

**FRAMEWORK AGREEMENT ON  
GROWTH AND DEVELOPMENT  
IN THE WESTERN CAPE**

## 1. VISION, MISSION AND STRATEGIC OBJECTIVES

- 1.1 This summit is premised on the need to affirm a common vision for promoting rising levels of growth, investment, equity, job creation and people-centred development and more importantly to identify what contribution stakeholders can make towards the implementation of the tasks identified through active participation. The overall strategy will be informed by the chosen sustainable developmental pathway emanating from an array of possible intervention permutations and combinations, especially those which hold the promise of the greatest possible impact in the shortest possible time for accelerated investment, improved efficiency and productivity, greater social equity, and a fairer distribution of economic opportunities and rewards.
- 1.2 The social partners commit themselves to making the Western Cape a world-class region that provides a safe and secure social and economic infrastructure and environment, a well integrated, managed, transparent and accountable public sector and a vibrant civil society to meet the basic needs of its citizens. Its achievement involves the promotion of human development and improvements in the quality of life through promoting and accelerating:
  - equity;
  - employment creation;
  - broadened ownership patterns; and
  - participation, co-operation and partnerships;
  - social support and a social wage with
  - special emphasis on women, youth and people with disabilities
- 1.3 These strategic objectives have been translated into various themes to facilitate social dialogue and planning processes. The agreement for more jobs, better jobs, and decent work for all constitutes the core goal of all the interlocking, integrated components, strategies and interventions identified in this agreement, such as sector partnerships, the development and enhancement of sector strategies, an expanded public works programme and any other initiatives identified herein.
- 1.4 Expanding investment in and the maintenance of infrastructure is one of the key challenges. Here public investment initiatives and the role of pension and provident funds and the results of the financial sector summit are critical. Increasing economic participation & enterprise development through the use of general procurement, small enterprise promotion, the support for co-operatives and black economic empowerment are considered crucial to transforming the nature of economic activities.
- 1.5 Human resource development to accelerate growth, development and equity particularly in areas of employment and the promotion of literacy, learnerships, skills development (Strengthening the Setas) and education (General) is central to the realization of the new growth and development path being charted. Governance and local development (Institutional & Partnerships) through the use of instruments of Local Level Planning [National Spatial Development Perspective (NSDP), Integrated Development Plans (IDPs), Urban Renewal Programme (URP) and Integrated Sustainable Rural Development Programme (ISRDP)] are pivotal to implementation strategies. Local Economic Development (LED) and the provision of infrastructure and access to basic services and associated service delivery mechanisms constitute some of the vital instruments.

- 1.6. Partnerships should be launched in order to establish effective coordination between the spheres of government and social partners, as well as to facilitate and promote sustainable economic development and growth. Through synergy, partnerships will help individuals and communities within civil society to make important impacts through the expansion of social capital. The overall discussions are premised on the national growth and development summit held during June 2003. The discussion serves to give effect to the national growth and development summit agreement by translating it for the Western Cape. This process does not serve to undermine any national initiatives/programmes that have been agreed to by the various social partners. The involvement of all social partners demonstrates a willingness to form meaningful and enduring partnerships and the development of a new work ethic of co-operative governance. The various social partners agreed on the need for social dialogue and the need for an institutional arrangement that drives and manages the growth and development summit (GDS) and the post-GDS process.
- 1.7. Underpinning the commitments to growth and development is the “triple bottom line” approach, namely financial viability, environmental sustainability and social responsibility. The issues identified are by no means exhaustive but more importantly the agreements achieved abide by the principles of sustainable development and conform to existing labour laws as determined by the bargaining councils and associated institutions.
- 1.8. Government commits itself to bringing about the necessary legislative and regulatory changes in order to give effect to this agreement.

## **2. MORE JOBS, BETTER JOBS AND DECENT WORK FOR ALL**

The social partners commit themselves to strive towards the creation of 100 000 jobs by 2008 in the priority sectors and further commit to the national GDS agreement to halve the level of unemployment by 2014.

### **2.1. Sector Strategies and Partnerships**

The social partners agree that the development of sector strategies is critical to job creation, better jobs and decent work for all.

#### **2.1.1. Challenges to economic development**

A number of challenges impacting on economic development were identified as impacting on the development of specific sectors vital to the overall growth and development of the Western Cape economy. The following sub-paragraphs capture issues that were prioritised as critical to the development of a framework essential to the formulation of sector development strategies including:

- a) A shortage of appropriate skills and management expertise
- b) A need for economies of scale
- c) Access to finance - lack of public/private investments
- d) Funding for research and development (R&D) and technology transfer
- e) Product identification and development and identification of niche markets were considered critical to the pursuit of diversification strategies

- f) The need to recognize the existence and threat posed by low cost foreign competitors
- g) Access to globally competitive incentives
- h) Inadequate policy coordination and industry fragmentation
- i) Commitment to the “Proudly SA Campaign”: Insufficient private sector local procurement
- j) Due consideration for the need to retain a balance between environmental imperatives and economic development
- k) Regional branding and marketing of sectors broadly and identification of forward and backward linkages with other industries e.g. tourism being linked to the film industry.
- l) Excessive price increases in industries such as tourism and the film industry negatively impacting on the growth and development of the province.

