MIDTERM REVIEW OF PROGRESS WITH THE IMPLEMENTATION OF THE NATIONAL DEVELOPMENT PLAN 2030

PRESENTATION TO THE SELECT COMMITTEE ON APPROPRIATIONS (SCOA)

15 AUGUST 2017
PURPOSE

1. To report to SCOA on progress with the implementation of the National Development Plan (NDP) 2030 – implemented through the Medium Term Strategic Framework (MTSF) 2014-2019

2. To highlight specific programmes and spending areas at risk

3. To discuss progress with the main pillars for achieving Radical Economic Transformation through rapid and inclusive economic growth - as contained in the MTSF 2014-2019

4. To report on progress with addressing the 9 key challenges identified in the 2011 Diagnostic Report of the National Planning Commission

5. To reflect on the performance of the following government Departments: Water and Sanitation; Basic Education; Public Enterprises; Correctional Services; Cooperative Governance; and Small Business Development.

6. To reflect on matters pertinent to the utilisation of appropriated funds in accordance with the principles of economy, effectiveness and efficiency.
LEVERS FOR IMPLEMENTING THE NDP 2030

**STRIKING AND INCLUSIVE ECONOMY**
Skills & PSET, Infrastructure (Eco & household), Regulation, Support (incentives)

**Corresponding Outcomes**
4. Decent employment through inclusive economic growth
5. Skilled and capable workforce to support an inclusive growth path
6. An efficient, competitive and responsive economic infrastructure network
7. Comprehensive rural development and food security
10. Environmental assets and natural resources that are valued, protected, and continually enhanced

**CAPABLE STATE & ACTIVE CITIZENRY:**
Efficient Public Sector, Active Citizens, Justice & Policing

**Corresponding Outcomes**
3. All people in South Africa are and feel safe
9. Responsive, accountable, system-effective, and efficient local government
11. Create a better South Africa, a better Africa and a better world
12. An efficient, effective and development-oriented public service
14. Nation building and social cohesion

**CAPABILITIES OF SOUTH AFRICANS:**
Basic Education, Health, Human Settlements, Social Protection

**Corresponding Outcomes**
1. Quality basic education
2. A long and healthy life for all
8. Sustainable human settlements and improved quality of household life
13. Social protection
1. OUTCOMES PROGRESS TO DATE

PROGRESS TOWARDS THE NATIONAL DEVELOPMENT PLAN (NDP) 2030 IMPLEMENTED THROUGH THE MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) 2014-2019

HIGHLIGHTS OF PROGRESS:
CAPABILITIES OF SOUTH AFRICANS

- Basic education system is on an upward trend – matric pass rate has improved to 72.5% in 2016, up from 70.7% in 2015. TIMSS and SACMEC Scores are also on the increase. Bachelor passes increased to 162,374 in 2016 from 150,752 in 2014.

- Percentage of youths who obtain a National Senior Certificate increased from 45% in 2014 to 56% in 2016 - learner performance and retention are improving.

- Overall, the health of South Africans is improving. Life Expectancy (LE) increased by 6 years and reached 63.3 years in 2015. Population-based Maternal Mortality Ratio has decreased from 158 deaths per 100,000 in 2015 to 154/100,000 live births in 2014. Institutional maternal mortality ratio has decreased to 138 per 100,000.

- Child Mortality Rate (Under 5) has improved from 41 deaths/1000 live births in 2014 to 37/1000 live births in 2016. Over 3.7 million people living with HIV receiving lifelong Antiretroviral Therapy.

- 331,000 housing units delivered during 2014-2016 (45% of the 2019 target)

- Over 17 million beneficiaries, receiving Social Assistance. Total of 1.7 million children accessing registered ECD services.
HIGHLIGHTS OF PROGRESS 2014/15-2016/17

CAPABLE STATE

- Number of persons convicted for corruption in cases involving R5million and above has more than doubled between 2013/14 and 2016/17- from 52 to 110. South Africa is improving its ranking on corruption perception index, but more remains to be done to end corruption and address high levels of violent crime.

- 724 430 Households (HHs) connected to grid since 2014 (58% of 2019 target of 1.25 million) and 52 778 HHs connected to non-grid (50% of 2019 target of 105 000 HHS)

- Over 1 million HHs given access to refuse removal between General Household Survey (GHS) 2013 and GHS 2016 against the 2019 target of 1.3 million HHs

- 1.12 million HHs given access to decent sanitation since 2014 (45% of 2019 target).

- 305 00 HHs given access to a reliable water service since 2014 (12% of 2019 target of 2.3 million). Overall only 69.9% of those with access to operational infrastructure experience a reliable service.
From 2014/15 to 2016/17:

- BRICS New Development Bank established
- Tourist arrivals figures went up by about 50% from 8.9m to 29.2m. Total tourist foreign direct spend rose from R67.9 billion to R189.2 billion
- Disbursement of ARF funds for developmental projects for contributions to continental development to date amounts to R100.9m
- Percentage of women in legislative bodies has improved from 38.4% in 2011 to 41.2% in 2015, but still 8.8% short of the 2019 target of 50%.
- The Gender Inequality Index reflects gender-based inequalities in three dimensions improved from 0.462 to 0.394 representing a 14.7% progress
HIGHLIGHTS OF KEY CHALLENGES

NDP Vision 2030:

Eradicate absolute poverty – from 39% of people living below the poverty line of R419 (2009 prices) to zero

- Income poverty levels dropped in South Africa between 2006 and 2011, reaching a low of 20.2% for extreme poverty and of 45.5% for moderate poverty, according to the Poverty Trends in South Africa (StatsSA, 2014)

Reduce unemployment rate to 6% – by creating 11 million more jobs by 2030.

