eastern cape socio economic consultative council

The New Growth Path

The Framework

A summary of the document released by Economic Development Minister Ebrahim Patel on 23 November 2010

The New Economic Growth Path aims at enhancing growth, employment creation and equity. The policy's principal target is to create five million jobs over the next ten years

1 INTRODUCTION

In his inaugural State of the Nation Address in June 2009, President Jacob Zuma stated:

"The creation of decent work will be at the centre of our economic policies and will influence our investment attraction and job creation initiatives. In line with our undertakings, we have to forge ahead to promote a more inclusive economy."

Major changes to ensure growth and transformation of economic conditions requires hard choices and a shared determination.

The Government is committed to forging such a consensus and leading the way by

- **identifying areas where employment creation is possible** on a large scale as a result of substantial changes in conditions, and
- **developing a policy package** to facilitate employment creation.

This could be achieved by

- a comprehensive drive to **enhance social equity and competitiveness**
- systemic changes to **mobilise domestic investment** and
- **strong social dialogue** to focus all stakeholders on encouraging growth in employment-creating activities.

The ***New Growth Path*** must provide strategies to create millions of new jobs. It must envision a collective achievement of a developed, democratic, cohesive and equitable economy and society over the medium term, within the context of sustained growth. The strategy sets out markers for job creation and growth, identifying where changes in production can generate a more inclusive and greener economy in the medium to long term. It combines both macro and microeconomic interventions[1].

The shift to a new growth path requires the creative and collective efforts of all sectors of society. It requires strong leadership and governance, taking into account new opportunities, strengths and constraints. A collective national will should be developed, to embark on joint action to change the character of the economy; ensuring that benefits are shared equitably. Achieving the New Growth Path requires that we address ***key tradeoffs***:

- government must prioritise its efforts and resources rigorously to support job creation and equity
- business must take on the challenge of investing in new areas; and
- business and labour must work with government to address inefficiencies and constraints across the economy and in partnership, create new and decent work opportunities.

Some ***key tradeoffs*** include:

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[1] ***Macroeconomics*** is a branch of economics dealing with the performance, structure, behavior and decision-making of the entire economy. This includes a national, regional, or global economy. ***Microeconomics*** studies the behavior of how the individual modern household and firms make decisions to allocate limited resources. Typically, it applies to markets where goods or services are being bought and sold. ***Microeconomics*** examines how these decisions and behaviours affect the supply and demand for goods and services, which determines prices, and how prices, in turn, determine the quantity supplied and quantity demanded of goods and services.

- Present consumption and future growth.
- The needs of different industries for infrastructure, skills and other interventions.
- Policies that promise high benefits but also entail substantial risks, and policies that are less transformative and dynamic but are also less likely to have unintended consequences.
- A weaker rand that supports growth in production, employment and exports and a stronger rand that makes imports of capital and consumer goods cheaper.
- Present costs and future benefits of a green economy.

The Economic Cluster began work on the New Growth Path in the second half of 2009. It tasked the Economic Development Department (EDD) with preparing a framework, presented to the Ministers in November 2009. The EDD tabled a further summary at the January 2010 Cabinet Lekgotla. It expanded on the framework via consultations with national and provincial government and other stakeholders. The document combines the ***Industrial Policy Action Plan (IPAP) 2*** and policies and programmes in rural development, agriculture, science and technology, education and skills development, labour, mining and beneficiation, tourism, social development and other areas.

2 THE CONTEXT

The extent of joblessness and inequality makes employment creation the top priority. Changes in global and national conditions generate new challenges, but also immense opportunities for overcoming the legacy of inequality and exclusion that still shapes our economy.

2.1 The Core Challenge: Mass Joblessness, Poverty and Inequality

For most of the ’00s, South Africa enjoyed relatively strong economic growth. Economic expansion between 1994 and 2008 approached 4%, similar to other upper-middle income countries. Growth for the previous 20 years lagged at just over 1% a year. Despite improved growth, the economy remained one of the most inequitable in the world. In the mid-’00s, 40% of the national income went to the richest 10% of households. Deep inequalities were associated with high levels of joblessness. In the late ’00s, less than half of all working-age South Africans had income-earning employment, compared to an international norm of almost two thirds.

The extent of joblessness and inequality makes employment creation the top priority

Inequalities and joblessness were also associated with the legacy of apartheid geography. In the mid-‘00s, around a third of the population lived in the former Bantustans and fewer than one in three adults was employed. Over half of all households in the former Bantustans depended mostly on remittances or grants, compared to under a quarter in the rest of the country. The position was worse for young people, largely because too few jobs were created to absorb the large numbers of new entrants to the labour market. In the first quarter of 2010, the unemployment rate for young people aged 16 to 30 was 40%, compared to 16% for those aged 30 to 65.

Amongst the employed, many had poorly paid, insecure and dead-end jobs. In the third quarter of 2008, half of all employed people earned less than R2500 a month and over a third earned under R1000 a month, according to Statistics South Africa. The informal sector, agriculture and domestic work contributed a third of all employment, but two thirds of working people earned under R1000 a month. One in five employed African women was a domestic worker.
The share of wages in the national income dropped from 50% in 1994 to just over 45% in 2009, while the share of profits climbed from 40% to 45%. In short, the economy has not created sufficient employment opportunities for many of our people over the past three decades. Creating more and better jobs must lie at the heart of any strategy to fight poverty, reduce inequalities and address rural underdevelopment.

2.2 The Changing Global and National Context

At the global level, the New Growth Path responds to the economic downturn of late 2008 and accelerates technological change. The global economic crisis means that South Africa must re-think historical patterns of trade and investment. In the past two years, slow growth in traditional partners in the northern hemisphere has been offset by growth in China, India and Brazil. Africa has grown as a source of resources and a potential market with one billion consumers. Shared development across the region is a pre-condition for sustainable prosperity in South Africa.

Global economic turmoil has opened up new policy space for developing economies to exceed conventional policy prescriptions. The government has a vital role to play in accelerating development through the effective regulation of markets.

The world economy faces far-reaching changes as a result of efforts to reduce global warming. While efforts to control emissions will impose heavy costs – especially on relatively carbon-intensive economies like South Africa – they also form opportunities for new industries. Accelerating technological change promises to transform the world economy, with new job opportunities in areas such as biotechnology and nanotechnology.

