource development and management information services
- c. Access to finance and provisions for investment
- d. Access to land through the land reform programme

2.7.4. The Nedlac Task Team on the co-operative strategy will consider ways in which the special measures identified in the ILO recommendation will be included in the strategy, as well as resourcing and timeframes. The work of the task team will be prioritised, with a view to a final report being presented by November 2003.

2.7.5. In the context of this section, a particular focus is necessary on the creation and the strengthening of HIV/AIDS support co-operatives, to address the urgent challenges in relation to the HIV/AIDS epidemic; co-operative banks to address the lack of access to financial services; and consumer co-operatives to provide for lower prices of goods and services.

2.7.6. It is agreed to promote education and training in co-operative principles and practices, at all appropriate levels of the national education and training system. Constituencies will, through their SETA representatives, promote special programmes in this regard.

2.7.7. Government will implement this agreement through:

- a. Implementing an appropriate regulatory system that allows co-operatives to register and gain a legal persona based on criteria that ensure democratic governance, transparency and accountability. Government will table legislation in Parliament in this regard during 2003.

- b. Implementing the Broad-based Black Economic Empowerment Strategy, which emphasises and promotes the role of co-operatives in achieving greater equity.
- c. Implementing a comprehensive co-operatives development strategy in partnership with the other constituencies. A draft of this strategy is currently being discussed in Nedlac.
- d. Establishing a fully-fledged unit within the dti for co-operatives development.
- e. Establishing a co-operatives advisory board.
- f. Organising and funding a study tour to examine best practice in co-operatives development in which all constituencies will be invited to participate during 2003.
- g. Organising and funding an education campaign in each province, in partnership with all constituencies, to popularise co-operatives.
- h. Developing appropriate offerings to provide institutional and financial support for the development of co-operatives in consultation with all constituencies.

2.7.8. The Constituencies agree that Nedlac will convene a national co-operatives conference in 2004 to review progress in building a strong co-operatives movement in South Africa.

2.8. Jobs impact and monitoring

2.8.1 The constituencies commit to using their best endeavours to avoid job losses and to promote decent work. In this context, the constituencies recall that S189 of the Labour Relations Act (LRA) specifically provides that parties attempt to reach consensus on measures to avoid retrenchments, or minimise the number of persons retrenched.

2.8.2. The constituencies agree that there is a role for the public and private sector to report, in a publicly accessible form, on total employment. To this end, it is agreed that there is scope for government departments, parastatals and publicly listed companies to include information on total employment in their annual reports, and for the JSE Sustainability Index to contain a section on employment.

2.8.3. The constituencies agree to engage with each other over a six-month period following the GDS, to develop a set of practical methods for achieving the above.

2.8.4. The constituencies recommit themselves to active labour market policies, including:

- a. Ensuring that restructuring retains jobs where possible, in line with the Nedlac Social Plan agreement.
- b. Doing more to publicise and ensure the use of the Workplace Challenge programme.

SECTION 3

ADDRESSING THE INVESTMENT CHALLENGE

3.1. Introduction

3.1.1. The constituencies recognise that aggregate levels of fixed direct investment are a crucial driver of growth and that the current levels are insufficient to achieve the desired growth and employment rates. Investment in productive assets and services, especially in labour-absorbing sectors, and investment in social and economic infrastructure, remain at levels well below what our society needs. The current investment rate, at around 15% of the GDP, is too low. Significantly increasing the levels of investment remains a key objective in the years ahead. The constituencies are committed to pursuing strategies and measures that will contribute to raising the level of investment so as to ensure dynamic growth and address unemployment.

3.1.2 Savings are also at levels that will not allow for the necessary level of investment to be achieved without relying on foreign sources of capital.

3.1.3. Contractual savings can be increased through the extension of pension and provident funds to more employees. In order to give effect to this, constituencies will engage on the potential for establishing national pension and provident funds within sectors of the economy, after the GDS. This will be considered within the broader context of pension reform to ensure the comprehensiveness of the changes.

3.1.4. The 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 their investible income in appropriate financial instruments.

3.1.5. In order to create effective vehicles to achieve the goal above, it is necessary to use or to create where they do not exist, the appropriate financial instruments and mechanisms.

3.1.6. The constituencies recognise that detailed work needs to be undertaken to finalise the instruments and mechanisms indicated in point 3.1.4. above, and commit to engaging in dialogue with respect to these details in Nedlac with a view to finalising these discussions before the end of 2003.

