



Building a new economy

HIGHLIGHTS OF THE
RECONSTRUCTION
AND RECOVERY PLAN



THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA



CONTENTS

- ...1 Introduction: Building a new economy
- ...2 The economic impact of COVID-19
- ...3 Building a new economy
- ...4 The elements of the reconstruction and recovery plan
- ...8 Building on common ground

WHAT DOES THE RECONSTRUCTION AND RECOVERY PLAN MEAN FOR SOUTH AFRICA

- ...10 **A massive rollout of infrastructure**
- ...12 **A new paradigm for energy**
- ...14 **An employment stimulus to create jobs and support livelihoods**
- ...16 **Renewed support to grow SA businesses**
- ...18 **Fast-tracking reform measures for a competitive and inclusive economy**

- ...21 Other key elements of the plan
- ...24 A supportive macroeconomic framework
- ...25 A ruthless focus on implementation

KEY COMMITMENTS OF THE RECONSTRUCTION AND RECOVERY PLAN

- ...i Infrastructure
- ...ii Energy security
- ...iii Employment stimulus
- ...iv Localisation, industrialisation and export promotion
- ...v Fast-tracking reforms for a competitive and inclusive economy

INTRODUCTION: BUILDING A NEW ECONOMY

South Africa's Economic Reconstruction and Recovery Plan sets out a bold vision and immediate actions to enable an economic rebound and to build the economy of the future. It brings together the work of government departments, the Economic Recovery Action Plan agreed by social partners at NEDLAC and contributions from the Presidential Economic Advisory Council.

THE ECONOMIC IMPACT OF COVID-19

The COVID-19 global pandemic represents a severe and unexpected exogenous shock to the South African economy, in a context of already weak economic performance. Prior to the onset of the pandemic, the economy was in recession, the rate of unemployment was at its highest level in over a decade, poverty and inequality remained deeply entrenched, and the fiscal situation was deteriorating due to lower than expected revenue earnings and growing sovereign debt.

However, with adversity comes opportunity. As outlined in the Social Compact on Economic Recovery, South Africa is now “on the threshold of an important opportunity to imaginatively, and with unity of purpose, reshape its economic landscape as it confronts the devastating effects of COVID-19.”

Government’s response will match the proportions of this crisis, and will focus on prioritisation and implementation to achieve results. The reconstruction and recovery plan seeks to engineer a decisive shift in trajectory that enables the country to emerge from the grip of a severe middle income trap characterised by deindustrialisation, falling per capita incomes, entrenched inequality, deepening poverty and historic levels of unemployment, all exacerbated by the effects of the pandemic.



BUILDING A NEW ECONOMY

The COVID-19 crisis presents an opportunity to address long-term structural deficiencies in the South African economy and place the economy on a new path to growth and job creation. In this regard, reconstruction from COVID-19 should be seen not in terms of recovery to what was, but in terms of transformation to what is next.

President Ramaphosa captured our determination to reset the South African economy when he said: “*We are determined not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality.*”

While the COVID-19 global pandemic is a crisis of unprecedented scale, it is also a rupture with the past, and an opportunity to drive fundamental and lasting change. Just as the post-war era enabled the restructuring of economies, societies and the global order, COVID-19 will herald a transformation of social and economic relations in South Africa.

South Africa’s growth story will rely on a massive investment in infrastructure, including in energy, telecommunications, ports and rail. It will be propelled by swift reforms to unleash latent potential, and supported by an efficient state that is committed to clean governance. It will be inclusive, digital, green and sustainable, and it will invest in our human capital to lay the foundations for the future.

Reconstruction from COVID-19 should be seen not in terms of recovery to what was, but in terms of transformation to what is next.

THE ELEMENTS OF THE RECONSTRUCTION AND RECOVERY PLAN

South Africa's Economic Reconstruction and Recovery Plan builds on our comprehensive health response to restore economic activity and rebuild the economy in a manner that ensures sustainability, resilience and inclusiveness.

The core elements of the Economic Reconstruction and Recovery Plan are as follows:

1. Priority interventions for economic recovery: the plan sets out eight priority interventions that will ignite South Africa's recovery and reconstruction effort. These are the flagship initiatives that all of society will rally around to build a new economy.
2. Enabling conditions for growth: these are the growth-enhancing reforms and other preconditions for an inclusive, competitive and growing economy.
3. Macroeconomic framework: economic reconstruction and recovery requires careful mobilisation of resources to ensure fiscal sustainability.
4. Institutional arrangements: the plan focuses on execution, and is supported by enhanced institutional arrangements to ensure implementation and accountability.