All these issues, although not exhaustive, will form an integral part of the process for the development of specific sector strategies.

### **2.1.2. Identification and prioritization of specific sectors**

- (a) A number of sectors were selected based on the significant role they play in the Western Cape economy in terms of their contribution to growth, employment and other factors that inform the competitive advantages of the Western Cape’s economy and therefore could potentially benefit from collective support. The sectors identified will be subjected to monitoring and evaluation based on agreed criteria, hence those sectors that are not highlighted here will be accommodated during the evaluation process.
- (b) The priority sectors agreed to:
  - (i) **Primary sector**
    - Agriculture including aqua-culture with the associated value chains
    - Fishing and mariculture
  - (ii) **Manufacturing**
    - Clothing and Textiles and the leather industry
    - Metals and Engineering (including boat building and ship repair )
    - Oil and Gas
    - Furniture
    - Cultural Industries (including crafts & jewelry)
  - (iii) **Service Industry**
    - Tourism
    - Call Centres and foreign business process outsourcing centres
    - Information and communication technology (ICT)
    - Film industry

### **2.1.3. Action Plans and Time Frames**

- (a) All social partners agree to support the implementation of national sector strategies by identifying and implementing regional and local initiatives.
- (b) Sector initiatives should be established by the end of the first quarter of 2004. For sectors where no national sector summit have been held, sector strategies will be developed in provincial sector summits.

- (c) Progress reports will be submitted to the appropriate co-ordinating institution by no later than June/July 2004.
- (d) Cognisance should be taken of environmentally sensitive issues such as water availability and other environmental factors when developing the sector strategies.
- (e) A process was agreed that enables the development of sector initiatives and the monitoring and evaluation of their economic impact. This process will accommodate the identification of potential growth sectors and the initiation of strategies to facilitate their establishment and development. It is in this context that the biotech, financial services and other industries can be factored into future planning.
- (f) Business commits itself to allocate resources towards the development of sector specific projects.
- (g) Provincial government, organised business, organised labour and civil society organisations call on and encourage all economic stakeholders in the province to be careful not to harm the development and growth potential of the province. Specifically we call on:
  - (i) The tourism sector to be cautious about opportunistic and unrealistic price increases for its services and products.
  - (ii) The retail sector to procure the majority of it's stocked goods and services from local manufacturers.
  - (iii) The film and entertainment industry to maintain prices for its services at a level which does not impair our international competitive advantage.

## **2.2. EXPANDED PUBLIC WORKS PROGRAMMES**

It was agreed that the focus areas for the Expanded Public Works Programme (EPWP) identified at the national Growth and Development Summit will form the basis for operationalising the EPWP in the Western Cape. This will enable the social partners to deal with the unemployment challenge and develop a more rapid response to addressing income poverty. Training will form an integral part of the programme. We need to use the EPWP as a stepping stone to enter the mainstream economy. Institutional capacity constrains to cover all aspects of the issues identified were however cited as a critical challenge.

- 2.2.1. An array of projects that have a direct impact on poverty alleviation and unemployment were cited. It was agreed that we should not divert from the nationally agreed areas but would need to prioritise these focus areas and expand on new initiatives as well.
- 2.2.2. We need data collection, assessment of progress and measurable outcomes.
- 2.2.3. A provincial Public Works Forum will be established with representatives consisting of the social partners to maximise public works opportunities and strengthen the provision of associated training.
- 2.2.4. Empowerment impact assessments must be built into the EPWP process.

## **2.3 JOBS IMPACT AND MONITORING**

- 2.3.1. It was agreed that monitoring job creation, job losses, training and retraining is important in addressing economic well-being and appropriate institutional arrangements are required to implement this.

- 2.3.2. A rapid response unit to deal with enterprises in distress should be established. This involves the use of early warning system models to identify companies in distress and address the problem.
- 2.3.3. Existing national arrangements to deal with enterprises in distress such as the Social Plan and Work Place Challenge initiatives should also be leveraged to deal with enterprises and areas in distress.

### **3. THE INVESTMENT, INFRASTRUCTURE AND LOGISTICAL CHALLENGE**

Significantly increasing the levels of investment in social and economic infrastructure through Public Investment Initiatives (PII's) as well as actively promoting increased levels of investment in priority economic sectors is critical to accelerating economic growth, generating employment and economic participation opportunities, and improving the quality of life of our citizens. By maintaining and developing economic and social infrastructure in a manner that addresses the spatial dimension of development, we should be able to address simultaneously urban-rural and developed-underdeveloped historical biases, improve the climate to maintain and attract domestic and foreign direct investment by reducing the cost of doing business, make it possible for more of our citizens to participate in the economy and ensure that what we produce reaches the market competitively along efficient supply chains. The constituencies recognize that our environment and natural resources are key economic assets and embrace the principles of sustainable development.