3.1.7. The financial sector is currently in the process of finalising a charter for the financial sector, with all other stakeholders in this sector. Among other measures, the charter will commit the financial sector to substantial lending in areas of low-income housing, small enterprise and co-operative development, agricultural development and infrastructure development, as well as access to financial services and empowerment financing.

3.1.8. The competitive advantage that underpins investment in industry and job creation depends in part on pricing and quality of raw materials, transport, energy, communications and other services, research and technology development and support, and other aspects of the business environment. Drawing on the progress made in improving the investment environment and diversifying industrial and trade activities in the past decade, a focused review of opportunities for productivity enhancement, reducing the costs of certain of these factors and improving the quality of investment opportunities will be undertaken.

The constituencies therefore agree to review:

- a. Administered prices

- b. Import-parity pricing

3.2. Pension and provident funds

3.2.1. Constituencies support the need for capacity building of employee representatives on Boards of Trustees, in order to enhance decision-making with regard to the proposed extension of investment instruments.

3.2.2. The constituencies agree that Nedlac should host a conference of the trustees of pension and provident funds before the end of 2004 to discuss the various challenges facing the funds, devise training and capacity building programmes for trustees, and develop guidelines on corporate governance, fiduciary responsibility, investment sustainability and social responsibility.

3.3. Housing

3.3.1. To achieve the objectives on affordable housing set out 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, for housing.

3.3.2. Constituencies agree that the share of low-income housing financed by private sector mortgages must increase.

3.4. Financial Sector Summit

Constituencies recommit to the implementation of agreements reached at the Financial Sector Summit.

SECTION 4:

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

4.1. Accelerating Equity

Constituencies agree that:

4.1.1. Patterns of development in South Africa resulted in black communities, particularly women, workers, youth, people with disabilities and rural people being largely excluded from the benefits of the mainstream of the economy through a general lack of opportunity, limited ownership opportunities, and discrimination in the workplace and through the consequences of apartheid geography and spatial development, which has left a legacy of inequality.

4.1.2. The pace of promoting equity needs to be accelerated:

4.1.3. Black economic empowerment comprises a set of integrated strategies including:

- a. Promoting broad-based black economic empowerment, including for women, workers, youth, people with disabilities and those living in rural areas
- b. Ensuring the broadest ownership of productive assets and resources
- c. Ensuring increasing levels of employment in the formal economy
- d. Increasing household incomes
- e. Ensuring that all people are literate and have developed skills
- f. Accelerating sustained broader economic growth and social development

- g. Promoting the extension of basic services to those who do not currently have them.

4.1.4. In this context, the agreements reached by constituencies focus on:

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

4.1.5. Constituencies also agreed to review barriers to entry for entry-level jobs

4.1.6. In terms of the Nedlac Act, Nedlac will publish regular reports on progress in advancing equity and reducing social and economic inequality.

4.2. Black economic empowerment

4.2.1. Noting that government has published its Broad-based Black Economic Empowerment Strategy and Bill for public comment, and further has committed R10 billion for Broad-based BEE over the next five years, constituencies undertake to work together:

- a. To advance equity in general and broad-based black economic empowerment, in particular by introducing, where appropriate, transformation and monitoring mechanisms such as charters, codes and other instruments.
- b. To strengthen black business development and ownership. In this process, constituencies will ensure that it is not at the expense of affordable service provision, decent work and job creation, located in the overall growth and development strategy to benefit all South Africans, managing possible trade-offs.
- c. To broaden the overall structure of ownership in the society, especially by creating new economic opportunities and activities and promoting access to good quality productive assets and opportunities for black entrepreneurs. Black entrepreneurs, communities and workers should increasingly own, control and manage enterprises.
- d. To secure access to finance and financial services.
- e. To develop skills and expertise and provide support mechanisms.
- f. To ensure the active participation of labour and the community constituency in the development and implementation of transformation mechanisms.

4.2.2. Business specifically confirms its support for the advancement of equity and the promotion of BEE. Business's commitment will manifest itself in a proactive strategy of transformation to foster and encourage economic empowerment, transformation of ownership, management, skills development, equity, procurement and rural development through developing codes of practice and corporate social investment programmes as well as charters and other transformation and monitoring mechanisms at sector level. The Liquid Fuels and Mining Sector Charters are examples in this regard.

