
Chairperson: Jacob Twala

<p>Minutes of the 9th Congress of the Public Sector Economists Forum (PSEF) Held at Crawford Beach Lodge Chintsa; 28th to 30th November 2017</p>

DAY 1: TUESDAY 28 NOVEMBER 2017

1. ATTENDANCE REGISTER

The copies of the signed registers were circulated to the attendees.

2. OPENING AND WELCOME

The Chairperson, Mr Jacob Twala, opened the Congress by welcoming all members present (see the attached copy of the chairperson's speech). A special word of welcome was extended by Mr Tyrone Boucher, the Chief Director of the Eastern Cape Department of Economic Development, Environment Affairs and Tourism (DEDEAT), who represented the HOD. The HOD could not attend due to other pressing and unavoidable business commitments.

3. RESHAPING THE PDP AS A YOUTH TRANSFORMATION IN THE EASTERN CAPE

PRESENTATION BY (Kosi please include the name of the gentlemen from ECSECC)

- The presentation provided a wide overview of the Eastern Cape Provincial Development Plan /Strategy (PDP), focussing on reshaping the PDP as a youth transformation project in a time of fiscal austerity, diagnostic review: what's changed since 2014? For instance, fiscal constraints, institutional challenges: SOEs, Departments (national and provincial), local government, impact of prolonged recession, low growth, low investment levels, high unemployment rate, particularly among youth, construction/property development stalled e.g. no progress on PE waterfront
- Also highlighted were the revised PDP's goals, namely: growing economy; Transport, logistics & ICT; education; health; sustainable settlements, resilient & sustainable environment and capable institutions.
- Emphasis must be on shifting existing budget and personnel allocations: intelligent deployment of resources, thereby ensuring better value from existing allocations.

- A deal with teacher unions on teacher performance; more focused STEM teacher development and education.
- Much stronger municipal performance on infrastructure and service delivery to business and industry.
- Key characteristics of suggested PDP priority interventions include biases towards youth development and employment, emphasis on innovative and pilot programmes/new approaches, where possible, they should build on existing initiatives that are already working well etc.
- More emphasis on youth programmes with integrated learning, work and enterprise (more effectively utilising EPWP/ CWP resources and partnerships).

**A.1 Panel Discussion by Dr Heinrich Bohlmann (UP), Mr G Joseph (CEO, SASDC) and Dr J. Visagie (HSRC):
Radical Economic Transformation and Inclusive Growth: Facilitator by Mr K. Kobe**

The discussion highlighted the following salient issues:

1. Radical economic transformation (RET) is not a choice but a must, unavoidable and is urgently required to address the past imbalances. The harsh reality is the fact that, Black people constitute almost 80% of the South African population, yet the lion's share of the economy in terms of ownership of land and companies remains at the hands of white people, who make up approximately 8% of the population.
2. This *radical* change must be real and inclusive, thereby ensuring positive outcomes for the poor, rural, women and people living with disabilities, particularly given that economic growth is very low. Unemployment has been rising consistently, and income inequality has worsened.
3. It was, however, emphasised that transformation cannot happen without pain, and businesses and institutions have to be more willing to change and give more black people access to the mainstream economy.
4. Radical economic transformation must also be pursued together with radical economic growth. Hence South Africa (SA) needs address fundamental structural limitations in the economy that are hampering economic growth and seek ways to ensure that growth can be spread across classes, races and the disadvantaged. This would boost both business and consumer confidence which is currently very low.
5. Radical economic transformation is also aimed at addressing the current unequal society, thereby levelling the playing field to ensure that history does not continue to undermine the economic potential of the vast majority of South Africans.
6. Another way of implementing RET is to radically address the skills shortages in the economy – thus a need to address education and productivity issues.
7. And real black economic empowerment is clearly linked to the question of land reform. The country needs to break up monopolistic ownership, but also to ensure that land is used productively.
8. There are other key elements, which must be dealt with to realise inclusive growth. Fixing the spatial landscape is one of them. Apartheid deliberately separated “races” into different spaces, divided by natural or man-made barriers. The economy - even a radically transformed one – won't change this.

