

Department of Trade, Industry and Competition

Annual Performance Plan (APP) 2021/22

Presentation to the Portfolio Committee on Trade and Industry

04 May 2021



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

the dti Customer Contact Centre: 0861 843 384

the dti Website: www.thedti.gov.za

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INTRODUCTION



“This agreed APP is not about many new objectives, but about new ways of implementation, with the focus on integration, to enhance the development impact of the work”

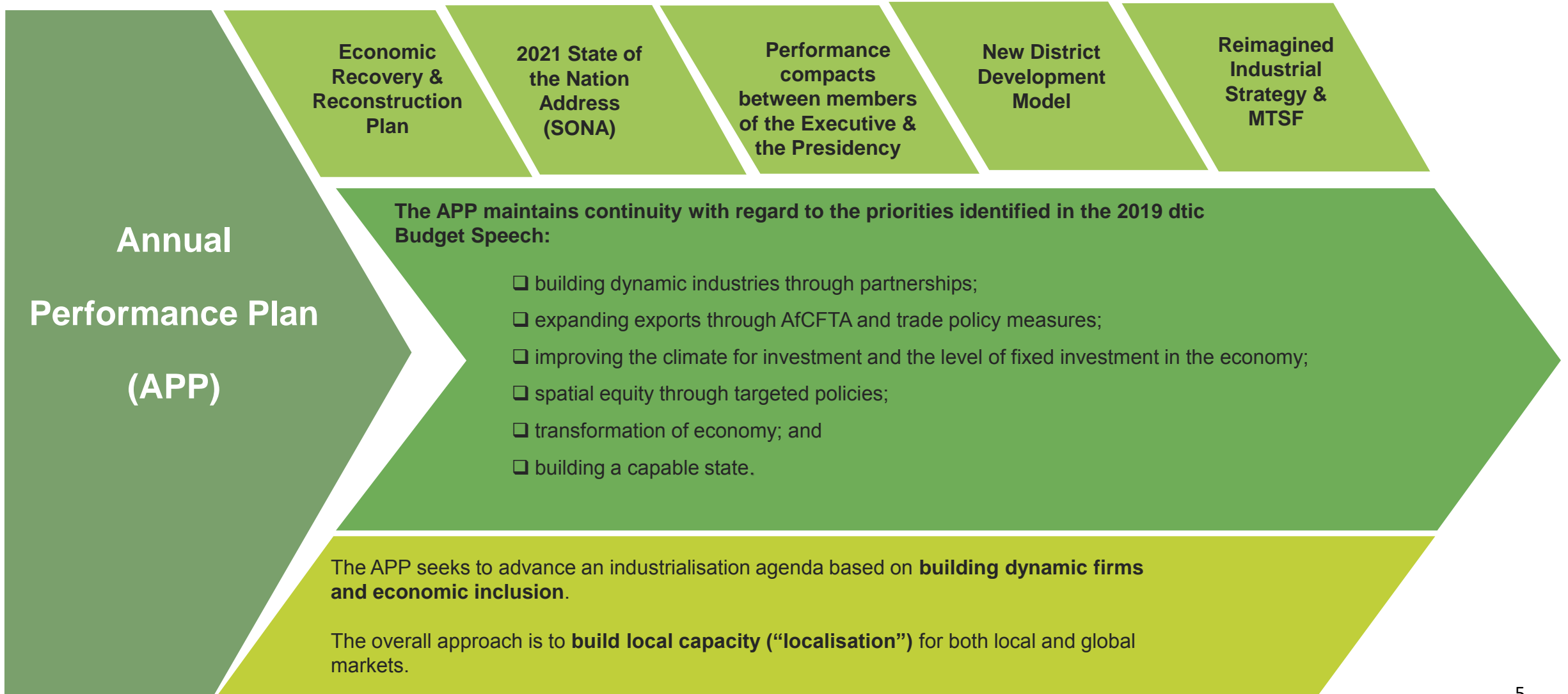
1. **The dtic** APP seeks to advance an industrialisation agenda based on building dynamic firms and economic inclusion.
2. The overall approach is to build local capacity (“localisation”) for both local and global markets.
3. Opportunities identified covering both traditional sectors (consumer goods; infrastructure components; transport equipment) with new opportunities (green economy; greater mineral beneficiation.
4. Implementation of the AfCFTA and further positive positing of SA industries in other international markets is key
5. Execution of the strategy requires partnership with the private sector, using a combination of supply and demand-side measures.
6. The focus on building a capable state has been set out in the SONA 2021. the dtic’s contribution to this is in key areas.
7. First, and most important, is deeper integration of efforts across **the dtic** institutions, both within the department and across the entities.
8. This APP introduces a new concept of ‘Joint KPIs to increase the level of coordination and alignment of efforts between different programmes of the department and the entities
9. Second, the department will enhance the building of a more agile state, able to be more enterprising about how it achieves public interest objectives.
10. This includes the conducive business environment, such as addressing unnecessary red tape and improve the ease of doing business.

Build on successes and scale them up

- The focus is on implementation, rather than many new plans
- Implementation is built through incremental successes that are scaled-up
- Where there are unsuccessful programmes, lessons must be learnt and applied to new programmes
- Example of successes:
 - Export performance of parts of the economy: more cars and citrus fruit sold abroad
 - Black Industrialist Programme – bringing new firms into the ecosystem
 - Localisation during Covid-19: using innovation, local firms and new market opportunities
 - Expanded output of poultry industry: the value of increased investment
 - Growing the business process services sector: policy support with 275 000 workers now
 - New factory to manufacture fuel-cells: spotting an opportunity and facilitating the investment
- These examples each show key lessons – the new APP is built on the foundation of ‘learning from doing’
- How small businesses can contribute substantially to aggregate economic output: the use of competition laws
- The focus on value-chains: not building single successes but a pipeline of opportunity

2021/22 APP KEY PRIORITIES

The 2021/22 APP was developed based on priorities set out in **the dtic** budget speech at the start of the current administration with consideration to global and domestic circumstances and the following strategic imperatives:



STRATEGIC OBJECTIVES

The APP KPIs advance an industrialisation agenda based on building dynamic firms and economic inclusion.

Building Dynamic Firms

- ❑ Dynamic firms create decent jobs, pay tax revenue, provide career paths for workers, are resilient to the rapidly changing economic conditions, and inject entrepreneurial dynamism in and across value-chains.
- ❑ Building dynamic firms require partnership with the private sector, using a combination of supply and demand-side measures.
- ❑ **the dtic** will facilitate the conditions for the emergence of dynamic firms, and will provide the requisite support for established firms to become more dynamic and resilient.

