

Government Business Partnership

Phase 2 Partnership Launch

Tuesday, 1 October 2024



THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

Agenda

Item	Speaker
1 Opening and welcome	Minister Khumbudzo Ntshavheni
2 Business remarks	Mr. Adrian Gore
3 Presentation	DG. Phindile Baleni Mr. Martin Kingston
4 President's remarks	President Cyril Ramaphosa
5 Closing remarks	Mr. Mxolisi Mgojo

“As South African business leaders, we firmly believe in the immense potential of our country ... committed to being a force for good.”

+140 CEOs from leading South African businesses pledge to address the country’s key challenges



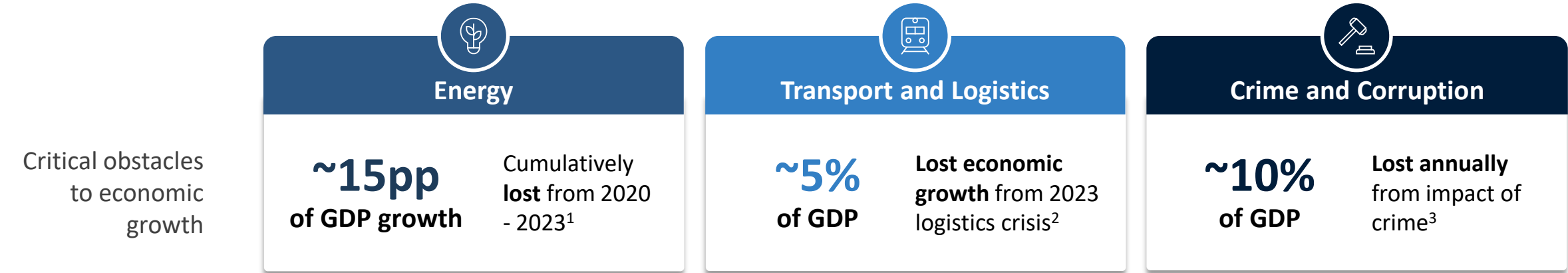
Key statistics

+140
companies

+R11 trillion
Market cap of listed entities

Over 1.36 million
employees

Business partnered with Government to implement priority interventions across three focal areas



Business partnership with Government

Three focus areas established to tackle obstacles

Support NECOM to end loadshedding and drive the reform of the energy sector

Support NLCC to turnaround performance of strategic transport and logistics corridors

Specialised support to DPCI and NPA to tackle criminal activity across the country

