
GENERAL NOTICE

NOTICE 1488 OF 2008

DEPARTMENT OF EDUCATION

CALL FOR COMMENT ON THE DRAFT REVISED HUMAN RESOURCE DEVELOPMENT STRATEGY-SOUTH AFRICA 2008

The Human Resource Development Strategy for South Africa (HRDS-SA) 2008 is hereby published for comments, attached as per schedule A.

Please note that the targets per annum, timelines, lead and supporting responsibilities attached to the Commitments, Strategic Objectives and activities will be finalized after consultation with the responsible government departments.

All interested persons and organizations are invited to comment on the strategy in writing and to direct their comments to:

The Director-General, Private Bag X895, Pretoria, 0001

For attention: **Mr E Sello**, fax no. (012) 312 5989, tel. no. (012) 312 6042, e-mail: **sello.e@doe.gov.za**

Kindly provide the name, address, telephone and fax numbers and email address of the person or organization submitting the comments.

The comments must reach the Department by **31 December 2008**.

The draft revised Human Resource Development Strategy for South Africa may also be obtained at: www.education.gov.za



.....
GRACE NALEDI MANDISA PANDOR, MP
MINISTER OF EDUCATION.

DATE: 24-11-2008

DRAFT REVISED HUMAN RESOURCE DEVELOPMENT STRATEGY (HRD-SA)

BACKGROUND

Government adopted the Human Resource Development Strategy for South Africa (HRDS-SA) in 2001.

Despite achievements in the implementation of the Strategy there were challenges which necessitated the review of the Strategy. The President affirmed the Human Resource Development Strategy as a central pillar for economic and social growth in South Africa in his 2005 State of the Nation Address. The President further outlined it as one of the government's Apex of priorities in his State of the Nation Address this year.

Cabinet mandated the Minister of Education on 31 August 2005 to provide leadership in revising the HRDS-SA, in collaboration with all the relevant Departments. The process of revising the HRDS-SA started in 2005 when a gap analysis of the current Strategy was conducted. A concept document towards an understanding of the role of HRDS-SA was developed and shared with relevant stakeholders.

A NHRD Task Team of the Skills Focus Group and the Economic Cluster was established in September 2007 to provide a platform for collaboration and participation in taking forward the process of revising the HRDS-SA. After an intensive research exercise this draft revised HRDS-SA, was produced.

There have been extensive consultations with officials from the relevant government departments, including the Departments of Labour, Trade and Industry, Science and Technology, Public Service and Administration, Communication, Home Affairs, Health, Social Development and Premiers Offices (PGDS's), as well as other relevant departments through the NHRD Task Team of the Skills Focus Group and the Skills Focus Group of the

Economic Cluster. Consultations were also held with the Economic and Social Clusters of Directors-General, National Treasury and Forum of South Africa's Directors-General.

The primary goal of the HRDS-SA is to contribute to human development. The Commitments, Strategic Priorities and interventions that make up the Strategy are explicitly designed to respond to economic, social and wider development imperatives.

Please note that the targets per annum, timelines, lead and supporting responsibilities attached to the Commitments, Strategic Objectives and activities will be finalized after consultation with the responsible government departments.

DRAFT

2008

Human Resource Development
Strategy for South Africa
2009 -2030



Published by the Department of Education

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ABBREVIATIONS:

1. ASGISA	Accelerated and Shared Growth Initiative for South Africa
2. AIDS	Acquired Immunodeficiency Syndrome
3. ABET	Adult Basic Education and Training
4. BPO&O	Business process outsourcing and off-shoring
5. CHE	Council for Higher Education
6. DoE	Department of Education
7. DoL	Department of Labour
8. DHA	Department of Home Affairs
9. DTI	Department of Trade & Industry
10. DoC	Department of Communication
11. DPE	Department of Public Enterprise
12. DST	Department of Science & Technology
13. DoJ	Department of Justice
14. DoD	Department of Defense
15. DPSA	Department of Public Service & Administration
16. DSD	Department of Social Development
17. DPLG	Department of Provincial and Local Government
18. DPW	Department of Public Works
19. ECD	Early Childhood Development
20. ESSA	Employment Services System
21. FET	Further Education and Training
22. FTE	Full-time equivalent
23. GHS	General Household Survey
24. GDP	Gross Domestic Product
25. GER	Gross Enrolment Ratio
26. HIV	Human Immuno Virus
27. HDI	Human Development Index
28. HEI	Higher Education Institution
29. HRD	Human Resources Development
30. HRDS-SA	Human Resources Development Strategy for South Africa
31. HESA	Higher Education South Africa
32. HET	Higher Education & Training
33. IPAP	Industrial Policy Action Plan
34. ICT	Information Communication Technology
35. JIPSA	Joint Initiative on Priority Skills Acquisition
36. MIS	Management Information System
37. MINIMEC	Minister and Provincial Members of Executive Council Committee (convened by a national minister for the purpose of inter- governmental co-ordination within a particular sector, such as health, social development, etc.)
38. MSTE	Math's Science Technology and Engineering
39. MTSF	Medium Term Strategic Framework
40. NEDLAC	National Economic Development and Labour Council
41. NSA	National Skills Authority
42. NIPF	National Industry Policy Framework
43. NSDS	National Skills Development Strategy
44. NSDF	National Skills Development Framework
45. NRF	National Research Foundation
46. NSFAS	National Student Financial Aid Scheme
47. NQF	National Qualifications Framework
48. NT	National Treasury
49. NACI	National Advisory Council on Innovation

