NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

QUARTERS 3 and 4

UPDATED PROGRESS REPORT TO THE QUARTERLY PRESIDENTIAL COMMITTEE ON THE JOBS SUMMIT FRAMEWORK AGREEMENTS

30 April 2020

EXECUTIVE SUMMARY

1. Introduction

This Quarterly Presidential Committee takes place at a time when countries all over the world are experiencing unprecedented shocks to their economies and labour markets. The Coronavirus pandemic (COVID-19) has disrupted the lives of many South Africans and businesses, and has made the challenge of job retention and creation even more urgent. The crisis necessitates a completely renewed focus within the Presidential Jobs Summit to mitigate the impact of the pandemic and create new opportunities for job retention and creation. The work of the Presidential Jobs Summit is therefore critical and will be ramped up during these testing times.

The message reaching the markets right now is that South Africa has responsibly managed its approach to the COVID-19 pandemic, which puts us in a good position to do business. In key sectors such as business processing and the digital economy, we remain price competitive and have a deep talent pool. We should therefore be able to capitalise on shifts in global work allocation, with the proviso that economic fundamentals are addressed.

Locally there is an increased recognition of problems associated with our dependence on imports and, driven by disruptions in supply chains, a realisation that businesses should favour local procurement. This has already been demonstrated in the health sector where efforts that were being made to realise commitments in the Presidential Jobs Summit Framework agreement, to ensure that SAHPRA can fulfil its mandate and to accelerate a stronger focus on the local procurement of pharmaceuticals, were strengthened by the national response to COVID-19.

The Business constituency, in collaboration with the dtic and Proudly South Africa, are making efforts to understand what these disruptions in the supply chains are and how they can be translated into opportunities for local products and job creation. Further research is underway to understand what products are in demand, specifically those products that can no longer be imported, including a review of items that we currently import but which could be produced locally. These have already been translated into commitments in key sectors such as the banking industry. The guidelines pertaining to the R100 billion fund, a commitment by the financial sector, are being finalised and could create an opportunity to unlock funding to enable these efforts.

These developments present the South African market with unique opportunities for its labour market and supply and value chains across various sectors. This report highlights the work being done by the Social Partners to assist small businesses to access markets and finance. The momentum created in these spaces must be optimised to create opportunities for small businesses, and ways must be found to expand the reach and impact of these opportunities. Focused efforts that will ensure the development of a competitive local supply chain that can be sustained even when global supply chains reopen, are critically needed.

The agricultural sector, which is crucial to enabling food security, showed growth in the first quarter. Social partners have been collaborating to address barriers limiting expansion and to develop a plan to optimise the sector, including work that is being done to ensure access to blended finance. Social partners have highlighted the risk that the Land Bank default poses in this regard.

The progress made in addressing water licenses (thanks to strong support from the PMO) will greatly increase the efforts in this vital area. Although Business welcomed Government’s intervention to fast track the issuing of water licences, there is a concern that the envisaged jobs have not been created yet, which requires attention. A further concern is that the relevant unit within DWS does not appear to be functioning optimally currently. Despite some progress, challenges that require urgent resolution remain.

Managing the energy challenges remains a priority. In the last quarter, a draft Eskom Social Compact Implementation Plan was developed by Social Partners. This plan provides a high-level statement of what the Social Partners will collectively undertake to give practical expression to the Framework Agreement for a Social Compact on "Supporting Eskom for Inclusive Economic Growth". Actions addressing the following areas were identified: Managing current load shedding/electricity shortages; Procurement of additional energy generation; Managing Tariffs; Debt Recovery; Clean Governance and Management; Tackling corruption; Eskom's Operating Model; Financial viability; Impact Investment; Just Transition; Long term security of supply, and Regulator's capacity. It is hoped that the Compact and the accompanying High-Level Implementation Plan can be signed off by all Social Partners at the next PWC.

There has also been progress made with respect to the auctioning of broadband, and the long-awaited timeline for the shift from analogue to digital has been presented. However, the COVID-19 crisis emphasised that this is a critical area where progress must be accelerated. Although responses to the critical need for data during this crisis has been adequate, the current progress must be sustained and translated into affordable data for communities who rely on data for access to education, work and information. It would be desirable for the increased spectrum that has been made available during the COVID-19 crisis to be permanently allocated and increased.

Agreements made by SETAs to support demand-led training that will achieve Presidential Jobs Summit commitments for job preservation (including TERS) and job creation, as well as other key initiatives such as the PPGI, must be strengthened. Collaborative ways to expand training, particularly in response to the COVID-19 crisis, will require focused commitment. This includes strengthening the agreement for TVET colleges to work with workplaces and the implementation of other training initiatives such as those outlined in the commitment made by HASA. The Pathway Management Network programme has also stimulated important developments such as greater co-operation across partners (including but not limited to Harambee, the Department of Employment and Labour, and NYDA).

This work was complemented by progress made in the issuing of critical skills visas, as well as e-visas. However, since the implementation of these developments coincided with the COVID-19 pandemic, it has not been possible to assess their impact. Nevertheless, the developments showed the gains that can be made when Social Partners collaborate.

In the last financial year, 51 995 employees were at risk of being retrenched through Section 189 A applications. Of this figure, 21 846 jobs were saved through successful mediation. The sectors that experienced the greatest job losses were: Agriculture/farming with 2 801 jobs lost, Metal with 3 954 jobs lost and Mining with 5 630 jobs lost. However, scenarios that have been developed underscored that these figures could exponentially increase. Mitigating these job losses will require a clear plan and focused implementation of the efforts by all Social Partners, which have undertaken to address challenges related to TERS in particular. The Department of Employment and Labour, with support from the Presidential Jobs Summit process, requested the Government Tactical Advisory Centre (GTAC) to undertake an assessment of their operations. A number of key recommendations have been made and are being implemented. Other measures to support companies to turn around and to survive are more crucial than ever and require urgent traction.

This report provides detailed information of progress made – as well as areas where challenges must still be addressed – across all the commitments for the last quarter of the financial year. The completely new context created by the COVID-19 pandemic has necessitated accelerated efforts among all Social Partners to work together and devise innovative ways to address job creation and retention.

Social partners are of the view that the post-COVID-19 South African economy can be overhauled to be much more inclusive than before. This is an opportunity to devise a plan that fundamentally addresses the imperative of employment and contributes to an economy that reflects the demographics of the country to a greater extent.

2. Overview of the report

This report focuses specifically on the last quarter of the financial year, January to March 2020. Although there were monthly updates, a quarterly report was not provided in the previous quarter. This report therefore refers to work undertaken in the previous quarter where relevant.

The Agreements made in the Jobs Summit were captured in 6 work areas. These were translated into templates designed to monitor progress made. The monitoring templates also provide space to highlight any barriers encountered during implementation, so that these can be addressed. The 6 work plans are as follows:

- Prevention of Job Losses Interventions
- Economic Sector Specific Interventions
- SMME Interventions
- Education and Skills Interventions
- Inclusive Growth Interventions
- Public and Social Interventions

In order to support the work of the Presidential Jobs Summit these commitments have been clustered according to relevant linkages across commitments, with a view to maximizing the impact of the work. This approach has been reflected in our monthly reports. However for the purposes of this quarterly report we are primarily reporting in terms of the areas, as outlined in the Framework, to ensure that we cover all of the commitments that were made.

The report is organised as follows:

1. Progress made against the agreements in the Framework Agreement (jobs or small businesses created, the removal of any barriers to job creation, the implementation of enabling job creation) is outlined. Where relevant, any issues requiring attention are outlined.
2. Each project has a dashboard to signal progress. The following legend is used:

Green	Report on Outcomes Achieved has been provided.	
Orange	Progress has been made in terms of agreed upon activities but no report on outcomes yet/or there are still challenges preventing it from fully realising intended outcomes.	
Red	Project has not started (often linked to funding/barriers) or no progress report provided.	

3. Recommendations to revise the focus of the work of the Presidential Jobs Summit.
4. Systems Building:
   - Appointment of the Project Coordinating Unit, which is housed in Nedlac, and the enhancement of its capacity through the Project Management Office (in the Presidency);
   - Stakeholder Management of the Jobs Summit Structure.

A REVIEW OF THE PROJECTS IN EACH WORKING AREA

1. PREVENTION OF JOB LOSSES

As part of the Jobs Summit Framework Agreement, Social Partners agreed that the Jobs Summit should not only focus on job creation to address the unemployment crisis, but that it should also address challenges related to job losses and retrenchments. Social Partners recognised that doing so will require boldness, resolve, innovation, collaboration, and creativity.

1.1 The Training Layoff Scheme (TLS)

The Training Layoff Scheme (TLS) was renamed the Temporary Employer/Employee Relief Scheme (TERS) to signal changes introduced to the management and implementation of the scheme. TERS was developed as the “first-point-of-call” for companies in crisis in order to avoid retrenchments.

TERS is now managed by a Single Adjudication Committee (SAC) under the auspices of the CCMA and ensures employee relief while companies implement a turn-around strategy, which may include the training of workers. It is intended that the UIF will implement a more efficient payment regime that is able to respond within 16 days from the point of adjudication.

To enable a quick adjudication process and swift processing of applications, weekly meetings are held to review applications. However, since the ruling relies on calculations, this is still an area where delays occur. It has been agreed that once a positive ruling on a company has been decided, the first tranche for TERS must be allocated within 16 days. The MoU between the UIF and the company should indicate that if there is any outstanding payment owed by the company, an arrangement should be made with UIF to pay this amount during the period that TERS is applied. The first payment would therefore be made with the proviso that certain conditions apply which have to be met – and of which the company must provide evidence – before the next tranche is paid. Where training is required, the relevant SETA is required to appoint and pay for a training provider.

While there has been progress made under this scheme, the SAC process is still plagued by delays in calculations and payment of tranches. There are also concerns about changing requirements and a lack of transparency in terms of what is required for each step. The PWC agreed that there was a need to support the effective implementation of the Scheme. The Department of Employment and Labour, with the support of the Presidential Jobs Summit, brought in GTAC to identify and resolve existing bottlenecks. GTAC has provided a report detailing how the system could be streamlined and also identified the need for additional capacity within the UIF to ensure the effective implementation of the scheme.

The TERS Task Team, in discussing challenges within the Scheme and the report provided by GTAC, acknowledged that while problems within TERS pre-date the pandemic and the introduction of TERS-COVID, they have been exacerbated by the additional pressure placed on the UIF by COVID-19. UIF has however indicated that they can proceed with both initiatives and has accepted many of the recommendations made in the GTAC report. The MOU has now been sent to the CCMA which will hopefully see capacity at the point of application bolstered, while the UIF will develop a plan to extend its capacity to implement TERS. Social Partners within the TERS Task Team have also indicated their willingness to bolster capacity where required, to strengthen the collaboration already taking place within TERS-COVID. The UIF also agreed to draft a clear statement on the rules governing companies that have benefitted from TERS in the past submitting further applications to access TERS-COVID. This proposal will be reviewed by the TERS Task Team. The current view expressed by the UIF is as follows: taking into account that companies waiting for TERS payment tranches for previous months will not be able to implement their turnaround strategy under the lockdown, such companies can benefit from TERS and TERS-COVID as long as these payments do not cover wages for the same month. It has also been agreed that companies benefitting from TERS-COVID can transition into TERS (although the process for this needs to be clarified). Proposals for those companies that have previously benefitted from TERS are still being developed.

1.2 Involvement by the CCMA to support job retention solutions:

The CCMA has facilitated processes that has **enabled 21 846 jobs to be saved.**

	YTD	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
EE Likely to be retrenched	**51995**	3826	3882	4153	877	5772	3777	4246	3539	2146	1716	5581	12480
Jobs saved	**21846**	1200	1568	2598	507	1570	2073	1361	2137	601	589	1997	5645
%	**42%**	**31%**	**40%**	**63%**	**58%**	**27%**	**55%**	**32%**	**60%**	**28%**	**34%**	**36%**	**45%**

Note that these statistics refer to CCMA interventions in retrenchment disputes that have been referred to the Commission for determination. The data on "EE likely to be retrenched" include the numbers of employees referred per month to the CCMA (e.g. a union may refer a dispute involving 100 employees "EE"). The data on "Jobs saved" include the number of employees that were included in the original referrals and whose jobs were subsequently saved as a result of CCMA interventions.

1.3 Distressed firm/sector funding, business turnaround finance and expertise from the public and private sectors:

Previously we reported that the UIF and IDC were discussing ways to enhance the impact of the Distressed Fund. However, these have been delayed by changes in leadership in the PIC, which, together with the UIF, forms part of the funding agreement. There is a recognition that this scheme is even more critical than before and all parties are committed to fast-tracking the process going forward.

1.4 Engagements with Productivity SA and appropriate international development partners:

Engagements have taken place with Productivity SA to bolster their role in the TERS process. Productivity SA has a specifically important role to play in supporting companies to develop turn-around strategies and could refer companies to relevant mechanisms for support (as per the Rapid Response Team [RRT]). Productivity SA is also part of SAC and has committed to develop a clear plan that will enable them to sustainably support these efforts, which are particularly crucial in this next period.

1.5 Establishment of a Rapid Response Team:

The Framework Agreement commits Business and Government to establish Rapid Response Teams (RRTs) consisting of relevant experts that will be able to assist businesses in crisis during the current economic climate. The Framework Agreement emphasised that the services of these RRTs must be structured in a manner that will be affordable for companies in crisis and that their mandate is to seek ways to avoid job losses through leveraging supply side, demand side and trade interventions.

