



2024 MTEF

# MEDIUM TERM EXPENDITURE FRAMEWORK

Technical Guidelines



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



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## 1. INTRODUCTION

### *Purpose of the guidelines*

- 1.1. Section 27(3) of the Public Finance Management Act (PFMA), Act No-1 of 1999 states that an annual budget must be in accordance with a format prescribed by the National Treasury. The Medium-Term Expenditure Framework (MTEF) Technical Guidelines 2024 are issued to make such prescriptions and provide national government departments, as well as public institutions, with guidance on how to prepare their medium-term estimates for the 2024 Budget. While primarily intended for national government departments and national public institutions<sup>1</sup> these guidelines also contribute to the budgeting process in provinces.
- 1.2. The guidelines provide an outline of the economic environment under which this MTEF is formulated. They also give a summary of the fiscal strategy for the 2024 MTEF and guidance on the data required to inform budget deliberations. The outcome of the deliberations will be recommended first to the Medium-Term Expenditure Committee (MTEC) and then the Minister's Committee on the Budget (MINCOMBUD), to be ultimately approved by Cabinet.

### *Economic Outlook*

- 1.3. The 2023 economic outlook has worsened, fiscal revenues are weaker than expected, and the financing of the government borrowing requirement is under renewed pressure. Several key factors are contributing to ongoing uncertainty and volatility. The country continues to grapple with a high unemployment rate, slow economic growth, and persistent structural challenges, including inefficiency in key sectors such as energy and transportation. Moreover, persistent power cuts, deteriorating rail and port infrastructure, have contributed to a weaker domestic outlook.

The state wage bill and the weak financial position of State-Owned Companies (SOCs) continue to pose a risk to the fiscus. Added to that are the risks posed by global events and natural disasters.

Overall, the macro-fiscal outlook is primarily affected by supply-side constraints. Data suggests that the long-run potential growth of the economy and debt dynamics are not positively affected by the fiscal impulse. Second-round effects of higher government deficits and borrowing are counteracting any stimulatory effects.

In this context, fiscal policy has strongly protected the social wage and provided tax relief to the lowest income earners. Higher-than-expected revenues have been split between reducing the debt burden and providing support to key service delivery areas; capital budgets have received a boost; and previously announced tax increases have been withdrawn. However, countervailing forces such as a lack of sufficient electricity, poor logistical capacity and global – including geo-political – factors continue to dominate the present environment. In this

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<sup>1</sup> Public institutions include public entities, trading entities, government components and constitutional institutions. They need to provide budget information to National departments and National Treasury. Constitutional institutions may also approach the National Treasury directly regarding their budget submission.

regard, the most appropriate policy response should aim to reduce risks associated with government's elevated debt burden and poor fiscal multipliers.

### ***Fiscal strategy***

- 1.4. Over the medium-term, the fiscal strategy aims to achieve fiscal sustainability by reducing the budget deficit and stabilising the debt to GDP ratio. On-budget allocations for infrastructure and other policy priorities and maintaining a sustainable fiscal stance will support economic growth.
- 1.5. Further details on any adjustments or additions to the strategy will be deliberated within government and released in the 2023 MTBPS. In the meantime, the materialization of large risks requires a policy response.
- 1.6. The 2023 wage agreement results in a shortfall of R37.5 billion in 2023/24 and the carry through effects over the MTEF, which are to be funded within the existing baseline. Measures to be implemented include but not limited to restricting recruitment of non-critical posts through PERSAL restriction, reprioritisation of spending, and rationalisation of public entities. Further details around the implementation of these measures will be communicated to the departments and affected public institutions.
- 1.7. Growing debt against a stagnating economy limits government ability to raise debt. Tax instruments also inflict a higher economic loss in a depressed economy. Thus, the debt stabilisation strategy requires a reduction in expenditure over the medium term. The automatic accommodation of the wage bill agreement has created a shortfall that must be accommodated starting 2023/24.

