

Foreword

In terms of the National Treasury Regulation 5.2.1, I hereby have the pleasure in submitting **the dti's** medium term strategic plan.

Dr Alistair Ruiters

Director-General: Department of Trade and Industry

Notes:

performance and underpinned by significant growth in productivity. However, output, investment and particularly employment growth have been far from satisfactory. Sectors with low levels of export orientation have generally performed particularly poorly, as domestic demand has been constrained.

However, from late 1999 the situation began to improve. This improvement accelerated in 2001. The South African GDP grew at an annualised 2.5% in the last quarter of 2001. The manufacturing sector experienced particularly strong growth of 5.6%. Moreover, this may have accelerated further in the first quarter of 2002. Manufacturing business confidence rose in the first quarter of 2002 and is currently at its highest level in six years.

There are two main reasons for this improvement: firstly, enhanced export growth following the decline in the value of the Rand, and the anticipated economic revival in the global economy that is expected to gather speed in the second half of 2002; secondly, the currency-induced shift away from (now more expensive) imports to local production. The decline in the value of the Rand is therefore expected to have a positive impact on the performance of the manufacturing industry.

The short-term outlook for the manufacturing sector is therefore distinctly favourable. The outlook for the retail and wholesale trades and building and construction sectors is similarly good. The projections for output, export, investment and employment growth for 2001, and projections for 2002 and 2003 for the manufacturing sector are summarised in Table 1.

Table 1: Summary of the Performance of the Manufacturing Sector (SIC 3) 2001 - 2003

Manufacturing sector	2001	2002	2003
Production volume	3.5%	4.4%	5.5%
Export volume	3.6%	6.6%	10.5%
Fixed investment	3.1%	7.2%	10.2%
Employment	-2.5%	-0.4%	+0.9%

Source: BER

Risk Factors

There are, of course, risks to this scenario. These include risks to the US economic recovery and the geo-political risks in the Middle East. On the domestic front, currency induced price and interest rate hikes pose the major threat.

The projections in Table 1 are thus informed by expectations of economic growth in the global economy and of price and interest rate changes in the domestic economy. These expectations are summarised in Table 2.

Table 2: Global and Domestic Economic Outlook (%)

	2001	2002	2003
Global Real GDP Growth %			
United States	1.2	3	3-4
Asia-Pacific	3	5	5
EU	1.5	1.5	3

Domestic Economic Outlook			
PPI Inflation %	8.5	11-12	5.5
CPI Inflation %	5.7	7-8	6
Interest Rate Changes	-1.5	+2.5 (0.5 in June)	Stable, but possible decline from mid-2003
Real GDP Growth	2.2	2.5	3.5

Source: BER

B. South Africa's economic performance 1999-2002 Strong Manufacturing Sector Growth

Starting in the third quarter of 1999, the manufacturing sector has grown steadily - averaging an almost 4% year-on-year growth in production volumes. Despite the sharp downturn of the world economy since the middle of 2000, the SA manufacturing sector has not declined. Indeed manufacturing growth accelerated at the end of 2001 and has remained buoyant in the first quarter of 2002.

By the end of 2001, industrial production in South Africa was growing at over 5%. This compares favourably with most other middle income, industrialising countries (see Annexure 2, Table A). However, this figure is probably somewhat inflated by people buying ahead (eg motor vehicles, imported goods) to avoid considerable price hikes caused by the fall of the Rand in the last few months of 2001. According to The Economist, year-on-year growth for industrial production for February 2002 continued at 5.5%.¹

Among the sectors that have tended to perform well in terms of gross output over the last few years are motor vehicles, parts and accessories, chemicals and television, and radio and communications equipment. Increasing output in the motor vehicle sector has also provided a considerable spur to related industries - glass, rubber, leather and plastics.

Poor Performing Manufacturing Sectors - Some Conclusions

The poorly performing sectors include the wage goods (consumer) industries - particularly textiles, apparel and footwear as well as food and beverages. Poor performance is mainly a result of slow growth in the domestic market. In turn, this is linked to tight monetary and fiscal policies (eg high interest rates).

In terms of growth (gross value of production less intermediate inputs), an appropriate measure of an industry's performance, since 1994 plastics, basic non-ferrous metals, basic chemicals, other chemicals, machinery and motor vehicles and parts have shown considerable growth - in excess of 40%. There was a major increase in value add in the furniture sector, which earlier had been on a declining trend.

What trends can we deduce from this? Since 1994, South African manufacturing shows a steadily falling share of the low technology sectors, a constant share of the medium technology sectors and a steady rise in the high technology sector. The share of the high technology sector has been particularly boosted by the performance of chemicals, motor vehicles and machinery. Last year the high technology sectors, broadly defined, contributed more than 40% to total manufacturing.

¹ The Economist, April 20-26 2002.

Notes:

Table 3: Rates of Output Growth by Technological Composition 1994-2001 (Value Added)

	1994 – 1996	1996 - 1998	1998 - 2000	2000 -2001
Low Technology	1.59%	-0.98%	-3.45%	1.3%
Medium Technology	8.85%	-0.84%	0.20%	-3.2%
High Technology	14.25%	3.08%	11.84%	8.3%

Source: TIPS South African Standardised Industry Data Base

During 2001, manufacturing production volume grew by 3.5%.

C. Trends in Domestic Economic Demand, 1999-2002

Over the last few years domestic demand has been severely limited. Fixed investment has been slower than expected, while cautious consumer behaviour and poor income growth have limited consumer demand. The latter is particularly apparent for lower income earners, where job redundancies have been significant.

Two groups of sectors have been particularly hard hit, constrained primarily by low levels of domestic demand. This has, in turn, affected the growth of the entire manufacturing sector. The two sectors are:

- Basic wage goods sectors such as clothing, textiles, food and footwear. Here growth has been slow because consumer demand has been very sluggish. In the footwear industry, there have been significant increases in imports replacing South African goods (import penetration).
- Capital goods and equipment such as electrical machinery and transport equipment, excluding motor vehicles and parts. This is related to low levels of domestic investment.

The slow rate of growth of the wage goods sectors has been particularly significant. The share of manufacturing output accounted for collectively by the food, beverages, wearing apparel, textiles, footwear and furniture sectors declined precipitously from 29% in 1994 to only 24% in 2001.

Towards the end of 2001 there was a significant acceleration of consumer expenditure and investment. It is likely that consumer spending increased in order to pre-empt price hikes caused by the depreciation of the Rand. As a result, the retail sector saw sales volumes rise by 4.6% year-on-year during the final quarter of 2001. This is unlikely to last. Nevertheless, retail business confidence is currently quite high and wholesale confidence rose in the first quarter of 2002.

Less spectacularly, but more sustained, there was also a rise in investment expenditure. Some of this was also pre-emptive, currency-induced purchasing, but there are indications that a part of this expenditure reflects more optimistic projections of the future on the part of business. In addition, government expenditure – both consumption and fixed investment – has been accelerating.

D. Export Performance

The share of exports in manufacturing output has more than doubled in seven years. In 2001, 28% of manufactured output was exported as compared to 14% in 1994. This is consistent with world trends where exports of manufacturers have been rising 3.5 times more rapidly than output.² Manufacturing's share of total exports has risen from 35% in 1994 to over 50% now.³ The lessons for a manufacturing-centered industrial strategy are clear.

Export orientation has risen across all of the manufacturing sectors. Moreover, export growth has been consistent. The share of exports in total manufacturing output has risen every year – even when domestic demand has been strong. This strongly suggests that instead of the “vent for surplus” phenomenon, characteristic of South African exports in the past, exporting has become a permanent feature for many more firms. As firms engage far more consistently with the export market and as their export share rises, the efficiencies and learnings entailed in competing in the most demanding world markets can be expected to benefit productivity and competitiveness at home. Both the domestic-oriented and the export-oriented sectors accordingly benefit.

