



## CONTENTS

### FOREWORD

2



1	The Accelerated and Shared Growth Initiative for South Africa (AsgiSA)	5
2	The Joint Initiative on Priority Skills Acquisition (Jipsa)	6
2.1	The Jipsa mandate	7
2.2	The Jipsa structure	8
2.3	The priority skills strategy	9
3	Jipsa work in progress	11
3.1	High priority skills areas	11
	Engineers	11
	Artisans	13
	Town and regional planning	15
3.2	New projects to support AsgiSA objectives	16
	Business process outsourcing (BPO)	16
	Tourism	18
	Information and communications technology (ICT)	19
3.3	Short-term quick wins	20
	Graduate placement strategy	20
	Experiential training	23
	Developing project management capacity	24
	Deployment of retired professionals	25
4	Jipsa's focus in phase two	26
5	The Jipsa partners	28
5.1	The Joint Task Team	28
5.2	The Secretariat	30

### List of figures and tables




Figure 1: The Jipsa structure	9
Figure 2: The engineering skills needs projection to 2010	11
Figure 3: The artisan skills needs projection to 2010	13
Figure 4: Proposed increase in the number of artisans, 2007 – 2010	15
Figure 5: Placement opportunities for unemployed graduates by sector, December 2006	22
Figure 6: Placement opportunities made available to unemployed graduates by country, December 2006	23
Table 1: The members of the Joint Task Team	28

## FOREWORD BY THE DEPUTY PRESIDENT, MS PHUMZILE MLAMBO-NGCUKA

Time has gone very fast since 27 March 2006 when we launched Jipsa. Back then, we set ourselves to create short term but sustainable interventions to the skills problems. We have always known that one of the deepest scars of apartheid was the denial of acquisition of quality education and skills to black people. We further recognise that South Africa is no exception to the global challenge of skills shortages in various technical areas, it is only that in our case we also have deep structural problems that our government is trying to undo. The timing of Jipsa was therefore perfect and a necessary step, as it intensifies the co-operation of stakeholders.

The Jipsa objectives are derived from the underlying AsgiSA objectives of increasing gross domestic product (GDP) growth, for this period until 2010 to 6% and to halve unemployment and poverty by 2014. It is pleasing that in this short period of AsgiSA's existence, we are within our range of targeted GDP growth and that the economy has produced no less than 500 000 jobs every year since 2005. The envisioned GDP growth target of 6%, creating a sufficient number of jobs to halve unemployment and halving poverty targets would imply that we must continue the 'business unusual' approach and increase our efforts in addressing the binding constraints in our economy.

There is overwhelming evidence that addressing skills shortages is one of the most critical interventions that will make a major difference in achieving the remaining AsgiSA objectives. Through improved skills, the economy can absorb more youth who could be rescued from both poverty and other social ills. The massive infrastructure programme of over R400 billion and sectors earmarked for growth will prosper if appropriate and adequate skills could be attainable. GDP growth with increased numbers of people with skills that the growth demands will work in favour of creating jobs and ending poverty.

Jipsa has equally risen to the challenge in its first nine months. We have made significant progress in defining the challenges, aligning stakeholders and identifying appropriate resources to respond to the shortage of engineers, artisans, BPO skills and pockets of other smaller interventions. In the State of the Nation Address in February 2007, President Thabo Mbeki commended the work done by Jipsa and pledged government's support to address the skills challenges.

The additional allocations in the Budget speech have confirmed the political will to increase the financial resources that will address our skills challenges. The success of Jipsa will, however, depend not only on additional funding, but on the strength of the partnership and collaboration among all the stakeholders drawing from different components of our society.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



Jipsa has also changed the lives of no less than 1 500 young people who have participated in different placement programmes for experiential learning, both locally and overseas. We are hoping that further work that will be done in collaboration with the National Youth Service will create incremental benefits for giving skills to young South Africans. I want to thank the Department of Provincial and Local Government and the Development Bank of Southern Africa (DBSA) for their continuing co-operation in placements of retired but highly skilled individuals and volunteers in municipalities.

I would like to express my greatest appreciation to the Jipsa Task Team, the Technical Working Group and Business Trust and the Secretariat for the hard work that has been put into the nine months gone by. Having reviewed the scope of work that Jipsa remains to carry out in the next nine months of its life, we have confidence that the remaining skills interventions in the areas of Mathematics, Science, ICT and language competence in public schools; management and planning capacity in healthcare and education systems; networking skills in transport, telecommunications and energy; as well as skills required by sectors such as agriculture will be completed and relevant custodians will take on the task of allocating resources and seeing to the implementation of the scarce and priority skills. Work is continuing to take place in improving immigration processes to enable movement of priority skills into South Africa. Jipsa also collaborated very well with the Department of Education to ensure that the Further Education and Training (FET) initiative went very far attracting 25 000 students plus the allocation of bursaries for FET students.

Jipsa has and will continue to help mobilise financial and other resources from government, private sector and overseas development assistance that will address its objectives. Jipsa will also work harder to get greater stakeholder contribution from labour, youth and business.

I also want to specifically thank our government departments, especially the departments of education and of labour, and the built environment industries, who made it possible to identify what needs to be done regarding engineering and artisans. The South African embassies spread throughout the globe, which are continuing to connect South Africa with the best skills networks, some of which have made it possible for many young people to participate in placement opportunities, as well as increased collaboration with overseas counterparts for our universities and research institutions.



The foreign embassies based in South Africa have equally made it possible for their countries to support us in this mammoth task. Another word of appreciation to local and foreign companies who contributed in many ways to the success of Jipsa. The task ahead of us is equally challenging. I hope we'll continue this path together for the long haul for the love of our country, South Africa.

Ms Phumzile Mlambo-Ngcuka  
Deputy President of South Africa

JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)





## 1 THE ACCELERATED AND SHARED GROWTH INITIATIVE FOR SOUTH AFRICA

AsgiSA was launched in February 2006, following the appointment of a high-level government task team by President Thabo Mbeki at the Cabinet Lekgotla of July 2005. The task team, led by the Deputy President Phumzile Mlambo-Ngcuka, was given a mandate to identify constraints in the economy and to propose interventions to increase the capacity for growth to a sustainable 6% per year in the long term and address challenges emerging within the Second Economy. The mandate was clearly to 'think out of the box'.

