



INFORMATION & COMMUNICATION TECHNOLOGIES SECTOR SUMMIT

AGREEMENT AS AMENDED ON 06 DECEMBER 2002

1. INTRODUCTION

- 1.1 At the Presidential Jobs Summit in 1998 Nedlac constituencies Government, organised Labour, organised Business, Community agreed to hold sector summits. The Declaration stated that “in some sectors or clusters of industry, particularly those with high potential to create or lose jobs, sector strategic processes should be encouraged. These should facilitate the development of industrial strategies for stakeholders, designed to expand output and create or save jobs.”
- 1.2 The Nedlac stakeholders recommitted themselves to holding sector summits in 2000. In 2001 Government initiated a sector summit process for the Information & Communication Technologies sector. The Nedlac constituencies, agreed to engage in a sector summit that would cover the broadcasting, telecommunications, postal services and IT sub sectors.
- 1.3 The “Information & Communications Technologies Sector” shall without in any way limiting the ordinary meaning of the terms, mean the sector in which employers and employees are associated for the carrying on of any one or more of the following activities:

marketing, manufacturing, assembling, servicing, installing, maintaining and/or repairing systems, software, equipment, machines, devices and apparatus, whether utilising manual, photographic, optical mechanical, electrical, electrostatic or electronic principles or any combination of such principles, that are primarily intended for the recording and/or processing and/or monitoring and/or transmission of voice and /or data and/or image and/or text or any combination thereof for use in any one or more of the following activities: accounting, calculating, data processing, data transmission, duplicating, text processing, document reproduction, document transmission, record keeping and record retrieval, broadcasting or transmission for entertainment or information purposes of voice and/or image and/or text or

any combination thereof and/or; the provision of services relating to the above.

- 1.4 The constituencies in the ICT sector agree that:
 - 1.4.1 The ICT sector is losing and creating jobs in certain sub sectors and could potentially create and lose more jobs in certain subsectors. However, it has the potential to retain employment and create quality jobs and decent work.
 - 1.4.2 The sector is a catalyst for economic and social development. It integrates economic activities, enhances labour markets and promotes social cohesion.
 - 1.4.3 Communication is a basic right and all people should have access to affordable and quality services.
 - 1.4.4 The sector has grown dramatically and has the potential to continue to grow and meet the objectives of the sector summit.
 - 1.4.5 Cabinet has identified the ICT sector as one of the key growth sectors in SA.
- 1.5 The constituencies in the ICT sector committed themselves to engage in Nedlac and reach a sector summit agreement, and engage in a post summit process to meet the following aims:
 - 1.5.1 to implement the goals of the RDP – including:
 - (a) sustainable job creation
 - (b) poverty alleviation
 - (c) restructuring
 - (d) integrating into the world economy
 - (e) regional development
 - (f) developing human resources
 - (g) democratising the economy

- 1.5.2 to define a growth trajectory for the sector that will maximise employment creation, investment and growth, and raise living standards on a broader scale;
- 1.5.3 to ensure the sector contributes to economic and social spatial development as well as meeting basic needs;
- 1.5.4 to unite the Nedlac stakeholders within the sector around common aims and strategies;
- 1.5.5 to ensure the alignment of the stakeholders' programmes and actions.

2. CHALLENGES FACING THE SECTOR

The parties agree to jointly address the challenges in the sector which include:

- 2.1 Meeting RDP goals, including poverty alleviation, sustainable job creation, regional development, developing human resources;
- 2.2 Developing the ICT sector and delivering services. This will assist in eradicating poverty by:
 - 2.2.1 retaining and creating jobs
 - 2.2.2 achieving universal service
 - 2.2.3 linking social and economic development in a planned and structured way.
- 2.3 Democratising the economy through a number of initiatives including:
 - 2.3.1 Actively promoting the participation of Historically Disadvantaged Individuals, including women, the disabled and youth in the sector.
 - 2.3.2 Ensuring the accessibility and affordability of ICT services and products to all citizens by promoting alternate forms of capital and engaging in social dialogue.
 - 2.3.3 Promoting alternate forms of capital, specifically co-operatives and SMMEs.

