



Towards a Transformative Macroeconomic Policy Framework for Employment Generation in Africa

Dr Mzwanele Ntshwanti

April 2026

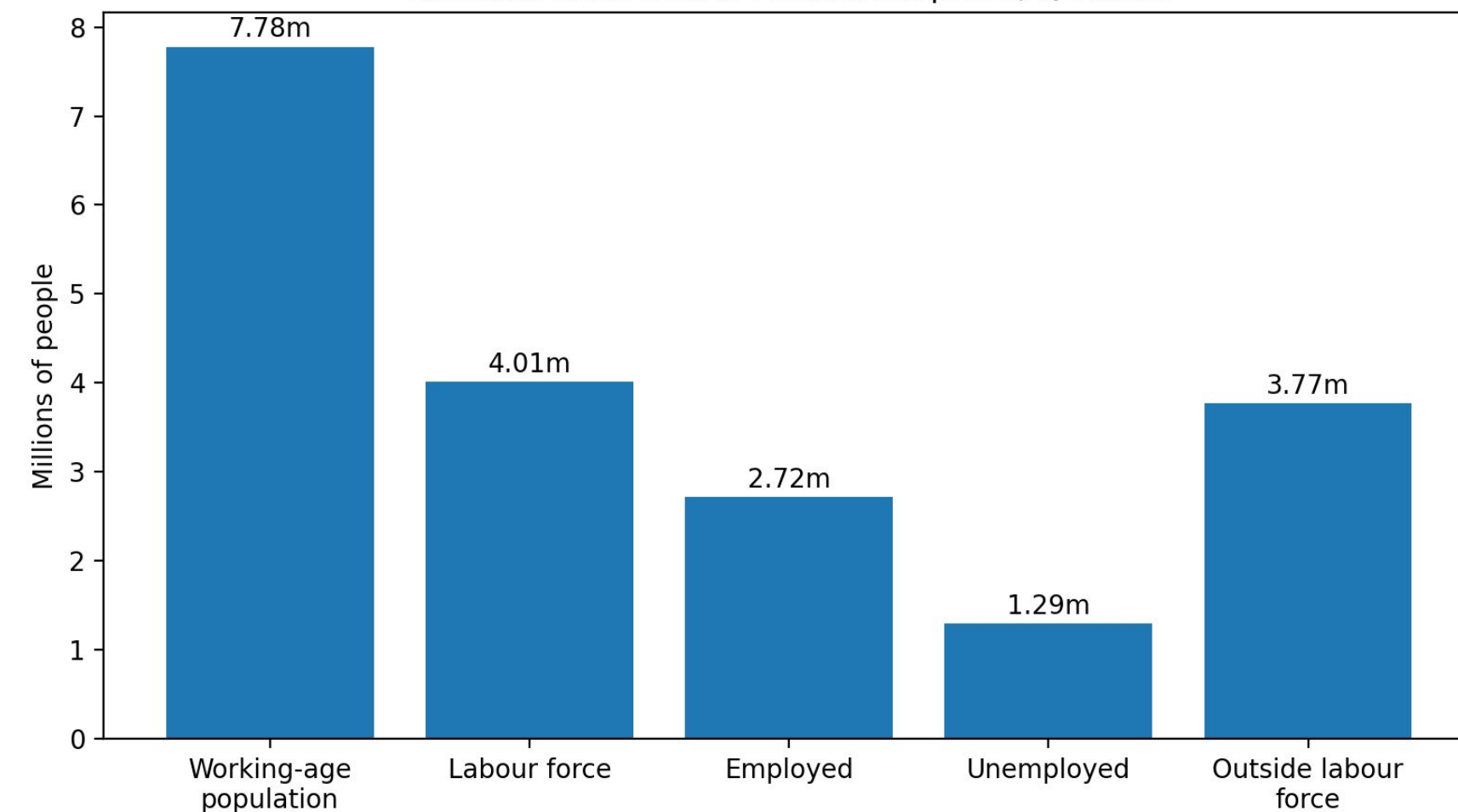
The employment crisis is structural, not cyclical

The productivity crisis:

- Labour market dynamics and productivity.
- Sector-led decent jobs creation.
- Production system, the investment architecture and the coordination design.
- The 'skills mismatch' narrative.

