

|  |          |
|--|----------|
| <b>PREFACE</b>   | iv       |
| <b>1 INTRODUCTION</b>  | <b>1</b> |
| 1.1 Policy objectives  | 1        |
| 1.2 The starting point – apartheid’s legacy to the democratic state      | 3        |
| 1.3 Measuring change and impact  | 4        |
| 1.4 Changing nature of the state   | 5        |
| <b>2 THEMES</b>  | <b>6</b> |
| 2.1 Governance   | 6        |
| 2.1.1 Democratic transformation  | 6        |
| 2.1.2 Promoting good governance  | 9        |
| 2.1.3 Macro-organisation of the state                                    | 13       |
| 2.1.4 Public service and local government capacity                       | 14       |
| 2.1.5 Conclusion   | 17       |
| 2.2 Social sector  | 17       |
| 2.2.1 Income poverty alleviation   | 17       |
| 2.2.2 Human capital poverty alleviation                                  | 20       |
| 2.2.3 Asset poverty alleviation  | 27       |
| 2.2.4 Social cohesion  | 29       |
| 2.2.5 Conclusion   | 29       |
| 2.3 Economic   | 30       |
| 2.3.1 Accelerated and Shared Growth Initiative for South Africa (AsgiSA) | 30       |
| 2.3.2 Growth and wealth creation   | 30       |
| 2.3.3 Employment   | 32       |
| 2.3.4 Macroeconomic stability  | 32       |
| 2.3.5 Microeconomic reform   | 36       |
| 2.3.6 Second Economy   | 40       |
| 2.3.7 Sustainable development  | 42       |
| 2.3.8 Innovation and research and development                            | 43       |
| 2.3.9 Conclusion   | 43       |
| 2.4 Justice, Crime Prevention and Security                               | 44       |
| 2.4.1 Transforming and strengthening departments                         | 44       |
| 2.4.2 Reducing crime and enhancing safety                                | 47       |
| 2.4.3 High priority crimes   | 51       |
| 2.4.4 Security   | 54       |
| 2.4.5 Access to justice  | 56       |
| 2.4.6 Conclusion   | 56       |

|          |   |           |
|----------|---|-----------|
| 2.5      | International Relations, Peace and Security                 | 56        |
| 2.5.1    | Normalisation – domestic and global                         | 57        |
| 2.5.2    | Consolidating the African Agenda                            | 58        |
| 2.5.3    | Economic relations in Africa                                | 63        |
| 2.5.4    | South-South Cooperation                                     | 64        |
| 2.5.5    | North-South relations                                       | 66        |
| 2.5.6    | Economic diplomacy  | 67        |
| 2.5.7    | Marketing South Africa and Africa                           | 68        |
| 2.5.8    | Participation in the global governance system               | 69        |
| 2.5.9    | Conclusion  | 71        |
| 2.6      | Targeted groups   | 71        |
| 2.6.1    | Representation in employment, and at decision-making levels | 72        |
| 2.6.2    | Access to basic services                                    | 72        |
| 2.6.3    | Poverty   | 73        |
| 2.6.4    | Health  | 74        |
| 2.6.5    | Education   | 75        |
| 2.6.6    | Economy   | 77        |
| 2.6.7    | Violence  | 78        |
| 2.6.8    | Institutional arrangements                                  | 78        |
| 2.7      | Major transversal post-2004 initiatives                     | 80        |
| <b>3</b> | <b>FINDINGS ON THE IMPACT OF THE STATE</b>                  | <b>83</b> |
| 3.1      | Governance  | 84        |
| 3.2      | Social sector   | 85        |
| 3.3      | Economic sector   | 86        |
| 3.4      | JCPS  | 87        |
| 3.5      | International relations, peace and security                 | 89        |
| 3.6      | Targeted Groups   | 90        |
| 3.7      | Public assessment   | 91        |
| <b>4</b> | <b>CONTEXT</b>  | <b>95</b> |
| 4.1      | Trends of the first decade revisited                        | 95        |
| 4.1.1    | The demographic change – unbundling of households           | 95        |
| 4.1.2    | Growth in the economically active population                | 96        |
| 4.1.3    | Changing structure of the economy                           | 97        |
| 4.1.4    | Migration   | 98        |

|          |  |            |
|----------|--|------------|
| 4.2      | New dynamics                                     | 100        |
| 4.2.1    | Macro trends in the economy                      | 100        |
| 4.2.2    | Macro-social trends                              | 101        |
| 4.2.3    | Governance and macro-organisation of the state   | 106        |
| 4.2.4    | The global context                               | 113        |
| <b>5</b> | <b>STRATEGIC POSTURE GOING FORWARD</b>           | <b>115</b> |
| 5.1      | Core issues                                      | 115        |
| 5.2      | Elements of strategy                             | 116        |
| 5.2.1    | Speeding up growth and transforming the economy  | 116        |
| 5.2.2    | Fighting poverty                                 | 117        |
| 5.2.3    | Building social cohesion and state legitimacy    | 117        |
| 5.2.4    | Pursuing the values of international cooperation | 118        |
| 5.2.5    | Building a developmental state                   | 118        |
| <b>6</b> | <b>ELEMENTS OF STRATEGY FOR REFERENCE</b>        | <b>120</b> |
| 6.1      | Speeding up growth and transforming the economy  | 120        |
| 6.2      | Fighting poverty                                 | 121        |
| 6.3      | Building social cohesion and state legitimacy    | 122        |
| 6.4      | Pursuing the values of international cooperation | 123        |
| 6.5      | Building a developmental state                   | 123        |
|          | ANNEXURE I – TABLES & FIGURES                    | 125        |
|          | ANNEXURE II – DEVELOPMENT INDICATORS             | 127        |
|          | ANNEXURE III – SOURCES                           | 130        |
|          | ANNEXURE IV – ABBREVIATIONS AND ACRONYMS         | 134        |

## PREFACE

Almost halfway through South Africa's Second Decade of Freedom, government is taking stock of how far it has gone in achieving the objective of improving the quality of life of all South Africans.

This review seeks to assess progress since the attainment of democracy. Through transformed institutions and new polices, government sought to align the country's development with the new democratic Constitution, dealing with the legacy of apartheid and integrating the country in a challenging global environment.

The review brings particular focus to the past five years, building on conclusions of *Towards a Ten Year Review*, published in 2003. Informed by lessons of the first 10 years of democracy and the 2004 popular mandate, government devised and implemented detailed programmes to sustain – and accelerate – the positive trends. Critically, it had to enable the country to move to a faster trajectory of development. Further, as part of the international community of nations, South Africa committed itself to the achievement of the United Nations Millennium Development Goals and to attend to the issues identified in the *Country Assessment Report* of the African Union African Peer Review Mechanism.

The instruments of analysis have been sharpened by the refinement of a set of *Development Indicators* which now provides government and the public with a framework for tracking movement towards the country's development objectives.

The review draws on a wide range of research, within government and by outside experts and organisations. It uses the cumulative body of information produced by the regular reporting of government agencies as well as research especially commissioned for the review or for other current initiatives.

A reference group consisting of ministers, premiers and the Chairperson of the South African Local Government Association exercised oversight of the review on behalf of Cabinet. Output during various stages of the process were evaluated by the Forum of South African Directors-General.

*Towards a Fifteen Year Review* is not only about taking stock of progress. It is equally about identifying shortcomings and challenges, the better to contribute to initiatives aimed at further improving the country's development efforts. However, in look-

ing towards the future it identifies broad strategic thrusts rather than detailed programmes.

The title, *Towards a Fifteen Year Review*, derives from the fact that most data about the whole period from 1994 to 2009 will only be available months after the period has elapsed.

The report is presented in the main as a review of the impact of public policy on South Africans' quality of life. We would thus encourage social partners and citizens at large not only to articulate their own views on these critical matters, but also to assess the impact of their own activities on social dynamics within our nation and further afield. We do hope that the *Fifteen Year Review* will initiate public debate on all these issues.

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## 1. INTRODUCTION

Each of the three overall questions that the review sets out to answer has a double aspect. That is because it covers the entire span of 15 years since 1994 and also looks with particular focus at the years since the 2004 elections. During the current mandate period, government has sought both to improve on the progress of the first 10 years and to confront new challenges. The three questions are:

1. To what extent has the Government achieved its policy objectives?
2. Are these the appropriate policy objectives?
3. What have the past five years brought in terms of progress towards these objectives?

To assess the evolution of South African society in this period, the review takes an approach which combines key indicators of development with an understanding of what the state can feasibly achieve.

### 1.1 Policy objectives

The attainment of democracy in 1994 brought the possibility for South Africa to address poverty and inequality and to restore the dignity of citizens. In line with the democratic Constitution, new policies were put in place to improve people's quality of life. This has entailed a systematic effort to dismantle the social and economic relations of apartheid and create a society based on equity, non-racialism and non-sexism.

The Reconstruction and Development Programme (RDP) outlined the key objectives as follows:

- meeting basic needs
- building the economy
- democratising the state and society
- developing human resources
- nation-building.

Since 1994, government has elaborated these objectives into more specific priorities and consolidated them since 1999 into the priorities of five Cabinet clusters. Since 2004, government's annual Programme of Action, informed by the cluster priorities, has been published on the government website and progress in implementation updated every two months.

The rationale behind the injunctions of the 2004 popular mandate and the resulting government Medium Term Strategic Framework (MTSF), derived from the observation that great progress had been made in the First Decade of Freedom; but that government would have to step up its performance. As *Towards a Ten Year Review* put it:

*“The advances made in the First Decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives. This could precipitate a vicious cycle of decline in all spheres.*

*“Required are both focus and decisiveness on the part of government, the will to weigh trade-offs and make choices, as well as strategies to inspire all of society to proceed along a new trail. If decisive action is taken on a number of focused areas, the confluence of possibilities is such that the country would enter a road of faster economic growth and job-creation, faster and more efficient provision of quality services, increased social cohesion and reduction of the paradigm of exclusion prevalent among sections of society.”*

The MTSF for 2004-09 defined the following priorities for the new decade:

- The central and main intervention required is to grow the economy
- The state has to intervene decisively to promote the involvement of the marginalised in economic activity, including sustainable livelihood
- To the extent that able-bodied South Africans are reliant on welfare grants, these grants should be seen as a temporary intervention that diminishes in the same measure as the economic interventions succeed
- The performance of the state, the campaign against crime and our international relations should improve, in the main to promote economic growth and social inclusion.

The Millennium Development Goals provide more detailed targets and commitments consistent with the broad thrust of government’s priorities. Similarly, the African Peer Review Mechanism (APRM) country assessment has identified important issues for attention as the country climbs out of the quagmire of apartheid colonialism.

## 1.2 The starting point – apartheid's legacy to the democratic state

Translating RDP objectives into practical policies has been shaped by the twin challenges of dealing with the legacy of apartheid and integrating the country in a rapidly changing global environment.

Although aspects of the apartheid system had begun to crumble by the late 1980s, in 1994 its essence remained. Most South Africans were still excluded from full participation in all aspects of South African society. Black people were denied the vote; society was deeply divided along racial lines; and socio-economic exclusion and neglect of the majority informed state policy.

Government provided social services not according to need but according to a racial hierarchy. The most resources went to the white minority and the least to Africans. As apartheid influx control broke down in the 1980s, extensive urban migration without provision of housing gave rise to large-scale informal urban settlements without services.

The country was isolated, economically and diplomatically.

Economic isolation and the resultant import-substitution industrialisation left many firms unable to compete in world markets. In the decade before 1994, growth fell to below 1% a year and was at a standstill by the early 1990s. Public-sector debt escalated as the apartheid regime tried to buy support. Sanctions-busting and illegal capital export were stock-in-trade.

The primary function of the police and justice system was to defend apartheid and protect white privilege. It violated most human and civil rights. The military were engaged primarily in low-intensity war against the liberation movement, in the country and beyond its borders. Until after the 1994 elections, parts of the country were effectively in a state war, with assassinations and bombings of opponents of apartheid.

Governance was shaped by the imperatives of a national security doctrine with little respect for the rule of law. Co-optive institutions such as the Bantustans and Tricameral Parliament had only minority support.

Faced with rising mass resistance, the regime became more isolated, more corrupt and more dependent on extra-judicial measures to remain in power. By the late

1980s, the country had become ungovernable, with the economy failing and the social fabric torn apart by apartheid and the dislocation associated with social conflict.

### 1.3 Measuring change and impact

The passage from apartheid to democracy also meant a break in the quality of data.

There are too many differences in how social data was collected. Those who lived in the four Bantustans which the regime described as independent were excluded from official data. Elsewhere in the country, data about the majority was incomplete. The impact of apartheid policies on the African majority was consequently underestimated. The racial perspective narrowed the scope, even of most private-sector research which today provides much useful social data.

The passage from apartheid to democracy has brought immense changes. However, partly for the above reasons, this review focuses on the measurement of change since 1994 rather than on comparison between the apartheid and democratic states. Where there is comparable information, reference is made to pre-1994 data. Rather than comparison with a largely incommensurate past, the basic measure is progress towards the objectives and commitments of democratic government.

Even in the assessment of government performance post-1994, there are issues in the choice and availability of indicators.

The *Ten Year Review* confronted these issues with the help of a wide range of institutions and settled on a variety of indicators to use. The choice departed from the premise that the most direct way to assess performance is by measuring the impact of policies and programmes, rather than simply actions or outputs.

Of course, not all aspects of a country's life are measurable; and the appropriate data is not always available. What is measurable can sometimes be only directly or partially attributed to the impact of public policy. Further, some output and outcome indicators can be used as proxies for impact.

In this context, the *Development Indicators* used in the *Ten Year Review* were later refined into a set of 76 measures for ongoing tracking of progress (see *Annexure I*), which are now used on a yearly basis to track social progress.

## 1.4 Changing nature of the state

The period since 2004 has seen a crystallisation of thinking around what is required to strengthen the state's capacity to achieve its objectives and overcome its limitations.

A seminal finding of the *Ten Year Review* was that most progress had been achieved in policy areas most directly under the control of the state compared with those that depended also on action by other sectors of society.

This was informed by an understanding of the nature of state power, its constraints and limitations; and consequently what it could feasibly have achieved on its own, and what would be in reach only in partnership with others and through their actions.

Success of the developmental effort depends on harnessing networks in ways that ensure that interests become complementary to the developmental effort.

Government has the responsibility to give leadership to these interactions. It represents the collective will of a nation. It has the ability to articulate long-term objectives that enable a nation to achieve economies of scale through the coordinated and coherent effort of many actors.

Since 2004, the South African state has attached particular importance to this quest, through its emphasis on social partnership and attention to the concept of a developmental state. To the extent that it succeeds, it could be said to be not only empowering the state but contributing to a change in its nature.

However, globalisation does limit what the nation-state can achieve. South Africa seeks to transform its deeply divided society in a situation in which nation-states are subjected to varying global influences which may not be supportive of their national agendas. Adeptness at identifying the national interest; pursuing it in a creative way and engaging the support of civil society, is part of the challenge of governance and state leadership.

In assessing the success of government in achieving its objectives, this multiple role of the state should be taken into account; as an actor providing services and helping to create an appropriate environment for development; as a leader in forging a framework of encompassing interest among social actors; and as an agent of its own transformation.

## 2. THEMES

### 2.1 Governance

A critical focus since 1994 has been to democratise governance and improve the state's capacity to advance the objectives of reconstruction and development. The first 10 years saw significant progress, especially in unifying and rationalising the fragmented Public Service left by apartheid, and putting in place the framework for new structures, systems and ethos.

#### What the *Ten Year Review* said

- Government performed well where it has direct control and influence - less so elsewhere
- Remarkable progress in transforming the state machinery
- Continuing transformation of the civil service resulted in a slow learning curve that impacted on service delivery
- Better policy coordination across spheres
- Capacity and performance should be assessed to see where national or provincial government may need to intervene because of poor performance.

#### Challenges

- Improve service delivery by building, strengthening and reforming state institutions and new initiatives
- Strengthen provincial and local capacity at key technical levels such as financial management
- Use the National Spatial Development Perspective to focus government attention on areas with biggest potential for development and poverty alleviation
- Improve contact with citizens by public representatives and public servants and enhance accountability
- Develop and maintain partnerships with civil society
- Provide leadership to social partners by articulating an encompassing framework for South Africa's development.

#### 2.1.1 Democratic transformation

##### Elections

South Africa has become a well-functioning democracy in a comparatively short time. Two successful national and provincial elections have been held since 1994 and two democratic local elections since 1995/96. Millions of citizens voted in these elections and confidence in the credibility of the elections and their outcomes was virtually universal.

**Table 1: Participation in elections**

| Election year          | 1994            | 1999                                    | 2004  |
|------------------------|-----------------|---|---|
| Total valid votes      | 19,5m           | 16,0m                                   | 15,6m   |
| Registered electorate  | No voters' roll | 18,2m<br>79,7% of voting age population | 20,7m<br>75,4% of voting age population         |
| Percentage valid votes | Not applicable  | 87,1%                                   | 75,5%<br>76,6% inclusive of invalid/spoil votes |

Source: Booysen, S. 2008, paper commissioned for the *Fifteen Year Review*

Strong institutions of representative democracy have been built, including Parliament, provincial legislatures and municipal councils. Independent institutions support them, including the Human Rights Commission (HRC); Public Protector; Auditor-General; and Commission on Gender Equality (CGE). A democratic culture prevails in which citizens can articulate and pursue their political views and ideals. Extensive constitutional freedoms of speech and assembly have been exercised without limitation. An independent judiciary has been established – the great majority of citizens trust it as the final arbiter of conflicts and disagreements, and have accepted its decisions as legitimate.

The proportion of women in legislatures and the executive has increased with successive elections. The proportion of female Members of Parliament – 33% after the 2004 elections – is one of the world's highest, as is participation of women in the executive across the three spheres. Of the 30-member Cabinet appointed in 2004, 13 are women; and so are eight out of 21 deputy ministers and four out of nine premiers. The proportion in local government representative bodies has also increased.

The institutions of governance enjoy deeper support and legitimacy among citizens than would have seemed conceivable 15 years ago. As democratisation proceeded, however, new challenges and new arenas of democratic transformation emerged.

### **Deepening participatory democracy**

Successive policies and laws have helped deepen participatory democracy. The mechanisms include mandatory community consultation in formulating municipal integrated development plans (IDPs), izimbizo (executive interaction with communi-

ties around services and development), ward committees, Thusong Service Centres (previously multi-purpose community centres [MPPCs]) and community development workers (CDWs).

Since 2001, izimbizo have been regularly held. Presidential izimbizo involve the President or Deputy President; and national imbizo weeks twice a year involve the executive of all spheres in hundreds of interactions. There are regular provincial executive outreach programmes and, increasingly, imbizo-style interactive communication is being adopted outside of formal campaigns.

Thusong Service Centres (providing access to a range of services and information in areas previously with little or no access) have steadily increased towards the target of one per municipality – the 37 MPCCs established by 2003 had become 125 operational Thusong Service Centres by March 2008. By then, 3 305 CDWs had been trained and deployed in 2 000 wards to help communities access services and development opportunities. Ward committees had been established in 96% of wards.

Layers of institutions and mechanisms have been added to facilitate public participation. Nevertheless, more needs doing.

Questions remain about linkages between such platforms their effectiveness and the extent to which members of representative bodies such as ward committees are linked in practice to the communities they serve. Weaknesses in the interface between communities and the state also reflect weak organisation of communities outside of formal systems. The protests that engulfed some communities in recent years have had a variety of causes. They have been about service delivery and reflected local political dynamics. They have also arisen from failures of public representatives to account or fully involve citizens in decision-making that affects their lives; and failures of communities to exploit the opportunities of representative institutions.

These gaps in institutional infrastructure suggest a need for more effective accountability of public representatives and citizen participation in public affairs, especially between elections. At the same time, the trends in direct protest action do not signify disillusion with representative democracy as such – areas affected by protests before the 2006 local government elections tended to see high levels of voter participation and strong results for the incumbent party of the area.

The institutions of participatory democracy include various forums and processes such as National Economic Development and Labour Council (Nedlac) and the sector education and training authorities (Setas) for skills development, as well as the Presidential Working Groups in which organised sectors interface regularly with the executive. The processes around IDPs and provincial growth and development strategies (PDGS) provide for the engagement of communities, social partners and civil society in formulating and implementing programmes for development.

### **Democratising traditional leadership**

The Constitution provides for recognition of traditional leadership in the democratic dispensation. Several pieces of national and provincial legislation give effect to this provision, establishing a house of traditional leaders, defining the relationship to local government and specifying powers in the allocation of communal land.

#### **Legislation giving effect to the recognition of traditional leadership**

1997 - National House of Traditional Leaders Act, 1997

1998 - Municipal Structures Act, 1998

2003 - *White Paper on Traditional Leadership and Governance (2003)*

2003 - Traditional Leadership and Governance Framework Act, 2003

2004 - Communal Land Rights Act, 2004

There is a programme of support to traditional institutions and a national department is being established to deal with traditional affairs.

It is too early to judge the success of these measures. Issues that require continuing assessment include whether the exercise of traditional power and authority reflects the spirit and letter of the Constitution, without the emergence of two classes of citizens: those ruled by democratically elected institutions and those ruled by unelected traditional leaders.

### **2.1.2 Promoting good governance**

#### **Towards an open and transparent state**

The Constitution enjoins state institutions to be guided by the principles of openness and transparency and to provide citizens with information that is accessible, accurate and timely.

The Promotion of Access to Information Act (PAIA), 2000 creates a framework for citizens to access information primarily in possession of the state. A 2007 Public Service Commission report shows that some national and provincial departments lack deputy information officers and that where they exist they seem not to understand their responsibilities. Some departments have not produced mandatory PAIA manuals, undercutting the objectives of an instrument for citizens to exercise their right to information.

Other studies show that a significant number of national and provincial departments are not complying with the Batho Pele principle of Openness and Transparency, which requires that they publish annual reports to citizens.

Nevertheless, there are pockets of excellence. The 2006 Open Budget Index ranks countries according to how transparent their budgetary processes are – it puts South Africa in the top six.

The shortcomings in realising citizens' right of access to information call for redress. That would include building required capacity in all relevant institutions, and ensuring that they comply with relevant laws and regulations about public access to information.

### **Better public management**

A further indicator of good governance is how public resources are managed by those entrusted with that responsibility. The key laws governing financial management are the Public Finance Management Act (PFMA), 1999 for national and provincial government and the Municipal Finance Management Act, 2003 for the local government sphere. There has been a general overall improvement in financial management of state institutions. However, the record is uneven at a more detailed level. For example, unauthorised expenditure increased from R30 million in 2004 to R103 million in 2006 and a third of departments received qualified audits in 2006. On the other hand, national departments have been doing slightly better in executing budgets.

Although Matters of Emphasis in audit opinions on national departments have increased in the last four years, the trend results from more rigorous reporting requirements, including the transition to accrual accounting.

While financial management in provinces has improved over the past decade and a half, there are still some serious challenges. For example, the percentage of unqualified audit opinions in 2005/06 dropped to 55%, from 67% the previous financial year.

So, while the PFMA has improved public financial management, challenges remain.

### **Fighting public-sector corruption**

Fighting corruption has preoccupied successive democratic governments. The 1994 *White Paper on Reconstruction and Development* declared that government would act decisively against corruption in the welfare system through a system of audit trails. It noted that legislation was being prepared to introduce a Public Protector so that the public would have recourse to deal with corruption and maladministration. Over the following 10 years, a variety of measures were put in place to fight corruption in the public sector. The establishment of a National Anti-Corruption Forum in 2001 and subsequent anti-corruption summits have mobilised social partners in a national multisectoral anti-corruption effort.

#### **Measures to fight corruption in the public sector in the first 10 years**

1996 - Special Investigating Units and Special Tribunals Act, 1996 is adopted, mandating the President to establish structures to investigate and adjudicate cases of serious malpractice or maladministration in state institutions

2001 - National Anti-Corruption Forum launched

2002 - Public Service Anti-Corruption Strategy

2004 - Prevention and Combating of Corrupt Activities Act, 2004 adopted

2005 - Second Anti-Corruption Summit

2008 - Third Anti-Corruption Summit

The Prevention and Combating of Corrupt Activities Act, 2004 opened the way for further measures within the framework of the Public Service Anti-Corruption Strategy. Specialised courts to prosecute acts of corruption were created and have yielded some successes. For instance, in 2005/06 over 900 commercial crime trials were finalised with a conviction rate of over 94%. Other measures included sector coordinating structures, blacklisting of individuals and businesses engaging in corrupt activities, and a National Anti-Corruption Hotline. Ten agencies have an anti-corruption mandate, although debates continue about their individual capacity and collective coordination.

Despite this considerable effort, surveys show that public perception of corruption in government has remained widespread, although experience of actual corruption is substantially lower.

There is evidence to suggest that the measures are beginning to yield results. For instance, more citizens are reporting suspected corruption to the National Anti Corruption Hotline. Those found to have acted corruptly are brought before disciplinary and judicial institutions.

There are, however, weaknesses in implementation. Audits and surveys show a steady but uneven increase since 2002 in capacity to fight corruption. Some departments are still struggling to investigate alleged cases of corruption – of 2 590 allegations received by departments between 2003/04 and 2006/07, they only reported 754 as having been dealt with by disciplinary processes or referred to law-enforcing agencies. Awareness of the Hotline among officials and business remains below 50%. Provincial and national departments provided feedback in less than half the cases referred to them from the Hotline.

A Third Anti-Corruption Summit was held in August 2008 to consolidate the national effort.

### **Legitimacy and confidence**

Trust and confidence in public institutions have ebbed and flowed. For instance, confidence in national and provincial government tends to increase during election periods and decline between them. However, research discussed in more detail in the section, *Public Perceptions*, points to some decline of trust in the past two years or so beyond what would be expected only as an effect of the cycle of electoral politics. It affects national and provincial government, political parties, The Presidency and Parliament. Particularly troubling are pointers to reduced public confidence in the judicial system.

Further research would be needed to determine the causes. However, increasing public confidence during election periods suggests that more sustained interaction between public representatives and the public would strengthen legitimacy. More regular availability of information about services and implementation of government's mandate would do likewise. At the same time, any decline in confidence in public institutions, especially judicial institutions, calls for a concerted programmatic response not just from government, but from all sectors of society.

### 2.1.3 Macro-organisation of the state

The permutation of national ministries and departments, with minor adjustments, was inherited from the pre-1994 administration. Over the years, a number of structures have emerged to promote integration and cooperation:

- clusters of ministers along the lines of Cabinet committees
- corresponding clusters of directors-general (DGs) and the Forum of South African Directors-General (FOSAD), including provincial DGs and heads of departments
- MinMECs of ministers and provincial MECs, dealing with concurrent functions
- the Presidential Coordinating Council, bringing together the President, premiers and relevant ministers/MECs.

These forums have brought a fair degree of coordination within and across the spheres. Yet the advances have themselves exposed new issues.

There are issues about the role, functions and powers of each sphere. As conditions and the policy environment change, there is a need to ensure that all spheres have the capacity to meet the demands of the time. This includes the need to examine the major role of provincial government in social functions compared to economic functions and funding for such. Questions have also been raised about the number of provinces; and about the two-tier system of local government.

Notwithstanding the progress made as a result of the new coordinating structures, there are challenges of integration and coordination across the three spheres. Problems are particularly acute where national and provincial government spheres hold concurrent authority, or where a function is allocated to all spheres or both tiers of local government.