Building Economic Inclusion

- ❑ South Africa's economy continues to bear the scars of decades of oppression and discriminatory economic policies. Building economic inclusion is essential to increase the growth potential of the South African economy, as deeply inequitable economies tend to grow slower than countries with a more equitable distribution of wealth.
- ❑ **the dtic** will address structural challenges to growth, primarily through competition policies; and strengthen the inclusivity and transformative quality of growth, including broadening ownership and more inclusive corporate governance models.

The State of Economic Inclusion Report 2021

THE POTENTIAL TO SCALE



WORLD BANK GROUP

MEASURES TO ACHIEVE PRIORITIES

Growing Domestic Market

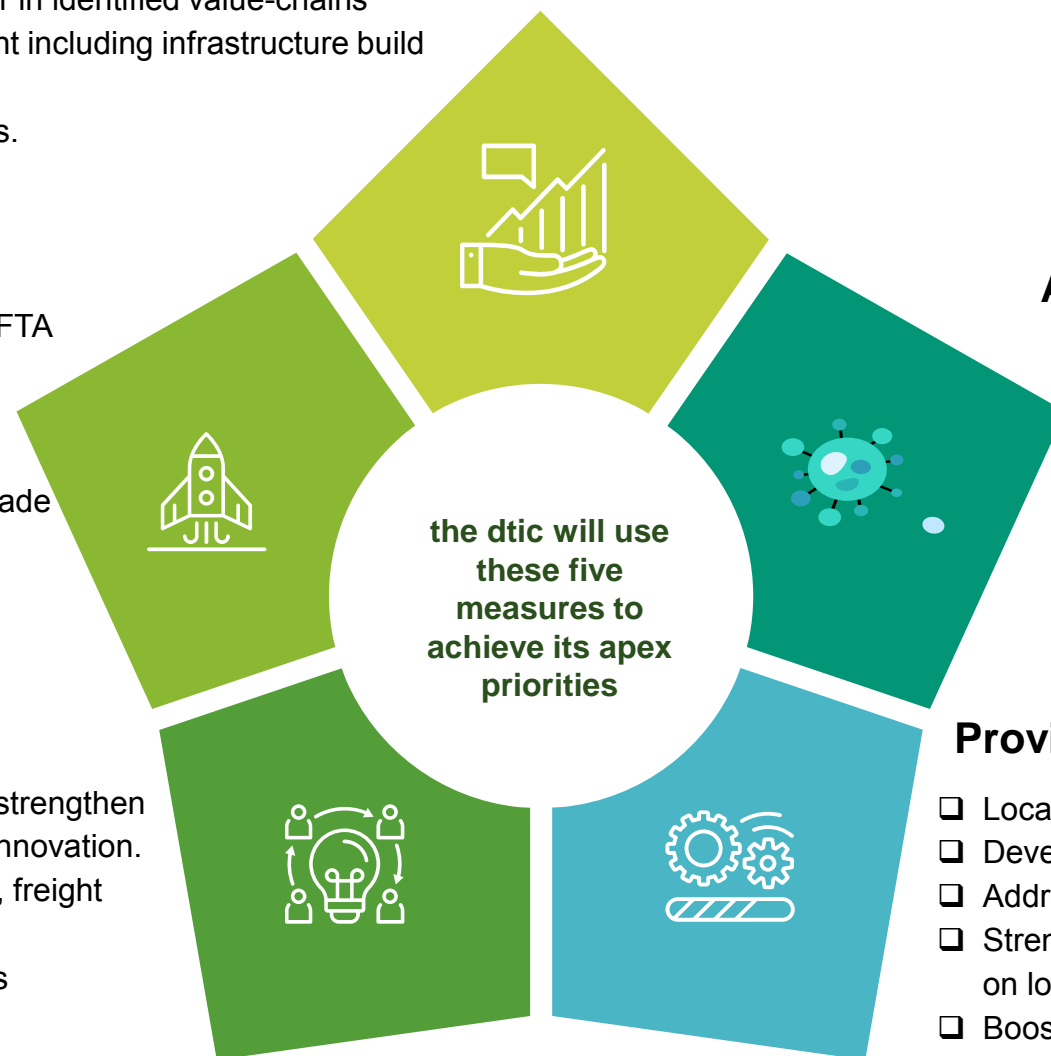
- ❑ Implement localisation actions with private-sector in identified value-chains
- ❑ Expand localisation in Government's procurement including infrastructure build programme
- ❑ Support social partners localisation commitments.

Cultivating Export Markets

- ❑ Unlock African export market potential with AfCFTA and develop a industrialisation strategy
- ❑ Better utilise preferential access to the EU/US markets
- ❑ Address challenge of the composition of SA's trade patters, particularly with China.

Implement Supply-side Reforms

- ❑ Partner with relevant spheres of government to strengthen firms' ability to access and use technology and innovation.
- ❑ Improve competitiveness of SA's logistics, ports, freight systems and infrastructure.
- ❑ Identify and action opportunities to improve firms competitiveness.
- ❑ Continue to assist firms to rollout investments.



Adjusting to Lessons from COVID-19

- ❑ Build economic resilience to assist domestic industry weather future global or domestic challenges.
- ❑ Develop 'strategic autonomy' in critical products such as pharmaceuticals, medical devices, machinery and digital technologies.

Provide Demand-side Support

- ❑ Localisation partnerships.
- ❑ Develop targeted, responsive trade policies.
- ❑ Address illegal imports.
- ❑ Strengthen State procurement policies, incl. reporting on localisation by State organs.
- ❑ Boost the infrastructure spend associated with the infrastructure build programme.

Adjustments to APP due to new working environment

Whilst the APP maintains continuity with regard to key priorities, the current global and domestic circumstances necessitated some adjustments to the departmental plan. These adjustments acknowledge:

- ❑ Convergence of **social partners' commitment to localisation** and supplier development, accentuated by the vulnerabilities experienced by South Africa during the pandemic on the import of key medical products.
- ❑ Growing demand for **less carbon-intensive production**, which is creating new opportunities for new investments in green industries and the 'greening' of mature industries.
- ❑ Operational constraints imposed by COVID-19 forced many industries to introduce **new digital technologies** as a core part of their production processes. The department views these investments as competitiveness enhancing and will encourage firms to embrace new technologies for existing firms to upgrade, and encourage entrepreneurial activity where new technologies are creating new industrial opportunities.
- ❑ Promotion of **beneficiation to add value** to South Africa's abundant mineral resources.

