

UPDATED

**STRATEGIC
PLAN**

.....
NATIONAL TREASURY
2020/25



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA





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national treasury

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EXECUTIVE AUTHORITY STATEMENT

The centre-piece of both our past achievements and the vision we have set for the future is the prudent management of public resources and pro-growth economic policies. In this regard, the National Treasury has a challenging, wide-ranging and multi-disciplinary mandate.

The Medium-Term Strategic Framework (MTSF) 2019-2024 identifies 7 priorities and aims to address the triple challenges of unemployment, inequality and poverty. In this regard, three pillars have been identified:

- Driving a strong and inclusive economy;
- Building and strengthening the capabilities of South Africans; and
- Achieving a more capable State.

Nevertheless, to achieve this we need an economy that is growing. Real GDP growth in South Africa has averaged 1.7 percent between 2011 and 2018, and this is far too low to support this vision. Thus, more needs to be done.

Global growth dynamics remain volatile and uneven. Growth may be set for a recovery beginning in 2020 following a slow-down driven mainly by trade tensions between the two largest global economies and emerging market economies are expected to remain the engines of growth. However, economies in sub-Saharan Africa are growing slower than previously expected. In this context South Africa has a major role to play.

Different market analysts and institutions project a worsening growth outlook for 2020 and beyond for our country. In this respect, the National Treasury has identified three critical turnaround developments that must take

place, namely: government's reform agenda must gather momentum, policy certainty needs to be achieved, and investment must recover quicker.

The paper released by the National Treasury entitled: *Economic Transformation, Inclusive Growth, and Competitiveness: Towards an Economic Strategy for South Africa* puts forward an approach to restore growth momentum. Our proposals identify ten (10) important growth ingredients and interventions are already underway on some of these. In this way, we are focused on changing the long-term growth trajectory of the economy, by addressing structural blockages, including lowering barriers to entry into critical sectors, prioritising labor-intensive industries, and ensuring that macro-economic policy is stable and well-coordinated.

To achieve our growth and inclusivity objectives, fiscal policy will remain prudent, promoting low inflation and low borrowing costs, with a flexible exchange rate acting as the main shock-absorber for external shocks. This implies a strong commitment to an attractive investment environment and a hard budget constraint on the state. Therefore, during the current term of government, we will target a primary balance and stabilise debt as percentage of GDP. We will also target a realignment of the composition of expenditure, by addressing the crowding-out effects of the wage bill in order to free-up resources for critical services and infrastructure development.

These efforts will be complemented by critical reforms in the areas of government procurement, pro-growth and pro-stability financial sector regulations. We will also continue to institutionalise the work of the new Infrastructure Fund, and ensure that we improve the management of complex projects through the Budget Facility for Infrastructure within the National Treasury.

Underlying all these tasks and our objectives will be maintaining the institutional strength of the National Treasury and all entities that report to the Ministry of Finance. The Treasury has weathered many storms, but remains a strong public institution, with high-quality staff and strong dedication to its mission. I wish to commend all the staff for their resilience, commitment and accomplishments.

TT MBOWENI, MP
MINISTER OF FINANCE



FOREWORD BY DEPUTY MINISTER OF FINANCE

A country's fiscal strength depends on its economic strength, and its stability depends on the strength of its institutions. Since the start of the 6th administration government has committed itself to addressing the twin challenges of revitalising economic growth and strengthening state institutions.

Over the upcoming period of the Strategic Plan the National Treasury is committed to achieving the objectives outlined in the Medium-Term Strategic Framework (MTSF) which recommits government to the National Development Plan (NDP), Visions 2030. Our micro- and macro-economic policies are geared towards strong and inclusive growth. Our plan for growth, which is in line with the NDP, forms the guiding principle for economic policy. We will streamline the system of public procurement, reduce barriers to entry in the financial and other sectors, and incentivise labour-intensive parts of the economy.

We will maintain a debt management framework that prioritises the domestic market and ensures that foreign-currency risks are kept low. At the same time, our cash management operations will continue to provide certainty that government liquidity remains strong.

As we endeavor to keep our own house in order, we must keep a careful watch over sub-national spheres in order to ensure effective and stable inter-government relations. The National Treasury has worked tirelessly with other stakeholders in government to address service delivery and financial failures in municipalities. In this regard, a more robust framework for interventions in municipalities is being adopted. At the same time, we will be rolling out a new policy on development charges, which will contribute substantially to the revenue outcomes of large municipalities, while ensuring that the costs of private infrastructure development are internalised.

We will continue engaging with stakeholders and social partners to communicate Treasury's plan to grow the economy and reduce unemployment, and re-emphasise Treasury's plans to support SMMEs in line with the commitment to promote new entrants in different economic sectors. In this regard, we must hold ourselves accountable as government to ensure that departments at various levels adhere to the payment of small businesses within the stipulated 30-day period, as this is a critical element of support to SMMEs who do business with the state.

As a department with numerous public entities under our mandate, the National Treasury aims to ensure high performance against development objectives and strong financial health. Institutions that are critical for the stability of the fiscal framework and the effective implementation of government's program of action, such as SARS, will continue to receive priority support for resources, while governance challenges will continue to be addressed through appointing the most suitable and qualified office-bearers and executive managers. Finally, we will maintain confidence in our monetary policy through ensuring the independence and accountability of the South African Reserve Bank.

DAVID MASONDO, MP
DEPUTY MINISTER OF FINANCE



ACCOUNTING OFFICER STATEMENT

This strategic plan plays a crucial role in informing citizens of the department's priorities and service-delivery focus areas for the next five years in realising the National Treasury mandate. By transparently and clearly articulating the impact of National Treasury and identifying the associated outcomes that will direct the work of the department, National Treasury will be measured and held accountable for performance and the resources spent in the course of its achievement. Crucially the performance planning process and concomitant monitoring of performance support learning and innovation, which better enables evidence based decision-making.

The National Treasury strategic plan has been principally informed by the mandate, functions, powers and responsibilities of the National Treasury as determined by the Constitution of the Republic of South Africa and the

number of associated establishing legislation as well as the, obligations arising out of the Medium Term Strategic Framework (MTSF) and the future local and global operating landscape.

National Treasury is tabling this strategic plan in a precarious environment beleaguered by a slew of challenges. Principally the economy is barely growing and public finances continue to deteriorate.

The economic outlook is weak with real GDP growth expected at 0.9% in 2020, 1.3 per cent in 2021 and 1.6 percent in 2022. Far reaching structural reforms, innovative thinking and committed social compacts across public, private and civil society is required to galvanise economic growth. In the absence of raising economic growth levels, confidence and investments will remain low, unemployment will increase and tens of millions of South African citizens will continue to strain under enormous economic pressure.

Fiscal resources are ever-increasingly scarce and the needs ever-growing. Government continues to spend more than the economy can afford. Government is borrowing at an increased rate with the consequence of increased debt-service costs absorbing an increasing portion of the national budget. While budget execution remains strong and the main budget expenditure ceiling remaining intact the demands of the many distressed, inefficient and uneconomical State Owned Entities (SOEs) continue to exert enormous pressure on the fiscus. In order to change this trajectory, choices need to be made to support economic growth, reduce wasteful expenditure and improve the effectiveness of existing allocations.

National Treasury in delivering on the department's impact statement of Improved living standards will report into MTSF Priority 1: Capable, ethical and developmental state; MTSF Priority 2: Economic transformation and job creation; MTSF Priority 3: Education, skills and health; MTSF Priority 5: Spatial integration, human settlements and local government; MTSF Priority 7: A better Africa and world.

In delivering on National Treasury's three outcomes of Sustainable Public Finances; Coherent Economic Policy Advocated; and Sound Financial Controls and Management of Public Finances, the department will focus on the imperatives of stabilising public finances, supporting structural reforms for investment and growth as well as improving spending efficiency and reducing waste.

Over the next five year period, National Treasury has committed through this strategic plan to support infrastructure investment; enable an intergovernmental fiscal framework that promotes financial sustainability; develop township economic development strategies that are resourced and integrated across government; and develop a national policy approach to combat, track and stop illicit financial flows as well as recover and repatriate assets.

Efforts to stabilise our economy, create a conducive environment for growth and an opportunity to rebuild institutions and entities is part of the National Treasury's plan of action. High risk SOEs will be stabilised and their governance systems reviewed so that they can fulfil their developmental mandate and support growth and development of the South African economy. Arising out of the amended Procurement Bill, policy directives in

preferred procurement will be developed for institutions to spend by sex / gender, age and disability. Furthermore a programme to strengthen supply chain management, procurement and asset management in the public sector will be implemented.

National Treasury is cognisant of the acute need to address weaknesses in public financial management, and to this end, is committed to conducting interventions and supporting initiatives that will reduce qualified audits and irregular expenditure in public sector institutions as well as eliminate wasteful and fruitless expenditure. Financial Management systems are to be strengthened through the acceleration of Integrated Financial Management System delivery and stringently monitoring of municipalities' performance.

Our success can only be realised through a collective effort and National Treasury is committed to forging consensus and building social compacts across government social partners and society at large.

This Strategic Plan 2020-2025 is the product of all of National Treasury's thinking and honed through intensive engagements and robust debate across the organisation. It stands as a testimony to the commitment, dedication and services of the exceptional National Treasury team.

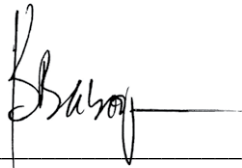


DONDO MOGAJANE
DIRECTOR-GENERAL
NATIONAL TREASURY

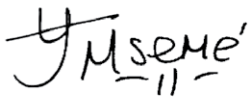
OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

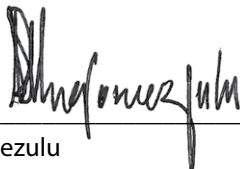
- Was developed by the management of the National Treasury under the guidance of the Honorable Minister of Finance, Mr TT Mboweni
- Takes into account all the relevant policies, legislation and other mandates for which the National Treasury is responsible
- Accurately reflects the impact and outcomes which the National Treasury will endeavour to achieve over the period 2020 – 2024



Signature: _____
Beerson Baboojee
Acting Chief Financial Officer



Signature: _____
Laura Mseme
Chief Director: Strategic Planning, Monitoring and Evaluation

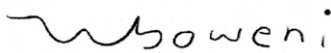


Signature: _____
Stadi Mngomezulu
Deputy Director-General: Corporate Services



Signature: _____
Dondo Mogajane
Accounting Officer: National Treasury

Approved by:



Signature: _____
TT Mboweni, MP
Minister of Finance



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2020/25

**PART A:
OUR MANDATE**

1. CONSTITUTIONAL MANDATE

The National Treasury's legislative mandate is based on Chapter 13, Section 216(1) of the Constitution, which calls for the establishment of a National Treasury to ensure transparency, accountability and sound financial controls in the management of the country's public finances.