Such an approach to investment in infrastructure and priority economic sectors will be guided by a Strategic Infrastructure Plan, a Provincial Spatial Development Framework, an Integrated Transport Plan, law reform and a focused provincial investment strategy to increase levels of domestic and foreign direct investment.

The social partners commit themselves to working in partnership to increase significantly investment in infrastructure to 2,5% of the Gross Regional Product (GRP) by the year 2008. The constituencies also agree to work in partnership to attract new investment into the priority economic sectors to the tune of R5 billion by the year 2006.

#### **3.1. Strategic Infrastructure Plan and Provincial Spatial Development Framework**

- 3.1.1. To increase progressively and systematically the percentage investment in infrastructure over the next 5 years and to ensure that confidence is created that will encourage private investment, the development of a Provincial Strategic Infrastructure Plan (PSIP) is a priority. The social partners therefore agree to have such a plan in place by June 2004.
- 3.1.2. This PSIP is intricately linked to the formulation and development of a Provincial Spatial Development Framework, which identifies geographic areas where investment should be directed and is linked to the Integrated Development Plans (IDP's) of local government. The PSIP should identify and expand mega projects to drive sustainable economic growth and development (e.g., Film studio, gas pipeline, Convention Centre, harbours and marine services, and freight depots) both within the metropolitan and other areas.

- 3.1.3 Government-led investment to encourage private investment in infrastructure should be biased towards underdeveloped areas to ensure economic and social delivery.
- 3.1.4 The construction and provision of social infrastructure (houses and schools) should be linked to areas of infrastructure investment and economic and industrial development opportunities. Residential areas should be located where services and employment opportunities exist to contribute to an improved quality of life of our people.
- 3.1.5 The social partners agreed to increase commitment to expedite the land reform process to ensure the effective and efficient utilization of productive land available and address the transformation and development of the agricultural sector.
- 3.1.6 Meaningful monitoring and evaluation mechanisms would form a key component to assess the effectiveness and efficiency of spending and its impact on enhancing the quality of life of people.

### **3.2. Integrated Transport Plan**

- 3.2.1 The social partners agreed on the need for a fully functional integrated transport system linked to urban planning. An Integrated Transport Plan (ITP) has been developed by provincial government and will be tabled for discussion involving all social partners. The principle of providing a safe, secure, reliable, efficient, effective and affordable public transport (trains, busses and mini bus) system was agreed to.
- 3.2.2 Cape Town International Airport and the harbours (Cape Town and Saldanha Bay) should be further developed to deal with increasing demand in our key sectors as well as the development of new economic opportunities. We need the direct air and rail links to our key markets for passengers and freight to be enhanced.

### **3.3. Increasing levels of investment in priority economic sectors**

- 3.3.1 It was agreed that trade union and private sector pension and provident funds should direct a certain percentage of their investments towards enhancing economic development in underdeveloped areas and supporting broad-based black economic empowerment. Government would use its infrastructure investment to encourage private sector investment. The social partners agreed to encourage investors, including businesses (local, foreign, public and private), retirement funds, the life assurance industry, government, labour, and civil society to work towards investing 5% of their investible income in appropriate financial instruments.
- 3.3.2 All social partners supported broad-based black economic empowerment, to reflect the demographic profile of the province thereby changing the ownership structure of the province. The employment patterns of the private sector should reflect the demographic profile of the Western Cape especially within its management echelons. The social partners commit to broad-based BEE

especially through co-operatives to generate employment and provide a more equal distribution of resources.

- 3.3.3 All social partners should strive to direct 30% of their procurement practices towards women, the youth and people with disabilities.
- 3.3.4 Small, medium and micro enterprises (SMMEs) were identified as key drivers for job creation and the advancement of broad-based black economic empowerment. The constraints faced by SMMEs (access to finance, markets and capacity building) should be addressed in a comprehensive manner with the active involvement of all social partners, including enabling organisations.
- 3.3.5 To achieve the desired levels of investment for the required levels of economic growth it was agreed to:
- (a) Accelerate export growth and increase investment in all priority economic sectors through supply-side support measures and co-ordinated marketing campaigns focused on key global markets.
  - (b) Invest in key economic and social infrastructure guided by a Provincial Strategic Infrastructure Plan and the integrated development planning process, aligned to the National Spatial Development Perspective.
  - (c) Establish a permanent provincial 'rapid response unit' comprising the social partners to defend current investments and jobs.
  - (d) Improve the investment climate with all social partners working towards achieving social and political stability and improving the quality of life of all citizens in the province.
- 3.3.6 All social partners agreed to support measures to encourage investment flows into the province and that the private sector should increase its investments in the local economy as opposed to offshore investments, thus stimulating domestic demand and strengthening domestic manufacturing infrastructure and capacity.
- 3.3.7 There should be greater focus on increasing the levels of domestic savings through traditional methods (e.g., banks) as well as alternative methods (e.g. stockvels) which should be encouraged and strengthened.
- 3.3.8 All social partners agreed that stronger measures be put in place to stop the illegal importation of goods through enhanced custom controls and other measures.