The New Growth Path also responds to domestic developments. The transition to democracy occurred while the economy was undergoing structural change. Reintegration with the world economy and changes in mining and agriculture saw extensive job shedding. In the late 1970s, around two thirds of all working-age South Africans were employed - echoing the international norm. By the early 1990s, fewer than half were employed. Despite substantial improvements in job creation from 1994, by 2010 South Africa still ranked amongst the ten countries with the lowest level of employment in the world.

The upswing from the early '00s to 2008 built on South Africa's traditional strengths, as booming international commodity prices combined with high global liquidity saw significant short-term inflows of capital. This enabled the country to spend more than it earned and it increased the nominal value of the rand. Consumption-led growth was not underpinned by a strong production base. There was rapid growth in retail, the financial sector and telecommunications, and comparatively slow expansion in manufacturing, agriculture and mining.

While the '00s saw relatively rapid job creation, many jobs were poorly paid and insecure. Most new jobs emerged in retail, security, other low-level business services and housing construction. Finance and telecommunications created little employment despite their rapid growth, while mining and agriculture shed workers. Security guards accounted for one in 14 new jobs created between 2002 and 2008, with 150 000 new security guards employed in this period.

The strong rand permitted reductions in the interest rate, contributing to rapid credit creation, as well as cheaper imports, but it also contributed to lower profitability and competitiveness in manufacturing, agriculture and other tradable-goods sectors. It generated a consumption boom, largely restricted to the upper income group. Deep inequalities in incomes and wealth meant that working people saw limited improvements, as the richest 10% of households captured around 40% of the national income and around three quarters of new credit creation. Wages for lower paid workers fell in the ’00s.

Consumption-led growth was not underpinned by a strong production base

The global economic downturn ended this pattern of growth, with a 3% fall in the GDP in the nine months to mid-2009. Employment cuts were still more severe - a million jobs were lost in 18 months. In addition to high unemployment, the growth phase in the ’00s pointed to fundamental bottlenecks and imbalances in the economy, especially:

- Dependence on the minerals value chain, including smelting and refining, which used huge amounts of electricity.
- Weaknesses in the state’s use of commodity-based revenue for economic diversification and skills development.
- A persistent balance-of-trade deficit funded with short-term capital inflows. The country borrowed abroad to sustain government spending, investment and household consumption. Investment and domestic savings remained below the levels required for sustained growth.
- Bottlenecks and backlogs in logistics, energy infrastructure and skills.
- Continued economic concentration in key sectors, permitting rent-seeking[2] at the expense of consumers and industrial development.

The ***New Growth Path*** responds to emerging opportunities and risk, building on policies since 1994. The Reconstruction and Development Programme advocated greater equity as the basis for long-term development and growth. In the mid-’00s, AsgiSA (Accelerated and Shared Growth Initiative for South Africa) renewed Government’s commitment to addressing joblessness and poverty. It identified infrastructure needs, skills shortages and unnecessary regulatory burdens as core constraints on growth. In addition, government, business, labour and community groups forged a response to the global economic crisis to minimise its impact on the economy and on working people – this approach informs our strategies going forward.

[2] In economics, **rent seeking** occurs when an individual, organization or firm seeks to earn income by capturing economic rent through manipulation or exploitation of the economic or political environment, rather than by earning profits through economic transactions and the production of added wealth.

3 THE NEW GROWTH PATH

The ***New Growth Path*** starts by identifying where job creation is possible, both within and across economic sectors. The aim is to target our limited capital and capacity so as to maximise the creation of decent work opportunities. We must use both macro and micro economic policies to create a favourable environment. The main indicators of success will be

- the number and quality of jobs,
- the rate, labour intensity and composition of economic growth,
- lower income inequality and poverty and
- environmental outcomes.

To achieve profound changes in the structure of savings, investment and production, the government must pursue key policies and programmes over at least a decade. It must coordinate its efforts around core priorities rather than dispersing them across numerous efforts. These are the core characteristics of a developmental state. Policy stability and coherence will be supported by effective social dialogue that helps establish a broad consensus on long-term policy goals and vision, facilitating necessary tradeoffs and sacrifices by ensuring fair distribution of the benefits of growth. Government must strengthen its own capacity for engagement and leadership and re-design delivery systems to include stakeholders. Long-term structural change also requires phasing (varying steps) to establish the preconditions for success over time.

The state can accelerate job creation in the following ways:

- *Short-term*: Direct employment schemes, targeted subsidies and/or a more expansionary macroeconomic package
- *Short to medium term*: Support labour-absorbing activities, especially in the agricultural value chain, light manufacturing and services. (Provide inducements and subsidies to private investment in targeted sectors.)
- *Long term*, as full employment is achieved: increasingly support knowledge- and capital-intensive sectors in order to remain competitive.

It is important that South Africa's core strengths in sectors such as capital equipment for construction and mining, metallurgy, heavy chemicals, pharmaceuticals, software, green technologies and biotechnology, are built upon. South Africa needs to re-industrialise through the opportunities identified in the growth path. But this is more than simply identifying sectors and product niches. It also requires markets. In this context, South African businesses need to do more to find opportunities in the fast-growing economies of China, India and Brazil. This requires more active pursuit of exports to, and investment from, these emerging centres of economic power.

It is important that South Africa's core strengths in sectors such as capital equipment are built upon

This strategy comes with challenges, for example in the composition of the trade relationship. While trade with China has grown significantly, South Africa still largely exports raw materials and imports value-added manufactured products. The Comprehensive Strategic Partnership signed in August 2010 between the two countries aims to address this. South Africa must develop practical proposals to take advantage of this joint commitment.

The growth path emphasises supply-side needs. A critical requirement is to improve demand. In all successful economies, the domestic and regional markets have been critical factors in long-term growth. This shows the importance of production aimed at meeting basic needs within the national economy. In South Africa, the domestic market is relatively narrow, due to the relatively small population, low employment levels and deep inequalities.

In all successful economies, the domestic and regional markets have been critical factors in long-term growth

The growth path also proposes the deepening of the domestic and regional market by growing employment, increasing incomes and undertaking to improve equity and income distribution, and the widening of the market for South African goods and services through a stronger focus on exports to the region and other rapidly growing economies.

The measures in the ***New Growth Path*** constitute a key means to address the income inequalities in society. They place decent work (more and better jobs) at the centre of the fight against inequality, but also include measures such as

- skills enhancement,
- small enterprise development,
- wage and productivity gain-sharing policies,
- addressing the excessive pay gap between top and bottom,
- progressive taxation and support for the social wage (meaning public services targeted primarily at low-income households).