2. LEGISLATIVE AND POLICY MANDATE

National Treasury's legislative mandate is based on Chapter 13, Section 216(1) of the Constitution, which calls for the establishment of a national treasury to ensure transparency, accountability and sound financial controls in the management of the country's public finances. This role is further elaborated in the Public Finance Management Act (1999) and Municipal Finance Management Act (2003). The department is mandated to promote the national government's fiscal policy and the coordination of macroeconomic policy; ensure the stability and soundness of the financial system and financial services; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process; and enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities and constitutional institutions. Accordingly, for the period under review the National Treasury's legislative and other mandates remain applicable.

3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE YEAR PLANNING PERIOD

- Reviewing tax policy and strengthening financial sector regulation.
- Managing future spending growth and fiscal risk.
- Managing government's assets and liabilities.
- Making government procurement more efficient.
- Strengthening government financial management.
- Facilitating regional and international cooperation.
- Supporting sustainable employment.
- Supporting infrastructure development and economically integrated cities and communities.

Draft legislation:

- Public Procurement Bill.
- Financial Matters Laws Amendment Bill.
- Financial Services Laws General Amendment Bill.
- Municipal and Fiscal Powers and Functions Amendment Bill.
- Conduct of Financial Institutions Bill.
- Appropriation and Adjustments Appropriation Bills, 2019.
- Division of Revenue and Divisions of Revenue Amendment Bills, 2019.
- Rates and Monetary Amounts and Amendments of Revenue Laws Amendment Bill, 2019.
- Tax Administration Laws Amendment Bill, 2019.
- Taxation Laws Amendment Bill, 2019.
- Revised Treasury regulations.

4. RELEVANT COURT RULINGS

No court rulings affecting the department.



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2020/25

**PART B:
OUR STRATEGIC
FOCUS**

PART B: OUR STRATEGIC FOCUS

5. VISION

National Treasury strives to be professional, courageous and trusted, working in partnership to mobilise resources, to improve the living standards of South Africans.

We aspire to excellence in the quality of our analysis, advice and execution of our financial management responsibilities.

6. MISSION

As custodians of the nation's financial resources we oversee the management of public finances, we maintain the stability of the macro-economic and financial sectors and we ensure the effective financial regulation of the economy. We embrace innovation and sustainability as we strive to realise the full potential of South Africa's economy and people. In doing this, we value and invest in our staff, hold them accountable, recognise each contribution and celebrate our diversity.

7. VALUES

We are guided by a core set of values:

- Integrity - We do the right thing by holding ourselves to exemplary ethical standards.
- Professionalism - Our work is of the highest quality, accuracy and reliable.
- Accountability - We are responsible for our decisions, actions and our work.
- Consultation - We believe in consulting within and outside our organisation.
- Transparency - We are committed to being accessible, honest, trustworthy and open.

8. SITUATIONAL ANALYSIS

8.1. External Environment Analysis

South Africa's economic growth is now projected at 0.5 per cent for 2019, as long-term growth estimates have fallen. As a result, revenue projections have been sharply reduced. Spending pressures continue to mount, led by the public service wage bill and state-owned companies in crisis.

The combination of lower revenue and increased spending widens the budget deficit to an average of 6.2 per cent over the next three years. Debt and debt-service costs will continue to increase. Globally, a synchronised economic slowdown has caused downward revisions to growth in both developed and developing countries.

Trend economic growth has been slowing steadily

The condition of chronically low growth with falling per capita income can be explained as a convergence of three factors namely structural faults in the South African economy, low swings in commodity prices and a depressed consumer and business confidence leading to contractions in private investment and consumption demand. Structural faults in the economy include poor educational outcomes that perpetuate inherited disadvantage, low levels of labour intensive growth, severe skills constraints, fragmented spatial urban landscape, highly concentrated industrial structures, limited competition and high barriers to entry as well as inefficient public monopolies imposing high cost structures for network infrastructure. The current conjuncture is formed by the interactions between these three elements which can create a vicious cycle reinforcing the structural faults in the SA economy that includes employment, household consumption and investments continuing to perform poorly, GDP per capita will fall further exacerbating social pressures and rising debt and risks leading to higher cost of growth associated with slower growth.

PART B: OUR STRATEGIC FOCUS

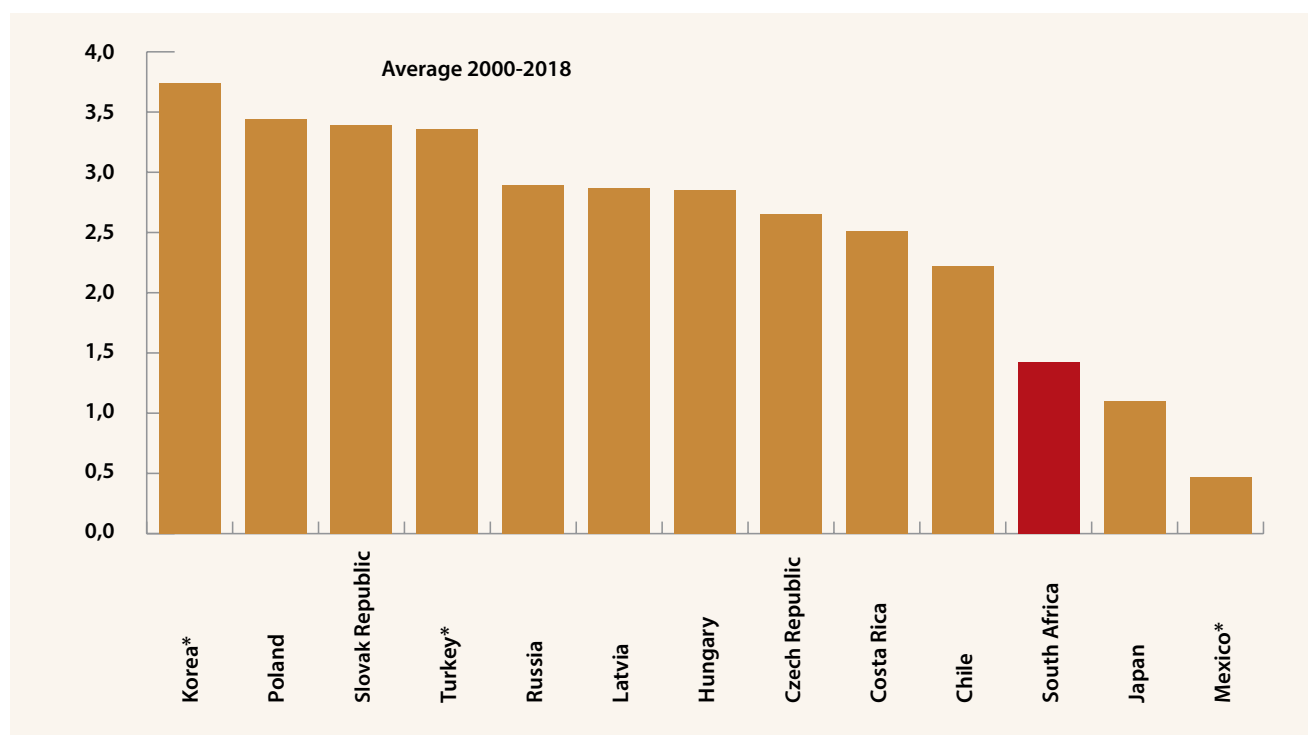
Table 2.2 Macroeconomic performance and projects

Calendar year	2017	2018	2019	2020	2021	2022
Percentage change	Actual		Estimate		Forecast	
Final household consumption	2,1	1,8	1,3	1,3	1,5	1,7
Final government consumption	0,2	1,9	1,8	1,8	1,1	0,6
Gross fixed-capital formation	1,0	-1,4	-0,8	0,8	1,3	1,8
Gross domestic expenditure	1,9	1,0	1,4	1,1	1,5	1,7
Export	-0,7	2,6	-1,7	2,5	2,8	3,1
Imports	1,0	3,3	1,1	1,9	2,6	3,0
Real GDP growth	1,4	0,8	0,5	1,2	1,6	1,7
GDP inflation	5,3	3,9	4,8	4,9	4,9	4,8
GDP at current prices (R billion)	4 654	4 874	5 132	5 449	5 804	6 187
CPI inflation	5,3	4,7	4,3	4,9	4,8	4,8
Current account balance (% of GDP)	-2,5	-3,5	-3,4	-3,5	-3,5	-3,5

Source: National Treasury, Reserve Bank and Statistics South Africa

Growth is expected to rise to just 1.7 per cent in 2022. Given the fiscal deficit, borrowing costs are expected to remain elevated. A gradual recovery in confidence together with replacement investment in key sectors will support modest employment, wage and investment gains over the medium term alongside household consumption. The current account deficit is expected to remain at 3.5 per cent of GDP over the next three years, given low investment and import growth.

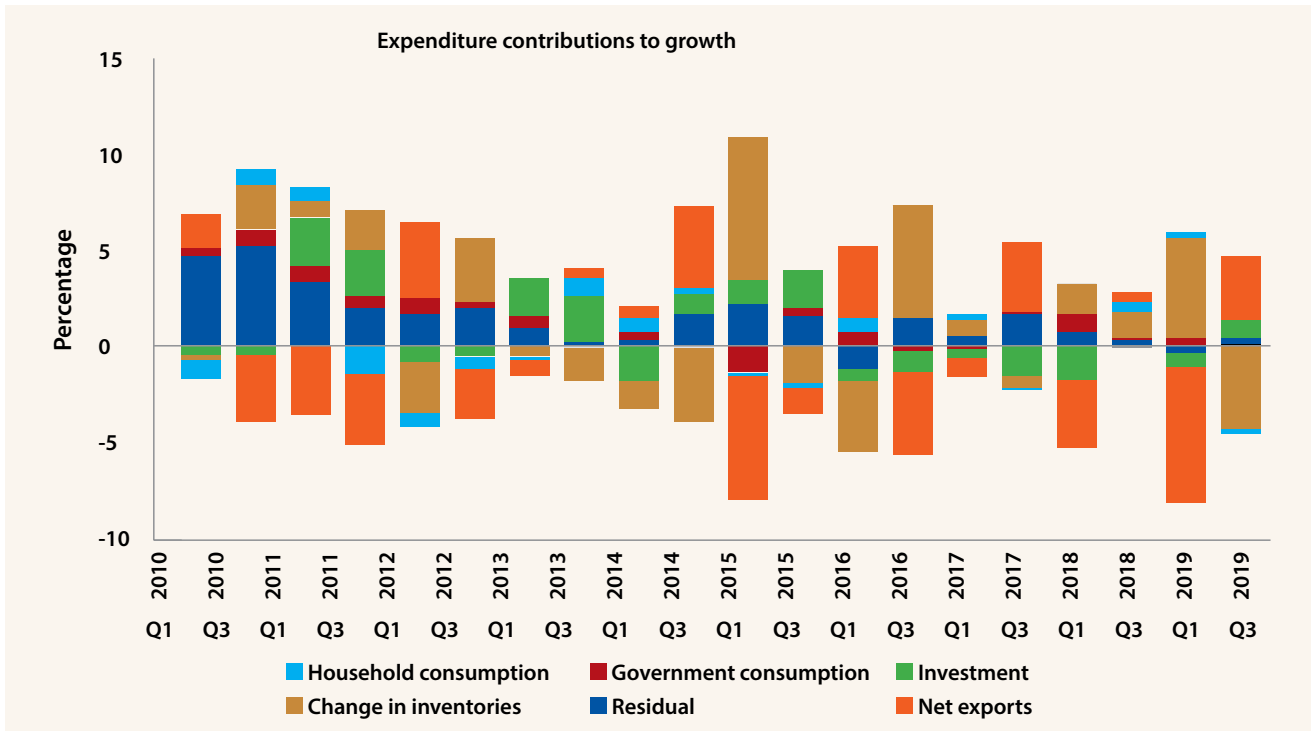
SA Productivity relative to selected countries



Source: OECD, NT calculations

Productivity relative to the rest of the world has been poor. Weak productivity underlies declining potential growth and as a result South Africa is anticipated to dip below the emerging markets and developing economies per capita income over the next five years.

