



THE PRESIDENCY

# The MTSF as vehicle to respond to the crisis



THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA

# Outline

- Overview of causes of crisis and impact
- The MTSF
  - from electoral mandate that informs the 10 priorities
  - Learnings from 15 year review,
  - POA/KPO Outcomes
- How it the MTSF responsive

# The crises

- Causes
  - imbalances (unsustainable spending in the west, savings glut in the East) and inequities in the global economic system,
  - ineffectual regulation in several of the major economies and poor business practices
- Results
  - Falling GDP growth rates.
  - Deteriorating current account balances
  - Reduction in trade related revenue & Decline in demand and price for exports (minerals, oil, agriculture products)
  - Initial Massive outflows of capital as foreign banks and companies retreat to their home markets and credit is drying up for their exports and long term infrastructure projects.
  - Budget deficits.
  - Job losses
  - Loss of wealth as asset value declines
  - Increased poverty and reversal of developmental gains

# RSA's response (recap)

- December 2008, the social partners comprising of the Presidential Economic Joint Working Group i.e Labour, Business and Government met to consider how South Africa should respond to the crisis.
- This forum convened at Nedlac now including Nedlac community constituency and a framework was agreed upon aiming to:
  - Address constraints to growth and development by undertaking programmes that will increase public investment in economic infrastructure.
  - Cushion low income workers, unemployed and the vulnerable groups in such a way that they are not severely affected by the crisis,

SECRET

# TOGETHER DOING MORE AND BETTER

MEDIUM-TERM  
STRATEGIC FRAMEWORK  
2009 – 2014



THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA

July 2009

# INTRODUCTION

New **national electoral mandate** defines strategic objectives and targets of government for the period 2009 – 2014

MTSF base document to guide planning and resource allocation **across all the spheres** of government:

- ◆ national and provincial **departments develop their five-year strategic plans and budget** requirements taking into account the medium-term imperatives
- ◆ informed by the MTSF and their 2006 mandates, municipalities are expected to **adapt their Integrated Development Plans** in line with these

MTSF **reviewed annually** at mid-year Cabinet makgotla, with three-year rolling cycles and inform corresponding three-year rolling MTEF's and POA

Take into account 2015 **UN Millennium Development Goals**

# ELECTORAL MANDATE

## Objectives

**The national government's mandate underscores the need to create a democratic, non-racial, non-sexist and prosperous society: now is the time together to do more, better**

**The following objectives are identified:**

- ◆ halve poverty and unemployment by 2014
- ◆ ensure a more equitable distribution of the benefits of economic growth and reduce inequality;
- ◆ improve the nation's health profile and skills base and ensure universal access to basic services
- ◆ improve the safety of citizens by reducing incidents of crime and corruption
- ◆ build a nation free of all forms of racism, sexism, tribalism and xenophobia

# ELECTORAL MANDATE

## Priorities

### From the electoral mandate...

- ◆ ensuring more inclusive economic growth, decent work and sustainable livelihoods
- ◆ access to quality education
- ◆ improve the health profile of the nation
- ◆ ensuring rural development, food security and land reform
- ◆ intensify the fight against crime and corruption
- ◆ massive programme to build economic and social infrastructure
- ◆ build cohesive and sustainable communities
- ◆ sustainable resource management and use
- ◆ creation of a better Africa and a better world
- ◆ building a developmental state including improvement of public services

**Establishment of long-term national planning capacity as the principal mechanism for defining long-term frames of reference and subsidiary objectives, co-ordinating and integrating government efforts, as well as monitoring and evaluation of implementation**

# The learnings

- 15 year review
- The future we chose (the scenario exercise)

# APPRECIATING CONTEXT

## Fifteen Year Review

South Africa could continue along this path, barely denting structural ills such as massive unemployment ..., inequality... and trends in violent crime. With this, society would plod along with occasional social instability and periodic spurts of growth.