- 2.3.4 Engaging in social dialogue to ensure that democracy is deepened and the goals of social and economic development and increased equity are met.
- 2.4 Promoting high levels of local content and application development, through, for instance:
 - 2.4.1 Supporting the Proudly South African Campaign
 - 2.4.2 Procurement
 - 2.4.3 Supporting research and development
- 2.5 Promoting the growth of local cultural industries including:
 - 2.5.1 South African languages on all platforms
 - 2.5.2 Software development
 - 2.5.3 Broadcasting programmes
 - 2.5.4 Film, music and advertising.
- 2.6 Promoting growth of the industry in both services and manufacturing and completing value chains. This would include increased employment, investment, and service delivery to both formal and the hard-to-serve sectors and equity;
- 2.7 Promoting Research and Development (R&D) and innovation to grow the industry and meet basic needs;
- 2.8 Minimising job loss and underemployment in the sector and increasing employment in the sector;
- 2.9 Promoting decent work as defined by the International Labour Organisation;
- 2.10 Promoting domestic and foreign investment in the sector and seeking ways to minimise South Africa's vulnerability in this regard;
- 2.11 Rolling out of ICT infrastructure;
- 2.12 Promoting education and skills development including:

- 2.12.1 improving primary, secondary and tertiary education that promotes ICT usage;
 - 2.12.2 promoting Mathematics and Science, Design and the skills needed for the development of associated sectors using ICT;
 - 2.12.3 promoting skills development and skills upgrading of the workforce;
 - 2.12.4 promoting ICT infrastructure at schools;
 - 2.12.5 promoting specific education and training to assist people who want to enter the sector;
 - 2.12.6 reviewing and supporting the skills and training initiatives around ICT and promoting ICT usage. There are a number of initiatives underway in improving education and those should be reviewed and supported (where in line with the sector summit objectives), including discussions on the ICT Institute, and existing tertiary institutions and SETAS.
- 2.13 Promoting job creating investment in the sector, both Foreign Direct Investment (FDI) and domestic investment as well as increasing domestic demand through for example:
- 2.13.1 Procurement
 - 2.13.2 Promoting ICT usage
- 2.14 Promoting local manufacturing and services through the application of existing measures (e.g. supply side measures);
- 2.15 Reviewing of education policies to see if they are in line with the skills requirements of the sector;
- 2.16 Strengthening the regulatory environment including specified enforceable license conditions, to ensure that the sector summit objectives are met. Monitoring and enforcement mechanisms need to be strengthened and strict penalties need to be applied for failure to achieve license conditions;
- 2.17 Ensuring that the stakeholders in the ICT sector respond appropriately to the challenges faced in and by South Africa and the challenges posed by globalisation – including competitiveness. Competitiveness for ICT must relate to competitiveness for the country as a whole. That means:

- 2.17.1 Efficient and effective ICT for the formal sector (including SMMEs and co-operatives), government and state owned enterprises;
 - 2.17.2 Affordable universal service, which is critical for enhancing equity, productivity and employment on a broad scale;
 - 2.17.3 Increasing access to and skills for ICT, and increased incorporation of ICT at all levels of society;
 - 2.17.4 Contributing directly to sustainable employment and to overcoming unemployment and underemployment.
- 2.18 Co-operating on specific projects to meet the sector summit aims;
 - 2.19 Recognising the impact of HIV&AIDS on the sector and exploring ways the sector can assist other sub-sectors in combating HIV&AIDS and other diseases;
 - 2.20 Recognising and promoting the impact of the sector on other sectors, for example education, health, engineering and tourism, as well as how developments in the sector can have positive spin-offs in other sectors and the economy more broadly, thereby enhancing social and economic development, quality job creation, skills training and meeting basic needs;
 - 2.21 Exploring ways the sector can promote service delivery (including health, and education) and the meeting of basic needs;
 - 2.22 Promoting appropriate ICT usage to meet the aims and objectives of the sector summit;
 - 2.23 Encouraging compliance with legislative framework;
 - 2.24 Promoting Black Economic Empowerment broadly in the sector by 'inter alia' engaging with recommendations contained in the Black Economic Empowerment Commission report. Furthermore, working closely with structures that have already been established in this regard;
 - 2.25 Promoting rural development that specifically leads to, among other things, job retention and job creation, shared services and other services, access to education and information, social interaction and economic integration;

- 2.26 Promoting and supporting the Proudly South African Campaign;
- 2.27 Supporting Nepad in principle, as an initiative to strengthen democracy, extend infrastructure and socio-economic development as well as to combat poverty throughout Africa. The ICT sector summit process must engage further on the specific proposals around ICT in order to achieve these aims.

3. SPECIFIC AGREEMENTS

A number of specific agreements have been reached and are in the sections that follow.