Priority interventions for economic recovery	Infrastructure investment	Energy security	Presidential Employment Stimulus	Strategic localisation, industrialisation and export promotion
	Tourism recovery and growth	The green economy	Food security	Gender equality and economic inclusion
MACROECONOMIC FRAMEWORK FOR FISCAL SUSTAINABILITY				
REGULATORY CHANGES TO ENABLE GROWTH				
BUILDING A CAPABLE STATE				
ECONOMIC DIPLOMACY AND AFRICAN INTEGRATION				
SKILLS DEVELOPMENT				

The recovery and reconstruction strategy places jobs at its centre. An employment focus bridges the traditional separation of growth and social policies. Just as pro-growth policies will help us to achieve our goal of socio-economic transformation, an employment focus will promote accelerated inclusive growth. For this approach to be successful, private sector economic activity needs to be unleashed, just as state capability needs to be improved.

The plan targets the primary constraints on growth and employment. These include energy supply, digital infrastructure, and regulatory and policy barriers that increase costs and create inefficiencies. In addition, through a major infrastructure programme and a large-scale employment stimulus, the plan aims to respond to the immediate economic impact of COVID-19, propelling job creation and expanding support for vulnerable households.

The interventions outlined in this plan will:

-  **Achieve sufficient, secure and reliable energy supply within two years**
-  **Create and support over 800,000 work opportunities to respond to job losses**
-  **Unlock more than R1 trillion in infrastructure investment**
-  **Reduce data costs for every South African and expand broadband access to low-income households**
-  **Reverse the decline of the local manufacturing sector and promote reindustrialisation through exports**
-  **Resuscitate vulnerable sectors such as tourism, which have been hardest hit by the effects of the pandemic**





BUILDING ON COMMON GROUND

The Social Compact on Economic Recovery agreed to by social partners at the National Economic Development and Labour Council (NEDLAC) represents a common basis for South Africa's economic recovery, and is the starting point for this strategy. The social compact recognises that "*there is significant convergence amongst the social partners on what needs to be done to set our economy on a new accelerated, inclusive and transformative growth trajectory.*"

The social compact outlines areas of convergence on immediate and longer-term measures to rebuild the economy and restore public confidence. The criteria used to identify these focus areas include not only that they can make a quantifiable impact on the economy, jobs and investment but also that their success is dependent upon or deepened by active social compacting by the social partners.

The social compact includes the following 3 focus areas:

1.

Aggressive infrastructure investment and delivery (including large-scale projects, community and social infrastructure, and infrastructure maintenance)

2.

Employment-oriented strategic localisation, re-industrialisation and export promotion (focusing on key sectors, including revitalising mining and manufacturing, promoting the recovery of tourism, hospitality, leisure and entertainment, supporting agriculture and agro-processing, and growing the digital and green economies)

3.

The enabling conditions and a supportive policy environment for a new accelerated, inclusive, transformative growth trajectory (with a specific focus on measures that support mass employment)

Government's economic reconstruction and recovery strategy builds on the common ground established by this social compact. As such, the two documents are mutually reinforcing. Most of the actions contained in the social compact are also reflected in government's strategy, reflecting the important contribution made by social partners in creating a viable plan for economic recovery. This strategy represents government's commitment to fulfilling its part of the social compact.

What does the reconstruction and recovery plan mean for South Africa?

The economic reconstruction and recovery plan recognises that to support a rapid economic rebound, South Africa needs to focus on a few high-impact interventions and ensure that these are executed swiftly and effectively.

The plan includes the following key actions:

- **A massive rollout of infrastructure**
- **A new paradigm for energy**
- **An employment stimulus to create jobs and support livelihoods**
- **Renewed support to grow SA businesses**
- **Fast-tracking reform measures for a competitive and inclusive economy**

A massive rollout of infrastructure

Unlocking over R1 trillion in new infrastructure investments through enabling the private sector, building capability in Infrastructure SA and the Infrastructure Fund, reviewing procurement frameworks, and providing catalytic funding through blended finance instruments.

The reconstruction and recovery plan will enable a significant expansion in the delivery of public infrastructure, creating jobs, unlocking investment and boosting aggregate demand.

South Africa has a strong core network of national economic infrastructure, yet investment in infrastructure has lagged over the past decade. In addition to reviving the construction sector, a major infrastructure push will support the local manufacturing of inputs and other related sectors across the value chain, including steel.

To finance infrastructure at the scale required, government work with the private sector to deliver priority infrastructure projects. A robust pipeline of projects was demonstrated in the Sustainable Infrastructure Development Symposium (SIDSSA) in June 2020, through which 276 catalytic projects worth over R2.3 trillion have been identified with a funding gap of R502 billion. Moreover, a list of 50 strategic infrastructure projects and 12 special projects was gazetted in July 2020, and these catalytic projects will be prioritised for immediate implementation with all regulatory processes fast-tracked – enabling over R340 billion in new investment.

Capacity is being developed within Infrastructure SA and the Infrastructure Fund to prepare projects that are attractive to private investors, to build capability

for infrastructure delivery within the state and contain costs after project commencement, and to develop appropriate funding models for blended finance. The Infrastructure Fund will provide R100 billion in blended finance over the next decade, leveraging as much as R1 trillion in new investment for strategic infrastructure projects.

