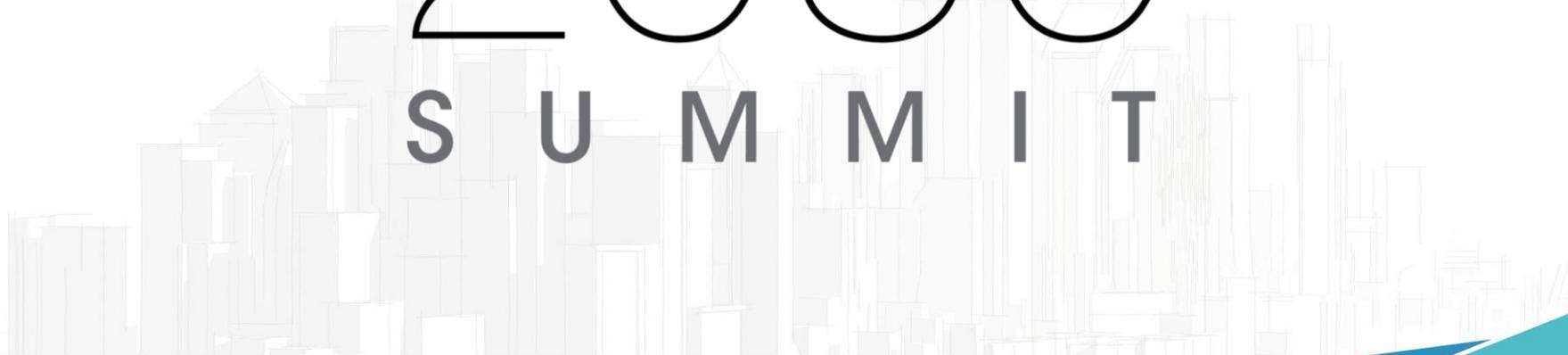


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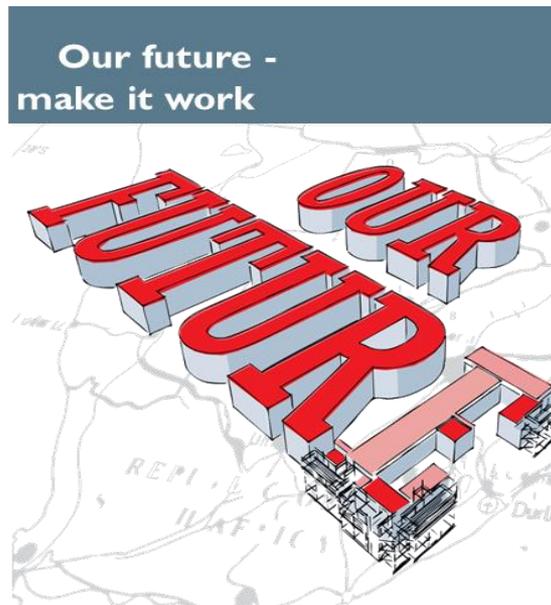


2030

S U M M I T



# IMPLEMENTING THE NDP – PPPs AND SOCIAL COMPACTING FOR NATIONAL DEVELOPMENT



**Presented by: Mr Tshediso Matona**

## NDP OVERVIEW

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- **National Development Plan: Vision 2030** is our nation's blueprint and programme to build on our achievements, and to decisively confront our challenges.
- It is the overarching plan that seeks to fulfil the aspirations of the majority of South Africans.
- **NDP** underpins South Africa's developmental endeavours, and informs the growth and transformation policies spearheaded by government, but with a role for business, labour and other social actors.
- It is the programme to advance radical socio-economic transformation through three key levers namely:
  - Economic interventions
  - Capabilities of South Africans
  - Capacity of the State & Active Citizenry

## **NDP OBJECTIVES**

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### **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, to a low of 20.2% for extreme poverty and 45.5% for moderate poverty (StatsSA, 2014)
- But poverty remains extremely high

