



Network

Skills Development Strategies for Inclusive and Productive Cities

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The South African Cities Network (SACN) seeks to facilitate knowledge sharing to enhance competitiveness, good governance and management of South African cities by analysing strategic challenges facing South African cities, particularly in the context of global economic integration and national development. It provides strategic guidance and tools to assist in addressing identified challenges. It is a partner organisation of the Department of Provincial and Local Government (DPLG) and the South African Local Government Association (SALGA).

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Printed by:
Capture Press

First edition. 2006

¹ Member cities: Buffalo City Municipality, City of Cape Town, Ekurhuleni Metropolitan Municipality, eThekweni Municipality, City of Johannesburg, Mangaung Local Municipality, Msunduzi Local Municipality, Nelson Mandela Metropolitan Municipality, City of Tshwane Metropolitan Municipality.

Toolkit funded by:



This Toolkit

This publication derives from a project commissioned by the Productive Cities Reference Group of the South African Cities Network (SACN) to assist member cities to develop and implement skills development strategies (SDS). It is envisaged that the skills development strategies will be incorporated into the cities' local economic development (LED) strategies and programmes.

A skilled labour force is a prerequisite for building economically competitive and socially inclusive cities. These two themes – competitiveness and inclusiveness – underlie most skills development strategies. It is natural that local governments, mindful of their responsibilities to promote economic and social development, should seek to promote skills development. Existing policies afford little space to local governments, and the space that is available to them differs markedly depending on the policy and programme. Local governments can seek to contribute to and participate in the programmes and projects of national and provincial government departments.

The objectives of the Toolkit are:

- To explain the role of skills in economic development,
- To describe the policy, legislative and institutional backdrop of city-based SDSs,
- To enhance the ability of cities to prepare and implement SDSs.¹

The Toolkit follows on from a comprehensive analysis of the skills environment which the HSRC conducted on behalf of SACN in 2005. Whereas the analysis is relatively detailed and academic in nature, and expected to be of interest to a limited number of city officials, policymakers and some other stakeholders,

the Toolkit is written as a "hands-on" guide and intended for wider distribution. Parts of the Toolkit synthesise material contained in the analysis. The comprehensive analysis that informed this toolkit may be obtained directly from the SACN. It can also be downloaded from the SACN website. The reader is also referred to the end of the document for a list of useful websites pertaining to relevant institutions and skills policies and programmes.

The toolkit provides examples of the SDSs that cities might employ (i.e. SMME skills, sponsoring learners and students and supporting schools, technical colleges and universities). The presumption is that the strategies have emerged from the LED component of the integrated development plan (IDP). The strategies should be demand driven, typically originating from an analysis of the local economy, its competitive advantage and population skills profiles. They are most often linked to the strategies of other spheres of government and should align with provincial growth and development strategies (PGDSs), the Accelerated and Shared Growth Initiative of South Africa (ASGISA) and are guided by the National Spatial Development Perspective (NSDP). Additional strategies are suggested for enhancing municipal capacity and mitigating the impact of HIV/AIDS on the municipal labour force and intellectual and skills assets within the city.

Glossary

ABET	Adult basic education and training
AIDS	Acquired immune deficiency syndrome
AIDC	Automotive Industry Development Centre
ASGISA	Accelerated and Shared Growth Initiative of South Africa
DoE	Department of Education
DoL	Department of Labour
DPLG	Department of Provincial and Local Government
DST	Department of Science and Technology
DTI	Department of Trade and Industry
ECD	Early childhood development
FET	Further education and training
HET	Higher education and training
HIV	Human immunodeficiency virus
HRDS	Human Resources Development Strategy
HSRC	Human Sciences Research Council
IDP	Integrated development plan
IMS	Integrated Manufacturing Strategy
LED	local economic development
MPCC	Multipurpose Community Centre
MTSF	Medium Term Strategic Framework
NAMTS	National Advanced manufacturing Technology Strategy
NGO	Non-governmental organisation
NQF	National Qualifications Framework
NRDS	National Research and Development Strategy
NSDP	National Spatial Development Perspective
NSF	National Skills Fund
PGDS	Provincial growth and development strategy
SACN	South African Cities Network
SALGA	South African Local Government Association
SDS	Skills development strategies
SEDA	Small Enterprise Development Authority
SETA	Sectoral Education and Training Authority
SMMEs	Small, medium and micro-enterprises
SSP	Sector Skills Plan

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1. Skills and Economic Development

In its 1997 Green Paper, *Skills Development Strategy for Economic and Employment Growth in South Africa*, the Department of Labour defines skills as the necessary competencies that can be expertly applied in a particular context for a defined purpose. Skills can be defined in many ways and several economic and social benefits of skills development can be identified.²

The South African Government aims to achieve an economic growth rate of six per cent per annum, as it believes that this rate of growth will lead to a reduction in unemployment and ultimately a better quality of life. A shortage in skills is viewed as a key obstacle to achieving a six per cent growth rate.

The availability of a skilled labour force is central to the economic development of nations and cities. Skills development is consequently used as a vehicle to enhance economic development, with South Africa providing a good example of government undertaking comprehensive education and training and skills enhancement programmes. These programmes are understood to be a precondition to South Africa's achieving the targeted six per cent per annum economic growth rate.

A skilled labour force has proven central to determining the economic path of cities, both in respect of enabling investment from within the city and with a view to attracting investment from elsewhere. Indeed, cities that have a skilled labour force use this fact for marketing purposes. At the same time, cities employ skills development strategies with a view to enhancing the employment potential of particular groups, uplifting the areas where the people are concentrated, and promoting inclusive cities. Skills contributing to economic development and social inclusion within cities involve research capacity, technical capability, entrepreneurialism and business management.

The nature of the skill required depends on whether one is seeking to promote small business development, the local economic development capacity of municipal staff or automotive research capacity, or on the particular strategy for economic competitiveness or social inclusiveness.

In other words, skills development strategies are, in the first instance, viewed as a vehicle for promoting economic development, but they serve as well as a vehicle for building inclusive cities. These two themes run in parallel throughout the literature and practice by cities of skills development.

However, most local governments in South Africa, including the cities of the South African Cities Network (SACN), have to this point paid little attention to the potential contribution of skills development strategies to their development programmes. It is against this background that the Productive Cities Reference Group of the SACN has initiated a programme to assist member cities to develop and implement skills development strategies.

Examples of the types of strategies local governments elsewhere in the world have undertaken.