## **2. BUDGETING FRAMEWORK**

### **2.1 Medium Term Expenditure Framework**

- 2.1.1. In the year 2000, South Africa introduced the Medium-Term Expenditure Framework in order to facilitate a more effective medium-term planning.
- 2.1.2. In recent times, poor economic growth, Eskom debt relief, power cuts and the wage bill have exerted further constraints on the budget. The fiscus remains committed to returning its finances to a stable trajectory, while responding to the needs of the citizens of South Africa.
- 2.1.3. Since 2020, National Treasury introduced spending reviews to provide an evidence based analytical budget allocation methodology to replace incrementalism. The methodology raises questions about the efficiency and cost-effectiveness of government expenditure and enables government to make better decisions about resource allocation.

## 2.2 Spending reviews and other methods of reviewing budget baselines

- 2.2.1 Fiscal consolidation has necessitated the need to review all baseline allocations in a different manner from what we have done over the past decade. Over the years some programmes have become obsolete and duplicated across sectors, and therefore need to be reviewed for relevance and effectiveness. Other programmes need repurposing given changes brought about by technology. It is for these reasons that spending reviews have been initiated to implement an evidence-based analytical budgeting system.
- 2.2.2 The spending reviews methodology allows officials to probe expenditure trends in greater detail in order to understand the articulation between policy goals and budget needs from a unique perspective. The methodology may provide insight into policy and programme logic and the institutional implementation framework, which is then combined with readily available expenditure data from government accounting systems (e.g., BAS, PERSAL, LOGIS). In the case of public institutions, the data from the individual accounting systems will be utilised in a series of systematized steps, expenditure is analysed, unit costs estimated, and cost drivers analysed. These expenditure analyses inform cost models that anticipate different spending scenarios and articulate the impact on service delivery of such scenarios.
- 2.2.3 The primary purpose of the spending reviews is to re-examine expenditure baselines to identify efficiency gains and savings. This will not only free up additional resources for priorities, but allow for a more efficient allocation of resources and also to measure whether the programmes are still relevant and responsive to the current economic landscape. Therefore, each spending review:
- Is expected to cover a significant proportion of the department's budgets such that the resultant efficiency gains have a material impact on the department's overall baseline.
  - Should incorporate the efficiency gains identified through the spending reviews into the department's budget submissions (where applicable).
- 2.2.4 The outcomes of previous spending reviews and those that are currently underway must also inform the discussions at function group meetings, through the inclusion of the results and efficiency gains identified in the departmental budget submissions.
- 2.2.5 Departments must review the findings and recommendations of previous spending reviews as well as carry out new spending reviews in areas with potential for efficiency improvements and savings.
- 2.2.6 Departments are expected to also do a detailed baseline analysis for the programmes that will not be included in the spending reviews.

## 3. PRINCIPLES FOR THE 2024 MTEF

This budget is formulated within a very tight fiscal environment and the following policy guidance should be taken into consideration when preparing the budget submission:

- 3.1. Fiscal consolidation measures will continue to be implemented over the 2024 MTEF. No

additional resources will be added onto the expenditure ceiling tabled in the 2023 Budget.

- 3.2. Downward adjustments will be implemented on existing baselines to accommodate the funding shortfall. Any spending pressures must first be funded from current baselines and programmes that have not delivered their expected outcomes.
- 3.3. Departments are required to identify substantial savings within the baselines tabled in the 2023 Budget.
- 3.4. Budget submissions must reflect these changes to baselines accordingly. The National Treasury will lead a collaborative process with departments and public institutions to identify areas of baseline reductions and will effect downward adjustments in the budget template.
- 3.5. Moreover, any funding pressure to a programme will need to be funded through reductions in another programme or through reprioritisation, either within the department's or public entity's budget, or from other departments' or public entities' budgets.

A detailed seven-year period budget baseline analysis and/or spending reviews outcomes must inform strategic reallocations.

- 3.6. Public institutions salary adjustments must be guided by the public service wage bill management strategy. Institutions should consider the implications of their remuneration adjustments on future budgets.