The Deputy President's team, supported by a small group of specialists from various government departments and co-ordinated by The Presidency, created a framework document and set the overarching objectives for AsgiSA:

- Reduce the unemployment rate from 30% to 15% by 2014.
- Reduce poverty from one-third to one-sixth of the population by 2014.
- Increase the annual GDP growth rate from the then average of 3% to 4,5% per year for the period 2005 to 2009 and to 6% for the period 2010 to 2014. This target should create a sustainable annual growth rate of 6%.

The task team developed proposals to address the constraints and identified the following priorities for intervention:

- macro-economic issues
- infrastructure
- education and skills
- sector development strategies
- Second Economy, and small, medium and micro enterprise (SMME) development
- governance and public administration.



## 2 THE JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION

The growth envisaged through AsgiSA depends in part on resolving the shortage of suitably skilled labour. South Africa lacks sufficiently skilled professionals, managers and artisans, and the challenge is amplified by the uneven quality of education and the impact of the apartheid legacy which located many people a great distance from their places of work, thus increasing the price of labour of the poor. The acquisition of priority skills was identified as one of the most significant challenges facing growth, because skills development is a long-term process.

AsgiSA identified a number of medium- and long-term interventions to address the skills shortage:

- **Build a strong foundation in public schooling.** This involves strengthening the capabilities of the poorest schools, encouraging knowledge acquisition in the Foundation Phase, improving Mathematics and Science capabilities, providing career guidance, establishing a school feeding scheme and accelerating Adult Basic Education and Training programmes.
- **Focus on areas of greater priority in tertiary education and training.** Here the priorities include recapitalising the FET colleges to improve their capacity and increase throughput to one million learners, increasing the number of black graduates and expanding faculties that produce specialist skills such as engineering, among others.
- **Initiate and improve work-based training programmes and scarce skills initiatives.** This includes developing an employment services system to close the gap between potential employers and employees, providing support to phase two of the National Skills Development Strategy and developing a database for short-term scarce skills needed to support AsgiSA interventions.
- **Establish a joint council in government to strengthen and co-ordinate the activities to address the skills shortage.** The urgent need for skills, which are a necessary input for AsgiSA programmes, led to the idea of creating a short- to medium-term troubleshooting approach towards skills challenges. This gave rise to Jipsa, established to address the acquisition of scarce and priority skills.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



## 2.1 THE JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION MANDATE

On 27 March 2006, the Deputy President launched Jipsa to identify solutions to the major skills shortages. Jipsa is a high-level task team led by the Deputy President and housed in The Presidency. It was given the following mandate:

- **lead** the implementation of a joint initiative of government, business and organised labour to accelerate the provision of priority skills to meet AsgiSA's objectives
- **give momentum** and **support** to the implementation of AsgiSA
- **prioritise key skills** and develop appropriate human resource development (HRD) strategies to address these in the short to medium term
- **mobilise** senior leadership in business, government, organised labour and institutions concerned with education and training and science and technology to address national priorities in a more co-ordinated and targeted way
- **promote** greater relevance and responsiveness in the education and training system and strengthen the employability of graduates
- **lay the foundations** for more co-ordinated and effective HRD strategies
- **report** to the AsgiSA Task Team and Cabinet on progress made towards agreed objectives
- **identify** blockages and obstacles within the system of education and training that stand in the way of the achievement of Jipsa's objectives
- lead an effective programme to **communicate** Jipsa's objectives and consult with stakeholders.

Jipsa is thus an initiative that sets skills priorities in support of AsgiSA's economic growth objectives. It advises on aligning the training and skills-development efforts of the public and private sectors with the objectives of AsgiSA, without undermining the development and implementation of longer-term HRD strategies.

Jipsa provides an inclusive platform through which the social partners can demonstrate their commitment to human resource and skills development, deliver on both short- and medium-term skills targets, and strengthen the existing mechanisms for skills delivery.

Jipsa recognises the many initiatives in South Africa that strengthen education and skills development and works in support of these by:



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



- identifying HRD priorities
- seeking synergy across different initiatives
- facilitating improved co-operation and co-ordination between stakeholders to solve specific HRD challenges
- providing information and analysis to empower the social partners to tackle the obstacles facing skills acquisition.

While focusing on immediate skills priorities, Jipsa also takes a medium- to longer-term perspective on the wider policy and institutional environments as they relate to the challenges of HRD in South Africa. This enables it to provide insights into the operations of the current system and identify aspects that require improvement.

Cabinet has given Jipsa an initial lifespan of 18 months. This report covers the progress made by Jipsa in its first nine months, from April to December 2006.

## 2.2 THE JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION STRUCTURE

A successful strategy that fast-tracks skills development to promote economic growth and increase labour absorption requires buy-in, leadership and support from employers and organised labour at a senior level, and from key ministers and government departments. To make a meaningful difference in the provision of priority skills, the initiative needs to be driven by common national intent. Jipsa's structure provides the means whereby the social partners are able to work together towards these goals.

The key Jipsa structure is the Joint Task Team which reports to the AsgiSA Task Team and Cabinet. It is supported by the Technical Working Group made up of senior leaders in government, business, labour, academic and research institutions and civil society. The process is supported by the Jipsa Secretariat, advisory groups and a range of specialist inputs, both local and international.