Charters are being developed in the financial and Information and Communication Technology sectors.

4.2.3. Labour will support the development of co-operatives as an important form of BEE, and will participate in the development of sector transformation and monitoring mechanisms.

4.2.4. Community will mobilise communities to participate in BEE initiatives in general and credit co-operatives for collective savings and productive purposes in particular. Constituencies note the intention of the youth sector to invite contributions towards a voluntary youth solidarity fund, where all employed youth will be invited by youth organisations to contribute one day's gross salary to youth development programmes.

4.2.5. Procurement is an important instrument for empowerment, black enterprise support, local content and job creation. Constituencies agree the following in this regard:

- a. Black enterprise support and local procurement, wherever possible, provide an important means of saving or creating jobs, promoting small enterprises and co-operatives, and securing growth and transformation of the South African economy.
- b. To ensure that opportunities are identified to significantly increase the level of black enterprise support and local procurement, in procurement and buying decisions, and to devise mechanisms in which these may be measured and publicised, and procedures amended where necessary.
- c. In pursuit of the objectives of 4.2.1.(c) above, constituencies agree to give black-owned enterprises a preferred supplier status, where possible, in all three levels of procurement (i.e. capital goods, consumables and services). To this end constituencies undertake to support the implementation of government's procurement policy by doing the following:
 - i. Identifying current levels of procurement from black-owned enterprises and companies and agreeing on a strategy to set future targets.
 - ii. Committing to an increase of procurement from black-owned enterprises and companies reflecting the genuine value added by the black-owned enterprises provider.
 - iii. Encouraging existing suppliers to form partnerships with black-owned enterprises, where no black-owned enterprise or company tenders to supply goods or services.
 - iv. Helping develop black-owned enterprises' procurement capacity.

4.3. Employment Equity

4.3.1. Government, through the Department of Labour, undertakes to coordinate a joint campaign to enhance public awareness of the provisions of the Employment Equity Act by August 2003 prior to the submission of Equity Plans in October 2003. Special attention will be paid to advocacy and education on the "Code of Good Practice on the Employment of People with Disabilities".

4.3.2. Business undertakes to contribute resources to the joint Employment Equity Campaign.

4.3.3. Labour will mobilise and educate its members on employment equity and actively participate in the campaign.

4.4. Promoting literacy

4.4.1. Constituencies recognise that:

- a. A large number of adults were denied general education when they were young as a result of apartheid policies. Adults in this position are disadvantaged in their personal, social and working lives.
- b. Government is committed to progressively widening access to adult basic education and training to all adults in this position through the adult learning centres, the SETAs and other initiatives. Over and above the work of government, other constituencies are making a significant contribution to this area of work - employers through their own skills development programmes and social responsibility investments and labour and community through their own programmes.
- c. The work is currently underway and commit themselves to increasing the number of opportunities available to those who need these services.

4.4.2 To this end government undertakes to continue to broaden access to literacy programmes through its Adult Learning Centres and other providers. Business, labour and community will augment their own initiatives in this area.

4.4.3. The constituencies further commit themselves to working through SETAs for the achievement of the first objective of the National Skills Development Strategy, namely that by March 2005 at least 70 per cent of workers have at least basic literacy and numeracy according to Level One on the National Qualifications Framework (Grade 9 in the schooling system).

4.4.4. All constituencies will work at local level to encourage and support adults to take advantage of these opportunities.

4.5. Learnerships

4.5.1. The majority of the unemployed are young. It is increasingly difficult for young people to find work - partly because there are not enough jobs, and partly because the young do not have the skills that are in demand in the labour market. Women, people with disabilities, and those living in rural areas face additional obstacles to finding employment and developing their skills. Currently too few young people are given opportunities to improve their skills in areas that will enhance their employability.

4.5.2. To address these challenges, the constituencies agree to the following in relation to learnerships:

- a. The new skills development learnerships framework provides a useful vehicle for addressing these problems and simultaneously developing much needed skills in our country. Therefore they agree that there needs to be a dramatic increase in the recruitment of young, unemployed people into

learnerships to enable them to acquire the skills they need to become economically independent.