Challenges of national coordination were addressed in a report on the *Capacity and Organisation of the State*, prepared by The Presidency and FOSAD, which served before Cabinet in 2005. Cabinet committees and DG clusters have not always brought better coordination. In most instances, interdepartmental project teams of officials exist only in name, and relate to one another only when updates have to be provided. DG cluster meeting agendas do not effectively provide for ongoing monitoring and evaluation (M&E) of implementation of projects.

Among other things, the report recommended the development of planning capacity and the harmonisation of M&E among coordinating departments. The government-wide M&E System has been developed and a programme introduced to strengthen the capacity of M&E units in departments. Elements of medium-term planning and oversight are in place and The Presidency is exploring the establishment of institutional capacity to conduct long-term development planning.

Provincial and local aspects of coordination challenges are included in a review currently being conducted (*see below*).

#### **2.1.4 Public service and local government capacity**

##### **Transforming the Public Service**

The state machinery and Public Service inherited in 1994 were geared to serving white minority interests and controlling and repressing the black majority. The challenge was to establish new, accountable institutions and to transform existing ones. The goal was a public service capable of extending services to the majority who had been receiving inadequate services or none at all.

As noted, the first 10 years saw remarkable progress in unifying separate civil services into an integrated public service for the whole country. Public-service employment declined from 1,2 million in 1994 to about one million in 2001, during the period of rationalisation and integration, but increased again from around 2002. By 2007, it had increased to about 1,1 million.

Major strides in changing the demographic composition of the Public Service had brought it close to representivity targets by 2003. Africans were 72% of the service at all levels, but there was a need for more women in senior positions and more disabled persons. Since then, it has become still more representative. Women now occupy 34% of all senior positions. The proportion of white public servants has declined by 2% and those of Asian and coloured public servants have remained largely constant. On the other hand, at the present pace of employment of persons with disability, it is unlikely that government will reach the target of 2% by March 2010.

However, the culture and orientation of the Public Service need further improvement. Too often public servants have been found falling short in service to the public. Managers tend to show less appreciation and recognition to subordinates than they

should. Standards of recruitment and promotion are not always what they should be. This next frontier of public-service transformation requires urgent attention.

### **Public-service capacity**

The challenges of service provision arise not fundamentally from a shortage of people, but from problems of skills and systems to deploy its human and financial resources.

The report on the *Capacity and Organisation of the State* included several proposals in this direction. Most have been or are being implemented. Apart from the development of M&E and planning capacity, they include policy on a revolving door with the private sector; performance-based security of tenure for senior management service (SMS) members; a public-service skills audit; recruitment of retirees; re-invigoration of Batho Pele and tilting the balance towards career progression and away from lateral entry.

Starting in 2005, the Governance and Administration (G&A) Cluster undertook capacity assessments covering the health, education, justice and economic departments. The findings, presented to the July 2007 Cabinet Lekgotla, identified various weaknesses. Among them were weaknesses in data systems to support management functions and in organisational structures. Remuneration was a key factor in almost half of terminations; and professionals in particular were found to be inadequately remunerated. Management was the focus of much discontent. Recruitment and selection processes were often ineffective; and red tape, especially in procurement and human resource processes, was seen as a major obstacle. Weaknesses were found in overall coordination between departments and across spheres, especially in planning.

In addition to measures to strengthen planning, monitoring and evaluation, described elsewhere in this review, a number of “second-generation” public-service reforms are dealing with some of these problems. They include a host of reform initiatives to improve the human resource function in departments, and the Bill to create a single public service. The Public Administration Leadership and Management Academy (successor to the South African Management Development Institute) was inaugurated in August 2008, with a programme to bring about a large boost in public-service training in cooperation with other training institutions.

The local government reforms leading to the country's first democratic local government in 2000, yielded mixed results. Service delivery was intensified, but not commensurate with increasing financial resources. For example, the Auditor-General found substantial underspending by municipalities of the Municipal Infrastructure Grant over the period 2004-07. Capacity constraints stemmed from a general scarcity of technical skills in the country and inability to recruit and retain the requisite staff, especially in small and rural-based municipalities. This led to many staff vacancies in technical, professional, senior management and leadership positions. For example in June 2008, municipalities reported an average 22% vacancy rate (for municipal managers and those reporting directly to them).

Among weaknesses in the founding legislation for the local government system is an element of "self-supervision", with members of the executive chairing committees meant to exercise oversight of them.

Project Consolidate was launched in 2004 as a two-year hands-on intervention in 136 municipalities, especially in relation to specialised areas. It mobilised service-delivery facilitators and deployed them with the immediate task of diagnosing the challenges confronting municipalities. In January 2006, the approach was incorporated in the Five-Year Local Government Strategic Agenda.

By August 2008, 1 134 experts had been deployed to 268 municipalities (including the Project Consolidate municipalities). Key partners, such as the Siyenza Manje initiative of the Development Bank of Southern Africa, played a valuable role. Deployed experts provide technical assistance in areas such as engineering, finance, town planning, project management and human resource development. The involvement of national and provincial sector departments in supporting local government has improved. However, professional vacancy rates remain relatively high. Compliance with corporate governance basics such as the signing of performance agreements remains low. Improved submission of financial statements on time for the most part is not matched by improvement in financial management as the number of qualified audits and disclaimers remains high – in 2006/07, only 25% of local governments received unqualified audits.

The January 2007 Cabinet Lekgotla mandated the Department of Provincial and Local Government to initiate a process to develop a *White Paper on Provincial Government* and review the 1998 *White Paper on Local Government*. Included in the task will be an assessment of existing structures of governance.

## 2.1.5 Conclusion

### Key issues for further attention in *FINDINGS*

- Progress in consolidating democratic institutions and administration committed to good governance
- Public participation, access to information, accountability and trust are areas for attention
- State capacity challenges relate mainly to skills, systems and institutional arrangements
- Advances in coordination achieved but not yet enough
- Planning capacity needs further developing
- Public Service ethos uneven
- Anti-corruption fight limited by implementation capacity.

## 2.2 Social sector

The social programmes of government are critical to alleviating poverty and reducing inequality, as elements of the broader objective of promoting development. Poverty reduction focuses on the three key dimensions: income poverty, human capital poverty and asset poverty.

### What the *Ten Year Review* said

- Significant improvement and deracialisation of social services
- Dramatic impact in delivery of pension and other social grants
- Great improvements in education and community understanding of opportunities opened by learning
- Notable advances in delivery of services such as electricity, water, sanitation and housing
- Housing and land reform made some impact on asset poverty and women's rights.

### Challenges

- Implementation of policy constrained by behaviour of officials and recipients
- Significant numbers of eligible social grant candidates still unregistered and/or poorly serviced
- Level of municipal debt and illegal connections suggest poor state capacity and lack of citizen understanding of obligations
- Enhanced health service spending and reorientation not yet fully seen in outcomes
- Micro-credit for productive purposes and access to finance still a major impediment.

## 2.2.1 Income poverty alleviation

### Poverty trends

In the absence of an official poverty line, two lines were used in research for the review: a lower poverty line of R174 per person per month; and an upper line of R322 per person per month, in 2000 prices.

There was reduction in both absolute income poverty (the income of poor people) and relative income poverty (the poverty gap, that is, the gap between the average income of poor people and the poverty line).

**Table 2: Income poverty trends**

|              | Headcount rate                   |               | Poverty gap ratio |               |
|--------------|----------------------------------|---------------|-------------------|---------------|
|              | 1995                             | 2005          | 1995              | 2005          |
|              | <b>R322 a month poverty line</b> |               |                   |               |
| African      | 63,04%                           | 56,34%        | 31,86%            | 24,44%        |
| Coloured     | 39,00%                           | 34,19%        | 14,66%            | 12,98%        |
| Asian        | 4,71%                            | 8,43%         | 1,03%             | 2,17%         |
| White        | 0,53%                            | 0,38%         | 0,22%             | 0,11%         |
| <b>Total</b> | <b>52,54%</b>                    | <b>47,99%</b> | <b>26,04%</b>     | <b>20,61%</b> |
|              | <b>R174 a month poverty line</b> |               |                   |               |
| African      | 38,18%                           | 27,15%        | 14,71%            | 8,55%         |
| Coloured     | 14,62%                           | 12,30%        | 4,09%             | 3,88%         |
| Asian        | 0,82%                            | 1,60%         | 0,14%             | 1,07%         |
| White        | 0,23%                            | 0,01%         | 0,09%             | 0,00%         |
| <b>Total</b> | <b>30,92%</b>                    | <b>22,68%</b> | <b>11,77%</b>     | <b>7,15%</b>  |

Source: H Bhorat *et al*, 2008, paper commissioned for the *Fifteen Year Review*, analysing Statistics SA's *Income & Expenditure Surveys*

Asian poverty increased although the numbers are small. Africans and coloureds saw a significant and appreciable decline in mean poverty gap levels. For Africans, relative poverty levels declined by six to seven percentage points for both poverty lines. Africans, however, also account for a disproportionate share of poverty – although 77% of the population in 1995, and 79% in 2005, in both years they accounted for 93% of those living on less than R322 a month.



There are great differences in provincial levels of poverty as well as different rates of change between 1995 and 2005. In both years, Western Cape and Gauteng headcount rates were lower than the national averages. Gauteng and KwaZulu-Natal experienced significant increases in both poverty headcount levels and the poverty gap, and there was a small increase in Limpopo. All other provinces experienced a decline in poverty headcount rates with Free State experiencing the largest decline of more than 23%.

Although female-headed households experienced a decline in both poverty levels and poverty gap, poverty continues to be disproportionately female. In 2005, more than half of those considered poor by both poverty lines lived in female-headed households. In contrast, only 43% of the population lived in female-headed households.

### **Key drivers of decline in poverty**

The single most important driver of the decline in poverty is government's social security assistance programme. From 2,5 million beneficiaries in 1999 to just over 12 million in 2007, the social grant system is the largest form of government support for the poor. Most by far is in the form of the Child Support Grant (CSG), which reached 7,8 million beneficiaries in 2007 compared to 34 000 in 1999. The rapid expansion of the social security system lies at the heart of the growth in expenditure levels of the poor. By 2005, social grants contributed up to 90% of the income of individuals in the first two deciles and more than 50% in the fifth decile.

Various studies have confirmed that this support is well targeted and contributes considerably to poverty reduction. Of social grants, 62% of the total went to the poorest 40% of households and 82% to the poorest 60%.

Provincial take-up rates for old-age pensions are uniformly close to the national average take-up rate, except in Gauteng, which is below average. However, provincial take-up rates for the CSG vary. For poor households in Limpopo, it reached 71,4%, compared to only half the households in the least poor provinces – Western Cape and Gauteng. However, one province with a particularly high child poverty rate – the North West – had a surprisingly low take-up rate for this grant.

The expansion of social grants has slowed down as most of those who are entitled are being reached. However, it will be sustained as new categories become eligible,

with the threshold for men to receive pensions being lowered and the age for the CSG being progressively raised.

The Unemployment Insurance Fund (UIF) and the Compensation Fund – for occupational injuries and diseases – have also contributed to alleviating income poverty. From 2004 to 2008, the UIF paid out R11 billion to 2,2 million beneficiaries and the Compensation Fund paid R7,4 billion in benefits.

### **Income inequality**

The growth in per capita income has come both from wages, through increased employment, and social grants. Not only did individuals across the whole spectrum experience positive income growth between 1995 and 2005, but those at the very bottom of the distribution experienced a greater increase than those from the 60th to the 70th percentile. On the other hand, except for part of the period among Africans, income growth for the poor was not in general greater than that for the non-poor. In other words, overall, those at the top of the income distribution on average benefitted more than those at the bottom.

These trends are analysed in more detail in *New Dynamics* below. Of particular relevance in reviewing the impact of social sector programmes is the fact that the pro-poor bias of per capita income growth stemmed mainly from government's social security programme (enhanced in recent years by growing employment income).

Overall, persisting inequality is largely the result of the reproduction of existing disparities in ownership, income, resources, skills and other determinants of people's capacity to take advantage of opportunities. Comparative studies show that inequalities reduce the redistributive effects of economic growth, skewing benefits of growth towards those who are already better off. This applies both to income from economic activity and to the take-up of available social services, which are more easily accessible to those among the poor who are less disadvantaged rather than those who most strongly need them. Countering these factors will require more concerted interventions to enhance provision of information to the poorest of the poor. Affirmative action, employment equity legislation, Broad-Based Economic Empowerment and minimum wage determinations in sectors employing vulnerable workers have had significant impact. But lasting improvement requires interventions to improve the human capital of those who are currently disadvantaged or marginalised from economic activity and the labour market.

## 2.2.2 Human capital poverty alleviation

Social services are critical to improving the nation's human capital, that is the capacity of its people to engage in activities that produce wealth and improve their own lives.

### Universal access to basic services

Government is committed to providing access to electricity, water and sanitation as basic services. A further commitment is to ensure that access to these basic services is not solely determined by the ability to pay. Consequently, government provides free basic services to poor households: 6 000 litres of water a month and electricity worth 50kwh per month.

Access to basic services has improved substantially.

**Table 3: Access to basic services**

| Households   | 1996 | 2001 | 2007 |
|--|------|------|------|
| <b>Using electricity</b>                                     |      |      |      |
| for lighting   | 58%  | 70%  | 80%  |
| for cooking  | 47%  | 51%  | 67%  |
| for heating  | 45%  | 49%  | 59%  |
| <b>Water</b>   |      |      |      |
| Equivalent to or above RDP standard (200 m to communal tap)* | 62%  | 74%  | 88%  |
| Tap in dwelling or on site                                   |      | 61%  | 70%  |
| <b>Sanitation</b>  |      |      |      |
| Equivalent to or above RDP standard*                         | 52%  | 59%  | 73%  |
| Flush toilet   |      | 52%  | 60%  |

Source: Census and 2007 Community Survey; department reports for items marked \*

Although the December 2007 target for completely eradicating the bucket sanitation system in established settlements was missed, there was notable progress: between 1994 and 2007, households using the bucket system in all areas decreased from 609 675 to 113 085; and in established settlements to 14 812 by June 2008.

Programmes to expand access to basic services have been well-targeted towards the poor. Access to piped water increased by 187% in decile one and 31% in decile four; and access to electricity for lighting grew by a phenomenal 578% for those in decile one.

While the advance towards universal access has been remarkable, there has been less progress in providing these services at higher standards such as water inside a dwelling and flush toilets. While free basic services have provided relief to poor households, many complain that they are insufficient. There are significant challenges in upgrading standards of services, and maintenance of infrastructure which impacts negatively on quality. Overall, the quality of the country's drinking water is of a high standard but slippages in terms of waste water services has prompted the Department of Water Affairs and Forestry to implement measures to improve effluent control and raw water treatment in those municipalities which may not meet all of the rigorous standards.

Success in expanding access also exposes challenges of affordability. For example, affordability explains much of the gap between the use of electricity for lighting on the one hand and for cooking and heating on the other.

## **Education**

Progress has been made in deracialising the funding for education and its prioritisation in the national budget.

Expenditure for education in 2005 constituted 5,59% of gross national product (GNP), within the norm of developed countries' expenditure of between 5% and 6% of GNP. It grew from R30 billion to R101 billion between 1994/95 and 2007/08. A decline in real expenditure from the late 1990s to 2003/04 was followed by a recovery and by 2007/08, it was 20% higher in real terms than in 1996/97.

However, with the exception of the Free State and Northern Cape, the proportion of provincial budgets expended on education has fallen. In the case of North West, the education budget as a proportion of the budget went from a high of 48% in 2002/03 to just over 40% in 2008/09.

Expenditure on all education programmes has expanded rapidly, even if it has been off a low base for programmes such as Early Childhood Development, Adult Basic Education and Training (ABET) and Further Education and Training (FET).

Public schooling has the largest share. Next is expenditure on FET colleges, which rose sharply from 2006/07 to recapitalise the colleges. Real expenditure on higher education (HE) increased from R6, 055 billion to R7, 448 billion between 1998/99 and 2007/08 (in constant 1998 rands).

As a result of measures to promote access, the education participation rate is high. It is particularly high at primary level and has increased at secondary level as shown by the figures for Gross Enrolment Rate. (GER is the ratio of enrolled pupils to the number of children of the relevant age for that stage of education. It is above 100 if children are enrolled below or over the relevant age, because of early or late entrance or repetition.)

**Table 4a: Gross Enrolment Ratio (GER) by level of education**

|      | Primary | Secondary |
|------|---------|-----------|
| 1994 | 122     | 84        |
| 1997 | 125     | 90        |
| 2002 | 105     | 81        |
| 2005 | 103     | 89        |

Source: Taylor, N. *et al*, 2008, paper commissioned for the *Fifteen Year Review*

Participation has increased for each age cohort between seven and 15 years of age.

**Table 4b: Enrolment in school by age**

|                        | 2002 | 2007 |
|------------------------|------|------|
| Five-year olds         | 40%  | 60%  |
| Six-year olds          | 70%  | 88%  |
| Seven- to 15-year olds | 96%  | 98%  |

Source: Statistics SA *General Household Survey 2007*

Participation in school education is virtually equal between males and females. There are more males in the primary phase, but the situation is reversed in secondary schooling.

Enrolments at HE level grew rapidly over the past two decades from roughly 300 000 in 1986 to 750 000 in 2005. The proportion of African students in HE has doubled, but from a low base. While white participation has since 1986 held steady at 60% (of

white 20- to 24-year olds in the population) and Indian participation grew from 32% in 1986 to 50% in 2005, African and coloured students remained underrepresented at 12% and 13% of their respective 20- to 24-year old populations in 2005.

FET college enrolments increased by 34% from 302 550 in 1998 to 406 143 in 2002, with a particularly fast growth in part-time enrolment.

The principal challenge is to improve the quality of education. South Africa participates in three cross-country comparative studies which all point to poor performance compared with several of our less well-resourced neighbours. The studies are: *Trends in Mathematics and Science Studies*; *Progress in International Reading Literacy*; and *Southern and Eastern Africa Consortium for Monitoring Education Quality* (testing Grades 8 Mathematics and Science; Grade 4 and 5 Reading and Grade 6 Reading and Mathematics respectively). This poor performance of the schooling system affects in turn the secondary phase, HE results, and ultimately people's access to the labour market and the possibility for the marginalised to break out of the cycle of reproduction of poverty and disadvantage.

The achievement gap between children in advantaged and disadvantaged schools needs to be closed. This requires focus on improving quality and efficiency at all levels. It implies attention to reducing the rate of repeaters and drop-outs. It requires recognising that socio-economic constraints in our society put education in competition with many priorities in poor households. Low levels of education will continue to relegate the majority to low living standards and limit their capacity to generate decent income which will free them from dependency on state support.

The key challenge is to ensure that schools in previously disadvantaged areas are improved to make them welcoming for young people. There will be the added advantage that education will more effectively play a key role in the development of young people.

## Health

The increase in per capita health spend was 22% in real terms over the 10-year period from 1996 to 2006, according to figures from National Treasury, or 2% per annum compound growth. The increases in real expenditure are reflected in expanded infrastructure, upgrading of facilities and broadening the available package of health services.



Apart from clinics built by provinces, around 1 600 clinics and healthcare centres were built between 1994 and 2000 under the national Clinic Upgrading and Building Programme. As a result of such programmes, 95% of South Africans live within a 5-km radius of a health facility. From 1997 to 2006/07, access to primary health-care, measured by visits, increased from 67 021 961 to 101 644 080. Utilisation rates by the public, represented as the average number of visits per person per year, increased from just over 1,5 to 2,2 between 2000 and 2006. South Africa now has the largest number of people enrolled on antiretroviral therapy (ART) in the world (see Table 5 for South Africa's ART numbers).

In 2006, a strategic framework for human resources planning was adopted to address a growing shortage of health professionals. This will reinforce the trend, where the number of professional nurses in the public sector has improved since 2003 with a reasonably uniform provincial distribution. However, there are provincial disparities in the number of doctors per 100 000 persons.

The percentage of children under one year who complete their primary course of immunisation has been increasing at an annualised rate of 5% per year. Coverage is now 88%, within reach of the 90% national target.

Expanded health infrastructure, enhanced access and increased usage should translate into improved health outcomes for the population. This is, however, inhibited on the one hand by environmental factors such as epidemics, socio-economic conditions and access to other services affecting health; and on the other hand by issues of management of the centres of delivery such as hospitals and clinics.

An area of improvement in health status is a decline in severe malnutrition among children under five years old, from 88 971 cases in 2001 to 28 165 in 2007. The Integrated Nutrition Programme has consistently reached over four million children for some years. Recent studies have shown an improvement in the nutritional status of children when their caregiver receives the CSG.

Over the period 1997 to 2004, adult mortality rates between the ages 25 and 45 years increased markedly.

The infant mortality rate appears to have remained fairly constant, with some improvement in recent years, but consistent data across the whole period is not available. Department of Health figures for 1998 and 2003, based on *SA Demographic*

*Health Survey*, show an improvement from 45 per 1 000 live births to 43. Medical Research Council figures show deterioration from 1998 to 2000 but are stable thereafter. StatsSA and Actuarial Society (ASSA) figures show steady improvement from 2001 to 2007/08, to around 45.

The mortality rate for children under five remained close to 60 to 70 deaths per 1 000 between 1998 and 2005/06 according to StatsSA and ASSA. Department of Health figures for 1998 and 2003 show an improvement from 61 deaths per 1 000 live births to 58. Life expectancy has been declining – from about 56 years in 1996 to about 50 in 2007. Female life expectancy dropped from about 59 years in 2000 to 51,6 years in 2007 and for males from about 52 years to about 48,4 years.

In dealing with the range of diseases affecting the South African population, there have been some big successes. Malaria cases, for example, declined from over 50 000 in the late 1990s to about 5 000 in 2007. A decline in smoking among men – from 42% in 1998 to 35% in 2003 – represents a significant decline, brought about in part by government measures, in a risk factor for chronic diseases. Within the context of the whole range of diseases being tackled, including non-communicable diseases, tuberculosis (TB) and HIV stand out as particular challenges.

Government has declared TB a top national health priority. Its reported incidence almost doubled from 1999 to 2006. Treatment success rates dropped between 1999 and 2000 and picked up thereafter, remaining relatively stable at around 70%. Average defaulter rates, however, improved from 10% in 2005/06 to 9% the following year.

Co-infection with HIV compounds the severity of TB and makes its prophylactic and curative treatment more costly and problematic. This has been compounded by the emergence of multidrug resistant (MDR) and extreme drug resistant (XDR) strains, which are more costly to treat and have a longer duration.

Modelling by various agencies project the number of infected South Africans around five and a half million, after steep increases in infection rates in the 1990s. However, the annual HIV antenatal survey trends suggest a stabilisation of prevalence among pregnant women who access public-sector antenatal care services. There is a particularly encouraging trend of a decline of prevalence among women younger than 20 years old: from 16% in 2004 to 13,5% in 2006. Prevalence levels vary considerably between provinces.

The vulnerability of young women is particularly disturbing. HIV prevalence increases dramatically among young females, peaking at 33,3% in the 25 to 29 age group. In males, prevalence peaks at a lower level (23,3%) in age groups 30 to 39, indicating that younger women are more vulnerable to HIV than their male counterparts.

The pace of the roll-out of the treatment programme is evident in the statistics.

**Table 5: Expansion of the antiretroviral treatment programme**

|   | 2006          | 2007          |
|---|---------------|---------------|
| Estimated to need treatment (children/adults at WHO Stage 4)    | 764 000       | 889 000       |
| Enrolled into the ART programme                                 | 353 945 (46%) | 488 739 (55%) |
| Initiated on ART (i.e. began receiving antiretroviral medicine) | 273 400 (36%) | 371 731 (42%) |

Source: *UNGASS Report*

Most of those enrolled were in the public sector (78%), as were 72% of those initiated in 2006. Around 76 000 (22%) received treatment funded through medical schemes, the private sector and development partners in 2006; and 28% in 2007. By mid-2008, more than 480 000 people had been initiated on ART.

### Challenges in health

The key concern is how to use health resources to achieve better health outcomes, taking into account the impact of the socio-economic environment both on health and on implementation.

Greater efforts should be made to provide quality care with human dignity. This includes improving clinical management of care at all levels of the healthcare delivery system. Treatment of TB and implementation of the Comprehensive Plan for the Treatment, Management and Care of HIV and AIDS are among the major challenges, along with a range of non-communicable diseases, injuries and trauma.

#### 2.2.3 Asset poverty alleviation

Two programmes lead government's efforts to alleviate asset poverty: land and housing.

From 1994 to 2008, 3 132 769 housing subsidies were approved, and 2 358 667 units were completed as a result of expenditure of R48,5 billion. This brought housing to 9,9 million citizens who could access state-subsidised housing opportunities. Of the subsidies, 53% went to women-headed households. Given the increase in the total number of households (from just over nine million in 1996 to 12,5 million in 2007), this is a major achievement. By 2006, however, the programme was barely keeping pace with the expanding number of households. The programme is well-targeted – between 1993 and 2004, access to formal housing grew by 42% and 34% for income deciles one and two respectively and 21% and 16% for deciles three and four.

Difficulties in obtaining the release for housing development of strategic land, often state-owned, that is well located in urban areas constitutes a major challenge with significant implications. Municipal sale of land for short-term financial gain has contributed to this problem. Many new housing settlements are located far from work opportunities, perpetuating urban sprawl and a mismatch between the location of accommodation and economic activity. Insufficient spatial concentration in urban areas brings added costs, in terms of infrastructure provision and labour, because of the expense of commuting to workplaces. To address these and other challenges such as rising costs and capacity limitations in some provinces, the planned housing development agency will help consolidate and rationalise housing development functions and institutional arrangements. The Land Use Management Bill, currently before Parliament, should also help in this regard.

The combined effect of government and private-sector housing saw the proportion of households in traditional dwellings decline from 18,2% to 11,7% between 1996 and 2007 and those in formal dwellings increase from 64,4% to 70,5%. By 2008, the number of registered African home-owners exceeded that of white home-owners for the first time. On the other hand, residential segregation in practice was still largely in place.

Through the land restitution programme, assets worth R12,5 billion were transferred to 1,4 million beneficiaries between 1994 and 2007. Recognising that land is an important asset for livelihood development, beneficiaries of land restitution who wish to engage in farming activity can access financial support of between R20 000 and R100 000 depending on their contribution – the total amount of grants provided was R15,2 billion. Although most land restitution cases have been settled, the remaining 5 000 cases are mainly rural and are moving slowly due to their complexity.



The Government set a target of transferring 30% of white-owned agricultural land through restitution, redistribution and tenure reform by 2014, which amounts to 24,9 million hectares. The total transferred by 2008 amounted to 4,8 million hectares, indicating that the land reform programme would have to be stepped up considerably to meet the 2014 target.

A serious shortcoming in the land programme is the weakness of after-settlement support and the consequent failure of many transfers to result in sustainable use of the land, impacting on the country's overall agricultural productive capacity.

Overall, since 1994, government transferred R61 billion worth of assets in the form of housing and land to the poor – excluding millions of deeds transfers of most township houses and grants to beneficiaries of restitution.

#### **2.2.4 Social cohesion**

Social cohesion has assumed greater focus since 2004, particularly since changes in family size and structure, migration and other recent social trends have contributed to a growing number of people in depressed situations. A key factor in what seems an erosion of social cohesion is the persistence of income inequality. The benefits of democracy have accrued unevenly to different sectors of society, weakening the sense of togetherness, which is a basis of cohesion. These trends and the challenges that arise are further discussed in the later section on new dynamics in South African society.