New way of working

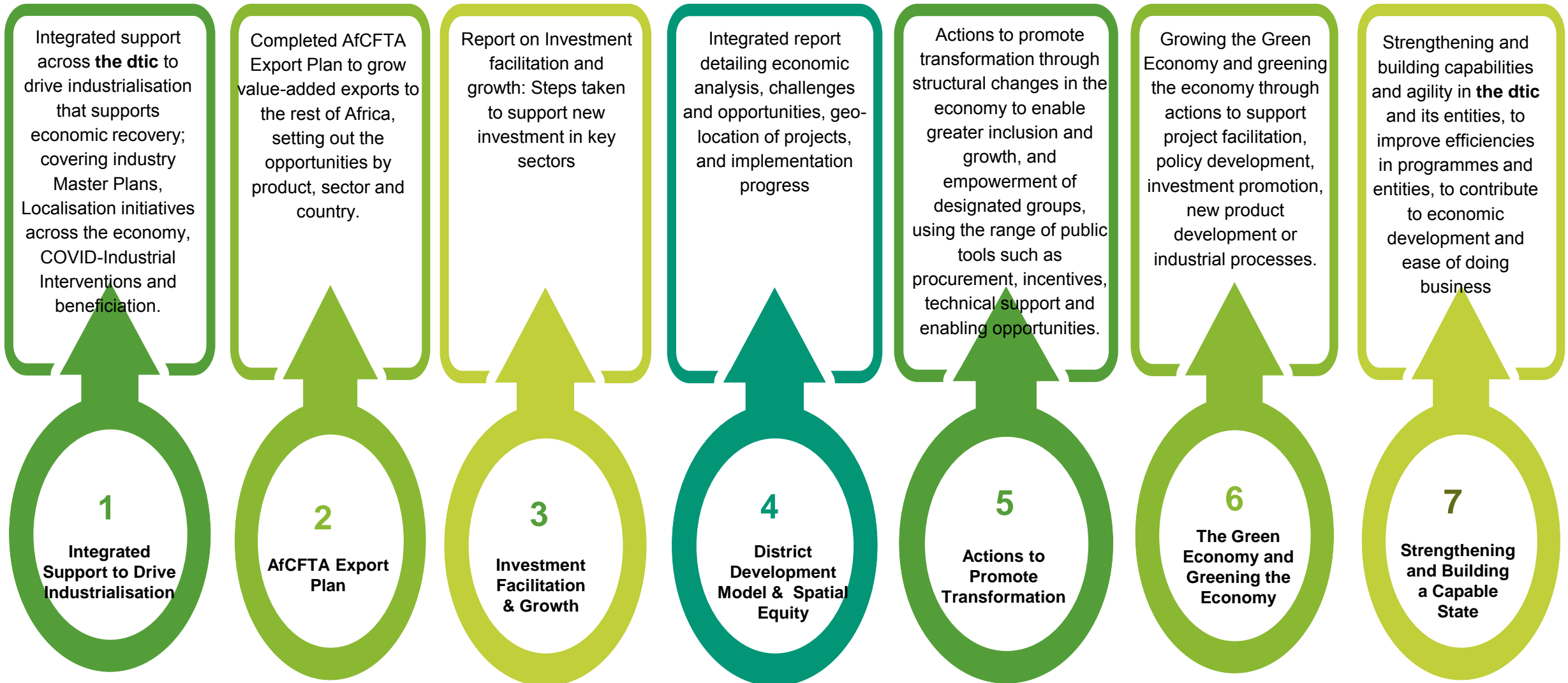
The following interventions are a core part of the dtic's modus operandi to ensure that the Department achieves its apex priorities:

1. Develop and implement **Joint Key Performance Indicators** which require integrated planning, implementation and reporting across multiple branches and Departmental entities (e.g. Industrialisation, Transformation, and the District Development Model);
2. Create flexible and quick-response capacity that can be rapidly deployed to areas requiring urgent policy or programme support;
3. Shift financing to the priority areas identified;
4. Use non-financial capacities to complement the financial allocations to industry (e.g. competition measures such as market inquiries and merger conditions; and trade measures); and
5. Refocus where possible, off-balance sheet financial resources to pursue strategic priorities (e.g. the Equity Equivalent Investment Programme, competition funds and equity funds).

JOINT KEY PERFORMANCE INDICATORS (J-KPIs)

- ❑ Deepening integration efforts across **the dtic** institutions, within the department and across the entities requires agility, flexibility and a rapid move from strategy to implementation.
- ❑ The APP introduces **a new concept of 'Joint-KPIs'**, namely indicators of performance designed to increase the level of coordination and alignment of efforts between different programmes of the department.
- ❑ **Seven Joint-KPIs** have been introduced on integrated support to drive industrialisation, an AfCFTA export plan, investment facilitation and growth, the new district development model and spatial equity, promotion of transformation, the green economy, and strengthening and building a capable state.
- ❑ These new Joint-KPIs will also **apply to entities**, who will be required to report on, to further align the work of government.
- ❑ What is different with Joint-KPIs is that the **implementation will no longer be assigned to one programme**, but rather all programmes (and public entities) will be required to use their budget and staffing resources and their regulatory instruments to drive implementation.
- ❑ The plan envisages **greater coordination** between financial and non-financial measures, and the resources on-budget and those that can be leveraged across society.

7 JOINT KEY PERFORMANCE INDICATORS (J-KPIs)



APP PROGRAMME SUMMARY

APP SUMMARY



PROGRAMMES

10



the dtic work is organized in 10 programmes and is responsible for 17 entities and 45 pieces of legislation covering a substantial part of South Africa's economic policy landscape.



KEY PERFORMANCE INDICATORS (KPI) (OUTPUT INDICATORS)

80



The APP sets out 80 KPIs applicable to the department in the 2021/22 reporting period. This is an increase from the 35 KPIs targeted in the previous year.



MEDIUM TERM STRATEGIC FRAMEWORK (MTSF) PRIORITIES

02



The work of **the dtic** is closely aligned to MTSF priorities 2 and 7 which cover economic transformation and job creation, and a better world and Africa.



NUMBER OF POSTS

1349



the dtic structure is in place and currently consists of 1349 posts. As at 01 April 2021, there are 53 % Women appointed in Senior Management level and 3.9% Persons with disabilities employed by the department.



2021/22 BUDGET ALLOCATION

R9,7 bn



30% of the budget is allocated for **dtic** business incentives; 18% for infrastructure; 9% to external programmes e.g. Clothing, Textile, Footwear and Leather programme at the IDC; 21% for transfers to public entities; 20% for operational expenditure (mainly Compensation of Employees) & Goods and Services, 2% for NPO and 0.45% for membership fees.

ADMINISTRATION (1)

Purpose: Provide strategic leadership, management and support services to the department.

