



# DEPARTMENT OF PERFORMANCE MONITORING AND EVALUATION

MIDTERM REVIEW OF THE  
PRIORITIES OF GOVERNMENT  
MARCH 2012



THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT: PERFORMANCE MONITORING AND EVALUATION

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## PREFACE AND INTRODUCTION

One of the hallmarks of this administration has been a commitment to increasing the use of monitoring and evaluation in government. This involves changing the culture of government from one which focuses almost exclusively on activities to one which also focuses strongly on results. In pursuit of this objective, Cabinet agreed on a set of twelve outcomes (or priorities) to provide a strategic focus for government, building on the five priorities in the ruling party's election manifesto.

The President entered into a performance agreement with each of his Ministers, in which he spelt out the key results he expected them to achieve for each of the outcomes. He also requested some of the Ministers to coordinate the production of interdepartmental and intergovernmental plans or delivery agreements for each of the outcomes, setting out how the outcomes would be achieved, and identifying measurable indicators and targets. The delivery agreements were completed by November 2010, and since then Cabinet has been focusing on monitoring their implementation. We have now started to carry out evaluations of major government programmes related to the outcomes, with a view to assessing their impact and identifying required revisions to the delivery agreements.

November 2011 was the mid-point of the 2009–2014 electoral term, and this document provides a mid-term review of progress against the priorities. For each priority area, we provide a short problem statement, an analysis of the causes of the problem, a summary of our 2009 commitments to address the problem and a summary of progress to date against the commitments. We also identify key challenges and make recommendations for focus areas for the remainder of the term. The document is intended to be high level, relatively short and readable, and therefore does not comprehensively cover all the work of government.

Our intention has been to provide a balanced and frank assessment of our progress with the priorities to date, and we hope that the review makes a contribution towards developing a culture of continuous improvement and accountable and transparent government.



**Minister OC Chabane**

**Minister in the Presidency responsible for Performance Monitoring and Evaluation**





## I. EDUCATION AND SKILLS

### PROBLEM STATEMENT

The democratic government inherited a fragmented education system with large variations in quality and effectiveness. Since 1994, government has focused on unifying the disparate systems of education, and developing and implementing policies that seek to respond to the need to increase the skills and life chances of all South Africans.

While much was achieved between 1994 and 2009 in unifying the system at policy level, school performance remained a challenge and skill formation remained limited. Although education budgets had increased to around 5.4% of GDP in 2009, which is relatively high for a developing country, the increase in expenditure had not resulted in a marked improvement in education outcomes. South Africa was outperformed by countries spending less per capita on education, and the economy was struggling to find the skills it needs for its growth.

### CAUSES OF THE PROBLEM

In diagnosing the causes of the problem in 2009, it was recognised that poverty was still the biggest predictor of learner performance. However, in-school factors such as weak school management, low teacher knowledge, low levels of accountability, and limited availability of resources affected the way schools performed. Schools serving learners with the same socioeconomic backgrounds and with the same resources did not always perform at the same levels.


The public school system had a dual character, with sections that were effective and other sections that struggled to turn inputs into effective outputs. The weakness of the basic education system affected the post-school training arena. Fewer learners reached matric, and fewer still achieved a bachelor's pass in mathematics. The huge numbers of learners who exited without a pass were unprepared for the world of work and had limited opportunities for further education and training. Many of the learners who reached grade 12 operated at literacy levels below grade 12.

The skewed enrolment in universities, which resulted in more learners in humanities, meant universities produced fewer graduates with the skills required by the economy. Low throughput rates at universities and further education and training (FET) colleges further limited work opportunities for young people and impeded the development of skills for the economy. Apart from efficiency issues, these institutions lacked the capacity to respond to the needs of the economy and were unable to meet an increasing demand for enrolment.

Skills supply was also constrained by the challenges facing the Sector Education and Training Authorities (SETAs), including a lack of clarity on their role, uneven management and performance across the SETAs, and difficulties in addressing cross-sectoral skills development and training requirements.

### WHAT THE GOVERNMENT SET ITSELF TO DO IN 2009

To deal with the above challenges, government committed itself to improving education outcomes such that 60% of grade 3 learners perform at the required literacy levels, at least 60% of grade 9 learners perform at the required mathematics levels, and 175 000 grade 12 learners pass with a bachelor's pass by 2014. In order to objectively measure progress in this regard, government committed itself to establishing a world-class system of nationally standardised annual national assessments. To ensure the sustainability of the gains, a commitment was also made that all grade 1 learners would receive grade R and that more than 41% of teachers would exceed minimum subject knowledge requirements. In order to assist both learners and teachers to achieve these targets, universal access to high-quality standard workbooks would be ensured.



To deal with the high number of unemployed youth who are not at school and are without skills, government committed itself to increasing ABET level 1–4 entrants to 300 000 by 2014, to increase the National Certificate Vocational (NCV) pass rate to 50%, and to increase the range of post-matric learning options to meet the demand of those with matric who do not meet university entrance requirements.

To meet the skills requirement of a changing economy, a commitment was made to increase the number of learnerships to 20 000 per annum and the number of those passing trade tests to 10 000 per annum, with a pass rate of 60% by 2014. At tertiary level, it is envisaged that 51 460 engineering, 51 747 animal and human health, and 40 607 teacher graduates will be produced over the period 2011–2014. To support knowledge development in the country, government committed itself to increasing the numbers of honours graduates to 76 545, master's graduates to 17 241, and doctoral graduates to 5 356.

## **PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM**

### ***Basic education***

The matric percentage pass rate is on an upward trend. The pass rate was 62.6% in 2008, dipping to 60.6% in 2009, rising to 67.8% in 2010 and 70.2% in 2011. However, overall average marks are not improving, and there is an ongoing challenge to improve the quality of passes.

Although the percentage of all passes that are bachelor's passes increased between 2010 and 2011, the total number of learners passing at bachelor's pass level decreased between 2010 and 2011. In future, the Department of Basic Education (DBE) needs to ensure that the number of learners passing at bachelor level increases further by addressing a range of issues, such as improving retention in the school system as well as the quality of education.

The percentage pass rate for matric mathematics has remained fairly constant between 2009 and 2011. But again, the number of learners passing mathematics has declined over the period, from 133 505 in 2009 to 104 033 in 2011. For matric physics, however, there has been a steady increase in the pass rate between 2009 and 2011, and the number of learners passing physics has also increased between 2009 and 2011, from 81 356 to 96 441. In order to improve mathematics and science results it will be necessary to strengthen the teaching of literacy and numeracy at primary school. For the remainder of the term, DBE has to strengthen the Mathematics, Science and Technology Strategy in order to increase the number of learners taking mathematics and science subjects and improve performance in these subjects.

Due to the introduction of the Annual National Assessments (ANA) system, government is now able to objectively assess the health of the education system below grade 12. All learners in grade 1 to 6 are tested annually in literacy and numeracy/mathematics, using a standard national test. This amounts to the assessment of over six million learners in 19 000 schools, a massive undertaking. The 2011 results confirm what previous surveys found, namely that levels of literacy and numeracy are very low, with grade 3 learner average scores of 28% and 35% for numeracy and literacy respectively. The grade 6 scores averaged 28% and 35% in mathematics and language. These figures affirm earlier diagnoses and reinforce the department's emphasis on improving the teaching of literacy and numeracy from the earliest years.

There is a need to ensure that individual schools use their ANA results to produce school development plans. In addition, DBE should standardise the way in which ANA is conducted in order to increase the assessments' credibility. Furthermore, there is a need to make the ANA results per school publicly available to enable parents to benchmark their schools' performance.

While the ANA results enable government to benchmark literacy and numeracy in South Africa, there is also a need for international benchmarking. In this regard, the release of the Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ) 2007 test results in 2011 is an important milestone. Learners and teachers were tested using an internationally standardised SACMEQ battery of tests. Again, the results confirm earlier diagnoses that the country's education outcomes are poor compared to countries which spend similar and lower amounts per capita on education. In addition, the results contain two lessons for South Africa. Firstly, teacher knowledge does have a statistically significant impact on learner performance, but there are a number of other factors that also affect learner performance. Secondly, teachers with similar low levels of content knowledge in other countries generally produce better results than their South African counterparts. This is probably due to weak school management in South Africa, compared to other countries. The SACMEQ results therefore also affirm the department's focus on the development of teachers and school management, and increasing the accountability of school principals.

The printing and distribution of 24 million workbooks in all official languages for grade 1 to 3, and in English and Afrikaans for grade 4 to 6, is a major achievement by DBE. This is an important milestone towards increasing access to good quality written material to all learners, regardless of where they attend school. The department is also exposing teachers to national assessment standards, and contributing towards ensuring that all teachers cover whole curricula. In 2012, workbooks will be extended to grade 9, increasing further access to quality written material. The development of a textbook catalogue is also a step in the right direction to ensure that learners are exposed to material that is compliant with the curriculum.

The challenge for DBE is to ensure that workbook and textbook distribution logistics are strengthened with clear targets, so that workbooks and textbooks arrive on time. This is still not the case in all provinces. For example, reports indicate that workbooks and textbooks for the 2012 school year have not been delivered on time in Limpopo. A priority for the remainder of the term is to strengthen the monitoring and distribution of textbooks and workbooks, and to ensure that teachers are adequately trained to use the workbooks. It is important that DBE monitor the utilisation of the workbooks by teachers and learners. The commissioning of the School Monitoring Survey on the percentage of students receiving their textbooks on time is an important development in this regard.

The national government has intervened to deal with severe managerial challenges faced by some provincial education departments. The interventions in the Eastern Cape and Limpopo are focused on a number of issues, including over-expenditure, accruals of suppliers' invoices, failure to deal with excess teachers, budgeting, financial management, supply chain management, and lack of delivery of learning and teaching materials. In addition, as will be discussed further below, DBE is engaged in a range of initiatives, in collaboration with provincial education departments, aimed at improving the quality of education.


No education system can perform better than the quality of its teachers, and the introduction of the Funza Lushaka bursary scheme has played a major role in attracting new learners to study for teaching qualifications. For teachers already in the system, a new teacher development plan has been introduced with a multi-pronged approach, especially among the worst performing schools. A key development in 2011 was the introduction of the Curriculum and Assessment Policy Statement (CAPS). CAPS clearly spells out what teachers should teach and assess, how lesson plans should be prepared and how teaching should take place. It addresses curriculum gaps that were apparent in the outcomes-based curriculum and caused confusion among teachers. CAPS also introduces English as a subject in the early grades to ease transition into instruction in English for many learners who are not first-language speakers of English. This is aimed at dealing with language barriers that affect learner performance in national and international assessments. As an additional initiative to support teachers, Integrated Quality Management System (IQMS) moderators visited 5 769 underperforming schools. These visits included lesson observations to improve teaching.

However, more work needs to be done to assess the impact of these teacher development initiatives. For example, government needs to know whether the curriculum changes have been adequately communicated to teachers and whether the unions are sufficiently engaged in teacher development. In future it will be necessary to start evaluating whether the teacher development initiatives have the desired results in the classroom. In addition, DBE still needs to develop mechanisms for independently monitoring teacher absenteeism and the time teachers spend in class, teaching.

The dropout rates are low in grade 1, at approximately 0.5%, increasing to 3.8% in grade 8 in 2009. However, this number increases to 12% in grades 10 and 11. Progress has been made with the provision of free basic education for all, with over eight million learners (approximately 70% of all learners) now in no-fee schools. This is an important development that partly contributes to the retention of learners in the education system, along with the National Nutrition Programme. The National Nutrition Programme feeds approximately 8.8 million learners in 20 905 primary and secondary schools every school day throughout the academic year.

The doubling of Grade R enrolment between 2003 and 2011 from 300 000 to 705 000 is a major achievement. It appears that the Department of Basic Education is on track to meet its target of having 100% coverage for Grade R by 2014. Per capita spending on Grade R increased from R2 158 in 2008/09 to R3 109 in 2009/10.

Between 2006 and 2011, budgets for early childhood development (ECD) increased by a factor of four. However, strengthening the quality and further increasing the coverage of ECD needs to be a key focus for DBE and the departments of Social Development (DSD) and Health for the remainder of the term. At the moment DBE, DSD, Health, the Department for Women, Children and Persons with Disabilities (DWCPD), the Department of Performance Monitoring and Evaluation in the Presidency (DPME) and the United Nations Children's Fund (UNICEF) are working on a diagnostic evaluation of ECD provision and access, which will inform



future improvements in this area. This is pointing to a need to improve ECD provision, and to put more emphasis on the first 1 000 days from conception to two years old in order to maximise the return on later investment in primary, secondary and tertiary education, as well as future life chances.

Underexpenditure of school infrastructure budgets at provincial government level remains a problem. To address this, DBE has put in place guidelines for planning public school infrastructure and minimum specifications for maintenance. In addition, R8.2 billion has been allocated directly to DBE to deal with inappropriate structures, including mud structures at schools throughout the country. However, in future DBE needs to work closely with the Construction Industry Development Board and the Presidential Infrastructure Coordinating Commission to improve the management of infrastructure expenditure at provincial level.

### **Post-school education**

Significant progress has been made in terms of enrolling adult learners for ABET levels 1 to 4 and the target of 233 000 for 2011 is likely to be reached, with enrolment already at 229 068 before all the 2010/11 enrolments have been accounted for. This is an important milestone for increasing the employability of those without matric.

To provide a range of learning options to meet the demands of those who have matric but do not meet the requirements for university entrance, the Department of Higher Education and Training (DHET) has introduced the National Senior Certificate for Adults, which is still to be gazetted for public comment. However, preparatory work on the development of the curriculum is unfunded, which further delays the implementation of the qualification, affecting the envisaged achievement of this target by 2014.

DHET has increased access to higher education programmes by expanding spaces and options available at FET colleges and universities. The introduction of the National Certificate Vocational (NCV) system in 2011 also marked a significant milestone in developing alternative avenues for skills development. It resulted in the creation of opportunities for 164 713 additional learners at FET colleges. It was accompanied by various activities to improve the quality of service provided by FET colleges, including a review of curricula, distribution of learner and teaching support materials and training of lecturers. During the remainder of the term, there is a need for the department to evaluate whether these activities have been effective and whether the FET pass rate meets the 2011 target of 43% for level 4, as opposed to the 39% achieved in 2010. It is also important for DHET to evaluate the quality of the FET qualification and its demand in the workplace. To reduce the non-completion of qualifications and to increase the pass rate, concerted efforts are needed to support underprepared learners in language, mathematics and science.

It is not yet clear whether industry will be able to absorb the increased numbers of students graduating from FET colleges. In this regard, the recent National Skills Accord between government, business and labour is a major breakthrough, as it includes a commitment by business to absorb FET graduates. During the remainder of its term, government will need to intensify its efforts to improve the quality of service provided by the FET colleges in order to ensure that graduates have the skills required by business. This should include improving the technical and pedagogical qualifications of lecturers, increasing requirements for practical experience for lecturers, and improving the governance and management of FET colleges. Without these, the expansion plans of the FET sector will continue to be hampered by the quality of its product.

A total of 30 117 unemployed learners entered into learnerships against a target of 17 531 for 2011. Similarly, the target for workers entering learnerships was exceeded, with 19 192 workers entering learnerships against the target of 13 243. A total of 11 335 learners entered the artisan training system (indentured artisans), with 8 102 passing their trade tests and obtaining their trade certificates, against a target of 10 000 for 2011. The trade test pass rate increased from 41% in 2010 to 57% in 2011.

Since 1994, and the demise of the apprenticeship system, a key challenge has been finding workplace experience opportunities for learner artisans to enable them to gain the experiential learning required to obtain a trade certificate. However, in recent years there has been progress in this regard. In 2011, 8 898 students at FET colleges and universities of technology were placed at workplaces for experiential training. In addition, 4 191 students were placed at workplaces while studying. Again, the recent signing of the National Skills Accord is important because it includes commitments by business to increase the provision of such workplace experience opportunities.

With regard to higher-level skills, the engineering graduate output was only 8 865 in 2009, 8 597 in 2010, and a projected 10 093 in 2011. Similarly, the animal and human health sciences graduate output in 2009 was 8 143, 7 454 in 2010, and a projected 8 991 in 2011. The natural and physical sciences graduate output was 3 656 in 2009, 5 105 in 2010, and a projected 4 683 in 2011. These

figures indicate that the 2014 targets for these skills will not be met unless the enrolment and/or throughput levels of higher education institutions are increased. DHET is working with the deans of the relevant faculties to determine short- to medium-term strategies to achieve the 2011–2014 graduate output targets for these skills. Although substantial additional grants have already been allocated to deal with the resource constraints in this regard, additional grants may be needed to expand the system. For the remainder of the term, there should be an intensive focus on increasing enrolments and/or throughput levels for these skills.

The teacher graduate output in 2009 was 6 702, 8 269 in 2010, and a projected 9 492 in 2011. It therefore appears that the target of producing 40 607 new teachers between 2011 and 2014 will be exceeded. The number of universities offering Foundation Phase teaching has increased from 13 in 2009 to 14 universities in 2011, with DHET targeting 21 universities by 2014. These are teachers who will be able to teach effectively in an African language in the Foundation Phase.

However, the target of producing more than 40 000 teachers by 2014 is not sufficient to meet the future demand for teachers, particularly in the Foundation Phase. In order to address this, institutions offering Foundation Phase teacher education will be increased to 21 over the next four years. Some of these will be revitalised former colleges of education.

The 2014 targets for honours, masters and doctoral graduates needed to support innovation in the country's economy will be met. However, in the longer term the production of these skills is threatened by an ageing lecturing workforce at tertiary institutions. One fifth of academics will retire within a decade, of which 32% are professors. This implies that most experienced academics will be exiting the field. Limited numbers of younger researchers are entering the field. A University Teaching Development Grant was introduced in 2009 to develop younger lecturers, but for the remainder of the term of this administration, there also needs to be a focus on growing the number of graduates from disadvantaged communities and attracting them to academic careers.