#### **2.2.5 Conclusion**

##### **Key issues for further attention in *FINDINGS***

- Lives of many poor people improved through well-targeted programmes broadening access to services and social grants
- Poverty remains a major challenge
- Cycle of poverty and dependency is being reproduced by continuing weaknesses and inequalities in human social capital
- Quality of services an issue
- Institutional arrangements affecting service delivery.

## 2.3 Economic

The *Ten Year Review* concluded that although great progress had been made, the dynamic of economic inclusion and exclusion posed a grave challenge and if allowed to persist could precipitate a vicious cycle of decline in all spheres. This assessment came after a decade in which economic policy had evolved from the macroeconomic imperatives of stabilising an economy in crisis to those of using the space created for speeding up growth and transforming the economy. Government's MTSF for 2004 – 2009 therefore made growing the economy and promoting social inclusion the central priority.

### What the *Ten Year Review* said

- Macro-economic stabilisation, trade regime improvement, using natural resources and financial and physical infrastructure
- Good progress in areas primarily under state control; less so where dependent on private sector and civil-society attitudes and behaviour (e.g. investment, employment creation)
- Cost of institution-building a key limitation (agencies for small business, development, training, etc)
- Investment constrained by skills shortage, exchange rate and interest rate volatility, input costs, lack of competition, and perceptions of Africa and southern Africa.

### Challenges

- Faster improvement in skills, labour market, input costs and implementation
- Continued prudent macroeconomic stance for a more stable currency and lower real interest rates; and enhanced public-sector investment
- Focused sector strategies in key growth and employment industries
- Faster industrial restructuring
- More effective restructuring of the state-owned enterprises (SOEs), better regulation and stronger competition authorities
- Adequate resources for empowerment, including agrarian reform and micro-credit
- Building on the Growth and Development Summit platform for sustainable job-creating growth.

### 2.3.1 Accelerated and Shared Growth Initiative for South Africa (AsgiSA)

The point of departure of the MTSF was that halving poverty and unemployment by 2014 required growth averaging 5% a year till then. That would mean ratcheting growth to an average of 4,5% a year from 2004 to 2009 and 6% from 2010 to 2014. To overcome the constraints to the faster growth, government launched AgsiSA in

2006, having systematically identified constraints to economic growth and inclusion as well as the interventions required. It focuses on six key “binding constraints”:

- Volatility and level of the currency (with focus on volatility)
- Cost, efficiency and capacity of the national logistics system
- Shortage of skilled labour, and the labour cost effects of apartheid spatial patterns
- Barriers to entry, limits on competition, limited new investment opportunities
- Regulatory environment and burden on small and medium businesses
- Deficiencies in state organisation, capacity and leadership.

Increasing gross fixed capital formation (GFCF) as a percentage of gross domestic product (GDP) from 16% to 25% by 2014 is also central to the growth strategy.

Advancing towards these objectives has required critical interventions and special programmes and projects to improve infrastructure, skills, the environment for small business and those in the Second Economy, competition and industrial policy and state capacity. These have been the focus of the economic sector since 2004, building on the first decade’s achievements, applying its lessons and addressing new challenges.

### 2.3.2 Growth and wealth creation

In the early 1990s, the economy was in recession, but since 1994 there have been 14 successive years of real GDP growth. The pace accelerated from about 2003, and with it GDP per capita growth. Increased employment and government’s redistributive social programme translated the growth into reduced poverty but without reducing overall inequality.

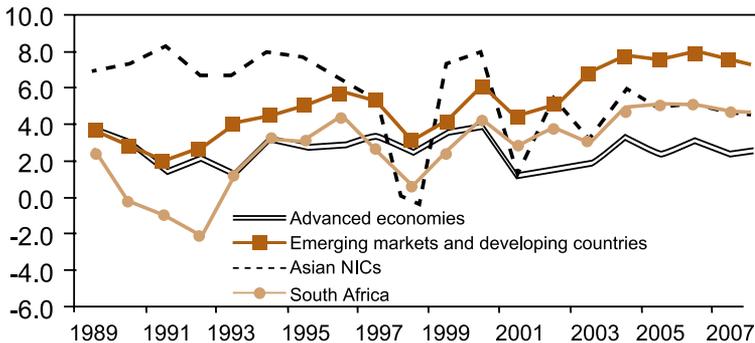
**Table 6: Economic growth**

| Average annual growth in: | 1994-2003 | 2004-2007 |
|---------------------------|-----------|-----------|
| GDP                       | 3%        | 5%        |
| GDP per capita            | 1%        | 4%        |

Source: South African Reserve Bank *Quarterly Bulletin*

Though growth since 1995 compares well with advanced countries, it has been lower than other developing economies.

Figure 1: Comparative GDP growth rates



Source: IMF Outlook

### 2.3.3 Employment

Unemployment increased for several years, peaking at 31,2% in 2003 (using the official rate that defines the unemployed as a proportion of those either employed or seeking employment). Thereafter, faster GDP turned the trend as the net number of new jobs started to outstrip growth. By 2007, the unemployment rate was 23%. However, the labour force participation rate (the proportion of people either employed or seeking employment) is only 56,5%, much lower than the 65% average in comparable countries. (The implications of a change in the definition of employment introduced by Statistics South Africa during 2008 is discussed in Section 4.1.3 below).

Labour absorption in agriculture and mining lags the tertiary and manufacturing sectors – both shed more jobs than they created between 2004 and 2007. Although employment in both sectors increased from 2006, the labour absorption performance of agriculture is well below its potential.

The burden of unemployment falls unevenly. People aged 15 to 35 years make up a third of the unemployed, and more women are unemployed than men. African unemployment was 30,5% compared with 4,5% for whites in September 2007.

### 2.3.4 Macroeconomic stability

One of the major achievements has been to stabilise the economy. In 1994, it was recovering from its longest downward phase since 1945, lasting from March 1989

to May 1993. Confronted by an unsustainable budget deficit and high debt service costs, high inflation, low investor confidence and a run on the currency, government made macroeconomic balance the main focus of economic policy for much of the first five years of democracy.

- Total public sector debt was managed down from 44% of GDP in 1994 to below 20% of GDP in 2008. By 2006, there was a fiscal surplus.
- In 1991, core inflation reached 18,9% – from 1994, it was consistently below 10% until 2008.
- The South African Reserve Bank has reduced the net open forward position to zero (from a deficit of \$25 billion in 1994) and has built foreign reserves to over \$34 billion gross foreign reserves.

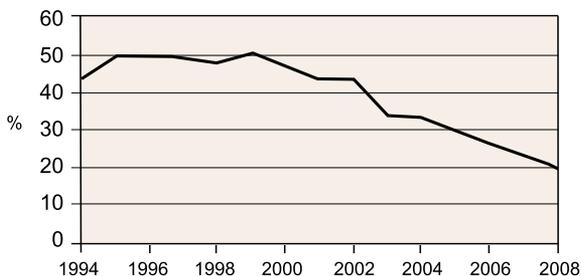
As a result, global investor confidence in South Africa improved. The bond points spread (the amount South Africa has to pay its creditors above the rate paid by the United States of America Government) declined rapidly from 291 points in 2001 to 94 in 2006. This meant lower debt servicing costs for the public sector, and cheaper credit for the private sector.

This rosy picture is overshadowed by low domestic savings and a large current account deficit.

### Fiscal policy

Heading towards a debt crisis in 1994, government moved to stabilise the situation. Debt as percentage of GDP declined rapidly from 2000 onwards to below 20% in 2008.

**Figure 2: Government debt as percentage of GDP**



The country now spends less in debt service costs, enabling government to increase spending on priorities such as health, education and the improvement of public services. This put government in an enviable position of being able to increase real expenditure at the same time as it improved government savings by reducing the budget deficit.

**Table 7: Government expenditure (% real annual growth)**

| Percentage growth        | 1995/96 to 2000/01 | 2000/01 to 2006/07 |
|--------------------------|--------------------|--------------------|
| Social services          | 2,1%               | 8,3%               |
| Protection services      | 2,6%               | 5,2%               |
| Economic services        | -0,8%              | 13,1%              |
| Non-interest expenditure | 1,6%               | 8,1%               |

Source: National Treasury

Increased revenue receipts assisted deficit reduction. Between 1996 and 2006, revenue collected quadrupled and the number of taxpayers more than doubled. South Africa achieved its first-ever budget surplus in the 2006/07 fiscal year, in the context of rapid real increases in expenditure. This enabled government's fiscal policy to assume a counter cyclical stance, so as to smooth economic cycles, guarding against external shocks and contributing to overall savings, thereby raising investment capacity.

The rise in government revenues resulted from economic growth, improved collection and increased compliance. It took place in a context of tax reforms for small businesses, company tax cuts and reduction of the income tax burden for low earners.

### Monetary policy

Monetary policy has been principally directed at influencing the quantity of money or the interest rate to achieve stable prices. Between 1994 and 2007, inflation averaged 6,3%. In 2000, government adopted inflation targeting as part of its anti-inflation policy to keep inflation within a band of 3% and 6%. From 2004 to 2007, inflation averaged 4,1% but has trended higher since 2006 when it breached the 6% level. To curb inflationary pressures, monetary policy entered a tightening phase.

While the cost of capital as measured by the real interest rate decreased steadily from a peak of 17, 8% during the Asian crisis to 5,25% at the end 2007, it remains high and is a serious drag on investment, especially small business investment.

For the most part, inflation since 2007 has been imported, driven above the target range by global fuel and food increases, amplified by a weakening exchange rate.

### **Balance of payments**

Sustained faster growth over 4,5% between 2004 and 2007 threw the economy into external imbalance, as the current account moved into deficit. In the context of increasing employment and an expansionary government programme, and spurred on by low interest rates and a strong exchange rate, demand for imported consumer goods and capital goods surged.

As a result, the deficit on the current account at the end of 2007 reached 7,5%, then the highest level in five decades, and 8,98% in the first quarter of 2008. The uncertain global economic outlook and domestic factors such as the electricity outages resulted in an outflow of R21,7 billion in January 2008, demonstrating the risks of dependence on portfolio investments.

### **Investment and savings**

The rate of investment or GFCF hovered around a dismal 15% to 16% of GDP for most of the period under review. Low levels of government investment had much to do with this, though private-sector investments were hardly impressive. A reversal of that trend came with the adoption of AsgiSA and an expansionary R482-billion infrastructure expenditure plan for the 2008 to 2011 period.

By 2007, GFCF had soared to 21% of GDP. If the growth in GFCF is sustained, the target of GFCF at 25% of GDP by 2014 should be attained even earlier.

Levels of private-sector investment are much higher than in 1994 and 2004, and there is a positive pipeline of about R200 billion foreign and domestic investment.

Net foreign investment has been positive, albeit dominated by portfolio investment. There have been some significant foreign investments in the motor industry, chemicals, mining and banking, but relatively little is green-field investment as most foreign direct investment has been the acquisition of major stakes in existing operations.

Significant constraints inhibit the expansion of investment. Various studies suggest that high interest rates, the low skills base and crime levels dampen private-sector investment. Escalating public investment spending on infrastructure faces challenges of human resources, as well as organisational and technical capacity, planning capacity and coordination. At the same time, slow private-sector response to investment opportunities has inhibited expansion of the country's productive capacity, resulting in periodic shortages of consumer goods (such as pasta and carbon dioxide for soft drinks) or inputs to infrastructure development (like cement).

Savings, meanwhile, show a steadily declining trend with gross savings to GDP declining to 14,1% in 2007. Compared to an average of 30% in middle income countries, this is worryingly low and inadequate to generate the resources needed for the targeted 25% level of GFCF without dependence on foreign capital inflows. The scale of such inflows increased from 2003 to 2007 at the same time as South African corporate savings declined.

### 2.3.5 Microeconomic reform

#### Industrial policy, industrial restructuring and trade policy

South Africa embarked on an ambitious set of tariff and trade policy reforms in the mid-1990s. Multilateral liberalisation through the World Trade Organisation (WTO) was combined with efforts to modernise industry. Growth sectors like autos and tourism and cross-cutting sectors such as information and communications technology (ICT) received special attention in the form of industrial development resources, including science and technology and human resource development funds.

These measures, together with global trends, contributed to structural change in the economy. A large contraction in the primary sector – mining and agriculture in particular – and a smaller one in the secondary sector went with substantial growth in the tertiary sector which contributed two thirds to GDP by 2006.

**Table 8: Structure of South Africa's economy**

|                  | 1980 | 1990 | 2000 | 2006 |
|------------------|------|------|------|------|
| Primary sector   | 15,5 | 13,1 | 10,8 | 8,8  |
| Secondary sector | 27,6 | 26,0 | 24,2 | 23,6 |
| Tertiary sector  | 56,9 | 61,0 | 64,9 | 67,6 |

Source: Rustomjee and Hanival, 2008, paper commissioned for the *Fifteen Year Review*

Since 1994, the economy has become more open, more productive and more outward orientated with both exports and imports growing rapidly.

**Table 9: Growth of trade of developing countries**

| % Compounded growth 2001-2006 | Export growth | Import growth |
|-------------------------------|---------------|---------------|
| Brazil                        | 18,8          | 10,4          |
| China                         | 29,5          | 26,6          |
| India                         | 23,3          | 29            |
| South Africa                  | 13,7          | 23,4          |

Source: Gonzalez-Nunez, X., 2008, paper commissioned for the *Fifteen Year Review*

Weak export performance is not merely a short-term problem. Between 1960 and 2004, the real value of South African exports grew by only 34% (about 0,7% per year). In the same period, exports grew 169% in Argentina, 238% in Australia, 1 887% in Botswana, 385% in Brazil, 387% in Canada, 390% in Chile, 730% in Israel, 1192% in Italy, 4 392% in Malaysia, 1 277% in Mexico and 120% in New Zealand.

An industrial development trajectory still skewed to the highly developed minerals and energy complex with weak linkages to other industries domestically had poor employment outcomes.

Part of the response to this problem was the Microeconomic Reform Strategy of 2001, which identified the major microeconomic constraints to the performance of the growth sectors. However, the pace of implementation of the strategy has been slow. Since 2004, industrial policy has broadened to encompass further sectors. AsgiSA identifies a range of priority sectors that have been incorporated in the National Industrial Policy Framework (NIPF) and Industrial Policy Acton Plan adopted in 2007 to introduce a more integrated and focused attention to microeconomic change. Movement towards implementation of sector strategies has been uneven, with tourism, business process outsourcing, and the automotive, chemicals and metal and engineering industries registering welcome progress. The Automotive Production and Development Programme was finalised in September 2008 after several delays.

The acceleration of growth over the past few years has highlighted the infrastructure bottlenecks in the economy and the consequences of inadequate foresight, planning and investment in this regard.

Since 2006, with the update of the National Spatial Development Perspective, there is greater appreciation of sub-national regions as critical foundations of development processes and drivers of domestic and international competitiveness and social equity. The challenge is to strengthen the institutional arrangements to drive regional development initiatives within a coherent long-term national strategic planning process.

There is a range of development finance institutions (DFIs), such as the Development Bank of Southern Africa, the Industrial Development Corporation and the Land Bank. They have contributed positively since 1994 with their ability directly to intervene beyond market forces and private-sector initiatives. They could however become more effective with greater clarity regarding their sometimes overlapping mandates and better reach into their targeted sectors. Critically at the level of policy, there is a need on the part of government to find an appropriate balance between requirements for DFI financial self-sufficiency and the risk inherent in development finance.

### **Competition and regulation policy; and restructuring of SOEs**

Important sectors of the South African economy are still dominated by a few large firms, which at times engage in uncompetitive and problematic pricing behaviour (such as import-parity pricing, collusion and high price mark-ups) often to the detriment of consumers and downstream labour absorbing sectors.

Initially, competition authorities were more effective in merger control than in combating prohibited practices. Since 2003, however, the Competition Commission has paid greater attention to fostering compliance with the law and a culture of competition. Investigations of restrictive activities have led to some prominent firms being penalised.

Beyond the work of the competition authorities, government recognised the need for better regulatory oversight over SOEs, particularly those that were commercialised or privatised in monopoly or semi-monopoly markets. A framework to ensure a co-ordinated and structured approach to regulation is near finalisation. This will help address issues such as policy frameworks to guide regulators, and their capacity, especially in relation to the entities they are meant to regulate.

## Empowerment

The Constitution provides for measures to overcome the consequences of apartheid discrimination against the majority. Black Economic Empowerment (BEE) is one measure to surmount the disparities in wealth and income. The Broad-Based BEE Act was adopted in 2003 and Codes of Good Practice gazetted in 2007.

**Table 10: BEE transactions over the last 13 years**

|                                  | 1995  | 1997 | 1999 | 2001 | 2003  | 2005  | 2006  | 2007  |
|----------------------------------|-------|------|------|------|-------|-------|-------|-------|
| Total BEE                        | 18,8  | 10,4 | 10,8 | 8,8  |       |       |       |       |
| Transaction (R bn)               | 12    | 8    | 23   | 25   | 42    | 56    | 56    | 96    |
| Total M&A transactions (R bn)    | 43    | 166  | 236  | 502  | 150   | 269   | 284   | 514   |
| BEE as % of all M&A transactions | 27,9% | 4,8% | 9,7% | 5,0% | 28,0% | 20,8% | 19,7% | 18,7% |

Source: *Development Indicators, 2008*

After a fast start in 1995, the value of BEE transactions as a proportion of all mergers declined between 1996 and 2002 and then picked up from 2003.

Empowerment in the workplace and employment equity are improving steadily if slowly. Black representation in top management reached 22,2% and 25,7% in all senior management positions in 2006.

**Table 11: Percentage of top and senior managers who are black**

| %               | 2000 | 2004 | 2006 |
|-----------------|------|------|------|
| Senior managers | 18,5 | 25,7 | 26,9 |
| Top managers    | 12,7 | 21,1 | 22,2 |

Source: *Commission for Employment Equity Report, 2006 – 2007*

In 2006/07, top management consisted of 78,4% male managers and 21,6% female (black females 6,6%). Senior management was 72,4% male and 27,4% females. Private-sector gender equity lags behind government with 7,8% of top positions being held by women compared with 32% in government.

Persons with disabilities make up 1,4% of top management; 0,7% of senior management; and 0,5% of middle management.

## Skills development

Government has directed significant resources towards skills development. Since 1994, it has completely recast the skills development environment, focusing on transforming public education and training institutions and establishing new training institutions.

The 1998 Skills Development Act brought 25 Setas that cover clusters of industries. Their boards include representatives of workers, employers and government. The skills development levy generates over R6 billion a year. Through the Setas and the National Skills Fund, skills-development interventions have been initiated in cooperation with a range of training and education institutions and government programmes such as the Expanded Public Works Programme (EPWP). The interventions have contributed to improving the situation of young people, the unemployed and those in employment.

However, many of the Setas have shown signs of gross inefficiency and a review of the Seta landscape is underway.

In addition, interaction between the institutions and users has been less than optimal. They have not produced the skills the economy needs on a sufficient scale. To help rectify this, the Joint Initiative on Priority Skills Acquisition (Jipsa) was launched in 2006, to catalyse a more adequate supply of skills to the economy.

Among Jipsa's achievements are: more resources to increase the number of engineering graduates; increased registration of artisans; targeted training for business process outsourcing as a strategic growth sector; and placement of over 15 000 unemployed graduates in companies in South Africa and abroad. The Dinaledi Schools initiative will help improve mathematics, science and language competence in public schools.

In the longer term, enhanced training programmes will need to combine with improved quality of the schooling system to ensure a sustainable supply of relevant skills to the economy.

### 2.3.6 Second Economy

The notion of the "Second Economy" focuses policy attention on structural inequality, disadvantage and marginalisation that marks much of South African society.

Second-economy programmes, as part of wider anti-poverty measures, promote access to economic opportunities and help improve the returns from economic participation for poor people, whether as producers, workers or consumers.

The EPWP is the flagship public employment programme. It creates temporary work opportunities with on-the-job training to improve participants' chances of sustainable employment. It reached its target of one million work opportunities in 2008, before the target year of 2009. In the social sector, significant EPWP opportunities have been identified in ECD and Home/Community-Based Care but implementation has been slow. The environmental sector has delivered to the full capacity of available budgets.

Progress with regard to the National Youth Service programme has been retarded by its reliance on departments to identify and create youth-service opportunities from within existing budgets. Lack of clear policy around payment of stipends has affected take-up.

Central to government's approach to inclusive economic development is support for the development of small business and enterprises in the informal economy. Extensive small business support measures have been created and consolidated, but the SMME sector remains small compared to other developing countries. Much needs to be done to improve market access for marginalised producers and address structural constraints that limit the growth and competitiveness of the sector.

Some 1,3 million households have access to land for farming, often small plots. Outputs are generally low, but the Integrated Food Security Strategy and some provincial programmes to boost returns from commercialising subsistence agriculture have shown steady improvements. A range of initiatives to link smallholders into agro-processing value chains have been initiated, in forestry, sugar and biofuels.

As noted in the *Social Theme*, the economic impacts of land and agrarian reform are mixed and there is a need for stronger post-settlement support. The land and agricultural sector currently lacks a clear mission to focus agricultural production towards addressing rural poverty and promoting national food security. The large increases in food prices in 2008 have impacted particularly on the poor. Global factors suggest that this trend is likely to continue. In this context, South Africa sensibly took the stance of ensuring that biofuel production does not undermine food production.

Ultimately, broadening access to land as well as ensuring responsive and effective agricultural extension services are crucial to realising the potential of agriculture to address rural poverty and enhance the country's food security.

### 2.3.7 Sustainable development

Government has since 1994 given attention to sustainable development and its mainstreaming. South Africa's hosting of the World Summit on Sustainable Development in 2002 gave impetus to the process. Government's 2006 *State of the Environment Report* provided a comprehensive analysis of the state of South Africa's natural resources and ecosystems.

The report concluded that since 1994, South Africa has developed an advanced system of "Environmental Governance" to manage the country's natural resources and ecosystem services on a sustainable basis. The National Environmental Management Act, 1998 and other legislation promote conservation and sustainable use of South Africa's biodiversity. It is mandatory for all new developments with potential environmental impact to conduct environmental impact assessments, with the aim of proactive mitigation. Bureaucratic bottlenecks in implementation led to new regulations in 2006 to speed up processes.

In spite of this framework, the *State of the Environment Report* found worrying signs that economic growth and development were happening at the expense of our natural resources and ecosystem services. Among other things, the fact that South Africa is a water-scarce country has become more apparent. The new National Framework for Sustainable Development, which was published for comment in 2007, argues that if our long-term economic performance is to avoid breaching key ecological thresholds, we need new technologies and processes that produce more output with less energy, fewer resource inputs and reduced waste. It holds that poverty-eradication efforts could be undermined if scarce resources continue to be directed into subsidising inefficient and unsustainable resource use.

In this context, possible market-based instruments are being investigated, such as taxes, charges and incentives that could promote environmental protection and biodiversity conservation.

### 2.3.8 Innovation and research and development (R&D)

Investment in R&D slowed during the 1990s, from 1,1% of GDP in 1990 to 0,7% in 2003. Since 2004 it has increased, reaching R14 billion or 0,92% of GDP. This puts the country on course to meet its R&D expenditure target of 1% of GDP. According to the World Bank's Knowledge Assessment Methodology, South Africa ranked 50th in 2007, nine places lower than in 1995. The most important factors responsible for the decline are education, ICT and innovation. However, the introduction of a stronger tax incentive for R&D in 2006 was an important step forward.

The rate of patent registration is a measure of country innovation. The number of patent applications fell sharply in 2001, but has begun to recover since then. South Africa is a non-examining country, which means that the responsibility for ensuring that an application is valid resides with the applicant. The Companies and Intellectual Property Registration Office does not investigate the novelty or inventive merit of the invention – it only verifies the form or documentation and not the substance of the product or process. No online search facilities exist for South African patents and all searches are carried out by hand at the Patent Office through a card-based system.

In 2007, government launched a Ten-Year Innovation Plan to “help drive South Africa's transformation towards a knowledge-based economy, in which the production and dissemination of knowledge leads to economic benefits and enriches all fields of human endeavour”. Sectors which should benefit from the plan include biotechnology and pharmaceuticals, space science and technology, energy security, climate change and highlighting the role of science and technology in driving growth and development.

### 2.3.9 Conclusion

#### Key issues for further attention in *FINDINGS*

- Macroeconomic stabilisation created space for growth and redistribution
- Current confluence of negative indicators shows need for faster action on growth constraints and restructuring productive capacity
- Coordination in economic policy development and implementation is an issue
- Impact of second-economy interventions below required scale
- Regulation regarding competition and SOEs need strengthening
- Energy and food security becoming more prominent issues.

## 2.4 Justice, Crime Prevention and Security (JCPS)

### 2.4.1 Transforming and strengthening departments

In 1994, the country inherited multiple criminal justice and security systems that needed to be amalgamated and transformed in line with the democratic Constitution. Steeped in a culture where human rights and civil liberties received little protection, unrepresentative in their composition and in the allocation of resources to different sectors of society, the justice and security agencies mostly lacked legitimacy in the eyes of the great majority of the public. They often acted in an uncoordinated way without credible oversight and control. Crime was increasing, becoming more violent and complex; court cases were proceeding more slowly and prisons overcrowding.

The new government had to transform and strengthen the JCPS departments to make them legitimate, accountable and effective.

#### What the *Ten Year Review* said

- Policy framework and priorities remain valid
- Significant progress in: national security, rule of law and transforming institutions that were the frontline defence of apartheid
- Slow transformation of the criminal justice system
- The social transition and new forms of organised crime reduced gains in crime prevention and combating.

#### Challenges

- Strengthening all structures and building an efficient, integrated criminal justice system, addressing human resource development matters across the cluster, including the judiciary
- Reducing case backlogs, establishing an effective offender rehabilitation programme
- More involvement of citizens and strengthened social fabric as essentials for significant crime reduction
- Accelerated social programmes that help prevent crime from taking place
- Improved visible policing and social partnerships, particularly in dealing with priority crimes.

By 2003, much had been done to transform these institutions. They had prioritised the defence of apartheid but were required in a democratic society to ensure everyone's safety and security. They became subject to oversight and control mechanisms. They played a critical role in the major reduction in political violence and in securing three rounds of elections.

Integration brought standardisation of 11 different sets of rules and procedures across the country for the police, the courts, intelligence and defence, as well as rationalisation of structures. Integration and new recruitment procedures have made the departments representative of the South African population.

Transformation also involved the adoption of a new ethos that saw crime as not just a security issue but also a social issue requiring community respect for and participation with the police service, that required courts to be friendly and service-oriented and that focused prisons on rehabilitating offenders to break the cycle of crime.

Enhancing the capacity of the departments was an element of transformation, involving both equipment and personnel.

Instruments for quicker and more effective processing include:

- the South African Police Service (SAPS) Automated Fingerprint Identification System (AFIS) introduced in 2002
- the decentralisation and continuing expansion of the Forensic Science Laboratory Service
- the Home Affairs National Information System (HANIS), which has been implemented in phases since 2003
- the criminal justice system e-docket and e-Scheduler System
- the upgrading of technology at border posts and ports of entry.

Cluster department budgets have expanded rapidly, much of it for more personnel.

**Table 12: Expanding budgets in the criminal justice system**

| Department  | Period             | Budget                    |
|-------------|--------------------|---------------------------|
| Police      | 1992/93 to 2007/08 | R5,645bn to R35,917bn     |
| Justice     | 1992/93 to 2007/08 | R7,835bn to R8,805bn      |
| Corrections | 1991/02 to 2007/08 | about R1bn to about R11bn |

Source: Departmental reports

From 2002/03 to 2006/07, the SAPS enlisted 64 060 personnel. That took the total to 163 416, and the number is expected to reach 193 240 by 2010.