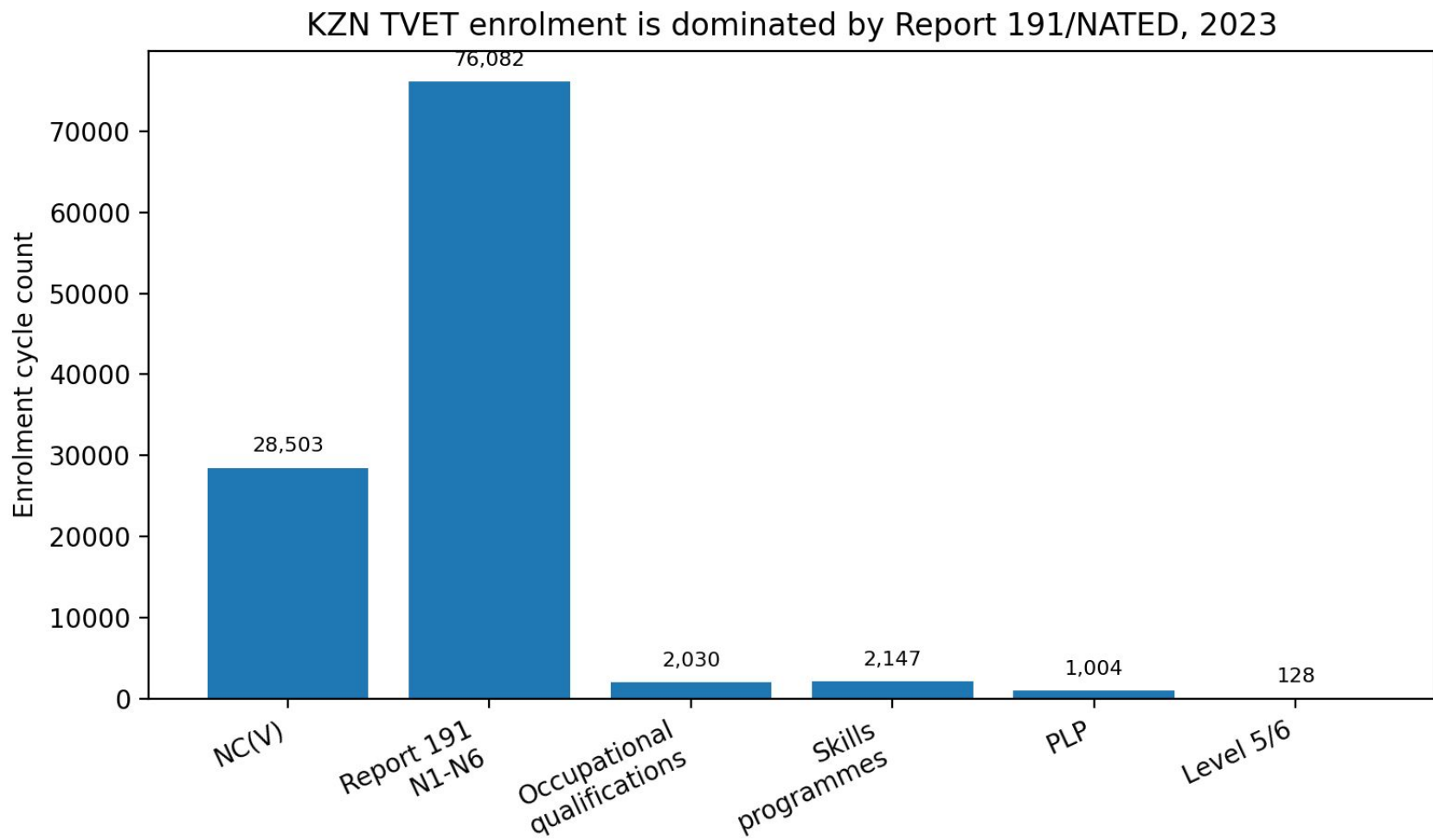


KwaZulu-Natal labour market snapshot, Q4 2025



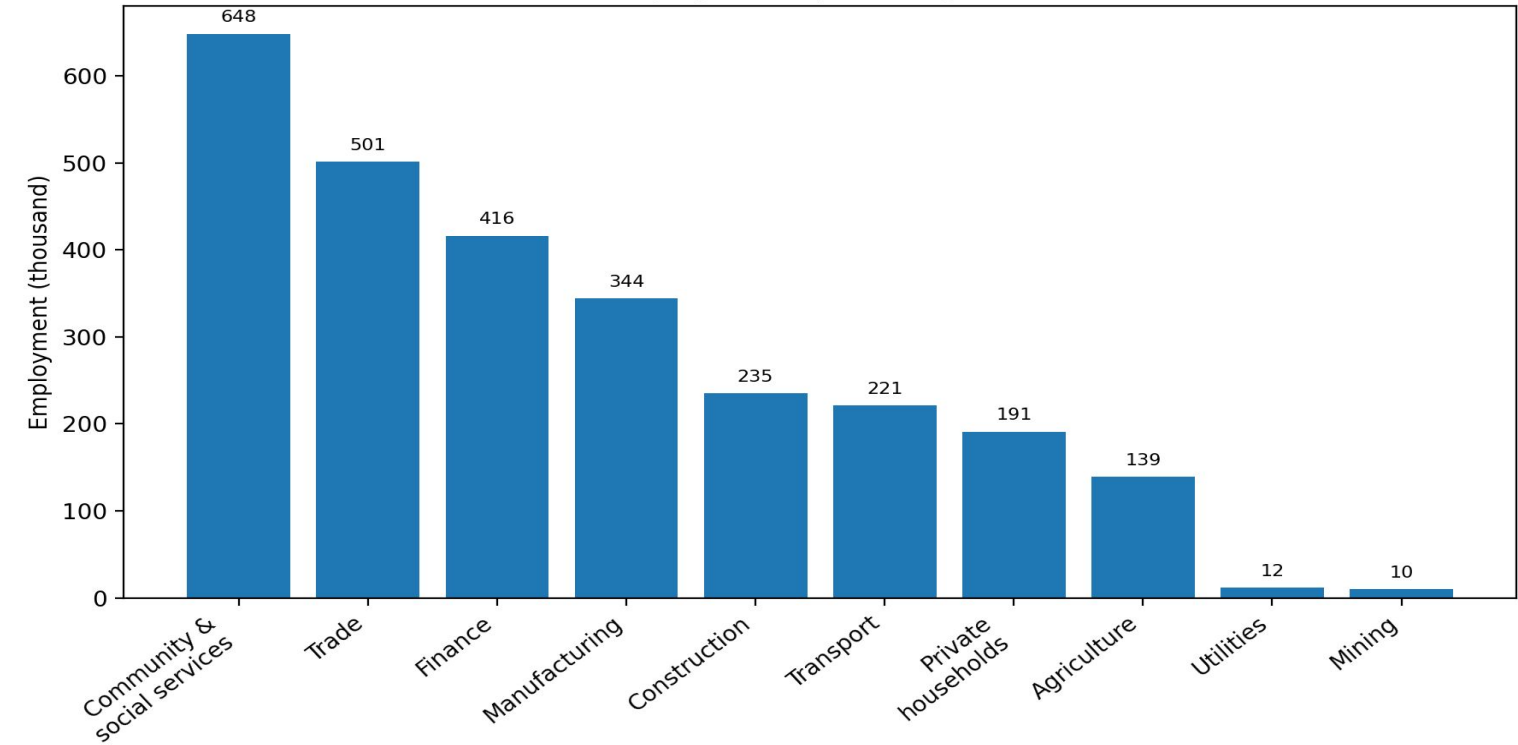
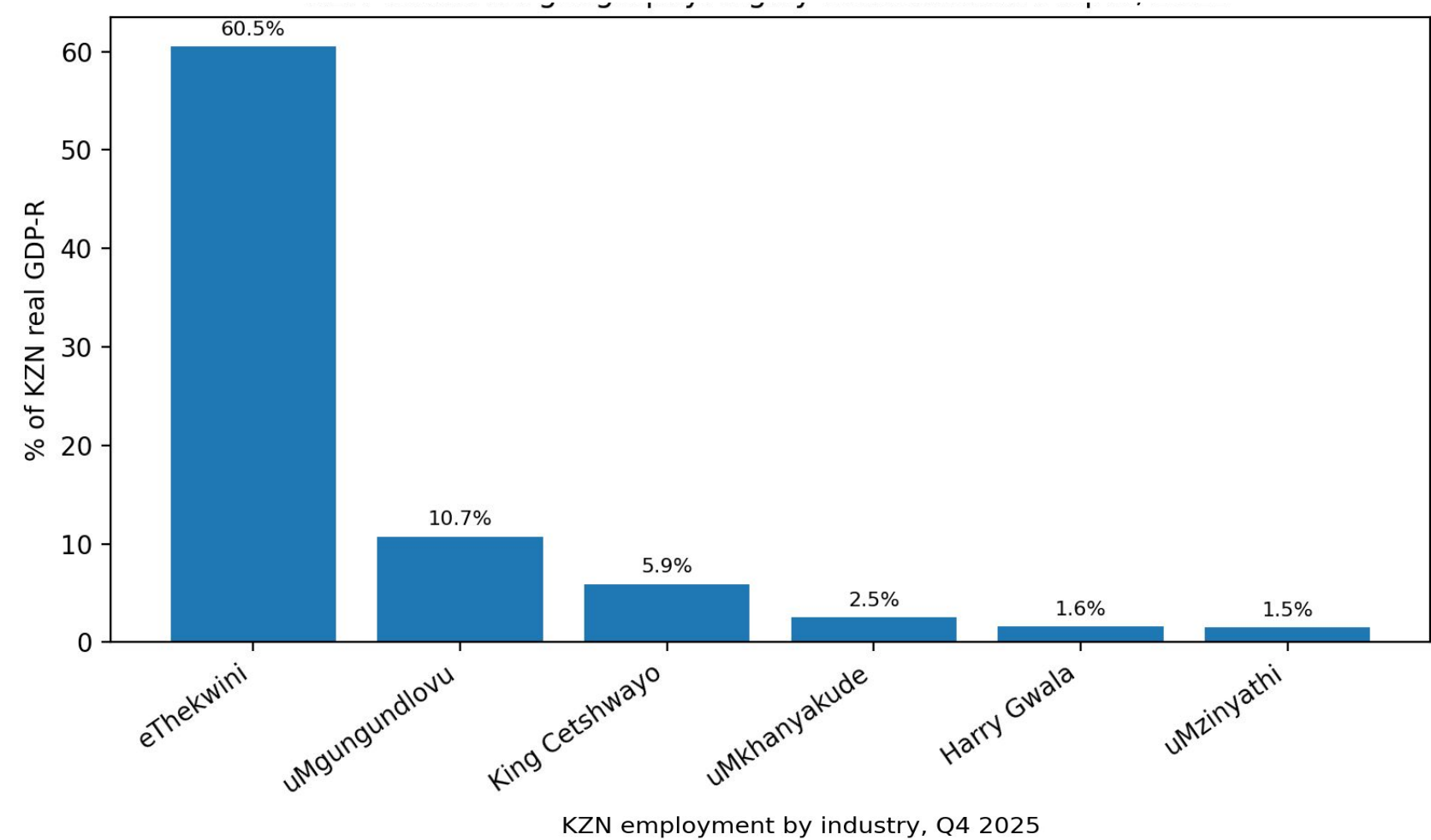
The NEET crisis: not simply skills, but blocked transitions