Is there a possibility for a big push based on broad national consensus and focused on a few catalytic national initiatives, propelling the totality of national endeavours towards better social impact? ...

Answer...depends on the agency of various social actors: ...success will require a decisive state with even higher levels of legitimacy, and a more cohesive society, together prepared to pursue a common vision and to make ... choices between priorities when the need arises

# APPRECIATING CONTEXT

## Fifteen Year Review

**The Scenario Planning Process identified a number of macro-social dynamics and trends that could present themselves in the long-term:**

- ◆ *Not yet Uhuru*: a Government strongly committed to accelerating economic growth through optimising conditions for private investment, but which struggles to achieve its goals in the face of slow growth and minimal sharing of benefits, deteriorating global conditions and severe ecological challenges
- ◆ **Nkalakatha**: a more cohesive society as a result of government articulating a compelling national vision and fostering partnerships, while playing a more central role in the economy, prioritising poverty reduction and skills enhancement
- ◆ *Muvhango*: a government that battles to govern well despite an initial resurgence of the economy and positive world conditions, because of poor planning, lack of coordination, slow policy implementation as well as internecine and debilitating warfare within the party-political arena.

# APPRECIATING CONTEXT

## Global economic crisis

Global economic crisis to have a huge dampening effect on economic growth in our own country at least up to 2010 with the concomitant negative implications for investment, employment, incomes and government revenue

Current forecasts of real growth in South African Gross Domestic Product for the period 2009 – 2014 puts the average annual rate much lower than the average for the period 2004-2009

Affect government revenue and present difficulties in terms of borrowing from the markets to finance the government deficit

Further: poses substantial challenges for industry and trade, employment and training, income distribution and social security.

On the other hand, need to seek opportunities – in a potentially vibrant subcontinent – that will result in a more equitable long-term growth and development trajectory.

# APPRECIATING CONTEXT

## Global economic crisis

### Appreciation on a global scale that:

- ➔ **markets** on their own are incapable of rectifying problems that their own rapacious licence has generated in the first instance
- ➔ **state** has a critical role to play in rectifying these weaknesses and ameliorating the effects of the crisis on the real economy and the conditions of life of especially the poor

Within South Africa, this is reinforced by the heightened efforts to **strengthen partnership** among all economic role-players

Potential to lay the foundation for a **social compact** among South African social partners in ensuring a speedy recovery and setting the country on a higher growth and development trajectory

...in the context of the development and implementation of both the **strategic vision** of the South African nation and the **medium-term strategy** derived from the electoral mandate

# MTSF THRUST & FOCUS

## Objective and mission

**Basic thrust:** improve the conditions of life of all South Africans and contribute to building a better Africa and a better world

**Main focus:** minimise the impact of the economic downturn on the country's productive capacity as well as jobs and poverty-reduction measures, to identify opportunities for new areas of growth and economic participation, and progressively to set the country on a new growth and development path

**Fundamental** to the attainment of all our objectives is a **growing economy**, appropriately transformed, so that the benefits of growth are shared by all

**Central objective and mission** is to set the country on a **higher and sustainable growth trajectory** by 2014 with an expanded and more diversified economic base, with 2004 unemployment and poverty rates halved and with greater equity and social cohesion. This includes universal access to electricity, water and sanitation in decent community settlements

Our progress towards this central objective will be reflected in the major **indicators of human development**.

# MTSF THRUST & FOCUS

## Challenge of resources

All the priorities need to be implemented:

- ◆ many of them do not require an outlay of additional financial and human resources
- ◆ others are already provided for in the current MTEF
- ◆ yet others will require additional allocations

What about competing demands on limited resources?

- 1 the **sequencing and phasing in** of various programmes will need to take into account availability of resources
- 2 a **comprehensive review of the budget** will need to be conducted so as to identify savings that can be allocated to the priorities
- 3 creative ways will need to be found to **involve Development Finance Institutions and the private sector** in the implementation of some of the projects.

