

TWENTY YEAR REVIEW

SOUTH AFRICA

1994 - 2014



THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA



tribute

This Twenty Year Review is dedicated to the first
President of a democratic South Africa,
Nelson Rolihlahla Mandela

A soldier, a strategist, a statesman,
A son of the soil.
A prisoner, a president.
The fugitive, the friend, the father,
the forgiving freedom fighter.
A revolutionary, a reconciler
a herdsman, a hero
our leader
our legend.

Qhawe lamaqhawe
Akekho ofana nawe!
Lala uphumule ngoxolo
Tata Madiba
Siyohlala sikukhumbula njalo!

*tata
madiba*

The cover photo was captured on the second day when former President Nelson Mandela was lying in state at the Union Buildings.



PRESIDENTIAL FOREWORD

South Africa is a much better place to live in now than it was in 1994. Indeed, we have a good story to tell. As a country, we have made remarkable progress in dismantling the oppressive apartheid system and we have created a thriving constitutional democracy with well-functioning arms of state – a representative legislature, the executive and an independent judiciary.

Following the 1994 elections, recognised worldwide as free and fair and reflecting the will of the people of South Africa, Nelson Mandela took the oath at the Union Buildings and became the first black President of our country. As he indicated in his inaugural speech, this historic day marked the decisive end of the brutal apartheid era, with a promise of democratic freedom to the nation:

“Never, never and never again shall it be that this beautiful land will again experience the oppression of one by another and suffer the indignity of being the skunk of the world. Let freedom reign. The sun shall never set on so glorious a human achievement! God bless Africa!”

Almost 40 years earlier, on 26 June 1955, the Congress of the People had formally adopted the Freedom Charter, following wide consultation with hundreds of thousands of people about the South Africa they would like to live in. The Charter rejected the oppressive and exploitative apartheid system and called for a new order based on the will of the people. It boldly proclaimed that “South Africa belongs to all who live in it, black and white” and that one day “The People shall Govern”, thus laying the basis for democratic thinking that inspired and propelled the struggle for democracy for another four decades.

On 8 May 1996 all political parties in our democracy unanimously adopted a Constitution whose preamble encapsulated the belief that “South Africa belongs to all who live in it, united in our diversity”. Heralded as one of the most progressive in the world, our Constitution has sought to address many of the demands in the Freedom Charter.

As the supreme law of the country, the Constitution is built on a culture of reverence for human rights and an identity founded on the values of non-sexism, non-racialism and equality.

Democracy has brought freedom of movement and of association, the right to own property, freedom of expression and freedom of the press, the equality of women, religious freedom, workplace freedom and the right to strike and protest, all in an attempt to restore the human dignity that was stripped away from us in our colonial and apartheid past. Much has been done to address the systematic violence and land dispossession that was a characteristic feature of the apartheid era. Even more has been done to actively empower previously disadvantaged people through employment equity, affirmative action, and business empowerment.

One of the most active arenas of change has been to shift the programmes of the state towards the reconstruction and development of our country, with a particular focus on the poor and marginalised – to eliminate poverty and provide access to housing, water, electricity, sanitation, education, health, social protection support to the millions deprived of these basic rights under apartheid. Over time, we have received worldwide recognition for our work in tackling poverty.

New constitutional institutions have also been put in place, ensuring human rights, public protection, independent monetary policy and independent audit, among others. Simultaneously the economy has grown from an average of about 1.5% per annum in the run-up to democracy to over 3% per annum on average in the democratic era.

Despite this remarkable progress, much more still needs to be done to address poverty, unemployment and inequality. Following our proud tradition of unity in action, we must continue to plan and act to work together as a nation, to address these three key challenges. Akin to the Freedom Charter process in democratic approach and magnitude, South Africa's long-term National Development Plan (NDP) has received thousands of inputs and submissions from across the full spectrum of society over an extensive period of consultation during the current term of office. The plan has been completed and adopted by all major political parties in South Africa. In its conception and consultation, the NDP carries the hopes and dreams of all South Africans from all persuasions, for a better life and outlines a broad plan and our vision for the South Africa of 2030.

The Twenty Year Review does not duplicate the country's long-term plan. Instead it reviews government's performance through a 20-year lens, elaborating on the achievements and progress made in the democratic era, and painting a picture of the journey we have travelled in getting where we are today. It is honest and frank in its approach and it identifies problems we have encountered along the way, shortcomings and remaining challenges. The Review also points out how, over time, we have proactively sought to address problems and work towards the realisation of the strategic objectives we set for ourselves. The Twenty Year Review will be used to inform and shape our initiatives and operational plans going forward, as we give effect to the long-term NDP in an effort to achieve by 2030, the South Africa that we had envisioned when we all first voted in 1994.



H.E. President JG Zuma
President of the Republic of South Africa

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Deputy President
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ACKNOWLEDGEMENTS BY MINISTER COLLINS CHABANE

The Presidency is delighted to publish the Twenty Year Review on how South Africa has progressed since we first attained democracy in 1994.

The Presidency would like to extend its gratitude to the members of the Inter-Ministerial Committee for the Twenty Year Review and to Cabinet as a whole for the political oversight and guidance provided throughout the compilation of this document. The Review also draws on inputs from national departments, all nine provinces as well as the South African Local Government Association, and we wish to thank them for their valuable inputs. I wish to thank the Director-General in the Presidency, Dr Cassius Lubisi, for his technical oversight of the process, as well as the Director-General of the Department of Performance Monitoring and Evaluation, Dr Sean Phillips, for his management of the drafting process. My gratitude also goes out to all the officials in the Offices of the President and the Deputy President, the Department of Performance Monitoring and Evaluation, the National Planning Commission Secretariat and in many other government departments who contributed to the production of this document.

A range of stakeholders, including academic and research institutions, civil society organisations and the business community, actively participated in 20 roundtable discussions that we hosted as part of the process. The reflections and discussions we had in these roundtable discussions have significantly enriched the document.



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GLOSSARY

AU	African Union
B-BBEE	broad-based black economic empowerment
CGE	Commission for Gender Equality
CODESA	Convention for a Democratic South Africa
COP17	United Nations Framework Convention on Climate Change
ECD	early childhood development
EPWP	Expanded Public Works Programme
EU	European Union
FDI	Foreign direct investment
FET	further education and training
G8	Group of Eight countries – Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States.
G20	Group of 20 Finance Ministers and Central Bank Governors
GDP	gross domestic product
IPAP	Industrial Policy Action Plan
JCPS	Justice crime prevention and security cluster
LSM	Living standards measure
MDG	Millennium Development Goals
NDP	National Development Plan
NEPAD	New Partnership for Africa’s Development
NGO	non-governmental organisation
NPA	National Prosecuting Authority
OECD	Organisation of Economic Cooperation and Development
PRASA	Passenger Rail Agency of South Africa
R&D	research and development
RDP	Reconstruction and Development Programme
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAHRC	South African Human Rights Commission
SANRAL	South African National Roads Agency
SMME	small, medium and micro enterprise
TRC	Truth and Reconciliation Commission

ABBREVIATIONS

mm	millimetres
MW	Megawatt
MVA	Megavolt amperes
mt	Million tons
GW	gigawatts

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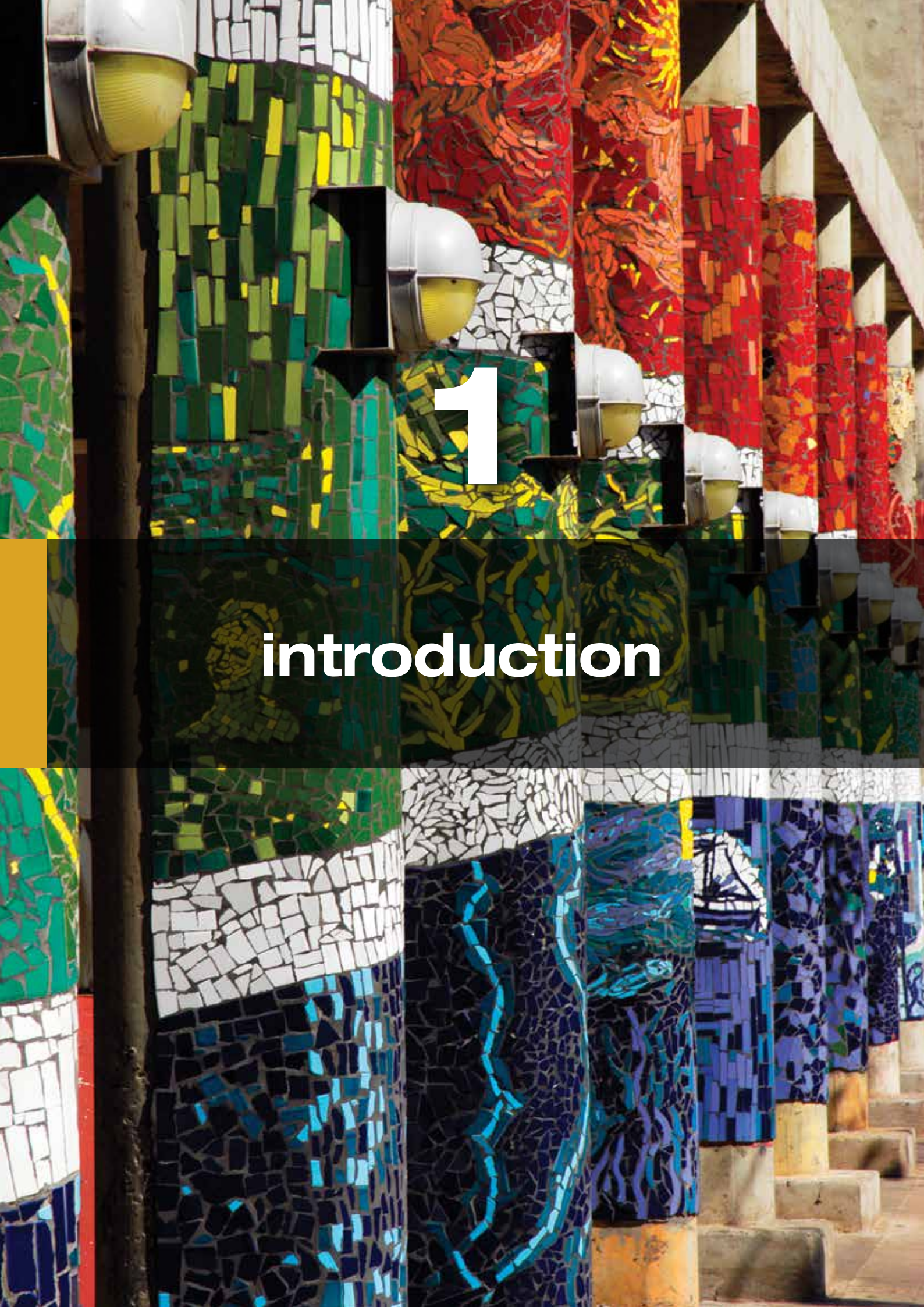
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1

introduction

THE YEAR 2014 REPRESENTS A

historic milestone of South Africa's 20 years of freedom and democracy. On 27 April 1994, for the first time, South Africans of all races, gender and creed cast their votes in the country's first democratic election. Until this momentous occasion, South Africa could not speak of one nation. The first democratic election in 1994 made it possible for people to stand together and begin to build one country that belongs to all who live in it. For the majority of South Africans who had never voted before, their dignity was restored as they determined who would lead the country and fundamentally transform it from an apartheid state to a democratic state.

This chapter provides an overview of the colonial and apartheid past, the democratic transition and a summary of South Africa's journey over the last 20 years. The other chapters provide more detailed descriptions of the legacy of apartheid and its impact on the economy, the environment, social services, infrastructure, safety and security and international relations.

1.1 AN OVERVIEW OF SOUTH AFRICA'S PAST

Under colonialism and apartheid, black people were oppressed, dispossessed of their land and other means of livelihoods and systematically stripped of their basic human rights including the right to vote and freedom of movement and association.

Following the mid-1650 warfare between Dutch settlers and the indigenous Khoikhoi population, the latter were dispossessed of their land and forced to work for the settlers who had been allotted farms in the arable regions around the Cape. From the mid-1830s the Great Trek occurred and the British entered the rest of South Africa. Despite the Thembu, Sotho, Xhosa, Zulu and other tribes fiercely resisting being conquered and winning some battles, such as the Anglo-Zulu War of 1878, they were later stripped of their independence and subjugated to white rule.

Freedom of movement of the black person was controlled in the Cape Colony, Natal, and the Boer Republics of Transvaal and Orange Free State. At all times, black people had to carry pass documents that were used to control where they lived, their movement within the country, and where they could work. Through, for example, the Glen Grey Act of 1894, the number of black people who could live on and own their land and the size of land they owned were drastically reduced, dramatically changing people's livelihoods and rendering many poor. Furthermore, the law laid the basis for racially based spatial segregation through land dispossession. By introducing stringent property requirements to qualify for the vote, the Act used land (and dispossession thereof)

to systematically reduce black people's right to vote, thus protecting white rule and domination.

Black people faced further subjugation when diamonds were discovered in the vicinity of present-day Kimberley in 1867 and when gold was discovered on the Witwatersrand in 1884. The white mine and land owners sought to consolidate their wealth while excluding black people from economic activity apart from providing cheap labour.

Following land and livestock dispossession and deprivation of the opportunity to earn sustainable livelihoods, many black people were forced to migrate towards white-owned mines and farms to work as cheap labour under appalling working conditions. Workers had no rights, were paid very low wages, housed in compounds, controlled by pass laws and separated from their families. They were held criminally responsible for strikes and any breaches of work contracts. In 1918, through the Industrial and Commercial Workers' Union and other formations, there was protest action against low wages, poor housing and passes. The Bantu Women's League also launched a campaign against passes for black women in 1918.

In 1906 the Natal government had introduced a £1 poll tax on each male in Zululand. The tax placed further financial burden on black families who had already been dispossessed of land and cattle and were unable to ensure sustainable livelihood. Chief Bhambatha kaMancinza refused to accept the introduction and collection of the poll tax and waged a fierce rebellion against the colonial administration, through what has since become known as the Bhambatha Rebellion.

THE PURPOSE OF THIS REVIEW

The purpose of this Twenty Year Review is to reflect on the legacy that democratic South Africa inherited, how the country has progressed in realising the objectives it set for itself in 1994, the challenges which still remain and how we could best address these as we enter the third decade of democracy.

The Review has built on research undertaken for the Ten and Fifteen Year Reviews, the National Development Plan (NDP), commissioned work and inputs received from national departments, provinces and local government. In developing the Twenty Year Review, 20 roundtable discussions were held with a range of stakeholders, including academic and research institutions, the business community and civil society.

When the First South African Warⁱ (1880–1881) occurred, followed by the Second South African War (1899–1902) and the signing of the Treaty of Vereeniging on 31 May 1902, the Boers lost their independence and agreed to be placed under the British Crown and government, paving the way for the formation of a Union. Despite numerous appeals to the British government by black leaders, black people were excluded from political participation in the Union, further eroding their political rights and aggravating their plight. The government of the Union of South Africa, established on 31 May 1910, formally introduced legislation that entrenched racially based discrimination and oppression. There was no universal suffrage and the multi-racial franchise with stringent property and literacy requirements that had existed in some provinces was gradually removed.

Through the Mines and Works Act of 1911 and related amendments, an employment colour bar was established in the workplace, and blacks were prohibited from competing for skilled work that was reserved for whites only. A black person was not allowed to keep a job if it could be given to a white person and, if there was a shortage of jobs, government had the power to compel employers to lay off blacks and provide jobs to whites¹. The Act weakened incentive and affected the standard of work, reduced labour mobility, limited training and development and contributed to serious skills shortages that are still being felt to this day. The Act also had a damaging effect on race relations, labour relations and reduced the efficiency of industrial firms and negatively affected the general economy.

The Native Land Act of 1913 was one of the first major pieces of segregation legislation passed by the Union and it formalised the systematic dispossession of black people's land and livestock resulting in further impoverishment and marginalisation. Through the Act, 87 percent of the land was reserved for whites and only 13 percent reserved for black people. Africans were stripped of the rights to purchase, own, lease, or use land, except in "reserves" for African people.

The Act resulted in large-scale, racially based expropriation of land without compensation, as black people were evicted, lost land that had previously belonged to them, and were forcibly removed to the reserves, which were often areas with no prospects for economic development. Many black people lost their

possessions and became extremely poor. While government provided low-interest loans to white farmers, African farmers received no aid and increasingly found it hard to compete with white farmers. Rights of access to natural resources such as water and minerals were reserved in perpetuity for a select few.

Land dispossession, the lack of universal suffrage, and other forms of racial oppression generated growing black political resistance and led to the formation of a range of organisations amongst African, Coloured and Indian communities, including the African Peoples' Organisation and the South African Indian Congress (which was formed by merging the Natal, Transvaal and Cape Indian Congress). On 8 January 1912, the South African Native National Congress (SANNC) was formed (renamed the African National Congress (ANC) in 1923). At the core of the formation of the SANNC was unity for all African people, striving for universal suffrage, African rural land ownership, equality before the law, equal access to skilled work and the plight of farm labourers, mine workers and other forms of employment. Pan-Africanism was another key area of focus. These political organisations were united in their opposition to racially discriminatory and oppressive policies and increasingly collaborated with each other in this regard.

When the National Party came into power in 1948, it formally introduced apartheid and determinedly enforced it. Building on the Native Land Act of 1913, it established 10 homelands under the guise of ultimately providing "independence" to black people. The real intention was to deprive black people of their South African citizenship and enable the creation of a white Republic of South Africa. Through this system, the apartheid state would have no responsibility towards African people as citizens of South Africa.

The homelands mainly served as labour reservoirs for "white" South Africa, housing African people and releasing them into white areas/towns when their labour was required. Through this system, the apartheid government sought to serve the mining industry's labour requirements as well as those of farmers and other white-owned businesses, while at the same time retaining white political dominance in South Africa.

ⁱ Previously known as the Anglo Boer Wars.



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The homelands were largely characterised by marginal lands with low production capacity, were unable to develop local economies and were dependent on the apartheid state for funding. Due to a lack of resources, coupled with issues of corruption and a lack of legitimacy of the homeland administrations, huge backlogs of basic services such as water, electricity and health and education facilities built up in the homeland areas. The impact of this legacy is still being felt to this day.

The creation of the homelands resulted in the black population again being subjected to massive forced relocation. Between 1960 and 1983 alone, the apartheid government forcibly moved 3.5 million black South Africans (including Africans, Indians and Coloureds)². To enforce race-based residential segregation through the Group Areas Act of 1950, hundreds of thousands were dispossessed of land and homes where they had lived for generations when the areas in which they lived (such as Sophiatown in Johannesburg and District Six in Cape Town) were designated as part of "white" South Africa. Furthermore, through the Reservation of Separate Amenities Act of 1953, public premises, vehicles and services were segregated by race.

The apartheid state's planned consignment of all African people to homelands was only partially successful, as many African people

lived in townships and informal settlements on the outskirts of South African cities. Most remained isolated in the underdeveloped homelands, trapped in a vicious cycle of abject poverty and unemployment. The impact of apartheid spatial patterns also continues to be felt to this day.

Most blacks were not provided with access to basic municipal services such as clean water, sanitation, refuse collection and electricity. In the homelands these municipal services were often non-existent. In black urban areas, if they did exist they often did not meet basic needs and were often intermittent in nature. The lack of basic services contributed to high incidences of water-borne diseases such as diarrhoea and cholera. The absence of electricity resulted in people using coal stoves that contributed to high incidences of respiratory diseases. While most black people had to travel long distances to get to work because of apartheid spatial patterns, the state did not provide adequate safe, reliable and affordable transport.

Following the Bantu Education Act of 1953, government entrenched racially segregated education and kept per capita spending on black education at only one-tenth of spending on white education³. The apartheid state deliberately and explicitly sought to make black students only fit for unskilled and

semi-skilled occupations. Black schools had poor facilities compared to white schools, usually without electricity, water, sanitation, libraries, laboratories or sports fields. Black teachers were often under-qualified and poorly trained. There were few qualified maths and science teachers at black schools. African students had limited access to quality higher education and were prohibited from attending “white” universities except the University of South Africa and the Natal Medical School. The legacy of the apartheid education and training system is still with us today, in the form of skills shortages and the immense challenge of transforming the education and training system to one capable of producing the skills required by a rapidly growing economy.

Health services were also racially segregated and black people were provided with an inferior public health service compared to their white counterparts. Black people had limited access to public health facilities, particularly in rural areas, where people often had to travel very far to access a health facility. The limited public health service that was available to blacks was often of poor quality, with inadequate facilities and shortages of health professionals and medical supplies. In 1990 the infant mortality rate amongst Africans was six times higher than that of whites⁴. In 1993, the incidence of tuberculosis, a disease of poverty, was more than 10 times higher amongst Africans than amongst whites⁵. Life expectancy amongst white South Africans was 69 years for males and 76 years for females in 1990. By contrast, life expectancy amongst Africans was 60 years for males and 67 years for females.

The institutionalisation of apartheid by the National Party generated resistance and activism. In 1955, a gathering of South Africans representative of all races adopted the Freedom Charter as a vision for a democratic, non-sexist and non-racial South Africa. On 9 August 1956, more than 20 000 women of all races, representing different political formations marched to the Union Buildings to demand the abolition of pass laws. Building on women’s struggle for freedom and equality over time, including the resistance campaign by the Bantu Women’s League, the march called for an end to the carrying of passes and an end to discriminatory laws.

The apartheid state was brutal towards those who resisted its policies, with many detained without trial, sentenced to imprisonment, or killed. The Communist Party of South Africa, later renamed the South African Communist Party (SACP), had been banned in 1950. Leaders of political organisations were arrested, charged with treason and imprisoned. On 21 March 1960, during a peaceful Sharpeville protest against pass laws, police opened fire, leaving 69 people dead and 180 people seriously wounded. Following the Sharpeville massacre and increased resistance in other areas like Langa, the apartheid state declared states of emergency and used these to detain thousands of people without trial. In 1960, other political organisations such as the African National Congress (ANC) and the Pan African Congress (PAC) were also banned. Continued state oppression and brutality resulted in the formation of armed wings of the banned political organisations and renewed commitment to overthrow the apartheid government.

The apartheid state adopted a hostile foreign policy stance towards African countries that were in the frontline of resistance against the oppressive apartheid system, particularly targeting southern African countries such as Angola, Botswana, Mozambique, Lesotho, Swaziland, Zimbabwe and Zambia. Namibia was occupied and used as a base for attacking other countries. South Africa invaded Angola on several occasions. It carried out frequent military attacks, including bombing raids and land-based incursions, against the other neighbouring countries. It organised and provided arms and training to opposition groups in these countries, thus fuelling civil wars, particularly in Angola and Mozambique. Millions of people are estimated to have died as a result of this destabilisation, and the economies of the neighbouring states were devastated⁶. In addition to military force, economic blockades were also used to undermine and weaken the neighbouring states and thus reduce their ability to support the struggle against apartheid.

Internationally, South Africa had become a pariah state, with the United Nations General Assembly condemning South African racial discrimination as “reprehensible and repugnant to human dignity” by a vote of 95 to 1. The country was isolated diplomatically

and excluded from almost all multilateral institutions. It was also economically isolated through more than a decade of effective sanctions and disinvestment, with about 90 percent of South Africa's merchandise exports subjected to restrictions on trade and sanctions. The country's rising inflation rate and stagnating growth rate exacerbated matters. Many firms were unable to compete in global markets.

The 1970s were marked by turbulence and insecurity as mass mobilisation and resistance increased in opposition to oppressive and brutal apartheid policies. There was an upsurge of protest strikes in communities, later resulting in a generalised culture of resistance. Through the Black Consciousness Movement, there was increased emphasis on black pride and victory over oppression. Labour unrest increased. The 1976 Soweto student uprising against the imposition of Afrikaans as a medium of instruction profoundly changed the socio-political landscape of South Africa. Demonstrating students were met by heavily armed police who fired teargas and live ammunition, killing many. The uprising later spread to the rest of the country and many students left the country to continue the struggle against apartheid from exile.

Opposition to apartheid grew within South Africa and across the world when images of police firing on peacefully demonstrating students were shown. Many more countries declared that they would not recognise the government of South Africa because of its apartheid policies and imposed diplomatic and economic sanctions on the country. The Organisation of African Unity (OAU) had always expressed strong opposition to apartheid. In addition to advocating for the United Nations and other bodies to expel South Africa, on 21 August 1989, the OAU issued the Harare Declaration, which reiterated its view that apartheid was an obstacle to justice, human dignity and peace, which are all critical for the stability and development of Africa. It called for all necessary measures to be adopted to bring a speedy end to the apartheid system and tabled a framework for negotiation towards a democratic South Africa.

1.2 THE DEMOCRATIC TRANSITION

By the mid-1980s, South Africa was reaching breaking point. The apartheid state had



intensified repression and resistance had also intensified to the extent that it could no longer be repressed. There were increasing armed actions by the military wings of the liberation movements. The United Democratic Front had become a powerful force capable of mobilising mass protest and resistance. Black townships had become increasingly dysfunctional and ungovernable through civil protests and rent and service boycotts. The Congress of South African Trade Unions (COSATU) and its affiliates had become a strong trade union movement capable of mobilising labour against both specific workplace issues and the broader oppression workers experienced under apartheid.

As a result of the work of the Anti-Apartheid Movement and other international opponents of apartheid, South Africa was

politically, diplomatically, culturally and economically isolated from the rest of the world. The economy was under severe pressure – economic growth had slowed, the state had run up a substantial debt and was running a high budget deficit, foreign exchange reserves were low, foreigners were disinvesting and there were large outflows of capital by South African residents.

Across most of the political spectrum, there was acknowledgement that apartheid could neither be maintained by force nor overthrown without considerable suffering, and there needed to be a shift to the negotiating table. Recognising that the apartheid system had become indefensible and unsustainable, President FW de Klerk unbanned the ANC and other liberation struggle organisations in February 1990 and unconditionally freed political prisoners including ANC leader Nelson Mandela, who had been jailed for almost three decades. The release of political prisoners, marked a critical turning point in South Africa and signalled the start of formal negotiations for a peaceful end to apartheid and transition to democracy. To get to this point, there had been years of informal negotiations between the apartheid government and both imprisoned and exiled leaders of the ANC.

Between 1990 and 1991, there was a series of bilateral negotiations between the government and the ANC. Three agreements were signed, namely the Groote Schuur Minute of May 1990, the Pretoria Minute of August 1990 and the D.F. Malan Accord of February 1991. The agreements signalled a commitment by the ANC and government to resolve the climate of violence and intimidation that existed at the time and remove practical obstacles to negotiations, including immunity from prosecution for returning exiles and the release of political prisoners.

While the negotiations were taking place, there was widespread violence throughout the country, with reports of politically motivated killings in townships, hostels and in taxis. The violence mostly occurred in KwaZulu-Natal, the East Rand and the Vaal Triangle, where thousands of people were killed, threatening to derail the negotiations. The negotiating process sought to reduce the levels of violence and normalise the political process. The government lifted the state of emergency and the ANC suspended

combat operations by its military wing, Umkhonto we Sizwe.

Negotiations were then broadened and 27 political organisations, national and homeland governments, trade unions, religious and civic organisations signed the National Peace Accord in September 1991. The accord emphasised peace mediation and monitoring, outlined a code of conduct for security forces and political parties, established the Goldstone Commission of Inquiry into the prevention of public violence and intimidation and helped to deal with escalating violence in the townships.

The Goldstone Commission revealed the extent to which political violence was fuelled by a “third force” and confirmed that state-sponsored violence had sought to destabilise South Africa by fomenting paramilitary violence in order to halt the democratic transition. The commission also reflected on the violence between the Inkatha Freedom Party (IFP) and the ANC and made recommendations to investigate past and ongoing conflicts and violence. The accord contributed to the building of understanding regarding how to mediate solutions to community violence rather than resorting to counter-violence. Furthermore, the accord contributed to the transformation of agencies responsible for public order.

Following the signing of the National Peace Accord, the Convention for a Democratic South Africa (CODESA) was convened over two days in December 1991. CODESA played a critical role in facilitating discussions between political organisations that had previously been opposed to each other. In addition to representing their political parties, women were also represented under the auspices of the Women's National Coalition. CODESA had working groups that focused on the creation of a climate for free and fair elections; the development of constitutional principles and guidelines for a constitution-making body; consideration and investigation of transitional mechanisms including the formation of an interim/transitional government; the inclusion of the former TBVC state into South Africa; and processes and timeframes. Nineteen of the 20 delegations to CODESA – the Bophuthatswana government declined to sign – agreed to a Declaration of Intent committing them to “a united, democratic,



non-racial and non-sexist state in which sovereign authority is exercised over the whole of its territory”.

To determine whether the political negotiation process retained the support of the white electorate, President De Klerk called a referendum in March 1992 in which white voters were asked whether they wished the reform process aimed at negotiating a new constitution to continue. A majority of 68 percent voted “yes”, and the ultra-right wing, which had contributed to the violence, was thrown into disarray. The results of the referendum indicated that most white South Africans were committed to building a new democratic South Africa, founded not on apartheid policies, but on national unity, non-racialism, non-sexism and democracy.

CODESA reconvened in May 1992 but ended without any significant progress being achieved, largely as a result of a deadlock on issues related to the constitution-making process. In the meantime, violence spread and led to much loss of life in parts of the

country. There was a brutal massacre of 46 residents of Boipatong in June 1992.

The ANC temporarily suspended CODESA negotiations following the Boipatong massacre. Vested interests created in the homelands resulted in some resisting transition towards a democratic South Africa. In Bisho, in September 1992, soldiers of the Ciskei government massacred people engaged in rolling mass action against the homeland government. In March 1994, there was a coup in Bophuthatswana, followed by a mutiny of the Bophuthatswana Defence Force, and the invasion of that territory by armed paramilitary members of the white supremacist Afrikaner Weerstandsbeweging (AWB). Many lives were lost in KwaZulu-Natal in the intensifying violence between supporters of the ANC and the IFP and in the East Rand, where there were reports of apartheid security forces orchestrating conflicts and violence in migrant workers’ hostels and townships.

To avert further violence that could escalate into a bloody civil war, the ANC and government urgently resumed negotiations, intent on resolving any deadlocks and ensuring a peaceful transition to democracy. In September 1992, two weeks after the Bisho massacre, the ANC and government signed a Record of Understanding, entailing compromises on both sides. The parties recognised the right of all parties and organisations to participate in peaceful mass action, in accordance with the provisions of the Accord and Goldstone Commission. As part of this, the parties agreed to ban the carrying of cultural weapons at public occasions and introduced further measures to control violence between the residents of hostels and surrounding townships.

Under the Record of Understanding the parties committed to a constitution-making body or Constituent Assembly that would be democratically elected and would draft and adopt a new constitution. The parties also agreed to the formation of a Government of National Unity for the first five years that would have a president and two deputies and include all the parties that obtained over 5 percent of the vote in democratic elections. This served to calm fears about the transition and was a compromise between the ANC’s wish for transition in a single stage to majority rule and the National Party’s wish

for a two-phase transition, with a transitional government and a rotating presidency. The ANC also committed to respecting existing employment contracts and retirement compensations in any future restructuring of the civil service.

The pace of negotiations accelerated following the compromises made on both sides. Although the murder of ANC and SACP leader Chris Hani in April 1993 nearly derailed the negotiation process and brought the country to the brink of civil war, it proved to be a critical turning point, after which the negotiating parties accelerated the completion of the negotiation process. Nelson Mandela appealed for calm, peace and a focus on concluding the negotiations towards a democratic South Africa.

The negotiation process was intense and the negotiators were under extreme pressure to find a solution against a backdrop of increasing violence, which could easily have escalated into a full-scale civil war. Parties from opposing sides sought to manage fundamental differences and find common ground, following centuries of colonial and apartheid oppression and separation. A common thread throughout this difficult process was the negotiating parties' unwavering commitment to a democratic, peaceful and prosperous South Africa.

On 18 November 1993, following months of negotiations, the Multiparty Negotiating Forum (MPNF), which had first met in April 1993 and had replaced CODESA, ratified the Interim Constitution, which established the parameters of South Africa's institutional and governance architecture. The Interim Constitution included key constitutional principles through which basic freedoms would be ensured and minority rights protected. The new Parliament, which would serve as a constituent assembly, had to oversee the drafting of the final constitution, ensure that the principles were conformed to and adopt the final constitution. The parties agreed to proportional representation rather than a constituency-based system. For the first time in South Africa, a Constitutional Court would be formed to be an arbiter for constitutional matters. It was agreed that an interim electoral commission would be established to conduct the first democratic elections and ensure that they would be free and fair.



“We have, at last, achieved our political emancipation. We pledge ourselves to liberate our people from the continuing bondage of poverty, deprivation, suffering, gender and other discrimination. We succeeded to take our last steps to freedom in conditions of relative peace. We commit ourselves to the construction of a complete, just and lasting peace. We have triumphed in the effort to implant hope in the breasts of the millions of our people. We enter in a covenant that we shall build a society in which all South Africans, both black and white, will be able to walk tall, without any fear in their hearts, assured of their inalienable right to human dignity – a rainbow nation at peace with itself and the world”.

President Mandela, Inauguration Speech, 10 May 1994

A Transitional Executive Council (TEC), consisting of representatives of the participants in the multiparty negotiations, then oversaw preparations for and transition to the first democratic election. The powers of the TEC included creating a climate for free political activity, eliminating any impediments to legitimate political activities and any form of intimidation, and ensuring that no government or administration exercises any of its powers in such a way as to advantage or prejudice any political party.

Parallel and complementary to the political negotiation process, civil society organisations, including faith-based organisations, academic and research organisations and the private sector, which had all placed significant pressure on the apartheid government and contributed to the democratic transition, embarked on multi-faceted negotiations throughout society. Key in these negotiations was the facilitation of communication, the building of relationships and the promotion of reconciliation across different groups. Civil society groups also prioritised political education for the building of an active citizenry.

South Africa held its first democratic non-racial election on 27 April 1994. Nineteen political parties participated and 22 million people voted. Contrary to fears of political violence, the elections were relatively peaceful and widely hailed as a success. Although the ANC gained a majority of the vote, minority parties obtained sufficient votes to enable the formation of a Government of National Unity, headed by the ANC's Nelson Mandela, who became the first black president of democratic South Africa.

1.3 THE 20 YEARS IN BRIEF

The advent of democracy in 1994 ushered in a new social order. A new constitutional, policy and legislative framework was put in place. Through the Constitution of 1996 (see box overleaf), the apartheid system was dismantled and the foundation laid for a democratic and inclusive state founded on the values of human dignity, human rights, freedom, non-racialism, non-sexism and the rule of law. To achieve this, the democratic state had to work towards reconciliation and social cohesion and ensure that mechanisms were put in place to deal with the legacy of apartheid and redress of past imbalances. The state also faced challenges of integrating the country into a rapidly changing global environment⁷.

Recognising that gross human rights violations and atrocities had been committed during the apartheid period, the Government of National Unity established the Truth and Reconciliation Commission (TRC). The TRC sought to uncover the truth about past violations of human rights, facilitate reconciliation and grant amnesty, provided that perpetrators fully disclosed politically-motivated crimes and provided evidence that led to investigations and prosecutions. The Commission also recognised that there had to be reparation in acknowledgement of what people had endured and a commitment to ensuring such violations did not occur again. Following public hearings, reparations were paid out to victims of gross violations, programmes and scholarships were established in honour of people who had lost their lives, counselling and other forms of support was provided and amnesty was granted where appropriate.

There are varying views about the transparency of the amnesty process, the adequacy of the reparations and the completeness of investigations and prosecutions, as well as the overall impact of the TRC in forging reconciliation. Nevertheless, there is broad consensus that, together with CODESA and other negotiation processes, the TRC made an important contribution to nation-building, reconciliation and reconstruction. Internationally, many countries have drawn inspiration from the TRC's structured environment and process that enabled victims to voice their experiences without resorting to retributive justice.

The successful transition from apartheid to non-racial democracy is internationally recognised as a remarkable feat. It serves as an inspiration to people seeking resolution of other seemingly intractable conflicts elsewhere in the world.



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THE CONSTITUTION

The Constitution of the Republic of South Africa 1996, hailed as one of the most progressive in the world, set the foundation for the ambitious task of transforming the apartheid state into a democratic and inclusive state. The Constitution underscored the importance of universal adult suffrage and to achieve this, a national common voters' roll, regular elections and democratic government system should be in place. The Constitution has three essential features:

- A Constitutional democracy with all arms of the state subject to the Constitution
- A rights-based framework for all citizens based on equality before the law
- Socio-economic or second generation rights such as the right to education and a legal framework for the state to reverse the effects of apartheid.

Guided by the Constitution, government was divided into national, provincial and local spheres, which are distinctive, interdependent and interrelated. The Constitution provided for institutions of representative democracy, including Parliament, provincial legislatures and municipal councils. Apartheid laws were repealed and a Bill of Rights in the Constitution guaranteed all citizens both socio-economic and basic human rights.

Beyond ending political violence, establishing and maintaining a social compact and negotiating a new Constitution, President Mandela set out the key challenges of the democratic government in his first State of the Nation Address on 24 May 1994⁹:

“My government’s commitment to create a people-centered society of liberty binds us to the pursuit of the goals of freedom from want, from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear. These freedoms are fundamental to the guarantee of human dignity. They will therefore constitute part of the centrepiece of what this government will seek to achieve, the focal point on which our attention will be continuously focused. The things we have said constitute the true meaning, the justification and the purpose of the Reconstruction and Development Programme...”

The Reconstruction and Development Programme (RDP) was the policy framework

for the fundamental transformation of South Africa. At the heart of the RDP was a commitment to addressing the problems of poverty and gross inequality evident in almost all aspects of South African society⁹. This could only be achieved if the South African economy, which was in crisis at the time, could be significantly transformed and placed on a path of high and sustainable growth. Active partnership between government, civil society, business and labour would be critical to improve the quality of life of all the people and bring about the change the country had voted for.

As will be explained in more detail in the chapters that follow, the key objectives of the RDP have continued to define public policy since 1994. In some areas, the emphasis may have changed, but the broad objectives of eradicating poverty, creating employment and reducing inequality remain.

By the early 2000s, South Africa had succeeded in transforming the governance landscape and building institutions critical to a constitutional democracy. The National Assembly, National Council of Provinces, provincial legislatures and municipal councils were all in place. Balkanised apartheid-era administrations and homelands had been amalgamated and rationalised into a unified and decentralised governance system with national, provincial and local government spheres. The composition of the public service was also transformed to better represent the entire population. Following these changes, over the last decade attention has shifted to improving the capacity of the state and to improving the quality of administration and service delivery, particularly at provincial and municipal level. There is also a focus on improving the management of the intergovernmental system and improving coordination within and between the three spheres of government.

A Constitutional Court was set up as the apex court. Constitutional structures, such as the South African Human Rights Commission, the Public Protector and the Auditor-General, were established to enhance accountability. These institutions have been robust in looking after the public interest and holding the executive and bureaucracy accountable. An independent judiciary that adjudicates matters without fear, favour or prejudice has been established.



The Constitution has established justiciable rights such as freedom of speech and assembly, enabling citizens to pursue their political views and ideals freely.

A credible, independent Reserve Bank has been established and an efficient tax administration put in place. The budget process has become highly transparent, with South Africa ranking first in the Open Budget Index in 2010 and second in 2012¹⁰.