The connection between economic and social measures needs to be strengthened. (Social measures refer to basic and secondary education, investment in health - including effective measures to address HIV/AIDS. These services are critical success factors for the New Growth Path).

3.1 Jobs Drivers

If we can grow employment by five million jobs by 2020, over half of all working-age South Africans would have paid employment and narrow unemployment would drop from 25% to around 15%. This goal will inform annual employment and growth targets. Most of the projected new jobs will come from the private sector.

Two key variables will affect the target:

- the rate of economic growth and
- the employment intensity of that growth.

We need both to maximise growth and ensure that it generates more employment, mostly in the private sector, in order to reach our target. The employment intensity of growth must be kept between 0,5 and 0,8, while the rate of growth in GDP should rise to between 4% and 7% a year. Supporting the jobs drivers through appropriate measures is important to encourage more employment-intensive growth.

The jobs drivers we have identified are:

- Substantial public investment in infrastructure both to create employment directly, and indirectly by improving efficiency across the economy.
- Targeting more labour-absorbing activities across the main economic sectors.

- Taking advantage of new opportunities in the knowledge and green economies.
- Leveraging social capital in the social economy and the public services.
- Fostering rural development and regional integration.

Special efforts must be made to generate opportunities for young people, who face the highest unemployment rate.

The categories of the jobs drivers are not fixed, nor are they fully independent of each other. For instance, the green economy requires profound changes in energy infrastructure, while rural development depends in large part on infrastructure, agriculture and tourism. The aim is not to focus on categorisation, but rather to use the mapping process to think innovatively about new opportunities for employment creation. A critical element of the New Growth Path is to ensure that the drivers leverage and reinforce each other based on their interlinkages.

Support employment creation in the green economy

The first step is to support employment creation in

- infrastructure
- the agricultural and mining value chains
- the green economy
- the manufacturing sector
- tourism and certain high-level services.

These opportunities will take advantage of the potential of new approaches in the other jobs drivers, notably regional integration in Africa and the knowledge and social economies. In many areas of the jobs drivers, departments have already initiated strategies to support employment creation; in others, they are currently reviewing their policies and programmes. The New Growth Path builds on existing work, although limited space means this is not always spelt out in detail.

For each of the jobs drivers, a target was set for employment creation. These targets are achievable in a supportive environment, with specific support measures.

Jobs Driver 1: ***Infrastructure***

- 250 000 jobs a year in energy, transport, water and communications infrastructure and in housing, through to 2015
  - construction of new infrastructure (mainly in housing and public works)
  - operation of the new facilities
  - expanded maintenance; and
  - the manufacture of components for the infrastructure programme.

  The impact of the massive infrastructure programme on job creation across the economy (the "multiplier effect") will be substantial. It is critical for increasing opportunities in the former Bantustans, which still suffer the greatest backlogs in services, transport and communications.
- There should be a near-doubling of electricity capacity by 2030, with 33% of new generation coming from renewable sources and 25% from nuclear power. It is also a key part of the plan to improve economic efficiency and to reduce emissions.
- Emphasis will also be placed on the expansion of rail transport, with more railway tracks and rolling stock, given the cost and logistics advantages for both commuters and freight transport.
- Investment in water infrastructure to allow for the expansion of agriculture and agroprocessing.

- Communications infrastructure will be expanded and costs reduced.
- Crucial steps to achieve our targets for infrastructure are:
  - to maintain high levels of public investment, backed by investment in skills development and measures to prevent non-competitive pricing by contractors
  - to strengthen local procurement of inputs in order to maximise the multiplier effect, including through the development of new industries to provide for renewable energy
  - to use labour-based production methods where appropriate; and
  - to target infrastructure provision to support broad-based growth and rising competitiveness linked to a coherent and sustainable strategy for rural development.

Jobs Driver 2: ***Main economic sectors***

- *Agriculture*: opportunities for 300 000 households in agricultural smallholder schemes, plus 145 000 jobs in agroprocessing by 2020; upgraded conditions for 660 000 farm workers.
- *Mining:* 140 000 additional jobs by 2020, and 200 000 by 2030, not counting the downstream and sidestream effects.
- *Manufacturing:* 350 000 jobs by 2020 in the industries not covered by other Jobs Drivers.
- *High-level services*: 250 000 jobs directly in tourism and business services, with many more possible in the cultural industries.
- Practical measures at sectoral level to achieve these employment targets:
  - Restructuring land reform to support smallholder schemes (infrastructure, marketing, finance, extension services); upgrading employment in commercial agriculture especially through improved worker voice; measures to support growth in commercial farming and to help address price fluctuations in maize and wheat while supporting national food security; acceleration of land claims processes; ensuring the competitive pricing of inputs; and support for fishing and aquaculture.
  - Accelerating exploitation of mineral reserves by ensuring an effective review of the minerals rights regime, lowering the cost of critical inputs including logistics and skills in order to stimulate private investment in the mining sector, and setting up a state-owned mining company that would co-exist with a strong private mining sector and that promotes beneficiation, as well as greater utilisation of the mineral resource base of the country for developmental purposes, including potentially through a sovereign wealth fund.
  - Refocusing the beneficiation strategy to support fabrication (stage 4) (rather than only smelting and refining, which are both capital and energy intensive), including stronger measures to address uncompetitive pricing of intermediate inputs, export taxes on selected mineral products linked to clear industrial strategies.
  - Phasing support for manufacturing to encourage activities that will generate employment on a large scale and meet basic needs at lower cost in the short to medium term, while sustaining development of more knowledge-intensive industries for long-term growth.
  - Strengthening measures to expand tourism infrastructure and services, promote targeted marketing campaigns, manage costs, quality assurance and logistics, improve training and identify employment and entrepreneurial opportunities for the youth; in business services such as finance and communications, enhancing support measures to encourage diversification; and developing a comprehensive programme to support cultural

industries. The conditions of vulnerable workers in the services will be addressed.

Jobs Driver 3: *Seizing the potential of new economies*

- *Green economy:* 300,000 additional direct jobs by 2020 to green the economy (80 000 in manufacturing and the rest in construction, operations and maintenance of new environmentally-friendly infrastructure), and to well over 400 000 by 2030.
  - expanding the existing public employment schemes to protect the environment and the production of biofuels.

- *Knowledge-intensive sectors* (computing, telecommunications, higher education, healthcare, mining-related technologies, pharmaceuticals and biotechnology): 100 000 new jobs by 2020
  - support for energy efficiency and renewable energy (eg pricing policies, combined with programmes to encourage the local production of inputs, starting with solar water heaters)
  - public employment and recycling schemes geared to greening the economy
  - programmes, institutions and systems to diffuse new technologies to SMEs and households
  - research, development and tertiary education linked to growth potential and developing South Africa as the higher education hub for the continent
  - continuing to reduce the cost of, and improve access to, broadband.