- Slow economic growth
- High unemployment rate
- High unemployment amongst the youth

Significantly reduce inequality from 0.69 to 0.60 gini coefficient through a range of policy interventions

- Levels of inequality in South Africa remain high (gini coefficient of 0.67 even with the social wage)
2. SPECIFIC PROGRAMMES AND SPENDING AREAS MOST AT RISK
## 1. Spending
- In 2017/18 R243 billion or 15.5% of budget
- Bulk in provinces: growing more slowly than overall budget & therefore declining relative importance

## 2. Results
- Comparatively weak outcomes but improving: TIMMS, SACMEQ, matric
- Improvement driven by textbook/workbook availability, testing, curriculum stability, general education levels & poverty reduction

## 3. Policy decisions and certainty
- Assessment/ANA
- Curriculum stability
- Teacher supply & utilisation

## 4. Efficiency & effectiveness
- Ongoing innovation in information systems
  - Grade repetition
- Managing human resources and costs
- Efficiency of procurement processes

## 5. Transformative impact of spending
- Procurement processes
- Community involvement
- Education curriculum

## 6. Priority spending: pressures & catalysts
- Protect provincial budgets and prevent staff reductions
- Prioritise accountability systems – assessment & schools systems

Strong sector progress over last decade threatened by very tight budgets. Protect provincial spending & continue to build data and accountability systems.
## POST-SECONDARY EDUCATION & TRAINING

### 1. Spending
- R77.5 billion in 2017/18 or 5% of consolidated budget
- Budget growth of 4.2% in 2013/14, sustained over over MTEF
- Approximately 53% of government spend allocated to universities, 30% skills dev, 14% TVET, 4% on Community Education & Training system (CETC)

### 2. Results
- Significant quantitative expansion but large unmet need
- Solid system and key part of comparative advantage as core of skills development, knowledge creation & innovation

### 3. Policy decisions and certainty
- Funding model for PSET;
- Role of fees & fee funding
- Appropriate curricula for TVET and CETC
- Future of the skills system

### 4. Efficiency & effectiveness (savings)
- Improved monitoring of throughput, tracking of students & relevant interventions
- Slower rollout of TVET growth & links to industry
- Consolidation of government training budget

### 5. Transformative impact of spending
- Financing and fees model for expanding access and improving quality

### 6. Priority spending: pressures & catalysts
- Building of Community Education & Training system (CETC)
  - TVET quality & expansions
  - PSET quality uneven and sector too small

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Key sector for competitiveness of economy and youth absorption – critical to sort out
(1) financing policy for equitable access
(2) curricula (TVET/CETC) and
(3) strengthening quality, transformation and throughput
### 1. Spending
- In 2017/18 R187.5 billion or 12% of budget, increasing slightly (relative terms) but stays @ 12% over MTEF
- Bulk in provinces: growing slowly

### 2. Results
- Dramatic turnaround in life expectancy due to implementation of HIV/Aids plan
- Progress with planning and piloting National Health Insurance system

### 3. Policy decisions and certainty
- National Health Insurance Policy adopted by Cabinet in June 2017
- National Health Insurance Bill being developed

### 4. Efficiency & effectiveness
- Capitation model for service purchasing – monitoring the purchasing of health laboratory services
- Ensure optimal implementation of Plan for HIV/Aids and TB
- Implementation of health information system

### 5. Transformative impact of spending
- Expanding the Community Health Worker (CHW) system: jobs creation plus high effectiveness health promotion & disease prevention interventions

### 6. Priority spending: pressures & catalysts
- National Health Insurance Fund
- Implement new National Plan for HIV/Aids
  - CHW (remuneration & expansion)
    - Health Information System
    - Cuban Medical Programme
    - Limpopo Academic Hospital & Medical School

Strong turnaround in live expectancy and progress on implementation of NHI but basic services and training under pressure because of slow budget growth – gains under threat
## SOCIAL DEVELOPMENT

### 1. Spending
- In 2017/18 R180 billion or 11.5% of budget on social grants & welfare services, plus R76 billion on employment programmes (R20 billion) and social security funds (R55 billion);
- Of the R180 billion on social protection R159 billion on social grants & its admin & R20 billion on prov welfare
- Growing by just over 2% per year in real terms over the MTEF, maintaining its relative position

### 2. Results
- Large/well-developed grant system which limits the extent of poverty
- Social insurance (UIF, Compensation) a safety net for the formally employed but no informal reach
- No dynamic development and too little evidence of dynamic impact on development
- No clear movement in terms of impact indicators (ECD access, stunting, social grant access, social insurance access)

### 3. Policy decisions and certainty
- Status of Early Childhood Development Policy & implementation strategy
  - Introduction of orphan grant
- Developmental Welfare Services Policy (White Paper drafting in process)
- Insourcing of grant payments (& continued risks)

### 4. Efficiency & effectiveness
- Planning & funding welfare services sub-optimal
  - Monitoring & quality of ECD

### 5. Transformative impact of spending
- Poverty alleviation
- Reduction of social inequality

### 6. Priority spending: pressures & catalysts
- underdevelopment and unevenness of welfare services
  - ECD rollout

A large system with direct impact on key NDP targets but need to further develop vision of the future and confront a range of inefficiencies (specifically wrt welfare services) & risks (particularly wrt the grant payment system)
## PEACE & SECURITY

<table>
<thead>
<tr>
<th>1. Spending</th>
<th>2. Results</th>
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<tbody>
<tr>
<td>• In 2017/18 R192b or 12.1% of budget</td>
<td>• “Overall the performance portrait is not a positive one” (MTSF report) –</td>
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<td>• Declined slightly over past 3 years &amp; flat</td>
<td>perceptions weakening about crime and crime prevention</td>
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<td>over MTEF</td>
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<td>• Defence &amp; security R54b, Justice &amp; Prisons</td>
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<td>R44b &amp; Police R94b</td>
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<td>3. Policy decisions and certainty</td>
<td>4. Efficiency &amp; effectiveness</td>
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<td>• Integrated Identification System</td>
<td>• Strengthening of systems, using ICT technology</td>
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<td>5. Transformative impact of spending</td>
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<tr>
<td>• Crime reduction</td>
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<td>• Protection of our sovereignty</td>
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<td>6. Priority spending: pressures &amp; catalysts</td>
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<tr>
<td>• Personnel expenditure</td>
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<td>• Border Management Agency</td>
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<td>• Border deployment of SANDF</td>
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In short: Growing social dislocation and lack of cohesion putting pressure on demoralised and divided forces. Judiciary under more and more pressure
## GENERAL PUBLIC SERVICES