# MTSF THRUST & FOCUS

## Core activities

Is it conceivable, in this context, for the growth and development trend to **defy the economic forecasts on the upside?**

**At the core of the critical activities that can drive faster economic recovery and lay the basis for movement to a higher growth trajectory, ensure protection of jobs and expansion of employment opportunities, and offer social protection are:**

- ◆ major **infrastructure programmes** with a large impact on productivity, competitiveness, local industrial development and quality of life
- ◆ **public employment initiatives** centred on public works projects and expansion of public services such as health, education and social work
- ◆ a comprehensive revamp of the **social security system**
- ◆ **large investment projects of the private sector** (especially labour-absorbing) including security of fuel supply, environment-friendly energy and other such devices as well as supplier industries for infrastructure projects
- ◆ **enhanced productivity** across the public and private sectors underpinned by a massive skills development programme including, in the context of the economic crisis, training initiatives as an alternative to retrenchment
- ◆ public and private socio-economic **projects** with low **import content**, such as housing construction

# MTSF THRUST & FOCUS

## Prioritising priorities

Appreciate centrality of a growth path that addresses the economy's structural constraints, expands the industrial base and creates decent work opportunities on a larger scale, which is contingent on:

- ➔ micro-economic interventions that improve efficiency of, and participation in, the economy while supporting employment-creating investments
- ➔ investment in quality education for all young people and in skills development generally

**Proceeding from premise that success in reducing poverty, eliminating structural unemployment, implementing comprehensive social security, building social cohesion, and reducing crime depends on growing the economy in an equitable manner – underpinned by an expanding skills base.**

# MTSF THRUST & FOCUS

## Social partnership

Enormous **responsibility on all social partners** to contribute to, firstly, the recovery and, secondly, the step-change in the magnitude and content of economic growth

Core activities and MTSF as a whole will **benefit all sectors** of society: but at the same time, there will be instances where **sacrifice** may be required from all social partners, especially in the initial phase which demands more 'defensive' interventions

Requires a **change in mindset and performance** by the state, the private sector and all of civil society: complementary and mutually-reinforcing activities among all social actors, including the state, the corporate sector, workers, communities and households.

**In this context: 10 strategic priorities and programmes, informed by electoral mandate**

# STRATEGIC PRIORITY 1

## Speeding up growth...

Creation of decent work opportunities should be the primary focus of economic policies. Industrial policy in particular must recognise that:

- ◆ mining value chain, including heavy chemicals, remains critical for exports
- ◆ state must do more to improve support structures and systems for economic activities that create decent work opportunities on a large scale
- ◆ in the short run, most employment creation will likely come from activities that depend largely on government spending
- ◆ in the medium term, growth should come more from industries that can competitively meet the needs of South Africa and the region, and to some extent that can compete in the global market
- ◆ in the long run, the Industrial Action Plan must be scaled up to support broad-based industrialisation including more advanced manufacturing, as well as encouraging cleaner, lower-energy technologies and green jobs

The push for expanding decent work must include an integrated rural development and agrarian reform strategy that addresses the mass joblessness and poverty of the former bantustan regions, while seeking to improve conditions for farm-workers.

# STRATEGIC PRIORITY 1

## Growth: stable macro-economy

Maintaining **countercyclical monetary and fiscal policies** and ensuring an optimal policy mix between the two policy instruments

**Ensuring price stability and low inflation rates**, thereby reducing interest rate and exchange rate volatility, and positively contributing to lowering international risk premia

**Reduce currency volatility** and ensuring that the real level of the currency supports balanced growth, including accumulation of foreign exchange reserves

Balance in **spending** among competing needs in welfare, social services and economic services will be managed in the interest of **sustainable growth and development**

A **taxation system** designed to encourage higher levels of productive investment and employment creation

More focussed investment **role for state and other pension funds** in South Africa and Africa

**Prompt implementation of BEE charters and codes**, including the Financial Services Charter with its investment obligations.

