



Economic Development Department (EDD)

The Role of EDD in support of the PICC

Presentation to the Portfolio Committee

12 June 2012

Status: *Confidential*



PRESIDENTIAL INFRASTRUCTURE COORDINATING COMMISSION

Introduction

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Outline of presentation

- Brief is to present to the Portfolio Committee on EDD's role in support of the PICC
- This will thus not be on the actual Infrastructure Plan
- Cover the Background
- Problem statement and response
- What the PICC is and what it does
- The role of EDD
- Illustrate what the work entails in a select number of areas
- Conclusion

Introduction – the problem statement

- The New Growth Path sets a goal of 5 million new jobs by 2020; identifies structural problems in the economy to be overcome and points to opportunities in specific sectors and markets (“jobs drivers”)
- The 1st jobs driver is infrastructure: laying the basis for higher growth, inclusivity and job creation
- However, the pace of infrastructure development and spending on infrastructure is projected to fall from 9,1% of GDP currently to 8,1% of GDP (2013)
- Blockages include weak implementation capacity in parts of the state (with unspent monies) and poor project development planning
- Projects are not always strategic, integrated or aligned with national priorities
- Poor co-ordination slows projects and limits their impact

Introduction – the response

- July 2011 Cabinet Lekgotla reviewed steps taken to promote jobs and development
- Twelve Action Plans were adopted, as reported to the PC in 2011
- The first Action Plan entailed better coordination, integration and accelerated implementation of infrastructure, and setting up the Presidential Infrastructure Coordinating Commission (PICC) to
 - Develop a single common Infrastructure Plan that will be monitored and centrally driven
 - Identify who is responsible and hold them to account

PICC Terms of reference

PICC's mandate is to ensure systematic selection, planning and monitoring of large projects and its Terms Of Reference include the objectives outlined below

- ✓ Identify 5 year priorities
- ✓ Develop 20 year project pipeline
- ✓ Development Objectives: skills, industrialisation, empowerment, research & development
- ✓ Expand maintenance: new and existing infrastructure
- ✓ Improve infrastructure links: rural areas and poorest provinces
- ✓ Address capacity constraints and improve coordination and integration
- ✓ Scale up investment in infrastructure
- ✓ Address impact of prices
- ✓ Support African development and integration



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Governance & implementation

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Commencing the work

In January 2012, the first draft Plan was tabled at the Cabinet Lekgotla, which included Premiers and SALGA representatives

The Infrastructure Plan is intended to transform the economic landscape of South Africa, create a significant number of new jobs, strengthen the delivery of basic services to the population and support the integration of African economies

The PICC comprises of Cabinet Ministers, Premiers and Executive Mayors of the metropolitan local government

A Management Committee (MANCO) chaired by Minister of Rural Development and Land Reform oversees the work of the Secretariat, identifies major work streams and process decisions/issues to be tabled before the PICC Cabinet

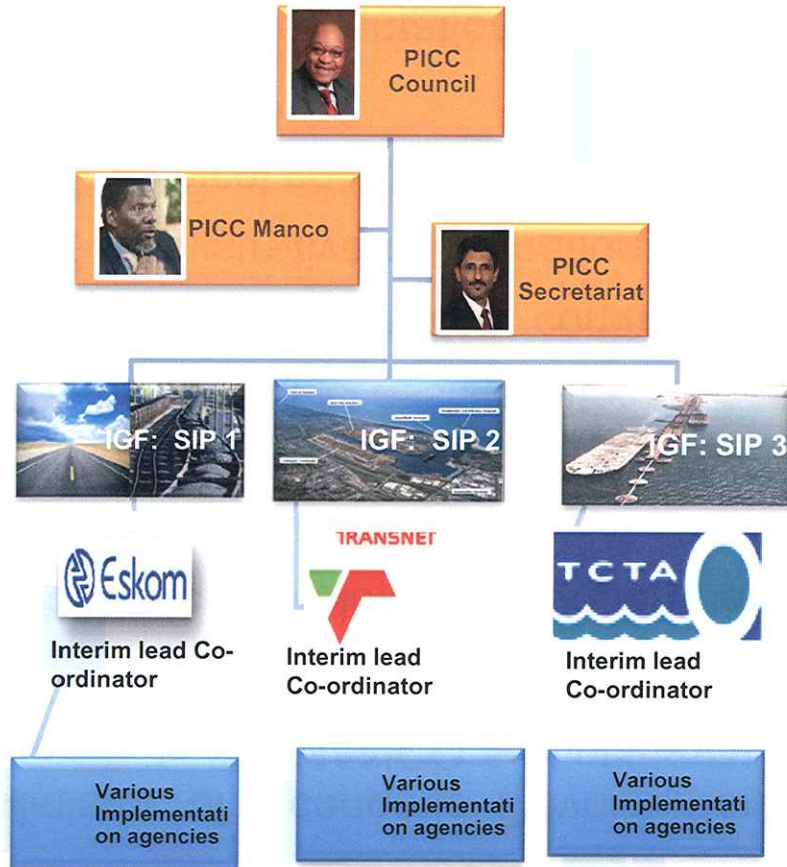
The Secretariat chaired by Minister of Economic Development coordinates and oversees the operations of the PICC Technical Committee and processes decisions for tabling at the MANCO