Governance structures in place in each focal area

NECOM, NLCC & JICC established



Government and business guided by joint strategic oversight committee

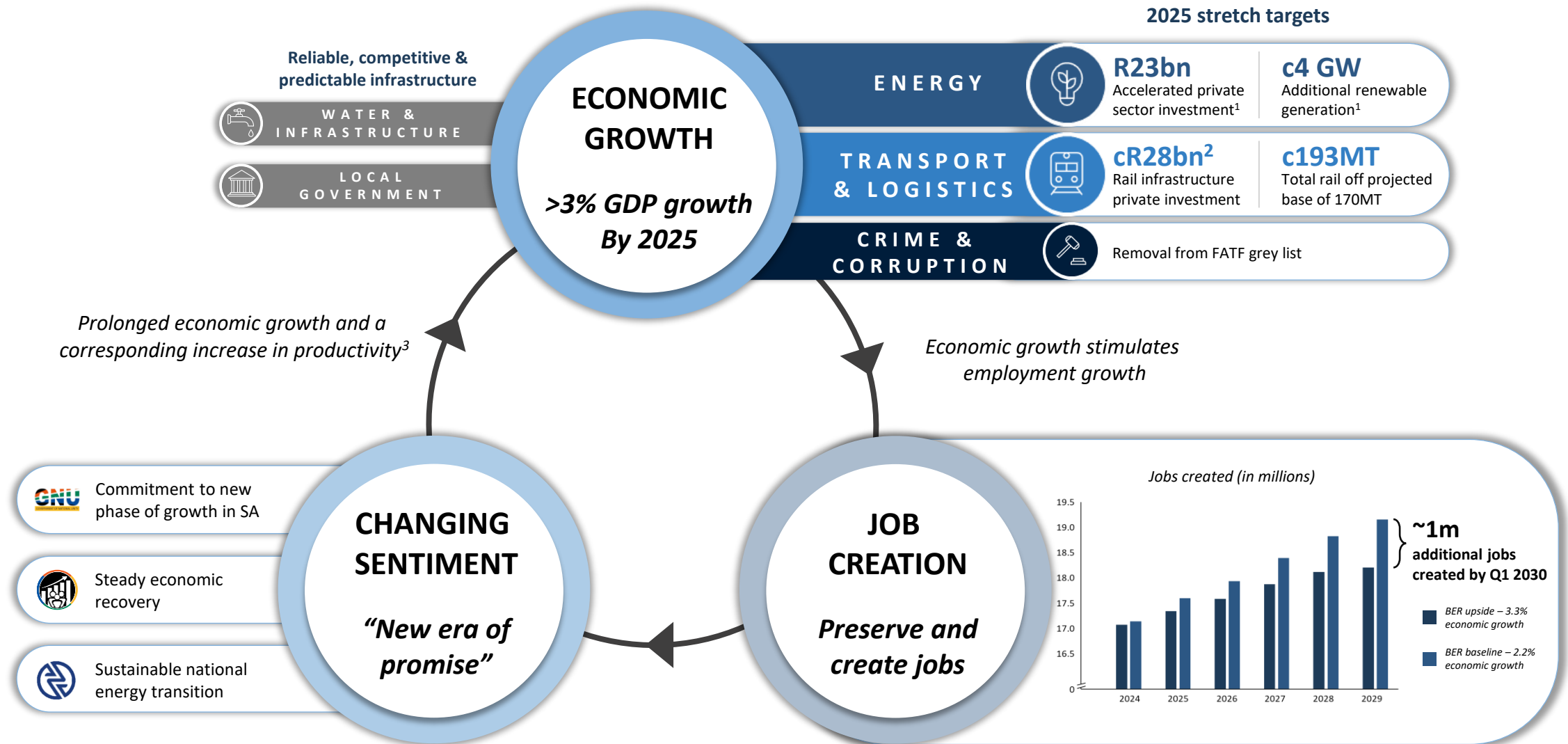


Key stakeholders report back to President 6-8 weeks



1. Nova Economics, Nov. 2023 (or R223.94bn in GVA (2022 prices)); 2. GAIN Group, Sept. 2023; 3. World Bank Report, Nov. 2023
National Energy Crisis Committee (NECOM), National Logistics Crisis Committee (NLCC) & Joint Initiative on Crime and Corruption (JICC)

New Era: Growth, Jobs, and National Sentiment



1. Off a baseline of c3GW. The modelling assumes increasing rooftop solar, accelerated commissioning and increased investor confidence; 2. This would imply a cR22bn investment by Transnet and cR6bn by the private sector; 3. "Sentiment, Productivity, and Economic Growth" Working Paper, Becker Friedman Institute UChicago, March 2023

The Government reform agenda helped shape the partnership's objectives ...

Operation Vulindlela launched by government in October 2020 to accelerate reform in network industries



Regulatory changes to enable private investment in electricity generation



Spectrum auction concluded - enabling new investment in telecommunications



Reform of the work visa system initiated to attract skills



Water use licenses backlog cleared - unlocking billions in investment



Private sector participation introduced in container terminals – to improve efficiency

....and focus on three key areas to grow the economy and jobs



Energy

End loadshedding and accelerate market reform for long-term energy security



Transport & Logistics

Improve Transnet's performance and enable private operators for economic growth



Crime & Corruption

Leverage private sector specialised skills to support Government



Energy



Accelerating market reform for long-term energy security and a competitive economy

