

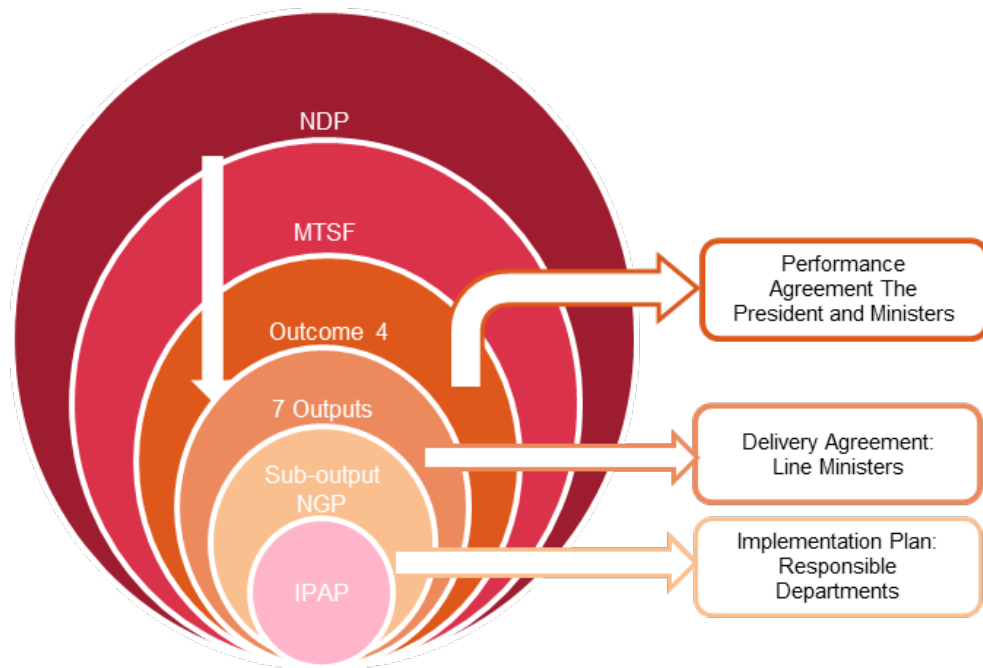
EMPLOYMENT POLICY IMPLEMENTATION MECHANISMS IN SOUTH AFRICA¹

The ILO and its constituents have made significant progress in developing national employment policies (NEPs). However, unless appropriate institutional arrangements can be put in place to ensure their timely and effective implementation, even sound policies may not produce the desired results. To respond to the increasing requests from its constituents for assistance with NEP implementation, the ILO launched a research project on “a comparative analysis of employment policy implementation mechanisms across countries”. Case studies² and a synthesis were published in the form of working papers. This research brief presents the implementation arrangements, coordination framework and accountability system of employment policy implementation in South Africa.

1. Employment policies and implementation arrangements in South Africa

South Africa does not have a standalone national employment policy: employment creation has been built into its macro- and microeconomic policies. At the macro level, employment policies include countercyclical fiscal policies and the supporting budget to protect and create jobs during economic downturns, along with fiscal policies that promote public services, social programmes and infrastructure development. Other macroeconomic policies are reviewed to better support employment creation. At the micro level, South Africa has begun to emphasize industrial and sectoral strategies that support inclusive growth and create employment. Employment policies also include a range of active labour market policies (ALMPs) such as the Expanded Public Works Programme, Community Works Programme, Training Lay-off Scheme, apprenticeship programmes, and Public Employment Services (PESs). Figure 1 shows how the national development strategy is translated into action plans at the department level and industry level.