Jobs Driver 4: *Investing in social capital and public services*

- *Social economy* (co-operatives, non-governmental organisations (NGOs) and *stokvels*): 260 000 new employment opportunities.
  - government support for social economy initiatives (assistance with marketing, bookkeeping, technological and financial services and training)
  - the development of linkages within the social economy to encourage learning and support
  - work with union and community investment companies to develop a Charter with commitments to job creation
  - increasing state procurement from and service delivery through the social economy
- *Public service*: 100 000 jobs in health, education and policing by 2020
  - require proper budgeting and a strategy to ensure both affordability and cost effectiveness
  - HIV/AIDS programmes should improve the welfare and productivity of the workforce
  - government targets for growth in the public service to meet national needs
  - rural, literacy, green and HIV-education youth brigades that engage up to a million young people over the next few years, combined with measures to expose young people to work experience through internships in the private and public sectors.
  - The Community Works Programme will be extended.

Jobs Driver 5: ***Spatial development***

- *Rural development:* While urbanisation will continue, a significant share of the population will remain in rural areas. Government will step up its efforts to provide public infrastructure and housing in rural areas, to lower the costs of economic activity and to foster sustainable communities. Rural development programmes can achieve a measurable improvement in livelihoods for 500,000 households, as well as stimulating employment in other sectors. Enhancing rural employment requires finalisation of a spatial perspective that sets out the opportunities available and the choices that we must make in order to lay the basis for aligning government spending, infrastructure and housing investment and economic development initiatives. Government must do more to support small-scale agriculture, eg through community food gardens and marketing and service co-ops as well as accessible banking facilities.

Increased exports to SADC alone can generate almost 60 000 additional direct jobs by 2015

- *Regional development:* increased exports to SADC alone can generate almost 60 000 additional direct jobs by 2015 and around 150 000 by 2020, with additional employment growth arising from South Africa's position as a financial, logistics and services hub and from collaboration in regional infrastructure and investment.
    - strong partnerships with other African countries is essential
    - improved logistics, with clear priorities and timeframes, including a "smart ports" network that integrates common systems, people and technology platforms across a number of countries and an integrated road and rail system across the continent
    - measures to expand regional investment and trade, and develop integrated supply-chains and industrial corridors
    - reducing regulatory obstacles to trade and travel

3.2 A Development Policy Package for Growth, Decent Work and Equity

A package of interventions is required to address a range of challenges in the economy and that balances competing policy concerns while mitigating unintended consequences.

3.2.1 The macroeconomic package

Government will be guided by a looser monetary policy and a more restrictive fiscal policy:

1. The monetary policy will continue to target low and stable inflation but will do more to support a more competitive exchange rate and reduced investment costs through lower real interest rates. This will be accompanied by measures proposed below to contain inflationary pressures and build competitiveness.

2. Additional and larger purchases of foreign currency flowing into South Africa, as a result of foreign direct investment and portfolio inflows, in order to counter the appreciation of the rand as required. An African development fund will be established to

invest in African infrastructure, as outlined below. A further set of tools to address the competitiveness of the exchange rate is being explored, including measures to address the negative effects of short-term capital inflows. These tools will take into account global agreements to deal with imbalances.

3. Greater restraint in fiscal policy to slow inflation despite easier monetary policy. A counter-cyclical fiscal stance through the business cycle will manage demand in support of a more competitive currency while achieving critical public spending goals. The MTEF foresees real growth in expenditure of just over 2% a year for the next few years.

4. Mobilisation of resources to finance growth path priorities, particularly jobs, skills and infrastructure. The new fiscal policy will require vigorous prioritisation and improved value for money, with reductions in less important areas while protecting priority public services. Spending proposals need to be subjected to a clear and rigorous prioritisation process, corruption and waste eliminated, and remuneration growth moderated.

3.2.2 *The microeconomic package*

The microeconomic package involves ten programmes to control inflationary pressures and inefficiencies combined with more pro-active strategies to support an inclusive economy, social equity and regional development.

Measures to control inflationary pressures include:

- competition policy targeting monopoly pricing on wage goods and basic industrial inputs
- ensuring that administered prices do not increase above inflation without compelling reasons
- targeted, efficient and sustainable interventions to contain other volatile and/or rapidly rising costs, such as private healthcare and spikes in basic food items. (Proposals to introduce National Health Insurance, for instance, should reduce the share of the GDP spent on health, which is now very high for a middle-income economy, while improving access for the majority.)

Measures to support long-term competitiveness also include a range of measures discussed below, including: skills development, vigorous implementation of IPAP2, small business support and labour-market interventions. They also require reduced red tape and bureaucratic delays as well as competitive pricing of broadband and ports, and more efficient rail links to the coast.

The historic dependence on resource extraction means that a range of government functions are not geared to supporting new employment-creating sectors

Mechanisms to reduce the cost of capital for the jobs drivers would involve mobilising savings around developmental investments, an initiative that would also contribute to a higher investment rate. In addition, government will assess how financing certain kinds of BEE requirements affects the cost of capital. The state will also seek to maximise local procurement in the state-owned enterprise (SOE) build programme so as to minimise the impact of currency depreciation on costs while enhancing domestic demand.

One: *Active industrial policy*

Industrial policy refers to public measures aimed at the development of certain kinds of activities in an economy. In South Africa, an active industrial policy is crucial because:

- The historic dependence on resource extraction means that a range of government functions – infrastructure, education and training, industrial financing and regulatory frameworks – are not geared to supporting new employment-creating sectors.
- Areas with employment potential often lack private-sector champions or supportive market structures, meaning that they require government encouragement.
- New economic developments around knowledge-intensive sectors and green technologies need new kinds of education and training, greater R&D support as well as the establishment of learning organisations in enterprises and state agencies. Active industrial policies under apartheid relied largely on subsidies and tariffs for existing industries in the context of low-wage policies like migrant labour and suppression of trade unions.

The agricultural value chain offers major opportunities for employment creation

Responding to new global and domestic conditions in a democracy demands sharper focus on:

- New sources of competitiveness that lie in innovation and productivity, with an adequate base in skills, infrastructure and efficient state action, and
- Measures to enhance domestic and regional demand as well as extending export promotion strategically to the rapidly growing economies of the global South.