Group	Why exclusion is high	Policy implication
Young women, especially, 20-34	Unpaid care burden, pregnancy/childcare, unsafe transport, discrimination.	Care services + safe transport + gender-responsive budgeting.
Rural youth	Distance from jobs, weak broadband, weak transport, low local industry.	District employment hubs + agro-processing + digital access.
African youth	Historical inequality, poor schooling quality, spatial exclusion.	Targeted public investment and placement guarantees.
TVET graduates	Limited workplace placements and weak employer absorption.	Employer-funded WIL and apprenticeship compacts.



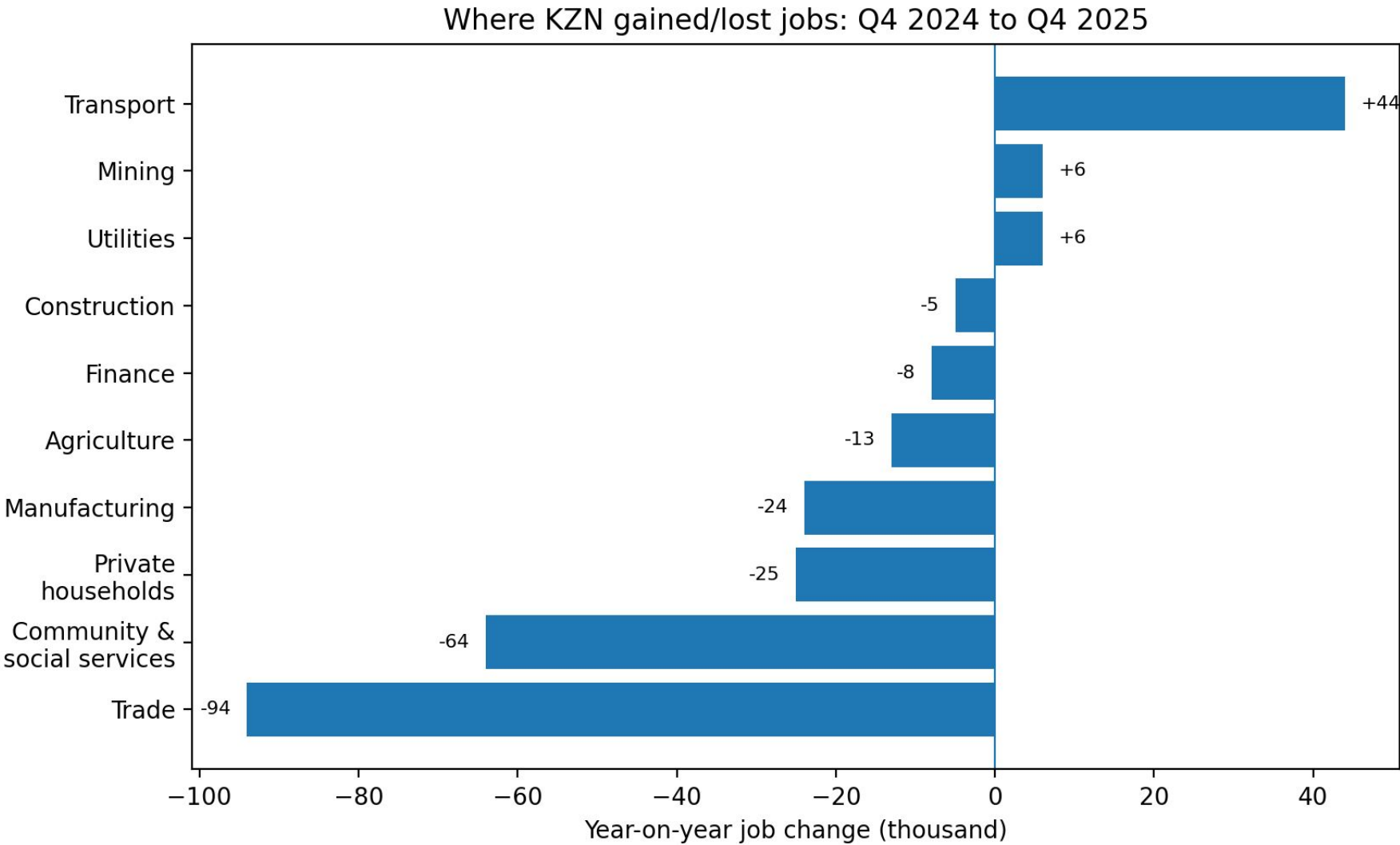
KZN is a polarised economy

Geography	Economic role	Employment mission
eThekwini	Industrial, port, services core	Port-to-production manufacturing; township supplier development
uMgungundlovu	Administrative, education, services node	Public services, education innovation, agro-logistics
King Cetshwayo/Richards Bay	Heavy industry, port, minerals/logistics	Green metals, industrial energy, circular economy
iLembe/Dube corridor	Airport logistics, SEZ potential	Export manufacturing, food, pharma, air cargo
Zululand/uMkhanyakude	Rural poverty, agriculture, tourism potential	Agro-processing, eco-tourism, care and climate jobs
Ugu/Harry Gwala	Agriculture, tourism, climate vulnerability	Rural industrialisation, disaster-risk reduction, food systems



Deindustrialisation in KZN: real, but uneven

Sector	Problem	What should change
Clothing/textiles	Import competition, low margins, factory closures/downsizing	Local procurement, uniforms, industrial finance, design upgrading
Agro-processing	Raw or low-value agricultural output	District processing hubs, packaging, cold chains, export standards
Chemicals/metals	Capital-intensive, weak SME linkages	Supplier development and green industrial upgrading
Automotive components	Vulnerable to global shifts	Local component deepening, EV/battery-adjacent skills



