



economic  
development

Economic Development Department  
REPUBLIC OF SOUTH AFRICA

2014/15

# Introduction to EDD Annual Performance Plan

June 2014



# The EDD mandate

- EDD established in 2009
- Core mandates:
  - Identify priorities for job creation, inclusive growth and industrialisation
  - Support alignment of the state around implementation – especially important given that economic functions spread across spheres, departments and agencies
  - Oversee and provide strategic direction to development finance institutions
  - Provide strategic direction on competition policy and trade administration matters through oversight of regulatory bodies (competition authorities and International Trade Administration Commission)

# Key phases of Department 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 (2010-13)
- Phase 4: Transfer 6 public entities to EDD for oversight (2010)
- Phase 5: Complete development of a New Growth Path: NGP and develop capacity to monitor key economic trends (2009-2010)
- Phase 6: Align work in government to NGP; start implementing Outcome 4: Jobs and Growth, and commence focus on jobs drivers (2011-12)
- Phase 7: Refocus IDC and Competition/Trade Commissions on jobs (2011-14)
- Phase 8: Social accords on key NGP areas (2011-14)
- Phase 9: Consolidate funding entities and roll out roadshows (2011-13)
- Phase 10: Launch infrastructure plan and support PICC (2011-2014).

# Economic coordination

- EDD provides or forms part of the secretariat for several key forums for coordination of economic policy, interventions and investment across the state
- These include:
  - The Presidential Infrastructure Coordinating Commission (PICC)
  - The Economic Development MinMEC
  - The Outcome 4 Coordinating Departments
- It is also an active member of the Economic Sector and Infrastructure Development Cluster (ESID)

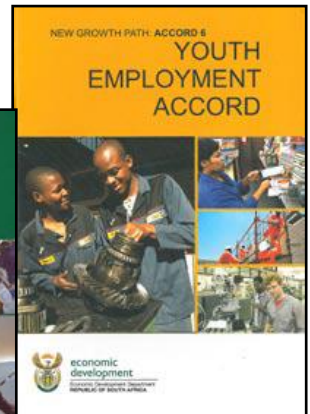
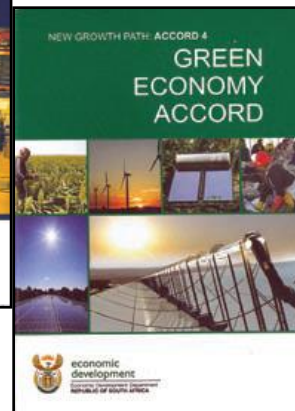
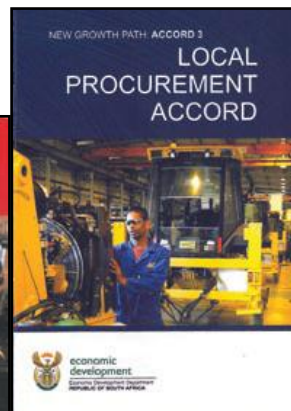
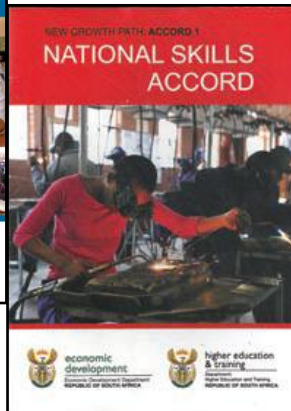
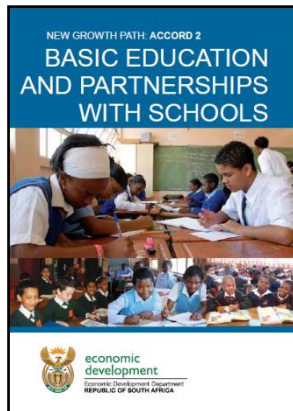
# Example of work: Infrastructure

- Convene meetings of the PICC Council, MANCO and Secretariat as well as SIP Coordinators
- Collect information on 18 SIPs every quarter for Cabinet, showing level of construction, spending and jobs
- Coordinate information for Skills Plans for every SIP and aggregate these into a National Skills Plan
- Work with the IDC on a localisation Plan for every SIP
- Develop proposals for use of innovative build-technologies
- Collect and analyse data on quarterly infrastructure spending by key public agencies, provinces, metros and national departments for Cabinet to consider
- Identify blockages in implementation and make recommendations to the PICC and Cabinet
- Monitor work to deepen the 20-year project pipeline by ensuring proposals are subjected to feasibility processes and timelines are developed.