Figure 1. Policies supporting employment creation in South Africa



Source: The Author

- The *National Development Plan (2011-2030 - NDP): "Our future - make it work"* outlines a vision of 11 million jobs created by 2030 through key actions, including to create an environment for sustainable employment and economic growth; to promote employment in labour-intensive industries; and to promote exports and competitiveness.
- The *Medium Term Strategic Framework (2009-2014 - MTSF)* is a five-year plan to support the NDP, aiming at increasing income and socioeconomic equality, labour absorption and employment, as well as GDP growth and economic diversification. The key interventions to support employment creation include major infrastructure programmes with an impact on productivity and competitiveness; public employment initiatives centred on public works projects and public services; large investment projects by the private sector with a high labour-absorbing impact; investment in quality education and skills development; and a comprehensive revamp of the social security system.
- *14 Outcomes and their indicators* to reflect the MTSF. Among these, Outcome 4 deals with "Decent employment through inclusive growth", while the other outcomes are relevant to employment creation. The key outputs identified to achieve increased employment in line with Outcome 4 include the following: Output 1: Faster and sustainable inclusive growth; Output 2: More labour-absorbing growth; Output 3: A multi-pronged strategy to reduce youth unemployment; Output 4: Increased competitiveness to raise net exports, grow the national share of world trade and improve its composition; Output 5: Improved

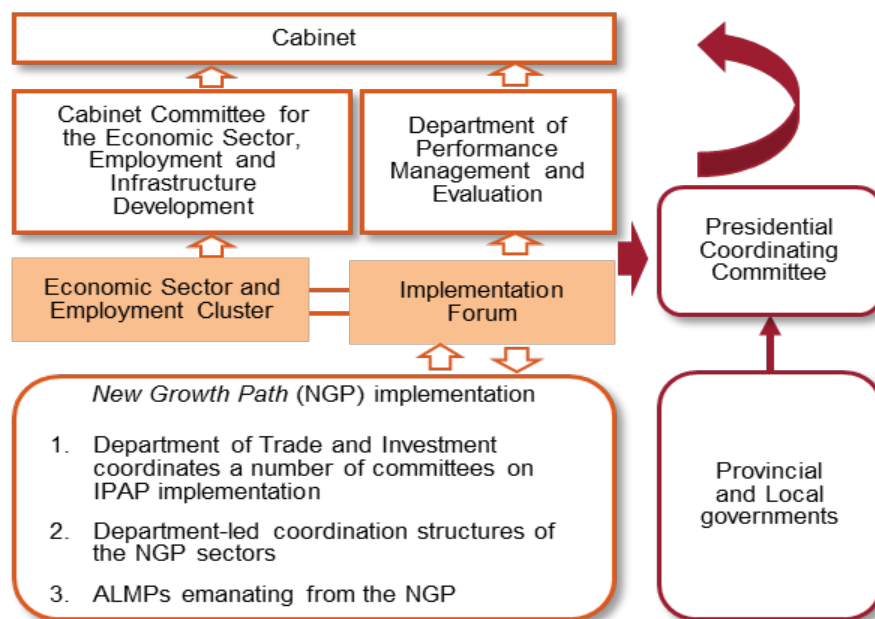
cost structure in the economy; Output 6: Improved support to small business and cooperatives; Output 7: Implementation of the expanded public works programme. Each of these outputs has associated sub-outputs and associated programmes that are critical for employment creation. Moreover, each outcome has a Performance Agreement between the President and the respective minister, and a Delivery Agreement which outlines the targets, indicators, activities, inputs, roles and responsibilities of the various delivery partners. The three core coordinating ministries in the Outcome 4 Delivery Agreement are the Minister of Economic Development, of Trade and Industry, and of Finance. Each responsible department drafts an implementation plan for the sub-outputs for which it is responsible.

- *The New Growth Path (2010-2020 – NGP)* is the sub-output of Output 1 with the target of creating five million more jobs by 2020. The key actions identified in the NGP are, among others, to create employment opportunities in key sectors that drive growth and employment creation; and macro and micro policies to create a favourable environment and support labour absorbing activities. Sectors identified in the NDP are: infrastructure and spatial development; agricultural and mining value chains; the manufacturing sector; tourism and high level services; the green and knowledge economy; and regional development.
- *The Industrial Policy Action Plan (IPAP)* is based on the National Industrial Policy Framework (NIPF) and places emphasis on long-term industrialization and industrial diversification. The Plan emphasizes manufacturing and other productive sectors that are crucial to long-term sustainable growth and job creation.