Moreover, government will resolve those policy constraints that hamper infrastructure development. The current procurement framework, as well as the regulatory framework for public-private partnerships under the PFMA and MFMA, will be reviewed to enable effective delivery. Investment will be unlocked through the approval of credit enhancing instruments, provision of bulk infrastructure, and speedy approvals of water use licenses, environmental impact assessments and township establishment.

Finally, in addition to effective project preparation and adequate finance, the security of assets and workers in the construction industry is of paramount importance. The rise in incidents of violence at major construction sites, especially in KwaZulu-Natal and the Eastern Cape, will be addressed through dedicated capacity within the South African Police Service at the national and provincial level, working with Offices of the Premier, to immediately respond to incidents and manage relationships with surrounding communities.

A new paradigm for energy

Achieving sufficient, secure and reliable energy supply within two years by improving Eskom's performance and rapidly expanding generation capacity through a diverse energy mix.

A secure and affordable energy supply is a pre-requisite for economic recovery, to reduce costs and minimise disruptions to production while driving job-creating growth. Indeed, energy security is the most important prerequisite for the recovery agenda. Moreover, a large-scale “green stimulus” has the potential to drive economic growth in the aftermath of the COVID-19 pandemic, and provides a unique opportunity to foster a green and just recovery – one that builds an inclusive, job-rich, and resilient society.

Renewed investment in a diversified energy mix can be achieved within a short time horizon, while alleviating a crippling energy crisis and facilitating a necessary transition to a less carbon-intensive economy. The 2019 Integrated Resource Plan (IRP) will be implemented without delay to provide a substantial increase in the contribution of renewable energy sources by 2030, alongside other sources including battery storage, gas and clean coal. This will include an additional 6,000 MW of solar photovoltaic power and 14,400 MW of wind-based generation capacity. The IRP also makes provision for 4,000 MW of small-scale embedded generation for own-use over the same period.

In the immediate term, agreements will be finalised with Independent Power Producers (IPPs) to connect over 2,000 MW of additional capacity from existing projects as well as from projects concluded under bid window 4 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) by June 2021. The Risk Mitigation Power Procurement Programme (RMPPP) will unlock a further 2,000 MW of emergency supply within twelve months.

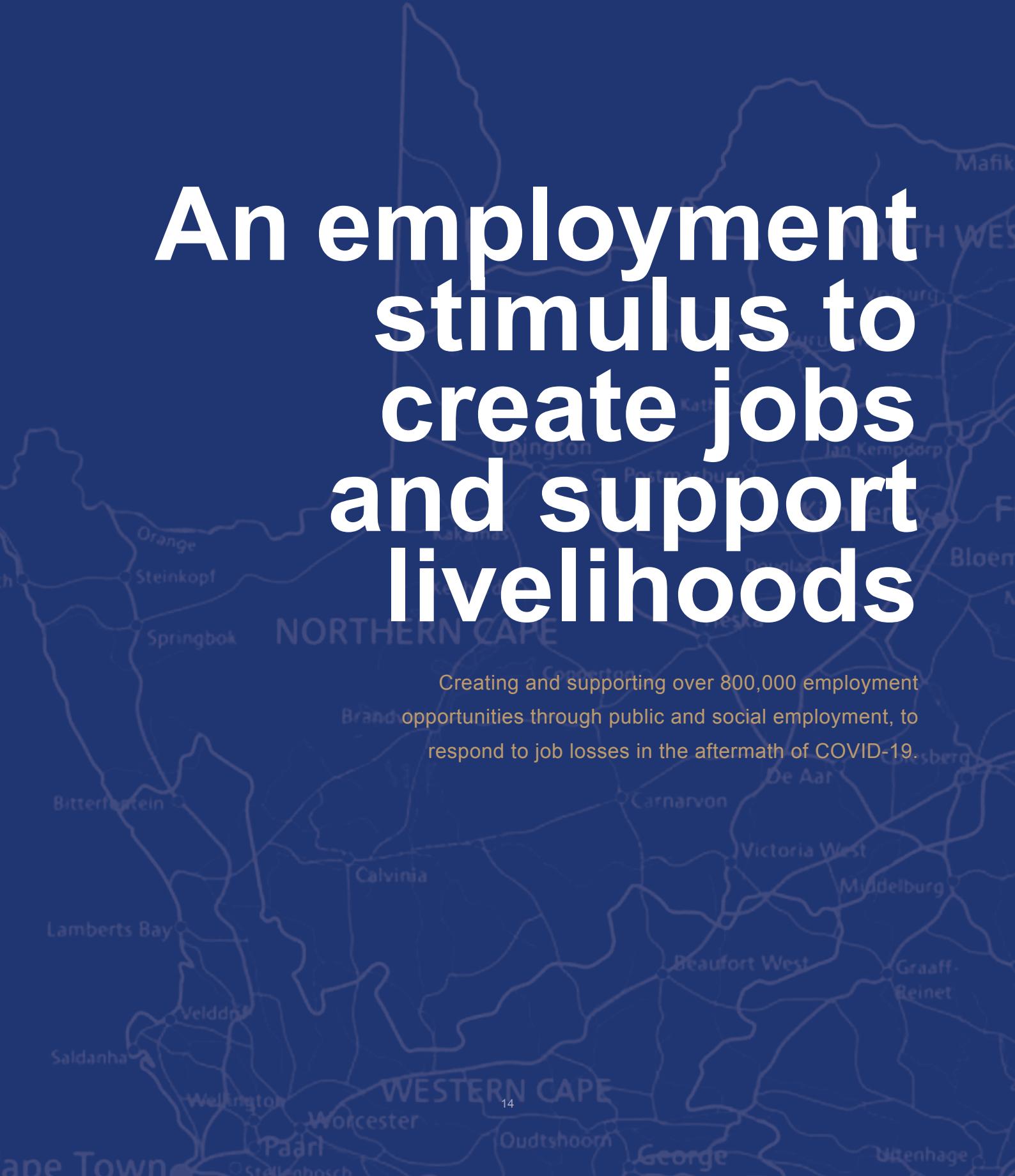
The process to implement bid window 5 of the renewable energy programme has begun. Expanding renewable energy sources through the REIPPPP will achieve multiple objectives simultaneously: it will improve the reliability of energy supply and contribute to energy security; reduce costs for users and crowd in substantial private investment; create employment opportunities at a large scale and reduce the environmental impact of electricity generation. The transition to green energy contributes towards the realisation of the low-carbon, climate-resilient and inclusive economy envisaged by the National Development Plan.

