



Progress Report June 2009

The global crisis will have a major impact on South Africa's ambition to halve unemployment and poverty by 2014. It heightens the importance of the Business Trust's attempt to combine the resources of business and government to create jobs, build capacity and reduce poverty.

Employment scenarios constructed by the HSRC in 2007 show that at an average growth rate of 4.5% per annum between 2004 and 2014, the country would fall short of its target of halving the unemployment rate from 26% to 13% by about 1.5 million jobs. At a growth rate of 3%, the gap almost doubles. The scenarios report suggested that this gap would have to be filled by the Expanded Public Works Programme. The second phase of the Expanded Public Works Programme now targets the provision of income and work for some 1.5 million people by 2014 (five times the number for 2008). However, a 4.5% average growth rate over the period is now unlikely to be achieved making South Africa's job creation and poverty reduction targets much more difficult to meet than when they were set.

The April elections underscored the strength of the country's democratic processes and opened new opportunities for development. They also triggered potentially far reaching changes in a number of the departments with which the Business Trust works. The impact of these changes will not be clear until new administrative arrangements have been put in place.

With these heightened challenges and impending changes, it remains vitally important to limit delays in the implementation of programmes that attract investment and provide employment. The Business Trust thus continues to work to accelerate the achievement of national objectives while relationships are being renegotiated. While some delays are likely to arise good progress continued to be made in a number of areas:

- Government support for the Tourism Enterprise Partnership was increased during the last quarter.
- Investment continued to be attracted into the Business Process Outsourcing sector.
- The Business Trust agreed to support the process of making Jipsa part of the Human Resource Development Strategy.
- South Africa's infrastructure programme is helping to stimulate the economy and the Business Trust support programme for infrastructure development continued to focus on helping provinces and municipalities to meet their infrastructure development objectives.
- The significance of the Expanded Public Works Programme in the light of a decline in job creation in the normal economy was heightened and the Business Trust renewed its agreement with the Department of Public Works for the coming year.
- The innovative Shared Growth Challenge Fund launched last quarter to encourage commercial investments that improve the lives of the poor had a positive response to its first call for proposals from the private sector.
- Discussions were initiated with the Department of Land Affairs and the Office of the Chief Land Claims Commissioner on ways in which the Business Trust can support the acceleration of the land restitution process in as far as it affects the attraction of investment into the Maruleng and Bushbuckridge area where the Business Trust is piloting a local economic development project.

This quarter's dashboard of programme results show that good progress continues to be made. It highlights:

- Extended government backing for the Tourism Enterprise Partnership
- The ability of Business Process Outsourcing to weather the financial crisis
- The response to the Shared Growth Challenge Fund

Supporting priority growth sectors

TEP supported enterprises on track for 2010

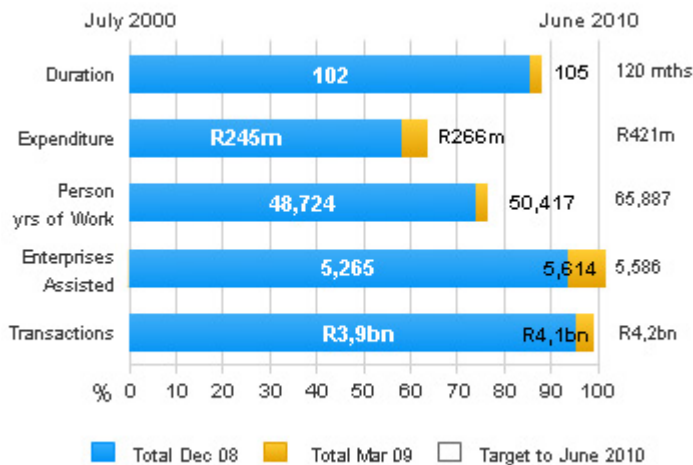
- 5,327 of the targeted 10,000 bed nights to be provided by TEP supported guesthouses and bed and breakfast establishments have been contracted by FIFA ahead of the 2010 world cup.
- The first TEP Tourism cluster was launched in Umhlanga Ridge outside Durban in September. It comprises four bed & breakfast establishments linked to a set of local tourist attractions in the area north of the Umgeni river and marketed as a package by TEP.
- A programme to market high quality South African crafts nationally and internationally was launched during the quarter.