Social partners agreed about the need for a single point of referral to mechanisms that can be utilised by companies facing distress, as well as by workers/unions in those companies. An initial mapping of these mechanisms was completed. However, while many of the mechanisms exist, there are real concerns that they do not operate optimally. Another concern is that companies do not know how to access these services, or that even if they were directed to these services, they will be disappointed. Therefore, a detailed analysis of the functionality of each of these mechanisms is needed, so that there can be confidence that referrals will be provided with effective support. The PCU is currently in the process of procuring technical support to determine the effectiveness of these mechanisms and to make recommendations to strengthen them where needed.

There is also a need to support companies to act more quickly to address any challenges they may experience, and to determine the nature of the interventions required. Some unions, in particular the South African Clothing and Textile Workers Union (SACTWU), have developed instruments specifically designed to help companies assess their challenges and weaknesses as well as strengths and opportunities, in order to determine what support they need. These tools provide a helpful basis to identify what is needed and what is possible.

A key priority for the next period is to further develop the checklist for companies, and to share the mechanisms that exist with companies and other groups that may need them.

1.6 Transfer of affected employees to other jobs in the employer's business or group:

DPSA has provided a broad outline of government's approach towards transfers and has agreed to further engagement with Social Partners as required.

1.7 Government will work with the Private Sector to remove policy and regulatory barriers to investment and boost employment:

The work being undertaken in this regard is reported in the section dealing with initiatives to provide policy certainty and improve regulatory efficiency.

1.8 Social partners agreed to develop shop-floor programmes that will assist workers to identify firms at risk for proactive engagement:

Although some progress was made in this area, the exact status is unclear at this stage given COVID-19.

Summary table: Prevention of Job Losses

Project No.	Name of project	Responsible constituency	Robot	Explanations
1.1	Temporary Employee Relief Scheme: the commitment focused on improving the Training Layoff Scheme to become a first port-of-call by companies in crisis	Government		While the scheme has been initiated and has already saved jobs, many challenges remain. It is anticipated that the implementation of recommendations will enhance the efficiency of the scheme.
1.2	Involvement of the CCMA to support the job retention solution finding	Government		The CCMA is now taking responsibility for the SAC within TERS and facilitates processes to assist companies to avoid retrenchments.
1.3	Distressed firm/sector funding and business turnaround finance and expertise from the public and private sectors	Government		There have been challenges to disburse funding from the IDC scheme. Partners have agreed to fast track changes to improve the effective functioning of the Distressed Fund.
1.4	Engagements with Productivity SA and appropriate international development partners to develop and implement comprehensive interventions designed to divert firms to sustainable growth paths	Government (DoL)		PSA has reported that they are developing and implementing a sustainable growth path model framework.

1.5	Establishment of a Rapid Response Team Commitment: - Within two (2) months of the Jobs Summit, Business and Government will establish Rapid Response Teams (RRTs) consisting of experts to assist businesses in crisis during this current economic climate. The services of these RRTs will be structured in a manner that is affordable for companies in crisis. Their mandate will be to avoid job losses. This task will be undertaken through interventions such as leveraging supply side, demand side and trade interventions. The modalities of the RRTs will be defined in more detail after one (1) month of the Jobs Summit through a process convened by the Presidency	Government and Business		An initial review has been completed. PCU has published a call for proposals to review the functionality of mechanisms to assist companies in distress and make recommendations to strengthen and make these mechanisms more accessible.
1.6	Transfer of affected employees to other jobs in the employer's business or group, and training or re-skilling employees for other available positions	Government		DPSA has provided a broad outline of government's approach towards transfers, and requested further engagement.
1.7	Government will work with the Private Sector to remove policy and regulatory barriers to investment, and boost employment	Government	-	Reported under regulatory barriers.
1.8	Social partners agreed to develop shop-floor programmes that will assist workers to identify firms at risk for proactive engagement	Labour		Project has begun and is being implemented. Current status is not clear.

2. ECONOMIC SECTOR SPECIFIC INTERVENTIONS

Agreements comprising 35 projects were concluded within this component of the Framework Agreement. Government has the lead responsibility for 16 of the projects, while Business has the lead responsibility in 18 programmes. Preparatory work has commenced in all of these programmes. Labour is the lead on one programme

2.1 Procurement interventions:

A number of activities have commenced within this project.

2.1.1 Boosting domestic demand:

The Market Access Programme (MAP) was developed to strengthen initiatives to promote trade and export, such as participation in different local exhibitions and linkages to the PSA portal. Following a pilot project, the MAP programme has now reached the next phase where additional buyers are being approached to participate at no cost, which in turn will increase the number of nominated suppliers. This is over and above the 31 companies targeted for on-boarding post COVID-19. Given the urgency for a 'marketplace platform', the MAP collaborated with PSA to develop a dedicated supplier portal to facilitate and streamline the procurement process and to ensure a quicker response to suppliers.

2.1.2 Local procurement: Sector-specific level intervention:

Business South Africa undertook a survey among its members to understand Supply Chain Disruptions since COVID-19 and to determine local economic opportunities and commitments. On-going engagements are underway with industry bodies to create awareness and ensure support for a coordinated approach to local procurement initiatives.

Proudly South Africa obtained the following localisation commitments from its member companies:

- **Groceries:** 80% of products procured locally (for example, there are no local producers of oil, sugar and rice to sustain demand). Total rand value per annum: R240 million.
- **Meat:** 80% of products procured locally (for example, fish, beef and poultry) may be purchased overseas due to lack of supply in South Africa. Total rand value per annum: R880 million.
- **Store setup costs**: only 40% of equipment is sourced locally. 60% of refrigeration and butchery equipment is purchased overseas and assembled locally as there are no refrigeration and butchery equipment producers in South Africa. Total rand value for store setups per annum: R70 million.
- **Hospital Mattress Covers:** Products are presently imported in full; most go to the Public sector. Total rand value per annum: R15 million.
- Increase production of non-woven/spun-bound imports for the building and agricultural markets: Total rand value per annum: R20 million.
- Sasol, as one of the large companies in the South African economy, has an obligation to support local businesses and contribute to the transformation of their supplier base and ultimately the economy. As such, Sasol tracks their preferential procurement spend on local content. They also have focused development and support programmes for local companies in partnership with other companies. Monitoring of their activities in these categories goes beyond legislative compliance and supports their commitment to having a significant economic impact on the fence-line communities in which they operate. Sasol is willing to share a detailed report on their local and preferential procurement, which will be made available in the next meeting.
- Proudly SA, BUSA and SAB met with the committee responsible for Transformation and Procurement at BASA on 31 March 2020 to request the local procurement support of its members. In particular, the five major banks in South Africa were requested to participate in giving localisation/local procurement commitments. The proposal was welcomed and the leadership is compiling a response from the industry in general.
- In terms of finalising the local content specifications to increase local public procurement for furniture, the database will be re-designed to meet COVID-19 social distancing, health and safety requirements.

<u>Accelerated initiatives within COVID-19 responses:</u>

There has been a significant acceleration on certain commitments in response to COVID-19. The Response Initiative (Business4SA, Proudly SA and MC) are providing support to the COVID-19 Response Initiative in collaboration with the Nedlac constituencies (Business, Government, Community and Labour). Through South Africa's economy and health work streams, under the auspices of BUSA, the response team is coordinating demand requirements for specific items as required by public and private healthcare, and then identifying available supply and manufacturing's needs in order to ramp up production.

BSA has initiated a survey to determine the current and immediate future demand and supply opportunities for the manufacturing of health products. Manufacturing Circle and Proudly SA are compiling a database of companies to participate in this initiative to manufacture essential PPEs. The following phased approach was identified:

- Phase 1: current situation: addressing urgent needs (medical equipment and supplies, getting hospitals ready, managing lockdown).
- Phase 2: Post COVID-19 peak (epi-modelling still assessing when this is likely to be) and probably for the rest of the year: sustaining our economy to the extent that we can be sustainable.

To date, B4SA has procured PPE worth R400 million, and has a further R360 million in pipeline funding, which brings the current procurement spending to R760 million. Stock procured to date includes: 900 000 sterile gloves, 20 000 face shields, 1.12 million N95 masks for frontline medical staff, 6 million surgical masks for health care workers, 8.5 million surgical masks for patients and 200 ventilators. The team's current focus is to secure the country's PPE stock for the next 6-8 weeks and monthly thereafter.

Proudly SA and SACTWU are collaborating with the COVID-19 response team to identify companies in the clothing and textile industry that are in distress to temporarily repurpose their existing factories to manufacture masks. These companies will be housed on an online marketplace on the Proudly SA website, serving as a directory for businesses to procure essential PPE for their employees/clients/operations. This project will see the production of 100 million fabric masks in the next 6 to 8 weeks.

2.1.3 Identify and pursue import replacement opportunities:

The Manufacturing Circle, in partnership with various organisations, has undertaken the following steps towards identification of import replacement opportunities:

<u>Import tracker:</u>

The implementation of the import tracker remains outstanding. Other areas that need attention include improved turnaround times for approval of regulatory frameworks and a review of Import Policies where local manufacturing opportunities exist.

2.2 Growing and deepening SA exports:

2.2.1 Adopting a more aggressive approach to increasing exports

Adopting a more aggressive approach to increasing exports in the last quarter has been disrupted by COVID-19, and no report can be provided at this stage.

2.3 Focusing industrial financing to transform and upgrade the economy:

2.3.1 Financial sector:

The Financial Services Sector committed to make R100bn available as part of the BBGF (Black Business Growth Fund) and Ownership (Equity Equivalents) rules enshrined in the latest Financial Sector Code (FSC - previously referred to as the Financial Sector Charter).

Guidelines for the disbursement of this funding are being finalised. The guidelines will guide local banks, international banks and life offices to directly deploy funding off their own balance sheets, either through their own structures or via Black Owned Private Equity Managers acting as intermediaries, as required by the FSC rules.

Issues to be addressed:

Once the guidelines have been finalised, we will need to finalise the focus of the funding to address a request that this be broadened. If a standardised due diligence process has to be applied across financial institutions, then the Competitions Commission should be requested to make provision for this.

Expanding Small Enterprise Zones (SEZs):

A further activity agreed upon as part of the financial sector project was the expansion of Local Industrial Parks, SEZs, ICT Hubs and Agri-parks to provide economic infrastructure for enterprises and to develop mutually beneficial partnerships with Business's supplier development initiatives. (LIPs, Hubs and AgriParks will be reported on further below).

Government indicated that in order to accelerate job creation in the zones, the dtic has adopted a new approach to the development of SEZs. The new approach allows for stronger involvement of national government in SEZs, a focus on the development of strong investment pipelines prior to designation, greater collaborative planning and development, and strong value propositions for the zones. This will be complemented by the introduction of a Project Management Unit (PMU), which will be hosted by the DBSA. It is envisaged that the PMU will help alleviate the poor synergy that currently exists at the national level. It is tasked to accelerate, align and integrate the various components of SEZ development under a single unit by providing the following services:

- Project management and infrastructure development for Zones
- Establishment of a panel of technical experts and specialists
- Management of SEZs that are under administration
- Investment facilitation and promotion
- Planning for the proposed SEZs

Direct employment in the zones as at 2019/2020 Q4 is 15 882, and this figure is likely to increase to at least 24 846 (assuming the respective zones are able to unlock their respective secured investment pipelines). The total head-count number of operational investors is 129. This number is anticipated to increase with the operationalisation of a number of zones, although the impact of COVID-19 on these developments will need to be taken into account. This reservation also applies to the reports provided below.

- Coega SEZ has 45 operational investments with an estimated private sector investment value of R11 292 billion at the end of Q4 of the 2019/2020 FY. Furthermore, the zone has R 13 157 billion worth of secured but not yet operational investments yet to be unlocked, with some of these being at various stages of implementation. The SEZ has estimated a 1 350 percent growth in investment (R115 billion) by 2030, as well as a concomitant increase in job creation of 230 percent (18 000 new jobs). To put this into perspective, this growth in jobs is 10 times the erstwhile General Motors assembly plant.
- The Dube TradePort SEZ has a secured pipeline of 42 investors with an estimated value of R9.1 billion. The current value of operational investments in this zone is estimated to be R1.8 billion. It is worth noting that the impressive performance of this zone has recently been recognised through two international awards, namely the United Nations Award for *"Excellence in Promoting Sustainable*

Investment in Special Economic Zones for SA" (11 November 2019) and FEMOZA award for "Best Practice in Free & Special Economic Zones" (14 November 2019).

- The East London IDZ currently has 32 operational investments with an investment value of R3 114 billion. This is further bolstered by an additional R5 258 billion worth of secured but non-operational investments at various stages of implementation. The ELIDZ 2019/20 Q3 Report indicates that 9 (nine) infrastructure projects with an estimated value of R1 487 billion are currently being implemented. East London SEZ estimates that it will have grown investments by 214 percent (to R14.9 billion) by 2030, but with limited growth in operational jobs over the same period.
- In addition to its 2 operational investments (valued at R320 million), the Richards Bay IDZ has signed 9 new investments, which are at different stages of development. They are expected to deliver over 1 000 additional jobs, and new investments of approximately R3.2 billion. The zone estimates an increase of over 4 000 percent in investment value (to R14 billion) by 2030 and an increase in jobs of approximately 2 200 percent over the period (from the current 111 jobs to 2 118 jobs).
- The Atlantis SEZ has created 324 operational jobs and has attracted R 680 million from 4 private sector investors. The SEZ has estimated a growth in investment of approximately 2 000 percent (to R14 billion) by 2030, and a 2 700 percent growth in jobs (to 9 000) over the same period.
- In the Maluti-a-Phofung SEZ, 6 new lease agreements, valued at R996 million, have been signed. The SEZ estimates it will double revenues by 2030 to at least R 485 million, and will increase jobs to 548 operational jobs.
- The Nkomazi SEZ is not operational as yet, but plans to have developed approximately 9 000 operational jobs by 2030. In early 2019, Letters of Intent (LOI) amounting to approximately R14 billion have been received.
- The O R Tambo SEZ launched its first investment, valued at R 257 million, in 2019 and created 600 direct jobs. A major development is the expansion of the SEZ to incorporate the Tshwane Auto Hub.
- The Tshwane Automotive SEZ was newly designated in 2019. The zone has secured 13 signed investors with a combined estimated investment value of R2.6 billion (excluding the FMCSA Investment). The Feasibility Study estimated that, once operational, the total production impact of the SEZ would be R6.7 billion (consisting of total direct impact of R2.887 billion, indirect impact of R2.231 billion and induced impact of R1.584 billion). In terms of GPD, the expected total impact is R2.3 billion, with an expected 6 818 direct jobs to be created.
- Saldanha Bay IDZ has a pipeline of 52 investors, 11 of which have signed lease agreements valued at R3.26 billion. The SEZ estimates it will grow investment to R23.2 billion by 2030 (an increase of just under 500 percent), and will increase jobs to 1 200 (an increase of approximately 300 percent).