Nevertheless, the progress of the first 10 years was insufficient. There was a need to further strengthen departments. Integrated strategising and action remained a challenge. In 2005, government initiated a comprehensive review of the criminal justice system in conjunction with the Big-Business Working Group. The proposals emerging from the two-year review were adopted by Cabinet in late 2007. They emphasised the organisational challenges of bringing down levels of crime. They focused on the need to prioritise building greater capacity of the departments, in terms of skills; modernisation of technology (including the fast-tracking of existing modernisation initiatives); resources; and the ability to strategise, plan and work together in an effective and integrated way, rather than as separate components.

### **Transformation of the judiciary**

Because of the role of the judiciary under apartheid, judicial transformation in democratic South Africa has had several aspects.

First and foremost, South Africa's constitutional system changed from parliamentary sovereignty to supremacy of the Constitution. This redefined the independence of the judiciary and made constitutional values, rather than Parliament's intentions, the guide judges follow in interpreting statutes. The Constitution is also transformative in nature, enjoining redress of past injustice and realisation of aspirations. This gives the judiciary great potential to play a progressive role. It is in this context that the imperative to transform the judiciary must be understood.

Secondly, the role of the Judicial Services Commission (JSC) in appointing judges constitutes a radical break with the past. Comprised, among others, of senior judges; the minister responsible for the administration of justice; legal practitioners and MPs, the JSC – along with the Magistrates' Commission – has contributed to the evolution of a judiciary increasingly representative of South African society. By mid-2007, 52% of judges and magistrates were black (African, coloured or Indian) and 30% women. There is still a way to go, but it is far from the 1994 situation. Transformation faces challenges arising from a past which led to a relative shortage of skilled and experienced black lawyers who could be considered for appointment to the bench – and from the orientation of training and outlook in the country's law schools and consequently in the judiciary itself.



Judgments of the Constitutional Court have tended to reflect deep understanding of the constitutional imperatives and progressive interpretation of the Constitution and social rights in particular. Government's response to court judgments, whether they were favourable to government or not, has been respectful and helped reinforce the legitimacy of the courts.

The extensive power that the Constitution places in the hands of the judiciary gives continuing life to debate and contestation regarding the balance between judiciary, executive and legislature. Most recently, this has been in relation to legislative measures proposed by government to enhance efficiency in the administration of justice, a matter that has also come to be regarded as an aspect of transformation because it affects public access to justice. At issue also is a question whether sufficient thought has been given to how the principles of cooperative governance apply between different arms of the state, in this instance the judiciary and the executive.

Some public ambivalence and debates around some judgments seen as reflecting racial or gender stereotypes, or as having political motivation, have found more vocal expression in the recent period. Particularly when linked to party-political dynamics, such challenges could be beginning to detract from the popular legitimacy of the courts.

#### **2.4.2 Reducing crime and enhancing safety**

From 1995, anti-crime efforts have been guided by the National Crime Prevention Strategy. As it developed, it came to include:

- a National Crime Combating Strategy
- the Integrated Justice System programme
- a Sexual Offences and Community Affairs Unit focusing on crimes against women and children
- the Directorate of Special Operations (DSO) and Asset Forfeiture Unit in the National Prosecuting Authority (NPA)
- Financial Intelligence Centre focusing on organised crime; and a Victim Empowerment Programme.

**Table 13: Broad categories of reported crime**

| Crimes /100 000 population   | 1994/95        | 2002/03        | 2004/05        | 2007/08        |
|------------------------------|----------------|----------------|----------------|----------------|
| Property crimes              | 1 689,1        | 1 605,4        | 1 282,0        | 1 090,0        |
| Contact crimes               | 1 625,8        | 1 951,7        | 1 810,4        | 1 403,7        |
| Theft and commercial crime   | 1 328,9        | 1 640,1        | 1 404,2        | 1 102,5        |
| Damage to property and arson | 346,0          | 365,8          | 341,3          | 301,7          |
| Firearms, alcohol and drugs  | 212,9          | 201,9          | 277,8          | 357,5          |
| <b>Total crimes</b>          | <b>5 202,7</b> | <b>5 764,9</b> | <b>5 115,7</b> | <b>4 255,4</b> |

Source: *Development Indicators 2008*, using data from SAPS

The level of reported crimes remained at the 1994 level until it increased from 1998 to peak in 2003. It then began decreasing. In absolute terms – and therefore also in per capita terms – most categories of crime are stabilising or decreasing in comparison with 1994. The exception is firearm-, alcohol- and drug-related crimes, the type of crimes whose reported levels tend to reflect increased police action.

Within the overall trends there are shifts in the patterns of crime. Contact crimes have become a greater proportion of the total. Within contact crimes there is further differentiation. From 1994 to 2007, the murder rate decreased by 42%. But the number of robberies increased substantially over the same period (though decreasing since 2003/04, and constituting a small proportion of crime). The increase in robbery corresponds with the fall in property crimes, mainly burglaries and vehicle theft, suggesting a response by criminals to actions by the public to secure their belongings.

Victim surveys by the Institute of Security Studies (ISS) show trends consistent with those of the SAPS. They point to crime being down overall by 12% since 1998; and 4% since 2003. They show decreases in housebreaking, corruption, theft out of vehicles and stock theft – and notable increases in household and business robbery, and car theft. The ISS victim surveys also reflect the shift towards more violence. Overall experience of crime in South Africa, reflected in victim surveys, are of a similar level to many other countries. However, robbery rates, in particular incidents with firearms, are very high. WHO epidemiological estimates of homicide rates, likewise, put South Africa's murder rate as comparatively high.

On the one hand, the impact of the National Crime Combating Strategy – whose implementation began in earnest in 2002 – is evident in the positive reversal of

almost all crime trends. On the other hand, the extent of violence in crime persists as an urgent challenge in a manner that was not foreseen.

At the next stage in the cycle of dealing with crime, namely the courts, there has been some improvement in performance attributable to the Integrated Justice System. Nevertheless, the trends suggest a system struggling to cope with its load. There are increased conviction rates in finalised cases, but the outstanding roll grew by 9% from 2002/03 to 2006/07. That happened despite fewer new cases being referred to court in line with the overall decrease in crimes and more diversion of cases from courts. A problem in court management is also suggested by a decrease in cases finalised. More cases being withdrawn reflects a gap between detective and prosecution services.

**Table 14: Court processes**

|                               | 1999/00 | 2002/03                    | 2006/07                  | 2007/08 |
|-------------------------------|---------|----------------------------|--------------------------|---------|
| New cases in court            |         | 1 117<br>879 in<br>2002/03 | 875<br>038 in<br>2005/06 |         |
| Withdrawals                   |         | 363 391                    | 587 037                  |         |
| Finalised cases               |         | 407 350                    | 313 702                  |         |
| Conviction in finalised cases | 80%     | 82%                        | 85%                      | 86%     |

Source: *Development Indicators, 2008* citing departmental reports

At the final stage in the process, namely Correctional Services, one can again observe the combination of impact of crime trends, advances in policy and constraints of capacity. The challenge is to deal simultaneously with a number of objectives: reorienting the system to rehabilitation rather than retribution to help reduce crime, fighting corruption and maintaining safe custody.

Despite initiatives to deal with overcrowding – new prisons, alternative sentencing, correctional supervision, an awaiting-trial project and parole – the problem has grown. From 1995 to 2007, the capacity of the prisons increased from 95 000 to 115 000, while the number of prisoners went from 111 000 (107% occupancy) to 161 000 (141% occupancy).

The growing incarceration rate is linked to the growth in violent crime. Part of the response has been longer sentences and the introduction of minimum sentences.

Consequently, a growing proportion of offenders serve longer sentences. There was a 31% increase from 1999 to 2007 in sentenced prisoners convicted of aggressive (violent) offences and a similar increase in those convicted of sexual offences. The proportion convicted of economic (mainly property) offences decreased by 47%.

The crime trends also point to an urgent need for more attention to those elements of the National Crime Prevention Strategy that address the causes of crime. There is growing consensus that what is critical is to improve the built environment, reduce poverty and strengthen social cohesion as well as action that credibly conveys the message that crime does not pay.

The cluster has implemented special initiatives intended to improve its effectiveness. Among those that have made some impact are the specialised courts for commercial crimes and sexual offences, and the Community Policing Policy.

Community policing forums were introduced on the premise that success in fighting crime depends on cooperation of the community with the police. The forums work with local government to implement crime prevention policies. Their strength varies but they have brought a better relationship between the police service and the communities they serve. Constraints on the scope of what the forums could do, led government to propose an enhancement of their functions.

Relations with organised business have progressed from the partnership with Business Against Crime – which, among other things, brought about major declines in street crime in targeted city centres – to the joint initiative with the Big Business Working Group to review and revamp the criminal justice system.

How much must be done to mobilise citizen participation is reflected in the 2007 ISS *Victim Survey*. It showed that though the level of awareness of the community forums was not insignificant, only about 10% of the public belong to, or have ever attended, a meeting of a community group concerned with crime.

While advances have been made since the attainment of democracy, with new policies and alignment of practices with the constitutional values, the criminal justice system departments clearly need to review how they interact with one another and with society. They need strengthening with regard to personnel. Technology needs to be modernised, especially in areas of strategic importance that affect detection rates, management of the court system and rehabilitation. These

imperatives are not fundamentally different from those identified five years ago in the *Ten Year Review* and there is an urgent need for more substantial progress.

### 2.4.3 High-priority crimes

#### Violent crimes against women and children

Combating violent crimes against women and children has been a priority.

Specialised courts dedicated to sexual offences (63 of them) have been established across the country. Thuthuzela Care Centres help prevent secondary trauma for victims of these crimes and also assist in improved conviction rates and speedy justice. Prosecutors, police, magistrates and doctors have been empowered with specialised skills. Dangerous sexual offenders are kept under long-term supervision on release from prison. Amendments of the Sexual Offences Act in 2007 and Children's Act in 2008 strengthened the legal weapons for fighting abuse. Minimum sentences have been implemented and a victim empowerment charter (still to be implemented) has been developed.

Specialised centralised units in the SAPS to deal with family violence, child abuse and sexual assault were established, and in 2007 their functions were decentralised to empower the station level to better deal with these matters.

Although progress has been made during 2008, the NPA identified shortcomings in procedures in the hearing of child-rape cases which needed attention.

The incidence of reported rape increased from 1994, then fell back to 1994 levels by 2002 and has since fallen lower (76 per 100 000 in 2007/08 compared with 115 in 1994/95). As a proportion of overall violence against persons, crimes against women and children have not, however, shown significant change. Over half of common assaults and half of assaults with grievous bodily harm are against women and children. Children are the victims of 40% of rapes.

The measures taken have strengthened the state's capacity to deal with sexual assault and other violence against women and children. Detection rates are relatively high due to the frequent interpersonal relationship between victim and offender. Conviction rates in dedicated courts increased from 63% in 2004/05 to 70% the following year. Where there are Thuthuzela Centres, conviction rates range between 74% and 82%.

The nature of these crimes makes cooperation between police and community especially important. The annual campaign of 16 Days of Activism for No Violence Against Women and Children has over nine years focused on mobilisation of communities. This partnership of government and civil society has given rise to the 365 Days Action Plan, which seeks further to mobilise society and promote practical action.

### **Organised crime and corruption**

Some of the crimes most prominently associated with organised crime decreased markedly from 2001 – e.g. bank robberies and truck hijacking – and there was a slight decrease in car hijacking. Cash-in-transit heists decreased markedly in 2007 from a peak in 2006. These advances can be attributed to specialised task teams that were set up to deal with these crimes. However, from around 2005 there has been a sharp increase in serious robberies that points to the work of organised groups, in particular business robbery. The successes show the impact of concerted efforts and good intelligence – and the reverses show how organised crime shifts its operations in response. These trends underline the need for adaptability in the fight against organised crime.

Government has taken a number of measures to fight organised crime. Apart from the powers in the Prevention of Organised Crime Act, it created a number of specialised units:

- SAPS Organised Crime Unit
- DSO and Asset Forfeiture Unit in the NPA
- Financial Intelligence Centre
- specialised commercial crime courts.

The fight against organised crime has included partnership with multilateral organisations and countries of the region.

In 2008, legislation was introduced to merge the functions and powers of the DSO and SAPS Organised Crime Unit into a single agency within the SAPS.

The measures that have been taken enable a number of actions:

- detection of crime through protection of whistle blowers (Protected Disclosures Act)

- confiscation of the proceeds of crime
- linking of public and private sectors in monitoring financial activities that could involve money laundering
- monitoring cellular phone communication under strict conditions, using the Interception and Monitoring Act.

The Organised Crime Unit dismantled 273 clandestine drug laboratories between 1994 and 2007, and neutralised 738 syndicates. Between 2002 and 2007, the DSO finalised about 1 300 investigations and initiated just over 1 000 prosecutions with an average conviction rate of 85%. The Asset Forfeiture Unit won forfeiture orders involving more than R115 million and froze assets worth over R550 million.

Action against organised crime has had significant impact. Crime trends underline the challenge of sustaining, intensifying and streamlining the efforts as organised crime seeks to adapt to the advances of the state.

### **Illegal firearms**

An exceptionally high rate of reported firearm crime and violence prompted action to regulate ownership of legal firearms and reduce the number of illegal ones. Most firearms used in crime are illegal. They are mainly stolen from or lost by civilian owners or state armouries and personnel or imported illegally.

Action started with a campaign to persuade people to voluntarily hand over firearms. At the same time, redundant firearms in SAPS possession were destroyed. An audit of firearms held by government departments was conducted; and there were operations to recover illegal firearms in high-crime areas. There were joint operations with the Mozambican authorities to destroy weapons caches; and participation in the development of a United Nations (UN) Protocol against Illicit Manufacturing and Trafficking in Firearms. Stricter criteria were applied in the granting of civilian firearm licences.

More comprehensive and stringent firearm-control legislation was promulgated in 2000 and introduced between 2000 and 2004 in a phased way.

By the end of 2007, SAPS estimated that there were 2,5 to three million civilian licensed firearms in South Africa, a 44% reduction since 1999. The number of firearms reported lost or stolen has declined by 24% from 2004, indicating more re-

sponsible and safe firearm ownership. The SAPS has destroyed over half a million firearms since 2000, nearly half of that amount between 2005 and 2006, following a firearm amnesty in 2005. Firearm-related deaths (relative to other violent deaths) in major urban areas decreased by about 50% from 2001 to 2004.

The challenge is to sustain the efforts to regulate legal ownership of, and reduce illegal weapons.

#### **2.4.4 Security**

Several challenges have been dealt with: improving security in government, seeking to end political violence and bringing the spectre of urban terrorism to an end.

##### **Political violence**

Political interventions reduced political violence and intolerance from levels of great concern in the first years of democracy, particularly in parts of KwaZulu-Natal, Eastern Cape and Gauteng, to a still unacceptable but sporadic phenomenon.

The Truth and Reconciliation Commission helped deal with the consequences of political violence and human rights abuses under apartheid. Implementation of its decisions continues. This includes payment of restitution and reconstruction projects in the most affected communities. The dignity of communities and individuals is being restored with regard to place names, historical monuments and identification and reburial of those killed in instances of human rights abuse.

However, the use and encouragement of violence in pursuit of socio-economic objectives has taken a worrying turn, particularly since 2006. Strikes or protests have been marred by violence, in some instance fatal, against individuals and destruction of property. In 2008, violent action against people from other countries and, in the process, other South Africans, and destruction and looting of property, flared up on an unprecedented scale in a few communities across a number of provinces.

##### **Terrorism**

In the years since the attainment of democracy, government has successfully dealt with manifestations of terrorism – the deliberate targeting of civilians in political conflict – in South Africa. It has played its part in combating international terrorism in a manner consistent with the tenets of our Constitution and international law.



Urban terrorism in the Western Cape started in 1996. By 2000, it was virtually brought to a complete end, due to coordinated operations of intelligence and law-enforcement agencies that led to successful prosecutions and long prison sentences for those responsible.

When right-wing terrorist groups sought to mount challenges to the legitimacy of the state during 2002, intelligence and law-enforcement agencies uncovered the plans. They confiscated large amounts of explosives and firearms, and brought the suspects to court in a trial which is still proceeding. Since then, small political groups with radically right wing views have been active. But they have little impact on opinion beyond their ranks and there is no evidence of resurgence of underground structures.

### **Border control**

Border control has to facilitate legitimate trade and commercial activities, as well as tourism, while detecting and preventing illegal movement of goods and people and the operation of transnational organised criminal networks.

Control of the country's borders has become more coordinated with the establishment of the Border Control Operational Co-ordinating Committee. It includes Home Affairs, Intelligence, Transport, SAPS, Public Works, Agriculture, Health and the South African National Defence Force (SANDF). Responsibilities of departments have been rationalised. Infrastructure at entry control points has been upgraded and technology modernised. Government has entered into agreements with neighbouring and other countries.

Seizure of counterfeit goods fluctuated between R230 million and R450 million over the four years up to 2006/07. During the same period, narcotic seizures grew from 56 to 381. A very large growth in cigarette smuggling in the same period saw the value of such seizures grow from R35 million to R63 million. Cash, endangered species, explosives, motor vehicles and precious stones and metals are among the other illicit goods that border control has regularly seized.

However, management of the border environment has been hampered by lack of a comprehensive policy on migration, a factor contributing to some of the social tensions which, along with various other factors, has played a part in violence against people from other countries.

### 2.4.5 Access to justice

An effective criminal justice system forms part of the larger commitment to providing the people of South Africa with access to justice. The preceding sections have focused on that aspect. The dispensing of justice, however, goes well beyond fighting crime through the criminal justice system, and the Government maintains a comprehensive apparatus for civil justice.

Various courts already existed to deal with family and commercial matters – such as the divorce courts, maintenance courts and children’s courts. These are the agencies that are fundamental to the working of the economy, and the facilitation of trade and commercial activities, including the Land Registry. New courts have been introduced through legislation to promote development and equity, such as the equality courts, small claims courts, and environmental courts. The Competitions Tribunal gives substance to the anti-competition policy.

### 2.4.6 Conclusion

#### Key issues for further attention in *FINDINGS*

- Cluster priorities remain valid and have impact – but less than needed
- Overall progress in dealing with crime – but violent and organised crime a serious challenge
- Criminal justice system struggling with load – problem of systems, coordination, resources
- Insufficient coordination of cluster in strategy and implementation
- Mobilisation of society in fight against crime improved but short of what is needed.

## 2.5 International Relations, Peace and Security

After the attainment of democracy, assimilating the country into the global setting became a preoccupation. It was also necessary to transform the foreign, defence and intelligence organisations and those engaged in the country’s foreign economic relations.

South Africa emerged from isolation and marginalisation through normalisation of diplomatic relations and participation in regional, continental and international multilateral organisations. This enabled it to play a critical role – well beyond its capacity and resources – in advancing its own interests and those of developing countries, especially in Africa. On the other hand, some objectives were not fully achieved.

**What the *Ten Year Review* said**

- A thorough reworking of the national security mission and principles underpinning South Africa's international relations
- Institutions transformed to align with policies and procedures of democracy
- Government successfully influenced others even where it lacked direct control
- Progress in raising South Africa's international and regional profile and influence
- A unipolar world adversely affects developing countries.

**Challenges**

- Improving the regional environment; uniting the world around New Partnership for Africa's Development (Nepad) values and agenda
- An active role in Nepad and APRM conceptualisation; supporting the African Union (AU) Peace and Security Council in peacekeeping, conflict prevention and resolution
- Ensuring AU structures and programmes are implemented, operationalised and consolidated
- Consolidating South Africa's active role in the world's political and economic systems, promoting multilateralism at regional, continental and global levels
- Economic diplomacy to expand economic links with Africa and the world, and attract Foreign Direct Investment (FDI)
- Continue leading role in the international sustainable development agenda
- More and faster transformation of departments, with better performance and accountability
- Marketing South Africa and Africa.

One of the priorities of the MTSF for 2004-09 has been pursuit of the country's international agenda as a contribution to South Africa's own growth and development. This has required particular focus on the Southern African Development Community (SADC) and the continent, strengthening relations across the globe and marketing South Africa. It has been translated into the following:

- consolidating the African Agenda
- strengthening and deepening relations with countries of the South
- transforming relations with the developed countries of the North
- pursuing economic diplomacy
- participating in the global system of governance.

**2.5.1 Normalisation – domestic and global**

Formal diplomatic representation has continued to grow, though slower than the first major expansion.

In 1994, there were only 65 South African foreign missions. By 2004, there were 105 South African missions in 91 countries; and by 2008, 121 missions in 105 countries. South African missions in Africa grew from 17 in 1994 to 33 in 2004 and 45 in 2008. Conversely, the 45 foreign missions accredited in South Africa in 1994 became 105 by 2004. By 2007, government had accredited more than 160 countries and organisations resident in South Africa.

The many multilateral conferences and major international events hosted by South Africa also measure the country's integration into the community of nations.

**Table 15: International conferences and events**

|  |      |
|--|------|
| Rugby World Cup  | 1995 |
| African Cup of Nations   | 1996 |
| UNCTAD IX Summit   | 1996 |
| Non-Aligned Movement Summit                                      | 1998 |
| All Africa Games   | 1999 |
| Commonwealth Heads of Government Meeting                         | 1999 |
| World AIDS Conference  | 2000 |
| UN World Conference Against Racism                               | 2001 |
| African Union Summit   | 2002 |
| World Summit on Sustainable Development                          | 2002 |
| Cricket World Cup  | 2003 |
| Award of 2010 FIFA World Cup                                     | 2004 |
| Inauguration of Pan African Parliament                           | 2006 |
| World Association of Newspapers Conference                       | 2007 |
| International Monetary Conference                                | 2007 |
| Global Forum V on Fighting Corruption and Safeguarding Integrity | 2007 |
| OECD Conference on Tax Administration                            | 2008 |
| SADC Summit  | 2008 |
| World Bank Annual Conference on Development Economics            | 2008 |

## 2.5.2 Consolidating the African Agenda

The regeneration of Africa is the main pillar of South Africa's foreign-policy objectives. It is central to ensuring a better life for all in South Africa and on the continent.

South Africa contributed to two tangible elements of African renaissance during the first decade. One was transformation of the continental political architecture with the transition from the Organisation of African Unity to the African Union (AU). The other was the adoption of the New Partnership for Africa's Development (Nepad) as the social development blueprint for Africa and the framework for its engagement with the North and other international actors. In the second decade, operationalisation of the AU and implementation of Nepad became key challenges, including in particular improving the climate for development in southern Africa.

In the second decade, South Africa also built on the foundations it had laid for peace, diplomacy and, through bilateral and multilateral engagements, for raising the profile of Africa's development needs on the world stage.

### **Operationalising and strengthening the AU institutions**

The Pan African Parliament, hosted by South Africa since its launch in 2005, has been establishing itself as a voice of African political representatives. The Economic, Social and Cultural Council (ECOSOCC) was established in 2005 by an assembly of civil-society organisations convened by the AU Commission. It has become a vehicle for unified positions from civil society on major issues. The African Commission for Human and Peoples' Rights is in operation. The modalities for the establishment of the finance and justice institutions are underway, and South Africa is preparing to contribute meaningfully to their establishment.

South Africa has helped operationalise AU peace and security structures, pre-eminently the AU Peace and Security Council (AUPSC). Apart from having been a member and chair of the council, South Africa was a prime mover of, and one of the main troop-contributors to, the deployment of the first peacekeeping missions under AUPSC auspices. Our country actively participated in the establishment of the Continental Early Warning System and the African Standby Force.

On the other hand, South Africa has not seconded sufficient personnel to these institutions to enable it to contribute to advancing AU objectives. There is need for more urgency in proactively implementing the national secondment policy.

### **Strengthening and implementing Nepad and the APRM**

Nepad has become the main frame of reference and engagement by African governments, regional economic communities (RECs), civil-society bodies on the continent

and international bodies and partnerships. South Africa and its African partners have used engagement with the G8 to ensure the adoption of an Africa Action Plan as the framework for the G8's partnership with the continent.

South Africa played a part in establishing the Nepad Pan-African Infrastructure Development Fund in 2007, as well as other facilities to promote implementation of Nepad projects. The fund was created by African countries using their own pension funds, to fund high priority cross-border infrastructure projects.

The South African Government, conscious that the primary agents of Nepad implementation must be national governments and RECs, initiated a Nepad Implementation Strategy for South Africa, finalised in consultation with civil society and the private sector.

Notwithstanding progress, the challenges are great. Integration of Nepad fully into the AU system still has to be effected and expectations of the Nepad Secretariat are higher than its actual capacity. G8 countries have proved slow to translate undertakings into action. With the adverse turn in global economic conditions, there seem to be signs of fragility in some of the commitments that were won with so much effort.

There has been a positive response to the African Peer Review Mechanism (APRM). Twenty-nine of a possible 53 countries have voluntarily signed up for comprehensive APRM scrutiny. Seven, including South Africa, have gone through the review and a further eight have received a country support mission.

South Africa's review was largely smooth and thorough. South Africa was commended for 18 best practices, which other nations could emulate, including: cooperative governance, participatory governance practices, a consultative budget process, and provision of basic needs. Some key innovations in the South Africa country assessment that were highlighted included: establishment of provincial governing councils, simplification of the questionnaire and translation into all official languages, a wide media and information dissemination strategy and involvement of civil society through the South African ECOSOCC chapter.

The report also raised critical issues for South Africa to consider, including: inequality, poverty eradication, unemployment, crime, models of democracy, accountability of elected officials, race relations and corruption. These issues are addressed in South Africa's comprehensive APRM Programme of Action.

## Peace, diplomacy and post-conflict reconstruction and development

Departing from the premise that peace and development are inextricably linked, South Africa has contributed to peaceful resolution of conflicts, drawing from the experience of its own negotiated settlement.

Early into its Second Decade of Freedom, South Africa was one of five countries elected to serve in the AUPSC for three years. During this period, the first African-led peace mission was deployed in Sudan and transformed into the combined UN-AU Peacekeeping Mission.

**Table 16: Peacekeeping operations**

| Personnel          | 1999     | 2000       | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
|--------------------|----------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| DRC                | 1        | 113        | 161          | 164          | 1 455        | 1 430        | 1 230        | 1 242        | 1 248        | 1 248        |
| Eritrea & Ethiopia | 0        | 5          | 8            | 11           | 11           | 14           | 7            | 7            | 7            | 2            |
| Burundi            | 0        | 0          | 701          | 750          | 1 500        | 1 437        | 1 267        | 1 202        | 751          | 1 000        |
| Liberia            | 0        | 0          | 0            | 0            | 0            | 3            | 3            | 0            | 0            | 0            |
| Sudan              | 0        | 0          | 0            | 0            | 0            | 10           | 339          | 620          | 626          | 804          |
| <b>Total</b>       | <b>1</b> | <b>123</b> | <b>1 579</b> | <b>1 686</b> | <b>4 477</b> | <b>4 358</b> | <b>4 462</b> | <b>4 900</b> | <b>4 016</b> | <b>4 860</b> |

Source: Department of Foreign Affairs. The table includes deployment of uniformed military observers, hence the small numbers in some cases.

South Africa has been one of the largest troop-contributors to African peace missions, in places such as the Democratic Republic of Congo (DRC), Burundi, Sudan and Ethiopia-Eritrea.

