



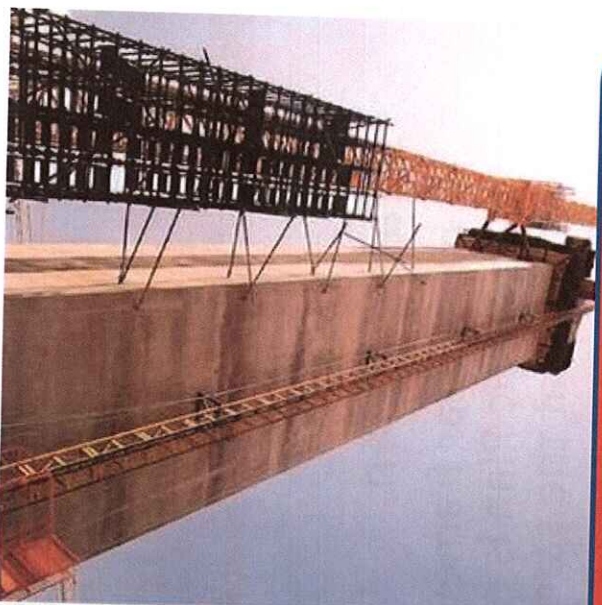
economic development

Economic Development Department
REPUBLIC OF SOUTH AFRICA

2013/14

Introduction to EDD Annual Performance Plan

April 2013



Introductory remarks by
Minister Patel to
contextualise the Annual
Performance Plan

The Planning Framework

Strategic Plan

- multi-year framework within which the Department operates. The Strategic Plan is not normally revised annually and is expected to be tabled at the start of a new administration

Annual Performance Plan

- an annual plan that sets out the performance indicators and budget that guides the work of the Department. These are broken down further into quarterly targets where appropriate. The Department reports on its performance against target to the Minister, National Treasury and Parliament.

Strategic goal and statement

The strategic outcome-oriented goal and goal statement is:

Strategic Goal

Promote decent work through meaningful economic transformation and inclusive growth

Goal Statement

Provide participatory, coherent and coordinated economic policy, planning and dialogue for the benefit for all South Africans

The policy mandate of the Department

- **Integration** – how to assist the existing functions and mandates of government departments to achieve better jobs and industrialisation goals
- **Coordination** – bringing development finance institutions and regulatory agencies into a common jobs-centred policy framework
- **Implementation** – giving effect to the EDD Annual Performance Plan and decisions of the executive structures of government.

The policy mandate

Legislative Framework

Existing acts –

- Industrial Development Corporation Act, 1940
- The Competition Act, 1998
- Competition Amendment Act S16 (2008) s16 promulgated 2013
- International Trade Administration Act, 2002

Acts to be introduced -

- Infrastructure Development Bill
- Amendments to Competition and International Trade Administration Acts

Accords already signed

- Basic Education Accord
- National Skills Accord
- Local Procurement Accord
- Green Economy
- October 2012 Social Accord Due to be signed
- Youth Employment Accord

Policy Framework

State of Nation of Address (SONA) annually

National Development Plan November 2012 (policy)

New Growth Path October 2010 (strategy)

National Infrastructure Plan February 2012 (jobs driver)

Industrial Policy Action Plan 2 April 2013 (jobs driver)

Outcome 4, 5, 6, 7 delivery agreements

Outcome 4: Decent employment through inclusive economic growth

Outcome 5: Skilled and capable workforce to support inclusive growth

Outcome 6: Efficient, competitive and responsive infrastructure

Outcome 7: Vibrant, equitable, sustainable rural communities

Framework for South Africa's response to the international economic crisis

Entities reporting to EDD – Development Finance Institutions – IDC and sefa, Economic Regulatory Bodies – Competition Commission, Competition Tribunal, ITAC

Presidential Infrastructure Co-ordinating Commission - Minister of Economic Development as head of the PICC

Secretariat: EDD co-ordinates, integrates and provides secretariat services to the PICC

MinMEC/Tech MinMEC with provincial MECs and Economic Development Departments: EDD works with other national, provincial and local departments and agencies to support common priorities and initiatives.
Economic and Employment Sector Cluster works with other Departments

Context: policy integration

- NDP: broad vision for overall economic and social development, and integrator to connect the various elements of public policy and implementation capacity
- NGP: economic strategy designed to shift the trajectory of economic development, including through identified drivers of job creation and achieve NDP economic vision
- Industrial Policy Action Plan (IPAP) guides the re-industrialisation of the South African economy and gives effect to the NGP manufacturing jobs driver
- National Infrastructure Plan gives effect to the NGP infrastructure driver.

“Some of the key programmes of the National Development Plan are already being implemented. These include the New Growth Path framework with its major infrastructure development programme, as well as the state-led industrial policy.”