9. Promotion of radical transformation through procurement (SCM) – this will assist in contributing towards a meaningful and sustainable economic transformation and inclusiveness. Thus promoting supplier diversity by encouraging, supporting and assisting SMEs to transact with government and the private sector at large. Disturbingly, participation by black-owned companies in South Africa’s corporate supply chains of remain extremely low. This will, in turn, assist in promoting supplier diversity aimed at achieving competitiveness and long-term sustainability.

Questions and Discussions

To get the balanced views on the topic, the steering com members resolved to invite the panellists from a diverse background. Unfortunately, Prof Vusi Gumede, from Unisa declined the invitation. While both Prof Chris Malikane and Mr Lumkile Mondi (withdrew few days before the Congress, despite having confirmed attendance).

A.2 PRESENTATION: RADICAL ECONOMIC TRANSFORMATION AND INCLUSIVE GROWTH

FACILITATOR: MR W MABASA

1. Radical Economic Transformation and Inclusive Growth: Presenter Dr J.W. Mostert (LPT)

- Dr Mostert’s presentation focused to a large extent on highlighting key issues that are hindering inclusive growth, namely: employment, poverty and income inequality.
- The presentation shows that over the period 1996 to 2016, there has been a minimal decrease in poverty (from very high level) and increase in inequality – and thus the country is not experiencing inclusive growth.
- The following, are possible policy options that SA needs to consider to increase the level of inclusive growth:
 - Enterprise development
 - Promotion of preferential procurement in all spheres of government
 - Promotion of innovation (Maths & Science)
 - Skills promotion and development
 - Implementation of practical strategies aimed at higher levels of economic growth
 - Need to address the unacceptably high levels of poverty and inequality.

2. Presentation: The Meaning and Measure of Inclusive Growth Search of Genuine Economic Transformation - Presentation by Dr J. Visagie (HSRC)

Similar to Dr Mostert, Dr Visagie’s presentation highlights poverty as one of the key challenges that need attention when addressing the issue of inclusive growth. In his conclusion, Dr Visagie stresses that the overarching challenge pertaining to inclusive growth relates to the crafting together of efficiency and equity, prosperity and fairness guided by the following principles:

- Participation/active citizenship e.g. Economic; decision-making; housing delivery and others.
 - The significance of city-regions: infrastructure, well-coordinated inter-governmental relations.
 - Collective action across sectors of society: i.e. Not: Centralised decision-making, state-centred, silos
-
- For the successful implementation of the above-stated principles, the presentation proposed the following four policy priorities for SA:
 - Greater emphasis on the physical foundations of urban development, especially land, infrastructure and public spaces (i.e. intensification, integration and rebalancing).
 - Major revisions to housing/human settlements policy (Rental, density, mixed-use, informality, inner cities).
 - Supporting the start-up and growth of SMMEs (Regulatory burdens, coordinated support). More consistent support for human development through the life-course, with links to jobs and livelihoods

Questions, discussions and interactions on the presentation included the following;

A3. ECONOMIES OF MUNICIPALITIES/GOVERNMENT EXPENDITURE AND ECONOMIC GROWTH/TRADE AND INVESTMENT

Presentations:

1. Investigating the Provincial Government Expenditure Economic Growth Nexus in a Multivariate Model: Empirical Evidence from Free States Province Presentation by Mr O.S. Omoshoro-Jones (FSPT)

- The presentation estimates the long-run relationship between GDP and PGE, applying the autoregressive distributed lag (ARDL) econometric model in Free State Province, utilising Provincial data: GDP, population, CPI the Free State Provincial government expenditure (2000 to 2014).
- **The empirical aim** of this study is to uncover the dynamic and complex relationship underlying the GDP-GE nexus in FS, solely to equip policymakers with an evidence-based decision-making tool, and deepen their knowledge from both fiscal stance and macroeconomic perspective.
- **The findings indicate that there is:**
 - Evidence of a bi-directional causality between real GDP and real PGE in the short-run, but a unidirectional causal flow from real PGE to real GDP in the long-run, depicting a complex and dynamic nexus important for policy purposes.
 - A unidirectional causal flow from population variable to both real GDP and real PGE in the short-run. The population is a key driver for an expansion in economic activity and public spending.
 - In the long-run, a 1% increase in real GDP will cause PGE to rise by 0.99 to 1.2%.