In Zimbabwe, in the context of social and political instability experienced since the turn of the century, South Africa sought over many years to assist the Zimbabwean political leadership to find a lasting solution, without much success. In the build-up to the 2008 harmonised elections, SADC mandated South Africa to facilitate dialogue, which resulted in unprecedented initial agreements creating an environment for an election in March 2008, generally recognised as reflecting a credible expression of the will of the people of Zimbabwe. This was followed by increased violence and a presidential run-off involving only the incumbent, the credibility of which was questioned by the continent and the rest of the international community. South African mediation continued during negotiations aimed at creating a transitional administration, bringing together all parties to normalise the political and economic situation and oversee credible elections.

South Africa has also played a facilitation role in situations of armed conflict, including in Burundi and Côte D'Ivoire. It supported peace processes in Sudan, Liberia and the Comoros.

In recent years, South Africa has supplemented peacemaking with efforts to lay the basis for permanent stability and peace through economic reconstruction, reconstitution of the state and nation-building. Many government departments have contributed to this process in countries such as the DRC, Sudan, Burundi and the Comoros.

The expanding commitment to continental peace and security has required further military capacity beyond the initial Strategic Defence Procurement undertaken in the wake of the *1998 Defence Review*, including additional airlift and sealift capacity, and equipment for ground forces.

### **Improving the regional environment – strengthening SADC**

Until 2004, the focus with regard to SADC was on restructuring and replacing sectoral coordinating units with national committees to strengthen linkages between SADC and the countries of the region; and between the SADC Secretariat and the political structures that guide it.

Since then, focus has shifted to developing policies to guide the SADC integration agenda and to operationalising the many protocols adopted in the past decade.

The Regional Indicative Strategic Development Plan harmonises many SADC policies, sector strategies and protocols. It turns them into priorities to be implemented within clear timeframes. It provides a sound basis for regional implementation of Nepad and other developmental goals. It gives impetus to trade integration towards a free trade area (formally initiated at the SADC Summit in August 2008), a customs union and a common market. On the other hand, the Strategic Indicative Plan of the Organ for Politics, Defence and Security Cooperation is a blueprint for effective security cooperation, including the Regional Early Warning System, Regional Peacekeeping Training Centre and the SADC Brigade – a regional contingent of the African Standby Force.

However, institutional reform remains incomplete. Many national committees, which were to be critical to driving national implementation of SADC policies, are not in place or are underresourced and weak in civil-society participation. In South Africa, the coordination and implementation of SADC policies is managed by the African

Renaissance Committee of the IRPS Cluster, in consultation with civil society and business through Nedlac.

Given the strategic importance for South Africa of an improvement in the regional environment, this and other issues need urgent attention – especially in the context of South Africa’s chairpersonship assumed in August 2008 (for the second time since 1994).

### **2.5.3 Economic relations in Africa**

In 2002, South Africa renegotiated and signed trade agreements with the Southern African Customs Union (Sacu) that includes Botswana, Lesotho, Namibia and Swaziland. The goal was to encourage balanced economic development across the customs union. In response to challenges around how revenue is distributed among Sacu countries, South Africa has initiated a review to arrive at a new consensus on revenue-sharing.

At a continental level, South African investment and trade with African countries has increased dramatically since 1994. Africa is now South Africa’s fourth largest export destination. South African investments in southern Africa alone totalled R14,8 billion in 2001. Trade with the rest of Africa totalled about R50 billion that year and increased to R108 billion in 2007 with exports amounting to R68 billion and imports to about R40 billion. In the same year, South Africa’s trade in the SADC region totalled some R68 billion with exports reaching R44 billion and imports R24 billion.

There are, however, a number of factors which could undermine the benefits of this relationship or inhibit its growth. There is a huge trade imbalance in favour of South African exports. Further, there is a need continually to improve the conduct of South African companies on the continent, in line with the values of our own Constitution and ethos. At the same time, the medium-term impact on the country’s standing, of the recent violence against people from mainly other African countries, needs continued review. The Government and the totality of the country’s leadership need to improve South Africans’ understanding of the conditions of people on the continent and our humanist role and obligations. More broadly, there is need to attend to the trend in some African countries for some prominent individuals increasingly and openly to question South Africa’s credentials as a champion of the African cause.

## Africa's strategic partnerships

In building relations between Africa and other continents, South Africa has emphasised strategic partnerships that are of benefit not only to South Africa but also to the continent and its partners.

The Forum on China-Africa Cooperation, which was established in 2000, held its first heads of states-level summit in Beijing in 2006. The aim is to strengthen economic cooperation. Africa seeks to ensure that the partnership supports the RECs and Nepad projects. Partly due to weaknesses at Nepad, opportunities for Chinese investment to support Nepad projects are not being sufficiently taken advantage of.

The India-Africa Forum had its first high-level meeting in April 2008. The forum will address areas of cooperation on regional and international issues, including climate change and a developmental approach to WTO negotiations. Economic relations between Africa and India have grown significantly. South African investment in India's transport, mining and technology sectors has been growing.

Japan has hosted four meetings of TICAD (Tokyo International Conference on Africa's Development) between 1993 and 2008. In 2004, South Africa and Japan agreed to extend their relations to allow Japan to support African regional integration and Nepad, and to help Africa to access Asian markets. South Korea has created a Korea-Africa Forum, with a more economic bias. At the same time, negotiations are underway to strengthen economic relations between SADC and Mercosur in Latin America.

The European Union (EU) accounts for 44% of Africa's trade volume and gives 40% of its development aid to Africa. South Africa's strategic partnership with the EU is further dealt with in *North-South relations* below.

### 2.5.4 South-South cooperation

Born out of necessity in the struggle against colonial rule and domination, South-South collaboration and solidarity have been a foundation for building the collective power of poor countries around a common agenda for development and the reform of international organisations.



South Africa's agenda for South-South cooperation is informed by the broader objective to promote multilateralism in the interest of the developing world.

Beyond this, the value of South-South cooperation should be visible in increased market access, trade and investment benefits for all countries of the South and material support for Nepad projects.

The India-Brazil-South Africa Partnership (IBSA) emerged at the end of the first decade as a potential source of new energy and substantial progress in South-South collaboration, balancing the politics of solidarity with the bricks and mortar of economic activities, including support for Nepad projects. It has developed common positions on global issues and built issue-based trilateral cooperation.

It has become a major influence in global politics and economic diplomacy. But as yet it has been less successful in productive trade and development cooperation.

The focus of the Non-Aligned Movement (NAM), which South Africa chaired for four years from 1998, has been on making it an effective machinery for the new South-South agenda. Despite the difficulties inherent in such a large body, it has become effective in driving common positions at the UN where its several members on the Security Council have worked together on major global issues.

The G77 and China Forum, established in 1994, has developed crucial common policy positions on a range of issues, mainly economic. When South Africa took the chair in 2006, it aimed with some success to harmonise positions that South countries take in other forums. South Africa co-championed the New Africa-Asia Strategic Partnership from its establishment in 2005, as part of its commitment to consolidate South-South cooperation. This built on the strategic partnership between Africa and Asia at the dawn of independence initiated at the 1955 Bandung Conference.

Bilateral engagements have been equally crucial in building South-South cooperation. Some have been elevated into binational commissions (BNCs). These relations have also generated support for Nepad and peace diplomacy, and have yielded significant economic benefits for South Africa in the form of increased trade.

### 2.5.5 North-South relations

The Government has consistently sought to transform North-South relations, particularly on security, the environment, debt relief, market access and terms of trade. Promotion of multilateralism is seen as strategic and catalytic in the pursuit of global reform towards a fairer distribution of power and resources. The strategy has included dialogue through BNCs, engagement with the G8 and major conferences on issues of mutual concern. South Africa has sought to promote consensus of the South as to the form of a new world order and recognition by the North that the global politics and economics necessitate substantive reform. The recent momentum of global discourse about the need to change the paradigm of global power relations indicates that concerted effort does make a difference.

South Africa has participated actively in the G8, Organisation for Economic Co-operation and Development (OECD), the African Partnership Forum and the United Kingdom (UK) Commission for Africa with a view to build partnership based on new values.

Engagement with the G8 began at the 2000 G8 Summit. Since then, South Africa, as a regular representative for Africa in the Outreach Five, has successfully campaigned for an actionable G8 Africa plan premised on Nepad being a tangible African development agenda. In the process, South Africa has grown in stature as a champion of the African cause and an effective North-South bridge-builder. The G8 in 2002 adopted the Africa Action Plan, with commitments to support Africa's initiatives with regard to peace, security, development and governance. The Africa Partnership Forum was established in 2003 in the wake of the Evian Summit and further major commitments flowed from the 2005 Gleneagles Summit. Although the 2007 Summit recommitted itself to the Africa Plan, by 2008 there was little evidence of actual implementation. The G8 has instituted dialogue between the member states of the G8 countries and Brazil, China, India, Mexico and South Africa as emerging economies. Together they are to address the biggest challenges faced by the global economy today and produce results within two years. Progress will be reviewed at the 2009 G8 Summit.

Since 2005, the relationship with the EU (both the commission and member states) has intensified on three fronts: work on a joint EU-Africa Strategy, consultations to develop a Strategic Partnership with South Africa and negotiations on the economic partnership agreements (EPAs) between the EU and individual African countries.

South Africa is a member of the AU troika that conducted dialogue with the EU on issues that informed the EU-Africa Strategy that was tabled at the EU-Africa Summit in Lisbon in 2007.

The relationship between South Africa and the EU was consolidated with the signing of the South Africa-EU Strategic Partnership, recognising South Africa as an emerging middle power and key role-player in global matters.

Managing these multiple relationships in ways that are consistent with promoting the African Agenda is complicated. The potential of the negotiations around EPAs to undo progress in regional integration illustrated the challenge. The stalled WTO Doha Round also illustrates the difficulty of dealing with the self-centred approaches of the developed world.

In what must be a long process of change, partial outcomes such as inadequate aid flows, low investment and inconsistent commitment to the Nepad Agenda should be taken not as indicating failure but rather the need to sustain and intensify efforts.

### **2.5.6 Economic diplomacy**

In the context of foreign-policy objectives and the domestic imperative of faster and shared growth, the Government identified “economic diplomacy” as an area for more intense attention. It resolved to improve coordination between departments engaged in the country’s economic relations in both bilateral and multilateral terrains.

- WTO: After playing an important role in the launch of the WTO Doha Round in 2001, which emerged with a developmental agenda, South Africa continued to play an active role through the protracted process – as yet uncompleted. South Africa contributed to the building of and participated in various coalitions of the South (such as G20 and Nama 11), which helped to reinforce the developmental spirit of the Doha Round of negotiations.
- Engagements with “strategic” and “priority” partners in the evolution of new patterns of trade relations have advanced in the recent period, though difficulties remain.
- The Trade and Development Cooperation Agreement (TDCA), concluded with the EU in 1999, opened up trade between South Africa and the EU in various areas. The review of the TDCA initiated in 2006 was an opportunity to align the TDCA with the EPA negotiation process and ensure that the region established a single

trade regime with the EU. The process came under pressure as EPA negotiations with individual countries unfolded. South Africa continued to object to EPA provisions that would undermine regional integration and limit development policy space.

- In addition to other initiatives such as the Free Trade Area, South Africa is advocating an industrial policy protocol to promote industrial development in the SADC.
- Negotiations for a Sacu-United States of America FTA (Free Trade Agreement) were suspended in 2006 due to incompatible negotiating mandates and the parties concluded a less onerous trade and investment cooperation agreement.
- Preferential trade agreements among Sacu, Mercosur and India aiming at a trilateral trade arrangement have proven less problematic. Investment flows within a market of 1,2 billion are expected to exceed US\$10 billion in the medium term

### 2.5.7 Marketing South Africa and Africa

Coupled with the emphasis on economic diplomacy was a resolve to improve the international marketing of South Africa and Africa. An active campaign to image, brand and market South Africa began in the late 1990s. It included government initiatives, support for non-governmental initiatives (such as Proudly South African), efforts to secure the hosting of hallmark international events and the creation of a number of bodies which directly or indirectly contributed to better understanding of the predominantly positive character of South Africa's development trajectory. Among these were: the International Investment Council, the International Advisory Council on Information and Communication Technology, the International Marketing Council, Trade and Industry South Africa and a reformed South African Tourism.

Over the years, in part as a result of marketing campaigns, there has been a sustained increase in tourist arrivals in South Africa.

**Table 17: Tourism**

|                  | 1998  | 2001  | 2004  | 2007  |
|------------------|-------|-------|-------|-------|
| Foreign arrivals | 5,73m | 5,79m | 6,68m | 9,10m |

Source: *Development Indicators, 2008*

Cumulatively this growth is estimated to have created over 400 000 direct jobs.



Alongside these developments, a strategy to enhance the country's economic diplomacy and its branding has been developed. As a catalytic pilot project, China is the focus of a variety of activities, including celebrating 10 years of diplomatic relations between the two countries and participation in the 2010 Shanghai World Expo. The two governments are also engaging with a view to forging a Partnership for Growth and Development.

To promote coordinated conduct of international relations across all spheres of government, the Consultative Forum on International Relations has been created, comprising national, provincial and local government representatives.

The hosting of the 2010 FIFA World Cup™ brings a communication opportunity of a lifetime for South Africa to market the country and, working with the rest of Africa, to improve the continent's image.

### **2.5.8 Participation in the global governance system**

A commitment to multilateralism is at the heart of South Africa's foreign policy. Since 1994, the country has sought to contribute to a transparent and rules-based international political and economic order that advances the interests of developing countries.

This will help advance such priorities as human rights, debt relief, peace and stability, an equitable global trading system and sustainable development. South Africa continues to advance the reform of the institutions of global governance, including the World Bank and the International Monetary Fund.

It has worked through such forums as the G77+China and the NAM to ensure that the sanctity of the UN Charter and its rules are observed, especially in dealing with conflict and other threats to peace. It has implemented UN Security Council resolutions on various issues, including peace-support operations and combating terrorism.

South Africa has been an active participant of the G20 since its inception, as part of the effort to reform global socio-economic governance and promote North-South dialogue. It has used membership of forums like the G20 and UN to lobby for institutional and policy reform in international governance institutions, especially improved participation by developing countries in the decision-making and policy

development of the multilateral development banks. This has contributed to alignment of these banks' strategic priorities with those of Nepad and the AU.

Since hosting the 2001 World Conference Against Racism, South Africa has put strong focus on establishing and operationalising the UN Human Rights Council, as an agency with resources and authority to advance the Universal Declaration on Human Rights. It has promoted gender equality and women's rights by campaigning at the UN for tangible action on the Beijing Declaration and Programme of Action.

While the campaign to reform the UN Security Council has yet to bear tangible fruit, in part because of absence of African consensus, South Africa has contributed significantly to the evolution of the debate.

The first year of South Africa's two-year tenure as a non-permanent member of the UN Security Council, beginning in 2007, showed that in spite of global power imbalances, it is possible to make a limited but significant contribution to the cause of the UN and multilateralism. In a debate initiated by South Africa, the Security Council agreed to enhance the relationship between the UN and regional organisations, in particular the AU. This advanced a major goal sought by South Africa and AU, namely the creation of synergies between the work of the UN Security Council and the AUPSC.

South Africa consistently took a principled stance with regard to matters tabled in the Security Council, informed by commitment to multilateralism and the maintenance of international peace and security. However, its resistance to attempts by major powers to place on the agenda matters belonging to other chambers of the UN or which did not have relevance to international peace and security, led, in the absence of effective communication by South Africa, to perceptions that South Africa's commitment to human rights was incomplete.

South Africa's hosting of the World Summit on Sustainable Development in 2002, and its ratification of multilateral environmental agreements, enhanced its role as a player in global environmental governance. This has been sustained through its role as one of four developing country donors to the Global Environment Fund and as a donor to the UN Environmental Programme.

### 2.5.9 Conclusion

#### Key issues for further attention in *FINDINGS*

- Advance towards foreign-policy objectives and recognition of South Africa's status continues
- Effective response to shifts in global power
- New attention to strategic partnerships as initial factors enhancing South Africa's status begin to fade
- Weaknesses in public diplomacy
- Alignment of political and economic diplomacy an issue
- Nepad now a point of reference in Africa and the world – but challenges around implementation and partnership commitments
- Regional integration, peace and stability a continuing challenge.

### 2.6 Targeted groups

Apartheid's legacy of disadvantage and inequity weighs most heavily on sectors of society least well-placed to take advantage of the opportunities of democracy. For this reason, government has taken measures targeted at redressing inequities and promoting social justice for women, persons with disabilities, children and youth.

A range of laws is dedicated either wholly or in part to protecting and promoting the rights of people in these sectors.

#### Legislation concerning targeted groups

- Employment Equity Act, 1998
- National Youth Commission Act, 1996
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000
- Children's Act, 2005 amended in 2008

Policies and programmes with the same objectives focus on increased representation, job creation, elimination of poverty, eradication of violence and the promotion and protection of the human rights of targeted groups. Implementing these policies and programmes has had significant impact.

#### Policies and programmes to advance the status of targeted groups

- National Youth Development Policy Framework, 2002-2007
- National Policy Framework for Women's Empowerment and Gender Equality, 2000
- *Integrated National Disability Strategy White Paper, 1997*
- Draft National Policy for the Advancement and Coordination of Children's Rights Delivery in South Africa

This section takes the theme reviews as point of departure, with focus on the life experiences of these groups, particularly the impact of public policy on their conditions.

### **2.6.1 Representation in employment and at decision-making levels**

The steady growth in representation of women in the Cabinet to over 40% since 2004 has been cited as a best practice internationally. The increase in the proportion of women in the provincial and national legislatures and elected municipal councils has also been substantial.

Although the Public Service reached the target of 30% of women in executive and senior management levels by 2006, it is unlikely to reach the extended target of 50% by the set date of March 2009. The private sector's failure to match the public sector in this regard is a matter of concern – although 41,3% of the employed population in 2006 were women, just 6,4% of CEOs and board chairpersons, 11% of directors and 16,8% of executive managers were women.

Having failed to meet the 2% target for public-service employment of persons with disabilities by 2005, government extended the timeframe to March 2010. The probability of it being met by then is not high.

A significant number of young people continue to have difficulty in accessing employment despite the economy's growth. In 2007, this was the case for 22% young males and 35% young females. It is of concern that of those employed about a third of all youth below the age of 25 are in elementary, unskilled occupations, including domestic workers. The same holds for women in the youth group above 24 years of age, but not for the males in the group.

### **2.6.2 Access to basic services**

The effective targeting of basic services towards the poor has the effect of targeting women and children. A study by the Human Sciences Research Council found that female-headed households, those comprising single women supporting children, and granny households, receive a larger-than-average share of social wage.

Easier access to clean, running water, proper sanitation and electricity eases the burden on women and young girls of having to fetch water and carry firewood from distances and reduces the labour of household chores. The lives of young people

are improved through increased access to household amenities, especially electrification of homes and telecommunications. It enhances their opportunities for education.

On the other hand, problems of quality and affordability of services reduce the impact of broader access. For example, women in households which can afford to use electricity only for lighting, and not for heating or cooking, do not reap the full improvement that electrification can bring to their lives.

### 2.6.3 Poverty

Poverty bears a disproportionately female face. The proportion of women-headed households has increased, and individuals living in female-headed households account for a larger share of poverty than their share in the population.

In 2005, more than half of the individuals considered poor in terms of both the R322 and the R174 line, lived in female-headed households. In contrast, only about 43% of the population lived in female-headed households. Income poverty experienced by women is associated with insufficient earned income. It reflects the high rate of unemployment of women; or low wages as a result of low skill and education levels and, in some instances gender discrimination. Income poverty therefore tends to be reproduced as a disproportionately female problem.

Second-economy interventions and measures introduced via AsgiSA and Jipsa do have positive impact for women. They need, however, to be extensively scaled up to make a lasting and substantial impact on the quality of life of the targeted groups.

Social security assistance in the form of social grants has been highly effective in reducing poverty and promoting social development and health. It has been a key driver in reducing poverty, particularly among the targeted groups. Of the 12 million grant recipients in 2007, the CSG accounted for eight million, the Foster Care Grant for 450 000 and the Care Dependency Grant for 100 000.

In other words, these three child-grants accounted for 70% of all beneficiaries. At least 90% of adult beneficiaries of the CSG were women, most of them between the ages of 27 and 33 years.

The distribution of food packages to needy households as part of government's food security programme reached 66 000 households during the last financial year.

Women form a large proportion of those whose wages have been increased as a result of sectoral determinations in sectors where the vulnerability of workers is high, such as domestic work and farm work.

#### 2.6.4 Health

Greater access to and availability of health services has benefited the targeted groups. Free healthcare was initially limited to pregnant and lactating mothers and children under six, but was extended in 1996 to cover primary healthcare services for all. There is now a maximum of two months' waiting time for a wheelchair, and the expansion of health infrastructure has brought health facilities closer to disability grant beneficiaries. Persons with disabilities are provided health services that are free at the point of delivery. Detracting from the impact of these advances is insufficient progress in providing better and safer public transport for persons with disabilities and mothers with babies.

The 1996 Choice on Termination of Pregnancy Act facilitated the realisation of reproductive rights and health. It has been a major victory for women's rights, empowerment and gender equality, and for the overall health and well-being of women and young girls. By 1999, the maternal mortality rate from abortions had decreased. The percentage of women with serious abortion-related morbidity had dropped from 16,5% to 9,5%.

With regard to maternal mortality in general, available data suggests a rise since 1997 (Statistics SA calculations for 1997-2003 based on Home Affairs *Causes of Death reports*; and Department of Health figures for 1999-2002 in reports on *Confidential Enquiries into Maternal Deaths*, which cover only deaths in public hospitals). According to the report on the *Third Confidential Enquiry*, non-pregnancy-related infections, including HIV and complications from hypertension, were the direct causes of 37,8% of maternal deaths. Women are more likely to be infected with HIV and AIDS at a younger age than men, and overall, women are more likely to be infected than men.

Government regulations have helped reduce micronutrient deficiencies, with significant impact on the lives and well-being of children. A reduction of childhood

mortality and illness from vaccine-preventable diseases has been driven through government's Expanded Programme on Immunisation. The programme has been tremendously successful with three-year immunisation campaigns and extension of the Integrated Management of Childhood Illnesses strategy to 67% of health districts in the country.

There is a need for more innovative approaches that improve access and address the needs of children infected and affected by HIV and AIDS, including ARV treatment.

Data from different sources suggest fairly stable infant and child (under-five) mortality with some decline. The absence of a decline comparable in scale to what is happening in most countries is largely associated with mother-to-child transmissions of HIV. On the other hand, great progress has been made in reducing stunting.

**Table 18: Severe malnutrition among children under five**

|                                      | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Severe malnutrition under five years | 88 971 | 83 957 | 64 718 | 39 785 | 30 082 | 29 176 | 29 165 |

Source: *Development Indicators, 2008*, using data from District Health Information System

The impact of the CSG is reflected in a survey on children who had gone to bed hungry in the past year – it showed a steep decline of more than half in affirmative responses from 31,2% in 2002 to 16% in 2006 (van der Berg, S. *et al*, 2007).

### 2.6.5 Education

Compulsory education for children aged seven to 15 years has increased participation in the education system and the percentage of children with some secondary education.

Gender parity in education is being attained. Female learners are tending to perform better in primary and secondary schooling than their male counterparts. However, the comparatively higher repetition rate among boys in primary schools and the smaller number participating in or completing secondary schooling is a growing problem that needs addressing.

FET institutions were established in 1998 and these colleges are increasingly seen as an alternative to other schooling. They play a critical role in vocational skills development.

Because many young people face financial constraints to furthering their studies, government assists learners from poorer families through the National Student Financial Aid Scheme. In 2007, R1,3 billion was allocated to the scheme.

Women outnumber men in HE, suggesting that awareness of the benefits of education is increasing among girls and young women, recognising that education opens economic opportunities for an improved quality of life.

However, gender disparities are still evident with regard to adult literacy. While literacy is increasing overall, more female adults have no schooling at all (12,1% in 2007) than males (8,4%). Much improved access to ABET programmes by women would help change this. The mass literacy campaign, Kha ri Gude, should improve the situation. It began in April 2008 and aims to help 4,7 million people achieve literacy by 2012.

The transition from youth to adulthood is by nature complex and difficult. Without relevant institutions and pathways that provide broader life chances, such as the educational system, many young people are marginalised and, in their lack of hope and inability to reason, see violence, crime, substance abuse and involvement in various undesirable behaviours as their only recourse. The involvement of young people in illegal activities results in criminality being engraved in their behavioural patterns. They are initiated and hardened into adulthood by the criminal world. The Department of Correctional Services reports an increase in the number of juveniles serving lengthy sentences for violent crimes. High levels of youth unemployment and a high rate of young offenders in prison are reflections of serious deficiencies in the education system and the economy.

Those who drop out of school before completing their senior secondary education pose the most problem. They are unable to participate in the economy. There are few educational institutions to cater for them. They cannot make it in self-employment as evidence shows that success in this sector is associated with high levels of education and work experience.

## 2.6.6 Economy

A more economically enabling environment for targeted groups is the product of a range of measures, including legislation, policies, programmes and information services.

Women, youth and persons with disabilities have been the chief beneficiaries of internships, learnerships, youth-service programmes, the EPWP, entrepreneurships and small business initiatives. Minimum basic wage sectoral determinations have protected the rights and increased the income of domestic and farm workers, most of whom are women. The Unemployment Insurance Fund provides an additional social security net. However, there remains a challenge to ensure employer compliance and effective government monitoring and enforcement mechanisms.

Young people who are employable and not studying are the targets of specific programmes concerned with skills development and training, and are intended to provide work experience. They include the Work Placement Programme of Jipsa, the JOBS programme of the Umsobomvu Youth Fund (UYF), the South African Graduate Development Association, HE South Africa and School to Work Programme. These placement programmes improve young people's productivity, making them more attractive to employers. More than 20 000 offers per year have been made locally and more than 700 placements were made internationally.

Although more women are entering the labour market than before, it continues to be mainly at the entry and lower levels of the economic ladder. Gender and racial differences in the labour market are still pronounced. Less men are unemployed than women, and young people – male and female – are the most severely affected. This holds across the different race groups.

The gendered nature of employment and unemployment trends are indicative of a number of social constraints on women, including domestic and child-rearing responsibilities, employers preferring to employ men rather than incur obligations regarding maternity and family responsibility leave, slow change in attitudes favouring the employment and advancement of men and lack of workplace childcare and breast-feeding facilities.

### 2.6.7 Violence

Government has made a priority of reducing crime against the targeted groups, particularly women and children. Despite positive measures, including a multisectoral approach to this scourge, crimes against women, children and persons with disabilities remain a serious problem.

Increased reporting of cases is in part indicative of more confidence in the system and greater awareness among women and children of their rights. The volume of violent crimes against women, children and persons with disabilities is a continuing concern, and even more so the extent of violence involved. The trend in reported rape cases per 100 000 of the population has only begun to fall significantly below the 1994 level from 2005/06. This, together with the levels of intimate femicide, and violence against children, raises concern about social perceptions of masculinity, the violent nature of society and the gendered character of power between individuals. The annual 16 Days of Activism Campaign and 365 Days of Action Plan on eradicating violence against women and children have helped mobilise communities, change attitudes and catalyse action. But there is a need to bring about still greater change in attitudes.