## **4. ECONOMIC PARTICIPATION AND ENTERPRISE DEVELOPMENT**

### **4.1. Generic Issues**

In this regard all the partners agreed to the following:

#### **4.1.1 The Proudly South African Campaign**

All social partners support the Proudly South African campaign in particular and the public and private sector commit themselves to buying Proudly South African products and redirecting procurement towards this end.



#### **4.1.2 SMME Development**

The social partners agreed to a comprehensive SMME development and support strategy.

#### **4.1.3. Participation in the Local Economy**

A Provincial SMME strategy must ensure a significant increase in the participation of women, the youth and people with disabilities in the local economy. Specific reference and commitment should be sought from the various sectors.

#### **4.1.4. Skills Development**

The parties call on government to make available resources to enhance skills development in the province.

### **4.2. Comprehensive Package of Supply-side Measures**

To develop a comprehensive package of supply side measures that speaks to disadvantaged enterprises and co-operatives and existing primary and secondary manufacturing operations in the prioritized sectors. In this regard the ongoing sector dialogues (sector summits) must define sector specific strategies.

### **4.3. Commitment by Social Partners**

The social partners committed themselves to the following key issues and strategies:

#### **4.3.1. Comprehensive Broad-based Black Empowerment Strategy**

There is an urgent need to develop a comprehensive broad-based black empowerment strategy that would include cooperatives, the youth, women, the disabled, workers, and that reflects an appropriate geographical spread.

#### **4.3.2. An Integrated System of Services to SMME's and Cooperatives**

To provide an integrated and user-friendly system of services to SMME's and Cooperatives.

#### **Specific Deliverable**

To pilot an incubator system involving at least 100 SMME's (ranging from micro to medium) and co-operatives. These entities should reflect an appropriate geographical spread as well as including the youth, women, the disabled and workers.

### **4.4. Support for Cooperatives**

The social partners agreed that they should adopt the model that maximizes broad-based economic empowerment. It was agreed to give flesh to the legislative framework developed by the Department of Trade and Industry (DTI).

### **Specific Deliverable**

To begin to identify types of co-operatives that would be consistent with the DTI framework.

#### **4.5. Procurement**

The social partners agreed to:

- 4.5.1. Utilise and provide preferential procurement within all sectors as a major instrument in promoting and expanding within existing primary and secondary manufacturing operations in the prioritised sectors of SMME's, BEE, co-operatives and empowerment of women.
- 4.5.2. Set targets for preferential procurement in the targeted sectors that should be transparent, ethical and accountable to prevent the culture of fronting and corruption.
- 4.5.3. Provide preferential procurement to SMMEs and co-operatives.

### **5. HUMAN RESOURCE DEVELOPMENT**

Human resource development to accelerate equity particularly in areas of employment and the promotion of literacy, learnerships, skills development (Strengthening the Setas) and education (General) is central to the realization of the new growth and development path being charted. The social partners agreed that the provincial framework should not deviate from the outcomes of the National Growth and Development Summit held in June 2003 and that those elements be operationalised in the Province. They further agree that the philosophical focus and ethos of the provincial framework should be directed towards poverty alleviation and transformation which should form the basis for sustainable growth and development. The integrated and coordinated Human Resource Development Strategy (HRDS) should encapsulate such values. An institutional mechanism consisting of all the social partners should be established that would guide and monitor the progression. It is in this context that the social partners noted the following issues:

- (a) The need to address past disparities and redress the inequalities.
- (b) HRD should engender and embrace the principle of transformation and sustainable development.
- (c) The need for a philosophical/value-base that would guide the strategies.
- (d) For children the future is now! All our interventions should be directed towards this.
- (e) An integrated skills development approach would contribute towards social development.
- (f) That there should be access, affordability and funding at all spheres within the HRD system.
- (g) Budget should not dictate function but we need ratherto analyse the fiscal constraints and what measures could be set in place to overcome such constraints.
- (h) Alternative funding and public-private partnerships must be explored.
- (i) Viable mechanisms and instruments for delivery and monitoring need to be developed
- (j) In order to meet the challenges of transformation leadership and management must be developed.
- (k) A human resource development strategy must consider sectoral demand on a continuous basis.