# Example of work: Dialogue and Accords

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





# The economic planning system

- The economic planning system as a whole aims to achieve the vision of the NDP
- The main plans to operationalise the NDP for the economy are:
  - The New Growth Path
  - The National Infrastructure Plan
  - The Industrial Policy Action Plan
- The Medium Term Strategic Framework (MTSF) sets key targets for the coming five years on this basis
  - Under Outcome 4 (inclusive growth) and Outcome 6 (economic infrastructure), the MTSF sets ambitious targets for economic transformation
  - It allocates responsibility to the EDD for a number of tasks, which shape the 2014/5 APP



# The Annual Performance Plan (APP)

- The APP is an implementation plan for the departmental strategic plan, which in turn implements the MTSF
- The APP sets annual targets
  - It aims to enhance implementation and accountability
  - The APP enables Parliament to hold departments accountable for the manner in which the Voted Monies are spent and the value added from such expenditure and implementation
- Since the economic environment constantly changes, the EDD may have to undertake actions during the year that are not foreseen in the APP



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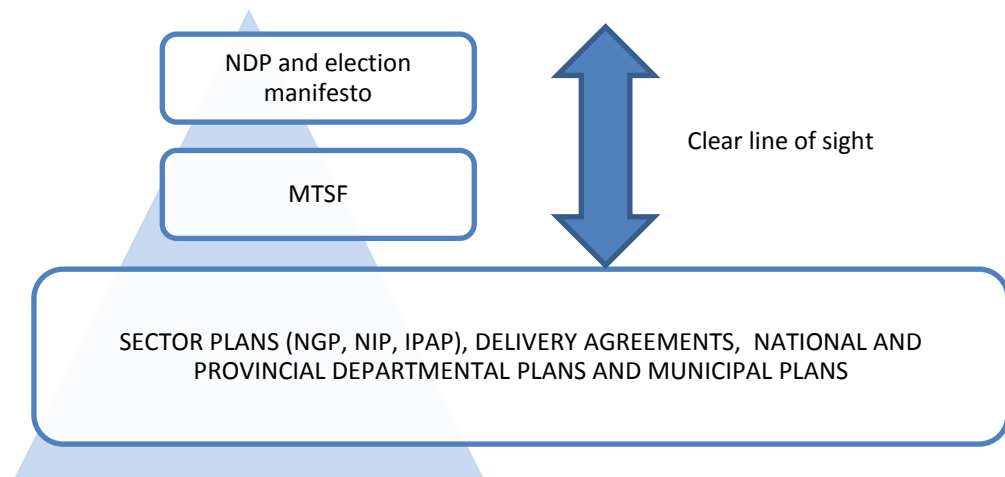
EDD ANNUAL PERFORMANCE PLAN 2014/15  
As tabled in June 2014





# The 2014/5 APP process

- The APP for 2014/5 has been revised to reflect the new MTSF framework approved by Cabinet
- This APP is therefore effectively a plan for the coming nine months
- The revised strategic objectives in this APP constitute an effective re-alignment of the department's strategic plan
  - Procedure allowed under relevant regulations
- The strategic plan itself will be revised more fully and submitted for 2015/6



# Legal mandates

- The Infrastructure Development Act (Act No. 23 of 2014) mandates EDD
  - To provide the Technical Secretariat for the Presidential Infrastructure Coordinating Commission (PICCC), with responsibilities for providing the qualitative information to ensure coordination of the nation's infrastructure programme
  - To set guidelines, targets and regulations to ensure infrastructure achieves its developmental outcomes, including through local procurement, employment of youth and women, and skills development

# Legal mandates cont'd

- EDD is also responsible for the implementation of legislation governing the agencies it oversees
  - The Industrial Development Corporation Act (Act No 22 of 1940);
  - The Competition Act (Act No 89 of 1998 as amended);
  - The International Trade Administration Act (Act No 71 of 2002)



competition commission  
south africa



IDC



competition tribunal  
south africa

sefa

Small Enterprise Finance Agency

# Organisational structure

- EDD has 4 core business organisational components
  - Economic Policy Development,
  - Economic Planning and Coordination,
  - Social Dialogue, and
  - the PICC Technical Unit
- KPIs will require extensive collaboration across programmes
- A strengthened focus on integrating work across the EDD units to improve the impact of each KPI