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
Implement transformation through EE and B-BBBEE	Increase in the employment of People with a Disability – Annual adjusted HR Plan	Percentage (%) of People with a Disability employed	3.5%
	Increase in the employment of Women at Senior Management Service level – Annual adjusted HR Plan	Percentage (%) of Women at Senior Management Service level	50%
Aligned institutional capabilities and capacity	Building Internal Capacity	% implementation of the Internal Capacity Building Plan: Structure fit for purpose, culture change, coaching upskilling and reskilling as well as recognition framework	50%
Promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery	100% eligible creditors' payments made within 30 days	Percentage (%) of eligible creditors payments processed within legal timeframes	100% eligible creditors' payments made within 30 days
Implementation of shared services for the dtic portfolio of entities to ensure long-term sustainability through increased efficiencies and effectiveness	Optimisation of resources within the dtic portfolio of entities through the implementation of a shared services model for the dtic entities	Number of status reports on the implementation of the Shared Services Framework	2 status reports on the implementation of the Shared Services Framework covering: ICT & Forensic services
Improved governance at entities	Improved governance at entities	Improved governance at entities	Review of the governance framework and implementation



TRADE POLICY, NEGOTIATIONS AND COOPERATION (2)

Purpose: Build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and fostering African development, including regional and continental integration and development co-operation in line with the African Union Agenda 2063

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
Increased intra-Africa trade to support African regional development	AfCFTA-negotiations and implementation	<p>Reports on AU Members and Customs Unions readiness to operationalise or implement tariff preference/ tariff reductions</p> <p>Reports on meetings (Senior Trade Officials and Ministerial) at SACU on AfCFTA matters</p> <p>Reports on meetings with partners in the AU on trade in services to finalise specific commitments</p> <p>Reports in negotiations on AfCFTA protocols on investment, competition, IPR and e-commerce.</p>	<p>Bi-annual reports updating AU Members and Customs Unions readiness to operationalise or implement tariff preferences</p> <p>Bi-annual reports on progress in meetings at SACU on AfCFTA matters</p> <p>Bi-annual reports on progress on trade in services negotiations in priority sectors under the AfCFTA</p> <p>Bi-annual reports on progress on AfCFTA protocols on investment, competition, IPR and e-commerce</p>
	Implementation of trade agreements to facilitate market access	Reports on implementation of trade agreements to facilitate market access	Annual report on initiatives to facilitate SA's access to foreign markets, notably with US, EU, China
	Reduced illegal imports	Reports in interceptions and other actions taken to reduce illegal imports	Bi-annual report setting out interceptions at the border and other actions taken to reduce illegal imports jointly with SARS and ITAC
	Global rule- making to enable policy space to support and grow priority sectors	Reports on SA's negotiating positions in BRICS, G20 and the WTO	Annual report on SA's negotiating positions advanced in meetings of BRICS, G20 and the WTO



Creating One African Market

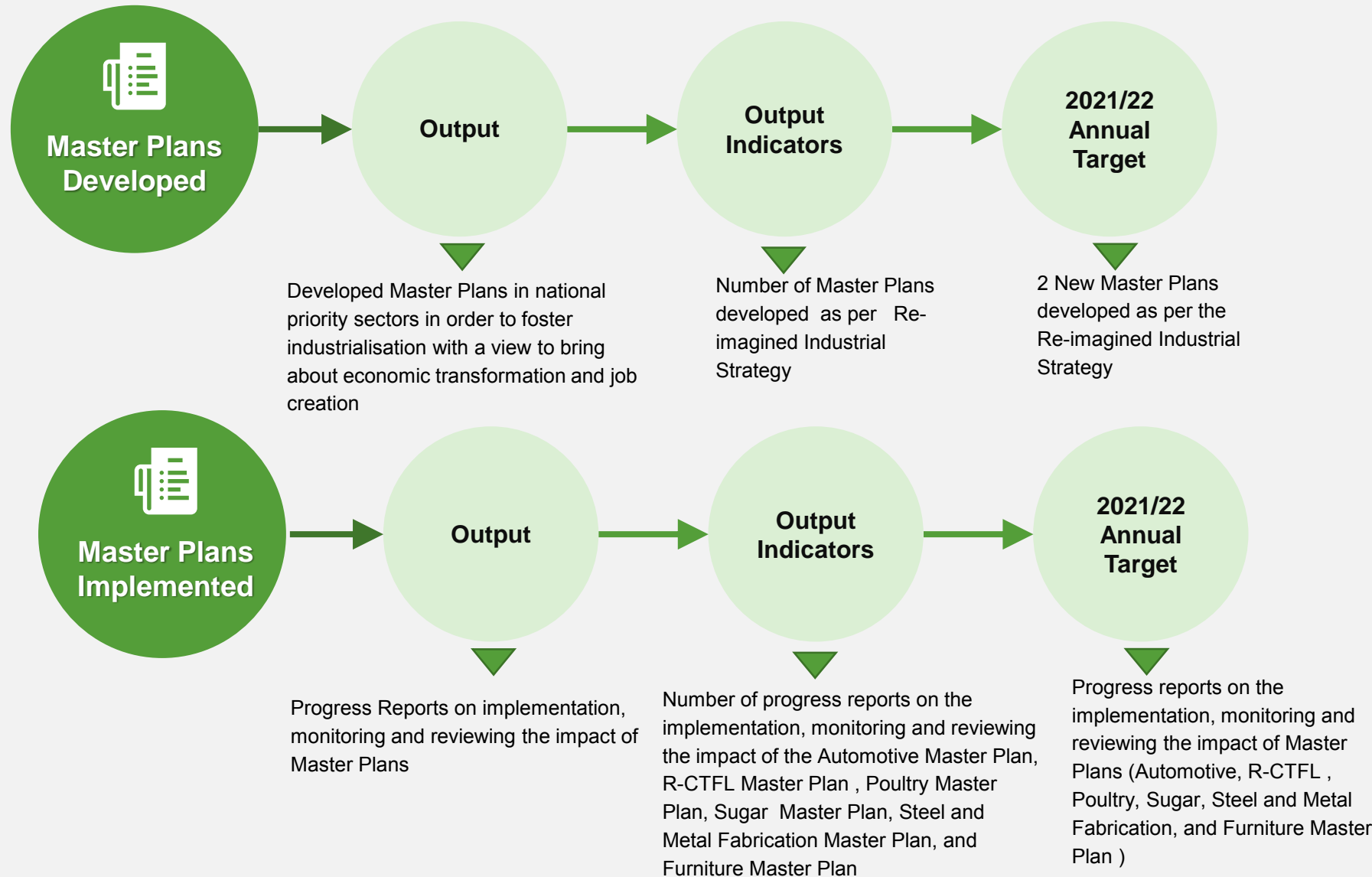
SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION (3)

Purpose: Drive economic transformation and increase participation in industrialisation