- External shocks influence total PGE trend. Total PGE can rise by 0.49 – 2.12% in response to a positive external shock.
- **Policy Recommendations:**
 - Instead of relying on *a priori judgment*, FS governments need to balance its decision on the rapidly growing public expenditures to, e.g., implement political mandates, and tackle the prevailing socio-economic conditions (income inequality, high unemployment and poverty rates) and the need to boost economic activity level.
 - To mitigate the declining provincial equitable share (PES), as well as, raise both output and productivity growth (e.g. labour force participation rate) – key ingredients required to stimulate economic growth; it is imperative for the provincial government to encourage an increase in population growth.
 - An effective policy strategy is needed to reduce inter-provincial migration of skilled workers, which adversely affect labour productivity, economic activity level and development.
 - External shocks exert a significant influence on the evolution of PGE growth in the FS. The possibility of the provincial government expenditure reverting back to a lower or an initial expenditure level after a shock is improbable, thus the “runaway effect”. Thus, the prerogative to effectively and efficiently manage the limited available fiscal allocation.

2. **Small, Micro and Medium Enterprises Funding and Economic Growth: Error Correction Model Presentation by Ms T. Sebusi (GPT)**

- **The purpose of the study** is to examine the relationship between SMME funding and the economic output in the province of Gauteng (GP) in the long- and the short-run, using data obtained from the Gauteng Enterprise Propeller (GEP) - 2005 to 2016 together with the Provincial GDP data from IHS Markit.
- The study was undertaken following the Keynes GDP framework, thereby applying the econometric Error Correction model.
- The results indicate that:
 - In the long-run, the SMME sector has a positive and significant relationship with the economic output of the province, implying that SMME funding is helpful in stimulating economic output in GP.
 - The short-run results also showed a positive relation, but the effect was shown to be insignificant. This suggests that financing is not the only factor that plays a role in the growth and development of SMMEs. A conducive business environment is necessary and key for these businesses to thrive.

3. **Exporting Profile of Northern Cape (NC) Manufacturing Firms Presentation by Mr Cabanga Moyo, Northern Cape Department of Economic Development and Tourism**

- The study maintains that there is a total of 148 manufacturing firms spread across food & beverages, textiles & clothing, wood & wood products, petroleum products, other non-metal products, metal products excl. machinery, furniture, radio and TVs, electrical machinery.
- There were, however, only 32 classified exporters and the questionnaire was sent to all of them but only 21 responded.
- **Empirical findings and conclusion**
 - The study concludes by asserting that exporting firms in the NC manufacturing sector fall into two broad groups: namely - smaller firms with less than 100 employees exporting non-food products exclusively to the rest of Africa, as well as bigger firms employing more than 100 people, and exporting food and beverages mostly to the high and middle-income markets in Europe, North America and China.
 - It is further concluded that there is hardly a mixture of these two distinct markets by individual firms, implying that (i) exporting to Africa may not be a stepping stone to high-income markets, (ii) the viable export markets for smaller firms are in Africa.
 - The findings also indicate that export market of individual firms are not geographically diversified. As a result, most firms generate a huge chunk of export revenue from a single country market, which exposes them to external shocks.
- **Policy recommendation**
 - The fundamental question emanating from the study is: should growth of manufactured exports be driven by recruits or higher volumes by existing exporters? There is thus a need for the existing exporters to enhance export volumes in the regional markets in which they are already exporting.
 - It is also vital for the province to encourage new firms into exporting. This will, however, largely depend on the availability of a pool of potential exporters, with characteristics that match the requirements of prospective markets.

4. **Determination of Mpumalanga's comparative advantage and regional competitiveness Presented by Mr J.J. Verster (MP DEDT)**

Economic base analysis

- The study utilises both the Location quotient and the Shift-share analysis techniques to uncover the revealing characteristics, strengths, weaknesses and trends that describe the economy of Mpumalanga Province. The former technique is used to identify potential sources of competitive advantage, comparative advantage or areas of regional specialisation, while the latter focuses mainly on identifying the growth effect, the industrial mix effect and the regional competitiveness effect.