The Technical Team consisting of officials drawn from public agencies and EDD

This document sets out the role of the Economic Development Department in supporting the PICC as well as key milestones achieved to date

Governance Structure

Structure



Oversight Structures

1. **PICC**
 - Quarterly meetings to consider the performance dashboards for every SIP, Report into Cabinet, Recommend policy changes to Cabinet; provide guidance to Manco Reports
2. **Manco**
 - Fortnightly meetings to address unblocking challenges; monitor the development plan; ensure coordinated regulatory approvals; funding strategies
3. **Secretariat**
 - Fortnightly meetings to prepare issues for Manco and PICC and oversee work of technical team/Office
4. **Office (functions, which include but are not limited to):**
 - Communication coordination and alignment
 - Stakeholder liaison
 - Project level monitoring and assistance
 - Capacity building
 - Monitor spending and cost overrun
 - Market intelligence (local and global)
 - Monitor regulatory approvals and challenges
 - Supply side needs (people and material and equipment)
 - Database of skilled people and create common platforms
 - Coordinate development of standards specifications (with relevant departments)

Role of EDD

Minister of Economic Development chairs the Secretariat of the PICC that reports to the MANCO and ultimately to the Commission

Economic Development Department supports the macro-coordination work of the PICC

In summary EDD assists with:

1. Political coordination, communication and liaison;
2. Administrative coordination and support; and
3. Technical coordination, liaison and support

Project implementation resides with the relevant department, province, municipality or state agency

Economic Development Department organogram

The EDD's Annual Performance Plan, Strategic Plan and internal structure has been adjusted to address responsibility to coordinate and support the PICC work

Infrastructure development embraces policy, planning, spatial coordination and dialogue – hence staff across the Department have been drawn into relevant parts of the PICC work

A new directorate under the Economic Planning and Coordination Branch has been established comprised of a chief director, 2 directors and 2 deputy directors. The functions of this directorate are to:

1. Liaise with line department on various infrastructure projects to be implemented
2. Monitor progress on the various Strategic Integrated Projects
3. Intervene appropriately when projects miss deadline
4. Manage the project office
5. Provide secretariat services to the MANCO and Secretariat of the PICC

The directorate complements the Technical Task Team comprised of officials drawn from Eskom, the Presidency, Ports Regulator and the IDC

Spatial mapping exercise

A **spatial mapping** exercise was undertaken, to determine the key gaps and opportunities, covering:

1. Basic needs,
2. Economic opportunities
3. The state of existing infrastructure
4. Required infrastructure
5. Economic opportunities unlocked

