



# **OVERVIEW OF THE ECONOMIC RECONSTRUCTION & RECOVERY PLAN**

**JUNE 2022**

# PRESENTATION OUTLINE

## The Focus Areas and Progress on the Implementation of the Plan

1. Ensuring energy security
2. Industrialization/growing the productive economy
3. Presidential Employment
4. Infrastructure that meets the goals of NDP
5. Macro-economic interventions and enablers of growth
6. Green Economy Interventions
7. Agriculture and food security
8. Reviving the Tourism Sector

## Conclusion

# 1. ENSURING ENERGY SECURITY



# 1.1 HIGH LEVEL - ENSURING ENERGY SECURITY PROGRESS SUMMARY

No	Action	Time Frame	Deliverable		Status
			Planned	Actual	
1.	<b>Renewable Energy Bid Window 5 (Target 2600MW).</b> 25 Preferred bidders announced with a total generation capacity of 2583MW and financial closure expected by June 2022 and commercial closure by 2025. <b>(Procurement, financial closure and commercial operation)</b>	Procurement 2021	2600	2583	
2.	<b>Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP).</b> (Target 2000) Emergency procurement delayed due to legal challenges <b>(Procurement, financial closure and commercial operation)</b>	January 2022	2000	1 996	
3.	<b>Small Scale Embedded Generation.</b> Section 34 Determination completed. Currently 553 SSEGs registered with NERSA with generation capacity of 268MW	December 2021	Ongoing	268	
4.	<b>Renewable Energy Bid Window 6 (Target 2600MW)</b> Procurement has commenced. Request for Proposal issued to the market on 7 April 2022 with closing date of 13 August 2022.	April 2022	2600	Ongoing	
5.	Remainder of 11831MW Section 34 Ministerial Determination	Ongoing	11 831	Ongoing	
6.	<b>Transmission Company from a restructured Eskom</b> and facilitating a trading company (ERA Amendments to create a trading platform have been finalised)	Dec 2021	Achieved	Dec 2021	
7.	Enable upstream petroleum sector investments through the finalisation of Upstream Petroleum Bill (the Bill was tabled in Parliament on <b>1<sup>st</sup> July 2021</b> )	March 2022	Completed	Completed	
8.	Finalise the Biofuels Regulations ( <b>Regulations were Gazetted on 1<sup>st</sup> September 2021</b> )	March 2022	Completed	Completed	
9.	Preparation for Nuclear Build Programme. NERSA's concurrence on section 34 Ministerial Determination for procurement of 2500MW from nuclear energy was granted. Preparations for procurement will commence, considering NERSA suspensive conditions.	2030	2500	Approved onerous condition	
10.	Life extension of Koeberg. Project on schedule for completion in 2024	2024	2024	On schedule	



RAG status	
Reform completed or proceeding well	
Some challenges in implementation	
Critical challenges in implementation	

# 1.2 HIGH LEVEL - ENSURING ENERGY SECURITY

## IPP Programme Achievements and Impact



IPPs **selected** as preferred bidders



electricity capacity **procured**



already **operational** from **81** IPPs



energy **generated** by Renewable Energy sources



investment **attracted** for energy infrastructure in all bid windows

All data as at 30 June 2021, after 7 bid rounds (Bid Windows 1, 2, 3, 3.5, and 4)

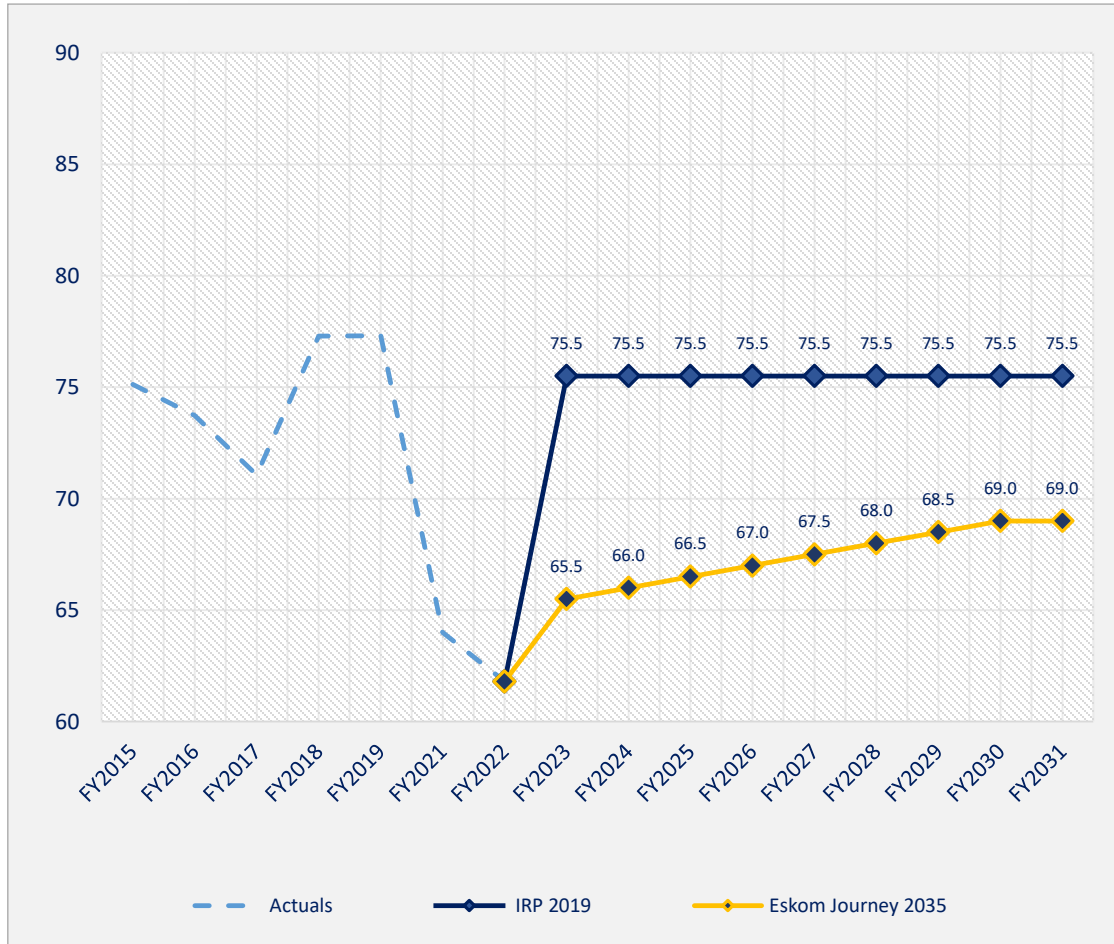
# 1.3 ESKOM FLEET PLANT PERFORMANCE (EAF)

