



# ECONOMIC RECONSTRUCTION AND RECOVERY

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# OVERVIEW

This presentation will discuss;

NEDLAC and its work.

The Economic Reconstruction and Recovery Plan (ERRP), and

Youth Unemployment.

# THE WORK OF NEDLAC IN RESPONSE TO THE COVID-19 PANDEMIC

The work around governments' response to the covid-19 pandemic;

- ❑ Facilitating governments' ongoing consultative meetings to manage the pandemic.
- ❑ Provisions on health and safety measures to enable safe return to work.
- ❑ Advocating for the Temporary Relief Scheme (TERS) that has disbursed over 61 billion to support households and firms in distress.
- ❑ Support for the hospitality industry and the tourism sector.
- ❑ Localization of the production of vaccines and PPEs.

THE WORK  
OF NEDLAC  
IN  
RESPONSE  
TO THE  
COVID-19  
PANDEMIC

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More needs to be done on;

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Use of scientific evidence and consultations to deal with the pandemic.

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Utilisation of government resources that have been deployed to deal with contact tracing, quarantine sites, and data analysis.

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Encouraging vaccine uptake and promoting the need to open the economy for recovery. More partnerships with civil society organizations.

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Local design and production of vaccines by our own pharmaceuticals.

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Further extension TERS and consideration for the Basic Income Grant.

# THE WORK OF NEDLAC ON ERRP

- Improvement of public transport and freight.
- Energy security in the form of supporting Eskom.
- Localisation in public and private sector.
- Improving the ecosystem for SMEs and support for informal ecosystems.

# THE WORK OF NEDLAC ON ERRP

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More needs to be done on;

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Emphasising digitalisation and digitisation and transformation in the four key areas identified.

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Clear communication of government plans to revitalise the economy.

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Simplification and relaxation of financial sector requirements to support households and firms that are distressed.

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Advocacy for social impact bonds and other financial intermediaries to support firms and households.

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Temporary policy to offer relief on interest rate setting strategies by SARB and banks.

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De-risking black SMEs and distressed households and firms.

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Require regular updates from ESKOM.

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Localisation should be clearly defined.

# THE ECONOMIC RECONSTRUCTION AND RECOVERY

## 1. Aggressive infrastructure development;

- Infrastructure development should also emphasis repurposing and maintaining infrastructure.
- Support the idea of shared and decentralised value chains.
- In rethinking and understanding public transport, the massive penetration of e-hailers requires further support, protection, simplification and formalisation.
- Public Works should establish a state-led infrastructure enterprise to fund black SMEs and foster PPPs at an accelerated rate.

# THE ECONOMIC RECONSTRUCTION AND RECOVERY

## 2. Employment oriented strategic localisation, redistribution and export promotion;

- DTI in partnership with SETAs, BUSA, CSIR, NRF and DHET should increase research and development capacity.
- Production should increasingly be domestically oriented.
- Clear and large labelling, advertisement and commercialisation of domestically produced goods.
- Formulation, coordination and implementation of a beneficiation policy.
- Policy review and consideration of our exchange rate regime, trade agreements and orientation.
- Policy formulation, coordination and implementation for digitalisation, digitization and social media usage.
- Improved support for Arts and Culture.



# THE ECONOMIC RECONSTRUCTION AND RECOVERY

## 3. Energy sovereignty;

- Eskom must be stabilised and decentralised through the proposed framework.
- Competition introduced in energy generation and transmission must be state-led, allowing a balanced energy mix and participation.
- In the NDP, it states that there will be increased training and capacity building at SOEs.
- Domestic production of energy saving devices.
- Use of big data analytics in electricity provision.
- Uprooting corruption at ESKOM and stopping illegal distributors, and ringfence energy supply.

# THE ECONOMIC RECONSTRUCTION AND RECOVERY

## 4. Support for tourism;

- Domestic and international tourism.
- Acceleration of e-visa for tourism.
- Supporting the tourism and hospitality industry to digitalise.
- Support the work of Shot Left and Proudly SA to make domestic travelling and tourism more affordable. There should be a separate framework for international and domestic tourists.