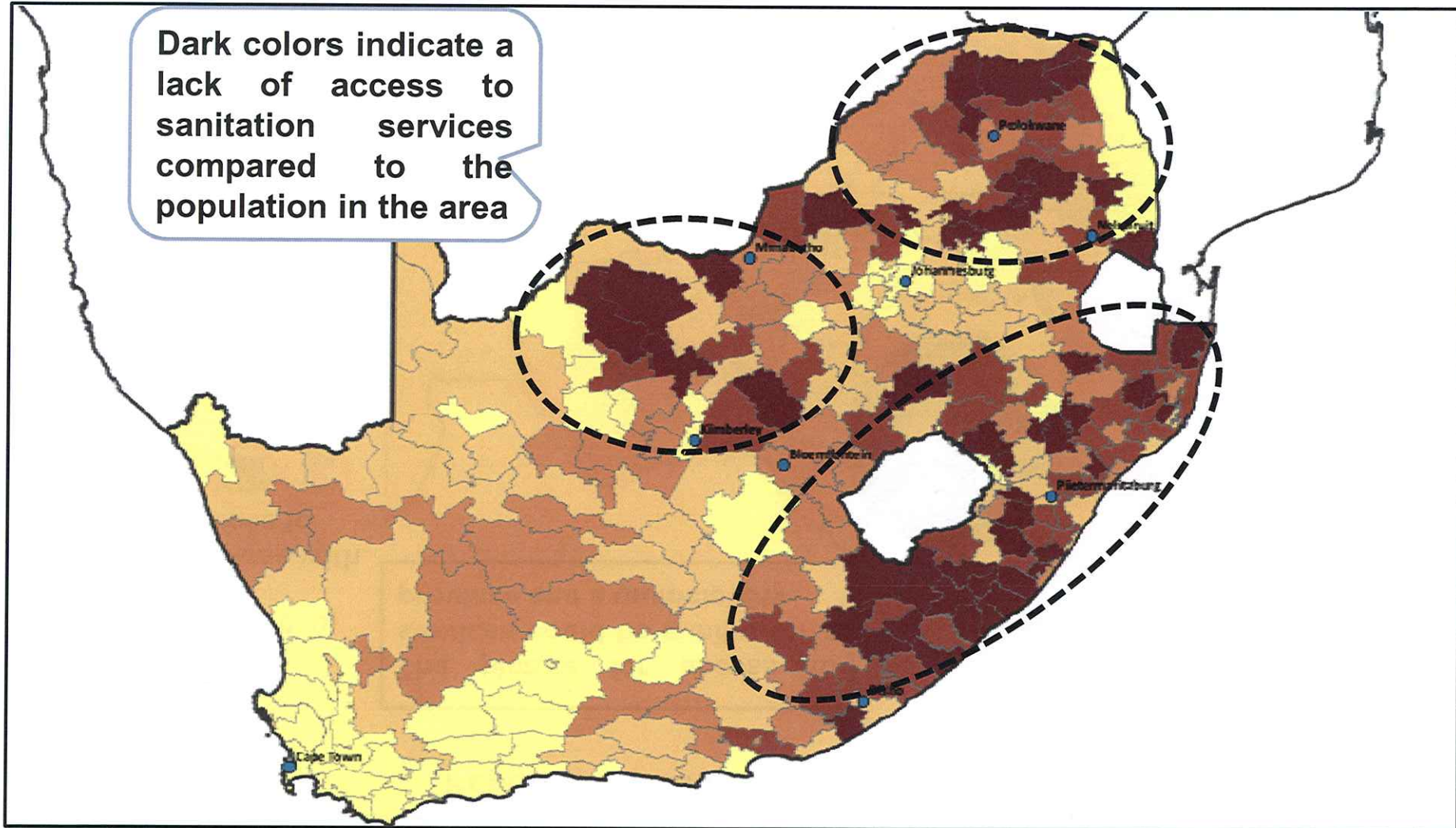
National, provincial and local maps were developed