50. PALAMA	Public Administration Leadership and Management Academy
51. PSETA	Public Service Sector Education and Training Authority
52. PIRLS	Programme for International Student Assessment
53. PPP	Purchasing Power Parity
54. SETA	Sector Education and Training Authority
55. Stats SA	Statistics South Africa
56. SACMEQ	Southern and Eastern African Consortium for Measuring Educational Quality
57. SET HCD	Science, Engineering and Technology Human Capital Development
58. SSP	Sector Skills Plan
59. SMME	Small, Micro, and Medium Enterprise
60. SANDF	South African National Defence Force
61. SARCHI	South African Research Chairs Initiative
62. SAQA	South African Qualifications Authority
63. SAPS	South African Police Services
64. TIA	Technology Innovative Agency
65. TIMSS	Trends in International Mathematics and Science Studies
66. UNDP	United Nations Development Programme
67. UNESCO	United Nations Education and Science Council
68. WSP	Workplace Skills Plan

1. MESSAGE FROM THE MINISTER OF EDUCATION

[TO BE INSERTED AFTER STRATEGY IS FINALLY APPROVED]]

2. MESSAGE FROM THE PRESIDENCY

[TO BE INSERTED AFTER STRATEGY IS FINALLY APPROVED]]

3. PROLOGUE: A CALL TO COLLECTIVE ACTION

Human Resource Development is critically important in South Africa's development agenda. The importance of HRD demands a response that has a sense of urgency. It demands a comprehensive and determined response from Government. However, the scope and importance of the HRD project extends beyond Government:

- It demands collective will and purposeful action from *all* stakeholders in society.
- It demands the determination, commitment and accountability of individuals to invest time and effort in their own development.
- It demands the commitment of all enterprises and organizations to invest time and resources in HRD toward the public good.

It is only through concerted efforts in HRD in the country as a whole that we can create suitable foundations for institutional and corporate missions. The urgency of the challenges and priorities, and the importance of the outcomes we seek to achieve, obliges us as South Africans to forge a social compact which will promote demand-driven HRD in the country.

In the spirit of engendering this collective, we use the term "we" in this Strategy. It is through collective ownership and mobilizing collective effort that we will succeed in achieving the goals of this HRD Strategy for South Africa.

4. CONSULTATION WITH SOCIAL PARTNERS

The input of social partners, especially labour and business, is vital to the success of this Strategy. This is essential for the Strategy to be credible. Consequently, the Strategy will be subjected to a process of consultation involving Government's social partners. The process of consultation will be facilitated through the following mechanisms:

- Presentation and consultation on the Strategy within NEDLAC, JIPSA and AsgiSA.
- Publication of the Strategy, and an invitation for public comments and input.

All comments and inputs received will be systematically collated and made available on the Department of Education's website. The Strategy will be amended and discussed within the joint stakeholder structure which will be established for the stewardship of the HRD Strategy for South Africa (HRDS-SA). The final version of the Strategy will then be tabled at Cabinet for consideration and approval.

5. INTRODUCTION AND BACKGROUND

The most important strategic priority for South Africa – leading up to the Government term of 2009 to 2030 – relates, on the one hand, to the challenge of reconciling the immense opportunities that flow from our successes and, on the other hand, to the immense challenges arising from our country's development agenda. The peaceful transition to democracy, delivered through the commitment and forbearance of all South Africans, was followed by rapid gains in key areas of development, including:

- a favourable trajectory of economic growth,
- dramatic improvements in the delivery of social services such as water and sanitation, housing and electricity,
- a dramatic increase in social grants, and
- a justiciable Bill of Rights.