These measures need a competitive rand to succeed. We aim to ramp up South Africa's active industrial policy by improving alignment across the state. It is crucial that the state increase the capacity and impact of the development finance institutions (DFIs), especially the IDC, for industrial financing. In turn, these institutions must ensure that their activities maximise employment-creating, equitable and green growth.

Two: ***Rural development policy***

The poorest regions of the country, with the highest unemployment rates and most vulnerable workers, are the former Bantustan and commercial farming areas. These areas developed historically as impoverished labour reserves for the urban economy, and not as viable economic zones. The agricultural value chain offers major opportunities for employment creation through smallholder schemes and the processing and sale of agricultural products. Improvements in livelihoods are possible by upgrading farm workers' conditions, organisation and helping rural households increase production. Other jobs drivers, notably the public sector and social economy, tourism and infrastructure, can also contribute.

An effective rural development strategy, geared to improving livelihoods and employment on a large scale, must be rooted in a realistic understanding of the economic potential of different regions of the country, including the quality of land, water and proximity to markets. It should take into account long-term changes in settlement patterns with the end of apartheid residential laws. Specific measures in these areas are proposed for rural development as a jobs driver.

Core considerations will be reprioritising budgets for housing and social services to address rural backlogs, which requires managing trade-offs and addressing gross inequalities in municipal revenues. Support for market and financial institutions is necessary, especially co-ops, that enable small producers to enter formal value chains and take advantage of economies of scale. The identification of viable opportunities is crucial, including smallholder schemes that can improve livelihoods on a large scale, especially by building on regional synergies and clusters.

Three: ***Competition policy***

The South African economy has been characterised by high levels of economic concentration and collusion on price and market-sharing. Anti-competitive conduct seeks profits from narrow, backward-looking strategies based on inherited positions of market power. It implies lower output, investment and employment. Specific measures will include the following:

1. Competition investigations continue to focus on areas of strategic importance.
2. Law-enforcement agencies cooperate more actively with the competition authorities to address pervasive breaches of the competition laws.
3. The competition authorities review their procedures to reduce the opportunity for vexatious litigation and speed up competition probes.
4. More consideration given to mandating public interest conditions on proposed mergers, particularly in respect of employment and prices.
5. Competition authorities involve trade unions more, as provided for in the Competition Act. Unions should develop their capacity to share information and insights on employment issues in mergers and acquisitions.
6. Government considers draft amendments to the Competition Act to enhance the Tribunal's power to order divestiture where inherited market power permits repeated abuse, and to provide mechanisms to address pricing in markets characterised by economic concentration.
7. The competition authorities and DFIs cooperatively identify instances where support for new market entrants is needed to secure more competitive outcomes.
8. Government develops guidelines for granting exemptions in terms of the Competition Act for cooperation between producers where it will demonstrably benefit job creation and expansion into export markets.

Four: ***Stepping up education and skills development***

Improvements in education and skill levels are a prerequisite for achieving many goals in this growth path. General education must equip all South Africans to participate in our democracy and economy, and higher education must do more to meet the needs of broad-based development. It also requires a review of the training system to address shortfalls in artisanal and technical skills. The draft Human Resource Development Strategy for South Africa addresses these goals. The targets are as follows:

Engineers: At least 30 000 additional engineers by 2014, changing subsidy formulae for universities as appropriate. Strengthen measures to ensure greater and more equitable access to science and maths education at secondary level and expand bridging programmes to tertiary courses.

Artisans: At least 50 000 additional artisans by 2015, with annual targets for state-owned enterprises. SETAs must agree to numerical targets for completed apprenticeships, with systems to track progress, particularly in construction, mining, manufacturing and new industries such as in the green economy. Apprenticeship systems must be reviewed to support broader access.

Workplace skills: Improve skills in every job and target 1,2 million workers for certified on-the-job skills improvement programmes annually from 2013. Every SETA should aim to facilitate and co-finance training for 10% of the workforce annually. Improve SETA performance by strengthening governance, accountability and administrative systems. SETAs must prioritise identifying and funding the main sector skill needs based on the New Growth Path. Further education and training (FET) colleges have a central role to play. An immediate goal is to expand enrolment at FET colleges, targeting a million students in FET colleges by 2014. To be effective, however, their graduation rates must also rise significantly. This target will require appropriate resourcing of the FET system.

Information and communications technology (ICT) skills: The departments of education should ensure that computer skills are taught in all secondary schools and form part of the standard adult basic education and training (ABET) curriculum by 2015. All public servants should also receive ICT training. Achieving this aim urgently requires a plan to train educators, access relevant teaching skills elsewhere and establish computer centres for learners and communities.

Policy framework: Finalise the National Skills Development Strategy taking into account the needs emerging from the growth path. In addition, the overall supply of highly skilled labour should be increased by continued efforts to streamline the immigration system in ways conducive to the inflow of skills, linked to a skills-transfer programme and an on-going commitment to upgrade domestic education on a broad basis.

Five: ***Enterprise development: promoting small business and entrepreneurship; eliminating unnecessary red-tape***

South Africa has a relatively weak small and micro enterprise sector. Before 1994, the state suppressed and marginalised black entrepreneurs. They now face the difficulty of competing with well-established firms in concentrated markets and accessing affordable finance and often suffer disproportionately from crime. The New Growth Path will strengthen and consolidate initiatives to support small and micro enterprise, with a comprehensive strategy laid out by early 2011. Core components will include:

- A one-stop shop and single funding agency for small and micro business established through consolidation of Khula, SAMAF and IDC funding, amongst others, to reduce the overhead costs of government in order to make more resources available to end-users.
- To fully implement government's long-standing commitment to pay small business suppliers within 30 days, with clear consequences for non-compliance by public entities. In addition, consider a policy of "name and shame" and fiscal penalties for departments that do not comply.
- To integrate small and micro enterprise support systematically into all sector strategies.
- To initiate a red-tape elimination campaign to simplify regulated procedures and forms and remove any bias against smaller producers, for instance in zoning requirements, with results reported to Cabinet on a quarterly basis.
- To strengthen access to micro-finance for small enterprises in order to bring more citizens into economic activities and thus promote the growth of new enterprises.
- To address smaller businesses' concerns about access to and the cost of space in shopping malls.