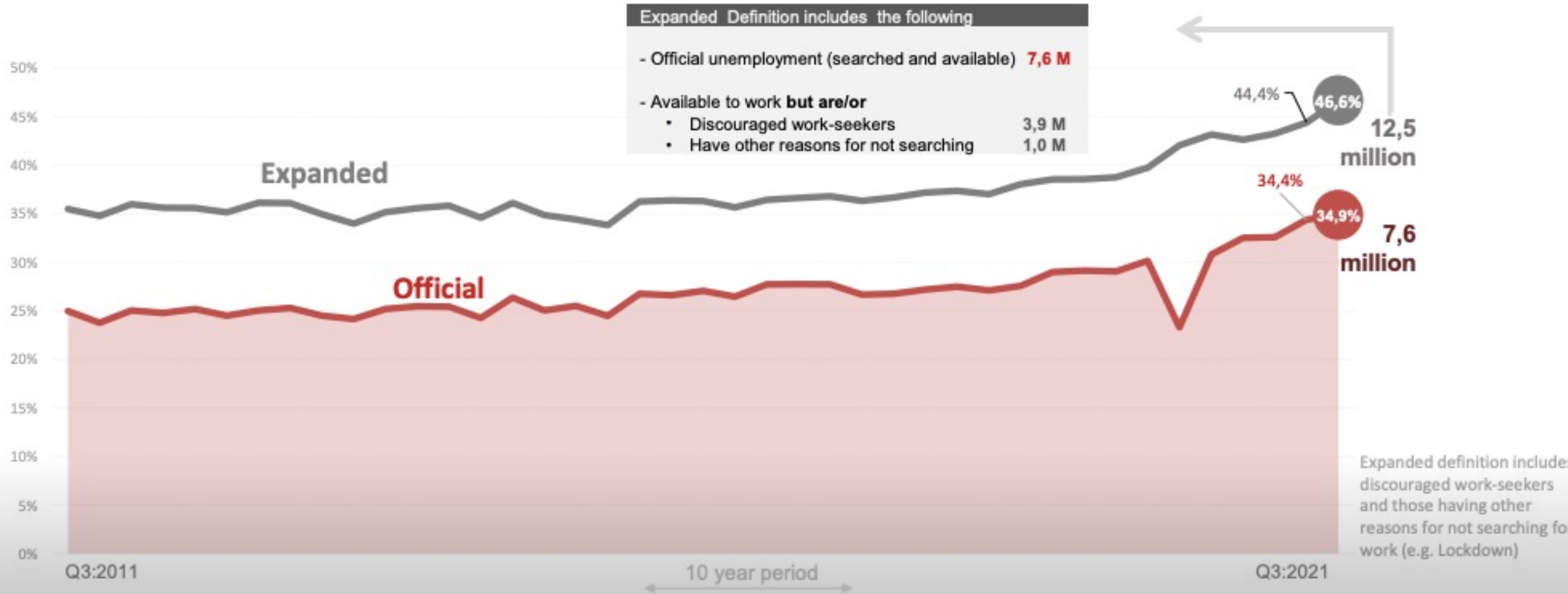
# THE ECONOMIC RECONSTRUCTION AND RECOVERY

- All NEDLAC proposed items as preconditions for effective results from ERRP are necessary and crucial; resource mobilisation and fighting corruption, improvement in business confidence, supportive policy environment, building a capable state, skills development, modernising and reforming network industries, review of trade policy agreements, lowering barriers to entry and supporting labour intensive sectors.
- NEDLAC must include Auditor General (AG) in its work to study and foster at across departmental level all recommendations of AG.