In the context of a constrained energy system and limited fiscal resources, enabling power generation for own-use will be necessary to mitigate the economic impact of supply interruptions. The current regulatory framework will be adapted to facilitate and enable generation projects while protecting the integrity of the national grid.

Finally, to create a secure energy supply and facilitate greater investment in generation capacity – while building an efficient and innovative state power utility – the restructuring of the electricity sector will be undertaken as an urgent priority, through implementing the key reforms identified in the Eskom Roadmap adopted by Cabinet. Unbundling Eskom into separate entities for generation, transmission and distribution will enhance competition and ensure the sustainability of independent power producers going forward. To achieve this, a long-term solution to Eskom’s debt burden will be finalised, building on the Social Compact on Supporting Eskom for Inclusive Economic Growth agreed to by social partners.

An employment stimulus to create jobs and support livelihoods

Creating and supporting over 800,000 employment opportunities through public and social employment, to respond to job losses in the aftermath of COVID-19.



The economic crisis induced by COVID-19, against the backdrop of weak economic growth, has had a direct effect on the livelihoods of the most vulnerable South Africans. Poor South Africans risk becoming poorer and their lives more precarious.

To address this, the employment stimulus announced by the President on 21 April commits R100 billion over the next three years to create jobs through public and social employment. Through the Supplementary Budget, R19.6 billion was allocated to commence the stimulus programme. The employment stimulus is focused on those interventions that can be rolled out most quickly and/or that are catalytic in relation to other dimensions of the recovery.

The employment stimulus builds on existing public employment programmes, including the Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP). These programmes create almost 1 million work opportunities per year.

However, the stimulus recognises the need to create additional opportunities and for innovative delivery models to scale up employment in response to the crisis. At the heart of the employment stimulus is a new, innovative approach to public employment, which aims to harness the energies and capabilities of the wider society. This approach recognises the considerable creativity, initiative and institutional capabilities that exist in the wider society, and aims to harness these to respond to local community priorities.

A new Social Employment Fund will issue calls for proposals against a set of themes, including urban

placemaking; greening and the environment; social solidarity and care; education support and early childhood development; food security; creative arts; and ending gender-based violence. These activities will be locally driven, allowing participants to earn an income while contributing meaningfully to their community.

In addition to social employment, traditional forms of public employment are being scaled up and new forms of public employment created to meet the immediate need. This includes the expansion of natural resource management programmes such as Working on Fire and Working for Water; education and school assistants; labour-intensive maintenance of municipal infrastructure and rural roads; and community health workers and nursing posts.

Finally, the employment stimulus includes direct support for livelihoods and the protection of jobs in vulnerable sectors. Support is being provided to early childhood practitioners to ensure the survival of the sector, as well as to small-scale farmers whose production was disrupted by the pandemic. Grant-making programmes are being expanded in the creative, cultural and sports sector, and jobs protected in cultural institutions such as museums and theatres. Vulnerable teaching posts are being secured in schools which have lost income from fees. The BPO incentive for global business services has been increased to sustain the pipeline of job creation in the sector.

The employment stimulus targets the creation and support of 875,000 jobs in the 2020/21 financial year, increasing further in 2021/22 and 2022/23.

Renewed support to grow SA businesses

Pursuing new areas of growth through industrialisation, localisation and export promotion, helping SA businesses to thrive and expand.