In 2020/2021, the following proposed SEZs, which are at various stages of the pre-designation planning process, will be assessed for potential viability. These will be developed in line with the new integrated district-based approach, which seeks to secure maximum coordination and cooperation among the national, provincial and local spheres of government.

The SEZs are:

- Bojanala (Mogwase), North West
- Bronkhorstspruit, Gauteng
- Tubatse, Limpopo
- Upington/Namakwa, Northern Cape
- Wild Coast (Mthatha), Eastern Cape
- Vaal (Gauteng)

2.3.2 Private and public sector collaboration:

The Framework Agreement commits to the establishment of an Infrastructure Funding task team to develop infrastructure projects to crowd-in private sector. National Treasury, supported by the DBSA, is in the process of establishing an Infrastructure Fund based on a public private partnership approach.

2.3.3 Public Sector financing:

The IDC funding is supporting multiple interventions to address priorities emerging within the context of the COVID-19 pandemic.

2.4 Sectoral interventions:

Various sectoral interventions are being led by the dtic sector desks. All these interventions are progressing, albeit at different paces, as will be seen in the report for the past two quarters. It is further anticipated that COVID-19 will affect some of the targets going forward.

2.4.1 Agriculture and agro-processing value chain:

An Agricultural Quarterly meeting was held with all the Social Partners on 20 February 2020, where the following Joint Technical Committees were established: Public-Private Partnerships (i.e. Special Projects); Blended Finance; Electronic Deeds and Smart Village. Meetings for two of these Joint Technical Committee meetings have already been convened, namely Special Projects and Blended Finance. These processes are meant to enable partners to unblock barriers as they emerge. What follows is the work done to date and an indication of progress and challenges.

Improving and expanding the Grain/Livestock Value Chain:

The size of the commercial maize crop is now 11 275 million tons, the sunflower seed crop 678 000 million tons, the sorghum crop 3 875 tons and the soybean crop 1 170 000 tons. The Agriculture and Agro-processing Master Plan aims to develop Mohair, Wool, Poultry, Cattle, Sugar Cane, Maize, Cotton, and Soya Bean Commodity Corridors, to introduce a spatial focus to the development of the Grain/Livestock Value Chain.

The temporary ban on the gathering of cloven-hoofed livestock, due to an outbreak of Foot and Mouth Disease, was lifted on 17 February 2020. All auctioneers must be registered with the Agricultural Produce Agents Council (APAC), and industry role players are still encouraged to review animal health certificates for livestock purchased at auctions.

Public-Private-Community Partnerships (i.e. Special Projects):

A Special Projects Joint Technical Committee has been established to resolve regulatory blockages which some of the Public Private Community Partnerships experience. The work of the forum is ongoing.

Westfalia Fruit Eastern Cape Rural Development Agency (ECRDA):

The Westfalia Fruit Eastern Cape Rural Development Agency (ECRDA) is developing a Master Plan which incorporates the Magwa and Majola tea plantations, focused on stabilising operations and consolidation for the long term. The Master Plan that has been developed focuses on a diversified future, addressing development for the two tea estates as well as a corridor development for villages between the estates.

Small farmers will be mobilised and supported through smart aggregation to build a diversified local sub-economy beyond the two tea estates. The Master Plan will be shared once finalised, and a second call for expressions of interest is planned for April.

Regarding Tshivase, the Industrial Development Corporation (IDC) still has to finalise their due diligence process. The Makgoba project is awaiting resolution of internal conflicts within the community, and the finalisation of lease agreements via the trust. The Morebeng project is moving ahead but a resolution from the community is required to finalise the arrangement, which the Department of Agriculture, Land Reform and Rural Development (DALRRD) undertook to facilitate.

<u>Distell apple juice concentrate ESD project:</u>

4 Water Use Licences were obtained through the Jobs Summit process, but the projects to which these licences were allocated came to an abrupt halt as they were not deemed essential services under the COVID-19 lockdown regulations.

<u>Sernick emerging farmers:</u>

The Sernick emerging farmers project supports 660 black emerging farmers, for which funding was obtained from the Jobs Fund. A key risk factor is biosecurity in communal areas, and the genetic material of cattle provided to beneficiaries by the state remains a challenge.

<u>Morceaux project:</u>

No update has been received on the Morceaux project, since the project leads have not been available.

<u>Bokamoso Ba Rona project:</u>

The Western Gauteng Industrial Cluster Bokamoso Ba Rona programme manager is mobilising programme development funding for some of the work regarding land suitability. 2 feasibility studies have been completed for those particular land parcels, which are ready to go to market. The programme is in the process of securing funding from the African Development Bank. An application had also been submitted to the Gauteng Infrastructure Funding Agency (GIFA) on behalf of the programme and funders.

<u>Komati Project:</u>

A management agreement has been concluded with the Moretele community for investment in the land post transfer, but as it is a restitution claim, a number of processes have to be finalised first. Although the claim is not contested, the Minister must approve a Section 42D settlement before the land can be transferred and the Valuer-General must assess the property. The Office of the Valuer-General has committed to assist in this regard, and the DALRRD has been asked to assist regarding the Section 42D.

2.4.2 Blended finance models for land redistribution:

The Revised Draft Blended Finance Scheme Concept Document for farmer support has been developed and presented at a workshop for the agri-business sector. A team of Development Finance experts was appointed by the Minister to review the draft document and advise on the best programme to integrate private and public funds. A draft of the review has been presented to the Department, which will reinstate the Blended Finance Scheme by 01 April 2020. The scheme will start by focusing on existing applications received by the Land Bank, including distressed farms and unproductive leased farms under government. Decisions pertaining to the applications/projects will be made by a joint committee consisting of DALRRD and the financial institution (in this case the Land Bank). A Technical Committee has been established within the Job Summit forums and had its first meeting on 20 April 2020. The members of the forum continue to provide input on the Final Draft Blended Scheme Concept Document.

Since communication with DRDLR has stalled, members of the Blended Finance Joint Technical Committee have committed to take proposals from Agbiz and BASA to the DALRRD. Following deliberation, a decision regarding the blended finance model for land redistribution will be shared with the Blended Finance Technical Committee by 12 May 2020.

The Department has committed R2 billion (R200m from DRDLR, R880m from DAFF and R1 billion from the Land Bank) to pilot the implementation of the BFS over a MTEF (2020-2024). The BFS will be implemented in 2021. Despite this commitment, the Blended Finance Scheme continues to face the challenge of limited funding.

2.4.3 Agri-Parks:

Business undertook to study the business plans of the Agri-Parks and provide inputs to make them bankable. 27 Farmer Production Support Units (FPSUs) have been prioritised, and1 FPSU is already operational. The African Development Bank appointed Mahindra to conduct the assessment of the 9 prioritised Agri-Parks. These assessments have since been finalised and submitted to the Department.

<u>Issues to be addressed:</u>

The Agri-Parks programme is too broad with limited resources. A transactional advisor is being contracted through the partnership with African Development Bank to undertake phase two assessments, which will lead to the development of a business model that should attract private investors to the programme.

Road to Rail:

To move the transportation of grain from road to rail, the Nedlac Development Chamber has convened a research reference group and appointed a service provider to collect data from companies and build models to assess the feasibility of revitalising rail sidings on a PPP basis. The research report is due in the second quarter of 2020. The Department of Rural Development and Land Reform is working with the Makhathini Cane Growers, the South African Farmers Development Association (SAFDA), and Tongaat Hulett Sugar (THS) to promote the viability of SSGs on the Makhathini flats via the subsidisation of cane transport costs. The redevelopment of the Mkhuze rail siding similarly aims to move the transportation of sugar from road to rail, as part of a drive to enhance the sustainability of the Industry.

2.4.4 Smart Villages: Farm worker housing, land ownership and agropreneurship:

AgriSA hosted several consultation sessions to secure buy-in from the Pro Agri Group and other commercial farming enterprises in the Western Cape, as well as government stakeholders such as the erstwhile DRDLR, DAFF, Human Settlements, CoGTA, Agri BEE Charter Council, DPME, SARC, and the ARC. The project was presented to the Department of Human Settlements, from whom feedback is still awaited.

The land donations policy was published on 7 February 2020 for public comment. At this point clarity on whether donations will qualify for AgriBEE recognition is still needed. Pilot sites/projects were identified in collaboration with AgriSA, while financial support from the Western Cape Department of Agriculture, DALRRD and DHS to initiate projects must still be finalised. This is important as commercial farmers have agreed to donate land for the creation of smart villages in exchange for BBBEE recognition, but funding is required to ensure the housing is of a good standard.

2.4.5 Acceleration of productive land reform:

Finalise and publish draft redistribution policy and Bill for public comment:

Cabinet approved some of the advisory panel's recommendations which are at the initial stages of implementation, i.e. establishment of the Land and Agrarian Reform Agency, Land Redistribution Policy and Land Reform Ombudsman. However, a decision was reached that the current justice system and institutions should be utilised where applicable.

Explore the possibility of co-operating on a technical level to ensure that the electronic platform - e-cadastre -- incorporates additional sources of land-based information in the future:

Consultations are currently still taking place within government and State-Owned Entities, after which a plan will be put in place for approval by the Executive Authority. The plan will include wide consultations to establish the extent of co-operation with Social Partners. It is anticipated that consultations will commence in the last quarter of the financial year. DALRRD and BASA planned to host an inception meeting in March 2020 to discuss the creation of a digital platform that can overlay all publicly available, land-based information.

Explore the possibility of introducing Land Reform Ombudsman:

As noted earlier Cabinet approved some of the advisory panel recommendations which are at the initial stages of implementation i.e. establishment of the Land and Agrarian Reform Agency, Land Redistribution Policy and Land Reform Ombudsman. However, a decision was reached that the current justice system and institutions be utilised where applicable.

Finalise the Electronic Deeds Registration Bill by Parliament:

Parliament approved the Electronic Deeds Registry Bill in October 2019. Initial discussions with business have taken place regarding an electronic platform that will incorporate additional sources of land-based information in the future.

2.4.6 Revitalising forestry-dependent livelihoods at eSikhawini in KZN:

No report has been received.

2.4.7 Metals, Machinery and Mining Equipment:

Upstream:

Interviews to appoint a Programme Manager: Mining Supply Chain Development Capacity have been concluded and a suitable candidate was recommended for appointment. However, an administrative glitch at CSIR means that money cannot be released to the Mandela Mining Precinct to finalise the appointment. DSI will engage CSIR to release funds to Mandela Mining Precinct to finalise the appointment.

Export Roadmap working group meetings have been taking place and a workshop was held on 22 November 2019 on Doing Business in Ghana. An EMIA-funded visit to Ghana in April 2020 has been halted by the COVID-19 pandemic until further notice.

The IDC, through the IPSF, will issue an RFP to appoint an expert to develop a product identification system that will digitise the mining supply chain. Although a presentation was made to the IPSF on 19 February 2020, the RFP has not been issued. Given the COVID-19 crisis, it is expected that the RFP will be issued within the next month or two.

Companies are continually advised to transform in line with targets set in the Mining Charter III, and to facilitate business relations between black business and equipment manufacturers. Although some partnerships have been forged recently through acquisitions, the process is ongoing.

Downstream Metals and Machinery:

The DHET has commenced a project to transform TVET colleges to supply specialised, sector-specific skills required by the economy, as identified by the Education and Skill Working Committee. This includes Centres of Specialisation (which predates the Jobs Summit). In addition, the DHET is seeking to support partnerships between TVET colleges and industry to offer occupational programmes in line with Jobs Summit agreements.

Export Tax on Scrap Metal:

In the February 2020 Budget Review, the Minister of Finance stated that he will consult affected industries on the introduction of export taxes on scrap metal, which could replace the current price preference system. The proposed export taxes will apply to ferrous metals at the rate of R1 000 per ton, aluminium at R3 000 per ton, red metals at R8 426 per ton, and other waste and scrap metals at R1 000 per ton. National Treasury proposed a workshop to discuss the export tax on scrap metal on 25 March 2020, which was cancelled due to the COVID-19 crisis. On 19 March 2020, National Treasury issued a statement citing detailed reasons for the cancellation and invited constituencies to submit proposals to 2020AnnexCProp@treasury.gov.za.

Short-term Negotiated Pricing Agreements:

The review of the Short-term Negotiated Pricing Agreements, led by the DMRE, is still underway and is awaiting input from NERSA. This means that the Agreements that have been submitted are not yet being processed. To monitor this issue, which is even more critical now as an intervention to assist companies in distress, the matter has been included in the social compact implementation plan. Social partners reviewed the plan for approval at the next JTC meeting, and will thereafter focus on their monitoring role. Monitoring reports will be submitted to the JTC and the PWC.