# The EDD budget

- Broad allocations:
  - Total: R697 million
  - Transfers to agencies: R534 million
  - Departmental operations: R163 million
  - Of which:
    - Programme 1 – Administration: R79 million
    - Programme 2 – Economic Policy Development: R23 million
    - Programme 3 – Economic Planning and Coordination (excluding transfers): R45 million
    - Programme 4 – Socio-economic Development and Social dialogue: R15 million



# Strategic Objective 1

- Programme 1 aims to ensure a well-managed department
- It should enable EDD to meet five core departmental mandates and each of the KPIs of the APP
- Strategic Objective 1 therefore does not have standalone KPIs as the regulatory frameworks are clear and reporting against these frameworks is a predetermined requirement
- The Department will report on the extent to which these cross-cutting services help to achieve EDD's core strategic objectives and KPIs of the Department
- As part of the new Strategic Objectives and MTSF, EDD will be reviewing its organisational structure, the budget programme structure, and the Strategic and Annual Performance Plans to enable EDD to be appropriately resourced and structured for improved delivery from 2015/16

# Strategic Objective 2

## **Strategic Objective: Coordinate jobs drivers, sector/spatial projects and implementation of the NGP for job creation, inclusive growth, industrialisation and social inclusion**

- The EDD has learned from the PICC experience
  - A responsive state requires quality information provided timeously so that it can identify and address challenges and opportunities as they arise
  - This has been put in place for infrastructure development
  - MTSF requires that we develop similar systems for other Jobs Drivers in the NGP and the economy as a whole

# KPIs for Strategic Objective 2

KPI 1: Coordinate and support implementation of 2 jobs drivers, through

- development of information and monitoring dashboards
- collation of data on performance
- aligning activities with overall government plans
- unblocking obstacles to implementation

KPI 2: Participation in Cluster and Outcome 4 processes within government to facilitate achievement of economic outcomes of the MTSF

- 4 quarterly progress reports on Outcome 4
- 2 in-depth reviews of progress, opportunities and risks for Cabinet Makgotla

KPI 3: Strengthen implementation of the NGP as part of achieving the National Development Plan goals by 2030: target 4 initiatives

KPI 4: Complete 6 spatial, local and/or provincial initiatives to support inclusive growth and job creation, national economic priorities and promote greater accountability

- Includes measures to improve provincial ED oversight and performance

# Strategic Objective 3

## **Strategic Objective: Coordinate Infrastructure development for inclusive growth, service delivery, job creation, industrialisation and social inclusion.**

- Arises out of EDD role in supporting the PICC under the Infrastructure Development Act
- In particular provision of the technical unit and strategic frameworks and targets
- In 2013/4, the PICC technical unit:
  - submitted regular reports on Strategic Integrated Projects (SIPs) to the PICC and unblocked infrastructure projects
  - Helped address water disruptions in specific towns
  - Supported roll out of ASIDI school-build programme and solar-water heaters
  - Initiated skills plans for the build programme
  - Helped agencies to improve infrastructure spending

# KPIs for Strategic Objective 3

KPI 5: Cabinet-level quarterly progress reports on each Strategic Integrated Project: target of 60

KPI 6: Infrastructure projects unblocked, fast-tracked or facilitated: target of 8

KPI 7: Cabinet and PICC strategic decisions on infrastructure implemented (including policy, funding, users, development impact or capacity-development areas): target of 4

KPI 8: Secretariat and coordination function provided for PICC (20 Council, Secretariat, Manco and SIP Coordinators meetings)



# Strategic Objective 4

## **Strategic Objective: Promote investments, expand industrial funding and entrepreneurship and improve performance of DFIs for job creation, inclusive growth, industrialisation and social inclusion**

- EDD supports new investments that will diversify the economy and create employment both directly, by addressing blockages, and through its oversight of the IDC and sefa
- Need to ensure that investments do more to support inclusive growth by driving industrialisation, creating jobs and providing more opportunities for women, youth, SMMEs and rural people
- Some examples of past achievements:
  - Helping new investors to obtain sites, electricity, water and mineral licences
  - Facilitating the establishment of soy crushing and taxi assembly industries in SA, and supporting new equipment assembly plants in Atlantis
  - Increasing industrial financing through the IDC substantially and ensuring its alignment with the Jobs Drivers in the NGP
  - Consolidating national lending to SMMEs, youth and the green economy and improving its management and scale