3.1 Agreement on Universal Service and Universal Access

3.1.1 The parties agree that universal service must be achieved. In order to do this the parties agree to set achievable targets for the short medium and long term and thus also support universal access. Universal service must be underpinned by affordability. It includes:

- (a) A telephone in every household/ institution;
- (b) Every person/ house/ institution having a physical address and an address in any other form;
- (c) Every person having multimedia services including broadcasting.

3.1.2 The parties agree to:

- (a) Evaluate and support appropriate initiatives and programmes of government and its agencies in achieving universal service and access;
- (b) Review and undertake research to ensure universal service and access is achieved.

3.2 Agreement on Human Resource Development (HRD)

3.2.1 The parties agree to develop a Human Resource Development Strategy/Sector Skills Development Plan. This should be done in partnership with relevant SETAs.

3.2.2 This must be done in line with the Skills Development and Skills Development Levies Acts and can be achieved through amongst others;

- (a) Learnerships
- (b) Internships
- (c) Recognition of prior learning for formal accreditation
- (d) Adult Basic Education and Training (ABET)
- (e) Increased levels of education and training
- (f) Transfer of ICT skills

3.2.3 The HRD strategy must aim to upgrade existing ICT skills to conform to national standards, be based on accredited learning and focus primarily on previously disadvantaged and vulnerable workers.

3.3 Agreement on the Social Plan

3.3.1 The objectives are as follows:

- (a) To establish active labour market policies for the ICT sector, in order to minimise unemployment and enhance the use of skills and skill levels in the sector. “Active labour market” policies refer to the training and projections on employment needs to minimise unemployment.
- (b) To ensure that the costs of adjustment in the labour force are minimised and are not imposed unfairly on workers
- (c) To enhance the role of government and the relevant SETAs in achieving these aims.

3.3.2 Sectoral support for restructuring

The parties commit themselves to, after a Fund for Research Into Industrial Development and Equity (Fridge) study, establish a mechanism that would:

- (a) Engage in foresight studies to determine the direction of technological advance and the likely impact on the structure of employment in the medium term;
- (b) Conduct research into the obstacles facing SMME's and co-operatives in the ICT industry and propose measures to address them;
- (c) Identify areas of likely employment growth and downsizing in the short to medium term;
- (d) On that basis, advise the relevant SETAS on education and training needs;
- (e) Establish an easily accessible database of vacant positions and former employees in the sector, with information on skills level;
- (f) Provide a communication mechanism for determining projects and trends that are likely to create relatively large numbers of less skilled jobs. These communications should assist vulnerable workers to find new jobs;

3.3.3 All enterprises in the sector shall, subject to the outcome of a Fridge study to assist implementation:

- (a) register vacancies and with their permission, former employees with the database;
- (b) only employ workers not on the database when no workers on the database meet their needs;
- (c) proactively seek to employ people within the local community, if they do not employ workers from the database (see (b) above)

3.3.4 The relevant SETAS should facilitate:

- (a) ABET and life skills training, especially for vulnerable workers;
- (b) Inservice training for all workers to enable them to keep up with relevant technological trends;

- (c) Bridging-training in mathematics, computer skills and design skills to enable vulnerable workers and unemployed youth, women and the disabled to enter into ICT jobs;
- (d) Identification of and training for employment opportunities to be funded through the relevant SETAs discretionary funds.

3.3.5 The sector shall, after a Fridge study, establish a representative ICT Development Agency/ Institute/ or any other mechanism that, amongst other things, will:

- (a) Identify training and employment opportunities for redundant workers;
- (b) Assist retrenched workers in developing resumes and assembling reference letters;
- (c) Provide financial and personal counselling;
- (d) Promote development in the sector;
- (e) Assist unemployed youth, women and the disabled to find jobs in the industry.

3.3.6 The funding for the representative ICT Development Agency/ Institute/ mechanism will be dealt with in the post summit process.

3.5 Restructuring at enterprise level

3.5.1 The current labour legislation must be applied.

3.5.2 Future forums:

- (a) Where management foresees restructuring at enterprise level, it must establish a Future Forum with labour to discuss prospects and plans, in line with the Nedlac agreement on social plans. The Future Forum would not replace or pre-empt a structure established as a result of agreement between employers and employees.