Total manufacturing net exports (gross exports minus imported intermediates) have risen significantly and consistently since 1994. In 2001 net exports increased from R36 billion to R39.2 billion, up almost 9%. As a share of gross output, manufacturing net exports were almost 10% in 2001, up from 9.5% in 2000 (See Table 4).

Table 4: South African Manufacturing Net Exports (Gross Exports Minus Imported Intermediates) as a Percentage Share of Gross Output, 1994 - 2002

Year	Percentage
1994	2.3 %
1996	5.8 %
1998	7.7 %
2000	9.5 %
2001	9.9 %

Source: TIPS South African Standardised Industry Database

South African manufacturing exhibits a steady share of the low technology sectors; a significantly declining share of the medium technology sectors and a significant rise in the share of the high technology sectors. These were similarly apparent in 2001 – with the high technology sectors expanding net exports by 34% and the medium technology sectors declining by 28%. However, low technology net exports increased by 9%. Whereas the high technology sectors in 1994 had negative net exports in 1994, in 2001, the high technology sectors were responsible for more than 56% of manufactured net exports. The outstanding performer here is machinery and equipment (which includes catalytic converters)⁴. Machinery and equipment has become the largest net exporter, responsible for more than one-quarter of all South African manufactured exports. Other high technology sectors, especially motor vehicles and parts, also exhibit substantial growth in net exports. The high technology sectors share of net exports has consistently been rising more rapidly than the high technology sectors' share of value added manufacturing. In 2001, by contrast with both the low and medium technology sectors, the high technology sector is responsible for a larger share of manufacturing net exports (56%) than manufacturing value added output (41.5%).

It should be noted, that a number of the consumer goods industries that have high labour intensities – notably food and food products, beverages, textiles, apparel and footwear – all have a low export orientation. This has implications for employment.

² World Bank (2002): p. 39

³ TIPS South African Standardised Industry Base (see www.tips.org.za)

⁴ The high net exports for this category, in particular, need to be treated with some caution. Note that net exports (R10, 386bn.) exceed the value added for this sector (R6, 432bn.). Some exports, such as catalytic converters, will have a high net export value since they are high value exports, which utilize largely high value local inputs, and few imported intermediates. Similarly, because high value (local) inputs constitute a large share of gross output, the value added for these products is low.

Notes:

A number of factors account for the growing export orientation of our manufacturing sector. These include:

- A consistent industrial strategy that has emphasised exporting. Overall tariff liberalization and export-import arrangements, as for the auto industry, have been combined with supply support measures, with many of these supply side measures giving particular support to export activities
- Exchange rate depreciation has provided a direct stimulus to exports; but it has also provided considerable protection to domestic producers faced with declining tariffs
- The rapid rate of growth in the world economy – at least until the end of 2000
- The adoption of new technologies and the upgrading of existing systems has seen substantial rises in labour productivity. This has, in turn, impacted favourably on unit labour costs and resulted in increasing competitiveness.

The balance of trade for manufactures while still negative (i.e. imports exceed exports), improved further in 2001 to just below R31 billion, from R33.6 billion in 2000. Capital goods, motor vehicles and transport equipment are the large net exporters while metal products are the large net importers.

Of particular importance to medium-term export prospects are a number of recent trade arrangements that have substantially improved market access for South African manufacturing exporters – notably the European Union Free Trade Agreement (FTA), the African Growth and Opportunity Act (AGOA) with the USA, and the Southern African Development Community FTA. The annual growth rate of exports in 2000-2001 increased significantly, both for the USA (22%) and for the largest market, the EU (20%) - see Table 5. There have also been very significant rates of export growth to other countries, notably China (63%) and India (25%). These countries are likely to significantly expand their global trade in the short-medium term, providing further impetus to South African manufactured exports, and helping us diversify our foreign market base.

During 2001, manufacturing export volumes increased by an estimated 3.6%.

Table 5: South African Manufacturing Exports by Regions

Thousands of Rands, current prices

Manufacturing trade regions	2001	Proportion 2001		Annual Growth 2001-2000
		%Total	Cum.	
Name	2001	%Total	Cum.	2001-2000
1 European Union	47,726,461	32.5%	32.5%	19.8%
2 SADC	23,724,721	16.2%	48.7%	13.9%
3 NAFTA	19,009,840	13.0%	61.7%	16.6%
4 North-East Asia	11,472,541	7.8%	69.5%	5.2%
5 Chinas	7,768,796	5.3%	74.8%	20.8%
6 Asean	5,688,254	3.9%	78.7%	19.0%
7 Middle East	5,069,882	3.5%	82.1%	20.9%
8 Pacific Continent	4,017,199	2.7%	88.2%	20.7%
9 South Middle Asia	3,284,931	2.2%	90.4%	29.3%
10 West Africa	3,260,239	2.2%	92.6%	53.6%
Unallocated	4,854,599	3.3%	85.4%	16.8%
Other Regions	10,780,068	7.4%	100.0%	44.5%
Total Manufacturing	146,657,531	100.0%	100.0%	19.4%

Source: the dti database

Employment and Job Creation

Real GDP per worker in manufacturing increased from R20, 222 in 2000 to R21, 641 in 2001 (at 1995 prices) – an increase of 7%. This follows a 6% increase in 1999-2000. By contrast, in the period 1985-1995, productivity in the South African manufacturing sector rose at only 1% per annum. Significant increases in labour productivity in 2001 are characteristic of many manufacturing sectors.

Table 6: Labour Productivity – Real GDP per Worker

		1998	1999	2000	2001	2000/01 % Change
		absolute value	absolute value	absolute value	absolute value	
1	Food	65,480	62,871	67,726	71,398	5.4%
2	Beverages	205,623	191,031	203,443	236,914	16.5%
3	Tobacco	247,496	252,059	274,492	273,282	-0.4%
4	Textiles	42,782	41,449	42,102	43,142	2.5%
5	Clothing	24,815	25,235	23,219	22,451	-3.3%
6	Leather products	34,629	29,976	36,413	53,866	47.9%
7	Footwear	20,722	21,773	21,663	24,816	14.6%
8	Wood & products	30,569	29,915	27,947	30,814	10.3%
9	Paper & products	107,983	111,228	115,264	118,319	2.7%
10	Printing	67,560	65,200	64,132	63,542	-0.9%
11	Petrol refining	236,673	246,681	169,791	169,124	-0.4%
12	Basic chemicals	147,218	168,345	183,590	211,924	15.4%
13	Other chemicals	114,135	119,853	122,821	137,152	11.7%
14	Rubber products	69,976	88,380	97,228	99,383	2.2%
15	Plastic products	55,027	63,510	64,792	80,128	23.7%
16	Glass & products	124,459	128,281	159,921	149,315	-6.6%
17	Non-metal minerals	60,269	65,295	75,299	83,067	10.3%

18	Bas iron & steel	163,429	175,229	233,811	198,467	-15.1%
19	Basic non-ferrous metals	276,139	269,931	382,882	402,024	5.0%
20	Metal prods	58,960	61,085	68,753	77,217	12.3%
21	Machinery	76,858	78,691	90,620	94,080	3.8%
22	Electrical machinery	57,598	59,303	62,768	73,610	17.3%
23	TV & communications eq	96,791	96,736	107,929	134,873	25.0%
24	Scientific eq	59,118	51,955	52,220	60,306	15.5%
25	Motor vehicles & parts	90,869	99,025	110,112	118,970	8.0%
26	Other transport eq	81,693	79,646	89,856	112,293	25.0%
27	Furniture	54,489	53,993	54,259	52,787	-2.7%
28	Other industry	315,041	341,547	369,203	312,814	-15.3%
	Total manufacture	79,816	81,449	86,895	91,976	5.8%

Source: TIPS South African Standardised Industry Data Base

Rising productivity underpins increases in employee remuneration, which has been rising rapidly, and increased by just over 3% in 2001. Rising labour productivity, and productivity increasing at more rapid rates than employee remuneration are significant signs of the growing capacity of South African manufacturing firms to compete in global markets.