- Creating conditions that are conducive to knowledge, research, innovation and entrepreneurialism. For example, research centres that are driven by global companies such as Microsoft and Boeing in Seattle or by universities: there are 16 universities in the Boston metropolitan region and the Cambridge University in the United Kingdom has spawned a research industry within the region.
 - Enhancing education and skills within a city. Singapore has a battery of strategies for raising skills to match the demands of the multinational corporations that it invites to the city state.
 - Sector specific strategies, e.g. the IT (information and technology) sector in Bangalore.
 - Building networks and pathways that serve the skills needs of specific groups. Aberdeen, in Scotland, for example, has established 'Learning for Employment' and 'Overcoming Barriers to Work' programmes and also set up 'Aberdeen's Labour Market Intelligence'.
-

CONTRIBUTION OF SACN CITIES

Together, the nine member cities of the SACN play a vital role in the social and economic life of the country. They make a very substantial contribution to accommodating the South African population, funding local development needs and driving the national economy.

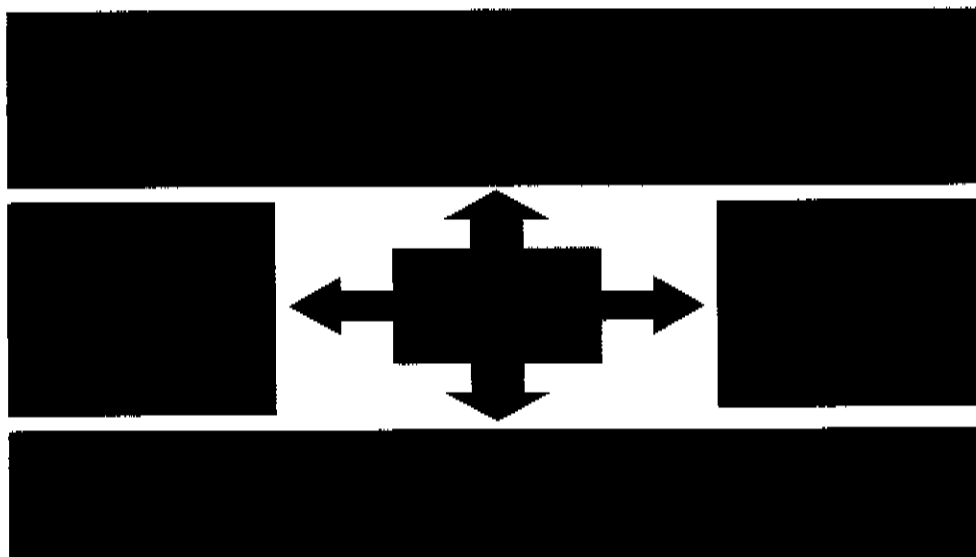
- In 2004 the populations of the nine cities of the SACN amounted to 37 per cent of the total South African population.
 - The cities gave employment to approximately 5.5 million people, nearly half (49 per cent) of the 11.5 million workers in South Africa in 2004.
 - Collectively the nine cities contributed to 59% of the total wealth created in South Africa in 2004.
 - Forty-six per cent of the SACN workforce had completed at least matric (grade 12).
-

The essential causes of the shortages in skills are structural changes in the economy and changes in production methods. On the one hand, due to the restructuring of the economy because of changes in the local and global demand for goods and services, investment has shifted from agriculture, mining and manufacturing to the services sector. On the other hand, changes in production methods have led to a change in the skills mix of the labour force towards more skilled labour.³

These changes have informed government's Human Resources Development Strategy⁴ (HRDS).

Key features of the HRDS are shown in Figure 1. Government seeks to build a labour force possessing the skills needed for the economy to be globally competitive and, at the same time, attempts to draw in members of the labour force who have been excluded by the structural changes and changes in production methods. It is vital for cities to have a clear focus of economic activities within their jurisdiction and to be aware of economic opportunities and the skills needed to exploit these opportunities. Assuming that cities are aware of these needs, the options available to them should be investigated.

Figure 1: Summary of the Human Resource Development Strategy



The aim of the HRDS is to ensure that integrated human resources development planning and implementation thereof takes place. The key features of the HRDS include:

1. A solid basic foundation, consisting of early childhood development, general education at school level, and adult basic education and training
2. Securing a supply of skills, especially scarce skills, within the further and higher education and training bands of the National Qualifications Framework (NQF), which anticipate and respond to specific skills needs in society, through state and private sector participation in lifelong learning
3. An articulated demand for skills, generated by the needs of the public and private sectors, including those required for social development opportunities, the development of small business and the enhancement of technical skills for industry
4. A vibrant research and innovation sector that supports industrial and employment growth policies

In practice, the HRDS was designed to ensure that the necessary linkages, shown at the centre of the diagram above, are made and sustained through the recommended institutional arrangements.

2. The “Space” Available for Cities

National government drives skills development in South Africa, with provincial government implementing many of the national policies. In fact, government has a comprehensive Human Resource Development Strategy (HRDS), and, in addition, the Departments of Education, Labour, Trade and Industry, Science and Technology, and of Provincial and Local Government, the provincial governments and other institutions all play a role in the development of human resources.

The Department of Education⁵ and the Department of Labour⁶ primarily determine the space available. It is the Department of Education's vision for South Africa that all people in the country should have access to lifelong education and training opportunities because that will improve the quality of life for everyone and contribute towards building a peaceful, prosperous and democratic society. The Department of Labour is the leading agency to plan, implement and monitor skills development in South Africa. However, the Departments of Trade and Industry, Science and Technology, and of Provincial and Local Government also have a say in the matter.

In broad terms, the role of the Department of Trade and Industry⁷ is to develop and support South African industries, mainly through industry development programmes focusing on priority or growth sectors and other programmes to grow the small business sector. The Department of Science and Technology⁸ has programmes that enhance research capacity in specific fields in certain cities.

Furthermore, it is important for local governments to bear in mind the Provincial Growth and Development Strategy (PGDS) and the National Spatial Development Perspective (NSDP) when examining the

economy and seeking to identify growth opportunities. Therefore, it is important to recognise that what cities might choose to do is likely to be heavily influenced by these national and provincial policy frameworks.

Focusing on specific departments, in the case of the Department of Education and education and training, the cities are sponsoring learners. Because this is occurring and can occur only at a small scale, its significance, however, tends to be strategic and oriented to only certain sectors, bearing equity concerns in mind. Furthermore, some community centres are being used for skills development activities such as literacy classes.

In the case of the Department of Labour, the cities can access some skills development funding, and these will benefit not only the unemployed, but also informal and small businesses. The merits of project proposals for skills development and the provision of National Skills Fund (NSF) funds are decided by a Project Steering Committee, under the auspices of the provincial office of the Department of Labour, and are reflected in the Provincial Skills Plans. It is vital that the cities be represented on such committees. Local governments can make a useful contribution in

creating pathways, intermediaries and networks to help people to acquire the skills they need to find work, or to find jobs once they have the skills. Municipalities must support the Department of Labour in its efforts to provide career guidance and labour brokerage services through its labour centres.

In the case of the Department of Science and Technology, while it seems that no provision has been made for local governments to participate in the planning and management of its initiatives, these initiatives do have specific locations and linkages with local institutions and seem to offer potential that local governments may employ to their advantage.