Six: ***Broad-based Black Economic Empowerment (BBBEE)***

Government has decided that black economic empowerment (BEE) should seek to empower all historically disadvantaged people rather than only a small group of black investors. It adopted the Broad-Based BEE Act, calling for expanded opportunities for workers and smaller enterprises, and more representative ownership and management. Current BEE provisions have, in many instances, failed to ensure a broad-based approach, imposing costs on the economy without supporting job creation or growth. The BEE model is focused on transactions involving existing assets and benefiting few individuals. The New Growth Path requires a stronger focus on the broad-based elements of the regulations – ownership by communities and workers, increased skills development and career pathing, support for small enterprise and co-ops – as well as emphasis on procurement from local producers in order to support employment creation.

Currently, ownership and senior management issues receive disproportionate emphasis, causing "fronting," speculation and tender abuse. The regulations do not adequately incentivise employment creation, support for small enterprises and local procurement. Preferential procurement regulations aggravate this by privileging ownership over local production. Broad-based BEE regulations penalise public entities as suppliers. The democratic state owns public entities on behalf of our people yet the regulations do not count them as "black empowered."
A major re-think is needed to achieve South Africa's developmental and growth goals. The DTI and EDD will work with relevant government departments and the BBBEE Advisory Council to ensure fairer outcomes.

Seven: *Labour policies*

In order to overcome the legacy of apartheid, government regulates the labour market to protect vulnerable workers, support employment equity, ensure health and safety on the job and assist workers in finding employment and training opportunities. The New Growth Path will raise multi-factor productivity on the basis of fair rewards to workers plus greater job creation. Sustained growth in productivity is a source of competitiveness and a means of improving working conditions. It requires strong partnership at the shop floor and a commitment to expand the market. A rapidly growing economy will experience growth in employment. This needs to be matched by public efforts addressing insecurities experienced by individuals and their families.

The unemployment insurance system will need temporary adjustments to its rules to extend or reduce the duration of benefits, on an actuarially sound basis. Compliance with health and safety regulations to improve working conditions and support productivity growth may also need strengthening.
In particular, government will pursue:

1. A national Productivity Accord supplemented by sector and workplace productivity agreements.
2. Legislative amendments to reduce workers' vulnerability by addressing problems experienced in contract work, sub-contracting, outsourcing and labour broking and by including decent work considerations in the procurement process, consistent with the electoral mandate.

Technology policy must secure innovations on the shop floor, especially in job creating activities

3. Ways to limit abuse of the CCMA by senior managers and professionals who have access to other dispute-settlement systems but tie up the process with procedural points, and generally to further improve cost-effective services to workers and employers.
4. Expanding the role of the Unemployment Insurance Fund (UIF) in funding DFI efforts to create employment and extending employment services to assist unemployed people to find jobs.

5. Improvements to the functioning of labour centres in order to improve information about employment and training opportunities.
6. Measures to support the organisation of the unorganised, in particular farm workers.

*Eight: **Technology policy***

Technology policy must secure innovations on the shop floor, especially in job creating activities. Support for this kind of emulation and adaptation was crucial for industrialisation in East Asia. Our technology policy has four main thrusts:

- **Achieving targets for increased R&D:** In line with current targets, raising public and private spending on R&D from 0,93% in 2007/8 to 1,5% in 2014 and 2% in 2018; increasing the number of patents from 91 in 2008 to 200 in 2014; increasing the number of professionals and technicians from the current seven per 10 000 people to 11. This will require costed and phased proposals from the relevant departments (DST, DHET, EDD and NT).
- **Rapidly extending access to and use of ICT** based on a continual and rapid reduction in broad-band costs, resulting largely from rapidly expanding undersea cables, and accelerated improvement in access to ICT training as well as social development and public policy applications.
- **Adaptation and diffusion of technologies in targeted sectors to support employment creation and growth.** Existing measures and institutions strengthened and scaled up to support (a) rural development, (b) small and micro enterprises and cooperatives and (c) expanded broadband access across the economy.
- **Maintenance of our technological edge** in knowledge-intensive sectors. This process will be linked to IPAP2 as well as the targeted support strategies developed by DST.

*Nine: **Developmental trade policies***

Trade policy seeks to promote exports while addressing unfair competition against domestic producers and assisting new activities to achieve competitiveness. South Africa's trade policy should become more focussed, identifying opportunities for exports in external markets and using trade agreements and facilitation to achieve these. It must remain pragmatic and evidence-based in pursuing core socio-economic goals, particularly decent work and inclusive and balanced growth, without acceding unnecessarily to narrow interests or failing to respond to real economic needs. Trade policy will support balanced economic growth and build on the advantages won by a more competitive currency. An effective trade policy requires effective enforcement by Customs, which in turn depends on improved resourcing and regulations, and active measures to combat illegal imports and smuggling.

*Ten: **Policies for African development***

Support for regional growth is an act of solidarity and a way to enhance economic opportunities. It demands that we address the shortcomings of colonialism and apartheid in logistics infrastructure, market institutions, regulatory frameworks and productive capacity in Africa. South Africa should be the driving force behind the development of regional energy, transport and telecommunications infrastructure.

Government will work jointly with African partners to identify mutually beneficial opportunities for trade and development, mindful of regional differences in resources and development. South Africa will undertake initiatives to strengthen SADC and connect it with the East African Community and Comesa. Key regulatory blockages to increased regional trade and investment will be identified by June 2011. Government will work with South

African DFIs and state-owned enterprises (SOEs) to address backlogs in regional logistics, water and electricity infrastructure. Government will launch an appropriately structured Africa Development Fund to assist in financing, and at the same time play the role of a sovereign wealth fund in helping to achieve a more competitive rand. Priorities include; developing and implementing proposals to improve the road/rail/ports system serving southern and central Africa, strengthening regional integration on energy, including the Southern African Power Pool, linked to urgent improvements in electricity interconnectors, and exploring other opportunities for enhancing clean energy across central and southern Africa, including gas. It must also develop proposals to improve telecommunications and internet connectivity across the region and from the region to Europe, Asia and the Americas.

Economic ministries will develop proposals for funding South African suppliers of capital equipment

Economic ministries will develop proposals for funding South African suppliers of capital equipment and construction materials for regional infrastructure projects. Government will identify viable new productive activities in the region, especially (a) in the agricultural value chain, including horticulture for South African owned retail chains; (b) electricity (hydro and other green energy generation); (c) beneficiation of minerals; and (d) integrated manufacturing supply chains. Proposals in this area should support development corridors across southern and central Africa. The relevant departments and universities will support regional education and healthcare improvements with appropriate use of South African capacity.