### 2.6.8 Institutional arrangements

Government has set up institutional arrangements to drive the programmes to improve the lives of targeted groups. National coordinating structures have been created in The Presidency and provincial premiers' offices. Departments have established focal points. Independent commissions and parliamentary portfolio or joint monitoring committees exercise oversight. Coordinating frameworks, or "national machineries", are provided for in policy frameworks. These arrangements include the Office on the Status of Women, Office on the Status of Disabled People, Office on the Rights of Children and a Youth Desk, all located in The Presidency.

The gender machinery was formalised in 1997. It is tasked with driving initiatives towards gender equality and with a monitoring and evaluation and advisory roles. The CGE is a constitutional body tasked to promote gender equality and to advise and make recommendations to Parliament or any other legislature regarding any laws or proposed legislation which affect gender equality. The Joint Monitoring Committee on the Improvement to the Quality of Life and Status of Women, in Parliament, oversees government's implementation of policy and international agreements on women's empowerment.



The National Disability Machinery was established in 2007. It advises on, and oversees, the mainstreaming of disability issues in all spheres of government and sectors of society. Focal points, which are meant to exist in departments in all spheres, coordinate and monitor the development of disability-related policies and programmes and their implementation.

The Children's Rights Advisory Council is tasked with coordinating integrated policy implementation on children's rights.

A number of institutions make up the youth machinery. In government, the national and provincial youth commissions are responsible for coordination, advocacy and lobbying. The UYF is responsible for access to economic opportunities. They all have responsibility for mainstreaming youth development in sector policies and programmes. The Youth Development Forum is a private-sector initiative and the South African Youth Council serves as a voice of civil-society organisations.

The Youth Commission, CGE and HRC were set up outside of the Executive and account on their core mandate directly to elected representatives in the National Assembly.

All four national machineries have collaborated successfully with civil society and other relevant partners, to differing degrees.

While these institutional arrangements for driving the issues of targeted groups tend to be acknowledged internationally as best practice, closer to home one finds challenges in their operation. Chief among these is the matter of inadequate resourcing, financially and in terms of human capacity. Related to this is a problem of policy frameworks without legal status and therefore not legally binding. These challenges apply particularly to the national gender machinery.

Also, local government still needs to replicate the institutional structures, strengthening the accountability of municipal managers for driving the issues of the targeted groups at grassroots level.

Technical capacity to drive the agenda of the targeted groups is proving challenging, particularly mainstreaming the issues in day-to-day work across sectors. Focal persons tend to be placed at junior or middle management levels in government rather than decision-making and strategic management levels. This tends to sustain

marginalisation of the issues. Reviews, including by the Public Service Commission, indicate poor levels of compliance with policy frameworks governing the targeted sectors.

Current frameworks for monitoring and evaluation are insufficiently sensitive to targeted groups, resulting in a lack of disaggregated data to inform proper planning. Although South Africa is party to several global and regional instruments on advancing and promoting development of targeted groups, reporting compliance in general is piece-meal and treated less seriously than it should be.

The review of the Chapter Nine institutions which Parliament undertook in 2007 made several recommendations regarding the commissions on human rights, gender equality and youth. The main thrust was to clarify mandates and improve effectiveness and coordination. It proposed the establishment of an umbrella human rights commission in the medium term, into which the CGE, the Youth Commission and the HRC might be incorporated.

This recommendation, along with alternative proposals such as the need to merge the UYF and the National Youth Commission into a National Youth Development Agency or the setting up of a Women's Ministry, constitute part of the ongoing debate on the need to strengthen these machineries. Related to this are questions about the right relationship between state structures and civil-society activism; and about the right balance between integration of issues and a programmatic approach that many argue would undermine mainstreaming.

## **2.7 Major transversal post-2004 initiatives**

The MTSF for 2004-2009 outlined the strategic approach required to fulfil the popular mandate and elaborated major programmes to achieve its objectives. In the course of implementation, the nature of the challenges and the efforts required to navigate them were more clearly appreciated and articulated. This had to do with appreciation of new opportunities and the need for decisiveness in the agency of leadership. It reflected both a new level of confidence in wielding instruments of governance and a willingness to adapt to changing circumstances.

Some of the post-2004 initiatives were set in motion at the beginning of the mandate period and refined with experience. Others emerged in the course of implementation. The most significant of them fall into a few categories.



One set of post-2004 initiatives involves the integration of formerly separate suites of interventions within a comprehensive strategic framework.

AsgiSA was established to provide integrated focus on growing the economy in a way that benefits all. Constraints to such growth were systematically diagnosed and interventions identified. Further, integrative structures were set up, led by The Presidency and especially with Jipsa, involving relevant social partners in actual implementation. Building on the shared commitments of the 2003 Growth and Development Summit, AgsiSA gave practical attention to the lesson that the state can only succeed in this critical area if it works with social partners.

The development of a comprehensive anti-poverty strategy, initiated in 2006, will mean more integrated and therefore more impactful implementation of the various programmes whose aim is to alleviate poverty, reduce inequality and promote social inclusion. The new approach is not only more comprehensive in the scope of programmes involved. Besides integrated supervisory mechanisms, the method of implementation emphasises field work entailing interaction with specific households. This proceeds from the premise that government institutions have to reach out to households in need rather than merely waiting for them to “come” to government.

The two-year joint review of the criminal justice system by government and Big Business has prepared the way for an integrated anti-crime strategy and a revamping of the system.

An integrative initiative taken early in the mandate period, but which has taken somewhat longer to mature, is the new emphasis on economic diplomacy. Besides the actual content of the initiative, here the aim is to see that the departments and agencies engaged in South Africa’s relations with others work together to ensure that our international relations promote economic growth and inclusion.

A second category of post-2004 initiatives consists of major reviews of critical areas of policy. Like the first category, they will also mean more comprehensive and coordinated approaches to policy and implementation.

Among them was the process that led in early 2008 to Cabinet adopting the National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan. This opened the way for a range of departments to focus in a more effective and coordinated way on microeconomic reform and restructuring of the country’s productive capacity.

Then there is the work being done towards a comprehensive social security system, cutting across several departments.

Still to take shape but on the agenda is a comprehensive and integrated approach to enhancing social cohesion.

A third and final category is at a more conceptual level. It is the crystallisation and congealing of ideas on how government should operate.

In particular, the concept of a developmental state for South African conditions has taken clearer shape. Critical aspects of such a state – developed in more detail later – include national leadership to unite all of society in action on a shared agenda.

Among the issues that are central to this initiative are the strengthening of monitoring and evaluation capacity, systematic review of permutations of executive structures and tightening the regime of intergovernmental relations. Further, yearly programmes are now more clearly articulated and the monitoring of their implementation strengthened. During this period, reflecting a better grasp of planning instruments across the three spheres, government updated the National Spatial Development Perspective and started the process of aligning PDGS and municipal integrated plans with it. More than half the country's districts have already either completed the alignment or enrolled into intensive work in that direction. It is in this context that the issue of long-term strategic planning has arisen.

Improvements in conceptualisation, medium-term planning, integration and alignment partly explain the ease with which government was able, some 18 months before the end of its mandate period, to identify a set of 24 “Apex Priorities” with a double purpose: to catalyse faster movement in realising government's agenda and to complete implementation of the 2004 popular mandate.



### 3. FINDINGS ON THE IMPACT OF THE STATE

Assessing the impact of policies and programmes over the first 15 years of democratic government requires a two-fold frame of evaluation.

On the one hand, there is the broad framework of objectives with detailed programmes to achieve them that came with the ushering in of a new social order in 1994.

On the other hand, the election mandate of 2004 set specific objectives and priorities for the Second Decade of Freedom. Growing the economy and promoting social and economic inclusion became the central priority. Improving the performance of the state, the fight against crime and our international relations were positioned within the ambit of this overarching framework.

Over a decade and a half, what impact has been made towards the goals outlined in the RDP? Over the past five years, what impact has been made, especially by the major post-2004 initiatives, towards achieving the 2014 goals and in dealing with the challenges identified, among other things, in the *Ten Year Review*. And in what ways has the state transformed itself the better to fulfil its mandate?

The construction of the democratic state is work in progress. The first decade saw major advances in this regard. They included the adoption of a democratic Constitution, unification of the fragmented apartheid state through the merger of separate entities, and restructuring of the Public Service. The policy and legislative framework for reconstruction and development was formalised. A new system of provincial and local government was established. Systems to integrate and coordinate government within and across the three spheres were introduced.

The experience of the past five years, detailed in the thematic overviews, has brought to the fore limitations of, but also the potential to enhance, state capacity to advance the goals of reconstruction and development.

Understanding the performance of the state over the 15 years also requires insight into the environment in which it operates, both, domestic and global.

The thematic overviews indicate that in general government is making progress both with regard to the RDP objectives and the more specific goals of the 2004 mandate.

It has in recent years initiated processes to address weaknesses and ensure more effective and faster implementation but the outcomes are not uniformly successful.

### **3.1 Governance and administration**

Much has been done to transform and democratise the state. South Africa is a thriving democratic society that few would have conceived possible a few years ago, with a strong infrastructure of democratic institutions.

Elections in all spheres of government have been held with regularity and embraced as legitimate. Increased civic protests in recent years have proved to be consistent with high levels of electoral participation. However, they do point to a need to strengthen the innovative platforms of participatory democracy and to foster closer and more regular engagement between citizens and their public representatives.

The structures of governance are fairly stable and functional. At the same time, the desire to create appropriate institutions and improve systems is not always fully matched in the practice.

The review indicates that in general, the challenges of state capacity are less to do with shortage of financial and other resources than with skills and institutional arrangements efficiently and effectively to deploy these resources. Service-delivery improvements are having some impact, but it is clear that local government faces a twin challenge of resources, and skills and systems, a challenge that is sometimes met by filling posts with people who do not have suitable skills.

The quality of service the public receives needs much improvement in many areas, informed by a stronger ethos of public service.

The macro-structure of the state is well established and fairly functional. The experience of working with the new coordinating mechanisms has brought new insights into what is needed to achieve the degree of integration that is necessary to achieve maximum impact. Coordination by consensus among peers does not always counter-vent the imperatives of line-function responsibilities. New questions have arisen about the role, functions and powers of provinces and about the two-tier system of local government.



As a contribution to coordination and more effective deployment of resources, the practice of medium-term planning and systems of monitoring and evaluation have begun to take root, especially in recent years. The work of extending them throughout government and building long-term planning capacity has begun.

In 2004, the *Ten Year Review* and the MTSF identified improved performance of the state as a priority. The past five years saw a number of measures being introduced but still leaving much to be done. At the same time, the experience of this period has helped crystallise thinking about what is needed for more decisive advance, to be further discussed later in connection with the concept of the developmental state.

### 3.2 Social sector

Substantial progress has been made since 1994 in improving the lives of many poor South Africans. Progress has continued in the past five years. Well-targeted programmes for provision of basic services and social grants have played a critical role in this. Research for this review using 2003 data showed that about 50% of gross social wage value was directed at households in the poorest 40% of the population.

But quality of services in many respects still leaves much to be desired. Despite a comparatively large education budget and high participation rates, the education system performs poorly and produces output that is weak overall.

This has much to do with management and service culture in the actual units (schools and hospitals) where delivery takes place. Where applicable, insufficient maintenance of infrastructure renders services erratic. Long waiting lists for housing and frequency of contestation of allocations point to inadequacies in management of access. The impact of expanded healthcare infrastructure is vitiated by the quality of hospital and clinic management and the handling of patients.

Poverty remains a major challenge even though it has declined. Unemployment, population growth and a rapid increase in the number of households will sustain high demand for basic services and social assistance. The current interventions need therefore to continue, but will not provide a lasting solution without programmes to strengthen human capabilities and promote self-sufficiency. Access to income from economic activity is critical. In turn, this requires that the fight against poverty has at its core, action to reduce inequality. Breaking the cycle of poverty requires special

attention to measures that improve human capabilities, such as education in particular and health, and expand people's chance of entering the labour market.

The MTSF put inclusion of the marginalised among the priorities for the current period. The review shows that progress has been made but not on the scale required. The development of a comprehensive anti-poverty strategy, initiated in 2006, and proposals for an integrated approach to promoting social cohesion, should help address some of these issues.

These challenges help inform the anti-poverty strategy that is taking shape, as one of the major post-2004 initiatives. However, it will not be an easy matter to address the current highly skilled distribution of health. Prominent among implementation challenges are institutional problems underlying the capacity of sub-national governments to spend the available resources and achieve quality outcomes. Relations between the different spheres in the context of concurrent functions need attention, as does horizontal integration within each sphere.

In this context there is a need to look at how mandates are assigned and at the possibilities of "asymmetry", that is for assigning a mandate to a specific authority in a different sphere, where capacity to implement exists.

### **3.3 Economic sector**

In the context of the 2004 injunction to prioritise accelerated growth and inclusion, the review foregrounds the successful evolution of economic policy in the face of a changing environment. The stabilising interventions of GEAR created the space, at the turn of the century, for a growth-oriented and redistributive stance with focus on microeconomic reform. Post-2004, AsgiSA and the NIPF speak of progression towards more integrated implementation.

The impact of these policies in creating an environment for sustained growth and macroeconomic stability, coupled with a big government infrastructure investment programme, helped engage the private sector in growth and employment-creating investment to an extent that had been missing through most of the first 10 years. Some advances in building partnership, another injunction of the 2004 mandate, also contributed as exemplified in Jipsa. Nevertheless, there remain serious gaps in this regard, with the leadership of social partners tethered to narrow self-interest.



The current confluence of negative macroeconomic indicators emphasises the urgency of dealing with the constraints to higher rates of growth. It emphasises the need to speed up restructuring of the economy in ways that build its capacity to grow faster, absorb more labour, ensure competition and innovation, increase exports and promote emergence and thriving of small and micro-enterprises. Short of this, the economy will run into balance of payments problems, infrastructure limitations, inflation and steep household debt.

Weaknesses in the agencies of economic policy, noted in the *Ten Year Review*, have by and large persisted.

Mechanisms for integration and coordination among the various agents of implementation need attention. One question is whether monetary, fiscal and industrial policies are sufficiently aligned, and whether mechanisms can be found to achieve a competitive and less volatile exchange rate.

The confirmation that growth does not automatically reduce inequality emphasises the need for more effective pursuit of economic inclusion. This requires labour-absorbing diversification of the economy and tapping unexploited potential of primary sectors, especially agriculture. Though small business support has been expanded and consolidated, the uptake has been limited. There is a need to find second-economy programmes with mass impact rather than many small-scale interventions. This includes approaches which do more to link the marginalised into mainstream value chains. It also requires more attention to creating the capacity for expanded production and better productivity in rural areas.

Further reform and strengthening of regulators is needed to improve competitiveness and to enhance the contribution of SOEs to development.

Global trends are likely to make energy and food security long-term challenges, and there is urgent need for more effective incorporation of climate-change issues in economic policy.

### **3.4 JCPS**

The review shows that JCPS cluster polices and priorities remain valid and are having some impact. The past five years, however, indicate that while cluster responses to challenges identified after the first 10 years were in the right direction, the prob-

lems, including those of integrated implementation, were more deep-seated than actually appreciated. Implementation was uneven and some critical goals were not achieved. Police, courts and prisons are grappling with their loads and need not only more resources but optimal use of those resources. At a more detailed level, the persistence of court backlogs, despite fewer cases coming to court; growing undercapacity of prisons; and lagging of crime reduction figures behind targets (e.g. 7% -10% reduction of serious crimes per year) are symptoms of systemic problems. Lack of the required capacity and issues of orientation of the judicial system hinder access to justice.

Pre-eminent challenges are violent and organised crime, more effective operation of each component and truly integrated strategising and implementation across components. While the departments of the criminal justice system were the first to form themselves into a cluster, in practise the components are at best loosely coordinated. Some critical policy vacuums, for example with regard to migration policy, undermine the effectiveness of coordinating structures.

Mobilisation of communities to participate in fighting crime remains a valid premise of government's approach. Although there are several examples of strong cooperation, overall the level of citizen involvement in ensuring safety and security falls short of what is needed to succeed.

These findings are consistent with what emerged from the reflection on the criminal justice system by the two-year joint initiative of the Presidential Big Business Working Group. At the end of 2007, Cabinet approved a seven-point plan based on the review. Implementation of the plan began in mid-2008. The objective is a truly integrated, modernised, properly resourced and well-managed criminal justice system. Key elements include a new coordinating and management structure for the criminal justice system; overhaul of criminal court processes; strengthening the components of the system, from investigation through trial to incarceration; modernising technical systems; integrating information; and boosting civil-society participation.

Crime is impacting on other areas of social endeavour. The high profile of violent crime affects public morale and fosters a climate of fear and vigilantism, weakening the rule of law and stressing the social fabric. The economy is affected, whether at the level of attracting investment or, as a recent study for The Presidency has shown, at the level of small and micro-enterprise.

At the same time, the legitimacy and credibility of some institutions of the criminal justice system are being tested by trends in public discourse and by action taken against senior officials. The worrying increase in violence in pursuit of socio-economic objectives in the past two years or so, the kind of lawlessness seen in the violent action against people from other countries and South Africans in early 2008 and dynamics in the party-political terrain have all played a role in undermining the legitimacy of state institutions.

### **3.5 International relations, peace and security**

Broadly, the Government has continued in the first years of the second decade to make advances towards its foreign-policy objectives.

South Africa has made a significant contribution to Africa's development during this period. It has helped raise the profile of Africa's development needs on the global agenda and through its contribution to the promotion of African peace and development. Achievements in strengthening South-South relations have also been significant.

However, with regard to what were identified as major challenges for the decade – implementation of Nepad and improvement of the regional climate for growth and development – there has been progress, but some way short of objectives.

While it could still be said that South Africa enjoys a status beyond what might be expected of a country of its size, some of the factors that have enhanced its status may be losing their impact. For instance, the country's credentials as a champion of African interests is being questioned and its predominant economic weight on the continent is steadily declining.

Increasing pressures for more meaningful reforms in the global system is creating new challenges for South Africa and its partners in the South. In this context, it will be necessary to achieve a better balance between political and economic diplomacy on the one hand, and between these and public diplomacy on the other. This is an aspect of the larger challenge, shared with other clusters, of alignment and coordination between the departments of the cluster; between national government and the provinces and municipalities; and between public and private sectors.

The review points to weaknesses in public diplomacy and the communication of South Africa's foreign-policy positions, both in the foreign arena and domesti-

cally. This has become especially critical when the advances in national influence have put South Africa at focal points of international contestation, such as the UN Security Council and Zimbabwe. The paucity of South African media capacity to provide informed analysis of the country's international relations exacerbates the problem.

The challenge of managing the narrow self interest of partners in SADC and the power of lobbies of especially strong states has been exemplified in the EPA negotiations and in the southern African dynamics around mediation in Zimbabwe. South Africa needs to develop the agility to take full advantage of the positive outcomes of its contributions to peace and development on the continent.

South Africa also needs to further strengthen South-South relations and institutions.

### **3.6 Targeted groups**

The review shows that democratic government has been instrumental in changing the lives of women, children, persons with disabilities and youth for the better.

As in other areas, this commitment has been formalised in a policy and legislative framework and enabled by the establishment of institutional machinery.

While the machinery has brought about successful collaboration with civil society and other relevant partners, and has earned the country international recognition, recent years have exposed challenges. Among these is the mainstreaming of these issues within the day-to-day work of departments and spheres of government. Some of the national agencies established to promote the interests of targeted groups have experienced difficulties in making their mandated impact.

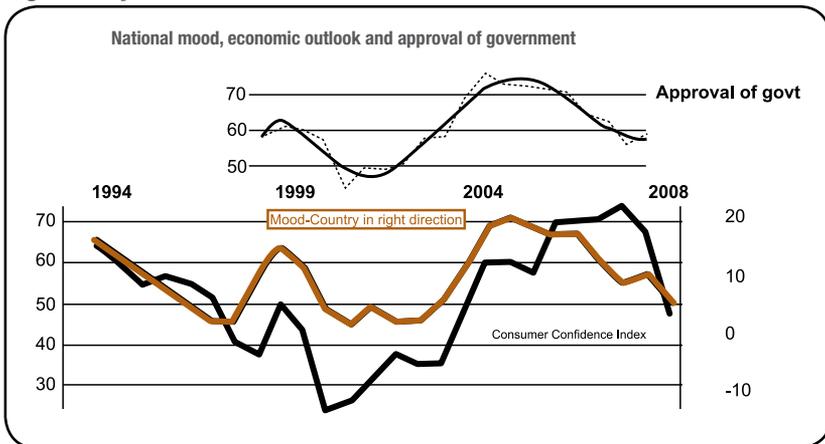
The relationship between the commissions as constitutionally independent bodies and the national machinery of government appears not to be operating optimally.

Coordination and integration among the four programmes established to address the needs of targeted groups has yet to be consolidated.

### 3.7 Public assessment

Public assessment of government performance ebbs and flows under the influence of various factors. One of the drivers of those perceptions is public experience of, and discourse about, government policies. Foremost, among other things, are the five-year electoral cycle and economic dynamics. Buoyant economic conditions and intense engagement of citizens in public affairs of the kind that happens during election campaigns, lift the national mood and with it the trends in perceptions of government.

**Figure 3: Cycles of mood and economic confidence**



Source: Bureau for Economic Research *Consumer Confidence Index*; Markinor *Government Performance Barometer*

However, overall, public opinion surveys provide a measure of the impact of government's policies that complements the use of development indicators. They provide insight into how citizen assessments change over time as programmes succeed or fail. They show the differing public ratings for different aspects of government's work. The results are broadly consistent with what the development indicators show.

The *Consumer Confidence Index* reflects citizen experience of economic conditions. The index traces a long cycle from post-1994 euphoria to a low point as the 1997 Asian financial crisis impacted on the South African economy. The upward trend that followed peaked towards the end of 2007. While the high point of the mid-90s was driven by optimism of the poor at the dawn of democracy, countering pessimism of the better off, the post-1999 upward trend engaged all sectors, reacting to real economic developments.

At the end of 2007, confidence faltered under the impact of credit restrictions and rising cost of living, and turned sharply down in 2008. The interplay of this long cycle with the five-year electoral cycle is visible in trends in approval of government performance, both in the overall and with regard to specific themes and areas of governance.

The average of public ratings of government over the five years preceding election periods gives a sense of underlying long-term trends, minimising the impact of cyclical engagement of the public. These five-year averages of ratings reflected in twice-a-year surveys by Markinor tend to be highest with regard to social-sector programmes. Aspects relating to governance follow, then the activities relating to the criminal justice system. Ratings of government's impact on the economy generally come last.

**Table 19: Public perceptions of government performance**

| <b>Average % for preceding five years</b>          | <b>1999</b> | <b>2004</b> | <b>2008</b> |
|--|-------------|-------------|-------------|
| Creating jobs                                      | 28          | 21          | 31          |
| Reducing the crime rate                            | 35          | 35          | 42          |
| Controlling the cost of living                     |             | 32          | 49          |
| Right appointments to lead govt depts and agencies | 51          | 44          | 50          |
| Controlling inflation                              | 38          | 40          | 52          |
| Maintaining transparency and accountability        | 55          | 48          | 53          |
| Fighting corruption in government                  | 46          | 45          | 54          |
| Narrowing the income gap                           | 53          | 53          | 56          |
| Managing the economy                               | 49          | 47          | 62          |

Source: Markinor *Government Performance Barometer*

This ranking reflects the fact that the state has the most direct impact on the lives of most South Africans through its social programmes. It is also consistent with the observation that government's progress has been greatest in the areas most directly under its control and less so where progress has depended on others.

Within the broad rankings there are significant sub-trends reflecting changes in perceptions of performance during the current mandate period – in most instances improved perceptions. These trends are consistent with the findings arising out of the theme reviews.

The two tables show the averages for the previous five years, where available, for key areas of government activity. The first lists those which have consistently attracted the lowest ratings.

In almost all categories, the trends improved over the 10 years from 1998 to 2008. The exceptions are two issues relating to the legitimacy of the state, whose ratings did not improve. These are: making the right appointments to lead departments and agencies; and maintaining transparency and accountability. This is consistent with a similar observation in the *Governance theme*. It is discussed further below.

In early 2008, towards the end of the electoral cycle, the figures were naturally lower than these five-year averages. This applied in particular to economic issues, above all with regard to the cost of living, as perceptions reacted to the impact of a sustained rise in inflation and interest rates.

The second table lists areas of government activity that have consistently attracted higher ratings. Some show strong increases from already high levels, most notably the social grants programme.

**Table 20: Public perceptions of government performance**

| Average % for preceding five years                    | 1999 | 2004 | 2008 |
|---|------|------|------|
| Addressing the problem of HIV and AIDS                | 61   | 60   | 63   |
| Building houses                                       | 49   | 59   | 63   |
| Bringing police closer to the community               | 60   | 61   | 64   |
| Promoting access to land                              |      | 62   | 67   |
| Improving basic health services                       | 68   | 64   | 67   |
| Ending political violence                             | 57   | 64   | 68   |
| Addressing educational needs of all South Africans    | 63   | 64   | 71   |
| Delivering basic services, e.g. water and electricity |      | 75   | 73   |
| Promoting equality between men and women              | 72   | 75   | 78   |
| Distributing welfare grants to those who are entitled | 69   | 72   | 82   |

Source: Markinor, *Government Performance Barometer*

The buoyant economic outlook of the post-2004 period would have made some contribution to positive trends. However, the trends over the 13 years from 1995 to 2008 point to a cumulative effect of the direct impact that the programmes have

made on the lives of especially the majority, whose welfare has in this period most directly depended on the state.

Other surveys explore the importance that the public attaches to the various challenges faced by government and the nation.

**Table 21: The public agenda – most important issues government should address**

| %    | Poverty | Crime | Housing | Health | AIDS | Education | Jobs |
|------|---------|-------|---------|--------|------|-----------|------|
| 1994 | 9       | 6     | 46      | 2      |      | 34        | 67   |
| 1999 | 9       | 65    | 32      | 18     | 3    |           | 79   |
| 2003 |         |       |         | 10     |      | 15        |      |
| 2004 | 24      | 30    | 27      |        | 30   |           | 77   |
| 2006 | 27      | 23    | 27      | 10     | 25   | 12        | 63   |

Source: Idasa, *Afrobarometer*

The numbers indicate a constant concern about employment and housing. Earlier preoccupations with education and crime have been overtaken by increasing concern about poverty. More broadly, apart from the concern about crime, the public agenda is strongly concerned with matters relating to the different dimensions of poverty: income, human capital and asset poverty.

## 4. CONTEXT

What has happened with regard to the major social and global trends identified after the first 10 years? And what major trends have emerged in the past five years?

### 4.1 Trends of the first decade revisited

The *Ten Year Review* identified four major trends defining the social transition. Five years later, these trends have modified in some ways and persisted in others.

#### 4.1.1 The demographic change – unbundling of households

Like all societies, South Africa is showing a trend towards smaller households. Compared with other countries, it is happening much faster in South Africa and has its own dynamic. Held back by apartheid, the process happened rapidly in the First Decade of Freedom and has continued since then, probably at a slower pace. Various data sources give slightly different readings of the situation, but agree that there has been a rapid change, from an average household size in 1996 of around four and a half to around four in 2007.

**Table 22: Demographic trends**

|                        | 1996  | 2007  | 96-07 |
|------------------------|-------|-------|-------|
| Population             | 40,58 | 48,50 | 20%   |
| Households             | 9,06  | 12,50 | 38%   |
| Average household size | 4,6   | 3,9   | -15%  |

Source: Statistics SA - Census 1996; *Community Survey 2007*; HSRC 2008, paper commissioned for the *Fifteen Year Review*

From 1996 to 2007, according to Statistics SA surveys, the country's population grew by 20% and the number of households at double that rate, by 39%. Several factors are driving the unbundling of households, among them the impact of changing social values in a democratic society; urbanisation; falling fertility; new choices created by availability of housing (and its size) and sources of income, especially among women and young people, who were previously more dependent on families.