Domestic expenditure engines have driven growth



Source: SARB Quarterly Bulletin, National Treasury

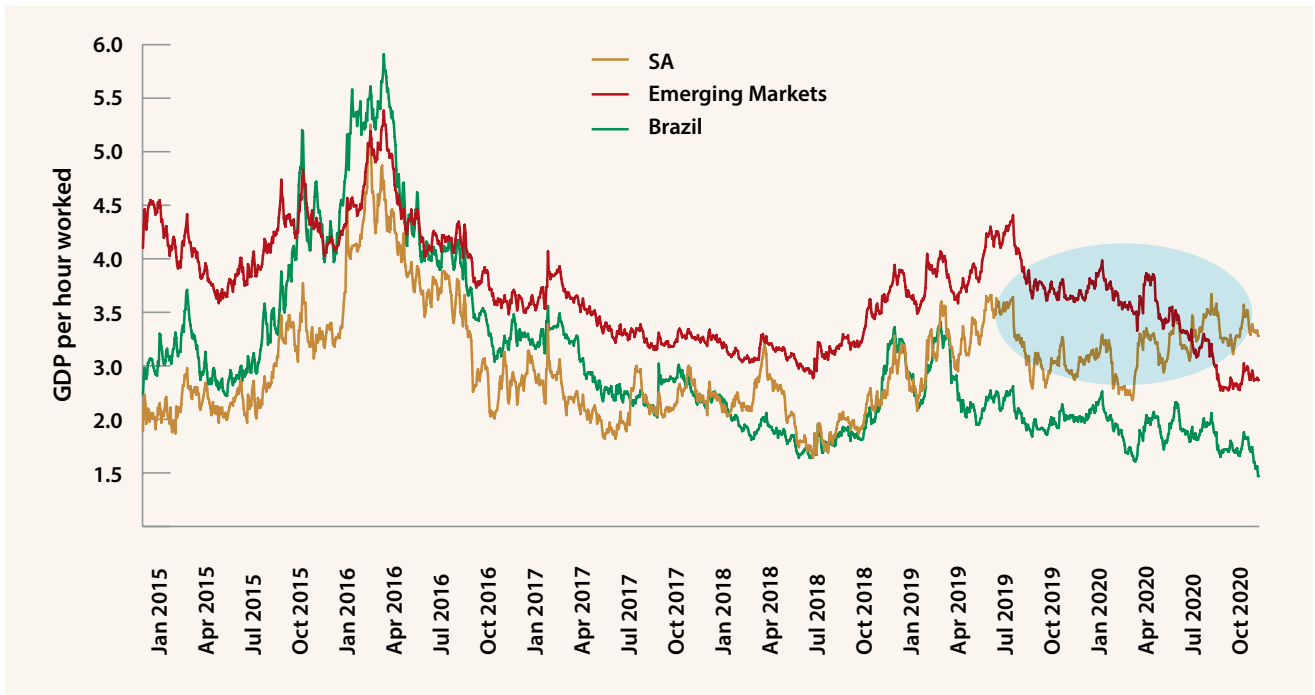
South Africa’s macroeconomic framework remains broadly supportive of investment and growth. The flexible exchange rate acts as a shock absorber and monetary policy has kept inflation contained within the 3 to 6 per cent target band. But this framework cannot substitute for necessary economic reforms. Persistent growth in the wage bill has worsened the composition of spending, while spending outcomes continue to disappoint. As a result, fiscal deficits have not raised long-run growth, and have begun to undermine confidence, push up interest rates and reduce the space for new priorities.

Debt to GDP Outlook

Within this difficult environment, the task ahead of National Treasury alongside all of government remains large. We need to implement urgent growth reforms, we must improve the effectiveness and efficiency of government spending and reduce waste, and we need to ensure that state owned companies are on a sustainable economic path.

PART B: OUR STRATEGIC FOCUS

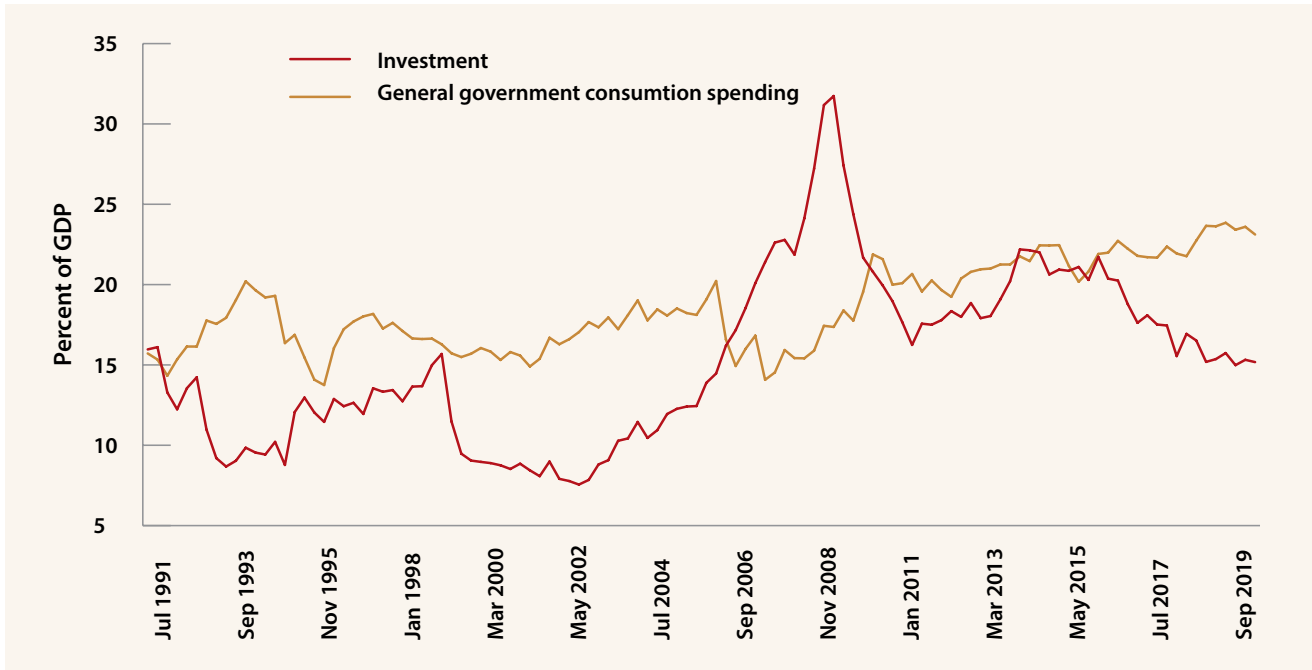
The cost of borrowing in SA has risen relative to peers



Source: Bloomberg

Government's economic policy priority is to enact reforms that will enable South Africa to break from the spiral of anaemic growth, promoting investment and job creation. Policy certainty and a conducive business environment are critical to support the confidence of businesses and households. A robust monetary policy framework has provided certainty but needs to be complemented with a range of reforms that are within government's control and do not require significant funding. These would help to raise long-term growth. Government continues to work with the private sector to strengthen infrastructure investment. Efforts are focused on raising the efficiency of spending and crowding in private-sector investment.

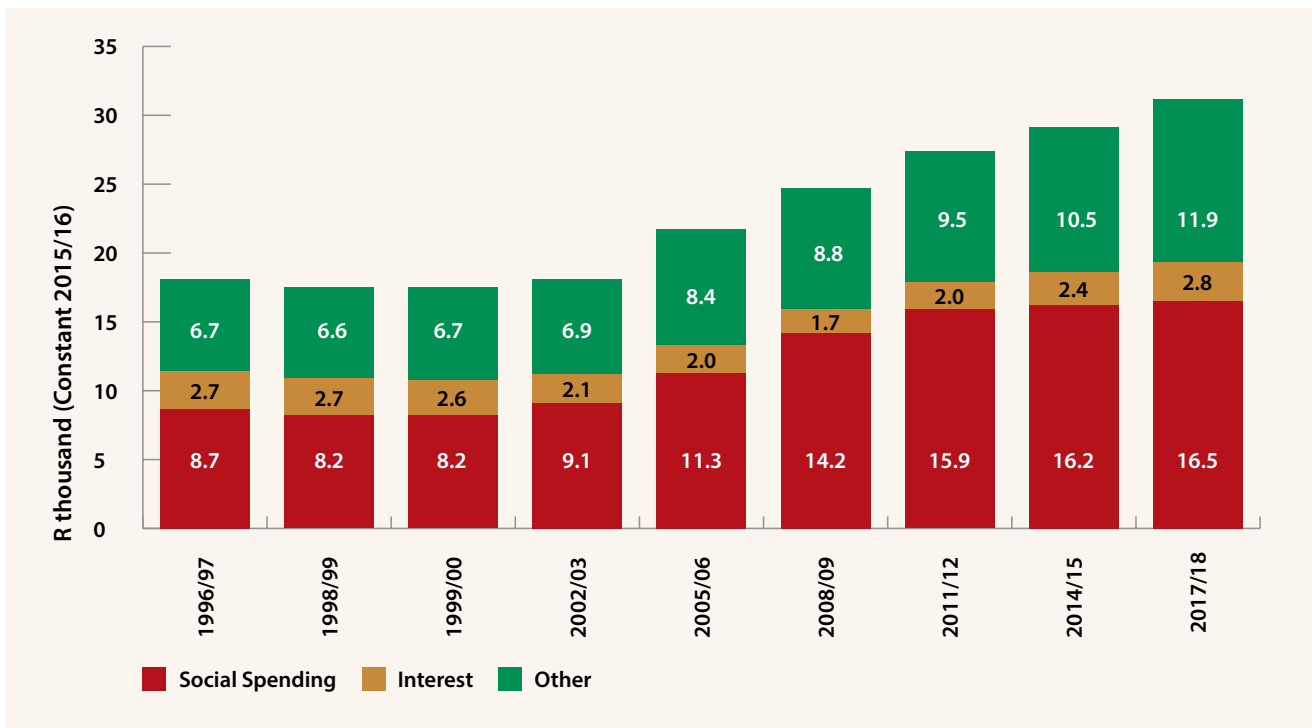
Government playing too large a role in the economy