### 1. Spending
- In 2017/18 R71 or 4.5% of consolidated spending. Declined from 4.6% and continuing to slip over MTEF to below 4.2%
- Currently organised around 3 subgroups: Exec & Legisl Organs (R14.3b); External Aff. & Foreign Aid R12.4b); General Pub Admin & Fiscal Affairs (R44b)

### 2. Results
- In general, performance below target (DG years in post; vacancy rates, qualified audits, payment beyond 30 days)
- Sense in departments that they are fighting too many priorities with stagnant resources
- Perception in society that Government chronically inefficient, not delivering

### 3. Policy decisions and certainty
- Government e-strategy & utilisation of technology to improve efficiency
  - SOC governance
- In pipeline: Foreign Service Bill; merging SA Partnership Dev Agency & Renaissance Fund; Border Management Agency Bill

### 4. Efficiency & effectiveness
- Harnessing the 4th industrial revolution in government
- Eliminating duplication and waste: Cooperation between Chpt 9 inst; BrandSA, DIRCO & TSA; Cooperative Governance, Trad. Aff. & various agencies in DCG (B2B, MISA, SALGA)
  - Cost of litigation and consultants
  - Take stock of procurement reforms: G&S; property, printing, PPPs,

### 5. Transformative impact of spending
- Effective implementation and monitoring of implementation of Public Procurement Bill
- Intensifying focus on 30-day payment

### 6. Priority spending: pressures & catalysts
- Budgets under pressure due to cuts
- Continued SOC support & Border Man Agency

Perception that there is negative growth in funding over MTEF while mandates seem to be increasing; Not an overall strategy to turn around negative perceptions and factors
3. HIGHLIGHTS OF PROGRESS TOWARDS ACHIEVING RADICAL ECONOMIC TRANSFORMATION THROUGH RAPID AND INCLUSIVE GROWTH

3.1. ASSESSMENT OF PROGRESS TOWARDS RAPID AND INCLUSIVE GROWTH
INVESTMENT PATTERNS

Investment

- Investment as % of GDP has been declining since 2014
- Total investment now at 19.4% of the GDP, down from 23.5% in 2009
- 5% decline in the change of private investment from Q1 2016 to Q1 2017
- Investment of 20% to 25% of the GDP is required to sustain growth
GDP GROWTH AND EMPLOYMENT

- Growth has slowed, in contrast to the NDP targets of 5.4% for the GDP and 2.9% for employment creation through 2030.
- Growth in the GDP and employment declined rapidly from the end of the commodity boom in 2011.
- RSA is trapped in a low growth path since global financial crisis caused by adverse global conditions and local factors.

![Graph showing GDP and employment growth from 2000 to 2016 with NDP goals and actual data points.](image-url)
Key actions in the MTSF are complemented by the Nine Point Plan, which has not yet resulted in improved impact on the economy.

Progress of key programmes in the manufacturing sector:

- The Industrial Policy Action Plan (IPAP) remains our programme to drive industrialisation across the productive sectors of our economy.
- First phase of the operationalizing Industrial Parks and have completed with 4 industrial parks launched to date.
- The introduction of the Black Industrialist Program offers both financial and non-financial support to promote industrialisation, sustainable economic growth and transformation for black manufactures.

Progress of key programmes in the mining sector

- Minerals Beneficiation Action Plan has been developed to advance local value-addition across five mineral value-chains, namely, iron-ore and steel, platinum-group metals, polymers, titanium and mining inputs.
- Value chains are now incorporated into Industrial Policy Action Plan for implementation.
- Operation Phakisa initiatives are being implemented.
Other Interventions to support investment and growth include:

- Set aside 30% products to be procured from SMMEs and cooperatives, for support small business enterprise development and job creation.

- Local content policy implementation and creation of new industries such as bus manufacturing, locomotives, renewable energy, boatbuilding and rail signaling.

- Leveraging ICT, Energy and Transport infrastructure programmes to promote manufacturing and Infrastructure-driven industrialization to facilitate localisation.

- One Stop Shop launched in 2016 now fully operational. Three Provincial OSS in Gauteng, KZN and WC in process of being established.

- The Competition Amendment Act with provisions to make directors or managers of a firm personally liable in the case of uncompetitive and collusive practices.
MIDTERM PROGRESS 2014/15-2016/17

- Tourism’s contribution to GDP has grown from R372bn in 2014 to R375bn in 2015

- Workplace conflict resolution:
  - NEDLAC has reached agreement on strike balloting, advisory arbitration, compulsory picketing rules before strikes
  - NEDLAC has also agreed to a National Minimum Wage
Key Challenges

- The economic outlook continues to deteriorate. Weak growth and more recently negative growth in GDP
- Constrained fiscal space to implement national priorities
- Productive sectors of the economy, Mining, Manufacturing and Agriculture have not grown fast enough
- Ongoing credit rating downgrades
- Research and development as a percentage of GDP remains below 1%
SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH

Access to post school education has been increasing steadily. Challenge going forward is quality and efficiency of producing graduates and support for the poor to continue accessing post school education.
MIDTERM PROGRESS 2014/15 – 2016/17

1. The target of funding 205 000 university students through NSFAS has been exceeded for the 2016 academic year, with 255 213 funded. This is an improvement where the previous years where funded students had been declining since 2014 (186 150) to 178 961 in 2015

2. Funding for TVET college students has been met since 2014 even though it shows a decline from 2015 (235 988) to 2016 (226 007)

3. Production of university graduates in following areas has constantly been achieved in:
   - Engineering science – from 12 058 in 2014 to 12 470 in 2015
   - Teacher Education – from 19 124 in 2014 to 21 148 in 2015
   - Natural and Physical Sciences - from 7 259 in 2014 to 7 917 in 2015

4. DST maintained a consistent achievement in awarding bursaries to 3 454 PhD students in 2016, improving from 2 845 of 2014, thus meeting targets

5. The annual target of increasing the number of people qualifying as artisans has been achieved - 21 199 during 2016/17 in comparison to 14 389 in 2014/15
KEY CHALLENGES

Strategic Drivers

1. Limited involvement of industry in TVET support as well as curriculum and qualification design
2. Uncertainty on the policy direction of free post school education and training (PSET)
3. Unequal efficiency in producing graduates by PSET

Transversal factors

1. Limited work experience spaces available for students in state owned enterprises and departments

Administrative Challenges

1. Unsustainable operationalising of TVET campuses
2. Weak data system for TVETs making it difficult to calculate efficiency and plan properly
3. Weak articulation for students to access PSET in different ways
COMPREHENSIVE RURAL DEVELOPMENT AND FOOD SECURITY

87% (82.4m ha) of land was owned by white commercial farmers, with 13% available for black people.