# STRATEGIC PRIORITY 1

## Growth: trade and industrial policy

**Target is to create more, sustainable decent work opportunities and increasing the ratio of exports to GDP by 2014, with emphasis on:**

- ◆ accelerating implementation of a scaled up Industrial Policy Action Plan (IPAP) by providing necessary human and monetary resources and improving coordination among the three spheres, parastatals and DFIs, and with the private sector and labour
- ◆ IPAP to mobilise support for sectors that can create employment on a large scale, while expanding SA's manufacturing capacity. Should provide a framework for strategies to improve contribution to employment creating growth of major sectors currently excluded from IPAP (e.g. agricultural, mining, tourism and other services (health, education, finance, and cultural industries), construction and targeted consumer products
- ◆ identify niche areas in which SA has comparative advantage, including expansion of supplier industries for the infrastructure programme both in SA and sub-Saharan Africa
- ◆ reduce cost of production, through a.o. appropriate levels of supplies and cost of economic infrastructure, targeted skills development and efficient regulation, focussed on creation of decent work and sustainable livelihoods
- ◆ counteracting lack of competition in key sectors by deploying a range of strategies
- ◆ alignment of trade and industrial policies including greater competitiveness and smoother flow of trade
- ◆ ensuring that regional economic integration in SADC is informed by a regional development strategy; review SACU revenue sharing arrangement, and partner with DRC, Zimbabwe and Angola as they emerge from periods of conflict
- ◆ supporting progressive improvement in workers' pay and conditions especially in sectors that are characterised by low standards, combined with reducing the overall unemployment rate
- ◆ effectively regulate contract work, outsourcing & subcontracting and address abuse by labour brokers.

## Growth: inclusive economy

- ◆ Expand opportunities for the poor to access the labour market
- ◆ Facilitate access to financial services particularly in poorer areas and ensure programmes explicitly targeting the second economy are scaled up – each reaching upwards of 50,000 people
- ◆ Fully implement Phase II of Expanded Public Works Programme (EPWP) including fast-tracking of the Community Works Programme and other public employment programmes– all of which should create the equivalent of over 4-million work opportunities in next five years
- ◆ Intensify implementation of National Youth Service
- ◆ Regularise employment for some government outsourced tasks
- ◆ Employment focus in industrial policy to address issues of market access and the spread of power and benefits in existing and new value chains
- ◆ Effective and efficient urban management and development provide a dynamic impetus to employment and economic growth opportunities. This is enhanced by greater alignment of social and economic infrastructure and land use planning; upgrading and transforming informal settlements and release of well-located land
- ◆ Skills development programmes should also emphasise the acquisition of artisan skills and self-employment.

# STRATEGIC PRIORITY 1

## Growth: SME development

- ◆ Facilitate market access and entry into value chains by small businesses and co-operatives
- ◆ Strengthening the impact of institutions providing business development support
- ◆ Improve the management and distribution of micro-finance
- ◆ Partnership with the private sector to provide dedicated services and skills training to small, micro- and collective enterprises
- ◆ Reduce the regulatory burden on small business and co-operatives
- ◆ Leverage state procurement, with concrete targets, to support the growth and sustainability of SMMEs.

# STRATEGIC PRIORITY 1

## Growth: technological innovation

- ◆ Build on range of strategies and support programmes already supporting innovation in firms, and R&D in the private and public sectors with emphasis on biotechnology and pharmaceuticals, space science and technology, alternative energy technologies and other opportunities presented by climate change
- ◆ Increase access to and uptake of ICTs in partnership with business and civil society and create a favourable ICT environment including through digital migration and its industrial opportunities, and a competitive market in domestic and international bandwidth
- ◆ In long term, the quality of our skills and human resource base are vital to the success of our innovation and research and development objectives. We therefore need to gear educational system to produce quality outcomes in terms of rate of high school passes in Mathematics and Science and the number of university graduates in Science, Engineering and Technology fields and in advanced research.