The decline in the size of households and the consequent increase in their number have big implications for policy. The scale of new housing and infrastructure need-

ed is greatly increased beyond what would have sufficed to redress the neglect of apartheid and population growth. There are also profound changes in the structure of households, especially in age structure as young people take advantage of the new opportunities and options. Among the consequences is also an increase in very small households located far from work opportunities. At the same time, some pressures lead to the formation or continuation of larger households, particularly for survivalist reasons in times of economic hardship. Recent qualitative research suggests there is a significant number of such households which may unbundle in the coming years.

#### 4.1.2 Growth in the economically active population

The exceptionally fast growth in the labour force of the first decade has slowed in the past five years to, more or less, keep pace with population growth. Measured in terms of the number of people either employed or who have recently been seeking employment (the unemployed), the labour force grew at a (compound) annual rate of nearly 4% from 1995-2003, compared with a 2% rate of growth in both the population and employment. The 1,6 million net new jobs created up to 2003 fell well short of the growth in the labour force of four million as many, in particular rural women, took advantage of the new freedom to enter the labour market. Unemployment rose from 15% in 1995 to a peak of 31% in 2001.

From 2003 to 2007, however, the growth of the labour force slowed to 2% per annum. During that period, employment was growing at an average of 3,7% a year. Unemployment, therefore fell both in numbers and as a proportion of the labour force to 23% in 2007.

In September 2008, Statistics South Africa introduced a new *Quarterly Labour Force Survey* and revised the previous half-yearly *Labour Force Survey* on which this review is based. The new series and the old agree on an unemployment rate of about 23% in March 2008. However, the implications for historical trends require further interrogation. The new series excludes subsistence farming and other “non-market production activities” from the definition of employment. In this regard, an analyst noted that the new series further narrows South Africa’s definition of employment, and commented: “If South Africa defined employment the way some developing countries do, our unemployment rate could be as low as 13%” (Joffe, H. *Business Day*, 2 September 2008).

**Table 23: Labour-market trends**

| (Thousands)                      | 1995   | 2003   | 2007   | Change<br>95-03 | Change<br>03-07 | Change<br>95-07 |
|----------------------------------|--------|--------|--------|-----------------|-----------------|-----------------|
| Employment                       | 9 852  | 11 424 | 13 234 | 1 572           | 1 810           | 3 382           |
| Unemployment (strict definition) | 2 038  | 4 434  | 3 945  | 2 396           | -489            | 1 907           |
| Labour force (strict definition) | 11 890 | 15 858 | 17 178 | 3 968           | 1 320           | 5 288           |

Source: Statistics SA, derived from *October Household Survey*, 1995 (re-weighted after the 2001 Census); and *Labour Force Survey*, September 2003, 2007

For unemployment more broadly defined (to include those who have not recently sought work), the numbers differ but trend in the same direction.

The initial impact of the democratic transition on the size of the labour force would, therefore, seem to have largely worked itself out. However, the large difference between the narrow and broad definitions of unemployment and the labour force reflects South Africa's very low labour participation rate. As noted in the *Economic Theme*, it is 56,5% compared with 65% in comparable countries. Able-bodied people who feel discouraged from seeking employment constituted some 2,2 million men and women in 2007.

#### 4.1.3 Changing structure of the economy

The linkages have become clearer between two trends in the structure of the economy that stood out 10 years after 1994.

One trend consisted of shifts in the sectoral composition of employment. The finance and business-services sectors grew in relation to agriculture, mining and manufacturing.

**Table 24: Reduction in employment 1994-2004**

|               | Jobs    | % reduction |
|---------------|---------|-------------|
| Mining        | 177 000 | -29%        |
| Agriculture   | 112 000 | -12,1%      |
| Manufacturing | 165 000 | -11,7%      |

Source: Haussmann, R, 2008 *Final Recommendations of the International Panel on Growth*

In 2004, mining employment was 29% lower than in 1994, a loss of 177 261 jobs. Agriculture shed 112 352 jobs between 1994 and 2004. In contrast with other high-

growth countries, the decline in primary-sector jobs (mining and agriculture) was not compensated with increased employment in manufacturing, which also declined, by 11,7% or 165 448 jobs. Public-service jobs underwent a comparable decline as government rationalised and restructured the fragmented apartheid state machinery.

The second trend noted was how the changing structure of the economy helped perpetuate the exclusion of a large proportion of people from mainstream economic activity. Lack of skills needed in the fastest growing sectors trapped them in the “Second Economy”. Whereas the fastest growing sectors, except in construction and tourism, are generally more skill-intensive, the ones that declined during that period – agriculture, mining and manufacturing – had been the most intensive employers of unskilled labour. Persistently high concentration in the economy and the dominance of larger firms at the expense of SMEs, reinforce the trends towards capital intensity at the core of the economy.

#### 4.1.4 Migration

The fourth macro-social trend noted in the *Ten Year Review* was migration within South Africa. It contributed to changing household structure. It had particular differential impacts on the provinces in terms of service-delivery requirements and the dynamics of social cohesion.

**Table 25: Provincial population trends 1996-2007**

|               | Share of SA population |      | Prov. pop growth |
|---------------|------------------------|------|------------------|
|               | 1996                   | 2007 | 1996/2007        |
| Gauteng       | 18,8                   | 21,5 | 34,3%            |
| Western Cape  | 9,7                    | 10,9 | 31,2%            |
| KwaZulu-Natal | 21,1                   | 21,2 | 18,9%            |
| Mpumalanga    | 7,7                    | 7,5  | 16%              |
| Limpopo       | 11,3                   | 10,8 | 14,2%            |
| North West    | 7,2                    | 6,7  | 11,3%            |
| Eastern Cape  | 15,1                   | 13,5 | 6,1%             |
| Free State    | 6,5                    | 5,7  | 5,2%             |
| Northern Cape | 2,5                    | 2,2  | 4,8%             |
| South Africa  | 100                    | 100  | 20%              |

Source: Statistics SA, Census 1996; Census 2001, *Community Survey, 2007*



Four provinces – Eastern Cape, Free State, Limpopo and North West – experienced a steady decline in their share of population since 1996. Mpumalanga and Northern Cape lost a share of population from 1996 to 2001, but remained constant since then. KwaZulu-Natal's share remained constant. Population in the two main centres of economic activity increased throughout the period, substantially faster than the 20% growth in national population, namely Western Cape by 31% and Gauteng by 34%. Much of the additional Gauteng population has been accommodated in big informal settlements, with a high proportion of small households and mostly far from economic opportunities (as are many of the formal settlements). The number of Gauteng households grew by 56% and the average household size declined to 3,3, substantially below the national average and largely due to the smaller household size of migrants, 60% of whom in 2001 were aged 20-34.

The patterns of internal migration observed in the first decade have therefore continued into the beginning of the second, as people move towards areas of greater economic activity. With the differing provincial trends come differential demands for social services, continuing loss of able-bodied and relatively more skilled people from the more rural provinces and weakening of social organisation and cohesion in both rural and urban areas. Migration in search of opportunity tends also to contribute to the spatial spread of poverty.

There is also evidence of a reverse process, in which those who have moved to an area of economic activity to support a rural family through remittances, find the cost of urban living eroding their capacity to remit.

The relatively fast shifts in the spatial distribution of population create difficulties in planning. They impact on resource allocation between provinces. They affect the achievement of set targets. For example, plans for dealing with informal settlements presuppose that when residents move to better accommodation, they will not be replaced by others in the same informal settlements.

Adding further impetus to this dynamic of social and economic stress in areas of domestic in-migration is the increased migration in recent years from across the borders of South Africa. This was not a significant feature of the first decade. There is no adequate data on the scale of immigration and estimates vary wildly, but it is evident that the number of people from other countries in Africa has increased significantly. The lack of a migration strategy and policy has also meant insufficient

state influence on attitudes towards immigrants – many of whom move to the same stressed areas as internal migrants.

## 4.2 New dynamics

While the broad trends of the first 10 years have continued, in some respects working themselves out or slowing down, there are also new dynamics which will need to inform the strategic posture going forward.

### 4.2.1 Macro trends in the economy

Five years of faster growth have sharply exposed structural weaknesses in the South African economy. Most had been identified for attention within AsgiSA as binding constraints on the country's capacity for sustained faster growth. But much more has to be done to eliminate them and to increase the speed with which they are eliminated.

The urgency of doing so was underscored by the impact of a deteriorating global environment that combined a financial crisis with strong inflation of food, energy and commodity prices.

Though the past few years have seen jobs growing faster than the labour force, the country's labour participation rate remains very low. Sectoral shifts have sustained structural unemployment of the low-skilled. Those whose jobs have been shed in primary sectors and manufacturing do not have the skills required in the fastest growing sectors, with the possible exception of tourism-related services and construction.

The consequences of shortage of electricity-generating capacity are the most visible aspect of infrastructural constraints on accelerating growth. The extent to which growth has outpaced economic infrastructure speaks of shortcoming, in infrastructure planning over some years. This applies to construction and maintenance, to electricity generation and distribution, to water reticulation and the country's logistic system. In the case of municipal services infrastructure, such as water reticulation, the problems are compounded by failures to recruit or retain the required skills. The underspending of the Municipal Infrastructure Grant during 2004-07 reflects more general weakness in the local sphere. The challenges of infrastructure planning, investment and maintenance also highlight issues in the relationship between government and the SOEs it regulates.

At a time of burgeoning domestic demand and openings in global traditional and non-traditional markets, the response of the country's private sector lagged. As a consequence, the needs generated by growing employment, an expanding middle class and a very big infrastructure programme, produced domestic shortages and an unsustainable balance of payments deficit. Broadly, the South African economy has retained most of the dependent colonial characteristics, with high levels of concentration of ownership and related barriers to entry. A number of the largest companies have shifted their headquarters or have been partly acquired by foreign companies, opening up possibilities for worsening the outflow of resources through transfer pricing or movement of dividends. Related to this is the underdevelopment of SMEs compared to other developing countries. Compounding export weakness is the fact that the fastest growth sectors have been mainly in non-tradable sectors.

#### 4.2.2 Macro-social trends

Two broad social trends have emerged in the past five years as requiring attention. They concern inequality and social cohesion.

##### Inequality

Despite declining poverty levels and sustained growth reaching 5% in recent years, national income inequalities did not reduce over the period 1995-2005. Overall and in some sectors, the inequalities increased.

National income inequality as measured by the Gini coefficient increased from 0,64 to 0,69 between 1995 and 2005, and continued to do so from 2006 to 2007. Although the two data sources below give slightly different levels of the Gini coefficient, they agree on a trend of widening income inequality over the period 1995 to 2007.

**Table 26: Income inequality**

|                                       |              | <b>Gini Coefficient</b> |
|---------------------------------------|--------------|-------------------------|
| Stats SA, analysed in Borhat, H. 2008 | 1995 to 2005 | 0,64 to 0,69            |
| Unisa Bureau for Market Research      | 2006 to 2007 | 0,63 to 0,65            |
| Manufacturing                         | 165 000      | -11,7%                  |

Source: Borhat, H., 2008. Paper commissioned for the *Fifteen Year Review*, using Stats SA *Income and Expenditure Survey* data; Unisa Bureau for Market Research

It should be noted that this relates strictly to income inequality, and does not include the value of the social wage resulting from the substantial expenditure on social services, including the value of the social wage, which has been well targeted towards the poor, would improve the picture.

There was no significant change in inequality among Africans from 1995 to 2005 (although inequality within the group remains high). Earlier research showed that inequality among Africans increased from 1995 to 2000 – it fell back to 1995 levels by 2005.

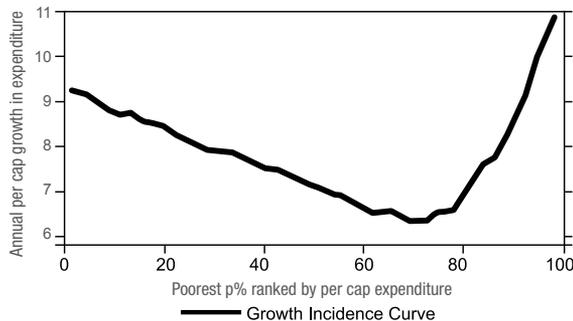
**Table 27: Inequality within race groups**

|              | 1995        | 2005        |
|--------------|-------------|-------------|
| African      | 0,55        | 0,56        |
| Coloured     | 0,49        | 0,58        |
| Asian        | 0,45        | 0,53        |
| White        | 0,39        | 0,45        |
| <b>Total</b> | <b>0,64</b> | <b>0,69</b> |

Source: Borat, H., 2008. Paper commissioned for the *Fifteen Year Review*, using Stats SA Income and Expenditure Survey data

While inequality between race groups decreased in the earlier years, it has tended to increase during the recent period of high economic growth. In other words, after the base changes with the elimination of apartheid, it seems that those historically well-off, in terms of income and assets, have taken better advantage of the benefits of growth.

**Figure 4: Per Capita Expenditure Growth Incidence Curve for South Africa, 1995-2005**



Source: Borat, H., 2008. Paper commissioned for the *Fifteen Year Review*, using Stats SA Income and Expenditure Survey data



The chart shows how much growth in expenditure people at different income levels on average experienced over the 10 years, from the poorest 1% on the left to the richest 1% on the right. The fastest growth in per capita expenditure from 1995 to 2005 occurred on the one hand in the poorest 30%, where social grants had their biggest impact, and the top 15%. In between the benefits were less than the national average. In particular those between the 60th and 70th percentile experienced the least benefit from the overall growth. These are individuals spending between R400 and R1 000 a month, who were less eligible for grants than those poorer than themselves. A perception of seeming to stand still relative to their fellow citizens who had more and those who had less, may have contributed to some of the anger manifested in the bitter and sometimes violent strikes of 2006 and 2007.

This trend carries the message that growth and poverty reduction do not necessarily reduce inequality. Distribution of the benefits of growth is affected by existing disparities in wealth and social capital and in particular by access to the labour market. Inequality reduces the impact of growth on poverty reduction and in turn acts as a constraint on growth. It has the potential to foster social tension.

Lasting and sustainable reduction of income inequality requires greater access of the poor to the labour market. The period under review has experienced trends that inhibit this access as much as enhancing it. Some, such as the economy's sectoral shift, have been noted. Others include the failure of the education system to enhance human capital sufficiently for it to serve as the key to breaking the cycle of poverty and inequality. What is required is therefore both a restructuring of the economy and improvement in the quality of education, especially in poorer areas. The fact that rising inequality is a global phenomenon to which a mere handful of countries are exceptions, underlines the scale of the challenge South Africa faces in seeking to reduce it.

### **Social cohesion**

Social cohesion broadly refers to what gives a society the capacity to cooperate in a way that creates the possibility for positive change. It is vital for effective state action in conditions which might require trade-offs. Across the three terms of government since 1994, the consistent call for unity of all of society in practical action for development reflects the importance of social cohesion to democratic government in South Africa.

The different indicators of social cohesion paint a complex dynamic. In some ways, past divisions have lessened. In others, fault lines of the past persist or show signs of reappearing. National measures tend to show overall progress, while problems tend to concentrate in particular areas. There is reason to conclude that social cohesion is under more stress than a few years back.

One set of indicators measures the strength of our democratic institutions and the extent to which the public has opportunity to keep abreast of and get involved in public affairs.

There is a high level of participation in elections. Public access to the means of communication and information about public affairs has grown steadily, no doubt reinforced by an unforeseen advance in access to telecommunications.

**Table 28: Access to means of communication**

| Percentage                     | 1995 | 1996 | 2003 | 2007 |
|--------------------------------|------|------|------|------|
| Radio (past 7 days)            | 83,6 |      | 92   | 94   |
| TV (past 7 days )              | 63,7 |      | 79,2 | 83,4 |
| Newspaper                      | 33,2 |      | 39,5 | 46,8 |
| Have a fixed line or cellphone |      | 30   | 44   | 63   |

Source: *All Media Products Survey (AMPS)*, Hodge, J. 2008. Paper commissioned for the *Fifteen Year Review*

Confidence in public institutions is critical to social cohesion and legitimacy of the polity. As discussed elsewhere, public approval of the state's performance and trust in public institutions have improved over the long term, though there are signs of some erosion in the recent period.

Consensus around values is a further condition of cohesion. There has been growing consensus around the evolution of South African society and the core values of the Constitution. While this has ebbed and flowed in the five-year electoral cycle, the trend has been towards a higher trajectory with each cycle, or stability at a high level. The table shows five-year averages that smooth the cycles.

**Table 29: Public opinion on the evolution of South African society**

| Average for previous five years           | 1999 | 2001 | 2003 | 2005 | 2007 | 2008 |
|---|------|------|------|------|------|------|
| Confident of a happy future for all races | 74%  | 74%  | 74%  | 76%  | 81%  | 80%  |
| Race relations have improved              | 47%  | 49%  | 46%  | 49%  | 56%  | 57%  |
| Country going in the right direction      | 52%  | 53%  | 52%  | 59%  | 61%  | 61%  |
| Government uniting South Africans         | 69%  | 68%  | 66%  | 67%  | 69%  | 69%  |

Source: Markinor, *Socio-Political Trends and Government Performance Barometer*

Equally important to cohesion is a strong civil society, measured in terms of the vitality of civil organisation and trust and tolerance among citizens.

Although the participation of South Africans in civil-society organisations compares quite well with comparable countries, it declined in the period from 1995 to 2006, according to the *World Values Survey*. Except for a residual category of “other voluntary organisations”, the observed trend applied to the whole range of civil-society organisations: religious, recreational, cultural, labour, political, environmental, professional and charitable.

Trust in others, outside the family, has remained at around 20%, a low level compared with other countries, throughout the period of tracking by the *World Values Survey*.

How citizens identify themselves has relevance for cohesion. Some evidence, though not yet enough for definite conclusions, suggests a shift in recent years. Race has receded as a primary form of self-identification. But whereas some years back, “South African” seemed to be becoming a primary identification, as more people identified themselves that way, some recent research suggests that more people are choosing language/ethnicity (*Future Fact Survey* cited in *Development Indicators, 2008*). By itself, this need not detract from cohesion, but in the absence of counter-vailing public discourse valuing unity in diversity and tolerance, it has the potential to do so.

In this context, there may be significance in a recent fall in confidence in a non-racial future measured in a Markinor survey – to 62% in April 2008, compared to 77% six months before. When a sentiment that has remained strong for years weakens so much in a short time, it suggests some worrying trend, even if temporary. This happened after a period with a number of high-profile racial incidents and violence

against people from other countries, and not long before the outbreak of this violence in May 2008. The violence, in its appeal to ethnic mobilisation, and in its challenge to the rule of law, represented a setback on the path to social cohesion. On the other hand, and testifying to the complex dynamics in our society, there were also examples of communities responding to defend the victims of attacks and affirm their rights in practical ways

Pressures testing the social fabric come in a variety of forms. Among the most corrosive is inequality. It sharpens the tension between the values of a caring society and those generated by an economic system that rewards competitive behaviour. There is evidence from elsewhere in the world that extensive inequality tends to increase crime and social conflict. Even if offset by the impact of the social wage, the persistence of income inequality is cause for concern.

As noted in earlier sections, large-scale migration along with other pressures are leading to the growth of settlements with a high proportion of people detached from their original communities and family structures. Recent research by the HSRC documents how competition for livelihoods and resources, particularly housing, tends to generate tensions in such areas and that it has the potential to develop into hostility towards those identified as outsiders, whether from other countries or from inside South Africa. In the absence of strong community and state authority, such situations can develop into violence and be exploited for more general criminal ends.

Overall, there has been progress towards a united and cohesive society taken in a context of visible improvement in the socio-economic conditions of millions of people, though challenges remain.

#### **4.2.3 Governance and macro-organisation of the state**

A major lesson of the first 10 years of democratic government was the need to improve the performance of the state. While this need was acted on in many ways in the current mandate period, major trends requiring strategic attention have manifested themselves. They relate to matters critical to the capacity of the country to harness the commitment, energy and resources of society in joint action to advance towards the goals of democracy and development.

## Legitimacy

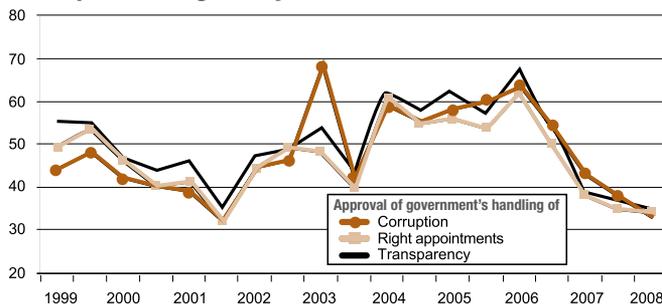
The legitimacy of public institutions has been tested in a number of ways in the recent period.

Noted above is how the legitimacy of some institutions of the criminal justice system has been contested in public discourse or said to be wanting in cases perceived to have either political or racial dimensions. Action against senior officers in all the branches of the system – intelligence, police, corrections and the judiciary – has had the effect both of bringing the system into a negative public light and in some cases of enabling perceptions that independent institutions have been impacted on by party-political dynamics.

The weakness of the interface of government with the public in the local sphere – and often of political-party organisation with communities – has allowed local concerns and grievances as well as local political dynamics to assume the form of protests which impact on the legitimacy and authority of the state. Linked to this has been the need to deploy the police force to maintain order, in some instances with difficulty and not before there has been destruction of property and harm to members of the public. Slower than hoped for progress in improving the performance of the criminal justice system, detailed in the theme chapter, likewise impacts on legitimacy, since capacity to maintain law and order and to ensure the safety and security of citizens is among the conditions of legitimacy.

What the impact of such developments has been on legitimacy in the minds of the public broadly is as yet unclear. Local protest has not been the expression of disillusion with electoral representation, confirmed by the level of participation in elections, in particular in areas affected by protest in pre-election periods.

**Figure 5: Perceptions of legitimacy**



Source: Markinor, *Government Performance Barometer*

However, a negative trend in key indicators of trust in public institutions has been noted in various recent surveys. This would in part be a cyclical downturn towards the end of the five-year cycle of governance, as has happened before. However, the movement has been from what was a high point since the tracking began in 1999, back to the previous low point. This suggests that the various surveys do indeed point to a faltering of trust in government, Parliament, political parties and the justice system after some years of growing confidence.

## National leadership

Government has since 1994 placed emphasis on uniting all of society in practical action towards shared goals. Social partnership for the achievement of common goals has therefore been a consistent priority.

Various forums have been established to develop joint programmes in pursuit of objectives shared by the constituent sectors. These have included Nedlac, the Presidential Working Groups, the South African National AIDS Council (SANAC) and the Setas for skills development. The 1998 Jobs Summit, the 2003 Growth and Development Summit and the 2008 Energy Summit have served as platforms for government and its social partners to seek commitment to broad shared programmes. At another level, PGDS, integrated development plans and izimbizo have been fashioned so as to promote partnerships for development.

The experience of the first decade led to the observation that success in the work of government was greatest in areas directly under the state's control, and less so where success depended also on the actions of others. This reinforced the imperative of partnership and the MTSF for 2004-09 called for "a new culture in the operation of government, informed by the concept of the People's Contract".

The forums previously established continued to operate. New, post-2004 initiatives involving significant levels of partnership include AsgiSA, Jipsa, a reformed SANAC, and the joint review of the criminal justice system by government and the Big Business Working Group. Much has been achieved through this approach, but in many ways moments of shared commitment have not led to joint action. Points of consensus have often remained islands in a sea of contestation. The challenges facing government and the nation as a whole, highlighted in this review, will require the forging of working partnerships with more practical consequences.



The challenge of national leadership and social partnership is not a one-sided one in which responsibility devolves solely on the state. Reduced participation and activism on the part of civil-society organisations – non-governmental organisations (NGOs) and community-based organisations (CBOs) – reduces the possibilities of strong partnerships for development. How effective have NGOs and trade unions been in taking advantage in the interest of those they represent of the opportunities brought by democracy? Pension fund boards, workplace forums and Setas are just some of the points at which such opportunities have not been taken up to the full extent. The evidence of declining participation in civil-society organisations cited earlier has implications for the desired people-driven process of change. Then there is the question of whether individuals and communities have shown sufficient initiative in tackling community challenges such as domestic violence and teenage pregnancies, rather than an inclination to delegate the solution of all such challenges to government. The Letsema Campaign gave evidence of the potential for volunteerism as selfless cooperation with government to promote development – why did it not grow beyond its beginnings?

The take-up of government programmes for small enterprise support is disappointing. The Global Entrepreneurship Monitor concludes in its *2007 Executive Report*, on the basis of international surveys, that South Africa has consistently low rates of “early-stage”, that is, initiating, entrepreneurial activity compared with most other middle- and low-income countries. Our own review provides instances of where a more effective response by business to challenges of growth and development would have meant faster and further progress. Examples include: gender parity at executive levels, training and response to the opportunities offered by burgeoning aggregate demand.

With regard to government’s own performance, the critical thrust has been towards integration in policy development and implementation. From 1999, in particular, a more integrated state machinery took shape, outlined in the *Governance Theme*. It included both a reshaping of machinery and the introduction of a MTSF as a medium-term guide for the implementation of the electoral mandate.

Broadly speaking, the ethos of the new system was to favour general, permanent and coordinating mechanisms over specialised and ad hoc ones. Clusters of departments, at the level of both the executive and heads of department, became the predominant mechanism, accompanied by intergovernmental structures to promote integration across spheres. The introduction of this approach at national level was replicated across provinces and in departments where relevant.

Coordination of implementation is managed by means of the annual Programme of Action (PoA), which sets out the priorities and targets for each cluster as a plan for the year to implement the five-year MTSF. The DG clusters establish joint interdepartmental project teams to manage implementation of particular PoA activities. Monitoring of implementation is managed through bimonthly reports from DG clusters to Cabinet committees and in turn to Cabinet. Publication of the PoA and updating of progress in line with the cycle of two-monthly reporting to Cabinet serves both to keep the public informed of progress and as a pressure on government to implement.

Introduction of this system has improved accountability and coordination. But coordination and the organisation of the state are ongoing challenges, requiring measures to deal with problems as they emerge. The factors militating against effective integration in government are more deeply rooted and more difficult to overcome than initially recognised. Some of these tilt the balance towards individual rather than collective responsibility. This includes statutory provisions which make officials accountable in the first instance for line-function responsibilities. A system of effectively voluntary coordination based on consensus has insufficient countervailing force to overcome such factors. DG and ministerial cluster meetings lack powers which genuine oversight would require; to take corrective or integrative action when required.

Related difficulties are found in some of the other mechanisms established to integrate government policy and implementation. For example, provinces, in a self-assessment regarding the development of provincial growth and development strategies, identified areas that needed improvement. Some said that strategising leaned towards a collation of programmes rather than an integrated strategy, or were less integrated with national and local programmes and priorities than they should be. These problems, which have as much to do with national as with provincial government, are being addressed in part through the roll-out of the National Spatial Development Perspective (NSDP). The NSDP brings a framework and mechanisms that harmonise national priorities, provincial growth and development strategies and municipal integrated development plans. By mid-2008, the roll-out of the NSDP was completed or in progress in 23 districts, with 15 more being enrolled.