Objectives

- 1 **Fix Eskom & improve availability of existing supply** while decommissioning inefficient capacity
 - 2 **Enable & accelerate private investment in generation capacity** through grid access for new projects and frameworks for third-party wheeling
 - 3 **Fast track procurement of new generation capacity**, particularly Bid Window 7
 - 4 **Incentivize business & households to invest in rooftop solar** through feed-in tariffs and net metering
 - 5 **Fundamentally transform the electricity sector** by strengthening NERSA, establishing a wholesale electricity market and modernizing distribution
- +
- 6 **Strengthen & expand the transmission network** by accelerating priority projects and enabling private investment

Clear, ambitious targets for 2025

Maintain zero loadshedding

>4 GW
Additional generation capacity

~1000 KM
of newly built transmission lines

Transport & Logistics



Improving Transnet's performance and enabling private operators will lead to increasing rail and port volumes needed for economic growth

Objectives

- 1 **Stabilise performance of strategic logistics corridors** in the short term, including enhanced security of the rail network
- 2 **Support joint Transnet-NLCC "quick wins" initiatives to improve operational performance**, including breakthrough projects
- 3 **Mobilise "quick wins" teams**, consolidating operational oversight under the GCOO
- 4 **Enable private investment** through economically viable **open access on the rail network**, underpinned by an updated **Network Statement** by Q4 2024
- 5 Identify initial **opportunities for private sector participation through the PSP Unit** to enable investment in rail and port infrastructure
- 6 **Establish an appropriate regulatory and institutional framework** for the rail sector – e.g. an independent Transport Economic Regulator and Infrastructure Manager with requisite skills and expertise

Crime & Corruption



Leveraging private sector specialized digital and financial investigation capabilities to support Government on FATF requirements and other complex criminal and corruption cases

Objectives

- 1 **Address the FATF grey listing recommendations** – demonstrate intent and capability to prosecute priority cases and secure resources for complex money laundering cases
- 2 **Launch the Digital Evidence Unit** to support prosecutions of state capture cases



Increased **foreign investment**



Strengthened **financial sector**



Reduced **transaction costs**



Increased **societal confidence**



Improved **credit ratings**



Enhanced Govt **investigative capability**

Employment: Partnership is focused on scaling existing collaborations focused on youth employment

Job creation accelerated through the virtuous cycle

Partnerships for employment



	<p>New work opportunities</p>	<ul style="list-style-type: none"> • Grow tourism by reforming the tourist visa system • Expand the Global Business Services sector
	<p>Skilling that unlocks jobs</p>	<ul style="list-style-type: none"> • New Digital skills architecture to produce market-ready talent • Address work visa backlog
	<p>SMMEs, township economy</p>	<ul style="list-style-type: none"> • New SME funding streams • Support registration of early childhood development centres
	<p>Youth employment</p>	<ul style="list-style-type: none"> • Youth employment trust • Scale SAYouth.mobi to enable young people to access jobs • Sponsor YES placements

Potential Impact





By unlocking bottlenecks, we could jointly create **400 000 work opportunities for youth by end 2026**

excluding the **additional 1 million possible jobs** to be created by **3-5% increase in GDP by 2030**



Phase 1 demonstrated the power of the partnership




Examples of business contributions

	R250m Cash contributions*	>350 Experts
	57 Companies contributing to interventions at power stations	9000+ Hours of expertise engaging with Eskom
	R700m Investments on key corridors	500+ Security personnel deployed for Transnet freight rail
	~50% Reduction in security incidents on coal line	+R57m Forensic analysis centre set up through the collaboration

Government has committed resources – including >400 officials – working in dedicated structures including NECOM and NLCC

*Excludes contributions in kind

Phase 2 requires increased resources and commitment

-  **Rapid implementation of reform** agenda and operational improvements
-  **Mobilisation of funding and resources** – including additional CEO sponsors
-  **R150m target**
 - **Catalytic funding**, does not replace government budgets
 - Allocated to initiatives with **measurable deliverables** – for resources in Govt (incl via the RMF) and business
 - **Fair contribution methodology**

President Cyril Ramaphosa



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