# YOUTH UNEMPLOYMENT

# Expanded unemployment increased by 2,2 percentage points to 46,6% in Q3:2021 compared to Q2:2021.

Official vs Expanded unemployment: Q3:2011-Q3:2021

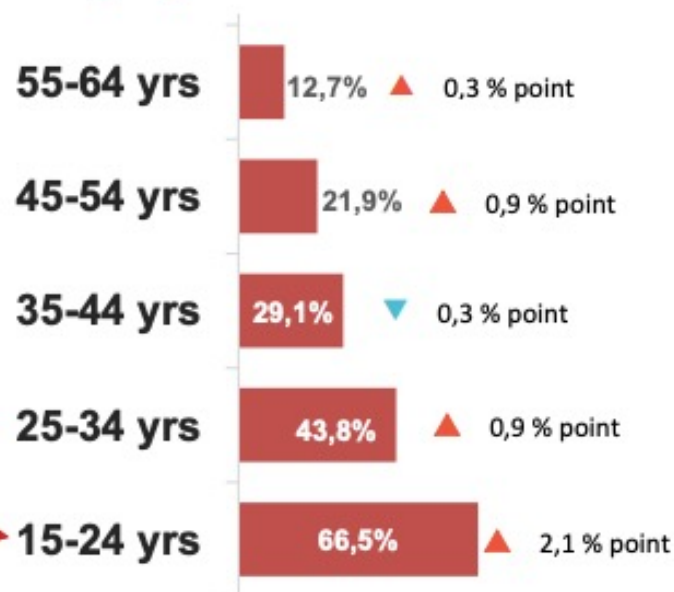


Youth aged 15-24 years and 25-34 years recorded the highest unemployment rates of 66,5% and 43,8% respectively

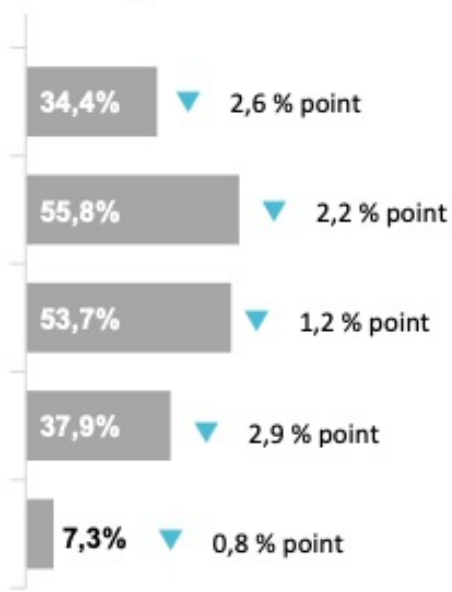
Labour market rates by age group, Q3:2021