- President Zuma, January 2013

“...the New Growth Path is government's key programme to take country onto a higher growth trajectory... The proposals in this chapter are largely consistent with these policies.”

-NDP, p 117

NDP: Vision 2030

New Growth Path

Infra-structure for employment and development

Economic sectors: Farming and mining value chains, manufacturing, tourism and high-level services

New economies: The green economy and knowledge economy

Investing in social capital: The social economy and public sector

Spatial development: Rural development and African regional development

Other strategies (crime prevention, health, education, etc.)

National Infrastructure Plan and 18 SIPs

Economic sector implementation plans: IPAP and IRP

Outcome 4: Inclusive Growth deliverables

Social Accords: October 2012 Accord, Skills, Education, Local Procurement, Green Economy, Youth

Non-economic implementation plans

A summary: NGP

- Target: 5 million new jobs by 2020
- Core strategy: jobs-rich growth
- Focus: jobs drivers based on key sectors and markets
- Means: more integrated actions in the state and partnerships with private sector

The NGP toolbox:

- *Jobs drivers*: Infrastructure, core productive sectors, value-adding and public services, social economy, African regional development, rural development
- *Policy drivers*: Competition and trade policy, BBBEE, labour policy, skills development, industrial policy, innovation policy
- *Resource drivers*: Government budgets, DFIs, retirement funds
- *Social dialogue*: Building SA through partnership and social pacts .

Managing the jobs drivers

- NGP links long-term growth and employment creation
- Government makes choices about the production structure every time it decides on a regulation, what kind of infrastructure and skills to provide, who gets a tax break

Good for growth

Mining and refining
High-tech industries (pharmaceuticals, nuclear)
Auto and capital goods industries

Good for jobs and growth

Light manufacturing (including appliances and components)
Mid-skill services (health, tourism, software, media, advanced BPS)
Commercial agriculture and smallholder farmers

Speculative financial activities

Energy-intensive refineries that do not feed into domestic industry

Public employment schemes

Home-based care and other low-level services
Small-scale retail
Call centres
Subsistence agriculture and food gardens

Not great for jobs or growth

Illicit economic activities

Good for jobs

Progress in some areas...

October 2010-December 2012

IDC funding approved: R30bn

Jobs now central to trade and competition policy

R4 trillion Infrastructure Plan adopted

Jobs up by 603 000

GDP growth of 3% a year

Inequality down (2006-2011)

Women's jobs up 283 400

New film studio and production of films

Capital stock up by 6,8% 2010-12

GDP bigger by R570 bn Nominal, 9 quarters

African exports: 25 000 more jobs

SA now a member of BRICS

Biggest jobs gains Gauteng, Limpopo and KZN*

Ratio of employed to dependents declined from 2.86 to 2.77

Labour intensity of growth up from 0.8 to 0.9

Manufacturing productivity is up and factories using more capacity

New investment for BMW 3-series, Ford Ranger, C-class Benz and African taxi production

International tourism up 2x global rate

...but more to be done

- Unemployment levels still high and youth unemployment a particular challenge
- Need to improve performance of productive sectors of the economy: manufacturing, mining and beneficiation, agriculture and agro-processing
- Effective implementation of decisions need to be improved
- New challenges from
 - Worsening global environment
 - Rising electricity and other user costs
 - Workplace and community conflicts.



National Infrastructure Plan



- February 2012: Plan outlined by President
- 18 Strategic integrated Projects covering whole country
- Action: moved from planning to active implementation – SONA February 2013 contained some highlights
- Jobs: 150 000 construction jobs in state-led infrastructure projects monitored by PICC
- Example: Electricity: 675kms of electricity transmission lines that were laid last year. It is the largest level in more than 20 years.
- Example: Rail: Majuba rail line – it is the first large new rail line laid by the state since 1986.
- Example: Water: De Hoop Dam together with the Mooi Mgeni Dam created a new water yield of 126 million cubic meters – significantly more than the water consumption of the city of Mangaung and Pietermaritzburg combined.

Infrastructure & role of EDD



- Convenes meetings of the PICC Council, MANCO and Secretariat
- Collects information on 18 SIPs every quarter for Cabinet, showing level of implementation, spending and jobs
- Coordinates information to develop Skills Plans for every SIP and to aggregate these into a National Skills Plan
- Work with the IDC on a localisation Plan for every SIP
- Collects and analyses data on quarterly infrastructure spending by key public agencies, provinces, metros and national departments for Cabinet to consider
- Identifies blockages in implementation and makes recommendations to the PICC and Cabinet
- Monitors work to deepen the 20 year project pipeline by ensuring proposals are subjected to feasibility processes and timelines are developed.

Infrastructure and localisation

- **EXAMPLE 1:** in six cities we are connecting bus, train and taxi transport to provide urban workers with a cheaper and quicker means of travel. Previously, the buses imported from Brazil. Last year, we introduced new tender conditions that require 80% local manufacturing. Close to 250 buses will be made in South Africa.