Source: SARB Quarterly Bulletin, National Treasury

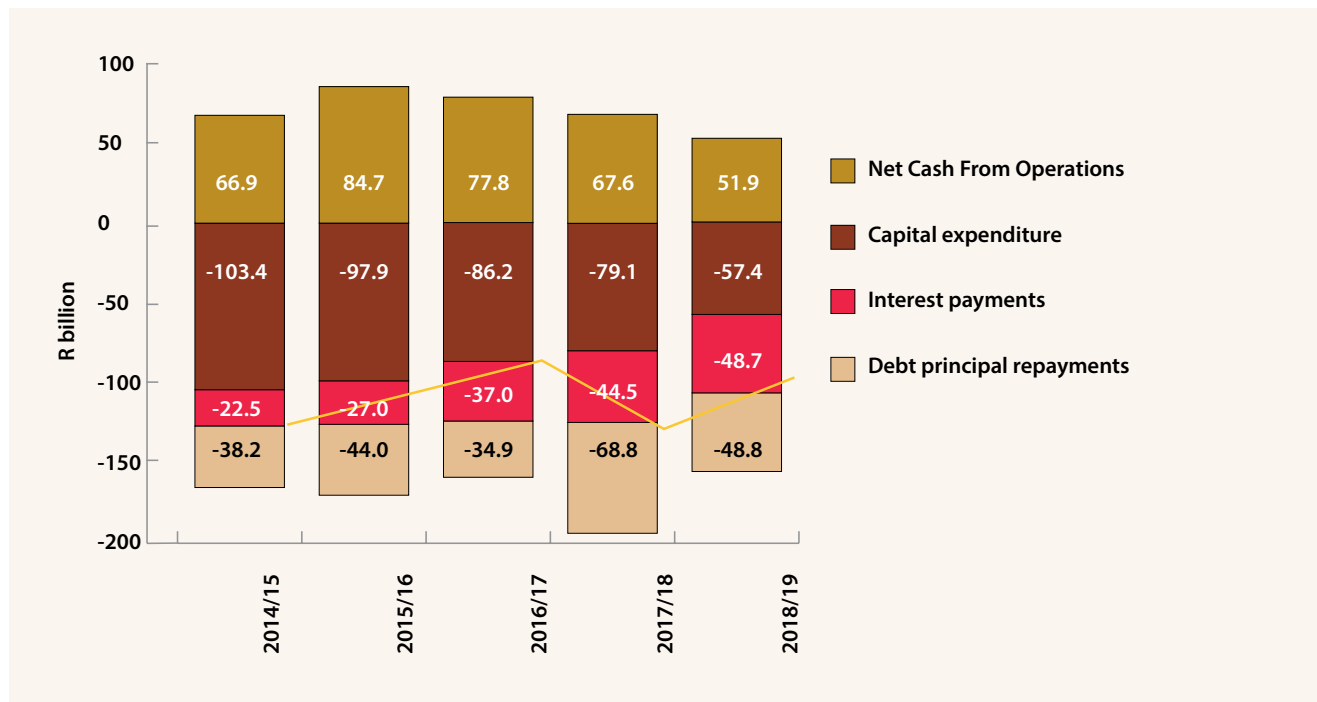
Several large state-owned companies are in crisis as a result of governance failures, poor operational performance and resultant unsustainable debt burdens. Government has increased spending to meet its obligations for guaranteed debt, but decisions are required to manage the ongoing impact of these entities on the fiscus. A programme of reforms is being enacted to strengthen governance and operations at these entities, and to stabilise those in financial distress, in particular Eskom.

Per capita social development spend



PART B: OUR STRATEGIC FOCUS

SOE performance



R billion	2014/15	2015/16	2016/17	2017/18	2018/19
Net Cash From Operations	66.9	84.7	77.8	67.6	51.9
Capital expenditure	-103.4	-97.9	-86.2	-79.1	-57.4
Interest payments	-22.5	-27.0	-37.0	-44.5	-48.7
Debt principal repayments	-38.2	-44.0	-34.9	-68.8	-48.8
Net cash flow after interest, debt service and CAPEX	-102.4	-91.4	-86.3	-127.2	-93.3

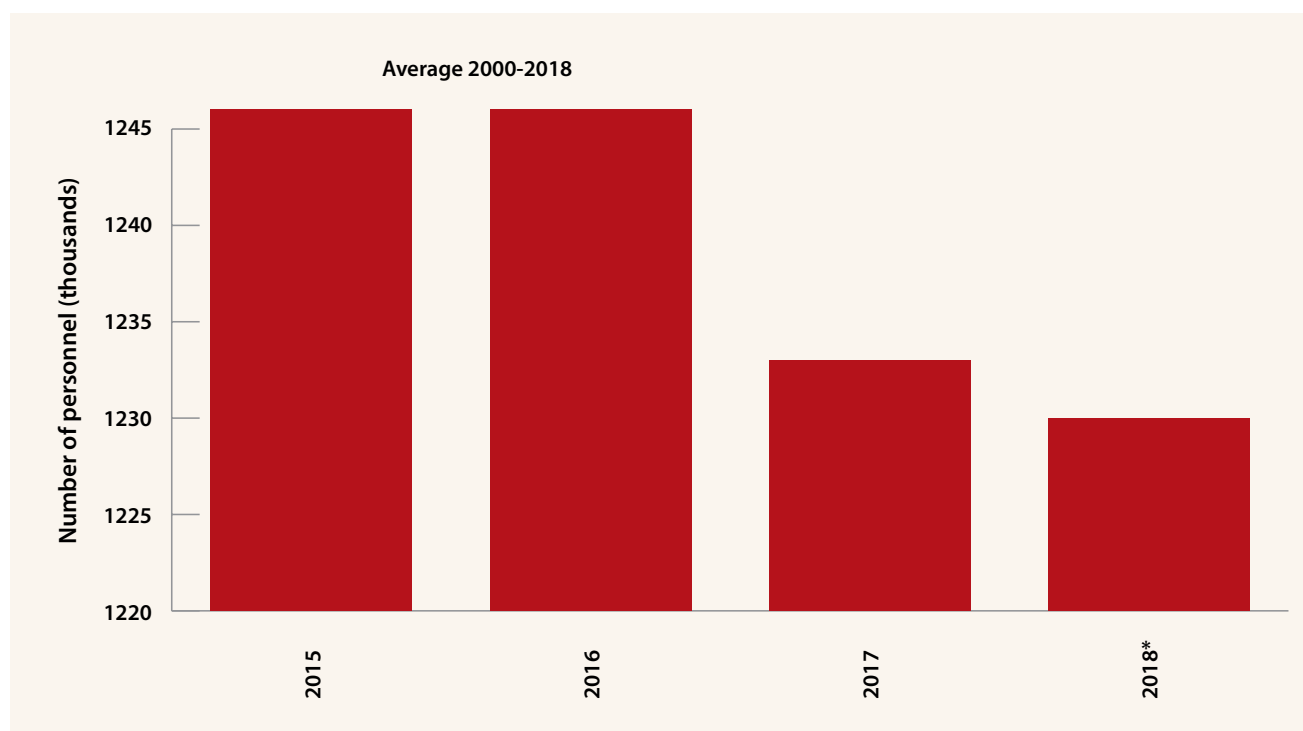
Table 8.1 Combined balance sheets of state-owned companies¹

R billion	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Total assets	708	798	911	1 038	1 179	1 224	1 263	1 269
Total liabilities	469	542	636	739	818	870	901	927
Net asset value	238	256	275	298	360	354	362	342

R billion	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Total assets	708	798	911	1 038	1 179	1 224	1 263	1 269
		12,7%	14,1%	13,9%	13,6%	3,9%	3,2%	0,5%
Total liabilities	469	542	636	739	818	870	901	927
		15,6%	17,3%	16,2%	10,7%	6,4%	3,5%	2,9%
Net asset value	238	256	275	298	360	354	362	342
		7,2%	7,4%	8,6%	20,8%	-1,8%	2,3%	-5,5%
Return on equity (average)		6,9%	5,3%	-4,0%	2,4%	0,7%	-0,8%	-8,2%

Where possible given budgetary constraints, government is shifting resources to areas that urgently need to strengthen capacity. A range of measures are underway to improve efficiency and reduce wasteful expenditure. Proposals to reduce expenditure growth in order to achieve the fiscal target were outlined in the Medium-Term Budget Policy Statement 2019.

Number of personnel (excluding SANDF)

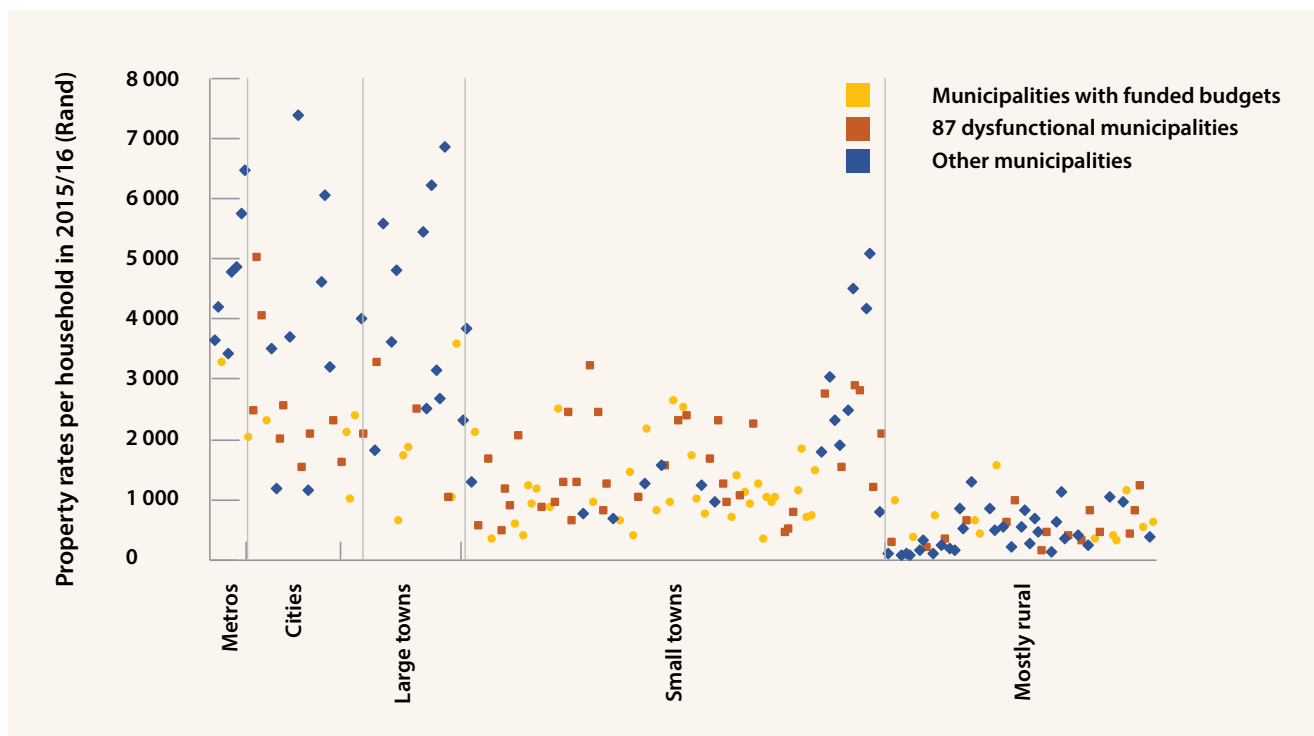


PART B: OUR STRATEGIC FOCUS

Figure 5.1 Average nominal growth in spending, 2019/20 — 2021/22

Peace and security	4.6
General public services	5.8
Economic development	7.0
Health	7.0
Social development	7.3
Learning and culture	7.6
Community development	9.3
Debt-service costs	10.7