Since the first democratic elections in 1994, South Africa has had regular elections every five years. Unlike many other countries with a longer post-colonial history, the country's electoral institutions command enormous respect, and electoral results are accepted as free and fair. Despite an inevitable decline in turnout after the landmark 1994 elections, turnout levels have remained good and, following declines in 1999 and 2004, actually increased with the 2009 elections.

As mentioned earlier, the democratic government prioritised extending basic services to the majority of the population, which had been deprived of these services under apartheid. However, the government also had to stabilise its finances by reducing the budget deficit. The government therefore had to be prudent in its expenditure plans. There was also a need to stabilise the economy and to get it onto a positive growth path to generate employment and increase incomes.

On average, the economy has grown at 3.2 percent a year from 1994 to 2012, despite the global setback of the 2008 recession. In constant 2005 prices, gross national income per capita increased from R28 536 in 1994 to R37 423 in 2013. While this is a marked improvement over pre-1994 growth rates, it is modest compared with other emerging economies, and has not been adequate to meet the objective of reducing unemployment. South Africa will need to sustain higher economic growth rates in order to substantially reduce unemployment in future.

Employment grew by approximately 5.6 million between 1994 and 2013, or by 60 percent. The 2008/09 crisis was a setback, with the loss of approximately one million jobs between the end of 2008 and the end of 2010. Employment only recovered to 2008 levels in 2013, when a total of 15.2 million people were employed. While there has been a large increase in the number of people employed, this has been offset by a larger increase in the number of people looking for work. The reasons for this include population growth, increasing urbanisation (which in turn was partly a result of the dismantling of the homeland system and the removal of the pass laws) and increasing numbers of women looking for work, due to advances in gender equality. Youth unemployment remains a particular concern.

Positions of power in the economy have become more representative, encouraged by government's black economic empowerment and affirmative action policies. These policies will need to continue until the structural characteristics of apartheid in terms of inequitable ownership, work organisation and pay have been addressed.

The growing economy and rising standards of living have resulted in increased demand

for road, rail, port, water, electricity and telecommunications infrastructure. In the second decade after 1994, demand for such infrastructure exceeded supply and shortages in electricity generation, in particular, became a constraint to further economic growth. Since the mid-2000s, government has placed increasing emphasis on economic infrastructure and investment has increased markedly, and is planned to increase further. Major areas of infrastructure investment include new ports, expansion of container capacity, new national roads, new airports and improvements to international airports, new public transportation systems, new dams and new power stations. An important achievement in the past 20 years has been the modernisation of the telecommunications sector, with huge investment in cellular infrastructure and greatly increased access to telephony, television, postal services and, more recently, data communications.

Prior to 1994, the labour market was characterised by deep segmentation and oppressive workplace relations. The democratic government introduced a number of initiatives to improve industrial relations. The National Economic Development and Labour Council (NEDLAC) was formed to enable consultation between social partners on key legislation. The labour laws were deracialised, modernised and extended equally to all workers. This led to a more stable, safe, fair and equitable workplace. Despite these improvements in the labour market, some challenges remain. Since the late 2000s, strike levels have risen again, posing risks for growth and investment. In addition, there are negative investor perceptions about some aspects of the regulatory frameworks for labour relations.

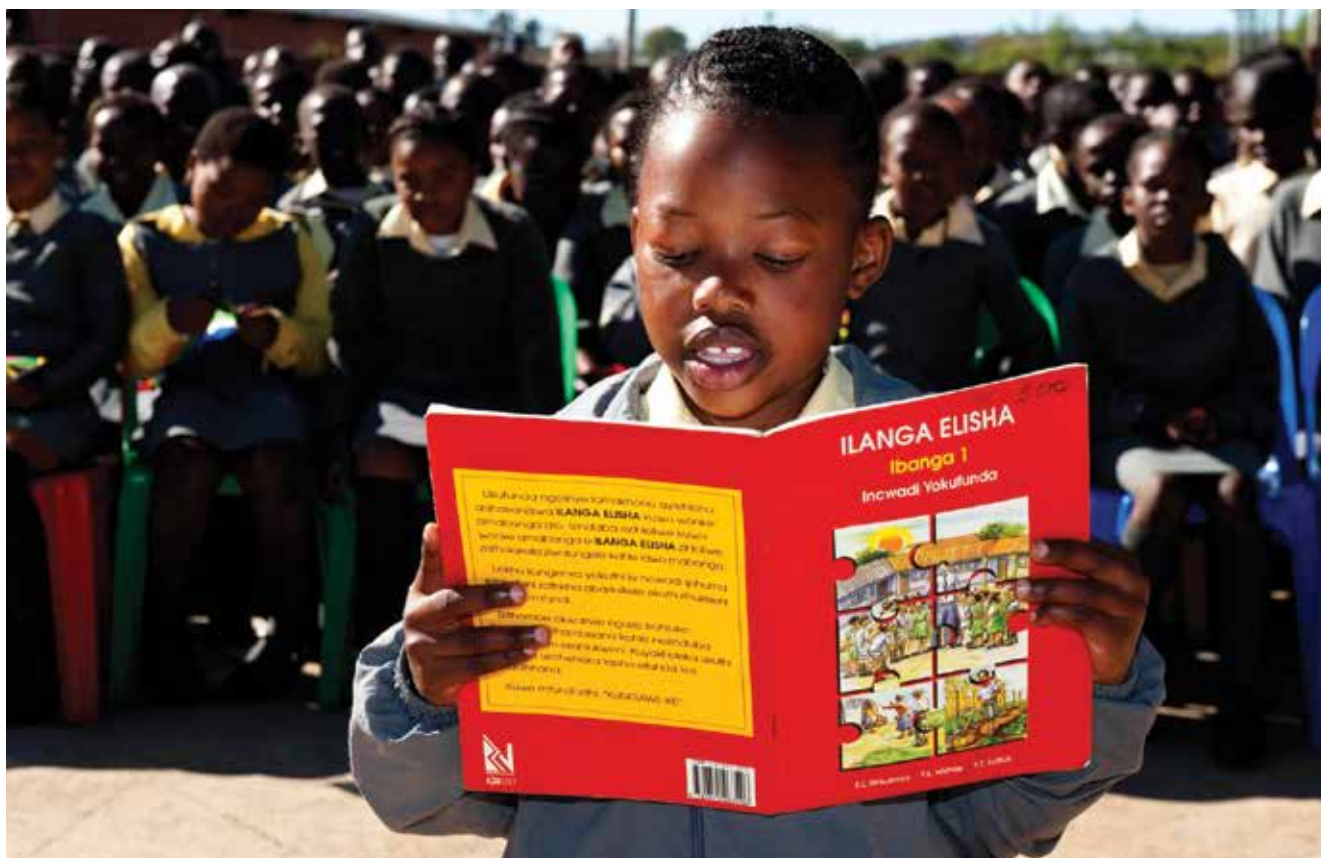
In line with an increased global focus on sustainable development and mitigating climate change, the democratic government needed to ensure that economic growth and poverty-reduction objectives could be achieved while simultaneously ensuring the long-term sustainability of natural systems and the environment. The necessary legislation has been put in place and commitments have been made to reducing pollution, improving the quality of the environment and addressing the impacts of climate change. Going forward the emphasis will need to be on implementation, monitoring and enforcement of these commitments.

Since 1994, government has prioritised funding for the social sector, which, coupled with pro-poor policies, has resulted in a reduction in poverty and a range of advances towards racially integrated and equitable provision of services. As will be described in Chapter 3, the reduction in poverty is confirmed by a range of methods of measuring poverty. Social assistance through grants has been the democratic government's most effective poverty-reduction tool. In comparison, social assistance was limited under apartheid, particularly for black people. The number of grant beneficiaries increased from 2.7 million people in 1994 to more than 16 million people by 2013.

Recognising that the apartheid legacy would weigh heavily on sectors of society that were most discriminated against¹², the democratic state has put particular focus on women, children and orphans, young people, people with disabilities and the poor. A range of laws, policies and programmes have been developed to ensure increased representation, ensure the provision of basic services, create jobs, reduce poverty, eradicate violence, and promote and protect the human rights of these groups. As will be described in more detail in the chapters that follow, this has resulted in major advances in gender equality.

There has been a huge increase in access to early childhood development (ECD), including Grade R, and there now needs to be more focus on widening ECD to cover the period from conception to Grade R, with a more comprehensive set of services including home-based and community-based ECD programmes. Primary school enrolment rates are good at approximately 98 percent. Over 8 million learners are now benefitting from no-fee policies, and this has contributed to an increase in secondary school enrolment from 51 percent in 1994 to around 80 percent currently. South Africa is also achieving gender parity in school enrolment. Approximately 9 million children are benefitting from the school feeding scheme and this has ensured that learners no longer have to study on an empty stomach. While backlogs in school infrastructure remain, thousands of schools have been built and connected to water and electricity supply since 1994.

The school curriculum has been made uniform and modernised. Racist, sexist, tribalist and historically incorrect content



from the apartheid era has been removed. A new school governance system has been put in place, which provides for a high level of parent participation in school governance. Increasingly this should lead to more accountability of schools to local communities and better performing schools.

In the last five years, the Annual National Assessments (ANA) system was introduced to enable objective assessment of the education system below Grade 12 for the first time. While the generally poor ANA results point to the terrible legacy of the apartheid education system and the challenges that remain to improve the quality of learning and teaching, the results also indicate that the system appears to be starting to improve at Grade 3 and Grade 6 level. These improvements have been due to targeted teacher support programmes and initiatives such as the introduction of workbooks to assist teachers and learners to cover the curriculum and to understand the assessment standards. Improvements in literacy and numeracy in the lower grades should flow through to improvements in

results in the higher grades in the coming years. As will be discussed in Chapter 3, a range of initiatives have led to an improvement in the matric pass rate, which, for example, increased from 61 percent in 2009 to 78 percent in 2013. Going forward there will need to be a focus on reducing the drop-out rate, particularly between Grade 9 and Grade 11, and increasing the number of Grade 12 learners passing Mathematics with a mark above 50 percent, which has not yet improved substantially.

After 1994, a new training and skills development system was put in place with the aim of increasing the number of skilled people to meet the needs of the growing economy. The new system increased the range of available pathways for learners to obtain skills and increased the degree to which learners could move between these pathways, thus broadening access to skills development opportunities. Tens of thousands of learners are now being put through learnership programmes each year. An unintended consequence of the new system was a drop in the number

of qualifying artisans, but this has since improved as government has corrected the system. There have also been challenges in placing learners in experiential learning and sustainable employment, partly due to issues with the quality and relevance of some of the qualifications, and partly due to the economic downturn since 2007/08.

University enrolment has almost doubled since 1994, and there have been huge increases in enrolments at further education and training (FET) colleges. The racial and gender composition of the student body has been markedly transformed since 1994. Government has been working on challenges in the FET sector, including very low throughput rates and industry perceptions of problems with the quality of FET colleges. Despite the huge increases in enrolments in post-school institutions, the education and skills development systems have not yet been able to meet all the increased demand for skilled workers and professionals resulting from the growing economy, leading to skills shortages in some areas.

In the health sector, the focus has been on the transformation of a predominantly curative and hospital-based health system to a unified national health system founded on the primary healthcare approach, which emphasises the prevention of disease and the promotion of good health. There have been great improvements in access to healthcare services since 1994, following the removal of user fees, and a large-scale infrastructure programme that saw more than 1 500 healthcare facilities being built and existing ones revitalised. Community service, scarce skills allowances, community healthcare workers and mid-level workers have also been introduced, mainly for the benefit of under-resourced rural areas.

One of the major challenges that confronted the democratic government was the rapid rise in the HIV epidemic. While government policy regarding HIV and AIDS was ambiguous for some time, significant progress has since been made in accelerating interventions to turn the tide against the epidemic in collaboration with civil society, business and other key stakeholders. Over the past decade, the country's response to HIV and AIDS and TB has resulted in improvements in health outcomes such as increased life expectancy, reduced infant and child

mortality rates, and TB treatment outcomes. For instance, the average life expectancy of South Africans improved from 51.6 years in 2005 to 59.6 years in 2013, although life expectancy levels are still below those in 1990, due to HIV and AIDS. South Africa's HIV and AIDS response has now received international recognition and has made the vision of an HIV and AIDS free generation possible. There has also been a significant reduction in malaria cases and deaths due to malaria. Severe malnutrition has also significantly declined. Despite this progress, challenges remain with the quality of care in the public health sector, spiralling private healthcare costs and the country's quadruple burden of disease, and these challenges are the current focus areas of government.

Over the past 20 years, remarkable achievements have been made in increasing access to a basic level of essential municipal services, especially for communities deliberately excluded by apartheid (sanitation: from 50 percent of households in 1994/95 to 83 percent of households in 2011/12; water: from 60 percent of households in 1994/95 to over 95 percent of households in 2011/12; electricity: from around 50 percent of households in 1994/95 to 86 percent of households in 2012/13). The focus is now on reaching those remaining communities without access to basic services, particularly in informal settlements in urban areas and in remote rural areas. There have been challenges with the quality and functionality of municipal services in some municipalities due to poor operation and maintenance. This has been a contributory factor in the rise in municipal service delivery protests in recent years. These challenges relate to institutional and governance weaknesses and a lack of capacity in some municipalities. Government interventions to address these challenges are discussed in Chapter 2.

There have been improvements in the quality of some services offered by national and provincial government since 1994. Notable amongst these have been improvements in some of the services offered by the South African Revenue Service, the Department of Home Affairs and the South African Social Security Agency. However, there have also been many challenges with the quality of service delivery, such as excessive queues and waiting times, long turnaround times,



shortages of supplies such as medicines, and problems with the timeous delivery of textbooks to schools. These challenges are a source of frustration for citizens who expect their government to be more responsive. There are also ongoing administrative weaknesses in government, as illustrated by poor audit outcomes, non-payment of legitimate invoices within 30 days and the large debts owed by national and provincial departments to municipalities. These shortcomings point to a lack of administrative and managerial capacity in some government departments. Initiatives to improve this capacity are also discussed in Chapter 2.

The new government committed itself to ensuring that the country develops sustainable rural communities by focusing on land reform, agrarian reform, improving rural household food security and rural services, improving access to education and creating employment in rural areas. Since 1994, the government has redistributed 9.4 million hectares of land¹², benefiting almost a quarter of a million people. Going forward, the focus will need to be on realising the potential of land reform to stimulate economic growth and employment, especially in the agricultural sector. Many land-reform beneficiaries are

not yet using the land productively, partly due to inadequate infrastructure, inputs and technical support after they were settled.

Over the past 20 years, about 2.8 million government-subsidised houses and over 875 000 serviced sites were delivered, allowing approximately 12.5 million people access to accommodation and an asset. Fifty-six percent of all subsidies allocated have been to woman-headed households. Public investment in housing for the very poor has facilitated a wave of investment in housing by beneficiaries, other households and the private and not-for-profit sectors. The proportion of people living in formal housing increased from 64 percent in 1996 to 77.7 percent in 2011. The value of the formal housing market has increased 13-fold from R321 billion in 1994 to R4.036 trillion in 2014. The estimated value of the state-subsidised housing market is about R300 billion, representing a threefold increase in the value of investments by the state since 1994, as a result of increasing property values.

There has been good progress in terms of the racial integration of cities and towns, but more needs to be done to reverse apartheid urban spatial development patterns, and to provide more affordable housing closer to places of work. Although there was a rapid



growth in the number of informal settlements in the first 10 years after 1994, the number has remained stable over the last 10 years and the government is now focused on upgrading informal settlements as well as building new low-cost houses.

Since 1994, the levels of serious crime and property crime have declined. Despite this progress, crime levels remain unacceptably high, particularly crime against vulnerable groups such as women and children. Access to justice by all, especially those who were previously marginalised, has been greatly enhanced through the establishment of more police stations and courts as well as through the increased provision of legal aid.

Over the 20 years, a range of interventions has been put in place to address corruption in both the public and the private sectors. This has included, among others, the passing of the Prevention and Combating of Corrupt Activities Act, the creation of the Anti-Corruption Hotline under the Public Service Commission, the introduction of disclosure requirements for senior managers in the public service, the establishment of the Office of the Public Protector and the establishment of special anti-corruption investigating units in the criminal justice

system. These interventions have resulted in an increase in the number of reported and publicised cases of corruption, which in turn could be contributing to slightly worsened public perceptions about corruption. While the actual levels of corruption are difficult to measure, there is a general consensus in society that corruption poses a serious threat to many of the gains that have been made since 1994.

South Africa has gone from being a pariah state to a widely respected member of the international community. It has managed its entry into the international community tactfully, building new relationships and partnerships while maintaining sovereignty over domestic economic and social policy. It has benefitted from its re-entry into the international community in areas of trade, education, health, technology, culture, sport, literature, politics and human rights.

South Africa has made major contributions to initiatives to strengthen governance and to promote peace and development on the African continent. It contributed significantly to the transformation of the continental political architecture with the transition from the OAU to the African Union (AU) and the adoption of the New Partnership for Africa's

Development (NEPAD). It has also contributed to resolving conflicts on the continent and the adoption of the AU policy of no longer tolerating military coups. South Africa has actively promoted African interests through its roles in multilateral and other global institutions. Increasing peace, democracy and economic growth on the African continent has provided significant opportunities for South African firms and investors to grow markets and generate sustainable economic returns for both the investor and the host countries.

In addition to creating opportunities, South Africa's entrance into the international community has increased risks, such as the 2008 global financial crisis and economic downturn. Since the early 1990s, there have been profound shifts in global and regional politics and economics that have impacted on South Africa's development. The rise of China and other emerging economies has provided South Africa with large new markets for its commodity exports, as well as a source of competitive manufactured imports.

Various measures have been put in place to provide a basis for a common national identity and greater social cohesion, including the recognition of 11 official languages in the Constitution, new national symbols, the flag and a national anthem. Apartheid-era museums and monuments have been protected and a range of new heritage sites and legacy projects have been completed. Sporting events, such as the Rugby World Cup in 1995, the Africa Cup of Nations in 1996 and the FIFA World Cup in 2010, have made an important contribution.

Over the 20 years, there has been a sharp decline in politically and racially motivated violence. The role of civil-society bodies has changed from one of resistance to apartheid to one of engaging in and lobbying for improved service delivery. This helps the voiceless to have a voice, which also contributes to social cohesion and inclusion.

Nation building and social cohesion remain work in progress. Public opinions on race relations, pride in being South African, and identity based on self-description all show little improvement or a decline¹³. This could be due to a number of reasons. Opportunity is still generally defined by race, gender and class, although there have been improvements in this regard, compared with

pre-1994. Inequity in employment, incomes and patterns of ownership could also be playing a role.

The diagnostic report of the National Planning Commission identified the persistence of poverty, unemployment and inequality as the key challenges that South Africa needs to overcome. The National Development Plan (NDP), developed through extensive consultation with a broad range of stakeholders and adopted by government in 2012, spelt out a vision of South Africa in 2030 and built on the diagnostic report by setting out the steps that South Africa needs to take to overcome its challenges and achieve the 2030 vision. This Twenty Year Review uses the NDP as its main reference point for making recommendations regarding the way forward.

In summary, in 1994 the country embarked on an ambitious project of democratic nation building and socio-economic transformation. Twenty years later, South Africa is a markedly different place to the South Africa of 1994, in almost every respect. In the chapters that follow, we track South Africa's journey with regard to governance and administration, social transformation, economic transformation, infrastructure, sustainable development, safety and security, and international relations.

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WE ARE WOMEN FROM EVERY PART OF SOUTH AFRICA

WE ARE WOMEN OF EVERY RACE

WE COME

from
THE CITIES AND THE TOWNS

from
THE RESERVES AND THE VILLAGES

as
WOMEN UNITED IN OUR PURPOSE

TO SAVE THE AFRICAN WOMEN FROM THE DEGRADATION OF PASSES

IN THE NAME OF THE WOMEN OF SOUTH AFRICA

WE SAY TO YOU ONE OF US
THAT WE ARE OPPOSED TO THE PASS SYSTEM

WE SHALL NOT REST

until

FORMS OF PERMITS RESTRICTING OUR FREEDOM HAVE

2

governance and administration

until

WE HAVE WON FOR OUR CHILDREN

their

FUNDAMENTAL RIGHTS

of

FREEDOM

JUSTICE

and

SECURITY

2.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

South Africa's first democratic government inherited a fragmented, unaccountable and racially divided governance system consisting of homeland administrations (sometimes also referred to as "Bantustans" or "self-governing territories"), national and provincial administrations, as well as separate administrations for certain racial groups. The homeland administrations were poorly organised and resourced, largely without local government, and the services they provided were determined by the apartheid state. Those municipalities that were well capacitated were mostly in the urban areas and served the needs of the white minority. These balkanised apartheid-era institutions had to be amalgamated into a single democratic, non-racial system.

Before 1994, the frameworks governing the public service were highly centralised and regulated, resulting in a bureaucratic, unresponsive and risk-averse public service. In addition, the public service lacked transparency and accountability, providing space for abuse of power and corruption. Post-apartheid South Africa needed a reformed governance system that would allow all South Africans to claim political and social ownership of the country. This meant changing the systems of governance to be geared towards transformation by addressing the legacy of apartheid. There was a need to modernise the public service, to make it more efficient, effective, accountable and people-centred, so that it would be able to fulfil its transformative role.

2.2 DEVELOPMENTS SINCE 1994

The country's governance landscape has been significantly transformed since 1994. The Constitution of the Republic of South Africa (1996) provided the foundations for building a democratic and inclusive state and is hailed as one of the most progressive in the world. Apartheid laws were repealed and a Bill of Rights enshrined in the Constitution, guaranteeing all citizens' socio-economic and human rights. Independent institutions were established under Chapter 9 of the Constitution to strengthen accountability, safeguard democracy and build a responsive stateⁱ. An independent judiciary and the constitutional freedom of speech and assembly were legally established. This has enabled citizens to pursue their political views and ideals freely and to trust the decisions of the judicial system.

The integration of the former administrations and Bantustans into a unified public service, operating in the national and provincial spheres, was a daunting task. In addition, a comprehensive network of municipalities now

covers the entire country. The nature, scale and pace of change since 1994 have been phenomenal. Few parallels exist elsewhere in the world.

The extension of access to basic services such as water, electricity, education, housing and social security (see Chapter 3 for more detail) has been a major achievement of the post-apartheid era. However, despite this dramatic expansion, access to quality services remains uneven. These disparities result from apartheid spatial and governance systems, compounded by institutional weakness in some provinces and municipalities. In short, the state's capacity is weakest where socio-economic pressures are the greatest.

As described in the National Development Plan (NDP), there is unevenness in capacity that leads to uneven performance in the public service. This is caused by a range of factors, including tensions in the political-administrative interface, instability of administrative leadership, skills deficits, insufficient attention to the role of the state in reproducing the skills it needs, weaknesses in organisational design and low staff morale. Other causal factors include the lack of a culture of continuous improvement, insufficient attention to operational management and a lack of management accountability. The last part of this chapter identifies the steps that are being taken to overcome these challenges and build a capable and developmental state that can drive the country's development and transformation.

2.2.1 Representative democracy

Unlike many other countries with a longer post-colonial history, South Africa's electoral institutions command enormous respect, and electoral results are accepted as free and fair. Since the first democratic elections in 1994, South Africa has had regular elections every five years. Despite an inevitable decline after the landmark 1994 elections, turnout levels have remained good and, following declines in 1999 and 2004, actually increased with the 2009 elections.

The proportion of women in the legislatures and in the executive shows a steady upward trend from 1994. As reported in the Presidency's Fifteen Year Review, the proportion of female members of Parliament (MPs) after the 2004 elections was one of the highest in the world. Similarly, over 40 percent of Cabinet members were women, as were four out of nine provincial premiers. This pattern was carried through after the 2009 elections with 43 percent of MPs and 42 percent of members of provincial legislatures being female. After the 2009 elections, 42 percent of Cabinet ministers and five out of nine provincial premiers were women.

ⁱ These Chapter 9 institutions are the Public Protector, the South African Human Rights Commission, the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities, the Commission for Gender Equality, the Auditor-General and the Electoral Commission.



EXAMPLES OF IMPROVEMENTS IN HUMAN RIGHTS SINCE 1994

Compared to the apartheid era, where the majority had no political rights and parties opposed to apartheid were banned, all South Africans now have the right to freedom of association and are free to make political choices and campaign for any political party or cause.

Whereas the majority of South Africans were denied the right to vote during the apartheid era, every adult citizen now has the right to participate in free, fair and regular elections, the right to vote and to stand for public office and, if elected, to hold office. All South Africans have the right to assemble, to demonstrate, to picket and to present petitions, provided this is done peacefully and unarmed.

South Africans now have the right to freedom of expression. The press and other media can express themselves freely and there is academic freedom and freedom of scientific research. The Bill of Rights also makes provision for the right to access any information that is required for the exercise or protection of any rights. The freedom of expression does not extend to propaganda of war, incitement of imminent violence or advocacy of hatred based on race, ethnicity, gender or religion.

Compared to the apartheid era, all South Africans are now equal before the law and have the right to equal protection and benefit of the law. Whereas during apartheid people were detained without trial, mainly for their political beliefs, all citizens now have the right to freedom and security of the person, which includes the right not to be detained without trial and not to be treated or punished in a cruel, inhuman or degrading way. Everyone who is detained has the right to be informed of the reason for being detained and to legal representation. Everyone who is arrested for allegedly committing an offence has the right to remain silent and to a fair trial or hearing before a court.

While the apartheid state sought to deprive the majority of South Africans of their citizenship and controlled their movement through oppressive pass laws and other means, no citizen may be deprived of citizenship and everyone has the right to freely move through the Republic, reside anywhere and hold a passport.

Whereas the apartheid state reserved skilled jobs for white South Africans, all citizens now have the right to choose their trade, occupation or profession. All citizens have the right to fair labour practices, to form and join a trade union and participate in its activities and programmes and the right to engage in collective bargaining. No one may be

subjected to slavery, servitude and forced labour.

While access to education was racially determined during apartheid, all South Africans now have the right to basic education (including adult basic education) and to further education, which the state has sought to progressively make available and accessible, through reasonable measures.

All South Africans now have the right to access health care services, water and social security and appropriate social assistance if they are unable to support themselves and their dependants. No one may be refused emergency medical treatment. Every child, regardless of race, has a right to basic nutrition, shelter, basic health services and social services. Every child also has the right to family care or parental care and to be protected from maltreatment, neglect, abuse or degradation and exploitative labour practices.

Compared to the apartheid era, all citizens have the right to freedom of sexual orientation, conscience, religion, thought, belief and opinion. All marriages concluded under any tradition, or a system of religious, person or family law are now recognised. Compared to the further oppression and discrimination they experienced during the apartheid era, women have equal rights before the law, including the right to make decisions regarding reproduction.



Global rankings of the percentage of women parliamentarians in national parliaments put South Africa in the top 10 out of 188 countries, ahead of many developed countries¹.

The institutions of representative democracy, such as Parliament, the provincial legislatures and municipal councils, are generally well established, with representation of women in municipal structures and ward councillors at approximately 40 percent after the 2005 and 2009 local government elections. The focus is now on strengthening the ability of the institutions of representative democracy to fulfil their oversight roles and to contribute to the building of an accountable and responsive state. Independent oversight bodies reporting to Parliament (the Chapter 9 institutions) have been robust in holding the executive and bureaucracy to account.

While the establishment of independent institutions supporting democracy, together with a free press, has resulted in independent information about the performance of government being readily available, this has not been matched with a sufficiently uncompromising system of consequences for poor performance. There are recurring debates on how to address this and shift the culture of the public sector towards one of greater accountability, linked to greater sanctions for poor performance and unethical conduct. Some of the suggestions emanating from these debates include increasing the

public accountability of members of the executive, heads of department and municipal managers, increasing the effectiveness of parliamentary oversight, reviewing the pros and cons of the proportional representation system vis-à-vis a constituency-based system, and greater inclusion of citizens in governance processes and decision-making.

2.2.2 The three spheres of government

The Constitution established national, provincial and local spheres of government, which are distinctive, interdependent and interrelated, and are required to work together in the spirit of cooperative governance. Many of government's activities depend on effective cooperation between the different spheres.

Provinces and municipalities are constitutionally responsible for implementing many of the key objectives of government. For provinces, this relates particularly to areas such as education and health, on which a large proportion of provincial budgets is spent. Municipalities are primarily responsible for providing quality, cost-effective municipal services. As set out in the White Paper on Local Government, they should also focus on transforming unequal and inefficient use of space, identifying priority business areas and improving the built environment by developing and maintaining appropriate infrastructure. National government is expected to provide legislative and policy frameworks and to

CASE STUDY OF THE DEPARTMENT OF HOME AFFAIRS

In the apartheid state multiple structures existed to perform the equivalent functions to the current Department of Home Affairs. For the purposes of comparison, those structures and functions can be described collectively as the “old” or pre-1994 Home Affairs. The revolutionary difference between the “old” and “new” Home Affairs is revealed sharply in a story told by a white staff member who joined the “old” Home Affairs in 1973. Working at the birth registration counter, she describes how a baby was typically brought to the office by the mother and was taken by staff to a tea room. They locked the door while they unclothed the child and examined it to determine the race according to the Population Registration Act of 1950. In difficult cases, specialists from Social Services were called in. The process disturbed her at the time and still gives her troubling thoughts. The entire life of the child depended on the racial identity the child was given in that office or through the Bantu Administration System. In the case of Africans, there was a denial of citizenship and of every one of the other 27 rights set out in the Bill of Rights in the Interim Constitution of 1994, such as freedom of movement and political rights.

Since 1994, in total contrast, the registration of the birth of a South African child by the Department of Home Affairs guarantees that the child has an inalienable right to the status of being a citizen and to all the equal rights and responsibilities set out in the Constitution. The same white staff member reported that, as a woman, she suffered severe discrimination and had to resign and later reapply as a temporary worker every time she became pregnant, as there was no maternity leave. She was paid less than men for doing the same job, and she was never promoted until the new government came into power in 1994. This story reminds one of the isolated, patriarchal and unjust society in which the “old” Home Affairs was embedded. Since 1994, the state has been committed to playing a leading role in transforming this society for the benefit of all South Africans.

At the heart of the apartheid state and economic system was the denial of citizenship and self-determination through racial and ethnic classification based on law and administered by state machinery created for that purpose. The Population Registration Act required each person to be classified and registered in accordance with his or her racially defined characteristics. Pass laws and influx control were administered through a vast bureaucracy that controlled every aspect of the life of black South Africans. The main department responsible for the pass system took on different names at different times, such as Bantu Administration and, lastly, Development and Cooperation. It functioned at provincial and local levels. This rule-based bureaucracy was notorious for the complexity of its regulations, for corruption and for its arbitrary and callous decisions. The “old” Home Affairs was at the centre of this inhumane system, although it mainly served those classified as “white”.

provide support to provincial and local government to enable them to fulfil their core responsibilities.

The overlapping and concurrent responsibilities between spheres mean that effective coordination is essential. The Intergovernmental Relations Framework Act of 2005 provides for the creation of structures and institutions to facilitate inter-governmental cooperation and coordination. The coordination and collaboration problems facing the various spheres of government are complex and context specific and legislation can provide a guiding framework, but it cannot resolve all coordination issues. This makes it important to distinguish those issues that need to be resolved through legislation from those that are best addressed by proactive engagement and intervention on a case-by-case basis.

The challenges of managing concurrent functions have led to calls for a review of the constitutional responsibilities of the different spheres of government. However, national government has increasingly focused on improving the management of concurrent functions within the existing constitutional framework, and there is growing evidence of the effectiveness of this approach.

The Constitution makes provision for minimum norms and standards to be set, and for intervention where these norms and standards are not being met. National government is increasingly making use of these provisions and setting norms and standards for concurrent functions, either through legislation or through negotiation. For example, the national Department of Health recently established the Office of Health Standards Compliance through an Act of Parliament to ensure minimum levels of quality of service in the health sector. The national Department of Basic Education recently negotiated minimum standards for the procurement and delivery of school textbooks with its provincial counterparts. Together with close monitoring by the national department, this has resulted in a marked improvement in the timely delivery of textbooks to schools.

Other ways in which national departments are increasingly supporting provincial and local government are described in detail in the other chapters of this review. These include sector skills plans, a range of initiatives to

support infrastructure and housing delivery, and transversal contracts to obtain better prices for medicines.

Until 2005, the administration of social grants was done separately by each province and was beset by a number of problems, including delays in the approval and payments of grants, fraud and corruption in the system, inhumane pay-point facilities and high administration costs. To address these problems a single national South African Social Security Agency was created through an act of Parliament, resulting in marked improvements in the distribution of social grants. While this centralised agency approach has worked relatively well for the payment of social grants, it would be less well suited to more complex areas of service delivery. The optimal approach to managing concurrency varies depending on the nature of the function being fulfilled. The constitutional and legislative framework provides space for this flexibility but, regardless of the specific approach, effective management of concurrent functions requires proactive engagement guided by the principles of cooperative governance.

One of the challenges in managing the intergovernmental system has been unevenness in the capacity of provincial and municipal administrations. Provinces that incorporated former homeland administrations were weighed down by high levels of poverty and by the incorporation of dysfunctional homeland administrations. Similarly, municipalities operate with very different levels of capacity and some have major infrastructure backlogs to overcome. The Constitution and policy frameworks are designed to take account of this variation by allowing for differentiation in how responsibilities are allocated to municipalities. The creation of the district system outside metropolitan areas was also intended to address this variation by allowing for skills to be shared across several local municipalities.

There is scope to improve the management of the intergovernmental system by applying this principle of differentiation more effectively. More responsibilities could be devolved to municipalities where capacity exists. In particular, assigning the housing function to large cities would help facilitate a more integrated approach

to urban planning. Municipalities with fewer resources need to be able to access focused support to enable them to fulfil their core responsibilities and build capacity to take on more responsibilities in future. The application of differentiation needs to extend beyond a broad categorisation of municipalities towards a greater responsiveness to the needs and constraints of individual municipalities.

At both provincial and municipal levels, major benefits can be achieved where national government is proactive in how it manages the intergovernmental system, so that it detects potential problems early and works with the other spheres to address specific issues on a case-by-case basis.

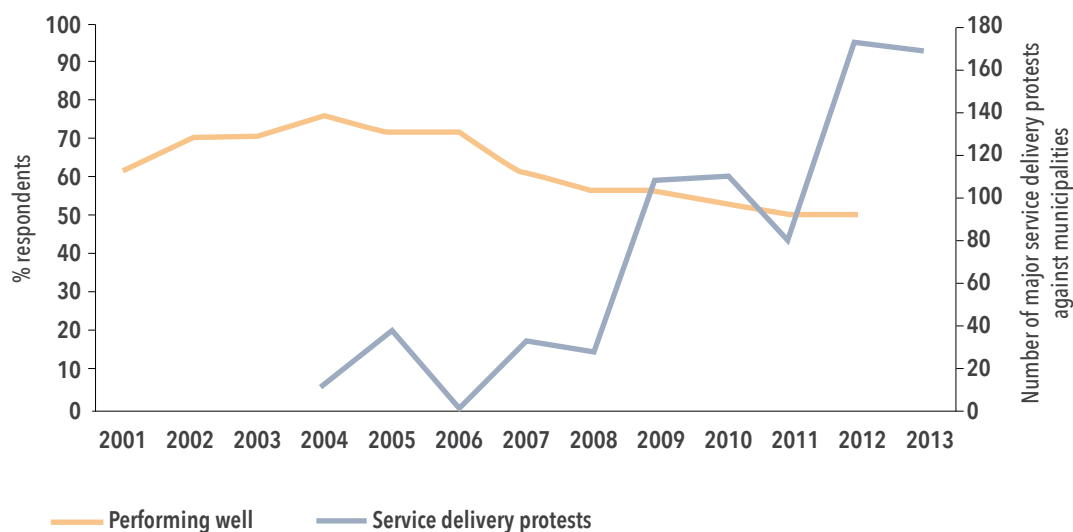
2.2.3 Local government

Significant advances have been made in establishing a single local government system from the fragmented, undemocratic, unaccountable and racially divided apartheid system. Building on the Constitution, the 1998 *White Paper on Local Government*² paved the way for a modern local government system with clear developmental objectives. The number of municipalities was rationalised from 843 before 2000 to 283 just before the 2011 municipal elections, and a new fiscal framework was instituted that guaranteed local government a share of national revenue. Policies and support structures were put in place with the intention of building the capacity of local government to deliver municipal services.

In the past two decades, municipalities have delivered basic services to millions of households that did not receive them before. Given that a number of municipalities had little or no pre-existing institutional foundations on which to build, and where these existed, they were geared towards serving the needs of a minority, this is a remarkable feat. However, local government is still in the process of transformation and many challenges remain for local government service delivery.

Remaining backlogs and unevenness in quality of service delivery contribute to deep-seated dissatisfaction in some communities, as evidenced by the steep rise in service delivery protests. Figure 2.1 shows a significant decline in public opinion of government's performance in delivering basic services, together with an increase in the number

Figure 2.1: Public opinion of delivery of basic services compared to number of service delivery protests, 2001–2013ⁱⁱ



ⁱⁱ The data for public opinion on the delivery of basic services is based on Markinor surveys. The data for service delivery protests is based on data from Municipal IQ. It only covers major protests staged by community members against a municipality, as recorded by the media, raising issues that are the responsibility or perceived responsibility of local government. Issues falling outside local government's service delivery mandate are excluded from the data. The 2013 value is estimated based on data up to October 2013.

Sources: GCIS based on Markinor survey and Municipal IQ

of major service delivery protests. These trends highlight the importance of effective engagement with citizens in order to ensure that concerns are heard and addressed, as well as the need to maintain and strengthen government's focus on improving the quality of service delivery.

In recent years significant effort has been directed towards refurbishment and routine maintenance, particularly of water and sanitation infrastructure. The Department of Water Affairs has identified over 600 projects, of which 288 and 166 have been selected for implementation in 2013/14 and 2014/15 respectively. Of the 288 projects for 2013/14, 122 are focused on refurbishment of dilapidated infrastructure.

Many municipalities have been affected by a shortage of technical skills, resulting in difficulties in delivering on their mandates. To this end the Municipal Infrastructure Support Agency was established in 2011 to support municipalities with planning, management and other technical expertise to roll out infrastructure more efficiently and effectively – especially in weaker municipalities. MISA is currently providing technical capacity support to 107 municipalities, with a total of 77 technical experts (engineering and planning professionals) assigned to support

these municipalities. Signs of improvements in project implementation, spending of allocated conditional grants (e.g. Municipal Infrastructure Grant) and infrastructure maintenance and refurbishment are evident in the municipalities that are being supported.

National government has allocated substantial funds to building municipal capacity since 1994. The Siyenza Manje Programme spent some R933 million in the period 2006/07 to 2009/10³. Almost R5.8 billion has been allocated for municipal capacity support between 2013/14 and 2016/17⁴. Going forward, this support will need to be continued and improved as some municipalities are still struggling to build, refurbish, operate and maintain the infrastructure needed for reliable and sustainable service delivery. Management and operational capabilities in key areas (including development planning, service delivery, human resource management, financial management, community engagement and governance) will need to be strengthened. This is especially true in some rural municipalities, which have a weak rates base and are often unable to recruit and retain critical skills. Vacancies are highest in the B4 and C2ⁱⁱⁱ (mainly rural and former homeland) municipalities, with the percentage of

ⁱⁱⁱ Category B4 municipalities are mainly rural with communal tenure and with, at most, one or two small towns within their jurisdiction. Category C2 municipalities are district municipalities, which are water service authorities.



total posts filled averaging 64 percent and 69 percent respectively.