- b. No workers should lose their jobs as a result of unemployed people getting learnership opportunities.
- c. Business and the government have agreed to register at least 72 000 unemployed learners in learnerships by May 2004. Achieving these targets is dependant on funding, which should come in the first place from the relevant SETA and National Skills Fund. In addition, as discussed below, some SETAs will need additional support from the Nedlac constituencies.
- d. Commitments on learnerships for unemployed learners are set out below:

SETA	Number of learners
PSETA (Public Service)	10 000
MERSETA (Manufacturing and Engineering)	8 831
DIDTETA (Defence)	8 600
THETA (Tourism and Hospitality)	8 000
MQA (Mining)	7 340
ETDP (Education and Training)	5 000
SERVICES (Temporary employment agencies & domestic)	4 148
TETA (Transport)	2 250
CETA (Construction)	2 174
HWSETA (Health and Welfare)	2 000
W&RSETA (Wholesale and Retail)	2 000
ISETT (Information Systems)	1 500
CHIETA (Chemical)	1 466
FOODBEV (Food and Beverage)	1 200
FASSET (Financial Services)	1 200
CTFL (Clothing and Textile)	1 080
BANK (Banking)	1 050
PAETA (Primary Agriculture)	1 000
FIETA (Forestry Industries)	825
ESETA (Energy)	782
LGW (Local Government & Water)	670
MAPPP (Media, Advertising, Printing, Publication & Packaging)	653
SETASA (Secondary Agriculture)	489
INSETA (Insurance)	350
POSLEC (Police, Legal and Correctional Services)	300
TOTAL	72 908

- e. Constituencies accept the National Skills Development Strategy equity targets for learnerships as a whole - 85% black, 54% women, and 4% people with disabilities. It is assumed that at least 95% of learners will be under the age of 35. Special efforts will be made to ensure that young people living in the rural areas have access to learnerships.
- f. The public investment initiatives, expanded public works programmes, co-operatives and small enterprises referred to in section 2 of this agreement will be targeted for developing potential learnerships, in relevant SETAs.
- g. Achievement of these targets will be the responsibility of the SETA concerned. Constituencies are represented on SETA Boards and will use this representation to support and monitor the achievement of these targets.
- h. After May 2004, the constituencies will ensure continued expansion of the aggregate number of learners, which should exceed the target of 80 000 for March 2005 set by the National Skills Development Strategy. The expansion in learnerships should be more strongly linked to longer-term skill needs, for instance through SETA involvement in sector strategies.
- i. Constituencies agree that learnerships should not displace workers, be used as a source of cheap labour, replace workers during industrial action, or lead to a lowering of employment standards. To address this type of abuse of the system:
 - i. The Nedlac Labour Market Chamber will develop mechanisms to monitor the extent of the problem.
 - ii. Workers have the right to raise matters through their internal grievance procedures as well as through other vehicles provided for in law such as the CCMA, which has the power to order the reinstatement of a worker where such a worker has been found to be unfairly dismissed and make an award.
 - iii. Where an employer has been guilty of abusing the learnership system, the SETA shall be justified in refusing to register any further learnership agreements.
- j. There should be a workplace agreement on the policy and procedure to select and recruit learners into learnerships. This policy should endeavour to ensure that not more than 50% of the learners are recruited by word-of-mouth and that at least 50% should be selected from people forwarded by the Department of Labour's Labour Centres or Employment and Skills Development Agencies.

4.5.3. Business undertakes to encourage enterprises to provide lists of those learnership opportunities to be recruited from the local Labour Centres or the Employment and Skills Development Agencies in order to enable unemployed young people without contacts with the current workforce to be given an opportunity to gain access to learnerships.

4.5.4. Constituencies undertake to work with the Department of Labour on a joint marketing campaign on learnerships following the Growth and Development Summit. This will include:

- a. A jointly signed letter to be sent to all employers on the SARS database, together with a copy of the Employer's Guide to Learnerships.
- b. A media campaign will be launched and this will be designed to demonstrate endorsements for the learnership campaign from senior representatives of the constituencies.
- c. Promotional material will be circulated to members of constituencies.

4.5.5. Constituencies agree to collaborate on the design and implementation of a strategy to support learners exiting from learnerships.

4.5.6 SETAs should be encouraged to provide support for projects for Small and Medium-sized Enterprises (SMEs).

4.6. Strengthening the SETAs

4.6.1. The constituencies recognise the crucial role that the SETAs can play in developing skills among the workforce and in particular the role of learnerships.