Value of investment attracted tops R1bn

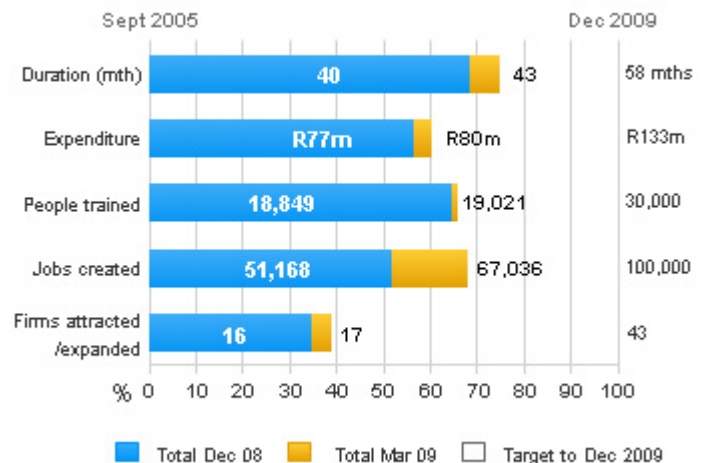
- The value of investment attracted as a result of the Business Trust supported dti investment promotion scheme has topped R1bn with the decision of one of the world's largest outsourcing companies [with 281 contact centres, in 45 countries] to extend its operation to South Africa. This will create an additional 8,724 jobs.
- The latest results of the pilot Monyetla Work Readiness programme for 1 000 learners show: an 85.8% completion rate; a 90.2% employment rate and the training of over 200 supervisors by employers (against a target of 146) to complement the work readiness training.
- A ten-fold expansion of the Monyetla programme from 1,000 to 10,000 is under discussion between the dti and Department of Labour.

*The number of learners trained shown in the graph includes total sector figures.

Tourism Enterprise Partnership



Business Process Outsourcing



Supporting the development of infrastructure and the acquisition of skills

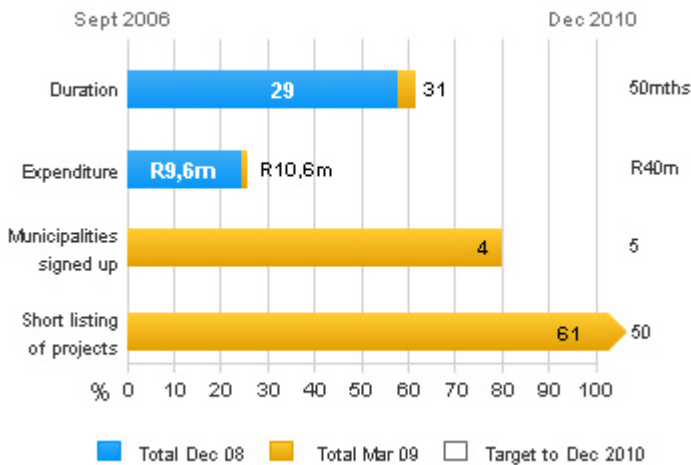
Company established to accelerate municipal infrastructure project preparation

- The targets for the SPAID (Support Programme for Accelerated Infrastructure Development) initiative have been refined to target support for R1bn in capital works by province & municipality and impact over 100,000 households.
- An Infrastructure Dialogue Series for government and private sector leaders in the infrastructure sector to be co-hosted with the DBSA will be launched in June 2009. For further details see www.spaid.co.za.
- The implementation of the Project Preparation Fund has been delayed pending agreement on a system for the procurement of project preparation services by municipalities.

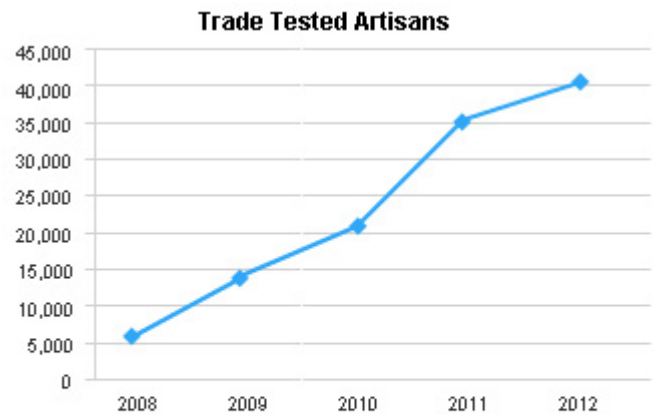
JIPSA to be part of focused transition into Human Resource Development Strategy for South Africa (HRD-SA)

- The JIPSA annual report, released during the quarter, confirmed that the HRDS-SA will fully incorporate Jipsa's work by 2010.
- In the remaining months, Jipsa will focus on:
 - The agricultural and tourism sectors
 - Integrating with the HRDS-SA
 - Establishing the placement agency
 - Documenting the corporate funding to JIPSA to incorporate into the new HRDS-SA.
- The JIPSA report also showed the targets for the production of artisans as shown below.