▪ **Some key findings:**

- Six industries (agriculture, mining, utilities, construction, trade and private households) held a comparative advantage in MP over the national industries in both 2014 and 2017.
- The province had a comparative advantage in agriculture and mining declined between 2014 and 2017, whereas that of utilities and manufacturing improved.
- In terms of the dynamic location quotient, community services, finance, manufacturing and transport (ranked according to employment size) can be regarded as “pre-emergent” industries.
- In terms of shift-share analysis, only utilities experienced employment increase primarily due to specific factors in the province (regional competitiveness).
- In terms of shift-share analysis, employment changes due to regional competitiveness were similar to changes due to industrial mix factors were experienced in mining, construction, transport and finance. On the other hand agriculture, manufacturing, trade, community services and private households experienced contradictory regional competitiveness employment changes than employment changes attributed to industrial mix factors.

▪ **Some key recommendation**

- MP DEDT focuses on a few strategic interventions to expand the provincial industrial base. One such intervention is the Petro-Chemical Technology Park, which encompasses the various subdivisions of the fuel, petroleum and chemical products sub-industry. From the base analysis, it is evident that this sub-industry is a Comparative Advantage & Regional Competitiveness.
- The significant employer in Mpumalanga that holds an expanding comparative advantage and whose employment growth was predominantly a result of regional competitiveness factors. MP DEDT is, therefore, intervening in a “standout” sub-industry that should serve the province well.
- Another intervention is the Forestry Technology Park that covers two sub-industries (forestry and logging as well as wood and wood products), which both scored three “gold medals” in the combined scorecard.
- The base analysis results show that MP DEDT explores interventions in the operation of fish farms sub-industry as well as the electrical machinery and appliances sub-industry. Both are small role-players in terms of employment but both fared very well in the base analysis and have natural linkages with some of the existing DEDT interventions. For example, fish farming products can expand the offerings of the International Fresh Produce Market, whereas electrical machinery and apparatus can fit into the technology parks and further support the electrical supply sub-industry.

Questions, discussions and interactions on the presentation included the following;

A4. MINUTES OF THE ANNUAL GENERAL MEETING OF THE PUBLIC SECTOR FORUM (PSEF) AS FACILITATED BY MR J. TWALA and held on the 28 November 2017

1. The chairperson, Mr Jacob Twala, officially opened the meeting and welcomed all present. He thanked Ms Kosi Yankey and Ms Lungile Shange for their collective and tireless efforts in preparing for the conference.

1. Apologies

The following apologies were noted:

1. Dr Clive Coetzee-(KZN PT)
2. Mr Lennard van Vuren-(MP DEDT)
3. Mr Matodzi Rathumbu (GP).

2. Adoption of the agenda

The agenda was unanimously adopted.

3. Address by chairperson, Mr J. Twala

Since the report needs to include the activities of the entire Congress, Mr Twala thus suggested to table it at the first steering committee meeting that will be held in CT in Feb/March 2018.

4. Report by the former Chairperson (2016), Mr Malele Mogoane

- It was noted that the report of the 2016 PSEF's AGM was not circulated to members but it is available on the website <http://www.psef.org.za/node/152#overlay-context=node/5>.
- Mr Malele Mogoane, the previous chairperson (2016), provided a comprehensive summary of the achievements contained in the 2016 close up report.

5. Adoption of the report presented by the former Chairperson

Mr W. Mabasa proposed the adoption. This proposal was seconded by Ms K. Yankey and the report was unanimously adopted by the forum.

6. Nomination of the new chairperson and the hosting province thereof

- Dr J. Mostert (LPT) and Mr W. Mabasa (LP DEDT) were voted as the chairperson and the deputy chairperson for 2018, respectively.

- It was proposed that Limpopo Provincial Government (collaboration – Limpopo Department of Economic Development, Tourism & Environmental Affairs and the Limpopo Provincial Treasury) to host of the 10th Congress of the PSEF in 2018.

7. Review/changes to the constitution

- The forum commended Mr I. Moses and Dr J. Mostert for updated the vision and mission of the forum in 2017.
- Mr I. Moses and Free State team will lead in updating the TOR's that will also assist in formulating the concept notes for the conference/ congress. The meeting to present the TOR's to the steering committee members will be in February 2018 and the date will be communicated.
- The Free State Province, under the stewardship of Mr Itumeleng Moses, was assigned the task of developing the concept note for the 2018 Congress.