Like the Department of Science and Technology, the Department of Trade and Industry has identified growth sectors that have specific location implications and seems to offer potential that local governments may employ to their advantage. The development of IDPs provides an opportunity to link local economic development processes with sectoral and national economic strategies. With regard to the informal sector, local government must be proactive and can provide a referral service to informal economy workers, identify gaps in support and access funding for appropriate projects. Municipalities must support the Department of Trade and Industry's initiatives to provide small business development services.

Knowledge, research and innovation strategies can be taken to represent a combination of the Department of Education's and the Department of Labour's education and training strategies, the Department of Trade and Industry's concern with development in specific sectors and the Department of Science and

Technology's creation of specific areas of intervention in search of excellence and market potential.

It is clear that there are already many role players in the skills development arena. It therefore becomes important for cities to understand the context of the skills development environment and then to identify gaps and specific roles that they can play in addressing these gaps (Table 1).

The Constitution of the Republic of South Africa (Act No. 108 of 1996) assigns functions to the three spheres of government. National government and the provincial governments are concurrently responsible for education and training. Although it is apparent that the cities are not assigned powers to provide education and training, it follows from the developmental role of the cities that they should seek to facilitate education and training that would enhance their development objectives and competitive advantages.

Developmental local government is given effect in the Local Government: Municipal Systems Act (Act No. 32 of 2000), wherein the cities are required to prepare IDPs. IDPs are to include economic development strategies, within which SDSs have a natural location. It is natural that local governments, mindful of their responsibilities to promote economic and social development, should seek to promote skills development. Existing policies afford little space to local governments, and the space that is available to them differs markedly depending on the policy and programme. Local governments can seek to contribute to and participate in the programmes and projects of national and provincial government departments.

Table 1: Aligning LED skills development concerns and strategies with national and provincial programmes

Generic concerns and strategies*	Department of Education	Department of Labour	Department of Science and Technology	Department of Trade and Industry	Department of Provincial and Local Government	Provincial governments	Local governments
Literacy and numeracy	ECD, GET and ABET	National Skills Fund				Administer schools	Multipurpose Community Centres
Mathematical and scientific capacity	Dinaledi Schools	SETAs				Administer schools	Sponsoring learnerships
Technical skills		SETAs				Administer schools, PGDS, Skills Plans	
Technical colleges	FET contributes, but not in a targeted fashion, administer colleges						
SMME business management skills		SETAs, National Skills Fund	Godisa	SEDA			SETA funding available SMME support services
Skills development within specific sectors / industrial clusters	FET and HET contribute, but not in a targeted fashion, administer universities	SETAs/SSPs, National Skills Fund		Growth sectors	PGDS	Skills Plans and PGDSs Blue IQ AIDC	SMME services
"High level" research capacity and entrepreneurship within specific sectors / industrial clusters	HET contributes, but not in a targeted fashion, administer universities	SETAs/SSPs	Centres of Excellence, National Biotechnology Strategy, Godisa	Growth sectors	PGDS	Blue IQ AIDC	
Prevent brain drain					Skills of municipal labour force e.g. Project Consolidate		Skills of municipal labour force
Skills of municipal labour force					Skills of municipal labour force e.g. Project Consolidate		Skills of municipal labour force
Skills of councillors					Skills of councillors e.g. Project Consolidate		Skills of municipal labour force
Planning	HRDS	NSDS	NRDS NAMTS Foresight	IMS	NSDP	PGDS	IDP, LED, city development strategies

* All of these concerns and strategies are covered by the Accelerated and Shared Growth Initiative for South Africa (ASGISA). In short, ASGISA is a programme of targeted interventions, which will have a high Impact on economic development and will be achieved through intensive coordination with all spheres of government.

3. City Skills Development Strategies

3.1 Integrated planning

One of the major challenges facing Government has been the attempt to effectively integrate, coordinate and align the actions of the three spheres of government. The NSDP provides an initial interpretation of the potential of different localities and sectors, which must be enhanced through more detailed regional and local analyses (Figure 2). PGDSs and IDPs should provide assessments of potential that are more rigorous, by combining the NSDP's initial interpretation with local knowledge and research. Through a process of interaction and dialogue, they will then be able to define each locality's development potential in terms of six categories of potential, which

cover the spectrum of economic functions in a modern economy. These are:

- Innovation and experimentation
- Production of high-value differentiated goods
- Labour-intensive mass production
- Public service and administration
- Tourism
- Commercial services and retail

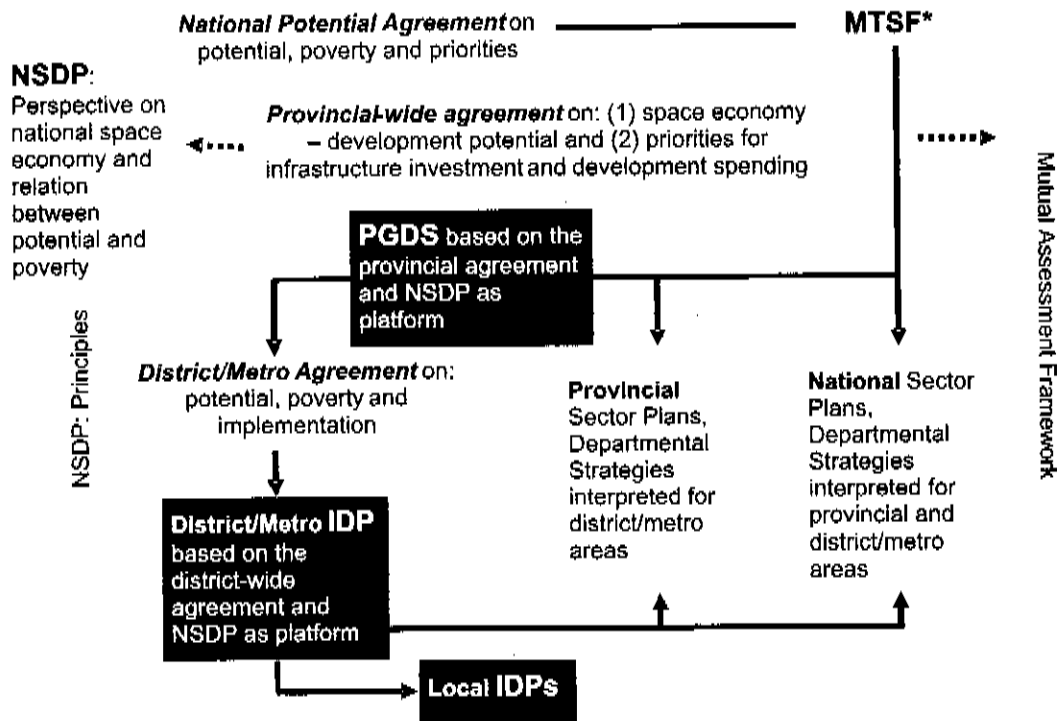
The shared and common platform critical to alignment is made possible through a coherent set of national guidelines based on the twin concepts of development potential and development need.