## 4. BUDGET SUBMISSION

- 4.1. The Budget submissions must be made to the National Treasury by **14 July 2023**.
- 4.2. The primary budget submission of a national department must be submitted by the Accounting Officer of the department and accompanied by a signed covering letter confirming that the submission is the expression of the department's strategic direction with regards to any budget baseline changes that have resulted from budget deliberations of its executive management.
- 4.3. A comprehensive submission, covering all the expenditure proposed for appropriation for a vote, including transfers to institutions and other spheres of government within the budget vote, is required.
- 4.4. In cases where a department makes a transfer to or plays an oversight role of other government institutions, the submissions of these institutions should be prepared under the guidance of the accounting officer of the national department, in collaboration with all institutions that report to that executive authority. Where applicable an endorsement letter from the accounting officer of the executive department must be submitted.
- 4.5. Departments selected to participate in the Gender Responsive Budgeting (GRB) pilots must include in their submission a paragraph of the reallocation to these priorities and the policy imperative being addressed. **(This is only applicable to selected pilot departments)**

## 5. COMPONENTS OF THE SUBMISSION

For each national government department, as well as each public institution, the budget submission consists of:

### 5.1 Narrative report

A narrative report explains the context for the budget, provides costing of mandates and policies, indicates where expenditure reductions can be implemented and the impact of this on service delivery indicators. The report should provide the department's rationale for expenditure recommendations over the medium term. The report must be clear as it is aimed at helping decision makers reach conclusions on the basis of evidence and the evaluation of performance. It must be a comprehensive report that includes the following elements:

- A detailed budget baseline analysis and/or spending reviews efficiency gains which: must provide an explanation of the rate of efficiency realization that informed the budget impact contained in the excel workbook; and identify the action plans, and the associated timelines that must be implemented to ensure that these efficiency gains are indeed realized.
- Composition of spending: discuss trends, issues, challenges and where feasible, potential savings per programme and economic classification over the seven-year period, i.e., in respect of compensation of employees, capital spending, goods and services, transfers and subsidies and other relevant elements of the budget defined by economic classification.
- Strategic reallocations: must provide an explanation of the proposals to reallocate spending between programmes or economic classifications with a view of addressing cost pressures or better aligning resources with identified priorities and interventions as outlined in the 2024 Budget Prioritisation Framework (BPF).
- Cross cutting priorities: discuss reprioritisation towards gender related interventions and intended policy outcome. **(This is only applicable to selected pilot departments)**

#### *Human resources*

- The human resources narrative must be in respect of the information that will be contained in the Human Resource Budget Plan (HRBP), which forms part of the data submissions. It should explain the departments' plans and intentions regarding the management of the department headcount, recruitment plans and human resource development plans within the compensation of employees' expenditure ceilings over the 2024 Medium Term Expenditure Framework (MTEF). Moreover, it should be noted that there is currently a two-year wage agreement (Resolution 2 of 2023) which emanated from the 2023 wage negotiations process in the Public Service Coordinating Bargaining Council (PSCBC). The HRBP will consider these assumptions and unit cost implications underlying the 2023 Wage Agreement (i.e., Resolution 2 of 2023) for the purposes of credible cost estimates over the 2024 MTEF.
- Currently, Budget 2023 does not make provision for the cost of the 2023/24 financial year of the 2023 Wage Agreement. Consequently, the implementation of this unbudgeted

salary adjustments in 2023/24 will require significant trade-offs in government spending. A Joint Technical Task Team has since been formed with officials from National Treasury, DPSA and the Presidency to explore both short and medium to long term measures to fund the 2023 Wage Agreement as well as implementation of other outstanding reforms. The progress on the implementation of the proposed measures, as well as the medium to long-term financial implications of introducing these measures will be presented to Cabinet and announced during the 2024 Medium-Term Budget Policy Statement (MTBPS). These measures will inform and feed into the finalisation of the compensation ceilings setting process for the 2024 MTEF.