8. General

Resolutions

- The copies of the latest version of the vision and mission, close-out report for 2017 as well as the revised **TOR's** are to be recirculated in early 2018 (Lungi Shange & Jacob Twala).
- Mr J. Moses will communicate with the School of Governance **at the University of the Free State (UOF)** – to explore possibilities of publishing the research papers presented at the congresses. Itumeleng promised to provide feedback at the first steering committee meeting in CT.
- The preliminary/tentative budget proposal for the conference needs to be discussed in the first steering committee meeting.
- The incoming chairperson (Dr J Mostert) will have to do a follow-up with Dr Francois Fouche from Trade Advisory (University of North West) to have a business proposal / report that could be submitted to the HODs / DDGs of the respective provinces regarding the proposal by Trade Advisory on **“Making provincial trade data more useful & representative - The need for enhanced sub-national trade data”**, as per Francois' presentation at the congress.
- **The steering committee would discuss how the departments may work together with municipalities in order for the PSEF to play a role in influencing policy direction at the municipality/metro.**
- There is a need for the steering committee to engage a discussion to plan a workshop on radical economic.
- The forum needs to look at ways of influencing policy direction at both the provincial and national levels.
- In future guest speakers' needs to be advised in advance about the objectives of a conference and the expected key issues that are required of them in preparing for the panel discussion.

- The panel members need to have a clear understanding of the subject matter in writing as a reference in order to reflect back to assess whether the objectives were met.
- The editorial committee for the conference research papers needs to use the terms of reference in order to ascertain that the specifications of the requirement of the conference papers were met.
- The forum needs to intensify efforts to encourage Metropolitan Municipalities to be part of the steering committee members. There is, therefore, a dire need for the forum to establish a stable and consistent relationship with the metros, not individual members. This will assist in ensuring that the PSEF plays a significant role in making meaningful contributions towards municipal by-laws (policies), particularly on LED/IDP forums etc.
- Another issue to be discussed at the steering committee meeting relates the inclusion of tours at the conference. Are they really needed? As economists, we need to be cost-effective, particularly during the current situation of tight budget constraints facing the government.
- When making travelling arrangements, members need to be encouraged to prepare their booking logistics in such a way that they also fully attend the last day of the conference.
- The forum needs to consider issuing certificates to the guest speakers/ panellists and to the presenters as a token of appreciation and marketing the forum.
- Technology is invading the global economic space – hence members are also encouraged to present research papers that demonstrate innovation.
- The steering committee needs to develop tangible strategies for creating platforms to disseminate information to the public and influence political principals in order to have an impact on policy direction.
- The PSEF website was to be open to the public and DTI would incorporate the link to the website to the DTI website.

9. Closing

- Closing remarks by the outgoing chairperson.
- Incoming chairperson, Dr J. Mostert delivered a brief “thank you” speech.
- The Chairperson declared the meeting closed at 17:30.

DAY 2: Wednesday 29 November 2017

1. PLENARY DISCUSSION/REFLECTIONS ON THE DAY ONE

MR W. MABASA - MP DEDT (MR MABASA WILL PROVIDE HIS NOTES TO THE OUTGOING CHAIRPERSON – JACOB TWALA)

▪

2. PRESENTATIONS BY SERVICE PROVIDERS

FACILITATOR: MS S. DU PLESSIS

In line with the undocumented culture of the PSEF, Service providers, particularly those providing economic data at the regional level in SA, are usually invited to attend the Congress. The service providers, generally provide

brief presentations on what they do, new services, latest developments and changes that could be adopted to improve the reliability and accuracy of the data they provide to provinces and municipalities as well as other relevant topics that are of interest to the Forum.

