

Parliamentary

Economic Reconstruction and Recovery Plan

Budget Office



The Parliamentary Budget Office

- The Parliamentary Budget Office (PBO) was established in terms of the Money Bills Amendment Procedure and Related Matters Act (Act no. 9 of 2009)
- The PBO provides independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money Bills
- The PBO supports the implementation of the Act by undertaking research and analysis for the finance and appropriations committees
- This presentation focuses on analysis and comments on: Progress on the South African Economic Recovery and Reconstruction Plan (ERRP), which was launched on 15 October 2020
- Information about progress was obtained from relevant government entities, although government it still to produce their complete progress report including the impact of the ERRP

Outline

- Introduction
- Structural reforms will support ERRP
- Overview of the ERRP
- ERRP Design principles
- Gender equality and economic inclusion of women and youth
- Progress with the implementation of the ERRP
- Conclusion

Introduction

- The National Economic Development and Labour Council (NEDLAC) agreed on an Economic Recovery Action Plan that identifies three priority focus areas:
 - Aggressive infrastructure investment;
 - Employment orientated strategic localisation, reindustrialisation and export promotion; and
 - Enabling conditions and a supportive policy environment
- Short, medium and long term collaborative interventions were identified:
- Short-term (0-6 months) interventions are required to:
 - build consumer, investor and public confidence;
 - kick-start the economy,
 - deepen industrialisation through localisation; and
 - continue providing relief to mitigate the impact of COVID-19
- The medium (6-12 months) to long-term (more than 12 months) interventions aim at sustainable and inclusive transformative economic growth on an employment intensive trajectory:
 - infrastructure investment and delivery;
 - growing the productive economy, and
 - enablers for economic growth
- The plan also contains the structural reforms required to support economic recovery and reconstruction as agreed to by the Social Partners at NEDLAC

Structural reforms will support the economic reconstruction and recovery plan

- Modernising and reforming network industries and associated state owned enterprises
- Re-orienting trade policies and pursuing greater regional integration to boost exports, employment and innovation;
- Lowering barriers to entry to make it easier for businesses to start, grow, and compete
- Supporting labor-intensive sectors such as tourism and agriculture to achieve more inclusive growth
- Creating greater levels of economic inclusion, including through addressing high levels of economic concentration
- Addressing the weak job-creating capacity of the economy
- Boosting education and skills development
- Promoting greater beneficiation of raw materials
- Addressing racial, gender and geographical inequalities which hamper deeper economic growth and development

The Vulindlela unit supports Cabinet and the President to accelerate the implementation of priority structural reforms

Design principles

- The development of a sustainable reconstruction, recovery and repositioning of the South African Economy included the following design principles:
 - Interventions must address the simultaneous demand- and supply-side failure brought about by the Covid-19 pandemic and the pre-existing challenges,
 - Interventions should address immediate distress whilst ensuring medium to long-term sustainability of the various sectors,
 - Interventions must reposition the economy to increase its competitive and comparative advantages at local, national, regional, and global levels,
 - Interventions must demonstrate a quantifiable contribution towards reconstruction, recovery and repositioning, and
 - Interventions must mitigate the potential impact of similar future events
 - Interventions should be informed by the status of the current societal and economic challenges

Gender equality and economic inclusion of women and youth

- The interventions outlined in the ERRP have to be geared towards promoting greater participation by black people, women, youth and persons with disability at all economic levels, as part of transforming patterns of asset ownership and income distribution in society
- Government to ensure effective gender mainstreaming in all aspects of the plan, including through such mechanisms as:
 - The set-aside for women in public procurement
 - Legal remedies to close the gender pay gap
 - Women's participation in key economic sectors
 - Access to assets such as land
 - Women's financial inclusion and empowerment
- Young people, women and persons with disability will be:
 - encouraged and supported to form cooperatives in key economic sectors such as retail, agriculture and agro processing, financial services (Cooperative Financial Institutions), manufacturing and infrastructure development
 - provided with tools and training to enable them to access online learning and economic opportunities

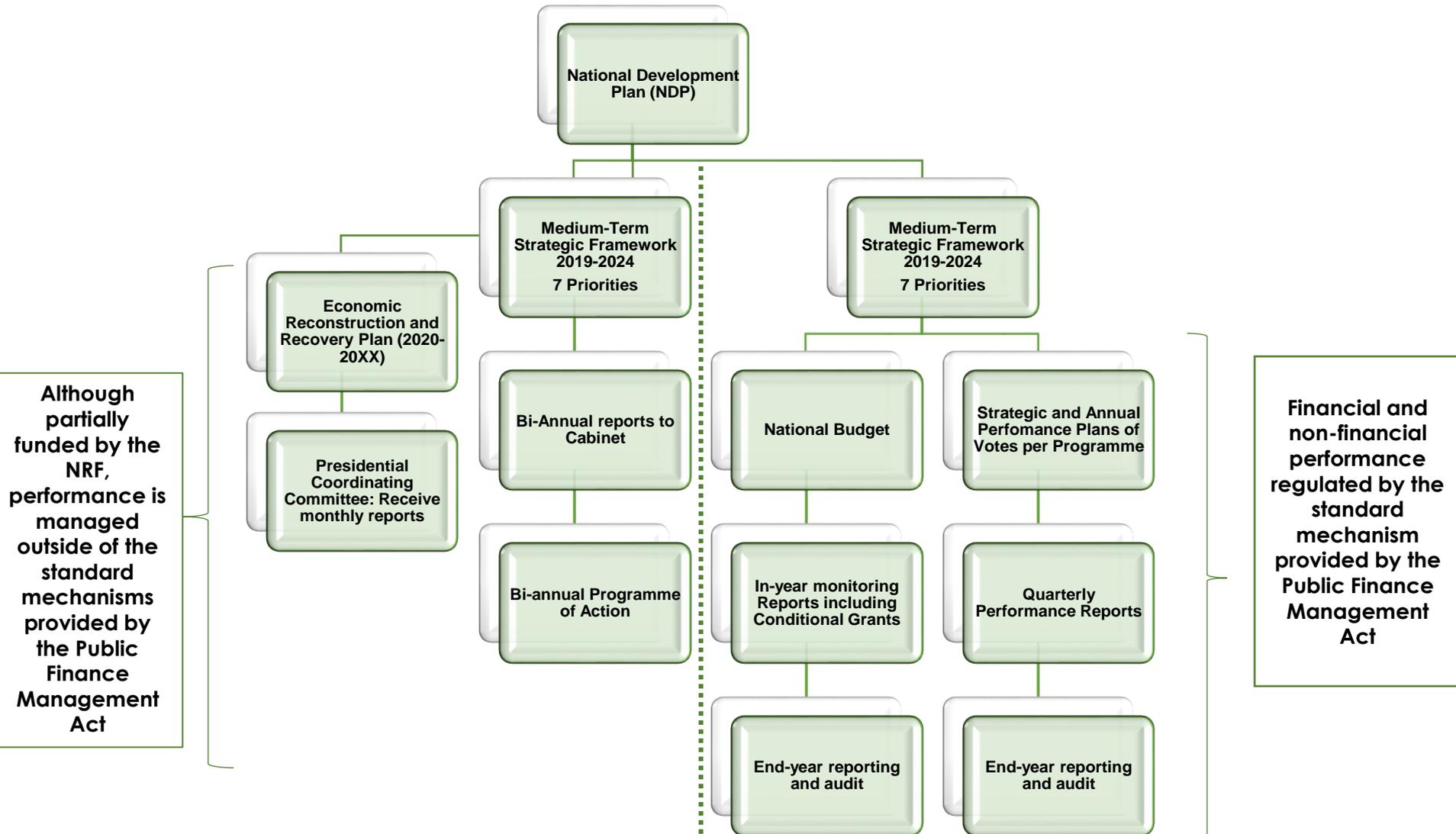
Overview of the Economic Reconstruction and Recovery Plan