The Current Growth Model

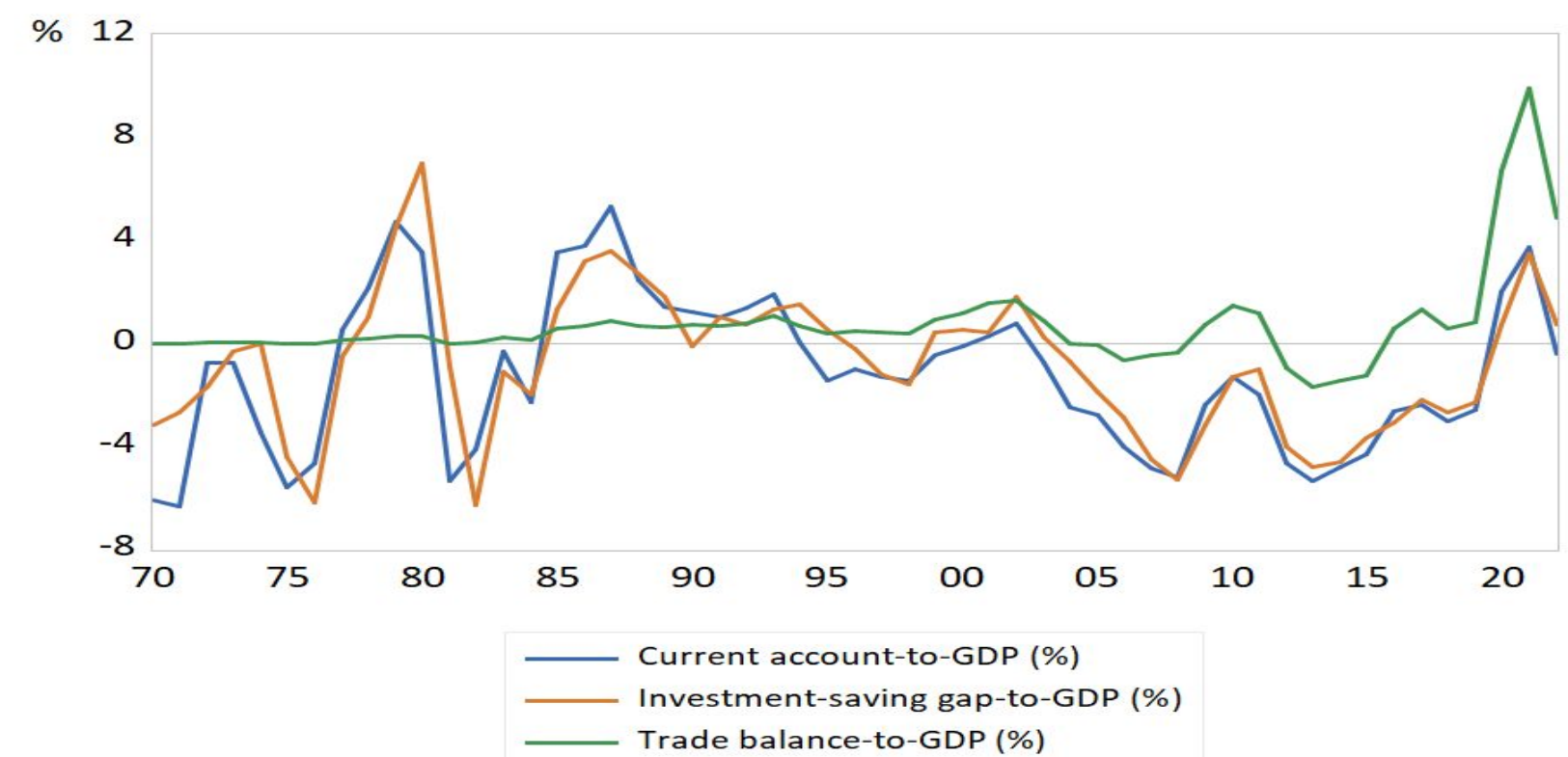
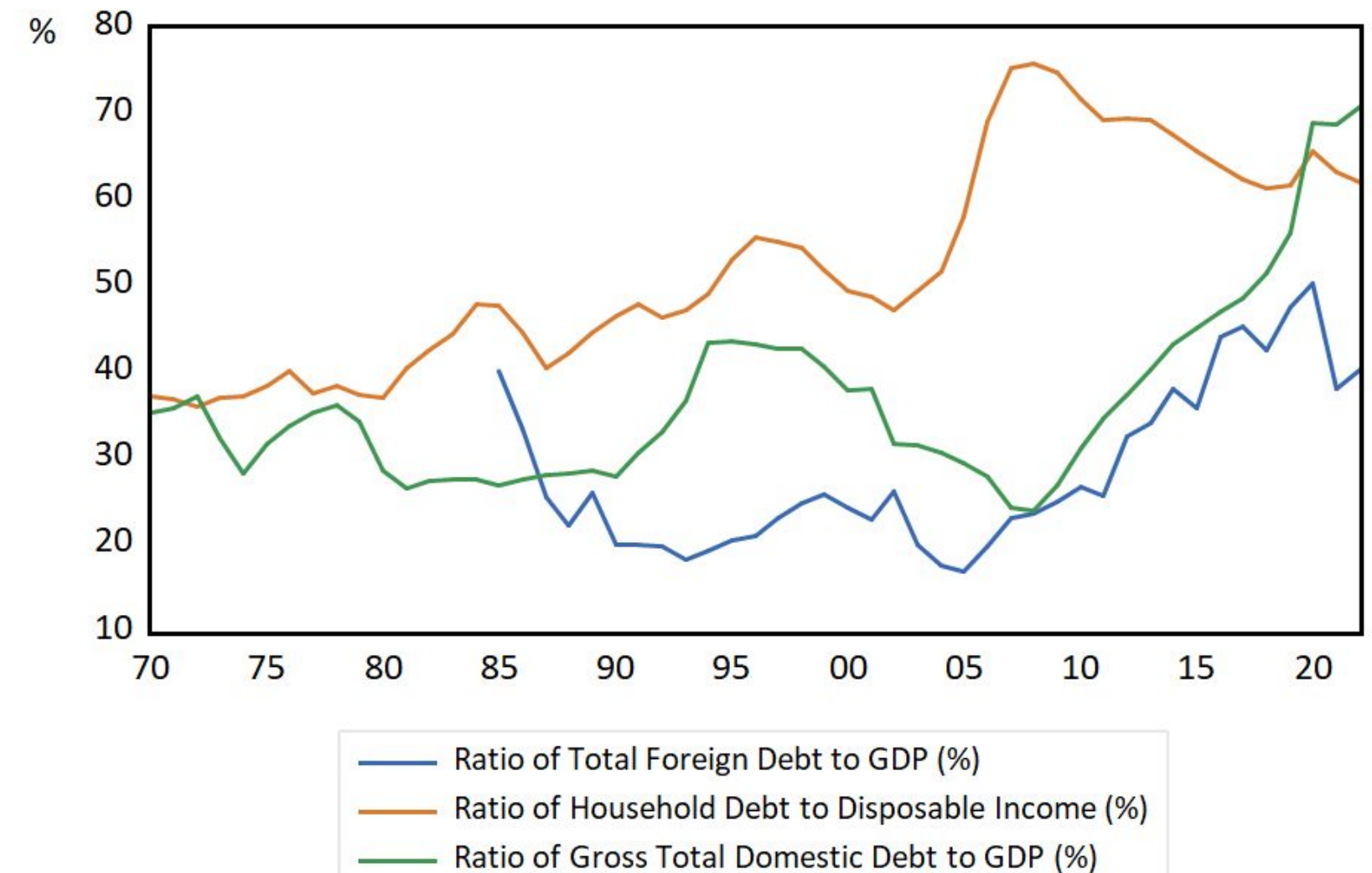
Debt-financed consumption and weak investment

❑ South Africa (&KZN) is consumption-driven:

- household consumption: 65% of GDP.
- household debt to disposable income increased from 37% in 1970 to 75.% in 2007; currently above 62%.

❑ The Investment Gap:

- Investment: 15 - 17% of GDP vs EMDEs and advanced economies 25 - 35% of GDP.
- 72% of the adult population having no savings.