▲ ▼ Change: Percentage points  
Q2:2021 to Q3:2021

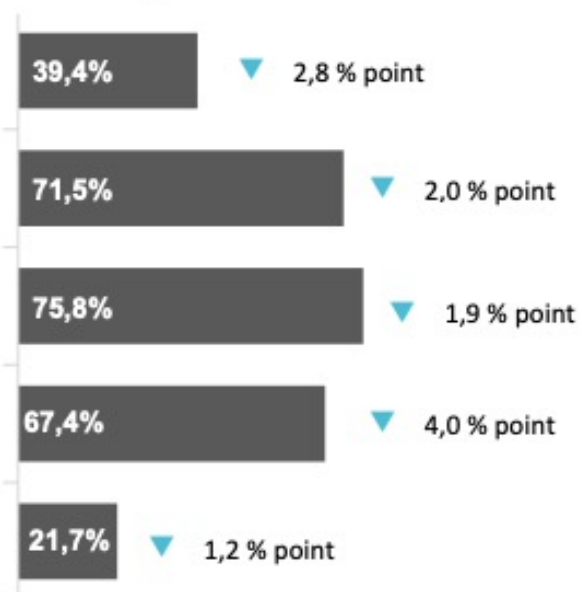
### Unemployment rate



### Absorption rate

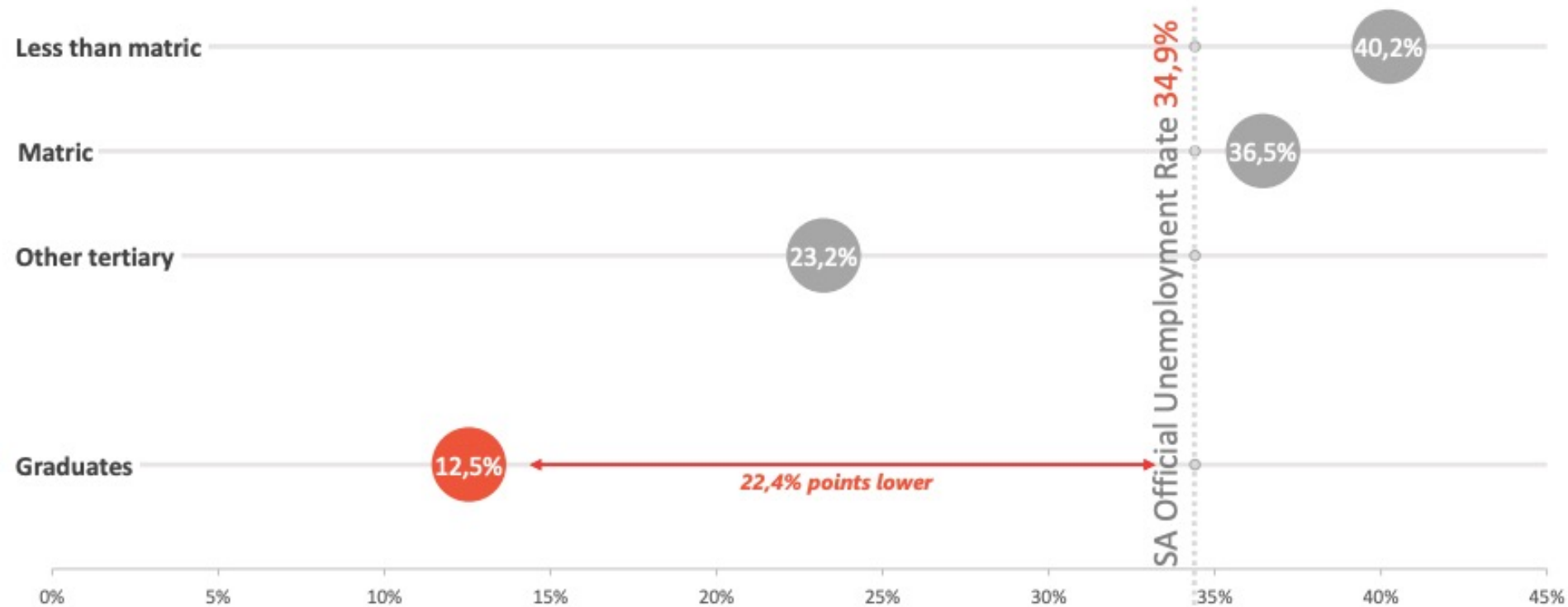


### Participation rate



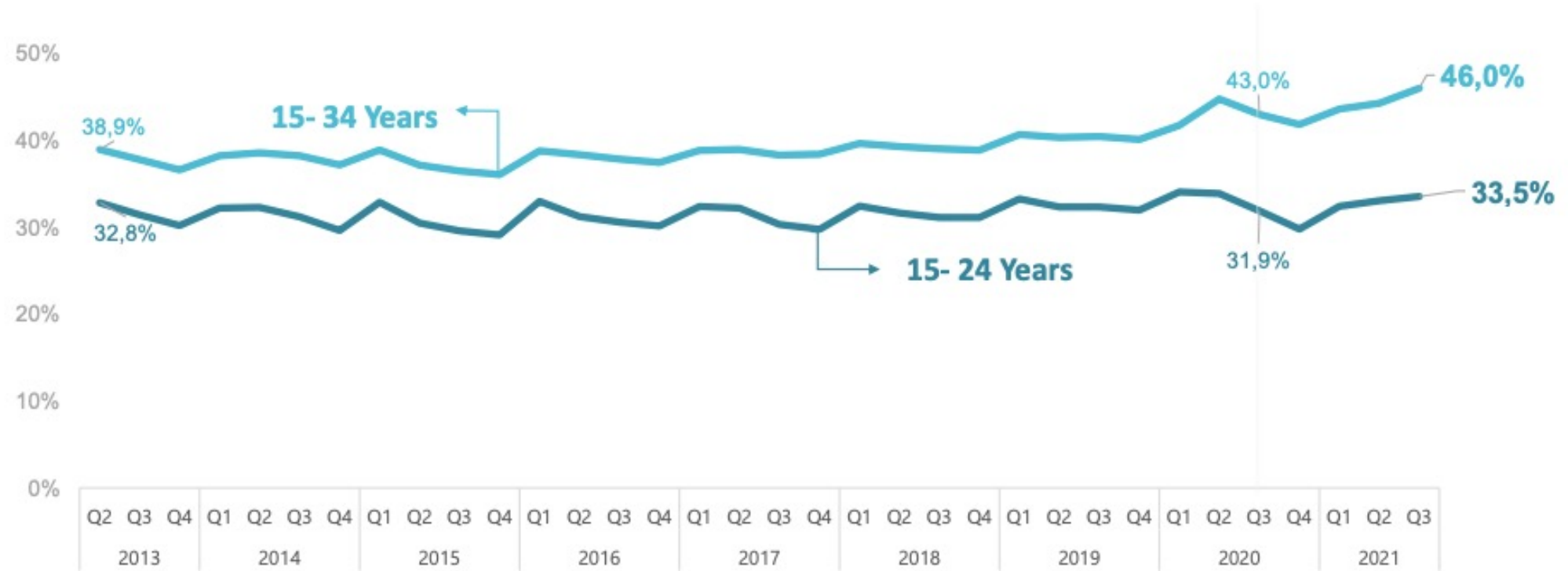
# Graduate unemployment (12,5%) is 22,4% points lower than the national official unemployment rate

Official Unemployment rate Q3:2021



Approximately **3,4 million** (33,5%) out of 10,2 million young people **aged 15-24** years were not in employment, education or training (NEET). *The overall NEET rate increased by 1,6 percentage points in Q3:2021 compared to Q3:2020.*

NEET rate ages 15-24 & 15-34, 2013-2021





# YOUTH UNEMPLOYMENT

*Tackling youth unemployment;*

- The response to the youth unemployment requires economic and social policy interventions.
- It also requires to be decentralised and localised.
- Bridging regional and digital divide.
- Reformulation of land and property rights to release and enable economic opportunities.
- Reformulation of macroeconomic policy: Preferential interest rates for black and distressed households and firms. Monetary and fiscal policy formulation must be responsive to youth unemployment, poverty and inequality through drastic unconventional but risk adjusted measures.
- Expansion of the Prudential Authority framework to be cognisant and responsive to the issue of unemployment and inequality..

# YOUTH UNEMPLOYMENT

- There should be tax incentives for employers employing young persons as detailed in the NDP. Establishment of tax reforms such that the tax system is as progressive and responsive to tax burdens experienced by black people and SMEs.
- Introduction of Universities for designated skills in the identified Special Economic Zones.
- Increased funding for higher education and TVETs and FET. There be NO budget cuts to education.
- Increased utilisation of assistant teachers at schools to focus on extra curricula.
- Enforcement of the minimum wage across industries. A monetary framework and division at the Department of Employment may be necessary.
- Institutionalised savings incentives.
- A hybrid of increased operating (working) hours in the manufacturing, financial and services sector.

# YOUTH UNEMPLOYMENT

- Reformulation of education objectives and outcomes to translate to job readiness and entrepreneurial endeavours.
- Leveraging on our skills, cultures and norms. The South Africa we want and how we want it!
- Institutionalise BIG to ensure that all persons are above the poverty line and increase social security while tackling unemployment.
- Creation of Centres of excellence across communities across the country.
- Community based (particularly at schools, universities and government entities) green economy initiatives.

THANK YOU!