Work is progressing towards the establishment of two new universities in Mpumalanga and in the Northern Cape. It is envisaged that the University in Mpumalanga will be built to accommodate approximately 15 000 students within the next ten years and the University in the Northern Cape will accommodate approximately 5 000 students. Over the period 2011/12 - 2013/14, R300 million has been allocated to begin the work towards establishing these new institutions. Work has begun on identifying possible seats of learning for each institution, and the physical design of the universities. The technical groundwork for establishing the new universities is due to be completed by July 2012. The physical and academic architectural design and plans are due to be completed by the end of the 2012 financial year; and it is expected that the construction of the new universities will begin in the 2013 financial year. While the university administration is due to be established during 2012, other aspects of the institution will be phased in over time.

To reduce finance as a barrier to accessing post-school training, allocations for loans and bursaries increased from R3.3 billion in 2010/11 to R5.5 billion in 2011/12, with R17 million focusing on learners with disabilities. To create an incentive for learners to complete their studies and graduate in the same year, the total loan for the final year was converted to a bursary. R200 million was also provided for loans to 25 000 students who had completed their studies but could not receive their certificates or degrees because they owe money to institutions of learning.

In order to address the challenges of the SETAs, DHET has introduced a new strategy that refocuses the activities of SETAs on the country's skills priorities. It has also introduced measures to standardise the operating procedures, improve accountability and governance arrangements, and to ensure the quality and relevance of the learnerships and apprenticeships offered through the SETAs. It is still too early to assess the impact of these measures on the performance of the SETAs.

Through the National Economic Development and Labour Council (Nedlac), the Government recently signed a National Skills Accord with all the social partners in which business and state owned enterprises have made concrete, numerical commitments to significantly increase numbers of apprenticeships and to take on learners and interns for practical workplace experience. SETAs will play an important role in the implementation of most of these commitments.





## 2. HEALTH

### PROBLEM STATEMENT

Democratic South Africa inherited a fragmented and inequitable health system organised along racial lines. To transform the health system, numerous reforms were introduced and there was a net growth in public health expenditure. However, by 2009, significant challenges remained. The key challenge was that, although South Africa was spending an estimated 8.5% of GDP on health, the country had poor health outcomes and did not compare well with countries with similar and, in certain instances, lower national income and health expenditure per capita. For example, the country had high levels of maternal and child mortality, with South Africa identified as one of very few countries where mortality increased from 1990. Life expectancy also declined significantly from 1994 to 2009, indicating a reversal of earlier gains made towards meeting Millennium Development Goals. In addition, the quality of health services in terms of issues such as waiting times, staff attitudes and availability of medicine was often poor.

### CAUSES OF THE PROBLEM

In 2009 the country's poor health outcomes were diagnosed as being the result of a high burden of disease, linked to largely preventable health problems. These included high maternal and child mortality rates, HIV and AIDS and TB, high levels of non-communicable diseases such as heart problems and diabetes, and injury and violence. This quadruple burden of disease had put significant pressure on the health system. It was recognised that management challenges such as poor stewardship, intergovernmental coordination, financial management and human resource management were a major cause of poor public health sector performance. Human resource management challenges included a shortage of 80 000 health professionals. Moreover, there was limited delegation of decision-making authority to appropriate levels of the health system. Furthermore, there had been a lack of coordination and integration between the public and private health sectors, and limited interventions to address market distortions in the private sector had led to rapidly escalating health care costs.

### WHAT THE GOVERNMENT SET ITSELF TO DO IN 2009

In order to address the problems identified above, government committed itself to ensuring long and healthy lives for all South Africans. To achieve this, the focus was on increasing life expectancy, improving maternal and child health, combating HIV and AIDS and TB, and strengthening health system effectiveness. A commitment was made to increase life expectancy at birth from 56.5 years in 2009 to 58.5 years in 2014. Interventions to combat HIV and AIDS, TB and non-communicable diseases and to strengthen the health system (discussed below) would be critical in this regard. With regard to improving maternal and child health, the commitment was to reduce the under-5 mortality rate from 56 per 1 000 live births in 2009 to 50 in 2014, infant mortality rates from 40 per 1 000 live births in 2009 to 36 in 2014, and reducing the maternal mortality ratio from 310 per 100 000 live births in 2008 to 270 in 2014.

Combating HIV and AIDS and TB is key in achieving this, and government committed itself to a downward trend in the rate of new infections, reducing the mother-to-child transmission rate from 3.5% in 2010 to less than 2%, increasing the total number of patients on antiretroviral therapy (ART) from 1.1 million in 2009 to 2.5 million, and improving the TB cure rate to 85%.

With regard to strengthening health system effectiveness, a commitment was made to putting in place the building blocks for the National Health Insurance (NHI) and increasing the percentage of users of public health services who are highly satisfied with the services received from 54% in 2009 to 70% in 2014.

All these interventions would be underpinned by a strategy to re-engineer the health care delivery model from a curative model to a preventative one. One of the ways in which government sought to do this was by deploying municipal ward-based health

teams and school health teams to communities and schools respectively. Government further set itself various targets relating to improving management, including ensuring that hospitals are managed by people with proper qualifications, and developing skills and behavioural attributes that will ensure quality service delivery. Another target was that all health departments receive unqualified audit reports. To address the combination of skills shortages in the health system and the high burden of disease, the annual intakes of medical, pharmacy and nursing students would more than double by 2014.

## **PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM**

### ***Halting the spread of HIV, AIDS and TB***

There has been a stabilisation of HIV prevalence (the number of people living with HIV), after rising since the 1990s, as indicated by antenatal surveys. The rate of new infections has decreased from 1.4% to 0.8% in the 15–24 age group. Nationally, there has been a remarkable reduction in mother-to-child transmission of HIV from about 8% in 2008 to 3.5% in 2011, ensuring that annually over 30 000 babies are protected from infection and poor health. The rate of new infections looks set to decline over the coming years, with positive implications for maternal and child health, life expectancy and sustainable socioeconomic development.

This turnaround can be attributed to an acceleration and expansion of HIV awareness and prevention campaigns, counselling and testing, treatment, care and support. For example, since the presidential launch of the HIV Counselling and Testing (HCT) Campaign in April 2010, the number of people tested has increased substantially, confirming improvements in health-seeking behaviour among South Africans. As at mid-2011, 15.1 million people had been tested and an additional 4.8 million people have since been tested.

In addition, significant progress has been made in initiating people on treatment. By 2011, 1.7 million people had been started on ART, an increase from 1.1 million in 2009, and the country appears to be on track to meet the target of 2.5 million by 2014. In future the initiation of ARV treatment at a CD4 count of less than 350 should result in increased numbers of people on treatment and reduced deaths. The number of public facilities initiating patients on antiretroviral (ARV) drugs increased from 490 in 2010 to 2 948 in 2011 and the number of nurses trained to provide treatment increased from 290 in 2010 to 10 000 in 2011. Through improving procurement processes, the department has achieved a 50% decrease in the prices of ARV drugs, which will enable the health sector to treat more patients within the same amount of resources. Keeping track of the number of people on treatment should be a priority over the remainder of the term. In this regard, the department has begun to implement a comprehensive information management system.

TB control and management is improving, with more than eight million people screened during the HCT Campaign and, of these, 1 million were referred for further diagnosis and management at relevant health facilities. The number of people who default on their TB treatment declined from 7.9% in 2009 to 6.5% in 2010 and, for the first time, the national TB cure rate reached the 70% mark in 2010. Despite these significant strides, much work is required to achieve the 85% cure rate recommended by the World Health Organisation (WHO). The department has improved the early diagnosis and detection of resistance to TB treatment, which should reduce the risk of spreading TB.

Although significant strides have been made in ensuring improved access to treatment, treatment alone is not sufficient to effectively combat HIV and AIDS. To this end, prevention efforts such as medical male circumcision should be accelerated. In 2011, a total of 213 000 medical male circumcisions were performed, and this should increase to 500 000 per annum. The distribution of condoms has been declining, a matter for concern. For the remainder of the term, there should be an increased focus on diverse, population-wide strategies for the prevention of HIV and AIDS.

A further remaining challenge is that until recently, the health system has been treating HIV and AIDS and TB patients separately, when in reality most patients are co-infected with both diseases. This separate treatment results in unnecessary complications and the over-extension of the health system. The department has recognised these challenges and is in the process of addressing them.



### ***Addressing high levels of non-communicable diseases, injury and violence and socioeconomic determinants of health***

The Department of Health has introduced various initiatives aimed at raising awareness about ways in which the burden of non-communicable diseases can be reduced. These initiatives include emphasising a healthy lifestyle, promoting physical activity, reducing salt intake, regulating trans-fatty acids in food, reducing alcohol abuse and smoking, and early screening for cancers. This should contribute to a reduction in non-communicable diseases such as cardiovascular disease and diabetes, which reportedly form 28 percent of South Africa's total disease burden. In collaboration with relevant departments, interventions have been also introduced to address the alarming increase in injuries and violence.

There are a number of socioeconomic determinants of poor health outcomes, including poverty, poor nutrition, poor education, and inadequate access to basic services such as sanitation, proper housing and electricity. The department has put in place initiatives to address some of these issues, such as food fortification to increase nutritional supplements in food, and the overall strengthening of the health system.

Although many of the socioeconomic determinants of health can be addressed relatively easily, non-communicable diseases, injury and violence require a more intensive, multisectoral approach.

An increasing number of people on ART and the combating non-communicable diseases should both contribute towards realising an increase in life expectancy over time.

### ***Reducing maternal and child mortality***

The turnaround in the management of HIV and AIDS and TB is yielding positive results for child survival.

In order to address vaccine-preventable diseases such as diarrhoea and pneumonia, a new immunisation programme for diarrhoea and pneumonia was introduced in 2009, which has now reached approximately 70% of children and contributed to a decline in child mortality. While combined immunisation coverage for polio, measles, TB, hepatitis B and diphtheria was at 89.4% in 2011, it is below the target of 95% by 2014. Non-health interventions such as child support grants are also contributing to child survival.

Some progress has been made in increasing the percentage of mothers and babies that present for care six days after delivery, thus ensuring the survival of babies and mothers. The cervical cancer screening rate is also improving slowly, from less than 40% in 2009 to 57% in 2011. As coverage is increased, there is a reduction in the number of women who die due to late diagnosis of cancer where interventions are not successful.

Child and maternal mortality still remains a cause for concern, with the poor suffering most. More has to be done to ensure that pregnant women visit public health facilities before reaching 20 weeks of pregnancy and to ensure that the 90% target for deliveries in health facilities is met. The emphasis on appropriate child nutrition and the planned deployment of primary health care teams and specialist teams should assist in this regard.

### ***Addressing management challenges***

The sector is making good progress towards strengthening health system effectiveness, in preparation for the National Health Insurance (NHI) system. A Green Paper on the NHI has been released, consultative meetings are being held with key stakeholders and plans are underway for the piloting of the NHI in a selected number of districts. Speeding up these pilot projects should be the focus for the remainder of the term.

In preparation for the NHI, health service quality norms and standards have been developed and substantial steps have been taken towards establishing the Office of Health Standards Compliance that will enforce the quality norms and standards. To date, the department has audited over 75% of all public health facilities and, in collaboration with the provincial health departments, it has begun to implement improvement plans to address the identified gaps in service quality, such as long waiting times and non-availability of medicine. The initial results of the audits indicate that few of the facilities comply with the standards. The implementation of the improvement plans will therefore need to be a major and sustained focus for the remainder of the term if the quality of health services is to improve.

Competency assessments of hospital managers have been carried out and minimum competency requirements for hospital managers have been put in place. The competency assessments have enabled the department to identify areas of management weakness, and training plans have been put in place to address these. Addressing weaknesses in hospital management will also need to be a major focus for the remainder of the term in order for the quality of health services to improve.

For the first time, a detailed health human resource strategy is being linked to intake and throughput at university level, mainly to address human resource constraints and ensure appropriate linking of training and service delivery platforms. By entering into partnership agreements with universities, the sector is making some progress towards its ambitious targets for increasing the intake of medical, pharmacy and nursing students. However, within the constraints of the existing medical education system, it is unlikely that these targets will be met. Joint planning between the departments of Health, Higher Education and Training and academic institutions will be essential. Consideration should be given to additional measures, including further relaxation of controls over the employment of qualified foreign health professionals.

A re-engineered primary health care model is being implemented to enable a shift from a curative to a preventative health care delivery model. Additional capacity is being created in the form of district clinical specialist teams, municipal ward-based primary health care teams (with community health workers) and nurses providing school health services.

One of the constraints to improving health services relates to challenges resulting from central hospitals being managed and funded at provincial level. The central hospitals get referrals of people from other provinces that do not have such hospitals (and the specialised skills mix they offer), resulting in budgetary pressures for the central hospitals. In order to address this, consideration will have to be given to transferring the funding and management of these hospitals to national level.

There has been insufficient progress in improving the performance of the National Health Laboratory Services, and this will need to be a focus area for the remainder of the term. Backlogs in laboratory tests are an impediment to improving health care service delivery as well as combating crime.

An audit of all 122 nursing colleges and schools in the country was completed in 2009, which highlighted, among others, the need to refurbish these institutions to create a conducive environment for the production of nurses. Forty-five of the 105 targeted nursing colleges were refurbished in 2010.

Underexpenditure of health infrastructure grants and the maintenance of health facilities remain a major concern. To address this, the national Department of Health has embarked on a comprehensive programme for improving provincial capacity for infrastructure planning, financing, delivery and maintenance. Although this programme is already resulting in some improvements, its further success depends on coordination with the Department of Public Works at provincial level, and the Presidential Infrastructure Commission should play a key role in this regard.

To date, little progress has been made in achieving the targets that were set for improving financial management in the provincial health departments, with only three of the nine provincial departments receiving unqualified audit opinions from the Auditor-General in 2009 and only two in 2010. Examples of weak financial and supply chain management include the underexpenditure of infrastructure grants mentioned above; underexpenditure of provincial HIV and AIDS grants; non-payment of suppliers; high levels of accruals; poor supply chain management of medical supplies, resulting in problems with the availability and quality of medical supplies; and overexpenditure against overall budgets. These challenges have resulted in the need for the national government to intervene in the Limpopo Health Department and to provide the Gauteng Health Department with financial management support. For the remainder of the term, the Department of Health and National Treasury will have to intensify their initiatives to strengthen financial management in provincial health departments.

Generally, the sector has made good progress in transforming the health system for improved health outcomes. However, despite significant improvements, South Africa's performance on health indicators is still relatively poor by international standards. Its health outcomes still do not compare well with countries with similar expenditure levels on health. It is therefore imperative that the current turnaround momentum be maintained for the remainder of the term.





### 3. FIGHTING CRIME AND CORRUPTION

#### PROBLEM STATEMENT

Crime, in particular violent crime, results in direct and indirect costs for the state with regard to development and security. Crime also has a major impact on socioeconomic development, and reduces the country's ability to achieve other objectives, such as creating jobs and improving health.

Crime in South Africa affects everyone and addressing crime is one of the five priorities of Government. The fight against crime is part of an integrated approach in the effort to accomplish the goal of a better life for all and to ensure that South African are able to feel safe in their homes, their places of work, their communities and in their own streets.

Despite the fact that levels of crime in general had started to decrease from the financial year 2003/2004 onwards, the levels of serious and violent crime remained unacceptably high. This was proven by the 2007 National Victims of Crime Survey undertaken by the Institute for Security Studies, which showed that 57.1% of those surveyed felt that levels of crime had increased compared to 52.9% in 2003. Similarly, the proportion of people who felt safe walking alone in their area during the day was 76% in 2007 (compared to 85% in 2003), while 23% reported that they felt safe walking alone at night. Crimes that induced the most fear in people included contact crimes like murder, sexual assaults and trio crimes (such as house and business robberies and hijackings). A striking characteristic of crime in South Africa has been its particularly violent nature. Drugs and substance abuse are contributing factors to the violent nature of crime and other social skills.

In addition to crime, a key challenge for government was corruption, which was increasingly undermining government's ability and resolve to deliver on its promise to offer South Africans the lives they deserve. Corruption had the effect of diverting scarce resources intended for key service delivery programmes.

#### CAUSES OF THE PROBLEM

There is a complex array of causes of the problems of crime and corruption in South Africa, including the institutionalised violent nature of apartheid, unemployment, high levels of inequality, and a breakdown in the traditional social fabric.

#### WHAT GOVERNMENT SET ITSELF TO DO IN 2009

The new administration committed itself to achieving an end result in which people would be safe and also would feel safe. The achievement of this goal required government to change the way in which it approached its fight against crime. It meant paying particular attention to those types of crimes that numerous studies had shown were responsible for inducing feelings of insecurity among citizens, particularly trio and contact crimes (contact crimes include assault, murder and rape).

Accordingly, government resolved to reduce overall serious crimes from 3 924 per 100 000 of the population to between 3 676 and 3 649 per 100 000. Further, it set the goal of lowering contact crimes from 1 407 per 100 000 of the population to 930 per 100 000 and trio crimes from 97.1 per 100 000 to 67 per 100 000. All targets were to be reached by 2014.

Work on the review of the criminal justice system would be continued to make it more efficient and effective. In this regard a commitment was made to, among other things, improve capacity in the police to increase the rates of detection of contact and trio crimes as well as the number of court-ready dockets. In addition, the aim was to raise the number of cases finalised and reduce case backlogs. Government further committed itself to increasing the number of parolees who have not breached their parole conditions, increase the number of offenders involved in rehabilitation programmes, and reduce the length of remand detention. Linked to this, the information and communication technology (ICT) systems of the relevant departments involved in the criminal

justice system would be aligned and integrated, so that information can be exchanged between the departments, which will in turn make the system work more efficiently.

Finally, corrupt elements in the criminal justice system (CJS) who, through their illegal activities, frustrated efforts to deal decisively with the challenge of crime and corruption, had to be removed. Linked to this, government set itself the goal of reducing corruption levels in society so as to boost investor perception, trust and willingness to invest in the country. To achieve the latter goal, the aim was to prosecute and convict a hundred individuals with assets worth more than R5 million which were suspected to have been acquired from the proceeds of corruption. This target was to be achieved by 2014.

The lack of victim-friendly facilities at police stations has had a negative impact on people who are victims of crime. The targets in this regard were to focus on increasing the reporting of contact and trio crimes by victims and members of the public, on increasing the number of victims who attend parole hearings and on raising the number of Thuthuzela Care Centres and victim support rooms at police stations.

Additionally, government committed itself to improving the integrity of the National Population Register and to improving the management of immigration issues. Other goals were to strengthen security measures at borders and ports of entry so as to more effectively contain the entry of counterfeit goods and illegal persons at the country's borders.