However, many significant challenges remain. Our development agenda remains the central preoccupation of public policy, and forms the basis of collective endeavour in all spheres of our society. Some of the most intractable and urgent challenges that remain include:

- the need to ameliorate poverty,
- income inequality,
- threats to social cohesion, and
- ongoing demographic (race, gender, age, class and geographic) inequities.

It is critical to mobilize our collective will to make credible interventions that will accelerate progress towards achieving South Africa's development goals. The HRD Strategy for South Africa (HRDS-SA) represents an essential intervention for promoting the country's development agenda. The need to develop and implement a robust HRD strategy is as important today as it was at the outset of our democracy in 1994. The importance of human resources development is recognized by Government, and is shared by business, labour, non-governmental organizations, and academic sectors of South African society. It also resonates with the significance attached to HRD in the international development discourse.

The first comprehensive country-wide HRD strategy adopted by the Cabinet was launched in 2001. Called the "Human Resource Development Strategy for South Africa: A nation at work for a better life", the declared mission of that early strategy was:

To maximize the potential of the people of South Africa, through the acquisition of knowledge and skills, to work productively and competitively in order to achieve a rising quality of life for all, and to set in place an operational plan, together with the necessary institutional arrangements, to achieve this.

We have benefited from the experience gained from the implementation of the 2001 HRD Strategy for South Africa, and have carefully analysed the new priorities that have emerged since the formulation of that strategy. The new HRD Strategy for South Africa presented in this document has thus been formulated to meet the following objectives:

- to replace the existing HRD strategy with an updated version;

- to address the shortcomings in the existing strategy; and
- to optimize the efficacy and outcomes of HRD in respect of SA's Development Agenda.

6. THE CASE FOR AN HRD STRATEGY FOR SOUTH AFRICA

WHAT IS HRD?

In any country, human resources development refers to formal and explicit activities which will enhance the ability of all individuals to reach their full potential. By enhancing the skills, knowledge and abilities of individuals, HRD serves to improve the productivity of people in their areas of work, whether these are in formal or informal settings. Increased productivity and improvements to the skills base in a country supports economic development, as well as social development.

Our central national concern is to accelerate development so that there is a match between supply and demand for human resources. HRD is about taking purposeful actions to increase the aggregate levels of skills in the workforce so that we can maximize opportunities for individuals, and thereby benefit society as a whole.

This HRD Strategy is a call to action. The primary purpose of this Strategy is to mobilize multi-stakeholder participation, and to encourage individuals and organizations to take on the challenge of improving the human resources stock of our nation.

WHY AN HRD STRATEGY FOR SOUTH AFRICA?

Human resources development has featured very prominently in the international discourse on development. Most countries are implementing a systematic strategy for human resources development in support of economic growth and development.

The growing complexity of work – accelerated through the dynamic impact of globalization on national economies, production, trade and the world of work – has put the question of HRD at the heart of contemporary public policy and development strategies. Developments in the global context make it imperative for all countries to respond effectively to the dynamic and competitive forces that impact on how national economies relate to the global economy.

With regard to HRD, economic competitiveness is measured not only by the aggregate skills of a country's workforce, but – perhaps more importantly – by the flexibility and capacity of the workforce to adjust speedily to the rapid changes in technology, production, trade, and work organisation. Consequently, the ability to respond to these changes with speed and effectiveness has now become the area where many countries seek competitive advantage. According to Ziderman:

There has been a move from primary reliance on policies that emphasised capital investment in plant, machinery and infrastructure, or export-led growth strategies, to a broader approach that assigns a central role to investments in human capital. Expenditures on improved education, training and health are now no longer regarded solely (or mainly) as benefits stemming from economic growth and rising incomes; increasingly, they are also seen as investments in human capital that make this sustained economic growth possible. This approach is shared not only by national governments but is endorsed in the investment policies of international aid agencies. (Ziderman, 1997, p.352)

Most countries and multilateral institutions acknowledge the need to give systematic attention to the role of HRD in supporting national economic growth and development programmes. This global acknowledgement of the importance of HRD is illustrated by the response of the United Nations which formally inserted it on its agenda through Resolution 33/135 in 1978, following discussions on the subject over many years. The 1989 General Assembly resolution 44/213 declared:

... human resources development is a broad concept ... requiring integrated and concerted strategies, policies, plans and programmes to ensure the development of the full potential of human beings ... so that they may, individually and collectively, be capable of improving their standard of living. (Cited in United Nations Programme in Public Administration and Finance, 1995, p. 5).