2.4.8 Clothing, textiles, leather and footwear value chain:

In addition to increased procurement of locally produced items to deal with COVID-19, the dtic also reported that the Clothing, Textiles, Leather and Footwear Master Plan was completed and signed by all parties on 6 November 2019 at the Investors Conference. The Master Plan commits retailers to produce R85 million of new units in South Africa over the next 5 years, commits manufacturers to invest at least R7 billion over the next 5 years, and commits to create approximately 28 000 new jobs in the first 5 years.

In addition, a Project Management Office and Executive Oversight Committee were established. The EOC had their inaugural meeting with Minister Patel on 12 March in Cape Town, and the PMO has had three meetings to give effect to Master Plan. A Safety Footwear Value Chain Workshop was held on 17 March

2020 to give policy inputs to the R-CTFL Master Plan from the Supplementary Study on Industrial Footwear Retail.

A Monitoring and Evaluation Tool (dashboard) is being developed to track commitments and outcomes. Although the impact has not yet been recorded, the implementation of Phase 1 is being planned, and in the next quarter, local sourcing and supply will be increased.

The revised incentive programme was reviewed and repackaged to increase investment and improve competitiveness.

2.4.9 Automotive value chain:

South Africa's Automotive Master Plan (SAAM) has been finalised (post-2020 APDP amendments have been incorporated) and is now in the implementation phase. There is a need to access government-business-labour partnership targets to improve local economic impact and increase jobs.

There is likely to be delays in the implementation of the Automotive Master Plan as stakeholders seek ways to mitigate against significant market declines caused by COVID-19 and the recession. While some firms are planning shorter working weeks, some others will find retrenchments unavoidable. The extent of all this will only be clearer in the next coming weeks and months.

The Executive Oversight Committee (EOC) is responsible for the coordination, monitoring and evaluation of the SAAM and the auto industry generally. At this time, the key priority and focus will be to ensure the survival of the industry.

2.4.10 Furniture value chain:

The dtic, PSA and Business, in partnership with the South African Furniture Initiative, facilitated a number of workshops with key stakeholders across the furniture industry value-chain. These workshops were reported to be a success with an average of 190 attendees. The following commitments were made in the workshops:

- The Department of Human Settlements, Manufacturing Circle, Coricraft, Chair Club and other private organisations publicly signed Proudly South Africa’s buy local pledge for furniture. Ongoing updates on collaboration with the companies that signed the buy local pledge to procure local furniture will be provided.
- SAFI provided extensive PR, communication and media coverage of the event, which has placed the Furniture Industry in the spotlight. In addition, a Furniture Directory is being developed.
- SAFI has committed to host a Furniture Forum annually to keep the Furniture Industry informed about industry-related developments. A Furniture Master Plan is being developed.

The 2020 Forum is scheduled to take place via webinar with the theme *“Post COVID-19 lockdown recovery - sustaining and growing the furniture industry”*. Sharing of information about updated lockdown policy, economic legislation, financial support and opportunities for the Furniture Industry will also receive attention. A furniture Industry work safety guideline/framework has been developed.

2.4.11 Gas-based Industrialisation:

In the third quarter, the dtic reported that it was working with the Export Credit Insurance Corporation of South Africa (ECIC) to ensure that local content conditions are incorporated in the Mozambique Gas and other relevant work packages. The following progress reports pertaining to other projects were provided:

- Both LNG projects, i.e. Golfinho (Anadarko) and Rovuma LNG (Exxon Mobil and ENI) were expected to reach a final investment decision (FID) by end of July 2019 with the respective boards of these companies signing off on the project plans by September 2019.
- After FID and the respective board approvals both projects will begin construction.
- The life span of these projects is expected to be 49 years.
- The ECIC is underwriting $1.2 billion in the Golfinho LNG project which translates into a $600 million South African Content stipulation (meaning that goods and services must be procured from South Africa). This is a welcome development.
- The ECIC has recently been presented with an opportunity to participate in the Rovuma LNG project, and is considering underwriting another $ 1.2 billion in the Rovuma LNG project. If the ECIC were to participate in the Rovuma LNG project this will translate into an additional $600 million South African content stipulation over and above the commitment to the Golfinho project. This is another enormous opportunity.
- No new developments have been reported in the last month.

2.4.12 Infrastructure to support economic and social development:

Improving municipal infrastructure:

A key development against this commitment is the establishment of a Project Management Unit (PMU) in the Eastern Cape, focusing on the planning, scoping and management of selected infrastructure projects. TAMDEV is supporting the PMU through a dedicated mentorship programme to ensure that the relevant technical and managerial skills are transferred to EC COGTA staff (13 individuals are deployed within the PMU) and to assist with the professional registration of candidates (civil servants). The MoA provides for a period of support for two years, subject to funding.

TAMDEV has partnered with the Engineering Council of South Africa in the province to assist with the professionalisation of the public sector. This commitment is important as by the end September 2019, the province had only spent 9% of its total infrastructure budget which impacts hugely on job creation in the province. The estimated jobs to be created through TAMDEV's intervention have not yet been quantified, but projections will be provided upon the finalisation of the approved projects to be included in the PMU.

Limited funding is a barrier to the much required scaling up of this project.

Catalytic Human Settlements:

In the previous reporting quarter, the Human Development Agency reported that 32 of the 48 catalytic projects were in the development phase, with an estimated 2 189 jobs already created in the 19/20 FY. No timelines for the 16 projects that were at Planning Stages were forthcoming (at that stage, most of those projects faced bulk infrastructure challenges and also experienced funding constraints). No further update has been received in the last reporting quarter given the COVID-19 challenges.

2.4.13 Business Process Services:

Although Business Process Enabling South Africa (BPESA) planned to increase marketing capacity for the year, the COVID-19 shutdown has put all these initiatives on hold. Planning for the 2020 Global Business Services Investor Conference and Awards event, which was to be held in South Africa in November 2020 have also been placed on hold. These events were targeting to attract more than 80 investors to the country.

Aside from some negative and damaging press reaching global markets in the early days of the COVID-19 lockdown (specifically with the largest single job creator in the sector in South Africa, CCI, who were charged publicly in the media without evidence of wrongdoing), the messaging reaching the target source markets right now is that South Africa has responsibly managed its approach to the COVID-19 pandemic and is a reliable country to do business with, particularly in a time of crisis such as this. BPESA and its partners in the dtic and Harambee will leverage this perception to rework the value proposition for a post-COVID-19 re-launch.

Post COVID-19, it is envisaged that South Africa will remain price competitive and will rely on its deep pools of talent to capitalise on the shifts in global work allocation. The dtic's GBS incentives will continue to play a crucial role in stimulating competitiveness. The critical skills VISA process, as agreed to by the DHA, has not yet been used given the travel bans in place as part of the COVID-19 response. It is envisaged that with new types of work that South African companies could attract and win post COVID-19, the VISA process will be a key contributor to rapid recovery and a new growth path for the sector.

<u>Jobs impact:</u>

- The jobs impact of the programme remains above target. Since the Jobs Summit up until December 2019, **17 824** new jobs have been created.
- As of 17 April 2020, a total of 3 960 essential services staff worked onsite (6% of the workforce) and 5 313 (8%) worked from home. This totals 14% of the international sector workforce (65 000 people pre-COVID-19).
- With increased stability on the ground, it is expected that the international essential service work should increase to approximately 20% of total workforce – split between on-site work and work from home.

The sector is critical for job creation and it is proposed that priority should be given to the remaining 80% of the international GBS business to return to work in the phased easing, as this is where the net new jobs have been created and where future growth will come from. A key way to enable this will be urgently amending the regulations to allow tech staff to install and maintain work from home ICT equipment including laptops and software for non-essential workers**.**

With such a backlog, the targets of 100 000 net new jobs by 2023 are severely at risk and are unlikely to be achieved without a relatively quick and controlled return to work strategy. This will have to include maximising the capability to work from home, with the right focus on mitigating contamination risk; combined with a new approach to marketing and the collaborative efforts of government and business to leverage the strength of our BPO and IT Outsourcing capabilities.

2.5 Water and Sanitation:

2.5.1 War on Leaks programme:

During Phase 1 and 2 the recruitment processes for 3 000 and 5 000 learners respectively were concluded. Of this, 4 671 have completed the water agents programme, of which 849 completed their artisan qualification and a further 258 learners are currently preparing for their trade tests. Despite an attrition rate of 1 417 learners, 3 513 learners are set to complete their water agents programme. However, no agents exiting from Phase 1 and Phase 2 have yet been placed, and Phase 3 was suspended due to severe budget constraints. The biggest challenge remains absorption of learners due to budget constraints within government and other entities, and specifically municipalities.

A meeting was convened on 31 January 2020 to follow up on the intention to track and place graduates of the programme and/or to provide additional training/workplace experience and/or mentorship. A mechanism has been put in place, through the pathway management network process, to track these graduates so that all social players can determine a way forward. Although this process was put on hold because of COVID-19, an alternate process has been put in place to track these graduates using technology and it is anticipated that this information will be available by end May. In addition the South African Youth Council has engaged some of the graduates to understand their current status and to identify some of the challenges these young people may be facing.

2.5.2 Water stewardship:

Through the World Wildlife Fund (WWF) a number of companies have invested in Water Stewardship programmes. Expenditure in Water Source Areas of around R40 million per annum translates into over 300 direct jobs, including jobs for youth and entrepreneurs in the Green Economy. In 2018, R2 million was invested for critical remedial upgrades at 11 sewerage pump stations in Metsimaholo Local Municipality, and Sasol invested R1.1 million in a youth development programme in partnership with Cobra Watertech and the Rand Water Foundation.

2.6 Waste economy:

The Minister of DEFF issued waste exclusion authorisations during January and February 2020, which enabled the initiation of waste beneficiation projects. However, project implementation has been halted by the COVID-19 lockdown, as waste distribution was not classified as essential services.

The impact of the current lockdown and the introduction of additional economic activities going forward, together with the market demand for products, is not fully known. Waste beneficiation projects are dependent upon the operation of the company generating the waste as well as the market demand for beneficiated products.

2.6.1 Beneficial use of industrial waste:

Progress has been achieved in the following areas since companies received their authorisations:

- **Beneficial Use of Coal Ash**: Ash is being used for brick making and in the mines for underground road construction and repair. In addition to the supply of ash to existing service providers, five new contracts have been signed. Additional beneficiation opportunities are being investigated.
- **Industrial waste**: Ferrochrome slag beneficiation projects include aggregate use, brick manufacture, concrete, tar and paving, manufacture of precast walls, road construction and maintenance, and sand blasting. Currently, companies being supplied with ferrochrome slag employ 918 members from local communities. Additional opportunities are being investigated.
- **Fuel rods**: All construction projects are on hold, meaning that commissioning of the pilot plant has been delayed until the end of 2020.

2.6.2 Beneficial use of household/commercial waste:

COVID-19 regulations have put a halt to the beneficial use of household/commercial waste, as recycling is difficult to do. Reports indicate that waste management companies that are entitled to operate as essential services are finding little to no take off for recyclables, while informal waste pickers are only being sustained through a combined DEFF and industry funded initiative.

It should be noted that shortages for recyclables like wastepaper are being seen globally during the COVID-19 pandemic. There is a concern that this could result in excessive exports once the lockdown is lifted. There are further concerns that recycled plastics will also be adversely affected by the declining oil price, which will threaten creation in this sector.

These challenges are likely to negatively impact on the achievement of job numbers (in the region of 15 000 jobs) targeted in this commitment.

2.7 Just transition:

The Minister of DEA confirmed the establishment of the PCCCC as a key platform to facilitate South Africa's 'just transition' to a low-carbon economy. The Minister also confirmed that alignment between the carbon tax and the carbon budget system was essential.

The DEA also reiterated its commitment to establish the PCCCC in line with the Climate Change Bill. The engagements on this Bill reside within the Trade and Industry Chamber at Nedlac, where the Social Partners raised some major issues which caused the Minister to retract the Bill so that her Ministry can address the concerns. The dtic has since reported that the Bill will be re-tabled in May 2020.

2.8 Providing policy certainty and improving regulatory efficiency:

Considerable progress has been made in providing policy certainty and improving regulatory efficiency. Despite some of these efforts having been put on hold because of COVID-19, continued efforts are being made to sustain progress, to focus on imperatives that are most critical during this period, and to remove barriers so that sectors can maximise their impact as the economy opens up.

2.8.1 Immigration regulatory regime:

- **Unabridged birth certificates:** The regulations on unabridged birth certificates have been finalised and relevant parties have been informed. A concern relates to the outbound market, which is impacted by the Children's Act. The e-visa pilot project has been successfully implemented in China and Nigeria, and the first person issued with an e-visa arrived in SA on 1 November 2019. Work permits continue to pose challenges, because the critical skills list matter has not been resolved.
- **E-visas**: Although the system tested successfully in Kenya, further testing of the system has been disrupted by COVID-19. Prior to the lockdown the PPGI was given the opportunity to assess the system and the responses were positive.
- **Critical skills:** The revised critical skills list is still work in progress. Although the Department of Higher Education and Training anticipated that it would be ready to consult Social Partners by February, this work has been delayed. The Department has indicated that they will be ready to engage by June 2020.
- In the interim the Department of Home affairs indicated that they would process applications as required by sectors where jobs will be created, as identified by the Presidential Jobs Summit. The Department has also indicated that they will appoint a project manager to work with companies that require this support.

2.8.2 Streamlining the water use licensing applications:

The DHSWS is currently revising the WULA Regulations with inputs from BUSA and other applicants. The regulations were scheduled to be finalised by 30 April 2020, but there may be delays due to the COVID-19 lockdown. The Department is still in the process of revising the water use license templates for all water use sectors. The revised templates were also meant to take effect from 30 April 2020.

It is anticipated that resolving these issues could support, at a conservative estimate, an excess of 280 000 jobs over the next 5 years (using a low multiplier of 1.8 per direct job).