10.6% (8.7 Mil. ha) of 30% (24.6m ha) target to distribute agricultural land to PDIs achieved.

R11.6 Billion paid out to claimants.
SLOW PACE OF LAND REFORM

Hectares redistributed by year, nationally (1994-2016)

Only 40% of 2019 target distributed since 2014
22,3% of households experience inadequate or severely inadequate food access.

Only 2.3 million households are participating in agriculture.
OUTCOME 7: COMPREHENSIVE RURAL DEVELOPMENT AND FOOD SECURITY

MIDTERM PROGRESS 2014/15-2016/17

1. Only 40% of 2019 targeted hectares of land distributed


3. 11.8% of rural households vulnerable to hunger in 2016.

4. 19.9% of rural households had no income to buy food in the last 12 months.

5. Number of households participating in agriculture activities had decreased from 2.8 mil (16.9%) in 2011 to 2.3 mil (14.8%) in 2016.

6. Commercial farms decreased from 40 000 in 2008 to around 35 000 by 2016.
OUTCOME 7: COMPREHENSIVE RURAL DEVELOPMENT AND FOOD SECURITY

KEY CHALLENGES

1. Agriculture share to GDP declining- sector is shrinking over time
2. Relative share has been declining from 2.1% in 2013/14; 1.8% 2016/17 to 1.6% in 2019/20
3. Number of smallholders declined by 744 in 3 years from 172 413 in 2014 to 171 669 in 2016
4. Investment in AFF increased by only 0.4% over 3 years from 7.5% (R15bn) in 2014; 20% (R12bn) in 2015 to 25% R15bn in 2016. Q1, 2017; 26.2% (R5bn)
5. Growth of the AAF sector reduced from 6.9% (R76bn) in 2014 to -7.8% (R65bn) in 2016 (StatsSA, QLFS Q1 2017)
6. However, in Q1: 2017, AFF begun to turn, achieving growth of 10.3% (R18bn)
7. Sales of agro-processing increased by 7.5% over 4 years fluctuating from 9.2% in 2014 to 4.4% in 2017, Q1
8. Given the national demographics, coupled with agriculture’s potential as a primary production sector to create jobs and contribute to the economy, we are somehow missing the point
9. We must arrest the decline in agriculture and support the new growth by investing more resources in the sector.
3.2. HIGHLIGHTS OF PROGRESS TOWARDS RADICAL ECONOMIC TRANSFORMATION
REVITALISATION OF THE AGRICULTURE AND AGRO-PROCESSING VALUE CHAIN

- Net farm income increased by 26.6% in 2016 with new investment in the industry increasing by of 27.3% in the same period
- The South African agro-processing sector, and food processing accounted for 13.9% of total manufacturing value add in 2015 and was the largest manufacturing sub-sector
- We remain a net exporter in the sector with exports of agricultural raw products increased on average by 14.6% per year since 2012, and imports by 11.5%
- 20 Strengthening the Relative Rights of People Working the Land (SRR) / 50-50 Policy projects were approved against a target of 50 pilot projects by 2019
- Restitution: 79,616 claims settled; 2,045,412 beneficiaries, from 410,049 households
- 23 Agri-Parks are currently being developed and will be completed by 2019
- Fruit Industry: With a target of 5.5 billion tons of fruit by 2019, we now stand at 4.9 billion tons (2016)
- Vegetable Industry: With a target of 5.4 billion tons of vegetable by 2019, we now stand at 5 billion tons (2016)
- Maize: With a target of 14.5 million tons by 2019, we now stand at 7.5 million tons (2016). However, a bumper crop of 15.6 million tons is expected for 2017
- Red Meat: With a target of 1.7 million tons by 2019, we now stand at 1.5 million tons (2016). Export of red meat increased by 51.7% between 2014 and 2016
HIGHER IMPACT IPAP

- In the Auto sector, private-sector investment stood at R12.5bn (R3.7bn) in 2016 and exports increased to R171.1bn (R151.5bn) for the same period.
- In May 2017 Beijing AutoWorks (BAW) together with IDC launched the expansion of the New Era Facility in Springs, Gauteng. The investment into this expansion is estimated at R250 million and will create 100 new jobs.
- MAN plant in Olifantsfontein now producing buses for Tshwane BRT at 80% local content.
- First Auto Works (FAW) invested R600 million into a truck assembly facility at Coega, Port Elizabeth.
- Clothing and textile industry turnaround has resulted in: 70,000 jobs saved with estimated 9,550 jobs created, 28 new companies established. In 2016 clothing exports amounted to R8.9bn (2015=R7.8bn), textile exports amounted to R10.1bn (2015 = R9.8bn) and footwear production grew by 2 million pairs.
- The Black Industrialist Programme has supported 46 projects that have attracted R3.7bn of private-sector investment and created 19,859 jobs to date.
- Interventions to support localisation has resulted in 21 products/sectors have been designated for local production to date. This includes products ranging from bus bodies (80%); clothing, textile, leather and footwear (100%), school furniture (100%); office furniture (90%); steel power pylons (100%); canned/processed vegetables (80%), rolling stock (65%)
ADVANCING MINERALS BENEFICIATION