Municipalities differ in terms of context and performance



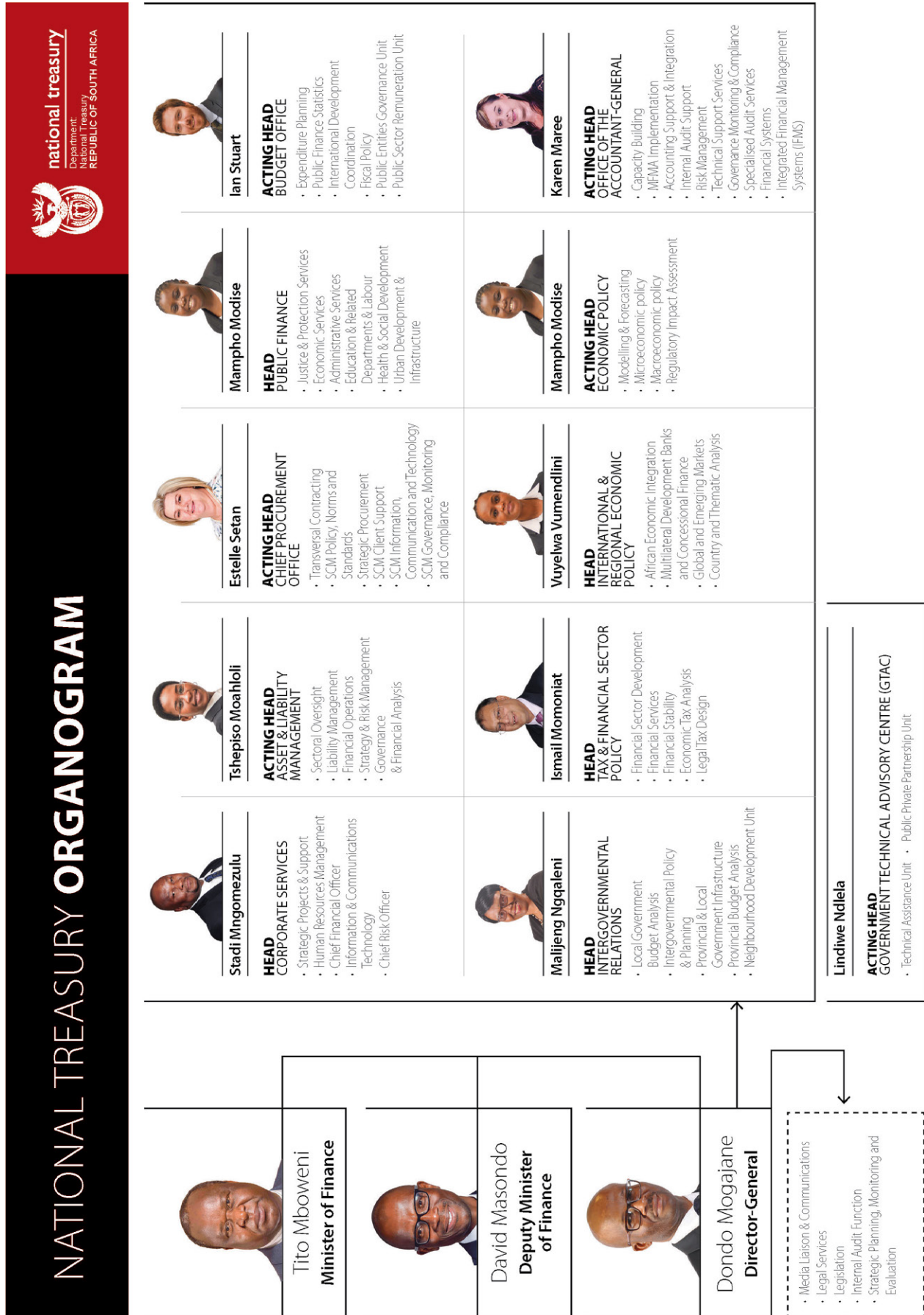
*Figures are for 2018/19

**Identified by the Department of Cooperative Governance (2018)

Achieving these targets requires large additional fiscal multiple planning tools, each best fit applied to the various planning process phases, were utilised including PESTEL, SWOT, internal focus group consultations, key external stakeholder surveying, theory of change in respect of impact and purpose clarification and project management. The outcome of which forms the underlying girdle of this strategy document which highlights the critical role that National Treasury plays in ensuring a stable macroeconomic framework, and sustainable fiscal policy. Our financial, tax, debt management, state procurement and public finance operations are critical to ensure the effective implementation of government's strategy.

Furthermore the analysis of the outcomes of the multi-faceted planning process utilised informed the National Treasury focus, over the next five years which includes reviewing tax policy and strengthening financial sector regulation, managing future spending growth and fiscal risk, managing government's assets and liabilities, strengthening government financial management, coordinating fiscal relations between the three tiers of government, making government procurement more efficient, facilitating regional and international cooperation and supporting infrastructure development and economically integrated cities and communities. This work cannot be done by National Treasury alone, however. Concerted action from sister departments is critical to actually effect change. Together, we need to unwind the insidious impact of state capture and re-capacitate the state from within. Together, we must engage with all South Africans in order to make the difficult choices that stand before us. We stand ready to work diligently to bring about the necessary changes.

8.2. Internal Environment Analysis



PART B: OUR STRATEGIC FOCUS

National Treasury remains measured and consistent in its approach to improving the organisational environment rising to the significant challenges that the organisation is tested by externally and the stressors of delivery excellence internally. National Treasury has made concerted efforts to strengthen the organisation and enhance the working environment through a culture of self-awareness and performance excellence.

Creating a conducive, effective and efficient working environment is critical for further strengthening and advancing service delivery by NT. To this end National Treasury, informed by internal stakeholder surveying and consultations has developed an organisational optimisation plan that is built on 4 pillars namely:

- Reviewing and resetting the organisational foundation which includes priorities such as enhancing and embedding planning, strengthening budgeting, increasing effectiveness of communication, strengthening M&E and enhancing risk management. Critically the coordination between these priorities will be improved.
- Building and reinforcing organisational leadership which includes amongst others the advancement of the leadership support programme and strengthening collaboration protocols internally amongst divisions.
- Developing and Strengthening organisational structures - Supporting services: which includes matters of upskilling and training, continuous trust building, better communication and enhance Information and Communication Technology (ICT) services.
- Establishing and promoting partnerships: Addresses matters relating to the critical importance of establishing, maintaining and delivering on partnerships both internally and externally.

A key enabler to this optimisation is the organisations ability to deliver on its obligations and this is reliant on a nimble, fit for purpose structure. The National Treasury is conducting an organisational review that aims to align the departmental functional structure to deliver on the mandate, purpose and strategic objectives of the National Treasury as articulated in the Strategy 2020-2024. Over the past years, there has been several micro amendments to the organisational structure, without conducting a holistic organisational review. This uncoordinated evolution and expansion of the NT organisational structure has led to potential and unintended consequences such as:

- Duplication of functions and processes.
- Overlaps in the work performed by different units.
- Incoherent performance of functions.
- Gaps resulting from functions that have emerged but have not been formally and structurally allocated to specific units, and
- Under-utilisation and over-utilisation of human resources in certain areas within the NT.

While the process of an organisational structure review, to address the consequences listed above, including optimising processes to ensure a high-performance culture, has started, the focus in the 2020/25 period will be to ensure that the NT fully migrates to the new operating model and that continuous value is realised. This optimisation of NT processes and structure will ensure a high-performance culture across the organisation as well as ensuring efficiencies in the compensation of employees, as it will not duplicate roles and that jobs are enriched to do more with less resources. Where needed the capacity to support NT requirements will be provided.

PART B: OUR STRATEGIC FOCUS

In respect of ICT: ICT has been steadily building up its ICT resources, systems and solutions to better support the department. It has not yet arrived at the level required and are steadily progressing towards it.

In respect of women, youth and people with disabilities: The NT currently boasts a total of 594 women employed permanently on the establishment with 140 as senior managers (SMS) at 54%. The intention is to maintain this target which is above the national target of 50%. The staff compliment comprises of 339 employees who are below the age of 35. Overall, 8 employees declared their status and therefore, the NT has 0.78% employees living with a disability. Strides will be made to ensure that a national target of 1% is reached during the period ahead.

The DG has established a special committee that is tasked with mainstreaming of gender matters in NT. The committee will report directly to the DG. The objectives of this Committee will be to coordinate organisational self-introspection on gender issues, review the departmental norms, values, policies and practices and support services to ensure that they are free from discrimination and responsive to the specific needs of women employees. This Committee will hold NT accountable for actions and omissions, and also identify areas that needs to be addressed, including proposing concrete change steps for the organisation to transform.

The statutes of the department regarding compliance with the BBEE Act: In respect of BEE: The department is fully compliant with the requirements for enterprise and supplier development. The department also fulfils its BBEE obligations and has commenced with the process to register the department for BBEE.

On Financial and Budget matters: Management is acutely aware of the need to innovatively match the available resources to priorities that maximise outputs. Thus, under normal operating conditions where the department does not inherit unfunded mandates, the department is adequately funded to fulfil its core mandate.

The department is aiming to consistently achieve an unqualified audit with no findings. Measures have been implemented to this end including improved management oversight, increased policy and procedure clarity, investments in training and development as well as a focus on adequate staffing are receiving attention. Timely and effective consequence management will be enforced.

The department is a pilot site for the implementation of the IFMS. The automation of mundane tasks and integration of key activities will create substantial efficiencies and liberate valuable time that could be redirected to high end value-added activities.