Poor recruitment practices and political interference in appointments have further complicated matters at municipal level. In response, national government has recently developed minimum competency requirements for senior managers in local government. Rigorous implementation of these regulations will help ensure that municipalities recruit the right skills for the job. As is identified in the next section, municipalities also need to focus on improving the way they engage and work with local communities.

2.2.4 Deepening participatory democracy

South Africa has made great strides in creating mechanisms for citizens to participate on an ongoing basis and not just during elections. This is evident in the policy and legislative framework and the establishment of numerous statutory bodies, structures and programmes. The 1997 *White Paper on Transforming Public Service Delivery* (Batho Pele White Paper) focused on ensuring that government is responsive to the needs of its

citizens. Legislation such as the Promotion of Access to Information Act of 2000 and the Promotion of Administrative Justice Act of 2000 are designed to enable citizens to access state information and administrative justice. Participatory governance and advisory structures, consultative forums and grievance mechanisms have been established to enable citizens to participate in and inform governance processes.

Turning these formal structures into dynamic mechanisms that elicit meaningful community engagement remains a challenge. Participatory processes are often run as isolated events without effective feedback mechanisms or are outsourced to consultants, raising questions about their credibility. There is a perception that the state does not always take these structures seriously. In poor communities, limited resources, social inequality and prevailing power relations can present obstacles to meaningful citizen engagement. The increase in service delivery protests provides visible evidence that the state is struggling to ensure that poor communities feel that they are being heard. Protests are typically

prompted by a range of concerns including access to services, the quality of services and the perceived non-responsiveness of local government. The priority is therefore to ensure that mechanisms for promoting participation, accountability and responsiveness are used effectively. The discussion of public service ethos and culture later in this chapter identifies some of the steps that are being taken to improve public sector responsiveness.

Attention needs to be given to improving accountability mechanisms for routine day-to-day interactions between citizens and the state, particularly at the point of delivery. This includes enabling citizens to provide direct feedback on the quality of services through citizen-based monitoring, and ensuring that frontline public servants and their managers are given adequate authority to address issues as and when they arise. More emphasis needs to be put on engaging citizens in their own spaces rather than only expecting them to use forums and structures established by the state.

At local government level, there is a particular need to ensure that participation in the integrated development planning (IDP) processes is deliberative, with citizens being involved in identifying and resolving trade-offs rather than simply developing shopping lists of needs. Chapter 4 of the Municipal Systems Act obliges a municipality to create the systems, mechanisms and enabling conditions for meaningful participation of the community in the affairs of the municipality beyond the IDP process, including in monitoring and reviewing municipal performance. The Act requires councillors and officials to play a key role in fostering community participation. However, while structures such as ward committees have been created to enable councillors and officials to engage with communities, these have not worked in the manner intended. Interactions are often formulaic and symbolic rather than meaningful and have generally not helped to strengthen links between communities and councillors. On the contrary, many councillors have become estranged from communities and their critical concerns. The link between councillors and citizens via the ward committee system needs to be improved. This could be addressed through the translation of IDPs into ward-level service improvement plans that respond to the specific needs of

each ward. Additionally, greater emphasis needs to be placed on ensuring two-way communication and interaction that enables citizens to express their needs and concerns as well as for citizens to be kept informed by councillors of key issues and developments that are underway in the ward.

2.2.5 Traditional leadership

In addition to the institutions of representative and participatory democracy developed since 1994, many citizens' lives are also affected by institutions of traditional leadership. The British colonial government sought to co-opt traditional leaders to legitimise the colonial system of indirect rule and the apartheid government sought to use traditional leaders to legitimise the homeland system, awarding leaders limited powers and salaries to secure their allegiance to the apartheid regime. Nonetheless, some traditional leaders played a prominent role in opposing colonialism and apartheid and challenged the legitimacy of the homeland system.

Studies suggest that traditional leaders play an important role in a community's heritage and culture and impact on the lives of people living in areas covered by traditional leaders through their role in local governance, with many citizens having contact with both traditional leaders and public sector institutions. The result, which is not unique to South Africa, is overlapping systems of governance between traditional leaders and the three spheres of government. Recognising the complexities posed by this dualism, the democratic government embarked on a process aimed at correcting the wrongs of the past within the institution of traditional leadership.

Chapter 12 of the Constitution recognises traditional leadership and states that national legislation may provide a role for such leadership. Since 1994, government has developed legislation and policy frameworks to give effect to Chapter 12 of the Constitution, including the Traditional Leadership and Governance Framework Act (2003), the White Paper on Traditional Leadership and Governance (2003) and the National House of Traditional Leaders Act (2009). The National House of Traditional Leaders was established in 1997.

One of the objectives of the White Paper on Traditional Leadership and Governance was to ensure that traditional leadership

structures are in line with the principles of the Constitution. This has included a focus on improving gender representivity in traditional leadership structures. The development of policy and legislation has not fully resolved the challenges in ensuring constructive relations between traditional leaders and government, or the democratisation and transformation of traditional leadership to ensure alignment with the principles of the Constitution. Debates about traditional leadership focus on a range of issues, including gender relations, the principles of the Constitution, and the rights of individuals to opt out of traditional systems.

The Presidency's Fifteen Year Review highlighted the need to assess "whether the exercise of traditional power and authority reflects the letter and spirit of the Constitution, without the emergence of two classes of citizens: those ruled by democratically elected institutions and those ruled by unelected traditional leaders". In 2004, after consultation with the traditional leadership institutions in the country, the government established an independent commission, commonly known as the Nhlapo Commission. The purpose of the commission was to address disputes and claims on traditional leadership.

In 2009, the Department of Traditional Affairs was established to support the institution

of traditional leadership. In addition, the Traditional Affairs Bill (2013) has been drafted to consolidate national legislation dealing with traditional leadership and make statutory provision for the recognition of the Khoi-San communities and leaders. The National Khoi-San Council, consisting of 30 members drawn from the five main groupings of Khoi-San society, was also established.

The Traditional Courts Bill, which was intended to affirm the recognition of the traditional justice system and its values and to regulate the role of traditional leadership in the administration of justice, faced strong opposition from a range of civil society groups and ordinary citizens, especially women in rural areas, resulting in its withdrawal in December 2012. The Bill is perceived by some as undermining equal citizenship rights and imposing a segregated legal system on those living in the former homelands. As a result, the statutory deadline of 30 December 2012, by which the Bill should have been enacted into law, has not been met and consultations on the Bill are ongoing. The debates around these Bills indicate that the scope of influence of traditional leadership remains highly contested. There is a need for society to reflect on the Constitutional provisions on traditional leadership and how they are being interpreted through legislation so as to ensure protection of the rights of all citizens.

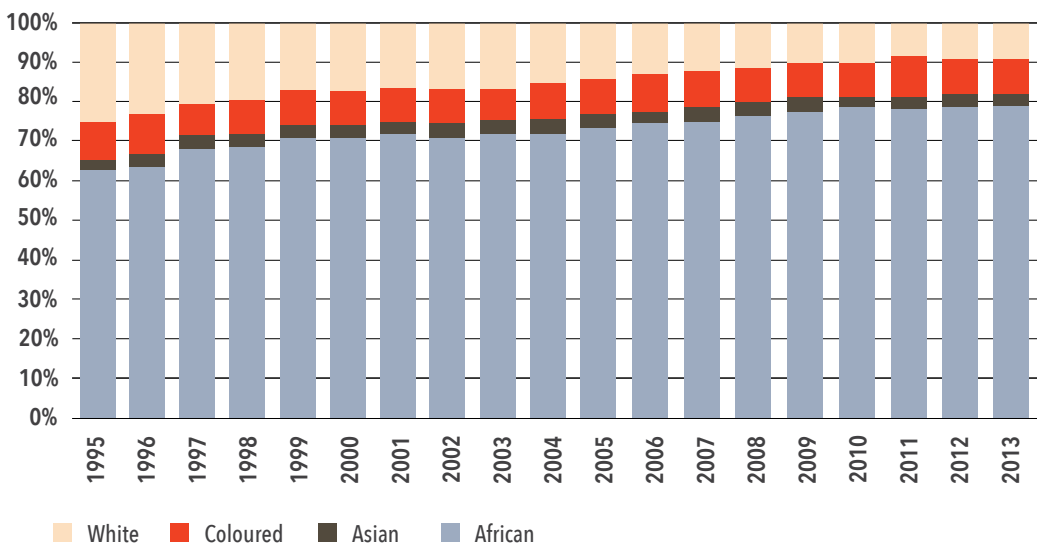


2.2.6 Representivity of the public service

The apartheid public service was a major source of employment for the white population and was used as a tool to empower Afrikaans-speaking whites. To address this legacy, the Constitution stipulates that “public administration must be broadly representative of the South African people, with employment management and personnel practices based on ability, objectives, fairness and the need to redress the imbalances of the past to achieve broad representation”.

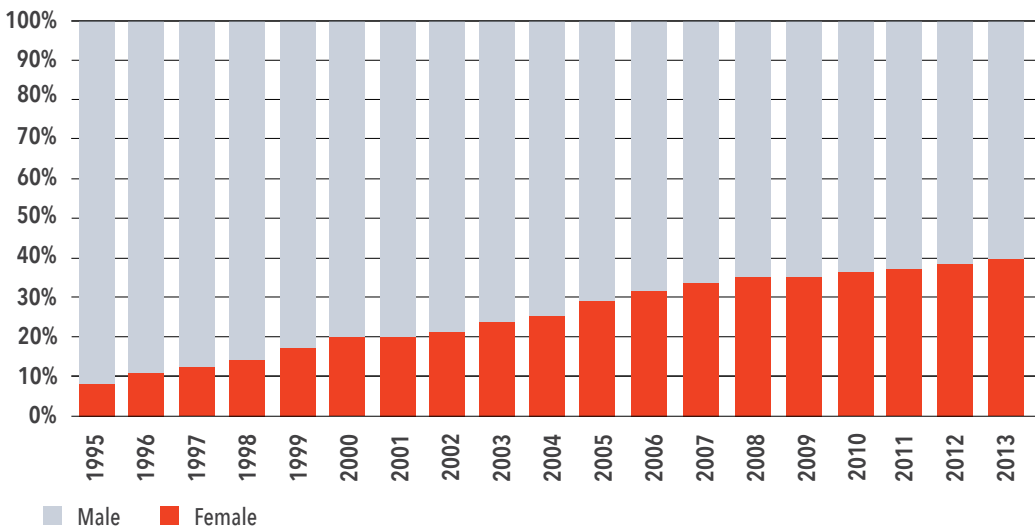
Significant progress has been made since 1994 in addressing this Constitutional imperative, as the composition of the public service and local government has been transformed to better represent the entire population. Overall, national and provincial government combined employed 1.3 million people by the end of 2011/12. Of these, 57 percent were female and 43 percent male. Furthermore, 80 percent were African, 9 percent white, 8 percent Coloured and 3 percent Asian. This is a remarkable shift from

Figure 2.2: Improved representivity of the public service, 1995–2013



Source: PERSAL

Figure 2.3: Increase in the representation of women in senior management positions in the public service, 1995–2013



Source: PERSAL

the skewed demographics that characterised the apartheid public service.

The improvement in the representivity of the public service is particularly striking at senior management level. In 1994, senior management in the public service (i.e. Director to Director-General level) was 94 percent white and 95 percent male. By 2011, 87 percent of senior management was black (African, Coloured and Asian)⁵.

The representation of women (at senior levels) and people with disabilities (throughout the public service) still needs to improve further. Although women make up 57 percent of the public service, and a substantial number of women occupy leadership roles, their numbers are nonetheless concentrated at salary levels 1 to 10, while the proportion of men increases from levels 11 to 16⁶. Only 38 percent of senior managers in provincial and national government are female. Similarly, the 2 percent target for employing people with disabilities has not been met, with the figure standing at 0.4 percent⁷.

2.2.7 Coordination and planning

Coordination is a perpetual challenge for all governments. The Presidency's Fifteen Year Review noted the progress made since 1994 in establishing the necessary structures to foster greater integration and cooperation within and across the three spheres of government. These include clusters of ministers, corresponding clusters of directors-general and the Forum of South African Directors-General (FOSAD), the forums for ministers and members of the Executive Council (MinMECs) and the Presidential Coordinating Council (PCC). As highlighted in the NDP, these formal coordination mechanisms need to be supported by a greater focus on routine day-to-day coordination through regular communication and interaction among mid-level officials.

Effective coordination between departments also helps improve coordination with other arms of the state, the private sector and society at large. For example, municipalities and state-owned enterprises sometimes receive mixed messages from different departments, while businesses often complain about a lack of policy clarity due to the way responsibilities are divided between government departments. These are issues that more focused

coordination and a strengthened planning system can help to resolve.

The Fifteen Year Review highlighted the absence of comprehensive medium-term planning, an effective, ongoing system for monitoring service delivery, and a system for ensuring government accountability for poor service-delivery performance. To address these challenges, the National Planning Commission (NPC) and the Department of Performance Monitoring and Evaluation (DPME) were formed within the Presidency in 2009. The NPC was tasked with developing a long-term vision and plan for the country. The resulting National Development Plan was published in 2012, providing South Africa with a common vision and strategy for eliminating poverty and reducing inequality and providing a common framework to guide more detailed medium- and short-term planning in government.

This increased focus on long-term planning helps address a number of weaknesses in our planning system. In particular, it focuses attention on long-term priorities and how the decisions we make today impact on the country's future trajectory. The existence of a long-term plan also helps bring about a greater degree of policy certainty. As was highlighted in the NPC's diagnostic overview, progress in improving implementation has sometimes been undermined by overly frequent changes in policy approaches and organisational design. While such changes are sometimes necessary, they are also destabilising and can divert attention from the steps needed to achieve longer-term objectives.

After 2009, government also introduced an outcomes-based system to strengthen medium-term planning. Targets for deliverables in the government's priority policy areas were set and ministers signed performance agreements with the President to meet these targets. These agreements were used as the basis for delivery agreements between departments and spheres of government. Existing coordinating structures, such as the clusters and Cabinet committees, were tasked with ensuring that the targets were achieved. A rigorous system for evaluating major government programmes at both national and provincial level was also introduced. As a result, government has become more focused on results and how its actions are affecting society.

With these monitoring structures in place, the focus for the next period will be on ensuring that medium-term planning (in the form of the Medium Term Strategic Framework, delivery agreements and departmental plans, as well as provincial and municipal plans) form the first of a succession of five-year plans towards achieving the NDP's vision for 2030.

The NDP places particular emphasis on the need to improve the quality of implementation. This will require improvements in medium- and short-term planning, as well as a sustained focus on improving performance.

2.2.8 Performance of the public service

The NDP states that government's ability to achieve its developmental objectives requires an effective public service. In the first decade after the transition to democracy, government focused on restructuring, intensive policy development and comprehensive legislative reform, including the wholesale revision and modernisation of the legislation governing the public service. New legislation introduced during this period includes the Public Service Act and the Public Finance Management Act (PFMA), as well as the Municipal Systems Act and the Municipal Finance Management Act. The frameworks that governed the public service before 1994 were based on highly centralised decision-making and detailed regulation, and tended to result in a bureaucratic, unresponsive and risk-averse public service. The new frameworks sought to empower managers to take decisions by making provision for decentralised decision-making within broad policy frameworks. This legislative reform process was largely completed by 2004, and since then the focus has shifted to improving implementation.

Improving operational management

Poorly maintained or dirty service-delivery sites, excessive queues and waiting times, long turnaround times for processing permit applications, shortages of supplies such as medicines, and under-expenditure of budgets for social infrastructure such as schools and clinics, are all usually symptoms of managerial weakness rather than budgetary constraints. Poor audit outcomes, non-payment of legitimate invoices within 30 days and the large debts owed by national and provincial departments to municipalities are also examples of ineffective management.

Over the past decade, substantial progress has been made in improving government performance and service delivery in some areas, particularly where attention has been given to improving operational management. Improvements in the South African Revenue Service, as well as the identity document and passport functions at the Department of Home Affairs, show what can be accomplished when there is standardisation and continuous improvement of work processes, when productivity levels are set, measured and monitored, and when there are improvements in information technology. They also highlight the importance of managers working closely with frontline staff to ensure there is clarity about how their work contributes to meeting departmental objectives.

Improvements in operational management translate into an improved working experience for staff, as well as dramatic improvements in the quality of service delivery. As a result of such operational management improvements in the Department of Home Affairs, the average time taken to process applications for identity documents decreased from 127 days in 2006 to less than 45 days in 2011. The new smart ID cards can be issued within three days of application.

Other examples of operational improvements that have been achieved include reducing the average reaction time for the police responding to serious crimes in progress from 22 minutes in 2010 to 18 minutes in 2013; increasing the response rate for calls to the Presidential Hotline from 39 percent in 2009 to 94 percent in 2013; and reducing the percentage of vacant funded posts in the public service from 18.7 percent in 2011 to 8.6 percent in 2013. The Department of Social Development and the South African Social Services Agency reduced the average turnaround time for processing social grant applications from 30 days in 2010 to two days in 2012.

Moving forward, government will need to build on these examples in order to replicate these successes in other areas of the public service. The Department of Health has recently put in place minimum competency requirements for hospital managers and established an Office for Health Standards Compliance, which is now monitoring indicators such as the availability of medicines and supplies, cleanliness, patient safety and waiting times. The Department

of Public Service and Administration and National Treasury are developing measures to improve the oversight and support available to ensure that departments improve the standard of financial, human resource and operational management. The Department of Performance Monitoring and Evaluation is carrying out assessments of the quality of management practices in national and provincial departments and municipalities, and is making these public to increase managerial accountability.

Instability in administrative leadership

Over the past 20 years, South Africa has experienced high levels of instability in the top levels of administrative leadership. This has been a particular challenge during transitions between administrations, when the arrival of new ministers and members of the Executive Council (MECs) can lead to sudden changes in senior management as new ministers and MECs often prefer to appoint their own heads of department. An assessment of the quality of management practices in all 156 national and provincial departments in 2012 indicated that there is a strong correlation between the performance of departments in terms of meeting their targets in their Annual Performance Plans and the stability of their senior management⁸.

The Public Service Act of 1994 allocated responsibility over appointments in the public service to the executive. This approach was necessary to manage the transition. However, it has created a perception that some public servants have been appointed based on their connections to a particular political principal rather than their level of expertise. It has also had the unintended consequence of creating high levels of turnover in the top levels of the bureaucracy. A high level of instability works against the longer-term task of building state capacity. It tends to result in frequent changes in policy approach and, ultimately, undermines efforts to build state capacity and improve the quality of service delivery.

Skills and skills development

The creation of a representative public service resulted in many talented and committed people entering the public service. However, it also created the need for rapid promotions, meaning that some young black professionals were promoted to senior roles before they had developed the necessary experience



in managing large departments. In addition, a worrying trend has developed where, in many departments, junior and middle managers are no longer assigned significant responsibility or meaningful tasks, partly due to poor management and an increased reliance on outsourcing. If this is not reversed, it will undermine the ability of the public service to develop much-needed skills. In response to these challenges, increased attention is now being given to the skills needed to carry out particular roles. For example, the Department of Health has recently put in place minimum competency requirements for hospital managers.

The NDP highlights the need for a longer-term approach to skills development in order to develop the technical and professional



skills needed to fulfil core functions in the public service. It also highlights that most learning takes place on the job, and that staff members at all levels need to be stretched, supported and mentored to develop their skills and expertise. This requires paying attention to the role of recruitment, human resources and management practices in promoting ongoing learning alongside the provision of training.

Skills development programmes in the public service have tended to operate in isolation from broader human resource management practices. Entities tasked with human resource development in the public service – the Public Service Training Institute, the South African Management Development Institute and then the Public Administration Leadership and Management Academy – have struggled to provide focused, quality training programmes. As a result, substantial financial resources were invested in training programmes that had limited impact on the efficiency and effectiveness of the public service.

The establishment in 2013 of the National School of Government, which replaces

the Public Administration Leadership and Management Academy, aims to address past weaknesses in the training of public servants. In addition, sector departments, such as Basic Education, Health and Higher Education, have been putting mechanisms in place for anticipating and addressing shortfalls in scarce skills in their sectors, while the Department of Public Service and Administration has introduced occupation-specific employment dispensations to help departments attract and retain scarce specialist and technical skills.

Public service ethos and culture

In 1997, the government introduced the Batho Pele (“people first”) principles and campaign, signalling its commitment to creating a people-centred public service that is impartial, professional and committed to the public good. These principles sought to encourage public participation and promote citizens’ ability to know and claim their rights. The Presidency and Offices of the Premiers monitored frontline service delivery at more than 300 state service centres between 2011 and 2013. Overall, it was found that frontline staff generally treated the public with dignity

and showed commitment to Batho Pele principles, indicating a degree of success of the Batho Pele campaign. The monitoring found challenges with complaint management systems, cleanliness, maintenance of facilities, waiting times and queue management. These are largely attributable to weaknesses in operational management.

Significant attention has been given to developing mechanisms through which citizens can raise complaints about specific issues. The government information website lists over 60 hotlines for national and provincial government. The Presidential Hotline, which was launched in September 2009, provides citizens with a mechanism for raising issues that they have been unable to resolve elsewhere. By June 2013 the Presidential Hotline had logged over 200 000 cases and had a response rate of over 90 percent.

While the attitudes and motivation of staff are important factors in shaping the public service ethos and culture, these are heavily influenced by the work environment, including the effectiveness of management and operations systems. Badly managed, poorly organised and under-resourced work environments make it harder for staff to respond to the needs of citizens, and ultimately undermine staff morale.

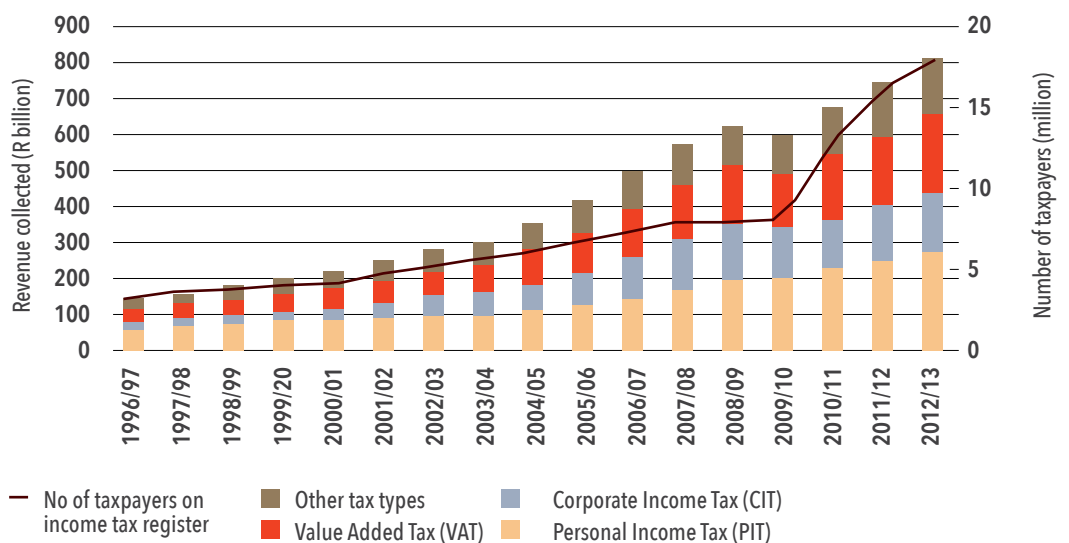
The improvements in the identity document and passport functions at the Department

of Home Affairs flowed from improvements in operations systems, as well as from managers working closely with frontline staff to ensure that they are aware of how their work contributes to meeting departmental objectives. This has translated into an improved working experience for staff and dramatic improvements in the quality of service delivery. Going forward, strategies for improving the public service ethos and culture need to address shortcomings in operations and management systems so that staff at all levels have the authority and support they need to fulfil their responsibilities.

Management of financial resources

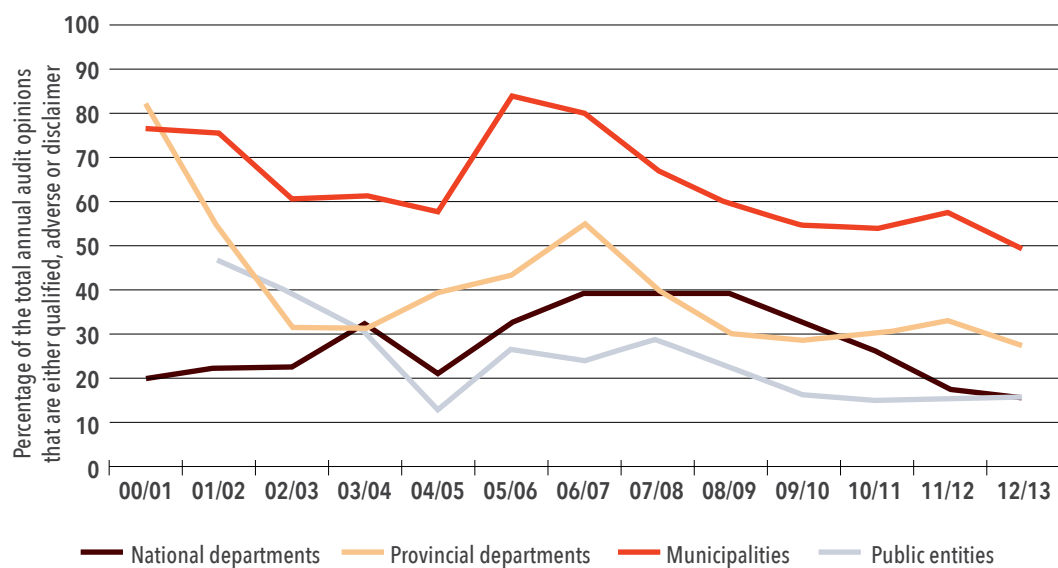
Since 1994, South Africa has successfully restructured public finances and built a highly efficient tax administration that ranks number one among the BRICS (Brazil, Russia, India, China and South Africa) countries for efficiency and ease of use. Total tax revenue grew from R114 billion in 1994/95 to a projected R895 billion⁹ in 2013/14, while the number of registered individual taxpayers grew from approximately 3 million in 1996/97 to approximately 18 million in 2012/13 (see Figure 2.4). The rapid improvement in domestic revenue mobilisation is a major achievement and provides a sustainable resource for financing development and avoiding dependence on aid. The budget process has also become highly transparent,

Figure 2.4: Improvements in revenue collection, 1996/97–2012/13



Source: South African Revenue Service

Figure 2.5: Decline in negative audit opinions in government and public entities, 2000/01–2012/13



Source: Auditor-General South Africa

with South Africa ranking first in the Open Budget Index in 2010 and second in 2012¹⁰. The country has established a credible independent Reserve Bank.

An important indication of how public resources are used comes from the Auditor-General’s reports. Figure 2.5 indicates that the number of audits with poor results (qualified, adverse or disclaimer opinions) has generally declined since 2000/01. There has been a particularly marked improvement at provincial level.

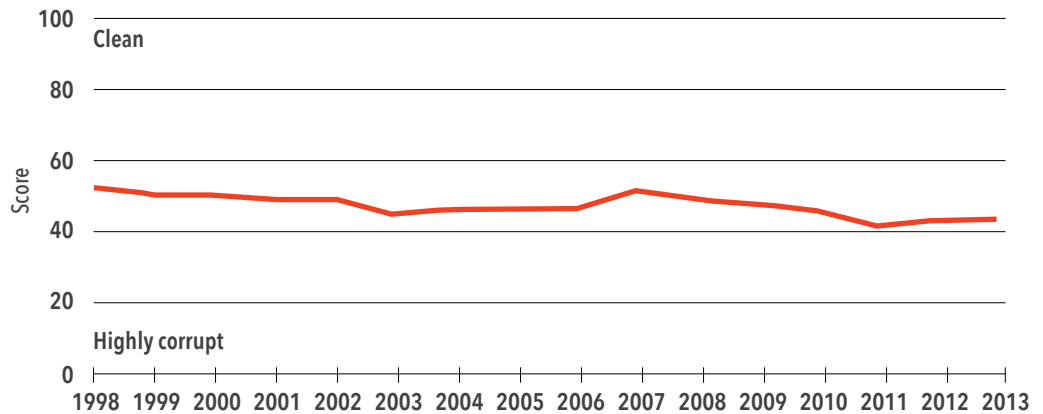
Adherence to the two key pieces of legislation that govern financial management – the Public Finance Management Act for national and provincial government and the Municipal Finance Management Act for local government – remains a challenge. The Auditor-General has identified the failure of political and administrative leadership to act on negative audit opinions as the main reason for the remaining poor audit results and high levels of irregular or unauthorised expenditure.

Fighting corruption in the public service

Corruption impedes service delivery and undermines public confidence in the state. Figure 2.6 is based on Transparency International’s Corruption Perception Index. The graph suggests that public perceptions about corruption in the public sector in South Africa increased slightly

and gradually between 1998 and 2013 (a lower score indicates higher perceptions of corruption). It should be noted that an increase in perceptions of corruption does not necessarily mean that corruption has increased – it could mean that more incidents of corruption are being exposed, thereby increasing public awareness. Based on these scores, South Africa’s ranking compared to other countries has not changed significantly over the last 20 years. In 2013, South Africa was ranked 72 out of 177 countries (where 1 is the least corrupt), compared with 32 out of 85 countries in 1998. Nevertheless, it is clear that perceptions of corruption are sufficiently high to impact adversely on public confidence in the state and strong efforts are needed to tackle this issue.

Corruption is partly a symptom of weak management and operations systems, which create the space for corruption to thrive. In this regard, a number of mechanisms have been put in place to limit the scope for conflicts of interest since 1994. Among these mechanisms is the compulsion for all senior managers, as well as officials working in procurement, to declare any financial and business interests. Recently, there has been an improvement in timeous submission of disclosure forms by senior managers to the Public Service Commission (PSC), from 47 percent in 2009/10 to 84 percent in 2013/14. The PSC has been developing

Figure 2.6: Perceptions of corruption in South Africa, 1998–2013

Source: Transparency International

the capacity to analyse these disclosures, including cross-checking with information on the database of the Companies and Intellectual Property Commission (CIPC) to identify potential conflicts of interest.

The National Anti-Corruption Hotline was put in place to enable members of the public to report cases of alleged corruption to the PSC for investigation. Since the inception of the Hotline in 2004, government recovered about R330 million from offenders, and a total of 17 110 cases of alleged corruption were generated. Of the cases reported through the hotline, 2 638 officials were found guilty of misconduct, 491 were suspended, 1 600 dismissed, 210 prosecuted, 31 demoted, 256 fined three months' salary and 541 received written warnings. The feedback rate from departments to the public on reported cases improved from 40 percent in August 2011 to 59 percent in September 2013¹¹. The finalisation of cases reported improved from 23 percent to 40 percent during the same period. Although this is a significant improvement, lack of feedback and finalisation of reported cases by departments has a negative effect on public confidence in government's commitment to fighting corruption, and improving the performance of the National Anti-Corruption Hotline needs to remain an area of focus.

More recently, the Department of Public Service and Administration has developed draft legislation to prevent public servants

from doing business with the state. The Department is also strengthening its capacity to provide support to departments to investigate alleged cases of corruption and to manage related disciplinary processes.

2.3 CONCLUSION AND WAY FORWARD

South Africa has made significant progress in transforming the apartheid state into a democratic one founded on the values of human dignity, non-racialism and non-sexism, the rule of law, and universal adult suffrage, as enshrined in the Constitution.

Effort has been put into building a modern state capable of meeting the developmental objectives of creating a better life for all. South Africa's progress in achieving this has few parallels elsewhere in the world. The South African state of today is utterly different from the racially fragmented administrative structures of the apartheid era. Although the foundations for an effective, capable and developmental state have been laid, there is still a need to address weaknesses in how some state structures function. The NDP identifies key steps that need to be taken to build a state capable of playing a transformative and developmental role. These are currently being incorporated into the Medium Term Strategic Framework for 2014–2019 as the first five-year building block of the NDP. In particular, the NDP has identified the following key areas for sustained and focused action:



- **Stabilising the political-administrative interface** to ensure a clearer separation between the roles of the political principal and the administrative head, as well as reducing the high turnover in top management positions.
- **Making the public service and local government careers of choice** so that recruitment is based on experience and expertise, especially in leadership positions, and ensuring that the public service plays a proactive role in reproducing the skills and ethos it needs by providing a conducive environment for staff to develop their skills and expertise over the course of their careers.
- **Developing the technical and specialist professional skills** that are essential for fulfilling the state's core functions.
- **Ensuring that procurement systems deliver value for money.** This priority is currently being taken forward through the creation of the role of Chief Procurement Officer in National Treasury.
- **Strengthening operational management.** This involves standardisation and continuous improvement of work processes, setting, measuring and monitoring productivity levels, and improvements in information technology.
- **Strengthening delegation, accountability and oversight.** Greater parliamentary oversight and public accountability, an active citizenry in governance processes and decision-making and robust Chapter 9 institutions (such as the Public Protector, the Auditor-General and the Electoral Commission) will be crucial in achieving this goal. Improved accountability to citizens will require a greater focus on day-to-day accountability at the point of delivery, as well as ensuring that participatory mechanisms allow for meaningful citizen engagement.
- **Improving interdepartmental coordination** to ensure that most issues are resolved through day-to-day interactions between officials. This will enable the cluster system to pay greater attention to strategic issues. The Presidency also has a vital role to play in mediating the resolution of the more intractable coordination challenges, as well as providing overall strategic direction.
- **Improving relations between the three spheres of government** to ensure a better fit between responsibilities and capacity, through the effective implementation of the principles of differentiation and targeted support. A more proactive approach is also needed to resolve intergovernmental coordination problems on a case-by-case basis.
- **Strengthening local government** to ensure the realisation of the vision of a developmental local government, particularly focusing on those municipalities that are performing poorly.



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¹¹ Data obtained from the Public Service Commission.

A large group of young school children, mostly boys, are seated in rows. They are wearing green uniforms with white collars and some have yellow accents. The children are looking in various directions, some towards the camera. The background is filled with more children, creating a sense of a large assembly or classroom.

3

**social
transformation**

3.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

The democratic state inherited a divided nation, with high poverty levels, inequalities, discriminatory practices and inequitable distribution of income. The inequalities that persist today have largely been attributed to apartheid policies limiting access to quality education and formal labour market participation, which served to keep people trapped in poverty. Opportunities for black people (African, Coloured and Indian) to secure management positions or become owners of companies were minimal. Service provision was also distorted. In rural areas in particular, black people were denied access to clean water, sanitation, electricity and safe transport. In urban areas, services for black people barely met basic needs. Power outages were common and the supply of critical services was intermittent.

Before 1994, welfare policy was designed to entrench the socio-economic privileges of the white population, which already enjoyed preferential access to education, low unemployment rates and low exposure to vulnerability and risks. The welfare system was fragmented, inefficient and ineffective. Fourteen different departments serviced different racial and ethnic groups.

Under apartheid, education was based on race. The apartheid education system deliberately and explicitly aimed to ensure that Africans remained a source of unskilled labour for the economy. Former Prime Minister Verwoerd stated that: "The Bantu must be guided to serve his own community in all respects. There is no place for him in the European community above the level of certain forms of labour"¹. At the height of apartheid, white per capita funding was 10 times that of African learners².

Democratic South Africa also inherited a racially differentiated education system, with 19 different departments of education, each maintaining different standards and administering its own examinations. There was also a huge backlog in public school infrastructure. There were not enough classrooms, and most black

schools did not have libraries, laboratories, sportsfields or access to water, electricity and sanitation. Very few African children benefited from early childhood development services. It was estimated that in 1994, 28.7 percent of children under the age of five were undernourished³.

The healthcare system was biased towards curative services. Primary services were largely underdeveloped. Historically, white and urban areas had better healthcare resources. The burden of disease in South Africa mirrored racial and socio-economic inequalities. Due to the divided nature of the healthcare services before 1994 – with 14 health departments, including homeland administrations – health outcome indicators were not assessed systematically or regularly. Despite this, there are indications that the life expectancy of white South Africans in 1990⁴ was 69 years for men and 76 years for women. By contrast, the life expectancy of Africans was 60 years for men and 67 years for women. Access to quality healthcare was especially limited in African and rural areas.

The Natives Land Act of 1913 and apartheid policies in subsequent decades resulted in widespread, racially based dispossession of land ownership rights. About 3.5 million people were forcibly removed from their land to designated homelands. In 1994, 87 percent of commercial arable land was owned by white farmers and businesses. Black people in rural areas lived either on commercial farms (as farmworkers) or in communal areas under the communal tenure system.

As a result of apartheid policies, in 1994, 60 percent of South Africans were living in rural areas characterised by poverty, joblessness, weak institutions and gross inequality. The migrant labour system inherited in 1994 meant that former homelands had disproportionately large populations of women, children and pensioners. Fewer than 30 percent of adults of working age had a primary school education. Employment levels were very low in rural areas⁵, with just one adult out of every four being employed, compared with two out of four in the metropolitan areas. Rural infrastructure was inadequate and basic services were severely limited.

Apartheid planning consigned the majority of South Africans to live in places far away from places of work, where services could not be sustained and where it was difficult to access the benefits of society or participate fully in the economy. Towns and cities were highly fragmented, imposing high costs on households and the economy. Inefficiencies and inequities in South Africa's settlement patterns are deeply entrenched as a result of apartheid.

Housing was also delivered through a fragmented system of 14 race- and ethnicity-based administrations. Opportunities for black people to purchase and own land

THE STATE OF EDUCATION IN 1994

- Matriculation pass rate of 53.4 percent
- Adult literacy rate below 70 percent
- 7.1 percent had a tertiary education
- 99 percent of white teachers were qualified, 93 percent of Indian teachers, 71 percent of Coloured teachers, and 54 percent of African teachers
- Professional staff in the higher education system comprised 80 percent white people, 12 percent African, 4 percent Coloured and 4 percent Indian.

were limited. This created a highly distorted property market system, with a functioning housing market for a white minority, coupled with housing in public rental urban black ghettos. There was no proper housing in what were effectively rural ghettos.

By the 1980s, housing for black people was overcrowded and costly, with deteriorating municipal services and the growth of illegal informal settlements. Civil protests and rent and service boycotts made black townships increasingly dysfunctional and ungovernable. In 1994, the housing backlog was estimated to be 1.2 million. The 1996 census showed that 1.5 million households were living in informal houses in urban areas.

Within this context, women, young people and people with disabilities were further excluded and marginalised. Disruption of family life is another legacy of apartheid, a consequence of the pass laws, forced removals, the migrant labour system and the establishment of homelands.

3.2 DEVELOPMENTS SINCE 1994

Because they were so deeply entrenched, the inequities of apartheid continued to reproduce themselves after 1994. To significantly transform South African society, government's main focus has been on programmes that address income, human capital (education, skills and health) and asset poverty, and inequality. New policies and programmes have been introduced to address the needs and vulnerability of children, people with disabilities and the aged through social assistance grants and other developmental social services. Labour market interventions have been introduced to address inequality (affirmative action policies) and poverty (such as public works programmes). Measures have been put in place to address asset poverty, such as land reform and the provision of housing and basic services.