# STRATEGIC PRIORITY 2

## Social and economic infrastructure

Continue with the **economic and social infrastructure investment programme**: transportation, energy, water, sanitation and information and communications infrastructure to increase access, quality and reliability of public services... and ensure environmental sustainability and maximum employment impact

### AIM

- to ensure sustained investment growth over the medium-term so as to achieve the target of a GFCF ratio above 25% of GDP by 2014
- ensure ongoing maintenance of existing infrastructure across the board – dedicated capacity and resources including obligation to budget for such

**Such projects will be spatially referenced and planned for and implemented in an integrated manner: within 12 months, finalise an integrated infrastructure development strategy.**

# STRATEGIC PRIORITY 2

2

## Infrastructure: key focus areas

- ◆ Creatively access **resources from various sources** to continue with economic and social infrastructure programme and involve DFIs and the private sector in the financing of the projects
- ◆ Continue to build, revamp and maintain **electricity infrastructure**, including generation, distribution and reticulation & develop **alternative energy sources**
- ◆ Continue with programme to expand **pipelines for the supply of liquid fuel to inland provinces** and the country at large
- ◆ **Logistics infrastructure** (road and rail) for the transportation of goods and services including agrolistics for farming and agricultural products – include more systematic efforts to encourage movement from **road to rail**
- ◆ Development of reliable, affordable and secure **ICT infrastructure for multiplicity of applications**
- ◆ Revamp **public transport infrastructure**, including the BRT project and taxi recapitalisation and the system of public transport generally
- ◆ Continue to build and maintain **water infrastructure** to improve reticulation, prevent wastage and ensure reliable and safe supply for human consumption, industrial activity and for irrigation projects

## Infrastructure: key focus areas

- ◆ **Suitably located and affordable housing:** double the current housing provision rate in partnership with the private sector including through the Financial Service Charter, to provide for all income levels and mixed-income settlements
- ◆ **Human settlement formation** also aim at eliminating marginalisation of the poor from economic opportunities and social and cultural amenities: urgently finalise **Land Use Management Bill** for immediate implementation
- ◆ Finalise and implement programme for **universal access to electricity, water and sanitation by 2014**
- ◆ Rural investment in **agricultural infrastructure and production services** in association with land redistribution and restitution and social infrastructure
- ◆ Improving **provincial and local government capacity** to plan for and maintain infrastructure to ensure continued efficient delivery of economic and social services
- ◆ Continue programmes to provide and maintain **health, education, library, as well as sports, recreation and other social infrastructure.**

## Rural development linked to land reform

Between 10 and 15 million in areas that are characterised by extreme poverty and underdevelopment and many have an average per-capita income approximately 9% of the national average

Geographic spaces and territories (urban or rural) are **not undifferentiated and homogenous**: have varied basic resources, characteristics and development patterns. Government approach should encourage policy actions that are responsive and conducive to requirements of different contexts prevailing in each territory.

In this regard, National Spatial Development Perspective will be reviewed and, where appropriate, adjusted.

### Overall objective:

**Develop and implement a comprehensive strategy of rural development that transcends the false dichotomy of rural and urban and that will improve quality of life of rural households, enhancing the country's food security through a broader base of agricultural production, and exploiting the varied economic potential that each area enjoys.**

## Rural development...

**Aggressive implementation of land reform policies (restitution & redistribution):** Ensure land reform is more coherently linked to creation of livelihoods for the poor and that strategically located land is released for the most appropriate use without delay. Water allocation reforms to be tied into land release process

### Stimulate agricultural production:

- ◆ institutional support that creates **scale economies and access to business services and markets**
- ◆ **agricultural implements and inputs** to support emerging farmers and households; fencing off agricultural areas; making agricultural loans accessible; ensuring agricultural extension services of a high quality; marshal public and private resources

R2.6 billion in conditional grants for agricultural infrastructure, training and advisory services and marketing, and for upgrading agricultural colleges. Medium term aim is to bring about measurable increase in agricultural output

# STRATEGIC PRIORITY

3

## Rural development...

**Rural livelihoods and food security:** intensify Ilima/Litsima campaign to enhance household food security and provide about 140 000 agricultural starter packs to households per annum. Shield valuable agricultural land from encroachment, support communities to grow their own food, improve logistics of food distribution and ensure affordable prices. As a consequence, rural households should be able satisfy 60% of their food requirements from own production over the MTSF period.