Needs Analysis

Population Access to Sanitation

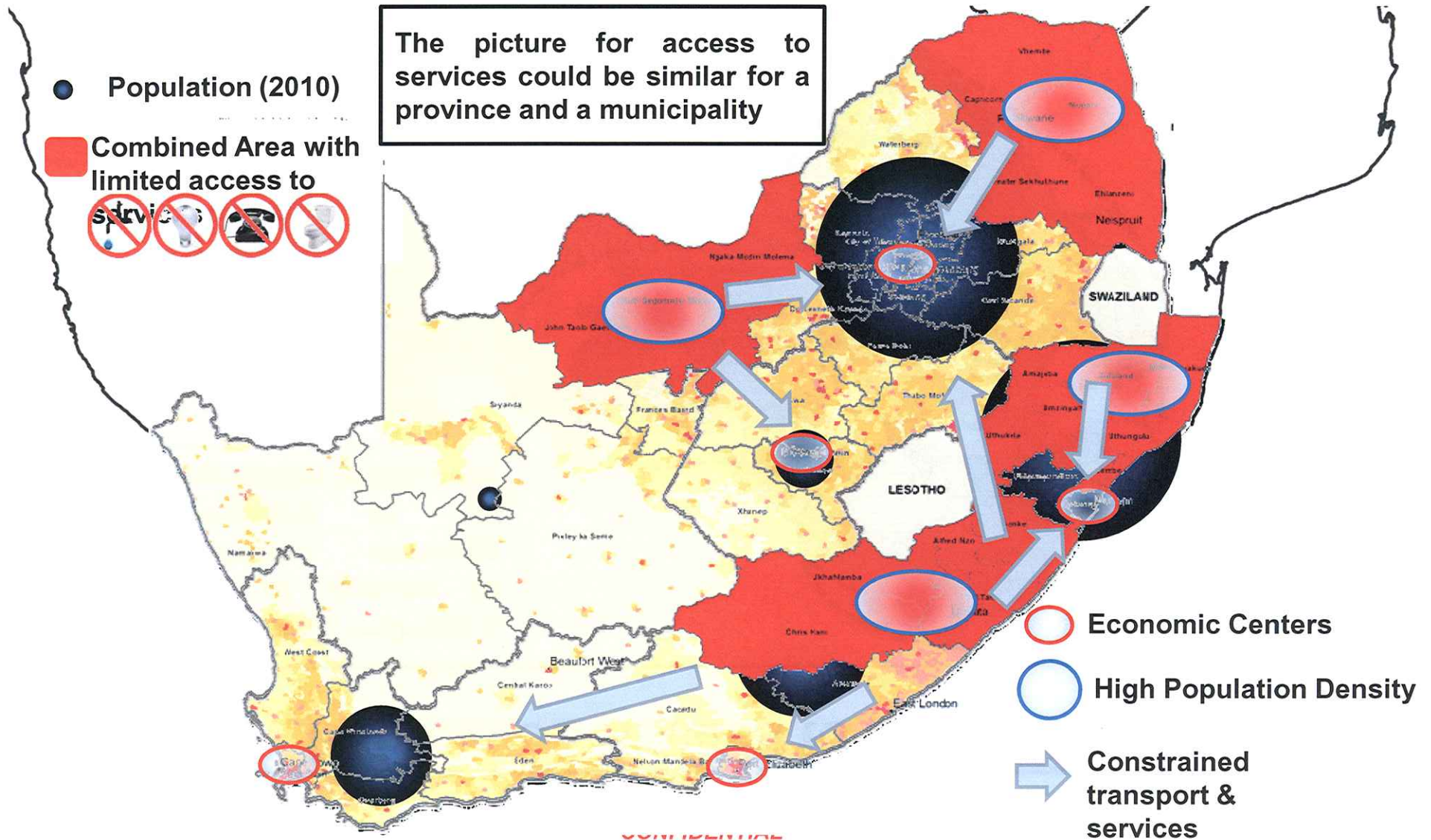


Dark colors indicate a lack of access to sanitation services compared to the population in the area



Analysis of population distribution & density, combined with limited access to basic services and transport resulting in the movement of people to economic hubs in the country

Population (2010) Access to utilities



Infrastructure Book

What the work entails

1. Compiling an '**Infrastructure Book**', containing 100s of infrastructure projects, actual and planned, across the state
 - The Infrastructure Book contains all the Projects that public entities are “bidding”
 - These range from mega-projects with real catalytic features to small local projects
 - Projects are at various stages along the implementation line: from concepts, to approved projects, to ones under construction
 - A project template has been defined that will record project details to enable classification and prioritisation of projects as Strategic Infrastructure Projects

These cover, among others

- Project description
- Status of project (concept, approved, under construction)
- Province
- Jobs Impact (build programme and economic impact)
- Projected cost to completion
- Project Scope (what will be built)
- Project schedule (timetable)