Overview of the ERRP

The ERRP consists of 8 priority areas

1. Ensuring energy security
2. Industrialisation/growing the productive economy:
3. Mass Public Employment
4. Infrastructure that meets the goals of NDP
5. Macro-economic interventions and enablers of growth
6. Green economy interventions
7. Agriculture and food security
8. Reviving the tourism sector

Positioning the Economic Reconstruction and Recovery Plan



DPME proposes: A “One Plan” for the next 5 years

- Overcome fragmentation in monitoring
- Create an effective interface between DPME M&E systems
- Create effective communication across systems
- Facilitate comprehensive reporting to Cabinet and **Parliament** (and other DPME stakeholders) based on evidence generated through several of DPME's M&E systems
- Position the DPME to provide a better M&E service to Cabinet Parliament and society at large
- Address the specific need; the primary client; the level of analysis (or focus) of each M&E system and the proposed interface with other reporting systems
- DPME will use an integrated system for monitoring and reporting progress on the implementation of the MTSF, which requires:
 - The 2019-2024 MTSF priorities to be clearly articulated in the short and medium-term plans of all national and provincial institutions, as well as local government
 - To ensure effective implementation over the five-year period

The 2019-2024 MTSF: One Plan for the next 5 years or still fragmented?

Priority 1: Capable, Ethical and Developmental State

Priority 2: Economic Transformation and Job Creation

- More decent jobs created and sustained
- Investing for accelerated inclusive growth
- Industrialisation, localisation and exports
- Innovation (ICT and broadband)
- Competitive and accessible markets
- Improved quality and quantum of investments

Economic Reconstruction and Recovery Plan:

(A good correlation between the interventions, but different reporting systems)

- **Mass Public Employment**
- **Macro-economic interventions and enablers of growth**
 - Ensuring energy security
 - Infrastructure that meets the goals of NDP
- **industrialisation/growing the productive economy**
 - Green economy interventions
 - Agriculture and food security
 - Reviving the tourism sector

Priority 3: Education, Skills and Health

Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services

Priority 5: Spatial Integration, Human Settlements and Local Government

Priority 6: Social Cohesion and Safer Communities

Priority 7: A Better Africa and World

Progress with the implementation of the ERRP

Progress with the implementation of the ERRP

Priority	Ensuring Energy Security (1/2)		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Securing additional 550MW of capacity	ESKOM	Current budget	
Connection of 128MW of IPP capacity	DMRE, ESKOM		
Connection of IPP Bid Window 4 capacity	DMRE, ESKOM		<ul style="list-style-type: none"> • 1338 MW between Jan. and Jun. 2021 • 279 MW by Mar. 2022
Fast-tracking the registration and licensing of generation for own-use	DMRE	None	
Issue RFQ for Liquid Petroleum Gas (LPG) to power	DMRE	None	N/A
Sign and implement the Framework Agreement for Social Compact on supporting Eskom for inclusive economic growth	DPE, NEDLAC		
Operational and financial stabilisation of ESKOM	DPE	R 33 billion - 2021/22	

Progress with the implementation of the ERRP

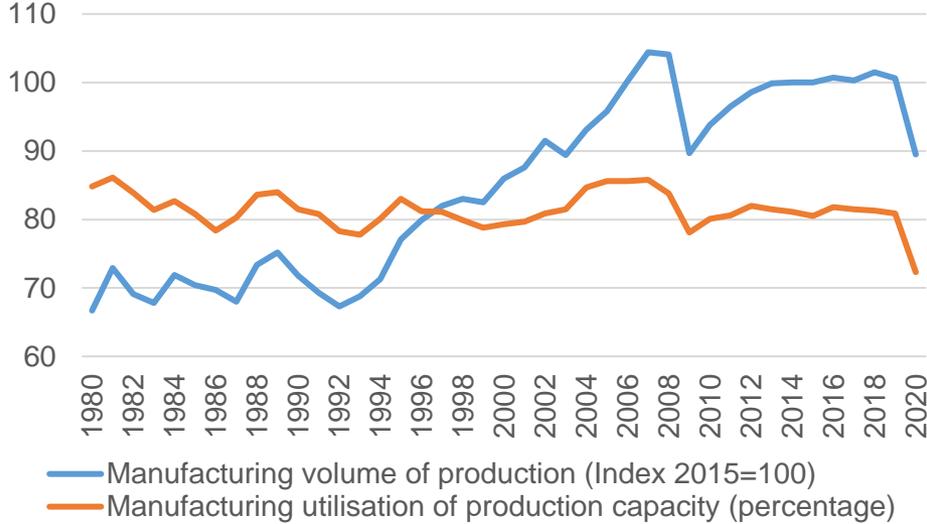
Priority	Ensuring Energy Security (2/2)		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Diversification of energy sources within just transition context	DMRE (presumably greater involvement of IPPs)	Private sector IPPs	
Separation and unbundling of Eskom	DPE, National Treasury	Presumably government	
Implementation of the IRP	DMRE		<ul style="list-style-type: none"> • 1338 MW between Jan. and Jun. 2021 • 279 MW by Mar. 2022
Preparation for potential Nuclear build program	DMRE	R 20 million - 2021/2 – Vote 34	
Develop framework for liquid natural gas (LNG) importation	DMRE	Private sector	N/A
finalisation of the Petroleum Resources Development Bill and related fiscal measures	DMRE		
Finalise the Bioenergy regulations in the short term	DMRE		
Implementing price and market regulatory changes for LPG usage	DMRE		

Progress with the implementation of the ERRP: Strategic localisation, industrialisation and export promotion