South Africa's Growth Crisis

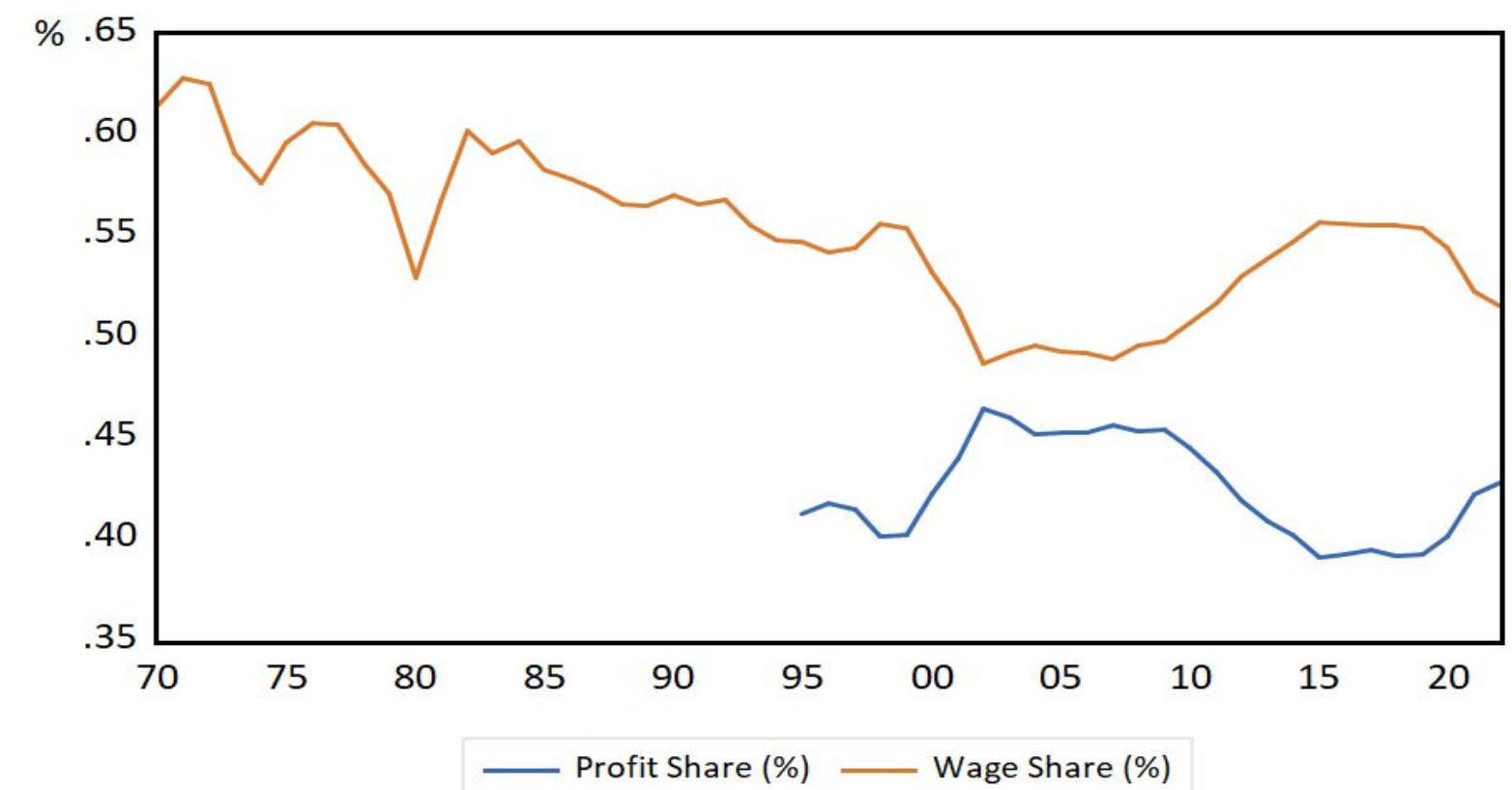
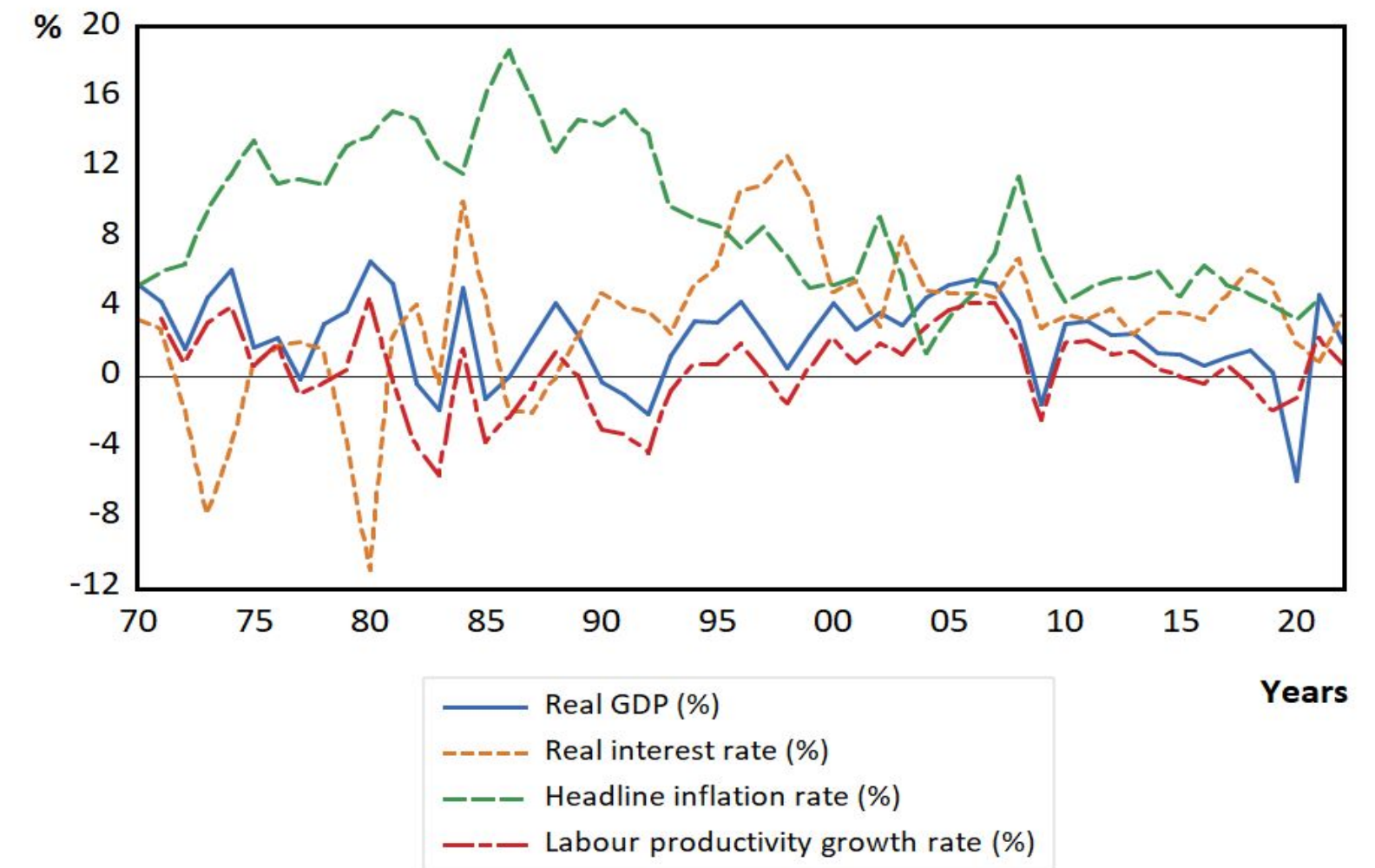
Persistently structural or secular stagnation:

❑ Weak growth despite low real interest rates

real growth rate averaged 1.19% during 2009- vs EMDEs average of 5.31% and 4.45% $\Rightarrow r < g$.

❑ Unemployment and inequality

- over 30% vs below 10% in EMDEs while inequality above 63% vs 45% in EMDEs.
- Top 10% hold over 65% of pre-tax national income and 85% of the total net wealth.