The Jo'burg buses will be made at Marco Polo's plant in Gauteng. The chassis will be made at Mercedes Benz in East London. Busmark is setting up a new factory in Cape Town, with IDC support, to manufacture this city's buses there.

- **EXAMPLE 2:** last year the IDC partnered with a local company to complete a contract for supply, manufacturing and erection of an air-cooled condenser system for Eskom's Kusile power station. The contract value is R2,4 billion. It will use 53 000 tons of steel and create about 750 jobs.

Competition and Trade Commissions

- **Competition Commission**
 - Reduce input costs in the economy
 - Increase levels of competition
 - Ensure mergers/acquisition approval promote public interest goals such as employment and small business development
 - Investigate price-fixing and corporate collusion and take firm action
- **International Trade Administration Commission**
 - Promote improved trade levels, with a focus on a developmental trade policy that promotes industrialisation and jobs
 - Reduce input costs for value-added products through lower tariffs or rebates of duty
 - Provide protection for industries as part of a plan to boost competitiveness and jobs.

The IDC and sefa

- **The IDC** is the country's largest Development Finance Institution:
 - Increase the level of funding
 - Decrease the time taken for approval of projects
 - Reduce the cost of lending to local companies
 - Shift to key New Growth Path sectors
 - Improve development outcomes: jobs, rural development
- **sefa** is the new agency for small business funding
 - Consolidate the work and operations of the three merged groupings into an effective small business funding machine
 - Improve the level of funding available
 - Measure the impact on SMMEs and cooperatives
 - Strengthen the capacity in rural areas and poorer provinces
 - Consolidate the work with other agencies and departments as well as provinces and local government
 - Promote training and communication projects to support small business: eg partnership with SAICA.

Dialogue and Accords

- Implement the Accords on
 - National Skills
 - Basic Education
 - Local Procurement
 - Green Economy
- Support the
 - October 2012 Social Accord
- Complete and support the Youth Employment Accord
- Develop consensus on other NGP areas such as infrastructure.



Overview of development of Department

Key phases of department's work

- Phase 1: establish a Ministry for policy integration work (2009)
- Phase 2: coordinate response to recession/global economic crisis (2009-11)
- Phase 3: establish a functioning Department: EDD (2010-12)
- Phase 4: transfer 6 public entities to EDD and begin process of mandate alignment on jobs (2010)
- Phase 5: complete development of a New Growth Path: NGP (2010)
- Phase 6: align work in government to NGP; start implementing Outcome 4: Jobs and Growth and launch work on infrastructure jobs driver (2011-12)
- Phase 7: refocus the IDC and Competition and Trade Commission on jobs (2011-13)
- Phase 8: dialogue to develop social accords on key NGP areas (2011-13)
- Phase 9: consolidate small business entities (2012-13)
- Phase 10: launch and implement infrastructure plan and strengthen NGP focus on industrial policy (2012-2013).

Organisational Environment

- **Mandate and work focus of EDD** continues to evolve as government implements larger parts of its electoral mandate and in the light of the roll-out of New Growth Path programmes
- **Audits:** Received unqualified audits since establishment
- **Governance structures in place:** Internal Audit; Audit Committee; Bid Adjudication Committee; Supply Chain Management capacity; HR-related committees
- **Staffing**
 - Staff numbers up by 14% over past financial year: 131 staff appointed by 31 March 2013; EDD continues to recruit new staff
 - 146 posts are targeted to be filled in 2013/14 financial year
 - Continue to work on strengthening operations and appropriately-skilled staff with use of a range of staff options
- **Premises:** expanding to new offices on dti campus, with 2056 square meters of new space allocated during past financial year.

Annual Performance Plan

- The Plan sets out the key products that EDD will deliver during 2013/14
 - Programme 1 has 5 indicators with 21 products
 - Programme 2 has 9 indicators with 28 products
 - Programme 3 has 14 indicators with 137 products
 - Programme 4 has 10 indicators with 42 products
- Number of outputs have been increased from 148 to 228 , reflecting the growing capacity within EDD
- This is a 54% growth in outputs

YEAR	NUMBER OF INDICATORS	NUMBER OF PRODUCTS
2012/13	41	148
2013/14	38	228

Overview of the products

Plans, strategies, instruments	8
Meetings, dialogues, roadshows	46
Implementation, actions, including unblocking obstacles, policy Interventions,	67
Reports, surveys, monitoring, audits	89
Agreements	2
Industrial funding	1
Capacity building, training	12
Staff and admin targets	3
Total number of products	228

Annual Performance Plan

- Focus shifts from policy development and planning to greater emphasis on implementation, providing for
 - reviews of progress on all the Strategic Integrated Projects (SIPs) of the National Infrastructure Plan
 - Unblocking obstacles to the build-programme
- Entities that report through EDD will be held accountable for direct impact on jobs and development
- New indicator on jobs impact introduced, (consolidated on a quarterly basis).
- EDD will evaluate rulings and outcomes of economic regulatory bodies to strengthen and monitor developmental impacts
- Ministerial oversight is provided for iro agencies
- Developmental assessment will be done for agencies impact on jobs, women, youth and rural population
- Additional funding of R30 million allocated in 2012 budget to build capacity across economic regulators over next few years.