Finally, a commitment was also made to address cyber-security and cyber-crime threats.

### **PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM**


Successive reports show that substantial reductions in serious crime have been achieved. For example, between 2009/10 and 2010/11 overall serious crime decreased from 3 872 to 3 680 per 100 000 of the population, a reduction of 5%. In the same period murder came down from 34 to 32 per 100 000 (or 6.5%) and attempted murder fell from 35 to 31 per 100 000 (or 12%). Carjackings declined from 28 to 21 per 100 000 (or 24%), while house robbery dropped from 38 to 34 per 100 000 (or 11%).

These successes are also illustrated by the results of the 2011 Victims of Crime Survey (VOCS) by Statistics South Africa, commissioned by government. Among other things, the VOCS found that over 40% of households felt that the level of both violent and non-violent crime had decreased in their area of residence during the period 2008 to 2010. Further, of those surveyed, about 60% of households were satisfied with the way police and courts are doing their work. The 2011 VOCS also reveals that 32.1% of households recorded that levels of crime had increased, compared to 2007 when 57.1% felt that crime had increased. With regard to personal safety, 88.2% and 27% of respondents felt safe walking in their areas during the day and at night respectively, compared to 2007 when the response was 76% and 23% respectively. In order to manage perceptions about crime, victims of crime surveys, accompanied by more communication on the findings, will be conducted annually in future.

In order to strengthen partnerships between government and communities in fighting crime, a Community Safety Forum Policy has been put in place, with phased implementation scheduled to start in 2012.

From the data provided, the achievements in relation to overall serious crime appear to be far in excess of the annual and quarterly targets set. This naturally raises the question whether the targets for reducing overall serious crime are too low. It is possible that the sharp decreases in certain categories of crime may be a function of the "seasonal" nature of crime. However, if the trend of exceeding targets continues, there may be a need to revisit them with a view to setting more ambitious targets.

There has been an increase in detection rates for contact crime and trio crime. This suggests that government is on track to meet the 2014 target. Progress with the finalisation of criminal cases has, however, been less than satisfactory, and the target has not been met in this regard. Apart from intensifying efforts to strengthen the capacity to investigate and prosecute cases more efficiently and with greater alacrity, there must also be deepened engagements with the judiciary, the National Director for Public Prosecutions (NDPP) and Legal Aid South Africa in order to overcome challenges relating to the finalisation of these cases. For example, the setting of uniform standards and norms for the judiciary by the Office of the Chief Justice (OCJ) will contribute to improved case flow management.



Progress has been made with reducing case backlogs. Between 2009 and 2011, a total of 43 665 cases were disposed of as a result of the introduction of additional regional and district backlog criminal courts.

The number of persons participating in the various correctional and rehabilitation programmes have increased. However, more attention needs to be paid to ensuring that more offenders who were responsible for committing serious and violent crimes participate in the rehabilitation programmes. In addition, attention will have to be paid to tracking offenders who had committed serious crimes and who have been released on parole or through some other process. Tracking is required to determine the number of such offenders who return to a correctional facility because of having committed the same or some other serious and violent crime. Sufficient progress had not been made on increasing the number of victims who attend parole hearings, and this needs to be addressed during the remainder of the term.

Good progress has been made in finalising the Correctional Matters Amendments Act, which will provide for a new medical parole policy, strengthen the general policy on parole and correctional supervision, and provide a legislative basis for the management of remand detention. The implementation of the new act has to be a focus area for the remainder of the term.

The average number of days spent in detention is declining – during 2011 the average was 97 days against the target of 120 days. Parolees without violations increased to 79% by September 2011 against the target of 80% for 2014.

Between 2009 and 2011 good progress was been made in establishing 26 more Thuthuzela Care Centres and victim support rooms (currently 900) at police stations. A key action for the remainder of the term will be to assess and evaluate the quality of care and support services provided to victims.

Progress has also been made with increasing the number of skilled staff members in areas such as crime scene investigation, forensic analyses, fingerprinting and investigation, prosecutions, legal aid (the number of officers increased from 500 in 2001 to 2 500 in 2011) and the judiciary, and this is starting to result in improvements in service delivery. For example, the impact of the improvements in investigative and forensic capacity is evident in the improved detection rates for serious crimes. There has also been an improvement in the performance of police laboratories (backlogs have been dealt with and the turnaround time has been reduced to less than 28 days), but there should be an increased focus on increasing capacity and addressing backlogs in the analysis of blood (drunk driving) and toxicology (inquests) at the National Health Laboratory Services.

With regard to addressing the situation of vulnerable groups and, in particular, victim empowerment, progress has been made in areas such as increased implementation of the Child Justice Act of 2008 and the Criminal Law (Sexual Offences and Related Matters) Amendment Act of 2007. A number of new policy frameworks have also been finalised and are now being implemented, including the Child Justice National Policy Framework, the Restorative Justice National Policy Framework (including forming linkages with traditional justice), the Social Crime Prevention Strategy, and the Diversion Accreditation Framework. During the remainder of the term, more work needs to be done on the National Register for Sex Offenders and the development of a strategy to address gender and sexual-orientation-based violence against lesbian, gay, bisexual, transsexual and intersex persons.

The effectiveness and ability of the criminal justice system to serve as a deterrent against crime is unfortunately still under threat of being undermined by the actions of a small number of those who serve in it. Examples of such actions include theft of police equipment, interference with evidence secured for trials, and outright assistance to criminals. Since 2009, investigations have uncovered 1 529 persons in the criminal justice system who were possibly involved in corruption-related crime. For the year April to September 2011, 192 officials were criminally charged regarding corruption, resulting in 86 officials being convicted, while a further 296 officials were departmentally charged.

The Anti-Corruption Task Team (ACTT) created to address corruption has made progress in investigating individuals involved in corruption as well as restraining assets that may have been secured through corrupt activities. With regard to the target of prosecuting and convicting a hundred individuals with assets worth more than R5 million, as of November 2011, 56 persons were subject to criminal investigations, with 26 of these persons having appeared in court. Further, 19 of the 26 persons have had their assets – totalling R579 million – restrained. There was also other progress in the fight against corruption. From April 2011 to date, 255 persons have been convicted of corruption-related offences, and 23 presidential proclamations were issued from May 2009 to date, authorising the Special Investigating Unit to investigate specific corruption cases.

A challenge is securing convictions of the individuals who are suspected to own assets valued at R5 million and more which may have been obtained from the proceeds of corruption. To overcome the challenge of not securing convictions, approximately 100 dedicated persons from different agencies are now being managed by the ACTT. However, in future the ACTT will have to be provided with its own dedicated prosecutors and competent forensic and financial investigators. The Special Investigating Unit is currently probing alleged maladministration and/or corruption in various government departments, municipalities and institutions. In addition, the Multi-Agency Working Group on Procurement, led by National Treasury, the South African Revenue Service (SARS) and the Financial Intelligence Centre, is reviewing the entire state procurement system to ensure better value for money from state spending, and is overseeing the implementation of initiatives such as the vetting of supply chain personnel in departments. The recent agreement between government and business to implement anti-corruption programmes and the launch of Corruption Watch by COSATU will complement the work of government in combating corruption.

There are several anti-corruption structures in government, resulting in overlapping mandates and duplication, and there is thus a need to ensure that all structures that have been created are coordinated by the ACTT.

Regarding the improvement of borderline security, seven infantry companies have been deployed to date, and there has been progress in clamping down on illicit economic and crime-related border activities. Good progress has been made against the targets set for securing the integrity of the National Population Register (NPR) and the issuing of identity documents to citizens. The Zimbabwean Dispensation Project was successfully managed and it registered 275 762 Zimbabwean nationals. This project enabled the regularisation of undocumented immigrants.

Work is still in progress to put in place an integrated ICT system across the relevant government departments. Finalisation of this work needs to be a focus for the remainder of the term.

Although policy work has been done on cyber-security and cyber-crime, there is still a need to put in place and implement a plan for combating these crimes.





## 4. JOBS

### PROBLEM STATEMENT

In 1994 South Africa inherited a problem of structural unemployment that goes back to the 1970s. Employment continued to deteriorate in the 1990s and the early 2000s, due to slow growth and declining employment in gold mining and agriculture. Although employment increased rapidly during the boom of 2003 to 2008, unemployment did not fall below 20%. Employment received another setback in the recession of 2009. To address this problem, the country needs more growth in employment and a focus on supporting job creation in a number of ways.

Unemployment is the main cause of high levels of inequality and poverty in South Africa. While poverty is less severe than in many developing countries, inequality is as extreme as in any other country measured, and contributes considerably to the national risk of instability and conflict. The alienation associated with unemployment also results in social problems. This is why addressing poverty and inequality through job creation remains an agreed and urgent priority for South Africans.

Growth is slowing worldwide and is expected to be slower in 2012 than in 2011. Many economic targets will thus be difficult to attain. There is a huge amount of uncertainty in the global economy, deriving from unresolved issues in the Euro zone.

### CAUSES OF THE PROBLEM

The apartheid system was designed to provide the mines and farms with cheap labour. In the 1960s, when the growth of the mines slowed and employment on farms began to decrease, the apartheid system was too rigid to adjust. The modernisation of the economic system really only began in 1994, and had to deal with many legacies of apartheid, especially the legacy of “Bantu education”. Unfortunately, the nature of politics in South Africa makes effective cooperation between government, business and labour a challenge. As a result, reform has been slow, and unemployment remains high.

### WHAT THE GOVERNMENT SET ITSELF TO DO IN 2009

The 2009–2014 job strategy focuses on decent employment through inclusive growth. This entails faster sustainable growth, which in turn requires a coherent growth strategy (the New Growth Path), including a range of macroeconomic and microeconomic policy reforms. Government committed itself to increasing the labour-absorptive nature of growth and to addressing the singular problem of youth unemployment. The aim was to improve the percentage of people at work to 45%, to reduce the Gini coefficient of inequality from 0.70 to 0.59, and to increase the income of the poorest 40% to at least 6.4% of total income. Beyond this, the overall competitiveness of the economy had to be improved through sectoral and cross-cutting strategies, and the cost structure of the economy had to be reduced. Further, there are commitments to improve support to small and medium businesses and to address youth unemployment. Finally, accepting that sustainable and productive jobs cannot solve unemployment in the short to medium term, there is a commitment to expand temporary public employment programmes.

### PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM

#### *Faster sustainable and inclusive growth*

We have met our goal of putting in place a New Growth Path. A series of stakeholder agreements have been concluded for the implementation of elements of the New Growth Path, notably in education and skills development, green growth and local procurement. Progress has been made with regard to measuring income distribution and developing a macroeconomic framework to support sustainable growth, although the currency remains volatile. Inequality has not improved.

Factors beyond the control of policy-makers and stakeholders in South Africa have a big impact on the environment for growth and job creation, and it is difficult to measure achievements by outcomes only. Vulnerability to a weak and volatile global economy remains a significant challenge to job creation, although the recent depreciation of the rand may have helped to protect some jobs in export sectors.

### ***More labour-absorbing growth***

The focus on labour absorption has had some successes in policy development in areas like mineral beneficiation. Significant procurement reforms to promote employment were completed in December 2011. The Jobs Fund was established and is operating, but by late last year it had committed only R425 million of its R2 billion budget for 2011/12. According to reports to the tripartite Employment Promotion Project at the University of Cape Town, the functioning of the Commission for Conciliation, Mediation and Arbitration (CCMA) has improved significantly in recent years, improving the environment for employment.

However, the task of coordinating job creation initiatives across departments has proven to be challenging, resulting in slow implementation of decisions, especially where complex coordination is involved, and where several of those being coordinated have an effective veto. Some initiatives that seem to be slowed down by coordination challenges include the forestry value chain and the bio-fuels initiative.

Nevertheless, significant positive employment growth was achieved during 2011, and possibly over 350 000 jobs were created in the course of the year (344 000 additional jobs were created between January and September 2011). Yet, employment levels are still below those of 2008, before the recession. The employment ratio was 40.9% in the third quarter, up from 40.1% a year before, but still well below the modest target of 45% by 2014.

### ***Multi-pronged strategy for youth employment***

The problem of youth unemployment remains a serious challenge for South African society and for government. Government is taking a multi-pronged approach to youth employment. In addition to plans to stimulate higher growth that supports more entry-level employment opportunities, the strategy includes improved and affordable education, especially for young people from poor households; expansion in further and higher education and training; improved health care, with targeted programmes on teen pregnancy; early childhood development; and HIV and AIDS and career guidance and counselling. In addition, a youth employment incentive, which is currently under discussion at the National Economic Development and Labour Council has been proposed.

The National Youth Development Agency (NYDA) is in the process of finalising the National Youth Development Plan and the Integrated Youth Development Strategy for Cabinet, which focus on employment creation and economic participation by the youth. NYDA helped create 18 048 jobs in 2010/11, but this is not enough, and broader strategies are needed.


### ***Increased competitiveness to raise net exports and grow our share of world trade***

With regard to increasing competitiveness, there has been definite progress in the implementation of the Industrial Policy Action Plan (IPAP), and jobs drivers in some sectors, including minerals beneficiation, autos and clothing. A potentially significant manufacturing competitiveness enhancement scheme is in the pipeline. There has been notable progress in green growth through the implementation of a solar water heater programme and through commitments on renewable energy in the independent power producer (IPP) process.

Actions by the competition authorities have helped to reduce price excesses in some sectors of food production, as well as in fertilisers and construction. Communication costs are also declining, although there is still room for further progress in this regard.

Rising prices for producers and consumers remain a significant issue. For producers, the rising costs of electricity and fuel, as well as some administered prices, make competitiveness a greater challenge. Notably, rail freight and port costs discourage general freight exports. For consumers, rising food prices, partly due to large exports of maize during 2011, could pose serious welfare challenges in 2012.

There is a concern that resources devoted to research and development (R&D) for competitive industries and for green growth are not sufficient at present. R&D as a percentage of GDP has stagnated for several years.



Low government investment, especially at provincial and local government levels, remains a major constraint on economic growth and job creation. The level of investment by general government is much lower than that of the private sector and the state-owned entities (SOEs), and should be addressed to provide conditions for growth and employment creation. Corruption and incompetence in planning, infrastructure budgeting, procurement and maintenance at the provincial and local levels are obstacles to job creation.

There has been some progress in addressing long-standing microeconomic constraints, including delays and poor decision-making in granting licences (including water licences), work permits, immigration, environmental impact assessments, building approvals, and a range of similar long-standing obstacles to growth and employment. However, much more still has to be done in these areas and more attention should be paid to systematically addressing all these issues over the remainder of the term.

### ***Improved support to small businesses and cooperatives***

While progress has been made in amalgamating the various public institutions that have been established to support small business, the number of small businesses and the level of employment in small businesses remain low by international standards. There is still a need to improve support for small businesses and cooperatives. More should be done to support the development of enterprises that are currently disadvantaged in their relationship to the formal economy, for example increasing access to markets for smallholder farmers in disadvantaged rural areas.

### ***Implementation of the Expanded Public Works Programme (EPWP)***

Although Cabinet decided to boost the Community Work Programme to 1 million employment opportunities by 2014 and plans have been developed for the implementation of this decision, the decision has not yet been fully implemented. The rapid expansion of the programme needs to remain a major focus of the Department of Cooperative Governance for the remainder of the term.

### ***General focus for the remainder of the term***

No significant changes in policy are required. Some new programmes have to be implemented quickly, such as the Manufacturing Competitiveness Fund and the Jobs Fund. Some, like innovation support programmes, need new vigour, especially towards green growth. There is a need to improve implementation in a number of areas, for example cost and reliability issues in transport and electricity. These issues require contributions from a range of departments and public entities, which will require enhanced collaboration both in and across government clusters. The Presidential Infrastructure Coordinating Committee should oversee improvements in the quality of infrastructure planning, budgeting, construction, maintenance and operation at the provincial and local government levels.

In some areas, urgent improvement is required, such as support for small businesses and cooperatives and the expansion of the Community Work Programme, as well as the implementation of recommendations on youth employment. There is a need for a more systematic monitoring of the implementation of microeconomic reforms, including reducing delays in finalising environmental impact assessments and granting water licences, municipal permits, municipal building approvals, and work permits; and assessing the impact of government regulations on employment creation.

Finally, the risk of high food prices and the impact of the recession in the EU should be addressed through anticipatory planning. Food prices, especially those of agricultural staples, may also require a policy review.



## 5. ECONOMIC INFRASTRUCTURE

### PROBLEM STATEMENT

Since 1994, much progress has been made in accelerating infrastructure access to households. However, in 2009, there was still some way to go in providing the bulk infrastructure needed to reach all citizens and provide universal access to water, electricity, transport and telecommunications. To compound this, new infrastructure challenges were emerging as a consequence of the consistent rapid growth and economic success of the new South Africa. These were problems of growth: Increased vehicle ownership and freight transport volumes led to faster than expected congestion and deterioration of roads, railways and ports. Migration and urbanisation led to higher than expected utilisation of infrastructure designed for fewer people. The rapid development of industry, commerce, mining and agriculture led to a higher than expected demand for electricity and water, exemplified by the power outages of 2008.

Clearly, there was insufficient investment in infrastructure, and the country's infrastructure was inadequate, characterised by backlogs and supply-and-demand imbalances. In addition, in many cases there had been a lack of emphasis on maintaining and operating infrastructure efficiently. Other contributing factors to the infrastructure problem included a lack of integrated planning, and weak coordination of the various components of the infrastructure network sector to prioritise and sequence investment in projects in order to further unlock economic development and maximise returns on infrastructure investments. The lack of economic infrastructure thus became a binding constraint, limiting economic growth, job creation, and the attainment of higher living standards for all.

### CAUSES OF THE PROBLEM


The challenge of low levels of infrastructure investment, maintenance and operational inefficiencies could be found in the structure of the country's infrastructure sectors inherited from the past. Causes range from the dominance of state monopoly suppliers of infrastructure, to a lack of competition and weak regulation. High barriers to entry limited the responsiveness of the infrastructure sector in meeting needs, as private sector investment was limited, and resulted in shortages of supply where state enterprises were not in a position to fund additional required infrastructure. The lack of competition, unlike in many countries, also left little incentive for dominant enterprises to become more efficient in operating infrastructure. Regulation was in many cases weak, not effectively guided by policy and not development-orientated – keeping prices consistently too low to supply more infrastructure in some cases, and in other cases too high for the poor to afford services.