3.2.3 *A package of social partner commitments*

Social partners must ensure that the benefits and sacrifices for the New Growth Path are equally shared. Commitments from stakeholders will shape the final package. To that end, government has made the following initial proposals:

1. Efforts to retain the benefits of the competitive exchange rate and support the proposed macro stance through a broad development pact on wages, prices and executive bonuses, based on agreements:
    a. on wages, to moderate wage settlements for workers earning R3 000 to R20 000 a month, possibly to inflation plus a modest real increase, with inflation-level increases for those earning over R20 000 a month;
    b. on bonuses, prices and employment, to cap pay and bonuses for senior managers and executives earning over R550 000 a year, to moderate price increases, especially on inputs and wage goods, and to ensure that wage moderation and measures to support competitiveness and lead to a measurable increase in employment creation;
    c. as government,
    (i) to maintain the real value of social grants and improve the "social wage" in poor communities, including housing, healthcare and education,
    (ii) to reduce wage inequalities through efforts to improve pay, conditions and organisation for vulnerable workers (including those earning below the threshold set out above), and

(iii) to ensure any increases in industrial financing creates large-scale employment.

2. To improve levels of private savings in the economy and to respond to an initiative of organised labour, government will build on existing progress in discussions with both social partners to conclude a comprehensive social security system. Personal savings will be improved through proposed changes in the structure and regulation of retirement funds, including affordable compulsory membership for all employees. In addition, rules to limit withdrawals from contractual savings during a member's working life, linked to increased investment in DFIs to finance employment-creating projects, will be pursued.

3.3 Resource Drivers

As a middle-income country, South Africa has substantial resources and sophisticated financial markets. The New Growth Path will build on our strengths to redirect savings and investment toward productive and infrastructure projects in support of employment and sustained growth. Unnecessary consumption must be discouraged and saving encouraged, and resources must be directed toward developmental aims. Fiscal policy must play a role through a counter-cyclical stance combined with substantial support for public investment. Government's Medium Term Expenditure Framework (MTEF) and annual budget will be guided by the need to support the New Growth Path through appropriate spending on infrastructure, skills, rural development and economic programmes.

Local and provincial governments will undertake similar work. Resources allocated to public entities and departments must be effectively utilised and focussed on clear targets. Various public institutions, including universities and science councils, DFIs and state-owned enterprises, have substantial resources which should be aligned with growth path priorities. EDD will work with Labour, Social Development and the Treasury to enhance personal and community savings through appropriate combinations of incentives, including retirement fund reforms.

Treasury, working with the DTI and EDD, will explore ways to disincentivise high personal debt, especially for luxury items and high-end property. Treasury and EDD will also consider how to incentivise company savings (defined as the resources invested, not paid as dividends) mostly by enhancing investment opportunities. The DFIs will review activities to expand support for developmental investments. Government will attempt to improve financing for these activities, including collaborating with organised business and labour on a development bond, consistent with the commitments at the Growth and Development Summit, which can mobilise resources from retirement funds; and utilising Government Employee Pension Fund (GEPF) and Public Investment Corporation resources. We can build on the experience of the current R2 billion Development Bond for job creation issued by the IDC and subscribed by the UIF.

We will also consider establishing a state-owned bank, able to provide services in rural areas and support the development of community and cooperative banking. Such a bank could build on the institutional structures provided by the PostBank. It would play a central role in encouraging more appropriate forms of financial institution to serve micro-enterprise as well as historically marginalised households and communities in the rural areas and cities.

Finally, more secure international financing possibilities will be explored. Possible sources include foreign direct investment, including support from retirement funds for developmental initiatives, as well as international donor funding for investments to green the economy.

3.4 Institutional Drivers

The New Growth Path recognises the role of an effective, developmental state in achieving broad-based employment growth. This perspective raises at least three critical institutional issues: the role of the state, the market and key market players, and social mobilisation and dialogue.

3.4.1 *The developmental state*

The growth path, while state-led, has to interact with market institutions. The challenge is to minimise costs for business, except as required to support transformation toward a more equitable, decent work-generating and green economy. A developmental state is not simply hostage to market forces and vested interests. Through alliances, clear purpose and leveraging its resource and regulatory capacity, it can align market outcomes with development needs and must identify economic challenges and develop innovative solutions and generate broad public support for these efforts. A key challenge is to improve the state's efficiency, effectiveness and responsiveness to new opportunities and risks.

The unions give voice to the working class, not just their members

The new outcomes-based performance monitoring and evaluation system provides a major new platform to achieve these aims. The growth path must increase integration of national, provincial and local policies and collaborate in the implementation of developmental policies and programmes. Work is needed to align growth and development strategies adopted by different spheres of government and to establish knowledge-sharing and collaboration across the state. The New Growth Path will require some re-orientation from all state agencies. Critical actors include the DFIs and SOEs; the GEPF and the PIC as crucial investors of savings; the Reserve Bank; the International Trade Administration Commission (ITAC) and Customs and Excise; the competition authorities; other regulatory, standard-setting and accreditation bodies including Cipro, Nersa and Icasa; and the science councils, universities and Mintek.

3.4.2 *Institutional drivers outside the state*

The main institutional drivers outside the state are business, organised labour and other civil society actors. In a mixed economy, private business is a core driver of jobs and economic growth. South Africa has benefited from the depth and capacity of its private sector, enabling innovative and strong responses to new challenges. Business has its weaknesses and has often been reactive and inwardly focussed. Many business leaders have missed opportunities offered by the profound changes since 1994 or failed to collaborate adequately with other stakeholders. When business leadership has taken the initiative, government has not always responded adequately. Key to the implementation of the New Growth Path is the development of more constructive and collaborative relations between the state and business, where Government commits to minimise unnecessary economic costs, such as unnecessary regulatory requirements and delays, inadequate infrastructure, weak education and training, and business responds by supporting critical and innovative initiatives for a more inclusive and equitable economy, especially projects that can generate employment on a much larger scale, through investment, technical support and mentoring, and appropriate pricing policies.

South Africa has also benefited from the strength of the progressive labour movement both before and since the democratic transition. The unions give voice to the working class, not just their members, and have an intimate knowledge of issues on the shop floor and in their industries. They provide a critical resource in making and implementing strategies to achieve a more inclusive growth path. A critical challenge lies in maintaining union commitment to policies that support employment creation and equity even when it requires some sacrifice from union members. In order to achieve this, the New Growth Path must ensure that economic and social policies demonstrably reward any sacrifice by members with real gains for the working class as a whole. Broad-based organisations and NGOs beyond organised labour also have important roles to play in the growth path. In particular, they are critical to rural development, the green economy, education and training and the co-ops movement. This requires that we improve the state's engagement style and address their capacity needs.