The pandemic highlights the need to deepen South Africa's productive base. The phased reopening of the economy since May 2020 has allowed many firms to resume operations, and has acted as a supply-side stimulus. However, demand remains weak across the economy and global demand is subdued. In the third phase of South Africa's economic response, the focus must be on rebuilding capacity and igniting growth in competitive sectors.

The programme to drive industrialisation through localisation will seek to achieve the following strategic objectives:

- Reduce the proportion of imported intermediate and finished-goods;
- Improve the efficiency of local producers; and
- Develop export competitive sectors that can expand the sales of South African-made products on the continent and beyond.

These objectives will be achieved through a combination of import replacement, African and regional trade, and active investment promotion.

Through the social compact on economic recovery, the private sector has committed to increase the sourcing of local inputs across value chains, from agro-processing to basic consumer goods. Public procurement will also be leveraged to support local production, without compromising on quality or cost effectiveness.

Infrastructure projects will make use of components and products that are locally manufactured, and the list of designated goods will be expanded to ensure that government purchases more goods and services from South African producers. The transparency of government procurement transactions will be strengthened through the development of an improved

open reporting mechanism across all levels of government.

Government will also ramp up the "buy local" campaign together with social partners, and will facilitate clearer labelling and promotion of local products. The social compact on economic recovery commits all companies and government entities to publicly declare, and disclose in their annual reports, the value of procurement from local producers and steps to be taken to improve localisation in the period ahead. This will be a requirement for all incentives, licensing and support provided by the state, and a standard reporting format will be developed.

Developing a local productive base is linked to deepening mutually beneficial linkages with SADC and the continent, through cross-border trade that supports industrialisation and infrastructure development. South Africa will support the implementation of the African Continental Free Trade Area (AfCFTA) from next year to enable the expansion of South African exports and investment on the continent. Government will review trade agreements and pursue strategic partnerships to secure new markets for South African products.

Sector master plans will promote the diversification of the economy. This includes the revitalisation of the mining sector, with renewed investment in exploration and production as well as downstream beneficiation and localisation; the expansion of agriculture and agro-processing by securing access to export markets, supporting small-scale farmers and providing certainty on land reform and post-settlement support; and the development of an efficient and competitive domestic manufacturing sector focused on supplying goods to the rest of the continent.

Fast-tracking reform measures for a competitive and inclusive economy

Implementing decisive measures to reduce the cost of doing business, lower barriers to entry and create a more competitive and inclusive economy.

Increased public and private investment through the priority interventions of the recovery strategy represent a “big push” to boost aggregate demand and will support an economic rebound in the short term. However, progress in these areas will not translate into long-term gains or a structural shift in the trajectory of the economy unless it is underpinned by a range of policy actions to create the enabling conditions for sustained economic growth.

At the root of low economic growth over the past decade are structural factors that have reduced South Africa’s competitiveness in global markets and deterred investment, in addition to regulatory constraints, policy uncertainty and a highly concentrated and unequal economy.

Economic growth and transformation can be achieved through swift policy and regulatory reforms that will unlock latent potential in the economy and reduce transaction costs. These reforms will facilitate greater investment and reduce market prices by lowering barriers to entry in order to increase competition in the economy and enable diversification. Many of these structural reforms are outlined in detail in the paper released by National Treasury and endorsed by Cabinet in 2019.

Government will engage with the mining sector to facilitate renewed investment through a policy framework that provides certainty and adequate investment protection while promoting transformation. The current timeframes for mining, prospecting and

environmental licenses will be reduced by at least 50% to facilitate new investment. The Petroleum Resources Development Bill will be finalised to unlock potential in upstream oil and gas reserves.

Although international tourist travel is likely only to recover in the medium term, efforts will be focused now on putting in place an efficient e-visa system and extending visa waivers to countries where there is potential to tap into new tourism markets. An automated e-visa system will enable the issuance of visas to low-risk travellers immediately upon application, without the need for manual verification in the majority of cases. From 2021, a dramatic increase in international tourist arrivals will be targeted to propel the recovery of the sector, and to increase employment throughout the tourism value chain.

The revised list of critical skills, occupations in high demand and priority occupations will be published to enable highly skilled individuals to be speedily recruited, and the issuing of special skills visas will be expedited to support local firms and organisations.

Restoring growth requires a radical overhaul of network industries and their often conflicting policy and regulatory regimes, including through repurposing state-owned enterprises to serve growth and development. The SOE Council will provide important guidance and oversight for this process, and will review governance arrangements so that these entities are able to meet their commercial and developmental mandates.

Significant investment will be made in infrastructure for freight rail, and the implementation of the “road to rail” strategy will be prioritised. Greater private sector participation, including through granting third-party access to the core rail network, will be enabled to achieve modernisation. The establishment of a single economic regulator in transport will be completed as a matter of urgency, to create a conducive environment for competition and efficiency.

The efficiency and capacity of ports, including the ports of Durban, East London, Ngqura and Cape Town, will be enhanced. Corporatisation of the National Ports Authority, as provided for in the National Ports Act of 2005, will enable private sector participation where the state cannot afford to invest, or where value for money can be demonstrated for a private sector risk premium.