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**PART C:
MEASURING OUR
PERFORMANCE**

9. INSTITUTIONAL PERFORMANCE INFORMATION

9.1. Measuring the Impact

Impact statement	Improved living standards
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9.2. Measuring Outcomes

MTSF Priorities	Priority 1: Capable, ethical and developmental state Priority 2: Economic transformation and job creation Priority 3: Education, skills and health Priority 5: Spatial integration, human settlements and local government Priority 7: A better Africa and world
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Outcome	Outcome Indicator	Baseline	Five-year target
Sustainable public finances	1.1. Infrastructure Fund established and operationalised	New indicator	Infrastructure Fund constituted by 2021 Operational budget allocated 2022 - 2024
	1.2. International financial institutions support mobilised	New indicator	<ul style="list-style-type: none"> US\$10 billion financing from Multilateral Development Banks taken up
	1.3. Funding of government's gross borrowing requirements met	Annual government's gross borrowing requirements met	Government's gross borrowing requirements met annually for period 2020 - 2024
	1.4. Enabling Intergovernmental Fiscal Framework that promotes financial sustainability	2018 baseline	<ul style="list-style-type: none"> Provincial equitable share reviewed Local government capacity grant system redesigned Performance incentives in infrastructure grants strengthened
	1.5. Effective Provincial and Municipal Budget Systems	<ul style="list-style-type: none"> 126 municipalities with unfunded budgets R21.2 billion accruals in provinces 	<ul style="list-style-type: none"> Zero municipalities with unfunded budgets Accruals equal 8.33% of annual budget or the equivalent of 30 days payments in provinces
	1.6. Township economies investment and support strategy compiled and implemented	New indicator	Five townships in five metros with Township Economic Development Strategies that are resourced and integrated in the strategic plans and budgets of the metros and other spheres of government including SOEs and that have successfully leveraged private sector investment.
	1.7. Reduction of illicit financial flows	New indicator	National policy approach to combat, track, stop illicit financial flows and recovering and repatriating assets developed by 2024.

PART C: MEASURING OUR PERFORMANCE

Outcome	Outcome Indicator	Baseline	Five-year target
Coherent economic policy advocated	2.1. Macroeconomic policy reviewed to support growth.	Fiscal consolidation, inflation targeting between 3% and 6%	Macroeconomic policy framework reviewed by 2022
	2.2. Financial sector code reviewed	Financial sector code	Financial sector code reviewed by end of 2020 and implemented by 2024
	2.3. Policy directives in preferential procurement for Institutions to spend by sex/gender, age and disability developed	New indicator	Supply Chain Management directives to implement the Procurement Act issued
	2.4. Promoting implementation of investment strategies in Provinces/ Municipalities and sound intergovernmental spatial budgeting that contributes to economic growth	2018 baseline	<ul style="list-style-type: none"> 15 Investment Plans developed and implemented in Provinces/Municipalities 8 metros developing and implementing Reform Action Plans for the three SNDB indicators: Getting Electricity, Registering Property and Construction Permitting
Sound financial controls and management of public finances	3.1. Percentage elimination of wasteful and fruitless expenditure in public sector institutions	2018 Baseline	100% elimination of wasteful and fruitless expenditure in the public sector institutions incrementally from baseline of 2019 by 2024
	3.2. Percentage reduction of irregular expenditure in public sector institutions	2018 Baseline	75% reduction of irregular expenditure in public sector institutions incrementally from baseline of 2019 by 2024
	3.3. Percentage reduction of qualified audits in the public sector	2018 Baseline	75% reduction of qualified audits in the public sector incrementally from baseline of 2019 by 2024
	3.4. Number of identified "high risk" State Owned Entities (SoEs) governance system reviewed and recommendations implemented	Previous interventions by the NT, DPE and Presidency	Five "high risk" State Owned Entities governance system reviewed by 2021 and recommendations implemented by 2023

PART C: MEASURING OUR PERFORMANCE

Outcome	Outcome Indicator	Baseline	Five-year target
Sound financial controls and management of public finances	3.5. Implement the Integrated Financial Management System (IFMS) in the public sector	Progress made on IFMS up to 2019	Integrated Financial Management System (IFMS) in the Departments and Provinces rolled out by 2024
	3.6. Strengthen Municipal financial systems	New indicator	Municipal financial systems strengthened by 2023
	3.7. Programme to strengthen the Supply Chain Management and Procurement System in the public sector developed	2018 Baseline	Supply Chain Management Support Programme implemented in departments, entities and municipalities by 2023
	3.8. Programme to strengthen Asset Management in the Public Sector developed	2018 Baseline	Support Programme rolled out in Departments and Provinces by 2023

9.3. Explanation of planned performance over the five-year planning period

The country's vision of building an inclusive economy that advances social equality is detailed in Chapter 3 of the National Development Plan. This vision is articulated in terms of priority 1 (capable, ethical and developmental state), priority 2 (economic transformation and job creation), priority 3 (education, skills and health), priority 5 (spatial integration, human settlements and local government) and priority 7 (a better Africa and world) of the identified seven priorities in the 2019-2024 medium term strategic framework that aim to address the challenges of unemployment, inequality and poverty, and are closely aligned to the work of National Treasury. The National Treasury plans of achieving its impact "improved living standards" is anchored on the following three institutional outcomes that will be pursued over the five-year period.

Outcome 1: Sustainable Public Finances

- Supporting R1 trillion investment in infrastructure expenditure.
- Managing future spending growth and fiscal risk.
- Mobilising international financial institutions support
- Ensuring effective provincial and municipal budget systems.
- Improving the quality of municipal water and waste infrastructure in priority industrial areas with the Infrastructure Fund, and
- Developing frameworks aimed at reducing the number of government guarantees issued to public entities and improving the risk exposure from such guarantees.

PART C: MEASURING OUR PERFORMANCE

Outcome 2: Coherent Economic Policy Advocated

- Macroeconomic policy framework reviewed.
- Facilitating regional and international cooperation.
- Improving economic growth through:
 - Supporting implementation of reforms to lower the cost of doing business and raise competitiveness; and
 - Increasing export focus by re-imagining industrial policy and ensuring better alignment with trade policy. A focus on labour intensive sectors of agriculture and tourism can help to ensure greater employment gains.

Outcome 3: Sound Financial Controls and Management of Public Finances

- Strengthening Municipal financial systems.
- Institutionalising a programme to strengthen Supply Chain Management and Procurement System in the Public Sector.
- Developing a programme to strengthen asset management in the Public Sector.
- Making government procurement more efficient.
- Modernising the public sector.
- Strengthening government financial management, and
- Supporting infrastructure development and economically integrated cities and communities.

Additionally, over the medium term, the department will continue to strengthen regulation in the financial sector; strengthening government financial management; supporting infrastructure development and economically integrated cities and communities; making government procurement more efficient; and facilitating regional & international cooperation.

10. KEY RISKS

OUTCOME	KEY RISKS	RISK MITIGATION
Sustainable public finances	Inability to raise funds as per Funding Strategy	<ul style="list-style-type: none"> Fixed rate bond auctions are to be raised on a semi-contractual basis; as such a relatively big portion of the funding is certain: <ul style="list-style-type: none"> Ensure a conducive borrowing environment through a transparent budget system Holding cash buffers Regular communication with key various stakeholder such as rating agencies Regular communication with SOCs Strong sentiment towards emerging market debt from developed market investors. Strengthen robust coordination with SOCs on their borrowing Utilisation of temporary recovery site at 40 Church square and Centurion during power interruptions. Engagement with investors through road shows to better understand of investors requirements and behavior.
	Increase in cost of borrowing	<ul style="list-style-type: none"> Issuance across the fixed rate bond yield curve. Flexibility to alter the funding split and issue an increasing proportion of inflation linked bonds subject to demand considerations.
	Sovereign rating risk	<ul style="list-style-type: none"> Frequent and strategic engagements with the rating agencies Monitor the risk exposures and timely advise stakeholders.
	Non credible government budgets	<ul style="list-style-type: none"> Uniform budget and reporting formats prescribed Benchmark exercises conducted. Capacity building interventions conducted Enhancing staff capacitation on providing advice and clarify scope of advice to be provided telephonically, by email and in writing Annual budget verification of adopted budget figures based on a 7 year window period for local government. Budgeting guidelines issued to provinces and local government. Compliance checklist. Continuous interactions with municipalities to assist in budget preparation and implementation through the benchmark exercise and the mid-year review processes.
	Municipalities not budgeting, transacting or reporting in/or from core financial system and therefore municipal data is not a single version of the truth	<ul style="list-style-type: none"> Vendor engagements (live demos) to determine if modules on core financial system are functional Develop tools to assess the use of the mSCOA chart by municipalities Roll-out training on budgeting and transacting in mSCOA and change management Conduct independent systems audit on all municipal core systems
	Inequity in allocation of resources	<ul style="list-style-type: none"> Analysis and improvement of formulas as and when the need arises Regular interaction with relevant stakeholders to understand service delivery needs of provinces and local government outside Intergovernmental Forums Annotated Agenda to inform the Minister of key issues to be raised at forums Strengthen participation in national budget process particularly through the Division of Revenue submission Evidence based analysis Utilisation of data verification tools. Use of official data (as defined by Stats SA) as far as possible to inform allocations Restricted use of official data Introduced sign off rules in Division of Revenue Act Linking other databases with NT database for additional cross checks Local Government Infrastructure Framework Use of central DORA email point to ensure version control!" "Internal skilling through training and sourcing external expertise Regular interaction with stakeholders to upskill them on the Local and Provincial Government Fiscal Frameworks.

PART C: MEASURING OUR PERFORMANCE

OUTCOME	KEY RISKS	RISK MITIGATION
Sustainable public finances	Lack of common urban economic development	<ul style="list-style-type: none"> Formulate Urban Networks Strategy and provide as a tool to do spatial targeting that will improve the integration across spheres of government and sectors <ul style="list-style-type: none"> Built environment performance plans as a tool to integrate investment programmes in metros Engagements with stakeholders.
Coherent economic policy advocated	No regional and international cooperation with protectionist and/or nationalistic policies followed by regional and global partners	<ul style="list-style-type: none"> Frequent strategic engagement with regional and global stakeholders conducted Frequent and strategic engagement with inter-governmental partners
Sound financial controls and management of public finances	Development of policies and regulatory frameworks	<ul style="list-style-type: none"> Consult with various forums including but not limited to CFO, Cabinet, NEDLAC, inter-ministerial, TCF to ensure participation to and buy-in into the development of policies and operational standards Facilitate SCM training through NSG
	Inability to develop and implement SCM reform	<ul style="list-style-type: none"> Conduct Gap Analysis on IFMS and G-Commerce
	Improper approval of deviation	<ul style="list-style-type: none"> Ensure PFMA, MFMA and Treasury Regulation compliance by issuing Instruction Notes dealing with variations of contract and departures from open competitive bidding processes
	SCM fraud and corruption	<ul style="list-style-type: none"> Exercise due diligence and conduct regular audits <ul style="list-style-type: none"> Specification Policy Committee, Evaluation Committee and Bid adjudication Committee in place Vetting of officials and contractors Declaration of interest signed by employees and members of the Committees System enhanced to electronic bidding process" Enforce adherence to terms and conditions of bidding by; <ul style="list-style-type: none"> Training of Suppliers Bid Briefing Sessions Online Assistance to bidders Telephonic Assistance to bidders Electronic Bidding System in place
	NT Organisation not optimised for effective, efficient and economical service delivery	<ul style="list-style-type: none"> Optimise the organisational plan implemented Corporate services strengthened Financial controls enforced Planning and monitoring strengthened Increase risk management maturity level Enhanced ICT support services Ensure governance and compliance Resources made available for Capacity Building and fully utilised for building