### WHAT THE GOVERNMENT SET ITSELF TO DO IN 2009

Against this backdrop, in 2009 government began to initiate corrective interventions to maximise the impact of infrastructure investment on economic growth over the term of office of the current administration. The aim was to increase competition, strengthen regulation, accelerate the revitalisation of ageing infrastructure and to ensure that major infrastructure projects promote development and economic growth.

One of the key deliverables in the energy sector was the establishment of an independent system operator separate from Eskom Holdings in order to create a non-conflicted buyer of private electricity, and start the process for participation by independent power producers (IPPs). Other important priorities in the electricity sector were the development of the Integrated Resource Plan (IRP) for the long-term energy mix, the facilitation of investment in renewable energy generation, the reduction of the backlogs in the maintenance of municipal electricity distribution infrastructure, the improvement of household access to electricity to 92% by 2014, and monitoring the implementation of the Eskom projects that would address the supply shortages of generation and transmission infrastructure.





In logistics, some of the key deliverables were to increase the rail market share of total freight from 177 million tonnes (mt) to 250 mt per annum by 2014, facilitate private sector investment in rail, ensure adequate funding for integrated rapid public transport networks, introduce private operators at rail branch level, improve productivity at ports, and to monitor the implementation of Transnet and other key transport projects.

In the water sector, government set out to develop and implement new augmentation schemes and new regional bulk water infrastructure systems, and to improve the maintenance of existing water resources infrastructure. It sought to remove water licence backlogs and improve the regulation, pricing strategy, funding model and institutional structures for delivery in the water sector.

In the ICT sector, government set itself the task of increasing broadband penetration, reducing ICT costs, developing national broadband legislation, developing wholesale backbone infrastructure, providing ICT to schools, Digital Terrestrial Television (DTT) rollout and local loop unbundling.

## **PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM**

### ***Improving competition and regulation***

In reviewing the structure of the transport industry, a position paper has been finalised and is being discussed with key industry stakeholders. Work on the Rail Policy and Rail Act has progressed to a draft green paper, now under industry stakeholder consultation. The Department of Transport is proceeding with the development of the Single Transport Economic Regulator (STER). The Rail Economic Regulator (RER) will be part of the STER. Government is in the process of developing a Private Sector Participation (PSP) framework to address private sector participation in rail. While progress is noted, greater focus and effort on implementation of these policies will be required in the second half of the term in order to improve funding levels for state infrastructure and to increase private investment in infrastructure. The concessioning process for a private operator at the Port of Ngqura has, for example, not yet commenced.

### ***Generation, distribution and transmission of energy***

Much progress has been made in the generation, distribution and transmission of energy. In line with the call by the President in his 2010 State of the Nation Address for an independent electricity system operator (ISMO), the legislation for the creation of an ISMO has been introduced in Parliament and it is expected to be promulgated in the first quarter of 2012. The creation of such a non-conflicted buyer of electricity facilitates investment by independent power producers in electricity generation megaprojects. This, in turn, will enable South Africa to produce sufficient power to meet the needs of its people and its growing economy.

Approximately 248 000 households were supplied with electricity for the first time during the period November 2010 to November 2011, and 3 655 homes were connected to off-grid solar systems. The Department of Energy has completed the IRP 2010 (on target) and has finalised the IRP Implementation Plan, which is to be submitted to Cabinet. A competitive bid process was instituted for private sector participation in the Renewable Energy Independent Power Producer Procurement Programme (REIPP), and 28 bidders, who will produce a total of 1 415 MW, were selected.

With regard to the monitoring of the Eskom build programme, the new Medupi coal-fired power station is 32% complete, against a planned schedule of 38.5%. Similarly, the new Kusile station is 15% complete, against a planned schedule of 18.5%, and the new Ingula pumped storage power station is 39% complete, against a planned schedule of 42%. The Return to Service Programme is 95% complete, and the transmission line projects are more than 70% complete, and are on track. Medupi, whose first unit was planned to generate power to the grid in December 2012, is expected to be delayed to the second half of 2013 due to contractor delays in the fabrication of boilers. However, the remainder of Eskom's build programme is generally on track, and the Kusile and Ingula projects will be delivered on schedule. Given that there will still be a deficit of electricity supply until Medupi and Kusile are fully commissioned, greater emphasis will have to be placed on the regular monitoring and reporting of Eskom's generation build programmes, promoting co-generation options, accelerating renewable energy integration, purchasing non-Eskom power, and accelerating the rollout of demand-side savings.



Some progress has been made in the shifting of power station coal from road to rail in order to address the deterioration of roads in Mpumalanga. This project is currently focused on designing and implementing rail off-loading capabilities at Camden, Tutuka, Majuba, Grootvlei, Kendal and Hendrina power stations, which are linked or close to railway lines. To date, Eskom has completed the construction of the Camden coal terminal and 65% of the Tutuka coal terminal. The total amount of power station coal moved on rail has increased from 4.3 mt in 2008/09 to 7 mt in 2010/11, and is projected at 8.2 million tonnes at the end of this financial year. A Transnet and Eskom road-to-rail migration plan has been finalised, and commits to increase tonnages to 30 million tonnes per annum (mtpa) by 2018/19.

There has been inadequate progress with addressing the backlogs in the maintenance of municipal electricity distribution infrastructure, and there needs to be a strong focus on this for the remainder of the term. Now that the responsibility for this infrastructure clearly rests with municipalities, they should dedicate a greater portion of electricity tariffs to the maintenance of their distribution networks and address their maintenance backlogs.

Theft of copper cables still needs to be urgently investigated and addressed in the law as economic sabotage, or higher penalties should be instituted to further disincentivise this crime.

### **Logistics: road, railways and ports**

With regard to increase the market share of total freight from a 177 mtpa baseline to rail, to an annual 250 mtpa by 2014, 182 mt was achieved in 2010/11. Up to December 2011, 148 mt rail volumes were recorded, an increase of 9% compared to the same period the previous year. Transnet's latest estimate for the 2011/12 financial year reflects an increase of 10%, compared to 2010/11.


With regard to productivity improvements at the Durban container terminal (DCT), an average of 25 crane moves per hour was achieved in 2010/11, from 21 crane moves per hour in 2009/10, in line with the target of 25 crane moves per hour for that year. To improve productivity to world-class standards, Transnet has approved the acceleration of R1.2 billion of capital expenditure during the 2011/12 year for DCT, which includes the acquisition of seven tandem-lift ship-to-shore (STS) cranes. Going forward, greater involvement and buy-in of labour on port productivity improvements, and an increased focus on terminal performance indicators in the shareholder compact, will be pursued.

Transnet's build projects are generally on track. Two container berths at the Ngqura port have been completed and an additional two will be completed by March 2012. Some 875 000 containers have been handled at Ngqura since it opened in October 2009, and the additional two berths will improve capacity to 800 000 containers per annum. Transnet has commenced with the next phase to expand the Ngqura container capacity to 1.5 million containers through the acquisition of container handling equipment.

The National New Multi-Product Pipeline (NMPP), a 24-inch trunk line for petroleum products from Durban to Jameson Park, was completed and commissioned in January 2012. The coastal and inland terminals are still under construction and are due to be completed in December 2013. The widening and deepening of the entrance channel of the Port of Durban was commissioned in March 2010, and the port can now accommodate super post-panamax container vessels of 9 200 twenty-foot equivalent units (TEUs) in size.

The re-engineering of the Durban Container Terminal (DCT) is nearing completion and will increase the capacity of the DCT for the handling of containers from approximately two million containers per annum to 2.3 million containers per annum and ultimately to 2.9 million by 2012/13. The Cape Town Container Terminal is 92% complete and will increase capacity from 700 000 containers to 900 000 containers initially, and ultimately to 1.4 million containers per annum once phase 2 is approved. With regard to the ore line expansion to 61 mtpa, the Saldanha port and rail aspects are substantively complete, with Transnet anticipating to move iron ore volumes from 52 mtpa in 2011/12 to 59 mtpa in 2012/13.

As far as progress on the locomotive acquisition programme is concerned, 50 electromotive diesel (EMD) locomotives have been procured and delivered for the general freight business; tender processes have commenced on the acquisition of a further 95 electric locomotives for the general freight business; 90 of 110 Class 19E dual-voltage locomotives have been delivered for the coal line; all 44 Class 15E locomotives have been delivered for the iron ore line; delivery is expected to commence from July 2012 on the acquisition of a further 32 Class 15E locomotives for the ore line; and the procurement of 100 new Class 43 diesel electric locomotives from General Electric (GE) has been finalised. Ninety of the locomotives are to be assembled locally by Transnet Rail Engineering and 27 are already operational.



Three rail branchline opportunities for private sector concession in 2012/13 have been identified and there has been consultation with KwaZulu-Natal, the Northern Cape, and the Free State provinces about the Belmont-Douglas line, and the Nkwalini-Empangeni and Kroonstad-Bethlehem maize cluster lines. However, despite this progress, the implementation of these concessions and the introduction of more private sector investment in ports and rail will need to be a focus area for the remainder of the term.

Much progress has been made on national road building projects, but the affordability of tolls have become a challenge. Resolution of this issue is an immediate priority if private sector investment in road infrastructure is to be secured in future.

### ***Bulk water infrastructure***

Good progress has been made on the delivery of projects, but some major projects have been delayed. With regard to the implementation of the new water augmentation schemes, five projects are all on schedule (Olifants River Water Resource, the Vaal River Eastern Subsystem, Komati Water Augmentation Scheme, and the raising of Hazelmere and Clan William dams). Challenges are being encountered with the Olifants River Bulk Distribution System, due to unresolved issues regarding water supply agreements, reduced system yield, high tariffs and insufficient funding. The other challenge is with the Mokolo and Crocodile River phase 2 (West) Water Augmentation Project (MCWAP2), caused by unwillingness of major potential customers to enter into offtake agreements.

With regard to the development of new regional bulk water infrastructure systems, all the projects are on schedule (water treatment works, wastewater treatment works, and water supply systems). Forty-three regional bulk projects will be completed by 2014, benefiting 3.2 million people. The rehabilitation of nine national dams out of twenty-five is complete. Two water conveyance projects out of 28 have been completed. With regard to the removal of backlogs in the issuing of water licences, 3 419 water licences have been processed and concluded since 2009, and the Department of Water Affairs is in the process of developing an online system to fast-track the process, with 778 licences still in backlog.

However, with regard to the improvement of regulation, the review of the Raw Water Pricing Strategy, funding model and institutional structures for infrastructure delivery, progress has been slow. These are key focus areas for the immediate future. The review of the National Water Resources Strategy (NWRS) is due to be published in October 2012. While the sector is making reasonable progress on projects, it is hampered by the lack of funds for infrastructure. The sector needs to improve price regulation and change its water pricing strategy in order to generate more funding for water infrastructure for development. In addition, the current catchment-internalised pricing strategy results in inequities, with poor, previously unserved people paying a high price for new dams and pipeline systems in their raw water charges, while commercial agriculture pays low prices in established catchments for raw water that are in many cases below cost. Greater equity in pricing and gradual increases to levels that fully reflect maintenance and rehabilitation costs and facilitate new investment and development are required.

### ***Information and communication technology***

The Broadband Strategy and Implementation Plan, outlining the fibre connectivity across the country to district level, are currently being finalised. Following the establishment of Broadband Infraco (BBI), wholesale broadband prices have dropped by about 73% since 2009. As part of its mandate to increase access to broadband services, BBI has access to 18 points of presence (POPs), of which five are open access sites in the main centres. Sentech and Broadband Infraco have also commenced with the broadband plan for the KwaZulu-Natal province pilot project, and site surveys in three districts are complete.

With regard to digital terrestrial television rollout, 60% coverage has been achieved. On the implementation of e-connectivity for schools, memoranda of understanding and user requirement specifications have been completed in the first phase of connecting the 1 25 Dinaledi and 1 525 district schools. The contract with the service provider is also being finalised. ICASA issued a findings document on local loop unbundling (LLU) in November 2011. LLU, which allows households and businesses the choice of multiple providers on the existing fixed telephone lines, is to be phased in and the industry is to introduce bitstream (a form of LLU) by November 2012. The Department of Communications measured ICT performance in South Africa and published the first e-barometer report with ICT statistics in 2011.

### ***Integrating and coordinating South Africa's infrastructure build programme***

One of the areas in which the least progress has been made since 2009, is the improvement of the planning, integration and coordination of infrastructure. To address this, the Presidential Infrastructure Coordinating Commission (PICC) was inaugurated in September 2011, bringing key ministers, premiers and metro mayors together in a forum to promote infrastructure coordination and decision-making. The commission is headed by the President and assisted by the Deputy President.

Resulting from PICC work, plans for future projects and infrastructure initiatives from a large number of authorities, such as state-owned enterprises, national, provincial and local government departments, have been clustered, sequenced and prioritised into strategic, integrated projects that will together unlock the economic development of South Africa and maximise the returns on infrastructure investment as increased jobs, growth and economic potential. This will be a continuous process, creating a “pipeline” of projects for the future that gives substance to the long-term National Development Plan and certainty to South Africa's infrastructure development.

Available funding will be prioritised towards these strategic integrated projects, and initiatives to unlock more funding will be pursued by addressing inefficiencies in state expenditure, sector regulation and pricing, as well as facilitating private sector participation and investment in state-dominated sectors. Greater central government scrutiny, involvement and assistance will have to be rendered to ensure that sub-national government facilitates and delivers on integrated projects.

While the implementation of strategic, integrated projects will as far as possible continue to be carried out by the existing implementing structures of government, new institutional mechanisms at administrative level will need to be created to sequence and coordinate the delivery of such projects across the spheres of government and the private sector; fast-track administrative and project approvals, address capacity shortfalls, improve the standard of infrastructure delivery and management, and to ensure value for money to users.





## 6. RURAL DEVELOPMENT

### PROBLEM STATEMENT

About half of the South African population call rural areas home, and many people in urban areas have strong ties with rural areas. However, rural areas bear the brunt of poverty, joblessness and gross inequality, particularly former homeland areas, where over a third of South Africans still live – some 17 million people. In addition, apartheid resulted in a highly inequitable distribution of land ownership and in 1994, 87% of commercial arable land was owned by white farmers and businesses.

In 2010, an estimated 57% of the rural population lived in income poverty or had a monthly income of less than R570 (National Income Dynamics Study, 2010). This is a decrease from 70% in 2006, but it is still a large proportion of the population when compared to other middle-income countries. Median household income in the former homeland areas in 2010 was R1 580 a month, compared to R3 080 in the rest of the country. Employment levels in rural areas are very low, with just one adult in four employed, compared to two in four in the metros. Education levels are low and 31% of working-age adults have only primary education, compared to 17% in the rest of the country. Rural infrastructure is inadequate, for example, schools are more likely to lack buildings, books and administrative staff and often have under-qualified educators; yet half of black youth live in the former homeland areas.

### CAUSES OF THE PROBLEM

The crux of the rural development challenge is poor infrastructure, weak institutional support for enterprises, and weak social services. Although this is largely a result of apartheid, the post-apartheid government has not yet successfully addressed these issues. Since 1994 the focus has primarily been on the demand for land reform, with inadequate attention to the use of land, including post-settlement support, and inadequate development of accessible markets and services for small farmers and other entrepreneurs.

Poor infrastructure and poor access to basic services are a result of weak and under-resourced rural local government, as well as a lack of coordination between all the departments involved in service delivery in rural areas. Essential services are also generally less available and of poorer quality in rural areas, rendering these places unattractive for people to live and work. As a result, many people in the economically active age group migrate, and the rural economy stagnates.

### WHAT THE GOVERNMENT SET ITSELF TO DO IN 2009

In 2009, government committed itself to ensuring that the country has vibrant, sustainable rural communities. In order to achieve this, the focus was on agrarian reform, improving households' access to food, the range of services available to rural people and rural job creation, and strengthening rural local government's ability to manage development. A number of targets were set to be reached by 2014. In terms of agrarian reform, the smallholder sector would be strengthened, increasing the number of smallholder farmers by 50 000, and ensuring that 30% of rural households are producing some food. A commitment was made to increase the proportion of smallholder farmers producing for sale from 4% in 2009 to 10% in 2014.

It was resolved to address the land reform problem through restitution, redistribution and tenure reform. The target set was to redistribute 1 140 860 hectares of land through the land acquisition and redistribution programme between 2009 and 2014. This was in the context of government's commitment to transfer 30% of the 82 million hectares of agricultural land owned by whites in 1994 to blacks by 2014. This 30% translates to 24.5 million hectares.

Government committed itself to reducing unemployment in the former homelands from 73.4% in 2008 to 60%, creating 120 000 jobs in the agricultural sector, and creating 2 million jobs in rural areas through the Community Works Programme and EPWP. In

order to strengthen rural local government, a target was set to fill senior posts in rural local governments, and to ensure that 80% of rural local governments have coordination structures in place to oversee the diverse work needed for effective rural development.

## **PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM**

### ***Addressing rural needs in a comprehensive fashion***

A significant achievement has been the creation in May 2009 of a rural champion at national level, the Department of Rural Development and Land Reform. This ministerial mandate has given hope for the future of the lives of rural people by providing a pathway for rural development and land reform.

There have been significant policy initiatives, such as the Spatial Planning and Land-use Management Bill, that will assist with a uniform, efficient and integrated regulatory framework for spatial planning and land-use management. However, the development of this framework has taken too long and challenges related to spatial planning and land-use management continue to hamper local development. There still needs to be a clear policy on rural development (the former Green Paper on Rural Development and Land Reform was reduced to one only on land reform).

The Comprehensive Rural Development Programme (CRDP) has been developed as a multisectoral response to the challenge of rural development, addressing basic human needs, as well as the provision of social and economic infrastructure and the development of small and medium enterprises, using an agri-village model. Under the agri-village model, housing, sanitation, health, education and other basic services are provided to an agricultural village. In addition, there should be sustainable agriculture-related income-generating activities in the village. A participatory needs analysis is undertaken involving rural people and different sectors. The programme is being implemented as a pilot programme. By 2011 it had covered 80 of a 2012 target of 160 wards across the country. Furthermore, 1 300 household gardens and cooperatives have been established. Examples of other investments include the provision of housing units, electricity, VIP (ventilated improved pit) toilets and a range of economic infrastructure projects, including rural road upgrades, e-access, and village TV viewing sites.