Box 1 below summarizes the evolution of thinking on HRD within the United Nations General Assembly. The United Nations makes an emphatic case for HRD:

It is generally agreed that if overall human conditions are to improve, there must be increasing emphasis on human resources development. Appropriately, such development provides for increases in productivity, enhances competitiveness and supports economic growth. However, the process, by definition, is very complex. (Cited in United Nations Programme in Public Administration and Finance, 1995, p.3)

The contribution of education and training to economic and wider development has been demonstrated in varied national contexts. However, experience and systematic research has also emphasized an important qualification: HRD is a *necessary* condition, but it is not a *sufficient* condition for economic growth and development. (This qualification has been taken into account when formulating this HRD Strategy for South Africa).

Thus, if HRD is to create the desired development outcomes, it needs to be integrated with the whole range of development strategies currently being implemented. Without doubt, the lack of adequate human resources severely constrains social and economic growth and development. Almost all countries have therefore identified HRD as a key policy and development priority.

There is both anecdotal and empirical evidence of skills shortages in a number of occupations and economic sectors within South Africa. Importantly, this fact co-exists with a relatively high level of unemployment. It also contributes to individuals' low levels of success in finding employment after successful completion of education and training.

It is clear that there is a tangible problem arising from the mismatch between the supply and demand for skills in the South African labour market. The best way to address this mismatch, and to

ameliorate the implications that flow from it, is to implement a successful, comprehensive, and credible HRD strategy.

A wide range of activities is being implemented by the public and private sectors that are focused on HRD. This HRD Strategy cannot, and indeed does not, seek to include all of these activities in the public and private domain. It seeks instead to implement a key set of strategic priorities that aim to address the most pressing imperatives for HRD. In this way, it will stimulate other HRD-related activities in the country.

In view of our current and projected economic and social development activities and objectives, it is necessary to adopt a short-term as well as medium-term perspective. There are certain areas of priority economic growth, which require us to overcome skills shortages which are constraining growth and investment in the short-term. But effective and credible HRD cannot depend entirely on short-term measures. The focus of this Strategy is equally on medium- and long-term perspectives. This HRD Strategy is therefore explicitly designed to respond to the twin imperatives of urgency and sustainability.

Box 1: *Overview of the evolution of perspectives on HRD within the United Nations General Assembly*

Further elaboration [on HRD] was developed in all subsequent General Assembly sessions. In its current formulation, human resources development within the United Nations is built on two basic principles. These are –

- (a) the human being is at the centre of all development activities; and
- (b) human resources are an essential means of achieving economic, social and development goals.

In 1993, the report of the UN Secretary-General on developing human resources for development (A/48/364) recognized five interacting components as major building blocks for effective human resources development:

- (a) Promoting lifelong acquisition of knowledge, skills, and competencies necessary for the performance of chosen roles that contribute economically and socially to self and others;
- (b) Facilitating the application of knowledge, skills and competencies in chosen roles in rewarding ways;
- (c) Improving access to assets (such as land, shelter, capital, and information) without which the development of human capabilities is often essentially stunted at the source;
- (d) Sustaining human resources through policies and regulatory mechanisms that underpin broad intersectoral support for both the acquisition and the application of knowledge and skills;
- (e) Ensuring a modicum of the sense of the individual, local, and national security: peaceful political and favourable national and international economic conditions.

21. These building blocks form the basis for deriving essential activities to accomplish the mission as stated in these different components of the building blocks:

- (a) Basic education and continued objective-directed training, particularly basic education, upgrading of skills, demand-oriented technical training, and education for women and their integration into the development process;
- (b) The importance of appropriate and sustainable technologies in the training and educational processes in developing countries, particularly the role of intensified international cooperation through, inter alia, the transfer

of relevant technology and education and training programmes, including distance education programmes, utilizing appropriate and sustainable technologies to broaden the range of available resources;

(c) The vital importance of national capacity-building in developing countries, particularly the critical importance of qualified national personnel;

(d) The integration of human resources development into comprehensive and well-conceived, gender-sensitive strategies for human development, including supportive measures in vital and related areas such as population, health, nutrition, water, sanitation, housing, communications education and training, and science and technology as well as the need to create more opportunities for employment in an environment that guarantees opportunities for political freedom, popular participation, respect for human rights, justice, and equity, all of which are essential for enhancing human capacities to meet the challenge of development (to assess progress in those areas, there is a need for appropriate qualitative and quantitative indicators);