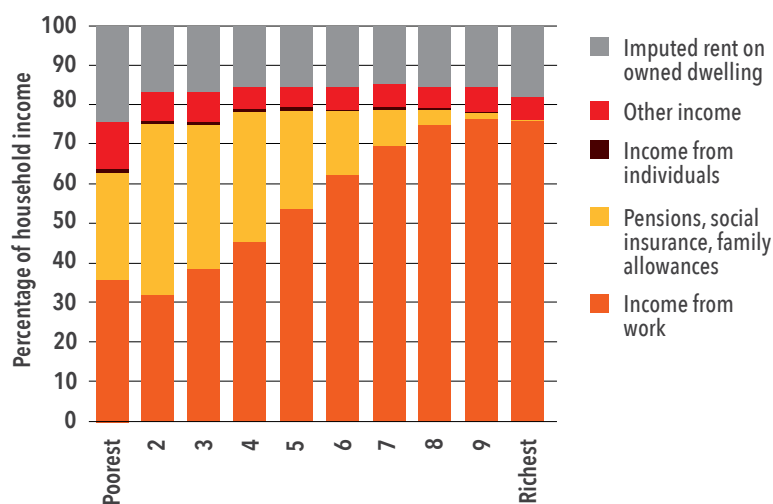
3.2.1 Income, poverty and inequality

Employment and unemployment are discussed in Chapter 4. South Africa's relatively low employment ratio, compared with international norms, suggests that comparatively few people, especially in the lower income deciles, rely on wages as their main source of income. As illustrated in Figure 3.1, the poorest 40 percent of

EXAMPLES OF PRO-POOR POLICIES AND PROGRAMMES INTRODUCED SINCE 1994

- The social grant programme has resulted in a reduction in poverty levels
- No-fee schools have been introduced to make it easier for the poor to send their children to school and has resulted in improved school enrolment
- Virtually all the learners from poor households are receiving a government-funded school lunch
- In the health system, user fees were abolished for primary healthcare services and indigent and very poor users are not required to pay for hospital services
- The low-income housing subsidy provides access to housing for the very poor
- Municipalities provide municipal rates rebates to the indigent and free basic water and electricity to the poor
- Agricultural support programmes are provided to rural households engaged in subsistence and small scale farming activities
- Minimum wage levels were introduced for low-paid workers such as agricultural and domestic workers
- A regulatory environment was put in place to enable access to banking for low income and poor households
- Public employment schemes have created more than 4 million work opportunities since 1994.

Figure 3.1: Sources of household income



Source: Statistics South Africa, Income and Expenditure Survey 2010/11

households (the first four bars in the graph) derive more than half of their income from non-wage sources of income. Social grants are an important source of income for those households. More than half of all households in the former homelands depend mostly on remittances or grants, compared with under a quarter in the rest of the country⁵.



South Africa remains one of the most inequitable countries in the world. When using the Gini coefficientⁱ measurement, inequality increased from 0.64 in 1995 to 0.69 in 2005, but improved to 0.65 in 2010/11⁶. The share of wages in national income has been decreasing, from just below 55 percent in 1994 to a low of 49 percent in 2008. It then increased to 51 percent in 2012. This could be the result of real wages stagnating, at least for the median worker. According to Post-Apartheid Labour Market Survey data, real earnings for the median worker have remained almost unchanged since 1995. Median earnings in constant 2000 prices have consistently remained below R2 000 a month since 1995, in contrast to those above the median wage, which have seen real wage gains since 1995⁷.

An ongoing concern is the disparity between men and women in earned income. In 2001, the average annual income of households headed by women was R27 864, compared with R63 626 for households headed by men⁸. By 2011, despite an increase in the average

income for females, households headed by women still earned less than 50 percent of households headed by men.

As mentioned in Chapter 4, in 2012, the median earnings for a white man was six times as high as for an African woman. The disparity was mostly not a result of unequal pay for the same kinds of work, although that remained a factor. The main reason for pay differentials was that Africans, and especially African women, were more likely to be employed in lower-level jobs. As a result of this disparity in employment, the average income for females remains far less than their male counterparts' salaries⁹. Inequalities in access to work and pay are also reflected in household incomes. In 2012, the median income for an African household was under R3 000. For Coloureds and Indians, it was just over R7 000, while for whites it was around R20 000¹⁰.

The past decade has seen the rise of the black middle class. There was a significant shift in the country's LSM (Living Standard Measure) distribution between 2001 and 2010. The

ⁱThe Gini coefficient ranks countries between 0, indicating complete equality, and 1, indicating complete inequality, in that one person has all of the income/consumption while others have none.

LSM is a tool to group populations in terms of their living standards, based on the goods, services or luxuries available to them. The ranking ranges from 1 (poorest living standards) to 10 (highest living standards). Specifically, between 2001 and 2010:

- The LSM 1–4 bracket shrank by 4.6 million people
- The LSM 5–6 group grew by 5 million people
- The LSM 7–10 group swelled by 4.7 million people¹¹.

Despite rising average income levels and the rise in the black middle class, levels of inequality have remained high, with the richest 10 percent of households capturing over half of the national income.

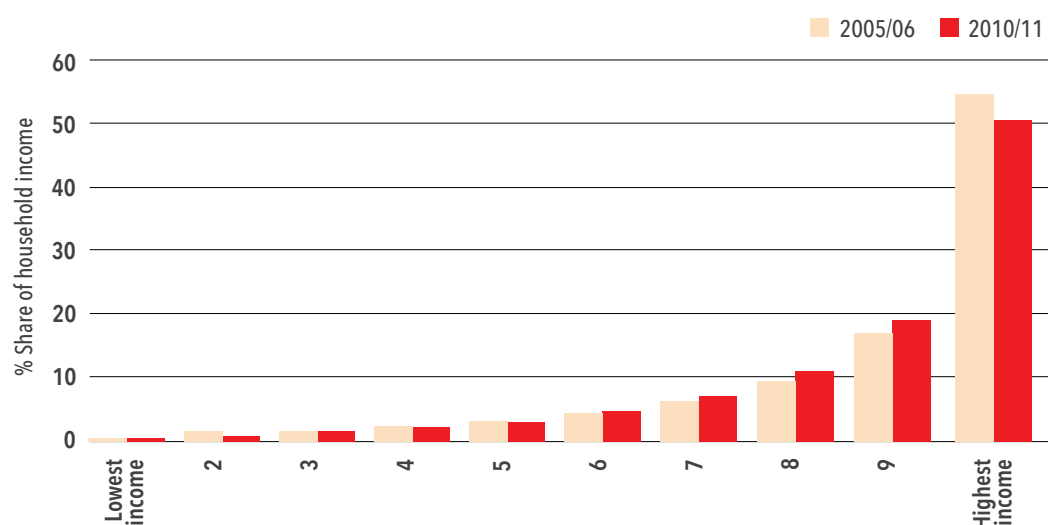
The recent decline in inequality is largely due to the share of household income for the highest income decile declining from 54.4 percent to 50.6 percent between 2005 and 2010, as illustrated in Figure 3.2. The poorest 40 percent of households also saw their share of income fall from 6 percent of the total to 5.6 percent. By contrast, households between the 40th percentile and the 89th percentile increased their share of income, from 39.7 percent to 43.8 percent¹².

Although inequality remains high, poverty levels have decreased. Studies conducted by the Economic Policy Research Institute, the Development Policy Research Unit and the Southern Africa Labour and Development Research Unit at the University of Cape Town all indicate a reduction in poverty levels since 1994.

The study by the Economic Policy Research Institute¹³, conducted in 2013, examined the effect of social grants on poverty using three definitions of poverty – food poverty, which takes into account average energy intake (set at an income of R88.71 in 1993 and R336.18 in 2013), a lower poverty line (set at R131.27 in 1993 and R497.45 in 2013) and an upper poverty line (set at R193.61 in 1993 and R733 in 2013). Table 3.1 indicates that the poverty rate decreased from 45 percent in 1993 to 38 percent in 2013, with social grants for the lower poverty line. Using a food poverty level, poverty levels declined from 33 percent to 25 percent between 1993 and 2013.

The Development Policy Research Unit study used per capita expenditure data to show a reduction in both absolute and relative poverty between 1995 and 2010¹⁴. (Absolute poverty means the inability of people to meet basic needs, such as food, clothing, housing and medical care. Relative poverty refers to a lack of income in relation to the average standard of living.)

Figure 3.2: Comparison of income distribution by decile in 2005/06 and 2010/11



Source: Statistics South Africa, *Income and Expenditure Survey 2005/06, 2011/12*

Table 3.1: Poverty rate and poverty gap, 1993 and 2013¹⁵

	Poverty line (nominal Rand)	Poverty rate without social grants	Poverty rate with social grants	Poverty gap Reduction as % GNI
1993 Food	88.71	0.41	0.33	0.95%
Lower	131.27	0.50	0.45	1.29%
Upper	193.61	0.60	0.57	1.59%
2013 Food	336.18	0.43	0.25	1.48%
Lower	497.45	0.50	0.38	1.99%
Upper	733.69	0.58	0.52	2.44%

Source: Economic Policy Research Institute, 2013

The Southern Africa Labour and Development Research Unit at the University of Cape Town's study attempted to take into account the effect of improvements in social and municipal services on poverty, rather than just the effect of money transfers and earnings¹⁶. The study used a multidimensional poverty index that covers improvements in health, education, municipal services and assets to come up with a headcount poverty ratio. According to the study, there has been a significant reduction in headcount poverty, from 37 percent in 1993 to 8 percent in 2010. The Multidimensional Poverty Index headcount measure thus shows a more substantial reduction in poverty than the money-metric measure does.

Evidence indicates that there has been progress in reducing poverty since 1994, whether using a money-metric or a multidimensional measurement. This reduction in poverty is an important milestone achieved by the democratic state. It has largely been due to tax-based redistribution to poorer households through social assistance grants, education, health, labour market interventions, as well as increased economic participation. Despite gains in overall poverty reduction, women, children and people with disabilities remain especially vulnerable to poverty.

3.2.2 Social protection measures

The democratic government redirected policy and programmes from the racially determined welfare system of apartheid to one with wide reach and coverage. There has been a focus

on fundamentally transforming the social protection framework by deracialising access and ensuring a shift towards a developmental approach that emphasises individual economic empowerment, inclusion, poverty alleviation, equitable access to basic services and community-based programmes.

In designing comprehensive social protection measures, vulnerability was understood to mean the risk of a particular individual or group falling into poverty or situations that compromise their wellbeing. Social protection measures were therefore implemented for targeted groups, such as the elderly, children, people with disabilities, and victims of violence and abuse.

Although not aimed at meeting individuals' total needs, social protection measures were designed to lift recipients out of poverty and deal with the absolute deprivation of the most vulnerable sectors of society. They were also designed to deal with the security needs of the currently non-poor in the face of shocks and life-cycle events.

Developmental social welfare

The new government sought to introduce new approaches to social welfare, based on helping the poor and vulnerable to become self-reliant. This would include both social assistance programmes as well as welfare services aimed at empowering people¹⁷.

Through support and extending government funding to voluntary organisations and non-governmental organisations (NGOs), including those that were previously

excluded from funding, welfare services have been de-racialised and expanded to communities that were not serviced or under-serviced under apartheid.

The government-NGO partnership is not yet able to meet all the demand for developmental social welfare services. The huge expansion of services to previously under-serviced communities has put strain on the NGO sector, both in terms of financial resources and human resources. High levels of unemployment, HIV and AIDS, and social ills such as domestic violence, child abuse, rape and other forms of sexual violence, and alcohol and drug abuse also put strain on the sector.

In order to increase the reach of developmental social welfare services further, the NDP includes plans to address skills shortages in the social welfare sector, build better partnerships between government and NGOs, and increase coverage in rural areas and under-serviced communities in urban areas.

Social assistance

Social assistance through grants is the democratic government's most effective poverty-alleviation tool. The Social Assistance Programme has been expanding at an unprecedented rate, with the number of beneficiaries increasing from 2.7 million people in 1994 to 16 million people by 2013. About 2.9 million of these are people above the age of 60, while 11.3 million are beneficiaries of the Child Support Grant and a further 1.1 million are people with disabilities. The Child Support Grant has grown the most, expanding from just under 22 000 beneficiaries in 1998 to more than 11.3 million in 2013. Research conducted by, among others, the Department of Social Development and the United Nations Children's Fund found that the grant system (in particular the Child Support Grant) has made a significant dent in the transmission of intergenerational poverty. Young children display improved cognitive development, a lower rate of childhood illnesses, and better school attendance and educational outcomes. Adolescents were positively affected and also less likely to join gangster groups or engage in transactional sex or substance abuse.

South Africa now spends close to 3.4 percent of gross domestic product (GDP) on social grants at a total annual cost of about

TRANSFORMATION OF SOCIAL ASSISTANCE PROGRAMMES

The Child Support Grant was introduced in 1998 and initially targeted children aged 0 to 7 years. The age limit of this grant was gradually raised to 18 years.

The Old Age Grant was normalised so that blacks would also get a monthly income like their white counterparts, unlike pre-1994, when they received it bi-monthly. The age limit for men was gradually lowered from 65 to 60 to match the limit for women.

The Disability Grant, Foster Care Grant, Care Dependency Grant and the War Veteran's Grant were extended to all South Africans.

Most grant beneficiaries live in provinces with high poverty rates, namely KwaZulu-Natal (56.4 percent of beneficiaries), the Eastern Cape (55.9 percent) and Limpopo (55.2 percent). This reflects appropriate targeting of the social assistance support programmes.

R120 billion to the national budget. As mentioned in Chapter 2, there have been major improvements in the administration and delivery of social grants. There has also been concerted action to reduce corruption in the social grant system.

It is important to note that, while South Africa has an unemployment insurance system that provides support for a limited period to those who have made contributions, it does not have a comprehensive unemployment benefit system. In other words, there is no grant for able-bodied working-age people who are unable to find work. Therefore South Africa's grant system does not provide a disincentive to people to work. On the contrary, there is evidence that unemployed people in households where there are grant recipients have used part of the grant income to search for work.

Social security

Retirement schemes have gone through various reforms since 1994 to encourage inclusivity, eradicate discrimination and improve access to provisions. Major gaps in unemployment insurance coverage inherited in 1994 were addressed by establishing the Unemployment Insurance Fund. The fund was extended to include domestic workers, seasonal farm labourers and other categories of workers that had been marginalised in earlier assistance schemes.

While some steps have been taken to promote retirement savings, a sizable proportion of the South African population who are either self-employed or engage in irregular or unregulated employment in the informal sector do not save towards their retirement. In addition, this group is generally not covered for unemployment insurance and compensation for injury and diseases. Effectively, many who hold jobs will become dependent on the state after retirement. Many people who have never been in employment or those who are considered to be in long-term unemployment are without an income, but are excluded from the safety net provided by the social security system.

Public employment programmes

Given South Africa’s high levels of unemployment, since 1994 public employment programmes have become an integral part of a suite of policy interventions to reduce poverty. The Growth and Development Summit of 2003 consolidated public employment programmes under the Expanded Public Works Programme (EPWP). South Africa’s approach to public employment programmes has been relatively unique internationally, cutting across a range of sectors, involving all spheres of government and the non-profit sector, and with an urban and rural focus. In the environmental sector South Africa has been a world leader. Programmes like Working for Water, Working on Fire and Working for Wetlands have provided long-term work opportunities and, according to research by the Council for Scientific and Industrial Research, rendered hundreds of billions of rands’ worth of environmental services. South Africa is one of a few countries in the world with a range of public employment activities in the social sector – including homework supervision, and early childhood and home-based care.

As indicated in the NDP, increased economic growth and diversification coupled with improved education and skills development are required in order to address South Africa’s structural unemployment problem. The EPWP is one of many programmes contributing towards supporting employment generation. It provides short-term job opportunities for the unemployed (to unskilled unemployed people in particular). In addition, the aim of the EPWP is to provide training for participants. Due to the short nature of most EPWP projects, this training has generally been at a basic level.



In the first five years of the EPWP (2004–2009), a target of 1 million work opportunities was set in the infrastructure, environment, social and economic sectors. This target was exceeded, with a total of 1.6 million work opportunities being created by 2009. Most EPWP work opportunities result from using more labour-intensive construction and maintenance methods in public infrastructure projects. Further upscaling the EPWP resulted in more than 3 million work opportunities being created between 2009 and the end of March 2013. This included the introduction of the Community Work Programme (CWP) in 2009, with funding for employment creation projects prioritised by communities.

The EPWP is on track to achieve its target of 4.5 million work opportunities by 2014.

However, the employment created through the programme is still small compared with the number of unskilled unemployed people. Nevertheless, public employment programmes are crucial income-supporting programmes. Both the EPWP and the CWP have been successful in targeting women, the youth and people with disabilities.

In addition to providing income, the opportunity to work provides dignity and meaning in the lives of participants in public works programmes. Generally, besides accessing income, public works programmes help reduce the negative effects of unemployment, which include social isolation, erosion of self-esteem, drug and alcohol abuse, as well as a loss of knowledge, skills and habits associated with having a job. Research on the EPWP suggests that those that have participated have a higher propensity to participate in savings clubs, to volunteer in community activities, to use their personal resources to enhance social services and community assets, and to use media as a source of information. EPWP beneficiaries are also more aware of their socio-economic rights. CWP workers emphasised that public employment work differs from employment on farms because it is work for the community. They know it has an intrinsic value for the community, and they therefore do not resent the relatively low wages in the way they would if they were working for a private employer.

3.2.3 Human capital

3.2.3.1 Education and skills

Since 1994, government has implemented major policy reforms to redress past inequalities in education, transforming the education system and increasing the skills and life chances of all South Africans. Nineteen different departments of education have been unified into a single education system¹⁸, removing race as the basis for attending school.

A new funding model was introduced to replace the race-based, inequitable funding model of the apartheid era. Overall, the education budget increased to more than 5 percent of GDP¹⁹, and changed from a race-based education budget to a pro-poor education budget. Public spending per learner increased to about R11 000 per year by 2011. While there has been an improvement in the equity of education funding, inequalities in terms of resources available at public schools remain due to the disparity in households' ability to

supplement the funding of public schools and due to inherited school infrastructure backlogs.

While a range of changes and initiatives introduced since 1994 are starting to result in improvements in the education system, it will take more time for the terrible legacy of apartheid education to be fully addressed and for apartheid patterns of school performance to be removed.

Early childhood development

Early childhood development (ECD) is critical for improving the results of learners in the education system. Since 1994 there has been a significant increase in access to centre-based care, albeit from a low base. It is estimated that over a million children under 4 years old are now in an ECD facility or some form of out-of-home care. Of these, 467 000 children are recipients of the means-tested subsidy through 18 826 registered centres.

Enrolment in Grade R (a pre-school year at primary school) has more than doubled, increasing from 300 000 to 705 000 between 2003 and 2011, nearly reaching the level of universal access. By 2012, 87.8 percent of learners in Grade 1 in public schools had attended Grade R. This is a remarkable achievement, indicative of South Africa's investment in the foundation phase of education.

The ECD programme is currently being extended to cover the first 1 000 days of life (from conception to two years old). Few of the youngest children (under two years old) are in formal early child care and education centres. Furthermore, the majority of poor children are not accessing ECD centres. Among children in households with a monthly expenditure of R200 or less, only 22 percent are enrolled in an ECD service, as against 56 percent of children in households with monthly expenditure of R10 000 or more²⁰. Multisectoral coordination is being strengthened to ensure that a more comprehensive set of services (nutrition and food security, antenatal and postnatal care, and home-based and community-based ECD programmes) is offered, with greater focus on improving access for poor children. In addition, the quality of ECD needs to be improved at all levels.

Basic education

Gross secondary enrolment improved from 51 percent in 1994 to 89 percent in 2012²¹,



while gross primary enrolment in 2012 was high at approximately 98 percent. The learner-to-teacher ratio improved from 33 to 1 in 2000 to 30 to 1 in 2012²². As a result of improved infrastructure, a higher proportion of younger children are accessing classroom facilities. Overall, South Africa is achieving gender parity in school enrolment with a Gender Parity Index of 1 in 2012²³, and is on track to meet the Millennium Development Goal (MDG) of achieving universal primary education by 2015. Progress has also been made in increasing access to schools for children with disabilities, with more public special schools being built. More work is required in this regard because access is still limited, with less than 40 percent of children with disabilities accessing formal education, either through special schools or mainstream education.

The improvements in access have resulted from a number of interventions. The burden of school fees for poor households has been reduced by introducing no-fee schools.

By 2012, 78 percent of learners (more than 8 million) in 80 percent of public schools (close to 20 000 schools) benefited from the no-fee policy²⁴. By providing children with meals at school, the National School Nutrition Programme has contributed to regular and punctual attendance by learners and enabled them to attend school without being hungry. By 2012, about 9 million²⁵ learners in 20 905 primary and secondary schools – virtually all the learners from poor households – were receiving a government-funded school lunch.

The outcomes-based curriculum, which was introduced in 2005, proved to be difficult to implement and was subsequently replaced by various revisions, including the National Curriculum Statement Grade R–12 and the National Curriculum and Assessment Policy Statement (CAPS) between 2011 and 2014. The CAPS spelt out what teachers should teach and assess, how lesson plans should be prepared, and how teaching should take place. This was crucial for addressing gaps that were apparent in the outcomes-based



curriculum. CAPS also introduced English as a subject in the early grades to ease the transition to instruction in English for learners who are not first-language English speakers.

To strengthen teaching and learning, CAPS was accompanied by the following measures:

- A total of 114 million workbooks were distributed to schools between 2011 and 2013 to increase access to quality written material and help learners and teachers to understand the expected assessment standards and cover the curriculum.
- The Annual National Assessments (ANA) system was introduced to enable the objective assessment of the education system below Grade 12. Almost 7 million learners across more than 24 000 schools participated in the third cycle of ANA in 2013. ANA tests are set nationally, which enables all learners below Grade 12 to be assessed against the same standards. Such tests did not exist before.

The ANA results for Grades 3, 6 and 9 for 2012 and 2013 are compared in the box on the next page. The generally poor results provide

an indication of the extent of the remaining challenge to improve literacy and numeracy levels among learners. However, the results also indicate that the system appears to be starting to improve at Grades 3 and 6, from a low base. The low Grade 9 results may be an indication that an improvement in results at higher grades may first require an improvement in the foundation provided at lower grades, which will take time to flow through. Government will be introducing ANA assessments in Grades 7 and 8 in coming years to support performance in Grade 9.

The poor ANA results can be attributed to inadequate teacher competency, subject and curriculum knowledge²⁶, as well as weaknesses in school and district management. To strengthen the quality of education, the Funza Lushaka bursary scheme was introduced to tackle teacher shortages by encouraging more learners to study to become teachers. From 2007 to 2013 a total of 62 804 bursaries were awarded to student teachers at a cost of over R1.9 billion. The long time it takes to place Funza Lushaka bursary graduates in some provinces is a concern that needs to be addressed. For teachers already in the system, a teacher development plan with a

ANNUAL NATIONAL ASSESSMENTS RESULTS 2012–2013

Grade 3 ANA results

- Average literacy results decreased marginally from 52 percent in 2012 to 51 percent in 2013.
- Average numeracy results increased from 41 percent in 2012 to 53 percent in 2013.
- In 2013, 59 percent of learners scored above 50 percent for numeracy and 57 percent scored above 50 percent for literacy, compared with 36 percent and 57 percent respectively for 2012.

Grade 6 ANA results

- Average results for Mathematics increased from 27 percent in 2012 to 39 percent in 2013.
- Average results for Home Language increased from 43 percent in 2012 to 59 percent in 2013.
- Average results for First Language increased from 36 percent in 2012 to 46 percent in 2013.
- Only 27 percent of learners scored above 50 percent for Grade 6 Mathematics in 2013 (up from 11 percent in 2012).
- An average of 68 percent scored above 50 percent for Grade 6 Home Language and 41 percent for First Additional Language in 2013, compared with 39 percent and 24 percent respectively for 2012.

Grade 9 ANA results

- Results in 2012 and 2013 were very similar for Grade 9.
- The average Mathematics result for Grade 9 learners was 14 percent in 2013, but only 2 percent scored above 50 percent.
- The average Home Language result for Grade 9 learners was 43 percent in 2013, with only 37 percent scoring above 50 percent.
- The average result for First Additional Language was 33 percent in 2013, with only 17 percent scoring above 50 percent.

multi-pronged approach has been introduced, especially in the worst-performing schools. Through the Teacher Union Collaboration initiative, 80 000 existing teachers were trained by the end of the 2013 academic year. In future, minimum competency requirements for teachers, coupled with strengthened teacher-support programmes, may need to be introduced, to complement initiatives to increase teacher competence.

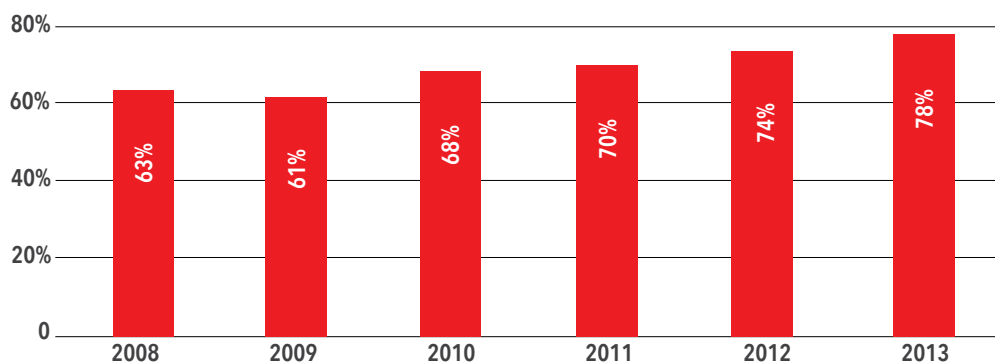
International comparisons through the Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ) confirm that South Africa fares poorly in terms of learner performance in Grade 6 and teacher content knowledge when compared with countries that spend the same or less on education per capita. In terms of the SACMEQ tests, South Africa experienced no statistically significant change in performance between 2000 and 2007. In contrast, Lesotho, Mauritius, Namibia, Swaziland, Tanzania and Zanzibar experienced improvements in both Mathematics and reading. The 2011 Trends in International Maths and Science Study (TIMSS) points to improvements for Grade 9 learners between 2002 and 2011²⁷, especially for

learners attending the poorest schools. These improvements are off a low base and South Africa still has a low average in Mathematics and Science performance, below the level expected for Grade 9 learners, as indicated by the recent ANA test results.

As outlined in Figure 3.3, Grade 12 pass rates increased from 61 percent in 2009 to 78 percent in 2013. This is partly due to increased matric support programmes offered by the Department of Basic Education, NGOs and the private sector. The support includes intensive post-test analysis of question papers; self-study guides in selected subjects; revision camps for learners; supplementary winter schools, radio and television lessons in key subjects; and the availability of examination exemplars and teacher support. In addition, the improvements are due to the stabilisation of the education system, which is no longer experiencing rapid changes in curriculum or policies.

The numbers of learners obtaining university entry qualifications each year (bachelor passes) has also increased. On average, between

Figure 3.3: National Senior Certificate overall pass rate, 2008–2013



Source: Department of Basic Education, 2013

2010 and 2012, 128 000 learners obtained bachelor passes, compared with 70 000 per year for the period 2000 to 2002. The number of Grade 12 learners passing mathematics with a mark above 50 percent is not increasing rapidly enough to meet the country's skill needs. This is compounded by the fact that fewer learners opt for Mathematics rather than Mathematics Literacy, restricting their access to programmes such as engineering. In addition, dropout rates are high, especially between Grades 9 and 11, meaning that a large percentage of learners who start school do not reach matric. This percentage is difficult to determine because there are some pupils repeating grades and some move to FET colleges to complete their matriculation.

With a view to obtaining an independent account of the state of schools and recommendations for addressing problem areas, government established the National Education Evaluation and Development Unit (NEEDU) in 2009. NEEDU published a comprehensive report on the state of literacy teaching and learning in the foundation phase in 2012. Findings in the report included that learning time is being lost due to late coming of learners, abuse of leave by teachers, and daily school disruptions. Furthermore it was found that learners' performance is affected by limited subject knowledge of teachers, heads of department, and subject advisors.

To support the improvements that are emerging in basic education, better school management and administration, with a

focus on school performance, are critical. This includes monitoring teacher absenteeism and the time spent teaching, improving performance management of principals, and strengthening district management over schools (including monitoring of curriculum coverage). Teacher utilisation and content knowledge need to be strengthened through teacher training, recruitment and effective support. There also needs to be increased accountability to the parent community for the performance of schools by improving the ability of parents to hold schools accountable through school governing bodies.

Adult education

The percentage of the population aged 20 years and older that has had no education decreased from 19 percent in 1996 to 9 percent in 2011²⁸. The Kha Ri Gude Literacy Programme has been a success, with almost 3 million illiterate adult learners having been enrolled between 2008 and 2012. The majority of learners are female. While only 48 percent of Africans aged 20 and over had completed Grade 9 in 1994, this percentage increased to 64 percent by 2011²⁹. Similarly, the percentage of African adults over 20 years of age who had completed Grade 12 increased from 23 percent in 1994 to 64 percent in 2011.

Post-school education and training

In the two decades since the demise of apartheid, there has been a transformation of the post-school education and training system. The most important change was the establishment in 1996 of an overarching



National Qualifications Framework. It provided an organising matrix to direct the upward accumulation of educational awards, with multiple entry and exit points. It aimed to facilitate progression between the three phases of education and training – general, further and higher – as well as provide articulation between academic education and skills training. Sector education and training authorities (SETAs) were also established with the aim of linking skills development more closely to the needs of economic sectors and providing opportunities for experiential learning through learnerships. The 2006 establishment of various quality assurance bodies was meant to further improve articulation of qualifications while maintaining their quality.

The number of unemployed people completing learnerships reached over 22 000 per annum in 2013, but there have been challenges in placing learners in experiential learning and sustainable employment. In order to address these challenges, government policy has recently been changed to require SETAs to spend more on substantive courses leading to occupational, vocational and professional

qualifications at public colleges and universities, particularly universities of technology. There is also room to further improve relations between training institutions and industry.

Although enrolment at technical colleges increased by 70 percent between 1987 and 1994, artisan apprenticeship contracts dropped by 42 percent between 1984 and 1993³⁰. Historically, most of the artisan training had been carried out by state-owned enterprises (SOEs), but the commercialisation of SOEs compromised training, with many of the artisan training centres being run down. Under the Accelerated and Shared Growth Initiative for South Africa (Asgi-SA), government introduced the Joint Initiative for Priority Skills Acquisition (JIPSA) in 2006 to boost the supply of skills needed by the growing economy. JIPSA was a partnership with business and labour and produced detailed research on the projected supply and demand of skills. JIPSA also introduced measures to increase the supply of skills where necessary, such as reviving the apprenticeship system to address the shortage of artisans³¹. Since then, there has been good progress in



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artisanal training, with more FET enrolments and increased numbers of qualifying artisans.

The artisan training programmes of the SOEs have been revived, and the SOEs are now once again major contributors to the supply of artisans. Artisan training by SOEs has received a further boost in recent years through the Infrastructure Plan under the PICC. Between 2011 and 2013 the SOEs trained 4 740 artisans. Both SOEs and the private sector have been constrained by the lack of adequate, sustainable, guaranteed funding from the SETAs and the National Skills Fund (NSF), as well as the lack of a single artisan learner administration and grant disbursement system across the SETAs. Government has recently addressed these blockages by directing SETAs, in new grant regulations, to use 80 percent of their discretionary grants for pivotal programmes, of which artisan training is a major part³².

In total, 3 430 artisans successfully completed trade tests between 2000 and 2006, while 6 030 artisans successfully completed trade tests between 2007 and 2008. This number increased further to 15 277 artisan qualifications during 2011/12 alone.

To address the problem of unemployed and unskilled youth, the National Senior Certificate for adults was registered. The National Certificate Vocational system was introduced in 2011. These are significant milestones in developing alternative avenues for skills development.

The democratic government has focused on consolidating and increasing access to tertiary institutions. This included closing or absorbing 120 colleges of education (or teacher training colleges) that were not producing teachers with the necessary competencies and qualifications into universities and universities of technology (formerly technikons)³³. Between 2003 and 2005, the original 36 universities and technikons were merged into 23 higher education institutions, with two more being built now³⁴. For some time there was a shortage of Foundation Phase school teachers, and in order to correct this, a decision has since been taken to reopen some of the teacher training colleges, with a revised mandate and curricula to produce the quality of teachers required. Overall, due to government bursary schemes, there has been progress in increasing the number of graduate teachers. The number of teachers

graduating per year increased from 6 315 in 2009 to 13 708 in 2012. However, some provinces struggle to place these graduate teachers in schools that need them because of funding shortages, which in turn are related to excess teachers in certain subjects.

University enrolment has almost doubled, increasing from 495 356 students (universities, technikons and teachers' training colleges) in 1994 to 953 373 students (public universities and universities of technology) in 2012³⁵. Between 1994 and 2012, approximately 1 million university beneficiaries received National Student Funding Assistance Scheme loans and bursaries worth approximately R30 billion.

Bursaries for FET students increased from R100 million in 2007 to R1.7 billion in 2012, benefiting 237 908 students between 2009 and 2011³⁶. Enrolments in FET colleges increased from 271 900 in 2000 to over 657 690 in 2012. The key challenge in the FET sector is to improve throughput rates at FET colleges. Only 4 percent of the 2007 intake of FET colleges completed their qualifications in 2009. Reasons for this include learners being underprepared when they enter FET colleges and inadequate lecturer skills in terms of both pedagogy and content. As long as the throughput rate remains low and the reputation of FET qualifications remains poor, the NDP target for FET colleges to become an acceptable choice for post-school education and training will not be realised. The quality of FET colleges needs to be strengthened by improving administration and the quality of staff.

By 2012, women made up 58 percent of all students enrolled in university programmes. More black students than ever before are enrolled in higher education institutions, comprising 81 percent of all students in 2012³⁷, indicating the changing face of higher education institutions. Notwithstanding this progress, participation rates remain skewed in favour of white and Indian students, with only 16 percent of African and 14 percent of Coloured people of university-going age enrolled in higher education institutions, as opposed to 55 percent and 47 percent of white and Indian young people respectively³⁸.

Overall, African and female students are under-represented in science, engineering, technology, business and commerce programmes, which are critical areas needed in the economy. This will affect the pace of

transformation of the economy and ensuring representivity in the workforce.

There has also been progress in increasing the number of honours, master's and doctoral graduates. In the longer term, the means to produce these skills is threatened by an ageing lecturer workforce. There will need to be an ongoing effort to grow the number of graduates from disadvantaged communities and attract them to academic careers, replenish the stock of current lecturers and attract more female and African lecturers, especially to the science fields. In this regard, a University Teaching Development Grant was introduced in 2009 to develop younger lecturers.

Lack of infrastructure and equipment, particularly at historically disadvantaged universities, has also been gradually addressed since 1994. More recently, decisions have been taken to establish new universities in Mpumalanga and the Northern Cape, which will improve access to higher education. Going forward, increased funding of universities needs to translate into better graduation rates, while still promoting research.

3.2.3.2 Health

Transformation of the health system

One of the focus areas for the new democratic government was transforming the public health system into an integrated, comprehensive national service, driven by the need to redress historical inequities and provide essential healthcare to disadvantaged people. After 1994, a single national health system was established by integrating the previous 14 departments of health and developing an enabling policy and legal framework to increase access to healthcare. This was done against the backdrop of the Constitution, which binds the state to progressively realise the right to health³⁹.

Primary healthcare, delivered through the district health system, became the cornerstone of healthcare policy⁴⁰. This represented a shift from the earlier hospital-based curative approach. All user fees were abolished for pregnant women, children under six years of age and people with disabilities. Subsequently, user fees for primary healthcare services were abolished for all. Access to primary healthcare



services, measured in terms of visits per year, increased from 67 million in 1998 to 129 million⁴¹ by the end of March 2013. The proportion of households who reported using public-sector clinics has increased consistently, from 44.5 percent in 2004 to 59.6 percent in 2012⁴². Correspondingly, the proportion of people who go directly to public hospitals (without a referral from a clinic) decreased from 24.6 percent in 2004 to 10 percent in 2012. This indicates increased access to and confidence in the country's primary healthcare services.

Private health-sector reforms were also introduced to stabilise the medical schemes environment and reduce the cost of drugs, among other outcomes.

Improved access to healthcare

The increase in the community making their first point of entry the primary healthcare clinics, is also linked to the fact that 40 percent the current healthcare estate was built after the advent of democracy in 1994. The democratic government introduced a massive infrastructure programme that saw more than 1 500 health facility infrastructure projects being completed. This includes building new facilities and revitalisation of existing facilities and facilitated access to healthcare within a 5km radius of where people lived. Community service, scarce

skills allowances, community healthcare workers organised into municipal ward based primary healthcare outreach teams and mid-level workers were also introduced, mainly for the benefit of under-resourced rural areas.

Enhancing the availability of human resources for health

Key steps taken to improve the supply of healthcare providers over the last 20 years include mandatory community service for healthcare professionals and improving remuneration levels for certain professional categories. As at January 2014, a total of 44 000 community service health professionals have been placed in remote, rural and underserved areas since the introduction of community service in 1998. This has greatly increased access to quality healthcare.

Through an agreement brokered by then presidents Nelson Mandela and Fidel Castro during the first term of South Africa's democratic government, 777 doctors have to date been recruited and placed in remote areas, bringing stability in health provision in these areas. From the inception of this programme to date, 2 760 South African students from rural areas and disadvantaged backgrounds have been recruited to study medicine in Cuba. A further 29 doctors were recruited from Iran in 2006 and 95 doctors were recruited from Tunisia in 2007, through government-to-government agreements signed by the respective governments. An additional 383 South African doctors were trained through government-to-government agreements and are now providing services in this country. In addition to recruiting doctors from other countries, training of doctors in South Africa has also increased, particularly over the last five years.

In the 1990s, medical schools in South Africa used to accept approximately 1 000 new medical students annually. Over the past five years this has been increased by an additional 450 students to enable increased access to medical professionals to the majority of the population. By 2013, the number of new medical students accepted annually had increased to over 1 400.

Improving access to safe and affordable medicines

In 1994 the pharmaceutical sector was characterised by lack of equity in access to

essential drugs, with a consequent impact on quality of care. High drug prices, irrational use of drugs, and cost-ineffective procurement practices posed additional challenges.

A number of interventions have been implemented to address these challenges. An essential drug list was compiled for the country by a group of experts for use in public health facilities, to ensure that appropriate medicines are available at the appropriate level of care. South Africa's essential drug list is now used as an international model on the selection and use of medicines at various levels of care⁴³. This introduced levels of rigour in assessment of medicine selection⁴⁴.

In the public sector, the procurement systems have been amended so that government can achieve better prices for ARVs and other medicines, resulting in South Africa now having the lowest prices for these medicines in the world. The reforms to the public sector procurement are now being used as a benchmark for other procurement agents internationally.

In the private healthcare sector a transparent pricing system has been implemented that regulates the price of medicines in the

supply chain from manufacturer through to the patient. This system reduced the cost of medicines in the private sector by over 20 percent with a compound reduction through regulation of the annual price increases.

However, government's efforts to make medicines more affordable and thus more available to the public progress have not gone unchallenged. In February 1998, the South African Pharmaceutical Manufacturers' Association and 40 multinational corporations brought a lawsuit against the government for its passage of the Medicines and Related Substances Control Amendment Act No. 90 of 1997, arguing that it violated the Agreement on Trade-Related Aspects of Intellectual Property Rights. As a result of immense international pressure, the pharmaceutical companies dropped their case in April 2001 and the resultant lowering in pharmaceutical prices had an international impact.