Finally, the growth of the digital economy requires significant investment in digital infrastructure, and improvements in digital access to prevent a widening divide. As a first step towards removing obstacles to the rollout of network infrastructure, the Rapid Deployment Policy will be finalised and gazetted. The release of high-frequency spectrum by March 2021 and the completion of digital migration will reduce data costs for firms and households. The accelerated spectrum release will have substantial knock-on effects in facilitating investment in telecommunications infrastructure and reducing market concentration.

GROWTH AND RECOVERY OF TOURISM

The tourism sector has been among the hardest hit by the COVID-19 global pandemic, and faced a complete loss of demand with the suspension of travel. It will likely take time to recover as prospective tourists fear infection, and as air travel remains limited until the pandemic is under control. Accordingly, efforts aimed at ensuring the sector's recovery and growth will form an integral part of the overall recovery effort. Immediate measures to resuscitate the tourism sector will be introduced. These include a campaign to increase domestic tourism, and measures to ensure confidence in health and safety protocols at tourism facilities. The e-visa programme will be implemented, and visa waivers will be expanded to important source markets.

THE GREEN ECONOMY

The pursuit of green industrialization and a green future is an important intervention not only in addressing the persistent challenges of inequality, poverty and unemployment, but also in offering a sustainable solution to climate vulnerability and driving economic competitiveness. Government will explore the repurposing of aging Mpumalanga power stations to give them a new purpose once they are decommissioned. Other critical interventions in the green economy include expanding the programme to retrofit public and private buildings and improve energy and water efficiency, support for small grower farmers through PPPs in forestry (including in state plantations), and measures to support the diversion of waste from landfills.

OTHER KEY ELEMENTS OF THE PLAN

GENDER EQUALITY AND ECONOMIC INCLUSION

The interventions outlined in this plan will be geared towards promoting greater participation by black people, women, youth and persons with disability at all economic levels, as part of transforming patterns of asset ownership and income distribution in our society. Government will ensure effective gender mainstreaming in all aspects of the plan, including through such mechanisms as the set-aside for women in public procurement, legal remedies to close the gender pay gap, women's participation in key economic sectors, access to assets such as land, and women's financial inclusion and empowerment.

FOOD SECURITY

Food security is a crucial enabling condition for growth and stability. The COVID-19 pandemic has illustrated the importance of food security, and the centrality of informal food supply chains in this regard. Through its comprehensive response to the COVID-19 crisis, government provided wide-ranging support for small producers to keep supply chains intact. The range of measures contained in the Comprehensive Land and Agrarian Strategy will create 317,000 new jobs and expand production. The majority of these jobs will be created by the private sector in fruit and other high-value crops. Over R80 billion in gross production value will be created relative to the baseline.





A SUPPORTIVE MACROECONOMIC FRAMEWORK

The reconstruction and recovery plan recognises the imperative to achieve fiscal sustainability and debt reduction. Changes will be directed towards restoring short-term and long-term budget balance and stability while creating favourable conditions for economic growth and development. South Africa should only incur debt if we are able to consistently generate higher relative growth rates in real economic output. At the same time, fiscal consolidation should not crowd out growth or dampen economic recovery – ultimately, faster growth and rising revenues are the best mechanisms to reduce South Africa's debt.

To this end, government will prioritise strengthening revenue collection across government to address the problem of revenue leakages. SARS and law enforcement agencies are being capacitated to clamp down on the illegal economy and illicit financial flows, including transfer pricing abuse, profit shifting, VAT fraud, corruption and other illegal schemes. The principle of zero-based budgeting will enable government to match resources to priority activities and to reassign funding from poor performing projects or departments. This approach will dramatically reduce wasteful spending and free up capital for allocation to other programmes of government, including the priority interventions outlined in this strategy.

Government will intensify efforts to deal with corruption and build the capability of the state to deliver services and support growth and development. A firm foundation for clean governance is being laid through

the implementation of the Open Tender Process. Law enforcement agencies are being strengthened and provided with adequate resources to enable the identification and swift prosecution of corruption and fraud. The Public Procurement Bill will be fast-tracked, and transversal contracts put in place for large-volume items. These measures will ensure that limited fiscal resources are spent productively and efficiently, with improved audit outcomes and the elimination of wasteful expenditure.

In order to accelerate infrastructure development and to transform South Africa's economy, innovative financing mechanisms and instruments will be structured and made available to the market. Regulation 28 under the Pension Funds Act will be amended to enable better access to long term finance for development, allowing these funds to be unleashed on profitable, well-prepared and bankable projects while protecting the integrity of pension funds themselves. Investment opportunities need to be structured and prepared appropriately to attract private capital in the form of blended finance, public-private partnership models and purely private funding. The role of the private sector will be essential in this regard.