The implications for employment are not so encouraging. For a given level of output, the higher the labour productivity gains, the fewer employees per unit are needed (lower labour absorption). Rapid productivity increases in South African manufacturing have taken place in a context where output has been growing slowly. As a consequence, manufacturing has consistently been shedding labour. Between 1997 and 2001, while value added manufacturing increased by 6% in total, employment decreased by 11%, indicating a structural shift towards lower labour intensity. There are only a few sectors that have, over the last five years, experienced any increase in their demand for labour – leather and leather products, plastic products, wood and related products, other chemicals and television, radio and communications equipment, printing publishing and recorded media and basic chemicals. However, there is some indication that the shedding of labour is now bottoming out.

Many of the sectors that have seen rapid increases in output, such as television and communications equipment, motor vehicles, parts and accessories and basic and other chemicals, are also less labour intensive than the manufacturing sector on the whole. The more labour intensive sectors are consumer goods industries that tend to be strongly dependant on the domestic market. With domestic demand limited, and not being strongly export-focused, these sectors have seen significant declines in output.

Furthermore, a number of these most labour intensive sectors – such as clothing, wood and wood products, footwear and furniture – have seen significant declines in employment intensity as measured by the employment/output ratio.

Finally, manufacturing is becoming increasingly skill intensive. One measure of this is the share of the highly skilled in the manufacturing labour force. This has been slowly but inexorably increasing, for manufacturing as a whole and for all of the manufacturing sectors. In 2001, 10.2% of the manufacturing labour force was classified as highly skilled.

Thus the loss of jobs in manufacturing has a number of mutually reinforcing outcomes. These include:

- A general tendency in most sectors for employment to decline,
- The output of the labour intensive sectors declining, or growing less rapidly than the output of non-labour intensive sectors,
- A particular tendency to decline in labour intensity in the more labour intensive sectors, and
- The increasing skill composition of manufacturing, resulting in lower demand for unskilled labour.

During 2001, employment in manufacturing declined by 2.5%.

Investment Trends

Capital expenditure in manufacturing has risen very slowly – about 1% per annum since 1996. Investment as a share of value added manufacturing (at factor cost) has averaged 21 %, considerably higher than the overall average of 15% since 1995. Again, the implications for identifying high potential growth sectors are clear, as reflected in the IMS. Industries experiencing significant real growth rates in capital stock are generally limited to very small ones such as scientific equipment, leather and plastic products. Motor vehicles, parts and accessories and, to a lesser extent, basic chemicals are two of the larger industries that have recorded some real growth rate in capital stock

In 2001, manufacturing investment was generally sluggish. However, fixed investment accelerated towards the end of the year. Radio, television and communications equipment (spurred by the granting of the third cellular licence) and some of the more labour intensive industries, namely wearing apparel and furniture all saw significant increases in investment. This may reflect hopes for the benefits of AGOA on prospects for export growth, showing once again that the dividing line between a domestic focus and an export orientation is not an absolute one. On the contrary, export growth is an essential part of the equation even for sectors historically and primarily focused on the local market – as the IMS points out.

Building and construction also saw some expansion in 2000. Following favourable moves in the interest rate, there was some revival of private sector investment in building in 2000, but the level of investment is still well below that of 1995. Investment in construction works is driven by state expenditure. This has been on a decline, but there was some recovery towards the end of 2000 as state expenditure rose again.

Overall, in 2001, real manufacturing fixed investment increased at a little over 3%.

In conclusion then, South Africa has moved onto a sustainable macro-economic growth path. Inflation targeting is starting to take effect, however producer prices have recently risen as a result of the recent drop in value of the Rand relative to major currencies. Exports have grown whilst import growth has declined leaving a trade surplus. The number of company and closed corporation registrations have increased from 42 000 in 1993 to 116 285 in 2001, with significant growth in the establishment of companies by historically disadvantaged individuals.

In line with the mandate of the department, the vision and mission statement remain consistent and in line with the overall aim of becoming one of the top five DTI's in the world by 2004.

3. The dti's vision and objectives

The dti's objectives are framed within a specific long-term vision. However, the vision has been formed within the broader context of government's economic priorities, and the strategies implemented to achieve the goals set. Thus the dti's vision is a part of a much broader strategic thrust which government as a whole is pursuing. Conversely, the vision is not confined to specific areas of the dti's competence; rather it is rooted in actions that government as a whole must take. In other words, it is the departure point for focused strategy formulation that is driven from the dti, but implemented across government.

Notes:

3.1 Strategic context

Since 1994, the South African economy has stabilised, and economic growth has resumed. Central to this achievement is the Growth, Employment, and Redistribution Strategy (GEAR). At the heart of GEAR was a macro-economic stabilisation plan, designed to ensure long-term macroeconomic stability as an essential platform on which the economy could grow. However, macro-economic stabilisation is a necessary, but not sufficient, condition for economic growth to take place. Further, the economy has not grown in line with GEAR's projections, whilst tight fiscal discipline has not been able to relieve economic hardship as an expansionary macro-economic policy has been precluded.

To effectively re-integrate the South African economy into the global economy, substantial tariff liberalisation and other market-oriented reforms were introduced. On the positive side, these reforms have promoted greater economic efficiency in the domestic economy, especially in manufacturing. They have also opened up new opportunities for domestic production and export. However, this has been accompanied by some economic hardship in other, less competitive, areas.

The GEAR strategy and the liberalisation process are two essential pillars of economic policy adopted in South Africa since 1994. These provide the essential foundation for sustained international competitiveness, itself a *sine qua non* for economic survival in an unforgiving global economy. However, significant challenges remain. First, economic growth has remained elusive. Second, despite recent gains in competitiveness, it still has to be promoted at the micro-economic level. Furthermore, key social objectives of government must be integrated into micro-economic reforms in a sustainable manner. In addition, these broad thrusts have to be contextualised in terms of specific areas of economic activity if they are to be meaningfully pursued through the levers that government, and **the dti** in particular, has available to it.

Taken together, these challenges collectively constitute the terrain that **the dti** has to traverse in the long-term. Accordingly, **the dti**, in conjunction with key government departments in the Economic, Investment, and Employment Cluster, has developed a Microeconomic Reform Strategy. This strategy addresses the long-term challenges, and is framed in terms of a long-term vision (see 2.2). It is complemented by **the dti's** Integrated Manufacturing Strategy. This takes the Microeconomic Reform Strategy as its departure point but focuses on the specific areas of intervention required in order to promote growth and equity in the manufacturing and associated sectors of the economy.

The dti's medium-term strategic framework is best thought of as establishing the essential foundations for the long-term strategies to succeed. At the heart of this is the re-organisation of **the dti** in line with the goals of the long-term strategies (see section 3). This is complemented by a reorientation of thinking in **the dti**, away from traditional models of government towards promoting a culture of service delivery (see 2.4). The emphasis on service delivery is essential to ensuring the ultimate success of the long-term strategy.