However, implementing the CRDP comes at a high cost per household. A good example is that of Diyatalawa, a small community of 33 households that were settled in Maluti-a-Phofung local municipality through the land acquisition programme. In Diyatalawa, an estimated R10 million (about R200 000 per household) has been spent on the provision of housing units, a sporting facility and livestock for 50 households over a period of two years under the CRDP agri-village model.


Taking the CRDP to scale would involve extending its reach from 160 wards in the pilot phase to 2 920 rural wards across the country. Given that there are approximately 6.5 million rural households in the country, taking the programme to scale at the level of expenditure per household in the pilot phase is not viable (replicating Diyatalawa across all rural wards would cost R1.7 trillion). In addition, there is a risk of promoting dependency due to the lack of a business model to support agricultural programmes in the agri-villages so that they are sustainable beyond the CRDP intervention.

Further, the model means that the Department of Rural Development and Land Reform is duplicating work done by other departments, thus compromising collaboration in rural service delivery. For example, the Department of Agriculture, Forestry and Fisheries is also involved in the development of small-scale agriculture, the Department of Energy is also involved in the installation of solar energy technology in rural areas, and the Department of Human Settlements is also involved in housing projects in rural areas. An alternative approach that focuses on aligning the work of different departments and spheres of government around core priorities for rural development and strengthening the role of rural local government may have an impact on a larger scale.

DPME and the Department of Rural Development and Land Reform are planning an evaluation of the CRDP, which will consider the issues raised above and make recommendations regarding the future rollout of the programme.

### ***Agrarian reform and improving access to food***

Between 1994 and December 2011, 3.9 million hectares of land were redistributed through the land acquisition and redistribution programme (this is 15.6% of the target of 24.5 million hectares to be in black hands by 2014). From 2009 to December 2011, 823 300 hectares of land were acquired and allocated to 20 290 beneficiaries. This is an improvement over previous years, and indicates that our systems are improving. Nevertheless, there is still a need to further accelerate the land acquisition and redistribution programme.



The process of acquiring and distributing a particular piece of land is often lengthy, and this escalates the cost of redistribution because the former owner stops investing in the land. Many of the farms are therefore in a poor state of repair at the point of acquisition. In addition, there has often been a decline in productivity on the redistributed farms. This led to the adoption of a recapitalisation programme in November 2010. The objectives of the recapitalisation programme include increasing food production, food security, the commercialisation of small farmers and creating employment opportunities. By December 2011, 595 farms (or 569 288 ha) were in the process of being rehabilitated. However, to date the focus of rehabilitation has been on rebuilding infrastructure and there is a risk that, without adequate farmer support and development, the farms could again decline in future.

Some of the beneficiaries have indicated that the policy of allocating the land to them on a 99-year leasehold basis is a disincentive for them to invest in the land, and that they would prefer to be given full ownership. However, this could result in beneficiaries selling the land. There is a need for this challenge to be investigated further to ascertain the degree to which it is limiting the success of the transferred farms.

Between 1994 and December 2011, government settled 76 368 land claims relating to 2.9 million hectares (11.1% of 24.5 million ha) of land under the Land Restitution Programme. A total of 712 of these claims, for 292 995 hectares, were settled between 2009 and December 2011, against a target of 1 845 claims for the period.

Overall, including redistribution and restitution, 6.7 million hectares of land have been transferred between 1994 and 2011. This represents 27% of the target of transferring 24.5 million hectares by 2014.

Inadequate post-settlement support and the lack of suitable markets mean that few land reform beneficiaries are progressing into sustainable farming enterprises. Less than one in 20 land reform beneficiaries have benefited from either Comprehensive Agricultural Support Programme (CASP) grants or Micro-agricultural Finance Institutions of South Africa (MAFISA) loans.

Eleven-thousand new smallholder farmers have been established since 2009, out of a target of 50 000. Although support has been provided to both new and long-established farmers through programmes such as CASP, Letsema, the Recapitalisation and Development Programme and MAFISA, only a marginal number of 5 381 smallholders are involved in agribusinesses and a mere 3 910 are linked to markets. To achieve success, smallholder farmers require a comprehensive agribusiness support package, including favourable commodity pricing, access to finance, provision of technical expertise/mentorship and contracted markets. However, no convincing support package is yet in place, government initiatives tend to cause dependency, and the sector is struggling. Government should consider providing better incentives for commercial farmers who are willing and capable of mentoring smallholder farmers. More support is needed for farms in distress and additional incentives are needed for interventions to strengthen extension services, and to encourage the adoption of new production and processing models that also conserve natural resources.

Investment in agriculture and agro-processing is central to food security in South Africa. Farmers' incomes and agricultural job creation are highly dependent on global economic conditions and global markets. This, combined with challenges such as climate change and uncertainty around land reform, has resulted in a decrease in the number of commercial farmers, a decrease in total production levels, a higher volume of food imports and higher food prices. This has discouraged new entrants into the sector, which prejudices its contribution to job creation.

Malnutrition levels are high in rural areas, and food prices are generally higher in rural areas than in urban areas. In order to reduce food insecurity in rural areas, there is a need for a major initiative to promote food gardens and other forms of subsistence agriculture, involving civil society, and assisting people to market their surplus to augment their income. The Department of Agriculture, Forestry and Fisheries (DAFF) has developed a Zero Hunger Programme, and this should be rolled out vigorously during the remainder of the term.

### ***Improving services and strengthening institutions***

As discussed in the basic services and local government section of this review, there has been progress with the provision of some basic services in rural areas. However, key services such as water, sanitation, roads, education and health are as a rule still significantly worse in rural areas than in urban areas, in terms of access and quality. According to the 2010 General Household Survey, rural provinces such as the Eastern Cape (16.8%), Limpopo (8.8%) and the Northern Cape (7.1%) have the highest percentage of households with inadequate sanitation. Where services are available, they are often of lower quality and more poorly maintained

than in the rest of the country. Farm workers are often even worse off, with their ability to access basic services largely dependent on the nature of the relationship they have with the farm owners.

A number of departments have developed rural strategies, for example, the Department of Communications has put in place a strategy to improve connectivity in rural areas. However, there is a need for all relevant departments to do the same and for improved integration and coordination of these strategies at the local level.

For reasons of efficiency and economies of scale, main service centres are limited to towns, and government should focus more closely rolling out appropriate models for delivering services cost-effectively in rural areas. These models exist (e.g. on-site sanitation, on-site electricity generation through solar panels, community health workers, mobile clinics and mobile Home Affairs offices), but have not yet been introduced as widely as they could be. The potential impact of these models is well illustrated by the highly successful introduction of mobile telephones in rural areas.

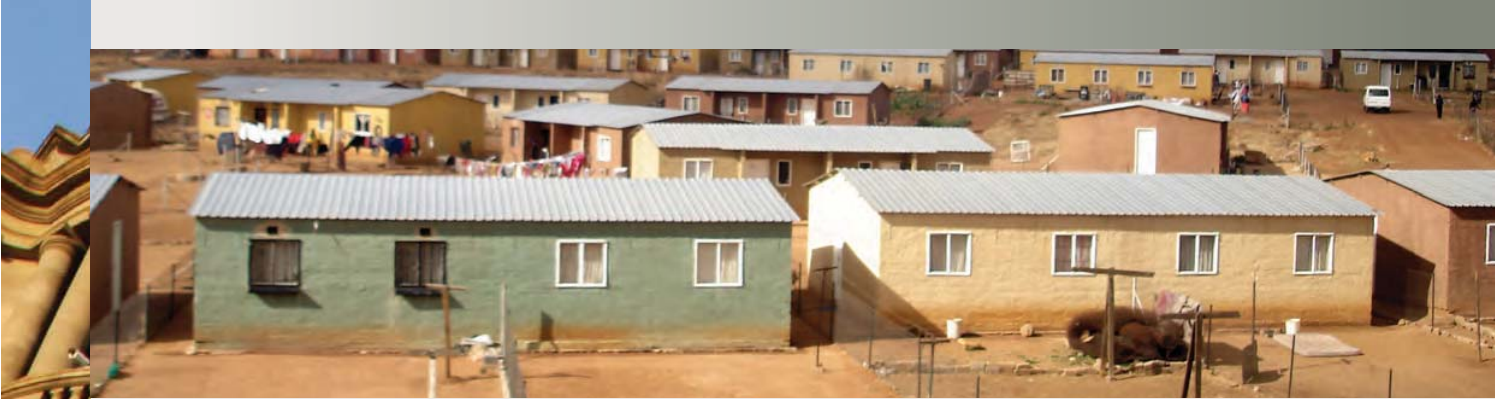
Rural local government is very weak in terms of staffing and resources, particularly in former homeland areas. This means they are unable to invest effectively and maintain rural infrastructure (water, sanitation, electricity, rural roads). In addition, municipal integrated development plans are weak and many rural municipalities are not yet playing an effective role of coordinating development initiatives across sectors. The expectation is for rural local government to be able to mobilise services effectively for rural areas, but they struggle. For the remainder of the term, a major impetus is therefore needed to strengthen rural local government.

### **Rural job creation**

The introduction of the National Rural Youth Service Corps (NARYSEC) in 2010 has made a contribution to youth employment and skills development in rural areas. Through this programme, 5 340 unemployed youth have been trained in partnership with 35 further education and training colleges countrywide. They have been trained in various civil and construction programmes, and in leadership, and they profile rural households in the CRDP nodes. Further, the introduction of a minimum wage in 2003, currently set at R1 376 a month, has brought about some improvement in salaries for the underprivileged.

However, employment in rural areas is still lower than in 2009, with continued job losses in domestic work and agriculture, sectors dominated by the poorest rural households. Farm workers remain among the least secure workers and the worst paid in the country. Apart from food production, rural areas have economic potential from agro-processing, mining, tourism and crafts, environmental and social services and local procurement initiatives. The implementation of plans in this regard should be a major focus for the remainder of the term, and more needs to be done to meet the targets for expanding the Community Works Programme in rural areas.





## 7. HUMAN SETTLEMENTS

### PROBLEM STATEMENT

Despite the delivery of approximately 2.8 million subsidised housing opportunities since 1994, 2.3 million households remained inadequately housed in 2009. There were still 1.2 million households in more than 2 500 informal settlements, and 1.1 million in overcrowded and underserviced conditions. Between 400 000 and 600 000 households did not qualify for the subsidy and could not access housing finance. The state's new housing investment of about R62 billion in the built environment since 1994 had been unable to create more socially integrated neighbourhoods and overcome dislocation of the poor from economic opportunities. Urban sprawl and low densities continued to contribute to unproductive and inefficient cities.

### CAUSES OF THE PROBLEM

The number of households had been growing at 3% per annum (due to reductions in household size), against a population growth of 1% since 2002, and this, coupled with rapid urban migration, resulted in a sharp increase in housing demand and informal settlement growth. Early limits to the size of the subsidy pushed projects to the cheapest land on the edges of cities. Improvements in the quality of the houses built and settlement design since 2005 inadvertently resulted in a decline in the number of houses delivered per annum.

In addition, the affordable housing market remained incapable of producing at significant scale due to a lack of affordability and product availability, as well as supply-side limitations of land and infrastructure, and delays in planning approvals and township establishment.

### COMMITMENTS IN 2009

The establishment of a Human Settlements Department, as opposed to a Housing Department, was aimed at developing integrated human settlements. The department committed itself to accelerating delivery by improving the quality of life of 400 000 households through upgrading informal settlements in 45 priority municipalities. A target was also set to stimulate growth in affordable home ownership (600 000 loans) and the rental market (80 000 new units), with an injection of 6 250 hectares of strategic state land. To enable more integrated planning of human settlements, 27 municipalities would be accredited to carry out the housing function.

### PROGRESS FROM 2009 TO DATE

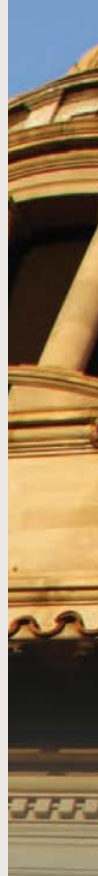
#### *Informal settlement upgrading*

The provinces have delivered 83 412 serviced sites for the relocation of households living in informal settlements. In addition, 19 of the 45 priority municipalities have established upgrading, formalisation and management programmes for informal settlements, and have categorised their informal settlements. There are significant technical capacity constraints in provinces and municipalities, and notwithstanding the implementation of the National Upgrading Support Programme (NUSP) to the targeted municipalities, there are concerns about whether the targets for upgrading the informal settlements described above are going to be met by 2014.

#### *Rental housing*

A total of 15 545 private, public rental and social housing units have been built, forming 19% of the target. A pipeline of new projects is in place. This is sufficient to incentivise critical rental market growth.





### ***Well-located state land for housing***

Some 1 329 hectares of well located SOE-owned properties are in the process of being transferred to the Housing Development Agency (HDA). A further 1 066 hectares of government-owned land has been released to municipalities for housing, offering major potential to trigger urban integration.

### ***Loan finance to the affordable housing market***

The three housing development finance institutions (DFIs) have met their mid-term targets for delivering mortgage, non-mortgage and wholesale loans to the target market. They have delivered 100 000 incremental loans as well as support loans, facilitating the delivery of some 22 000 new units to the target market. They have also entered into major private finance partnerships to go down market.

The department has not yet been able to record the performance of the private banks, nor has it been able to reach an agreement with the respective stakeholders regarding their roles and responsibilities in meeting the overall target of 600 000 loans.

### ***Accreditation of municipalities***

Eight municipalities have been accredited to perform the housing functions to level 2, and a further 16 municipalities have been assessed in terms of compliance. The department is on track to meet the target for the accreditation of municipalities by 2014, but the process is hampered by the delays in provincial gazetting.

## **RECOMMENDED FOCUS AREAS FOR THE REMAINDER OF THE TERM**

### ***Informal settlements***

The department should map, categorise and develop plans for all informal settlement upgrades in the 45 priority municipalities in the next four to six months. A full informal settlement upgrading implementation support programme has to be negotiated between national government, provinces and the 45 municipalities and be finalised in the same period. Each municipality should establish interim service levels and put in place dedicated management arrangements to interface with communities. In addition, the plans for delivering integrated human settlements in rapidly growing towns must be aligned to the informal settlement upgrading plans in the 45 priority municipalities.

### ***Rental housing***

The national department should conclude a national rental policy framework, including backyard rentals. The policy and guidelines should include institutional responsibilities for delivery, performance management and regulation for both the public and private sector. The relevant agencies implementing different rental programmes should rationalise their current regulatory frameworks and budgets.

### ***Accreditation***

Operational and funding agreements between provinces and municipalities should be concluded as soon as possible. Provinces must gazette accreditation for all targeted municipalities to level 2, and conclude full accreditation to six metros within 18 months.

### ***Well-located state land for housing***

The department should conclude rapid public land release agreements with land-holding departments and SOEs for the timely release of identified well-located state land to meet the 2014 delivery deadlines. The Housing Development Agency should develop density norms for the release of well-located land to municipalities, and conclude technical support agreements with municipalities and provinces.

### ***Loan finance to the affordable housing market***

The rationalisation of the development finance institutions has to be urgently concluded (within six to eight months) so as to provide institutional coherence to the affordable housing market. The DFIs must support provinces in structuring integrated and mixed-income, mixed-use projects.

A clear record and disclosure of private sector home loans and mortgages through the Office of Disclosure must be undertaken immediately. Over the next three to six months the department should involve the banks and National Treasury on a solution to secure the long-term interests and growth of the affordable market in the best possible way.



## 8. LOCAL GOVERNMENT AND BASIC SERVICES

### PROBLEM STATEMENT

Despite the advances in service delivery since 1994, the pace of improvement in services and the quality of services provided do not in many cases match the expectations of many citizens. In 2009, a significant number of municipalities were still in deep distress, and municipal service delivery was in a crisis. While access to basic services has risen progressively, the backlogs remained high. Nationally, 46% (or 5.7 million) of households did not have universal access to water, sanitation, refuse removal and electricity in 2009 (i.e. access to basic and higher levels of service in respect of all four services combined).

### CAUSES OF THE PROBLEM

The one-size-fits-all approach to improving local government has not worked. Additionally, the integrated development plans (IDPs) of municipalities, which were meant to be the lynchpins for facilitating local development and service delivery, have not lived up to this promise.

There is a strong correlation between areas of high poverty concentration (which results in socioeconomic vulnerability), poor services and institutional weakness. Hence, the problem is most pronounced in rural municipalities and those localities that have only one or two small towns, notably in the former homeland areas. Municipal weaknesses included poor governance and accountability, weak financial management, skills gaps, high vacancies in critical senior management posts, and a lack of informed and coordinated planning. This resulted in an inability of some municipalities to deliver even only a core set of basic municipal services efficiently and effectively. The sustained provision of basic services was also hampered by a lack of infrastructure and of appropriate delivery models in remote rural areas, as well as general neglect of maintenance and repairs of municipal infrastructure.