A RUTHLESS FOCUS ON IMPLEMENTATION

Over and above the determined prioritisation of the key actions outlined in this strategy, an effective mechanism to enable coordination across government and early intervention to clear obstacles and drive progress will be key to the success of the recovery agenda. Dedicated capacity will be created within the Presidency to drive progress on the reconstruction and recovery plan, while responsibility for the implementation of specific programmes and interventions remains the mandate of the relevant department or agency.

To fast-track the delivery of economic reforms, Operation Vulindlela will be implemented as a joint initiative of the Presidency and National Treasury reporting to the President and the National Economic Recovery Council. Operation Vulindlela will drive progress on the recovery agenda from the centre of government, working closely with the Economic Cluster of Cabinet to ensure that the priority interventions outlined in this strategy as well as key enabling reforms are implemented rapidly and effectively and that those responsible for their implementation are held accountable. Technical support will be provided to implementing departments and agencies to resolve obstacles or delays, and the Presidency will play a coordinating role where multiple entities are involved in delivery.

Delivery of this strategy will equally require mobilising capacity and energy beyond government, and establishing strong mechanisms of accountability with social partners. In terms of the implementation arrangements agreed to with social partners in the

Action Plan, a Presidential Working Committee to be chaired by the President will meet every two months to receive reports from each social partner on the extent to which it has implemented its commitments.

An Economic Recovery Leadership Team will meet prior to each meeting of the Presidential Working Committee to coordinate inputs and identify areas where action could be taken to unblock implementation issues. This structure will comprise no more than seven persons from each constituency and will be chaired by the Minister of Employment and Labour.

Working Groups will be convened on a more regular basis to complete the work set out in the Action Plan and to provide reports to the Economic Recovery Leadership Team, and progress reports on the Action Plan will be coordinated by NEDLAC.

KEY COMMITMENTS OF THE RECONSTRUCTION AND RECOVERY PLAN

INFRASTRUCTURE					
Action	Implementing Department	Within 3 Months	Within 6 Months	Within 12 Months	
Complete assessment of Large Strategic Infrastructure Projects through the Sustainable Infrastructure Development Symposium (SIDS) methodology and commit funding	<i>Department of Public Works and Infrastructure (Infrastructure SA), National Treasury</i>	X			
Appoint a Technical Advisory Panel to support the implementation of South Africa's National Infrastructure Plan	<i>Department of Public Works and Infrastructure (PICC)</i>	X			
Establish a Joint Rapid Response Team to address violence at construction sites	<i>SAPS, Department of State Security, Offices of the Premier</i>	X			
Expedite the modernisation of the commuter rail network, including the Mabopane Line in Tshwane and the Central Line in Cape Town	<i>Department of Transport (Prasa)</i>		X		
Expand the national rural and municipal road rehabilitation and maintenance programme using labour intensive methods	<i>Department of Transport, Department of Cooperative Governance and Traditional Affairs</i>		X		
Develop a fit-for-purpose procurement framework for infrastructure projects and regulatory framework for PPPs	<i>National Treasury (OCPO), Department of Public Works and Infrastructure (Infrastructure SA)</i>		X		
Publish a sustainable transport financing strategy for further development and maintenance of road and rail networks	<i>Department of Transport, National Treasury</i>		X		
Commence or fast-track implementation of gazetted strategic infrastructure projects and shovel-ready projects	<i>Department of Public Works and Infrastructure (Infrastructure SA)</i>				X

KEY COMMITMENTS OF THE RECONSTRUCTION AND RECOVERY PLAN

ENERGY SECURITY				
ACTION	IMPLEMENTING DEPARTMENT	WITHIN 3 MONTHS	WITHIN 6 MONTHS	WITHIN 12 MONTHS
Fast-track the registration and licensing of generation projects for own use	<i>Department of Mineral Resources and Energy</i>	X		
Issue an RFP for additional generation capacity in line with the Section 34 Ministerial determination	<i>Department of Mineral Resources and Energy</i>	X		
Negotiate supplementary power purchase agreements from existing wind and solar plants	<i>Department of Mineral Resources and Energy</i>	X		
Achieve significant system improvements through Eskom maintenance programme	<i>Department of Public Enterprises (Eskom)</i>		X	
Conclude procurement process for the Risk Mitigation Power Procurement Programme (RMIPPPP)	<i>Department of Mineral Resources and Energy</i>		X	
Initiate construction of liquid gas terminals and the creation of an enabling framework for gas to power	<i>Department of Mineral Resources and Energy</i>		X	
Achieve operational and financial stabilisation of Eskom, as set out in the Social Compact for Energy Security	<i>Department of Public Enterprises (Eskom)</i>			X
Separation and unbundling of Eskom in line with the Eskom Roadmap	<i>Department of Public Enterprises (Eskom)</i>			X