11. PUBLIC ENTITIES

Name of Public Entity	Mandate	Outcomes	Current Budget	Annual
Accounting Standards Board (ASB)	To develop uniform standards of Generally Recognised Accounting Practice (GRAP) for all spheres of government in terms of Section 216(1)(a) of the Constitution and the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended.	<ul style="list-style-type: none"> • Education, skills and health • A capable, ethical and developmental State • A better Africa and world 	R14.690 million	
Co-operative Banks Development Agency (CBDA)	To create a strong and vibrant cooperative banking sector.	<ul style="list-style-type: none"> • Education, skills and health • A capable, ethical and developmental State • A better Africa and world 	R22.795 million	
Development Bank of Southern Africa (DBSA)	Promote economic development and growth, human resource development and institutional capacity building in South Africa and the wider African continent.	<ul style="list-style-type: none"> • Economic transformation and job creation • Education, skills and health • A better Africa and world 	R6.550 billion	
Financial and Fiscal Commission (FFC)	To make recommendations to Parliament, provincial legislatures, organised local government and other organs of state on financial and fiscal matters as envisaged in the Constitution and other national legislation. Financial and Fiscal Commission Act No. 99 of 1997 as amended	<ul style="list-style-type: none"> • Economic transformation and job creation • Education, skills and health • A better Africa and world 	R54.426 million	
Financial Intelligence Centre (FIC)	To identify the proceeds of crime, combat money laundering and terror financing.	<ul style="list-style-type: none"> • Social cohesion and safe communities • A better Africa and world • Building a capable, ethical and developmental State 	R311.497 million	
Financial Sector Conduct Authority (FSCA)	To enhance the efficiency and integrity of financial markets; promote fair customer treatment by financial institutions; provide financial education and promote financial literacy; and assist in maintaining financial stability	<ul style="list-style-type: none"> • Economic transformation and job creation • Building a capable, ethical and developmental State 	R829.284 million	
Government Pensions Administration Agency (GPAA)	Responsible for administering pensions on behalf of GEPP in terms of the Government Employees Pension (GEP) Law of 1996 on behalf of GEPP's Board of Trustees.	<ul style="list-style-type: none"> • Building a capable, ethical and developmental state 	R1.036 billion	

PART C: MEASURING OUR PERFORMANCE

Name of Public Entity	Mandate	Outcomes	Current Budget	Annual
Government Technical Advisory Centre (GTAC)	To assist organs of state to build their capacity for efficient, effective and transparent financial management.	<ul style="list-style-type: none"> • Economic transformation and job creation, • Education, skills and health • A better Africa and world • Spatial integration, human settlements and local government • Building a capable, ethical and developmental State 	R381.366 million	
Independent Regulatory Board for Auditors (IRBA)	To protect the sections of the public that rely on the services of registered auditors, and to provide support to registered auditors. It is required to ensure that only suitably qualified individuals are admitted to the auditing profession, and that registered auditors deliver services of the highest quality and adhere to the highest ethical standards.	<ul style="list-style-type: none"> • Building a capable, ethical and developmental State • Economic transformation and job creation • Education, skills and health 	R142.157 million	
Land and Agricultural Development Bank of South Africa (Land Bank)	Provide finance for emerging farmers in pursuit of the equitable ownership of land, agrarian reform and land distribution. Remove the legacy of past racial and gender discrimination. Promote food security and support commercial agriculture.	<ul style="list-style-type: none"> • Economic transformation and job creation • Education, skills and health • Building a capable, ethical and developmental Stat 	R4.811 billion	
Office of the Ombud for Financial Services Providers (FAIS Ombud)	To resolve complaints in an economical, informal and expeditious manner flows from Section 20 of the FAIS Act. A further mandate is derived from the Financial Services Ombud Schemes Act, 2004 (Act No. 37 of 2004).	<ul style="list-style-type: none"> • Economic transformation and job creation • A better Africa and world • Building a capable, ethical and developmental state • Education, skills and health 	R58.127 million	

PART C: MEASURING OUR PERFORMANCE

Name of Public Entity	Mandate	Outcomes	Current Budget	Annual
Office of the Pension Funds Adjudicator (OPFA)	To ensure a procedurally fair, economical and expeditious resolution of complaints in terms of the Act by: ensuring that its services are accessible to all; investigating complaints in a procedurally fair manner; reaching a just and expeditious resolution of complaints in accordance with the law; being innovative and proactive in thought and in action; and supporting, encouraging and providing opportunities for individual growth.	<ul style="list-style-type: none"> Economic transformation and job creation Education, Skills and health A better Africa and world 	R70.351 million	
Office of the Tax Ombud (OTO)	To review and address any complaint by a taxpayer regarding a service matter, or a procedural or administrative matter arising from the application of the provisions of a Tax Act by SARS; and review, at the request of the Minister or at the initiative of the Tax Ombud with the approval of the Minister, any systematic and emerging issues related to a service matter or the application of the provisions of this Act or procedural or administrative provisions of a tax Act.	<ul style="list-style-type: none"> Building a capable, ethical and developmental State A better Africa and world Economic transformation and job creation 	R40.308 million	
Public Investment Corporation (PIC)	South African state-owned asset management company that manages assets for clients, all of which are public sector entities.	<ul style="list-style-type: none"> Economic transformation and job creation Education, skills and health A better Africa and world 	R1.322 billion	
South African Revenue Service (SARS)	To collect all revenue due to the state and to support government in meeting its key growth and developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion.	<ul style="list-style-type: none"> Building a capable, ethical and developmental State A better Africa and world Economic transformation and job creation 	R11.201 billion	
South African Special Risks Insurance Association (SASRIA)	To offer insurance to all individuals and businesses that own assets in South Africa, as well as government entities, against special risks that may lead to the loss of, or damage to, their assets caused by events related to, or following, civil commotion, public disorder, strikes, riots and terrorism, all of which have the potential for catastrophic financial loss. We are also mandated to research and investigate coverage for any special threat considered to be of national interest.	<ul style="list-style-type: none"> Economic transformation and job creation Building a capable, ethical and developmental State Spatial integration, human settlements and local government 	R2.464 billion	

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**PART D:
TECHNICAL
INDICATOR
DESCRIPTION (TID)**

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome 1: Sustainable public finances

Outcome Indicator no.1.1	
Indicator Title	Infrastructure Fund established and operationalised
Definition	The Infrastructure Fund provides government support (appropriations, guarantees) for co-financing or programmes that blend public and private resources. The objectives are to improve the quality and rate of infrastructure investment by strengthening project preparation and governance; and to close the viability gap for blended finance projects that have social and economic elements, or to address market failure.
Source of Data	National Treasury budget documentation
Method of Calculation / Assessment	Documents establishing the fund and reports on spending
Assumptions	<ul style="list-style-type: none"> That the Infrastructure Fund receives budget allocation That the Infrastructure Fund continues to operate over the reporting period
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	Infrastructure Fund constituted and operationalised over a ten-year period
Indicator Responsibility	Deputy Director-General: Budget Office

Outcome Indicator no. 1.2	
Indicator Title	International financial institutions support mobilised
Definition	To monitor the uptake of development finance from the African Development Bank Group (AfDB); the World Bank Group (WBG) and the New Development Bank (NDB).
Source of Data	Reports on finance taken up from Multilateral Development Banks
Method of Calculation / Assessment	Sum dollar amount of the finance taken up from Multilateral Development Banks
Assumptions	<ul style="list-style-type: none"> That financing will be made available to South African private and public sectors That viable projects are presented to the Multilateral Development Banks
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	US\$10 billion financing from Multilateral Development Banks taken up
Indicator Responsibility	Deputy Director-General: International and Regional Economic Policy

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no. 1.3	
Indicator Title	Funding of government's gross borrowing requirements met
Definition	Finance government's annual borrowing requirements through various debt instruments, yearly for the period 2020 – 2024.
Source of Data	Annual gross borrowing requirement is sourced from the Budget tabled annually by the Minister of Finance.
Method of Calculation / Assessment	Gross borrowing requirement is the sum of revenue, expenditure and debt due for repayment.
Assumptions	<ul style="list-style-type: none"> Accurate revenue and expenditure forecasts. Favourable market conditions.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	Government's gross borrowing requirements met annually for the period 2020 - 2024
Indicator Responsibility	Deputy Director-General: Asset and Liability Management

Outcome Indicator no.1.4	
Indicator Title	Enabling Intergovernmental Fiscal Framework that promotes financial sustainability
Definition	Intergovernmental fiscal framework refers to the financing (taxes, user charges and grants) allocated to provinces and local government. Changes are made to strengthen the system and can include changes to the way equitable share allocations are calculated or changes to conditional grant allocation mechanisms or rules or the introduction of new grants or dissolution of grants. It can also include the introduction of additional own revenue instruments/sources to provinces or local government
Source of Data	Explanatory Memorandum to the Division of Revenue Bill (published on the National Treasury website as Annexure W1 to the Budget Review)
Method of Calculation / Assessment	Simple count of reforms approved for implementation each financial year
Assumptions	The required progressive reforms to the intergovernmental fiscal framework to enhance its efficacy are approved for implementation.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	<ul style="list-style-type: none"> Provincial equitable share reviewed Local government capacity grant system redesigned Performance incentives in infrastructure grants strengthened
Indicator Responsibility	Deputy Director-General: Intergovernmental Relations

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no.1.5	
Indicator Title	Effective Provincial and Municipal Budget Systems
Definition	<p>The responsiveness of the budget to priority pronouncements and how subsequent budgetary reforms are incorporated into the budget system, e.g. introduction of district approach to budgeting.</p> <p>Provincial Benchmark engagements – engage each Provincial Treasury to evaluate and make recommendations regarding their draft budgets for the coming year</p> <p>Conduct provincial visits to all provinces and in collaboration with Provincial Treasuries engage provincial departments on their first quarter expenditure and potential risks to service delivery</p> <p>Undertake budget assessment engagements to determine whether municipalities budgets are funded or not.</p>
Source of Data	Municipal budget assessments
Method of Calculation / Assessment	<ul style="list-style-type: none"> • Simple count of municipalities with unfunded budgets • Simple count of provinces with accruals amounting to more than 8.33% or greater than the equivalent of payment made in 30 days
Assumptions	Timely submission of relevant information by municipalities
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	<ul style="list-style-type: none"> • Zero municipalities with unfunded budgets • Accruals amounting to 8.33% of budget or the equivalent of payments made in 30 days
Indicator Responsibility	Deputy Director-General: Intergovernmental Relations

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no.1.6	
Indicator Title	Township economies investment and support strategy compiled and implemented
Definition	Metro township economic development strategies are the outcome of participatory, multi-stakeholder engagement processes informed by a systems-based approach i.e. addressing a mix of identified social, economic, infrastructural, service delivery, environmental and institutional challenges.
Source of Data	Metro township economic development programme reports.
Method of Calculation / Assessment	Simple count of number of metro township economic development strategies developed
Assumptions	<ul style="list-style-type: none"> • That the five participating metros facilitate the development of the Township Economic Development strategies. • That private sector invest in the five townships in five metros in line with the Township Economic Development Strategies
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	Five townships in five metros with Township Economic Development Strategies that are resourced and integrated in the strategic plans and budgets of the metros and other spheres of government including SOEs and that have successfully leveraged private sector investment.
Indicator Responsibility	Deputy Director-General: Intergovernmental Relations

Outcome Indicator no.1.7	
Indicator Title	Reduction of illicit financial flows
Definition	To develop a national policy approach that will provide the framework to strategies and tactics to combat, track and stop illicit financial flows and recover and repatriate assets
Source of Data	Research, inputs from stakeholders, NT documents
Method of Calculation / Assessment	Check the National Policy Approach document
Assumptions	<ul style="list-style-type: none"> • That stakeholders consultation is completed on time as planned.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	National policy approach to combat, track, stop illicit financial flows and recovering and repatriating assets developed by 2024.
Indicator Responsibility	Deputy Director-General: Tax and Financial Sector Policy

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome 2: Coherent economic policy advocated

Output Indicator no 2.1	
Indicator Title	Macroeconomic policy reviewed to support growth
Definition	Macroeconomic policy framework reviewed to according to approved project plan
Source of data	Project progress reports on macroeconomic policy reviewed
Method of Calculation / Assessment	Progress report that records the percentage of actual performance against planned performance.
Means of verification	Progress report that records the percentage of actual performance against planned performance
Assumptions	<ul style="list-style-type: none"> Sufficient resources skilled in macroeconomic policy review available
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired performance	Macroeconomic policy reviewed to support growth
Indicator responsibility	Deputy Director-General: Economic Policy.