Work completed – 17 Strategic Integrated Projects

1. Developing a series of **Strategic Integrated Projects (SIPs)**, which integrates more than 150 of the individual infrastructure plans into a coherent package
 2. The SIPs cover catalytic projects that can fast-track development and growth
 3. The President announced the framework in the February 2012 State of the Nation Address (SONA)
- **5 geographically focussed SIPs**
 - **3 Spatial SIPs**
 - **3 Energy SIPs**
 - **3 Social Infrastructure**
 - **2 Knowledge**
 - **Regional Integration SIP**

SIP 1: Unlocking the Northern Mineral Belt with Waterberg as the Catalyst

Unlocking SA's northern mineral belt in one of the poorest provinces (Limpopo) through key infrastructure provision in the Waterberg and Steelpoort districts, initiating new energy and industrial development, shifting coal from road to rail in Mpumalanga and increasing rail capacity to Richards Bay whilst supporting regional integration

Proposal

Investment in rail, water pipelines, energy generation and transmission infrastructure will catalyse unlocking of rich mineral resources in Limpopo resulting in up to 98 000 direct jobs across the areas covered. Urban development in the Waterberg will be the first major post apartheid new urban centre and will be a "green" development project.

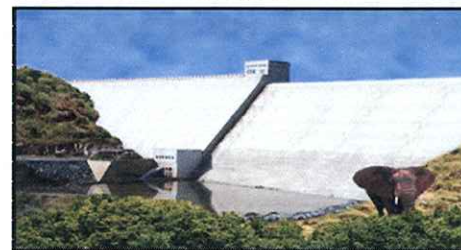
Mining includes coal, platinum and other minerals for local use and export, hence the rail capacity is being extended to Mpumalanga power stations and for export principally via Richards Bay and in future Maputo (via Swaziland link).

The additional rail capacity will shift coal from road to rail in Mpumalanga with positive environmental and social benefits. Supportive logistics corridors will help to strengthen Mpumalanga's economic development.

Project location



Components: 14 major projects



Audit on state of readiness

Conducting an audit of the state of implementation, together with the projected costs of individual infrastructure projects, and the key challenges

EXAMPLE

SIP 1: Unlocking the Northern Mineral Belt with Waterberg as the Catalyst

Impact

Project Status

Challenges

Timelines and funding	Start	End	Cost R'bn	Funding strategy
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Project location



Recommendations:

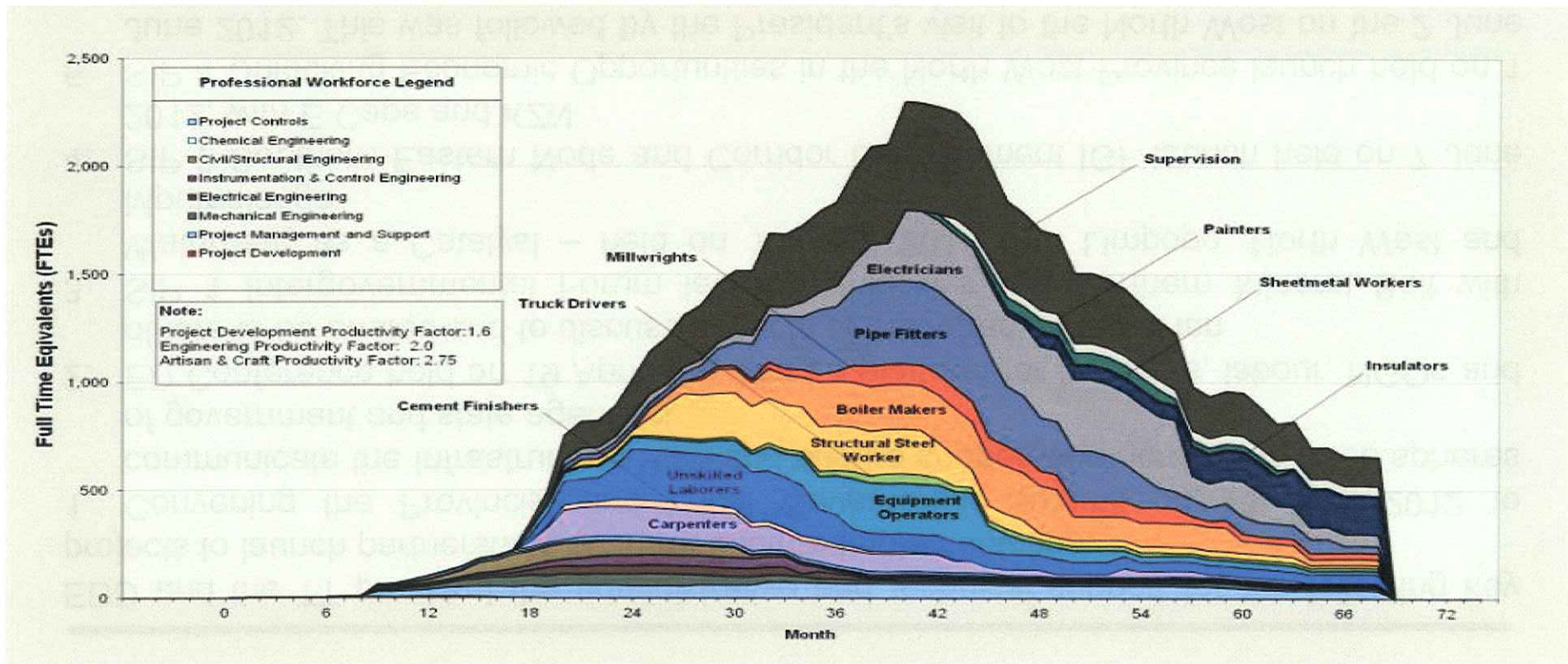
Putting coordination structures in place