4.6.2. To this end the constituencies agree that:

- a. They accept responsibility for the performance of SETAs and undertake to take active steps to address problems and accelerate delivery by these institutions.
- b. The Nedlac Executive Council should itself, on at least an annual basis:
 - i. Review and discuss proposed performance indicators from SETAs
 - ii. Monitor and evaluate SETA performance against the indicators
 - iii. Support the acceleration of delivery against targets.
- c. The governance and accountability of SETAs will be strengthened through ensuring senior representation in SETAs, through developing a code of best practice for the SETAs and through regular reporting on the progress made by each SETA
- d. Training and capacity building for SETA representatives will be prioritised.

4.6.3. The constituencies will consider the inclusion of community representatives on SETA Boards as part of the

process of reconstituting SETAs after March 2005. The National Skills Authority will take this forward when advising the Minister on this matter.

4.6.4. To improve the performance of SETAs, labour will:

- a. Ensure that national office bearers and/or national organisers of the relevant unions represent unions on SETA boards.
- b. With government's assistance, undertake to ensure that its representatives in SETA Boards are capacitated to effectively execute their functions. Such capacity building as is required, which will include learnerships, will include:
 - i. Broad skills development processes and SETA specific processes
 - ii. Broad management accountability (administration, financial, corporate etc.)
- c. Embark on a programme to build the capacity of Skills Development Facilitators at workplaces where those facilitators are Labour nominees.

4.6.5. Business undertakes:

- a. At a sector level, to strengthen its representation on SETA Boards by appointing appropriately senior and qualified persons and provide training for its Board members.
- b. To explore the creation of an appropriate mechanism in which Board members, representing business, of all sectors will be represented to provide oversight and guidance and track progress with meeting the targets committed to by business.

4.6.6. Community will ensure that young people, especially in rural areas, are informed of learnership opportunities and register with labour centres and Employment and Skills Development Agencies.

4.7. Education

4.7.1. Education is a critical input for growth in employment and in the economy and for the enhancement of democracy.

4.7.2. Constituencies note and agree that universal access to general education is essential and is a constitutional right.

4.7.3. All schools should have access to basic services, especially electricity, water and telecommunications as soon as possible.

4.7.4. Constituencies note the increase in education expenditures over the last few years especially in relation to learning material, infrastructure development and educator

post provisioning for poor schools and that substantial inequalities still exist between rich and poor schools.

4.7.5. Constituencies note the Department of Education's Review of Resourcing, Financing and Cost of Education in Public Schools, which proposes recommendations to alleviate the cost of education to poor households.

4.7.6. Government will finalise recommendations to achieve the aim of affordable access for learners, particularly the poor, and engage with constituencies through the Nedlac Education Task Team.

4.7.7. Government will enhance its school fee monitoring mechanisms to monitor overall school fees relative to household income on a regular basis, possibly by including questions in the national household survey.

4.7.8. Constituencies will work in concert to ensure that households know their rights and responsibilities with respect to schooling.

4.7.9. Labour, business and community will encourage their local structures to support orphans and very poor children in getting school uniforms and other school materials.

4.7.10 Government will, as described in the Review of Resourcing, Financing and Cost of Education in Public Schools, extend its current school register of needs to provide more detailed information on infrastructure in all schools; integrate provincial asset management systems; and improve the tracking of gross and net backlogs. On that basis, it will update its capital investment plan, engage with the Nedlac constituencies thereon and encourage proposals to support infrastructure in schools.

4.8. Access to basic services

4.8.1. Government has already begun to expand access to basic education for all, and to provide poor households with a limited number of free basic services. These include timeframes and targets for access to:

- a. Water
- b. Electricity
- c. Sanitation
- d. Refuse collection

4.8.2. The constituencies agree:

- a. To work through their local structures to assist eligible poor households to access these services.
- b. PIIs, EPWPs, co-operatives and small enterprises are important mechanisms for extending services to those who currently do not have them and to this end will encourage this.

- c. To review the housing programme with a view to ensuring that it does more to support employment creation and efficient urban development, including through densification in urban areas.

4.8.3. While considerable progress has been made since 1994 in improving social security for children and the aged, underemployed and unemployed youth, especially in rural areas, continues to face challenges. The situation of the unemployed youth is partly addressed through other forms of social protection, such as expansion in public works programmes, learnerships, land reform, support for co-operatives, and other measures to support employment creation.