(e) Full mobilization and integration of women in the formulation and implementation of appropriate national policies to promote human resources development;

(f) The importance of women and youth in human resources development and support for conferences on these two themes;

(g) The vital importance of cooperation between the public and private sectors through effective implementation of policies, plans and programmes for economic development and the optimal use of resources to that end;

(i) The vital importance of appropriate national policies and their implementation to promote human resources development through the optimal use of resources, taking due account of the importance of primary education and primary health care programmes;

(n) The important role of non-governmental organizations in human resources development.

(Cited in United Nations Programme in Public Administration and Finance, 1995, p.5)

THE NEED FOR AN EXPANDED CONCEPTION OF HRD

Conventional conceptions of HRD generally tend to focus solely strategies that are aimed at using skills development and supply to promote economic growth. While the promotion of economic growth is a pre-eminent objective for HRD in South Africa; it certainly does not constitute the sole objective of our development agenda. The history of South Africa and the persistence of residual prejudices and inequalities compel us to always be vigilant to issues related to values, good citizenship and an explicit commitment to wider development objectives. Consequently, a conception of HRD that is focused on narrowly defined economic objectives would sit at odds with South Africa's development discourse.

This HRD Strategy for South Africa (HRDS-SA) is purposefully located within an expansive conception of HRD; a conception that accounts for the imperatives that derive from our economic, social and wider development agendas. The Strategy acknowledges that the contribution of each individual to South Africa's development agenda is a function of both ability and agency. The productivity of each individual is determined by, among others, her/his technical skills; the extent to which her/his basic needs are met; values and orientation; social inclusion and a commitment to advancing the public good.

The primary goal of the HRDS-SA is to contribute to human development. The strategic priorities and interventions that make up the Strategy are explicitly designed to respond to economic, social and wider development imperatives.

ALIGNMENT OF HRD WITH SOUTH AFRICA'S DEVELOPMENT AGENDA

Since the inception of democracy, various policies and strategies of the South African Government have identified the development of adequate human resources to meet the development priorities of the country, as a key strategic priority. The Reconstruction and Development Programme identified HRD as one of the five core programmes to drive the implementation of reconstruction and development in South Africa:

The Government's economic policies require human resource development on a massive scale. Improved training and education are fundamental to higher employment, the introduction of more advanced technologies, and reduced inequalities. Higher labour productivity will be the result of new attitudes towards work and especially new skills in the context of overall economic reconstruction and development. New and better management skills are urgently required.
(White Paper on Reconstruction and Development, 1994)

This priority was reinforced in the Growth and Redistribution Strategy, which stated that transformation depended on "enhanced human resource development". The Accelerated and Shared Growth Initiative for South Africa (ASGISA), which was launched in February 2006, is primarily aimed at giving effect to Government's commitment to halving unemployment and poverty by 2014. The analysis, on which ASGISA was based, identified the shortage of suitably skilled labour as one of six binding constraints to accelerated growth in South Africa.

The development and implementation of a credible HRDS-SA is therefore consistent with the historical and current thrust of Government's development agenda. HRD has been identified as a vital instrument in all of Government's strategies to accelerate development. In view of this, the interventions and activities outlined in this Strategy have been formulated in response to a careful analysis of the HRD implications of the following development strategies in South Africa:

- Government Programme of Action (covers all cluster priorities);
- The Medium-term Strategic Framework (MTSF);
- Accelerated and Shared Growth Initiative for South Africa (ASGISA);
- National Industrial Policy Framework (NIPF);
- Industrial Policy Action Plan (IPAP);
- Emerging Anti-Poverty Strategy; and
- Technology and Innovation Strategy.

In addition, this HRDS-SA is explicitly based on the following education and training related strategic frameworks:

- The National Skills Development Strategy (NSDS) 2005-2010 (Including Scarce Skills List 2007);
- The Basic Education Strategic Plans (ECD, Schooling, ABET);
- The Further Education and Training (FET) Strategic Framework;
- The Higher Education (HE) Strategic Framework;
- The Immigration Policy/Strategy; and
- The HRD Strategy for the Public Sector.

7. BRIEF REVIEW OF THE 2001 HRD STRATEGY FOR SOUTH AFRICA

The 2001 HRD Strategy for South Africa detailed a number of Strategic Objectives, Indicators and Indicative Actions, which assigned clear responsibilities to specific departments and entities. In addition, targets were assigned for priorities for 2001/2002, which was the first year of implementation.