Under the circumstances, service providers were then invited, however, only three of them attended and those are: IHS Markit, Trade Advisory and Conningarth Economists

1. **Regional explorer (Rex) latest updates & new development, presented by Mr Evan Burger from IHS Markit**

- The presentation focused on the update on ReX Interface.
- Mr Burger also covered on the presentation is the new service titled, New ReX Fiscal Module which covers topics and data on Municipalities' financial performance and position using data from NT and Stats SA

2. **Making provincial trade data more useful & representative: The need for enhanced sub-national trade data, presented by Dr Francois Fouche from Trade Advisory (North West University)**

The presentation focused on:

- Problem statement
 - Head Quarter effect in sub-national trade statistics
 - Data integrity, planning & decision making
 - Goal - towards reflecting a more accurate trade geography.
- Why Trade Advisory and trade data issues?
 - To remove the HQ effect from the trade statistics.
 - To be consistent & transparent about the how.
 - To work closely with DEDTEAs and PTs

3. A comprehensive database of various sectors and their outlook in the South African economy, presented by Mr Carlo Serafino from Conningarth Economist

Mr Serafino presented various economic models offered by the Conningarth Economist, which included the following:

- Macroeconomic Forecast Model, covering among others: Primary economic components of GDP and the 30-year forecast, performed at a national level, trend analysis and the most likely, high and low growth Scenarios
- Commodity Forecast Model
- Local Municipality Forecast Model
- National rand value commodity forecasts are disaggregated to the 243 local municipalities in the country.
- Water Demand Forecast Models
- Local Municipality-level intermediate demand is derived by applying:
 - Distribution of water usage by commodity and by sector, based on the Stats SA Use Table
 - Natural Resource Satellite Accounts sector totals.
- Local Municipality-level household demand is derived by multiplying:
 - Low, medium and high-income household water consumption ratios (based on regression analysis of historical data)
 - The number of low, medium and high-income households in each local municipality.
- Liquid Fuels Demand Forecast Model
- Forecasts for diesel are calculated from commodity-level production and domestic demand data derived from the local municipality forecast model.

3. ECONOMIES OF MUNICIPALITIES AND MIGRATION PATTERNS

FACILITATOR MS S. DU PLESSIS

State of the eThekweni Economy 2016/17, presented by Ms Tshegang Chipeya (eThekweni Metro).

The presentation focused to the large extent on the global, continental, Provincial economic outlook. Similar to most economies, the presentation demonstrated how the economy of eThekweni Metro is susceptible to the global economic and political changes.

The salient features of the presentation are:

- The need to increase intra-trade between African countries. Currently, only 18% of trade in Africa is conducted with other African countries.

- SA's sluggish economic growth coupled with the high unemployment rate, high levels of inequality and lack of inclusive growth.
- SA's downgrade by the rating agencies (S & P, Fitch and Moody's).
- Declining of both consumer and business index.
- State of the economy in eThekweni:
 - The economic structure of eThekweni and the key performing sectors (e.g. tourism).
 - EThekweni's ranking compared to other Metros in SA in terms of doing business.
 - The labour market in eThekweni.
 - EThekweni's finances, the city comparative advantages, mega trends that requires urgent attention.
 - The mega trends include but not limited to: A crisis of confidence: Declining private sector investment, currency volatility, business confidence, policy uncertainty, increasing debt and credit rating downgrades, have both contributed to the crisis of confidence and are also manifestations of it, in as much as these issues becoming mutually reinforcing, red taping, dispersed development; poor spatial agglomeration and others.
- Steps that the city is / should be taking to address these mega trends:
 - Improve competitiveness and ease of doing business - the city should move towards an integrated electronic system for all city departments and services from Real Estate, Planning, Electricity, GIS; Water, etc.
 - Investment into technical and vocational education and training (TVET) – while education and skills remain a competency of provincial and national government, in reality, the city functions as one entity and the impacts of dysfunctional systems are brought to bear on the city as a whole.
 - Promotion of export-led growth.

Questions, discussions and interactions on the presentation included the following:

4. DEVELOPMENT FINANCE INSTITUTIONS IN SOUTH AFRICA FACILITATOR MR W. MABASA

**Draft Paper on Prospects and Streamlining Development Finance Institutions in South Africa:
"Reflections on the Review of the DFI's in South Africa
Presentation by Thulani Guliwe (Gauteng Enterprise Propeller):**