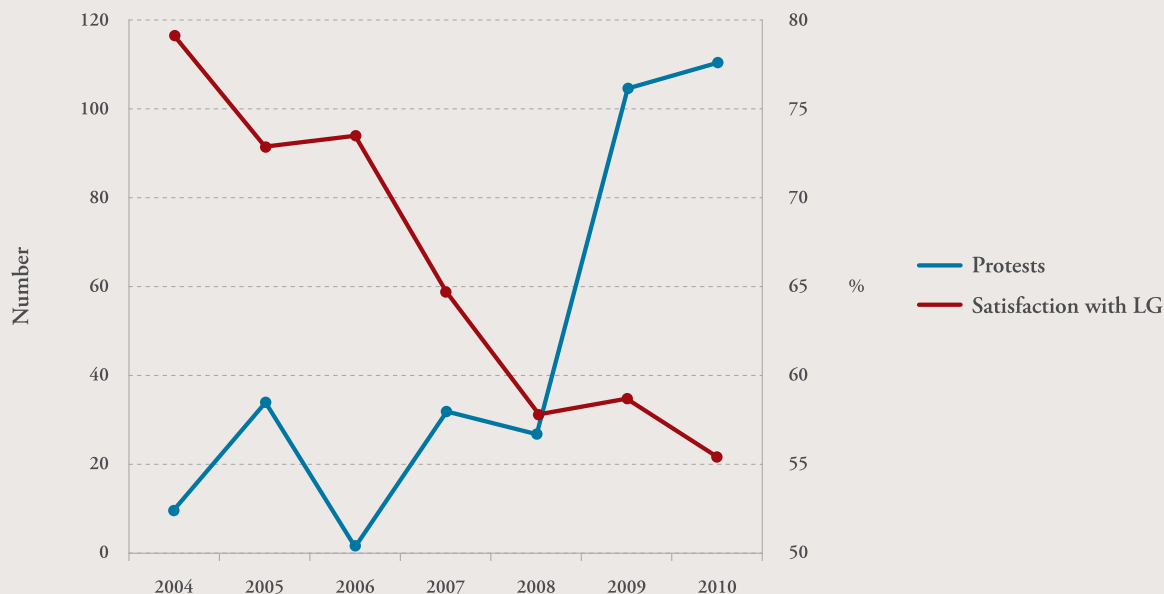
Municipal capacity to deliver was severely constrained by high vacancy rates and a lack of suitably qualified individuals in senior management and technical positions. Category B municipalities<sup>1</sup> were most affected, with 24% of senior management posts vacant. Only 25% of municipalities had a civil engineer working for them.

Ineffective internal controls and procurement practices and critical skills gaps accounted for rising municipal debt and the weak financial position of many municipalities.

Beyond internal municipal institutional weaknesses, municipal service delivery is also dependent on aligned and coordinated contributions from provincial and national government departments and various public entities. Past attempts to improve alignment and coordination had limited impact.

Poor governance and accountability were also identified as major areas of concern. These manifested in the high levels of distrust of citizens in local government and the escalation in community protests. As indicated by the graph below, the level of trust in local government had declined sharply since 2004. Municipalities were envisioned as sites where government's commitment to participatory governance would achieve meaning and content. Instead, communities felt alienated and disconnected from decision-making processes and disempowered in influencing the affairs of the municipality. Much of this stemmed from poor communication with communities, lack of transparency, and weak and ineffective ward committees.

<sup>1</sup> The Constitution makes provision for three categories of municipalities. Category A applies to metros, Category B refers to local municipalities that share executive and legislative authority with a Category C municipality. Category C municipalities are the district municipalities.



### What government set itself to do in 2009

In 2009 government set itself an objective of achieving a responsive, accountable, effective and efficient local government system. This would involve categorising municipalities according to their varied contexts and tailoring planning, financing and support to the specific requirements of each category. It would also involve ensuring sustainable access to essential services and quality neighbourhoods. In addition, it would involve initiating ward-based programmes to sustain livelihoods for the poor; strengthening local democratic participation and developing improved administrative and financial capabilities. All of this would be dependent on effective coordination between local, provincial and national government.

With regard to improving access to basic services, government committed itself to accelerating the provision of access to basic services and the following targets for improving universal access were set for the period ending 2014:

- Water: from 92% to 100%
- Sanitation: from 69% to 100%
- Refuse removal: from 64% to 75%
- Electricity: from 81% to 92%

## PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM

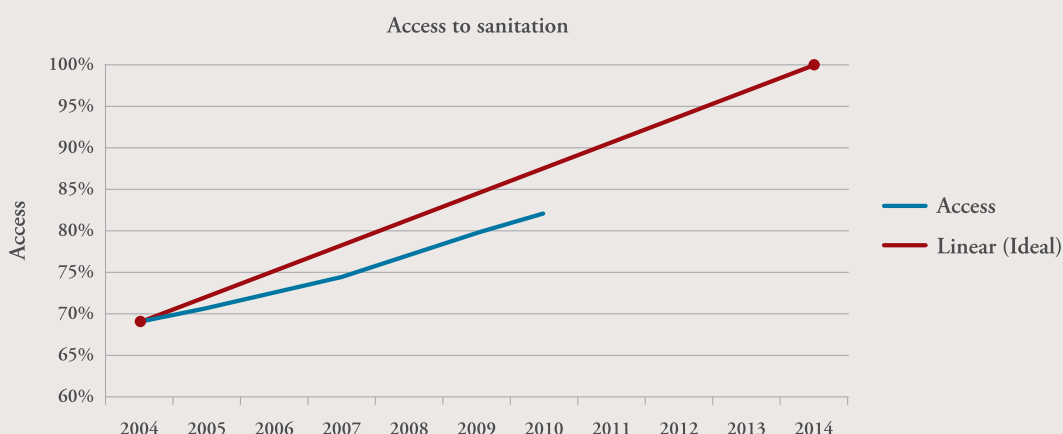
### Improving access to basic services

#### Water

Since 2009, more than 160 000 households have gained access to water infrastructure<sup>2</sup>, an improvement of 2.7% of households. Some 94.5% of households now have access to water, and government is well on its way to reaching its target of eradicating the historical backlog in water service delivery. However, the rate of delivery of water infrastructure has been slowing down recently. This is largely due to the lack of bulk infrastructure in the remaining areas that have not yet received services, as well as the lack of professional and engineering expertise for maintaining, operating and building new water systems. The quality of water supply still remains a challenge and norms and standards will have to be resolved to better reflect water accessibility and quality standards. This also applies to all the other basic services.

#### Sanitation

Since 2009, more than 340 000 households have gained access to at least a basic level of sanitation, increasing access from 77% of households in 2009 to 82% in 2010/11. However, as illustrated by the graph below, the rate of delivery has not been optimal, placing doubts on whether the 2014 target will be reached.



#### Refuse removal

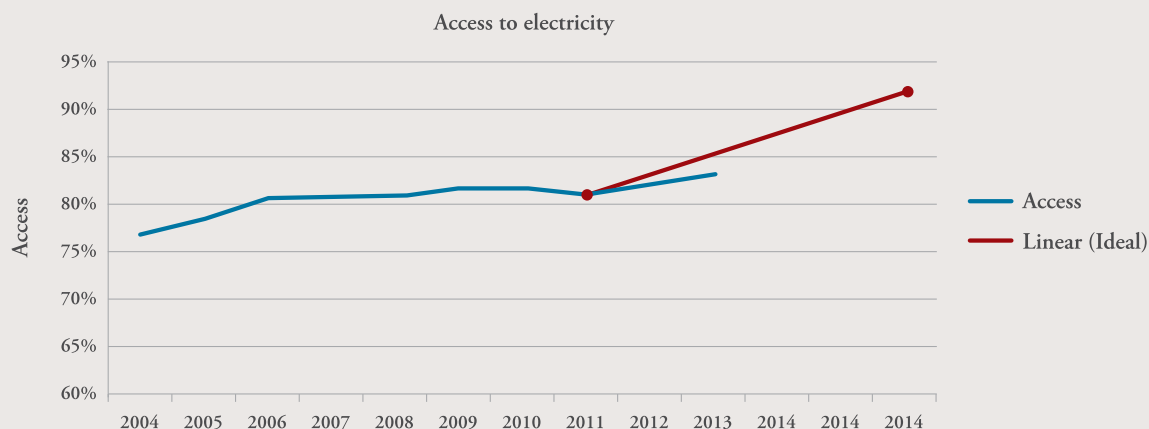
The Department of Cooperative Governance (DCOG) reported that access to a basic level of refuse removal had risen to 72% of households by 2010/11. However, the Department of Environmental Affairs (DEA) is in the process of conducting a survey on waste removal to better inform the baseline and performance against this target. Given the current figures, the 2014 target of 75% access appears achievable.

Refuse removal is dependent on the availability of properly established and managed landfill sites. There are currently 341 unpermitted landfill sites and the DEA is working with provinces on an action plan to assist municipalities in drawing up permit applications and submitting them for processing. In order for the target to be met, a sustained focus on addressing this issue is required.

#### Electricity

The number of households that received access to electricity increased between 2009 and 2011 - from 81% to 84% of households in 2011. This increase in access has, however, occurred at a lacklustre pace, averaging around 1% per annum since 2008, making it unlikely that the target will be achieved, as illustrated by the graph below. This can largely be attributed to the limited current capacity to generate electricity, coupled with a lack of bulk infrastructure and distribution networks. In this context, there may be the potential for greater use of off-grid solutions to reach unserved communities in remote rural areas.

<sup>2</sup> Note that the delivery of infrastructure does not guarantee the delivery of the service (e.g. a tap may be in a yard, but might not be working), and for this reason emphasis also needs to be placed on the maintenance and operation of infrastructure.



In recognition of the likelihood of not meeting some of the basic service targets, there should be a particular focus on improving access in the rural districts with the highest backlogs, in addition to addressing backlogs in other areas, for the rest of the term. This will require government to put in place basic service norms and standards, and determine and quantify service backlogs per municipality according to these norms and standards. Furthermore, government should determine and agree on a portfolio of investments needed to overcome the backlogs per municipality, assign responsibility for the projects, coordinate investment planning (scheduling and sequencing) as well as the various grant mechanisms to deliver the projects (i.e. an infrastructure capital and maintenance plan), and monitor progress with implementation. In addition, it will require the development and implementation of mechanisms to support the municipalities that lack capacity to plan, implement and operate and maintain municipal infrastructure projects (i.e. an institutional and financial plan for the municipality).

#### ***Putting in place a differentiated approach to municipal planning, financing and support***

Work is on track to develop the required frameworks by the target date of February 2012. The target date for the development of a simpler IDP framework for smaller municipalities is set for 2012, and implementation in the selected municipalities is targeted to be completed by 2014. However, an inordinate amount of time is being spent on the policy development phase, at the expense of practical interventions, especially in the 70 municipalities that are in serious distress. The key focus for these municipalities is to get back to basics and assist and support them to focus their IDPs on the delivery of priority services with clear links to budgets.

#### ***Initiating ward-based programmes to sustain livelihoods for the poor***

Based on the success of the Community Works Programme (CWP), Cabinet decided to boost the CWP to one million employment opportunities by 2014. To date, actual participation rates are below the targets for the years leading up to 2014. This has largely been due to administrative challenges and budgetary shortfalls. However, sufficient funds have recently been allocated for the CWP to scale up to 250 000 employment opportunities by 2014. A business case and funding model for further scaling up the CWP has been developed to meet the commitment to one million employment opportunities. The funding for this will need to be debated in future budgeting processes. The expansion of the CWP needs to remain a major focus in the foreseeable future, particularly in the light of the bleak economic outlook.


#### ***Deepening local democracy***

Following the 2011 local government elections, all ward committees had to be re-established. Significant progress has been made in this regard, with ward committees having been established in 84% of the 4 277 wards in the country by November 2011. However, the legislative and funding framework for improved functioning of ward committees is still in process. Guidelines for the operation of ward committees are also still in the consultation phase. Thus, the newly established ward committees are operating in a vacuum without guiding terms of reference for their functioning. Dealing with this matter should be a focus area for the remainder of the term. The finalisation of the legislative framework should be combined with practical actions on the ground, such as encouraging ward committees to develop ward-level service improvement plans.

#### ***Enhancing administrative and financial capabilities of municipalities***

Little progress has been made in improving the financial and administrative capabilities of municipalities. Because of poor financial management, the audit reports of 46 municipalities could not be issued by 31 January 2011 for the 2009/10 financial year, compared to only three in 2008/09. Auditor-General reports also showed that only 44% of municipalities received unqualified audits in





2009/10, a marginal improvement on the 2008/09 period. As at 30 June 2011, 49 municipalities had negative closing cash balances and 19 had a closing cash position below one month's operating expenditure, indicating severe cash flow problems. Although a comparison with June 2010 shows an improvement, there are still 154 municipalities with debtor levels higher than 30% of their own revenue (which indicates a serious financial risk).

The deterioration in the financial and administrative performance of municipalities is not confined to the smaller municipalities. Larger metros are also affected with climbing debt, and cash coverage is an ongoing problem.

Under-spending on municipal capital budgets remains an area for concern, indicating difficulty in effectively planning and executing capital spending. The total under-spending on the 2010/11 capital budget was R12.4 billion (29.3%). District municipalities have been identified as the worst performers, with more than half of district municipalities consistently under-spending by more than 30%. In the same vein, under-spending on conditional grants also remains problematic, with the total under-spending in this regard amounting to R5.1 billion (28.2%).

With regard to vacancies, in June 2011, 83 municipalities had acting municipal managers and 75 had acting chief financial officers (CFOs), while in 37 municipalities both these key positions were filled by acting officials. The phenomenon is most prevalent in Mpumalanga, North West and Limpopo. This picture reflects a similar pattern observed after the 2006 local government elections, namely that vacancies in both these positions spiked immediately after elections.

Enhanced municipal administrative and financial capabilities are essential for an efficient and effective local government system. To this end, a major focus for the remainder of the term will have to be on providing stronger support to municipalities to enable them to do the following:

1. Develop action plans to address audit findings in high-risk areas such as procurement and asset management.
2. Improve revenue management through cost-reflective tariff structures and accurate billing systems.
3. Curb overspending on operational expenditure and under-spending on capital programmes.
4. Put in place credit control policies and measures to control debt.
5. Improve spending on repairs and maintenance.
6. Address critical vacancies and skills gaps.

#### ***Improved coordination of cross-departmental interventions impacting on local government***

Again, not much progress has been recorded with respect to strengthening cross-departmental and provincial support and intervention initiatives impacting on local government. For the remainder of the term, there should be more focus on guiding provincial governments to fulfil their constitutional and legislative mandate to support, monitor and intervene where necessary in order to address the challenges described above.



## 9. ENVIRONMENTAL ASSETS AND NATURAL RESOURCES

### PROBLEM STATEMENT

According to the 2006 State of the Environment Report (SOER), South Africa needs to respond to declining groundwater reserves, water quality and the integrity of the country's ecosystems.

About 34% of the country's terrestrial ecosystems, 82% of its main river ecosystems and 65% of its marine biozones are threatened, whereas 50% of the wetlands have already been destroyed and living marine resources are either maximally or overexploited. Water demand is expected to rise by 52% over the next 30 years, while the supply of water is likely to decline if current trends – due to leakage from old and poorly maintained municipal infrastructure and the loss of wetlands – persist.

Climate change is considered to be among the most serious, if not the single most serious, threat to humanity and sustainable development, with adverse impacts expected on food and water security, economic activity, human health, physical infrastructure and natural resources.

Spatial planning and spatial development decisions are still fragmented and there is still a need to address competing land-uses and to ensure that industry and infrastructure development programmes support the long-term sustainability of natural systems and the environment. Unaddressed, these issues could undermine South Africa's ability to achieve its economic growth and poverty reduction goals through a sustainable development path.

### CAUSES OF THE PROBLEM


In the past, development and growth strategies emphasised the exploitation and optimisation of South Africa's mineral and natural resources, with insufficient consideration of long-term environmental impacts and sustainability. Past growth strategies largely ignored constraints arising from the finite character of non-renewable natural resources and the ecological cycles that sustain renewable natural resources. Past development and growth strategies also focused on energy-intensive industries fuelled by coal. As a result, South Africa ranks among the world's 20 biggest greenhouse gas emitters and is the highest emitter on the African continent.

The cause of deterioration in water quality is not a lack of appropriate tools for measurement and intervention, but rather a systematic eroding of management through poor institutional arrangements, insufficient capacity, convoluted decision-making requirements, lack of delegated authority and accountability, and poor use of incentives, disincentives and regulation to address water quality problems.

### WHAT THE GOVERNMENT SET ITSELF TO DO

In order to address the challenges identified above, government committed itself to ensuring the long-term sustainability of natural systems and the environment by addressing the four critical problems. The commitment is as follows:

- To improve the quality and quantity of water resources by reducing water loss from distribution networks from a level of approximately 30% in 2010 to 15% by 2014.
- To increase the number of wetlands rehabilitated from 75 in 2010 to 150 per year in 2014.
- To significantly increase the number of rivers with healthy ecosystems from 8 in 2010 to 16 by 2014.
- To improve capacity to treat wastewater, by upgrading 80% of sewage and wastewater treatment plants by 2015 and increasing the percentage of wastewater treatment plants meeting water quality standards from 40% in 2010 to 80% by 2014.



With regard to the reduction of South Africa's footprint on greenhouse gas emissions, the country has committed itself to ensuring that power generation from renewable sources increases from 2 000 GW/hours in 2010 to 10 000 GW/hours by 2014, reducing the total CO<sub>2</sub> emissions by 34% by 2020 and 42% by 2025, and ensuring 100% compliance of countrywide atmospheric pollutants with the Ambient Air Quality Standards by 2020. Other targets are to develop 12 adaptation plans by 2014 for the key sectors of the economy (i.e. water, forestry, biodiversity, tourism, agriculture, human settlements, land and social development, fisheries development and rural livelihoods) to better cope with unpredictable and severe impacts of climate change. In addition, government committed itself to ensuring 12% improvement in energy efficiency by 2015.

With regard to sustainable environmental management, government committed itself to restoration and rehabilitation such that degraded ecosystems are reduced from 75% in 2010 to 55% in 2014, and to increasing the hectares of land rehabilitated per year from 800 000 in 2010 to 3 200 000 hectares in 2014. A commitment was made to integrate environmental considerations into the spatial development frameworks of 25 municipalities. One derelict and ownerless mine would be rehabilitated and closed annually in line with environmental best practice. As indicated in the basic services section of this review, government made a commitment to ensure that the percentage of households with basic waste collection increases from 64% in 2010 to 75% by 2014 and that the percentage of landfill sites with permits increases to 80% by 2015.

In relation to the protection of biodiversity, government committed itself to the expansion of the conservation estate, land protection and rehabilitation by increasing the percentage of land mass under conservation from 6% in 2010 to 9% in 2014, by increasing the coastline with partial protection from 12% to 14%, and by attempting to reduce the percentage of species threatened with extinction from 6.5% in 2010. Lastly, with regard to job creation, government committed itself to create 1.1 million work opportunities and 325 652 full-time equivalents by 2014 through the environment sector of the Expanded Public Works Programme and to develop a green economy strategy.

