

## **Briefing Note: The Job Summit and inclusive industrialisation**

The Presidential Job Summit, which took place under the auspices of NEDLAC on 4 October 2018, included several initiatives that potentially have substantial implications for inclusive industrialisation and potential for much-needed job creation in South Africa.

The Job Summit initiatives take four main forms: the establishment of forums for stakeholder engagement on key areas crucial for economic development; efforts to bring about systemic changes to improve the environment for inclusive growth; commitments to sector strategies; and specific projects.

The Job Summit agreement includes the following commitments for forums and systemic interventions.

- The NEDLAC parties committed to ongoing, high-level, consistent and structured collaboration to support implementation of commitments, including joint action to unblock projects when required, as well as reviewing and improving agreements where experience shows it is warranted.
- The parties agreed to work together on improving technical and vocational education and training, in particular through collaboration to capacitate students to work in modern manufacturing. A crucial commitment is to ensure that the TVET colleges are more responsive to business needs, and that businesses enter into partnerships with TVET colleges to help strengthen their programmes and make them more relevant.
- The parties agreed that government should establish a statutory Presidential Climate Change Coordinating Commission, with stakeholder representation, to ensure a just transition, so that the cost of reducing emissions and adapting to climate change does not fall principally on working people and poor communities.
- Government will establish a joint task team to mobilise resources and expertise to address shortcomings in electricity supply at municipal level. The task team will also address the threat of Eskom disruptions resulting from the failure of some local governments to pay for bulk electricity supplies.
- The social partners agreed to explore ways to build more inclusive and cooperative workplace engagements between workers and management. This kind of project aims both to create more cohesive work environments and to find joint solutions to productivity and quality challenges. In this context, the parties committed to upgrading the Training Layoff Scheme and the Distressed Fund, which assist employers and workers needing time to restructure. They also agreed that the wage gap is a crucial factor in overall economic inequality, and that they would work together to develop key indicators to improve transparency and set targets at company level.

- To improve financing for industrialisation, the financial sector committed to providing R100 billion over five years in financing for the industrial sector. The guidelines will be developed jointly by the Financial Sector Transformation Council and the Department of Trade and Industry (the dti). In addition, government will upgrade and expand the Small Enterprise Finance Agency (SEFA) run credit-guarantee scheme for small business.
- Government will establish a fund to support schemes for township and rural enterprise. The resources will go to agencies that can establish holistic institutional support for new enterprises, in collaboration with local governments, to provide for instance serviced sites, production support, assistance with marketing, and so on.
- The parties agreed to explore areas where local production and procurement could be expanded.

The Job Summit agreement included a commitment to sectoral collaboration in a number of industries. The aim is to develop master plans that enable more coherent actions to address core constraints on growth and promote the development of clusters. The sectors included are capital goods for mining and construction; downstream metals fabrication; agriculture, particularly horticulture and the grain/livestock value chain; clothing; business process services; and processing mine waste on a large scale.

The Job Summit also includes a project, which arose out of the 2015 Mining Phakisa, that aims to leverage assets made available by Sibanye-Stillwater to build a large-scale agri-industrial cluster in the West Rand. The project will mobilise a combination of public and private stakeholders. It could leverage up to R30 billion and generate 50 000 permanent jobs over the coming decade.

The Job Summit agreement also includes smaller initiatives, which range from upgrading placement services for school leavers, to developing new commercial farms and establishing a clothing factory in the Eastern Cape.

These Job Summit initiatives were extensively negotiated in NEDLAC and the job creation goals are not unrealistic. The next steps will see government, labour, business and community taking forward their agreements and initiatives, with a collaborative monitoring and reporting process under NEDLAC's auspices.