- Interventions to support the steel sector are being implemented
- Platinum Fuel Cell Development has resulted in
  - Impala Platinum has made available 16 hectares of land adjacent to their refineries for the Springs Fuel Cell Industrial Park
  - Isando Precious Metals in the process of developing manufacturing facility in the Rustenburg vicinity which will ultimately be part of the Platinum Valley SEZ; and
  - In collaboration with HySA Infrastructure, Anglo Platinum is developing fuel cell powered mining equipment - namely a dozer and load haul dumper (LHD) - for its own operations

UNLOCKING THE POTENTIAL OF SMMES, CO-OPS AND RURAL AND TOWNSHIP ENTERPRISES

- Implementation of the 30% set-asides policy is underway

OCEANS ECONOMY:

- An estimated total investment attracted into the Oceans Economy of R24.6 billion (Government: R15bn; Private sector: R9.1bn; Dti incentives: R428.9 million)
- Total jobs: 6 453 jobs
- Significant investments in infrastructure development (ports), marine manufacturing (boatbuilding) and aquaculture
PROGRESS TOWARDS ADDRESSING
THE 9 KEY CHALLENGES FACING
SOUTH AFRICA:

NATIONAL PLANNING COMMISSION
2011
9 KEY CHALLENGES FACING SOUTH AFRICA - 2011

1. Too few South Africans are employed
2. The quality of school education for most black people is sub-standard
3. Poorly located and inadequate infrastructure limits social inclusion and faster economic growth
4. Spatial challenges continue to marginalise the poor
5. South Africa's growth path is highly resource intensive and hence unsustainable
6. The ailing public health system confronts a massive disease burden
7. The performance of the public service is uneven
8. Corruption undermines state legitimacy and service delivery
9. South Africa remains a divided society
While employment has increased we have not been able to bring a greater proportion of our people into employment.

However, more Women have now entered the workforce confronting the historical constraints to their entry into the workforce from a participation rate of Black African Female from 33.1% in 1995 to 59.0% in 2017.
QUALITY BASIC EDUCATION

The system is on an upward trend

Matric pass rate increased from 70.7% in 2015 to 72.5% in 2016
RSA exceeded the international midpoint of 500 in the SACMEQ assessment. 

Greatest improvements in Trends in International Mathematics and Science (TIMSS) 

Bachelor passes increased to 162374 in 2016 from 150 752 in 2014
1. Matric pass rate has increased to 72.5% in 2016, from 70.7% in 2015. The system is again on a positive trajectory.

2. Bachelor passes has been increasing over the years but not reaching the target of 220 000 by 2016. Bachelor passes increased to 162374 in 2016, up from 150752 in 2014.

3. South Africa has exceeded the international midpoint of 500 in the SACMEQ assessment. Grade 6 learners obtained 558 and 587 in Language and Mathematics respectively.

4. Greatest improvement achieved in performance in Trends in International Mathematics and Science (TIMSS). Grade 9 learners improved from 352 and 332 in 2011 to 372 and 358 in 2015 Mathematics and Science assessments, respectively.

5. The increasing percentage of youths who obtain a National Senior Certificate from a school from 45% in 2014 to 56% also confirms that learner performance and retention are improving.

7. Termination of ANA has resulted in the system without a national instrument. National Integrated Assessment Framework is envisaged to be introduced soon.

8. Physical Science and Mathematics scores are unlikely to reach 2019 targets.

9. Low achievement in these subjects, together with bachelor, indicates that quality of educational outcomes is still poor.
KEY CHALLENGES

STRATEGIC CHALLENGES:

1. Weak teacher content knowledge & pedagogical skills
2. Weak institutional functionality due to lack of capacity by principals, deputies and heads of departments (HODs)
3. Disagreement over a national tool for assessing quality learning and teaching

TRANSVERSAL CHALLENGES:

1. Uneven cooperation between department and unions on some policies
2. Backlog in school internet connectivity
3. Limited critical infrastructure to enable learning (sanitation, laboratories, libraries)

ADMINISTRATIVE CHALLENGES:

1. Weak accountability for learner performance by principals, district and provincial officials
2. Lack of monitoring tool for provision of textbooks to all learners
3. Lack of system to assess school readiness for grade
AN EFFICIENT, COMPETITIVE AND RESPONSIVE ECONOMIC INFRASTRUCTURE NETWORK

ENERGY

TRANSPORT

WATER

ICT
Energy

- Renewable Independent Power Producer Programme (REIPPP) has unlocked R201bn in investments
- 6 244 MW renewable energy procured with 3 175MW already being supplied to the grid
- Independent Power Producers to be introduced in the gas and coal sectors
- Energy build programme at Medupi, Kusile and Ingula pump storage are being implemented
Transport

- Multi-purpose pipelines to transport liquids between inland and coastal areas completed

- Procurement of 1064 new locomotives implemented with significant localisation achieved

- Heavy-haul rail corridor that fast-track the movement of coal from inland coalfields to export port in Richards Bay completed

- Initial phase of their Bus Rapid Transport programs implemented in metro municipalities

- The National Transport Master Plan (NATMAP) which provides a long term plans of the transport system in the country has been completed
MIDTERM PROGRESS 2014/15-2016/17

Water

- The Mokolo and Crocodile Water Augmentation Project (MCWAP) Phase One project has been completed and meets all the short term water requirements in the area.

- In Umzimvubu dam, planning and design work is at the advanced stages, with detailed design of the dam; water treatment works; and bulk distribution systems were 90% complete by the end of September 2016. However challenges remain in the completion of the project

- Implementation plans are currently being developed to address the Acid Mine Drainage challenges
MIDTERM PROGRESS 2014/15-2016/17

ICT

- Digital Migration Transmission Infrastructure projects is close to 95% complete which will ensure 85% digital coverage in the country

- The e-learning school ICT connectivity program has reached 1,525 district schools and 125 Dinaledi schools were connected and using e-learning services through partnership with public (national and provincial departments) and private sectors

- The draft National e-Strategy has been developed

- Through Operation Phakisa: Leveraging ICT in Basic Education (led by the DBE) a total of 3,455 schools have been connected to the internet and received devices under the Universal Services Access Obligation (USAO) project
SUSTAINABLE HUMAN SETTLEMENTS AND IMPROVED QUALITY OF HOUSEHOLD LIFE

MIDTERM PROGRESS 2014/15 – 2016/17

- Moderate delivery of all housing programmes 331,000 (45%)
- 43% progress with Gap Market loans & single Human Settlements DFI
- Master Spatial Plan & 45 Catalytic Projects
KEY CHALLENGES

- Weak progress with title deed backlog –23%
- Weak progress with upgrading informal settlements  35% across government
- Weak delivery of social rental housing – 30%
- Inability to translate gap loans into new houses (15% of target and 7% of deposit subsidy programme called FLISP)
- Delay in New Human Settlements Policy Framework and Mineworker Housing Strategy
OUTCOME 2

A LONG AND HEALTHY LIFE FOR ALL
3.7m people living with HIV have access to lifelong ART against a 2019 target of 5 million.