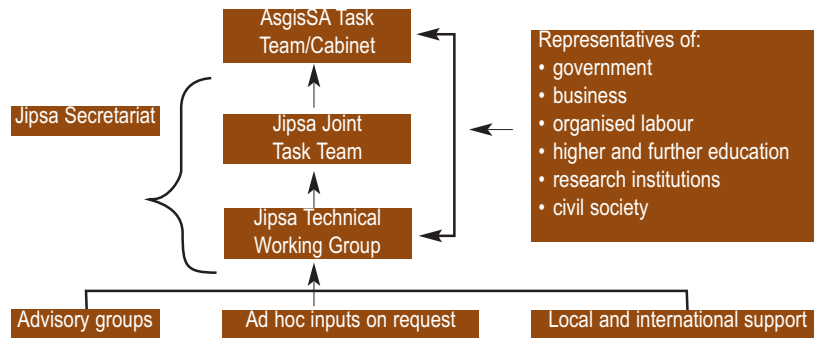




JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



**Figure 1: The Jipsa structure.**



### 2.3 THE PRIORITY SKILLS STRATEGY

Jipsa defines priority skills as an absolute or relative demand (current or in future) for skilled, qualified and experienced people to fill particular roles/professions, occupations or specialisations in the labour market.

A three-point strategy was adopted for the acquisition of priority skills:

- 1 Five high-profile priority skills areas were identified for immediate attention:
  - a. high-level, world-class engineering and planning skills for the 'network industries' – transport, communications, water, energy
  - b. city, urban and regional planning and engineering skills
  - c. artisanal and technical skills, with priority attention to infrastructure development, housing and energy, and in other areas identified as being in strong demand in the labour market
  - d. management and planning skills in education and health
  - e. Mathematics, Science and language competence in public schooling.

Jipsa prioritised the first three skills areas during the reporting period.

- 2 Jipsa launched a systematic process of discussion with key 'project owners' and role-players regarding the skills required to underpin AsgiSA projects and increase labour absorption. This led to concrete proposals for priority skills initiatives in the fields of tourism, ICT, BPO and biofuels. During the reporting period, Jipsa focused on engaging the project owners in the tourism, ICT and BPO sectors.
- 3 A limited number of focused analyses and consultations were initiated to address perceived constraints and inefficiencies in the current frameworks and institutional arrangements for skills delivery. The following issues are receiving priority attention:
  - a. analysis of the problem of unemployed graduates
  - b. strengthening of the labour market and skills information system
  - c. the National Qualifications Framework Review and quality assurance mechanisms
  - d. analysis of artisan training capacity.

Underpinning the Jipsa three-point strategy is an important assumption about skills acquisition. Jipsa sees the acquisition of skills as not merely a numbers challenge, but as a systems challenge. In some cases, skills acquisition involves training more people; in other cases it requires importing specialist skills. Fundamentally, it involves broadening the training pipeline, retaining people who are in skilled employment and training them more effectively and to higher quality standards. Targets must thus be established (e.g. the outputs of trained engineers), but it is equally important to address the systems blockages and inefficiencies and problems of quality that impede the acquisition of relevant, high-quality skills to sustain growth over the medium to longer terms.

Jipsa recognises that increasing priority skills involves understanding complex systems that require the interdependent functioning of key role-players. Jipsa has succeeded in bringing together the right players to address shared problems and to develop the modalities required to quickly make visible progress. In the process, a model has begun to emerge in which practical implementation remains the responsibility of the various project owners, and a more focused, co-ordinated and systemic approach is developed to the skills acquisition challenge through Jipsa.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



### 3 JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION – WORK IN PROGRESS

Since Jipsa’s establishment in February 2006, considerable progress has been made in identifying obstacles and bottlenecks that constrain priority skills acquisition. Skills needs have been quantified in three of the five high-priority skills areas, and proposed solutions are being forged and implemented by a range of players in the public and private sectors. New projects are being crafted in tourism, BPO and ICT to support the achievement of longer-term AsgiSA and Jipsa objectives. Jipsa also made a number of short-term gains by putting in place strategies that address the need for priority skills in targeted areas. The activities are detailed below.

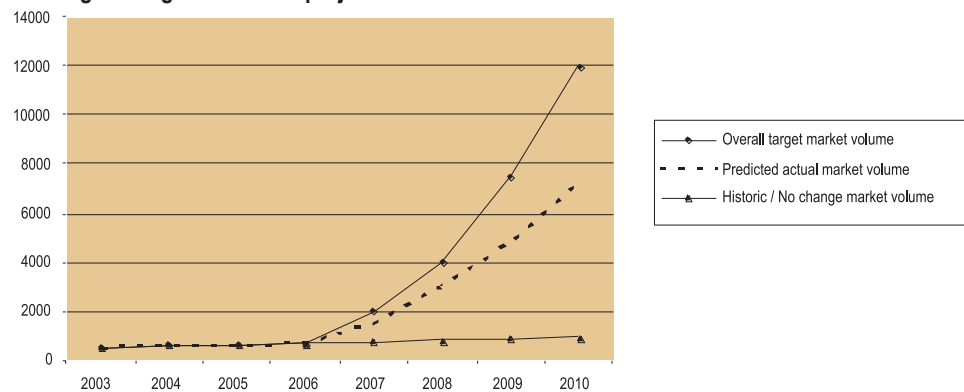
#### 3.1 HIGH PRIORITY SKILLS AREAS

##### Engineers

###### *What is the problem?*

Each year, South Africa produces 1 400 engineers with B.Eng. and B.Sc. Eng. degrees. Only about half of these graduates go on to register with the Engineering Council of South Africa (ECSA) as practising professionals. Jipsa has determined that to meet projected demand (see Figure 2), the average annual output of engineers from the higher education sector needs to increase by 1 000 to a total of 2 400 a year. Measures need to be put in place to ensure that these graduates become registered professionals.

**Figure 2 The engineering skills needs projection to 2010.**





1 Comprehensive universities are those formed by the merger of a university and a technikon, e.g. the University of Johannesburg.



While the shortage of engineers is a global phenomenon, South Africa must in the short term increase its efforts to fast-track the importation of skills to meet immediate demand. This is because the country has experienced a major increase in infrastructure development and other large capital projects, and all projections suggest that this growth phase will continue for the next decade as the AsgiSA strategy takes effect. The construction and engineering industries have been experiencing skills shortages in the managerial, professional, technological and technical fields which, unless addressed immediately, run the risk of slowing down the country's infrastructure programme of over R400 billion in the period 2007 – 2009.