## EAF Projection and Actuals (%)



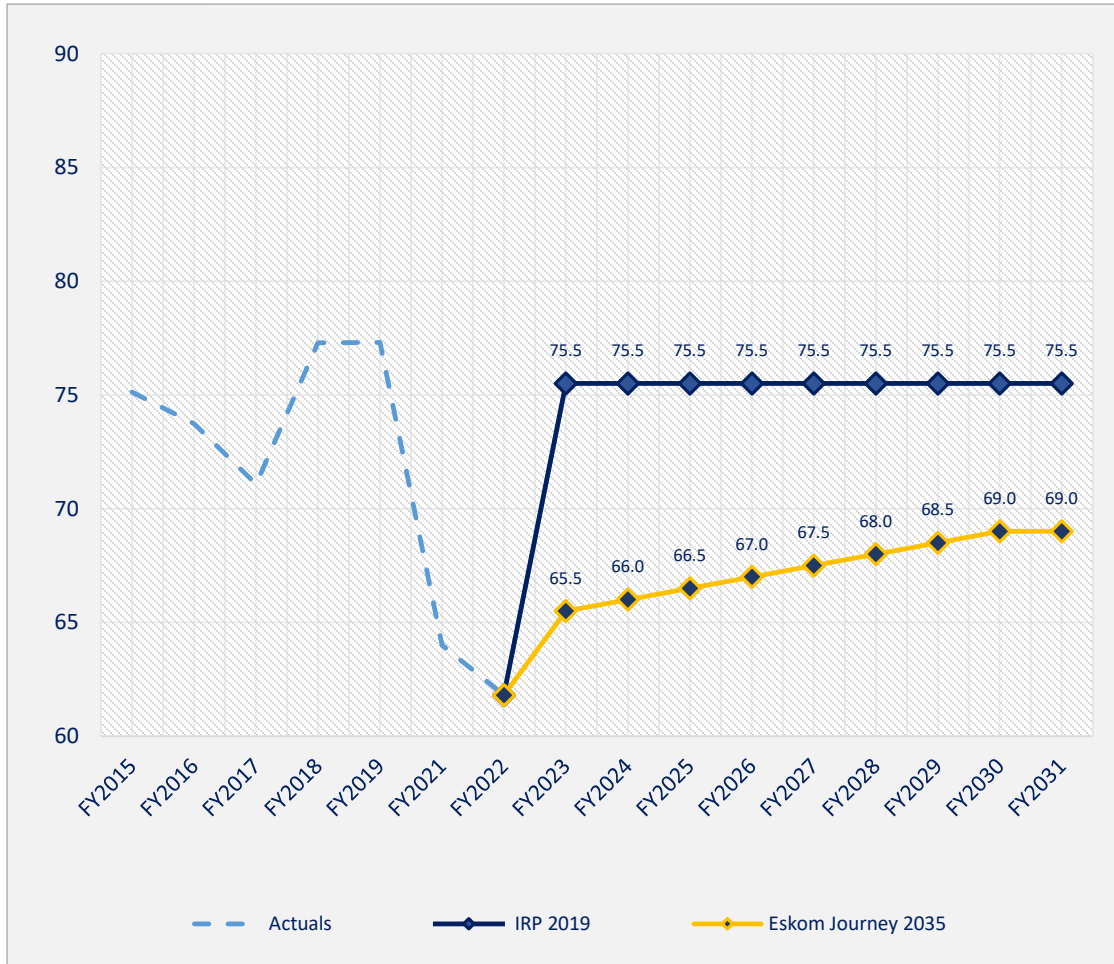
## Insights

- The actual Eskom fleet plant performance has deteriorated to unprecedented levels compared to Eskom's input into the IRP 2019 with an EAF averaging 75.5%
- Calendar year 2021 actual of 61.8%
- Eskom Journey 2035 assumes improvement in EAF, as older and unreliable generation units decommission, resulting in EAF of 69% from 2030, compared to 75.5% assumed for the IRP 2019.
- Although EAF improvement may be interpreted as a good indicator, the lower **baseload generation capacity** base poses a system stability threat.