**Improve service delivery:** education, health, housing, water, sanitation, and energy. Departments to develop spatially targeted strategies to respond to the diverse needs of rural areas

**Skills development:** implement Education and Training Strategy for Agriculture and Rural Development; dedicated resources set aside to recapitalise agricultural training colleges and ensure appropriate training programmes to support rural economies; agricultural colleges turned into centres of excellence and access of emerging farmers to professional mentoring services enhanced; maintain database of beneficiaries of support & provide training to them and farm-workers.

# STRATEGIC PRIORITY

3

## Rural development...

**Revitalisation of rural towns:** dynamic regions require vibrant centre or service node. Use spatially targeted grants such as the Neighbourhood Development Grant programme for revitalisation and development of rural towns to serve as service centres of rural economies with hard and soft infrastructure including institutional networks for marketing, storage, advisory services, finance and improved agrolistics

**Explore and support non-farm economic activities:** including tourism, light manufacturing and cultural work for areas to fully utilise their unique assets, basic resources and characteristics

**Institutional capacity development:** alignment of the efforts of rural local government, national and provincial departments and other public agencies in order to achieve better developmental outcomes

**Cooperative development:** enhance role for agriculture cooperatives in the value chain including in agro-processing, including:

- ◆ establish/verify a data base of cooperatives and building capacity
- ◆ savings mobilisation so 10% of surplus is saved as per Cooperatives Act
- ◆ developing one-stop shops where cooperatives and other farmers can access marketing and other information and government services

**Implement a development programme for rural transport:** the objective is to improve mobility and access – which is critical for enhancing socio-economic activity and a better quality of life

# Strategic Priorities 4 up to 2015

- **Build cohesive, caring and sustainable communities:** halving poverty; comprehensive social security, direct transfers/grants; promoting values enshrined in the Constitution as the principal foundation of the shared value system and social solidarity
- **Pursuing African advancement and enhanced international cooperation:** pursuing a developmental and investment-orientated approach to engagements with the North; working for the consolidation of the African Agenda through the implementation of NEPAD; strengthening the SADC by improving the political and economic integration of the region.
- **Sustainable resource management and use:** establishing a national framework response to climate change mitigation and adaptation while maintaining our reputation as a global player; developing the Environmental Impact Management Strategy that will ensure improved efficiency and effectiveness; promoting innovation and diversification towards alternative production of resources; accelerate efforts to meet the energy-efficiency targets of 12% by 2015 and renewable energy target of -10 000 GWh by 2013.
- **Building a developmental state,** including improving public services and strengthening democratic institutions: capacity building, entrenching values

# Strategic Priorities 4 up to 2011

- **Education:** qualitative outcomes through out from early childhood development to post-secondary school and higher education learning; inclusive schooling; promotion of the teaching profession; improving conditions for effective school management, improving accountability by setting performance standards and teacher development and performance appraisal as well as safety in schools will be created; expanding access; giving 2<sup>nd</sup> chances.
- **Health:** complete transformation of the public health system to reduce inequalities in the health system, improve quality of care and public facilities, boost human resources and step up the fight against HIV and AIDS, TB and other communicable and non-communicable diseases, lifestyle- related diseases and other causes of ill-health and mortality; the phasing in of National Health Insurance (NHI) within the next five years and vigorous implementation of the National Strategic Plan for the Treatment, Management and Care of HIV/AIDS to reduce HIV-incidence by 50% by 2011
- **Crime and Corruption:** the establishment of a new and realigned single criminal justice coordinating and management structure, focusing on efficiency of the courts, enhancing detective and forensic services and prosecutorial capacity, modernising the criminal justice system through the application of technology solutions, mobilising the population in the fight against crime and promoting the rehabilitation of detainees to reduce the repetition of criminal behaviour.