It is important that throughput and success rates in B.Eng. programmes in the universities are improved, while the universities of technology and comprehensive universities <sup>1</sup>need to improve both the quality and graduation rates from B.Tech. degree and national diploma programmes. Employers have a major role to play by offering experiential training to these students and in mentoring them. Other challenges include the lack of preparedness among students who enter engineering programmes and insufficient university resources (staff and infrastructure) in the face of escalating student enrolments. Jipsa has also identified the need to improve the selection of engineering students, strengthen academic support and academic development programmes and mobilise greater financial support for engineering students via the fiscus, donor community and business.

### ***Proposed solutions***

Jipsa has identified three strategies for increasing the number of practising engineers in South Africa:

- **Increase the number of engineering graduates.** The Department of Education has launched a process to increase the annual number of engineering graduates.
- **Ensure that a higher number of engineering graduates register as practising engineers.** ECSA is engaged in the development of a structured 'candidacy phase' leading to professional registration, and employers (including government departments) are being engaged on strategies for the retention, re-employment and importation of engineers.
- **Retain engineers, re-employ retired engineers and remove the blockages to importing experienced engineers.** Engineering skills are in short supply worldwide, and Jipsa is in consultation with the departments of labour and of home affairs about corporate work permits and the development of a streamlined approval process.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)

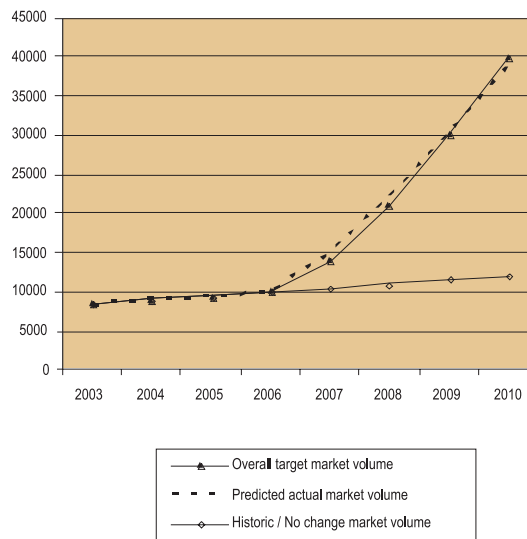


## Artisans

### What is the problem?

South Africa is experiencing a severe shortage of well-qualified, competent and experienced artisans. While the economy currently produces approximately 5 000 artisans per year, research suggests that at least 12 500 artisans should be produced each year over the next four years to meet demand (see Figure 3).

Figure 3: The artisan skills needs projection to 2010.



Jipsa has researched this issue and is engaging the Department of Labour, employers, the National Skills Authority, sector education and training authorities (Setas) and other role-players on how to respond to the challenge. The strategy that is emerging will address a number of systemic problems as well as immediate training issues. For example, urgent attention is being given to the alignment and articulation of the various training pathways – apprenticeships, learnerships and the new vocational qualifications in FET colleges – leading to artisan status.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



### Proposed solutions

Jipsa has recommended that over the next four years, 7 500 additional artisans be produced each year, totalling 12 500 per year. This is a projected increase of 30 000 artisans over the period 2007 – 2010. While it is a conservative estimate, it represents a stretch target in terms of South Africa's current capacity to produce artisans.

The key to achieving this target lies in gaining agreement on:

- 16 priority trades as well as the requirements for each, including automotive electricians, boilermakers, carpenters and joiners, diesel mechanics, earth-moving equipment mechanics, light and heavy electricians, fitters, fitters and turners, instrument mechanics, millwrights, motor mechanics, sheet metal trades workers, shutter hands and steel fixers, toolmakers and patternmakers, and welders.
- the different pathways to attaining artisan status across the different trades (as outlined above).
- the provision of financial support to employer-led initiatives through the fiscus, the National Skills Fund and Setas in addition to private-sector contributions.
- closer co-operation and co-ordination between the departments of education and of labour, and between government, business and labour.

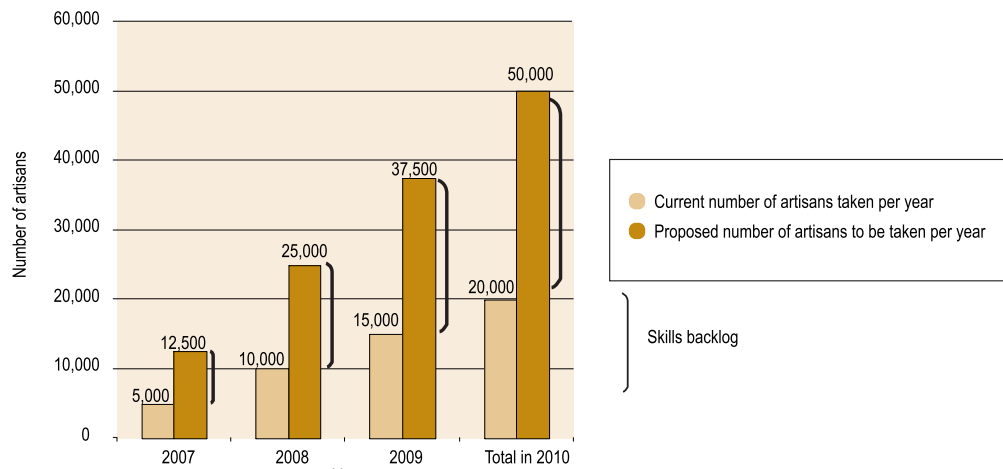
Since an extraordinary increase in the supply of artisans is called for, the Department of Labour's implementation plan covers a range of activities required for the achievement of the proposed artisan training targets, year on year. Included are policy-development initiatives (such as a review of the Skills Development Act, 1998 (Act 97 of 1998) and tax allowances), activities that relate to the quality and delivery of artisan development initiatives (such as the trade qualification design and registration through the South African Qualifications Authority (Saqqa), artisan learning pathways and curriculum development), and the funding of artisan development initiatives. Other integral issues are concerned with an assessment of the existing physical capacity of training-providers, the number of current trainers required, marketing strategies to revitalise the artisan career option, and entry versus throughput rates of students.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



Figure 4: Proposed increase in the number of artisans, 2007 – 2010.