The Investment Gap and Structural Constraints

Structural constraints persist:

❑ The financing constraint:

- weak capital markets & pension funds invested abroad.
- high cost of capital and constrained development finance.

❑ Constraints to Investment:

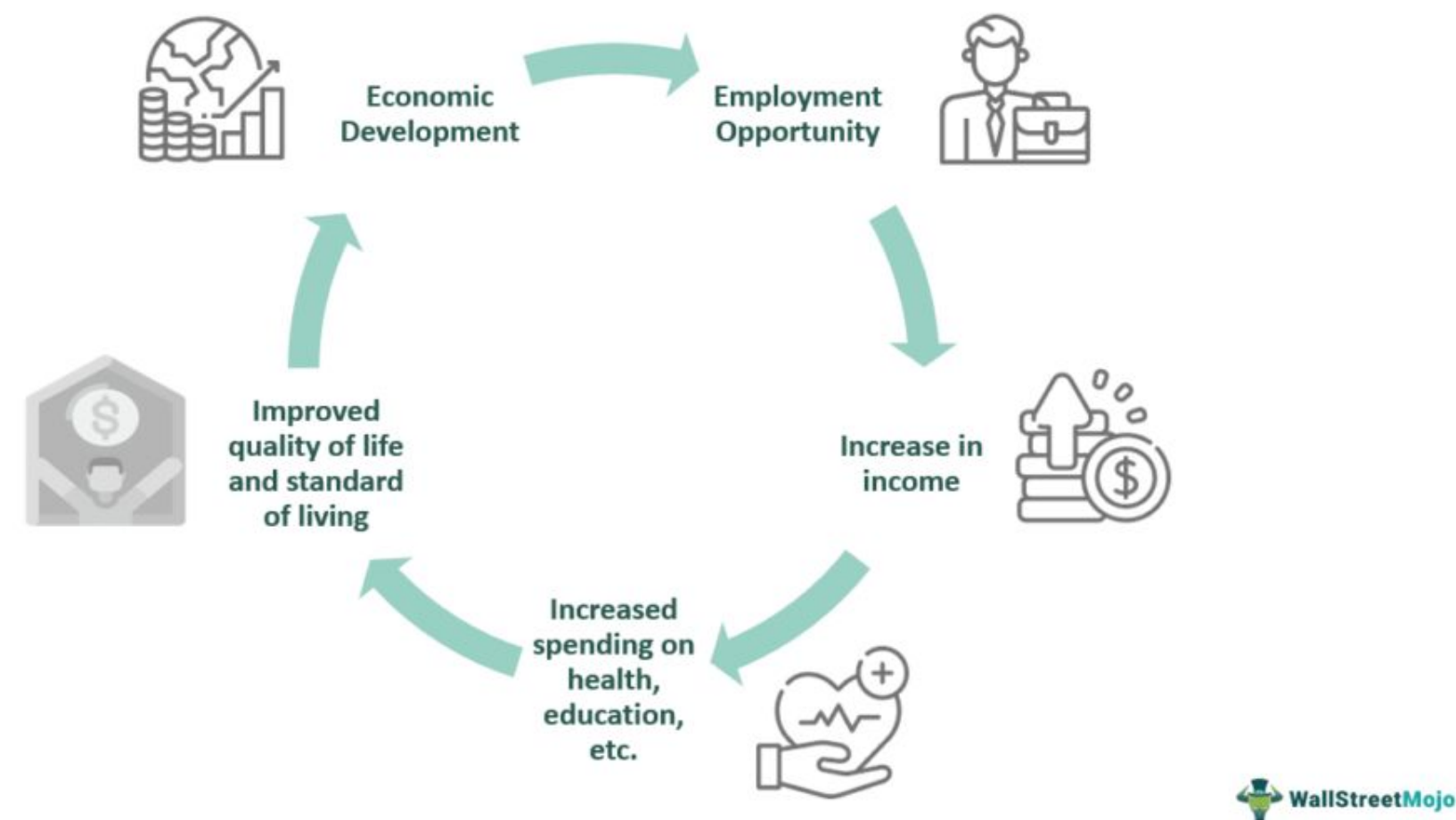
- network industries (electricity/energy, transport and logistics, and water): Deindustrialisation & Productivity stagnation.
- manufacturing, food, and energy sovereignty?
- policy certainty?

Window	Purpose	Instruments
Industrial upgrading	Machinery, technology, quality standards	Concessional loans, matching grants
SMME supplier	Link township/rural SMMEs to large firms	Guarantees, purchase-order finance
Care economy	ECD, community health, social care	Public employment + social procurement
Green industry	Solar, batteries, water, recycling	Climate finance + DFI loans
Disaster resilience	Flood-proofing, drainage, roads, housing	Labour-intensive infrastructure finance

Institution	Potential role	Current limitation
IDC	Industrial finance, manufacturing, agro-processing	National pipeline; can be slow/risk-averse
DBSA	Infrastructure, water, energy, municipalities	Large projects; municipal capacity constraints
NEF	Black industrialists, SMMEs	Scale constraints
SEFA/Seda	SMME finance/support	Fragmented and often too small
TIKZN	Investment facilitation/export promotion	Not a full DFI
Provincial Treasury/EDTEA	Budget coordination, incentives	Limited fiscal space

What Investment-Led Growth Means

How Economic Development Works?



Taking the macroeconomy back to full-employment basis.

- ❑ Shift from consumption expansion → productive capacity expansion and economic sovereignty
 - Green industrialisation.
 - Care economy & human capital.
 - Digital infrastructure?

- ❑ Investment → Jobs → Productivity → Exports → Fiscal stability:
 - employment below 10%?
 - distributional fiscal policy.

Policy area	Current bias	Employment-targeting shift
Monetary policy	Inflation-first, economy-wide rates	Inflation + employment mandate; productive credit channels
Fiscal policy	Consolidation and current-service pressure	Ringfenced public investment and employment missions
Financial policy	Credit allocation left to banks	Credit guarantees, DFI coordination, sector lending
Procurement	Compliance-heavy, fragmented	Local production, supplier development, gender targets
Skills	Supply-led training	Demand-led placements tied to sector compacts