# 1.4 ESKOM FLEET PLANT PERFORMANCE (EAF)

## EAF Projection and Actuals (%)



## Insights

- Historical trend analysis based on the Eskom Data Portal (2021) shows steadily increasing **unplanned outages** from 2017<sup>1</sup>
- Eskom plant performance has been **deteriorating at ~-2,1%** per year since 2019 (-6% over the past three years).
- Although Eskom Journey 2035 assumes improvement in EAF (at 69%),
- Eskom System Operator expects the **downward trend in plant performance to continue in the medium term**. It states that a more likely low EAF, with an average of **63%** for the period up to 2026 is more realistic.
- **YTD the EAF is getting worse. Which will result in a bigger gap between supply-demand.**

<sup>1</sup>Source: Eskom Medium Term System Adequacy Outlook Report (Page 4, October 2021)

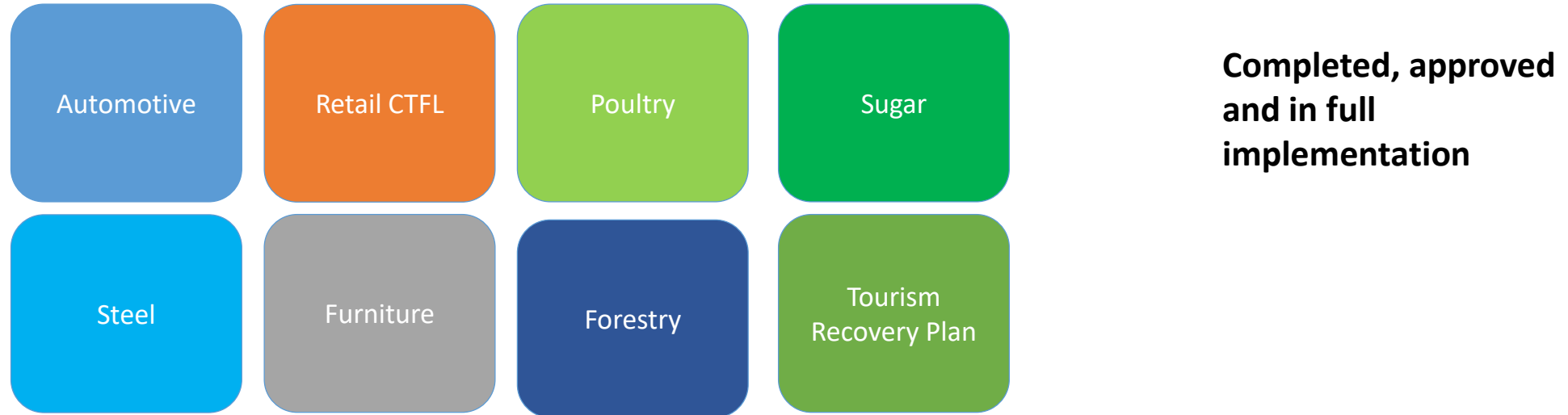
# 1.5 SEPARATION AND UNBUNDLING OF ESKOM

No	Intervention	Intended outcome	Funding/ Budget Committed	High Level Outputs /Targets (Specify Timelines )	Implementation Progress with quantitative & qualitative analysis including focus on women, youth and persons with disabilities information <b>where applicable</b>	Challenges & Mitigation Measures	Status
1.5	Separation and unbundling of Eskom	Address the structural challenges and allow for focus into each business operation	None	Implementation of Eskom Roadmap by 2024	<ul style="list-style-type: none"> <li>• In December 2021, National Transmission Company (NTC) was established, registered and incorporated as a wholly owned subsidiary of Eskom.</li> <li>• A licence application for NTC was submitted to the National Energy Regulator of South Africa (NERSA) on 24 December 2021.</li> <li>• The process to appoint a Non-Executive Directors is in progress.</li> <li>• Eskom is currently busy with the due diligence for both Generation and Distribution companies.</li> <li>• Eskom is preparing Public Finance Management Act (PFMA) applications for establishment of Distribution and Generation Companies.</li> <li>• Legal separation of Transmission, Generation and Distribution will be completed after the finalisation of Electricity Regulation Act which is currently undergoing the public participation process.</li> </ul>		