3.2 Vision 2014

Vision 2014 is at the heart of the Microeconomic Reform Strategy. The vision is re-stated in full below:

By 2014, following the successful implementation of the microeconomic reform strategy and complemented by continued macroeconomic stability and a process of sustainable social development, South Africa will have a restructured and adaptive economy characterised by growth, employment and equity, built on the full potential of all persons, communities and geographic areas.

The requirements to realise this vision include the following:

- *A geographic spread of social and productive investment*
- *An integrated manufacturing economy capable of high degrees of value added*
- *An extensive ICT and logistics system capable of speed and flexibility*
- *A high degree of knowledge and technology capacity*
- *Greater diversity of enterprise type and size*
- *Skilled, informed and adaptable citizens*
- *An efficient, strong and responsive state structure*

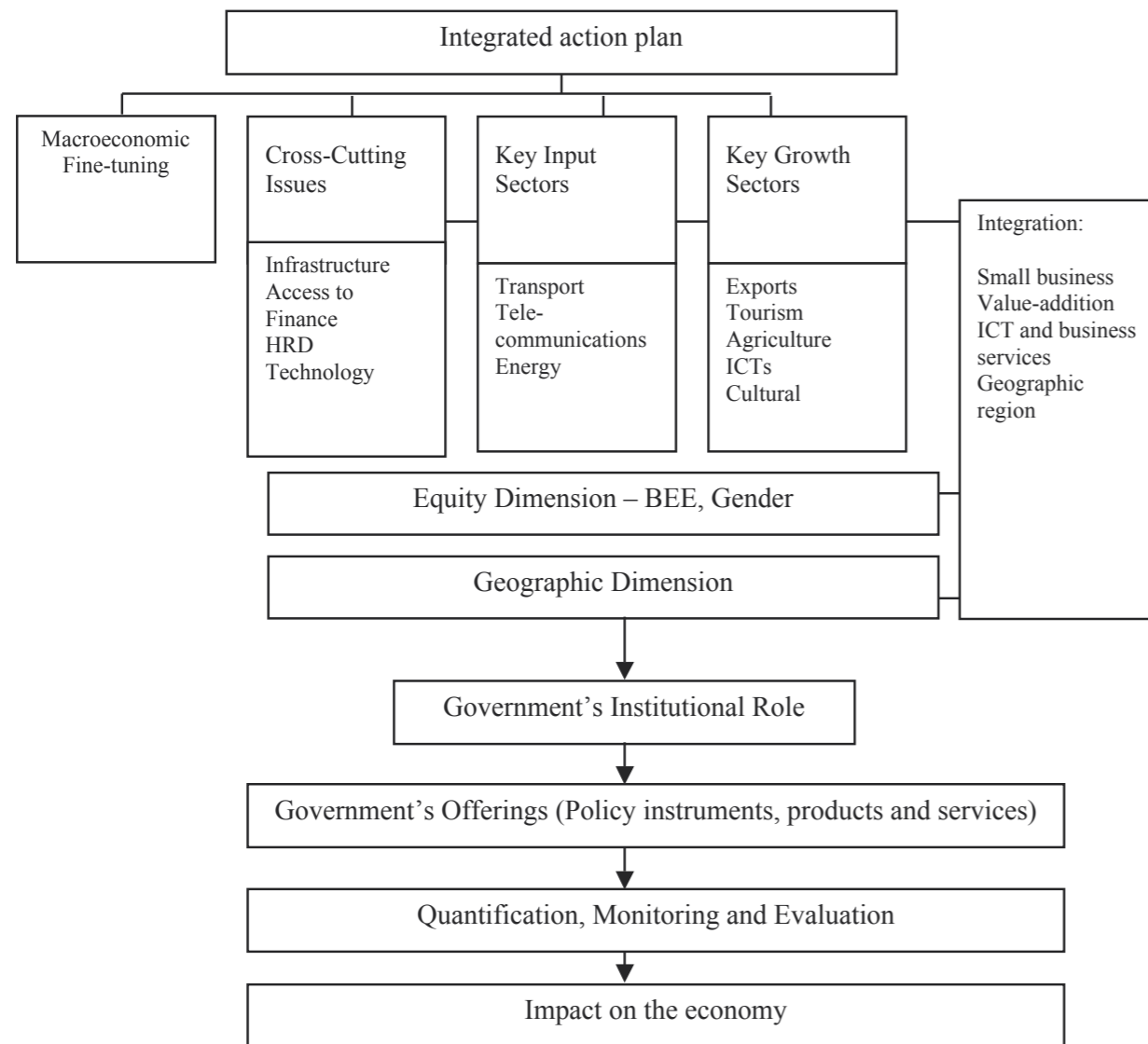
In order to advance this vision for the transformation of the South African economy, the state will continue to focus on microeconomic reform strategies as the majority of the remedies to the factors limiting accelerated growth and development lie within the micro-economy.

This strategy needs to take into consideration that there are two economies in South Africa. The developed economy, which suffers from a lack of cost competitiveness in relation to the global economy. The underdeveloped part of the economy, which represents the experiences of a high proportion of South Africans, is an area where economic potential is not being enabled and harnessed due to backlogs and under-investment in social and productive capital.

The Microeconomic Reform Strategy developed an integrated framework for action designed to realise this vision. This is summarised in Figure 1 below (for details, the reader is referred to the original document).

The essential constituents are the crosscutting issues, key input sectors, and key growth sectors. Within these constituents a core focus is promoting competitiveness through, *inter alia*, diffusion of information and communications technologies (ICTs). This is complemented by promoting diversification of ownership through small business growth. These are the building blocks for implementing the vision, and for integrating the broader social objectives into the overall strategy. The social objectives primarily focus on promoting equity with respect to gender and black economic empowerment (BEE), and ensuring geographic spread of productive activity.

Figure 1: The microeconomic reform strategy



The Integrated Manufacturing Strategy (IMS) is a more focused elaboration of the key strategic elements of the Microeconomic Reform Strategy. It is focussed on the manufacturing sector in particular. Specifically, it:

... tries to define a common understanding of what challenges we face with regard to the manufacturing process in the economy; to devise common actions that can be taken by economic citizens; the main areas of focus of our actions and what the dti will undertake to do. The strategy has a number of components to it and it relies on other broader macro and microeconomic programmes of government to be implemented as complementary and supplementary processes. Accordingly, the strategy has to be that of the government as a whole even though the dti will have primary responsibilities in many areas.

The IMS is linked to the Microeconomic Reform Strategy, but goes beyond this in its focus on manufacturing and associated activities. Its departure point is integrating manufacturing production processes with ICT and related services, whilst at the same time integrating government actions related to competitiveness. These thrusts are captured in the concept of "integrated value matrices", which lie at the heart of the IMS. Essentially, this entails a new view of manufacturing and associated activity, whereby production processes are linked across sectors through diffusion of ICT, and are located within regional and global production networks. Understanding these linkages is crucial for promoting competitiveness in manufacturing, and expanding our role in global economic production. From this departure point, detailed analysis of where value is generated and the interventions required by government in order to promote value-creation can be undertaken. This is taking place within the new programmes established by the dti (see section 4).

Implementation of the IMS will take place through specific measures taken by the dti and provision of targeted offerings; and co-ordination of government measures by the dti through the Economic, Investment, and Employment Cluster (see section 4). The IMS and the Microeconomic Reform Strategy provide the essential framework within which government, and the dti in particular, now operates. Therefore, the emphasis within the dti is now on further re-organisation in order to implement the vision. In this process, the dti's offerings and the delivery thereof have become a key focal point (see section 4). Furthermore, the effectiveness of the dti's offerings must be measured to establish whether they are having the desired impact. Therefore, monitoring and evaluation is receiving priority attention in the dti (see section 5).