Turning around the HIV and AIDS epidemic

One of the major challenges that confronted the democratic government was the rapid rise in HIV. Women bore a disproportionate brunt of the epidemic. In 1990, less than 1 percent of pregnant women using public sector health services



was infected with HIV. This figure rose to 30 percent by 2004 when the epidemic stabilised. The burden of disease per capita in South Africa increased enormously. This also placed a huge strain on the capacity of the health system to respond adequately. Researchers noted that the main impact of HIV and AIDS on health services appeared to be increased hospital admissions, leading to ward overcrowding and consequent limited access for HIV-negative patients, a general increase in mortality, increase in maternal and child mortality and lowered life expectancy. Since 2009 there has been significant improvement in all these negative features since the launch of a massive HIV counselling, testing and treatment programme.

While government policy regarding HIV and AIDS was ambiguous for some time, significant progress has since been made in accelerating interventions in collaboration with civil society, business and other key stakeholders. In 1992, the National AIDS Coordinating Committee of South Africa (NACOSA) was created, which encompassed a national network of civil-society organisations working in the areas of HIV and AIDS, TB and social development. NACOSA produced a national HIV and AIDS strategy, which focused on preventing HIV transmission, reducing the personal and social impact of HIV infection, and mobilising and unifying provincial,

international and local resources. The strategy was adopted by Cabinet in 1994 and subsequently reviewed in 1997. Under the stewardship of a transformed South African National AIDS Council (SANAC), national strategic plans for HIV and AIDS, sexually transmitted infections (STIs) and tuberculosis (TB) for 2007–2011 and 2012–2017 were produced. SANAC also enhanced the rapport and collaboration between government and civil society. SANAC was restructured in 2007. The transformation encompassed 19 sectors, of which 17 were civil-society formations. The other two sectors were government and the business sector.

In 1990, life expectancy among Africans was 60 years for males and 67 for females⁴⁵. In contrast, life expectancy among white South Africans was 69 years for males and 76 years for females. Between 1994 and 2005, health outcome indicators, including life expectancy, deteriorated as the HIV and AIDS epidemic spread. Due to the comprehensive response to the epidemic and TB, this declining trend was reversed and the average life expectancy of South Africans improved from 51.6 years in 2005 to 59.6 years in 2013⁴⁶. Life expectancy has improved for both males and females.

A special group of senior professional nurses were trained on Nurse Initiated Management of Anti-Retroviral Therapy (NIMART) to help



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DIVIDENDS OF A SUCCESSFUL HIV AND AIDS PROGRAMME

In April 2010, the healthcare sector initiated the HIV Counselling and Testing campaign to mobilise all South Africans to be tested for HIV. The campaign resulted in more than 20.2 million South Africans being tested between April 2010 and June 2012, compared with only 2 million people being tested annually before. This indicates an increase in health-seeking behaviour among South Africans and has facilitated better access to treatment, care and support.

The number of patients receiving antiretroviral therapy (ART) in

South Africa increased from 47 500 in 2004 to 1.79 million in 2011. A total of 1.09 million (61 percent) of people accessing ART in 2011 were women. The most vulnerable population benefitted from the treatment programme. Access to ART in the public sector subsequently grew to over 2.4 million patients by the end of June 2013. The total number of people dying from AIDS each year decreased from 300 000 in 2010 to 270 000 in 2011. Hospital admission rates due to HIV and AIDS-related conditions have decreased significantly. The capacity of the health system to respond to other health needs is improving.

Government's ART Programme is slowing the number of AIDS orphans as parents are living longer to take care of their children. The Prevention of Mother-to-Child Transmission (of HIV) Programme has also been highly successful, with transmission rates decreasing from 8.5 percent in 2008 to 2.7 percent in 2011. In total, more than 100 000 babies were protected from HIV during this period.

The main enabling factors for the key successes achieved are a combination of effective stewardship, improved resource allocation, improved access to health interventions and improved partnerships with key stakeholders.

the country with the massive roll out of ART. Government increased the number of professional nurses trained on NIMART from 250 in 2009 to 23 000 in 2013.

South Africa now has the world's largest programmes for providing ART to eligible people living with HIV, which has served to reduce new HIV infections and mortality from AIDS, thus ensuring child survival and prolonging life. As mentioned earlier, as a result of improved procurement processes, the cost of ART drugs has been halved, ensuring that more people are treated.

South Africa's bold leadership in turning the tide against the HIV and AIDS epidemic, as well as the results achieved and the empirical evidence, is also acknowledged by the Joint United Nations Programme on HIV and AIDS⁴⁷. The great strides observed by UNAIDS include the following:

- A decrease in the total number of people dying from AIDS from 300 000 in 2010 to 270 000 in 2011
- A 50 percent decline in the number of children aged 0–4 years who acquired HIV between 2006 and 2011

- A 50 percent decrease in the number of people acquiring HIV infection, from 700 000 in the 1990s to 350 000 in 2011

- A 25 percent decrease in the annual mortality rate of infants and children younger than five years in the past two years.

Combating tuberculosis

Due to South Africa's huge burden of HIV and AIDS, the incidence and prevalence of TB increased exponentially. A combination of interventions, including household case finding and rapid TB diagnosis using the new GeneXpert technology, were implemented. Teams comprising community health workers and health professionals were set up to visit each household of known TB patients, commencing in health districts with the largest number of known TB patients. Between April 2011 to March 2012 alone, over 100 000 households with known TB patients were visited, and about 160 000 people were screened; 3 000 contacts were diagnosed with TB and 3 200 with HIV infection. Most of these patients would not have been identified through routine processes. Furthermore, South Africa became the first country on the continent to roll out the GeneXpert technology, which

EFFECTIVE PREVENTION OF MOTHER TO CHILD TRANSMISSION (PMTCT) OF HIV

The Medical Research Council (MRC) has conducted systematic studies of mother and baby pairs to periodically monitor the effectiveness of the PMTCT Programme in reducing perinatal transmission of HIV from mothers to infants, measured at 4-8 weeks after infant birth. In 2008, the MRC found the mother to child transmission rate to be on average 8.5 percent, nationally. In 2010, the MRC PMTCT study found that 31.4 percent of babies were exposed to HIV, but the

mother to child transmission rate had decreased substantially to 3.5 percent. In a follow up study in 2011, 32.2 percent of babies were found to have been exposed to HIV, and the transmission rate had decreased further, to 2.67 percent. The MRC study concluded that since 2010, there was an additional 23 percent (95 percent CI 22-28 percent) reduction in mother-to-child transmission following implementation of Option A PMTCT regimens (MTCT 3.5 percent in 2010 versus 2.7 percent in 2011). This achievement implies that a total of 107 000 babies (95 percent CI 105 000-110 000) were saved from the HI virus, assuming that

the perinatal MTCT without SA National PMTCT programme was 30 percent. In 2011, an additional 3 100 babies were saved from infection compared with 2010 results. The 3.5 percent (2.9–4.1 percent) perinatal MTCT in 2010 and 2.7 percent (95 percent CI 2.1–3.2) in 2011 suggested that South Africa is potentially on track to reach the 2015 target of <2 percent perinatal HIV transmission by 2015. Over 100 000 South African babies will reach their first and fifth birthdays, and live beyond. They will receive care and support from parents whose lives have been saved through the massive roll-out of the ART programme.

reduces the time of confirmed TB diagnosis from 5 days to 2 hours. Of the 4.2 million tests conducted since the invention of the GeneXpert test, more than half were done in South Africa. More people have been put on TB treatment sooner after contracting TB. Cure rates improved from 57.7 percent in 2005⁴⁸ to 73.8 percent in 2012⁴⁹, while defaulter rates decreased from 8.5 percent in 2007⁵⁰ to 6.1 percent in 2012⁵¹.

The massive HIV treatment programme linked to a huge TB treatment programme as well as the global explosion of non-communicable diseases led to a strain on the health system that resulted in long waiting times becoming a norm. It is not unusual to find people waiting in health facilities for 8 to 10 hours for treatment. This pressure results in poor staff attitudes, leading to negative experiences for patients in health facilities. To address this problem, the health sector has started to implement a person-centered chronic dispensing programme, which involves delivering medicines at designated pick-up points in the community, as close to chronic patients as possible.

Malaria control

South Africa has made major strides in

reducing malaria morbidity and mortality. The country has achieved the MDG target for malaria and is now on the brink of eliminating malaria. Malaria cases have decreased by 89 percent, evidenced by 6 846 reported cases in the year 2012, compared with 64 622 reported cases in the year 2000⁵².

Improved child health

South Africa has significantly improved its child health and reduced its infant and under-five mortality rates⁵³. In 2005, it was one of only four countries globally with an under-five mortality rate higher than the 1990 baseline for the MDGs. This rate declined by an average annual rate of 10.3 percent between 2006 and 2011 – the fourth-fastest rate of decline globally, with Rwanda being the only country in sub-Saharan Africa to achieve faster progress⁵⁴. This achievement has largely been attributed to the Prevention of Mother-to-Child Transmission (of HIV) Programme^{55,56,57}, improved immunisation rates to protect children against vaccine-preventable diseases like diarrhoea and pneumonia, and vitamin A supplementation, which has decreased vitamin A deficiency. South Africa is one of the few countries that introduced rotavirus and pneumococcus vaccines to reduce the incidence of, and



death due to, diarrhoea and pneumonia amongst children.

Addressing maternal mortality

As a result of the impact of HIV and AIDS, South Africa's maternal mortality ratio (MMR) worsened during the first decade of democracy. MMR increased from 150 per 100 000 in 1998⁵⁸ to 310 per 100 000 in 2008⁵⁹. However, MMR began decreasing steadily in the second decade, as a result of government's interventions, including the massive HIV Counselling and Testing campaign, initiation of ART for all pregnant women living with HIV with a CD4 count of less than 350, and provision of treatment to all other pregnant women living with AIDS at 14 weeks of pregnancy. In 2010, South Africa's population-based MMR was 269 per 100 000⁶⁰ and the facility-based MMR was 146.7 per 100 000⁶¹.

South Africa supports the African Union's declaration that no woman should die while giving life⁶². In 2012, South Africa adopted the AU's Campaign on the Accelerated Reduction of Maternal and Child Mortality in Africa (CARMMA). CARMMA consists of a series of interventions at community and health facility level. In South Africa these have included the provision of dedicated obstetric ambulances to facilitate the swift transfer of

pregnant women experiencing complications, training and continuing supervision of health providers in maternal care, and more effective clinical decision-making.

Addressing non-communicable diseases

In the first decade after 1994, progressive public health policies and legislation, such as the Tobacco Products Control Amendment Act of 2008, were developed, in order to reduce diseases of lifestyle. Legislation on tobacco and public awareness programmes resulted in a decrease in smoking in persons 15 years and older from 33 percent in 1993 to 21 percent in 2010⁶³. Health education in schools, through various media and by health promoters, was increased to encourage healthy lifestyles.

More recently, regulations were introduced to limit trans fats and salt content in processed foods and further tobacco control was introduced in line with the international Framework Convention. Currently, there is a debate in government and society about the costs and benefits of banning the marketing of alcohol. Screening for non-communicable diseases through campaigns and through testing of blood glucose and blood pressure as part of the HIV counselling and testing campaign has been strengthened.

Government is introducing the human papilloma virus (HPV) vaccine in March 2014 to reduce the incidence of cervical cancer. Government collaborates with organisations such as the Heart and Stroke Foundation, Diabetes Association of South Africa, Cancer Association of South Africa and the South African Society of Psychiatrists, amongst others, to improve prevention and to facilitate better services with regard to non-communicable diseases.

Programmes implemented by government, civil society and development partners to address social determinants of health and development are beginning to yield benefits, thus reducing vulnerability to disease. For example, the South African National Health and Nutrition Examination Survey (SANHANES), conducted by the Human Sciences Research Council in 2013, found that vitamin A deficiency among children under five years of age decreased from 63.6 percent in 2005 to 43.6 percent in 2012. Anaemia and iron-deficiency anaemia in children under five years decreased by 63 percent and

83.2 percent respectively, compared with the findings of the National Food Comparison Survey of 2005⁶⁴. SANHANES attributes these significant achievements to the Food Fortification Intervention Programme introduced by government in 2003.

Addressing inequities in health

Although South Africa spends about 8.5 percent of GDP on healthcare, the country has poor health outcomes, compared with other countries with similar, and in certain instances lower, national income and health expenditure per capita. This is attributed to two main factors. The first is the gross inequality where 5 percent of GDP is spent on 16 percent of the population while the remaining 3.5 percent of GDP is spent on 84 percent of the population. The second factor is the high cost of healthcare in the private sector. This mismatch of resources in the public and private health sectors relative to the size of the population each serves, and the inefficiencies in the use of available resources, has contributed to the very poor health status of South Africans. The country has a quadruple burden of disease (high maternal and child mortality, high incidence of HIV and AIDS, and tuberculosis, non-communicable diseases such as heart problems and diabetes, and injury and violence). A new healthcare financing system is thus inevitable.

The NDP envisions a health system that works for everyone, produces positive health outcomes and is accessible to all⁶⁵. However, South Africa remains one of the most unequal societies in terms of access to healthcare. A National Health Insurance (NHI) is an important step towards ensuring universal access to quality healthcare, with a strong focus on primary healthcare. The success of

the insurance hinges on improving the quality of care in the public sector and reducing the spiralling costs of private healthcare. In an effort to understand the cost of private healthcare, a public market enquiry, established by the Competition Commission, commenced recently. The Department of Health is currently piloting the NHI in 11 pilot districts.

Improving quality of care in the public sector

Statistics South Africa's (StatsSA) General Household Survey of 2012 found that users of private healthcare facilities were significantly more satisfied with the services they receive compared to users of public health services⁶⁶. The findings of the National Health Facility Audit commissioned by the National Department of Health in 2011 corroborate the outcomes of the StatsSA survey⁶⁷. Quality problems in the public sector include inefficient administrative and clinical processes, lack of essential equipment, unclean health facilities, poor staff attitudes, long waiting times and patient dissatisfaction. To enhance the quality of healthcare services at all levels, government established the Office of Health Standards Compliance (OHSC), an independent body with legislative powers that will inspect health facilities and give instructions for service improvement.

Since 1994, the management of public hospitals progressively weakened with the switch from medically trained superintendents as hospital managers to hospital chief executive officers (CEOs) who could have any other qualifications. To rectify this, in September 2011, the Health Department gazetted a new policy that determined that a hospital CEO must have qualifications and experience in a health related profession⁶⁸. New CEOs have been appointed on the basis of these new requirements. In

NATIONAL HEALTH INSURANCE

The health sector is spearheading efforts to establish National Health Insurance (NHI), which seeks to redress structural differences in access to healthcare amongst South Africans and ensure universal health coverage. This implies that all South Africans, irrespective of their socio-economic status, must have access to good quality and affordable health services. NHI seeks to eradicate barriers limiting access to healthcare, and ensure financial risk protection from catastrophic health-related expenditures for households and individuals through a prepayment system. The National Treasury is working with the Department of Health to examine the required funding arrangements for NHI. Implementation of NHI will be phased in over a 14-year period.

addition, an Academy for Health Leadership and Management has been established to ensure that hospital CEOs and health service managers in other areas receive the specific required training. A public health enhancement fund has been established with CEOs of 24 private sector companies to assist in this regard.

In most parts of the country, the health sector has weak operational management capacity at subnational levels. This is evidenced by poor financial management reflected in the reports of the Auditor-General of South Africa (AGSA). For the 2012/13 financial year, only three out of the 10 health departments – the national department, North West and the Western Cape – obtained unqualified audit opinions from the AGSA. To address this, the national Department of Health and the National Treasury have provided support to subnational levels to develop and implement financial management improvement plans.

The role of civil society in health

Civil society formations have historically played a key role in the delivery of healthcare services in South Africa, particularly in the provision of primary care services to deprived communities. In the 1980s, a range of organisations and individuals were organised to develop and promote a national primary healthcare (PHC) strategy for South Africa⁶⁹. The National Progressive Primary Health Care Network (NPPHCN) was established, with a broad membership of activists and health professionals, and provided a platform through which policies of the undemocratic government could be effectively challenged and a future national health system could be debated⁷⁰. The NPPHCN remained active post-1994. Between 1995 and 1997, the NPPHCN launched a campaign to raise awareness amongst communities that “Health Rights are Human Rights”⁷¹. The campaign culminated in the development of a Patients’ Charter for South Africa, which was launched by government in 1999. Post-1994, civil society organisations contributed immensely to the discourse on HIV and AIDS. In the first decade of democracy, this often included litigation against the state, when it was believed that the state was not honouring its Constitutional obligations^{72,73}. The role of NGOs and community-based organisations (CBOs) in enhancing the country’s efforts to combat HIV, AIDS and TB, especially

in supporting community-based health programmes, is also well documented. These included providing home and community-based care for people with debilitating illnesses, supervising TB treatment patients as part of directly observed therapy and raising awareness about HIV and AIDS, and promoting treatment literacy^{74,75}.

Towards a future health system

Constitutionally, healthcare delivery is a concurrent function between the national and provincial spheres of government, while local government is responsible for municipal health services. A need exists to enhance policy coordination between the three spheres of government. The NDP contends that one of the key weaknesses of the health system has been the inability to implement a well-functioning District Health System (DHS) as a vehicle for delivering public PHC services⁷⁶. The country has been demarcated into 52 health districts, each with a district manager, but there has been limited delegation of powers by provinces to district and facility healthcare management⁷⁷.

The National Health Act of 2003 also enjoins the government to promote a spirit of cooperation and shared responsibility between public and private healthcare service providers, within the context of national, provincial and district plans. A unified health sector, in collaboration with other government sectors, private sector organisations and civil society, must provide the required impetus for adequately addressing the remaining challenges in the health sector. Going forward, the focus will be on implementing NHI, reducing the costs of private healthcare, providing person centered health services, improving the quality of health facility infrastructure and services, strengthening and expanding PHC services through DHS, improving health information management through appropriate automation, and ensuring adequate and appropriate human resources for health.

3.2.4 Rural transformation

In 1994 rural South Africa was a mix of white commercial farming areas and marginal areas deliberately selected as “homelands” or “Bantustans”, with which most black people were supposed to identify, and to which many black people had been forcibly moved. In commercial farming areas there were relatively well-functioning institutions, but large inequalities existed between farmers and

farmworkers, and there was poor provision of services for farmworkers. Bantustans were generally characterised by dense semi-urban settlement patterns, communal land tenure, poor services, marginal economies and weak institutions. Apart from commercial farmers and professionals in rural towns, rural people were poor and marginalised.

In 1994, 60 percent of the South African population called rural areas home, with some 17 million people living mainly in the areas of the former homelands, which had only just been incorporated into the new South Africa. Some 70 percent of the rural population was poor, compared with 40.5 percent of the urban population, and 75 percent of poor people lived in rural areas⁷⁸. (Urban and rural areas were not completely separate, with seasonal migration and many people in urban areas having binding ties with the rural areas.) Since 1994, restricted economic and social development in rural areas has resulted in many rural people migrating to urban areas in search of better economic opportunities. Between 1995 and 2008, the population of the former homelands grew by only 9 percent, while the population in metropolitan areas grew by nearly 40 percent, secondary cities by 24 percent and commercial farming areas by 15 percent. By 2012, the percentage of the population living in rural areas had declined to below 50 percent⁷⁹.

Since 1994, the main challenge for rural development has been addressing the marginalisation of the poor, with many rural areas and households trapped in a vicious cycle of poverty. The government committed itself to ensuring that the country develops sustainable rural communities by focusing on land reform, agrarian reform, improving rural household food security and rural services, improving access to education and creating employment in rural areas, skills development, youth development, cooperative and small enterprises development, and improving planning and coordination capacity for rural development across government. The government also introduced legislation to protect farmworkers from unfair evictions.

3.2.4.1 Land and agrarian reform

Colonialism and the implementation of apartheid policies, especially the Natives Land Act of 1913, resulted in large-scale, racially based disposessions of land ownership rights, which in turn resulted in

a highly inequitable distribution of land ownership. In 1994, most agricultural land was owned by whites (83 percent) and only 17 percent of the land was available for black people in the former homelands. There was a dualistic agricultural system, with environmentally degraded arable land in the former homelands, and a flourishing white commercial sector in the highest-potential agricultural land.

Government policy for agrarian transformation involved ensuring more equitable access to land, water, economic institutions, finance and infrastructure for landless people, farmworkers and smallholder farmers, as well as raising productivity and diversifying rural economies and rural employment. Smallholders would be strengthened and their numbers increased, and rural households would produce their own food.

Section 25 (5) of the Constitution enjoins the state to “take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis”. To address the legacy of large-scale dispossession of land, land reform became an important component of delivery for the state. Land reform would be addressed through land restitution (giving people back the land they had been moved from, or compensating them), land redistribution (providing redress through giving people land) and tenure reform.

Government enacted the Restitution of Land Rights Act of 1994, which provided that a person, a deceased estate, a descendant or a community that had been dispossessed of land rights as a result of past racially discriminatory laws or practices after 19 June 1913 was entitled to lodge a claim for the restitution of such right by no later than 31 December 1998. About 80 000 claims for restitution were lodged before the cut-off date. A Restitution of Land Rights Amendment Bill is currently before Parliament, to extend the date for the lodging of claims for restitution to 31 December 2018.

In 1994 government introduced the Land Redistribution Programme to enable individuals and groups to obtain a grant for the purchase of land from a willing seller, to be used for both residential and agricultural production purposes. In 2001 the Land Redistribution for Agricultural Development (LRAD) Grant was introduced to establish and



promote emerging farmers. The slow pace of land reform, as highlighted at the 2005 Land Summit, led to the introduction of the Proactive Land Acquisition Strategy (PLAS), meant to accelerate the pace of land reform. The use of grants for land acquisition was discontinued after consultations with land reform beneficiaries in 2009. Consequently, the focus shifted to the acquisition of strategically located land through PLAS. Such land was leased rather than transferred to land-reform beneficiaries.

Government committed itself to transfer 30 percent of the 82 million hectares of agricultural land owned by whites in 1994 to blacks by 2014, a total of 24.5 million hectares, through both land restitution and land redistribution. In practice, since 1994 through both land restitution and redistribution, government has redistributed 9.4 million hectares⁸⁰, benefiting almost a quarter of a million people, mostly through cash transfers.

Government has recently completed a national audit of land ownership, occupant/user rights to the land, and current usage. This information will assist government to identify further land for land reform purposes.

Despite this progress, land reform has not yet realised its potential to stimulate economic growth and employment, especially in the agricultural sector. Only 24 percent of black households are involved in agricultural activities⁸¹. Very few commercial farms are owned by black people. A large number of land-reform beneficiaries are not using the land productively, partly due to inadequate infrastructure, inputs and technical support after they were settled. In 2010 a Recapitalisation and Development Programme (RECAP) was introduced to provide increased support to land reform beneficiaries to enable them to utilise their acquired land as well as to address infrastructure backlogs on the acquired farms.

One of the problems related to under-utilisation of acquired land has been the resale of land by beneficiaries. The recent Green Paper on Land Reform proposes measures to address this by limiting the resale rights of land reform beneficiaries.

In 2004, a Comprehensive Agricultural Support Programme aimed at improving productivity of smallholders was introduced. This programme has had limited success, in part due to a lack of involvement of established commercial farmers in developing emerging commercial farmers. Lack of transformation in the commercial agriculture sector, compounded by “crowding out” of smallholders, has resulted in black smallholders having limited access to agricultural markets (retailers) and trade opportunities. Addressing the issues of under-utilisation of redistributed or restituted land and developing more black smallholders and black commercial farmers will take time and increased coordination between the various departments and programmes working towards these goals. An agricultural policy action plan has recently been developed with the aim of providing more coordinated support to black farmers.

Government introduced the Communal Land Rights Bill in 2002, which subsequently translated into the Communal Land Rights Act (CLARA) of 2004. This Act seeks to give land-owning communities land tenure rights, which are protected by law. It also seeks to give communal land ownership to communities who have received land from the state and provide for suitable redress to persons whose tenure of land is insecure due to past discriminatory laws or practices. Progress in implementing the Act stagnated following constitutional challenges, and remains under development.

Employment in agriculture declined from 1.1 million in 1992 to 706 000 in 2013. Reasons vary, including vulnerability of the sector to global market fluctuations, a shrinking commercial farming sector and the consolidation of small farm units into larger farms and mechanisation.

An enabling environment has been created for women to access, own, control, use and manage land, as well as to access credit. This led to an increase in female-headed households benefiting from land reform, from 1.2 percent of beneficiaries in 1994 to 13.3

percent of beneficiaries by 2007. The debate between constitutional and cultural rights has not yet been resolved with regard to women accessing communal land in rural areas. While the Constitution guarantees equal recognition of the right to cultural practices, women continue to be denied their constitutional right to access land due to male dominance in traditional and cultural practices.



3.2.4.2 Food security

A report published in 2013 by the Food and Agriculture Organisation of the United Nations assessing the state of food insecurity in the world established South Africa is one of only three African countries that are food secure⁸². The country is earmarked for recognition by the UN as one of two African countries that have performed well on the MDGs as measured by the total population that is undernourished. Further, South Africa has joined other African heads of State at the January 2014 Summit in a breakthrough commitment to eliminate hunger on the continent by 2025. The new 2025 African Union target aligns South Africa and the continent with the Zero Hunger Challenge launched by UN Secretary-General Ban Ki-Moon in 2012⁸³.

Despite these achievements, the Statistics South Africa general household survey indicates that between 10 percent and 15 percent of households were still vulnerable to hunger in 2011. It also indicates that 22.7 percent of the population, or 13.8 million people, has insufficient access to food and many households (21 percent) continue to experience difficulty in accessing food, particularly in rural areas⁸⁴. The underlying causes of these challenges



include a declining trend in subsistence food production, the cost of food relative to the incomes of the poor, and poor dietary habits leading to malnutrition. Government's social assistance grant programmes, its initiatives to develop smallholders, and nutrition education programmes are all aimed at addressing these causes.

3.2.4.3 Services in rural areas

The proportion of adults with no schooling halved from 34 percent in 2001 to 17 percent in 2011 in commercial farming and former homeland areas⁸⁵. The Kha Ri Gude adult education programme described in the basic education section has made basic education accessible to adults in rural areas.

While access to water, sanitation and electricity in rural areas has improved greatly since 1994, addressing the backlogs in the provision of these services is still work in progress, and there are still some rural communities without access.

Underperformance by many rural municipalities is indicative, in part, of the massive infrastructure backlogs inherited from

apartheid. As discussed in Chapter 2, the relatively poor service delivery also points to limitations in rural local government regarding governance, staffing and resources, particularly in former homeland areas. In some instances, rural municipalities are unable to effectively invest in infrastructure or to maintain it.

A new initiative in 2009 was the creation of a Department of Rural Development and Land Reform (DRDLR) as a rural champion, which has introduced several rural development initiatives, including the Comprehensive Rural Development Programme (CRDP). The 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. The programme is being implemented as a pilot. By 2013 it had covered 95 of a targeted 160

wards across the country. The National Rural Youth Service Corps (NARYSEC) was also introduced by the department in 2010, and is making a contribution to youth employment and skills development in rural areas.

Rolling out the CRDP programme to all rural areas would be prohibitively expensive and result in the duplication of services already offered by other government departments and municipalities. Going forward, the DRDLR will need to increasingly focus on coordinating and facilitating economic development in the poorer rural municipalities.

3.2.5 Urban development

South Africa reached the urban tipping point in the early 1990s, when just over 50 percent of the population resided in urban areas. Since then there has been a steady pace towards greater urbanisation and today 63 percent of South Africans live in urban areas. The NDP estimates that by 2030 the urban population will grow by an additional 7.8 million people. Higher levels of urbanisation generate greater opportunities for growth, poverty reduction and environmental sustainability. Moreover, cities have the potential to be economically dynamic through the spatial concentration of productive activity, entrepreneurs, workers, consumers and

support institutions such as universities, and financial and business services. It is also cheaper to provide municipal and other social services to highly concentrated populations than to more geographically dispersed populations.

As experienced by many developing countries, high rates of urbanisation result in a huge increase in demand for housing, services, employment opportunities and infrastructure. South African cities are struggling to keep up with the demand for housing and social and economic infrastructure for a growing population of poor households, many of which are in informal settlements. South Africa's cities and large towns account for 80 percent of South Africa's gross value add (GVA), but booming wealthy areas are juxtaposed with concentrations of high levels of poverty (such as Alexandra and Diepsloot near Sandton). Rapid urbanisation is also leading to increasing pollution and waste generation, which poses risks to the environmental sustainability of urban settlements.

While it is acknowledged that urban and rural areas are dynamically interlinked, there is an urgent need to develop a national approach to the challenges of urban growth. It is for this reason that the NDP requires government to put in place an urban development strategy to make urban spaces liveable, equitable, sustainable, resilient and efficient as well as to support economic growth and social cohesion. Key in this regard is a systematic response to entrenched apartheid spatial patterns that continue to exacerbate social inequality and economic inefficiency.

3.2.6 Inner city regeneration

Urban spaces are constantly subjected to the ebb and flow of growth and decay. These patterns have tended to leave a dilapidated urban core in cities and towns across the world. In South Africa, the advent of democracy saw a more concentrated timeframe in which the transformed urban constituency translated into "white flight" from inner cities, and many businesses moved out to suburban locations as a result of urban changes, perceptions, uncertainties and dynamics.

For a long time inner city spaces fell to neglect, characterised by decay and uninviting spaces. However, over the past 10 years significant public and private investments have gone into inner-city areas to revitalise them and turn them into quality

EXAMPLES OF INNER CITY REGENERATION

From grey and uninviting, Joburg's inner city is being turned into a vibrant and attractive area through various Johannesburg Development Agency (JDA) initiatives. JDA projects to create safe and inner city public areas and to induce greater investment has resulted in a major overhaul of the public environment in areas such as the Hillbrow, Berea and Yeoville flatlands.

Launched with a view to developing, promoting and managing Cape Town's city centre, the Central City Improvement District (CCID) has begun to yield significant international and public interest in Cape Town's inner city tourism offerings, from designer retail hubs to world-class nightlife. The CCID is helping to keep the city safe, secure and clean and many historic precincts such as the St George's Mall have undergone significant regeneration.

Since the 1990's the eThekweni Metro has responded to the need for urban renewal with iTrump (Inner City Thekwini Regeneration and Urban Management Programme). The goal has been to improve conditions, placing strategic value on inner city areas such as the Brook Street Central Market and restoration of Warwick Junction.

spaces for cultural, business and residential purposes. The physical, social and economic environment of previously neglected inner city areas are being revitalised through precinct-based approaches in cities such as Johannesburg, Durban and Port Elizabeth, and partnership-based approaches in Cape Town and Johannesburg. These approaches have included introducing pedestrian-only zones, improving traffic flow, upgrading urban infrastructure, improving public buildings, improving public transport, improving safety, creating market places, creating cultural precincts, and neighbourhood-based residential and economic clusters.

The decade to come will require further innovation, replication and building on the current success regarding inclusive regeneration strategies. Leadership by local government with respect to structured planning and the removal of obstacles and red tape to investment, building inclusive partnerships with community organisations and the private sector, and an urban management model that is capable of managing and maintaining improved city spaces and not just flagship projects are key to sustaining inner city regeneration. Care will also need to be taken to avoid some of the unintended consequences of inner city regeneration, including the gentrification effect seen in other international cities, which results in the displacement of the poor towards the periphery, and informal trader evictions.

3.2.7 Sustainable human settlements

3.2.7.1 Housing and human settlements

Since 1994, the democratic government has delivered approximately 3.7 million subsidised housing opportunities for the very poor, giving a home to approximately 12.5 million people (close to a quarter of the population)⁸⁷. Fifty-six percent of all subsidies allocated have been to woman-headed households, engendering housing in South Africa like in no other country⁸⁸. A home is an asset that offers an entry point to social, commercial and work opportunities, thus offering a sense of being a full citizen. South Africa has now reached a point where, for the first time, blacks now outnumber whites for home purchases in suburban areas⁸⁹. This is an indication of progress in terms of the racial integration of our cities

KEY HOUSING ACHIEVEMENTS

- Over the past 20 years, about 2.8 million completed houses and units, and just over 876 774 serviced sites, were delivered, allowing approximately 12.5 million people access to accommodation and a fixed asset.
- About 56 percent of all subsidies were allocated to woman-headed households.
- The post-1994 Government Housing Programme constitutes about 24 percent of the total formal housing stock in the country, and was recognised by the United Nations Human Settlements Programme (UN-Habitat) with an award in 2003.
- About 353 666 rental units of the previous government were transferred into ownership of tenants.
- There have been three major iconistic restitution projects of communities that were forcibly removed from the inner city (District Six, Cato Manor, Lady Selbourne) that have been reintegrated with new housing into the metropolitan centres.
- Since 1994, the national Department of Human Settlements has spent R125 billion (at 2010 prices) on housing and human settlement development, while R16 billion has been spent by other government agencies on other infrastructure projects for redeveloping human settlements.
- The capital investment by the state has created 1.29 million direct, indirect and induced person-year jobs, and the operational investment has created a further 10 800 jobs.
- The growth of the average price of houses in the market, including for the affordable or gap market, has been fivefold over the 20 years.
- More than 10 739 communities in 968 towns and cities across the country benefitted from the Government Housing Programme, indicating the extent of the interface between communities and government, and each of the 3.7 million households.

Source: National Department of Human Settlements, 2014

and towns, as well as in terms of the growth of the black middle class.

Progressive public investment in housing for the very poor has facilitated a wave of investment in housing by beneficiaries, other households and the private and not-for-profit sectors, dramatically improving the quality of the human settlements in which we live. Together, government and the private sector have delivered 5 677 614 formal houses, increasing the number of people living in formal housing from 64 percent in 1996 to 77.7 percent in 2011, representing a growth of 50 percent for the period⁹⁰. The formal housing market has increased 13-fold from R321 billion in 1994, reaching a collective value of about R4.036 trillion by 2014⁹¹.

Housing policies⁹² over the past 20 years have developed in three interrelated ways:

- The singular focus on housing to meet shelter and ownership deficits has broadened to consider housing from a more sustainable human settlement approach⁹³.
- The narrow, simplistic one-size-fits-all public housing focus (the RDP prototype house) has become more flexible and pragmatic, and thus more capable of engaging with the complexity of integrating settlements. Seventeen new subsidy programmes have been instituted, allowing citizens to actively engage with a range of different programme activities to improve their living conditions. These programmes include subsidies to upgrade informal settlements, subsidies for people who want to build for themselves (including through the People's Housing Process Programme), subsidies for improving the integration of settlements, subsidies for rural housing, and support for rental and social housing.
- This diverse way of providing housing opportunities has offered new ways in which people can negotiate their housing needs, thus reinforcing the social contract in the Constitution regarding rights to housing. This has given households more choices in building wealth through housing assets and lifting themselves out of poverty.

As illustrated in the box, achievements in housing since 1994 have been significant. The estimated value of the state-subsidised housing market is about R300 billion⁹⁴. This represents a threefold increase in the value of investments by the state since 1994, as a result of increasing property values. It also represents a sizeable asset value enhancement for about 3.7 million households in the subsidy category and a growth in the gap or affordable market of some 13 times its value since 1994⁹⁵.

The introduction of the Home Loan and Mortgage Disclosure Act in 2000 and the Community Reinvestment Bill in 2002 motivated banks to originate R53.1 billion in housing finance loans through the Financial Services Charter between 2004 and 2008, benefiting 985 000 families. A further R42.9 billion in housing finance loans has been originated by banks since 2009, providing finance to an additional 1.054 million beneficiaries⁹⁶. While this did not necessarily

THE TRANSFORMATION OF SOWETO

There were mass removals of Africans from Johannesburg to Soweto between 1955 and 1958. Its high levels of socio-economic deprivation and dusty gravel, unlit streets became famed as the student battlegrounds for justice and freedom in 1976 and 1985 State of Emergency. Since 1994, the City of Johannesburg has invested substantial resources into developing Soweto and reintegrating it into the city:

- All 314 km of the gravel roads were tarred. All other roads in the 27 townships that make up Greater Soweto were resurfaced, kerbed, pedestrianised, linked to a new cycleway, provided with street lights, and integrated into a comprehensive storm-water management system by 2005.
- All outstanding water, electricity and sanitation service connections to thousands of houses built but previously excluded by apartheid policies were completed over the last 20 years.
- The Greening of Soweto project saw more than 200 000 new trees planted. Nelson Mandela planted the 90 990th tree in 2008 on his 90th birthday. This project also built six new eco-parks. This greening project has received two separate gold awards, one in 2008 and again in 2010 at the United Nations Liveable Community Awards.
- More than 100 000 houses were built or refurbished in Soweto over the 20 years.
- The Rea Vaya rapid bus transport system provides a loop through Soweto linking with the Johannesburg CBD, with some 34 stops.
- A tourism spine has been developed, reflecting the struggles of the local community against apartheid. The spine links the Vilikazi Street precinct, which highlights the house museums of Soweto's two Nobel Peace Prize winners, Nelson Mandela and Bishop Tutu, and the Hector Pieterse Memorial and Museum and the 12km June 16th Route, the Regina Mundi Parish Church – the gathering point for protest meetings and refuge from the apartheid brutalities – and loops back to Kliptown as the founding locality of the Freedom Charter. This spine attraction has already attracted over 1 million tourists.
- Retail space has grown almost fourfold from less than 60 000 square metres to 220 000 over the past 20 years. Five new major shopping malls with major retail anchor tenants have been established.
- Soweto's residential property market is now booming, with the highest average prices in the affordable housing market segment country wide.

build new stock, it increased the value of existing stock.

The Social Housing Programme has also delivered about 50 000 well-located and well-managed new housing units to low- and moderate-income households, incentivising growth in the surrounding neighbourhood⁹⁷.



Some social housing units tend to have up to four families move through their units over a 10-year period⁹⁸, offering a wider set of accommodation options in well-located areas, potentially having provided well-located, affordable accommodation to more than 300 000 people.

Although there was a rapid growth in the number of informal settlements in the first 10 years after 1994, the number has remained stable over the last 10 years, accommodating some 1.2 million shacks. Increasingly, more households are finding rental accommodation in backyard shacks (713 000) in historical townships and in the government subsidy developments of the past 20 years. This demonstrates the benefits of the subsidy programme in extending affordable and secure accommodation to extended families⁹⁹.

State finance institutions have made significant inroads into the affordable or gap market (that gap in the market that exists below where the private financial market tends to operate, and just above where the subsidy programme can deliver), appointing some 54 financial intermediaries. Just one such agency, the Trust for Urban Housing Finance (a National Housing Finance Corporation subsidiary), has provided financing to 171 entrepreneurs or small-scale landlords, including 34 women, refurbishing just over 18 000 affordable rental units in well-located inner city locations. A new subsidy, the Finance Linked Individual Subsidy

Programme (FLISP), has been introduced for the gap market, to address housing delivery challenges in this market, thereby ensuring a more integrated property market.

South Africa's land and housing market has effectively excluded the country's poorest citizens due to high land and property costs, and the inability of many poor people to access affordable credit. This means that many of the state's urban settlement interventions and other affordable housing projects remain on the peripheries of cities. Whilst great strides have been made in recrafting policy towards getting better functioning, more integrated human settlements, government needs to further increase its efforts to work with other stakeholders to overcome existing spatial patterns that continue to divide society. This includes incentivising the private sector to service more of those lower down in the market in better-located areas.

