

# The Accelerated Shared Growth Initiative of South Africa (ASGISA)

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January 23, 2007

## ASGISA

- Accelerated Shared Growth Initiative of South Africa
  - launched February 2006
  - intended to be a “national shared growth initiative, rather than government’s programme”
  - 10 year programme, government will fine-tune it from time to time

# ASGISA



- Objectives

- reduce poverty and unemployment by 50% by 2014
  - 26.7% unemployment as of September 2005 (Labour Force Survey)
- sustainable average economic growth rates of 4.5% between 2005 and 2009. 6% growth between 2010 and 2014

# ASGISA



- SA therefore requires an economy where
  - production products and services are more diverse
  - value is added to existing products and services
  - costs of production and distribution are reduced
  - labour is readily absorbed into sustainable employment
  - new businesses are encouraged to proliferate and expand

# ASGISA

- Six initiatives to achieve this growth
  - Infrastructure initiatives
    - public sector investment is expected to rise to 8% of GDP (currently sitting at 6%)
    - improvement of electronic communications (including broadband rollout, reduction of telephony costs etc)
  - Sector strategies
    - Government and private partnerships
      - Business Process Outsourcing – e.g. call centres. Should generate 100 000 jobs by 2009
      - tourism – should generate 400 000 jobs
      - agriculture and agro-processing (includes biofuels)
    - All three are labour intensive, rapidly growing sectors, suitable to the SA environment and will create opportunities for BBBEE and small business development

# ASGISA

- Education and skills development
  - addresses the shortage of skills, including professionals, managers and technical skills.
    - development of an Employment Services System, to close the gap between potential employers and employees.
    - development of a scarce skills database to cater for 100 ASGISA projects
  - deployment of experienced professionals and managers to local governments

# ASGISA

- Joint Initiative for Priority Skills Acquisition (JIPSA)
  - identifies urgent skills needs
  - provides “quick and effective solutions”
    - » special training programmes
    - » bring back retirees
    - » South Africans and Africans working out of Africa
    - » bringing in immigrants where necessary
    - » overseas placement of trainees
  - Initial implementation of 18 months from March 2006

# ASGISA

- Eliminating the second economy
  - increasing levels of public expenditure (especially investment expenditure) to develop small business and broad based empowerment
  - sector strategies will have elements to eliminate the second economy
  - expanded public works programme to employ more people and develop more than 1000 black contractors

# ASGISA

- Macroeconomic issues
  - find ways to reduce the volatility and overvaluation of the ZAR
  - ensure that fiscal and monetary policy can work together within the inflationary target, to produce sustained and shared growth
  - improve budgeting in government
- Governance and institutional interventions

Thank you

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