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Economic Development Department  
REPUBLIC OF SOUTH AFRICA

# Economic Development Department Strategic Plan and Budget Vote

Presentation to the Select Committee  
on Economic Development

1 June 2011

# Presentation outline



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- EDD Strategic Plan 2011/12 – 2015/16
- EDD Budget Vote 2011/12 – 2013/14
- Concluding remarks



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# **EDD Strategic Plan 2011/12 – 2015/16**

# Outline



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- Vision, mission and values
- Mandates
- New Growth Path
- Situational analysis
- Strategic outcome-oriented goal
- Strategic objectives, budget and staff
- Risk management
- Public entities



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# Vision and mission

- Vision
  - Decent work through meaningful economic transformation and inclusive growth
- Mission:
  - EDD aims to:
    - Coordinate the contributions of government departments, state entities and civil society on economic development;
    - Contribute to efforts that ensure alignment between the economic policies and plans of the state and its agencies and government's political objectives and mandate; and
    - Promote government's goals of advancing economic development with decent work opportunities

# Values



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- EDD promotes the values of the Constitution and upholds the following values:
  - Promotion of decent work for all citizens (opportunity to work and quality of employment)
  - Social partnership and dialogue
  - Equity and development
  - Sustainability (environment, social and economic)

# Legislative mandates



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- Administration of legislation -
  - Industrial Development Corporation Act, 1940
  - The Competition Act, 1998
  - The International Trade Administration Act, 2002\*

\* Save for item 2 of Schedule 2 administered by the Minister of Trade and Industry

# Political mandates



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- To make the creation of decent work opportunities and sustainable livelihoods the primary focus of government economic policies
- To ensure that macro-economic policy is informed by the priorities in the electoral mandate and actively promotes creation of decent employment, economic growth, broad-based industrialisation, reduced income inequality and other developmental imperatives
- To ensure that state-led industrial policy leads to the transformation of the economy
- To implement special sector programmes embracing industrial, trade and other measures backed by adequate resources
- To ensure that a comprehensive package of measures is introduced to promote beneficiation programmes
- To engage the private financial sector in order to facilitate its transformation and diversification
- To develop programmes to promote the important role of mining and agriculture in employment, meeting basic needs and community development



# Political mandates, cont



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- To support tourism and other services in order to expand work opportunities
- To develop and invest in a programme to create large numbers of 'green jobs'
- To ensure that the mandates of development finance institutions are clear and truly developmental
- To lead a massive public investment programme for growth and employment creation
- To step up a massive programme on expanded public works linked to infrastructure and meeting social needs
- To address quality of employment issues
- To create an environment for more labour-intensive production methods as well as procurement policies that support local jobs and building public-private partnerships
- To vigorously implement broad-based economic empowerment and affirmative action policies
- To launch a much larger national youth service programme

# Political mandates, cont



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- Framework Agreement
  - maintaining high levels of public investment in infrastructure to support private and public job preservation and creation
  - deploying macroeconomic policies in combination and aggressively, where required, to address the economic crisis
  - utilising industrial and trade policies to rebuild local industrial capacity and avoid the erosion of the country's manufacturing base
  - utilising a combination of measures on public employment, private sector initiatives, including training, to avoid massive job losses
  - scaling up social interventions to address the jobs challenge and ensure social protection

# Policy mandates



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- Policy mandates
  - EDD is responsible for developing economic policy with a broad, cross-cutting focus
  - EDD drafted and coordinates implementation of the New Growth Path
  - EDD responsible with the dti, NT and other departments for the implementation of the Delivery Agreement of Outcome 4: Decent Employment Through Inclusive Growth
  - Implementation of EDD Strategic Plan

# New Growth Path (NGP)



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- The NGP sets an ambitious jobs target of 5 million new jobs by 2020 and directs that economic policy should actively pursue jobs goals
- The NGP has a number of key organising principles, including:
  - improving the labour absorption capacity of the economy, both in the absolute number of jobs created as well as in the labour intensity of economic growth, ie the number of jobs per 1% of GDP growth or per R1 billion of investment
  - rebuilding the productive capacity of South Africa, among other through a stronger focus on key real economy sectors and improving their performance
  - integrating green consideration in economic growth, both by decreasing the carbon emission of economic activities as well as actively identifying new opportunities in the green economy
  - focusing on the opportunities on the African continent for South Africa, and supporting both logistics and industrial opportunities elsewhere on the continent that can strengthen South Africa's own employment and economic development
  - improving the coherence and linkages between different sectors as well as between public institutions to ensure that the jobs and development opportunities are maximised
  - promoting social partnerships between business, labour and government as critical instruments to drive the jobs goals

# NGP, cont



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- Areas that are identified for particular focus, including:
  - lowering the cost of capital for industrial enterprises and manufacturing activities
  - improving skills development across the economy, including through the work of the DFIs
  - strengthening competitiveness in the economy and tackling inherent problems of monopolies and price-fixing
  - supporting the growth of smaller businesses as well as cooperatives as a means of drawing more South Africans into entrepreneurial activities and improving job creation
  - focusing trade policy on the opportunities in fast growing economies, including through rebalancing trade with stronger exports of manufactures goods
  - strengthening rural development through both the location of industrial activity as well as supportive infrastructure that can unlock opportunities for rurally based citizens
  - addressing the key development goals of women empowerment, BB-BEE, youth employment and local economic development
  - Improving the performance of development finance institutions, including the cost of their services, turnaround times for sign off on key projects and the level of capital that they can mobilise for the identified activities set out in the New Growth path

# Planned policy initiatives



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- EDD will develop strategies and implementation plans in cooperation with the relevant government departments and agencies:
  - Strengthening competition policy
  - Procurement reform to support local procurement
  - Implementation of a revised broad-based BEE framework
  - Skills enhancement and reform of the skills system
  - Small business development
  - Developmental trade strategy implementation
  - Improving the regulatory framework
  - Promoting a competitive exchange rate
  - Social dialogue

# Situational analysis



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- SA's growth 1994-2008 on a par with middle incomes countries (excluding India and China)
  - Unemployment is far higher
  - Income inequality among the worst in the world
- 2008-9 downturn wiped out 1 million SA jobs
  - Unemployment returned to early 2000s levels
- NGP sets target of 5 million new jobs by 2020
  - Requires employment to increase by 3.4% per annum