3.4.3 Social dialogue and mobilisation

South Africa has highly-developed social dialogue institutions and the social partners have a long history of dealing with complex issues – from the political transition to specific laws and regulations to broad agreements on growth and development. As the Nobel prize-winning economist Amartya Sen notes: *"A democratic search for agreement or a consensus can be extremely messy and many technocrats are sufficiently disgusted by its messiness to pine for some wonderful formula that would simply give us ready-made weights that are 'just right.'"*

In South Africa, no technocratic solution - if it existed - could be imposed from above. We must develop this New Growth Path in conditions of active, noisy democracy. The inequalities that rend our society complicate efforts to reach consensus. This growth path requires that the state (a) facilitate national and workplace productivity accords, (b) support community organisation, including the Community Works Programmes and other delivery mechanisms that build community and collective action, and (c) strengthen existing institutions for social dialogue, including Nedlac, sectoral and local forums.

This work must critically enhance information flows, ensure government is more responsive to economic needs and reduce the transaction costs for our partners.

3.5 Implications for Provinces and Localities: The Spatial Dimensions of the Growth Path

A core task for the New Growth Path is to break the legacy of the geography of apartheid through a coherent approach to spatial development, backed by strong investment in infrastructure and the identification of viable and sustainable opportunities for historically disadvantaged regions. Rural development will depend largely on links to the main urban areas.

Smallholder schemes in the Eastern Cape can produce for factories in Port Elizabeth or East London; tourism in Mpumalanga relies primarily on visitors from Gauteng. Given the extraordinary differences in natural, economic and social conditions, provinces and localities must adapt the broad drivers in the growth path to their specific circumstances. A spatial economic strategy will indicate how the jobs drivers affect different provinces, municipalities and rural areas, linking in to the rural development strategy and industrial policies. Communication must be enhanced between the spheres of government on their development strategies and to improve their alignment. EDD has begun work with other spheres of government to identify opportunities in the New Growth Path. The importance of local governments in the metros in maintaining the centres of economic growth must be recognised, and the need to strengthen the ability of municipalities to ensure efficient provision of services and licensing, aligned with the New Growth Path. Government will develop a realistic spatial perspective on long-term settlement patterns and opportunities for employment creation and economic development.

4 PRIORITIES, SEQUENCING, IMPLEMENTATION AND NEXT STEPS

Successful countries do not hinge action on the resolution of every possible concern or debate, they learn by doing, with a continual feedback loop that enables rapid responses to emerging problems. We need to start implementation of key initiatives now, with strong monitoring and evaluation systems to identify concerns and speedily remedy them as they arise. The implementation process must ensure the rigorous prioritisation of programmes and policies needed for inclusive, green growth.

Rigorous prioritisation of programmes and policies needed for inclusive, green growth

There are risks that the state must manage, among them the still fragile global recovery; competition and collaboration with the new fast-growing economies; and competing interests domestically. The management of these and other risks, as well as the enormous opportunities identified in the document, requires tight coordination and regular review. To start the implementation process, the following steps are being taken:

1. Finalisation of the developmental policy package proposed, as the basis for engagement with key stakeholders; the main forum for reporting progress and monitoring implementation will be an Inter Ministerial Committee.
2. Initiation of engagement on a social pact with key stakeholders, with implementation of the policy package following finalisation.
3. In order to ensure clear decision-making and oversight, Cabinet Memoranda will be submitted:
    a. To each Cabinet meeting on progress in implementing the policy package, which will identify new developments, risks and opportunities as they arise.
    b. Detailing implementation plans for each of the growth path areas; strengthening competition policy; procurement reform to support local procurement; reform of broad-based BEE to support employment creation and broad-based equity and ensure alignment across all economic sectors; stepping up skills development, including through reform of the SETA system and the National Skills Development Strategy; African regional development; tourism; creation of employment through agriculture, agro-processing and rural development; strategy for the green economy; reducing cost drivers across the economy; long-run perspective on mining development, including directions for infrastructure and skills; youth employment; Spatial development within South Africa.

4. Outcomes-based methodology will be the basis for evaluating and monitoring the success of growth path interventions. The President has the prerogative to modify the current delivery and performance agreements with Ministers so as to integrate targets from the growth path proposals.
5. It is crucial that in the process of implementation, delivery forums be clearly identified to oversee progress and assist to improve programmes. The Economics Cluster, MinMECs and provincial forums undertaken by relevant SOEs and DFIs. should submit regular (at least quarterly) reports to Cabinet on key developments in the economy and on achievement of our core economic aims. These reports should propose ways to build on successes and anticipate problems in time to head them off. They must include early-warning systems to indicate unforeseen economic difficulties, shortfalls in the anticipated employment creation and undesirable trends in overall equality. A similar monitoring system should be established at Nedlac so that key stakeholders understand government programmes, help strengthen them, and assist in improving economic management.
6. Economic development planning cannot exist apart from broader social and political progress. The NPC has a critical role in aligning the economic growth path with other social programmes and trends, such as demographics, migration, education and health planning and long-term infrastructure needs, among others.
7. MinComBud and the Economics Cluster will work closely through the budget process to ensure that by the MTEF begins to reflect the key programmes and policies for the New Growth Path.

Given the complexity of the task, there are two core phases to implementation.

Phase one: **Laying the platform for the New Growth Path 2010/11**

Cabinet finalises priorities and sequencing with departments and ensures key steps are reflected in the budget. Immediate implementation of short-term measures promising significant rewards (“quick wins”), notably around the developmental policy package, as well as initiation of processes to lay the basis for sustained change in the economy. Establishment of monitoring mechanisms and implementation forums. Engagement with social partners on the vision and framework and work on the pact around the developmental policy package as well as productivity pacts. 2012/13: In-depth review of progress and adjustment of policies as required.

Phase two: **Consolidation of the New Growth Path 2014**

Changes in the structure of production and ownership should begin to emerge in national statistics, and the state should be perceptibly more agile and responsive to economic needs. 2015-2020: Continued implementation of programmes in ways that take into account past successes and changing conditions, with systematic monitoring and evaluation against clear targets.

Notes

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eastern cape socio economic consultative council

ECSECC is a multi-stakeholder policy research and development planning organisation established in 1995. We are dedicated to evolving new forms of development cooperation between government, labour, organised business and developmental non-governmental organisations.

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