Improving human settlements will require a review of the subsidy regime, with greater consideration of how the subsidy instruments could be designed to achieve better-located settlements and fairness in access to the housing market for poorer people. The current inequitable distribution of the unprecedented growth in the value of properties in the last 20 years, coupled with the inherited distortions of the market and limits on affordability of credit, reduce the opportunities for the poor to increase their wealth through transacting in the property market.

Planning, housing, human settlement development and public transport need to be better integrated to ensure greater urban efficiency and vibrancy. This, in turn, will result in improved property markets, more investment in housing and improved municipal revenues. Finally, state capability needs to be increased to support the co-development of housing and settlement-making between citizens, community organisations, cooperatives, the private construction sector and banks.

3.2.7.2 Basic services

South Africa has made significant progress in rolling out basic service delivery, especially for communities deliberately excluded by apartheid. As described in this section, remarkable achievements have been made in increasing access to water, sanitation and electricity infrastructure, as well as refuse removal services over the past 20 years. However, as discussed in Chapter 2, a challenge that has emerged is that there has been a decline in functionality of municipal infrastructure due to poor operation and maintenance in some municipalities. This means, for example, that while people might have access to a tap, there might be no water coming out of the tap.

While there have been marked improvements in the percentages of households with access to electricity, water and sanitation, there are still some households without access, particularly in remote rural areas and informal

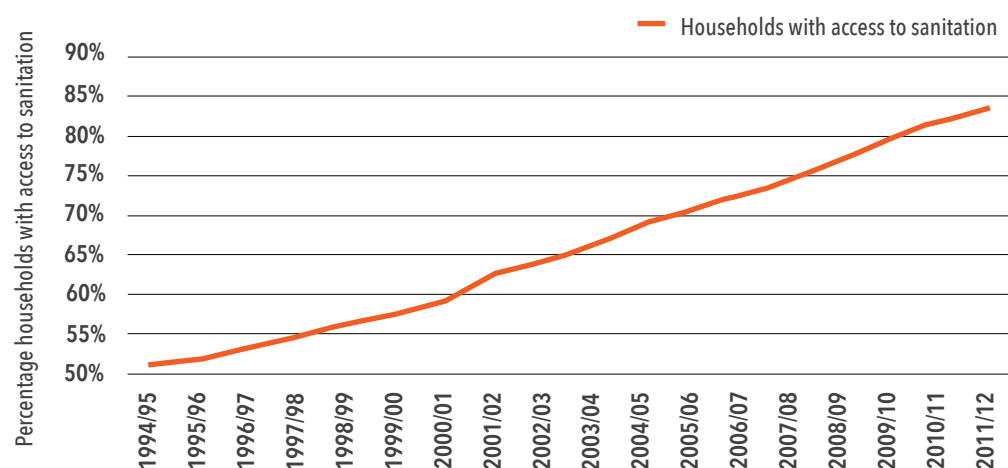
urban settlements. Challenges in achieving 100 percent access include rapid rural-urban migration, the density of informal settlements and difficulties in installing bulk infrastructure in remote rural areas.

Sanitation

As illustrated in Figure 3.4, there has been a significant improvement in access to sanitation over the past 20 years. Access to a basic level of sanitation (at least a ventilated improved pit latrine) increased from just over 50 percent of households in 1994/95 to 83 percent of households in 2011/12. South Africa achieved the MDG of halving the proportion of the population without basic sanitation well before the target of 2015. Although much progress has been made in improving sanitation services to households, many households still do not have access to basic sanitation in rural areas.

As illustrated in Figure 3.5, there has also been a remarkable improvement in access to water over the past 20 years. Access to a basic level of water (one stand pipe within 200 metres) increased from just over 60 percent of households in 1994/95 to over 95 percent of households in 2011/12. South Africa achieved the MDG of halving the proportion of the population without access to a basic level of water in 2008, again before the target of 2015. Access to water is continuing to increase, but at a slower rate due to the complexities mentioned earlier.

Figure 3.4: Access to sanitation, 1994/95–2011/12



Sources: Statistics South Africa: Population Censuses and Department of Water Affairs

Refuse removal

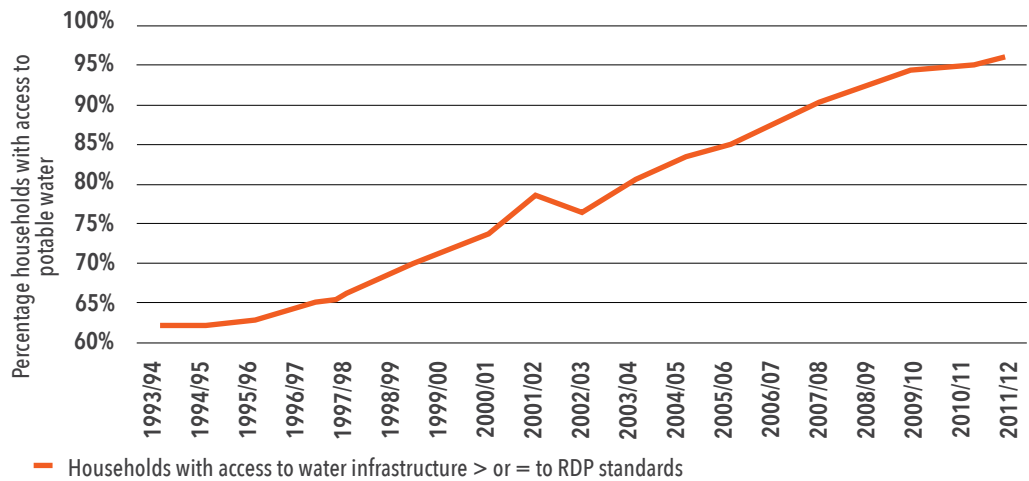
The basis of measuring access to refuse removal services changed in 2009. Access to a basic level of refuse removal, as defined in the Waste Classification and Management Regulations of 2012, increased from 55 percent of households in 2009 to 72 percent in 2013¹⁰⁰. A challenge for increasing access to refuse removal services is the availability of sufficient licensed landfill sites. In this regard, the Department of Environmental Affairs has recently started to assist municipalities with the process of

licensing, and the backlog of unlicensed landfill sites is being reduced.

Electricity

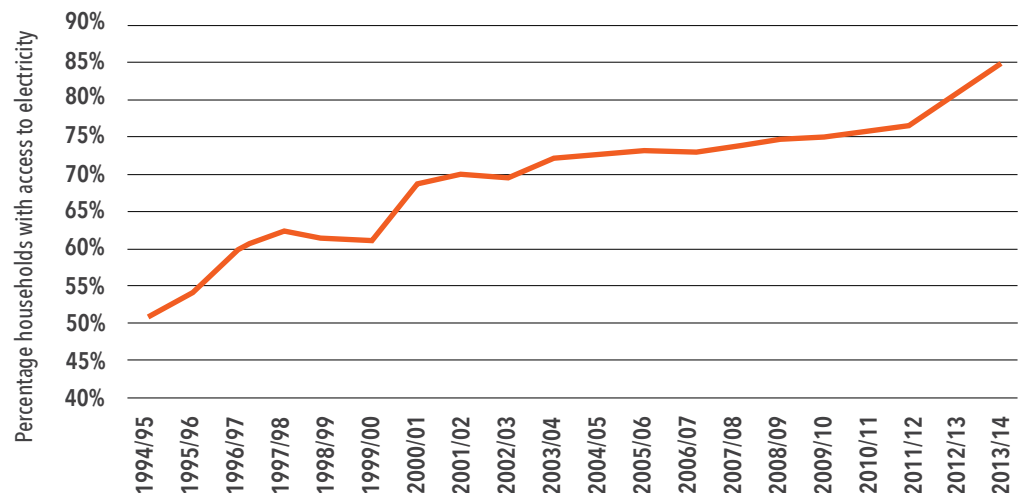
As illustrated in Figure 3.6, there has also been a marked improvement in the percentage of households with access to electricity over the past 20 years. It increased from just over 50 percent in 1994/95 to 86 percent in 2013/14. Recent progress in increasing access to electricity is as a result of both grid connections and increased use of non-grid technology in rural areas.

Figure 3.5: Access to potable water, 1993/94–2011/12



Sources: Statistics South Africa: Population Censuses and Department of Water Affairs

Figure 3.6: Access to electricity, 1994/95–2013/14



Sources: Statistics South Africa: Population Censuses and Department of Energy

3.2.8 Women and gender equality

Colonialism and cultural and religious practices promoted patriarchy and the oppression of women. Apartheid further entrenched discrimination based on gender and introduced policies and laws that oppressed women.

Black women experienced triple oppression, especially those married under customary law, who were regarded as minors by the Black Administration Act of 1927 and were placed under the tutelage of their husbands. Consequently, these women were denied contractual rights, direct property ownership and inheritance from their husbands and other family members. They also had no right to custody of their children¹⁰¹.

Women had few legal rights, little access to education and no right to own property. Many African women were confined to being domestic workers in mainly white suburbs, leaving families and children in townships and far away rural areas. Rural women mainly worked as agricultural farm workers or subsistence household gardeners. Against this backdrop, the democratic state prioritised women's empowerment and the achievement of gender equality. The Constitution guarantees equal rights to women and men and requires the state and all persons to uphold the values of equality and to remedy the legacy of discrimination against women.

South Africa ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and other international instruments on gender equality. This led to a review of all legislation, policies and programmes impacting on women.

Since 1994, remarkable progress has been made in raising the voice of women through the creation of participatory spaces and structures. The building of institutional machinery to promote gender equality began with the establishment of the Office on the Status of Women (OSW) in 1997. In that year Parliament also passed legislation to establish the Commission on Gender Equality (CGE), with a mandate to monitor, evaluate, research, investigate complaints and conduct public awareness and education on women's rights and gender equality. In 2009, a Ministry of Women, Children and People with



Disabilities was created to strengthen the country's response to the needs of the said groups, monitor progress and ensure the mainstreaming of critical considerations into all government programmes.

While less than 2 percent of members of Parliament were women before 1994, the proportion of women in the legislature and executive has increased markedly, as described in the Governance and Administration chapter. Before 1994, women were mainly confined to magistrate positions in the judiciary. No black woman held a judge position. Since 1994 there have been increasing numbers of women judges in the judiciary, with two women occupying seats at the Constitutional Court. However, in the private sector, the country remains challenged by the relatively low representation of women in corporate boards and as Chairs and CEOs.

South African women have been appointed in leadership positions in the African Union Commission, the United Nations and elsewhere. Progressive policy development and the creation of the National Gender Machinery constitute significant achievements for the country and have raised the ranking of South Africa in various international comparisons related to gender.

Women are benefitting from increased access to basic services at the household level, which is also resulting in positive outcomes for children and families. Before 1994,

women were not allowed to legally buy or own a home and land. The amended Divorce Act protects women's property rights in cases of divorce and the amended Customary Marriage Act (2000) recognises customary marriages in favour of women, especially with regards to inheritance. Women are now also able to obtain a mortgage.

The Employment Equity Act of 1998 has facilitated access to formal employment for women, where employers are legally required to work towards more equitable representation based on gender, race and disability. Specific policies on maternity benefits and protection in the workplace have assisted women of child-bearing age to retain their jobs while supporting their reproductive roles. However, as noted earlier, continued variations in earnings between men and women and limited access to care and support services, especially for poor children, limits the time and opportunity for women to meaningfully participate in the economy. Notwithstanding the progress described above, access to opportunity is still generally influenced by gender.

The National Crime Prevention Strategy of 1996 elevated violence against women and children as a national priority. The Sexual Offences and Community Affairs (SOCA) Unit was established in 1999 to facilitate the prosecution of sexual crimes. The 16 Days of Activism Campaign for no violence against women and children has mobilised communities and raised awareness. Despite these efforts, the recent spate of violent crime and rape of women and young girls suggests that much more still needs to be done to change attitudes and eradicate violence against women and children. The newly formed National Council Against Gender-Based Violence (NCAGBV) has been mandated to provide high-level strategic guidance and coherence of strategies across sectors to address the high levels of gender-based violence and integrate, strengthen and mobilise structures of society for the reduction of gender-based violence through the implementation of coherent strategies.

South Africa's progress with regard to gender equality is evident both in international and regional indices. On the Social Institutions and Gender Index of the OECD, South Africa ranked fourth out of the 87 countries in the 2012 index and was the top ranked country in

Africa. On the SADC Gender and Development Index, South Africa ranked second in 2012, with a score only slightly lower than that of the top performer, Seychelles. On the World Economic Forum Gender Gap Index, South Africa has consistently remained in the upper levels, reaching sixth position in 2011.

3.2.9 Youth

Among the priorities of the new democratic state was the development of a policy and legislative framework and the establishment of institutions that would facilitate youth development. From the outset, a developmental approach to youth empowerment was adopted, making the youth agents of their own advancement and not just passive recipients of government services. Youth development issues found expression in the RDP, which emphasised education and social development to fundamentally address the dire social conditions that impacted on youth development during apartheid.

Government established the National Youth Commission (NYC) in 1996 and the Umsobomvu Youth Fund (UYF) in 2001. Key mandates of these institutions included the mainstreaming of cross-cutting youth development issues across the different sectors and spheres of government, rather than confining this work in one Ministry or Department. The UYF focused on skills development, job creation and small business development for young people. The South African Youth Council (SAYC), a civil society of youth organisations, enables lobbying for youth interests and representation of youth in strategic structures like NEDLAC



and the National Skills Authority. The Youth Commission and Youth Fund were merged into the National Youth Development Agency (NYDA) in 2009. Government has been working on improving the effectiveness and impact of these youth structures.

With regard to school learners, key challenges that have emerged include high levels of teenage pregnancy, and a high dropout rate among the 14–17 year age group. This has a tremendous impact on the life opportunities of young people and their ability to participate meaningfully in the economy either through employment or self-employment.

Young people account for almost two thirds of the unemployed, thus bearing the brunt of unemployment. The NYDA places the figure of young people who are neither in an educational institution nor in employment at about 2.8 million. These young people remain on the margins of society and are vulnerable to social risks such as violence, crime and substance abuse. Social risks such as substance abuse have the potential to affect gains made in HIV prevention among young people. Recent surveys¹⁰² also suggest that disaffected young people are disengaged from conventional forms of political participation such as voting or communication with elected officials and are more likely to engage in service delivery protests and political violence.

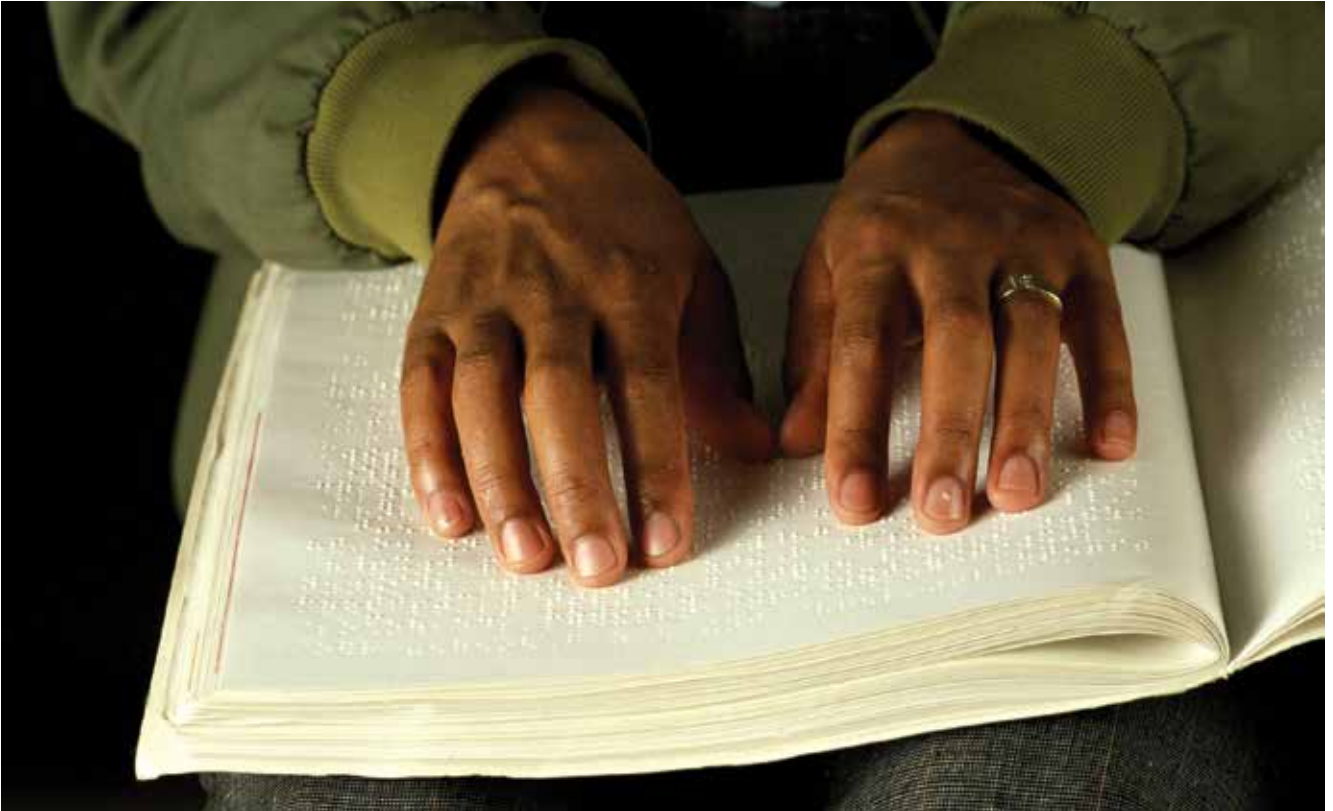
A range of initiatives have been introduced to address the challenge of youth unemployment, including increasing opportunities for formal education and training; learnerships and internships for youth; employment services to improve job search and job matching; and second-chance programmes to strengthen the employment prospects for unemployed, low-educated youth and to motivate their re-entry into education. Second chance programmes target early school leavers (those that have dropped out of secondary school) and young adults who have not gone on to further education or vocational training programmes. There has also been a focus on encouraging entrepreneurial activity among the youth by the Small Enterprise Financing Agency, the Small Enterprise Development Agency and the National Youth Development Agency. A youth employment tax incentive has also been introduced recently through an act of Parliament.

3.2.10 People with disabilities

The democratic state inherited a society with widespread ignorance and prejudice towards people with disabilities, resulting in them facing further discrimination, abuse, segregation, exclusion and deprivation and limiting the realisation of their full civil, political, economic, social, and cultural and development rights and potential. People with disabilities faced numerous barriers to accessing basic services, with facilities such as schools and employment facilities separating children and adults with disabilities from their peers. The interrelatedness of disability and poverty is outlined in the NDP and the point is made that disability and poverty operate in a vicious circle. Impoverished families, for example, find it difficult or impossible to ensure adequate education and healthcare for children and adults with disabilities.



During the pre-1994 negotiation process, it was agreed that self-representation – the right of disabled people to speak for themselves in all matters affecting their lives, and mainstreaming disability across government machinery – were non-negotiable. The Constitution advocated for an environment conducive to full and equal participation of people with disabilities in society and equal access to opportunities, accessibility and protection. The inclusion of non-discrimination on the basis of disability in the Constitution thus opened a new path to improve the lives of people with disabilities. Working with organisations of people with disabilities, the democratic state has since taken major steps to ensure that people



with disabilities are not subjected to the discrimination, inequities and exclusion of the past and that their rights to self-representation and equal opportunities are realised.

The Office on the Status of People with Disabilities was established in 1996, mainly to influence policy development. The Integrated National Disability Strategy represented a historical milestone to promote the rights of people with disabilities by guiding the formulation of sector-wide policies and programmes. A basket of services ranging from free healthcare, social assistance and inclusive education, targeting both adults and children with disabilities, opened up access to opportunities. Access to special schools for children with disabilities has improved, with the number of public special schools increasing from 375 to 423 from 2002–2011. However, there is still a large percentage of children with disabilities not accessing formal education, either through special schools or mainstream education.

In the workplace, employment equity and protection of workers from an unsafe work environment that could lead to illness and disability is ensured through

effective legislation. Access to learnership programmes targeting youth with disabilities has promoted skills development and further raised awareness of disability.

While major strides have been made to include people with disabilities in the mainstream, much still remains to be done to address persistent discriminatory attitudes, inaccessible public transport systems, barriers in the built environment that may prevent people with disabilities from accessing services, lack of access to communication and information as well as poor enforcement of key legislation impacting on disability. To address these challenges, the NDP includes plans to increase access to services, particularly quality education, and employment for people with disabilities.

3.2.11 Vulnerable groups

Recognising that the apartheid legacy would weigh heavily on sectors of society that were most vulnerable and least well-placed to benefit from democracy¹⁰³, the democratic state has prioritised the building of an equitable society, with a particular focus on those historically excluded from participating in the mainstream of society.

There is still a significant proportion of the population that is poor and unemployed. The Municipal Indigent Policy, approved in 2005, provides the indigent with free basic water, sanitation, electricity and refuse removal. Improved access to clean, running water, proper sanitation and electricity have eased the burden of household chores for vulnerable and poor households. In addition to freeing up time to enable employment seeking and meaningful participation in the economy, this has the added impact of improved safety and security as people no longer had to travel long distances to collect water or firewood.

To address children's vulnerability, the democratic state has given priority to remedying poor living conditions and inequities experienced by the majority of children marginalised by apartheid policies. The state has introduced measures to secure and safeguard children's constitutional rights and their survival, development, protection and participation. In collaboration with civil society, the state and civil society have introduced programmes focusing on children's rights to health, nutrition, early childhood development, education, and safety and protection.

Consequently, there has been a reduction in child poverty as well as an improvement in the living conditions of black, rural and girl children, and children living in poverty. Despite this progress, poor children are still vulnerable to social risks, with a profound impact on their well-being and opportunity of access. For instance, HIV and AIDS have led to increased orphaning of children and an increase in child-headed households. In response, government has increased cash transfers to child-headed households and youth-headed households, as well as the provision of psycho-social support to orphans and vulnerable children.

Overall, there are indications that policy and institutional development to respond to the needs of women, youth, people with disabilities and vulnerable groups has had a positive impact. However, a key challenge has been achieving the right balance between mainstreaming strategies on the one hand and targeted interventions through dedicated programmes on the other hand. Going forward, monitoring the extent to which mainstreamed policies are implemented by all stakeholders needs to be strengthened.

3.2.12 Social cohesion and nation-building

As articulated in the RDP: "The Nation-building Project will be an all-encompassing project that aims at economic, political and social transformation. Central to the crisis in our country are the massive divisions and inequalities left behind by apartheid... Nation-building is the basis on which to build a South Africa that can support the development of our Southern African region. Nation-building is also the basis on which to ensure that our country takes up an effective role within the world community. Only a programme that develops economic, political and social viability can ensure our national sovereignty."¹⁰⁴

South Africa's nation-building project includes forming a common identity, while recognising and respecting diverse ethnic, racial and other groupings. It involves multiculturalism, which recognises the cultural rights of ethnic and other minorities.

As described in the introduction, in building a new nation, the country chose to follow a process of reconciliation through the Truth and Reconciliation Commission (TRC). The TRC recorded and made public the details of a very painful past. This process of publicly acknowledging and confronting these details was a very necessary part of the process of healing the historic wounds. Together with the Convention for a Democratic South Africa and the Government of National Unity, the TRC helped ease South Africa into the reconstruction and nation-building process and facilitated a smooth transition from apartheid rule to democracy. The first democratic elections, which were held peacefully and successfully in 1994, also made an important contribution to social cohesion and building a new national identity.

By 1996, the foundations on which to build a new nation were in place. Apartheid laws had been repealed. South Africa had a firmly established national territory, a new Constitution and new national symbols, including a flag, a national anthem and a coat of arms, all of which played a key role in the creation of an overarching national identity. In a diverse country that values its diversity, these symbols play a stronger role in forging an overarching national identity than in a country with a single cultural, religious or ethnic identity. In the late former President Nelson



Mandela, the country had a leader acceptable to almost all groups in society and deeply respected across racial and class boundaries. In this regard, President Mandela was himself a key part of the new national identity.

The Constitution is based on a vision of a South Africa built on a culture of reverence for human rights and an identity founded on the values of non-sexism, non-racialism and equality. The Constitution aimed to build an overarching national identity through common citizenship and equality before the law. As described in Chapter 2, over the past 20 years, the state has been transformed to be in line with the constitutional imperatives of a non-racial, non-sexist, equitable and democratic South Africa.

A fundamental right recognised in the Constitution is that of the mother tongue. Instead of just Afrikaans and English, South Africa now recognises 11 official languages, and has put in place policy and legislation to promote and develop these languages to ensure people continue to be provided the opportunity to communicate in their language of choice.

A common voter's roll was put in place for the first time in April 1999. This was an important step for the Nation-building Project because it symbolised equality before the law as envisaged by the Constitution.

Again, as described in Chapter 2, the state has established various opportunities for participatory democracy, which also play a role in developing social cohesion and inclusion. The role of civil-society bodies has changed from one of resistance to apartheid to one

of engaging in and lobbying for improved service delivery. This helps the voiceless to have a voice, which also contributes to social cohesion and inclusion.

The arts are also important for creating the overarching identity of a nation. In partnership with relevant stakeholders, government has transformed the arts sector to be more inclusive and to embrace the country's diverse arts, culture and heritage. In keeping with the ethos of reconciliation, no apartheid era museums were closed or monuments destroyed. Since 1994, a range of new heritage sites and legacy projects have been completed, including the Freedom Park complex, which is linked to the adjacent Voortrekker Monument, the Chief Albert Luthuli Museum in KwaZulu-Natal, the Robben Island Museum (a world heritage site) and, most recently, the Nelson Mandela Statue at the Union Buildings.

Under apartheid, blacks did not have equal access to competitive or recreational sports opportunities at school or community levels. There was little or no investment in sports infrastructure, equipment, attire, development, talent identification and/or activities for previously disadvantaged population groups. At the same time, apartheid South Africa was subjected to international sporting sanctions that isolated the country and its white athletes from international competition.

In contrast, since 1994, sport has been a unifying force in South Africa. Sporting code institutions such as the South African Council on Sport, the South African Non-Racial Olympic Committee and the National Sports Council were consolidated by building a democratic and unified sports system. A dedicated focus was placed on transforming this sector to increase and ensure equitable access to sporting opportunities. Sports interaction has contributed towards increased interaction across race and class.

From being a pariah state, South Africa is now an affiliate of the Supreme Council of Sport (SCSA, Zone VI) and also participates in various international sport organisations and events, such as the Commonwealth Games, Olympic Games, Paralympic Games, World Games, and World Anti-doping Agency, and the International Anti-doping Arrangement.



During the period 1994 to 2005, Sport and Recreation South Africa constructed 744 sport and recreation facilities throughout the country. South Africa has also successfully hosted a number of key international sporting events, most notably the Rugby World Cup in 1995, the Africa Cup of Nations in 1996 and the FIFA World Cup in 2010. These events strengthened the glue that keeps this country together by fostering an overarching national identity as well as a spirit of camaraderie. They also contributed significantly towards developing South Africa as a tourist destination.

Despite these achievements, there are still major challenges that have negative implications for social cohesion and inclusion:

- As described throughout this review, opportunity is still generally defined by race, gender and class, although there has been an improvement in this regard, compared with pre-1994.
- Notwithstanding legislation such as the Employment Equity Act and Black Economic Empowerment Act, economic redress and transformation are slow. For example, the Employment Equity Report of 2012 indicates that, despite employment equity policies and legislation, white men and women still have the highest representation in top management. In addition, corporate and land ownership is still largely in the hands of the white minority. Unemployment is much lower among white people than among black people.
- The income differential between the highest- and lowest-paid workers in South Africa remains among the highest in the world, at

more than 50 times¹⁰⁵. Average household incomes are six times higher for White households than for African households¹⁰⁶.

- While race relations have improved since the apartheid years, there is still much room for overcoming stereotypes and increasing understanding, trust and respect between racial and ethnic groups.
- Xenophobia has reared its ugly head in post-apartheid South Africa, as illustrated by periodic violent attacks on foreign nationals. Sixty-two people were killed, 34 percent of them South Africans, when xenophobia first broke out in May 2008. Between 2011 and 2012, 260 foreign nationals were killed in violence linked to xenophobia and 250 were injured in 2012 alone¹⁰⁷.

The NDP makes a variety of proposals for transforming society and uniting the country. These include making the constitutional values that promote unity and diversity part of children's education, as well as promoting them among adult South Africans. It also points out that improving access to quality education, healthcare and basic services, as well as enabling access to employment and transforming ownership patterns and other imbalances of the past, are key to increasing social cohesion.

3.3 CONCLUSION AND WAY FORWARD

Since 1994, South Africa has made great strides in transforming education, health, skills and social welfare. There are some initial signs of better results in the basic education system, and going forward there will need to be a continued focus on the current improvement initiatives. Many more young people are now engaged in internships or learnerships or enrolled in FET colleges or universities.

A primary healthcare system has been put in place, as part of a process of focusing on preventative health in addition to curative approaches. In the past 10 years the HIV and AIDS epidemic has been turned around and a range of health outcomes indicators are now on a firm positive trend. Moving forward, the focus will be on putting in place a more equitable health system and the NHI system, improving the quality of service in the public sector and addressing the social determinants of health.

Poverty levels have decreased due to the expansion of the social grant system and other pro-poor government programmes in areas such as basic services, education, health and public employment programmes. While there have been major strides in gender equality, income inequality in terms of class, race and gender remains high.

Social welfare services have expanded considerably. Future focus areas need to include addressing the shortage of social service professionals, building better partnerships between the state and the NGO sector, and improving coverage of contributory systems for informal sector workers.

In future there will be an increasing focus on ensuring that land reform contributes to economic growth and employment in rural areas and more attention will be paid to managing urban development. Efforts to overcome historical spatial development patterns that continue to divide society will need to be intensified. The remaining backlogs in basic municipal services will need to be addressed as soon as possible, as will problems with the maintenance and operation of municipal services in some municipalities.

Continuing efforts to eradicate poverty and reduce inequality through the types of measures described above are likely to result in improved social cohesion over time.

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4

**economic
transformation**

4.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

At the onset of democracy, the new government inherited an economy in crisis. The economy had been shaped by apartheid policies and by a dependence on mining exports. In 1994, 60 percent of exports were mineral products¹, although mining contributed only 10 percent of GDP. The apartheid economy was built on systematically enforced exclusion linked to racial division in every sphere². The apartheid state deliberately excluded black people from opportunities in the labour market and direct ownership of businesses and land. It limited investment in infrastructure and services in black communities, and black entrepreneurs were denied access to industrial and retail sites, as well as credit. Furthermore, apartheid limited the residential rights of Africans in the economically developed areas of the country unless they had a white employer, creating a system of migrant labour and impoverished rural areas – the so-called “homelands” – that were characterised by extraordinarily high levels of poverty and joblessness.

Large, white-dominated conglomerates controlled large parts of commerce and industry³. There were high levels of concentration in most industries. Many industries were highly protected and spent little on investment, research, development or training. At the same time, small- and medium-sized enterprises were underdeveloped. International isolation, resulting from economic sanctions, import substitution industrial policies and a lack of investment in technological improvements, had reduced the relative competitiveness of South African industries and increased concentration.

From the late 1970s through to 1994, the results were high levels of poverty and inequality, slow economic growth and falling investment, accompanied by rising joblessness, a poorly educated workforce and skills shortages, high cost structures and an eroded manufacturing base. In the late 1970s, estimates based on the national census suggest that around 60 percent of the working-age population was employed – more or less the same as the international normⁱ. By the early 1990s, the figure had shrunk to under 40 percent, leaving South Africa with one of the lowest employment levels in the world⁴. In the former so-called “homelands”, only 20 percent of adults were employed. Job-shedding occurred through the 1980s especially in agriculture and mining, while manufacturing and services did not expand enough to compensate for this loss.

In the 1980s, unemployment became a key factor behind the high level of inequality and poverty. In 1995, it was estimated that 28 percent of households and 48 percent of the population were living below the poverty line. Black

women and youth, as well as black people living in the former “homeland” areas, were particularly likely to be poor and unemployed. There were also structural inequalities in the workplace. Under apartheid, a variety of measures effectively limited most skilled work to non-Africans, while entrenching hierarchical and oppressive management in many workplaces. Most black workers had virtually no prospect of promotion or reaching managerial levels, and would work in the same jobs for their entire lives, with no hope that their experience would be recognised or respected.

Between 1980 and 1994, the economy grew only 1.2 percent a year, around half the average for other middle-income economies, excluding China, and slower than the rate of population growth. This was compounded by negative growth in GDP between 1990 and 1992. The country’s per capita GDP also declined in this period. The share of investment in GDP dropped from 27 percent in 1981 to 15 percent in 1993 (to achieve sustained growth, this figure should be between 20 and 25 percent). Investment by the public sector shrank from 12 percent to 4 percent of GDP between 1981 and 1993, while private-sector investment fell from 15 percent to 10 percent of GDP. The decline in public investment had a negative effect on economic infrastructure, such as rail, ports and power supply.

The apartheid state had run up substantial domestic debt, resulting in an unsustainable budget deficit. Throughout the 1980s, the deficit averaged just under 3 percent of GDP, which is considered a sustainable level. A combination of slow growth and higher spending meant that it rose sharply from 1990, reaching 7.3 percent in 1993⁵. Total public-sector debt stood at 69 percent of GDP in 1994. The need to bring the deficit back under control constrained the ability of the democratic state to address the backlogs in investment and services left by the apartheid state. Foreign exchange reserves and the domestic savings rate were also very low. Foreigners were disinvesting and there were large outflows of capital by South African residents.

4.2 DEVELOPMENTS SINCE 1994

Since the inception of democracy in 1994, the main economic objectives of government have been job creation, the elimination of poverty and the reduction of inequality. There has been a focus on sustainable and diversified economic growth – as underscored in the Ready to Govern and Reconstruction and Development Programme documents. These objectives have been reiterated in subsequent policy documents, from the Growth, Employment and Redistribution (GEAR) strategy of the late 1990s through the Accelerated and Shared Growth Initiative for South Africa (Asgi-SA) of 2006, the New Growth Path of 2010, and the NDP of 2012.

ⁱ The apartheid state did not collect data systematically on Africans, even for the Census. These figures therefore rely on estimates based on the available Census data, combined with interpretive work by the Development Bank of Southern African (DBSA).



Throughout this period, the challenge for the democratic state was to achieve the aims of eliminating poverty and reducing inequality, while simultaneously maintaining investment and growth. In essence, it adopted fiscal and monetary policies aimed at maintaining economic stability, while seeking to bring about economic transformation and increase productivity through micro-economic interventions.

The democratic government also had to respond to global trends and events that had a critical influence on the domestic economy. The economy was opened to global trade and investment, which increased competitive pressure on domestic manufacturing in particular, but also supported the growth of the financial sector. The agricultural sector was also severely affected by South Africa's re-entry into global markets and the associated reduction in protective tariffs. Other key global influences included the commodity boom from the early 2000s through to 2008, which fuelled economic and employment growth in South Africa, and the international

recession in 2008/09, which was followed by a faltering global recovery up to 2013/14.

The democratic state has put in a place a range of policies and programmes to transform the economy. The RDP provided a broad framework for meeting basic social needs, reducing inequality and promoting investment and growth. Asgi-SA provided a framework for government's increased focus on economic infrastructure and skills development from the mid-2000s.

The National Industrial Policy Framework, published in 2007, and the Industrial Policy Action Plan (IPAP), which followed, provided frameworks for improving policy interventions to stimulate industrial development. The New Growth Path identified a number of key sectors to focus on in order to diversify and grow the economy and create jobs. The NDP provides long-term targets for investment, growth and employment creation, and provides a holistic plan for reaching these targets, drawing on other policies and programmes.

Core themes in these strategies have been an emphasis on the importance of infrastructure both to support growth and bring about greater equality, the need for sector strategies to encourage diversification of the economy into more employment-friendly sectors, the imperative of improving basic education and skills development, and the recognition that African development is critical for South Africa's own growth. All of these strategies stressed the introduction of labour rights and a new skills system, which were expected to bring about greater equality in the workplace and incomes, as well as address skills shortages. They also all involved efforts to broaden access to economic opportunity through support for emerging enterprises, land reform and incentives for increased representivity in management and ownership. Finally, all the strategies have emphasised the need for collaboration between government, business and labour.

4.2.1 Economic outcomes

The economy enjoyed a real recovery in growth and investment post-1994, with far more robust and stable growth than in the previous 30 years. Employment has also grown far faster than in the 1980s. As described in more detail in Chapter 3, higher pay for the working poor, social grants and improved government services have reduced poverty substantially.

South Africa has largely achieved and maintained macroeconomic stability, taking advantage of the country's natural resource base and establishing a sound trade regime, while maintaining and broadening financial and physical infrastructure, strengthening property rights and the legal system, and establishing and maintaining strong financial, regulatory and business institutions, such as the South African Revenue Service, the South African Reserve Bank, the Competition Commission and the National Economic Development and Labour Council.

Achieving and maintaining macroeconomic stability has been a key achievement of the democratic government. Prudent fiscal management has turned around governmental balances, resulting in lower debt-servicing costs for the public sector and cheaper credit for the private sector. This created fiscal space for the country to weather the economic storm that followed the global financial crisis of 2008.

4.2.1.1 Economic growth

South Africa's economic growth improved dramatically with the transition to democracy and has been reasonably robust and stable throughout the democratic era. The South African economy grew at 3.2 percent a year on average from 1994 to 2012, the latest available full year. This has resulted in the transformation of the South African economy from a GDP of USD136 billion in 1994 to a GDP of USD384 billion in 2012⁶.

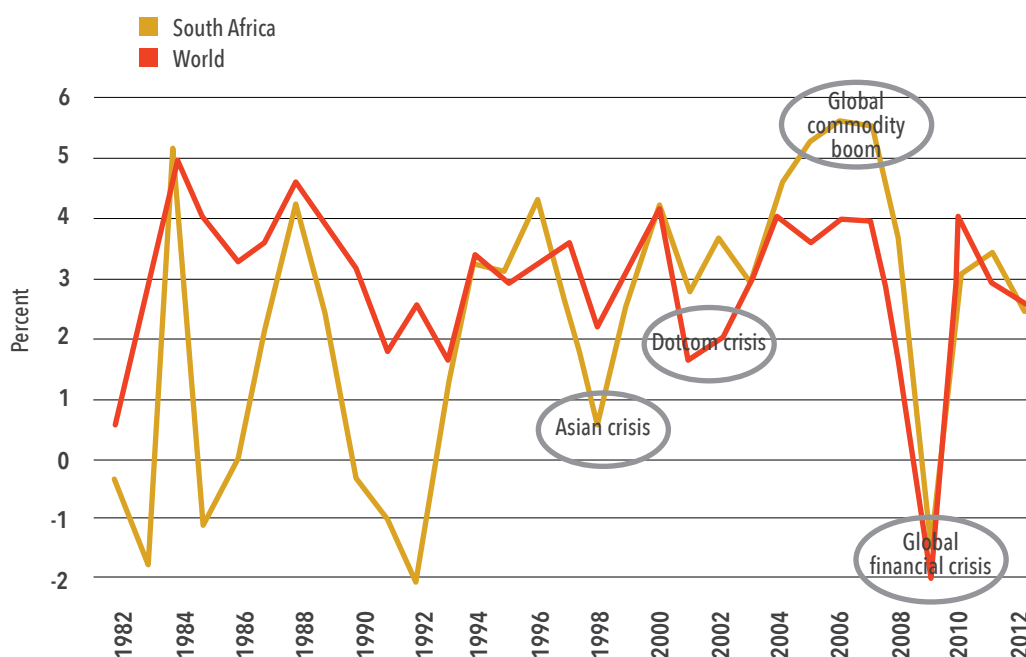
There were only four quarters of negative growth between 1994 and 2012, a far lower rate than in the years before democracy. From 1965 to the first quarter of 1994, the economy shrank in 36 quarters, or 32 percent of the time, compared with just 5 percent of the time from April 1994 to the third quarter of 2013. Moreover, the economy has enjoyed long periods of growth compared with the years before 1994. It grew for 40 quarters between the fourth quarter of 1998 and the third quarter of 2008, and has grown steadily from the third quarter of 2009 to the third quarter of 2013 – that is, for 17 quarters so far. In contrast, from 1965 to 1993, the economy never grew for more than 14 uninterrupted quarters⁷.