A review was undertaken of progress in respect of the indicators and targets contained in the 2001 HRD Strategy for South Africa. The following are some findings of the review:

- For most of the targets specified in the strategy, significant progress was made in their attainment.
- Monitoring and evaluation was not optimally done – due, in large measure, to the fact that no clear framework and institutional measures were in place to do this effectively, and due to the absence of sufficient indicators and targets that would make this possible.
- The collection, management and utilization of data necessary for planning and monitoring of the HRD strategy were, in general, not commensurate with the demands that flowed from the strategy.
- The role of social partners was not sufficiently catered for in the strategy.
- Many important institutions and policies that impact on the role of HRD and implementation of the strategy emerged only after the finalization of the strategy – which means that they were not sufficiently accounted for in the strategy.
- The mechanisms for integrated planning, coordination and reporting on the strategy did not seem to find traction since the inception of the strategy.
- There was no effective mechanism in place to identify and address the demands for priority skills supply in the short-term.

While it is evident that progress has been made, we cannot be satisfied that the 2001 HRD Strategy has been successful. There are clear lessons from this experience that indicate what needs to be done better to move forward more effectively. There is a clear need for a revised strategy that will overcome the shortcomings listed above, and to respond to the new challenges that have arisen.

8. KEY CHALLENGES THAT HAVE SHAPED THE REVISION OF THE HRD STRATEGY

HRD on a national scale is an enterprise of considerable scope. It embraces the work of a number of line departments within all spheres of Government; public entities; non-governmental organisations and the multitude of private enterprises in the country. Almost the entire population is the target of HRD, and the outcomes of the strategy will shape the conditions we create for future generations.

The purpose of “strategy” is to systematically identify and implement a set of focused actions that would create sufficient leverage for the full scope of HRD inputs and activities to promote the outcomes that favour the country’s development priorities. The strategy should, therefore, be limited in scope and focused on maximizing mission-enhancing leverage within the HRD system. The challenges and priorities, listed below, served as the basis for the formulation of this revised HRD Strategy for South Africa:

- The need for credible and effective institutional mechanisms for the stewardship, implementation, coordination and monitoring and evaluation of the HRDS-SA.
- The need for credible capability to identify the demand for priority skills and to formulate effective short-term strategies to ensure supply in a manner that mitigates the negative impact of any shortages on growth.
- The need to ensure optimal responsiveness of education and training activities to the country’s development agenda, and the demand for skilled human resources in the labour market.
- The pressing challenges related to the quality of learning attainment and competency acquisition within the skills development pipeline, starting from basic education.
- The effectiveness of public education and training institutions, in general, has yet to reach optimal levels. The current challenges with regard to effectiveness have made it difficult for the country to reap the returns that are comparable with international levels of public and private investment in education and training.
- While planning capacity has grown significantly since 1994, it has not yet reached levels across the HRD system that are commensurate with the levels required for effective implementation of HRD interventions in the country. In addition, the SETA Sector Skills Plans, the Higher Education and FET enrolment planning; and the immigration quota list are not informed by a common, credible and consistent modeling of skills supply and demand projections. These problems militate against integration, and confound responsiveness of education and training provision to the demands of the labour market.
- Most provinces and some local government entities have developed HRD strategies. While most of these efforts have sought to locate their respective strategies within the broader HRDS-SA, there have not been sufficient guidelines for their actions.
- The formulation of clear and credible indicators and targets are vital to the success of any strategy. The scope and formulation of indicators and targets were clearly not satisfactory in the 2001 HRD Strategy for South Africa. Implementation and the measurement of progress are extremely difficult under such circumstances. In addition, all activities identified within the strategy need to be supported by a credible implementation or project plan.
- While there has been progress in the development and integrity of the various data systems related to HRD, certain important challenges persist. The need to improve these data systems