In implementing strategies to reach the annual target of 7 500 trained artisans, a number of employer-led initiatives have been launched to support the process. They include those under the auspices of the Steel and Engineering Industries Federation of South Africa which envisages training 6 000 metal engineering artisans for the labour market by 2010. Market-led responses will cater for immediate business needs, but the achievement of the annual targets depends on a combination of private-sector and public-sector initiatives. Only in this way will the supply of artisans be generated in excess of immediate needs. This requires an extraordinary commitment from both public- and private-sector players and it is gratifying to note that state-owned enterprises and other employers are now working to support the artisan development strategy.

### Town and regional planning

#### *What is the problem?*

Town and regional planning has a long-term impact on society and the economy. The quality and efficiency of planning the country's spatial development is thus critical for growth. Initial research and consultations by Jipsa indicate that the constraints on effective and efficient planning operate at two levels:



- Aspects of planning legislation and institutional arrangements require review. These lie outside the remit of Jipsa and will need to be addressed by the AsgiSA technical team.
- The determination of the competencies and qualifications required by planners, their professional registration and continuing professional development. These issues are being taken up with the relevant statutory authority, the South African Council for Planners.

**Proposed solutions**

Jipsa is in the process of formulating proposals to address these challenges in consultation with the appropriate government departments, institutions such as the South African Council for Planners, and higher education institutions. The following priority actions have been identified:

- fast-tracking the definition of planning competencies
- strengthening the South African Council for Planners
- promoting the registration of planners
- expediting the recognition from the Royal Town Planning Institute of South African planning qualifications
- establishing a bursary fund for planning students.

**3.2 NEW PROJECTS TO SUPPORT THE ACCELERATED AND SHARED GROWTH INITIATIVE FOR SOUTH AFRICA'S OBJECTIVES**

There are a number of initiatives within AsgiSA that have implications for priority skills acquisition and these are being addressed by the relevant 'project owners'. While these activities are being taken forward independently of Jipsa, they support Jipsa's objectives in relation to the goals for AsgiSA. The progress on these projects is thus briefly outlined below.

**Business process outsourcing**

**What is the problem?**

The BPO sector has considerable potential to absorb a significant number of unemployed people into formal employment. However, there are two constraints: uncompetitive telecommunications pricing and a shortage of skills.



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South Africa needs a deeper pool of entry-level and work-ready young people to expand the call centre industry, as well as supervisors, middle managers and senior managers.

### ***Proposed solutions***

A considerable amount of work has been done by the Business Trust, the Department of Trade and Industry and the employer body, the South African Call Centre Community, to resolve blockages and devise a skills development strategy.

The skills development strategy has three elements:

- meeting anticipated demand for the period 2006 – 2010 by increasing the pool of employable entry-level people through a targeted, customised training programme aimed at 30 000 young unemployed people from disadvantaged backgrounds
- accelerating the development of 5 000 home-grown supervisors and managers funded from Seta discretionary funds
- ensuring the ongoing development of a globally competitive talent pool with the required skills at all levels of employment.

A short-term intervention to address the skills needs to support BPO was developed and the necessary funding was secured from the Department of Labour to train no less than 7 200 entry-level call-centre operators. The programme is to be implemented through the relevant Setas and aims to recruit matriculants who are unemployed and lack other qualifications to be trained and placed in call-centre job opportunities.

A skills support programme to encourage new investors has been proposed as part of the incentives programme. This is accompanied by support training for supervisors, managers and senior managers. An innovative delivery model brings together employers, training assessors and learners to ensure the best talent is attracted, good quality training is provided, work place experience is secured and 70% of learners are guaranteed work at the conclusion of the training. Jipsa is in the process of working with the Department of Communications and other stakeholders to compile a comprehensive skills plan for other technical skills required to support the BPO sector.



## Tourism

### ***What is the problem?***

The competitiveness of the tourism sector is hampered by a failure to develop programmes to deal systematically with skills gaps. Scarce skills in the tourism sector include high skills such as technical management, information and knowledge management, product knowledge, and language and communication.

### ***Proposed solutions***

The Department of Environmental Affairs and Tourism has developed the Tourism Skills Initiative to address skills challenges and stimulate the transformation of the industry. A comprehensive skills audit is being conducted throughout the tourism industry, covering accommodation, hospitality and related services, travel-distribution systems, conservation, sport, recreation and fitness, gambling and lotteries.

The Department of Environmental Affairs and Tourism hosted the National Tourism Skills Consultative Conference in Gauteng in October 2006, where a declaration and action plan were signed by stakeholders representing government, business, labour and communities.

The action plan sets the following milestones:

- Improve industry skills development co-ordination through the establishment of the National Tourism and Sports Skills Development Forum comprising key stakeholders. This forum was formally launched on 27 November 2006.
- Improve knowledge within the tourism sector by developing a single information-generating system. A task team was identified to work on this matter.
- Improve curriculum development and participation in education and training by reviewing the current tourism curricula. A task team was established to explore this issue.
- Develop SMME and community participation in education and training by establishing of training programmes designed specifically for them. The Tourism, Hospitality and Sport Education and Training Authority will lead the task team and ensure that these programmes are in place by the end of June 2007.
- Establish a user-friendly accreditation system. A task team is working on this system which is due by the end of June 2007.
- Finalise the Revised Sector Skills Plan by the end of April 2007. The research report, outlining skills gaps, recommendations and action plans, has been drafted.





2 Department of Trade and Industry and ISETT Seta (2005). *An Analysis of the ICT Skills Audit for the Department of Trade and Industry and ISETT Seta.* Johannesburg: Vukanikids.



- Maintain training interventions. Programmes currently underway include foreign language training in French, Chinese and Spanish.

Other 'quick win' projects include the training of previously disadvantaged people as tourist guides, SMME mentorship programmes and the placement of unemployed graduates. The Department of Environmental Affairs and Tourism also partnered with the Deputy President's office to place unemployed tourism graduates in India and the United Arab Emirates for experiential learning.