- (b) The Future Forum must first seek to develop proposals to avoid job losses, in line with the Nedlac agreement.
- (c) The Future Forum must determine if there are groups of vulnerable workers, and ensure that they have access to the SETAs programmes described above.
- (d) Workers at all levels will receive the necessary training in new technology that is:
 - (i) Relevant to their jobs and/or;
 - (ii) Relevant to their career path and/or;
 - (iii) Conducive to the promotion ICT usage generally.
- (e) Such training will be
 - (i) in addition to other training undertaken by organisations
 - (ii) reflected in Workplace skills plans.
- (f) All training must be directed towards primary certification where standards exist and must be aligned with the National Qualifications Framework.
 - (i) where registered standards and certification are available training must be in accordance with these;
 - (ii) the process of setting standards must be accelerated.
- (g) As far as possible, where jobs become redundant, employers must first seek to redeploy the affected workers within the enterprise. If necessary, they must provide training to achieve this purpose.
- (h) Where redeployment within the enterprise is not possible, employers must actively seek work for employees who may be retrenched, outside the company, through:

- (i) placement in partner firms within the sector;
 - (ii) placement in suppliers;
 - (iii) establishment of mechanisms, for instance new enterprises and co-operatives to supply goods or services, without replacing or threatening existing jobs in the company.
- (i) The Future Forum must ensure that all retrenched employees receive financial and personal counselling prior to retrenchment.

3.6 Agreement on Investment

3.6.1 It was agreed that Government should:

- (a) Ensure that there are appropriate supply side available for investment;
- (b) Ensure that supply side measures are accessible and that all stakeholders should:
 - (i) Review and make recommendations on supply side measures
 - (ii) Promote investment in specific areas including:
 - (a) rolling out infrastructure particularly in the underserved groups/ areas;
 - (b) software production and development;
 - (c) investment in local hardware development and production;
 - (d) labour absorbing activities, for instance call centres.

4. AGREEMENT ON PROCUREMENT

4.1 The stakeholders agree that appropriate procurement systems by government, parastatals and large private companies are critical for completing value chains, enhancing value added and developing new production capacity and skills. Procurement should be used to help achieve the aims of the sector summit process.

4.2 The stakeholders agree to consider within the context of Proudly South African campaign, the maximisation of local procurement objectives for the ICT sector. The parties agree to:

4.2.1 After a FRIDGE study to enable implementation, establish a database showing:

- (a) actual and projected procurement by parastatals and government;
- (b) Actual and projected procurement by large private companies, where appropriate;
- (c) foreign procurement;
- (d) producers of ICT goods and services by type of product/service.

4.2.2 Adopt the code of conduct as below. Parastatals and government should include the sectoral code of conduct on procurement in their tender requirements.

4.2.3 Award supply side measures and government and parastatal tenders only to companies that abide by the code of conduct on procurement and the requirements of Proudly South Africa.

4.2.4 Ensure that government insists that international trade negotiations do not prevent the use of public-sector procurement to stimulate local production and employment.

5. CODE OF CONDUCT ON PROCUREMENT FOR THE ICT SECTOR

5.1 Tendering and purchasing systems will give preference for Proudly South African membership.

5.2 In addition, publicly advertised tenders must include the following:

5.2.1 Advertising systems which reach SMME's

5.2.2 If a foreign tenderer, who, despite non-compliance with the Proudly South African requirements, is selected as the preferred provider by virtue of the price offered by the foreign tenderer, a local tenderer, who complies with all other relevant requirements may be requested to match the price

offered by the foreign tenderer, and if the local tenderer matches the price, the tender may be awarded to the local tenderer.

5.2.3 If a foreign provider is contracted:

- (a) The contract should ideally not run longer than two years, after which, if possible, a local provider should be contracted;
- (b) The foreign provider must be required to maximize local content and skills transfer, with clearly defined targets;
- (c) The producer should proactively encourage local production even before it publishes a tender;
- (d) Potential local producers should have access to relevant supply-side measures on an urgent basis.

5.3 In awarding procurement contracts to companies doing business in South Africa, preference will be given to those companies which:

- 5.3.1 are registered with the relevant SETAS and pay the skills levy;
- 5.3.2 maintain labour standards and respect labour rights;
- 5.3.3 have an employment equity plan in place;
- 5.3.4 obtain a tax clearance certificate.

