

Paper Title

**Is the establishment of Industrial Development Zones an effective strategy to create jobs
in South Africa?**

**Abstract submitted for participation in the Public Sector Economist Forum (PSEF)
Annual Conference, 28 – 30 November 2017**

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ABSTRACT

One of South Africa's main challenges is the high rate of unemployment. The South African government has adopted a range of policies and identified export-oriented Special Economic Zones (SEZs) as one of the strategies for addressing this challenge. This paper asks whether establishing Industrial Development Zones (IDZs) - South Africa's type of SEZs - is an effective strategy for creating jobs. The paper argues that, since IDZs are a fairly new practice in South Africa, in order to achieve their intended purpose of job creation, they can learn from the experiences of SEZs in other developing countries which have been in operation for decades. However, the question is not whether IDZs will successfully achieve their objectives by learning from the experiences of other developing countries, but rather, whether they can identify the conditions that have enabled SEZs in other countries to create jobs, and can draw lessons from them. Using qualitative and quantitative secondary sources of data, the paper shows that so far IDZs have created many indirect temporary construction jobs and only a tiny proportion of direct manufacturing jobs. The prospects of IDZs becoming an effective strategy for job creation in future depend on whether a substantial number of indirect jobs, which would last beyond the construction of IDZs precincts, are created.

Word count: 213 words