## Information and communications technology

### ***What is the problem?***

Many people refer to the ICT skills shortage as a problem that affects the ICT industry in terms of e-skills and ICT specialists. However, the ICT skills shortage is much wider than that: South Africa urgently needs to develop the ICT skills of its citizens, consumers and intended users of ICT products.

While the shortage of ICT workers is not unique to South Africa, statistics indicate that the current low levels of ICT skills in South Africa could harm its competitiveness in the global marketplace and undermine AsgiSA's objectives. Urgent interventions are thus required.

According to a study commissioned by the Information Systems, Electronics and Telecommunication Technologies (ISETT) Seta and the Department of Trade and Industry in 2005<sup>2</sup>, skills shortages are estimated to be over 300 000 by 2007 while the ISETT Seta training capacity is only 7 000 per year. Preliminary investigations reveal shortages of high-level skills including professional, strategic and specialist skills and oversupply of low-level ICT skills. The report further shows that the current skills base is mainly in installation, repairs and support of clients, confirming that services are the main focus of the ICT industry.

### ***Proposed solutions***

A national ICT HRD and training plan must speak to the broad question of ICT skills and technology appropriation at national level, rather than focusing narrowly on the ICT industry.



3 Development Policy Research Unit (DPRU) (2006). *Graduate Unemployment in Post-Apartheid South Africa: Nature and Possible Policy Responses* (unpublished mimeo). Cape Town: DPRU, University of Cape Town.



The Department of Communications is co-ordinating ICT companies who are in the process of developing a concrete skills plan. This effort is further supported by the President's ICT Advisory Council which comprises a team of international ICT specialists.

### 3.3 SHORT-TERM QUICK WINS

While Jipsa addressed the high level skills interventions, it became clear that there is a growing mismatch between demand and supply of skills in the economy, particularly affecting black graduates. This was a challenge big enough that Jipsa could not leave unattended. In addition, Jipsa identified opportunities for a pool of skills, both with and without adequate experience, but could nevertheless be immediately matched with areas where skills demands have not been met. Consequently, Jipsa identified four ways in which rapid progress could be made in the short term to resolve skills shortages. Strategies include placing unemployed graduates in positions with companies and government departments, deploying retired experts into critical positions, drawing on mentors in targeted fields and supporting local government with specialised capacity.

#### Graduate placement strategy

##### *What is the problem?*

Research conducted for Jipsa by the Development Policy Research Unit<sup>3</sup> at the University of Cape Town showed that there are approximately 200 000 unemployed graduates in South Africa with a mix of certificates, diplomas and degrees. Unemployment among black graduates, in particular, rose faster than any other category of the unemployed: between 1995 and 2005, the unemployment rate for graduates increased by half from 6,6% to 9,7%.

Reasons for black graduate unemployment include a mismatch between the skills of the graduates and the skills demanded by the economy. In some cases, the graduates have the formal qualifications, but their training falls short of industry expectations. In other cases, there are insufficient numbers of graduates with skills that are in short supply.

In addition, graduate unemployment is aggravated by factors such as race, field of study, the institution from which the person graduated, employer perceptions of the graduates' quality and employability, a lack of soft skills among graduates (including interpersonal, communication and presentation skills), their lack of access to employers and networks, their attitude, lack of work experience and whether or not they have a driver's licence.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



The fragmented nature of information about graduates also poses a challenge: a small database of unemployed graduates is maintained by the South African Graduate Development Association while Saqa maintains the National Learner Records Database. The Umsobomvu Youth Fund's (UYF) graduate database of unemployed youth is known as JOBS and in the year under review, Jipsa has worked closely with the youth fund to improve the usefulness of the graduate database for employers.

**Solutions identified**

Jipsa identified the following strategies through which higher education institutions, employers and Setas could address the problems faced by unemployed graduates:

- provide top-up or bridging courses to graduates
- provide work orientation and life skills programmes to address the lack of soft skills and networks
- offer retraining and conversion programmes to expose graduates to new sectors e.g. language courses for graduates seeking to enter the BPO sector
- provide on-the-job coaching, mentoring and guidance to address the graduates' lack of work experience
- establish national and international placement programmes to fast-track professional development and provide unemployed graduates with work experience.

**Quick wins: Unemployed graduate placements**

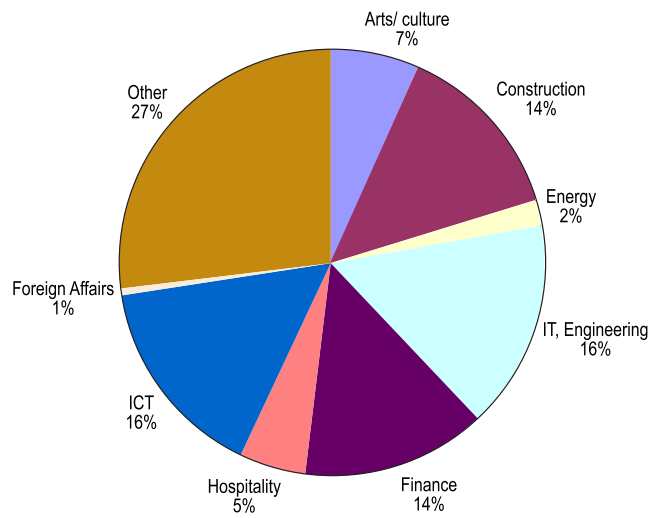
In December 2005, the Deputy President launched the Unemployed Graduate Initiative. Several companies pledged to employ formerly unemployed graduates for a year to give them work experience. Close to 1 000 unemployed graduates were drawn from the databases compiled by the UYF and the Independent Development Trust, and were placed in a range of companies. Opportunities were also made available by the departments of arts and culture, of environmental affairs and tourism, of foreign affairs, and of public works.



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



**Figure 5: Placement opportunities for unemployed graduates by sector, December 2006.**



Offers for placements were also received from other countries and to date approximately 900 offers for placement have been forthcoming from companies and government departments around the world. For example, China offered to train 300 South African graduates while the Netherlands offered to train 150 per year for the next five years. Other countries that have agreed to participate are Australia, Ireland, the United Kingdom, the United States of America, Canada, Japan, Malaysia, Singapore, Slovakia, Belgium, Flanders, Denmark, Spain, Mexico and Belarus, among others.