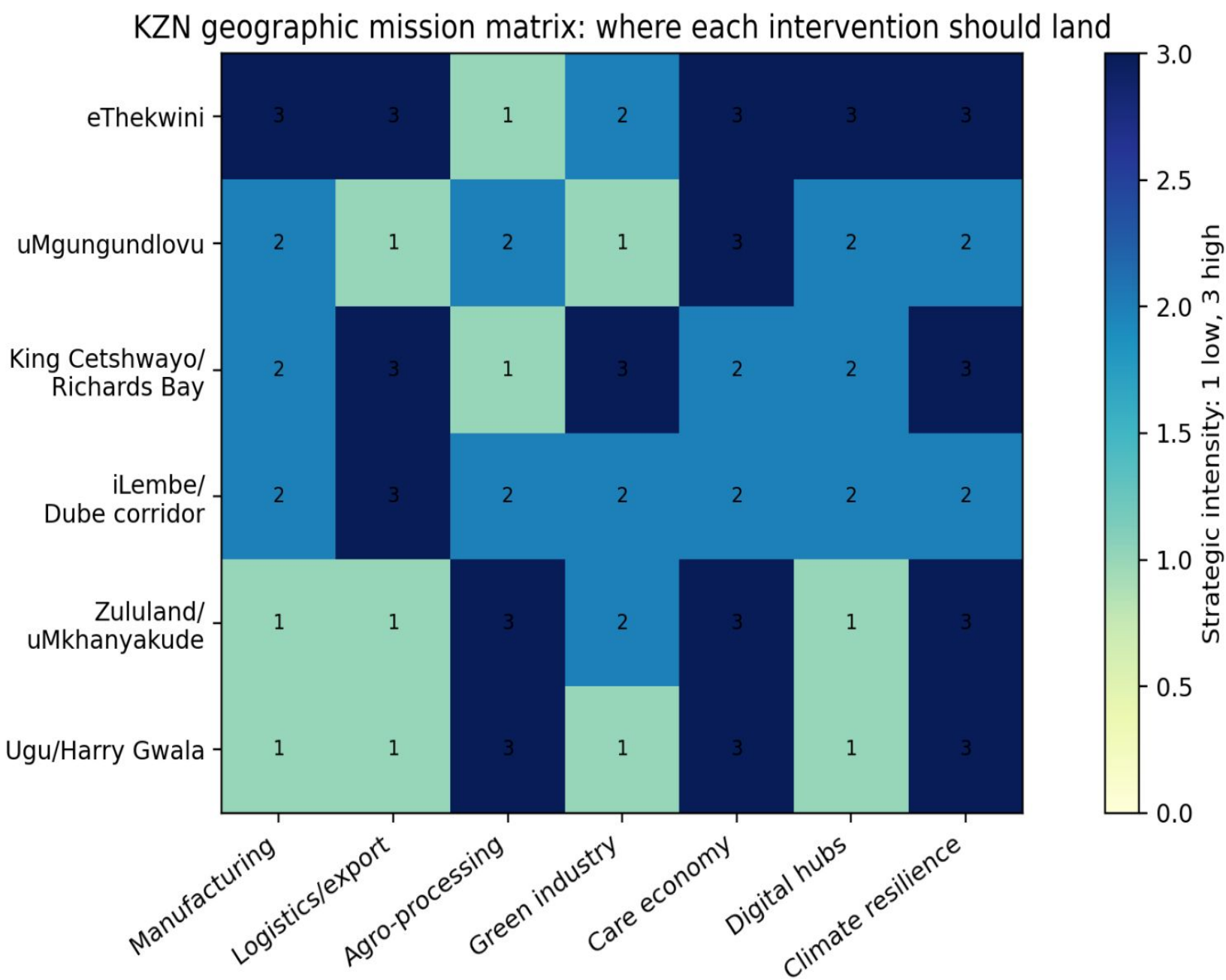
Fiscal policy: from consumption to capital formation

Reform	How it works	Employment effect
Local production schedules	Identify goods province buys repeatedly: uniforms, furniture, food, maintenance inputs	Revives light manufacturing and agro-processing
Gender-responsive procurement	Minimum share to women-owned firms and care providers	Supports women's economic participation
SMME set-asides tied to support	Set-asides plus finance, training, quality standards	Prevents tokenism
Framework contracts	Multi-year certainty for local producers	Encourages investment
Supplier development obligations	Large contractors must develop local suppliers	Creates industrial linkages
Open procurement dashboard	Public tracking of local content and jobs	Accountability

Shift composition of spending:

- ❑ **Reduce consumption bias:**
 - expand and strengthen public services (health, education, and the care economy).
 - special economic zones (SEZ) and district-level development investment.
 - Industrial diversification.
- ❑ **Protect public investment and infrastructure:**
 - municipal infrastructure.
 - strengthen SOE governance to deliver.

Value-chain missions: Sector strategy

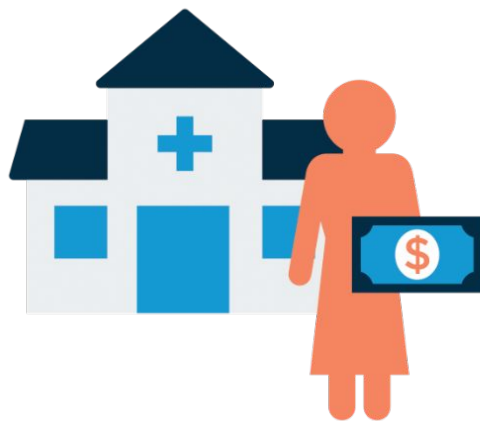


Mission	Value chain	Geography	Practical actions
Port-to-production exports	Port logistics → industrial parks → export manufacturing	eThekwini, Dube/iLembe, Richards Bay	Rail-port reform, bonded industrial zones, export supplier finance
Agro-processing and food systems	Farm → storage → processing → packaging → public procurement → export	uMgungundlovu, Ugu, Zululand, uMkhanyakude, Harry Gwala	Cold chains, municipal markets, school nutrition procurement
Green industrialisation	Components → installation → maintenance → recycling	Richards Bay, eThekwini, Dube corridor	Local content for renewables, water tech, battery recycling
Care economy	ECD, elder care, disability care, community health	Province-wide	Paid care jobs, training, infrastructure, gender budgeting
Climate resilience	Drainage, roads, housing, river rehabilitation	Flood-prone districts	Labour-intensive adaptation works
Digital public infrastructure	Broadband, e-government, SMME platforms, logistics tech	eThekwini + district hubs	Youth digital corps, municipal digitisation

Labour market & human capital investment



Women on average spend
4.1 hours/day
on unpaid care and
domestic work, compared to
1.7 hours/day
for men



Women's unpaid contributions
to healthcare equate to
2.35%
of global GDP, or the
equivalent of
US\$ 1.5 trillion