EDD and the TT provided the administrative and technical support for the following key projects to launch partnerships on infrastructure implementation:

1. Convening the Provincial and Local Government Summit on 13 April 2012 to communicate the Infrastructure Plan and ensure cooperation across the three spheres of government and state agencies
2. ED Conference held on 19 April, providing a platform for business, labour, NGOs and others to be briefed and to discuss aspects of the Infrastructure Plan
3. SIP 1 Intergovernmental Forum launch: Unlocking the Northern Mineral Belt with Waterberg as a Catalyst – held on 13 April 2012 with Limpopo, North West and Mpumalanga
4. SIP 3 Southern Eastern Node and Corridor Development IGF launch held on 7 June 2012, with E Cape and KZN
5. SIP 4 Unlocking Economic Opportunities in the North West Province launch held on 1 June 2012. This was followed by the President's visit to the North West on the 2 June 2012
6. SIP 5 Intergovernmental Forum: Saldanha-Northern Cape Development Corridor launch on 15 May 2012 with W Cape and N Cape
7. SIP 6 Integrated Municipal Development, with 23 poorest rural districts brought together for the launch, on 28 May
8. SIP 7 : Integrated Urban Space and public transport, launched on 11 May, with the 12 largest urban areas

Skills Plans

1. Skills audit in public sector, covering engineers as well as critical technical categories
2. Work in progress on skills needs in each SIP
3. Expand capacity at universities



Funding

1. Costing information on the 150+ projects
2. Possible funding strategies
3. Meetings with foreign investors
4. Discussions with SOEs and DFIs

Social and general Dialogue

1. Economic Development Conference
2. Supply-side readiness and capacity
3. Address issues of pricing
4. Engagement with FET College Principals on 4 April 2012, chaired by the President
5. Presentations across the society: business conferences (eg Investors at Sun City Conference), union meetings (eg Cosatu), government functions (eg Gauteng Provincial Cabinet)