- Over and above the points mentioned earlier, the HRBP will require the inclusion of information on key changes effected and envisaged on the department's personnel profile, including the related department's personnel expenditure and headcount. National Treasury's Guidelines for the Costing and Budgeting for Compensation of Employees will outline the requirements for human resource detailed assessments and must be used for the preparation of expenditure estimates for the 2024 MTEF when costing compensation of employees. All National Treasury guidelines can be found at: <http://www.treasury.gov.za/publications/guidelines/>.

### **Public Institutions**

- Public Institutions including schedule 2 public entities are required to:
  - adhere to the principles of 2024 MTEF as articulated in section 3 above.
  - provide narration of functions performed by the institution, financial commitments, and the human resource plan. They must give a summary of the financial status and policy imperatives of the public institutions.
  - demonstrate how they will address any cost pressures within existing baselines - given that there are no additional funds available for allocation.
  - submit their budget templates in the formats provided.
  - seek National Treasury approval in instances where the institution intends spending from reserves as per the relevant instruction note on surplus retention.

## **5.2 Excel workbooks for data submissions**

Information contained in the department's budget explanatory narrative report in the section above, must be supported by relevant data workbooks. The following are the three workbooks:

- 2024 MTEC Submission workbook for the national government departments,
- 2024 Human Resource Budget Plan workbook,
- 2024 MTEC Budget Planning Baseline tool for public institutions

When working with the workbooks, note that:



- The 2024 Medium-Term Expenditure Framework will require a baseline reduction. Departments and entities must conduct baseline assessments to achieve efficiency gains that can be used to fund key government priorities.
- The outcomes of the efficiency gains identified through the spending reviews must be included in the department's MTEF workbooks. This must be done at the lowest economic classification level (SCOA item level 4) to allow for analysis.
- For estimation and planning purposes, the 2026/27 baseline (outer year of the 2024 MTEF) has been calculated and pre-populated in the departments MTEC workbooks. To calculate the 2026/27 baseline, non-recurrent allocations ending in 2025/26 were excluded from the 2025/26 baseline, technical adjustments were then applied where applicable.
- In budgeting for non-personnel expenditure items within the department's expenditure ceiling, the following Consumer Price Index (CPI) projections can be utilised to inform the provisions that departments choose to make for general price increases over the 2024 MTEF period.
- A separate communication on the GRB pilot workbooks will be sent to the selected departments.

### ***Costing assumptions***

- 2024/25 financial year: 4.8 per cent
- 2025/26 financial year: 4.7 per cent
- 2026/27 financial year: 4.6 per cent

National departments and public institutions must apply their discretion when using these assumptions, taking into consideration circumstances that may be unique to them. If the outcomes are different from the forecasted estimates, institutions will need to absorb any resultant differences within their budget baselines. Discretion cannot be applied to compensation of employees as it is subject to a separate process.

## **5.3 Other submissions**

Separate submissions in respect of the following elements will also be considered in the 2024 Budget process:

### ***Large infrastructure projects***

As directed by Cabinet, National Treasury is working with the Presidential Infrastructure Coordinating Council (PICC) Secretariat, the Development Bank of South Africa (DBSA), Infrastructure South Africa (ISA) and the Department of Planning, Monitoring and Evaluation (DPME) in managing the operations of the Budget Facility for Infrastructure (BFI). This facility encompasses specialised structures, procedures and criteria for appraising and evaluating projects before committing fiscal resources to large public infrastructure spending items. The Guidelines for the Preparation of Budget Submissions for Large Strategic Infrastructure Projects for Window 7 was published on 26 May 2023 and the call for proposals is for the 2024

MTEF period. The closing date for the 2024 MTEF is on **14 July 2023**. The process of evaluating projects that will be recommended into the 2024 MTEF process for consideration, will commence in July 2023.

Proposals that do not meet the criteria for Large Infrastructure Projects are encouraged to follow the normal budgeting process using the Capital Planning Guidelines and the Infrastructure Planning and Appraisal Guidelines. All National Treasury guidelines can be found at: <http://www.treasury.gov.za/publications/guidelines/>.