Quarterly meetings supported by the PMO were held to resolve outstanding challenges, and achieved considerable progress to finalise the 26 water license applications that had been received. The PMO also facilitated meetings between the Department and Forestry South Africa on water use license conditions for the sector, which has led to final agreement on the amended WUL template for forestry following years of engagement between Forestry SA and DWS.

There is however a continued concern about the often inappropriate clauses and unimplementable conditions that are included in the licences that are issued by DWS, and which impose a legal obligation on companies. There have also been challenges in securing meetings in the last few months, as DWS staff initially cancelled a number of scheduled meetings and currently are unavailable because of COVID-19. Efforts to sustain the initial momentum critical to the effective implementation of projects will continue.

2.8.3 Decarbonising the economy:

A coordinated and aligned approach to international carbon commitments is required. The Department of Environmental Affairs agreed to develop a policy statement (as per JS commitment), and a clear policy statement on the holistic greenhouse gas mitigation system will be released once engagements on the Climate Change Bill have been concluded.

2.8.4 Pharmaceutical regulatory regime:

In the PWC meeting held on 04 Nov 2019 Minister Mkhize presented an overview of the Pharmaceutical Regulatory environment and highlighted the challenges facing SAHPRA. In that meeting, the PWC noted that solutions are now firmly in place to address operational challenges, including a plan to address the backlogs (16 000 between 1992 – 2018). This remains a national health imperative.

Since then, several initiatives to understand how the timeframes for addressing backlogs can be reduced have been launched. The initiatives taken to address COVID-19 have also assisted in this work.

In addition, the discussion between Social Partners and the Regulator on 28 November 2019 addressed matters related to prioritisation and localisation of pharmaceuticals. These discussions are all being taken forward as part of the national response to COVID-19.

Arrangements for the licensing and permits for hemp require a clear policy position, which must be consulted with the Department of Health, the Small Business Development Department, the dtic and National Treasury.

2.8.5 Spectrum:

The objectives of the Broadcasting Digital Migration (BDM) are to use an integrated approach to migrate broadcasting from analogue to digital and enable the release of high priority spectrum to bridge the digital divide; lower data costs in South Africa; achieve economic transformation and create jobs.

Different implementing agencies and role players are responsible for the registration, warehousing, logistics and distribution of the BDM delivery model. These include the DOC, USAASA, Sentech, the SABC and Post Office, as well as local installers. Individual, local, accredited decoder installers are identified per district to collect, install and test decoders, and provide support during warranty periods. The SABC, as the local broadcaster, will also be supported to increase the number of locally produced programmes and channels on offer. The process to fast track the development of STBs and IDTVs is ongoing. Combined industry-wide participation and direct government subsidisation will drive mass availability and adoption of affordable decoders. Collaboration with the private sector will focus on increasing digital TVs, existing commercial satellite decoders, and streaming products, which will require increased spectrum to be released through a hybrid model.

The Department has indicated that the intention is for the migration to be completed and for the capabilities to be in place by 2021. The demand placed on broadband by the COVID-19 response, has been addressed by the release of additional spectrum till November 2020. This must be sustained and additional efforts made to reduce the cost of data.

Summary Table: Economic Sector Specific Interventions

Project No.	Name of project	Responsible constituency	Robot	Explanation
2.1. Procurement Interventions				
2.1.1	Boosting domestic demand	Government Business		Progress has been made but focused work needs to take place during this period – with respect to disrupted supply chains and key products - coupled with an assessment of jobs created. Significant progress has been made in the health space (including in terms of PPE). Reports on jobs saved will also need to be monitored and reported on.
2.1.2	Local Procurement: Sector specific level interventions	Business (Manufacturing circle)		As above.
2.1.3	Identify and pursue import replacement opportunities	Business (Manufacturing circle)		As above.
2.2 Growing and Deepening SA Exports				
2.2.1	Adopting a more aggressive approach to increasing exports	Business (Manufacturing circle)		Since project activities were underway, the impact of COVID-19 will need to be factored into plans.

2.3 Focusing industrial financing to transform and upgrade the economy				
2.3.1	Financial Sector	Business: ASISA and BASA to take the lead		Revised guidelines to be finalised in the next 2 weeks. There is a need to consider the focus of the funding and the role of the Competitions Commission.
2.3.2	Private and Public sector Collaboration	Business		National Treasury, supported by DBSA, is in the process of establishing an Infrastructure Fund based on a public private partnership approach.
2.3.3	Public sector financing	Government		Government has continued to support the IDC commitments towards distressed firm funding. The focus of their work has since been redirected to respond to the COVID-19 crisis.
2.4 Sectoral Interventions				
2.4.1	Agriculture and agro-processing value chain	Government		A Master Plan aiming to develop Mohair, Wool, Poultry, Cattle, Sugar Cane, Maize, Cotton, and Soya Bean Commodity Corridors will be drafted to introduce a spatial focus to the development of the Grain/Livestock Value Chain. Role players in the red meat industry are still encouraged to obtain animal health certificates for livestock purchased at auctions.
2.4.2.	Blended finance models for agricultural support	Government		The Blended Finance Joint Technical Committee raised the need for Blended Finance for land reform as a critical issue. Members of the Blended Finance Joint Technical Committee have committed to take proposals from Agbiz and BASA to the DALRRD. Following deliberation a decision regarding a blended finance model for land redistribution will be shared

				with the Blended Finance Technical Committee by 12 May 2020. The department has committed 2 billion (R200m from DRDLR, R880m from DAFF and R1 billion from Land Bank) to pilot the implementation of the BFS over a MTEF (2020-2024). The BFS will be implemented in 2021, but still faces the challenge of limited funding.
2.4.3	Agri-Parks	Government		The Agri-Parks programme is too broad with limited resources. A transactional advisor is being contracted through the partnership with African Development Bank to undertake phase two assessments which will lead to the development of a business model to attract private investors to the programme.
2.4.4	Smart Villages: Farm Worker Housing, Land Ownership and Agro-preneurship	Government		The land donations policy was published on 7 February 2020 for 60 days for public comment. The current policy is based on pure donations. Commercial farmers have agreed to donate land in exchange for BBBEE recognition for the creation of smart villages, but funding is required to ensure the housing is of a good standard.
2.4.5	Acceleration of productive land reform	Government		Cabinet approved some of the advisory panel's recommendations which are in the initial stages of implementation i.e. Establishment of the Land and Agrarian Reform Agency, Land Redistribution Policy and Land Reform Ombudsman. A decision was reached that the current justice system and institutions be utilised where appropriate.
2.4.6	Revitalizing Forestry-dependent livelihoods at eSikhawini in KZN	Government		Funding and the water use licensing regime impede progress, although attemps are being made to resolve these matters.
2.4.7	Metals, Machinery and Mining Equipment	Government		Several upstream and downstream projects are well underway.
2.4.8	Clothing, Textiles, Leather & Footwear value chain	Government		The Clothing, Textiles, Leather and Footwear Master Plan was completed and signed by all parties on 6 November 2019 at the

				Investors Conference.
2.4.9	Automotive value chain	Government		South Africa's Automotive Master Plan (SAAM) and the post-2020 APDP amendments have been finalised and are now being implemented.
2.4.10	Furniture value chain	Government		The dtic, in partnership with the South African Furniture Initiative, facilitated workshops with key stakeholders across the furniture industry value-chain. These workshops were considered successful, with an average of 190 attendees. The 2020 Forum will take place via webinar with the theme “*Post COVID-19 lockdown – recovery, sustaining and growing the furniture industry*”. Information on updated lockdown policy, economic legislation, financial support and opportunities for the Furniture Industry will continue to be shared.
2.4.11	Gas-based Industrialisation	Government		The dtic is working with ECIC to ensure that local content conditions are incorporated in the Mozambique Gas and other relevant work packages.
2.4.12	Infrastructure to support economic and social development	Government		National Treasury, supported by the DBSA, is in the process of establishing an Infrastructure Fund based on a public private partnership approach.
2.4.13	Business Process Services	Business		Significant improvement on job creation.
2.5 Water and Sanitation				
2.5.1	War on Leaks Programme	Government		Engagements with relevant stakeholders to track learners/graduates are underway.
2.5.2	Water stewardship	Government		Significant work has been done on this project.
2.6 Waste Economy				

2.6.1	Beneficial use of industrial waste - Beneficial use of Coal Ash - Industrial Waste - Fuel Rods	Business		Waste exclusion authorisations were issued by the Minister of DEFF during January and February 2020 enabling the initiation of waste beneficiation projects. Currently, companies being supplied with ferrochrome slag are employing 918 members of local communities. However, project implementation has been halted by the COVID-19 lockdown and waste distribution was stopped as these activities are not classified as essential services.
2.6.2	Beneficial use of household/commercial waste	Business		COVID-19 regulations have put a halt to this project.
2.7	Just Transition	Government		The Minister confirmed that the PCCCC will be established and will become a key platform to facilitate South Africa's 'just transition' to a low-carbon economy. The DEA reiterated its commitment to establish the PCCCC in line with the Climate Change Bill. Nedlac's Trade and Industry Chamber continues to discuss the Bill.
2.8 Providing policy certainty and improving regulatory efficiency				
2.8.1	Immigration regulatory regime	Government		Progress has been made in this regard and co-operative arrangements have been set up between Social Partners. The implementation of these agreements could however not proceed because of COVID-19.
2.8.2	Streamlining of Water Use License Applications	Government		Business and Government undertook to revise the Regulations setting out the procedure to apply for a water license and formulate a guideline document. These issues have been deferred to the Water and Sanitation Phakisa.
2.8.3	Decarbonising the economy	Government		A clear policy statement on the holistic greenhouse gas mitigation system will be released once engagements on the Climate Change

				Bill have been concluded.
2.8.4	Pharmaceutical regulatory regime	Government		Several initiatives have been underway to understand how best the timeframes for addressing backlogs can be reduced. Matters related to prioritisation and localisation of pharmaceuticals are bow being taken forward within the context of COVID-19. License and permitting arrangements linked to hemp require a clear policy position.
2.8.5	Spectrum	Government		Although a plan has been provided, the proposed timelines are still considered too long and the need to reduce data costs is even more critical.

3. SMME INTERVENTIONS

A total of 12 projects to support SMME's were agreed upon and included within the Framework Agreement. Business is responsible for 6 of these, all of which have been initiated. Government is the lead Constituency responsible for the other 6 projects.

3.1 Leverage procurement for small firms and co-operatives:

3.1.1 Identify existing interventions across government and the private sector and create a coherent platform to enhance access and coordination of SMME support:

The Small Enterprise Development Agency (SEDA) is currently mapping the national business development services ecosystem to identify the various partners in the public and private sector, as well as to have factual information on areas where there is market failure. An online survey for the registration of BDS service providers in the database is currently underway as part of the BDS Ecosystem Mapping Project that is due to be completed next month. Most of the work is being done through online surveys.

SEDA and the Department of Small Business Development (DSBD), in partnership with the Services SETA, undertook national stakeholder consultation sessions on the professionalisation of Business Advising. The latter has the following key elements: standards, education and training, and regulation. The Business Advisor Competency Framework was completed. The Institute of Business Advisors Southern Africa (IBASA) will conduct surveys to determine skills gaps and present the competency framework at a BA Seminar, which had to be postponed due to COVID-19. The expiry date for the grading certificates of BAs will be extended to September 2020. A team, comprising SEDA's HR Business Partners, Centre of Excellence and Learning Academy has been set up to complete the Career Pathing model, with the assistance of IBASA.

The Development of an Operational Model and Business Plan for the Learning Academy to position SEDA at the centre of BDS capacity building in the ecosystem was completed this quarter. The Model will now be presented to the various approval structures.

DSBD and SEDA submitted a proposal for the development of Business Advising standards to the SABS, which has been approved. A Technical Committee was also established to develop South African guidelines for an already existing international standard.

A District Development Model which will be piloted in OR Tambo has commenced in collaboration with the District Municipality. The Services SETA has also agreed to fund the implementation of a Skills Development Programme to capacitate ecosystem partners, including municipalities. Tools Training Sessions were held for 7 LED Officers from OR Tambo in the Eastern Cape and 17 LED Officers from Waterberg in Limpopo. The Ecosystem Facilitation Model was also presented to LED officers. The Learning Academy has finally received a commencement letter from the Services SETA to implement the Training of Municipal LED Officials project.

DSBD, SEDA and the Small Enterprise Finance Agency (SEFA) are in the process of integrating their call centres and linking them to DPME to improve access to finance, business support and information and link them to the 30-day non-payment hotline currently residing under the DPME. Since the DPME is making use of SITA systems/resources, SITA has been approached to facilitate the integration of 30-day Hotline . SITA provided the DSBD and its agencies with a draft proposal for review, and input is still being awaited from DSBD. However, the three entities' call centre staff are currently working together to assist with the DSBD COVID-19 Hotline.

A business plan template to be used by Development Finance Institutions was developed by SEDA and SEFA and launched by the Minister in November 2019. It is available online at www.mybindu.org.za, as well as on the SEDA and SEFA websites. The template is currently being used as part of the COVID-19 debt relief and growth fund applications.

3.1.2 Upscaling the implementation and monitoring of the 30% set aside Government spend for SMMEs and co-operatives and encouraging other Social Partners to adopt similar programmes:

Most national and provincial government Departments comply and most far exceed the 30% procurement obligation. National Treasury managed to get information from the big 5 SOEs and some of the large metros. The majority of procurement is still in low value services with a massive over-supply of services in the building sector. Information availability must be improved to allow for deeper analysis and to assist the Department to identify capacity building needs that will help attain government objectives such as township and rural economic development.

A major concern for DSBD is that National Treasury did not extend its contract with the service provider that assisted with the provision of information from the Central Supplier Database. This meant that the Department was unable to compile a meaningful report on the 30% public procurement obligation.

