



**INPUT TO NATIONAL STRATEGY FOR
SUSTAINABLE DEVELOPMENT MULTI
STAKEHOLDER WORKSHOP**

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Key Challenges - SA



- Poverty
 - Unemployment
 - Inequality
 - Economic Growth and
 - Sustainable Development
- Dealing with just one of these issues would have been a formidable challenge for any government; having to tackle all five at the same time is a daunting task indeed.*

KEY FEATURES OF CURRENT FRONTIER

- The age of accelerating change, increasing uncertainty and growing complexity.
- People being pushed and pulled by forces that previously did not seem to be part of their environment.
- The gap between the rich and poor widens.
- Just less than half the population lives on less than 2 US Dollars a day.
- Country borders begin to blur – Sovereignty of Nation states

Domestic & Global Landscape



- **The advent of democracy in 1994**
- **Fall of the Berlin Wall**
- **Break up of the Soviet Union**
- **Marrakesh Agreement (GATT to WTO)**
 - Scramble for the strategic markets
 - Pressure to reduce tariffs
 - Competition for Foreign Direct Investments
 - The gap bet. the rich and poor widened
- **Rise of the internet era**
- **Production Location**

Globalisation

Inherent Tensions

- High Expectations and Fears
- Fragmentation in interventions
- Demand for Hi-tech tools of production
- Capital vs Labour intensivity
- Urban vs Rural
- Skills shortage
- Bottom line vs Good corporate citizenship
- Consumer in-activism
- State of the art production capacity

DEVELOPING A COMMON VISION



- Understanding the challenge
- Understanding what is to be done
- Prioritising (80:20 principle)
- Develop interventions
- Mobilise Resources
- Coordination and Leveraging
- Impact assessment
- Concessions and Trade offs
- Deal with possible unintended consequences

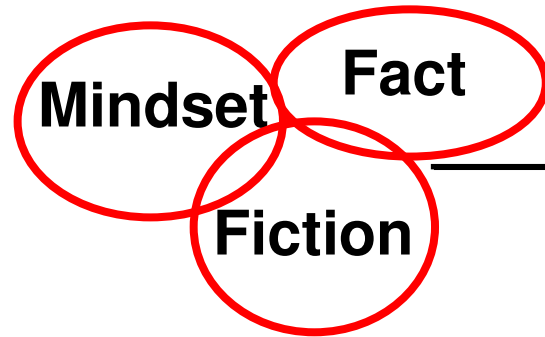
Trends in economic performance

Most telling weakness in growth path:

Increase Rate of Foreign Direct investment, job creation and economic growth rate compared to countries at the same level of development



Factors impacting FDI



Complex of perceptions

- ◆ Level and rate of crime and its impact on doing business in SA
- ◆ Skills base
- ◆ Attitude on labour market regime
- ◆ Whites under siege due to crime, affirmative action, etc.

Gut feel or 'sixth sense'

- ◆ **SA is destined to fail** - it is part of a 'failed and hopeless continent'
- ◆ **A question of trust** - domestic investors will not sink profits into expanding operations: not certain what this government would do next.
- ◆ Two Economies/societies

The Paradigm of Two Societies

Socio- economic dualism:

- ◆ First Economy at the cutting edge, globally integrated and with a capacity to export manufactured goods, services and primary commodities
- ◆ Second Economy exists at the edges, consists of large numbers of the unemployed and the 'unemployable', and does not benefit from progress in the First Economy

The **Second Economy denotes the condition** lived by millions of people on the margins of the modern, industrial economy:

- ◆ People without a steady income based on their own economic activity
- ◆ Households or individuals with no steady employment, and without an income-generating asset that can practically be 'realised' as capital or collateral

Key Objectives of the Interventions should;

DESIRED OUTCOME

Primary and strategic objective of interventions should at the very least be;

Ensuring mobility to First Economy

Creating conditions for sustainable livelihood

Eliminating conditions of extreme poverty

Sustainable Growth and Development

Competitiveness

Possible Strategic Levers

- Accelerating Growth Strategy
- Industrial & Trade policy framework
 - Fiscal, Monetary & Exchange rate Policy framework
 - Investment promotion – 5% Investable income
 - SMME promotion
 - Skills development
 - Labour Market
 - Infrastructure Development
 - Industrial Strategy
 - Sector Investment Strategies



Challenges - Common vision



- Greater emphasis on financial return and
- Lesser appreciation of social return on skills development investment.
- Lack of clarity on whose responsibility is it to address socio-economic deficit, esp. Jobs creation
- Economic structure - bias towards urban
- Compliance mentality – suffocate and undermine the system.
- Building Sustainable Partnerships

Measurement'

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