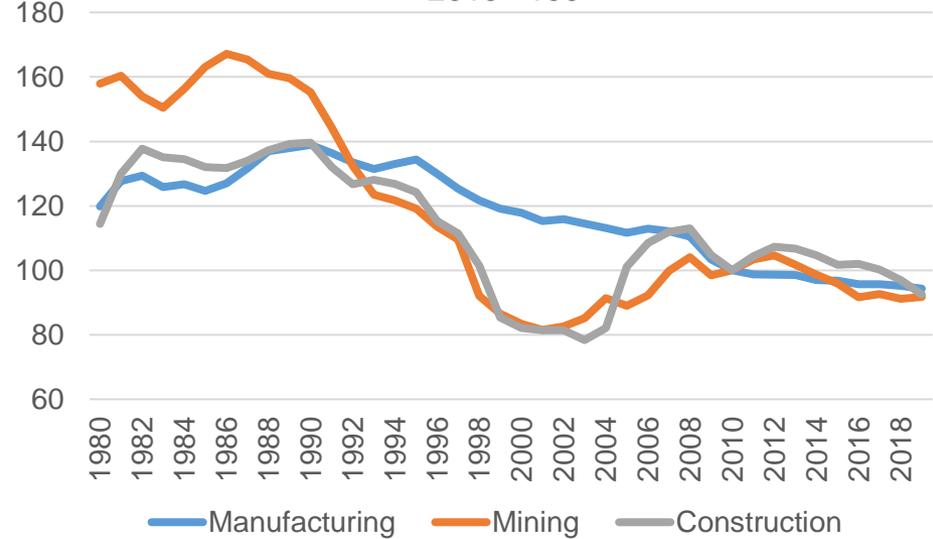
- Progress on achieving industry master plans are central to the implementation and success of the ERRP's intervention on increased localisation for reindustrialisation and growth
- Masterplans aim to:
 - Assist improvement of industrial capacity and sophistication
 - Focus on export orientation
 - Increase local production and reduce imports
 - Further the goals of inclusive transformation of the economy through deliberate steps to change ownership and production patterns in a way that increases new black and women entrants
- A number of master plans have been developed and several are being developed to support conditions conducive for industries to grow
- The DTIC has developed and begun implementation of 4 master plans:
- Sugar, Poultry, Retail – clothing, textile, footwear and leather (CFTW), and Automotives
- They are also several masterplan being implemented and under development by other government departments

Background & context to the intervention

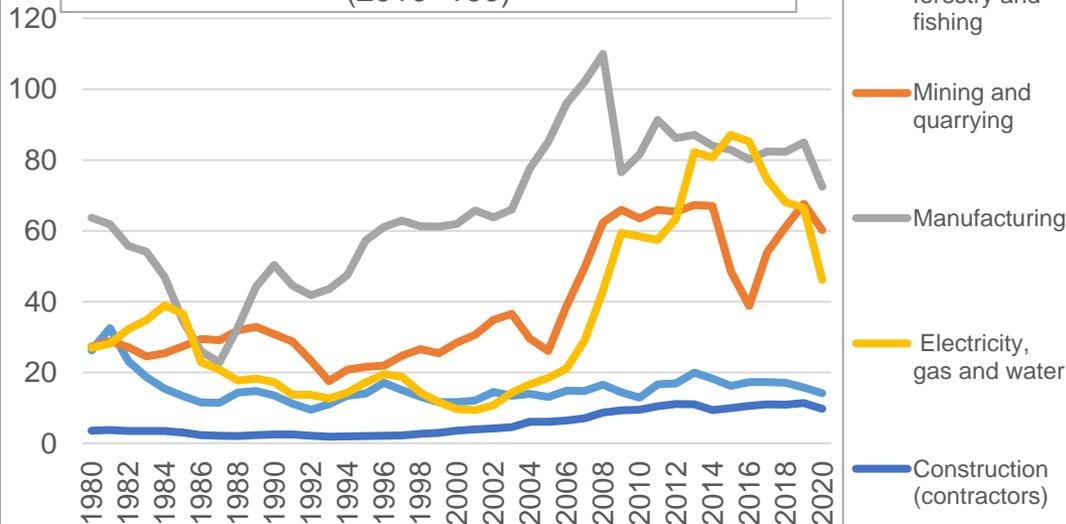
Manufacturing volume of production (index, 2015=100) and capacity utilization in manufacturing (percentage)



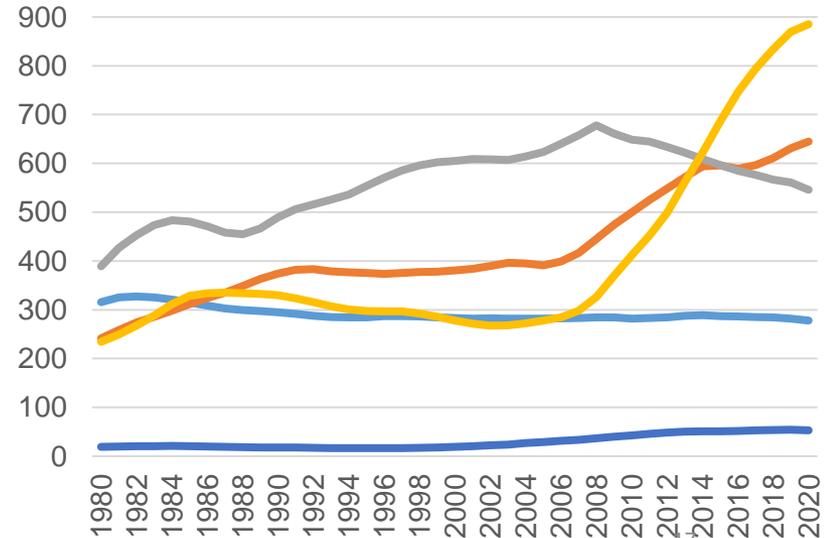
Employment in the non-agricultural sectors, Index 2010=100



Investment (gross fixed capital formation) Rbillions (2010=100)



Capital stock (2010=100) Rbillions



Intervention	Responsible institution	Funding	Progress in 0-6 months
Reduce the proportion imported intermediary and finished good	DTIC	Private sector	<ul style="list-style-type: none"> • Sugar masterplan: 3 year local consumption agreement with industrial consumers • Proudly South Africa: <ul style="list-style-type: none"> • Has an import replacement project in partnership with the private sector's Localisation Technical Working Committee • Medical and non-medical PPE portals launched by end of Feb. 2021 - to encourage local procurement of PPE • Is working with NAAMSA and NAACAM to host a sector forum for the auto and component sectors to focus on driving up demand for locally made products • All key Rail Systems are already designated under PPPFA. Ongoing discussions with Transnet to develop new capabilities for the maintenance of existing rolling stock in power electronics, draft gears and FBO fittings
Maximise localisation to cover supplier development and also increase the number of designated projects	DTIC	Private sector	<ul style="list-style-type: none"> • PPEs such as face shields, aprons, body bags, packaging bottles, bio-hazard bags are localised through the provisions of Regulation 8.4 (self-designation) • Ester Oil for Transformers: Designation report finalised and signed off by the DG • Port Equipment Study underway to identify more localisation opportunities within the Ports sector