### **PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM**

Progress has been made on setting water use efficiency targets for the agriculture sector, with efficiency targets set for Impala, one of the 14 big irrigation schemes. In order to meet the effluent standards, 810 municipal wastewater treatment and 914 water treatment facilities were assessed during the 2010/11 financial year, exceeding the target. The Blue Drop certification programme of 2011 verified the status of drinking water quality and the management of supply systems of 162 municipalities. A total of 66 water supply systems have been awarded the Blue Drop certificate for the 2010/11 period, an increase of 74% on those awarded in 2010. The Green Drop assessment measures the performance of wastewater treatment works. The number of systems assessed increased from 449 in 2009 to 821 in 2011. In addition, the number of systems that scored more than 50% increased from 216 in 2009 to 460 in 2011.

The backlog of water use licences is being cleared. Cumulatively from April 2011 to December 2011, 669 applications were finalised, with 173 assessed and awaiting final sign-off. This is an improvement, considering that as at the end of March 2011, the backlog stood at 1 104. Applications for agriculture, power generation, municipalities, stream flow reduction activities, mining, industries, government agencies and developers have been prioritised. In dealing with the backlog, the department has put in place dedicated capacity with increased delegations to process licences and has automated the licensing process. Forty-seven municipalities were supported in implementing water conservation and demand management intervention measures to ensure water savings. As a result of interventions put in place to support municipalities through the Accelerated Community Infrastructure Programme, 62.9 million cubic meters of water was saved against the planned three million cubic meters.

A budget of R225 million has been approved for the 2011/12 and 2012/13 financial periods for the pumping and neutralisation of acid mine drainage (AMD) in the Witwatersrand area. A short-term treatment solution has been conceptualised for each mining basin (neutralisation and the removal of heavy metals). An immediate (emergency) solution was approved for the western basin, with commissioning planned for March 2012. This will improve the discharge of treated mine water from 12 ML/day to 35 ML/day. A feasibility study for a long-term solution to address AMD associated with the East, Central and West Rand underground mining basins commenced in December 2011 and is expected to be concluded by mid-2013. Concerted efforts are being made to ensure that the mines are regularly monitored for compliance to their water use licences. To date, 58% of the 61 mines monitored are compliant, which is an improvement from 33% of the 43 mines monitored in 2010.

Work to rehabilitate wetlands continued, with approximately 492 wetlands rehabilitated, and monitoring was conducted in the Crocodile catchments at 33 river sites. The 2011 National Biodiversity Assessment of estuary health was completed and will feed into the national estuarine monitoring programme.

In an effort to assess whether air quality is improving or not, the National Air Quality Indicator (NAQI) of greenhouse gas emission trends was developed, as well as the Greenhouse Gas Emissions Inventory for energy and industrial process emissions. Over the two-year period from 2009 to 2011, the National Air Quality Indicator has shown a marginal improvement in air quality, which, if maintained, will result in the achievement of the 2020 target of full compliance to ambient air quality standards. This is probably due to improvements in the filtering of emissions by major industrial emitters. The focus for the next two years will be on reducing solid fuel burning in residential areas and vehicle emissions. The Climate Change Response White Paper has been finalised and approved by Cabinet. The focus in the remainder of the term will be on the implementation of the White Paper on Climate Change, and ensuring that ambient air quality standards are met.


The Integrated Resources Plan (IRP2) was approved by Cabinet in March 2011. Renewable energy sources make up 42% of projected new and additional capacity to be added over the period, and will constitute 9% of installed capacity by 2030. Progress thus far constitutes 1 415 MW of phase 1 of a total of 3 725 MW to be procured by 2016. Ninety-seven environmental authorisations were approved during the first bidding phase of the Renewable Energy Independent Power Producer Procurement Programme, which represents in excess of 10 454 MW. Environmental approvals for renewable energy projects have been fast-tracked. The 28 preferred independent renewable power producers have been announced, made up as follows: 18 solar photovoltaic projects, eight onshore wind projects and two concentrated solar power projects. All projects must be generating power by mid-2014. In addition, a total of 4 MW of solar photovoltaic capacity was installed in the country in the lead up to COP 17 by Eskom, IPPs and municipalities as part of a carbon offset and legacy programme. The South Africa Renewables Initiative (SARI) was launched at COP 17 as an international partnership to support the rapid and ambitious scaling up of renewable energy in a manner that delivers economic, social and environmental benefits.

In addition, amendments to building regulations to promote the use of renewable energy and thermal efficiency have been finalised. Approximately 200 000 solar water heating units have been installed between 2009 and December 2011, towards the target of one million units by 2014. Of these, 70% have been installed in rural areas and 30% in the higher-income areas. It is envisaged that the balance of the target will be funded by an electricity tariff increase in the period 2012 to 2014.

The time taken to review and make decisions on environmental impact assessment (EIA) applications has improved. Additional interventions are being implemented to make way for an integrated environmental licensing system, which will continue to streamline the environmental licensing processes required for development projects. As at December 2011, 19 712 environmental impact assessment applications have been received, with 17 185 finalised and 2 528 still in process. A centralised electronic system for tracking the review status of environmental authorisation nationally has been developed and is being piloted. Sixty data capturers were employed to update the system. The information will be refined over the next six months, after which it will be made available on a public portal. In prioritising the IPAP2 key programmes such as forestry, assistance with a simplified EIA process is provided to small and micro-enterprises and communities that require support. Twenty-five spatial development frameworks for rural municipalities were completed, and five of these were supported by environmental management frameworks.

Reaching the target of providing 75% of households with refuse removal services by 2014 will require an estimated R5 billion to eradicate the backlog. The cost of refuse removal includes receptacles, transportation and disposal. As there are many households that still have no access to waste services – mainly the poor majority who cannot afford to pay the full price for essential municipal services – it is important to make more resources available to municipalities to enable them to also provide the service to the poor. Tools are being developed to assist municipalities in budgeting for waste services and in recovering the revenue for funding through a full cost accounting process. The tariff setting guidelines are being updated, which include volumetric charging for waste service tariffs and the establishment of revenue collection systems.

Currently there are 314 unpermitted landfill sites for which applications have not been received. Obtaining progress in this regard requires the Department of Environmental Affairs to work with provinces to assist municipalities to draw up applications and submit them to the competent authorities for processing. As at the end of June 2011, 117 municipalities were assisted with the licensing of waste disposal sites. Intensifying waste reduction, recovery, reuse and recycling initiatives will ensure less demand for waste disposal at landfills. This will be the focus for the next two years, as well as achieving progress towards the target for basic refuse removal services, strengthening waste service reporting and increasing the percentage of permitted landfill sites.



Significant progress has been made towards the expansion of the conservation estate with a new biosphere reserve – the Gouritz Cluster – nominated for incorporation into the World Network of Biosphere Reserves as South Africa's seventh biosphere reserve of global significance. Major progress was made through the declaration of the Amathole Marine Protected Area (MPA), which contributed to the achievement of 13% of partially protected coastline (against the target of 14% by 2014).

The draft report of the National Biodiversity Assessment (NBA) was completed. The NBA assesses the status of South Africa's biodiversity and ecosystems, based on the best available science with a strong focus on spatial analysis and with a view to understanding trends over time. Information from the NBA will be used to streamline environmental decision-making, strengthen land-use planning, identify opportunities for ecosystem-based job creation and strengthen strategic planning for optimal development futures for South Africa.

In addition, the biodiversity management plans for black rhinos and pelargonium have been produced. A legislative review on the protection of agricultural land is underway, led by the National Planning Commission. The draft atlas for the National Freshwater Ecosystems Priority Areas (NFEPA) was completed, together with its associated implementation manual, providing spatial data of priority freshwater ecosystems. With 65% of wetland ecosystem types and 57% of river ecosystem types already threatened nationally, the NFEPA tools will inform planning and decision-making on matters that have implications for freshwater ecosystems. The NFEPA identifies rivers and wetlands that need to stay in good ecological condition to support the sustainable use and development of water resources. The focus and emphasis for the rest of the term will be on supporting the use and uptake of the maps in planning and decision-making that impact on water resources and freshwater ecosystems for social and economic development.

Rhino poaching remains a priority area. Responses have been multifaceted and included institutional, legislative, operational, communication and strategic interventions. The National Wildlife Crime Reaction Unit (NWCURU), involving all provincial conservation authorities and agencies and coordinated by SANParks, is responsible for the investigation of rhino-related crimes in cooperation with the South African Police Service (SAPS), the South African National Defence Force (SANDF) and specialised units in the country's security agencies. A total of 232 persons were arrested against 448 illegally hunted rhinoceros by the end of December 2011. For the rest of the term, the focus will be on strengthening the capacity of the NWCURU, and a number of interventions that include deploying personnel at ports of entry and exit to enhance the detection of illegal wildlife trafficking, and dedicated staff for the inspection and endorsement of CITES permits. The Norms and Standards for the Marking and Hunting of Rhino have been amended to make DNA sampling mandatory. These norms and standards also stipulate that environmental management inspectors (EMIs) should attend all rhino hunts, and that registers should be maintained by taxidermists for inspection by government.

By the end of December 2011, the Environment and Culture Sector of the EPWP had created a cumulative 307 731 work opportunities and 74 114 full-time equivalents (FTE) since 2009. This represents a performance of 26% and 22% respectively in terms of the overall targets for the entire five-year period up to 2014.





## **10. CREATING A BETTER SOUTH AFRICA AND CONTRIBUTING TO A BETTER AND SAFER AFRICA IN A BETTER WORLD**

### **PROBLEM STATEMENT**

Between 1994 and 2009 South Africa made a meaningful contribution to the development of Africa by, among other things, assisting to raise the profile of the continent's developmental needs on the global agenda. Efforts to strengthen the African Union (AU) and its structures, and to implement the priorities of the New Partnership for Africa's Development (NEPAD) received attention. South Africa also contributed significantly to the promotion of peace and stability in Africa. Further, important gains were made in fostering stronger south-south relations. Important work was done on forging and strengthening strategic partnerships such as the India, Brazil, South Africa Dialogue Forum, the Forum on China-Africa Cooperation, the India-Africa Forum, the South Africa-European Union Strategic Partnership and the Africa-European Union Strategic Partnership. South Africa's contribution was made possible by its growing standing as a champion of the interests of developing countries in general and in Africa in particular.

Despite these and other successes, some of the objectives set were not achieved. For example, despite devoting time, effort and resources in advancing African goals, limited economic benefit accrued to the country. Slow progress was made on the economic and political integration of the South African Development Community (SADC). SADC and the AU often did not respond timeously and speedily to the challenges they faced. On the global front, limited results were achieved in ensuring that countries of the north honoured commitments they made to assist developing countries.

### **CAUSES OF THE PROBLEM**

The difficulties encountered in relation to meeting the challenges identified could be attributed to a variety of factors. Firstly, a plethora of international priorities were addressed, which resulted in the country not being strategic with regard to the results it sought to achieve. Coupled with this was a lack of coordination of efforts and, often, a lack of a common and adequate understanding by key role-players of the results government sought to attain. Secondly, the achievement of South Africa's international relations objectives requires that the country act jointly with other nations, whose national priorities may not always be aligned to those of our country. This makes the realisation of common goals difficult.

Weak regional and continental structures contributed to the unsatisfactory implementation of their socioeconomic development programmes. Most importantly, the global financial and economic crisis that started in 2007 and from which the world has not yet fully recovered had an adverse impact on South Africa and the rest of the developing world. In South Africa, the impact manifested itself in the sharp fall in demand for its export products and the fall in prices of key export commodities. In addition, the international credit crisis resulted in an increase in the cost of borrowing. The impact on the African continent included a contraction in global trade and a related collapse in primary commodity exports on which many countries are dependent, significant decreases in foreign investment and migrant worker remittances, as well as cuts in foreign aid.

### **WHAT THE GOVERNMENT SET ITSELF TO DO IN 2009**

In 2009 government made a commitment to create a better South Africa through the pursuit of international relations objectives. Through the country's international engagements, government intended to support the implementation and achievement of the five domestic priorities – education, health, jobs, rural development, and crime. For example, increasing market access for the country's exports contributes to the creation of domestic jobs, growing the economy, and making more government revenue available for social services.



In addition, government undertook to contribute to making Africa and the rest of the world a better and safer place to live in. To realise these goals, South Africa pledged to consolidate the African agenda through intensifying its contribution to regional and continental security and stability as well as sustainable development, reinforcing its contribution in peace missions and post-conflict reconstruction and development, and expanding technical and development cooperation. To that end, government undertook to enhance involvement in processes, debates and resolutions in the organs of the United Nations (UN), the AU and SADC. A commitment was also made to accelerate the implementation of NEPAD programmes related to priority sectors and to continue to advocate the achievement of the Millennium Development Goals nationally, regionally and globally.

Further, government committed itself to drive and strengthen SADC economic and political integration. To achieve this, the aim was to establish and operationalise the South African Development Partnership Agency (SADPA) and to increase South African technical and development cooperation. A commitment was also made to consolidate the SADC Free Trade Agreement (FTA), to promote trade facilitation and remove non-tariff barriers, to expand regional markets through the SADC/East African Community (EAC)/Common Market for Eastern and Southern Africa (COMESA) Trilateral Free Trade Agreement (T-FTA), to develop infrastructure projects through spatial development initiatives and to consolidate the Southern African Customs Union.

In addition, government committed itself to continue to strive for the reform of institutions of global governance, especially the UN Security Council, the World Bank, and the International Monetary Fund (IMF). The aim was to influence debates and decision-making processes in these institutions and to make certain that the country's national interest and developmental agenda are reflected in their decisions. This would be done by increasing levels of coordination and cooperation with developing countries in areas of common interest, as well as by deploying or seconding South Africans into strategic positions in these institutions.

The final goal was to enhance South Africa's trade and investment by significantly raising its export of high value-added products to targeted economies, to attract foreign direct investment, as well as to increase foreign tourist arrivals to South Africa and their average spend in the country.

## **PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM**

### ***Consolidation of the African Agenda***

Some notable achievements in this regard include the conversion of the AU Commission into the AU Authority; the integration of NEPAD into the structures of the AU, resulting in the establishment of the NEPAD Planning and Coordinating Agency as a technical body of the AU; and the creation of the Heads of State and Government Orientation Committee (HSGOC) (formerly known as the NEPAD Heads of State and Implementation Committee (HSGIC)) as a permanent subcommittee of the AU Assembly mandated to provide political leadership and strategic guidance on the NEPAD Programme. The intended benefit of all these changes is to improve the performance of the AU. However, it is too early to tell whether this will be achieved in practice.

With regard to the implementation of NEPAD priorities, the HSGOC, of which South Africa is part, created the NEPAD HSGOC High-level Subcommittee on Infrastructure, chaired by President Zuma, in order to promote priority infrastructure projects contained in the Programme for Infrastructure Development in Africa. To date, there has been some progress with the planning and feasibility phases of the key projects. On the north-south road and rail corridor, for which South Africa is responsible, an assessment of existing infrastructure is currently in process. As government moves into the implementation phases for these projects, it is experiencing challenges with regional coordination and securing funding in each of the countries in which the infrastructure is located. The focus for the remainder of the term will be on engaging the regional economic communities (such as SADC) to address these challenges.

A major achievement has been the election of South Africa into the AU Peace and Security Council for a two-year term, and the AU endorsement of South Africa's candidature for the non-permanent seat of the UN Security Council for the period 2011–2012. Further, South Africa was elected to the High-level Panel on Côte d'Ivoire as well as to the AU Ad Hoc Committee on Libya. This enabled the country to play a leading role in mediation efforts in both the Côte d'Ivoire and Libyan political crises (although these efforts were overtaken by military intervention).

Progress on technical development cooperation has been slow. More specifically, the establishment of SADPA as a mechanism to drive technical development cooperation has not occurred as rapidly as was planned. Despite this, the bill to establish the SADPA Fund and related feasibility and business case studies have been finalised. There is, however, a need to complete work on the Strategic Framework and the SADPA Programme Lifecycle 2012.

South Africa utilised its election as a non-permanent member to the UN Security Council (UNSC) to continue promoting better and stronger coordination and cooperation between the UNSC and the AU Peace and Security Council (AUPSC). More importantly, South Africa participated in, and contributed to the formulation of resolutions that reflect the positions of developing countries and Africa.

In order to have more impact on the achievement of African development and peace and stability in future, it will be necessary for government to increase its promotion of unity and cohesion of the region and continent. This is critical in limiting the undue influence of external forces that undermine efforts to find African-led solutions. In addition, South Africa should continue to strengthen regional and continental organisations and their structures, so that they can respond timeously and with urgency to the challenges that confront Africa.

### ***Regional integration***

Noticeable progress has been made in relation to consolidating the SADC FTA, especially with respect to ensuring that 90–100% of tariffs are at zero percent. A total of 92% of product lines are currently traded at zero percent, against a baseline of 85% in 2009. However, some SADC members have not complied with their duty-free commitments, while others have yet to accede to the protocol.

Progress on industrial development in the SADC region has been sluggish. Challenges can mainly be attributed to limited productive capacity and inadequate productive infrastructure. As such, the continent is struggling to add value to the resources it has, resulting in missed opportunities to diversify its economies and create employment. There is thus a need to leverage the limited productive capacity of Africa through the identification of complementarities and implementation of a value chain approach to industrial development. Three sectors, namely agro-processing, mineral beneficiation and pharmaceuticals, have been identified for piloting at a continental and SADC level. A draft SADC industrial development policy and strategy is under discussion by all member states. However, the SADC Secretariat experiences capacity and resource constraints to drive this process.


In SACU principles for trade negotiations were negotiated and approved by the Summit in 2011. There was steady movement in the work on industrialisation in SACU. This is a member-driven process that depends on the commitment and response of individual member states. SACU is in the process of developing a regional framework for cooperation on industrial development. In parallel, the SACU Council has also decided to identify eight priority sectors for cross-border collaboration on regional industrialisation (clothing, textile and apparel; agro-processing; mineral beneficiation; leather and leather products; automotives, including components; renewable energy; arts and crafts; and support services, including infrastructure, transport and logistics, and skills development), with immediate implementation of collaboration programmes in certain sectors. Technical work is ongoing to identify complementarities and to concretise the work programme in sectors where it is possible to promote value chains and cooperation.

### ***Reform of global governance institutions***

There have been significant achievements regarding the reform of the World Bank. Firstly, an additional Executive Director position has been created to represent three countries, i.e. South Africa, Nigeria and Angola. This increases the voice of African states in the institution. Secondly, South Africa contributed to the formulation of a G20 agreement on reform of the International Monetary Fund, in such a way as to promote the interests of sub-Saharan Africa. The challenge is now to similarly campaign for the allocation of another seat for Africa in the IMF.