### **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)

## **CURRENT DOMESTIC ECONOMIC PERFORMANCE**

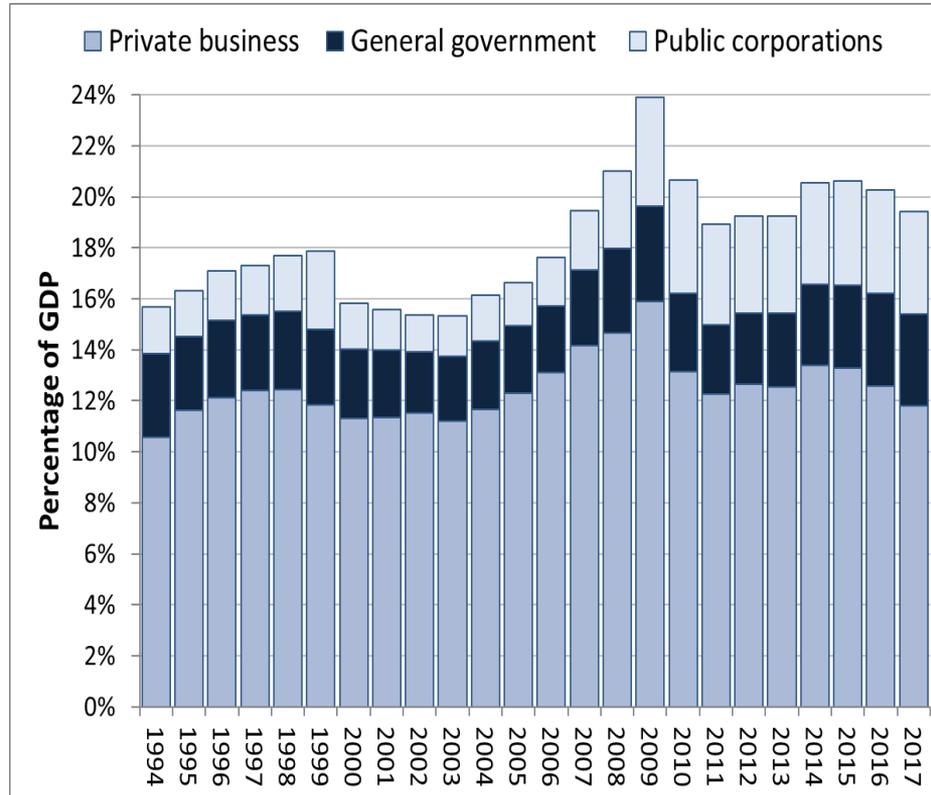
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- South Africa's potential is significant, yet growth over the past five years has not benefitted from the global recovery.
- The economy is globally positioned, sophisticated, and diversified.
- But there are binding constraints to growth - policy uncertainty; regulatory environment not conducive to investment; no sustained long-term partnership/cooperation between government, business and labour (Social Compact).
- In 2018, growth is estimated at 1.5 %. This is insufficient to make a meaningful dent in unemployment, poverty, and inequality.
- Recent World Bank study on South Africa reveals that SA is one of most unequal economies in the world.
- Currently, more than half of the population lives in poverty and 27 percent of the labor force is unemployed.