INTERGOVERNMENTAL PLANNING PRINCIPLES

The relationship between national planning instruments such as the NSDP, PDGS and IDPs must be determined in the context of a set of intergovernmental planning principles. These entail the following:

- All spheres and organs of state should promote coordinated and integrated planning.
 - National development priorities and principles should inform planning for all spheres.
 - Each sphere has its own distinct development tasks and related planning tasks corresponding to the scale of operations and the area of jurisdiction.
 - The necessary mutual alignment between national priorities or guidelines, sectoral planning requirements and local needs, conditions and resources must be conducted in the spirit of cooperative governance, whereby the plans of one sphere should support those in another.
-

Figure 2: The NSDP as a common platform for integration



* Medium Term Strategic Framework

The role of the Department of Provincial and Local Government (DPLG) is to build the capacity of provinces and local municipalities to implement government's development programmes. The Department provides support regarding the strategic content of the IDP process and its role in district and regional strategic planning, crosscutting and sector planning. LED is included in the IDPs, and the natural home for the cities' SDS is in the LED strategies. It is in the preparation of LED strategies, that the cities are able to identify economic opportunities and the skills

needed to exploit these opportunities. In other parts of their IDPs, they identify groups needing improved skills that will enable them to participate in the economy. Here the attempt is to cover both the productive and inclusive cities mandate of the SACN cities.

It is intended that the cities' identification in their IDPs of economic opportunities and the skills needed be aligned with the PGDS and Provincial Skills Plans, and that both be aligned with ASGISA and the NSDP

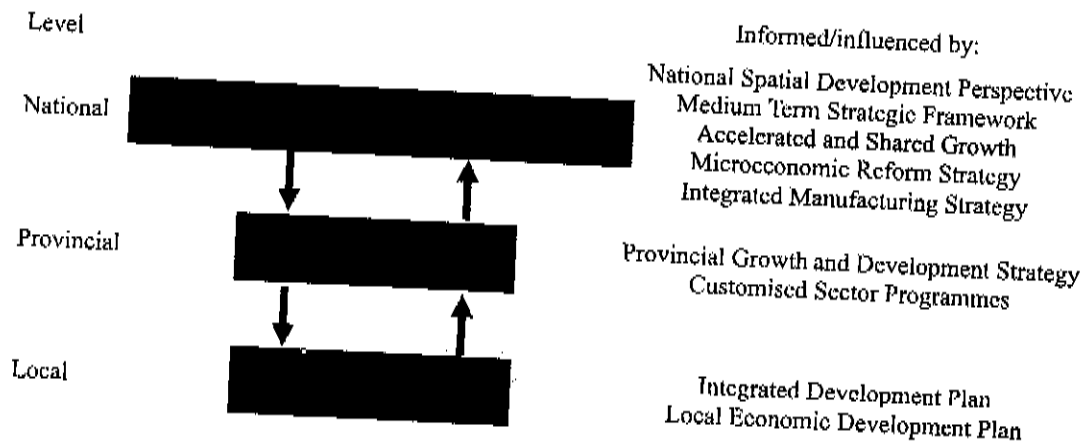
Accelerated and shared growth is partly about better-focused policies and government programmes, partly about improved public administration and well-targeted regulation, and partly about stronger partnerships between Government, the business sector and civil society.

(Conclusion to Chapter 1: Medium Term Budget Policy Statement 2005).

In summary: Local governments will have to use national, provincial and sector plans as background information for their own skills development strategies.

This iterative process, where each level of the skills development strategy affects the other, is shown in the diagram below.

Figure 3: Interaction between national, provincial and local skills development planning



Adapted from: Skills Strategy for the Nation, p. 6, DoL, Implementing the National Skills Development Strategy: the role of Sector Education and Training Authorities and the Department of Labour's Provincial Offices.

For ASGISA to succeed, it is clear that the machinery of state, and **especially of local government**, should function effectively and efficiently.
President Mbeki, State of the Nation Address 2006.

An important indication of how well the machinery of state is functioning is how well the various role players involved in providing the skills for growth and development coordinate their activities.

3.2 Process

A skills development strategy can take the form of an ad hoc response to an identified opportunity or need, or be included in a broader skills development programme. Because a city might be reluctant to miss opportunities as they arise, it would want to take full advantage of every opportunity. However, over time,

the city may have accumulated such a number of poorly coordinated projects that it may possibly not make best use of the resources available. It is preferable to prepare a demand-driven skills development strategy according to which the city can proactively identify skills needs and opportunities.

Demand-driven skills development strategies respond to the demands of the communities they target, help to improve the individual's opportunities in the labour market and provide for further study opportunities, focus on developing those skills regarded as essential to be successful in careers in high-growth, high-demand industries and offer training programmes that are uniquely oriented toward meeting the workforce and skills needs of the employers within a geographical area.

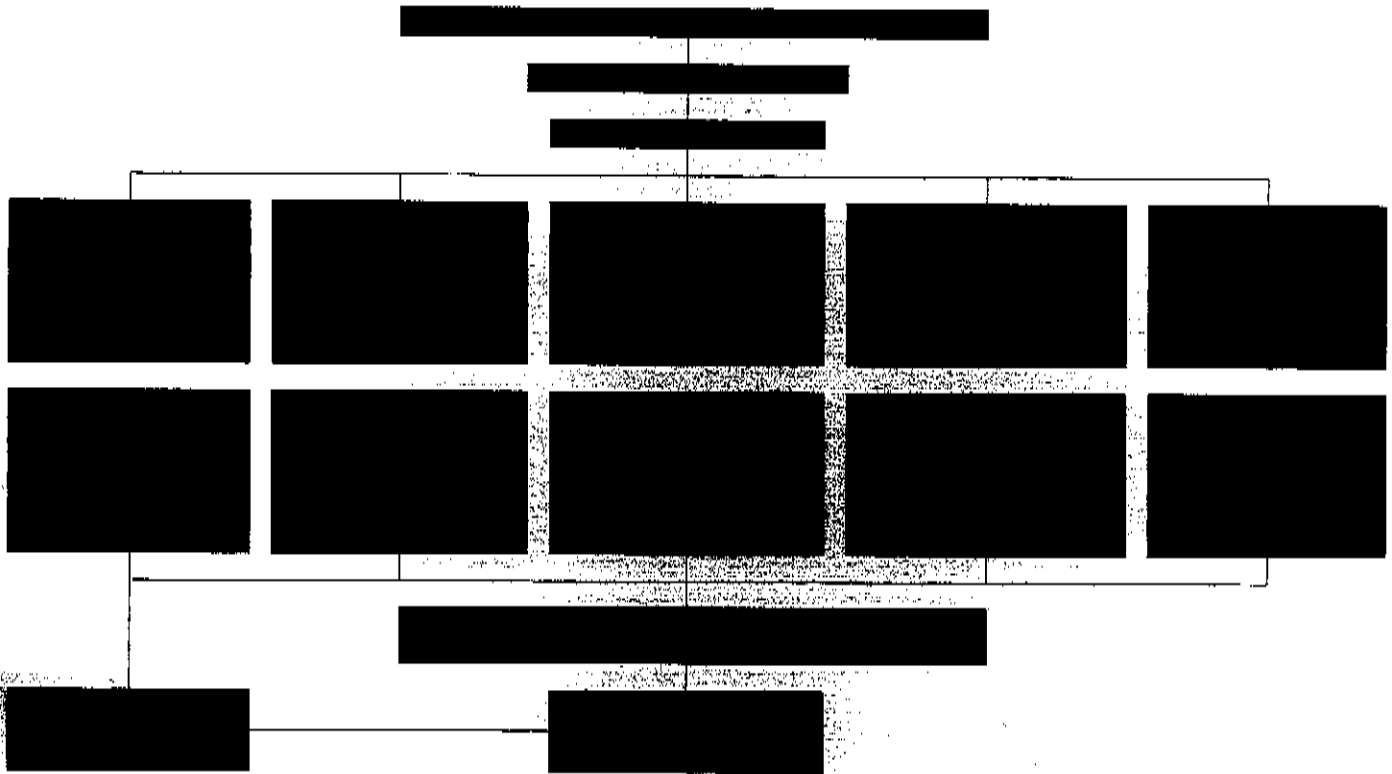
The context within which this identification of skills needs and opportunities should take place for cities in South Africa is laid out by the policies, legislation and institutions governing education and training and by the integrated planning processes: IDPs, PGDSs, ASGISA and the NSDP. There are additional features to the context, which are often unpredictable, for example, the various non-governmental, community-based and other organisations that provide institutional capacity and diversity in the various cities. This Toolkit has, however, been compiled in the light of government programmes. Nevertheless, cities have an obligation and the opportunity to think and act beyond the realm of provincial and national programmes through working in partnership with local business and NGO entities.