Recognition of these problems, as well as the need to assess what was required to meet the challenges of the 2004 mandate, led in 2005 to the Cabinet initiative to make recommendations regarding the organisation and capacity of the state. While

some of the resulting proposals have been implemented, issues relating to government's central machinery are still to be attended to.

The experience of the cluster system suggests a need for fewer nodes of coordination. There have been advances in coordination, as well as weaknesses. The formation of cluster focus groups bringing together projects in common functional areas has improved policy alignment and coordination of service delivery, and, in the economic sector, seen the beginning of an integrated infrastructure investment plan. However, the question arises, whether this takes the clusters as presently configured to their coordination limits. The challenge will be to shift from joint planning and reporting to joint implementation with emphasis on improved monitoring and evaluation, and with effective powers of oversight and stronger accountability.

Does this require a change in the architecture of the executive? Steps that have been broached in this regard include the introduction of two tiers within the executive. One option would see senior ministers exercising oversight of clusters of ministries as their core function. (In the current arrangement that would mean giving authority of oversight to the coordinating ministers, rather than just that of convening meetings). Correspondingly, chairs of DG clusters, which make up FOSAD's MANCO, would oversee the work of their clusters. Other proposals include having fewer ministers and more deputies, which, if any, of these arrangements would improve coordination and effective implementation, would need further examination. Or is it rather a matter of improving the functioning of the present system in ways that strengthen Cabinet's capacity to oversee implementation?

What about the clusters? Both the advances and the weaknesses point to a need for review. Given the general failure to translate their work into effective project teams, the question arises of whether it may be more appropriate to prioritise the project approach and make the clusters groupings of projects with interlinkages (e.g. clusters on infrastructure, second economy), rather than of departments.

At present, the formation and effective supervision of such project-oriented teams falls outside the cluster system. For example, coordination and supervision of AsgiSA, the anti-poverty strategy, and HIV and AIDS, to name some, are assigned to the Deputy President. Alternatively, major areas of focus during a particular mandate period may justify the setting up of formal Cabinet committees (or standing items in existing committees) to deal with such matters.

Further, there is a case for assessing how well executive and departmental permutations (the number and configuration of ministries and departments) match the strategic priorities of the present.

### **The policy context**

Fourteen years into democracy, the global and domestic policy context has changed to an extent that may require re-examination of some of the policy choices made. In some instances, indeed such review has already begun.

The farming sector may be an example. State support for the sector has been minimal relative to both developing and developed economies. Consequently, agriculture's contribution to GDP has declined substantially relative to other sectors and the country has become a net importer of agricultural goods. Agriculture's potential to create jobs and address rural poverty and landlessness, has not been realised. In the light of the global food crisis and escalating prices, government may need to provide stronger support to the farming sector as a deliberate strategy.

Our choice of coal-based energy sources may require adjustment in the light of international concern about climate change and global warming, requiring that we may have to introduce costly technologies to limit carbon emissions.

Policy decisions about training and skills development, including in SOEs, had the result, a decade or more later, that the economy faces an acute shortage of artisan skills.

While ICT policy of managed liberalisation may have increased access for the poor, there has been little progress in terms of price competition. High telecommunication costs for business impact on competitiveness, and many of the poor who have gained access find usage unaffordable. The recent bout of load-shedding to manage an electricity-generating system with insufficient margin and aging equipment brought harsh focus on the consequences of a policy choice premised, among other things, on cheap abundant electricity and a view that the private sector would want to invest in the sector configured as it then was.

Current conditions would seem to pose the question whether the emphasis that "Moving South Africa", the 20-year plan for the country's transport, put on road transport did not lead to insufficient attention to rail.



These examples bring various messages. Not only can the environment change in ways that require policy review, or policies have unintended consequence, but our policy environment is also a global one. On the one hand, that means that we can benefit from the best practice of others. But it also requires a capacity in the state to discern when prevailing international consensus around policy applies to our conditions and when it does not.

#### **4.2.4 The global context**

Five years ago, the world was entering a period of increased tension with regard to the institutions and trends of global governance. Slow but steady advance towards multilateralism contended with the unilateral impulses of a newly unipolar world. Uncertainty around global terrorism and the response to it combined with unresolved differences over trade issues to make for a fragile international outlook. At the same time, opportunities to advance the developmental agenda in global discourse, and in particular the African Agenda, were being taken.

Today, many of the same tensions and uncertainties and unresolved issues remain, as do the opportunities for African advancement. The reform of the institutions of global governance remains work in progress, though the need is now more universally recognised. While it has proved easier to win international commitments to positions favouring development than to secure action to fulfil them, the advances made are real.

In the past five years, global economic developments have come to assume a new prominence.

The prospect of more than half the world's economic activity being in Asia by 2025 suggests the impact of the development of China and India, in particular, on the global balance of economic power. More broadly, the countries of the South will assume a new collective weight which favours development. Africa's own long-term development will give it greater possibility to assert its interest through strategic relationships. In this context, the advances made in strengthening South-South relations and in establishing IBSA will be of strategic advantage.

Within Africa, the likelihood is that there will be shifts in the economic weight of different countries.

While the specific causes may in future differ from the current combination of a financial crisis and an inflationary trend in commodity prices, periods of global economic turbulence can be expected from time to time. In particular energy, food and commodities threaten to constrain global growth and poverty reduction. But contained in each challenge is an opportunity for the world, and South Africa, to chart out a new paradigm of development premised on environmental sustainability and more productive use of land.

Related to these factors, the issue of climate change can be expected to have prominence in global affairs and to require also the attention of the developing world.



## 5. STRATEGIC POSTURE GOING FORWARD

### 5.1 Core issues

The review indicates that government has been making progress towards meeting its objectives. This applies to both the overarching long-term RDP goals and the more specific objectives for the Second Decade of Freedom. At the same time, those objectives have not yet been achieved in full and new challenges have arisen.

What broad strategic framework would enable government to overcome persistent or new challenges and move to, and sustain, a higher trajectory of growth and development that reduces poverty and unemployment?

Midway through the Second Decade of Freedom, the foundation of the first decade and new initiatives since 2004 have enabled South Africa to notch up to a faster trajectory of growth and development.

But it is not yet enough.

The challenges proved more deep-seated than recognised, and success brought new challenges. The state had to learn new ways of doing things as it implemented, but was it decisive and flexible enough?

In the midst of this, the global environment has become less predictable and less favourable than expected.

Unforeseen global and domestic developments have the potential to check progress and keep the country's development within its present constraints.

South Africa could continue along this path, barely denting structural ills such as massive unemployment among the youth and unskilled workers, the structure of the economy, inequality, poor quality in some social services and trends in violent crime. With this, society would plod along with occasional social instability and periodic spurts of growth.

Is there a possibility for a big push based on broad national consensus and focused on a few catalytic national initiatives, propelling the totality of national endeavours towards better social impact? Can the current severe environment serve as a basis

for such consensus? Needless to say, the answer to these questions depends on the agency of various social actors.

One thing though is clear: success in this regard will require a decisive state with even higher levels of legitimacy, and a more cohesive society, together prepared to pursue a common vision and to make the necessary adaptations and choices between priorities when the need arises.

## 5.2 Elements of strategy

Departing from the conclusion of this review, summarised above, the main elements of strategy can be organised around a few core ideas. A more detailed outline of issues for reflection is contained in the final section.

### 5.2.1 Speeding up growth and transforming the economy

Reducing unemployment and poverty makes faster and shared growth an imperative. Beyond successful macroeconomic management and empowerment within the existing structure of the economy, the country's productive capacity needs to be transformed so that it can meet the country's need for sustained accelerated and inclusive growth, rather than hit against constraints when acceleration takes place. In other words, the trend growth of which the economy is capable needs to be raised. That would require the removal of the binding constraints identified in AsgiSA (detailed in the *Economic Theme* section). It would require addressing issues regarding the economy's growth-path. These include the need to promote the expansion of sectors that would employ low-skilled workers and building an economy that can better take advantage of global trends. It would need to take account of the implications of a historical shift in the cost of energy in the South African economy and to actively support investment in industries and facilities designed to counter climate change. Attention to environmental issues would be needed to ensure sustainability of growth and development.

It would require attention to the linkages between skills, productivity, competitiveness and innovation. It also calls for systematic promotion of growth of the small enterprise sector and strengthening the capacity of the state to direct industrial development.

## 5.2.2 Fighting poverty

The work in progress to develop a comprehensive anti-poverty strategy needs to be completed, informed by the imperative of reducing unemployment as the key and most sustainable anti-poverty measure. Measures to overcome the structural features that reproduce poverty and inequality should be central to the approach. Increasing employment and opening economic opportunities are critical to promoting independence from social grants and to sustained economic growth. South Africa needs to remove systemic barriers responsible for the country, having a comparatively small informal sector and a large body of “discouraged” able-bodied people.

In this sense, an effective anti-poverty strategy would combine “pro-poor growth” with “pro-growth poverty reduction”.

Enhancing the social capital of the poor is vital both to their well-being and to successful entry into the labour market and self-employment. Education and skills development, broadening access to information about economic opportunities, shifting settlement patterns to be closer to economic opportunities and improving public transport systems are all part of what is required. Education has the potential, realised only to a limited extent as yet, to disrupt the reproduction of poverty from one generation to the next.

## 5.2.3 Building social cohesion and state legitimacy

A cohesive society whose citizens are well-endowed with human capital is both a goal and a driver of development. For that reason, attending to the stresses in social cohesion that have become evident needs to be given priority.

Critical in this regard is reduction of inequality. This requires both the opening of access to employment and other economic opportunities for the marginalised as well as sustaining pro-poor, redistributive taxation and social spending.

Strong and legitimate public institutions are critical to social cohesion. Consolidating the legitimacy of the state requires on the one hand enhanced performance of the state in meeting public needs with regard to both welfare and order, and on the other involving communities in the development and implementation of policy. More effective provision of services, reduction of crime and corruption and strengthening the platforms for public participation are all part of what is required by the state to

consolidate legitimacy. Conversely, citizens and communities have the responsibility to respect and protect the legitimacy and authority of state institutions.

There is a need to more effectively focus on the tension between, on the one hand, the values of solidarity and caring, which define the kind of society we are seeking to build and, on the other, the assertive individualism that emanates from a competitive economic and social system. Militating against social cohesion are values and attitudes generated both by the possibilities of rapid acquisition of wealth for those who occupy positions of power or influence and also by the stressful conditions of extreme poverty among the marginalised.

Advancing a new value system requires attention by the state, working with other leaders, to give leadership through interventions in public discourse that enhance the humane values of a caring society and delegitimise expressions of racism and discrimination. It requires ensuring that the education system advances those same humane values.

#### **5.2.4 Pursuing the values of international cooperation**

Fifteen years of democratic government's international work have laid a basis for further strengthening of partnerships across the globe, especially in Africa and the South. In doing so, South Africa strengthens its capacity to fulfil its responsibility to promote a better Africa and a better world. By the same token, it enlarges the possibilities for pursuing its national interest by taking advantage both of global trends and of the impact of our own contributions to peace and security, democracy and development.

#### **5.2.5 Building a developmental state**

If the state is to have the capacity to implement the elements of strategic posture listed above, it would need to have certain specific characteristics. Running through the different facets of this review are lessons about the capacity and limitations of the state in pursuit of the objectives of reconstruction and development. Improved performance and impact require institutional change. At the same time, one of the important post-2004 advances has been the crystallisation of thinking about what characteristics the developmental state would need to have at this stage of South Africa's transformation.



It would need a particular strategic orientation: one based on people-centred and people-driven change.

The state should have the capacity to give leadership in the definition of a common national agenda and in mobilising all sectors of society to participate in implementing that agenda. This includes the capacity to prioritise in a strategic way, to identify which goals and initiatives have the potential to unite the nation in an effort that catalyses the rest of the national agenda. In this capacity of national leadership, which would be informed by its popular mandate, the state will need to have effective systems for interaction with all social partners.

It would need organisational capacity, to ensure that its structures and systems effectively facilitate implementation of programmes decided upon, insisting on the highest possible standards of public service. This would mean continuing attention to issues of the macro-organisation of the state which have received profile in the findings of this review. It would include definition of roles and responsibilities across the three spheres, effective relations between the spheres and stability of the management system. This would include strengthening monitoring and evaluation capacity, including at points of delivery (such as schools, hospitals, clinics and so on).

It should have the technical capacity to translate broad goals and objectives into practical programmes and projects and to see that they are implemented. This would require effective training, appropriate orientation and leadership of the Public Service, and recruitment and retention of skills.

It would need to master long-term planning. This is a prerequisite not only of technical capacity but also of the state's ability to give leadership to the rest of society by making long-term commitments that other actors can rely on.

It would need the ability to discern when established practice needs to give way to bold and even unorthodox action, before crisis or stagnation sets in. Where necessary, that would also mean being able to take the nation along a path that might bring short-term sacrifices by various social actors in the interests of long-term gains for all.

## 6. ELEMENTS OF STRATEGY FOR REFERENCE

Implementing the broad elements of the strategic posture outlined above will require specific initiatives and programmes as well as particular institutional changes and improvements. There are challenges that need to be overcome, but also opportunities for doing what needs to be done.

What follows is a list of issues for consideration, programmatic elements that can be implemented in various packages and sequenced in particular ways depending on the particular policies chosen. As such, they are not developed in detail. While all of them are critical in moving the country to a higher growth and development trajectory, success in the circumstances outlined by this review requires a big push that boldly selects a very few catalytic initiatives as strategic priorities that drive the country towards its objectives. Such is the lesson to be drawn from the experience of those developing countries which have achieved accelerated development in similarly challenging circumstances.

### 6.1 Speeding up growth and transforming the economy

- **Macroeconomic management**
  - Creating conditions for job-creating growth
  - Management of exchange rate and relation to inflation targeting
  - Better alignment of monetary, fiscal and industrial policy objectives.
- **Industrial policy and programme**
  - Manufacturing, export industries and low-skill labour absorption, flexible industrial incentive system, strategic and streamlined system of SOEs, including development finance institutions
  - Efficient and effective infrastructure planning, implementation and maintenance, with regard to electricity, transport, communications, and the spatial location of housing
  - Building on the NSDP, formulating a regional development approach that posits districts/metros as the critical geographic units of planning and development.
- **Trade and competitions policy**
  - Review of the customs union in context of the SADC objectives
  - Better alignment between diplomacy and response of the private sector

- Streamline the tariff system, strengthen competitions policy and practice and streamline the economic regulatory system.
- **Human capital and labour absorption (human resource and skills development strategies)**
  - Alternative education for those who drop out of the school system; measures to improve the quality of education on a large scale, especially in poor communities
  - Streamlining Setas, expanding further and higher education to address existing and forecast skills shortages
  - Improved labour-market information systems and their penetration into marginalised communities
  - Wage subsidy, promote growth of sectors employing low-skilled workers
  - Improved public transport system.
- **Focused second-economy interventions**
  - Reduce structural barriers to entry of the marginalised into the SMME sector
  - Integrate marginalised producers and service-providers in mainstream value chains
  - Boost rural development, including small-scale agriculture and co-operatives.

## 6.2 Fighting poverty

- **Institutionalising needs of the poor**
  - Ensure a comprehensive and coordinated implementation of the various anti-poverty measures, institutionalise focus on fighting poverty, ensuring that co-ordination, planning and implementation are systematically informed by the priorities of poverty and inequality reduction.
- **Social services**
  - Achieving universal access to basic services
  - Improving quality of education and healthcare.
- **Rural poverty**
  - Measures to address persistent poverty in rural areas – encouraging agricultural production, including through expanding access to agricultural land raising agricultural productivity; resolving issues around communal land.

- **Combining social security with expansion of access to economic activity**
  - Comprehensive social security
  - Focus on measures to create access to economic opportunities for young people and people with less skills
  - Improve labour-market information systems and their penetration into marginalised communities.

### 6.3 Building social cohesion and state legitimacy

- **Strengthening representative bodies and entrenching legitimacy of the Constitution**
  - Strengthening capacity of representative bodies to represent public and citizen interests and to hold government accountable (including research and representative support capacity)
  - Deepening the legitimacy and integrity of the Constitution and constitutional bodies
  - Improving systems of mass participation in the development and implementation of public policy.
- **Improving the efficacy of the state**
  - Single public service with high standards of recruitment and promotion
  - Focus on improving performance in critical areas, including frontline services, crime
  - Improving state of security in the border environment (including with regard to illegal immigrants in the country).
- **Improving capacity of the criminal justice system**
  - Increase number of investigators, revamp court-management system, implement *Correctional Services White Paper on Rehabilitation*, comprehensive system to break cycle of recidivism
  - Focus on organised crime, more effective use of intelligence services.
- **Social cohesion initiatives**
  - o Promoting community solidarity, issues of language, renaming, schools oath, sport, citizen responsibility, ensuring that the reduction of inequality informs growth and anti-poverty initiatives, etc. Making the most of the 2010 World Cup to promote development, nation-building and African solidarity
  - Reduction of inequality measures, including focus on opening access to the labour market, as well as sustaining pro-poor, redistributive taxation and social spending

- Promoting the culture of initiative and creativity among especially the poor, to join in government efforts to improve their conditions of life.

#### 6.4 Pursuing the values of international cooperation

- Focused development on building and strengthening strategic partnerships with countries of the South whose trajectory will help advance our national interests
- Continued prioritising of Africa
- Pursue a developmental and investment-focused approach to our relations with the industrialised world
- More strategic deployment of our relative economic advantages to advance African development and advance national interests
- More assertive combination of national interest and international responsibility, taking advantage of global developments and of the results of our own contributions to a better Africa and a better world
- Strategic utilisation of people-to-people relations, including “cultural diplomacy”.

#### 6.5 Building a developmental state

- **Building medium- and long-term planning capacity**
  - Ensuring coordination of planning throughout government – by means of planning support structure
  - Introduce/strengthen planning practices across government and spheres and ensure alignment and compliance
  - Clarify the role of provincial and local spheres in economic development and provide capacity for these functions to be undertaken
  - Integrate SOEs into planning processes and improve monitoring and evaluation of their performance
  - Sharpen focus on fewer priorities with the capacity to catalyse the broader implementation of government’s programme and the national agenda.
- **Building partnership**
  - Urgently develop national agreements (social compact/partnership) covering generic issues and ensure such agreements in specific areas such as education and skills development
  - Sustain and strengthen existing engagement of organised sectors of society through such structures as Nedlac and working groups

- Promote the capacity of civil society more generally, and the NGO sector in particular, to contribute to development through involvement in strategising and policy development as well as implementation and advocacy
  - Improve the interface of state and citizens at local level: ward committees, izimbizo and integrated structures of service provision.
- **Strengthening coordination**
    - Strengthen integrative and coordination instruments, including assigning to cluster coordinating ministers powers of oversight with regard to other ministers, with similar hierarchy at the level of directors-general/heads of departments with the FOSAD MANCO (co-chairs of clusters and “central departments”) having oversight at the level of management of policy development and implementation
    - Coordinating ministers to be supported by system for coordination of planning and monitoring and evaluation
    - Realign clusters along more functional lines, taking into account government’s core focus areas – for example with an Infrastructure Cluster; Human Resources Cluster– and make them an integral part of the Cabinet system with FOSAD clusters as technical back-up
    - While reviewing allocation of functions and responsibilities across spheres, introduce a system that would allow for better joint planning, alignment of plans and programmes across the spheres, and compliance with national objectives agreed upon.
  - **Improving capacity to implement**
    - Improve monitoring and evaluation system across all spheres, including capacity for follow-up and early warning systems
    - Ensure oversight responsibilities are accompanied by power of sanction
    - Realign departmental and/or ministerial functional areas, taking into account programmatic focus areas
    - Attend to acquisition and development of planning and implementation skills
    - Massively expand corps of professionals and auxiliaries in education, health and social work, improve capacity of management in centres of delivery (schools, hospitals, civic services), consider introduction of flexible agency system among the spheres, taking into account capacity in specific functional entity
    - Emphasise achievement of norms, standards and quality of outcomes, rather than merely compliance with process and participation in structures.

## ANNEXURE I – TABLES &amp; FIGURES

|  |     |
|--|-----|
| Table 1: Participation in elections  | 7   |
| Table 2: Income poverty trends   | 18  |
| Table 3: Access to basic services  | 21  |
| Table 4a: Gross Enrolment Ratio by level of education                        | 23  |
| Table 4b: Enrolment in school by age   | 23  |
| Table 5: Expansion of antiretroviral treatment programme                     | 27  |
| Table 6: Economic growth   | 31  |
| Figure 1: Comparative GDP growth rates                                       | 32  |
| Figure 2: Government debt as percentage of GDP                               | 33  |
| Table 7: Government expenditure (% real annual growth)                       | 34  |
| Table 8: Structure of South Africa's economy                                 | 36  |
| Table 9: Growth of trade of developing countries                             | 37  |
| Table 10: BEE transactions over the last 13 years                            | 39  |
| Table 11: Percentage of top and senior managers who are black                | 39  |
| Table 12: Expanding budgets in the criminal justice system                   | 45  |
| Table 13: Broad categories of reported crime                                 | 48  |
| Table 14: Court processes  | 49  |
| Table 15: International conferences and events                               | 58  |
| Table 16: Peacekeeping operations  | 61  |
| Table 17: Tourism  | 68  |
| Table 18: Severe malnutrition among children under five                      | 75  |
| Figure 3: Cycles of mood and economic confidence                             | 91  |
| Table 19: Public perceptions of government performance                       | 92  |
| Table 20: Public perceptions of government performance                       | 93  |
| Table 21: The public agenda: most important issues for government to address | 94  |
| Table 22: Demographic trends   | 95  |
| Table 23: Labour-market trends   | 97  |
| Table 24: Reduction in employment 1994-2004                                  | 97  |
| Table 25: Provincial population trends 1996-2007                             | 98  |
| Table 26: Income inequality  | 101 |
| Table 27: Inequality within race groups                                      | 102 |
| Figure 4: Growth Incidence Curve for South Africa, 1995-2005                 | 102 |
| Table 28: Access to means of communication                                   | 104 |
| Table 29: Public opinion on the evolution of South African society           | 105 |
| Figure 5: Perceptions of legitimacy  | 107 |

## ANNEXURE II – DEVELOPMENT INDICATORS

Data on trends, sourced from official statistics and research by local and international institutions, are clustered into 10 broad themes

### ECONOMIC GROWTH AND TRANSFORMATION

1. GDP growth
2. Real per capita GDP growth
3. Foreign direct investment
4. Gross fixed capital formation
5. Budget deficit before borrowing
6. Government debt
7. Interest rates: real and nominal
8. Inflation measures: CPI and CPIX
9. Bond points spread
10. R&D expenditure
11. Foreign trade and payments
12. South Africa's competitiveness outlook
13. Knowledge-based economy index
14. BEE transactions
15. Black and female managers

### EMPLOYMENT

16. Employment
17. Unemployment
18. Expanded Public Works Programme (EPWP)

### POVERTY AND INEQUALITY

19. Per capita income
20. Living standards measure
21. Inequality measures
22. Poverty headcount index
23. Poverty gap analysis
24. Social-assistance support
25. People with disabilities

## **HOUSEHOLD AND COMMUNITY ASSETS**

- 26. Dwellings
- 27. Water
- 28. Sanitation
- 29. Electricity
- 30. Land restitution
- 31. Land redistribution

## **HEALTH**

- 32. Life expectancy
- 33. Infant and child mortality rate
- 34. Severe malnutrition under five years
- 35. Immunisation coverage
- 36. Maternal mortality ratio
- 37. HIV prevalence
- 38. Tuberculosis (TB)
- 39. Malaria

## **EDUCATION**

- 40. Educator - learner ratio
- 41. Enrolment
- 42. Senior Certificate pass rate
- 43. Matriculants with mathematics passes
- 44. Adult literacy
- 45. Graduating science, engineering and technical (SET) students

## **SOCIAL COHESION**

- 46. Strength of civil society
- 47. Voter participation
- 48. Voters per province
- 49. Women who are members of legislative bodies
- 50. Confident in a happy future for all races
- 51. Public opinion on race relations
- 52. Country going in the right direction
- 53. Identity based on self-description
- 54. Pride in being South African

**SAFETY AND SECURITY**

- 55. Broad categories of crime
- 56. Contact crime
- 57. Property crime
- 58. Aggravated robberies
- 59. Detection rate
- 60. Charges referred to court
- 61. Conviction rate
- 62. Inmates
- 63. Road accidents

**INTERNATIONAL RELATIONS**

- 64. Peace operations
- 65. Democratically elected governments in Africa
- 66. Real GDP growth in Africa
- 67. Tourism
- 68. Mission operations and diplomats trained
- 69. International agreements

**GOOD GOVERNANCE**

- 70. Tax returns
- 71. Audits
- 72. Corruption perceptions
- 73. Budget transparency
- 74. Public opinion on delivery of basic services
- 75. Ease of doing business
- 76. Greenhouse gas emissions



### ANNEXURE III – SOURCES

This is a partial list of sources, consisting of base documents defining the policy objectives and commitments of governments, the papers commissioned for the *Fifteen Year Review* and some basic Stats SA sources

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## ANNEXURE IV – ABBREVIATIONS AND ACRONYMS

ABET – Adult Basic Education and Training  
 AIDS – Acquired Immune Deficiency Syndrome  
 APRM – African Peer Review Mechanism  
 ART – Antiretroviral Treatment  
 AUPSC – African Union Peace and Security Council  
 CJS – Criminal Justice System  
 DBSA – Development Bank of Southern Africa  
 DG – Director-General  
 DPLG – Department of Provincial and Local Government  
 DPSA – Department of Public Service and Administration  
 ECD – Early Childhood Development  
 EPAs – Economic Partnership Agreements  
 EPWP – Expanded Public Works Programme  
 FET – Further Education and Training  
 FOSAD – Forum of South African Directors-General  
 G&A – Governance and Administration  
 GDP – Gross Domestic Product  
 GEAR – Growth, Employment and Redistribution  
 GER – Gross Enrolment Rate  
 GIC – Growth Incidence Curve  
 HIV – Human Immune Virus  
 HR – Human Resources  
 ISS – Institute of Security Studies  
 JCPS – Justice, Crime Prevention and Security  
 JSC – Judicial Services Commission  
 M&E – Monitoring and Evaluation  
 MDR – Multi-Drug Resistant  
 MECs - Members of Provincial Executive Councils  
 MinMECs – Committees of Ministers and Members of Provincial Executive Councils  
 MPCCs – Multi-Purpose Community Centres  
 MTSF – Medium Term Strategic Framework  
 NIPF – National Industrial Policy Framework  
 NSDP – National Spatial Development Perspective  
 Nedlac – National Economic Development and Labour Council  
 Nepad – New Partnership for Africa’s Development  
 NPA – National Prosecuting Authority

OECD – Organisation for Economic Cooperation and Development  
PAIA – Promotion of Access to Information Act  
PFMA – Public Finance Management Act  
RDP – Reconstruction and Development Programme  
R&D – Research and Development  
RECs – Regional Economic Communities  
Sacu – Southern African Customs Union  
Salga – South African Local Government Association  
SANAC – South African National AIDS Council  
Seta – Sector Education and Training Authority  
SET – science, engineering and technical  
SMME – small, medium and micro-entreprise  
SOEs – State-owned enterprises  
Stats SA – Statistics South Africa  
TB – Tuberculosis  
TDCA – Trade and Development Cooperation Agreement  
WHO – World Health Organisation  
XDR – Extreme Drug Resistant



