



There are **two workstreams** in this sub-programme:

- *Economic Development, State Budgeting and Financing Processes*
- *Procurement and Development*

### **Economic Development, State Budgeting and Financing Processes**

The allocation of resources to a range of activities across government requires choices in the context of pressures on the fiscus. The basis of resource allocation is addressed through a number of existing frameworks. In the internal processes in government, priorities are identified in a number of ways: contemporary challenges, cabinet guidelines, technical strength of proposals, consistency with the electoral mandates and with government's strategic framework and programme of action, as well as compliance with sound fiscal management policies. A principal consideration is adherence to the Public Finance Management Act requirements, as well as approval by parliament of the proposed Budget Vote.

The new programme of government places strong emphasis on developmental objectives and the attainment of decent work. The process of resource allocation will be enhanced through the twin functions of planning and monitoring/evaluation. An additional dimension is to make explicit the economic developmental impact of different funding requests so that the allocation processes can maximise developmental results of government's choices.

The purpose of this workstream is to undertake research and analysis on government's developmental programmes and processes, budgeting and procurement to identify opportunities for improving local procurement and production. The workstream will build capacity, through quantitative and qualitative analytical capacity, to provide information on the

impact of funding and budget requests and would feed these through the budget processes.

### **Procurement and Development**

Similarly the promotion of employment can be facilitated through programmes that foster local procurement. To do this successfully requires that two aspects be addressed: first, the promotion of demand for locally-produced goods and services and second, the supply of quality goods and services characterised by product innovation, competitive prices, customisation to consumer needs and excellence of after-sales service. In order to fully realise the benefits of public procurement for local industries, a supportive policy environment and a coordinating capacity that focuses on ensuring adherence to the policy, are required. Government procurement can support not only local industry but can promote innovation and the development of competitive enterprises through the volumes, reliability of orders and prompt payment that the state can muster. To achieve this requires a dedicated champion within government.

**In addition to public sector procurement, government can promote local procurement by private enterprises through developing conditionalities attached to state support to sectors as well as to state incentives to enterprises. The Proudly SA (PSA) campaign was set up with public sector support as a means of positively publicising the importance of local procurement.**

The purpose of this workstream is to monitor local procurement within the state (at all levels), identify opportunities to improve local procurement and link companies and investors with government support obtainable from other departments (for example the dti, DST and DOA) in order to improve their supply-capacity. The work performed will include the development of guidelines to ensure that local procurement is linked to measures to improve the performance of enterprises and to promote equity objectives, including broad-based black economic empowerment. Analytical and coordination work to enhance government's contribution to Proudly SA is located in this workstream, which includes promoting the campaign within government.