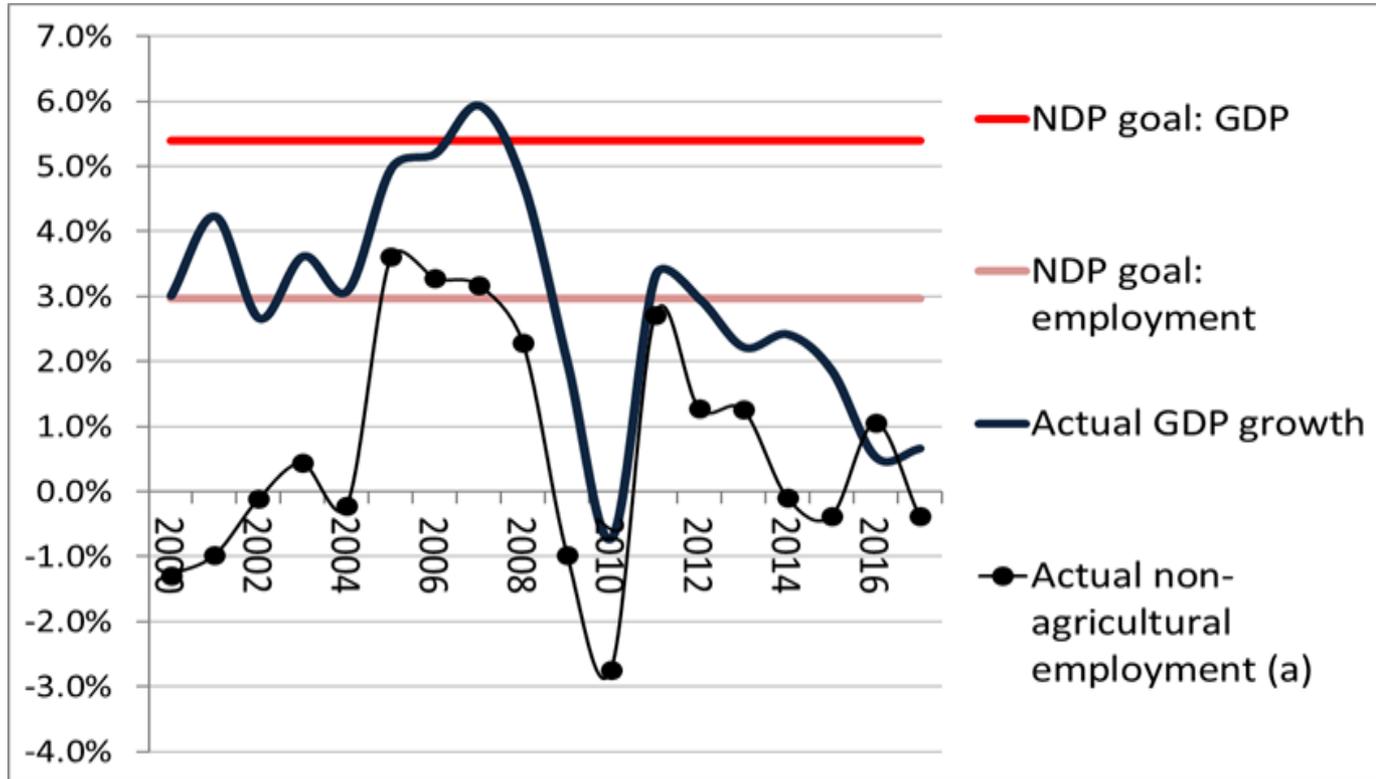
# CURRENT DOMESTIC ECONOMIC PERFORMANCE

## 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
- We require investment at 20% to 25% of the GDP to sustain growth



## CURRENT DOMESTIC ECONOMIC PERFORMANCE



Sources: Stats SA and South African Reserve Bank

## **PROGRESSING NDP IMPLEMENTATION – ECONOMY (1/3)**

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### **Reduce the cost of living for poor households and costs of doing business through microeconomic reforms.**

- Substantial government spending on social protection have helped to reduce poverty.
- Government redistributive policies have increased access to basic services for poor citizens.
- Enabling the poor to access economic opportunities will contribute to growth, and reduce over-reliance on social grants.
- Fostering a conducive environment for economic growth and business remains critical; requires increased investment in infrastructure and reducing regulatory burden for especially small and medium businesses and providing appropriate incentives.

## **PROGRESSING NDP IMPLEMENTATION – ECONOMY (2/3)**

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- Government launched Invest-SA initiative in 2016 - to address the ease and cost of doing business in South Africa.
- The Employment Tax Incentive - extended by two years until 28 February 2019 to promote youth employment.
- Other initiatives underway to address youth unemployment challenges, e.g., Youth Employment Accord (NEDLAC); Jobs Fund; Youth Employment Services (YES) initiative.
- Department of Home Affairs has Premium Visa and Permit Services Centres certain corporate clients in Johannesburg, Cape Town and Durban.
- Various initiatives are underway to forge partnership between government, business and labour to rebuild confidence and improve prospects for more inclusive growth, but must be strengthened and formalised into social compact(s), as envisaged in the NDP.