5.4 Large companies must make every effort to enhance procurement from SMME's.

6. AGREEMENT ON RESEARCH

6.1 The parties have agreed to submit a proposal on research and foresighting for the ICT sector to the Fridge sub-committee under the Trade and Industry Chamber of Nedlac. The aim of the study would be to:

- 6.1.1 Identify key trends nationally and internationally that would assist growth in the industry as a whole. The terms of reference for the study would be informed by the existing

body of knowledge, including the findings of the SAITIS project;

- 6.1.2 Study changes in the market structure and the impact it has on universal access;
 - 6.1.3 Study the development of appropriate technologies suited to servicing poor and remote rural areas;
 - 6.1.4 Study and review existing research and undertake additional research to help ensure that universal service and access is achieved.
- 6.2 The Fridge research would study and advise on the most appropriate mechanism that would (with reference to 6.1:
- 6.2.1 Engage in foresight studies to determine the direction of technological advance and the likely impact on the structure of employment in the medium term;
 - 6.2.2 Conduct research into the obstacles facing SMME's and co-operatives in the ICT industry and propose measures to address them;
 - 6.2.3 Identify areas of likely employment growth and downsizing in the short to medium term;
 - 6.2.4 On that basis, advise the relevant SETAS on education and training needs;
 - 6.2.5 Establish an easily accessible database of vacant positions and former employees in the sector, with information on skills level
 - 6.2.6 Provide a communication mechanism for determining projects and trends that are likely to create relatively large numbers of less skilled jobs. Such a mechanism should assist vulnerable workers to find new jobs
- 6.3 The study on the data base (reference) would determine the means by which enterprises in the sector could:
- 6.3.1 Register vacancies and, with their permission, the contact details and skills of former employees in an accessible database.

- 6.3.2 Only employ workers not on the database, when no workers on the database meet their needs.
- 6.3.3 Proactively seek to employ people within the local community, in circumstances where it is not possible to employ workers on the database.
- 6.4 The study would determine a mechanism dedicated to developing the ICT sector, that would, inter alia:
 - 6.4.1 Enable data on procurement needs to be compiled;
 - 6.4.2 Identify domestic producers/ providers of ICT goods/ services;
 - 6.4.3 Maintain such a database;
 - 6.4.4 Improve communication between producers and large consumers;
 - 6.4.5 Explore ways to meet procurement needs locally.
- 6.5 A study would explore options for the representative ICT Development Agency/ Institution or any other mechanism that amongst other things will:
 - 6.5.1 Identify training and employment opportunities for redundant workers;
 - 6.5.2 Assist retrenched workers in selling their services (Identify training and employment opportunities for redundant workers).
 - 6.5.3 Assist retrenched workers in selling their services (resume preparation, letters of reference).
 - 6.5.4 Provide financial and personal counselling.
 - 6.5.5 Promote development in the sector.
 - 6.5.6 Assist unemployed youth, women and the disabled to find jobs in the industry.
 - 6.5.7 Offer proposals for the funding of any such ICT Development Agency/ Institution/ any other mechanisms.

7. POST SUMMIT PROCESS

- 7.1 The Nedlac stakeholders commit themselves to detailed and ongoing engagement in the sector summit process after the summit itself has taken place. The purpose of the ongoing engagement includes:
 - 7.1.1 Evaluating developments in the sector and developing strategies to ensure the goals of the sector summit are met;
 - 7.1.2 Ensuring and enabling the implementation of existing agreements;
 - 7.1.3 Monitoring and evaluating implementation of existing agreements in accordance with the protocols pertaining to sector summits;
 - 7.1.4 Continuing to engage and attempt to reach agreements on areas identified for continued engagement as well as other issues as they arise;
 - 7.1.5 Continuing to work to meet the goals of the summit;
 - 7.1.6 Participate in the development of policy for the sector.
- 7.2 When policy for the ICT sector is being developed, stakeholders should as early as possible in the process, be able to participate proactively and give input to enrich the policy making process by sharing ideas.
- 7.3 The parties commit themselves to ensuring human resource capacity to engage in the post summit process. Delegates must be mandated and representation should be consistent.
- 7.4 The post summit process will be located in Nedlac. The steering committee will meet at least once a month for the first year to monitor adherence to summit agreements. Task teams set up by the steering committee will meet as required.
- 7.5 Once a year Nedlac will hold a broader forum with principals and constituency members which will, among other things:
 - 7.5.1 assess engagement and implementation of projects/ initiatives during the year;
 - 7.5.2 receive inputs from mechanisms to be instituted;

7.5.3 assess the meeting of the objectives of the summit process;

7.5.4 assist the meeting of objectives;

7.5.5 announce new projects/ agreements;

7.5.6 identify priorities for the following year.