# Summary

- **Solution**
  - Address constraints to growth and development by undertaking programmes that will increase public investment in economic infrastructure.
  - Protection of low income workers, unemployed and the vulnerable groups are not severely affected by the crisis,
- **Examples of MTSF Interventions**
  - Infrastructure build programme
  - Rural development including the revitalising of rural towns
  - NHI, skills development, housing, social grants

# RESOURCE ALLOCATION

## GLOBAL ECONOMIC CRISIS

Growth in public **spending is likely to slow** for the next **two to three years**

Require some **tough choices and serious tradeoffs**

**All priorities should receive urgent attention**

But need to **phase them in and sequence their comprehensive implementation** taking into account the **availability of resources**

The **submission and interrogation of budgetary submissions** should take account of these MTSF priorities, especially **decent jobs, human capital development and rural development**

**Areas of comparatively higher growth in expenditure...**

economic  
services

social  
infrastructure

education &  
health

criminal justice  
system

# RESOURCE ALLOCATION

## FISCAL STANCE

In principle, government has decided that, **in the early years of the mandate period, it will maintain the steady increase in expenditure especially in areas that will protect society from the worst effects of the global and domestic economic downturn, and prepare the country to take advantage of the upturn.** In addition to the tough choices that will have to be made now, it will also be necessary **in the medium-term to reverse the large budget deficits** that this posture will exact



# Government already beginning; in POA.

- Significantly expand public employment: CWP/EPWP/II (to stimulate demand, thicken local markets, engage people in economic activity)
- Regulatory reviews (RIA/regulatory burdens)
- Strengthening competition regulatory environment; market inquiries
- Infrastructure investment
- Industrial/sector strategies/one stop investment facility
- Improve quality of education and health provision
- Investigating a transformative growth
- Improving financing model for SMMEs, Promote government procurement for SMME, call centre to enforce 30 day payment operational, Assessment of provincial and local SMME support infrastructure, Review the work on cooperatives in order to identify the appropriate model, and urgently devise an implementation plan



# Value for money

- The starting point is the MTSF, produced by the Planning Process.
- The MTSF is then converted into 25 to 30 main OUTCOME indicators, approved by Cabinet. “ e.g. *improve the quality of basic education*”
- Implementing departments then define and agree the most valuable OUTPUT measures that will indicate if we are achieving the outcome. The Presidency will focus on these measures e.g. *Improve the Pass rate for Grade 3 literacy and numeracy to 75% , Grade 6 maths to 85% and grade 9 maths and English to 80% over the five year term independent testing*
- The Key ACTIVITIES that will be required to achieve the outputs will be listed. Only those without which the output will not be met are listed e.g. *Teachers to be in class on time teaching 7 hours a day. The curriculum for grades 1-6 for seven core subjects to as a minimum be taught using prescribed workbooks. Curriculum coverage must be 100% of the workbooks and be measured once a year in every school*
- The Essential INPUTS that are then identified, only those that form part of the delivery chain for the outputs. e.g. *The workbooks for 7 subjects from grade 1 to 6 and the ability to conduct independently moderated tests for grades 3, 6 and 9*
- This Delivery Chain is then developed into a detailed DELIVERY AGREEMENT at a forum of the key Delivery institutions within all levels of Government and any external partners. e.g. *The council of education ministers, HEDCom, sample of districts, principals, teachers, and support institutions negotiate a delivery agreement which specifies what each party will deliver, by when with what resources.*
- The OUTCOME, OUTPUTS, ACTIVITES and INPUTS identified form the core of the Performance Agreement between the President and the Minister and Sector. e.g. *The President confirms the Delivery requirements in a letter to the council of ministers and asks for a report every six months on progress.*



END