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
Increased and enhanced instruments for spatial development of targeted regions and economic transformation	Regional Industrial development programme implementation for SEZs	National support unit for SEZs established at IDC	National support unit for SEZs established at IDC to improve SEZs performance
		Application for designation of new SEZs packaged	Package 1 application for Minister's consideration
		Annual and quarterly reports produced on progress of SEZs	1 Annual and 3 quarterly reports produced on progress of SEZs
		Reports produced on Integrated SEZs, Industrial Parks and District Development Model	2 Reports on Integrated SEZ, Industrial Parks and District Development Model produced
Industrialisation, localisation and exports	Regional Industrial development programme implementation for Industrial Parks	Annual targets for revitalisation of industrial parks implemented	9 Annual targets for revitalisation of industrial parks implemented
		Annual and quarterly progress on Industrial Parks and Digital Hubs report produced	1 Annual and 3 quarterly progress reports on Industrial Parks and Digital Hubs report produced
Increased ownership of the economy by marginalised groups (Communities, youth, women, workers)	Developed regulations to address recognition of Broad Based vehicles that promote participation of marginalised groups	Approved regulations to address recognition of Broad Based vehicles that promote participation of marginalised groups	Regulations to address recognition of Broad Based vehicles that promote participation of marginalised groups developed
		Annual report on worker, community and HDI ownership produced	Annual report on worker, community and HDI ownership produced

Industrial Competitiveness and Growth (4)

MASTER PLAN DEVELOPMENT AND IMPLEMENTATION



Purpose:

Design and implement policies, strategies and programmes for the development of manufacturing and related economic sectors, and contribute to the direct and indirect creation of decent jobs, value addition and competitiveness, in both domestic and export markets.

Outcome:

Increased industrialisation through the development and implementation of Master Plans in National Priority sectors

Outcome:

Increased Localisation

Industrial Competitiveness and Growth (4)

LOCALISATION

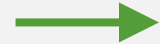


Designations



Output

Prepare and submit to the Minister detailed reports of new products and/or amendments for designation under PPPFA and review proposals for designation from the broader economic cluster



Output Indicators

Number of detailed reports of new products for designation and/or amendments under PPPFA prepared and submitted to the Minister and proposals for designation from the broader economic cluster reviewed



2021/22 Annual Target

2 detailed reports of new products and/or amendments for designation under PPPFA prepared and submitted to the Minister and proposals for designation from the broader economic cluster reviewed



Legislation and Compliance



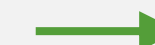
Output

Work with National Treasury on an effective system of monitoring adherence to localisation regulations and compliance with existing designations and prepare and submit reports to Ministry



Output Indicators

Develop an effective system to monitor adherence to the localisation regulations with National Treasury. Bi-annual detailed reports on the compliance with the existing designations prepared for Ministry

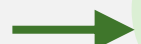


2021/22 Annual Target

Number of detailed reports of new products for designation and/or amendments under PPPFA prepared and submitted to the Minister and proposals for designation from the broader economic cluster reviewed



Stakeholder Consultation



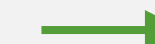
Output

Inputs made, stakeholder consultation, including NEDLAC into Procurement Bill to ensure a localisation eco-system is supported and embedded in the proposed provisions



Output Indicators

Annual report on inputs, stakeholder consultation, including NEDLAC into Procurement Bill to ensure a localisation eco-system is supported and embedded in the proposed provisions



2021/22 Annual Target

Annual report on inputs, stakeholder consultation, including NEDLAC into Procurement Bill to ensure a localisation eco-system is supported and embedded in the proposed provisions

CONSUMER AND CORPORATE REGULATION (5)

Purpose: Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.

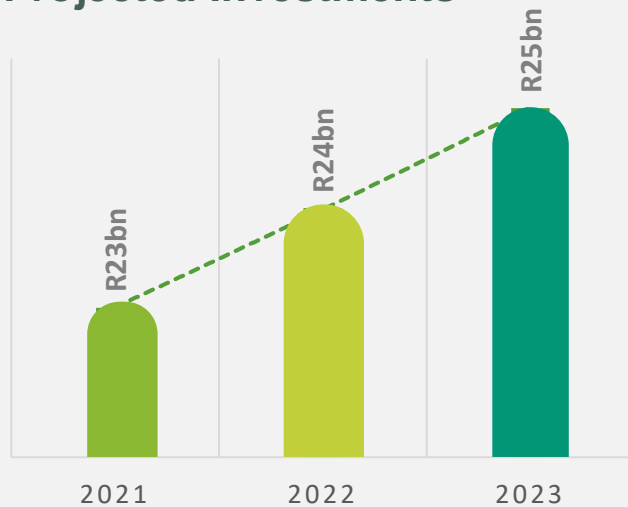
OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
Improved regulatory environment conducive for consumers and companies as well as providing access to redress.	Reports on worker participation model in corporate governance	Number of reports on worker participation model in corporate governance developed for Ministers approval	1 report on worker participation model in corporate governance developed for Minister's approval
	Progress reports on the development of the Companies Amendment Bill	Number of progress reports on the development of the Companies Amendment Bill produced for Minister's approval	2 progress reports on the development of the Companies Amendment Bill produced for Minister's approval
	Progress reports on the review of Liquor Amendment Bill and proposed changes	Number of progress reports on the review of Liquor Amendment Bill and proposed changes produced for Minister's approval	2 progress reports on the review of Liquor Amendment Bill and proposed changes produced for Minister's approval
	Reports on finalization of National Credit Amendment Act Implementation Plan	Number of Reports on the finalization of the National Credit Amendment Act Implementation Plan	2 reports on the finalisation of the National Credit Amendment Act implementation plan
	Reports for SEZ legislative changes	Number of Reports developed for SEZ legislative changes for Minister's approval	1 reports developed for SEZ legislative changes for Minister's approval

INDUSTRIAL FINANCING (6)

Purpose:

Stimulates and facilitates the development of sustainable and competitive enterprises, through **incentive measures** that support national priorities

Projected Investments



The projected value of investments to be leveraged from projects / enterprises approved in 2021/22 is R 23 Billion.

Outcome:

Increased accessible industrial finance measures to support investment in priority sectors in line with approved Master Plans

Output Indicators focused on:

- Access to affordable financing for SMMEs by IDC and NEF for black industrialists, women and youth-empowered enterprises
- Development and roll out of shared services model with IDC and NEF.
- Alignment of programmes in support of SONA goals by extracting greater development impact in terms of transformation, local procurement, jobs, youth and SMMEs development
- Call for investment in local productions of films and documentaries telling SA stories developed and implemented
- Implementation of Economic Recovery Programme
- Roll out of Distressed facility programme
- Enhancement of domestic industrial finance system to increase access to funding for enterprises with other funders submitted
- Infrastructure supported in targeted areas.

EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS (7)

Purpose: Increase export capacity and support direct investment flows, through targeted strategies, and an effectively managed network of foreign trade and investment offices

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
Grow the manufacturing sector to promote industrial development, job creation, investment and exports.	Measures taken on stabilisation of exports and actions taken to assist increased exports through the EMIA fund and other measures, focusing on priority sectors	Impact Assessment Report on export promotion and development initiatives	1
	Facilitate Export Promotion Initiatives to access foreign market opportunities, particularly those flowing from the AfCFTA.	Number of new companies participating for the first time in Export Promotion Initiatives inclusive of WYPD.	50
Diversify and grow the exporter base as a contribution to inclusion and transformation of the economy.	Provide Training and Capacity for export readiness to new and emerging exporters	Number of individuals benefitted from Export Training and capacity Development support inclusive of WYPD.	300
		Develop a programme for supporting gender equity to leverage opportunities in the African market.	1
Promote the growth of exports in the economy as a generator of jobs and contributor to GDP growth.	Identify and resolve priority export barriers	Number of barriers processed by the Export Barriers Monitoring Mechanism.	60
	Develop tools that empower evidence-based export policymaking	Develop the District AfCFTA Strategy Helper (DASH) as part of the Export Data Assistant (EDA) platform.	1
Increased and diversified intra-African trade to support Africa development	Identify value-added product and market opportunities in Africa, including those flowing from the progressive implementation of AfCFTA.	Completed AfCFTA export plan by product, sector and market.	1

INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE (8)

Purpose: Support foreign direct investment flows and promote domestic investment by providing a one-stop shop for investment promotion, investor facilitation and aftercare support for investors

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
Increased strategic investment	Investment facilitation in targeted sectors	Value (Rand) of investment projects facilitated in pipelines	R 50 bn
	Preserve investments, fast track and implement investment projects	Ensure InvestSA provides post-commitment support to investors, including coordinating unblocking efforts where required	24 unblocking's and fast tracking of investor issues
		Provide support for the Annual Investment Conference (including raising sponsorship, publicity and follow-ups on matters raised at the conference) and report on the implementation of pledges made by investors	4 implementation progress reports
	Improve ease of doing business through improved turnaround time for company registration	Ensure a system to enable a person to register a company within one day, covering the following: company registration, B-BBEE certification, Domain Name Registration and Business Bank Accounts and work to consistently include tax, UIF and Compensation Fund registration within the single portal.	4 statistical reports on Company registration from CIPC.
		Ensure a simple electronic guide to assist persons by providing useful information on registration set-up and operating a business in SA in order to encourage more start-ups, SMME, youth and women business to register and start a business	Develop and maintain the Ease of Doing Business Website
		Work with other Departments / Agencies to contribute to the overall ease of doing business in South Africa	30 Inter-governmental and stakeholder meetings

COMPETITION POLICY AND ECONOMIC PLANNING (9)

Purpose: Develop and roll out policy interventions that promote competition issues, through effective economic planning, spatial implementation and aligned investment and development policy tools

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
Policy tools and implementation strategies which contribute to an efficient, competitive economic environment, balancing the interests of workers, owners and consumers and focused on economic development	Report on implementation of changes to competition legislation and oversight activities	Number of Reports on implementation of changes to competition legislation and oversight activities	4
	Action Minutes on monitoring of mergers to ensure that the Competition Authorities take account of public interest provisions with a focus on worker ownership	Number of Action Minutes on monitoring of mergers to ensure that the Competition Authorities take account of public interest provisions with a focus on worker ownership	5
	Report on impact of Public Interest Interventions	Number of Reports on impact of Public Interest Interventions	5
	Portfolio of possible market inquiries developed for the Minister	Number of Portfolio Reports on possible market inquiries developed for the Minister	1
	Initiation of one new competition market inquiry	Number of Action Minutes on initiating one new competition market inquiry	1
	Report on enabling implementation of recommendations of one concluded Market Inquiry and on progress with other market inquiry outcomes	Number of Reports on enabling implementation of recommendations of one concluded Market Inquiry and on progress with other market inquiry outcomes	1
	Action Minute on Implementation of a Social and Solidarity Economy Policy Framework	Number of Action Minutes on implementation of Social and Solidarity Economy Policy Framework	1

ECONOMIC RESEARCH AND COORDINATION (10)

Purpose: Undertake economic research, contribute to development of trade and industrial policies apex, and guide policy, legislative and strategy processes to facilitate inclusive growth

OUTCOME	OUTPUTS	OUTPUT INDICATORS	2021/ 22 ANNUAL TARGET
the dtic work programmes is supported by Nedlac social partners	Nedlac impact report	Number of Nedlac Impact Reports produced	1
the dtic work programme is supported by Economic Cluster	Economic Cluster impact report	Number of Economic Cluster Impact Reports produced	1
Responsive research provided to Ministry	Policy briefs and research on behalf of Ministry	Number of policy and research briefs published	4
Policy briefs and factsheets circulated to social partners	Series of policy briefs and factsheets published	Number of factsheets published	4
Analysis of District-level economic activity and opportunities	Economic Brief on Districts	Number of District Economic Briefs produced	2
Contribute to the review of the macroeconomic policy	Impact analysis of fiscal options to support growth, job creation and manufacturing	Assessment report of the macro-economic policy environment's impact on the real economy	1
Research support to other Programmes	Research studies to identify future growth areas	Number of research studies to identify future growth areas produced	2
Public advocacy	Reports on impact of the dtic and entity work	Number of impact reports analysing impact of the dtic and entity programmes on employment, economic growth, exports, imports and investment published	2

the dtic Allocated Budget

BUDGET AT A GLANCE – 2020/21 TO 2022/23

Description	2021/22	2022/23	2023/24	TOTAL
	R'000	R'000	R'000	R'000
Baseline	9 736 575	9 979 809	10 099 712	29 816 096

BUDGET 2021/22 – ALIGNMENT WITH THE KPI



In support of the work of the department, the budget is apportioned across 10 programmes



- Expenditure is expected to increase at an average annual rate of **2.9 per cent**, from **R9.3 billion** in 2020/21 to **R10.1 billion** in 2023/24.
 - Allocations to the *Industrial Financing* programme account for **51.1 per cent (R15 billion)** of the department's expenditure, mainly to fund incentive programmes. Spending in the programme is expected to increase at an average annual rate of 1.6 per cent, from **R4.9 billion** in 2020/21 to **R5.2 billion** in 2023/24.
-
- In support of the economic reconstruction and recovery plan, initiatives in the *Industrial Financing* programme are aimed at growing sustainable and competitive enterprises through providing direct or indirect access to industrial finance.
 - Initiatives include the economic distress programme and economic recovery support in the Manufacturing Incentives subprogramme.
 - The economic distress programme consists of loans administered by the Industrial Development Corporation and the National Empowerment Fund, and manufacturing development incentive grants.
 - Allocations to the Manufacturing Incentives subprogramme account for **R2.3 billion** of the Industrial Financing programme's budget of **R4.9 billion**.