- **The objective of the study** is to look at how best to reposition the DFI's to meet the current and future needs of South Africa's economy, as well as looking at the state of entrepreneurship and the finance gap in South Africa
- **Funding realities:**
 - An estimated 27.3% (less than 100 000) of SMME's in SA successfully apply and receive funding from formal financial sector
 - 67% death rate of businesses because of financial reasons and non-profitability
 - An estimated 84.7% informal businesses are financially excluded.
- **State of SMME's in SA:**
 - There are about 2 251 821 in SA, about 667 433 are formal SMME's whilst the number of informal businesses is 1 497 860, while Black-owned SMME's constitute 34% of the formal SMME's
 - South African SMME's are estimated to account for over 60% of employment compared to the global average of 77%.
- It is estimated that over R160 billion is allocated to financing activities.
- In contrast, PDFI's account for only 1% of assets allocated to financing by all DFI's.
- In SA, the problem is not just limited resources to meet the ever-growing needs BUT the structure and concentration of DFI's.
- The fact that 91% of DFI's assets is concentrated at a national level is an anti-thesis of the post-apartheid development agenda which emphasises the implementation of policies at local and provincial levels.
- This is further worsened by the fact that 84.6% of the financial sector assets is owned by 4 big banks.
- The DFIs at a local and provincial level constitute 4.5%.
- Decentralisation of NDFI's would present long-term benefits for the province (GP).
- Thus the call for decentralisation of NDFI's would assist:
 - In addressing the township radical economy
 - In reversing the massive in-migration patterns, reduce housing backlogs, heavy burden on infrastructure, strengthening the already eroded social fabric in other provinces
 - The province to address the ownership patterns, equitable distribution of resources and expedite the NDP goals
- **Recommendations:**
 - A big portion of NDFI's should be decentralised to foster growth in the provinces and address the apartheid economic geography. An approach of this nature would assist in unlocking latent opportunities, increase entrepreneurial cognition and access to resources.
 - DFI's should identify their own niches and avoid being thinly-stretched.
 - Revisit the stringent lending measures.
 - Measures to sustain DFI's beyond grant funding.

- Entrepreneurship Supplier Development should play an integral part in stimulating the local economy and promote small businesses.
- Best practices show that countries that stimulate their economies from below have low poverty and inequality levels.

Questions, discussions and interactions on the presentation included the following;

5. INFORMAL ECONOMY, FACILITATOR (MR ITUMELENG MOSES – FSPT)

1. Towards piecing together the puzzle: The informal economy in South Africa

Guest Speaker: Prof Phillip Blaauw (UNW)

- The presentation starts by posing questions as to “What do we (think we) know about the informal Economy? How does it look internationally? Is South Africa different? If so in what way?” So much we do not know?”
- The key message from the presentation is:
 - Informal workers not protected by law; therefore exposed to abuse and exploitation
 - Expansion of the informal economy can potentially exacerbate problems connected with slums, congestion, health and the environment
 - The informal economy in SA is relatively small but long-term in nature
 - The informal sector in South Africa absorbs a relatively small proportion of workforce by developing-country standards
 - Stats SA (2016: vi) QLFS, 2 565 000 South Africans in the informal sector, less than developing country counterparts, still 16.4% of South Africa’s total employment
 - Stats SA Africa (2015) estimates the informal sector contributes 5.2% to GDP
 - The participants not likely to use informal sector as a springboard to formal employment
 - Participants have a much lower level of educational attainment
 - Weekly income earned by day labourers in SA in a good week at provincial level was 38% earned more R400 per week, a bad week at provincial level was 7.9% in 2007.
- The way forward OR What can be done to help the informal worker to improve his/her livelihood from the informal economy?
 - The informal economy compels us to do in-depth self-reflection
 - How can we decide just to ban people from the landfill site without any meaningful alternative?
 - We must first understand the puzzle before attempting to change the picture for these people
 - We must go beyond feelings of guilt and or empathy and actively remove barriers making it difficult for these people to take their lives forward and engage, even in a limited way, with the formal economy

- The focus must be fundamental human needs and capabilities
- We need to be more practical, thereby providing shelters with toilet and washing facilities for informal workers. This can form the basis for other social development services and is done in the USA. We need to assist NGOs that attempt to help day labourers advertise their skills e.g. portfolios with references, skills training
- Municipalities can harness efforts of street waste pickers by incorporating them in the municipal waste management system, thereby *promoting informal enterprises, improve informal jobs, protect informal workers, promote the 'voice' of informal workers.*