- to more optimal levels is a key priority within the HRDS-SA, as many of the functions and activities are contingent on the existence of credible and utility-focused data systems.
- The emergence of new development strategies such as ASGISA, NIPF, and the Anti-poverty strategy, in particular, have generated very significant implications for HRDS-SA. These strategies collectively address the most pressing strategic priorities within South Africa's development agenda. The implications of these strategies need to be carefully analysed if the HRDS-SA is to be optimally responsive to country's development agenda.
 - There is a need to look at how various institutions, including JIPSA, can be integrated into the institutional arrangements of the HRDS-SA in a manner that gives rise to institutional coherence, and maximizes the benefits that these institutions bring to the HRD mandate.
 - The 2001 HRD Strategy (like most national HRD strategies throughout the world) has struggled to interpret and anticipate the demand side of the labour market and how it shapes policies and activities that impact on supply. This situation needs to be addressed through stronger involvement of Ministries that impact on economic policy and development, and private sector employers in the HRDS-SA.
 - The primary driver of supply is undoubtedly the output generated by various education and training activities in the country. However, numerous other factors – such as those that determine the way the labour market operates – also play a significant role in shaping supply. It is important for interventions focused on these factors to be brought within the scope of HRD policies and strategies. Some notable examples in this regard relate to:
 - ~ immigration and emigration;
 - ~ labour market and career planning information;
 - ~ the match between skills and qualifications, on the one hand, and the demands of the workplace, on the other;
 - ~ perceptions on the demand side that may lead to a failure or even refusal to recognize and utilise existing supply of skills that could meet demand;
 - ~ morbidity in the working population resulting from illness and disease; and
 - ~ questions of productivity.
 - There is a need to use the lessons that accrue from experience to simplify institutional arrangements and policies which will improve efficacy of skills development enterprise in the country. The review of SETAs and new policy directions in FET must be geared toward this outcome.
 - The sudden and rapid growth in funding for education and training in recent years (occasioned largely by the successful implementation of the Skills Development Act) has resulted in an increase in the demand for training. However, the capacity on the provider side of the market has not always met these elevated levels of demand. This situation has, in some instances, spawned an entrepreneurial and certification culture that is often questionable. The private provider market, across the system, has yet to reach maturity. The cost of training is relatively high in South Africa, while the quality and outcomes of training do not always justify the level of costs. We urgently need quality assurance and other measures that will promote the growth in efficiency of the training market.
 - Despite many important initiatives undertaken by Government, capacity to deal effectively with priorities that transcend current and traditional departmental boundaries remains a serious challenge. In particular, the effectiveness in dealing with the conditions and barriers that confront youth, women, and children who should be receiving early childhood development, and people with disabilities, remains unsatisfactory.

9. OVERVIEW OF THE CONTEXT OF HRD IN SOUTH AFRICA

The current context raises specific challenges for the HRD in South Africa. An analysis, conducted for the development of this Strategy, of specific issues that impact on HRD within the South African context is presented in Annexure B. The salient findings arising from this analysis is presented below.

Education quality and the distribution of education outcomes

A number of countries with lower incomes per capita do better than South Africa; for instance Indonesia and Egypt (in TIMSS) and Kenya (in SACMEQ). South Africa is not alone in experiencing a challenge in its quality of education; Botswana and Morocco, for example, also perform at lower levels compared to other countries given their income per capita. Education quality impacts on the entire skills pipeline. The quality and outcomes of school education has an important impact on the efficacy of education and training within Further Education and Training, the Occupational Learning System and higher education. The issue of education quality is undoubtedly a central challenge for HRD and development in South Africa.

The link between education and income in South Africa

The chances of entering into a higher income bracket in South Africa rises noticeably only after people have twelve years of education. However, twelve years of education is by no means a guarantee of a substantially higher income; a significant number of individuals with twelve years of education remain at a low income level

The data represented in

Table 4 and Table 5 in Annexure B suggests a definite link between education qualifications, on the one hand, and employment as well as income status, on the other hand, in the South Africa labour market.

The data represented in Figure 8, in Annexure B, confirms further that the problem of unemployment is particularly manifest for the 20-24 year age group. It also suggests that the level of qualifications is a consistent predictor of employment status within each of the age groups indicated. The figures also suggest that over 50% of young people who have less than a matriculation are unemployed. Notably, it appears that possessing a matriculation certificate does not result in dramatically improved labour market outcomes; just under 50% of 20-24 year olds with a matriculation are unemployed. While the unemployment figures for 20-24 year-olds who have a diploma and degree is still high, they are considerably better than the rates for those whose highest qualification is matriculation or less.