## **2. INDUSTRIALISATION/GROWING THE PRODUCTIVE ECONOMY**

## 2.1 MASTER PLANS COMPLETED



**Completed, approved and in full implementation**

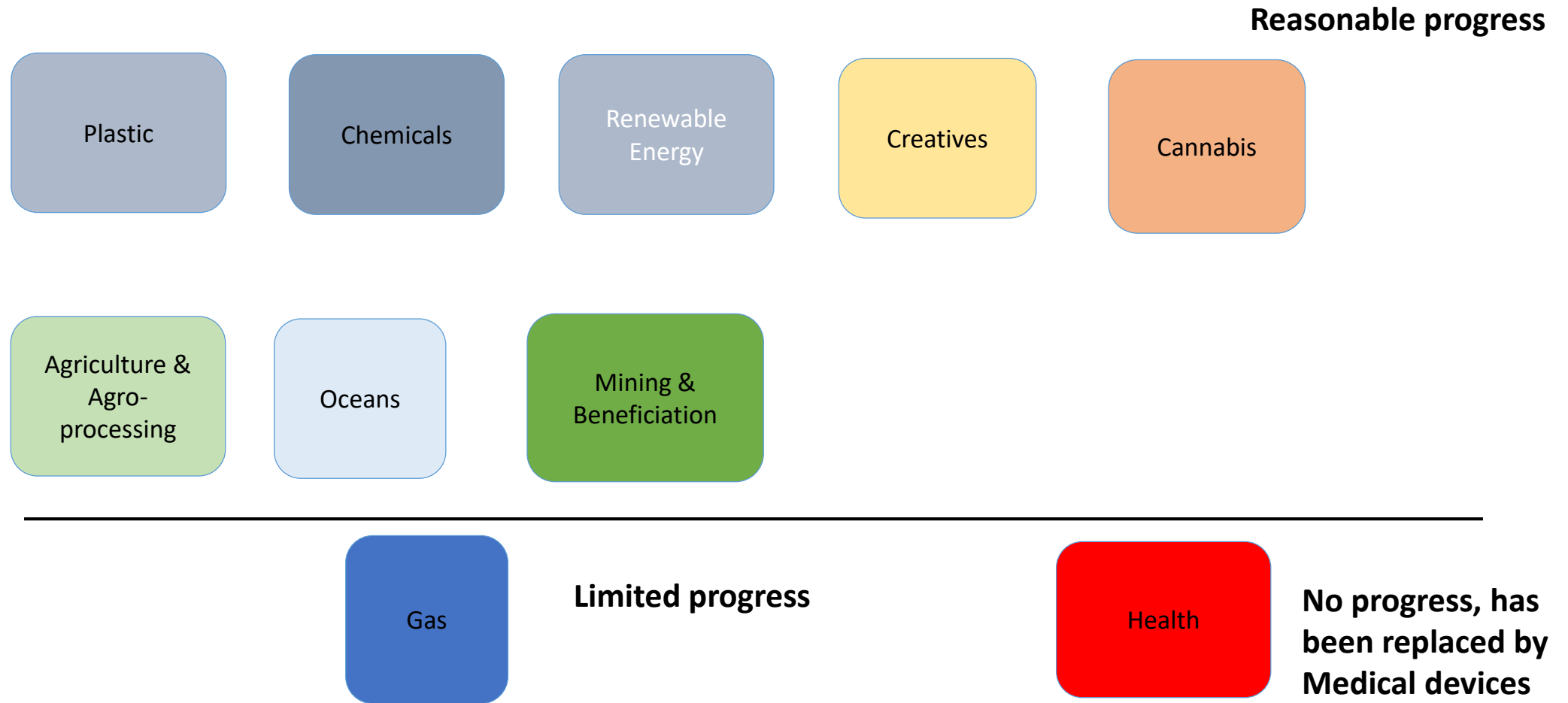


**Completed, awaiting approval and EOC**



**Approved by the ESEIED cluster, en-route to cabinet**

## 2.2 MASTER PLANS BEING DEVELOPED



## **3. PRESIDENTIAL EMPLOYMENT**

# 3.1 PRESIDENTIAL EMPLOYMENT

## Highlights

- School assistants programme delivering at scale, with quality outcomes for participants and schools.
- Social Employment Fund, Youth Service finalising contracting for 100,000 opportunities.
- All metros started implementation from February with signing of DORA, 30,000 opportunities.
- Strong outcomes from MISA waste programmes in Umsunduzi, Umthatha also in progress, 7,607 in post.
- All 26 universities signed up for graduate programme, now recruiting, 3,000.

## Challenges & Mitigation Measures

For those programmes not meeting their targets or behind in meeting them, the main challenges are:

- Transfer of Funds from DEL to Jobs Fund for Pathway Management Network not finalized before end of financial year.
- Procurement challenges (DFFE, DALRRD, DHET). DALRRD now has OCPO ruling that extends the Vodacom platform for vouchers but too late to issue most vouchers.
- DHET/NSF re-issuing RFP.
- Government to person payment systems (DSD)
- DSD unable to vet and pay remaining applicants unless rollovers approved.
- Slow processes of concluding MOAs (DHET, DEL)