- (l) Information Technology (IT) should be utilised in all programs and areas of HRD.
- (m) Some parts of the present environment especially in disadvantaged communities are not conducive to learning and teaching with particular reference to the social-ills within our society.
- (n) There is a lack of commitment in regard to the implementation of skills development programmes in some workplaces.
- (o) Early intervention is needed with respect to learning deficiencies
- (p) HRD and skills training is too narrowly defined currently and needs to be redefined
- (q) Institutional arrangements should be an outcome of the PGDS. These should consider viable mechanisms and instruments for delivery and for monitoring this delivery and the processes to identify and manage those environmental elements that hinder learning and teaching.
- (r) Women's responsibilities deprive them from accessing opportunities.
- (s) The negative effect of HIV/Aids, TB, foetal alcohol syndrome (FAS) and other related diseases on the skills base of the province should be taken into consideration.

## **5.1. General Education and Training**

The focus area covers the grades R to 9 and should be expanded to cover the spectrum of children within the next 5-years, by 2010.

### **5.1.1. Early Childhood Development (grade R)**

The social partners noted that:

- (a) ECD should be expanded to cover all five-year-olds by 2010
- (b) This area needs more attention and quality needs to be improved.
- (c) An inter-departmental approach and partnerships need to be forged to be effective

### **5.1.2. Grades 1-9 years**

The social partners noted that:

- (a) These grades are the bedrock and foundation of education
- (b) There should be a focus on languages (multi) and mathematics
- (c) The quality and equity situation needs improvement
- (d) The time spent on teaching and learning needs examination
- (e) Teacher training is too adhoc; and
- (f) An integrated approach is required

5.1.3. The social partners agreed that:

- (a) Early Childhood Development (ECD) covers 0 to 6 years and not only grade R. We therefore need a broader and integrated approach. We should also include the non-formal sector as well as the other departments and spheres of government that have a responsibility toward the young child.
- (b) We need to find supplemental financial sources, e.g. a financial charter and skills development fund, to give support and allow this focus area to reach its targets.
- (c) We need to develop a tracking system where learners' progression could be tracked and which should capture the learners profile (the need to counter children falling through the cracks).
- (d) The exit age of children should be raised in accordance with the Child-care Act.

- (e) There is a need for partnership formations but the terms of reference of such a partnership needs to be established (roles and responsibilities).

## **5.2. Adult Basic Education & Training [ABET]**

5.2.1. The social partners agreed that:

- (a) There is a need for expansion and government need to provide more resources
- (b) Budget needs to accommodate ABET to attain a better informed society
- (c) SETA funds could be utilized
- (d) The demand for general skills has increased
- (e) Social initiative programmes (e.g., EPWP) need to be used more effectively

5.2.2. The social partners further agreed that:

- (a) The custodian of this sector needs to be defined
- (b) It needs a more coordinated and integrated strategy intervention
- (c) We should develop and promote a culture of lifelong learning
- (d) ABET should be linked to HR and sectoral Development Strategy

## **5.3. Further Education and Training [FET]**

This focus area covers grades 10 to12; National Qualifications Framework (NQF) levels 2 to 4 and Schools and Colleges.

5.3.1. The social partners noted:

- (a) The need to increase the number and success rate of people entering FET
- (b) Existing FET programmes must be made more responsive to the needs of the province
- (c) That Affordability and accessibility must be given attention
- (d) That greater synergy is required between schools and colleges

5.3.2. The social partners agreed that:

- (a) Most of the aspects discussed under learnerships cuts across this focus area
- (b) Affordability and access be unpacked
- (c) Our intervention strategy should be biased towards the working class and be anti-poverty orientated

## **5.4 Workplace Training**

This focus area includes internships; apprenticeship; learnerships and WSP (Training)

### **5.4.1. Learnerships**

The social partners noted that:

- (a) The national target established is 72 908 to be effected by May 2004. This is spread across 25-SETAs and specifically targets the unemployed.
- (b) The 72 908 learnerships were disaggregated and distributed among the various sectors. Provincial government committed itself to 1000 learnerships of the national 10 000 allocated for the Public Sector. Each SETA (nationally) committed itself to take up a proportion of the balance as specified in the agreement.

- (c) The learnerships should address economic demand and be linked to the SETAs and learning institutions.
- (d) FET providers should be utilised for the training of learners.

#### **5.4.2. Recognition of Prior Learning (RPL)**

The social partners noted that:

- (a) The issue must be linked to deliberations about sector partnerships.
- (b) Ongoing apprenticeships, internships and skills programmes must be provided in a targeted manner.