Given these trends, it is reassuring that the measure of inequality of years of education attainment in the population is considerably less than the measure of income inequality in the country. The analysis presented in Annexure B, shows that the Gini coefficient of inequality of wealth for the years of education computed using the statistics in Figure 7 **Error! Reference source not found.** is 0.16, which is much lower than the value for the income inequality of 0.73 across households. Even the Gini coefficient value for years of education of individuals, of 0.23, is considerably lower than the Gini coefficient for income. This is very positive from an HRD perspective as it suggests that improved equalities in the distribution of educational attainment (as compared to income) in the

population could lead to a reduction in income inequality if the link between education and income is strong. This is indicative of a key challenge in the HRD process, namely to improve educational equity by raising the quality of education for the historically disadvantaged and poor, so that income returns to years of education for this target group improve.

Labour Market Participation

Table 1: Labour market participation

KEY NATIONAL STATISTICS	
	<i>National average</i>
Unemployment rate ¹ (This and the next two statistics are calculated from Labour Force Survey March 2007 dataset.)	25 per cent
Percentage of employed persons in informal sector	21 per cent
Percentage of employed persons in elementary occupations	22 per cent

South Africa's unemployment rate (in terms of both the official or expanded rate) is very high and constitutes a key challenge for the country's development agenda. Of those who are employed, around 80 per cent are in the formal sector, and around 80 per cent are in occupations above the elementary level (meaning that to perform their jobs, these people depend on job-specific skills training).

Due to the apartheid legacy of unequal educational opportunities and unequal employment opportunities, the racial profile of employment in South Africa remains skewed. There is a much greater representation of Africans in the informal sector of the economy and a very low percentage of whites and Indians in elementary non-skilled occupations. Further, a significantly higher burden of unemployment is borne by women and youth in the labour market.

There continues to be an over-representation of whites and to some degree Indians in high skills and high salaried jobs. For example, the proportion of whites in the category 'Legislators, senior officials and managers' is about 3.5 times as high as the proportion of whites amongst all employed persons.

With regard to race, when the above results are analysed further to gauge the trends implied by differences between age groups in the workforce, a somewhat reassuring picture emerges for the medium-term. Current trends indicate that whites are not as prevalent among young professionals as compared to the group of professionals as a whole; suggesting that the country is on the right trajectory in respect of this important policy objective for HRD.

¹ The unemployment rate given here is the official one, which considers only those who actively sought work in the previous four weeks as being unemployed. The expanded employment rate, which regards anyone who would like to work, whether they have actively sought work in the previous four weeks or not, as unemployed, is 38 per cent. In the breakdowns of the unemployment rate presented in this section, only the official rate is reported on.

Training Trends

An analysis of Labour Force Survey data for 2001 to 2007 with regard to the areas listed below reveals an upward trend in the number of people who say they hold diplomas, certificates or degrees in these areas:

- Manufacturing, engineering and technology;
- Physical, mathematical, computer and life sciences; and
- Physical planning and construction.

The trends are very similar to each other when the growth in numbers is expressed as a percentage of the adult population. The upward trend in the raw numbers is thus more or less in keeping with the growth in the size of the adult population.

The above analysis indicates that there has been an increase of around 20,000 per annum in recent years in the numbers of people holding a qualification in the manufacturing, engineering and technology area. In recent years, approximately 10,000 graduates in this area have been emerging each year from the Higher Education sector, and around 20,000 from the Further Education and Training (FET) college sector (engineering has for many years accounted for just under half of FET college graduates).

Spending on Human Resources Development in South Africa

South Africa's current levels of public education spending relative to GDP per capita (in Purchase Power Parity terms) are well above the global average. Investment in training has grown significantly since the implementation of the Skills Development Act, 1998 (Act No. 97 of 1998) and the Skills Development Levies, 1999 (Act 9 of 1999). There is also evidence of a steady growth in the investment in worker training by private enterprises, over-and-above the investment linked to skills development levies.

With regard to spending on research and development (R&D) relative to GDP per capita (in PPP terms), South Africa's investment is currently consistent with the global average. This suggests that there is scope for an increase in investment to improve economic competitiveness.

The current quality and outcomes of education and training in South Africa is clearly not commensurate with the relatively high level of investment, outlined above. This phenomenon represents a challenge that is clearly one of the most important priorities for HRD in South Africa.

Trends in South Africa's Human Development Index (HDI)

The UNDP's human development index (HDI), developed in 1990, is widely used to compare the level of human development between countries. This index provides a useful measure of progress toward achieving greater levels of development within a country. It is therefore an important measure to consider within the context of an HRD strategy, given the explicit aim to ensure that HRD contributes to broader development.

The following graph provides the values for the HDI itself and the HDI's three sub-indices for South Africa. South Africa's HDI value declined between 1992 to 2005 largely as a result of the fall in the