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

- a. Commit to using their structures and available resources to raising awareness of child grants, pensions and other special grants and addressing current obstacles for beneficiaries to take up these grants.
- b. 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 in the process of finalising policy on a comprehensive framework for social protection, including social wage and social grant issues. It will take the framework back to Nedlac for engagement with the constituencies.

SECTION 5

LOCAL ACTION AND IMPLEMENTATION FOR DEVELOPMENT

5.1. Local level planning

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

- a. Address the legacy of apartheid planning, which undermines social and economic integration and employment in order to achieve broad socio-economic integration
- b. Implement poverty alleviation and local economic development programmes including extending basic services, whilst creating adequate social safety nets to protect the most vulnerable in communities
- c. Develop people-centred and workable service partnerships amongst constituencies that will combine resources and capacity in targeted developmental programmes

- d. Increase the capacity of communities to participate meaningfully in local development
- e. Focus on basic community services as well as to address the challenge of social and economic infrastructure development, maintenance and delivery that will sustain development at local level
- f. Pursue the provision of affordable housing in alignment with overall planning processes in order to support the achievement of more socially and economically integrated communities. In many cases this will require densification in urban areas
- g. Enhance the capacity of emerging contractors to prepare and submit tenders for infrastructure contracts

5.1.2. Constituencies agree to work together to:

- a. Accelerate the pace and implementation of integrated service delivery and development
- b. Build local development partnerships
- c. Increase meaningful participation of constituencies in development initiatives and build vibrant communities
- d. Strengthen local government to achieve its developmental objectives
- e. Ensure and strengthen integrated planning amongst the National Spatial Development Perspective, Provincial Growth and Development Strategies and Integrated Development Plans
- f. Ensure effective communication, dissemination and local implementation of the outcomes of the GDS.

5.1.3. The constituencies note that:

- a. Government has recently produced a National Spatial Development Perspective, which serves to complement the Provincial Growth and Development Strategies (where they exist) and the Integrated Planning Process of local government at local level, is being implemented.
- b. A National Spatial Development Perspective is necessary to ensure an integrated and effective approach to economic and social development so that government's infrastructure investment and development spending has better spatial outcomes than are currently being achieved.
- c. Government has initiated a process of developing a National Spatial Development

Perspective (NSDP) and has submitted a progress report on the implementation of the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP) which target 21 nodes.

- d. Integrated Development Plans (IDPs) are critical planning tools for municipalities to realise their developmental objectives, contribute to employment, foster economic development and provide basic services. Local government faces capacity and resource constraints in developing and implementing IDPs.

5.1.4. Although formalised social dialogue has been successful at the national level it has not been adequately structured at the local level. Government has instituted a number of processes to promote voluntary action, consultation, awareness raising and participation.

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 nurtured and developed, paying particular focus to workers and community organisations that typically lack capacity and resources
- c. Social dialogue at the local level should be strengthened through national guidelines to be developed by government
- d. The participation of Nedlac constituencies in structures and mechanisms that seek to deepen community participation, such as the following, should be strengthened:
 - i. Imbizos
 - ii. Letsema Campaign
 - iii. Ward committees
 - iv. School Governing Bodies
 - v. Community Policing Forums
 - vi. Hospital boards
 - vii. Workers forums
- e. The role of constituencies in the implementation of the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP) should be enhanced by establishing formal

links between the local authorities and constituency entities in the nodes. Agriculture is particularly important in the context of the ISRDP.

- f. Corporate social investment can make a significant contribution to the achievement of a wide range of societal objectives and engagement between business and government at local level on development and implementation of the IDPs should be strengthened.

5.1.6. In relation to local action, constituencies commit to the following:

- a. Government will establish a framework that will strengthen the participation of constituencies and broaden ownership by communities in the Integrated Development Planning process within the context of the National Spatial Development Perspective (NSDP).
- b. Labour will support local action by encouraging locals to help design, mobilise and support development processes and programmes, particularly in terms of Ward Committees and IDPs.
- c. Community will encourage community structures to help develop, mobilise and support development processes and programmes, particularly in terms of Ward Committees and IDPs.
- d. Business will:
 - i. Mobilise local business organisations to participate in the Integrated Development Process on an organised basis once a framework for such interaction is established.
 - ii. Explore the potential for synergies between corporate social investment and government priorities, by participating in IDPs.