5.4.3. The social partners agreed that:

- (a) We commit ourselves to the targets established but should establish the rollout of the targets with identified industrial sectors and SETAs by January 2004.
- (b) Provincial targets be established
- (c) SETAs become more effective in the province and the financial resources be utilized more effectively
- (d) A provincial institution be established to coordinate and monitor progress - this could be Provincial Skills Development Forum (PSDF) with an expanded mandate
- (e) Payment or recognition for skills acquired should be encouraged

#### **5.5. Higher Education [HE]**

This focus area covers Universities and Technikons

5.5.1. The social partners noted that:

- (a) Accessibility and affordability to the disadvantaged should to be increased.
- (b) The programmes provided should match the demand of the economy and society
- (c) Individuals in general
- (d) Integration between practice and theory

5.5.2. The social partners agreed to:

- (a) Expand and increase accessibility and affordability to the disadvantaged
- (b) Place students (including FET students) at companies to gain experience.

### **6. GOVERNANCE AND LOCAL DEVELOPMENT**

Whereas working together within government and between spheres of government is crucial for the effective governance of our society, the role that well organised business and labour plus civil society can play in bringing the preconditions for local development about is critically important. It was acknowledged that all four partners' active participation in the integrated development planning processes would contribute significantly to economic development and improved quality of life, and to the specific objectives of job creation and narrowing the income differential.

The role of the informal sector in bringing historically marginalized individuals into mainstream economic activity has not yet been prioritised. Government has therefore undertaken to bring about a revised and developmental regulatory framework to

encourage organized informal trading in local areas such that micro enterprises have the opportunity to engage in and grow into small and medium enterprises.

## **6.1. Planning and Resource Allocation**

- 6.1.1 In the first instance it is government's role to ensure effective provincial-municipal co-operative planning and budgeting through a provincial growth and development strategy (PGDS) that is aligned with the annual municipal integrated development plans (IDPs), which specifically support sector development strategies at the local level and include the Integrated Rural Development Strategy and Urban Renewal Programme. In this work government will ensure that the national spatial development perspective (NSDP) pervades the planning perspective throughout the province, that it guides sectoral and investment development spending and that there is an alignment of parastatal and state-owned enterprises delivery in support of PGDS.
- 6.1.2 Business, labour and civil society commit to understanding and supporting the principles of the NSDP. Business, labour and civil society support the integrated planning processes committing to ensuring strong public participation because IDPs ensure predictability and sustainable sector development strategies and job creation.
- 6.1.3 Whereas government has committed to support the municipal sphere of government as the arena to maximise service delivery through fast-tracking local development initiatives and strengthening local capacity to manage and co-ordinate service delivery, it will specifically review the alignment of provincial-municipal service delivery boundaries for more effective service provision. Business and civil society will support building municipal management capacity - especially expertise that enables speedy approval of local development proposals, while labour will encourage municipal capacity building to ensure improved local participation. Labour has specifically contracted the NPI to build capacity of shop stewards to engage in integrated development planning processes.
- 6.1.4 Government is preparing a provincial spatial development framework and supporting specific sector development strategies in partnership with business, labour and non-governmental organisations in order to maximise the impact of economic strategies with spatial impact. Business commits to supporting the provincial growth and development strategy and IDPs with the reinforcement of IDP priorities and initiatives through private sector investment and corporate social responsibility contributions to projects which reinforce the framework. Labour supports a provincial growth and development strategy and IDPs that prioritise job creation in identified growing sectors throughout the province. Civil Society supports such a provincial growth and development strategy and IDPs with strong pro-poor/people-centred orientation which are both environmentally and financially sustainable.
- 6.1.5 Government supports partnerships to investigate how to harness external resources that will permit the expansion of capital expenditure and proportional reduction in governmental operating expenditure. Business and civil society commit to advising government on sustainable municipal infrastructure provision

and how to maximize service delivery mechanisms - including the use of technology and alternative financial options.

- 6.1.6 Government continues to provide accessible social services including the development of specific sites and infrastructure and business and civil society commit to assist in making specific sites available for development in an affordable manner, to improve social service delivery.
- 6.1.7 Whereas government supports community development through appropriate financial mechanisms – including ways of linking and transferring financial resources in low-income housing programmes and retirement funds, business commits to support innovative ways to assist community development through constructive suggestions on how objectives can be met and labour commits to support community development through the consideration of alternative investment of union funds.
- 6.1.8 Government supports maximising the economic impact of housing developments in the process of addressing the housing backlog by densifying and integrating urban centres with low cost housing opportunities, thereby redressing historical and apartheid divisions between communities. Business commit to identifying and making appropriate sites available, while labour and civil society support such pro-poor partnerships with government.
- 6.1.9 Government also commits to using the expanded Public Works Programme to reinforce specific sector development and the integration of urban areas. Business, civil society and labour agree to support government in an expanded Public Works programme by providing timely information on retrenchments and local supportive initiatives.