3.3 Objectives

The dti's objectives are implicit in the Microeconomic Reform Strategy and the IMS. Nonetheless, it is worth restating them. First, it is important to note that the dti's objectives are framed in terms of government's strategic priorities, as set by cabinet. The latter are referred to as the national level strategic priorities, or the economic goals:

1. Growth
2. Employment
3. Small, Medium, and Micro Enterprise (SMME) growth
4. Black Economic Empowerment (BEE)
5. Geographic spread (both within SA to rural areas, and regionally within Africa)

These have subsequently been expanded upon by the dti to the following nine strategic priorities:

1. Growth in output
2. Employment
3. SMME growth
4. BEE
5. Geographic spread (both within SA to rural areas, and regionally within Africa)
6. Investment in SA (both domestically and foreign)
7. Export growth
8. Future competitiveness
9. Women's Enterprises (WE)

The dti has identified the following key strategic objectives to achieve the above-mentioned strategic priorities:

- to provide an environment conducive to the promotion of higher levels of investment, for both foreign direct investment and domestic investment
- to increase access for South African products in international markets
- to create a fair, competitive and efficient market place in South Africa for domestic and foreign business and consumers.

These goals and objectives will be pursued in each of the newly established programmes in the dti, within the framework of the Microeconomic Reform Strategy and the Integrated Manufacturing Strategy (IMS).

3.4 Values

The focus of the dti in 2002/04 is organisational efficiency thereby increasing the proportion of funds available to support enterprises. It also includes the use of improved management information systems that allow for better monitoring and evaluation of expenditure by the dti and its impact.

Notes:

Two pillars support the drive for efficiency namely a people strategy and a corporate governance system.

The people development strategy includes a comprehensive human resource development plan that will be implemented in 2002 and the transformation of **the dti's** organisational culture. The HRD plan aims to equip all **dti** staff with competencies in key areas.

A clear sense of the desired organisational culture has emerged through interactions between **the dti** staff and executive. The ideal culture will rest on the values of **delivery, trust and integrity.**

Values:

There are three values that have been formulated and deliberated upon by **the dti** leadership group and rolled out to all the staff:

1. Delivery – meaning: products and services on time; anticipating customer needs and exceeding expectations; uncompromising quality; sustained delivery; understanding our products and services; continuous improvement, being entrepreneurial; service excellence; a commitment to deliver; taking calculated risks; delivering to internal customers; and being performance driven
2. Trust – meaning: share knowledge and information; an environment that enables and supports; pooling our resources; trust is built through working in a meritocracy – reward and recognition is based on merit; listening to different viewpoints and finding solutions; loyalty, dedication and persistence build trust; and respect and recognition
3. Integrity – respect, recognition and fairness; always being mindful of our accountability to the public; openness and honesty; treat each other with respect; being consistent and predictable; and encouraging open communication throughout **the dti.**

4. Organisation and implementation

To achieve its strategic objectives, **the dti** is looking at ways to work differently and to address its institutional challenges. This section will outline the essential contours of this process. Implementation of the strategic framework is based on this, and has two broad dimensions: methods of working within **the dti**, specifically through the establishment of “cross-functional” teams; and building partnerships within government and with key stakeholders to ensure the strategy is widely adopted.

4.1 Internal organisation

To achieve the objectives outlined above, in accordance with the strategic framework, **the dti** is focused on new ways of working. The key principle underpinning this new focus is that of promoting integration between different work areas, within the overall framework of targeted sector promotion. Eight sectors have been identified in all, supported by 12 generic or “cross-cutting” focus areas (see 4.1.1). These business areas have been clustered together in “programmes”, with 20 such programmes having been identified.

The sectors are at the heart of the IMS, and provide the principle organisational focus for **the dti**. Each sector unit is required to develop a holistic business plan, addressing all of **the dti's** strategic objectives. To translate the plans into actions, they will draw on the support of the “cross-cutting” programmes and divisions, depending on need. For example, the Clothing and Textiles sector may identify market access and human resource development as critical constraints on the growth of the sector. To address these constraints they would integrate the Competitive Market Access and Human Resource Development programmes (see 4.1.1) into the specific projects they design.

The “cross-cutting” programmes serve two functions. First, they service the needs of the sector programmes through assisting in formulating specific interventions for advancing sector strategies. Second, they also operate in a generic space, and must design appropriate interventions to promote the overall strategic goals of that specific sector. For example, the Technology programme, whilst working with the various sector programmes, may come to the conclusion that there are obstacles to promoting growth of black empowerment ventures in technology-intensive industries. This may require a series of interventions, ranging from designing specific incentive schemes to working with universities to encourage science and entrepreneurship programmes linked to industrial demand.

This approach is captured in the concept of “cross-functional” teams. To promote integration amongst the programmes each business unit will be required to work with key “partners” within the organisation on discrete projects. In organisational terms this is referred to as a “matrix” structure. Thus one programme may find itself working on projects involving, for example, 10 other programmes. It may be leading, say, only three of these teams.

Underpinning this new way of working are **the dti's** values. The values of delivery, trust and integrity are being inculcated through a high focus on alignment of activities with strategic priorities, as well as a high focus on performance management, including the contracting between business unit managers and programme managers. Over time, the organisation will create the attributes of a learning organisation, being responsive to performance of service delivery to customers and learning to manage the interfaces between activities within a matrix-managed environment.

4.1.1 The dti's programmes

The following sector clusters are being targeted:

1. Agro-processing
2. Automotive
3. Chemicals and Bio-technology
4. Clothing and Textiles
5. Crafts
6. Information and Communications Technology
7. Metals Beneficiation, Mining and Machinery
8. Tourism

These constitute a mix of labour, capital, and technology-intensive industries, with some being more export-oriented than others.

The “cross-cutting” programmes are:

9. BEE
10. SMMEs
11. Geographic Spread
12. Africa and the New Partnership for Africa's Development (NEPAD)
13. Human Resource Development (HRD)
14. Technology
15. Infrastructure and Logistics
16. Access to Finance
17. Industrial Participation (IP)
18. Regulatory Environment
19. Competitive Market Access
20. Economic Research and Policy Coordination (ERPC)

These programmes require explanation. BEE, SMMEs and Geographic Spread reflect specific social objectives, as outlined in the discussion on the Microeconomic Reform Strategy. NEPAD is the programme responsible for

coordinating the dti's involvement in this continental initiative. HRD is primarily focused on skills development, notably promoting supply of appropriate skills to ensure long-term sustainability of the key sectors targeted and the economy more broadly. Similarly, Technology and Infrastructure and Logistics promote development of suitable innovation and logistics infrastructures. Access to Finance is a key enabler cutting across all the programmes and sectors. Industrial Participation leverages government expenditure to promote foreign direct investment into strategic projects. Regulatory Environment develops legislation in key policy areas. Competitive Market Access tracks and negotiates reductions of market access barriers faced by South African exporters, and negotiates broader trade agreements such as in the World Trade Organization. Finally, ERPC coordinates policy development and implementation within the dti and government (see 4.2), and conducts economic research to support strategy formulation in the other programmes.

The programmes are located in divisions. Appendix 1 elaborates on this broad organisational structure by outlining the key functions each programme is expected to execute, and the location of specific programmes within each division. Appendix 2 explains the where these functions are located within the divisions.

4.2 Implementation

The IMS outlines three essential elements for implementing the dti's strategy:

- a. Championing competitiveness through the Economic, Investment, and Employment cluster
- b. Building the work-programmes described in 3.1.1
- c. Developing products and services, or offerings, designed to increase efficiency in companies and value-chains.

The work programmes were discussed above. This section briefly discusses the dti's offerings, and its broader role in promoting our strategy in government.