Integrated development planning and the process of preparing LED strategies should include an evaluation of the city's economy, the identification of industries, and probably of areas where economic growth is desired. The identification of both industries and

specific areas will have specific implications for the education, research capacity, training and skills needed. This information should thus form the basis for participation in the preparation of PGDSs and Provincial Skills Plans, and for liaison with education institutions, the private sector and NGOs.

The preparation process of a skills development strategy involves a number of steps, some of which will already have been undertaken during the preparation of the cities' IDPs and LED strategies. Figure 4 places the emphasis on aspects that are specific to a municipal skills development strategy. First, certain components of the IDP should be available: a demographic and economic profile of the city, economic and employment trends, and economic opportunities. Then the city should ask two sets of questions pertaining to skills needs and the possibility of actually being able to meet these needs. The questions concern both competitive and inclusive cities.

Figure 4: Preparation of a skills development strategy



An analysis of economic development trends and forecasts will reveal the structural characteristics of the economy of the area in relation to the primary, secondary and tertiary sectors and will identify subsectors that are growing and declining. Once a clear picture of the development trajectory of the area is in place, qualitative research can be conducted. This may take the form of interviews with key role players in industries that are growing and declining, including specific enterprises, industry associations, trade unions and government officials (at all spheres of government). The aim of the interviews is to develop an understanding of the dynamics driving the growth and decline of specific industries. In particular, the research will seek to ascertain what factors may potentially constrain the expansion of output and employment in the targeted industries and sectors, including skill shortages.

An understanding of an area's growth and development trajectory will provide the basis for an analysis of the skill requirements that will underpin it and guide skills development planning.

The identification of the various skills that are needed is related to the ability of the city to meet these needs. The identification of opportunities for meeting these needs involves examining government programmes and private sector interest in providing the skills within the company concerned, and ascertaining whether the city can play a role. Furthermore, it involves a review of the institutional and funding environment for opportunities that the city and partners can draw in. The needs and opportunities are then incorporated into the municipal human resource development strategy, its LED strategy and IDP.

It should be borne in mind that indications of current skills shortages and future skills demands only represent a likely trend, given current knowledge and expectations and the dynamic nature of economies. Socio-economic profiles should be updated on a regular basis as new information becomes available or if a significant unanticipated event occurs.

The nature of opportunities and problems might not be easily identified by a set of numbers, and a principle governing research and data collection should include comparative information. A city should be able to judge how circumstances are changing over time and how these changes compare with other cities and regions, and ultimately the nation.

The following pages provide examples of cities' involvement in skills development planning and implementation, including:

- Reviewing the local economy and opportunities for the city
- Identifying groups of people requiring skills development
- Providing SMME support
- Sponsoring learners and students and supporting schools, technical colleges and universities
- Forming linkages between education and training institutions and the world of work, between schools and services, etc.
- Developing Municipal skills
- Mitigating the impact of HIV/AIDS

4. Examples of the SDSs that cities might employ

4.1 Review the local economy and opportunities for the city

An example where a city reviewed the local economy and opportunities for the city's economic development as well as the skills required for this purpose is from the Local Economic Development (LED) Department of the Ekurhuleni Metropolitan Municipality.

From an analysis of available statistical data on the economy of Ekurhuleni, it is clear that Ekurhuleni has a marked comparative advantage in the manufacturing sector.⁹ The metals, metal products, machinery and equipment subsectors as well as the petroleum, chemicals, rubber and plastics products subsectors have in particular grown faster and contributed most to manufacturing.

The Local Economic Development (LED) Department of the Ekurhuleni Metropolitan Municipality acknowledged that from the perspective of labour markets, employment creation and skills development, it is imperative to subject these growth sectors to a micro-level analysis in order to ascertain the dynamics driving their growth and the extent to which labour absorption and skills levels could be enhanced. To this effect, the LED Department conducted a study during the latter half of 2002 to assess the economy of Ekurhuleni and to devise a long-term economic sustainability strategy.¹⁰

During 2003, the LED Department collaborated with the corporate strategy and industrial development (CSID) research unit of the University of the Witwatersrand (Wits) to develop a consensus on the state of manufacturing and appropriate policies. A manufacturing-firm survey and a series of in-depth industry studies were conducted. The survey assessed factors

underpinning industrial performance such as the main markets served, growth of demand, factors discouraging employment growth, government policies, local linkages and competitiveness among firms. One of the principal reasons for undertaking the survey was to develop a better understanding of the crucial challenges of skills development and firms' decisions on employment.