### *Conditional grant change proposals*

Proposals to change the structure of conditional grants must be submitted to the National Treasury as part of the narrative accompanying the budget submission by **30 June 2023**. This submission must include a brief narrative on the description and motivation for any proposed changes to the purpose, components, scheduling, or implementation model of a grant, as well as any proposed new grant that can be funded within the department's baseline. Before submitting such a proposal, it must be discussed with analysts in the Intergovernmental Policy and Planning unit of the National Treasury (this unit can be contacted at **DORA@treasury.gov.za**) as well as the relevant official from the Public Finance unit. New proposals that do not meet these requirements will not be considered during the grant framework meetings.

The conditional grants are currently in the process of being reviewed, and only changes that are consistent with the review can be made in the 2024 Budget. The introduction of new indirect grants will not be possible in this budget since the review process will evaluate this support mechanism carefully and develop a systematic approach to the creation of these grants that is consistent across sectors and spheres of government. It is also important that departments proposing changes to the structure of conditional grants consider the capacity and resources needed to manage and support the grant implementation (including monitoring and oversight of funds transferred, as well as providing support for provinces/municipalities to implement grant-funded projects).

Note that section 26(2)(c) of the Division of Revenue Act, 2023 requires that any change to the allocation criteria for conditional grants must be approved by National Treasury before provisional allocations and draft frameworks are submitted. Section 26(2)(a) requires that all draft conditional grant frameworks and allocations must be submitted to the National Treasury by 02 October 2023. This is necessary even if no changes to the structure of a grant have been proposed in terms of the process described in the paragraph above. The submission of final grant frameworks and allocations is 01 December 2023 and must be signed by the accounting officer or a delegated official (if signed by a delegated official, a delegation letter should also be submitted) in terms of Section 26(2)(e).

### *Budget programme structure change proposals*

Where a department is considering revising budget programme structures and activity descriptions, these budget programme structure changes should be discussed with the relevant Treasury budget analyst before submitting a formal request for approval of the change. The Budget Programmes Structure Guidelines must be consulted. All

National Treasury guidelines can be found at:

<http://www.treasury.gov.za/publications/guidelines/>. If a department also wants to create new transfer items, it should be discussed with the relevant Treasury budget analyst.

A formal request for budget programme structure changes, as well as any requests to create new transfer items, must then be submitted to the National Treasury by **15 June 2023**, together with an update to the 2023 ENE database, in the structure of the new proposed budget programme structure.

On approval of the budget structure change, the National Treasury will provide the department with an updated and customised 2024 MTEC Submission workbook to complete.

The new workbook template will be in the format of the newly approved budget programme structure, in line with the updated 2023 ENE database submitted with the application.

The department must then return the completed 2024 MTEC Submission workbook by **14 July 2023**.

## 6. CRITICAL DATES

ITEM	DATE
2024 MTEF guidelines issued	09 June 2023
2024 MTEC submission workbooks issued to departments	15 June 2023
Institutions submit requests for budget programme structure revision	15 June 2023
Institutions submit requests to create new transfer items for the 2024 MTEF	15 June 2023
Conditional Grant change proposal submission	30 June 2023
2024 MTEF Submission from institutions submissions	14 July 2023
Large infrastructure projects submission 2024 MTEF Submission from institutions	14 July 2023
MTEC process concludes: Recommendations tabled to MINCOMBUD	Sep/Oct 2023
MINCOMBUD and Cabinet approval of 2024 MTEF	October 2023
Tabling of the Medium-Term Budget Policy Statement (MTBPS)	October 2023
Preliminary allocation letters issued to departments (2 days after tabling of the MTBPS)	October 2023
Cabinet approved allocations letters distributed to departments (3 days after Cabinet approval)	December 2023
Budget tabled in Parliament	February 2024