The dti offers a range of products and services to the public, and companies in particular. Products include, for example, incentive schemes and economic information in the form of publications. Services range from company registration to provision of advice to exporters with regard to accessing specific markets. The range of products and services is too numerous to elaborate on here. However, two points need to be made. First, the dti has recognised that its delivery of offerings must be improved, both in terms of the efficiency and effectiveness. Second, this has translated into various organisational improvements, a key improvement being the establishment of a new Marketing unit. This unit is in the process of being established.

Many of the areas of intervention covered by the programmes identified in 4.1.1 are not specifically within the dti's traditional domain. This means that, in order to take our strategy forward, we are required to work closely with other government departments, at central, provincial, and local levels. At the central government level, these interactions are coordinated through the Economic, Employment and Investment Cluster. Provincial and local government interactions are coordinated through a combination of bilateral meetings and fora such as MINMEC. In addition, relations with key stakeholders also receive priority attention. Domestically, these include, inter alia, parliament and NEDLAC, whilst donors are important external stakeholders. Coordination with key partners and stakeholders is complemented by greater coordination within the dti group of institutions. These relationships are managed through the Council of Trade and Industry Institutions.

Each of the dti's new programmes is required to submit a business plan and budgets, both which need to contain performance targets, against which their performance will be monitored. This section outlines the planning process, and the monitoring and evaluation systems that will measure the impact of those plans. The dti's plans will be aligned to the monitoring and evaluation process to ensure greater effectiveness in the future.

5.1 The planning process

To ensure coherence in the development of business plans by the programmes, the dti has established a new planning and framework to align the planning, budgeting and operational processes in the dti. This consists of three levels:

1. Level 1: Microeconomic Reform and Industrial Strategies (approved by Cabinet);
2. Level 2: Programme plans are approved by the dti's Review Boards (comprising a cross-section of senior management) and the Director -General;
3. Level 3: the Budget Review Board consisting of the DDG of the division, the Chief Financial Officer and the Director-General, approves Business unit plans.

5.2 Monitoring and evaluation

Throughout the organisation good corporate governance is directed from the Executive Board (ExBo), which is the top decision-making structure in the organisation. ExBo also monitors the implementation of the dti's strategic framework at the broad strategic level.

Lower down the management ladder, programme managers and business units are required to report monthly, whilst performance is reviewed quarterly. Performance is regulated through performance contracts, agreed to by the relevant programme leader and his/her supervisor. Each programme will be evaluated according to the targets they set. The targets are linked to the dti's objectives (see 3.3). The organisation as a whole will be evaluated according to the aggregated programme targets (see annexure 1 for detailed divisional targets). The primary purpose of the evaluation process is to continuously improve the performance of the dti's programmes.

Notes:

6. Concluding remarks

The dti is on track in transforming itself to meet the challenges. The organisation is reinventing itself to be more responsive to its customers and to the challenges it faces. New customer interfaces are close to completion to increase accessibility and quality of interaction. A contact centre, a network of small business support service providers and an improved website will all contribute to easier access. The sector-focused competencies being established in TISA will provide greater depth of understanding of specific sector needs. Greater customer interaction, feedback and research will provide the driving forces for improving the relevance and service levels of the dti's offerings.

The intellectual capacity of the organisation will continue to grow rapidly. The organisation is increasingly succeeding to attract high quality staff and has established a comprehensive plan for staff development, by establishing the dti Learning Centre.

The culture of the organisation is also changing rapidly towards serving customers and being delivery oriented. This is being facilitated through the development and entrenching of a new set of values, and by the leadership team leading by example. The current working environment has been improved and plans have been passed and approved for a new state-of-the-art building. This is due for completion by end 2003.

The management processes are improving rapidly. Old paradigms of planning have been shattered and a new way of integrated planning has been introduced. This ensures that much greater coherence and synergy in the execution of the key programmes identified from Cabinet priorities.

New performance management solutions are being introduced to complement the greater delegation of authority and individual accountability. These all add to greater flexibility and ability to respond rapidly to the demands of practical delivery.

New technologies are being leveraged to improve Customer Relationship Management and Knowledge Management. The centralized Marketing Unit will ensure greater awareness of the dti and its offerings to the economic citizen. The centralised policy unit will provide a clearer view of the national economic policy to external stakeholders and executing agencies.

Overall, the transformational interventions have been difficult for staff but this process has started to bear fruit. Significant changes in service delivery to customers will become very evident in the 2002/3 financial year.

7. Annexure 1: Divisional targets

The dti's outputs and impact indicators for the medium-term

In the tables below, those outputs that are not directly in the control of the dti but rather in the control of the dti group and other entities receiving transfer payments, have been placed in a separate table under the dti group and other transfer payments heading.

1. International Trade and Economic Development

Sub-Division	Output	Output measure/ Indicator	Target
Bilateral Agreements	Ongoing management of existing trade agreements	Maintenance of existing South African market share in markets where trade agreements are currently in place	Maintenance or growth in volume and value of South African exports to markets where bilateral agreements are already in place
	The conclusion of trade agreements with targeted countries.	Increase SA's share of global export market with particular emphasis in Africa	Trade agreements with India, Brazil and Nigeria Improved market opportunities for SA exports in targeted markets, resulting in gradual increase in export volumes
	Bi-national Commissions	Increase SA's share of global export market	Negotiations initiated with Germany, China and Sweden
Regional Trade Block Agreements	Regional trading blocs, and multilateral bodies e.g. EU, EFTA, SACU, SADC & NEPAD	Agreements on outstanding issues	Secure negotiations on expanded market access & enhance business confidence in TDCA by 2003
		Implement SACU strategy	Q3 2002
Multilateral Trade Agreements (WTO)	Building investment linkages internationally with emphasis on growth in Africa	Investment linkages established, modalities negotiated	50 modalities to be negotiated at WTO
International Trade Development	Negotiations of new and implementation of existing trade agreements in countries and trade blocs, including: <ul style="list-style-type: none"> The Southern African Development Community (SADC) The European Union The European Free Trade Association Brazil/Mercosur Trade bloc 	Increased rate of consultations with stakeholders, including Nedlac and exporters forums, and information dissemination, through the website Number of negotiations initiated and agreements concluded, and technical missions undertaken	
International Trade Administration	<ul style="list-style-type: none"> Establishment of CITA 150 duty credit certificates 	Successful establishment of an independent regulator Number of credit certificates	Functional CITA

	Anti-dumping investigations and review thereof	Number of investigations	10 dumping investigations concluded and 10 review investigations concluded
	Countervailing investigations	Number of investigations	10 countervailing investigations concluded
	Monitor dominant market players		To minimise disputes on market domination
	Tariff and Safeguard investigations	Number of investigations	5 safeguard and 150 tariff investigations
	Issue of rebate duty free and other import & export control certificates and permits	Number of permits and certificates issued	2,000 rebate certificates and 28,000 import and export control permits
	Draft import and export and tariff policies	Number of policy documents	2 import and export policy documents and 1 tariff policy document
Africa Economic Development	Trade negotiations and agreements, including technical missions aimed at securing projects to promote economic development in Africa Strategy for the dti's role in the New Partnership for Africa's Development (NEPAD) New offices to be opened in strategically targeted African countries	Number of negotiations initiated and agreements concluded, and technical missions undertaken Programme for the dti's implementation of NEPAD Number of new offices to be opened as targeted within the specified time frame	