# KPIs for Strategic Objective 4

KPI 9: Facilitate, fast track and/or unblock 10 investment initiatives

KPI 10: Improve the efficiencies of DFIs and ensure world-class institutions through strategic guidance and Departmental work: 4 initiatives

- EDD Minister and DG have regular meetings with DFIs
- Dashboards ensure regular oversight

KPI 11: Measure and expand the level of industrial funding available across government and DFIs – 2 initiatives

KPI 12: Measure and facilitate the improvement of the jobs impact of industrial funding, administered through DFIs and/or government departments – 2 initiatives

KPI 13: Measure and facilitate developmental goals through industrial funding (including women, youth, small business, black industrialists, township enterprises, rural development, entrepreneurship) – 2 initiatives

# Strategic Objective 5

## **Strategic Objective: Promote competition, trade and other economic regulation in support of job creation, inclusive growth, industrialisation and social inclusion.**

- EDD's oversight of key regulatory agencies – the competition authorities and ITAC – involves:
  - Setting policy frameworks and goals
  - Ensuring good governance and efficiency
- In the past year, key gains included:
  - Action against the construction cartel
  - Conditions on a takeover of Afgri to support small producers
  - Promulgation of amendments to the Competition Act that enable the Commission to undertake market inquiries – it will start with the private health sector
  - Trade measures that form part of a revitalisation strategy for poultry, foundries (scrap metals) and other major industries

# KPIs for Strategic Objective 5

- KPI 14: Strengthen administrative efficiency of trade and competition authorities and ensure world-class institutions through strategic guidance and Departmental work – 3 initiatives
- KPI 15: Evaluate and strengthen the jobs, inclusive growth and developmental impact of economic regulators – 4 initiatives
- KPI 16: Reduce red-tape and unnecessary restrictions on enterprises and/or improve impact assessment of government/regulatory measures – 2 initiatives
- KPI 17: Build regulatory capacity and effectiveness across the state, including through improved training of regulators and where necessary, consolidating regulatory institutions and administration/amendment of legislation – 1 initiative
- The MTSF requires the EDD to conduct a review of all economic regulators and propose improvements

# Strategic Objective 6

**Strategic Objective: Facilitate social dialogue and implement social accords; support productivity and innovation for job creation, inclusive growth, industrialisation and social inclusion; and promote broader consensus on other key strategic objectives**

- EDD has facilitated social accords on youth employment, green economy, local procurement and skills – the task now is to work with stakeholders to improve implementation
- Social dialogue at national, sectoral and workplace level is also crucial for sustainable long-run growth
- In the past year, in addition to finalisation of the Youth Employment Accord, EDD helped convene the Presidential Youth Indaba, with a focus on implementation of the Accord
- Measuring implementation is a key step in ensuring progress



# KPIs for Strategic Objective 6

- KPI 18: Support local procurement of goods and services and/or implementation of the Local Procurement Accord – 4 interventions
- KPI 19: Support the development of the green economy and green jobs and/or implementation of the Green Economy Accord – 2 interventions
- KPI 20: Enhance skills development and/or implementation of the National Skills Accord – 2 interventions
- KPI 21: Enhance youth empowerment (employment, skills or entrepreneurship) and/or implementation of the Youth Employment Accord – 4 interventions
- KPI 22: National, sector or workplace economic development partnerships facilitated with social partners: 4 initiatives, covering
- commitments to work together on economic goals
  - improve social equity and productivity and reduce workplace conflict, and/or
  - promote greater innovation and entrepreneurship

# The targets in summary

- A total of 5 core-mandate strategic objectives with 22 KPIs and 154 targets (or outcomes)
- An increased emphasis on
  - Providing quality information for better coordination
  - Developing simple, well-targeted dashboards to allow decision-makers to see progress
  - Unblocking or fast-tracking projects and investments
  - Building partnerships with stakeholders to ensure better implementation
  - Developing new plans and policies where these lead to better implementation of existing frameworks

# Next steps

- This is a challenging programme for EDD – but it will make a real contribution to inclusive growth and job creation
- Many of the strategic objectives and KPIs are new, reflecting the new MTSF for this administration as well as our learning over the past 5 years
- This APP covers nine months
- A new strategic plan for EDD will be submitted with the 2015/6 APP

# Rea leboha



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