Questions, discussions and interactions on the presentation included the following

2. Understanding the Northern Cape Informal Economy: Street Traders

Presentation by Sam Mabilo (NC DEDT)

- **The purpose of the study** is informed by the fact that in 2015 the Department of Economic Development and Tourism (NC DEDT) conducted a survey on Street Traders in the central business district (CBD) in Kimberley. This led to a request that the survey is conducted in the remaining four districts of the Province. This presentation thus provides the summary of the findings of the research conducted in the five districts of the Northern Cape.
- **Methodology:** The sample of the study included two stakeholders i.e. municipalities (regulators) and the street traders (operators). Two sets of structured questionnaires were developed, one for street traders and another for municipalities. However, the study was faced with the following challenges:
 - Not all street traders were willing to participate in interviews, and in some towns, street traders were more active on weekends (the study took place during the week, which reduced the number of street traders that could be reached)
 - Some municipalities were not available for interviews and did not complete questionnaires forwarded to their offices, while in some instances, researchers encountered language barriers when attempting to interview street traders.
- **Findings:**
 - The majority of products sold by street traders were sourced from the Gauteng province (48.2%), followed by 37.10% which is sourced locally
 - In an attempt to separate job seekers from entrepreneurs, street traders were asked if they are currently seeking alternative employment. The majority (71%) indicated that they were not seeking alternative employment, while 27% were looking for a job or would accept a job if it became available.
 - The majority of street traders, 83 of the 170 street traders (48.8%) interviewed across the province had permits to operate, however, a large number (71), which makes up 41.8% of those interviewed were operating without permits.

- The majority of street traders (40%), estimated that they generated between R1000-R2000 per month, while 23.5% generated less than R1000 per month. 12.4% of the street traders did not want to disclose their revenue.
- Among others, the following assistance is required:
 - ✓ Storage facilities is a problem for many traders as well access to shelter and basic services
 - ✓ Financial assistance: most traders indicated that financial assistance will enable them to buy enough stock and equipment to operate their business successfully
 - ✓ Expedious the processes of permit applications and renewals; according to most traders, municipalities are causing unnecessary delays in processing permits
 - ✓ Skills such as - Financial management/bookkeeping, General Business Management, Stock Management etc.
- **Recommendations**
 - Fast track permits application process and provides feedback within 30 day period
 - Relevant stakeholders to provide the training needed by street traders to ensure that they manage their operations successfully
 - The municipalities in collaboration with other stakeholders to provide adequate shelter for street traders and access to basic services.

3. Local content protection in the motor vehicle industry in South Africa, 1960 – 1990

Presentation by Mr Wilson Mabasa (LP DEDT)

- **Problem statement:**

South Africa was facing development challenges namely: rising imports of motor vehicle components, unemployment and slow growth. Accordingly, the South African government was faced with a task of developing an industrial capacity to facilitate growth and create employment opportunities. The benefits or costs of local content protection has not been measured explicitly over the years – hence there was a need to develop an industry that could serve as an engine of growth in South Africa. The overall objective was to investigate the economic impact of local content protection in the motor vehicle industry in South Africa.
- **Methodology:** The study is still work in progress and is undertaken by reviewing the literature and existing policy documents on local content protection in the motor vehicle industry. The research is organised in terms of both the qualitative and quantitative forms of analysis. Sampling was applied by focusing on the representation of motor vehicle industry and component industries.
- Since the study is work in progress, results from the econometric models to be applied and there results thereof were not available at the time of the presentation.

Questions, discussions and interactions on the presentation included the following;

DAY 3: Thursday 30 November 2017

PLENARY DISCUSSIONS / REFLECTIONS ON DAY TWO

FACILITATOR: MR S. MAMPANA (LPT) (MR STAN MAMPANA FROM LPT TO PROVIDE INPUTS)

Given that the four presenters (students from the University of Fort Hare & WSU) didn't show up at the conference. Despite having confirmed their attendances, there were, however, no apologies tendered, it was thus only realised on Friday morning (30/11/2018) that they were not present. Under such circumstances, it was then unanimously decided to have an informal discussion on issues affect the forum. The key issues discussed are included in the minutes of the AGM.

DRAFT