Some progress was made by a cross-regional group including South Africa in securing an agreement to move the reform of the United Nations Security Council (UNSC) from a discussion forum (an open-ended working forum) to a formal negotiating process (the intergovernmental negotiations). The move to more formal, text-based negotiations in 2010 resulted from an initiative led by South Africa, India, Brazil, Germany and Japan and supported by 140 countries. The cross-regional group also promoted a resolution calling for an increase in the number of UNSC members, both in the permanent category as well as the non-permanent category. South Africa must continue to call for early and fundamental reform of the UNSC.

South Africa has promoted the trade and development objectives of the World Trade Organisation (WTO) and defended the Doha Round's development mandate. The current impasse in the Doha Round is a result of growing demands that emerging economies undertake further unilateral market opening concessions. In government's ongoing engagement in the Doha Round, it will work to build alliances with other like-minded developing countries to reclaim the development mandate that launched the negotiations.



South Africa seeks an outcome that is fair and developmental and that addresses developing countries' specific sensitivities to industrial tariffs.

### ***Trade and investment***

The implementation of the country's export and investment promotion and facilitation policies has resulted in some progress in relation to raising exports of high value-added products to target economies. The comprehensive strategic partnership concluded with China gives greater market access for these products. While inward-bound foreign direct investment has been improving, this has been placed under threat by the global financial and economic crisis, which caused a significant drop in foreign direct investments in developing countries and Africa in particular. There is a need to aggressively address the failure to leverage opportunities for inward investments from the Arab Gulf States. This requires government to intensify the implementation of the Investment Promotion and Facilitation Policy.

South Africa experienced an increase in the number of foreign tourist arrivals and a concomitant rise in spending by foreign tourists. In 2009 and 2010 total foreign tourists arrivals were 10 098 306 and 11 574 540 respectively. From January to June 2011 this number was 5 796 023. In June 2011, the average spending by tourists amounted to R8 800, which is an increase of R700 on the target.



# SERVICE

Government Communication  
Office of the Premier - Northern Cape  
Dept of Home Affairs

DAYS/TIMES AVAILABLE

MON & FRI	07:30 -
MON to FRI	07:30 -
THU	08:00 -
THU	09:00 -
MON to FRI	07:30 -

## II. AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED PUBLIC SERVICE

### PROBLEM STATEMENT

Between 1994 and 2009, the focus was on integrating the various apartheid era administrations into the new provincial demarcations and allocations of powers and functions to the three spheres of government as defined in the Constitution. During this period there was also a major revamp and modernisation of the legislative frameworks governing the public service, including the Public Service Act and the Public Finance Management Act, among others. The aim of this overhaul was to increase the effectiveness, efficiency, responsiveness, accountability, and development orientation of the public service. In addition, there was a marked improvement in the representivity of the public service.

However, in 2009 it was recognised that despite the fact that South Africa's public servants were relatively highly paid and qualified compared to other middle-income countries, and departments were relatively well-funded, the public service produced relatively poor results that did not generally meet the expectations of citizens. In many areas of the country, people still travelled long distances to access services. The quality of service was often very poor, and often characterised by long waiting times, a lack of responsiveness, dirty and unmaintained facilities, slow turnaround times, and a lack of respect for citizens. In addition, corruption and maladministration threatened to undermine efforts to improve and expand service delivery.

### CAUSES OF THE PROBLEM

In diagnosing the causes of the problem in 2009, government came to the conclusion that the key challenge was management weaknesses in the public service. These included weak performance management and accountability mechanisms for civil servants, as well as overly centralised and inappropriate decision-making processes in many departments. Senior managers often did not pay sufficient attention to the detail of the implementation of policies and plans. It was also recognised that high turnover rates of heads of department and senior management could be a contributing factor to the weak implementation of policies and plans. Furthermore, senior managers often did not pay sufficient attention to ensuring that basic administrative problems are addressed and that issues such as long queues and slow turnaround times at service delivery sites are addressed.

While the public service had grown in size, there had simultaneously been a loss of technical and professional skills in some areas, such as health, education, and infrastructure management. There was a tendency to increase general administrative posts at the expense of professional and technical posts.

Management weaknesses are related to the lack of a culture of continuous improvement in the public service. Historically, managers tended to focus on activities without measuring whether or not those activities resulted in the achievement of goals, such as improving the lives of citizens. Managers often did not seek ways of learning from experience and doing things smarter and more efficiently and effectively to get better results. The lack of focus on results led to weaknesses in planning, and plans often did not adequately link activities to results. There was a lack of strategic focus, with attention spread over too many areas.

The achievement of most of government's key goals, such as creating integrated human settlements or developing rural areas, requires different departments and spheres of government to work together. This coordination requires departments to make trade-offs in the interests of the broader goal. However, departments tend to work in silos and are often only concerned with their own departmental interests. This is exacerbated by the lack of focus on higher-level results. For example, achieving the result of integrated human settlements requires all the relevant departments and spheres of government to focus beyond their own narrow priorities and to collaborate and coordinate with each other.





## WHAT THE GOVERNMENT SET ITSELF TO DO IN 2009

In 2009, the departments at the administrative centre of government, including the Department of Public Service and Administration (DPSA), National Treasury, the Department of Cooperative Governance, the Presidency and the Offices of the Premier, made commitments to improving the efficiency and effectiveness of the public service by 2014.

With regard to the quality of, and access to service delivery, commitments were made to reduce the travel distances to access service points of eight key departments (Health, Justice, Labour, Basic Education, SAPS, Home Affairs, the South African Social Security Agency (SASSA) and the Government Communication and Information System (GCIS)). In addition, a 20% improvement in the levels of responsiveness and turnaround times for services of the departments of Labour, Home Affairs, Social Development and Health were prioritised.

To improve attitudes in the public service, government committed itself to revitalising the Batho Pele (People First) programme. In addition, government recommitted itself to implementing the requirement in the Public Service Regulations for all departments to have service delivery standards in place and improvement plans to address the gaps between current service levels and the standards.

In order to improve human resource management and development, targets were set to improve compliance with the signing of performance agreements by senior managers to 100%, and to reduce the average period to fill vacancies to four months from an average of 16 months in 2009. In addition, a commitment was made to ensure that 90% of disciplinary cases, including personnel on suspension on full pay, are finalised within 90 days. A further target was to address the skills gaps in the public service through training programmes.

Government committed itself to put in place appropriate decision rights (allocation of decision-making powers to various levels in an organisation) in order to reduce bureaucratic delays and improve decision-making and accountability. Improving the utilisation of information technology to enhance efficiency and effectiveness in service delivery was prioritised.

A commitment was made to improve financial management and to increase the number of unqualified audits across government. Furthermore, a priority was set to increase the efficiency of government expenditure and reduce incidences of corruption in tender processes. Government committed itself to dealing with corruption effectively by focusing on developing the capacity of departments and other government institutions to carry out the initial investigations that are required before cases are referred to the law enforcement agencies, and to carry out internal disciplinary processes effectively and efficiently.

To address coordination challenges, the lack of focus on results, and the lack of strategic focus, an outcomes approach would be introduced. This would involve the identification of a limited number of strategic priorities or outcomes and the development of cross-cutting plans or delivery agreements for these outcomes, with measurable indicators of progress in achieving the outcomes and outputs. These delivery agreements were to be negotiated between all the key stakeholders who have to work together to achieve the outcome. Forums were to be created for these stakeholders to negotiate the delivery agreements, to collectively monitor implementation, and to unblock bottlenecks in implementation.

## PROGRESS FROM 2009 TO DATE, CHALLENGES AND RECOMMENDED FOCUS FOR THE REMAINDER OF THE TERM

As will be illustrated below, there have been measurable improvements in service delivery in a few areas of the public service. However, there is as yet little evidence of a general improvement in the efficiency and effectiveness of the public service. The reason for this is that government's focus to date has been largely limited to the development of plans, proposals and guidelines for improvements. While this work has been necessary, for the remainder of the term the focus needs to be on implementing these improvements and monitoring the impact of changes on measurable indicators of the efficiency and effectiveness of the public service.

There has been little progress to date in implementing a single public service (incorporating the current public service at national and provincial level as well as municipal employees), and the finalisation of legislation in this regard needs to be a priority for the remainder of the term.

### ***Improving the quality of, and access to services***

Norms for the maximum distance travelled to access government services have been developed by various government departments, such as Basic Education, SASSA and Home Affairs. However, there is no coordinated implementation of these norms yet. In addition, access norms still need to be developed and implemented for the remaining five priority departments. In the context of fiscal constraints to expanding infrastructure, the strategy should also consider the use and expansion of mobile service units.

Significant progress with improving waiting and turnaround times has been achieved in some areas, such as at the Department of Home Affairs. For example, the turnaround programme in that department resulted in a reduction in the turnaround time for ID books from an average of 127 days in 2007 to less than 45 days in February 2011. Similar improvements have been achieved in the processing of passport applications. More recently, the department cleared the backlog of 57 000 permit applications as well as 23 751 new permit applications received up to the end of January 2011. The department used to process 40% of permanent residence permits (PRPs) within eight months and now processes 56% of applications within the same period. The processing of temporary residence permits (TRPs) has improved from 40% within eight weeks to 43% within six weeks. However, despite these general improvements, there are still some instances of poor service delivery in Home Affairs and there is still room for further improvement.

The main reason for the relative success in the turnaround times of the Department of Home Affairs is that the Minister, Director-General and senior managers of the department paid substantial attention to addressing operational inefficiencies, introducing improved operational work processes and systematically monitoring performance data. There was also intensive on-the-job training and mentoring of lower-level managers and supervisors on the implementation of the improved operational work processes. In addition, appropriate information technology was introduced to improve productivity. There is a need for the lessons learnt in this instance to be applied more widely in other poorly performing service delivery departments and municipalities across government.

There have also been improvements in the performance of government agencies that provide services to small businesses. The average time taken by the South African Microfinance Apex Fund (SAMAF) under the Economic Development Department to adjudicate funding applications by small businesses has reduced from 107 to 77 days, and in the case of the Industrial Development Fund, it has reduced from 60 to 51 days.

The National Department of Health has developed core quality standards for the availability of medicines and supplies, cleanliness, patient safety, infection prevention and control, positive attitudes and waiting times. The department has audited compliance with these standards in 4 210 health facilities and quality improvement plans are currently in the process of being developed to address identified gaps.

The South African Social Security Agency under the Department of Social Development has reduced the average turnaround time for processing new social grant applications from 30 days to nine days. Parallel to that, there is an initiative in place to upgrade 300 social grant distribution centres. To date, 221 centres have been completed.

The Department of Mineral Resources established a new online application system in April 2011, which has enabled the department to issue prospecting rights within three months and mining rights within six months, as opposed to the periods of six and twelve months respectively that were the case previously.

The South African Police Service has similarly improved turnaround times for dealing with calls for assistance and providing feedback regarding progress with cases to members of the public. The average reaction time for reported serious crimes in process improved from 50 minutes to 18 minutes between 2008/9 and the second quarter of 2011/12, and for reported serious crimes that already occurred, from 75 minutes to 24 minutes.

The overall compliance rate across all national and provincial departments for putting in place service delivery standards for the 2009/12 cycle is 78% (51% national and 88% provincial). To improve service delivery across the public service, there should be an increased focus on obtaining a 100% compliance rate with service delivery improvement plans (SDIPs) during the remainder of the term, and the quality and implementation of these plans will have to be monitored. All SDIPs should include baseline information on levels of service and action plans for addressing the gaps between the baselines and the service delivery standards.



### ***Improving human resource management and development***

With regard to the filling of vacant posts, it is important to differentiate between funded vacancies and unfunded vacancies. Many national and provincial departments capture their desired or approved structures on the Persal personnel information management system, which are different to their funded structures (i.e. the structure which can be afforded with available personnel budgets). In addition, the structures on Persal are often out of date, incorrectly captured, or contain new structures that were captured in addition to old structures. This is unacceptable and improving the capturing of data on the Persal system must be a key priority for the remainder of the term. An analysis of the expenditure of personnel budgets together with Persal data indicates that, on average, less than 3% of funded posts are vacant at any time. This means that, in general, national and provincial departments are doing well in terms of filling funded vacant posts. However, there is still a need to improve the average time taken to fill a post to meet the target of four months.

Despite the fact that funded vacancy rates are low, there are shortages of certain professional and technical skills in government, such as mathematics and science teachers, nurses, doctors, accountants and engineers. For the remainder of the term, there should be a particular focus on filling these types of positions, rather than general administrative posts, as has happened previously. For example, in the health sector there has been a 71% growth in administrative appointments and only a 39% growth in the appointment of health professionals between 2003 and 2010.

A related challenge is that expenditure on personnel has been increasingly crowding out other operational and capital expenditure, especially at provincial level. Irregular upgrading of employees in some provinces has added pressure to the personnel budget. Addressing these challenges is a key priority for the remainder of the term.

With regard to improving performance management, in 2010/11, 83% of national and provincial heads of departments (HoDs) submitted their signed performance agreements to the Public Service Commission. There is no reason why this should not be 100%, and Cabinet and the Provincial Executive Councils should pay particular attention to this issue for the remainder of the term. If a performance agreement is not in place, there is no formal basis for dealing with poor performance. Data on the number of senior managers that has signed performance agreements is not yet available centrally, and this has to be urgently addressed.

In order to monitor the general efficiency and effectiveness of the public service, DPME, the National Treasury, the DPSA and the Offices of the Premier have started to assess the quality of management practices in national and provincial departments (such as financial management, human resource management, planning, risk management, and project management) and combine this with information from the Auditor-General and other sources. Departments are participating in this process and are required to put in place improvement plans that will be monitored. Regular reports in this regard will be provided to Cabinet and the provincial executive councils, starting from this year.

Little progress has been made against government's goal to improve the management of disciplinary cases. The average turnaround time for departments to finalise cases is currently 243 days. A review of the discipline framework, suspensions and sanctioning guidelines has been carried out by DPSA, and the implementation of improvements must be a major focus for the remainder of the term.

### ***Improving decision rights, financial management and information management***

To address the problem of overly centralised and inappropriate decision-making processes, standardised delegations for effective financial and human resource management have been developed. The implementation of these standardised delegations must be a priority for the remainder of the term.

Information technology should be better utilised, and to this end a turnaround plan has been put in place for the State Information Technology Agency (SITA). The implementation of this plan is a priority for the remainder of the term, including the finalisation of an appropriate pricing and costing strategy for SITA.

With regard to improving supply chain management, National Treasury is in the process of revising the Treasury Regulations and has issued several instruction notes to enable increased monitoring by national and provincial treasuries to enhance compliance improve transparency. National Treasury has recently introduced additional measures to ensure that departments pay suppliers within 30 days of receipt of a legitimate invoice. It is in the process of creating functionality in the Basic Accounting System (BAS) to track the time taken to pay each supplier in every department. Furthermore, all departments have been instructed to put in place monitoring

systems to track an invoice as it moves through the various stages of approval in the department, and to provide Treasury with a monthly exception report on the number and value of invoices that have not been paid within 30 days. Compliance with these instructions will in future be audited by the Auditor-General. The monitoring of departments' compliance with these instructions will be also be a key focus for the remainder of the term.

With regard to increasing the number of unqualified audits, the recently published findings of the Auditor-General show that of the 40 national departments, 74% received a finding of unqualified in 2010/11, an improvement from the 66% achieved in 2009/10. However, the overall audit outcome for the 2010/11 financial year for provinces indicates a worsening situation, with 69% of provincial departments receiving an unqualified finding, compared to 73% in 2009/10. The recent intervention by National Treasury in Limpopo is further evidence of the deterioration of financial management in some provinces. National Treasury has introduced an initiative to assist departments to improve their financial management, and the implementation of this initiative and monitoring of its results will need to be a focus area for the remainder of the term.

### ***Improving the management of the risk of corruption in the public service***

According to the Public Service Commission, 90% of senior managers disclosed their private interests in 2010/11, a small increase from 88% in 2009/10. However, disclosure on its own is insufficient, and much more needs to be done by departments to verify the veracity and completeness of the financial disclosures and to use the information in the disclosure forms to eliminate any potential risks of conflict of interest. Furthermore, disciplinary action should have been taken against those who did not submit financial disclosure forms.

In 2009/10, only 47% of national and provincial departments had the required minimum anti-corruption capacity in place. The percentage of outstanding cases from the National Anti-Corruption Hotline managed by the Public Service Commission dropped by 4% between August and November 2011, but still remains high at an average of 70% and 78% for national and provincial departments respectively. Improving the responsiveness of departments to cases from the Anti-Corruption Hotline should be a priority for the remainder of the term.

Despite the development of anti-corruption policies, implementation is not satisfactory. There is much room for improvement in the internal investigation of allegations of corruption in departments and the implementation of disciplinary measures where necessary.

### ***Improving strategic focus, coordination and planning***

By November 2010, delivery agreements for twelve priority outcomes were signed by the relevant executive authorities at national, provincial and municipal level. The process of producing these agreements resulted in a greater understanding of the challenges other departments face, and how the work of the different departments affects each other. As indicated elsewhere in this mid-term review, good progress has been made in achieving many of the targets in the delivery agreements. However, it will take time for some of the activities to result in the desired changes to the outcome indicators (e.g. in life expectancy). Quarterly progress reports on the outcomes are provided to Cabinet to ensure that it regularly focuses on assessing measurable progress with the achievement of the key priorities of government.

The delivery agreements are generally too long and detailed with too many indicators. In addition, information management systems to produce the required performance data are often not yet fully in place in many departments. Some of the delivery agreements do not adequately explain how the activities will result in the achievement of the desired outcome. Addressing these issues is a priority for the remainder of the term. Government will also extend its focus from monitoring implementation to evaluating whether or not it is doing the right things in the right way to achieve the outcomes, and whether there are better or smarter ways of achieving the outcomes.



## 12. CONCLUSION

This mid-term review indicates that there are areas where government has made good progress against the targets it set for itself at the beginning of the term. However, areas have also been identified for which, on the basis of progress to date, it appears that the 2014 targets are unlikely to be met. These areas will require particular attention and focus during the remainder of the term.