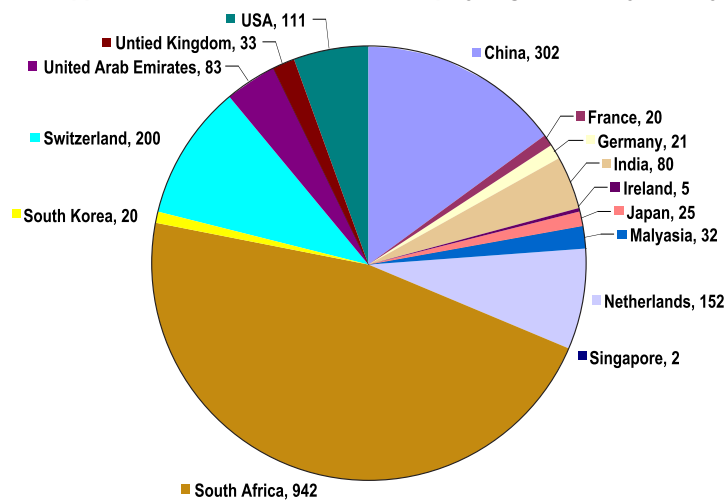
The high cost of international placements makes funding partnerships essential. The 2006 programme was mainly funded by the Kellogg Foundation along with contributions from other companies and foreign embassies.



4 Subotzky, G (2003) Public Higher Education in Human Sciences Research Council' (HSRC), in Human Resources Development Review 2003: Education, Employment and Skills in South Africa, Cape Town: HSRC Press and East Lansing: Michigan State University Press.



Figure 6: Placement opportunities made available to unemployed graduates by country, December 2006.



### Experiential training

#### What is the problem?

University of technology programmes have an experiential learning component which requires workplace experience. Estimates are that several thousands of students each year cannot graduate because they are unable to secure the necessary placements. This deprives the economy of highly-trained graduates, particularly in the engineering sciences, who have workplace experience and are likely to be productive from the outset.

Two factors have made it difficult for university of technology students to gain the necessary practical experience:

- Firstly, the past few years have seen large increases in the number of students enrolling at these institutions with the proportion of African students increasing from 7 165 (12%) in 1988 to 148 755 (73%) in 2000<sup>4</sup>. The number of placement opportunities in industry has not kept pace with the growing demand and this problem is particularly acute in rural areas.
- Secondly, many employers today prefer to place unemployed or lower-skilled people in the workplace because they receive funds from the relevant Seta for this purpose. In the case of university students seeking practical

experience, employers have to carry the cost of the stipend, allowance or wage paid to the student. Work-placement periods for university students vary from three months for business management or human sciences students to a year for engineering students.

#### **Solutions identified**

Short-term measures to secure work placements are being explored with Higher Education South Africa and employers. A longer-term solution may lie in changing the experiential learning requirements for university of technology programmes and this is also being discussed. If more university students can be assisted to graduate, the number of graduates and technologists entering the labour market will have a major impact in meeting the priority skills required by the South African economy.

#### ***Quick wins: Training for ungraduated students***

Jipsa has prioritised the identification of training opportunities for ungraduated students from universities of technology to ensure that they complete their education and are absorbed in the labour market. Jipsa has also made efforts to gather conclusive information on the scale of the problem in order to address it. Discussions are taking place with Higher Education South Africa and the departments of education and of labour to seek solutions in the long term. Solutions include building capacity in the universities to provide co-ordinated assistance to students seeking placements and changing the experiential learning requirements to make placements more attractive to employers.

#### **Developing project-management capacity**

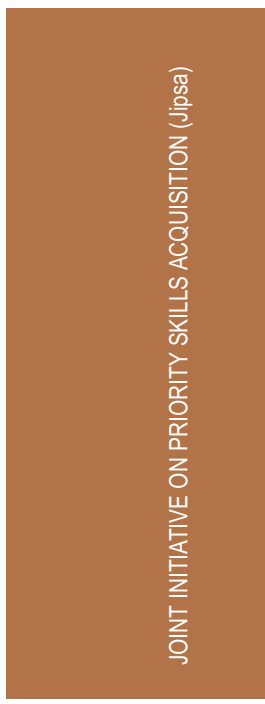
##### ***What is the problem?***

The lack of project-management capacity has been identified as one of the most common reasons for service-delivery failure and the slow implementation of capital expenditure programmes at local government level. The problem is reflected in high levels of vacancies within municipalities and/or insufficiently experienced staff. This problem is further exacerbated by the lack of adequate technical skills to undertake feasibility studies, project costing and monitoring.

##### ***Solution identified***

Jipsa identifies public-private partnerships through which short-term interventions can address this skills gap and assists municipalities to launch such programmes. A number of private-sector institutions have accepted the request to assist, the most advanced being:





- Old Mutual, assisted by the South African Management Development Institute and the Department of Provincial and Local Government, conducted a training programme in which 97 municipal employees from the Western Cape, Gauteng and Eastern Cape participated. Most of the trainees were women and they were given hands-on training in foundational project management. Old Mutual Business School provided the training curricula, training .
- Old Mutual has also created a non-profit entity, the Ilima Trust, to support government in skills transfer and acquisition in respect of project management, financial management, human resource management and operational efficiencies. Initially there is no cost to government. The trust has enlisted the services of nine experienced semi-retired experts and hopes to increase the pool in due course. Work has already begun with the municipalities of Cape Town and the Nelson Mandela Metropole.

### Deployment of retired professionals

#### *What is the problem?*

A number of local municipalities, particularly in the poorest communities, lack the core skills required to run an effective municipality and don't have capacity in engineering, finance and town planning. The lack of these high-level skills has impacted on the delivery of water, sanitation and infrastructure.

#### *Solutions identified*

The Siyenza Manje Initiative recruits qualified retired experts, pairs them with young graduates who can be mentored, and deploys them to those local municipalities that require assistance. The Siyenza Manje Initiative was purposefully crafted to support municipal efforts to implement various service-delivery projects, particularly those focusing on infrastructure development.