In those quarters in which GDP fell after 1994, it was precipitated by international developments. In 1998, the East Asian financial crisis led to a significant slowdown in the world economy, while the international financial crisis that began in 2007 led to a global recession.

As illustrated in Figure 4.1 overleaf, by global standards, the economy performed reasonably well for most of the post-1994 period, although it has lagged behind other middle-income economies since 2008. From 1994 to 2008, GDP grew by 3.6 percent a year, which equalled the average for upper middle-income economies, excluding China. From 2009 to 2012, however, the South African economy grew by only 3.1 percent a year, while other upper middle-income economies averaged 4.3 percent a year. In the downturn, however, growth fell by 1.5 percent. A variety of factors such as a shortage in electricity supply and subsequent rising cost from late 2007 onwards, as well as increases in other administered costs, the uncertain global environment and other domestic issues contributed to slower growth.

Despite the recent deceleration in growth, GDP per capita growth (which averaged less

Figure 4.1: South African GDP compared to world GDP growth, 1982–2012



Source: IMF, World Economic Outlook, GDP growth data⁸

than 1 percent per year between 1994 and 2002) has averaged 2 percent since 2003. Gross national income per capita has risen even faster, at an average of 2.6 percent since 2003, increasing from R12 504 in 1994 to R60 505 in 2013. In constant 2005 prices, gross national income per capita increased from R28 536 to R37 423.

As illustrated in Figure 4.2, in sectoral terms⁹, the fastest-growing activity has been telecommunications, with an annual growth rate of over 9 percent from 1994 to 2012, followed by financial services at 7.5 percent a year. Retail and mining also grew faster than the rest of GDP. The mining value chain has contributed over half of South Africa's exports throughout the democratic era.

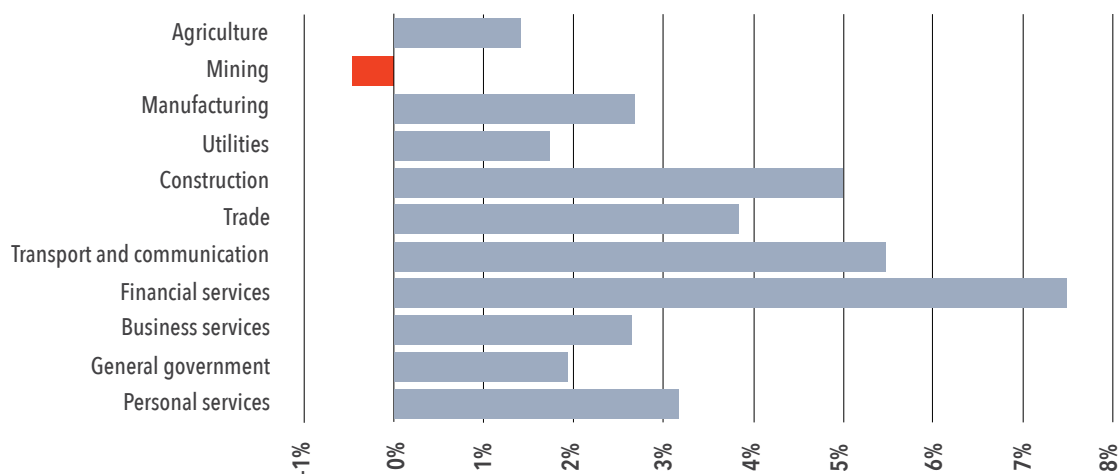
The share of mining in the GDP climbed only because of booming global commodity prices, especially from around 2002 to 2011. From 1994 to 2012, mining production actually fell by 0.4 percent a year in volume terms, and the industry lost 80 000 jobs. The fall in mining production reflected, in part, a sharp decline in gold output as the industry matured. The share of gold in mining value add fell from 50 percent to 16 percent

between 1994 and 2012, while platinum and coal each rose from around 15 percent to 25 percent, and other metal ores – mostly iron ore – climbed from 8 percent to 24 percent.

In contrast to the relatively dynamic sectors, such as financial services, transport and communication, sectors such as agriculture, manufacturing and government services tended to grow slowly. In real terms, agricultural value add rose by 1.4 percent a year from 1994 to 2012, manufacturing by 2.7 percent a year, and general government services by 1.9 percent a year.

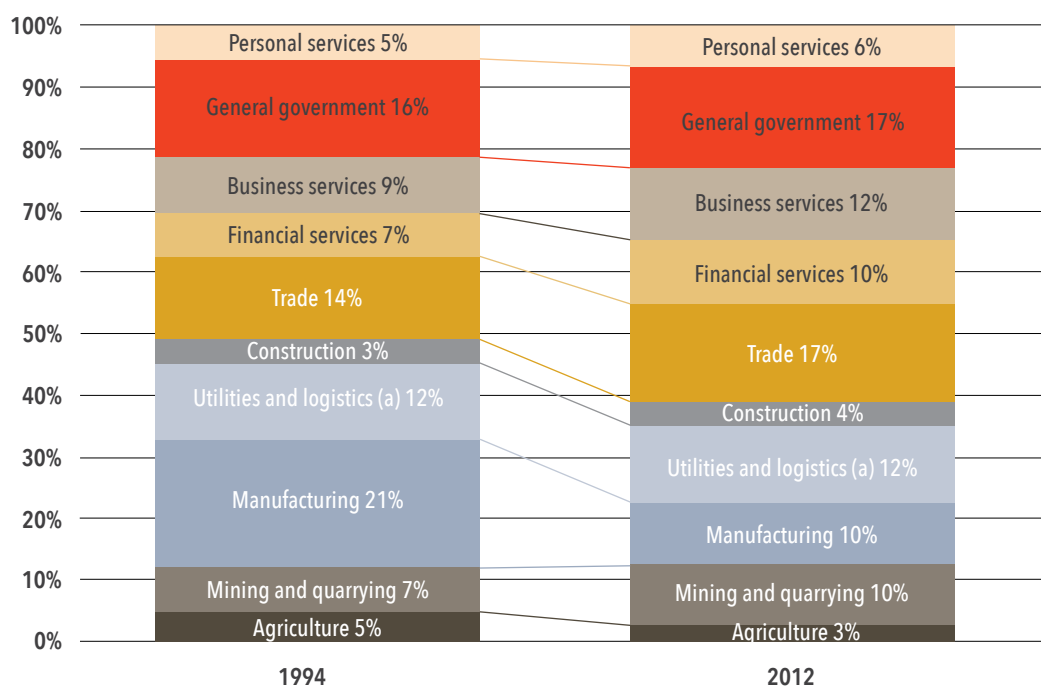
As illustrated in Figure 4.3, the share of manufacturing in GDP dropped from 21 percent in 1994 to 10 percent in 2012. The decline in manufacturing may be attributed to the impact of opening the economy to global competition post-1994 and the uncompetitive nature of many South African firms, among other reasons. In response, a number of interventions were developed in the New Growth Path and the IPAP with the aim of reversing this trend and stimulating development in sectors such as agriculture, mining, manufacturing and construction.

Figure 4.2: Average annual percentage change in value add in volume terms, 1994–2012, by sector



Source: Statistics South Africa, GDP data¹⁰

Figure 4.3: Composition of GDP by major industries, 1994 and 2012



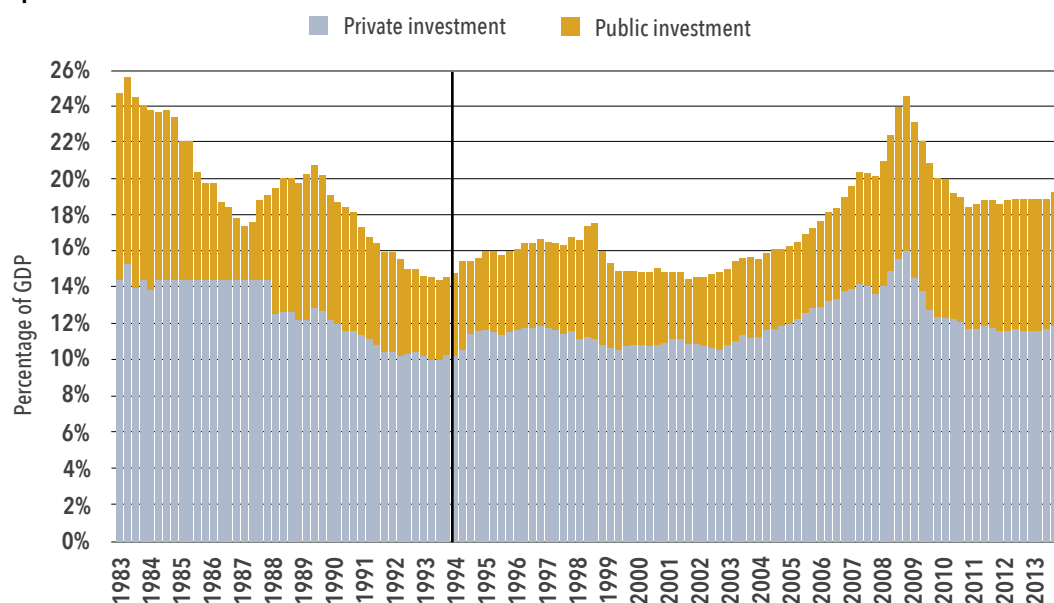
Source: Statistics South Africa, GDP data¹¹

4.2.1.2 Investment and savings

Investment improved markedly after 1994, with public investment playing a growing role after the 2008 slump. As indicated earlier, investment needs to be between 20 percent and 25 percent of GDP to sustain growth. In 1993, investment had dropped to under 15 percent of GDP. As illustrated in Figure 4.4,

it climbed fairly steadily from 1994 to reach 24.8 percent of GDP in the fourth quarter of 2008, just as the global downturn began. The slump brought a sharp decline, to below 19 percent. By 2013, investment had recovered to 19.2 percent of GDP, underpinned principally by the multibillion-rand expansion in public infrastructure.

Figure 4.4: Investment as a percentage of GDP, third quarter 1983 to third quarter 2013



Source: South African Reserve Bank¹²

Public investment has proven particularly important for economic transformation in South Africa because apartheid rested largely on depriving African households and enterprises of infrastructure, with deep backlogs especially in African urban and rural communities. At the same time, the state is responsible for maintaining adequate infrastructure to sustain growth in the formal economy.

The share of the public sector in overall fixed investment rose from under 30 percent in 1994 to 38 percent in 2013. State-owned companies – especially Eskom and Transnet – accounted for around half of public investment. Higher investment rates require financing, either through domestic or foreign savings. Throughout the democratic era, a relatively low level of domestic savings formed a structural constraint to future growth, inhibiting investment and increasing dependence on inflows of foreign funds. Household savings in South Africa have been declining steadily since the 1980s, and are worryingly low. The ratio of gross savings to GDP stood at 13.2 percent in 2012, compared with 19.1 percent in 1990 and 16.9 percent in 1994. That compares with the World Bank’s estimate (based on the World Development Indicators) of 20 percent for middle-income

countries excluding China in 2012, down from 24 percent in 2008.

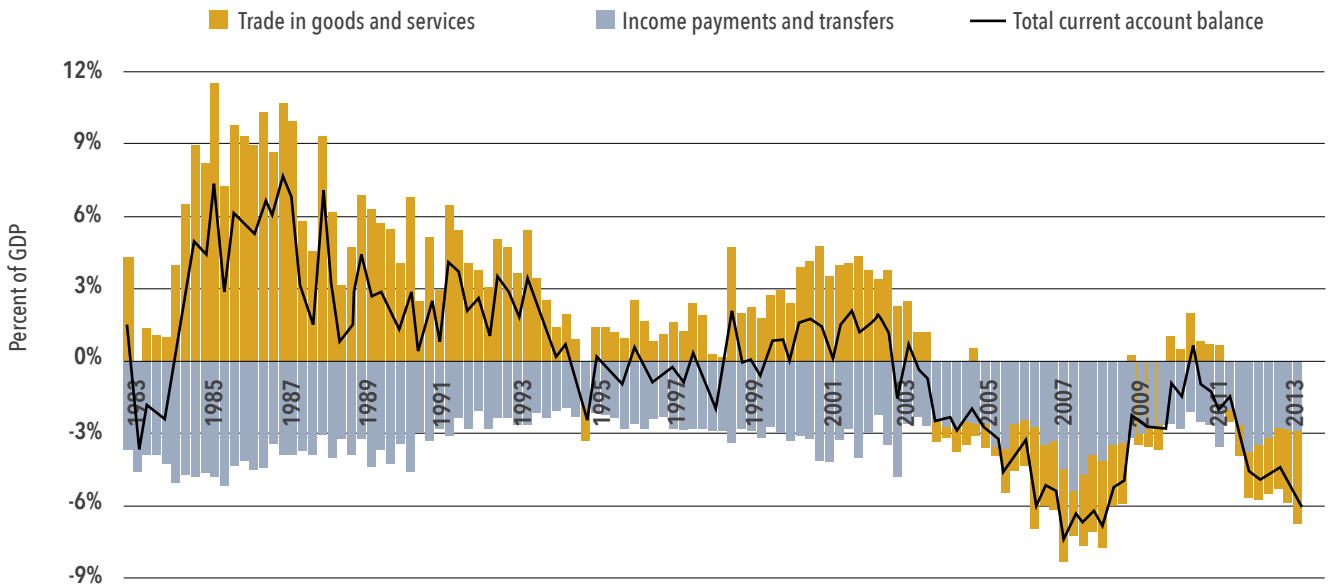
Estimates suggest that South Africa’s gross fixed capital formation (that is, physical investment spending) will need to grow by 10 percent per year, with investment as a percentage of GDP rising to 30 percent by 2030, if the country is to meet the development goals set out in the NDP.

4.2.1.3 The balance of payments, trade and tourism

The opening of the economy associated with the transition to democracy saw a substantial increase in both exports and imports, as well as a rapid rise in portfolio investments. From the early 2000s, the result was an increase in the trade and current account deficit, with a particularly sharp rise in imports outstripping increased exports. The 2008 global recession led to a marked decline in both exports and imports in volume terms; thereafter, imports climbed much faster than exports, leading to a worsening current account balance (see Figure 4.5).

As a percentage of GDP, exports fell from 31 percent in mid-1985 to 21 percent in mid-1994. For most of the next 20 years, exports climbed on the back of the global commodity boom, growing auto sales and

Figure 4.5: The balance of trade, payments and transfers and the total current account deficit as a percentage of GDP, third quarter 1983 to third quarter 2013



Source: South African Reserve Bank¹³

opening of the economy in general. The mining value chain consistently contributed over half of exports, but shifted from gold to platinum and iron ore. In 2008, exports again reached 31 percent of the GDP. The crisis brought a 23 percent fall in the volume of exports, with the volume of exports in 2013 still below the 2008 peak. Exports were hampered by falling world mineral prices from 2011, major strike action in mining and auto, and the rising cost of electricity, amongst others.

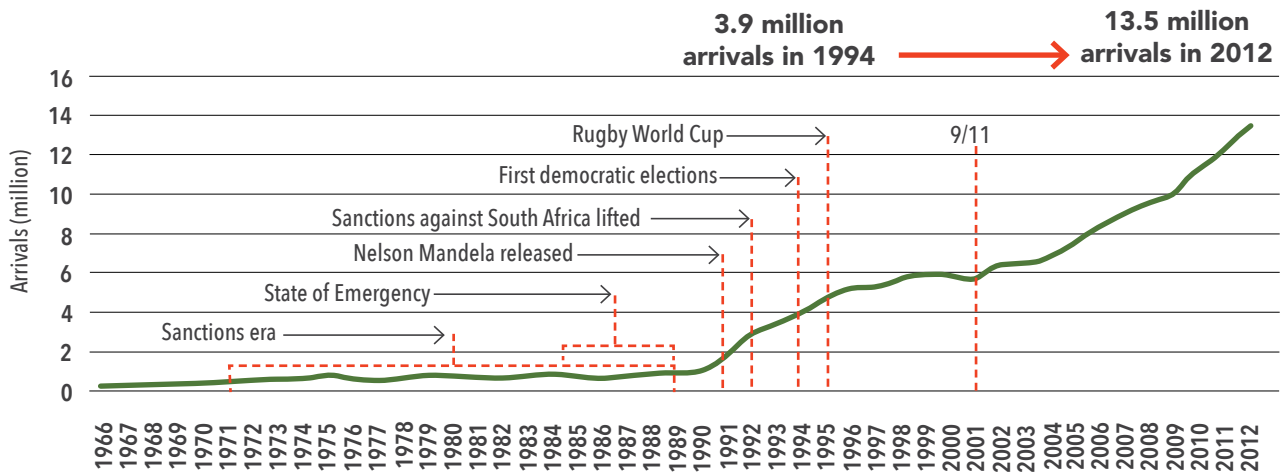
Imports were around 20 percent of GDP through the 1980s. They then rose fairly steeply, increasing from 19 percent in mid-1994 to 41 percent in mid-2008. Like exports, imports fell from 2008 to 2009 by 23 percent, but then they recovered strongly, growing by some 47 percent to reach 36 percent of the GDP. The biggest factor behind rising imports was petroleum, which climbed from 10 percent of imports in 1995 to 22 percent in 2013, accounting for almost a quarter of the total increase in imports and rising from 2 percent of the GDP to 6 percent. Machinery and equipment, personal cars and medical equipment and medicines were the most important imports following fuels.

The current account deficit has been largely financed by foreign portfolio investment in South African equities and bonds. This was influenced by South Africa's comparatively high interest rates as a result of developed countries deliberately keeping interest rates extraordinarily low in order to stimulate growth. Increasing international portfolio inflows led to a stronger currency for much of the second decade of freedom. The downside of this was a loss of competitiveness for local producers.

There is a risk that foreign investors could withdraw or withhold their investments, which would result in a severe constraint on the current account, as well as a fall in the relative value of the rand. In late 2013 and early 2014, as prospects for higher interest rates emerged in the USA and Europe, capital has started to flow out of South Africa, leading to a substantial depreciation in the rand.

Tourism has grown dramatically since 1994. As illustrated in Figure 4.6, foreign arrivals (including tourists) to South Africa grew from fewer than 1 million per year in the late 1980s to 13.5 million in 2012.

Figure 4.6: Foreign tourist arrivals, 1966–2012



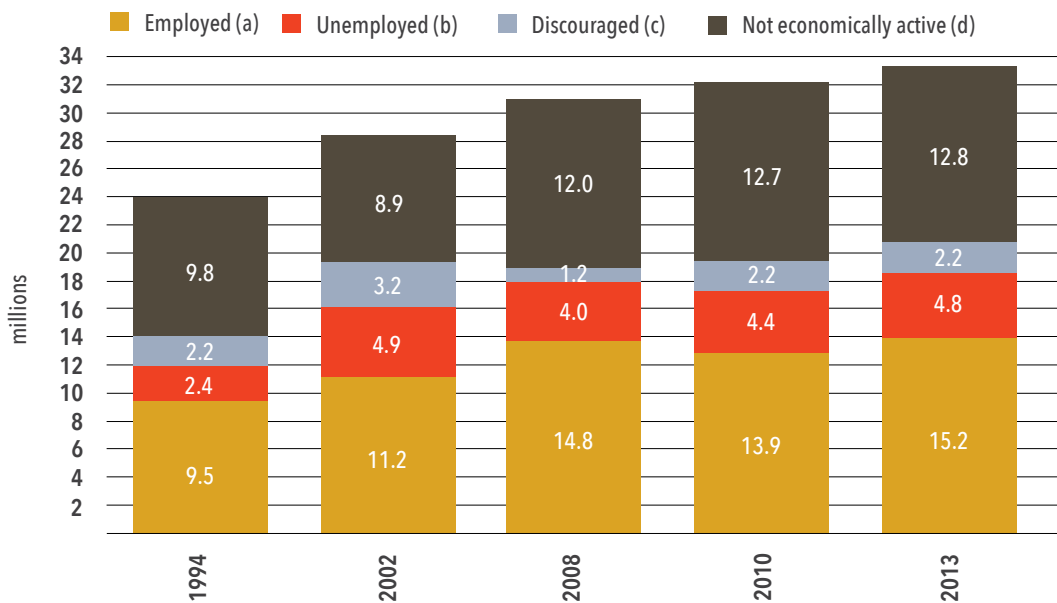
Source: South African Tourism

4.2.1.4 Employment

Over the past 20 years, employment (both formal and informal) has grown by around 5.6 million, or by 60 percent, far faster than previously. As illustrated in Figure 4.7, the number of employed people rose from 9.5 million in 1994 to 15.2 million in 2013, despite the loss of almost a million jobs from 2008 to 2010 as a result of the global downturn.

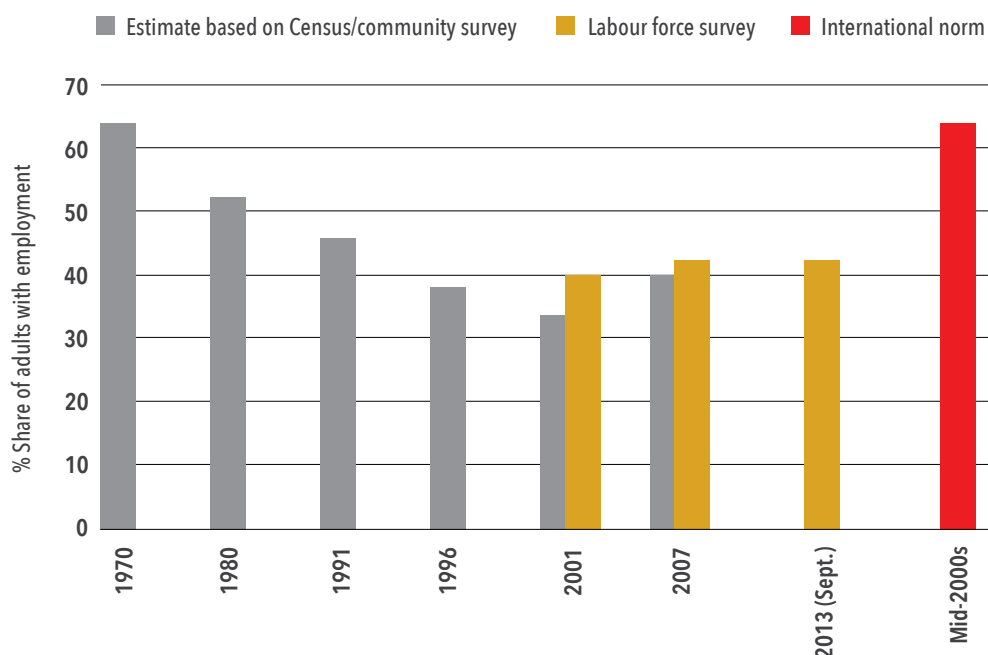
As illustrated in Figure 4.8, the percentage of working-aged adults in employment decreased during the last two decades of apartheid, as a result of slow economic growth, international sanctions and mechanisation, amongst other reasons. Only 39.8 percent of working-age adults had a job in 1994. By the third quarter of 2013, 43.3 percent

Figure 4.7: Labour force status of working-age population, 1994–2013, in millions



Source: Statistics South Africa¹⁴

Notes: (a) Includes employed and self-employed. (b) People who have actively looked for work in the previous week. (c) People who have not looked for work but would take a job if offered one. (d) People who are not looking for work and do not want a paid job.

Figure 4.8: Percentage of working-age adults in employment

Source: Statistics South Africa¹⁵

of working-age adults had a job. While the employment ratio has improved slightly since 1994, it is still far short of the international norm, which is around 60 percent.

Official data put the formal unemployment rate in 1994 at 20 percent, although only 39.8 percent of working-age adults had a job. This means that many working-age adults were not being included in the employment statistics, and were viewed as not economically active. The apartheid state did not fully count the African population before 1994, and its statisticians assumed that all jobless Africans were subsistence farmers rather than work-seekers – something that was blatantly untrue. Consequently, pre-1994 figures on the unemployment rate were highly unreliable, because the expulsion of unemployed Africans to rural areas meant that work-seekers were systematically undercounted. After 1994, it took almost a decade, to the introduction of the Labour Force Survey in 2002, to establish more accurate labour statistics.

In 2013, the unemployment rate was approximately 25 percent. The reasons why the unemployment rate has increased between 1994 and 2013, despite the large

growth in employment over the period, are that the number of people entering the labour market as well as the number of people being counted in the labour market has increased. As illustrated in Figure 4.7, the number of people actively seeking work was estimated at 2.4 million in the mid-90s, rising to 4.8 million in 2013.

The number of people entering the labour market has increased both due to population growth and due to the ending of apartheid. More people began actively seeking work, particularly in urban areas, as the restrictions placed on black people, especially women, were removed. As a result, the share of working age adults who were neither employed nor looking for work – the “economically inactive population” – fell from 41 percent in 1994 to 37 percent in 2013. In addition, immigration from neighbouring countries increased in the 2000s, adding to the demand for employment.

Youth unemployment is a particular concern. In 1994, the percentage of young people aged 18 to 29 who were not in employment, training or education was 37 percent. It was 44 percent in 2013. The estimated unemployment rate for youth in this age group rose from 30 percent in 1994 to 40 percent in

2013 and the number of unemployed youth doubled from 1.3 million to 2.6 million.

Joblessness is worst in the former so-called “homelands”, where about a third of the population lived in 2013. In September 2013, only a quarter of adults in these regions were employed, compared with half in the rest of the country¹⁶. As a result, 55 percent of households in the former “homelands” indicated that they survived mainly from social grants and family remittances, compared with 17 percent in the rest of the country. The median household income in the former “homelands” was just R1 700 a month, compared with R3 800 in the rest of the country¹⁷.

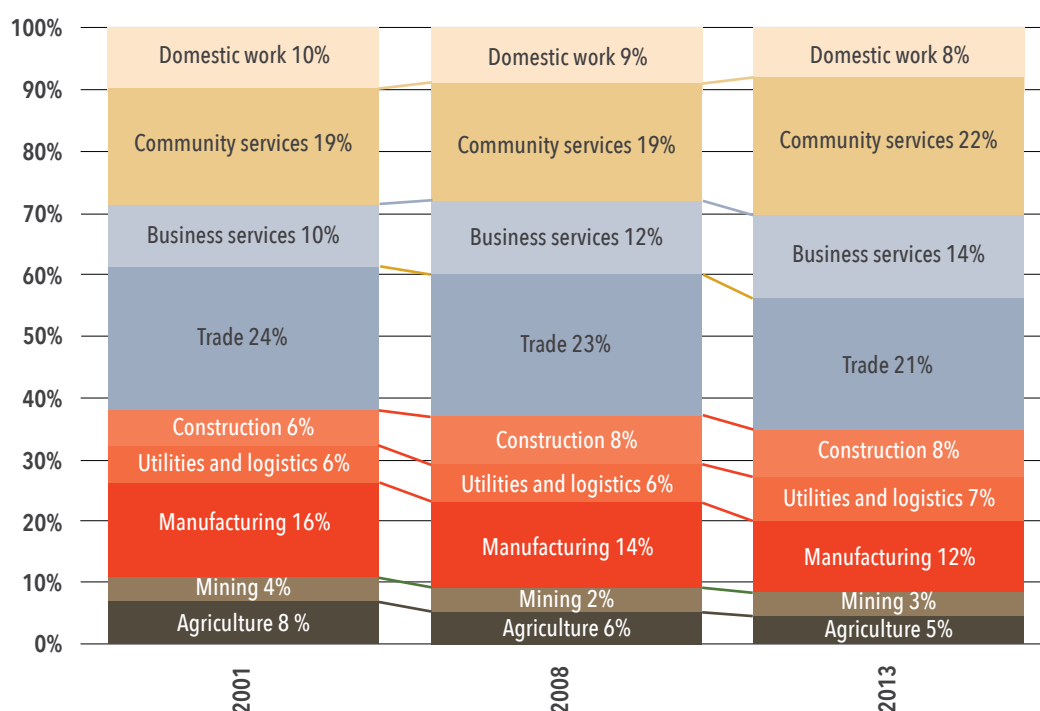
As illustrated in Figure 4.9, the structure of employment by industry shifted substantially between 1994 and 2013. From September 2001 to September 2013, many new jobs were created in the public service, as indicated in the growth of employment in community services, primarily in health, education and policing. Employment growth in the private sector is largely the result of expansion in business services, mostly private

security services and cleaning. There was also employment growth in construction, transport and communications.

In contrast, key productive sectors such as mining and manufacturing saw much slower growth in employment and a decline as a percentage of total employment in the economy over the same period. Similarly, domestic services – still a major employer for African women – saw some growth but fell as a percentage of total employment. The agriculture sector saw a decline in both jobs and as a share of total employment in the economy between 2001 and 2012, despite some growth in 2012/13.

The democratic era has seen rising education levels in the labour force. In 1994, 8 percent of workers had no education while 36 percent had matric or more. Just 5 percent had a university degree. By the third quarter of 2013, the share of workers with no education had fallen to 2 percent, most of whom were relatively old, while the share with matric or more had reached 52 percent and university graduates, 12 percent¹⁸. The quality of education and limited access to in-depth vocational training remain a challenge, however.

Figure 4.9: Employment by industry, September 2001 and third quarter 2008 and 2013



Source: Statistics South Africa¹⁹

Higher levels of education have gone hand in hand with changes in the structure of employment. Employment of workers classed as managerial, professional or semi-professional increased most rapidly, followed by clerical and sales work, which typically requires matric. These occupations climbed around 3 percent a year from 1994 to 2013, while employment of elementary and semi-skilled workers rose by just over 1.5 percent a year. Employment of elementary workers was affected by the decline in domestic and agricultural work through the 1990s and early 2000s, although both occupations saw job growth from the mid 2000s. Finally, skilled production workers (including artisans) dropped from 12 percent of total employment in 1994 to 11 percent in 2013. This appeared to result from inadequate training outcomes rather than from a lack of demand, with persistent reports of skills shortages in this regard.

Considerable progress has been made in ensuring greater equality in employment in terms of race and gender, although challenges persist. In 1994, just 34 percent of working-age Africans were employed, and only 26 percent of African women. In contrast, 66 percent of whites and 51 percent of Coloured and Asians were employed. By 2013, African employment had climbed to 43 percent, and 38 percent of African women had paid work. The share of whites, Coloureds and Asians with work remained virtually unchanged.

Progress toward equality in employment also emerged in greater representivity in more skilled and high-level occupations. In 1994, 19 percent of managers, 48 percent of professionals and 51 percent of skilled production workers were African, although Africans made up 61 percent of all employed people and 73 percent of the working-age population. Moreover, just 4 percent of managers were African women. By 2013, Africans made up 41 percent of managers and 77 percent of skilled production workers, although their share amongst professionals was virtually unchanged. African women were 13 percent of managers. The share of Africans in total employment had climbed to 73 percent, and they made up 79 percent of the working-age population²⁰.

The increase in representivity has been disproportionately due to state employment, which makes up about a fifth of total

employment. In the public sector, 67 percent of managers of larger organisations (with over 50 employees) were African in 2013, compared with 29 percent in the private sector. Similarly, 62 percent of public-sector professionals were African, compared with 43 percent in larger private companies.

Income differentials by race and gender declined significantly from 1994 to 2012, but in 2012 the median earnings for a white man was still six times as high as for an African woman²¹.

4.2.2 Fiscal and monetary policy

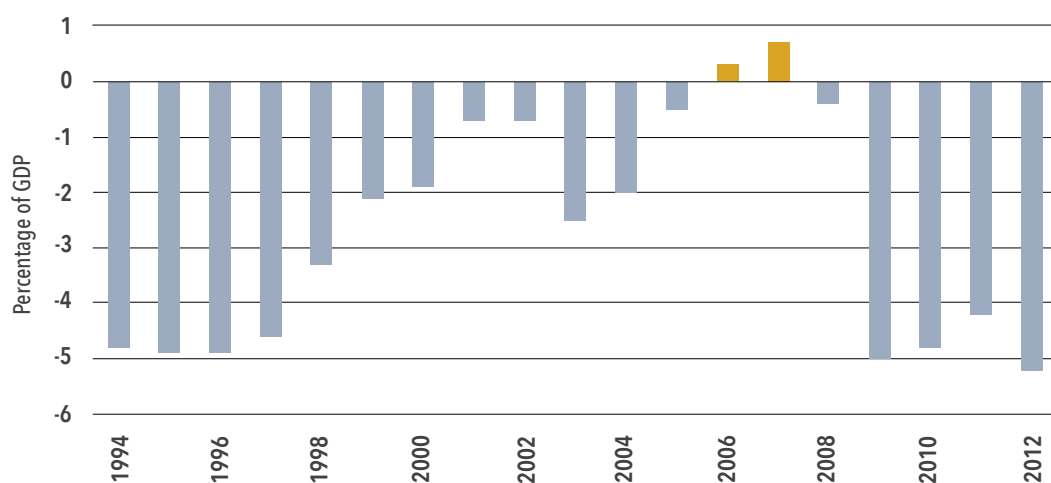
4.2.2.1 Fiscal policy

As described above, the democratic government inherited a historically high budget deficit in 1994. An unsustainable budget deficit meant increasing borrowing costs with less funding for core government programmes.

Figure 4.10 indicates that the budget balance improved dramatically from a deficit of 4.8 percent of GDP in 1994 to 0.5 percent by 2005. The budget surplus that followed over the subsequent two years allowed government to increase expenditure without having to increase borrowing. In part, this was due to an increase in the tax revenue collected. Relative to the size of the economy, government's net loan debt declined sharply from 48 percent of GDP 1996/97 to 22.8 percent in 2008/09. The budget ran into a deficit after 2008/09 and the debt-to-GDP ratio had reached 36.3 percent by 2012/13. Foreign debt remains relatively low.

From the early 2000s, government has adopted a counter-cyclical stance. In that context, it has seen investment in infrastructure, education and health, combined with growing local procurement of inputs, as critical for stimulating growth, while bringing about more equitable and inclusive economic outcomes. The counter-cyclical stance involves stabilising spending in downturns, so as to support growth and employment creation, and avoiding massive spending increases when the economy is doing well. That said, the deep inequalities and unemployment that remain from apartheid, including in core government services, such as health, education and municipal services, mean that there will be pressure on spending for the foreseeable future.

Figure 4.10: Trend in the budget balance since 1994



Source: Industrial Development Corporation, compiled from Reserve Bank data

The counter-cyclical fiscal policy stance means that government continued to run a higher budget deficit since the 2008 global economic and financial crisis. Current debt levels remain sustainable with ongoing measures to ensure that the country's debt-to-GDP ratio remains stable.

Compensation for public servants, as a percentage of non-interest expenditure, declined from around 50 percent in 1996/97 to about 33 percent in 2008/09, then rose to almost 40 percent in 2012/13²². The main reasons for the rise since 2008/09 are an increase in the number of public servants employed and relatively large salary increases. This may result in fewer resources being available for social spending, infrastructure, and other priorities. This means that a sustainable approach to public sector wage costs is needed in the medium- to long-term, without having to reduce spending on the core and critical skills that are needed for public service delivery.

4.2.2.2 Monetary policy

Since 1994, the main objective of monetary policy has been price stability with the view of achieving balanced and sustainable growth. In 2002, South Africa adopted an inflation-targeting framework approach to ensure

that inflation remains between 3 percent and 6 percent. The framework has been flexibly applied by the South African Reserve Bank, whose operational independence is enshrined in the 1996 Constitution.

Consumer price inflation has been generally declining since 1994. Initially, inflation exceeded 6 percent due to the rand weakening in 2001 and 2002. However, the rand exchange rate has recovered substantially and continued currency strength between 2003 and 2006 resulted in overall consumer inflation moderating over this period. Having reached a 20-year peak of 9.9 percent in 2008, consumer inflation declined in subsequent years, averaging about 5.5 percent per year over the period 2009 to 2012. Managing increasing oil, food and administered prices will be important in continuing to keep inflation in check.

In line with the long-term declining trend in consumer price inflation, the repo rate had declined to reach its lowest level (a nominal level of 5 percent) in almost 40 years after July 2012. Policy-makers continue to adopt a monetary policy stance that supports economic recovery. In real terms, the repo rate entered negative territory on a number of occasions over the past five years.



4.2.3 Trade and industrial policy and industrial restructuring

4.2.3.1 Trade policy

South Africa embarked on an ambitious set of trade and tariff policy reforms after the mid-1990s. Work in this area included supporting and promoting multilateral rules-based global trading regimes and using general and targeted supply-side measures. Initially, trade policy emphasised reintegrating South Africa on a more equal basis with the global economy, following the years of isolation brought about by the global rejection of apartheid.

From the late 2000s, trade reforms shifted to more targeted efforts, with considered use of safeguard measures, local procurement and other interventions geared to fostering industrialisation and job creation. In collaboration with the BRICS grouping, South Africa became a leading proponent of ensuring that international trade rules do more to support development.

4.2.3.2 Industrial policy

Over the past two decades, South Africa's core industrial policy goals have been as follows:

- Target labour-intensive sectors and enhance the competitiveness of capital-intensive sectors.
- Ensure that our rich natural resources are increasingly used in local industry so as to ensure that they stimulate employment creation and value added.
- Promote competition by limiting the abuse of dominant market power and encouraging smaller and emergent enterprise and new forms of ownership, including through broad-based black economic empowerment (B-BBEE).
- Strengthen industrial finance as central to catalysing new industries and activities so as to diversify the economy and deepen industrialisation.
- Strengthen trade relationships with fast-growing developing economies, notably in

the context of BRICS, while contributing to development in the African region.

- Enhance technology and innovation.
- Increase skills development and target it to meet emerging skill needs.

The National Industrial Policy Framework was published in 2007, followed by a series of rolling three-year implementation plans known as the IPAP. Since then, the automotive, clothing and textiles, film and television, business-process services, and metals and engineering industries have registered some progress.

In line with the rollout of IPAP, government modified and strengthened sectoral incentives, including those that had been in existence for some time, such as the Motor Industry Development Programme (MIDP). In 2011, the Manufacturing Competitiveness Enhancement Programme was developed. Regulations stemming from the Preferential Procurement Policy Framework Act of 2000 were revised. As a result, public procurement commitments for local content, such as rail rolling stock, buses, textiles and renewable energy, have increased. The quantum of financial support available to firms has also increased in the past five years, with new tax-based incentives and revised grant-based incentives in place.

There have been significant recent structural changes in industrial policy implementation. In 2010, the Industrial Development Corporation (IDC) doubled its financing envelope to over R100 billion for the subsequent five years. By 2012, the IDC had accounted for almost 2.5 percent of total investment directly and had leveraged around 6.5 percent. Moreover, its projects supported over 15 percent of all new jobs created.