5.2. Local Economic Development

5.2.1. The constituencies note that:

- 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, local job creation and equity through their procurement and employment policies and well as through their 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 should be explored to make it easier for SMEs and co-operatives to tender for local government work, including improving the turnaround time on payment.
- b. Local government procurement should support the Proudly South African campaign. To that end, municipalities should commit to the campaign.
- c. Local government procurement strategies should endeavour to promote local economic development and simpler, standardised tender procedures.
- d. Local governments should seek to streamline applications for operating permits and other approvals.
- e. Mechanisms should be developed to link Local Economic Development sub-sector strategies with sector strategies.
- f. Multi-Purpose Community Centres (MPCCs) should ultimately be operational in all 284 municipalities.
- g. MPCCs should be used to support the development of SMEs and co-operatives.
- h. Mechanisms to facilitate access, including through local government to national economic incentive schemes for local enterprises must be explored.

5.2.3. Commitments

- a. Government will extend the number of MPCCs from 37 to 60 over the next eighteen months.
- b. Labour will support, through the Job Creation Trust, qualifying small-scale projects that contribute to employment and skills development based on applications from NGOs, community groups and co-operatives.
- c. Business will mobilise the capacity of business entities at local level to work with

the dti to provide services to established and emerging businesses, within the principle of united business formations. The use of the MPCCs as a focal point for information will also be explored.

- d. Business will explore synergies between local economic development sub-sector strategies and sector strategies. Examples are the chemical industry that commits to working with local authorities, which have identified sub-sectors of the chemical industry as part of their local economic development strategy, to explore links between potential investment projects identified by the sector and the local authority, in order to maximise the synergies in terms of raw material supply and downstream sector development and mining which has incorporated participation in IDPs into the mining charter.

5.3. Provision of infrastructure and access to basic services

5.3.1. The constituencies note that:

- a. As national legislation confirms, local governments are responsible for the provision of basic infrastructure and public provision of infrastructure is the preferred option.
- b. In this context, there is space for co-operation between local governments and other stakeholders, especially to develop new infrastructure and improve existing infrastructure. Co-operation of this type must:
 - i. Strengthen, not undermine basic services for poor communities.
 - ii. Therefore be carefully assessed in terms of medium term costs and sustainability; the implementation of progressive tariff structures; and the overall impact on employment and equity.
 - iii. Maintain the participation of local communities in decision making on service delivery.
 - iv. Align with national policies on the affordability of basic services and on PPPs in general.
 - v. Enhance the capacity of emerging contractors to respond to opportunities presented by greater availability of infrastructure funds.

- c. Municipal Service Partnerships provide a framework within which investments in municipal infrastructure, risk management and capacity building must be implemented.

5.4. Service delivery mechanisms

5.4.1. The constituencies agree that:

- a. Employment opportunities for the poor, vulnerable and marginalised groups should be facilitated and created through an integrated and co-ordinated labour-based approach to government infrastructure delivery and service provision.
- b. Proposals for public employment programmes provide for a strong role for local government, community organisations, union locals and regions, and local businesses.

5.4.2. Commitments

a. Government will:

- i. Provide for increased service delivery through the improvement of municipal infrastructure, particularly for the poor as elaborated in government's programmes.
- ii. Continue to increase investment in basic municipal infrastructure throughout the country.
- 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 and solve the backlogs in planning approvals.

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

d. Business:

- i. The South African Federation of Civil Engineering Contractors (SAFCEC) will launch a Mentor program in collaboration with the Consolidated Municipal Infrastructure Program and the Construction Education and Training Authority to enhance the capacity of emerging contractors.
- ii. The construction industry is working with the Construction Industry Development Board to compile a follow-up document to address the

confusion amongst potential participants in construction contracts and bring a modicum of standardisation to the delivery process. The product, known as a "Toolkit," aims to provide a simple guide or checklist to public servants involved in delivery about what to do at each phase of the process and to show clearly which acts, regulations etc. have to be complied with at each stage.

- iii. The South African Institution of Civil Engineers (SAICE) has, in conjunction with several public stakeholders, developed a programme to address the capacity problem with regards to human resources to run delivery processes, at local level. The objective is not only to enhance understanding and capacity amongst local civil servants involved in the process, but also understanding between bureaucrats and local councillors. Numerous tutors/mentors are ready to be deployed once funding is in place.