Intervention	Responsible instant	Funding	Progress in 0-6 months
Strategic localisation to repurpose SA's manufacturing sector:	DTIC	Current budgets of procuring entities	Implementation of masterplans: <ul style="list-style-type: none"> • A list of food and beverages products to be considered for localisation was submitted to the Consumer Goods Council South Africa (CGCSA) • Sugar: industrial users and retailers have agreed that local consumption of sugar for three will be at least 80% during the first year and increase to 95% by 2023 • Poultry Masterplan: about R1 billion of the R1.7 billion investment that the industry pledged to expand capacity by 2022 has already been activated <ul style="list-style-type: none"> • 5% more chickens (equivalent to 1 million birds) a week are being produced for slaughter
Improve efficiencies of local producers	DTIC	Current budget	<ul style="list-style-type: none"> • The Sugar Masterplan launched in Dec. 2020, prioritises a managed industry restructuring plan (including right-sizing & diversification of income streams)
Strengthen local procurement as a tool for localisation	DTIC	Current budget	<ul style="list-style-type: none"> • A public sector tender monitoring tool was established to monitor tenders issued by all organs of state. Compliance was reported to be about 80% in Q2 • Proudly SA Is rolling out a broader education campaign for poultry and sugar to drive local demand and: <ul style="list-style-type: none"> • Implemented a campaign with the SA Poultry Assoc. (SAPA), organised labour & FairPlay in Nov./Dec. 2020 • Is working with Agbiz on an import replacement project for localisation in agriculture and agro-processing

Intervention	Responsible institution	Funding	Progress in 0-6 months
Strengthen transparency of procurement systems in public and priv. sector	DTIC and NT	Current budget	DTIC is working on a project to consolidate data that is currently at inception stage and the project resourcing is underway.
Develop local supplier industries for infrastructure delivery	DTIC, DPWI & Presidency (Infr.)	Current budget	<ul style="list-style-type: none"> • Construction Materials: <ul style="list-style-type: none"> •Cement designation is finalised, awaiting Circular to be published by National Treasury for implementation •Ceramic designation expected to be completed by end of Mar. 2021 • Steel: draft masterplan finalised and implementation plan is being developed. <ul style="list-style-type: none"> •NT published the Powerline Hardware designation Circular with an effective date of implementation from 6 Jan. 2021
Support for local manufacturing as well as firms and households in distress	DTIC Presidency (PMO)	Current budget	<p>Interest make-up scheme developed to support distressed companies in mfg and related sectors while sustaining jobs and productive capacity</p> <p>Banks had approved R17,49 billion in loans to small businesses under the Covid-19 Loan Guarantee Scheme</p>

Intervention	Responsible institution	Funding	Progress in 0-6 months
Strengthen SMMEs and cooperatives on the back of localisation and support for badly affected labour intensive industries	DSBD	Current budget	<ul style="list-style-type: none"> 66 manufacturing enterprises were provided with non-financial support through Small Enterprise Development Agency (Seda) By 3 Mar. 2021, 28 mfg enterprises were supported by Small Enterprise Finance Agency to the value of R278 million In 2020, 385 SMME products had been introduced to large retailers. Retailers provided feedback. The number of market ready SMMEs is now 140. 78 of these SMME's products have been introduced to wholesalers Those SMMEs deemed not market ready were referred to Seda for further assistance The number of listed SMMEs by retailers and wholesalers increased from 63 by late Dec. 2020 to 94 by early Mar. 2021
Export promotion and regional integration, support for township and village economies	DTIC DSBD	Current budget	<p>Non-financial supported provided as at 5 March 2021:</p> <ul style="list-style-type: none"> Clothing, Leather and Textile support scheme: 1 292 Personal Care Scheme: 303 Tshisanyama and Cooked Food Scheme: 915 Fruit and Vegetable Vendors: 1 616 Bakeries and Confectioneries: 565 Butcheries Support Programme: 53 Autobody repairers and mechanics: 765

Intervention	Responsible institution	Funding	Progress in 0-6 months
Export promotion and regional integration, support for township and village economies ctd			<p>Financial Support provided as at 5 March 2021:</p> <ul style="list-style-type: none"> • Small-Scale Bakeries & Confectionaries Programme – 97 assisted with financial support committed to the value of R9 329 243. R2 199 640 has been disbursed and 412 jobs facilitated • Small-Scale Clothing & Textile Programme, 154 assisted with financial support committed to the value of R10 160 956. R5 281 585 disbursed and 627 jobs facilitated • Open Air Food Outlets Support Scheme, 26 assisted with financial support committed to the value of R604 990. R233 781 disbursed and 79 jobs facilitated. <p>DSBD, Seda, and International Trade Centre (ITC) are mobilising women-owned enterprises to register on the platform at a provincial level and in other platforms organised by other stakeholders. Mobilisation is continuous.</p>
Implement the digital economy master plan	DCDT	Current budget	Process to facilitate establishment of the Executive Oversight Committee (EOC) has commenced but not finalised
Enable emergence of an industrial and medicinal hemp and cannabis industry	DALRRDD oJ&CD		<ul style="list-style-type: none"> • The draft cannabis master plan has been completed • Further consultation social partners and relevant sector departments is in progress • Declaration of hemp as an agricl crop was approved in terms of the Plant Improvement Act of 1976 in Oct. 2020 • Discussions on the new regulatory framework for hemp and transitional arrangements thereof, will be concluded by end of Mar. 2021

Intervention	Responsible institution	Funding	Progress in 0-6 months
Increase mining exploration activity with the aim of reaching 3% expenditure in global exploration expenditure	DMRE	Current budget	<p>The exploration implementation plan has been drafted. It will be presented to Cabinet in April 2021</p> <ul style="list-style-type: none"> Implementation of the plan in its entirety could increase exploration base from just under \$100 million to \$150 million in the first year and at least \$500 million in 3 to 5 years The exploration plan says that it could catalyse R14 billion in direct annual expenditure by 2025 and could create 45 000 direct and sustainable specialised jobs
50% reduction in the current timeframes for mining licenses and support efforts to invest in green jobs	DMRE	Current budget	<ul style="list-style-type: none"> Work in progress to introduce legislative amendments for improved turnaround times DMRE, DEFF and DWS collaborating to enhance the One Environmental System to improve efficiencies within one year
Deal with confidence boosting measures including land rights, digital migration, mineral rights etc.,	Relev. line depts		Not part of first 6 month interventions
Implementation of empl't tax incentive, cutting red tape and improving ease of doing business	NT DTIC		<ul style="list-style-type: none"> The incentive was implemented for 4 month Take-up of the incentive was disappointing Expected revenue foregone of R15 billion was expected but take up is estimated at R2.7 billion (to be confirmed) It seems that many employers focused on UIF TERS claims in the initial lock-down, rather than ETI claims