# Outcomes from the Presidential Employment Stimulus so far



## Beneficiaries

694,152

Completed to date:  
534,208 77%



## Opportunities in process

178,797



## Budget

R12.6 billion



## Jobs created

Achieved: 378,269

Target: 199,173



## Livelihoods supported

Achieved: 115,781

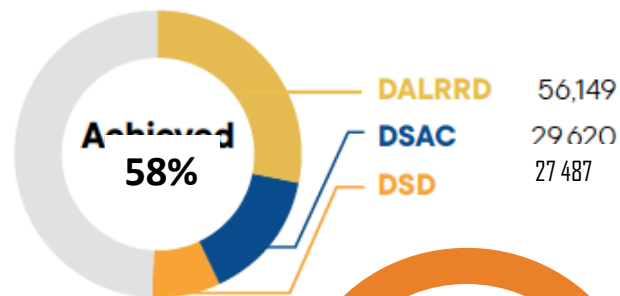
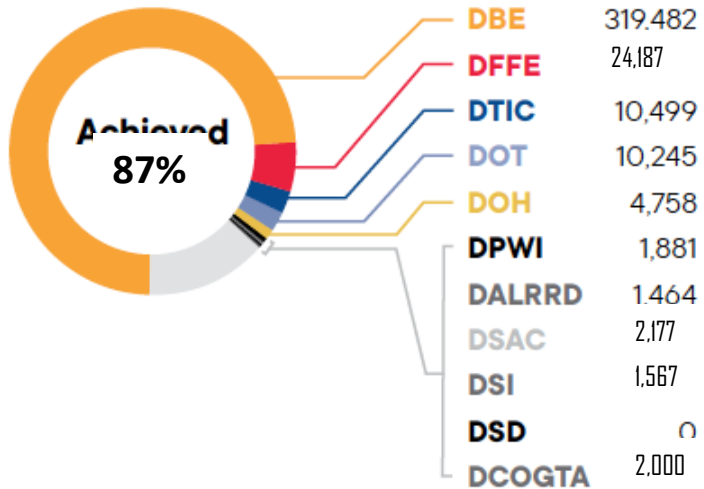
Target: 199,173



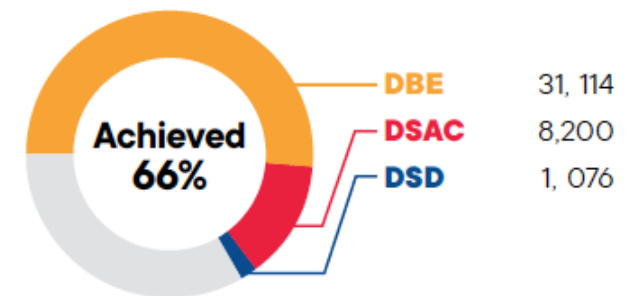
## Jobs retained

Achieved: 40,399

Target: 60,742



Overall  
84% youth  
66% women



Under-utilised funds for job retention in DBE were used to extend the duration of the school assistants programme.

## **4. INFRASTRUCTURE THAT MEETS THE GOALS OF NDP**

# 4.1 INFRASTRUCTURE THAT MEETS THE GOALS OF NDP

Intervention	Intended outcome	Implementation Progress with quantitative & qualitative analysis including focus on women, youth and persons with disabilities information where applicable	Challenges & Mitigation Measures
Increase infrastructure investment	Growth in fixed capital formation	<ul style="list-style-type: none"> <li>The Public Sector spent 65% of its R280.7 billion infrastructure budget in 2020/21, a decrease from the 71% spent in 2019/20.</li> <li>In Q4 of 2021 the total fixed capital formation increased by 1.9% (q/q sa), with the private sector increasing by 4.2%, the public corporation by 1.4%, but general government decreasing by 6.9%.</li> <li>As a proportion of GDP, investment increased to 14.4%.</li> </ul>	Lack of skills required for project design, preparation and development; a lack of long-term infrastructure planning; Delays in the procurement process have resulted in a high postponement and cancellation of approved projects; inadequate funding, inability of public sector to generate funding required for projects; delayed payment from government.
Stimulate construction sector growth	Increased sector contribution to GDP and sector value-add growth and growth in sector confidence	<ul style="list-style-type: none"> <li>In Q4 of 2021 the FNB/BER Composite Building Confidence Index declined slightly to 34 index points from 35 index points in Q3 of 2021, while the Civil Construction Index declined to 15 index points from 17 index points.</li> <li>Construction sector GVA declined q/q in 4Q 2021 by 2.2%. Overall, the sector declined during 2021 by 1.9%, the fifth consecutive year to do so.</li> </ul>	Poor project management, governance, monitoring and evaluation, Low productivity, high labour turnover, labour disputes and strikes; threat of construction mafia and other disruptive behaviour on construction sites; the impact of Covid-19 which halted or delayed construction on several projects and required a reallocation of some infrastructure budgets has affected both the ability of spend on allocated infrastructure projects and the construction sector more broadly.
Improve the quality and rate of infrastructure investment	Quality and quantum of investment to support growth and job creation improved	<ul style="list-style-type: none"> <li>The Infrastructure Fund has packaged a number of catalytic programmes and projects with a capital value of R21 billion. Of this, R2.6 billion was approved through the fifth window of the Budget Facility for Infrastructure for the Social Housing Programme; Phase 2, cluster 2 of the Student Housing Infrastructure Programme; and Phase 1 of the Olifantspoort and Ebenezer Water Supply Scheme Programme, with the remainder of the funding to be sourced from project owners' equity and the debt from capital markets.</li> </ul>	Budget reforms and improvements in infrastructure value chain are being undertaken to improve the efficiency of spending



## **5. MACRO-ECONOMIC INTERVENTIONS AND ENABLERS OF GROWTH**

# 5.1 MACRO-ECONOMIC INTERVENTIONS AND ENABLERS OF GROWTH

Structural reforms are critical for a stronger, more durable recovery...yet progress on reforms is mixed.