2. Enterprise and Industry Development

Sub-Division	Output	Output measure/ Indicator	Target
Competitiveness strategy	Integrated supply chain and logistics strategies in targeted sectors, e.g. agro-processing, autos, clothing, textiles and footwear, tourism	Improved co-operation inter- and intra firm Reports and strategies issued	January 2001 - March 2003
Technology innovation	Policies and strategies to improve competitiveness through: Increase in technology take-up by firms, increase in innovation by firms, and an increase in technology capacity through existing and new programmes such as:	Number of SMMEs supported	80% SMMEs support
	Support Programme for Industrial Innovation (SPII)	Increase in high-tech exports	R250m
	Technology promotion (technology incubators)	Investment in Research and Development Number of SMME's incubated	Establish 12 incubators per annum
	Financial assistance (Technology Venture Capital Fund)	Number of SMME's supported	Venture Capital Fund established in Q1 2002

	Increased Technology Transfer	Facilitate Technology Transfer locally and abroad	Technology Transfer Centre established Q4 2002
	Technology Transfer Guarantee Fund	Support of SMME's	23
	HRD (scientific research) (Technology and Human Resources for Industry Programme)	Investment in Research and Development	R320m investment in R&D
		Number of students supported	2100 students supported
	Institutional capacity-building (CSIR)	Development of Core Technology Competencies	
	Regulation (Technology Transfer legislation)		Technology Transfer legislation drafted Q3 2002
Standards and Environment	Promote sustainable production through appropriate policies and policy instruments on standards and the environment.	Alignment of all incentives with sound environmental principles	Review to commence in 2002.
		Environmental management cooperative agreements concluded in the chemicals sector in line with the National Environmental Management Act	Q4 2002
	Small Business Technical Funding	Number of SME's Business Excellence facilitators trained	10 Facilitators
Non-Proliferation and Space	Compliance with international Non-Proliferation and Space treaties and organisations	No cases occurred that indicate non-compliance	None
	Implement a control system to control non-proliferation and space issues.	Total of Council and subcommittee meeting held	Conduct at least 30 Council and subcommittee meetings
	Import, export and launch permits	Process 290 permit applications	Process all permit applications received
Enterprise Development	Review of the SMME Strategy and the Small Business Act	Integrated strategy to support small business development	Q4 2002
		Amendments to the National Small Business Act	Q3 2002
		Establishment of a Small Business Council	Q2 2002
	Implementation of prioritised recommendations of the Regulatory Review	Regulatory impact mechanism	
	Disclosure legislation to encourage transparency on banks regarding their lending patterns	Enactment of legislation on disclosure or amendments to existing legislation	
	Promotion of entrepreneurship	Strategy on entrepreneurship Partnership programmes with NGOs, private sector, parastatals and other government departments	Q2 2002

	Coordination of support programmes for women entrepreneurs	Number of SAWEF structures and programmes established	Q2 2002
		Convening of a national conference for women entrepreneurs	Q4 2002
Black Economic Empowerment	Policy, strategies and research to provide opportunities for the economic empowerment of historically disadvantaged individuals through:		
	The design and implementation of BEE strategy	Policy framework for BEE and establishment of BEE Council	Q1 2002
	Institutional capacity building	Designing of programmes and agreements to provide institutional and financial support to black business organisations and cooperatives	Q2 2002
	Targeted collaboration with development finance institutions	Coordination and streamlining of development funding vehicles	Q1 2002/03
	Tighter and more effective implementation of IP Projects	Achieve a total milestone target of US\$3.9bn 10% of obligation benefiting SMME/BEE companies	Q4 2002/03
	Procurement reform	BEE input into dti procurement policy and National procurement reform	Q3 2002/03
	BEE Charter with financial sector	BEE Charter	Q3 2002/03
Taxi Re-capitalisation	Re-capitalisation of the existing fleet of passenger taxis in South Africa in conjunction with the Department of Transport	Identification of a preferred bidder, manufacture of replacement vehicles and implementation of electronic management system	Q4 2002/03
Skills for Industry	Research to identify skills needs of the economy, sectors and industries of the economy, and development and implementation of appropriate interventions to address identified needs facilitated	Reports on research findings outlining skills needs	8 dti industry clusters covered
		Facilitation of programmes and projects to address identified needs	Q4 2002/3
	Promote and maintain strategic partnerships with private and public sector role-players in HRD	Cooperative agreements with SETAs, and dti strategies supported through the National Skills Authority and the HRD Coordinating Committee	Effective implementation of dti led initiatives in the HRD Coordinating Committee, and effective representation of the dti in the NSA

3. Consumer and Corporate Regulation

Sub-Division	Output	Output measure/ Indicator	Target
Consumer and corporate policy development	Developing policies on consumer and corporate regulation	Number of policies issued	
Commerce legislation, regulation & enforcement	Legislative amendments to commerce acts	Legislation tabled and accepted	12 pieces of legislation submitted for 2002/03
	Monitoring and investigating business compliance with consumer and commercial legislation Overseeing and monitoring Trade metrology, Liquor Advisory Authority	Number of investigations conducted	

4. The Enterprise Organisation

Sub-Division	Output	Output measure/ Indicator	Target
Promotion of infrastructure and strategic investment	Industrial Development Zones	No. of Industrial development zones designated by the Minister	Four (4) IDZ's designated
		No. of provisional operator permits issued	Five (5) provisional permits issued
		No. of permanent operator permits issued	Two (2) permanent operator permit issued
	Foreign Investment Grant Increase in Foreign Direct Investment. Imported technology.	Foreign direct investment in Rands Number of new technology imported into the country	Not yet defined
	<u>Critical Infrastructure Facility</u>		
	Increase in fixed private investment.	Rand value of investment enabled by CIF support	R1.5 billion of new investment in manufacturing tourism and ICT projects
	Increase in infrastructure investment.	Rand value of infrastructure investment	Invest of R500 million in infrastructure
	Enable strategic private sector investment.	Number of critical infrastructure projects supported	6 projects approved

	<u>Strategic Investment Programme</u>		
	Encourage strategic investments in manufacturing, R&D facilities and computer related industries.	Number of projects approved	4 projects approved
	Increase fixed private investment	Value of fixed private investment supported	R1.4 billion new investment in manufacturing, R&D and computer related industries
Promotion of investment to support competitiveness and productivity	Skills Support Programme Skilled human resources to support industries	Number of employees supported Number of Firms supported	Department of Labour
	Competitiveness Fund		
	Improvement in the following business competencies of supported firms:	Increase in sales by supported firms	10% improvement in sales
	Quality of products produced	Increase in Export revenue earned by supported firms	10% improvement in export revenue
	Supply chain (logistics) management	Improvement in profitability	20% improvement in profitability
	<u>Efficiency</u> Responsiveness to market trends and improved market penetration ability. This will result in an increase of the overall level of sales by firms as well as an increase in exports. Improvement in productivity of supported firms.	Increase in jobs	10% improvement in sales
	<u>Sector Partnership Fund</u> See Competitiveness Fund's outputs		
	<u>Micro Investors Fund</u> No. of micro investors created.	No. of firms owned by BEEs and HDIs Jobs	Not yet defined
Promotion of manufacturing investment	Small, Medium Manufacturing Development Programme		
	Sustain Jobs	No. of jobs sustained	38 000 jobs sustained
	Create new jobs	No. of new jobs created	1000 new jobs created

	<u>Small Medium Enterprise Development Programme (Manufacturing & Tourism)</u>		
	Increase in number of small and medium size enterprises	No. of Green field manufacturing and tourism projects supported	No. of firms to be supported: 1980
	Growth of small and medium size enterprises Sustainability of small and medium sized enterprises	No. of firms closing down/ liquidated	Number of HDI firms: 134 2% liquidations among supported firms
	Increase in fixed private investment in the manufacturing sector	Fixed investment in Rand Term in the manufacturing and tourism sector	Fixed investment: Domestic: R10, 3 billion Foreign: R165 million
	Increase in permanent employment in the manufacturing and tourism sectors	Improvement in the employment levels in the manufacturing and tourism sectors	Direct jobs to be created: 59, 400
	<u>Regional Industrial Development Programme(RIDP)</u>		
	Sustain Jobs	No. of jobs sustained	10 000 jobs sustained