Intervention	Responsible institution	Funding	Progress in 0-6 months
Strengthen regional and global trade including review of trade arrangements and commercial/economic diplomacy with strategic markets	DTIC and DIRCO	Current budget	<ul style="list-style-type: none"> • Implementation of the AfCFTA and other trade agreements in order to grow intra-Africa trade <ul style="list-style-type: none"> • SACU engagements on approach to the finalisation of outstanding Rules of Origin and Tariff Offer on going. • AU Technical negotiations on services offers not yet finalised and is ongoing amongst Member States • SA Missions abroad continue to promote SA as investment destination of choice in various countries of accreditation <ul style="list-style-type: none"> • Didi Chuxing Technology Company, one of the world's leading mobile transportation platforms or e-ride hailing companies headquartered in Beijing, has committed to investing USD\$40 million into SA over a 3-year period. The official launch is targeted for March 2021 • Both the SA-China Bi-National Commission and the SA-Japan Partnership Forum did not take place
Deepen localisation including innovation and financial inclusion	DTIC DSBD DSI		<p>Items Identified for Designation:</p> <ul style="list-style-type: none"> • Ester Oil for Transformers: Designation report finalised and signed off by the DG • Port Equipment Study to identify more localisation opportunities • The South African Renewable Energy Master Plan is underway to further improve the localisation regime going forward to have recommendations ready for round 6 bidding

Intervention	Responsible institution	Funding	Progress in 0-6 months
Deepen localisation including innovation and financial inclusion ctd			<p>Implementation of the SMME-Focused Localisation Policy Framework and Implementation Plan Framework started in Jan. 2021</p> <p>Engagements with all relevant stakeholders to list SMME manufacturers as suppliers are on-going</p> <ul style="list-style-type: none"> • Plans in place: <ul style="list-style-type: none"> • Seda incubation beneficiary SMMEs are to produce imported products • Engage the dtic and National Treasury on set-aside proposals for SMMEs and public procurement policies • Input to the development of the Circular Economy and other high-tech industries' policies driven by DSI to make high-tech manufacturing as a localisation priority area • Consultations with stakeholders on the SMME and Co-operatives Funding Policy. A draft policy is being finalised

Progress with the implementation of the ERRP

Priority	Mass Public Employment		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Build and maintain community infrastructure	DPWI	DPWI funding	<ul style="list-style-type: none"> • DPWI has exceeded its target, appointing 1,886 young professionals in rural bridges and other programmes • DSI programmes are run by entities (HSRC, CSIR, WRC) so that implementation can continue into the next FY
Implement environment and circular economy programme	DEFF (Lead), NT, DTIC, Plastic industry	Fiscal and private sector	<ul style="list-style-type: none"> • DTIC has placed 6 459 people and is likely to meet its target of 8 000 jobs supported through the incentive for the Business Process Outsourcing sector • Despite the current COVID-19 context, this remains a growth sector with a strong partnership between DTIC and the private sector, supported by BPESA
Strengthen education support	DHET, DBE	Partly funded	<ul style="list-style-type: none"> • Over 300 000 jobs supported: in terms of schools' assistants and posts saved • Now the largest PEP in SA – and the fastest to reach scale. • Partnerships with non-state sector delivering training on ICT and curriculum support • Surveys show strong support from principals, teachers, communities • Paying NMW
Support ECD and community health workers	DBE, DSD		<ul style="list-style-type: none"> • Applications from more than 25 000 ECD facilities in process, for up to 125 000 beneficiaries • 140 civil society organisations mobilised to support applicants. • Aim to make payments before end of FY21, but there may be challenges in doing so

Progress with the implementation of the ERRP

Priority	Mass Public Employment		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Support food security programmes	DALRRD	Current budget	<ul style="list-style-type: none"> DALRRD on track to reach the target of 74 626 beneficiaries – issuing of vouchers is in process ± 2 000 agricultural graduates have performed site visits to verify the 130 000 applicants that met minimum criteria. Geo-spatial database of subsistence farmers now in place for the first time
Invest in creative and cultural sectors.	DSAC		<ul style="list-style-type: none"> The National Arts Council issued grants in excess of their PES budget, which has created a crisis. The PMO is working with DSAC & NAC to find solutions The National Film and Video Foundation has successfully supported a diverse range of film and video productions
Environmental restoration and ecological services programme as well as war on waste.	DEFF (Lead) and DPME - with the support of provincial and private conservation agencies, community NGO's and NPO's are key support partners	Funding allocated for 2020/21 to 2023/24	<ul style="list-style-type: none"> Expansion of existing programmes is on track. New programmes – start dates were delayed In many cases, DEFF has transferred funds to entities (e.g. SANParks) – which means they can continue into FY22 Procurement of new service providers now in place, but delays mean that new programmes will need to roll over
Municipal infrastructure programme	COGTA, DOT, DOH		<ul style="list-style-type: none"> COGTA is relying on a rollover to support municipalities to increase labour intensity For DOT, provinces are only commencing implementation for rural roads now due to slow planning processes DOH met its target for enrolled nurses but returned funds for CHWs due to constraints

Progress with the implementation of the ERRP: Mass public employment interventions

- In April 2020, President Ramaphosa announced R100 billion in support of job protection and creation in response to the Covid-19 pandemic over MTEF:
 - The stimulus would enable the creation of a cumulative 2.5 million direct jobs by the end of the 2021/22 and 5 million jobs by 2023/2024.
 - A provisional allocation of R19.6 billion was made in the 2020 Special Adjustment Budget for this purpose.
 - From the R19.6 billion, approximately R13 billion has been allocated to 11 department to implement the Presidential Employment Stimulus
 - In 2021 budget, a provisional allocation of R11 billion was made for public employment initiative
 - Number of work opportunities reported by DPWI in the EPWP-RS by public bodies as at end March 2021: 984 490 (QPR database)

Presidential employment initiatives supporting economic recovery in 2020/21

Vote	Description of project	Allocation R thousand
Vote 8: National Treasury	Provincial equitable share allocation to employ assistants in public schools. Posts at government-subsidised independent schools will also be supported	6 998 800
Vote 18: Health	Recruitment of outreach team leaders, community health workers, enrolled nurses and auxiliary nurses	393 571
Vote 19: Social Development	Support for early childhood development and social workers, and appointment of registration support officers	588 728
Vote 29: Agriculture, Land Reform and Rural Development	Retention of self-employed subsistence producers and support for food value chains	1 000 000
Vote 32: Environment, Forestry and Fisheries	Creation of jobs across various programmes in the department and its entities	1 983 000
Vote 37: Sports, Arts and Culture	Creation of jobs across the arts, culture, heritage and sports sector, and support for current cultural, creative and sports institutions	665 000
Vote 40: Transport	Creation of jobs for provincial roads maintenance through the S'hamba Sonke Programme	630 000
Other	Job creation opportunities in votes 3, 13, 16, 35 and 39	375 079
Total		12 634 178