30.3 million people screened for raised blood glucose levels in 2014-2016, against a cumulative 2019 target of 50 million.

40m people screened for high blood pressure in 2014-2016, against a cumulative 2019 target of 50 million.

Source: Midterm Review Report for Outcome 2, National DoH, May 2017
Health status indicators

- Evidence points to continued improvement in the health status of South Africans

- Indicators that show a positive trajectory include: life expectancy, for both males and females and the under-5 mortality

- More effort is required to accelerate improvements (reductions) in the Infant Mortality Ratio and Maternal Mortality Ratio
MIDTERM PROGRESS 2014/15 – 2016/17

Improved Health System strengthening

- White Paper on National Health Insurance (NHI) endorsed by Cabinet in June 2017

- 3,323 functional Ward-based Primary Health Care Outreach Teams established and functional, exceeding the MTSF target of 3,000 by 2019

- Office of Health Standards Compliance and Health Ombuds office established

- Health Patient Registration System (HPRS) implemented in 1,849 health facilities, exceeding the 2016/17 target of 1,450 facilities. This has improved availability of patient level data and reduced waiting times in health facilities

- 1,037 Primary Health Care facilities have achieved Ideal Clinic status, against a 2019 target of 2,823 facilities
KEY CHALLENGES

➢ Inequitable distribution of major health benefits achieved by the democratic government

For the period 2011-2016, StatsSA estimates Male Life Expectancy (LE) to be 52,5 years in the Free State and 61,3 years in Gauteng Province, a difference of 8.8 years. During the same period (2011-2016), Male LE in the Western Cape is 64,2 years.

➢ For the period 2011-2016, StatsSA estimates Female Life Expectancy (LE) to be 58,0 years in the Free State and 65,8 years in Gauteng Province, a difference of 7.8 years, in the same country. During the same period (2011-2016), Female LE in the Western Cape is 69,0 years.

Transversal Factors
1. Increasing levels of stunting (from 24% in 2012 to 27% in 2016)
2. Lack of an integrated and coherent government-wide policy governing all categories of community-based workers
3. Slow progress with finalisation and implementation of the Community Health Worker (CHWs) programme – affecting the Primary Health Care platform of health care delivery
4. SADHS 2016 reveals that 5% of women and 17% of women had two or more partners in the past 12 months
5. 45% of women and 55% of men had intercourse in the past 12 months with a person who was neither their spouse nor lived with them.

Strategic Factors
1. Inequitable distribution of health gains between and within Provinces
3. Inequitable distribution of health resources, including health care providers between the public and private sectors
AN EFFICIENT, EFFECTIVE AND DEVELOPMENT-ORIENTED PUBLIC SERVICE
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\text{Average number of years spent in a post by HoDs/DGs} \quad 2.9 \text{yrs}
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- 29 departments received qualified audit outcomes against a target of 15
- A total of 88 760 invoices (R5.4b) were older than 30 days and not paid
- Average number of days to resolve disciplinary cases was 125 against the target of 90 days

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MIDTERM PROGRESS 2014/15-2016/17
### Strategic Drivers

1. Accountability and consequence management for poor performance (audit outcomes, payment of suppliers etc.)
2. Leadership and stability at the top administrative level
3. Planning and coordination in government
4. A values-driven Public Service with a culture and ethos that are citizen-centric,
5. Corruption and wastage

### Administrative Challenges

1. Individual and organisational capacity
2. ICT and connectivity that facilitate e-enablement for efficient delivery of services
3. Infrastructure for attainment of service delivery objectives

### Transversal factors

1. Operations management systems that deliver seamless service (internal controls)
Number of persons convicted for corruption in cases involving more than R5million has more than doubled between 2013/14 and 2016/17.

South Africa is also improving its ranking on corruption perception index, but more remains to be done.

**No. of persons convicted for corruption**

- 2013/14: 52
- 2016/17: 110
NATION BUILDING AND SOCIAL COHESION:
PROGRESS

- **Non Sexism:** Percentage of women in legislative bodies has improved from 38.4% in 2011 to 41.2% in 2015, still 8.8% short of the 2019 target of 50%.
- The Gender Inequality Index (GII) reflects gender-based inequalities in three dimensions improved from 0.462 to 0.394 representing a 14.7% progress.

- **Non racialism**
  - The number of racism related complaints increased by 3%
  - The proportion of the total population who were of the opinion that race relations are improving has declined from 40% to 37%

- **(Equality) Inequality of opportunity**
  - South Africa’s HDI for 2015 was 0.666, above the SSA average of 0.523.
  - When the value is discounted for inequality, the HDI falls to 0.435, a loss of 34.7%.

- **Trust** which is associated with strong economic performance is on the decline.
KEY CHALLENGES

- Complex agenda that must be driven by the whole country (government, private sector and the rest of society)

- Small inadequate interventions. Nation building initiatives are not core deliverables of departments and thus are unfunded mandates

- Limited progress in relation to reducing inequality of outcomes and opportunity: for every black child who completes higher education six whites do because there are inadequate support structures for black and coloured children at home

- Limited progress in relation to redress e.g. Employment Equity Report (2016-2017) - whites contribute 9.5% of the economically active population but occupy 68.5% of top management level echelon
ACHIEVEMENTS, CHALLENGES AND RISK IN SPECIFIC VOTES/SECTORS

- WATER AND SANITATION
- BASIC EDUCATION
- PUBLIC ENTERPRISES
- CORRECTIONAL SERVICES
- COOPERATIVE GOVERNANCE
- SMALL BUSINESS DEVELOPMENT
Water is increasingly a regional not just a national challenge considering the impacts of climate change in the sector.