3.1.3 30 Days Payment:

Information provided by National Treasury on National Departments' non-compliance with the payment of suppliers does not differentiate between large and small, medium and micro suppliers. The data simply shows which invoices have been paid, without categorisation. The Department of Small Business Development is challenged by the fact that information captured by National Treasury on the Central Supplier Database (CSD) is done according to the Broad-Based Black Economic Empowerment (B-BBEE) classifications for Exempt Micro Enterprises (EMEs), Qualifying Small Enterprises (QSEs) or Generic Enterprises (GENs) according to their turnover, which is not aligned to the classifications for Small, Medium and Micro Enterprises as determined in the amended definitions published by the Minister of Small Business Development in 2018. This affects reporting on SMMEs and co-operatives and limits the ability to analyse the extent to which these small businesses are affected by delayed or non-payment. In its quarterly monitoring report, the Department of Planning, Monitoring and Evaluation continues to flag the issue of non-payment of SMMEs and the impact on their sustainability or collapse as deserving special attention. Having access to this data will aid the Department in reporting as well as in designing the necessary interventions to support small businesses.

According to National Treasury's report on government departments' non-compliance with the payment of suppliers for the period from May to September 2019 (May being the beginning of the 6th Administration), the total rand value of invoices paid after 30 days by National departments amounted to R3 100 354 225 (as at the end of the of September 2019) for a total of 68 566 invoices. The total rand value of invoices older than 30 days or not paid is R6 400 550 731, for a total of 8 700 invoices.

3.1.4 Township supplier assessments, linkages and development initiative:

Business has reported that they are still meeting the timelines for the development of detailed action plans. However, the report indicates that they are behind the agreed upon timeframes in order to encourage other Provinces and Local Government to replicate the programme.

This project started in September 2016 and ended in December 2019, and the close out report is being finalised for submission to the Gauteng Provincial Treasury. In Gauteng, 2 617 township suppliers were assessed. As part of on-site assessment training, 51 youth were trained and employed as interns for one year, and 23 interns secured formal employment. In terms of capacity building, 2 620 have benefited from various interventions such as 1-day workshops, and/or 3 to 12-month programmes. Market linkage sessions have been facilitated; 11 corporate linkage sessions and 5 Supplier Engagement Events with Gauteng Provincial Government Supply Chain Representatives took place.

Issues to be addressed:

The South African Supplier Diversity Council (SASDC) reported difficulty in replicating the project in other provinces due to challenges around promoting the project and PFMA issues.

3.1.5 Support for rural production clusters and township and informal settlement enterprise support:

National Treasury has provisionally allocated R600m for the Township and Rural Enterprise Fund in the 2021/22 financial year, subject to certain conditions to be met.

Thanks to SEDA which has assisted with the development and facilitation of access to markets for small-scale cotton growers in Mpumalanga (Nkomazi and Dr J S Moroka) and North West (Jagersfontein and De-Ag) in partnership with Cotton SA, progress has been made. This project involves over 20 Cooperatives and more than 1 000 people, and also involves other stakeholders such as the National Empowerment Fund (NEF) and DALRRD. NEF is currently processing an application to fund the construction of a cotton ginnery in Nkomazi. Cotton SA continues to provide considerable technical skills and will provide a market for the cotton. SEDA will replicate the Nkomazi model in the other areas

SEDA is also supporting the establishment of a fish processing plant in Port St Johns in the Eastern Cape. DSBD and SEDA, in partnership with eThekwini municipality, are establishing a trader’s market in Kwa-Mashu station. This will involve a cold-room storage for cooked meat sellers. A second trader’s market in Kwa-Mashu Besters will provide 12 branded containers for salons, a tuck shop and traders in various other commodities. SEDA is also working with Bathlako Temo (Bojanala East), a citrus-producing co-operative that is based in the North West. The SEDA Cape Winelands office is supporting an abalone farming initiative in Doring Bay.

3.1.6 Proposal to upscale and re-capitalise the Khula Credit Guarantee Scheme (KCG) for greater impact:

Authorised portfolio guarantees which have been approved as at 31 March 2020 amounted to R 740 million, of which R310 million was approved between the period April 2019 and March 2020. These amounts will have considerable positive leverage in the economy. The risk that Khula Credit Guarantee is exposed to in the event of default is limited to the different coverage ratios it has provided to the Partner Financial Institutions.

3.2 Large-scale youth entrepreneurship programmes:

3.2.1 Bizniz in a Box:

The Bizniz in a Box project has focused on supporting the formalisation of existing businesses to fast-track setup and reduce investment costs for the business owner. Online applications are meant to open across the country from June 2020 (dependent on timing of the COVID-19 lockdown). A total of 98 shops/outlets have been set up, 12 outlets closed, 83 jobs were created for entrepreneurs and a further 58 jobs were created for assistants.

Issues to be addressed:

The biggest hurdle the project needs to overcome is the lack of funding, which have meant that the envisaged jobs to be created had to be reduced.

3.2.2 Finfind youth employment and SMME funding (SMME funding readiness programme):

Programme funding is the primary barrier preventing the programme from commencement. No further update has been received.

3.3 Formalisation and support informal sector:

3.3.1 BUSA/CCMA Web tool:

The first phase of the BUSA/CCMA Labour Advice Web tool for small businesses has been completed. The Web tool was launched by the President on 29 January 2019 at BUSA's Economic Indaba. Social media campaigns and press briefings have also been undertaken.

Material development work could not commence because of delays in the official appointment of the BUSA co-ordinator. A meeting was held with Productivity SA in February and work will commence in May. The CCMA is also developing information sheets to advise SMEs of their options to access COVID-19 benefits and alternatives to retrenchment. Much focus is also being placed on job saving related to retrenchment disputes referred to the CCMA.

Issues to be addressed:

While the web tool is fully functional and SMEs are provided with information and support to run their businesses in terms of the SA labour laws, more funding is needed to market the service and increase accessibility. Budget for a search engine optimisation service provider is needed and was included in the proposal that the CCMA submitted to BUSA in October 2020.

3.4 Agree on existing private sector support initiatives and new initiatives and particularly partnerships with government that could be replicated and scaled up for greater impact.

3.4.1 The KYB Enterprise Incubator:

Business has reported that action plans have been developed and they are on track with implementation. In addition, public/private partnerships are moving in a positive direction although some delays and challenges have been noted. Mitigation strategies are in place to manage these challenges and delays.

Cumulative progress to date since October 2018:

- 760 ECD enterprises launched;
- 138 new businesses launched since February 2020 report submission;
- 66 ECD enterprises brought into the government net through DSD registration;
- 12 ECD enterprises are receiving sustainable government funding.

Expected progress moving forward:

- By the end of March 2020, an additional 25 new ECD enterprises (647 cumulative) should have been launched;
- Progress against this target: 177% (647 projected and 760 delivered).

Issues to be addressed:

Government delays continue to challenge the efficient and effective execution of the KYB-Gauteng DSD MOU.

3.4.2 Jobs in Early Childhood Development (ECD):

See report above.

3.4.3 Build ECD (and create employment):

No progress report has been received on this project.

Summary Table: SMME interventions

Project No.	Name of project	Responsible constituency	Robot	Explanation
3.1 Leverage procurement for small firms and co-operatives				
3.1.1	Identify existing interventions across government and the private sector and create a coherent platform to enhance access and coordination of SMME support	Government		Project activities are well underway.
3.1.2	Upscaling the implementation and monitoring of the 30% set aside Government spend for SMMEs and co-operatives and encouraging other Social Partners to adopt similar programmes			DSBD has been informed that National Treasury did not extend its contract with the service provider that assisted with the provision of information from the Central Supplier Database. This meant that the Department was unable to compile a meaningful report of the 30% public procurement obligation.
3.1.3	30 Days payment	Government		In its quarterly monitoring report, the DPME continues to flag the issue of non-payment of SMMEs and the impact thereof on their sustainability or collapse as deserving special attention, which will also aid the Department in reporting as well as in designing

				necessary interventions to resolve the matter.
3.1.4	Township supplier assessments, linkages and development initiative	Business		Business reported that they are meeting timelines for the development of detailed action plans. However, the report indicates that they are behind the agreed timeframes to encourage other Provinces and Local Government to replicate the programme.
3.1.5	Support for rural production clusters and township and informal settlement enterprise support	Government		National Treasury has provisionally allocated R600m for the Township and Rural Enterprise Fund in 2021/22 financial year, subject to certain conditions to be met.
3.1.6	Proposal to upscale and re-capitalise the Khula Credit Guarantee Scheme (KCG) for greater impact	Government		The approval of R740 million has had considerable positive impact on the economy. The risk that Khula Credit Guarantee is exposed to in the event of default is limited to the different coverage ratios it has provided to the Partner Financial Institutions.
3.2 Large scale youth entrepreneurship programmes				
3.2.1	Bizniz in a Box	Business		The biggest hurdle the project needs to overcome is the lack of funding, which have led to a reduction in the number of jobs to be created.
3.2.2	Finfind youth employment and SMME funding (SMME funding readiness programme)	Business		Programme funding is the primary barrier.
3.3 Formalisation and support informal sector				
3.3.1	BUSA/CCMA Web Tool	Business		The Web tool was launched by the President on 29 January 2019 at BUSA’s Economic Indaba. The CCMA

				is raising funds to engage a service provider to optimise the search engine.
3.4 Agree on existing private sector support initiatives, new initiatives and particularly partnerships with government that could be replicated and scaled up for greater impact				
3.4.1	The KYB Enterprise Incubator	Business		Progress since October 2018 - 622 ECD enterprises launched; 8 new businesses launched since January 2020. 66 ECD enterprises brought into the government net through DSD registration; 12 ECD enterprises receiving sustainable government funding.
3.4.2	Jobs in Early Childhood Development (ECD)	Business		Reported above.
3.4.3	Build ECD (and create employment)	Community		No progress report provided.

4. EDUCATION AND SKILLS INTERVENTIONS

A total of 6 programmes were agreed upon and included in the Framework Agreement. 5 of these programmes are being led by Business, while 1 is being led by Community.

4.1 Increased commitments and interventions to support dropouts and matrics to have the competencies needed for employment and self-employment:

4.1.1 Increased Access to TVET and Community Colleges:

This programme is being discussed within the context of the township and village economy. However, while there is a commitment to support skills in the community, we have not received updated reports in this regard.

Demand led training:

In order to give expression to this agreement the Department of Higher Education and Training (DHET) has inserted a clause into the SLA with the SETAs to support demand led training that will respond to the imperatives for job preservation (including through TERS) and job creation as set out in the Presidential Jobs Summit commitments, as well as other key initiatives such as the PPGI. The extent of SETA supported demand led training, as required by sectors that are creating jobs, will need to be monitored. This is particularly critical given the emerging priorities associated with COVID-19.

4.1.2 Installation, Repair and Maintenance (IRM) Initiative:

The Installation, Repair and Maintenance (IRM) Initiative is primarily focusing on four key sectors, namely Plumbing, Electrical, Automotive and Infrastructure Maintenance. The initiative will support large numbers of young people, most of whom have completed their studies at TVET colleges or technical high schools, to enter these sectors. In addition, the initiative is meant to upskill vulnerable employees in these sectors who lack formalised skills, to ensure they remain employed.

464 new jobs were created through the Installation Repair and Maintenance Project to date. 283 students were placed as artisan assistants in the plumbing and infrastructure maintenance industries. Skills programmes are registered with QCTO, mostly as demonstration projects to unlock scalable resources that will help achieve programme targets. The plumbing learning pathway has been tested with plumbing enterprises in Ekurhuleni and Johannesburg, and various partnerships are underway to replicate and expand these pathways across Gauteng and the Western Cape. The programme's progress has however been adversely affected by the national lockdown and the closure of many companies during the period.

Issues to be addressed:

It is necessary to provide funding for training and stipends for TVET college students outside of the formal programme funding. This requires a review of current SETA regulations to include stipend funding for on-the-job training beyond learnerships, and to also include placements for new pathways towards trades or self-employment in the funding regime.

The closure of TVET colleges and participating enterprises as a result of COVID-19 will impact on the achievement of targets for 2020. The programme is developing alternative solutions for institutional training, including online and flexible learning models.

4.1.3 Joint curriculum development for TVET colleges for manufacturing skills:

In consultations with the DHET in April 2019 it was confirmed that the Programme Qualification Mix provides a mechanism for TVET colleges to offer a range of occupational programmes that respond to industry demand.

The discussion further recognised that Centres of Specialisation are only one of the solutions to enhance the responsiveness of TVET colleges to industry demand. The meeting further agreed that it would be useful to secure SETA commitments for funding of occupational programmes in manufacturing.

To achieve this outcome, the DHET had requested TVET colleges to map their interest to industry demand, including manufacturing. The mapping exercise would in turn enable Manufacturing Circle to identify possible partnerships between TVET colleges and manufacturing companies, SETA funding and flagship programmes such as the Skills Initiative for Africa, which aims to bolster skills development in South Africa.

Issues to be addressed:

No progress report has been provided.

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4.2 Expanding interventions by public and private sector on skills commitments for youth employment, including capacity building for young people:

4.2.1 Partnership through TVET colleges to address health imperatives:

HASA is the project lead for this commitment. After a series of delays in getting this project off the ground, important progress has been made in the last quarter. It has been agreed that this proposal should be integrated into the broader nursing training strategy, which will ensure the involvement of all regulatory bodies working collectively to drive the strategy. The concept document has been completed and has received support within the Department, although final adjustments based on input from Labour are still being made.

Since figures in the initial proposal by HASA were based on numbers determined in 2018, it has also been agreed that the current shortage should be quantified. The Department has since completed an analysis of the numbers and concluded that the demand is higher than the HASA calculations. They therefore suggest that the project should begin with the 50 000 targeted in the commitment, and that it could increase based on additional data. Although work on this process has been delayed by the COVID-19 lockdown, the project planning is however moving ahead and is receiving support from ABSA as well as the HWSETA. These efforts reinforce the value of social partner collaboration and solutions that respond directly to demand.