Progress update

Department	Budget '000	Targeted Opportunities	Actual progress	Percentage
Basic Education	7 000 000	344 933	301 779	87%
Social Development	588 728	111 142	109 919	99%
Agriculture, Land Reform and Rural Development	1 000 000	74 626	93 984	126%
Sport, Arts and Culture	665 000	34 070	35 136	103%
Environment, Forestry and Fisheries	1 983 000	50 311	18 383	37%
Trade, Industry and Competition	120 000	8 000	6 459	81%
Health	393 571	5 531	3 967	72%
Transport	630 000	37 079	3 617	10%
Public Works and Infrastructure	158 880	1 560	1 886	121%
Science and Innovation	44 999	1 900	1 544	81%
Cooperative Governance	50 000	25 000		0%
Total	12 634 178	694 152	576 674	83%

Progress with the implementation of the ERRP

Priority	Infrastructure investment and delivery		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Develop and invest in affordable public transport, protect and sustain commuter rail transport infrastructure	DoT	R2.25bn (6 months)	Movement from road to rail – reduce road congestion and damage to road infrastructure: To date, a total of 6.1 million tons have been moved from Road to Rail <ul style="list-style-type: none"> • Annual Analysis Report on the Rolling Stock Fleet Renewal Programme • Annual Analysis Report on PRASA Rail Operations, etc.
Implement a national rural and municipal road rehabilitation and maintenance programme	DOT (lead) Provincial Road Authorities (implementing agents)	Funded: Conditional grants	<ul style="list-style-type: none"> • Annual Analysis Report on the Provincial Road Maintenance Programme • Annual Analysis Report on the SANRAL Road Maintenance Programme, etc. <p>Projects – Construction completed or in Construction:</p> <ul style="list-style-type: none"> • N1 Polokwane Eastern Ring Road opened by Department of Transport and SANRAL on 3 December 2020 • Upgrade of the N3 between the Dardanelles interchange and the Lynnfield Park interchange situated between Cato Ridge and Pietermaritzburg in construction (R1.48 billion investment creating 700 job) opportunities <p>NT Approvals required (Guarantees/Borrowing limits increases)</p> <p>A meeting was held between ISA, SANRAL, CEO, the DG of the Department of Transport (DOT) and a representative from National Treasury to discuss the issue. It was agreed that a follow up meeting will be held to discuss this matter further</p> <p>Authorisations/permissions/Approvals required (e.g. Water use licenses, rezoning certificates etc.)</p> <p>The way forward on the N3 De Beers will be mapped out subsequent to the above approval</p>

Progress with the implementation of the ERRP

Priority	Infrastructure investment and delivery		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Implementation of digital migration	<ul style="list-style-type: none"> • DCDT • Basic Education • COGTA. • Private Sector (Mobile Network Operators). • Broadcasters • Department of Trade and Industry 	<p>In line with the December 2019 Cabinet Approved Delivery Model</p> <ul style="list-style-type: none"> • Required R5.7billion • Appropriated = R1.6 billion • Shortfall = R4.1billion 	<p>860 000 subsidised digital television installations coordinated and monitored</p> <p>Registration:</p> <ul style="list-style-type: none"> - Additional 280 036 households registered in Free State, 65 014 remaining -Additional 884 539 registered in the remaining 8 provinces <p>Subsidy Decoder Installations & Local Installer Procurement:</p> <ul style="list-style-type: none"> -292 011 households connected in Free State, bringing total installation to date to 834 011 nationwide. Remainder of 863 000 STBs to be distributed and installed in the 4 Provinces: Free State, North West, Northern Cape and Limpopo. - Approximately 3.2-million remaining for phase 2 connection. <p>Analogue Transmitter Switch-Off (ASO) (Phase 1)</p> <ul style="list-style-type: none"> - 7 transmitter coverage sites switched off in Free State, 27 March 2022 (5 more remaining)
Bulk Water infrastructure	<p>DWS with National Treasury and TCTA</p>	<p>Not fully funded: The Trans Caledon Tunnel Authority (TCTA) has already been mandated by means of Ministerial Directives to serve as Funding and Liability Manager for 4 of the projects</p>	<p>The borrowing limit for the Mokolo and Crocodile River Water Augmentation project has been granted. TCTA will submit requests for increases in borrowing limits for the uMkhomzami Water project and Vaal River System (incorporating phase 2 of Lesotho Highlands Water and Berg River Voëlvele Augmentation Scheme)</p>

Progress with the implementation of the ERRP

Priority	Green economy (1/)		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Waste recycling, beneficiation and transition to a circular economy	DFFE (Lead), DSI, DTIC, National Treasury, BUSA, PAMSA, CGCSA, DSBD, Provinces	Fiscal and private sector	
Promote beneficiation and export potential of ash, gypsum, slag and biomass	DFFE (Lead), DALRRD, DMRE, ESKOM, SASOL, BUSA, DEFF, Private Sector, DSI, DTIC		
Waste picker integration and revitalisation of buy-back centres and improved management of landfill sites.	DFFE (Lead), Private sector (Producers), SAWPA, ARO, National Treasury, COGTA, MISA, Municipalities & SALGA, Provinces	Fiscal and private sector	
Increase use or sourcing of green climate finance to fund just transition.	DFIs and SOEs		
Diversion of waste from landfills to industries (batteries, lighting, e-waste, tyres, paper and packaging).	DEFF (Lead), DTIC, DSI, National Treasury, BUSA, BBC, Provinces, DSBD	Private sector	

Progress with the implementation of the ERRP: Macroeconomic interventions & enablers for economic growth

- According to the ERRP:
 - The macro-economic framework required to support the ERRP should be underpinned by effective coordination of fiscal and monetary policies
 - There should be mobilisation of other financing instruments to ensure that the ERRP is sufficiently funded while maintaining financial sustainability.
 - Debt should be used for productive purposes to generate high growth which will reduce the debt to GDP ratio
- The ERRP document highlights:
 - The imperative is to achieve fiscal sustainability and debt reduction.
 - Changes aim to restore short-term and long-term budget balance and stability while creating favourable conditions for economic growth and development.
 - South Africa should only incur debt if we are able to consistently generate higher relative growth rates in real economic output.
 - At the same time, fiscal consolidation should not crowd out growth or dampen economic recovery – ultimately, faster growth and rising revenues are the best mechanisms to reduce South Africa's debt
- The approach taken remains one focused on fiscal consolidation informed by an empirically invalidated “expansionary fiscal contraction” hypothesis
- The concern of “dampening economic recovery” is very valid, particularly when taking account of the 2021 Budget's extensive cuts in government expenditure
- Overall, this section of the ERRP focuses on the “enablers” much more than macroeconomic interventions, which seem limited to fiscal prudence, incl. COE cuts