Infrastructure support

Enhancing competition regulation

- A critical part of the economic reconstruction and recovery plan includes interventions to build catalysts for investment through infrastructure development.
- Support for infrastructure investment is provided mainly through the Industrial Financing programme, and includes the development of special economic zones, the provision of critical infrastructure activities, and the rollout of infrastructure within industrial parks in support of the district development model.
- Spending in the programme's Infrastructure Investment Support subprogramme is expected to increase at an average annual rate of **13.9 per cent**, from **R1.3 billion** in 2020/21 to **R1.9 billion** in 2023/24.
- The 2021/22 allocation to the special economic zones is **R1.5 billion**, followed by **R130.9 million** for industrial parks and **R113.6 million** for critical infrastructure.

- As a result of the expanded mandate of competition authorities to include the initiation of market inquiries, a number of which have already commenced in key economic sectors, an additional R369.4 million is allocated to the Competition Commission over the medium term to improve capacity to investigate cartels and conduct market inquiries, and for litigation.
- Allocations to the *Competition Policy and Economic Planning* programme are set to increase at an average annual rate of 11 per cent, from **R686.1 million** in 2020/21 to **R939.5 million** in 2023/24.

- The work in the Trade Policy, Negotiations and Cooperation includes amongst others the AfCFTA. Spending is expected to increase from **R213.2 million** in 2020/21 to **R234.9 million** in 2023/24.
- The work of expanding and diversifying exports to the rest of Africa through leveraging opportunities presented by the AfCFTA will be done through the Export Development, Promotion and Outward Investments. Spending is expected to increase from **R420.8 million** in 2020/21 to **R442.2 million** in 2023/24.
- Over the MTEF, the department will continue with the development and implementation of various sectoral master plans as part of the re-imagined industrial strategy

BUDGET 2021/22 HIGHLIGHTS



R9.7b allocated for 2021/22

The **5%** increase in the 2021/22 budget must be read in context with the two budget adjustments/reductions in the 2020/21 financial year to support the health crisis (The original budget of 2020/21 was **R11 billion**).

Infrastructure support and export support

Infrastructure
Increased to **R1.8bn**, an increase by **34%**



Export
Increased to **R454m**, an increase by **75%**

Enhancing competition regulation

An additional **R369.4 million** is allocated to the Competition Commission over the medium term to improve capacity to investigate cartels and conduct market inquiries, and for litigation.

Public entities

The budget for public entities has also increased with the Competition Commission being the biggest beneficiary.



Increased to **R2bn**, an increase by **23.4%**

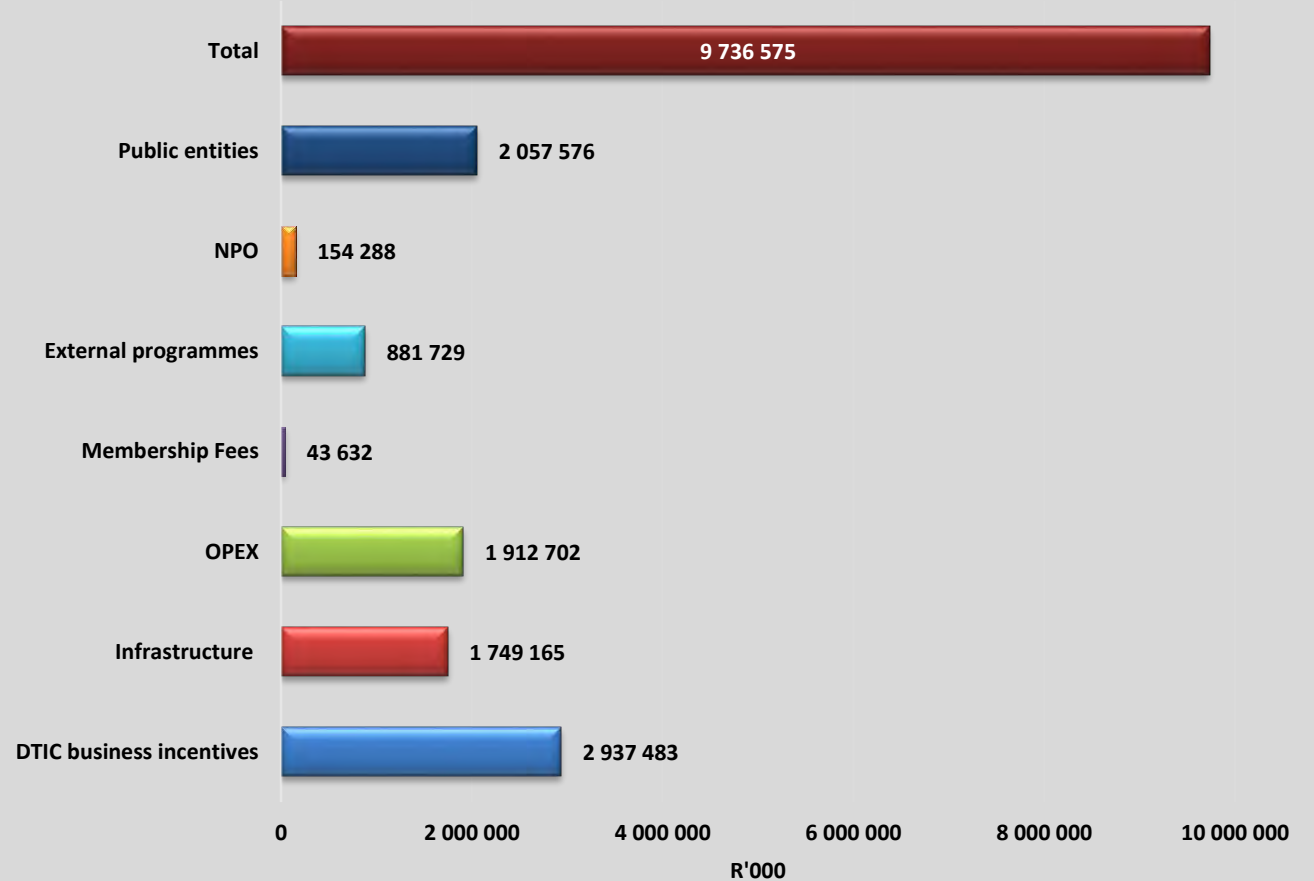
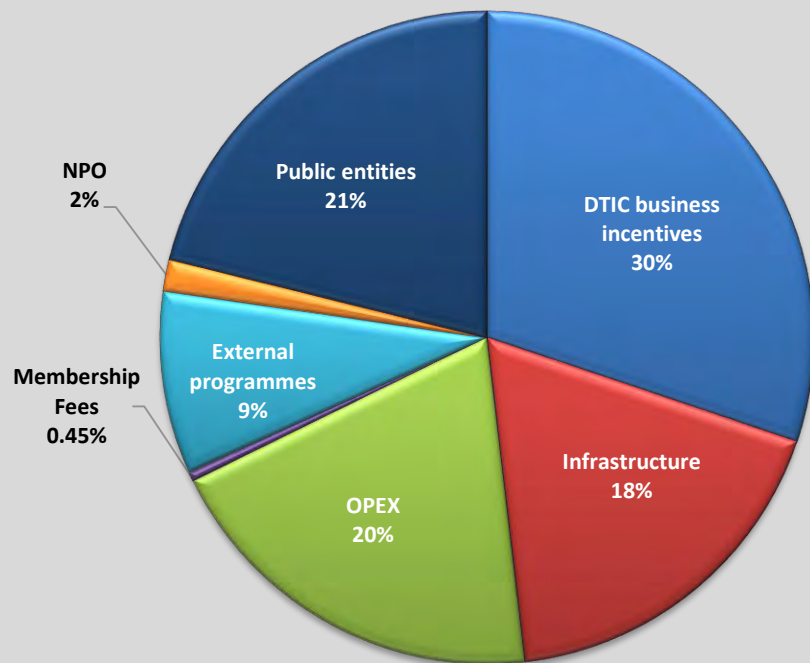
Manufacturing



