



# South African Employment Creation Sector Policy Support programme

**to the Economic Cluster PoA  
(Programme of Action)**

**Brussels, 25<sup>th</sup> June 2009**

# Sector Context: Policies & Challenges

- **Challenges:**
  - high rates of unemployment
  - dual economies
  - focus on job creation for the economically marginalised
- **Response:** *Accelerated Shared Growth Initiative for SA (AsgiSA) to promote growth and halve unemployment and poverty by 2014.*
- **Institutional set-up:** *the Economic sectors and Employment Cluster chaired by DTI (comprising 12 Departments).*
- **Means:**
  - The programme of action (PoA) for the Economic Cluster approved by Cabinet in January 2008;
  - All departments in the Economic Cluster have individual MTEF with joint actions to deliver the PoA;
  - Cluster of Director Generals has increased the capacity of the Secretariat to accommodate employment support programmes funded by both EC and DFID.

# Process

- About 35-45% of the MIP (€340-440 mio) is allocated to Employment and Skills, the first focal area for EC intervention in SA.
- Extensive Consultation with SA Government, (i.e. Treasury-NAO, DPE, DTI) and 3 brainstorming sessions with most Economic Cluster Departments.
- On-going consultation with Member States through the Employment Creation working group chaired by DFID.
- FA signed by SA counterpart on 22<sup>nd</sup> March 2009.

# Objective/Purpose

## Overall objective:

To support the Government of South Africa in its efforts to promote employment, thereby contributing to the target of halving unemployment and poverty by 2014 as set out in AsgiSA.

Purpose: To enhance the efficiency and effectiveness of the joint implementation of the Economic Cluster Programme of Action (PoA).

EC support will focus on 3 of the 5 focus areas of the Economic Cluster.

# Results

The programme will allow for consortia of government Departments to partner where *innovative, cross cutting* solutions to unemployment are envisaged.

Expected results of the programme will contribute to :

**Result area 1:**

- ***Creating long-term quality employment for the economically marginalised***

**Result area 2:**

- ***Improving business enabling environment***

**Result area 3:**

- ***Increasing capacity and skills in the productive sectors***

# Main indicators for Result 1 : Creating more jobs for the economically marginalised

- Expanded Public Works programme (EPWP) aiming at creating job opportunities for a minimum of 1 million people (40% women, 30% youth, 2% disabled) in SA especially in the following sectors: infrastructure, environment, culture and social sectors. The emphasis is given to unskilled jobs and a certain numbers of on the job training is provided.
- Increased number of trained black agricultural entrepreneurs and enhanced agricultural production and trade opportunities for their products.
- Increased access to financial support for retail financial intermediaries supporting lending to the enterprising poor.

## Main indicators for Result 2 : Improving business enabling environment

- Removing restrictive legislative and regulatory conditions that constrain small businesses to minimize red tape characterizing public / private sector interactions.
- Strengthening the environment in which SMMEs operate.
- Implementing national roll out of the Business Investment Climate Process at both provincial and district levels.
- Enhancing competitiveness and capacity at the enterprise level by providing direct business support.

## Main indicators for Result 3 : Increasing capacity and skills in the productive sectors of the economy

- Increased skills development and training of unemployed youth, in priority sectors.
- Increased number of graduates and especially in the technical and scientific fields.
- Increased number of unemployed youth entering scarce and critical programmes in learner ships, apprenticeships, internships and skills programmes.

# Value-addition

- Innovation, looking at new ways of implementing policies leading to possible multiplier effect and '*massifying*' good practice small scale projects;
- Skills development and departmental capacity building where capacity constraints have been identified at departmental level;
- Improved multi-stakeholder dialogue and close collaboration to provide a better coordinated response to unemployment and poverty reduction.

# Policy Dialogue

The Delegation is tracking progress in :

- **Sector policy implementation (*at cluster level*)**
- **Sector and donor coordination (*at cluster level*)**
- **Multistakeholders dialogue including involvement of private sector, trade unions, intermediary organisations, non state actors...**
- **Performance monitoring using KPIs (*at cluster level*)**
- **MTEF and Budget (*at Cluster level*)**
- **Macroeconomic assessment (with NT)**
- **PFM (with NT)**
- **Key Cluster Departments' - Auditor General's Annual Reports**

# Risks & Assumptions

- Changes to the national policy priorities and targets linked to the 2009 national election have affected the programme's achievements (i.e.. Revision of selected KPIs is envisaged before end of the year).
- Sufficient capacity at Departmental level as well as political and bureaucratic commitment.
- Financial, energy and food crisis with disruptive effects on growth (SA has now officially entered into recession period ) and negative impact on businesses and job creation.

# Stakeholders

- **The National Treasury (NT)** – hosting the NAO and main recipient of the EC sector budget support funds on behalf of the Economic Cluster.
- **12 Government Departments members of the Economic Cluster:** (12 core departments and 21 potentially involved)
- **The DG level Economic Cluster:** Directors-General of the key economic departments meet once a month and reports to Cabinet six times per year
- **The Cluster Secretariat:** to administer the programme, and facilitate the delivery of Technical Assistance to all Cluster Departments.
- **Multi-stakeholders consultations:** Labour unions, business associations, businesses and civil society.
- **Employment Promotion and Skills Development Donors' Working Group** (including ILO and DFID).

# Method of Implementation

**Total Cost: €100 mio**

- SPBS – Direct Centralised Management
- Non-targeted Sector Policy Budget Support, using General and Specific Conditions with fixed and variable tranches.
- EC funds will be disbursed as grants to the National Treasury subject to achieving annually agreed tranche release criteria and agreed milestones (KPIs).

# Budget & Calendar

<b>Indicative Period / Tranche type</b>	<b>March 2009</b>	<b>March 2010</b>	<b>March 2011</b>	<b>Total</b>
<b>Fixed tranche</b>	€20 M	€25 M	€20 M	€65M
<b>Variable tranche</b>	€0	€15 M	€20 M	€35M
<b>TOTAL</b>	€20M	€40M	€40M	€100M

## Audit & Evaluation

- Annual audits will be carried out through the Auditor General's Office in SA.
- A Mid-term review and Final Evaluation will be funded through the Sector Policy Support for Employment Creation.



*Thank you*

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[www.eusa.org.za](http://www.eusa.org.za)