2. Driving the policies: A coordination framework

The employment policy coordination framework is built into a broader coordination framework of economic and social policy. On the one hand, there are a multitude of forums at the horizontal level, where departments and institutions share responsibilities for implementation. For Outcome 4, the key player in the coordination framework is the Economic Sectors and Employment Cluster, while the Implementation Forum acts as an executive structure. On the other hand, provinces and local governments, as well as labour and organized business engage vertically in these policies through various forums. Provinces engage with these policies through the Presidential Coordinating Committee at the national level, while there are similar structures within the provinces (see Figure 2).

Figure 2. Employment policy coordination framework in South Africa



Source: the Author

The *Cabinet Committee for the Economic Sectors, Employment and Infrastructure Development* is one of the five cabinet committees that deliberate on reports on employment. Created on 20 June 2012, the Committee is chaired the President, and includes 21 Ministers.

- The *Economic Sectors and Employment Cluster (ES&EC)* is responsible for reporting to the Cabinet Committee on matters relating to the economy, including employment creation and progress on achieving Outcome 4³. The ES&EC is chaired by the Department of Rural Development and Science and Technology, and includes 11 member departments.
- *Implementation Forums (IFs)* coordinate work on each Outcome. In the case of Outcome 4, there is no ministerial IF, but there is an inter-departmental IF where the departmental director-generals meet occasionally. The real work however, takes place in the technical IF which is attended by officials from a range of departments (the Economic Development Department, National Treasury, Department of Trade and Industry; the Department of Labour (DOL), Department of Science and Technology, Small Business Development and Department of Public Works) who are required to report on Outcome 4. The Department for Trade and Industry is responsible for the work of this IF and is therefore for drafting quarterly reports which are submitted to Cabinet. As it is a technical IF, the reports cover the work done by the departments to meet the outcome objectives and explore reasons why targets and indicators are not being met.
- The *Department of Performance Management and Evaluation (DPME)* comments on the report produced by the IF, and submits the comments to Cabinet.
- The *Presidential Co-ordinating Committee (PCC)* is a statutory body that coordinates and aligns priorities, objectives and strategies across national, provincial and local government. The PCC is chaired by the President and brings together government representatives at all three levels: national ministers, Members of the provincial Executive Councils (MECs), provincial Premiers and local government representatives.
- The *Ministers and Members of Executive Councils Meeting (MINMEC)* includes the Economic Development Department, the Department of Trade and Industry (DTI), and the MECs. The MINMEC interfaces with each Province on employment creation, and ensures that policies and processes are collectively discussed and agreed.
- The *National Local Economic Development (LED) Forum* coordinates municipal level LED strategies, facilitates a broad inter-governmental partnership and creates a focal point for LED; it reports to the MINMEC.
- The *National Economic Development and Labour Council (NEDLAC)* plays an important overseeing role and serves as a platform to negotiate various policies and programmes – in particular those related to the labour market.

3. The accountability system

The accountability system for the implementation of the policies comprises five aspects:

- A. Target setting.** Following the sequence of the policies described in Figure 1, each policy and programme has a defined set of targets and associated indicators for which departments are held responsible: 1) the NDP provides employment scenarios and suggestions on specific requirements; 3) the ES&EC is committed to the key outcomes outlined in the MTSF; 3) Outcome 4 provides further details about measurable indicators for support to job creation; 4) as implementation takes place, the outputs can evolve and the targets can be refined, such as the NGP developed out of Output 1, which provides further indicators of success in addition to the five million jobs target and IPAP targets. The NGP also gave rise to a number of key accords, including on skills, the green economy, local procurement and basic education, each with defined targets (see Table 1).
- B. The Work plan.** Each policy has an associated intervention strategy to enable departments to realize these targets. At the macro level, the Treasury manages plans to implement fiscal policy. At the micro level, there are multiple interventions in place. The plans are different for each of the sectors within the NGP and involve multiple actors in their implementation.

Each Accord under the NGP also has a plan; for instance, under the Youth Accord, there is a commitment to enable young people to access workplace experience.

