

## Action points: Overcoming barriers to a well-being economy

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### Programme of action

#### Priority intervention 1:

##### Reallocate tax and non-tax incentives to multiply economic opportunities

Policymakers should bring together data on industrial policy and tax incentives to set policy priorities that encourage the growth of sectors and localities with the strongest multiplier impact on social mobility, shared value, economic inclusion and sustainable livelihoods.

##### Action points:

- Redirect industrial policy incentives under the Industrial Policy Action Plan towards sectors with large employment intensity and multipliers.
- Prioritise interventions and investments crucial to reducing supply-side bottlenecks (such as high transaction costs) in sectors with strong multipliers, particularly manufacturing.
- Adjust import tariffs and consider production subsidies to attract and protect private-sector investment in struggling sectors that have high employment potential, such as the textile sector.
- Incentivise greenfield investments and new value creation by reducing regulatory barriers to establishing small enterprises.
- Redirect tax incentives away from industries with concentrated wealth and weak employment potential, such as resource extraction, and towards sectors that can generate jobs.

**Principal stakeholders:** government (mainly the dti and Department of Finance), business and labour.

#### Priority intervention 2:

##### Target investment in secondary cities to unlock investment and employment potential

Active partnerships between government, business and civil society can unlock the massive investment and job creation potential of South Africa's municipalities. Spillovers will enhance the growth of surrounding areas, and all stakeholders will benefit from more productive and efficient economic activity.

##### Action points:

- Develop a location attractiveness index to help stakeholders identify where investors are likely to enjoy returns from spillovers or benefits. The index should take into account the size of local markets, labour markets, potential foreign trade linkages and access to infrastructure.
- Develop policies that make investment and enterprise formation in secondary cities cost-effective, and enable people and organisations to be close to one another – for example, by developing land for commercial and residential use in ways that encourage density and connectivity.
- Recast spatial development policies in the integrated development plans of municipalities to encourage the relocation of people and markets to secondary cities.
- Reallocate government expenditure and development priorities away from metros and towards secondary cities, so that reliable infrastructure and services can be developed in these areas.

**Principal stakeholders:** government, business and civil society

### Priority intervention 3:

#### Create an enabling policy and institutional environment for small businesses to thrive

Government and business have key roles to play in stimulating and enabling the growth of small, medium and micro-sized enterprises (SMMEs) as potentially major contributors to job creation and social mobility.

**Action points:**

- > As the party responsible for state-owned companies' procurement, the dti should shift the bias in its procurement policies away from a few large black industrials and towards SMMEs.
- > Rather than a blanket support policy for SMMEs, government should introduce support policies and allocate resources that enable access to:
  - > funding for start-ups
  - > support services for sustainability and growth
  - > skills
  - > business tools, such as incubators
- > To help reduce the resource burden on SMMEs, the provision of advisory services and rent-free or reduced-rate office space to these businesses should be an integral part of business development programmes.
- > Municipalities should introduce monitoring and evaluation systems to drive the right SMME behaviours towards social mobility, shared value and inclusive development.

**Principal stakeholders:** national government, big business, municipalities and communities

### Priority intervention 4:

#### Transform the model of asset management to encourage impact investing

The focus of the current asset management model on a shallow pool of listed stocks should shift to investing directly in new businesses with the potential to have a significantly greater multiplier effect for society.

**Action points:**

- > Professionalise the asset management industry and codes of conduct to incentivise investments as a function of their multiplier value in areas such as targeted job creation, skills development, education, housing, improvements in healthcare and environmental impact.
- > Create a globally accepted governance, monitoring, measurement and pricing framework that 'normalises' investing into impact-investment schemes along the same lines as listed assets.
- > Re-educate the gatekeepers on why this is not simply a new asset class but a business model for investing that needs to replace the current standard.
- > Ensure that asset consultants fully understand the concepts behind a risk-budgeting process that integrates listed and unlisted investments and can guide their clients through the process.

**Principal stakeholders:** business, tertiary education institutions, professional associations, and communities

### Priority intervention 5:

#### Develop a holistic, accessible, efficient and fair system to support older people

Many stakeholders – including government, families, communities and businesses – are responsible for supporting older people as their care needs increase. They should therefore work together to develop an equitable, accessible, efficient and fair system that provides this support.

**Action points:**

- > Find a single champion in government that is powerful enough to keep the agenda moving forward.
- > Introduce a broad-based institutional structure that oversees the mandates, conditions of service, training, and continuing professional development of care workers.
- > Create an administrative and monitoring framework that ensures correct processes are followed and targeted outcomes are achieved when funds and workers are deployed.
- > Develop a business model that will both attract investment and ensure that infrastructure investments and job creation can be adequately supported.
- > Create a cross-subsidisation model that will facilitate the funding of support services for people who can't otherwise afford to access these services.

**Principal stakeholders:** government, business, and communities and families