## 7. COMPOSITION OF TECHNICAL AND FUNCTIONAL GROUP

FUNCTION GROUP	TECHNICAL GROUP (FUNCTION SUB-GROUP)	KEY DEPARTMENTS AND OTHER INSTITUTIONS
Learning and culture	Basic education	Basic Education, Provincial Education departments
	Post-school education and training	Higher Education and Training, Sector Education and Training Authorities, National Skills Fund, National Student Financial Aid Scheme, Quality Council for Trades and Occupations, Council for Higher Education, South African Qualifications Authority
	Arts, culture, sport and recreation	Sport, Arts and Culture, Provincial and Arts, Culture, Sport and Recreation
Health	Health	Health, Provincial Health departments, National Health Laboratory Service
Social development	Social protection	National Social Development, South African Social Security Agency, National Development Agency, Provincial Social Developments, Women, Youth and Persons with Disabilities, National Youth Development Agency, Commission for Gender Equality
	Social security funds	Road Accident Fund, Unemployment Insurance Fund, Compensation Fund
Community development	Community development	Cooperative Governance (limited to conditional grant and urban development programmes), Human Settlements, Water and Sanitation (water services), Public Transport, Mineral Resources and Energy (electricity distribution functions), Provincial Human Settlements, Provincial Public Transport, Local Governments

FUNCTION GROUP	TECHNICAL GROUP (FUNCTION SUB-GROUP)	KEY DEPARTMENTS AND OTHER INSTITUTIONS
Economic development	Industrialisation and exports	Trade, Industry and Competition, Mineral Resources and Energy (mineral resources functions), Tourism, Small Business Development, Public Works and infrastructure (Programme 4) provincial economic development
	Agriculture and rural development	Forestry, Fisheries and the Environment, Agriculture, Land Reform and Rural Development
	Job creation and labour affairs	Employment and Labour, Public Works and Infrastructure (Programme 3), Expanded Public Works Programmes, Cooperative Governance, Employment Creation Facilitation Fund and National Treasury (Programme 7)
	Economic regulation and infrastructure	Mineral Resources and Energy (remaining Energy functions), Transport, Forestry, Fisheries and the Environment (environmental regulation), Communications and Digital Technologies, Water and Sanitation (water services), Provincial (Roads only) and Local Governments
	Innovation, science and technology	Science and Innovation
Peace and security	Defence and state security	Defence, Military Veterans, Financial Intelligence Centre, State Security, Armscor and the Castle Control Board
	Police services	Police, Independent Police Investigative Directorate, Civilian Secretariat for the Police Service, Private Security Industry Regulatory Authority
	Law courts and prisons	Justice and Constitutional Development, Correctional Services, Office of the Chief Justice, Legal Aid South Africa, Public Protector of South Africa, South African Human Rights Commission
	Home affairs	Home Affairs
	Health	Military Health Services

FUNCTION GROUP	TECHNICAL GROUP (FUNCTION SUB-GROUP)	KEY DEPARTMENTS AND OTHER INSTITUTIONS
General public services	Executive and legislative organs	Presidency, Government Communications and Information System, Parliament, Provincial Legislatures, Planning, Monitoring and Evaluation
	Public administration and fiscal affairs	Public service and Administration, National Treasury, Public Enterprises, National School of government, Statistics South Africa, Cooperative Governance, Public Works and infrastructure (programmes 1,2 and 5), Traditional Affairs, Public Service Commission, Centre for Public Service Innovation
	External affairs	International Relations and Cooperation, National Treasury (programme 6)

## 8. BUDGET REFORM UPDATE

The budget is a policy statement of government priorities; it is for this reason that sectors request data to confirm whether or not their policy priorities can be quantified in the budget as a means to ascertain that government is giving it precedence. There are developments internationally with regards to cross cutting programmes such as gender, youth, climate change and research and development. Each one of these is important as the impact of neglecting them are far reaching. To fully address the challenges each one of these priorities present, there needs to be a process to gather data to quantify the extent of the interventions government is implementing in these areas.

In terms of public finance management mechanisms South Africa has adopted expenditure tagging as a tool to identify, clarify, weight and mark relevant expenditures in government's budget system, enabling the estimation, monitoring and tracking of those expenditures by providing data on government's allocations or existing spending. The intention for information gathered through tagging is to inform policy discussions and to monitor implementation of policy imperatives. All the tagging projects above are in different stages of implementation.