Issues to be addressed:

The Nursing Council regulatory limitation on the number of new nurses that can be trained in the private sector remains a challenge. Business also reported delays in the inspections that are required before private training institutions can start training of new students.

4.2.2 Partnership through TVET colleges to address the requirements of the Travel and Tourism Sector:

Business indicated that there were challenges in the planning phase, including budgeting and business plans, which are now being addressed.

The Department of Higher Education and Training has reported that during the 2018/2019 financial year, CATHSSETA trained and certificated a total of 1 762 workers and unemployed youth on skills programmes and 110 on full qualifications. The skills programmes included Culture Site Guide; Adventure Site Guide; Dangerous Game Site Guide and Nature Site Guide while the full qualifications included the FETC: Tourist Guiding and the NC: Tourism: Guiding. All unemployed learners underwent workplace learning under the guidance of experienced mentors.

This area, which is dependent on face-to-face training, has obviously been impacted severely by COVID-19. All efforts are required to preserve jobs in the industry.

4.3 Pathway Management: solutions to accelerate the transition of 'not in employment education or training' (NEETs) onto pathways for earning income:

The first quarter spanned the period 1 January 2020 to 20 March 2020. Given Harambee's COVID-19 response planning and lock-down coordination, the period spans 11 weeks instead of 13 weeks. In this period:

- **76 498** youth NEETs have been supported using Harambee's pathway management network; and
- **10 471** youth NEETs have been directed towards various work opportunities, including:
    - Jobs in large public and private sector entities;
    - Jobs in SMEs across the country;
    - Self-employment and/or micro enterprise opportunities.

This is briefly summarised below:

	Youth Pathways	Number of Youth Supported in the Network
Monthly Results: Jan 2020	1 782	23 569
Monthly Results: Feb 2020	3 415	32 473
Monthly Results: Mar 2020	5 274	20 456
Total for Period	**10 471**	**76 498**
Cumulative	**172 816**	**770 209**
*Note: 1. For the period 1 Jan 2020 – 20 Mar 2020, **2 843** pathways are from **Global Business Services Ecosystem Partnership** 2. See appendix for candidate, employer and opportunity provider profiles		

<u>Progress for the period since the last report: Key highlights worth noting:</u>

- Harambee launched new online channels such as our Harambee On the Phone Experience (HOPE), Interactive Voice Recordings (IVR) to give work seeker support, as well as regional Online Learning support.
- In addition, Harambee's mobi-site was enhanced to enable scale, a young person to capture profile-related detail using their phones, improved user experience as well as enhanced Employment Journey Survey. These changes mean that the Tshepo1Million and SAYouth mobi-sites have also been enhanced.
- Harambee completed remediation of its entire platform and moved onto a new Harambee Portal to enable Pathway Manager and new features based on learnings from the past two years

On 15 March 2020, the President announced a national state of disaster due to Coronavirus and a national lockdown commencing on 26 March 2020. Harambee's COVID-19 response planning and lock down coordination meant that it had to re-organise itself to continue to support young people, partners as well as government through this time. With support from the Presidency and funders, Harambee launched several streams of work during lockdown:

- Business continuity: Since Harambee offices closed nationally on 18 March, the organisation ensured clear communication with candidates, employer partners, government and funders from 16 March for the remainder of that week. During the lockdown, Harambee has made sure to keep priority operations in motion and support staff working from home.

- Work-seeker support: Through partnership with the National Youth Development Agency, Tshepo 1 Million and in affiliation with the Solidarity Fund, the 3Million.3Weeks campaign was launched. This was a campaign to reach 3 million young people across the country during the initial 3 weeks of lockdown, to help them stay informed, and be smart, change their behaviour to be safe and be agents of change for their families and communities. The campaign will continue for the duration of lockdown.

- Achievements: Successfully pivoted to new channels, completing a campaign with over 200 partners to reach more than 3 million youth in the first 3 weeks of lockdown, including making access to all Pathway Manager mobi-sites data free (Harambee.mobi, Tshepo.mobi, SAYouth.mobi). This means Harambee as the Pathway Manager will carry the costs of data for work-seekers in our network. We have gained rich insights from youth voices, which are included in the attached deck.

See PDF "Pathway Manager_3M3W Presentation" for objectives and achievements of the campaign

- Partner support: Harambee conducted market outreach interviews with 2 400+ businesses (representing 9+ different sectors) and 5 industry bodies to identify their challenges and/or opportunities during lockdown, impact on operations, support they were accessing and the envisaged timeframe to return to 'normal.' Findings were shared with relevant government departments as well as the Presidency.

  See PDF "Pathway Manager Market Outreach to Support COVID-19 Economic Recovery"

- Government support: Through partnership with the Department of Employment and Labour (DEL), Harambee is now fully managing all UIF COVID queries through its call centre, which is operating in partnership with UIF. The UIF is looking to Harambee to provide support with its scalable pathway manager platform and contact centre technology. The switchover was made in record time, and Minister Thulas Nxesi and the UIF Commissioner have visited and tested the call centre's operations. Harambee is also providing additional support to the Gauteng Provincial Government's relief efforts through its mobi-site capacity as the Tshepo 1 Million Pathway Manager.

- It is anticipated that feedback from the call centre could also support an increased understanding of where the challenges are in order to improve the effectiveness of the scheme.

Summary Table: Education and Skills Interventions

Project No.	Name of project	Responsible constituency	Robot	Explanation
4.1 Increased commitments and interventions to support dropouts and matrics to have the competencies needed for employment and self-employment				
4.1.1	Increased Access to TVET and Community Colleges	Community		This programme is being discussed within the context of the township and village economy. While there is a commitment to support skills in the community, we have not received updated reports in this regard.
4.1.2	Installation, Repair and Maintenance Initiative	Business		Employment outcomes reported. There is a need to ensure that commitment to demand led training allows this programme to expand.
4.1.3	Joint curriculum development for TVET colleges for manufacturing skills	Business		Discussions with DHET confirmed that the PQM provides a mechanism for TVET colleges to offer a range of occupational programmes that will respond to industry demand. DHET has requested TVET colleges to express their interest and map it to industry demand, including manufacturing.
4.2 Expanding interventions by public and private sector on skills commitments for youth employment, including capacity building for young people				
4.2.1	Partnership through TVET to address health imperatives	Business		Regulatory constraints from the Nursing Council to be addressed.
4.2.2	Partnership through TVET to address the	Business (TBCSA)		Project on hold given COVID-19 crisis.

	requirements of the Travel and Tourism Sector			
4.3	Pathway Management: Solutions to accelerate the transition of NEETs onto pathways for earning income	Business (Harambee)		Activities well underway and partnerships established.

5. INCLUSIVE GROWTH INTERVENTIONS

7 programmes to address inclusive growth were agreed upon and included in the Framework Agreement.

Business is wholly responsible for 2 programmes relating to inequality; Government is responsible for 3 projects and Labour and Community are respectively responsible for 1 project each.

5.1 Workplace mechanisms to improve workplace collaboration:

5.1.1 Worker equity and representation on company boards:

The Jobs Summit envisaged South Africa developing more transformed workplaces - where workers become shareholders in their companies and are represented on company Boards, and where inclusive management styles replace top-down apartheid management styles, to help solve everyday workplace challenges. As part of this commitment, the Employee and Employer parties to the National Clothing Bargaining Council extended solidarity to all other bargaining councils in the country to share with them its models for collaborative workplace productivity and training interventions, to help deepen our national drive towards industrialisation and global competitiveness. In a similar manner, the International Labour Organisation (ILO) offered to bring its expertise to South African industries and companies to help solve workplace challenges. The ILO has been engaged and a detailed project proposal has been developed. Funding has just been awarded to this project and it is anticipated that work will begin within the next quarter.

5.2 Reporting by business on executive pay ratios in annual reports:

The aim of this intervention is to develop a formal approach to a voluntary reporting system by Business, with a view to eventually introduce mandatory reporting. Business has developed terms of reference for research to be conducted as a first step in developing an approach, and applied to the EPP for funding to do the study. Business also approached a service provider (Ayabonga Cawe) to submit a proposal to do the Study. Although the RRG was not formally established, BUSA reported that they had shared this proposal with Labour for comment, and that the comments received have been incorporated in the proposal.

BUSA’s application to the EPP for funding is still pending. PCU has requested a copy of the ToR to share with all Constituencies and ensure buy-in before the research proceeds to the next phase.

<u>Issues to be addressed:</u>

Funding has not yet been secured.

5.3 Gender Pay Gap: Pilot project to develop methodology:

On 20 March 2019, the NBI in partnership with SCIS, hosted its first gender pay gap pilot workshop. Companies were invited to gain better insight into the pilot process and expand on the economic models to be used for the pilot. Companies were able to engage critically on the models and provide further contributions on the suggested template for data collection. Currently, companies are in the process of reviewing NDAs and ToRs from the NBI and Wits. Once signed, participating companies will submit datasets for analysis and inclusion in the report. Although the COVID-19 lockdown has delayed the submission process, companies are expected to submit signed legal documents and company datasets for analysis in the next quarter. The next phase of the project will focus on working within companies to pilot methodological approaches. Potential companies have been identified and Wits University and the Southern Centre for Inequality Studies have been approached to provide academic support to the project.

- Business has published the first Gender Pay Gap report (2019);
- Research partnership for the pilot project has been confirmed with Wits University and the Southern Centre for Inequality Studies;
- Currently identifying and confirming companies to participate in the pilot project; 2 out of 5 confirmed;
- Economic modes and pilot project approach finalised at an initial workshop between SCIS and NBI to understand the calculation methodology in December 2019;
- Engagement workshops were held with the initial cohort of participating companies in February/March 2020.

Issues to be addressed:

Additional funding for the pilot project and the development of the online calculation tool is still required.

5.4 National Minimum Wage:

The National Minimum Wage became effective on 1 January 2019. A NMW Commission was established and is in process of reviewing the impact of the wage in year 1. Compliance and Enforcement Strategy signed off by Nedlac Social Partners (which includes a strategy to communicate and roll out the NMW).

5.5 Addressing customs fraud and illegal imports:

5.5.1 Trader Management (entity level):

An Inter-Government Agency has been set up to combat illicit economic activities targeting strategic sectors. In addition, there is a newly established unit in SARS responsible for Illicit Trade which reports directly to the Chief Officers of Customs and Excise and Enforcement. During May 2019, the Team carried out 552 seizures with an estimated value of R74.32m. The most significant seizure was of rhino horns valued at R38m, followed by counterfeit goods valued at R14.48m and narcotics valued at R5.3m.

Licensing and registration:

The initial rollout planned for September 2019 has been delayed and was only implemented on 17 April 2020. This rollout enables traders (Release 1 - 45 client types) to submit applications electronically, including the eFiling platform. The legislation in support of the system will be effective from 24 April 2020.

Implementation of a system for the reporting of conveyances of goods (RCG):

eCase: To address low compliance levels from cargo reporters, eCase was rolled out on 6 December 2019 . The solution is currently in the QA Lab and the functionality is being tested against requirement documents.
ePenalty: ePenalty was rolled out on 6 December 2019 to increase compliance levels by penalising non-compliant cargo reporters, but the scope has been reduced and the rest of the requirements have been deferred to a later date.

In the fourth quarter of 2019/2020 the SARS Commissioner reviewed SARS' Top Risks and relevant mitigation strategies through various Risk Governance mechanisms. These will be reviewed in line with the SARS Strategic Objectives, 5-year strategic Plan and the SARS APP.

Profiling and Screening:

The project is on hold to allow the Department of Agriculture to source funds from National Treasury. Failure to implement this collaborative project will negatively impact South African compliance to the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) article 10.4 on Single Window. Implementation of this project will allow South Africa to improve its World Bank ease of doing business status, which will greatly benefit the country's ability to trade internationally.

Verification of Compliance to Customs Legislation:

This includes the development of a Documentary Inspection capability which will allow all required documents to be uploaded once and utilised amongst the different teams. SARS has the capability to receive uploaded documents from traders during the declaration process. The Processing Centres have had this capability since 2011.

Physical Inspection:

Physical and/or non-intrusive inspections, focusing primarily on high-risk traders and/or consignments will take place at the following: on cargo at the time of entry; on transit cargo upon entry and exit; Rebate stores; Excise stores, and Bonded warehouses. Non-intrusive inspections are performed through 3 cargo scanners at Durban, Beit Bridge and Cape Town as well as searches performed by the Detector Dog Unit nationally.

Random Checks:

Although the use of random checks is acknowledged as an important element of enforcement, the success of random checks should constantly be assessed by SARS. Currently, all random inspections for road modality (land borders) are recorded on the Customs Enforcement Workflow (Manual Case Creation) system. The MCC will be rolled out to Airports and Sea Ports by October 2019. This will enable SARS to better manage the risks associated with such cases and develop a suitable mitigation strategy.

Audits: Post Clearance Audit:

SARS has developed an audit case management system which is currently in pilot implementation phase, and in which all audits and their outcomes will be recorded. The Social Partners agreed that the approach to risk management has to be an end-to-end approach across the supply chain.

Compliance Management: Preferred Trader Status:

Meetings are held on an ongoing basis with industry on the Preferred Trader programme. Since the inception of the programme 105 accreditations have been approved. Although delinquent traders are also being monitored on an ongoing basis, thus far none have been taken off the programme. In relation to SACU, work is still ongoing to develop an Annex for Mutual Recognition which would cater for Preferred Traders within SACU as well as AEOs.