## **GROWTH AND TRANSFORMATION**

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- Stronger and more inclusive growth is required to address unemployment, poverty and inequality.
- The current economic structure widens the gap between the rich and the poor- wealth inequality remains high and has been growing over time(World Bank 2018).
- Beyond short-term initiatives, there should be focus on transforming the underlying structure of the economy, if sustained and broad-based inclusion of black people in the economy is to be achieved.
- Government remains committed to promoting inclusive economic transformation through fair, transparent and predictable policies.
- Public and private investment needs to be mobilised in tandem and coordination to modernise and diversify the economy.
- Innovative and bold approaches are required to implement existing policies such as BBBEE, Employment Equity, Skills Development, and to devise new such as Black Industrialists Programme of the DTI

## **PUBLIC-PRIVATE PARTNERSHIPS(1/2)**

- The NDP calls for partnership(s) between government and the private sector, especially for increased investment, inclusive growth/transformation, and infrastructure roll-out.
- It calls for infrastructure investment as a percentage of GDP to grow from 21 per cent in 2015 to 30 per cent by 2030.
- Utilising Public-Private Partnership (PPP) financing can contribute to better decision-making, discipline, accountability and rigor in the planning and assessment of infrastructure projects.
- Of the R947.2 billion planned for public-sector infrastructure spending over the next three years , PPP projects account for R16.5 billion – 1.7 per cent of the total public-sector infrastructure budget estimate (National Treasury Budget review 2017)
- PPPs have been adopted in a few sectors, but expected to play a greater role in energy, transport and municipal infrastructure in the coming years.

## **PUBLIC-PRIVATE PARTNERSHIPS(2/2)**

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- According to National Treasury, PPP project transactions are expected to increase from R4.8 billion in 2016/17 to R5.9 billion in 2019/20.
- Currently National Treasury is undertaking initiatives to streamline the implementation of such partnerships, while reducing the time it takes to complete project planning.
- Also National Treasury has partnered with local and international development finance institutions to explore the development of alternative infrastructure funding while diversifying sources of funding to encourage private-sector participation.

## **PARTNERSHIPS IN IMPLEMENTING THE NDP**

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- Business can collaborate with government in planning and managing key infrastructure projects.
- Business can collaborate with government on such priority challenges as skills development, climate change, and strengthening the innovative and technological capacity of the country.
- For headway with effective partnerships and social compacts, we need fresh approaches; inspired by the prevailing positive spirit of “a new beginning”; but building on the achievements of the last 23 years of democracy in SA.
- Need to re-engage afresh, with business taking active interest in where government policies and programmes are coming from, what they seek to achieve; and government appreciating better the vision, drivers and objective concerns of business; to expand ‘common ground’/‘space for consensus’ for partnership and collaboration, including with labour and other actors.
- Policies like promoting labour intensive sectors, black industrialists, market access for SMEs, preferential procurement, paying suppliers in time – do not need to be the exclusive worry and preoccupation of government alone; but of business too; of State-Owned Companies and DFIs; of the banking industry; and of education and skills institutions.

## CONCLUSION

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- Despite the progress made over the last two decades, income poverty remains high, and inequality is severe as ever.
- We have a long way to go to reach the NDP targets, dropping poverty from 39% to zero, creating 11 million jobs, and reducing the gini coefficient measure of inequality to 0,60.
- We have it within our means to achieve the transformation we are seeking, but we need a business unusual approach.
- In the spirit of the NDP, we need practical and effective partnerships to create a virtuous cycle of development – to achieve the goals of the NDP 2030.
- To progress further, focus should be on implementing strategic/catalytic interventions to restore sustained growth, and make real inroads in education and skills development as enabler of quality jobs and economic inclusion, and attainment of core NDP goals.



**THANK YOU**