The tagging exercise introduced in previous budget cycles has not been fruitful, therefore, the National Treasury is undertaking a process to refine the objectives, assess capacity needs and raise awareness within government departments and entities in order to re-implement the tags in the subsequent budget cycles. For the 2024 MTEF process data will be collected for gender and climate priorities.

**Gender Responsive Budgeting:** In the budget guidelines of the recent past, the National Treasury has requested disaggregated data from departments, in compliance with the Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework (2019). The data gathered only confirmed that a reform of this magnitude cannot be done through the guidelines. There is a knowledge gap that needs to be filled for the framework to achieve the desired outcome.

Phase 1 of the roadmap is underway and one of the key deliverables being the GRB guideline has been developed as the second deliverable in partnership with the IMF. The GRB guidelines are intended to equip public officials with knowledge on concepts, principles and tools needed to facilitate the translation of the national gender policy objectives, currently articulated in the National Development Plan and Medium-Term Strategic Framework, into concrete trackable programmes within the budget. A workshop on the GRB guidelines was held with national and provincial departments in April 2023.

One of the key recommendations arising from this process is the need for the establishment of a cross-departmental coordination structure between the National Treasury (NT), DPME and the DWYPD. The Interdepartmental task team was inaugurated in March 2023.

In addition, the DWYPD was included in the MTEC process for the first time in the 2023 MTEF process through the technical and function groups meetings to observe and participate in the discussions and trade-off process, which informs recommendations to the Medium-Term Expenditure Committee, the Ministers Committee on the Budget and finally the Cabinet.

An integral part of this reform is the collection of data in order to quantify how much is being allocated to gender priorities. It is for this reason the GRB task team has requested assistance for a development of a tagging or tracking system that will assist in reporting on programmes that prioritise gender equality.

The pilot departments will be contacted separately and guidance to populate required information will be provided.

**Science Technology and Innovation (STI):** Historically, the National Research and Development Strategy (NRDS) promulgated in 2002 made provision for cross-sector implementation of government priorities on STI. At that time, an attempt to collect and track this information in the budgeting and financial systems did not have the desired results. This demonstrated that there needs to be a different approach to tagging STI (which includes Research and Development).

The Department of Science and Innovation has developed the Science, Technology and Innovation (STI) Decadal Plan (DP), a blueprint for putting the 2019 STI White Paper into implementation. A task team has since been established to address the challenges encountered in the previous rounds and better prepare departments to participate in STI tagging in the budget process.

DSI's STI priorities for the National System of Innovation (NSI) address the ERRP and the Sustainable Development Goals (SDGs), as well as align with the final stage of the NDP 2030. The Priorities areas for STI Investment across government such as **agriculture, manufacturing, mining, health, energy, environment, education, and the digital economy** have been approved by the Inter-Ministerial Committee on STI at the end of 2022), and also taken up in the DPME's Budget Prioritisation Framework.

**Climate Budget Tagging (CBT):** The National Climate Change Response White Policy Paper (2011) makes provision for climate responsive budgeting. Through the World Bank, service provider has been contracted to design a CBT system for South Africa.

The CBT design and pilot was initiated for South Africa in October 2020, as a system and methodology for defining, tracking, and monitoring climate change-relevant expenditure in the public budget system. A functional CBT system aims to provide credible, useful, and systematic information on the climate-relevance of public expenditure. In so doing, it will help mainstream climate concerns into public plans and elements of the budget process. The pilot was rolled out for a period of 08 months from October 2021 to May 2022. While 11 pilots were initially planned, only 9 were completed (2 at provincial, 4 at municipal and 2 partially completed at national sphere and 1 State-Owned Enterprise).

Reasons for non-completion were pilot site capacity constraints to undertake work parallel to on-going activities, postponement and non-attendance of workshops. The outcome of the pilots requires that the methodology be simplified before rolling out to more departments, it is for this reason that the second phase of the project will focus on simplification of the methodology before and capacitation of the practitioners in preparation of the second pilot.