Macroeconomic interventions and enablers for economic growth

- There are 17 interventions listed in this priority area
- The PBO has categorized the 17 interventions under 4 categories

Corruption, waste and productivity	Support to SMMEs and credit constrained	Fiscal prudence and resource mobilisation	Covid relief: temporary, ended and ongoing
<ul style="list-style-type: none"> • Implement the Anti-Corruption Strategy • Restore and strengthen revenue collection capacity including dealing with tax morality and compliance • Fight illicit economic activities • End wastage including enhanced productivity • Customer centricity and quality of spending (\$A competitiveness project) • Skills strategy reorientation to respond to demands • Reorganisation and repurposing of SoEs 	<ul style="list-style-type: none"> • Review and integrate government support for formal and informal SMMEs, start-ups and cooperatives • Design more appropriate financing products including microfinance • Gap housing products and blended financing for emerging farmers 	<ul style="list-style-type: none"> • Ensure fiscal prudence including the management of wage bill and ensuring value for money • Support for international and national resource mobilisation, action in respect of distress SoEs • Facilitate access to domestic savings for greater investment into non-consumptive public expenditure 	<ul style="list-style-type: none"> • Put measures to support liquidity and credit flows • Continue to protect workers through UIF and inspections and Compensation Fund • Ensure the Tax Employment Incentive supports vulnerable sectors and small business • Tax relief for people and business in vulnerable sectors

Progress on Corruption, waste and productivity

- Much of the implementation of the Anti-Corruption Strategy by the Justice, Crime Prevention & Security Cluster (JCPSC) and SARS seems to be in the form of drafting plans and draft terms of references (ToRs):
 - Finalisation of NACS Implementation plan & M&E Framework are underway
 - A draft ToR for the composition of the National Anti-Corruption Advisory Council (NACAC) was submitted to the ACTT Exco for comment
 - The SARS Anti-Corruption Unit and the SARS Governance Unit have been in the process of developing the ToR for the Protected Disclosure Committee and the SARS Anti-Corruption Policy by 31 Mar. 2021
 - SARS Integrity Promotion Unit (IPU) has drafted a Social and Ethics Committee Terms of Reference and are awaiting approval of the Integrity and Anti-Corruption Framework and for institutional confirmation of the Integrity Promotion Policy
- The SARS IPU has implemented:
 - The Code of Conduct (CoC) and an accompanying Guide to the CoC;
 - Ethics and awareness programs, including an ethics e-learning course; integrity testing tools; integrity barometer and measures; and employee capacity building program
 - Policy and SOP alignment with Values and the CoC and Ethics
 - Ethics and Corruption risk management

Revenue collection and fighting illicit econ. activities (SARS)

- Restore and strengthen revenue collection capacity including dealing with tax morality and compliance (SARS)
 - SARS says it has seen an improvement in revenue collections from the estimates announced in the MTBPS, due to the opening up of the economy and compliance activities from SARS. It has:
 - created visibility on off-shore accounts
 - completed the taxpayer perception survey
 - been actively working on the tax register in terms of refining it for accuracy
 - heightened the drive on outstanding returns
- Fight illicit economic activities (JCPS)
 - SARS Criminal Investigations led to 29 convictions so far in the current financial year
 - Investigations, Inventory & Revenue Collection: 780 preliminary finalised
 - Enforcement Actions Executed:
 - Tax administration actions: 9 preservation orders obtained with an estimated asset value of R5,41 bn seized and 5 search and seizure operations concluded
 - Two tax inquiries completed for the gold sector and Illicit Financial Flows
 - 1,445 Illicit Trade Interventions (CY) and 16 Detentions (Value - R156,54 million); 45 Seizures (Value - R150,33 million)
 - Customs related actions: 352 seizures with value of R310,53 million in Dec. 2021
 - Inter-Agency Working Group on Illicit Trade: 33 civil investigations finalised & assessments raised of R639,64 million and R139,32 million collected

Customer centricity, skills strategy and reorganizing SOEs

- Customer centricity and quality of spending (DTIC, NT, DPME)
 - Transversal contracting: Proposals are being evaluated for the provision of mobile communications to the state
 - The Office of the Chief Procurement Officer's Supply Chain Management ICT unit is developing a SCM ICT automation grand plan together with provinces
 - Strategic procurement is currently considering an online e-travel booking tool together with SITA
 - A total of 608 Deviations from procurement processes were processed for Q1-Q3 2020/2021
 - A total of 511 Contract Expansions were processed for Q1-Q3 2020/2021
- Skills strategy reorientation (DHET (lead), DTIC, DEL, DHA, SETAs)
 - ERRP critical skills list: A total of 93 occupations in shortage across the country and also link directly to the implementation of the ERRP have been identified.
 - Approximately 50 of the 93 occupations have been shortlisted for direct intervention in the Priority Skills Plan
- Reorganisation and repurposing of SoEs (DPE)
 - The Ministerial Cluster received a status report on 19 Oct. 2020 on the SOE repurposing efforts by various government departments
 - Funding options are being explored for establishment of a delivery unit in the DPE
 - The work of the delivery unit, will feed into Government's Vulindlela Initiative

Review and integrate government support for formal and informal SMMEs, start-ups and cooperatives

- The DSBD is in discussion with various provinces to sign MoUs to align development of interventions to support SMMEs, start-ups and Co-operatives
- DBSD signed:
 - MoU with the National Youth Development Agency
 - Agreement with Department of Sports, Arts and Culture for the implementation of the Craft Support Programme.
 - Agreement with the National Department of Tourism
- DBSD pending partnership or agreement with:
 - Department of Higher Education
 - Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority
 - Department of Mineral Resources and Energy is underway to collaborate on the Business Viability Programme focusing on supporting SMMEs in the mining sector as well as Energy.
 - DMRE to finalise a Memorandum of Agreement to support small scale miners

SMME financing, fiscal prudence & public investment

- Design more appropriate financing products including microfinance (NT)
 - Pillar 2 of An inclusive financial sector for all, which NT published for public consultation, is on SMME's:
 - After public consultation the National Financial Inclusion Strategy and a Monitoring and Evaluation Framework for Financial Inclusion will be drafted
- Ensure fiscal prudence, incl. management of wage bill and ensuring value for money
 - NT says the Labour Court decision implies that in future wage negotiations will align with the fiscal position and prevailing economic conditions
 - Current wage negotiations are still ongoing
- Facilitate access to domestic savings for greater investment into non-consumptive public expenditure
 - A commitment of R100 billion has been made by Government to the Infrastructure Fund, including R10 billion over the next three years.
 - This commitment includes new funding, new guarantees and repackaging of existing projects.
 - The fund focuses on blended-finance projects, most of which will be funded primarily by the private sector.