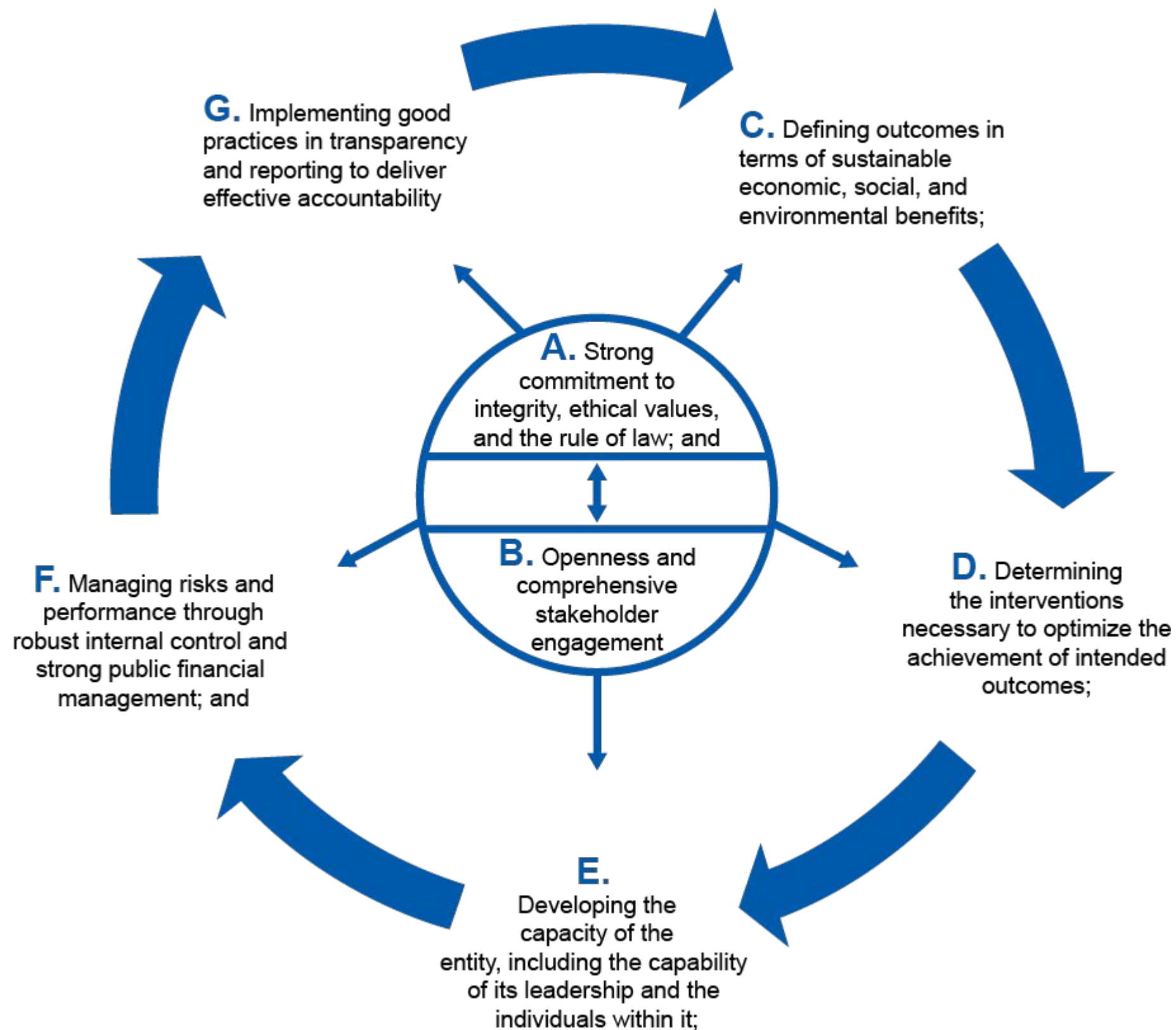


When women's contribution to
all types of care (not just
healthcare) is considered, this
figure rises to
US\$ 11 trillion

Institution	Strategic role in employment framework
UKZN	Research, engineering, health systems, public policy, climate modelling, industrial research
DUT	Applied technology, logistics systems, digital manufacturing, energy and built environment
MUT	Township-linked technical training, engineering technicians, applied artisan pathways
UNIZULU	Rural development, agriculture, education, community innovation, northern district development
UNISA	Scale, distance learning, RPL, public-sector upskilling, rural access
TVET colleges	Artisans, technicians, WIL, sector-specific occupational programmes
CET colleges	Adult education, community skills, cooperatives, second-chance pathways

Policy & Governance Coherence

Acting in the Public Interest at all Times



**Government directs policy & investment;
private agents respond to:**

☐ **Policy and regulatory coherence:**

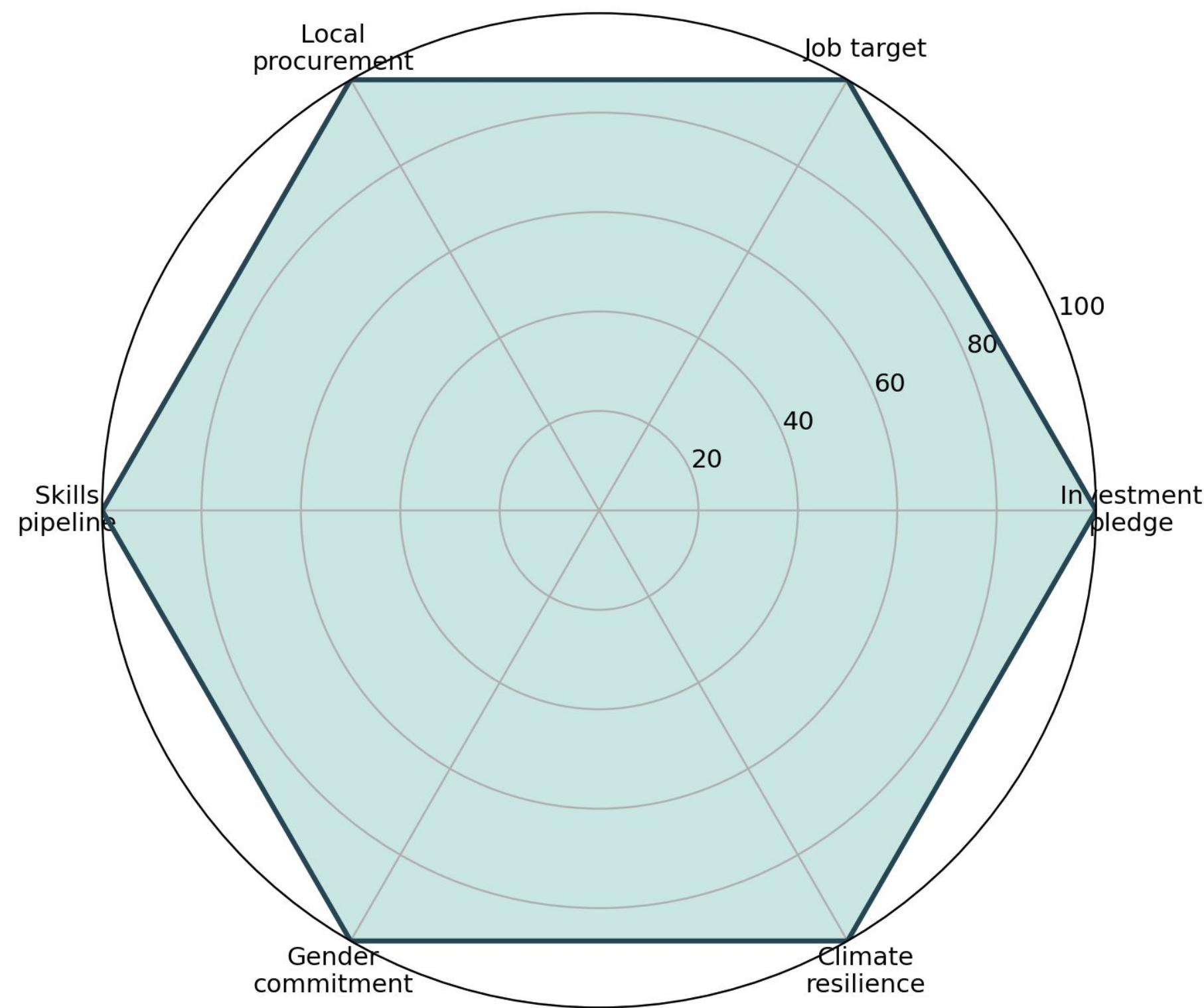
- fiscal, monetary, and industrial policy → full employment and maximum investment.
- transparent, effective, low-cost, and simple procurement.

☐ **Government capacity and capability:**

- legislation and law enforcement.
- municipal and provincial capacity.
- state institutions (SARS) capacitation and professionalisation of services.
- Public and business trust.

Provincial Economic Coordination Council

Minimum requirements for every KZN sector compact



KZN mission	National/global alignment
Care economy	SDG 5 gender equality, SDG 8 decent work, gender-responsive budgeting
Green industry	COP/JET, SDG 7, SDG 13
Port-to-production exports	AfCFTA, trade facilitation, industrialisation
Agro-processing	Food security, rural development, SDG 2
Digital public infrastructure	SDG 9, digital transformation
Climate resilience	Disaster-risk reduction, adaptation finance
Public employment	NDP employment, social protection, inequality reduction

Conclusion - Thank You!

5 Principles for a Transformative Macroeconomic Policy Framework for Employment Generation in Africa

Principle 1: Make decent employment an explicit macroeconomic policy objective.

Principle 2: Shift from consumption-led growth to productive, investment-led structural transformation.

Principle 3: Align finance with development, not speculation.

Principle 4: Build employment-centred sector compacts.

Principle 5: Govern transformation through capable, accountable and mission-oriented institutions.