During the second half of 2004, the CSID at Wits and Ekurhuleni's LED Department repeated the 2003 manufacturing-firm survey. The aim with the research was to gain further insight into existing industrial activity in the metropolitan area as well as to highlight opportunities within the region.¹¹

The results of the studies have informed the process of developing competitiveness in Ekurhuleni's economy and increasing the rate of investment. Several key strategies and initiatives were identified for the Ekurhuleni LED Department to pursue, most of which revolved around combining existing support programmes across all agencies into a concentrated integrated support service, including:

- establishing a Plastics Federation Training Centre
- establishing a technical centre and innovation network under the Advanced Manufacturing Technology Strategy (AMTS)
- identifying the specific challenges faced by SMMEs and ensuring GAUMAC is equipped to render assistance
- establishing a collective buying group for polymers and better logistics to lower the cost of supply

In order to implement the planned strategies and initiatives, the following steps to be taken were identified:

- Introduce a stakeholder consultative process
- Design appropriate institutional structures and linkages with appropriate support agencies
- Design applications to establish innovation/technical centres
- Lend support for skills development and training

Another example where a city reviewed the local economy and opportunities for the city's economic development is from the City of Tshwane:

The Directorate: Metropolitan Economic Development of the Greater Pretoria Metropolitan Council (GPMC) (now the City of Tshwane Metropolitan Council) commissioned the Monitor Company in 1997 to conduct a pre-feasibility study into the choices realistically available to the GPMC in the area of industrial development. The study focused specifically on the application of the cluster development framework with the aim to identifying core industrial and service concentrations in the Greater Pretoria region, which offered the potential to become globally competitive. Once identified, these clusters, or networks of economically interrelated firms and institutions, could then be used as the core of a vision for the Pretoria region and a process of integrated economic development.

During the course of the study, the GPMC became aware of the fact that BMW South Africa (Pty) Ltd was considering closing down its plant in Pretoria due to a lack of component manufacturers (original equipment manufacturers – OEMs) in Pretoria. The Council acknowledged the fact that the automotive

industry was the largest single contributor to the City's tax base and enquired what the Council could do to support the industry in return.

At the same time, the Gauteng Provincial Government entered into a bilateral agreement with the German Province of Bavaria. The Gauteng Provincial Government consulted the GPMC with regard to investment opportunities in Pretoria, upon which the Council suggested investment in the automotive industry. BMW South Africa (Pty) Ltd suggested the Council invited OEMs to establish/invest in Pretoria. BMW provided LED officials with a list of component manufacturers and the use of offices at its headquarters in Munich, the capital of the Bavaria Province. LED officials made contact with OEMs in Germany and sent in politicians to make high level commitments.

The outcome was the establishment of the Gauteng Automotive Cluster. It is an aggregation of automotive assemblers, component manufacturers and material suppliers in the same location that together are responsible for some 40 per cent of South Africa's production in this industry. The project has two important components that will particularly enhance the global competitiveness of the automotive industry – the Automotive Industry Development Centre (AIDC) and the Automotive Supplier Park (ASP). The ASP focuses on component manufacturers and suppliers in one location adjacent to assembly plants to save costs and exploit the latest advancements in logistics and processes in the automotive manufacturing chain.

The AIDC has established excellent facilities for automotive design and testing, automotive research and development and human resource development. Examples of the AIDC's involvement in human resources development include:

- The establishment of a Chair in the field of Life Cycle Engineering and introduction of the Black Engineer Development Programme at the University of Pretoria.
- The introduction of the Bachelor's of Engineering in Mechatronics and the Automotive Experiential Career Development Programme at the Nelson Mandela Metropolitan University
- The introduction of a Certificate in Management: Automotive Industry at Rhodes University.
- As an accredited Employment and Skills Development Lead Employer (ESDLE), the AIDC employs learners for the purposes of accessing regulated training. The training is conducted at accredited Further Education and Training Colleges and other registered training providers and includes workplace training as required by the learnership regulation.

Tshwane, in collaboration with the AIDC, provides financial assistance and participates actively in projects to the benefit of the local automotive industry, for example, the provision of land for industry developments such as the Automotive Supplier Park. It also participates in investment missions abroad and provides infrastructure to facilitate investment and development initiatives.

The City of Tshwane has established an Automotive Office in the Automotive Supplier Park in Rosslyn, and has provided a senior official to staff this office. The Tshwane Automotive Office plays a facilitation role in ensuring that industry issues are handled speedily and at a senior level. The office also acts as a link between the City of Tshwane and local industry to facilitate economic development and employment creation in the automotive industry.

4.2 Identify groups of people requiring skills development

Examples that explain the need to identify groups of people requiring skills development is the following:

The eThekweni Municipality established the IsiQalo Learning Academy (ILA) in January 2005 in partnership with the Durban Chamber of Commerce and Industry. The role of the academy is to project manage and drive the implementation of learnerships in the eThekweni Municipal Area (EMA). The municipality, through projects such as the IsiQalo Project, is playing a vital role in the reduction of unemployment within the region.

The objective of the IsiQalo Project is to place 5 000 unemployed matriculates on learnerships within the private and public sectors, over a period of two years. For this project to be successful, it was imperative that the skills shortages within the region were determined prior to embarking on the selection and implementation of learnerships. The IsiQalo Learning Academy conducted a study to identify scarce skills. Thirteen generic skills emerged from the research, and possible learnerships to address these skills have been indicated.

Finally, the Ekurhuleni demilitarisation project is an initiative of the Ekurhuleni Metro Police, under the leadership of Robert McBride, and driven by the mayor of Ekurhuleni. The plan is to train 1 500 ex-

combatants in a variety of demand-led learnerships and to place them in partnering businesses within the Ekurhuleni Municipality, with a view to permanent job or venture creation.

4.3 SMME support

A high-quality, innovative and efficient local government can facilitate the development of high-tech industries if it is careful to understand trends in local industries and the needs these companies have with respect to their public sector partners.

The Brookings Institution, 2000

Ten Steps to a High Tech Future: The New Economy in Metropolitan Seattle

The Mangaung Municipality (through LED and Ward Councillors) initiated and managed 25 per cent (11 out of 44) of NSF-funded projects in Mangaung. A number of 84 people were trained at a cost of R449 538 from

April 2004 until August 2005. The projects cover sectors such as manufacturing (textile and clothing and welding), agriculture (hydroponics and food gardening) and services (car wash).

4.4 Sponsoring learners and students

Examples of cities sponsoring learners and students include the following:

The City of Johannesburg sponsors female high school learners in mathematics and science, in collaboration with the Gauteng Department of Education. Furthermore, the city provides a grant to the CIDA city campus to encourage black students to study business administration.

The Nelson Mandela Bay Municipality funds supplementary mathematics and physical science classes for selected high school learners. Through the Automotive Experiential Career Development Programme launched in 2005, participants who show promise and commitment are selected in their final two years at high school and enrolled in classes, over and above their school curriculum, offered by the Nelson Mandela Metropolitan University.¹²

4.5 Supporting schools, technical colleges and universities

The following are examples of the cities' involvement in educational support services:

Funded by the Nelson Mandela Bay Municipality, the Automotive Experiential Career Development Programme (AECDP) was piloted in the Nelson Mandela Metro, one of the largest automotive manufacturing centres in the country, in 2005. Thirty participants in the programme, run under the auspices of the Nelson Mandela Metropolitan University, are selected in their final two years at high school. Maths and science candidates who show promise and commitment are enrolled in supplementary maths and physical science classes, over and above their school curriculum, and achievers become eligible to participate in the main programme.