## **6.2. Coordination, Participation and Information**

- 6.2.1. The social partners agreed that business, labour and civil society representatives should serve on committees from time to time.
- 6.2.2 In supporting strong local participation in governance, IDP and local economic development processes, government will encourage labour, business and other community-based constituencies to participate actively in ward committees within municipalities. Business, labour and civil society support mobilisation and participation at municipal level via local economic forums and ward committees, including local investment by business and the utilisation of union fund investments.
- 6.2.3 Government supports improved access to information and communication between social partners including government information initiatives - e.g. Cape Online Portal and Cape Access, e-governance, SOCPEN, and information on tenders, job opportunities and a poverty database. All the partners support improved access to information and communication in local development.
- 6.2.4 Government is strengthening municipal capacity to engage with organized business, labour and NGOs, FBOs, environmental organizations and CBOs.

Business supports internships and mentorships that allow government employees to learn from business, while labour is building its capacity to participate in the affairs of local government through the NPI programme.

- 6.2.5 Government commits to reviewing the functioning of government facilities, especially Multi Purpose Community Centres, with the possible use of underutilised schools and hospitals, to improve community access to government services. Business commits to supporting the development of local economic development units as well as Multi Purpose Community Centres, while labour will investigate the use of labour offices in improving access to government information. Civil Society supports Multi Purpose Community Centres and alternative use of community structures - e.g. churches – to assist in improving access to the community.
- 6.2.6. All the partners support the deployment of community development workers in all areas, while civil society offers to identify and capacitate community development workers.

### **6.3. Local Economic and Social Development**

- 6.3.1. Government commits to engage in a review of the developmental regulatory framework in order to design a new framework for successful functioning of the informal sector, with the support of all the partners. All parties undertake to support innovative LED initiatives. These include local cultural and sporting events to attract visitors, improving environmental health, utilizing labour intensive processes, including removing alien vegetation.
- 6.3.2. Government is strengthening the capacity of municipalities to implement LED strategies including establishing local economic development units. Business undertakes to support local economic development units and provide market and industry knowledge, while labour will support and participate in LED activities and share expertise on job needs and job creation. Civil Society commits to support in identifying local skills and beneficiaries for LED projects. All the partners commit to supporting innovative LED initiatives - including joint marketing, utilisation of local labour and sharing of expertise at local level.
- 6.3.3. Government continues to strive for accessibility of basic services throughout the province – particularly in the rural areas in support of economic development. Business commits to supporting increased access to basic services, development of and investment in economic infrastructure and alternative service delivery mechanisms, while labour and civil society support increased access to basic services and alternative service delivery mechanisms. Within the business sector, farmers commit to assisting government to deliver free services, including water and electricity, to farm workers.
- 6.3.4. Government is providing health services as a key to social development with emphasis on HIV/AIDS, substance abuse and other related diseases – including anti-retroviral treatment throughout the Province. Business, labour and civil society support such health provision and will enter partnerships to address alcohol abuse and HIV/AIDS prevention and assistance programmes.



- 6.3.5. All social partners supported a comprehensive social security system and will ensure and support social and food security strategies at local level. Civil society supports alternatives to food gardens.
- 6.3.6. All partners support the Proudly SA campaign with an emphasis on local procurement, including targeted labour intensive construction methods, local labour input and community-based service delivery arrangements.
- 6.3.7. The parties support the introduction of co-operatives and partnerships as vehicles to mobilise local economic development, especially local food security, with business particularly supporting SMME development, export development and outsourcing through public/private sector partnerships.
- 6.3.8. All parties wish to create a safe and friendly environment. It is recognised that partnerships between the parties with SAPS and community policing forums will make local areas safer for citizens and friendlier for investors.
- 6.3.9. All partners commit to supporting developmental government by promoting a culture of payment among their constituencies
- 6.3.10. The social partners support expanded Public Works Programmes to reinforce specific sector development at local level for most effective job creation. Business commits to support government in an expanded Public Works programme by providing project management capacity, business intelligence about required infrastructure and job opportunities, while labour and civil society commit to support local development through utilisation of union and community resources.
- 6.3.11. Government and business commit to a local broad-based empowerment procurement policy including targeted labour intensive construction methods, local labour input and community based service delivery arrangements, ensuring participation of the unemployed in accessing job opportunities locally. Labour commits to support the active role of organised labour in ensuring participation of the unemployed in accessing job opportunities (including public works and service delivery partnerships).
- 6.3.12. Government continues to provide accessible social services including the development of specific sites and infrastructure. Business commits to assist in making specific sites available for development in an affordable manner, to improve social service delivery. Labour and civil society commit to the protection and ownership of infrastructure.

## **7. INSTITUTIONAL ARRANGEMENTS FOR SOCIAL DIALOGUE AND PARTNERSHIP FORMATION**

The social partners agreed that the Provincial Development Council become the platform for social dialogue because government, business, labour and civil society constituencies are represented and it is empowered and adequately resourced to execute its mandate.