Table 1. Selected targets of employment creation policy

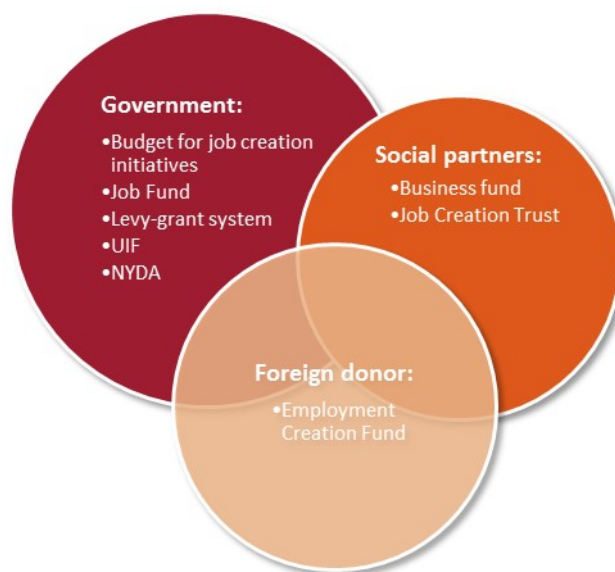
Policy/Programmes	Selected targets
NDP 2030 targets	11 million more jobs by 2030; Reduce unemployment rate to 6%; increase the proportion of adults working from 41% to 61%, and the one in rural areas from 29% to 40%; increase the labour participation rate to 65%; bring 2 million people into public employment programmes; create 643,000 direct jobs and 326,000 indirect jobs in the agricultural sectors; improve employment equity.
MTSF	Outcome 4
Outcome 4.	Seven outputs
Outputs	Output 1: Faster and more sustainable growth; Sub-output 7: NGP; Output 3: Multi-pronged strategy to reduce youth unemployment
NGP	5 million more jobs by 2020.
IPAP	Infrastructure and spatial development: 250,000 jobs a year by 2015.
	The agricultural value chain: 145,000 jobs in agro-processing by 2020.
	Green economy: 300,000 direct jobs by 2020; over 400,000 additional jobs by 2030.
	Manufacturing sector: 350,000 jobs by 2020.
	Knowledge economy: 100,000 jobs by 2020.
Accord	Various target commitments relating to skills, education, local procurement and the green economy.

Source: The Author

- C. Financing.** Each of the above plans has multiple sources of funding to support them in achieving their targets, with three major sources (see Figure 3). The first is from various Government sources: 1) the budget allocates billions to a range of job creation initiatives, depending on the programmes and plans presented by the various departments; 2) the Government set up a Job Fund to serve as a catalyst for innovative projects that can support job creation and encourages the private sector to invest matching funds; 3) the levy-grant system in place to support skills development allocated through the Sector Education and Training Authorities and National Skills Fund; 4) the Unemployment Insurance Fund (UIF) provides funding to support ALMPs; and 5) the National Youth Development Agency (NYDA) funded by the Government to support employment creation for young people. The second source is from foreign donor organizations; for instance, the Employment Creation Fund is funded by the European Union and the United Kingdom. The third is from social partners: both business and labour have set up their own funds which support employment creation – the business fund now focuses on employment creation in the agricultural sector, while the Job Creation Trust is the labour fund.

D. Monitoring and reporting. Statistics South Africa (Stats SA) produces a quarterly labour review based on a number of surveys including the quarterly Labour Force Survey. The review provides employment figures and trends to support decision making; departments and institutions monitor and report progress on their specific programmes; while each ALMP programme has a monitoring system. Data are also obtained from the Public Employment Services (PESs) system and NYDA Graduate Placement Programme; Provinces and local government also take responsibility for monitoring and reporting on employment creation activities. The IF consolidates the above data to produce a report, which analyses progress against targets while departmental reports explain the data from Stats SA. This helps to understand the extent to which these programmes have contributed to achieving target.