The City of Johannesburg has entered into a memorandum of understanding with higher education institutions in Johannesburg to ensure an alignment between the skills that are being developed and labour market needs. The development of strategies that can address the skills gap in science, engineering,

technology and finance are central to promoting the City's 2030 vision. The City's objective is to play a facilitative role in bringing together higher education institutions and identify new ways in which these institutions could promote changes in enrolment and graduation.¹³ For example, the city has awarded bursaries to deserving students to study through the University of the Witwatersrand's Access for Success Programme. The programme was launched in 2006 as an alternative route into bachelor arts and commerce degrees.¹⁴

The City of Tshwane has contributed to the launch of the Black Engineer Development Programme at the University of Pretoria by providing funding to the value of R200 000, part of which will also be applied to establish a Teacher Mentorship Programme.¹⁵ The partnership between the City, the University of Pretoria and the Automotive Industry Development Centre (AIDC) has led to an initiative that, over time, will generate a scarce resource to the benefit of the region, the local automotive industry and the tertiary sector.

4.6 Link education and training institutions with the world of work

It is assumed that education and training institutions will take the initiative to build relationships with businesses and industries in their environment and vice versa. However, local government can play a role in linking local chambers of business with education and training institutions and can provide them with local economic development related information. Two examples are as follows:

eKurhuleni has compiled a set of local economic development strategy booklets on the economic profile of the Metro, and the University of Kwazulu-Natal's School of Business has developed the *Quarterly Economic and Business Report-Pietermaritzburg and Umgungundlovu District*.

4.7 Link schools with services

Local government could play an important role in providing contact information on relevant community agencies providing services in the area surrounding the school and in facilitating linkages between the school and these agencies. Local government has much to offer to schools. However, teachers, parents and learners are often unaware of the services local government is able to provide. Therefore, through schools, local government should attempt to:

- provide information on community health, culture, recreation, social support and other programmes or services available to learners and their families
- provide information on agencies providing career guidance and counselling, job training and registration as a job seeker, for example, the

services provided by the labour centres of the Department of Labour

- provide information regarding activities at libraries, which may link to learning skills and talents, such as programmes for learners during the holidays, adult basic literacy classes and extra classes in maths or science

Local government can also assist the school in becoming a community centre that provides services to the community after school hours. Here local government can facilitate the establishment of partnerships between the school and community agencies. Agencies providing health care, counselling, job training, recreation, etc., could use the school premises.

4.8 Link education and training stakeholders with private enterprises

An important role local government can fulfil is in establishing a link between firms and education and training institutions. Local government should identify the stakeholders involved in education and training in its area of jurisdiction. Local government will have to determine the structures and communication lines of the DoE, DoL, DST and DTI, for example:

- regional and district offices (with regard to schools, ECD and ABET)

- skills development forums
- provincial DoL offices (for NSF applications) and labour centres
- SETAs (related to leading sectors in the local economy)
- HET Council

Linkages can also be facilitated at a regional level. This would enable a city to benefit from skills developed in other places within the region.

4.9 Establish a Skills Development Forum

The following examples are provided:

Business leaders from Rosslyn and the City of Tshwane Municipality established the Rosslyn Strategic Forum (RSF) in September 2004.¹⁸ The Skills Development Task Team's objective is to determine the scope of the regional skills

development initiatives, focusing on community programmes, industry training optimisation and the integration of public training and education institutions in the region.

In January 2004, Ekurhuleni Metropolitan Municipality's LED Department launched a Skills

Development Network as a key strategic intervention of Ekurhuleni's LED Strategy. Representatives from SETAs, national and provincial government departments, public enterprises, private and public education and training institutions, research institutions, Chambers of Commerce, NGOs and economic development agencies were invited to become members of the Skills Development Network. The

overarching objective of the network is to make best use of the capacity to undertake skills development and to ensure that education and training meet the changing needs of the area under the jurisdiction of the municipality. Through this forum, an agenda will be set that informs the work of relevant SETA's, the Departments of Education and of Labour, business organisations and NGOs.

4.10 Link the youth and the unemployed with career guidance and employment services

According to the 1998 White Paper on Local Government, municipalities can play a role in tailoring career guidance and employment services to local circumstances, in order to match supply and demand in a practical way. Municipalities can support or

contribute to the activities of other agencies by allowing these agencies to provide services at libraries and community centres or by referring the youth and unemployed to relevant agencies.

4.11 Assistance with the establishment and operation of multipurpose community centres

The Multipurpose Community Centre (MPCC) Programme initiated by government is perceived as an example of government integration across the three spheres of government and of how departments from local, provincial and national governments can work together with parastatals, the private sector, NGOs and community groups to make development a reality.¹⁷

A MPCC is an integrated, one-stop community development centre, characterised by community participation, where people's needs are addressed by providing relevant services. A MPCC aims to empower the poor and disadvantaged by providing access to information, services and resources from both governmental and non-governmental sources, which can be used for their development.

The following are relevant examples:

The Alexandra MPCC and the Alexsan Kopano MPCC provide a comprehensive list of services. Alexandra is situated in Region 7 of the Johannesburg Metropolitan Municipality. Apart from services provided by the three spheres of government, several NGOs and the private sector are also represented. These include, amongst others, the Association for the Physically Disabled, the Family and Marriage Society of South Africa (FAMSA), Phambili Youth Development (youth advisory centre, skills development and training), Life Line, Friends for Life, Alex FM, Alexandra Tourism, Flex Professionals, Kolly (development and empowerment of people in temporary and permanent jobs), Alexandra Chamber

of Commerce (information resource centre on business, upliftment of local manufacturers, helping people draft business plans and assistance with SMME training), Bosele Township Experience and Alexandra Renewal Project Construction and Auto Cluster (mentorship and tenders).

On Thursdays, the Department of Labour provides advice on labour-related issues and information on skills development (e.g. learnerships), and renders assistance with applications for UIF and the registration of domestic workers.

4.12 Use of libraries as centres of learning

According to Ms Mariëtte van Dyk, Administrative Secretary at the National Office of the Library and Information Association of South Africa, the theme of the South African Library Week 2006 will be 'Libraries: partners in learning, nation building and development'.¹⁸ Libraries have an opportunity to contribute towards improving the quality of life of people living in their communities. This theme can be linked to the theme of the IFLA at the 2007 World Library and Information Congress, namely 'Libraries for the future: progress, development and partnerships' and is a continuation of the South African Library Week 2005 theme: 'Libraries: opening the doors of learning and culture to all'.

Examples:

In 2003, the Tshwane Community Library and Information Services, University of South Africa, and the South African National Literacy Initiative formed a partnership to strengthen and promote adult education in Tshwane.¹⁹ The project started in June 2003 and volunteer teachers were trained to instruct illiterate adults using Tshwane's community library infrastructure.