Outcome Indicator no.2.2	
Indicator Title	Financial sector code reviewed
Definition	To conduct a review of the Amended Financial Sector Code (2017) and implement the reviewed financial sector code.
Source of Data	Political directives, inputs from stakeholders, research, NT documents
Method of Calculation / Assessment	Reviewed financial sector code Check the progress report that records actual performance against planned performance.
Assumptions	<ul style="list-style-type: none"> That the stakeholders consultation is completed on time as planned. That the amended financial sector code is approved.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	Financial sector code reviewed by end of 2020 and implemented by 2024
Indicator Responsibility	Deputy Director-General: Tax and Financial Sector Policy

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no. 2.3	
Indicator Title	Policy directives in preferential procurement for Institutions to spend by sex/gender, age and disability developed
Definition	Government spend on women, youth and persons with disabilities through preferential procurement targeting Procurement Act, policy directives.
Source of Data	Policy directives
Method of Calculation / Assessment	Check that policy directives in preferential procurement for government institutions to spend by sex/gender, age and disability are developed.
Assumptions	<ul style="list-style-type: none"> • Policy interventions are identified. • Public Procurement Bill is promulgated.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: 40% • Target for Youth: 30% • Target for People with Disabilities: 7%
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	Supply Chain Management directives to implement the Procurement Act issued
Indicator Responsibility	Office of the Chief Procurement Officer

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no.2.4	
Indicator Title	Promoting implementation of investment strategies in Provinces/ Municipalities and sound intergovernmental spatial budgeting that contributes to economic growth
Definition	<p>The investment strategies are a result of targeted area planning, e.g. townships, industrial parks and precincts by municipalities in consultation with other spheres of government and the private sector. The objective of this approach is to ensure coordination of public sector investment in order to attract third party investments</p> <p>Investment strategies that improve the ease of doing business through business process reforms related to getting electricity, construction permitting and registering property for small firms</p> <p>This will contribute to inclusive economic growth, spatial transformation and reduction of poverty and inequality. The platform to promote the investment plans are the intergovernmental coordination forums and other budgeting process platforms</p>
Source of Data	Investment Plans e.g. Township Economic Development Strategies, Industrial Park Revitalisation Plans, Precinct Plans and Sub National Doing Business Reform Action Plans
Method of Calculation / Assessment	Simple count of Investment plans developed and metros developing and implementing Reform Action Plans.
Assumptions	<ul style="list-style-type: none"> Provinces/Municipalities to coordinate the implementation/promotion of the investment plans amongst intergovernmental partners Provinces/Municipalities organise themselves to better engage with the private sector and to improve public sector investment coordination to better attract private sector investment Municipalities resource and champion the SNDB Reform Action Plans
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	<ul style="list-style-type: none"> 15 Investment Plans developed and implemented over 5 years 8 metros developing and implementing Reform Action Plans for the three SNDB indicators: Getting Electricity, Registering Property and Construction Permitting
Indicator Responsibility	Deputy Director-General: Intergovernmental Relations

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome 3: Sound financial controls and management of public finances

Outcome Indicator no.3.1	
Indicator Title	Percentage elimination of wasteful and fruitless expenditure in public sector institutions
Definition	Fruitless and wasteful expenditure refers to expenditure that was made in vain and could have been avoided had reasonable care been taken and reported by AGSA
Source of Data	Report by AGSA
Method of Calculation / Assessment	$\frac{\text{Fruitless and wasteful expenditure in 2018} - \text{Fruitless and wasteful expenditure in 2024}}{\text{Fruitless and wasteful expenditure in 2018}} \times 100$
Assumptions	<ul style="list-style-type: none"> AGSA audits completed on time within the reporting period Accounting Officers ensure compliance with relevant legislation and regulations Accounting Officers give effect to consequence management when incidences of wasteful and fruitless expenditure occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	100% elimination of wasteful and fruitless expenditure in the public sector institutions incrementally from baseline of 2019 by 2024
Indicator Responsibility	Office of the Accountant General

Outcome Indicator no.3.2	
Indicator Title	Percentage reduction of irregular expenditure in public sector institutions
Definition	Irregular expenditure refers to all expenditure where there was non-compliance with legislation in the process leading up to the payment that is reported by AGSA
Source of Data	Report by AGSA
Method of Calculation / Assessment	$\frac{\text{Irregular expenditure in 2018} - \text{Irregular expenditure in 2024}}{\text{Irregular expenditure in 2018}} \times 100$
Assumptions	<ul style="list-style-type: none"> AGSA audits completed on time within the reporting period Accounting Officers ensure compliance with relevant legislation and regulations Accounting Officers give effect to consequence management when incidences of irregular expenditure occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	75% reduction of irregular expenditure in public sector institutions incrementally from baseline of 2019 by 2024
Indicator Responsibility	Office of the Accountant General

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no.3.3	
Indicator Title	Percentage reduction of qualified audits in the public sector
Definition	The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.
Source of Data	Report by AGSA
Method of Calculation / Assessment	$\frac{\text{Qualified audits in 2018} - \text{Qualified audits in 2024}}{\text{Qualified audits in 2018}} \times 100$
Assumptions	<ul style="list-style-type: none"> AGSA audits completed on time within the reporting period Accounting Officers ensure compliance with relevant legislation and regulations Accounting Officers give effect to consequence management when incidences of qualified audits occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	75% reduction of irregular expenditure in public sector institutions incrementally from baseline of 2019 by 2024
Indicator Responsibility	Office of the Accountant General

Outcome Indicator no.3.4	
Indicator Title	Number of identified "high risk" State Owned Entities (SoEs) governance system reviewed and recommendations implemented
Definition	Several large state-owned companies are in crisis as a result of governance failures, poor operational performance and resultant unsustainable debt burdens. A programme of reforms is being enacted to strengthen governance and operations at these entities, and to stabilise those in financial distress.
Source of Data	Progress reports on the systems reviewed and recommendations implemented
Method of Calculation / Assessment	Simple count of "high risk" SoEs whose governance system have been reviewed and recommendations implemented
Assumptions	<ul style="list-style-type: none"> SoEs will implement recommendations on the governance system Five "high risk" SoEs identified that are subject to NT oversight and monitoring
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	5 identified "high risk" State Owned Entities (SoEs) governance system reviewed and recommendations implemented
Indicator Responsibility	Deputy Director-General: Asset and Liability Management

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no.3.5	
Indicator Title	Implement the Integrated Financial Management System (IFMS) in the public sector
Definition	The IFMS Programme is a joint initiative between DPSA, National Treasury and SITA to replace the current legacy enterprise resource type systems such as BAS, LOGIS and PERSAL in the Public Service by implementing a single Enterprise Resource Planning (ERP) Commercial Off The Shelf (COTS) system.
Source of Data	Reports to Project Committee, Project Committee minutes, Reports to Steering Committee and Steering Committee minutes.
Method of Calculation / Assessment	Progress report that records the percentage of actual performance against planned performance
Assumptions	<ul style="list-style-type: none"> IFMS continues throughout the reporting period IFMS common designs is approved Departments and Provinces co-operate with the roll-out programme.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	Implement the Integrated Financial Management System (IFMS) in the Public Sector by 2024
Indicator Responsibility	Office of the Accountant General

Outcome Indicator no.3.6	
Indicator Title	Strengthen Municipal financial systems
Definition	Municipal financial systems refers to mechanisms of monitoring municipalities performance which includes publishing quarterly financial section 71 reports, state of local government finances report and assisting with the preparation of a financial recovery plan when a complete request is received from the municipality.
Source of Data	Expenditure reports submitted by Transferring Officers in terms of municipal grant transfers and section 71 monthly and quarterly expenditure reports submitted by municipalities. Tracking register of municipalities submitting a complete request and municipalities assisted with the preparation of the financial recovery plans.
Method of Calculation / Assessment	Simple count of quarterly financial reports published. Percentage of complete financial recovery requests responded to within 90 days of receipt.
Assumptions	<ul style="list-style-type: none"> Timeous submission and accuracy of information submitted by municipalities and TNOs. Timely submission of relevant information by municipalities to commence with the preparation of the financial recovery plans.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	Strengthen Municipal financial systems by 2023
Indicator Responsibility	Deputy Director-General: Intergovernmental Relations

PART D: TECHNICAL INDICATOR DESCRIPTION

Outcome Indicator no. 3.7	
Indicator Title	Programme to strengthen the Supply Chain Management and Procurement System in the public sector developed
Definition	The programme refers to a plan of interventions and support to improve SCM performance in departments, entities and municipalities
Source of Data	Policy directives, programme plan and progress reports
Method of Calculation / Assessment	Progress report that records the percentage of actual performance against planned performance
Assumptions	<ul style="list-style-type: none"> • That the Departments and National Entities implement interventions • That skilled resources are available to conduct interventions
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	Supply Chain Management Support Programme implemented in Departments and Entities by 2023
Indicator Responsibility	Office of the Chief Procurement Officer

Outcome Indicator no. 3.8	
Indicator Title	Programme to strengthen Asset Management in the Public Sector developed
Definition	The programme refers to the development and implementation plan of interventions to strengthen Asset Management in the Public Sector developed
Source of Data	Policy directives, programme plan and progress reports
Method of Calculation / Assessment	Progress report that records actual performance against planned performance.
Assumptions	<ul style="list-style-type: none"> • That the Departments and Provinces implement interventions • That skilled resources are available to conduct interventions
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	Support Programme rolled out in Departments and Provinces by 2023
Indicator Responsibility	Office of the Accountant General

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