Support liquidity, protect workers and employment tax incentive

- Put measures to support liquidity and credit flows (NT)
 - Reported progress is limited to the South African Reserve Bank monetary and financial regulatory policy package to complement the fiscal relief measures:
 - Reducing interest rates
 - Relaxing regulatory requirements to support the flow of credit to households and businesses
 - Introducing temporary payment holidays and other measures to support debtors
 - Increasing financial market liquidity
- Continue to protect workers through UIF and inspections and Compensation Fund (DEL)
 - Progress reported is only on Covid-19 TERS and points to normal ongoing UIF activities
- Ensure the Tax Employment Incentive supports vulnerable sectors and small business (NT)
 - Progress reported is only on Covid-19 ETI and points to normal ongoing ETI

Progress with the implementation of the ERRP

Priority	Strengthening agriculture and food security		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Consolidated buying linked to additional social relief of distress through market linkages	DALRRD, ARC, OBP, NAMC, Land Bank, Commodity Groups and Agribusinesses	Current budget: Conditional grants	<ul style="list-style-type: none"> • DALRRD is finalising the MOU with DOD where DOD will procure from small holder farmers and rural enterprises through the DOD Kobatlala Programme • In addition, the department is finalising the MOU with Correctional services for the same objective
Ensuring more support to emerging and small-scale farmers.		Current budget: Conditional grants	Fourth quarter database: <ul style="list-style-type: none"> • 2097.5 hectares acquired for farm dwellers and/or labour tenants (target:5 857 hectares) • 14 776 hectares of state land allocated (target:525 330) • 81 farms supported through the land development support programme (target:116) • 336 land claims finalised (target:295) • 120 smallholder producers capacitated on Crop Suitability to Climate Change Programmes (target: 120)

Progress with the implementation of the ERRP

Priority Support for the recovery and growth of the tourism, cultural and creative industries

Intervention	Responsible institution	Funding	Progress in 0-6 months
Protect the supply base through, market entry facilitation programme to stimulate investment	Dept. of Tourism Private Sector	Current budget	<ul style="list-style-type: none"> The Department received 34 projects: Eastern Cape (25), Gauteng (8), Mpumalanga (1), and Western Cape (1) One project in the Eastern Cape met the criteria for distressed high-impact projects, while two other projects require additional information on their impact in the municipal economy before they are considered for inclusion The database of high impact distressed tourism establishments/properties/projects has six projects that are already taken to investment promotion platforms The Department expects these establishments to sign letters of intent in order to be included in investment mobilisation efforts
Rollout a maintenance programme for state owned attractions	Dept. of Tourism Owning entities	Current budget	<ul style="list-style-type: none"> Approximately 580 participants (226 women, 330 youth and 12 people with disabilities) continued with maintenance work in February 2021. This programme is currently implemented in 19 South African National Parks The draft concept document for the expansion of the programme and identification of sites has been completed The Department finalised and signed a contract with the DBSA to act as an Implementing Agent to support infrastructure maintenance programme of Provincial state-owned attractions Infrastructure Maintenance Programme implemented in three national parks: Marakele, Addo and Karoo National Parks

Progress with the implementation of the ERRP

Priority	Support for the recovery and growth of the tourism, cultural and creative industries		
Intervention	Responsible institution	Funding	Progress in 0-6 months
Reignite the domestic tourism market develop	Dept. of Tourism SA Tourism	Current budget	<ul style="list-style-type: none"> • Deputy Minister took the domestic tourism campaign to the Bojanala District, in the Northwest Province on 09-10 February 2021 • The Minister took the domestic tourism campaign to Gqeberha (Eastern Cape), ZF Mgcawu district (Northern Cape), Cape Winelands district (Western Cape), Mopani District (Limpopo), and Johannesburg Soweto (Gauteng) • Draft review of the Development and Promotion of Tourism in South Africa was developed • Domestic Tourism Scheme was implemented
Implement norms and standards to create consumer confidence	Dept. of Tourism Private Sector	Current budget	<ul style="list-style-type: none"> • In February 2021 the draft Norms and Standards were still open for public comments with closing date being the 1 April 2021

Progress with the implementation of the ERRP: The Tourism Sector Recovery Plan

- The objective of this plan is to preserve jobs and livelihoods, and create new job opportunities
- The Plan is anchored in three interlinked pillars or strategic themes: protecting and rejuvenating supply, re-igniting demand and strengthening enabling capability for long term sustainability
- The plan proposes seven strategic interventions:
 - Implement norms and standards for safe operations across the value chain to enable safe travel and rebuild traveller confidence
 - Stimulate domestic demand through targeted initiatives and campaigns
 - Strengthen the supply-side through resource mobilisation and investment facilitation
 - Support for the protection of core tourism infrastructure and assets
 - Execute a global marketing programme to reignite international demand
 - Tourism regional integration
 - Review the tourism policy to provide enhanced support for sector growth and development
- The proposed interventions are also aligned to the country's ERRP

Conclusion

- There is agreement amongst government and its social partners on a plan to support economic reconstruction and recovery as we continue to deal with the economic consequences of the Covid-19 pandemic and look towards a more inclusive and productive economy in the future
- It is worth considering that the ERRP was launched on 15 Oct.2021. During the six month period since then there would have been events that affected both implementation and reporting on the ERRP, such as
 - The end of year holiday period (Dec. 2020 through Jan. 2021)
 - The ongoing difficulties related to working in Covid-19 lockdown and working from home
 - The plan is implanted in a battered global economy
 - In SA the plan is implemented within the constraints of redirected budgets because of Covid-19 relief efforts and fiscal consolidation with across the board budget cuts domestically
- Discussions about economic restructuring have not adequately debated different views on the nature and causes of South Africa's structural economic problems that constrain inclusive economic development

Conclusion

- The ERRP is partly funded through NRF and performance is managed outside of the standard mechanisms provided by the Public Finance Management Act,
- The approach taken remains one focused on supply side, cutting government expenditure as proposed in the 2021 Budget would likely dampen economic recovery
- Implementation of economic plans are hugely complex with many moving parts:
 - The implementation of economic recovery plans, such as the ERRP, involves coordination across many government departments across the spheres of government, government agencies, SOEs and varied private sector actors
 - Individual government departments and social partners have agreed to the plan but there may still be differences about the details of the plan and implementation
 - Many plans build on or extend previous plans, programmes and policies of government and also build on the ongoing long-term work of government departments
 - Therefore, it is hard to monitor and evaluate progress on new economic plans as they build on previous work
 - Another difficulty is the way in which government departments and entities report to one another: previous achievements and current progress is not always clearly differentiated
 - Do current reporting procedures and individual performance contracts and APPS incentivise vaguer in reporting?

Thank You