KEY COMMITMENTS OF THE RECONSTRUCTION AND RECOVERY PLAN

EMPLOYMENT STIMULUS				
ACTION	IMPLEMENTING DEPARTMENT	WITHIN 3 MONTHS	WITHIN 6 MONTHS	WITHIN 12 MONTHS
Establish the Social Employment Fund to support community-driven work for the common good	<i>Presidency (with IDC)</i>	X		
Create 50,000 new opportunities in environmental programmes and 14,000 new opportunities in community forestry	<i>Department of Environment, Forestry and Fisheries</i>	X		
Support 74,626 small-scale farmers to expand production and access markets	<i>Department of Agriculture, Land Reform and Rural Development</i>	X		
Create 25,000 new opportunities in labour-intensive municipal infrastructure maintenance	<i>COGTA</i>	X		
Create 1,560 new opportunities in facilities maintenance, water and energy efficiency, and construction of rural bridges	<i>Department of Public Works and Infrastructure</i>	X		
Create 37,097 new opportunities in rural roads maintenance	<i>Department of Transport</i>	X		
Create 5,531 new opportunities in community health work	<i>Department of Health</i>	X		
Create 32,663 new opportunities for public employment in cities	<i>National Treasury (NDPG)</i>	X		
Create 300,000 opportunities for teaching and school assistants. Protect 44,933 vulnerable teaching posts	<i>Department of Basic Education</i>	X		
Provide support for 34,070 livelihoods in the creative, cultural and sporting sector (including grant funding and protection of vulnerable posts in cultural institutions)	<i>Department of Sports, Arts and Culture</i>	X		
Provide support to 5,000 young entrepreneurs and micro-enterprises	<i>NYDA</i>	X		
Provide support for 111,142 livelihoods in early childhood development	<i>Department of Social Development</i>	X		
Expansion of the BPO incentive to create 8,000 jobs in global business services	<i>Department of Trade, Industry and Competition</i>	X		

KEY COMMITMENTS OF THE RECONSTRUCTION AND RECOVERY PLAN

LOCALISATION, INDUSTRIALISATION AND EXPORT PROMOTION				
ACTION	IMPLEMENTING DEPARTMENT	WITHIN 3 MONTHS	WITHIN 6 MONTHS	WITHIN 12 MONTHS
Work with business to implement measurable increases in public and private sector procurement from local businesses, and strengthen transparency of procurement systems in the public sector	<i>Department of Trade, Industry and Competition, National Treasury</i>	X		
Ramp up the “buy local” campaign and facilitate clearer labelling and promotion of local products	<i>Department of Trade, Industry and Competition</i>	X		
Ensure strict enforcement of measures to curb illegal imports	<i>Department of Trade, Industry and Competition National Treasury (SARS)</i>	X		
Jointly develop a new competitive exploration strategy to target no less than three percent of global mining exploration expenditure	<i>Department of Mineral Resources and Energy</i>	X		
Review industrial funding, tax incentives, licensing, tariffs and other support measures to place conditionalities for localisation	<i>Department of Trade, Industry and Competition</i>		X	
Develop local supplier industries for infrastructure delivery	<i>Department of Trade, Industry and Competition Department of Public Works and Infrastructure</i>		X	
Finalise remaining sector master plans in collaboration with sector representatives	<i>Department of Trade, Industry and Competition</i>		X	
Reduce the proportion of imported intermediary and finished goods	<i>Department of Trade, Industry and Competition</i>			X
Build opportunities for regional and global trade through the AfCFTA and commercial/economic diplomacy with strategic markets	<i>Department of Trade, Industry and Competition</i>			X

KEY COMMITMENTS OF THE RECONSTRUCTION AND RECOVERY PLAN

FAST-TRACKING REFORMS FOR A COMPETITIVE AND INCLUSIVE ECONOMY

ACTION	IMPLEMENTING DEPARTMENT	WITHIN 3 MONTHS	WITHIN 6 MONTHS	WITHIN 12 MONTHS
Engage with the mining sector to promote renewed investment through a conducive policy and regulatory framework	<i>Department of Mineral Resources and Energy</i>	X		
Publish revised and updated critical skills list	<i>Department of Employment and Labour</i>	X		
Reduce current timeframes for mining, prospecting, water and environmental licenses by 50%	<i>Department of Mineral Resources and Energy, Department of Environment, Forestry and Fisheries, Department of Water and Sanitation</i>		X	
Develop a regulatory framework to enable commercial cultivation of hemp and cannabis	<i>Department of Health Department of Agriculture, Land Reform and Rural Development Department of Justice</i>		X	
Implement e-visa system and visa waivers to support recovery of tourism	<i>Department of Home Affairs</i>		X	
Finalise the Petroleum Resources Development Bill	<i>Department of Mineral Resources and Energy</i>		X	
Compete auction of high-demand spectrum and fast-track digital migration	<i>Department of Communications and Digital Technologies (ICASA)</i>		X	
Improve the efficiency of major port terminals and reduce costs	<i>Department of Public Enterprises (Transnet)</i>			X
Grant third-party access to revitalise the freight rail network, and explore concessions and/or PPPs for branch lines	<i>Department of Public Enterprises (Transnet)</i>			X