Figure 3. Three sources of funding in support of employment policy in South Africa



Source: the Author

E. Evaluation. Evaluations are made in three different ways:

- 1) Some evaluations are made on specific programmes. Many ALMPs have evaluation mechanisms, while the PES undertakes evaluation of its work. The Government also invites research institutions to conduct evaluation. For instance, the Treasury contracted researchers from the University of Witwatersrand to evaluate the Wage Subsidy Programme's impact on youth employment.
- 2) The National Government reviews the extent to which its employment targets are on track, and has undertaken a number of reviews within the ES&EC. Before being submitted to Cabinet, the Outcome Facilitator from the DPME makes an assessment and comments on the review.
- 3) An evaluation policy – the National Evaluation Policy Framework (NEPF) – has been developed by the DPME, and a National Evaluation System established. The NEPF focuses on different government interventions including policies, plans, and programmes. It envisages the evaluation as a process throughout the intervention lifecycle, including prior to development (diagnostic evaluation), to confirm the design (design evaluation), to assess progress

and how implementation can be improved (implementation evaluation), to assess the impact (impact evaluation), and to weigh the costs and benefits (economic evaluation). Every year, a National Evaluation Plan is implemented to evaluate important government interventions supported by Cabinet.

It is understood in the country that an effective labour market information system (LMIS) is crucial for policy implementation. In South Africa there are a number of data systems that provide labour market information, which include surveys produced by Stats SA, data from programmes, data from the education departments, and data from the DOL.

4. Summary

The South African experience reflects an ongoing process of learning through employment policy implementation. Based on the policy review processes, the Government changed its approach to employment creation. Fiscal policy initially focused on reducing the deficit, but it is now used to support job creation, to reduce critical job losses, and for pro-employment public sector programmes and investment. Other macro policies could also be used more effectively to support job creation. Industrial and sectoral strategies historically focused primarily on economic growth, but now new interventions are also being conceived to support job creation while ALMPs are actively supported. The Expanded Public Works Programme now support the Provinces to create jobs through wage subsidies and the Community Works Programme provides participants with more opportunities than just earning a guaranteed income.

The Government and other actors place a particularly strong emphasis on employment creation. Mechanisms have been put in place to ensure that there are agreed targets and associated implementation plans, coupled with monitoring and reporting processes. This ensures agreement on expected achievements and with a focus on monitoring progress. It also ensures that these priorities are constantly on the political agenda, including at Cabinet level. However, the challenges associated with making employment creation the centre of all policies can lead to a failure to prioritize and act decisively. Critically, the multiplicity of structures, policies and processes can impact adversely on accountability. The lessons from this case study highlight the reality that there is a continued tension that needs to be balanced between aligning and multiplying objectives, between setting priorities and a comprehensive approach, as well as between coordination and protracted processes.

The challenges requiring new approaches include:

- In many cases, the various levels of coordination and planning for policy implementation are robust and effectively driven by a department in collaboration with others. However, when multiple departments are involved, despite the defined priorities and mechanisms, unclear allocation of responsibilities may result in the failure of activities.
- Strong political backing for employment creation is critical. However, the plethora of structures and actors involved in policy/programme implementation creates multiple coordination points and complicates the decision making process; it also makes it more difficult to agree on key priorities or actions
- Alignment across the multiple policies and programmes is not sufficiently ensured. The substantive differences between the NDP, NGP and IPAP have affected their implementation. On the other hand, the emphasis on alignment also provides every policy with multiple objectives rather than a single defined one focused on employment creation.
- Accountability is complicated by the reality that most employment creation programmes are rather complex, inter-related and inter-dependent. Many factors that may affect outcome achievements that cannot be fully controlled by the Government, making evaluation even harder.
- The process of setting targets and creating monitoring mechanisms ensures that it is possible to monitor progress and create space for policy-makers to reflect on which factors are either enabling or hindering quality job creation. However, whilst it is possible to monitor at a macro level the number of jobs created and lost in certain industries, it is difficult to understand the contribution that particular programmes make towards this

Endnotes

¹ This research brief was prepared by Yadong Wang, based on Marock and Grawitzky (2014), *Employment policy implementation mechanism in South Africa* (Employment Working Paper No.159, Geneva: ILO). Carmel Marock provided updates, Aurelio Parisotto reviewed the research brief.

² The following countries are covered: Argentina, Bosnia and Herzegovina, Burkina Faso, Brazil, China, Republic of Korea, South Africa, and the European Union (EU) including the United Kingdom and Germany. Apart from Argentina and South Africa, the other countries mentioned here have ratified ILO's Employment Policy Convention, 1964 (C122).

³ Outcomes 5, 6, 7 and 10 also report into this cluster.

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