## **7.1. Establishment and structure**

- 7.1.1. The PDC will be the forum at which social dialogue will take place.
- 7.1.2. Social dialogue will contribute to effective and participatory governance.
- 7.1.3. The PDC will be represented by government both at a senior political level, as well as senior government officials as well as at expert level in its various deliberations. Organised business, labour and civil society shall include senior representatives from their respective constituencies.
- 7.1.4. A Provincial Growth and Development Summit will be held every three years and will chart the broad strategic direction for the province aligned with the Medium Term Expenditure Framework (MTEF). The Premier will chair the summit. It will consist of 100 delegates per constituency as well as 100 seats occupied by the various support organisations.
- 7.1.5. Provincial Growth and Development Summit (PGDS) review meetings will be held annually and be attended by 25 delegates per constituent. A senior MEC or the Premier will chair it. It will review the progress with regard to actions, programmes, targets and impact
- 7.1.6. The PDC Council will meet quarterly. The constituencies will chair the meeting on a rotation basis. There will be eight delegates per constituency. The Council will receive report backs, review progress and conclude agreements.
- 7.1.7. The PDC Management Committee will meet monthly, when the council does not meet to review the work programme and deal with administrative matters pertaining to the organisation.
- 7.1.8. The PDC Council will establish standing and/or specialist committees covering at least the issues of economic growth and development, social delivery provisions, human resource and industrial skills development within one month of the enactment of legislation. The social partners agreed that the PDC will expedite the realignment of its structure to reflect the structural changes envisaged in this agreement.

## **7.2 The role and function of the PDC**

- 7.2.1. The PDC will constitute a forum for consensus seeking to facilitate social dialogue between the government and its social partners in support of cooperation in economic and social development.
- 7.2.2. The PDC will be used to enhance communication, cooperation and coordination between government and its social partners in achieving economic and social development objectives.
- 7.2.3. The PDC will generally promote balance between sustainable growth and development, participation in economic decision-making and social equity in the province.
- 7.2.4. The PDC will seek to reach consensus and facilitate the conclusion of agreements pertaining to social and economic policy between the social partners.
- 7.2.5. The PDC will consider all significant changes to social and economic policy parallel to its introduction into the provincial legislature.
- 7.2.6. The PDC will consider proposals that aim at enhancing existing policy, addressing gaps in existing policy, or developing new policy.
- 7.2.7. The parties will commission research that guides these discussions and share information.

- 7.2.8. The PDC may at the request of the local government concerned assist in facilitating consensus in such local government as well as work in close cooperation with various departments and statutory bodies.

### **7.3. Post summit activities**

- 7.3.1. The PDC will facilitate the process of post summit provisions that will define sector strategies through sector summit processes. It is a dynamic process that will interact with other processes.
- 7.3.2. It was agreed that the following initiatives be tabled at the Provincial Development Council for further deliberation and consensus-seeking with the various social partners:
- (a) The Strategic Infrastructure Plan
  - (b) The Integrated Transport Plan
  - (c) Law reform
  - (d) The Provincial Spatial Development Framework
  - (e) The Investment Promotion Strategy
  - (f) Sector partnerships
  - (g) The Expanded Public Works Programme

### **7.4. Targets and timeframes**

Clearly agreed and realistic targets should be reached about the finalisation of the Provincial Growth and Development Strategy and its implementation.

### **7.5. Financing the plan**

- 7.5.1 The annual budget and the medium-term expenditure framework (MTEF) would be the main indicator on how the agreements reached on the GDS would be implemented by government. Unless these agreements are clearly linked and incorporated into the budget process (2004/2005) no action to realise the GDS agreements would be effected. The budget items should therefore not be seen as an add on to the existing budget but should serve to redirect government spending in line with the envisaged GDS outcomes. Municipal budgets should also be aligned to the implementation of the GDS outcomes as a matter of urgency. The social partners commit to marshal resources to assist in the roll-out of the GDS.
- 7.5.2 Clear timeframes should be attached in the document to reflect which programmes and projects would be accommodated during which budget cycle since not all programmes and projects can be accommodated within one financial year. Timeframes also guide implementers and act as a monitoring and evaluation mechanism.

### **7.6. Monitoring and Evaluation System**

A monitoring and evaluation system is crucial in implementing projects that strive to be sustainable because this serves as a barometer in project development, provides input for modelling from lessons learned, and measures impact. Hence it becomes critical for the GDS to compile regular reports derived from an assessment of activities.

- 7.7. The Parties agreed that when agreements are reached between the stakeholders represented on the PDC they will implement such agreements provided it is legally permissible.
- 7.8. Notwithstanding anything contained above, having due regard for the process in areas of disagreement government will act as it elects to do. This does not in anyway prohibit government from acting, neither does it prohibit the parties from pursuing alternative remedies.

**SIGNATORIES TO THE AGREEMENT**

.....

**GOVERNMENT**

.....

**ORGANISED BUSINESS**

.....

**ORGANISED LABOUR**

.....

**CIVIL SOCIETY (CBO, NGO, FBO  
AND ENVIRONMENT)**

**SIGNED AT CAPE TOWN ON FRIDAY, 14 NOVEMBER 2003**