In Alexandra, the City of Johannesburg Municipality Library offers English literacy classes for adults (ABET), and the Alexsan Kopane Library offers classes for students in biology on Saturdays.

4.13 Municipal skills

All municipalities must have realistic Integrated Development Plans, credible Local Economic Development Programmes, and the material and human resources, as well as the management and operational systems to implement these IDPs and LEDs.

State of the nation address of the President of South Africa, Thabo Mbeki: joint sitting of parliament, February 3, 2006.

Capacity building to increase the rate and quality of service and infrastructure delivery at local level in South Africa is probably a city's most significant SDS. This pressure has led to concerns being raised about the capability of local government to rise to such a challenge. A large number of training programmes

have been developed to fill perceived gaps and to address issues of skills development.

Examples of cities using the assistance rendered by SETAs and the services of private training providers include the following:

The Banking SETA has agreed to compile a curriculum explaining financial services to the councillors of the Ekurhuleni Metro and to people who want to gain access to finance in order to enter the economy. This SETA will fund the curriculum development and a pilot programme in Ekurhuleni, where after it would be rolled out to the rest of the country.²⁰

The establishment of People's Centres was recognized by the City of Johannesburg as a means for implementing the Municipal Systems Act of 2000 and forms part of its broader Joburg 2030 strategy.

People's Centres were set up to inform citizens about the services available to them via the local Government structures established in terms of the Local

Government: Municipal Systems Act and the South African Constitution, and to enable them to access these services. The services include:

- primary healthcare
- education and awareness of HIV and Aids
- the payment of essential services such as electricity, water, rates, etc

USAID, together with CREATIVE South Africa, under the banner of promoting democracy in developing countries, awarded a grant to Outlearning (Pty) Ltd²¹ to train People's Centre staff and ward councillors. Learners went through a rigorous learning process and on completion of assessment were awarded a nationally recognized qualification.

4.14 Mitigating the impact of HIV/AIDS

HIV/AIDS is having a far-reaching impact on city economies, on individuals, households and communities. However, what does HIV/AIDS have to do with skills development?

Illness and death affecting the municipal labour force, workers elsewhere, teachers, academics and researchers have a profound impact on a city's skills and intellectual assets and its capacity to sustain education and training. Undoubtedly, the availability of antiretroviral drugs and effective treatment can be

viewed as part of skills maintenance and the development strategy.

In this regard, the SACN in collaboration with SALGA and dplg released a set of guidelines in 2006 to encourage and establish skills for municipalities to effectively respond to the impact of HIV and Aids in the workplace. SALGA now uses these guidelines in their training and capacity building programme for HIV and Aids.

5. Useful websites

1.	Council for Scientific and Industrial Research (CSIR) Sec under "References", links to Godisa, Tshumisano, etc	http://www.csir.co.za
2.	Department of Education	http://www.education.gov.za/
3.	Department of Labour Link to DoL's provincial offices and labour centres Link to skills development acts, policies, guidelines/instructions, reports and documents Link to SETA contact details	http://www.labour.gov.za/ http://www.labour.gov.za/contact/index.jsp http://www.labour.gov.za/programmes/programme_display.jsp?programme_id=2674 http://www.labour.gov.za/contact/contact_display.jsp?deptDetail=6b98&category=6780
4.	Department of Provincial and Local Government	http://www.dplg.gov.za
5.	Department of Science and Technology	http://www.dst.gov.za
6.	Department of Trade and Industry Small Enterprise Development Agency (SEDA) The Business Referral and Information Network (BRAIN) SEDA: Provincial initiatives	http://www.thecti.gov.za http://www.seda.org.za http://www.brain.org.za http://www.brain.org.za/SUPPORT/provinces.html
7.	Government Communication and Information System (GCIS)	http://www.gcis.gov.za
8.	Guideline to regional social-economic analysis	www.dbsa.org/document/GuidelinstoRegionalAnalysis.pdf
9.	IDP Nerve Centre	http://www.idp.org.za/
10.	National Research Foundation	http://www.nrf.ac.za
11.	Online recruitment services	http://www.pnet.co.za http://www.resume-link.com http://www.bigbreak.co.za
12.	Sources for socio-economic data: Statistics South Africa Quantec Research (Pty) Ltd Global Insight	http://www.statssa.gov.za http://www.globalinsight.co.za/ http://www.quantec.co.za/ http://www.careerjunction.co.za http://www.jobs.co.za http://www.jobfood.co.za
13.	South African Cities Network	http://www.sacities.net
14.	South Africa Government Online Programme of Action Update Link to all National Departments	http://www.gov.za/ http://www.info.gov.za/aboutgovt/poa/index.html http://www.info.gov.za/aboutgovt/dept.htm
15.	South African Local Government Association (SALGA)	http://www.salga2004.co.za
16.	Speeches and statements State of the Nation Address National Budget Parliamentary Media Briefings Statements on Cabinet meetings	http://www.info.gov.za/speeches/index.htm

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- ¹ Erasmus, J.C. & Tomlinson, R. 2006. *Toolkit: Skills Development Strategies for Inclusive and Productive Cities*. South African Cities Network (SACN)
- ² The International Labour Office (ILO) published a useful document in 2002, providing essential background information. The report is entitled *Learning and training for work in the knowledge society* and provides a comprehensive study of recent legislation, policies and practices of knowledge- and skills-based economies and societies. Excerpts from the report, covering matters such as the benefits of learning and the formulation of learning, education and training objectives and strategies, are provided in Annexure A of the Toolkit package. The full report can be accessed online from the following web link:
<http://www.ilo.org/public/english/employment/skills/download/report4.pdf>
- ³ These observations come from Borhat, H. and Hodge, J. (1999). Decomposing shifts in labour demand in South Africa. *The South African Journal of Economics*, 67, 3, pp.348 – 380.
- ⁴ http://www.labour.gov.za/useful_docs/doc_display.jsp?id=8501
- ⁵ <http://www.education.gov.za/>
- ⁶ <http://www.labour.gov.za/>
- ⁷ <http://www.thedti.gov.za>
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- ⁹ Erasmus, J. 2006. *Analysing economic trends in Ekurhuleni*. Annexure C: Toolkit: Skills Development Strategies for Inclusive and Productive Cities.
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- ¹⁹ Hills, C. 2003. Tshwane's libraries to be used for major adult literacy project. *Citizen*, 24 Nov. 2003, p. 6
- ²⁰ Ekurhuleni LED Department. 2004. Minutes of Skills Development Network meeting held on 5 October 2004 at 09:00 at the Brakpan Civic Centre.
- ²¹ Outlearning (Pty) Ltd. Commonwealth Business Council – White Paper. Modernising government – the Joburg City example case study. JUMP Joburg/USAID Municipality Capacity Building Programme. The BATHO PELE Experience. Obtainable from info@outlearning.co.za