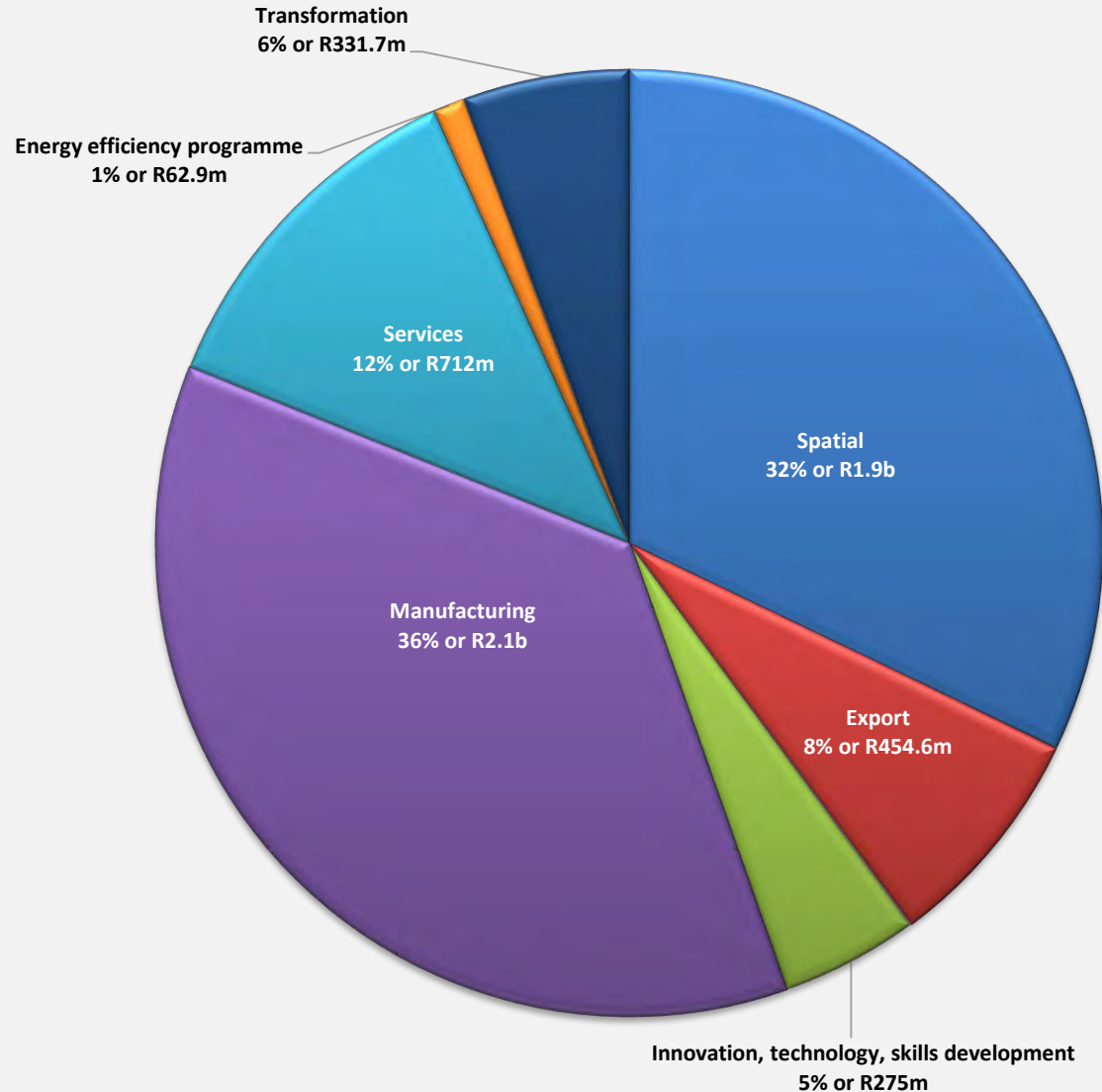
Manufacturing has decreased year on year to R2.5bn (reduction of **25%**),

This was due to a budget reprioritisation in the current financial year to support distressed companies with working capital support

2021/22 BUDGET BY TYPE



2021/22 BUDGET BY INCENTIVES CATEGORIES



Approximately **60% or R5.9 billion** will be disbursed to companies across the various incentive programmes as follows:

Manufacturing: 36%

- Includes programmes for Enterprise Investment; Automotive; CTFL, Supplier Cluster and Steel fund

Spatial: 32%

- Comprises of the SEZs, Industrial Parks, CIP, Tirisano Fund, and Centurion Aerospace village

Services: 12%

- Comprises of the Global Business services and, Film and Television production incentive

Export: 8%

- Comprises of the Export Make-up scheme at the ECIC and EMIA

Transformation: 6%

- Comprises of the Black Industrialists support and the Women Empowerment fund.
- The Women Empowerment fund is established in partnership with the NEF. R141 million financial support from the ECF has been provided for the Women Empowerment Fund, which will be targeting enterprises and projects that are majority owned black women, youth and people with disabilities.

Innovation, technology and Skills: 5%

- Comprises of programmes for National Foundry Technology network, Automotive supply chain competitiveness initiative, Fibre and textile, THRIP, Workplace Challenge, Itukise, Monyetla and SPII

Energy efficiency programme: 1%

- The National Cleaner Production, is a national programme of government that promotes the implementation of resource efficiency and cleaner production (RECP) methodologies.

Thank You