Addressing blockages and speed up delivery

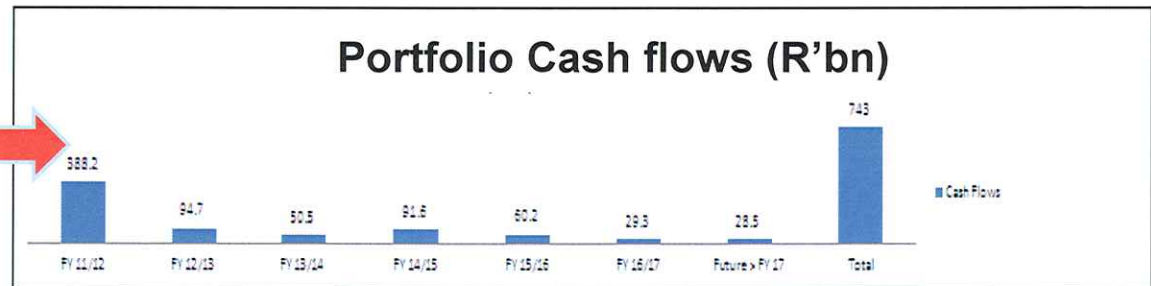
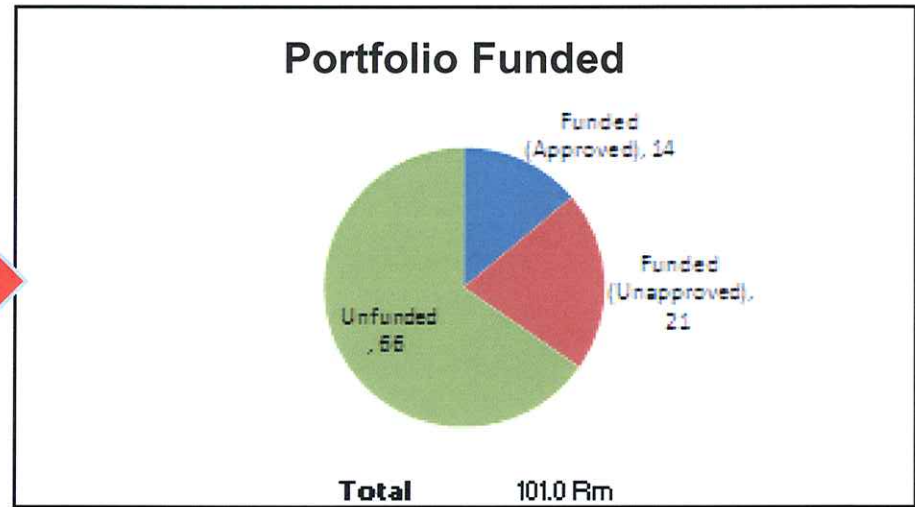
1. Work on regulatory blockages and prepare proposals that will come to parliament
2. Work on specific projects to identify funding or other constraints

Work in progress – Dashboard

1. Developing a common set of measures of progress
2. Cover a range of areas, eg
 - Construction
 - Spending
 - Development impact
 - Time schedule
3. Initial quarterly reporting to PICC but moving towards real-time monitoring
4. Information collected now on:
 - the active projects detailing amounts spend in Jan to March 2012
 - a measure of progress such as kilometres, cubic meters of concrete numbers of schools built, etc
 - current construction jobs; and
 - % local content

Portfolio view aggregates programme progress and shows performance on key strategic objectives

Dashboard Revision 1.5.xlsx - Microsoft Excel



A typical Portfolio Level view gives info on

- Funding project allocation
- Funding regional allocation
- Aggregate Socio-Economic Impacts
- Aggregate Cash flow Management
- Aggregate governance status
- Aggregate expenditure projection

Secretariat and MANCO meetings

1. Provide administrative support to the PICC, MANCO and Secretariat
2. Prepare documents for meetings
3. Quality-control information and data
4. Follow up on key decisions



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Going Forward

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Empowering a Nation, Triggering Development

- EDD will continue to provide strategic coordination and liaison support to the PICC with specific emphasis on:
 - Developing material which will be used for public communication, media, industry, social partners, international partners such as booklets, websites, pamphlets and electronic dashboards
 - Access to technical experts (e.g. engineering, environmental, social, spatial planning, financial, legal, economic) to assist in integrating timelines, assessing challenges and presenting options and trade offs to the PICC for consideration
 - Develop a visual operations room
 - Formulate and table policy positions for review and consideration to accelerate the roll out of infrastructure
 - Social dialogue, private sector participation, inter-governmental alignment leveraging off skills and expertise in SOEs, accelerating training and development
 - Develop strategies and plans to address the enablers identified to support the 20-year infrastructure plan