Key challenges include safe drinking water provision, water for food security, managing growing water demand and prevention of water resource pollution/degradation. Key performance areas of DWS under Outcome 10 includes:

**Water resource protection from source to sea**

- Although positive progress has been made with the implementation of river health programmes, most of these water sources remain degraded and polluted, especially those crossing over urban and industrial areas.

- Department of Water and Sanitation (DWS) has been struggling since 2014 to classify its water resources across the country (2 out of targeted 10 resources classified to date), making it difficult to determine resource availability, quantity, quality etc.

- Water security for both households and economic growth is not certain. Proper planning and implementation of decisions made is required urgently within DWS.
Water Use allocation

- Significant progress has been made in processing of water use application through the implementation of the Recovery Plan put in place in February 2016.

- Delegation of powers and capacity remains a challenge for DWS- slowing down the processing of applications on time, thereby creating a backlog in the system.

- Proper institutional framing of the sector is lacking. Centralised Water Use Authorisation Applications Assessments and advisory Committee done at National only.

Water Use sector management

- Although there is great improvement in compliance with water use conditions in the mining sector, more resources and capacity should be allocated to mitigate water contamination from this sector

- Little is being done to improve water use efficiency across sectors such as agriculture and local government
DEPARTMENT OF WATER AND SANITATION

Key Achievements

- The Mokolo and Crocodile Water Augmentation Project (MCWAP) Phase One project completed
- Umzimvubu dam planning and design work is at the advanced stages, with detailed design of the dam; water treatment works; and bulk distribution systems

Challenges and Risks

- Deteriorating infrastructure due to a lack of maintenance and underspending in maintenance of water distribution
- No funding for MCWAP Phase Two
- Continued implementation blockages in finalising the Umzimvubu dam project related issues of governance, funding and planning designs
- Implementation risks in completing the Lesotho Highlands project remain and include geological, governance and risks issues as well as funding constrains
- Bucket Eradication Programme funded for R2.1bn. However the programme has been stalled with the budget being exhausted, with close to R504 million in unpaid invoices
- Implementation plans are currently being developed to address the Acid Mine Drainage challenges - however there is uncertainty on how this will be funded
Basic education performance is no longer declining, performance over the years has been increasing albeit from a low base. This is shown by improved performance in SACMEQ and Senior Certificate.

The “No Fee” schools are starting to produce the number of qualifications we need compared to the past.

Challenges

- The **quality of performance** remains a challenge, and more work needs to be done especially in Math and Science.
- Grade 12 performance continues to show improvement, however quality of passes in the form of Bachelor pass is a challenge. The target of 34% by 2019 is unlikely to be realized.
- The **efficiency of the system** is still weak. For example, 12% of learners repeat a grade (DBE 2016). Grade R has not had the impact of reducing repetition in Grade 1, with repetition of 15%.
Repetition of classes by learners has important implications for class sizes, budgets and ultimately the chances of success in school. Studies show that 41% of Grade 1–3 learners in Limpopo and 36% of Grade 1 - 3 learners in Eastern Cape are in classes with more than 46 learners.

Limpopo and Eastern Cape have about 10–15% of Grade 1–3 learners in classes of more than 60 learners. With budgetary constraints this will cause more of a challenge going forward.

Repetition is also a challenge at grade 8 to 11, which is also associated with dropout. These students contribute to young people who become NEET.
DEPARTMENT OF BASIC EDUCATION

- Bigger classes in Foundation Phase also create a challenge of effective teaching of reading. Studies by PIRLS (2006, 2011) and SACMEQ (2007, 2013) show many students do not yet master reading with comprehension after five years of schooling.

- **Filling of posts** still poses challenges. There is a general delay in filling the posts. People are appointed to act in these posts for a long time. This challenge that needs to be addressed urgently as it causes some form of instability and uncertainty. Progress in provision of water, electricity and sanitation to all schools is still a challenge.

- Termination of Annual National Assessment (ANA) in 2014 and delay in implementing its replacement called National Integrated Assessment Framework has left the country without a tool to assess performance of lower grades.
Key Achievements

- As earlier indicated:
  - Energy build programme at Medupi, Kusile and Ingula pump storage is being implemented
  - Transnet has successfully completed the multi-purpose pipelines that transport liquids between inland and coastal areas.
  - Procurement of 1064 new locomotives implemented with significant localization being identified.

Challenges and Risks

- Corruption and delivery challenges are impacting on the delivery mandate of a number of key SOC’s
- This undermines accountability, transparency, public confidence and policy certainty and suggest that government is not in control of key levers where the state should have control
- Pattern of increasing demand of government guarantees despite a highly constrained fiscal environment
- Inadequate monitoring and enforcement of localisation of infrastructure investment at SOC’s
- There is policy uncertainty and incoherent messaging on energy mix
DEPARTMENT OF CORRECTIONAL SERVICES

DCS has over time made strides in attaining their MTSF targets of reducing repeat offending/ recidivism.

- **The percentage of parolees without parole violations have improved progressively since 2013.**
  - In 2015/16, DCS achieved 98.78%, which exceeded the target of 95%
  - In 2016/17, DCS achieved 98.84% and exceeded the target of 96%

- **The percentage of probationers without violations**
  - In 2015/16, the target was 94%, and actual performance was 98.65%
  - In 2016/17, actual performance was 98.7%, which exceeded the target of 95%

- **The percentage of sentenced offenders subjected to correctional programmes**
  - In 2015/16, the target was 64% and actual performance was 74.30%, exceeding the target by 6.3%
  - In 2016/17, actual performance was 77.4% against the target of 72%, exceeding the target by 5.45%.