5. Trade and Investment SA

Sub-Division	Output	Output measure/ Indicator	Target
Investment Promotion	Increase foreign direct investment in priority sector Increase outward investment on the Africa continent	FDI increase	Increase FDI to R3.5 billion in selected investment sectors
Export Promotion	Increase South African Export growth rate in selected major export countries	Number of national pavilion participation	Export sales to the value of R10, 1bn
	Enhance BEE in participation in export sectors BEE targets for export councils	Number of BEE council concluded	One export council per sector 20% of TISA support to BEE empowered
	The effective implementation of the Coega IDZ. Marketing the IDZs	Inputs into IDZs FDI data collection. Number of marketing activities held	One market activity per IDZ

6. dti Group and other transfer payments

Entity	Output	Output measure/ Indicator	Target
South African Bureau of Standards		Number of voluntary South African National Standards prepared and maintained Participation in international and regional	New Standards 150 Revised standards 250
South African National Accreditation System		Number of Test and Calibration Laboratories, Certification Bodies, Inspection Bodies Accredited Participation in international and regional fora	25 Test Laboratories 25 Medical and forensic laboratories 20 Inspection Bodies Establish a Whole of Government MOA
National Metrology Laboratory		Number of National standards and units maintained Participation in international and regional fora	Standards in Chemical, Electromagnetic and Mechanical Metrology
Proudly South African campaign		Number of members recruited	25% population awareness 100 member companies 40% business awareness Business sponsorship of R10 million
Fund for Research into Industrial Development, Growth and Equity		Number of research projects completed	12 Projects
Khula, Ntsika, National Manufacturing Advisory Centres, the SA Women Entrepreneurs Network, and the Technology for Women in Business programme.	Ensuring delivery and monitoring the effectiveness of small business institutions	Value of credit guarantees provided by Khula	R200m
		Number of retail finance institutions (RFIs) created and sustained by Khula	6
		Value of business loans granted by RFIs	R100m
		Creation of a business linkages programme by Ntsika	Programme launched Q2 2002
		Promotion of Technology use among women entrepreneurs	Q3 2002
Other	Establishment of manufacturing advice centres, pilot one-stop SMME support centres and franchising support programme	Number of Manufacturing Advisory Centres opened	2 (FS and Northern Cape)
		Number of support centres opened	4 launched in Q2 2002
		Establishment of a franchising support scheme	Q2 2002
The National Empowerment Fund		Establishment of the NEF's infrastructure	Q1 2002

Consumer & Corporate Monitoring regulatory agencies	Regulating and co-ordination of certain matters relating to casinos, gambling and wagering	Uniformed regulatory standards in all the provinces	To regulate all gambling outlets by 2005
	National Lotteries Board: Supervising the application of uniform regulatory procedures	Compliant measures in all provinces	Uniform regulation in all provinces
	Review application process for licenses	Number of reviews	To address needs in market
	To register new companies and close corporations and amendments thereto	Time spent to register new companies, quality of information	Registration within 72 hours
	Electronic disclosure of information	Number of electronic disclosures / availability of information	24 hour service centre for basic information
	Registration of trademarks, patents and designs and copyright applications	Number of registration opportunities, quality of information	Registration within the timeframes specified in the legislative framework
	Advise the public about registration and protection of their trademarks and copyrights	Road shows and informative workshop, web service to provide all information	
	Establishment of CIPRO as a trading entity	Approval by National Treasury	Q1 2002
	Monitor dominant market players	Even take up of market share on gaming	To minimise disputes on market domination

7. Administration: GSSSD and EMU

1. Programme Description

The programme budget support includes two sub-programmes dealing with the Executive Management of **the dti** and the Group Systems and Support Services Division (GSSSD). The latter encompasses corporate governance, administrative and support functions of the department. The Executive Management Unit consists of the Offices of the Minister, Deputy Minister, and DG; the Office of the Chief Economist; the Office of the Chief Operating Officer; and the Chief Directorate: Economic Research and Policy Coordination.

2. Programme Objectives

- a. The programme objectives include the provisioning of strategic and logistical support to the Executive Management, managing **the dti** corporate governance system, analysis to support strategic and executive decision making, providing policy advice and coordination at intergovernmental level and managing the reorganisation and transformation of **the dti** and human resource development. The Executive Management Unit is also responsible for measuring organisational performance in respect of finances, outputs and impact with particular emphasis on:
 - b. Economic indicators: A broad system of indicators will be developed in order to link the social and economic imperatives of government.
 - c. Integrated planning: A high level integration of performance by different **dti** Divisions and Public Entities to create an acceptable balance between expectations from economic citizens and actual delivery by **the dti**
 - d. Civil society: Continuous engagement of **the dti** with civil society and opinion makers.
 - e. Delivery mechanisms: Development of an improved model of service delivery with clear policy approaches to Public-Private Partnerships, outsourcing and privatisation. In pursuing effectiveness and efficiency in **the dti**, the performance management imperatives for the Group Systems and Support Services Division will focus on: \
 - i. Policies: The improvement of policies in relation to financial management, human resources, facilities, internal communications and information technology management. These policies will seek to support **the dti's** re-engineering programme.
 - ii. Systems, procedures and work practices: The development of shortened process flows and the reduction of bureaucratic and cumbersome procedures in the interest of increased pace in service delivery
 - iii. Guidelines: The development of basic management guidelines and manuals will empower Departmental officials to pursue organisational objectives within the ambit of the law.
 - iv. Resource management and accountability: Aligning the planning and control system to eliminate under-spending and increase the Departments ability to mobilise and utilise available resources, better quality of spending and improved management accountability.
 - v. Corporate governance within **the dti** Group: The development of a framework for public entities and accountability. The intensification of anti-corruption action programmes and maintenance of Code of Good Practice. This will include a communication programme that will seek to remove the perceptions of "slowed down" service delivery.
 - vi. Decision Support Systems and knowledge management: Integrated information and technology systems for use by the Department in order to provide timely, accurate and reliable information to decision makers
 - vii. Organisational learning, innovation and better quality of work life: Multi-skilling of **the dti** personnel on critical areas of basic administration, functional and managerial competence. This Division will assist in creating opportunities for staff creativity in innovation teams that will accelerate development and organisational learning. A particular focus will be placed on empowering middle management and professional staff.
 - viii. Standards and benchmarks: The Division will manage and monitor financial performance by setting efficiency and productivity standards for key activities in all Business Units and Directorates within GSSSD. It is envisaged that these standards will be achieved with the team of **dti** officials that are empowered, resourceful, productive and committed to best practice service delivery.

8. Annexure 2

Table A: South Africa: Comparative Industrial Performance 2001

Country	Industrial production Dec 2000 – Dec 2001 YR on YR change
Asia	
China	+8.7
India	+1.6
Malaysia	-7.7
Philippines	-11.3
South Korea	+3.3
Taiwan	-6.1
Thailand	+1.3
Latin America	
Argentina	-18.3
Brazil	-6.1
Chile	-1.9
Colombia	-1.4
Mexico	-3.6
Eastern Europe	
Turkey	-9.4
Czech Republic	+7.0
Hungary	+1.6
Russia	+2.6
South Africa	+5.4

Sources: *The Economist* February 9th, 23rd, March 2nd 2002

9 Annexure 3: The dti function tree