In terms of BRICS, the current focus is on evaluating the AEO programmes in place in all BRICS Member States through 2020. Thereafter, a joint action plan will be developed for the alignment of respective AEO Programmes and to guide the establishment of a BRICS AEO Programme by the end of 2023, which will include Mutual Recognition.

5.6 Enhance socio-economic impact assessments:

DPME sent the revised SEIAS templates which have been circulated to Social Partners.

5.7 Social Economy and Social Enterprises:

No progress reported.

Summary Table: Inclusive Growth Interventions

Project No.	Name of project	Responsible constituency and lead person	Robot	Explanation
5.1. Workplace mechanisms to improve workplace collaboration				
5.1.1	Worker equity and representation on company boards	Labour		No update received
5.2	Reporting by Business on Executive Pay Ratios in Annual Reports	Business		BUSA's application to the EPP for funding is still pending. PCU has requested a copy of the ToR to share with all Constituencies and ensure buy-in before the research proceeds to the next phase.
5.3	Gender Pay Gap: Pilot Project to Develop Methodology	Business (NBI)		Significant work has been done in this project. Several workshops have been convened with NDA, NBI, Wits and all other

				relevant stakeholders to better understand ways to pilot and expand on the economic front. TORs have been developed and once signed by all parties will be published. This work has been delayed by the COVID-19 lockdown.
5.4	National Minimum Wage	Government		Implemented 1 January 2019.
5.5 Addressing Customs Fraud and Illegal Imports				
5.5.1	Trader Management (entity level)	Government		No progress report
5.6	Enhance Socio – Economic Impact Assessments	Government		Assessment revised and distributed.
5.7	Social Economy and Social Enterprises	Community		Secretariat to set up bilateral.

6. PUBLIC AND SOCIAL INTERVENTIONS

There were 12 programmes agreed upon and included in the Framework Agreement. These programmes are also reported on in the Job Losses work-plan.

Business committed to collaborate with Government in improving three specific public employment projects.

6.1 Public Employment:

6.1.1 Strengthening of EPWP National Youth Service (NYS) programme:

Various engagements with all relevant parties on this project are ongoing and funding has been secured to improve and empower the youth sector through NYDA.

National and Provincial Public Work has already recruited 7 159 youth through the Youth Service Programme. Funding for training remains a challenge for the Department, and partnerships with the private sector are required to place artisans.

Agreement has been reached on a partnership between DPWI and the Presidency in terms of the Presidential Youth Employment Intervention and the implementation of the Presidential Youth Service Programme. This would also create more opportunities for young people to meaningfully support other young people and will increase job numbers.

6.1.2 Youth Environmental Services (YES):

The Youth Environmental Services (YES) programme is a Job Summit commitment being implemented by the Department of Environment, Forestry and Fisheries (DEFF). The programme focuses on providing training for young people in the areas of waste management, deforestation, and biodiversity management and awareness, among others. The intent of the Job Summit commitment is to increase the number of participants placed in training programmes. Private sector and Government continue to interact in specific sectors to ensure that training is provided.

The Department of Environment, Forestry and Fisheries (DEFF) introduced a rollout plan for the YES programme targeting 1 170 participants for the 2020/21 financial year across all 9 provinces. Various agents will drive the implementation of the planned projects. An additional 5 projects with a total of 710 participants will also commence.

Consultations with relevant stakeholders were held in February 2020 in preparation for the rollout. The need for a platform for Job Summit Social Partners to engage environmental role players to provide placements to the youth being trained was also identified.

6.1.3 Collaboration on advocating for the implementation EPWP Recruitment Guidelines:

Government formally wrote to the Nedlac Community Constituency on 16 April 2019, to request a meeting to discuss areas of collaboration on the rollout of the EPWP Recruitment Guidelines.

Agreement was reached that a workshop must be convened in March 2020 to ensure that members are familiar with the EPWP Recruitment Guidelines, which were meant to be rolled out in April 2020. However, this was delayed because of the COVID-19 lockdown.

It was therefore agreed that PCU will organise a session with Government and Community to discuss the guidelines further. The outcomes of these engagements will be shared with all Social Partners to strengthen recruitment practises within EPWP and to find ways to identify new work opportunities.

It was further agreed that there is a need for EPWP to engage with the Pathway Management Network to support increased access to programmes for young people. A follow up meeting will be scheduled in May 2020 to further explore these possibilities.

6.1.4 Strengthening of EPWP Vuk’uphile Contractor Learnership Programme:

The EPWP Vuk’uphile Contractor Learnership Programme is a joint commitment between Government and the private sector to train 500 Vuk’uphile contractors and 500 supervisors over the next five (5) years in labour-intensive projects.

As at end March 2020, DPWI reported that 334 contractors and 319 supervisors have been trained. The department continues to engage with different companies to take up more training in this regard. The lack of programmes in companies and municipalities to accommodate contractors is a challenge. Mentorship is also a concern and will require assistance from the private sector. An MOA has been signed between Government and the financial sector and should proceed shortly.

Arising from the President’s announcement on 21 April 2020, there is a need to identify further opportunities for the development of contractors, the promotion of labour-intensive construction and infrastructure development within municipalities, partnering with the private sector on mentorships and empowerment of communities across provinces.

6.1.5 Collaboration on the Working for Water Programme:

A process is in place to identify graduates. No further progress report was received.

6.2 Social Audits as part of M & E of EPWP

The EPWP is currently implementing Phase 4 of the overall EPWP 5-year targets. The table below provides annual and cumulative targets for work opportunities and FTEs for the five years of the programme until 2024. The set targets are as follows:

Overall EPWP annual targets (5 years) per financial year

Financial Year	EPWP annual work opportunity targets	EPWP cumulative work opportunity targets	EPWP annual FTE targets	EPWP cumulative FTE targets
2019/20	981 497	981 497	456 523	456 523
2020/21	984 490	1 965 987	464 068	920 591
2021/22	1 009 972	2 975 959	478 667	1 399 258
2022/23	1 023 569	3 999 528	484 903	1 884 161
2023/24	1 038 742	5 038 271	491 842	2 376 003
Total		5 038 271		2 376 003

Source: EPWP Phase 4 Targets
•Work Opportunities: Paid work created for an individual on an EPWP project for any period of time. The same person can be employed on different projects and each employment period will be counted as a work opportunity
•FTE (Full Time Equivalence) : person days of work and training divided by 230 days

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EPWP Phase 4 includes the M&E framework which incorporates the Social Audit Framework progress. A draft framework was developed and sent to DPWI officials for comment, and it has also been agreed that a meeting with Community should be convened to review this framework.

6.3 Employment Tax Incentive (ETI):

The ETI has been extended for 10 years and was included in the Taxation Laws Amendment Bill, which was promulgated on 18 January 2019. The ETI is therefore being implemented across the economy. The 2019 Budget Review and Rates and Monetary Amounts and Amendment of Revenue Laws Bill 2019 contain proposals for the income range to which the maximum value of the incentive will apply. It was also noted in Annexure C that the wage regulating measures stipulated in the ETI Act will be updated to align with the National Minimum Wage Act this year.

Business is encouraging take up of the ETI while National Treasury continuously monitors progress in accordance with legislation. Previous reports highlighted that Business has been encouraged to take up the ETI as part of the YES process to support development.

Issues to be addressed:

The extent to which this incentive is taken up, even once the economy opens up, will need to be reviewed to understand how this incentive can support other initiatives being implemented.

6.4 Training Layoff Scheme:

As reported previously.

6.5 Anti-corruption:

The Nedlac Social Partners have approved an Anti-corruption Declaration that will reinforce current measures and develop new measures to address corruption. The Declaration demonstrates Social Partners' commitment to addressing corruption across both the private and public sectors.

6.5.1 Business anti-corruption activities:

Business committed to support the implementation of the National Anti-corruption Strategy and has already secured partial funding to initiate its plans. The project outcomes are intended to build capacity within Business to better understand and address corruption; it will also support implementation of the Anti-corruption declaration.

During the period under review (March and April 2020), Business reported delays due to the COVID-19 pandemic. The NBI is considering different solutions to continue working virtually.

The benchmarking report is complete, and the design process is currently underway. The TLS session date would have been communicated by 30 April 2020 and will probably be held online. An in-depth research project named Transparency in Corporate Reporting (TRAC) has been commissioned to understand private sector approaches to ethics and anti-corruption, and to develop a baseline by July 2020. A report detailing key findings and insights should be published in November 2020.

Phase one of a Business Ethical Leadership and Anti-Corruption capacity building research project has also been launched to arrive at a baseline. The research will review the private sector's current and existing approaches and strategies to address corruption. The research will inform an online curriculum focused on activating leadership and changing behaviour, once additional funding has been secured.

6.5.2 Enhanced transparency on public servants' financial disclosures and identification of lifestyle audit needs as part of such disclosures:

No progress provided.

6.5.3 Government Anti-Corruption Communication Campaign:

A Reference Group of sector role-players and experts was constituted in September 2019 to quality assure the final National Anti-corruption Strategy (NACS) in the absence of the National Anti-Corruption Forum. The work of the Reference Group and its working groups are at an advanced stage and should have been completed by March 2020.

The finalised NACS will need to be endorsed by all Government Clusters and approved for implementation by Cabinet. The timeframes for finalisation are however unpredictable and subject to delays caused by government processes.

A comprehensive communication strategy with creative concepts was developed, approved, and implemented. A communication task team was put in place to coordinate plans, implement, and report on the approved communication strategy and plan.

Engagements have been held with Communicators from the three spheres of government, including Nedlac, civil society, and media to solicit partnership in the implementation of the communication strategy and plan.

Summary Table: Public and Social Interventions

Project No.	Name of project	Responsible constituency and lead person	Robot	Explanation
6.1 Public employment				
6.1.1	Strengthening of EPWP National Youth Service (NYS) programme	Government		Significant progress was reported. DPWI has trained a total of 7 159 learners. However funding and placement of learners that completed their training remains a challenge. DPWI has partnernered with the Presidency in terms of the 16 hours programme.
6.1.2	Youth Environmental Service	Government		No written feedback was provided, but verbal feedback suggests progress in this area.
6.1.3	Collaboration on advocating for the implementation EPWP Recruitment Guidelines	Government		The guidelines have been developed and a consultation process will take place. The extent to which the project supports improved recruitment will need to be monitored and should link with pathway management network.
6.1.4	Strengthening of EPWP Vuk'uphile Contractor Learnership Programme	Government		Progress has been made. New opportunities created through the stimulus package need to be explored.
6.1.5	Collaboration on the Working for Water Programme	Government		Process in place to identify graduates.
6.2	Social Audits as part of M & E of EPWP	Community		The M&E framework has been developed. Consultation is required.
6.3	Employment Tax Incentive	Government		Has been extended for 10 years. Reports on take up are available.
6.4	Training Layoff Scheme	Government		As reported previously.
6.5 Anti-Corruption				
6.5.1	Business Anti-Corruption Activities	Business		Business committed to establish an open source and online anti-corruption training programme and also supports the implementation of the National Anti-

				corruption Strategy. Business has already secured partial funding to initiate its plans
6.5.2	Enhanced transparency on public servants' financial disclosures and identification of lifestyle audit needs as part of such disclosures	Government	🔴	No progress report has been provided.
6.5.3	Government Anti-Corruption Communication Campaign	Government	🟢	The NACS is at an advanced stage of finalisation.

7. Building systems to support the Job Summit Framework Implementation:

7.1 Appointment of staff:

The Presidential Jobs Summit is now institutionalised as follows:

7.2 Institutional design:

The institutional design follows a project management model for optimal delivery, and the team has been renamed the Project Coordinating Unit (PCU). The team takes a strategic approach to unblocking projects working closely with the Project Management Office (PMO) within the Presidency and the various Nedlac Social Partners (in a manner that ensures alignment with other activities taking place in Nedlac).

7.3 Approach:

A clustered approach to projects in the Framework Agreement is followed.

7.4 Practice:

PCU must actively participate in projects to ensure implementation and address barriers wherever they emerge.

A Project Coordinating Unit (PCU) was established. The unit consists of:

- A Team Leader
- A Programme Manager
- A Project Assistant
- A Senior Administrator

The work of the PCU is as follows:

- Work with project owners to establish progress made, understand whether there are any barriers and ascertain what would better enable this work to realise (or exceed) job numbers;
- Facilitate engagements across constituents to address these barriers and to ensure enabling conditions are in place;
- Monitor that these agreements are implemented and highlight where progress is not being made so that this can be addressed.

7.5 Programme of meetings:

The JTC is scheduled to convene monthly, on the last Wednesday of each month. A schedule of meetings is available on request. The Presidential Working Committee, which is chaired by the President, meets on the first Monday of each month.

7.6 Monitoring and evaluation:

The Jobs Summit Agreement stated that Nedlac should convene a Summit every 2 years. In terms of the Jobs Summit Agreement, the next Summit should be held in October 2020.

The purpose of this Summit will be to reflect on the processes that have been implemented, what has been achieved and what has been learnt collectively to support job preservation and job creation. We would then consider where we have made traction and where we need to accelerate efforts to increase the impact of our work (in terms of number of jobs created). We would also determine where we have had less success and consider what is required to address these challenges. It is anticipated that this forum will be able to indicate both how many jobs have already been created through the JS efforts and, based on an understanding of which activities will be strengthened, determine relevant targets for the coming year/s. This forum will also create the space for Social Partners to make additional commitments as relevant. A directive on the nature of the forum, whether a small learning forum or a Jobs Summit, will be taken from the Quarterly Presidential Committee meeting.

CONCLUSION

This progress report conclusively reported on all activities during the third and fourth quarter of the last financial year. The Presidential Committee is requested to note this report and provide guidance where necessary, in particular on a number of key remedial actions which have been identified and that need to be addressed. Implementing these actions will be critical to build a culture of accountability and to ensure that the targeted number of jobs are created and ultimately exceeded.