Actions	Status
Raise licensing threshold for embedded generation	Green
Implement emergency procurement of 2000MW	Orange
Implement procurement of new generation capacity in terms of the IRP2019	Orange
Enable municipalities to procure power from independent power producers	Green
Restructuring of Eskom into separate entities for generation, transmission and distribution	Green
Improve Energy Availability Factor (EAF) to over 70%	Red
Address institutional inefficiencies in municipal electricity distribution	Red
Complete spectrum auction	Orange
Complete migration from analogue to digital signal	Orange
Finalise Rapid Deployment Policy and Policy Direction	Red
Streamline process for wayleave approvals	Green
Improve water-use license application process	Green
Revive the Blue Drop, Green Drop and No Drop water quality monitoring system	Green

Actions	Status
Establish an independent economic regulator for water	Green
Finalise the revised raw water pricing strategy	Green
Establish a National Water Resource Infrastructure Agency	Orange
Address institutional inefficiencies in municipal water distribution	Orange
Corporatise the Transnet National Ports Authority (TNPA)	Green
Improve efficiency of ports	Orange
Establish Transport Economic Regulator through Economic Regulation of Transport Bill	Green
Finalise White Paper on National Rail Policy	Orange
Implement Third Party access to freight rail network	Orange
Publish revised Critical Skills List	Green
Review Policy and framework processes for work visas	Green
Expand visa waivers and explore visa recognition system	Orange
Implement e-Visa system in Fourteen countries, including China, India, Kenya and Nigeria	Green

RAG status	
Reform completed or proceeding well	Green
Some challenges in implementation	Orange
Critical challenges in implementation	Red

## 6. GREEN ECONOMY INTERVENTIONS

# 6.1 GREEN ECONOMY INTERVENTIONS

No	Intervention	Intended outcome	Implementation Progress with quantitative & qualitative analysis including focus on women, youth and persons with disabilities information where applicable	Challenges & Mitigation Measures	Status
6.1	Section 18 industry waste management plans	30% waste diverted from landfill sites	<p>Q1: 3,27%</p> <p>Q2: 2,25%</p> <p>Q3: 3,43%</p> <p>Q4: 3,09%</p> <p>(5 269,90/170 266)*100</p> <p>Cum: 12,26%</p>	<p><b>Challenges</b></p> <p>Three companies had technical challenges/machinery breakdowns which led to partial processing. Only two companies were consistent in processing. No major impact realised from the secondary processors</p> <p><b>Corrective Measures</b></p> <p>The processing fee review process still underway with different stakeholders. Meeting with Treasury to seek guidance on unblocking challenges.</p>	
6.2	Number of waste buy-back centres constructed or refurbished before the end of the 2021/22 financial year. DFFE	Improvement in quality of waste management services.	<p><b>2 Completed in the East and Western Cape</b></p> <p><b>3 in progress at an advanced planning stage in the Free State and Gauteng.</b></p>	<p><b>Challenge:</b></p> <p>Delay caused by SCM processes for appointing of contractors.</p> <p>Corrective measure have been implemented.</p>	

## 6.2 GREEN ECONOMY INTERVENTIONS

No	Intervention	Intended outcome	Implementation Progress with quantitative & qualitative analysis including focus on women, youth and persons with disabilities information where applicable	Challenges & Mitigation Measures	Status
6.3	Support for SMMES and co-operatives	300 small contractors trained in the forestry sector.	<p>To date 74 potential contract workers have been trained on chainsaw operation</p> <p><b>GRAND TOTAL: 74</b>  Males - <b>40</b>  Female - <b>34</b>  Youth - <b>38</b>  PWD - <b>0</b></p>	None	

## 7. AGRICULTURE AND FOOD SECURITY

# 7.1 AGRICULTURE AND FOOD SECURITY

No.1	Intervention	Intended outcome	Funding/ Budget Committed	High Level Outputs /Targets (Specify Time Lines )	Implementation Progress with quantitative & qualitative analysis including focus on women, youth and persons with disabilities information <b>where applicable</b>	Challenges & Mitigation Measures	Dashboard
7.1	Enable emergence of an industrial and medicinal hemp and cannabis industry	Diversification of the economy in order to increase economic growth, development of rural communities and create jobs		Cannabis masterplan implemented	<ul style="list-style-type: none"> <li>Minister announced the commencement of issuance of hemp permits as of 29 October 2021 and first batch of hemp applications and start issuing permits to those that meet the stipulated requirements.</li> </ul>	<p>Further efforts aimed at resolving the legal challenges posed by the Drugs Act should be prioritised as failure to do this will put the whole issuing of hemp permits at risk.</p> <p>Finding appropriate mechanisms of supporting resource poor growers in order to facilitate their participation in the industry.</p>	
7.2				Sign-off of the Agriculture and Agro-processing Master Plan (AAMP)	<ul style="list-style-type: none"> <li>The negotiations phase among social partners commenced in October 2021 and concluded in March 2022.</li> <li>The final draft is being reviewed by all social partners for their final comments and sign off is scheduled for all social partners for May 2022</li> </ul>		