- However, attention will have to be paid in tracking offenders who had committed serious crimes and who have been released on parole or through some other process. This will give an indication of the number of offenders returning to a correctional facility because of having committed the same or some other serious and violent crime.
DEPARTMENT OF COOPERATIVE COVERNANCE AND TRADITIONAL AFFAIRS (COGTA)

- Role as coordinating department is of concern particularly in terms of overseeing and coordinating implementation.
- COGTA is not providing information on the impact of the Back to Basics programme particularly on the most vulnerable municipalities.
- Performance of the Municipal Infrastructure Grant (MIG): After all these years reporting still focuses only on whether MIG allocations are being spent and not on the impact and value for money of the expenditure.
- Municipal Infrastructure Support Agency (MISA) is meant to provide the programme management facility for the delivery of basic services in the 27 priority district municipalities, but has not made sufficient progress in this regard. After 2 years, still at analysis stage with no bankable projects on the ground.
- Reform of the District Municipal system is progressing slowly and caught up in process issues.
- COGTA is not playing a strong enough role in overseeing the performance of Provincial COGTAs.
Key Achievements

- Implementation of the 30% set-aside policy is underway with the DSBD establishing National and Provincial Coordinating Committees to monitor and facilitate the implementation of the policy.

Challenges and Risks

- While interventions to stimulate demand for SMMEs, Co-operatives, Township and Rural Enterprises are crucial, there is inadequate focus on improving supply constraints (quality, skills and volumes) and services that the market requires
- Limited Developmental Funding: Only 27.3% of qualifying SMMEs are funded by DFI’s and only 2% of start-up SMMEs use development finance institutions as a source of finance
- 30-day payment challenges continue to persist. As at end of June 2017, invoices worth R4,4bn were not paid by Provinces within 30 days
- Outstanding invoices for National Departments amounted to R150 million.
- As a result of DPME’s intervention a total of R327 million has been paid to suppliers to date.
- Limited market access for SMMEs due to high barriers to entry, continued market concentration and anti-competitive behavior by larger firms
- Absence of informal sector policies
HIGH IMPACT INTERVENTIONS TO ACCELERATE IMPLEMENTATION OF NDP 2030 DURING 2017-2019

STRONG AND INCLUSIVE ECONOMY

STRATEGIC LEVERS
1. Stay on course with the implementation of the 9 Point Plan
2. Undertake deliberate and open engagements with the private sector and labour to build confidence and trust
3. Establish partnerships between colleges and industry to ensure relevant TVET qualifications
4. Finalise policy position on funding of Post School Education Training for the poor
5. Engage private sector in the delivery of key infrastructure projects

ADMINISTRATIVE LEVERS
1. Provide water rights to beneficiaries of land reform
2. Develop decision-making processes to simplify Land Restitution processes and improve handling of operational processes
3. Develop recovery plan for classifying the remaining water resources with time frames
4. Accelerate implementation of initiatives for climate change adaptation and mitigation
HIGH IMPACT INTERVENTIONS TO ACCELERATE IMPLEMENTATION OF NDP 2030 DURING 2017-2019

CAPABLE STATE AND ACTIVE CITIZENRY

STRATEGIC LEVERS

1. Implement and report on progress with the Integrated Operational Plan to fight crime
2. Develop and implement effective instruments for accountability and consequence management
3. Prioritise municipal planning and financing towards maintenance and refurbishment of infrastructure
4. Improve intergovernmental relations and enforce cooperative governance principles
5. Conclude negotiations around the SACU Agreement
6. Pursue national interests through economic development opportunities in SADC and rest of the African continent, including through implementation of the New Africa Trade Initiative
HIGH IMPACT INTERVENTIONS TO ACCELERATE IMPLEMENTATION OF NDP 2030 DURING 2017-2019

CAPABLE STATE AND ACTIVE CITIZENRY

ADMINISTRATIVE LEVERS

1. Strengthen oversight and accountability of Water Services Authorities and Municipal Electricity Distributors
2. Implement the new Trade and Investment Africa Initiative
3. Streamline Community Development Workers Programme
4. Finalise and implement policy framework for national planning and coordination
5. Pursue economic diplomacy in SADC and rest of the continent, including the new Trade and Investment Africa Initiative
DEVELOPING HUMAN CAPABILITIES

STRATEGIC LEVERS

1. Develop and monitor a migration plan from Cash Pay Master Services to an insourced grant payment system
2. Finalise and implement the National Integrated Assessment Framework for schools
3. Reach agreement with unions on self-diagnostic assessment of teachers
4. Finalise negotiations on appointment of principals and deputies based on competency assessment
5. Implement the transition programmes of NHI
6. Review, standardize, roll out and systematically expand Community-based Worker Programmes
7. Finalise policy on Community Health Workers and mobilise resources for expanding the CHWs component of PHC Ward-based Outreach Teams
8. Prioritise upgrading of informal settlements through defined Inter-Governmental Relations (IGR) funding & implementation protocols
8. Incentivise private sector funding for catalytic projects and agree on delivery model with social partners
DEVELOPING HUMAN CAPABILITIES

ADMINISTRATIVE LEVERS

1. Resolve the backlog in title deeds
2. Implement, monitor and report on localised plans to drive quality based on the assessments conducted by the Office of Health Standards Compliance
3. Finalise insourcing payment plan for social grants as per Constitutional Court judgement with timelines and milestones
4. Develop policy on the absorption of social workers to enable social work graduates to find employment
CONCLUSION

- Foregoing review has highlighted progress towards the NDP 2030, implemented through the MTSF 2014-2019.

- The review has also reflected progress with: specific programmes and spending areas at risk; rapid and inclusive economic growth; main pillars for achieving Radical Economic Transformation.

- Addressing 9 key challenges identified in the 2011 Diagnostic Report of the National Planning Commission; and the performance of specific departments.

- Pockets of excellence exist in the performance of government against the NDP 2030 targets – empirical evidence corroborates this.


- Proposals for a set of high impact interventions to improve performance against the NDP 2030 targets for the remainder of the electoral term, and the utilization of appropriated funds by government departments.
Ke a leboha  Ke ya leboga

Ke a leboga

Ngiyabonga  Ndiyabulela
Ngiyathokoza

Ngiyabonga  Inkomu

Ndi khou livhuha

Thank you  Dankie