SPAID to impact on 100,000 households



Joint Initiative for Priority Skills Acquisition



* In addition, the National Skills Fund has allocated R300m for the training of a further 7,350 unemployed people as artisans, taking the numbers close to the 50,000 target.

* Business Trust graph based on Jipsa Annual Report 2008

Combating poverty

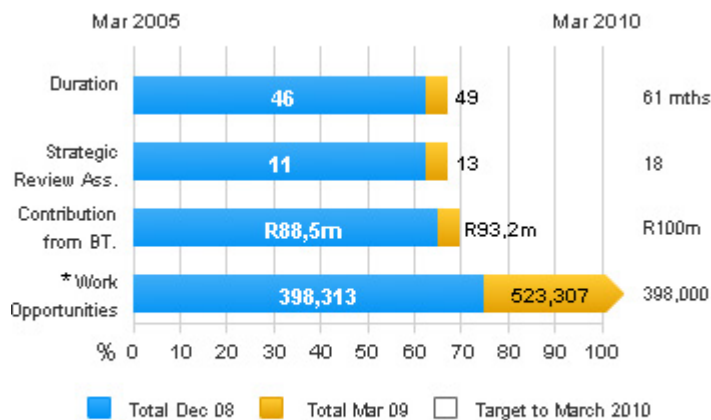
Business Trust agreement with Department of Public Works renewed

- While negotiating the renewal of the agreement with the Department of Public Works, work was undertaken on preparing for the implementation of EPWP 2 by developing a system which will ensure that the Department of Public Works can disburse recently agreed incentives to public bodies that implement public works programmes.
- By March 2009, 1 534 087 work opportunities had been created across the infrastructure, environment, social and economic sectors by the national Expanded Public Works Programme that was initiated in 2004.
- The Business Trust's support programme has exceeded the work opportunity created target, by some 30%.

Community Investment Programme attracts R1,5bn investment into poor community

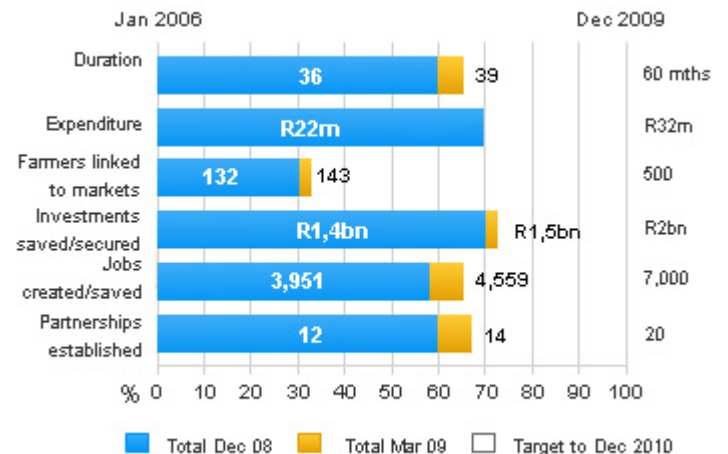
- The Shared Growth Challenge Fund, which launched in February, has received 82 proposals, well above the target of 50. A decision on winning projects will be made in July 2009, with grants being awarded in August 2009.
- The Social Mapping Project, which allows organisations to plot their CSI and development projects on a Google Earth platform, was launched to an audience of over 200 people in March 2009. Data for all Business Trust programmes from 1999–2009 has been loaded onto the system.
- In the Maruleng & Bushbuckridge Economic Development Initiative (MABEDI), investment attracted to the area rose by R6m to a cumulative value of R1,52bn.

Expanded Public Works Support Programme



*Work opportunities supported by the Business Trust management information system

Maruleng & Bushbuckridge Economic Development Initiative (MABEDI)



What We Do

Supporting Priority Growth Sectors

Tourism Enterprise

Business Process Outsourcing

Combating Poverty

Community Investment

Public Works

Building Capacity

Infrastructure

Skills

Links

Business Trust Website - <http://www.btrust.org.za>

Business Trust Corporate Partners

http://www.btrust.org.za/index.aspx?_=56

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