# 7.2 AGRICULTURE AND FOOD SECURITY

No.2	Intervention	Intended outcome	Funding/ Budget Committed	High Level Outputs /Targets (Specify Time Lines )	Implementation Progress with quantitative & qualitative analysis including focus on women, youth and persons with disabilities information	Challenges & Mitigation Measures	Dashboard
7.3	Currently underutilized land turned into production to uplift poor households from poverty	Support food security programmes	Illima/Letsema	The NDP target of supporting 300 000 smallholders by 2030.	15 669, 97 ha of land were planted for food production.	Farmers depend on rainfall that has been erratic, wherein some of the rain was in the form of storms that firstly affected the time of planting an in some cases destroyed already existing crops.  increased irrigation support and investment to mitigate dry land farming.	
	Ensuring more support to emerging and small- scale farmers to upscale production schemes		Illima/Letsema		4021 smallholder producers were supported.		



# 7.3 AGRICULTURE AND FOOD SECURITY

No	Intervention	Intended outcome	Funding/ Budget Committed	High Level Outputs /Targets (Specify Time Lines )	Implementation Progress with quantitative & qualitative analysis including focus on women, youth and persons with disabilities information where applicable	Challenges & Mitigation Measures	Dashb oard
7.4	Ensuring more support to emerging and small- scale farmers : to upscale production schemes	Support food security programmes	R175 Million from COE savings committed for 2021/22 Financial year	<ul style="list-style-type: none"> <li>5000 Extension Personnel were employed</li> <li>Department of Small Business Development is working on a programme to integrate and capacitate smallholder farmers in their SMME programmes.</li> </ul>	<p>678 Assistant Agricultural Practitioners (AAPs) were employed</p> <p>Women: 438</p> <p>Youth: 619</p> <p>People living with disability: 4</p> <p>The plan was to recruit fully functional extension practioners however, due to challenges to source sustainable funding, agricultural graduates were employed as AAPs with a stipend of R7000.00 per month for 3 months.</p>	<ul style="list-style-type: none"> <li>Registration to professional body</li> <li>Sufficient funding to employ Fully Functional Extension Practitioners</li> </ul>	

## 8. REVIVING THE TOURISM SECTOR

# 8.1 REVIVING TOURISM SECTOR

Item	Intervention Description	Progress and Proposed Corrective Action (Where applicable)	Status
8.1	Protect the supply base through, market entry facilitation programme to stimulate investment	There is continuous engagement with provinces and product owners of strategic tourism assets in order to rejuvenate and protect supply. The Database of Distressed High Impact Tourism Investment is regularly updated and projects have been introduced to funding partnerships.	
8.2	Rollout a maintenance programme for state owned attractions	The maintenance programme in National Parks has approximately 801 participants (296 women, 466 youth and 17 people with disabilities) cumulatively to date. This accounts for 808 FTEs and 185,917 person days. The procurement processes for the expansion of this programme into Provincial Parks is at an advanced stage.	
8.3	Reignite the domestic tourism market and develop targetted campaigns	Key highlights on the Month of Love campaign: Preliminary Consumer Reach: 21 470 295 Key challenges: Increase in petrol price impact domestic tourism which relies on road transportation	
8.4	Implement norms and standards to create consumer confidence	The Norms and Standards were published in the Gazette on 3 December 2021 for implementation	
8.5	Facilitate re-entry into the regional and international markets	In December a tourism activation was undertaken at the World Expo Dubai attracting over 50 000 visitors to the South African pavilion. However due to the travel bans imposed after the discovery of the Omicron variant by South African scientists, provinces and other staff were not able to travel to the Dubai Expo for the provincial showcases. Unpredictable travel ban continue to hamper recovery in international tourism.	
8.8	Facilitate transformation through implementation of the Tourism Equity Fund (TEF)	The TEF is still under a court interdict and thus cannot be implemented until the legal processes are concluded.	
8.9	Build a bidding pipeline for future conference and mega events	Key Highlights: South Africa has won 31 of the bids submitted for the 2021/22 financial year. These secured business pieces will contribute R380m to South Africa's economy between 2022 - 2027 and attract 13 170 international and regional delegates. Key challenges: The current travel restrictions are impacting the successful hosting of international business events hosted in SA.	
Ongoing efforts to manage Item 8.6. Continue to rollout e-visa programme and Item 8.7. Protection of aviation capacity through operations are led by the Department of Home Affairs and the Department of Transport respectively.			