The programme is implemented as a partnership between National Treasury, the Department of Provincial and Local Government, the Department of Water and Forestry and the South African Local Government Association, with the DBSA. The DBSA's Development Fund functions as an implementing and managing agency.

#### **Quick wins: Deployment of retired experts**

The DBSA started deploying the teams between May and November 2006. A total of 67 experts were sent to the targeted municipalities. Going forward, the programme will extend its reach beyond engineers to sourcing other skills required for effective municipal interventions.

#### 4 THE JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION'S FOCUS IN PHASE TWO

The progress reported above covers the first nine months of Jipsa's lifespan, from April to December 2006. The second phase of Jipsa's programme of activities will focus on the following priorities:

- planning and management capacity in the public education and health sectors
- Mathematics, Science, ICT and communication skills in public schooling
- town and regional planning skills
- unlocking HRD commitments within Black Economic Empowerment sector charters
- specialist, high-level planning and engineering skills for the network industries – water, energy, transport and communications.

Jipsa's work is supported by independent research and analyses such as the in-depth study of graduate unemployment that was undertaken by the Development Policy Research Unit at the University of Cape Town. The following research is planned or currently in process:

- An audit of training facilities and training capacity in state-owned enterprises, government departments and local government structures, and in the private sector. This will draw on available information.
- An analysis of data and information systems pertaining to skills development is being considered. This will include the development of practical measures to address information gaps and the information requirements for timely and informed planning and policy development.
- An analysis of the costs of training is being undertaken.

Through the work done to date, Jipsa has identified several obstacles and bottlenecks which constrain priority skills acquisition and require attention. These include:

- finalising the National Qualifications Framework Review and addressing stakeholder concerns about, among others, the accreditation and quality assurance of technical and vocational training programmes
- the uneven performance of Setas and the complexity of their funding, accreditation and quality-assurance mechanisms
- inadequate data and analysis on skills supply and skills demand
- high levels of wastage across the education and training spectrum



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



- the responsiveness of education and training to labour market demand
- the balance between education and training provision, especially between further and higher education.

It is evident that, despite the achievements of Jipsa in its short lifespan, significant challenges remain. The heterogeneity of these tasks, both in scale and timeframe, allude to this difficulty. However, it is clear that in order to pursue a sustainable growth path, the South African economy must ensure that one of its vital binding constraints – the shortage of skilled personnel – is alleviated.



## 5 THE JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION'S PARTNERS

Jipsa is a multi-stakeholder working group through which government, business, labour, academic and research institutions and civil society join forces to fast-track the provision of priority skills required to support accelerated and shared growth.

Jipsa focuses the attention of key government departments, Setas and public education- and training-providers on the achievement of core national objectives. It calls on business leaders to ensure that the private sector plays an active role in the provision of priority skills, and it seeks the support of organised labour for a shared priority skills agenda. Through the Deputy President, Jipsa reports directly to Cabinet.

The country's two largest trade union organisations – the Congress of South African Trade Unions and the Federation of Unions of South Africa – participate in the Jipsa Joint Task Team, as do top business leaders. The private sector is contributing its research, financial support and capacity to help implement some of the Jipsa projects.

Although Jipsa does not have formal authority, the leadership of the Deputy President gives it the power to inspire, to persuade and to lead. It has a contingent of powerful decision-makers and influential people and receives the highest attention and priority from government.

### 5.1 THE JOINT TASK TEAM

The Joint Task Team is headed by the Deputy President. Its members comprise government ministers and senior leaders from business and labour. Its members were hand-picked based on the influence that their respective institutions have and their individual passion for addressing skills challenges.

Table 1: The members of the Joint Task Team

Name	Institution
Deputy President Phumzile Mlambo-Ngcuka	The Presidency
Minister Naledi Pandor	Department of Education
Minister Membathisi Mdladlana	Department of Labour
Minister Makhenkesi Stofile	Department of Sport and Recreation
Minister Alec Erwin	Department of Public Enterprises
Minister Mosebudi Mangena	Department of Science and Technology
Minister Mandisi Mphahlela	Department of Trade and Industry
Minister Mosiuoa Lekota	Department of Defence
Minister Nosiviwe Mapisa-Nqakula	Department of Home Affairs
Minister Geraldine Fraser-Moleketi	Department of Public Service and Administration
Mr Bobby Godsell	Anglogold Ashanti
Dr Vincent Maphai	BHP Billiton
Mr Jacko Maree	Standard Bank
Mr Pat Davies	Sasol
Mr Mike Wylie	WBHO Construction
Ms Maria Ramos	Transnet
Mr Thulani Gcabashe	Eskom
Prof Barney Pityana	Higher Education South Africa
Mr Jamangile Mbana	SA College Principals' Organisation
Dr Khotso Mokhele	National Research Foundation
Dr Sibusiso Sibisi	Council for Scientific and Industrial Research
Mr Dennis George	Federation of Unions of South Africa
Mr Malose Kekana	Umsobomvu Youth Fund
Ms Gail Kintworth	Unilever
Mr Zwelinzima Vavi	Congress of South African Trade Unions
Mr Floyd Shivambu	Student representative
Prof Vuyiswa Mazwi-Tanga	Cape Peninsula University of Technology
Mr Gwede Mantashe	Chairperson: Technical Working Group



JOINT INITIATIVE ON PRIORITY SKILLS ACQUISITION (Jipsa)



**5.2 THE SECRETARIAT**

The National Business Initiative (NBI) provides Jipsa with a small, full-time secretariat. The NBI is a non-profit, business-based organisation whose role is to enhance the business contribution to a thriving society. The work of the secretariat is funded by the private sector through the Business Trust.

The Jipsa Secretariat assists the Joint Task Team and the Technical Working Group with the development of the priority skills plan, budget and implementation strategy. The Secretariat also provides ongoing administrative and project-management support to Jipsa; provides policy analysis, research and research-management capacity; prepares reports and documents as required; and assists Jipsa with monitoring and reporting.