Annual Performance Plan

- Capacity-building programmes on jobs, the NGP and productivity, directed at
 - State institutions
 - Social partners
- Action to promote African regional integration is now an explicit KPI
- R5 bn will be targeted as financial commitments for targeted NGP sectors, small businesses and companies in distress
- Budget includes an additional allocation of R450 million over the medium term for the capitalisation of the **sefa** through the economic competitiveness support package
- Small business entities will have target of road-shows and stakeholder sessions to communicate facilities in government
- Small business funding is complemented by other actions such as the promotion of the SAICA partnership on skills.

Objectives and Measures: Programme 1

- KPI 1. Percentage compliance with service standards and administrative systems
- KPI 2. Management meetings
- KPI 3. Internal audit reports
- KPI 4. Percentage (%) of posts to be filled
- KPI 5. An approved Information and Communication Technology Strategy.

Objectives and Measures: Programme 2

- KPI 6. Technical instruments on economic development refined
- KPI 7. Surveys and reports on implementation of New Growth Path
- KPI 8. Platforms held on New Growth Path
- KPI 9. Training workshops held on assessing employment impact of state
- KPI 10. Inclusive growth policy interventions and/or policy platforms held
- KPI 11. Sector interventions aligned, evaluated and improved
- KPI 12. Monitoring of Competition Act implementation and proposed changes
- KPI 13. Policy platforms held or reports completed on impact of BBEF
- KPI 14. Reports on impact of NGP on women, youth and rural people evaluated and improved
- KPI 15. Micro enterprises, livelihoods and social economy strategy adopted and reviewed
- KPI 16. Skills development proposals in NGP and skills accord implemented.

Objectives and Measures: Programme 3

- KPI 17. Economic development initiatives facilitated and unblocked
- KPI 18. Economic development plans completed
- KPI 19. Spatial economic plans produced and / or reviewed
- KPI 20. Strategic Integrated Projects construction progress reviews
- KPI 21. Infrastructure projects unblocked and/ or fast tracked
- KPI 22. Ministerial oversight engagements with Development Finance Institutions
- KPI 23. Road shows marketing products of Small Enterprise Finance Agency to SMMEs
- KPI 24. Value of financing facilitated for small businesses, targeted growth sectors and companies in distress [Rbillion]
- KPI 25. Evaluative Reports on jobs targets achieved by EDD agencies (IDC, sefa, Competition and Trade Commissions)
- KPI 26. Ministerial strategic engagements with Economic Regulatory Bodies
- KPI 27. Interventions in relation to Economic Regulatory Bodies
- KPI 28. Regional integration interventions (research or company /sector support)
- KPI 29. Actions and meetings to implement Local Procurement Accord
- KPI 30. Green economy interventions or reports on implementation of green accord.

Objectives and Measures: Programme 4

- KPI 31. Social dialogue engagements to increase awareness of accords and other economic issues among social partners
- KPI 32. Monitoring reports and strategies developed to improve implementation of accords
- KPI 33. Sectoral and workplace economic development agreements facilitated with social partners
- KPI 34. Engagements at company/cluster level to save or create new jobs
- KPI 35. Knowledge network sessions and/or publications to enhance public policy and strategy
- KPI 36. Capacity building projects for social partners on the New Growth Path
- KPI 37. Workplace interventions on productivity and/or innovation facilitated
- KPI 38. Advocacy initiatives on productivity, entrepreneurship and innovation at sectoral and national level implemented.

Concluding Remarks

- In under 4 years EDD has established itself and built its initial capacity. In the past year it has leveraged off this capacity to strengthen its work and impact
- It has played a key role in the development of strategic frameworks, the NGP, Outcome 4, the development of the National Infrastructure Plan and alignment between the NDP and existing frameworks
- EDD-coordinated social dialogue has resulted in five key social accords
- The level of industrial funding has increased significantly over the past year
- EDD has made good progress in implementing its previous APP
- In the period ahead, more focus will be on implementation of previously developed policy and plans including the Industrial Policy Action Plan (IPAP)
- EDD's evolving mandate and work focus grows as more programmes of the NGP are rolled-out.

Siyabonga



- Projects for 2013/14
- Education for poorer communities / SMMES
- Companies in distress
- Placement of youth
- Unblocking
- Alignment of ANC to NDP
- HR issues in EAD
- Vacancy rate.