Reform completed or proceeding well	
Some challenges in implementation	
Critical challenges in implementation	

# 8.2 ERRP and TOURISM SECTOR RECOVERY PLAN (TSRP)

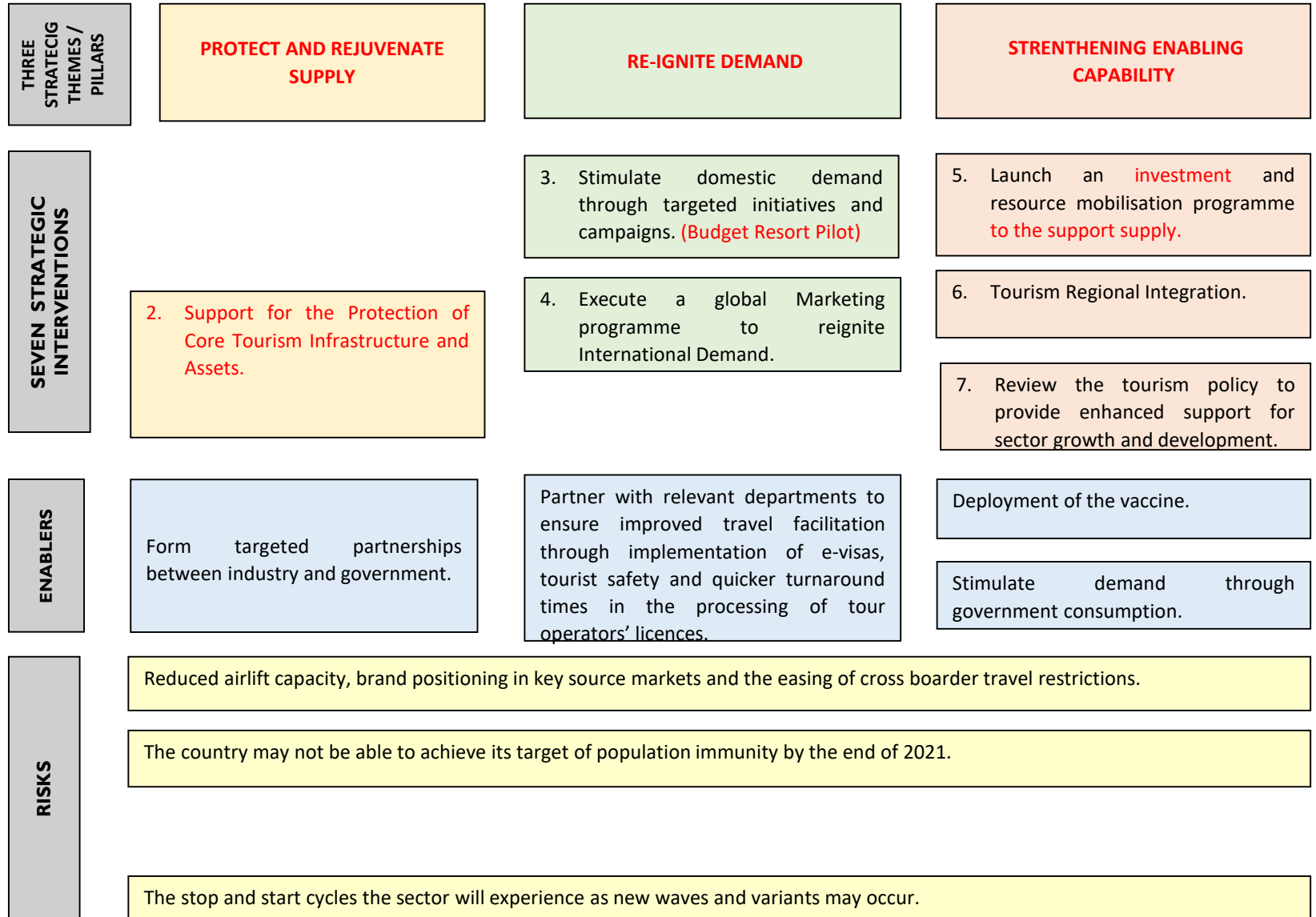
## ERRP

- Tourism is one of the 8 areas covered in the ERRP

## TSRP

- 3 Strategic Themes/Pillars
  - Re-Igniting Demand,
  - Rejuvenating Supply and
  - Strengthening Enabling Capability
- Strategic Interventions

These interventions and enablers will facilitate the preservation of R 189 billion of value, help the sector to recover to its 2019 output and employment levels by 2023, as well as position the sector for long-term sustainable growth, reducing the impact of the COVID -19 pandemic on employment by 125 000 jobs



# 8.3 REVIVING TOURISM SECTOR PROGRESS SUMMARY

## SOUTH AFRICAN INBOUND TOURISM PERFORMANCE 2021 COMPARED TO 2020

South Africa received a total of 2 255 699 tourist arrivals in 2021 which was a decline of -19,5% compared to 2020.



### TOTAL INTERNATIONAL ARRIVALS

2 255 699 (-19,5%) in 2021 compared to 2 802 320 in 2020

### 2021 MAIN SOURCE REGION

In 2021, Africa remains South Africa's main source region for tourist arrivals, contributing about 83,1% of total international arrivals to the country.

Europe remains the main source region for overseas tourists.



TOP SOURCE REGION:

AFRICA

1 873 609 (-12,3%)



MAIN AFRICAN SOURCE  
COUNTRY:

Mozambique

522 866 (23,7%)



TOP OVERSEAS  
MARKETS:

EUROPE

217 241 (-51,4%)



MAIN OVERSEAS  
SOURCE COUNTRY:

USA

82 020 (14,0%)

Note: January-December 2021 compared to January-December 2020

**Thank you**