Industrial policy initiatives must continue to address many of the constraints faced from apartheid policies in the productive sectors of the economy. These include a lack of skills, improving policy alignment and reorientating exports to new markets in Africa and other developing markets.

4.2.3.3 Competition policy

Democratic South Africa inherited a highly concentrated economy characterised by corporate and industrial monopolies.

Government introduced a more robust Competition Act in 1998, which informed the establishment of the Competition Commission and the Competition Tribunal. The rationale for the new legislation was that competition policy should address anti-competitive behaviour flowing from over-concentration in the South African economy, while facilitating the entry and growth of small and emerging firms, as well as foreign direct investment.

South Africa's competition policy framework is robust by world standards and includes innovative elements, such as a public-interest clause to protect vulnerable workers. Its institutions have won global acclaim for the technical quality and nuance of their decisions. The 2013 Global Competition Report by the World Economic Forum rated the effectiveness of South African competition policy 53 out of 148 countries. This ranking is above other emerging countries, such as Brazil, Mexico and Nigeria²³. The Competition Act also set new standards in transparency by opening up large parts of the Competition Commission's processes to the public and the media.

The Competition Commission has adopted a strategic approach that involved focusing on key intermediate inputs and consumer basics. It has uncovered extensive collusion in critical industries, including construction services, bread, poultry and fertilisers. In addition, in regulating mergers, it has increasingly used its powers to ensure more developmental outcomes. For instance, when the U.S. giant Walmart took over a South African retail chain, Massmart, in 2011/12, the Competition Tribunal swiftly moved towards ensuring Massmart set up a development fund of R240 million for the next five years with a programme aimed at the development of local suppliers, including small, micro and medium-sized enterprises (SMMEs)²⁴.

4.2.3.4 Small, micro and medium enterprise support

Apartheid systematically denied Africans opportunities to develop their own businesses. The result was, on the one hand, inadequate market institutions and infrastructure to support emerging producers, and, on the other, a widespread lack of experience in starting and running enterprises.

Overcoming these historic obstacles has proven difficult. Since 1994, the democratic

government has implemented various approaches to supporting SMMEs: measures to reduce the tax compliance burden for small enterprises, providing dedicated credit facilities, establishing support and extension agencies and incubators, and diversifying procurement towards emerging enterprises where possible. In 2012, the various national small business finance agencies were consolidated into the Small Enterprise Financing Agency (sefa), which was housed in the IDC. In the process, sefa saw a doubling of its resources.

Despite these measures, the 2009 Global Entrepreneurship Monitor Report ranked South Africa 15th out of 37 countries for start-up activity and 29th in new firm activity. Only 2 percent of the adult population worked in new companies. This placed South Africa in the lowest quartile of all the countries involved in the study in two key measures: opportunity entrepreneurship and new firm activity. Total early-stage entrepreneurial activity is particularly low – about half of that of other developing countries. Going forward, there needs to be continued focus on improving mentoring and other support programmes for small businesses, as well as reducing the regulatory burden for small businesses.

4.2.3.5 Broad-based black economic empowerment

To overcome apartheid’s legacy and ensure that historically disadvantaged people are empowered, government implemented various policies and programmes to facilitate B-BBEE. This included establishing the National Empowerment Fund to support and facilitate increased participation of black South Africans in the economy by providing financial and non-financial support. The B-BBEE Act of 2003 was also promulgated, followed by the phased release of the B-BBEE Codes of Good Practice. This spurred the development of a number of sector charters aimed at ensuring transformation in specific sectors of the economy. Together with affirmative procurement in both the public and private sectors, this has resulted in a large increase in the number of small and medium-sized black-owned companies operating in a range of industries, such as construction, private security, catering and transport.

Initially, the Codes had an emphasis on ownership and senior management, which had unintended consequences, such as fronting, speculation and tender abuse. There was also more scope for B-BBEE to incentivise large companies to create jobs





and support small and local enterprises. To ensure a more broad-based approach, there is now a stronger focus on the broad-based elements, support for small enterprises and cooperatives, and procurement from local producers in the B-BBEE Codes.

4.2.3.6 Labour market policy and institutions

In 1994, the labour market was characterised by deep segmentation and oppressive workplace relations. The labour laws contributed to this situation through a long history of promoting negotiations between white workers and employers, while largely excluding black workers. As reflected in the RDP, the transition to democracy required a profound shift in the labour market regime.

From 1994, the democratic government sought to ensure improved workplace relations. The National Economic Development and Labour Council (NEDLAC) was formed to enable consultation between key social partners on key legislation, including the labour laws. Despite challenges, NEDLAC has helped to develop a culture of participatory democracy on economic issues, and build trust and constructive working relationships between the main constituencies.

The labour laws were deracialised and extended equally to all workers. The Labour Relations Act of 1995 introduced organisational rights for workers, set a framework for bargaining structures, provided for alternative dispute settlement in labour relations and the Commission for Conciliation,

Mediation and Arbitration (CCMA), and regulated dismissals for operational reasons, as well as for poor productivity and disciplinary offences. The Labour Relations Act sought to protect workers from the kind of arbitrary and unfair dismissals that many had experienced under apartheid.

Specifically, the Labour Relations Act aimed to do the following:

- Minimise costs and delays, and reduce the legal costs of settling disputes.
- Encourage sectoral bargaining councils to respond to sectoral needs, which includes setting minimum pay and benefits, and settling disputes, within the framework of national law.
- Promote collaboration between employers and workers at the workplace level by providing for workplace forums.
- Avoid the highly legal and procedural approach to dismissals.
- Protect workers' organisations as crucial for fair and effective bargaining.

The CCMA has improved the lives of many workers and employers through the provision of free, accessible and speedy dispute resolution services. Settlement rates under the pre-1994 Industrial Court averaged only 17 percent, compared with the CCMA's rate of over 70 percent in 2013.

There are negative investor perceptions about some aspects of the regulatory frameworks for labour relations. For example, in 2013/14, the World Economic Forum's Global Competitiveness Report – a survey of employers – ranked South Africa 132nd out of 148 countries in terms of labour market flexibility.

The 1997 Basic Conditions of Employment Act (BCEA) set minimum standards to prevent unacceptable working conditions that impose social, economic and healthcare costs on society as a whole. The main beneficiaries of wage determinations in terms of income and benefits were domestic workers and farmworkers. With the introduction of the BCEA, the number of workers covered by minimum wages through sectoral determinations expanded substantially, covering 4.6 million workers in 2012.

Deeply inequitable access to education and workplace training formed a pillar of the apartheid workplace and the Skills Development Act of 1998 sought to address these legacies. It resulted in the formation of the National Skills Authority, the establishment of Sector Education Training Authorities (SETAs) for individual industries, the introduction of workplace learnerships combined with modular qualifications, and a requirement that the Department of Labour strengthen its employment and placement services. Overall, the Skills Development Act managed to desegregate training, but it has not yet resulted in a sufficient increase in the number of skilled production workers. This is discussed in more detail in Chapter 3.

The Employment Equity Act of 1998 aimed to improve career mobility for black workers, especially women, at all levels. This has contributed to much improved levels of representivity in the public sector and in some private companies.

Changes in the Occupational Health and Safety legislation post-1994 have resulted in important improvements in health and safety standards in the workplace, and a reduction in workplace injuries and deaths. The establishment of workplace health and safety committees, as well as strengthened inspectorates, particularly in the mining sector, has been an important step in reducing occupational health and safety risks for employees.

The new legal framework for the labour market led to lower workplace conflict for many years, but contestation surged after 2008. From the late 2000s, strike levels reached heights previously only seen before the transition to democracy. The biggest strikes emerged in relatively well-paid industries – the public service, mining and the automotive industry. This implies that the strikes may reflect dissatisfaction with inequality and divisions in the workplace rather than with low pay alone. In the World Economic Forum's survey of employer perceptions in 2012, South Africa ranked last out of 144 countries for workplace conflict. This situation points to a need to do more to create more collaborative and equitable workplaces. Critical steps include improving management and communication, reducing unfair inequalities in pay, conditions and amenities, and reviewing workplace organisation to promote career paths for more workers.

4.2.3.7 Innovation, research and development

South Africa's research and development (R&D) environment before 1994 was fairly well developed for a middle-income country, despite its isolation, but there were significant racial and gender disparities in human capital as well as a focus on the needs of large formal companies. Over the past 20 years the National Research and Development Strategy and the Ten-Year Innovation Plan have seen several positive developments. There has been some growth in R&D investment. Through the South African Research Chairs Initiative (SARCHI), there has also been growth in high-level human capital (more black people and women) employed. There has also been an increase in R&D output (research publications); innovation output (innovation activities at firm level, patents and royalties) and the development of a number of Centres of Excellence and Centres of Competencies. Nevertheless, R&D expenditure growth in South Africa has been slower than in comparable middle-income countries such as Brazil, China and India, and South Africa's share of global R&D output, citations and patents has declined.

South Africa has embarked on a number of key innovation projects. A major achievement for the country was the awarding of the Square Kilometre Array (SKA) in partnership with eight African countries. The SKA is one of the biggest scientific projects the world has ever seen.



A further important project over the past 20 years has been the development of the Southern African Large Telescope (SALT). SALT is the largest telescope in the Southern hemisphere and was launched in 2005, contributing significantly to the field of astronomy.

Government-funded research into the development of hydrogen and fuel cell products for local application has resulted in a government-business partnership that could potentially contribute to exports and increased use of renewable energy. Another international government-business partnership related to titanium is intended to contribute towards major efficiency improvements in the aviation industry.

In 2013 the Council for Scientific and Industrial Research (CSIR) developed the world's first digital laser. This discovery presents a new way of thinking about laser technology and could assist in healthcare applications, communication and supporting new emerging industries.

South Africa has also made contributions towards space science over the past 20 years. In 2009 the first government-funded satellite, Sumbandila, was launched. In 2013 the Cape Peninsula University of Technology made history with the launch of ZACUBE-1, a type of nano-satellite.

4.3 CONCLUSION AND WAY FORWARD

From an economy in crisis, the democratic government has made enormous strides in addressing the legacies of apartheid. In the past 20 years, growth and employment have improved markedly, despite the global setback of the 2008 recession, while investment has improved. The state has taken bold steps to diversify the economy and build our industrial base with a greater emphasis on labour-absorbing employment. In addition, positions of power in the economy have become more representative. More work is required to increase equity in ownership, work organisation and pay, to reduce unemployment, especially in the former so-called "homelands", and to increase the number of small and medium enterprises.

From the late 2000s, three major new challenges emerged. First, workplace conflict began to threaten production and investment. Second, the rising price of electricity and the need to address climate change posed far-reaching questions about South Africa's traditional heavy dependence on coal-based energy. Finally, the dependence on short-term portfolio capital flows to finance investment, with the associated high deficit on the current account, led to increasing instability after 2008, reflected in the highly volatile exchange rate.



The key challenge is to ensure that the country accelerates its drive towards higher levels of economic growth and employment absorption, and towards a more inclusive economy. The NDP, supported by the New Growth Path and IPAP, identifies what needs to be done to move towards a new trajectory. Key actions include:

- Maintaining large-scale but sustainable public investment in infrastructure to facilitate economic growth, with improved maintenance and a well-defined financing strategy
- Improving the quality of basic education and substantially expanding higher and further education, linked to stronger ties between enterprises and Further Education and Training in particular, to provide the skills required by a growing economy
- Ensuring that regulations are implemented as efficiently and cost-effectively as possible, without imposing unnecessary delays or red tape, to create a business-friendly environment
- Continuing to increase financing for industrial development and small and micro enterprise in the context of a strong industrial policy focused on bolstering employment and growth
- Improving energy security including through development of shale gas, while continuing more generally to take advantage of opportunities and minimise the costs from greening the economy
- Maintaining a counter-cyclical fiscal and monetary stance, bolstered by innovative approaches such as stronger local procurement and investment by state-owned enterprises
- Enhancing regional development through increased investment in logistics combined with the establishment of regional value chains, to facilitate regional economic growth and integration
- Stronger measures to address workplace conflict, above all by working with stakeholders to address unfair inequalities and improve communication and career pathing, to create a more stable workplace environment for growth.

The NDP further states that it is only through effective partnerships across society that a virtuous cycle of rising confidence, rising investment, higher employment, and increased productivity and income can be generated. This requires greater trust between the state, labour and business.

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⁷ South African Reserve Bank, series on GDP growth, for 1965 to 2012; Statistics South Africa, (2013). GDP data for third quarter 2013. Downloaded in December 2013 from <<http://www.statssa.gov.za>>

⁸ Input obtained from the Industrial Development Corporation, (2013). "The South African Economy: An overview of key trends since 1994."

⁹ Statistics South Africa, (2013). GDP data for third quarter 2013. Downloaded in December 2013 from <<http://www.statssa.gov.za>>.

¹⁰ Statistics South Africa, (2013). GDP data for third quarter 2013. Downloaded in December 2013 from <<http://www.statssa.gov.za>>.

¹¹ Statistics South Africa, (2013). GDP data for the third quarter of 2013. Downloaded in December 2013 from <<http://www.statssa.gov.za>>.

¹² South African Reserve Bank, (2014). Quarterly data on investment by organisation and GDP in current rand. Downloaded in January 2014 from <<http://www.resbank.co.za/Research/Statistics/Pages/OnlineDownloadFacility.aspx>>.

¹³ South African Reserve Bank, (2014). Data on the ratio of the current account deficit to the GDP. Downloaded in January 2014 from <<http://www.resbank.co.za/Research/Statistics/Pages/OnlineDownloadFacility.aspx>>.



5



infrastructure



5.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

Infrastructure expenditure during the apartheid years was relatively high as a percentage of GDP. The apartheid state made excessive investments in infrastructure that served mainly the white minority and maintained the apartheid state. In making these choices, consumption expenditure on education, healthcare, housing, municipal services and welfare for the majority of the population was sacrificed to facilitate the development of infrastructure for a privileged minority, an extractive economy and a security state. These poor fiscal choices contributed to the poverty and inequality subsequently faced by the democratic state, and which are still being addressed today.

Figure 5.1 shows that public investment peaked in 1976. This was followed by a decline up to 1994, after which it gradually began to increase. During the period of decline, poor fiscal choices were again made against infrastructure development as public funds were increasingly channelled towards reinforcing the security of the apartheid state, in response to growing resistance.

Thus, while capital expenditure as a percentage of GDP peaked higher during the apartheid years than in the 20 years of democracy, the resulting GDP growth produced by the investment in infrastructure was comparatively lower, and the social infrastructure inherited by the democratic government was generally in a poor shape, poorly located, under-maintained and ill-equipped to serve a modern, changing economy. The sharp fall in investment post-1976 meant that the state of infrastructure could not support faster economic growth or growth that was more diversified, as was to be generated in the democratic era.

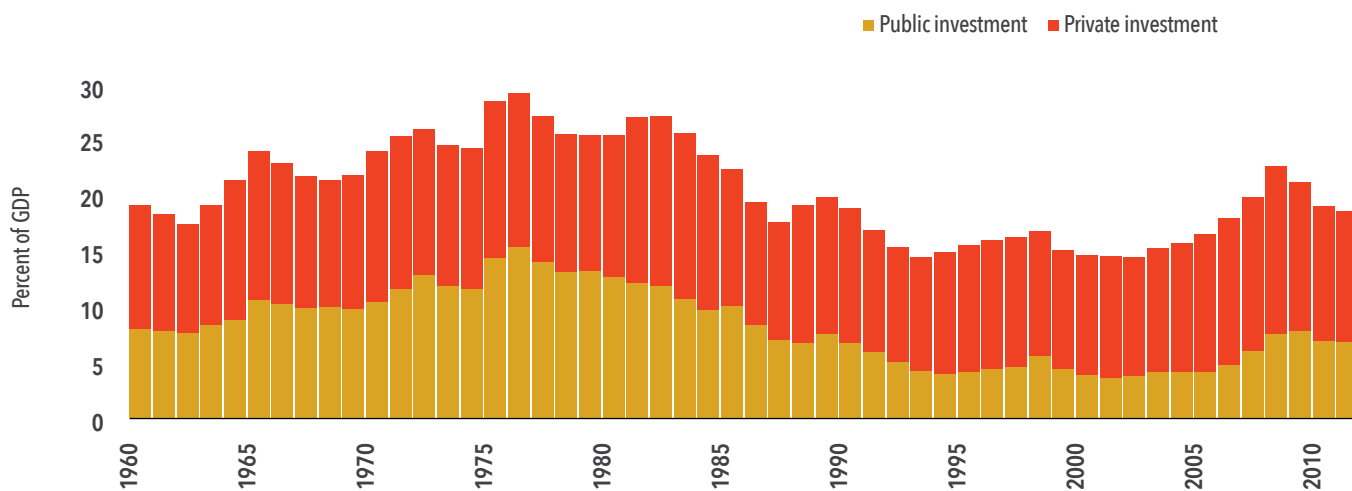
The democratic government inherited a severe shortage of housing that had been exacerbated by forced removals, group areas and homeland policy, and many households did not have access to clean running water and electricity. A significant portion of fixed investment had gone into reinforcing apartheid’s spatial divides.

5.2 DEVELOPMENTS SINCE 1994

The new democratic government set about reversing the declining post-1976 investment trend, correcting the imbalances in the infrastructure sector, and embarking on reconstruction and development. During the post-1994 period up to the early 2000s, government focused on increasing access to social and household infrastructure through the provision of housing, schooling and healthcare, and connecting households to electricity grids and water networks. Other expenditure was aimed at improving the welfare of households. The fiscal choices made contributed to subsequent GDP growth rates, as well as wider income distribution, improved welfare and standards of living, as well as greater utilisation of bulk economic infrastructure by all.

The rapidly growing economy, growing prosperity and growing utilisation of infrastructure by many more people than the infrastructure was designed for were resulting in new demands for road, rail, port, water, electricity and telecommunications infrastructure. There was a need for greater economic infrastructure investment, while still continuing to address apartheid-era backlogs in housing and social infrastructure. This led to an increased focus on economic infrastructure from the mid 2000s, encapsulated in the 2006 Accelerated and Shared Growth Initiative (AsgiSA).

Figure 5.1: Public and private-sector capital investment as a share of GDP, 1960–2010



Source: South African Reserve Bank (SARB), as cited in 2012 Budget Review

SOCIAL INFRASTRUCTURE DELIVERY IN THE FIRST DECADE

By 2004, an estimated 1.6 million subsidised houses had been built. About 56 000 new classrooms and 38 000 school toilets had been built, with 2 700 more schools receiving potable water and about 4 000 more schools had been connected to electricity. Health services had reached new areas, with the construction of over 700 new clinics, the upgrading of an additional 212 clinics, the purchase of 215 mobile clinics, and the re-equipping of 2 298 clinics. Three new modern tertiary hospitals with over 2 000 beds had been constructed under the Hospital Rehabilitation and Reconstruction Programme, and R1.6 billion had been spent on 492 projects to improve 141 hospitals. Government had provided a basic water supply to over 9 million more people, access to basic sanitation to 6.4 million more people, and about 4 million more electricity connections had been made to poor households.

Source: National Treasury: Budget Review 2004

SOCIAL INFRASTRUCTURE HIGHLIGHTS OVER THE PAST 20 YEARS

- In basic education facilities, 84 468 new classrooms and 21 774 ablution facilities have been built. 8 765 schools have been provided with water and 6 434 schools have been provided with electrical connections. Some 2 761 new schools have been constructed.
- More than 1 500 healthcare facilities have been built and existing ones revitalised to ensure that everyone can access healthcare within a 5km radius of their home.
- Eighteen new hospitals have been built and more than half of the 400 public hospitals in South Africa have been renovated.
- Some 3.7 million subsidised housing opportunities (including houses and serviced sites) have been provided to the very poor, giving a home to about 12.5 million people.
- Access to a basic level of sanitation increased from just over 50 percent of households in 1994/95 to 83 percent in 2011/12.
- Access to a basic level of clean water increased from just over 60 percent of households in 1994/95 to over 95 percent in 2011/12.
- Access to electricity increased from just over 50 percent of households in 1994/95 to 86 percent in 2013/14.

Sources: Departments of Basic Education, Health, Human Settlements, Water Affairs and Energy, and Statistics South Africa.

Based on the experience of delivering infrastructure in the early years of democracy, important steps were taken to improve infrastructure planning and delivery. The Public Finance Management Act was passed in 1999 and three-year rolling medium-term expenditure framework (MTEF) budgeting

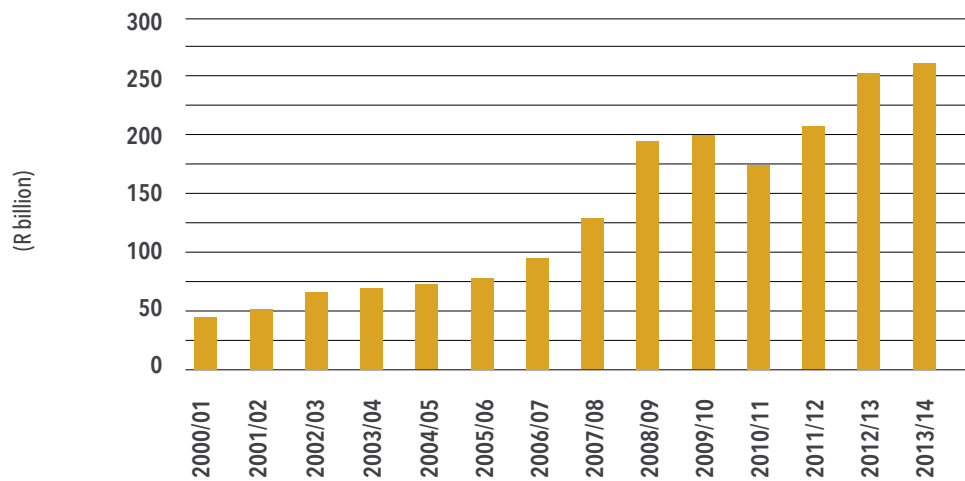
was introduced, enabling multi-year project planning and expenditure. There was an increased focus on budgeting for infrastructure projects and programmes by national government, and large new infrastructure grants to the provincial and local spheres of government were introduced. At the same time, important institutions, like the Construction Industry Development Board (CIDB), were formed. The CIDB, empowered by Treasury Regulations, produced frameworks and initiatives that helped improve public sector management of infrastructure construction and maintenance. Many initiatives focused on assisting provinces and municipalities to improve their infrastructure planning and delivery.

While there are some variations in the expenditure performance of the public sector as a whole, it is clear that expenditure levels increased over the last few years due to the increased focus on improving infrastructure delivery. Between 2009/10 and 2012/13, general government infrastructure spending averaged 82 percent (of budget) while non-financial public enterprises (NFPE) spending averaged 78 percent during the same period. NFPE spending increased from 60 percent in 2010/11 to 86 percent in 2012/13, with Eskom, Transnet, CEF, South African National Roads Agency Limited and Passenger Rail Agency of South Africa together spending R104.6 billion. Municipal spending performance improved from 72 percent in 2006/07 to 85 percent in 2008/09 before declining to 75 percent in 2011/12¹.

Figure 5.2 indicates that public sector investment in infrastructure has increased markedly since 2000/01. High levels of investment in infrastructure will continue into the foreseeable future as infrastructure development is central to the NDP. The NDP encapsulates the role of infrastructure sectors towards achieving a common 2030 vision for the construction of South Africa's future. The establishment of the Presidential Infrastructure Coordinating Commission (PICC), which has brought all spheres of government together in a joint forum, has set out a National Infrastructure Plan, giving effect and detail to the NDP mandate on infrastructure.

Infrastructure expenditure is estimated at around R847 billion over the three-year

Figure 5.2: Public-sector infrastructure expenditure estimates, 2000/01–2013/14



Source: National Treasury Budget Reviews (2003–2013)

medium term expenditure framework (MTEF)². Investment in transport and logistics (41 percent) remains the largest component of the public-infrastructure programme, followed by energy (22.2 percent), and water and sanitation (13.2 percent). Spending on social services such as health, education and social development make up 13.7 percent of public sector infrastructure expenditure and central government and administrative services are budgeted to spend 2.7 percent over the MTEF on infrastructure.

5.3 SECTORS

Public sector infrastructure delivery involves many different implementing spheres of government – national, provincial and local, as well as their agencies and entities, including the large state owned enterprises such as Eskom and Transnet, which are key players in many sectors. There is also a private sector contribution to the built environment, including factories and industry in general, commercial infrastructure, office space, etc., much of which relies on, and is facilitated by, the existence of public sector infrastructure.

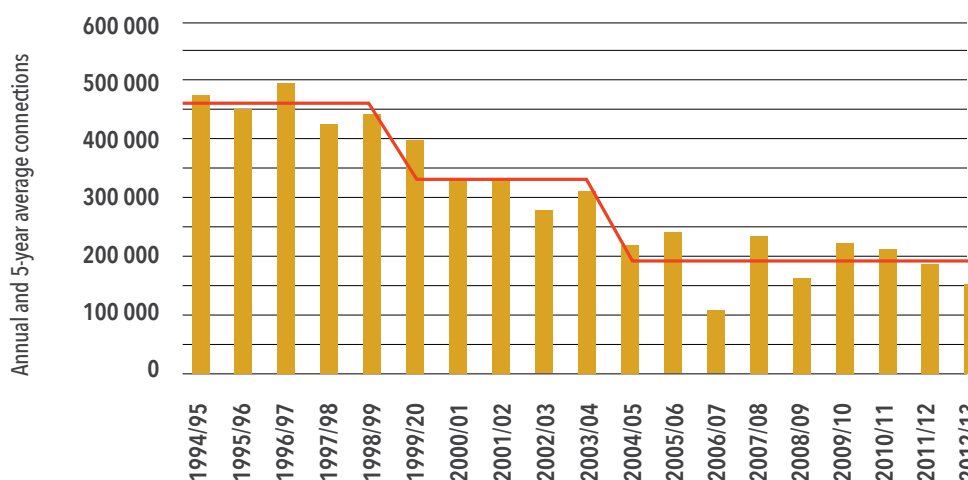
Important improvements have been made in the key infrastructure sectors of electricity, transport, water and communications, as well as in industrial development zone infrastructure, social infrastructure grants and public-private partnership (PPP) projects, as will be discussed below.

5.3.1 Electricity

In less than 20 years, the democratic state has provided access to electricity to over 5.8 million poor households. The electrification programme – which is rolled out by Eskom and municipalities and administered by the Department of Energy – has reduced the percentage of households without electricity to 14 percent⁴ (from approximately 50 percent in 1994). The programme is ongoing, albeit at a slower pace than in the late 1990s as new connections depend on bulk infrastructure and network extensions being made to enable household connections in the more remote areas, increasing the costs per household connection, as well as the resourcing requirements.

The democratic government inherited a modern electricity generation fleet that was largely fuelled by coal and able to deliver electricity at low prices by international standards. Consequently, between 1994 and 2002, comparatively little investment was made in electricity generation, given the low economic growth rates of the past. However, the unprecedented rapid post-apartheid growth of the economy defied decades-old planning expectations in the sector, and demand rapidly exceeded supply (compounded by pre-1994 decisions to mothball power stations), resulting in a supply crisis in early 2008.

Figure 5.3: Combined Eskom and municipal Electrification Programme connections



Source: Department of Energy⁵

POLICY AND INSTITUTIONAL REFORMS IN THE ELECTRICITY SECTOR SINCE 1994

Major policy and institutional reforms in South Africa's electricity landscape after 1994 include:

- Establishing the Atomic Energy Corporation's plant at Phelindaba in 1995.
- Publishing the *White Paper on Energy Policy* in 1998.
- Transforming Eskom into a public company, Eskom Holdings, in 2002.
- Publishing the *White Paper on Renewable Energy* in 2003.
- Promulgating the National Energy Regulator Act in 2004 and establishing the National Energy Regulator of South Africa in 2005.
- Publishing the Integrated Resource Plan for electricity in 2010.
- Publishing renewable energy feed-in tariffs in 2009.
- Launching a bid process for renewable energy supply in 2011/12.
- The ISMO Bill, which will establish an independent system operator, has been drafted and is awaiting Parliamentary approval.

Source: State of SA Economic Infrastructure Report 2012⁶

4500MW generation capacity, are currently under construction (Medupi, which is currently 56 percent complete, and Kusile, which is 24 percent complete), as well as a pumped storage scheme (Ingula, which is currently 65 percent complete)⁸.

During the current administration, government invited the private sector to bid for contracts to supply the national grid with renewable energy in terms of the Integrated Resource Plan (IRP) 2010. Three rounds of bidding have been completed, and Power Purchase Agreements for 1 442MW of renewable energy were signed in November 2012. Agreements were also signed for 1 043MW of renewable energy in May 2013 and 1 456MW of renewable energy in November 2013⁹.

Since 2005, 4 965km of transmission lines have been installed. This translates to 23 815MVA of additional transmission capacity¹⁰. The major drivers of transmission investments have been network links to unserved areas to enable household connections, economic growth and security of supply (to the Cape and other internal regions far from coalfields and power stations), and access to generation capacity outside South Africa. Despite the large number of transmission network improvements, more will be required in future to enable larger numbers of electricity connections to unelectrified households, and to unlock economic growth in undeveloped regions. This is being addressed within the National Infrastructure Plan of the Presidential Infrastructure Coordinating Commission.

Since 2005, 6 028 MW of additional capacity has been added to the national grid by upgrading existing stations, returning mothballed stations to service and building new generating plants⁷. Despite this progress, demand has exceeded supply since early 2008. In order to increase the generation of electricity and open up the economy to large investors, two new large coal-fired power stations, each in excess of

5.3.2 Transport

Before 1994, transport was not managed in a holistic way. Racially segregated town planning, which saw black people being allocated land far away from business centres, coupled with poor transport infrastructure, meant that most South Africans did not have easy access to economic opportunities or social spaces and services. Since the pass laws have been abolished, new settlements have been built closer to cities, and freedom of movement prevails. However, apartheid-era spatial patterns are difficult and costly to dismantle overnight. Much therefore still needs to be done to improve public transport subsidies and systems, as well as to improve social spaces and amenities in existing dormitory townships. In addition, there will be an ongoing focus on attempts to locate new housing developments closer to work opportunities.

Transport policy has become more integrated since 1994. Emphasis has been placed on supporting regional and international trade. Various managing entities have been formed, most notably the South African National Roads Agency Limited (SANRAL) and the Passenger Rail Agency of South Africa (PRASA). The National Freight Logistics Strategy, the National Ports Act and the National Land Transport Act were approved in the late 2000s. New regulators have also been established, including the Ports Regulator and the Rail Safety Regulator.

A significant part of South Africa’s freight transport infrastructure consists of freight

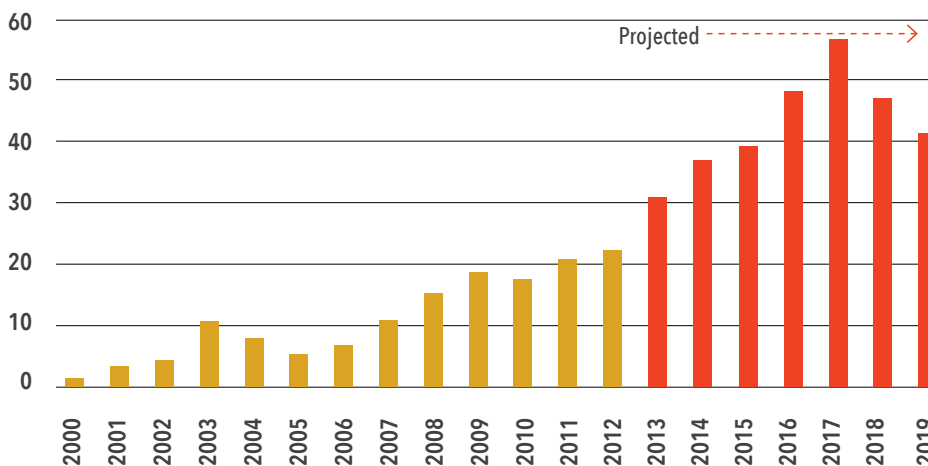
rail, ports and petroleum pipelines, controlled by the state-owned enterprise, Transnet. Transnet stepped up investment in infrastructure expansion after 2006, with projections seeing an even greater acceleration in expenditure expected in the years leading up to 2017 (see Figure 5.4).



Freight rail

Most of the investment in freight rail has gone towards upgrading existing wagons and buying new wagons, and adding passing loops to accommodate additional freight trains to improve exports. The Orex iron ore line’s capacity has been expanded from about 20 million tons (mt) in 1994 to about 52mt in 2011. Currently, the iron ore line is being expanded to a capacity of 60.7mt. The export capacity for coal on the Coalex line was increased from 50mt in 1992 to 70mt by 2000. Coal exports dropped between 2005 and 2008, partly due to the global downturn, but also due to maintenance and operational difficulties encountered by Transnet in

Figure 5.4: Transnet capital expenditure, 2000–2012 (R billion)



Source: Transnet Annual Report 2012¹¹





maintaining the high-capacity lines. Currently, the coal line is being expanded to a capacity of 81mt. The scope of work has been finalised and geotechnical work is in progress. Investment in infrastructure between the Northern Cape and Port Elizabeth to accommodate new manganese mining entrants resulted in manganese ore capacity increasing from 1.5mt in 2002 to 7mt in 2011¹².

A large number of locomotives have been acquired in recent years and fleet modernisation is underway, as well as endeavours to ensure greater local content in the manufacture of locomotives and wagons. The internal distribution of goods in South Africa and the export of finished goods have steadily improved. For example, freight tonnages transported by rail increased from 177mt in 2009 to 207.7 mt by 2012/13¹³.

Ports

Container freight capacity at South Africa's ports has increased considerably since 1994. Significant infrastructure developments include the construction of the new Port of Ngqura in the Eastern Cape and a doubling of the capacity of the port to 800 000 containers per year in 2012. The capacity of the Cape Town Container Terminal was increased from 700 000 containers a year in 2009 to 900 000 containers a year in 2012. Another major undertaking was the deepening and widening of the Durban Harbour entrance channel to accommodate much larger vessels. The

acquisition and installation of seven tandem-lift ship-to-shore cranes in Durban seeks to improve capacity and port efficiency¹⁴.

Major investments currently under way include container-handling equipment at Ngqura in order to increase port capacity to 1.5 million containers per year by 2014, and the expansion of the Port of Durban's container terminal from a capacity of 2 million containers (in 2009) by an additional 1.4 million containers per annum, along with berth deepening to accommodate larger vessels¹⁵. Feasibility investigations and community consultations are being carried out for a new Durban Dig-out Port, mainly for containers, at the old Durban International Airport site.

Despite this expansion drive, productivity at South African ports remains stubbornly low at an average of about 28 gross crane moves per hour¹⁶, compared with the international standard of about 40 per hour. Improving productivity at the ports will need to be a key focus area for Transnet in coming years.

Pipelines

Significant investments have been made in pipeline infrastructure since 1994. A new pipeline was built to bring Mozambican gas into South Africa (a public-private partnership with Sasol), and the existing industrial gas pipeline network was extended. Transnet has also installed a new multi-product fuel pipeline from the coast to South Africa's industrial heartland.

Roads

Significant improvements have been noted on our national roads. In 1998, the 7 200km of national roads was absorbed into the newly established South African National Roads Agency Limited. Since its inception, SANRAL has leveraged private investment in road infrastructure by concessioning and tolling specific road routes. The Warmbaths toll road was developed in 1994. The largest toll road project, the reconstruction of the N4 corridor linking Johannesburg and Maputo in Mozambique (R1.4 billion), was launched in 1996. This was followed by the expansion and tolling of further sections of the N3. The N4 was further extended with the Platinum/Bakwena toll road in 2000.

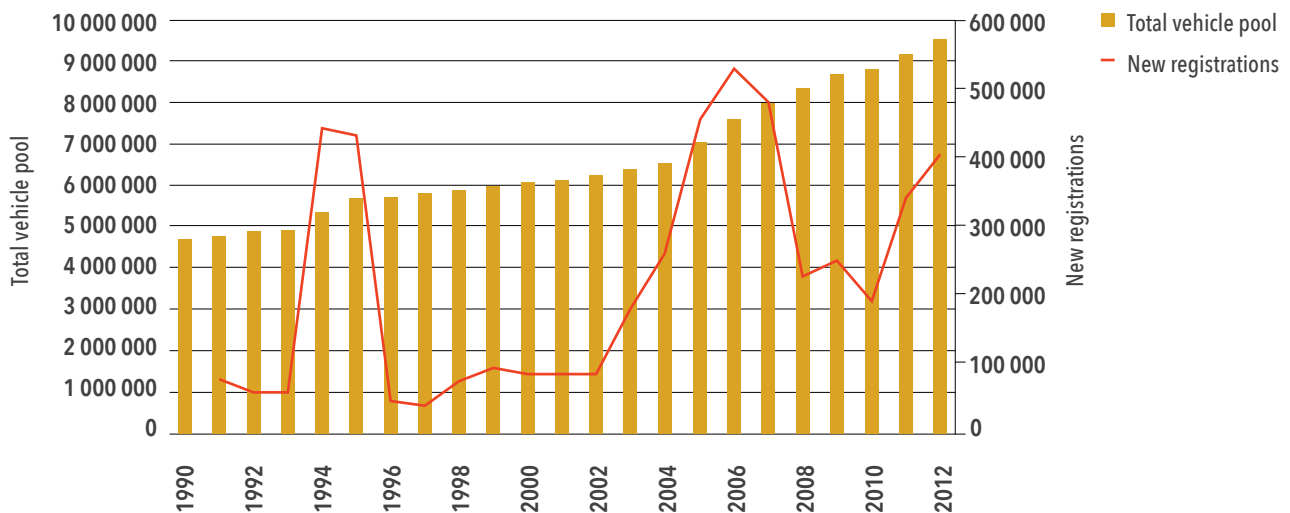
Non-toll roads are funded by the fiscus through annual budget allocations. These activities, which constitute about 81 percent



of national roads, are ring-fenced from toll road activities. Some toll roads are under long-term concessions to private parties under public-private partnerships. These are the N4 and Platinum Highway N3 Toll Concession (Pty) Ltd (N3TC), the N1/N4 Bakwena Platinum Corridor Concessionaire (Pty) Ltd (Bakwena) and the N4 Trans African Concessions (Pty) Ltd (TRAC). By 2012, private consortia had financed some R5.8 billion in capital for these projects¹⁷.

SANRAL also raises funds for some toll roads on its own balance sheet, for example, the Gauteng Freeway Improvement Project. Direct expenditure by SANRAL on non-toll and toll roads has accelerated since 2005. Future development of South Africa’s national roads to meet rising vehicle volumes, as well as rising demand for time-sensitive goods and “just-in-time” production input requirements, depends partly on societal acceptance of the user charge principle for higher quality roads,

Figure 5.5: Total vehicle pool and new registrations, 1990–2012



Source: Electronic National Administration Traffic Information System, 2013



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in comparison with the standard offering that is affordable to the tax base.

In comparison with the national roads, the standard of many provincial and local roads have not kept up with demand. Many were originally designed during the apartheid era for a smaller vehicle population, and have deteriorated with the increase in vehicles due to rising prosperity in the democratic era (see Figure 5.5), poor maintenance regimes and resource constraints. The 2002 Road Infrastructure Strategic Framework for South Africa (RISFSA) improved the classification of roads and allocated maintenance responsibilities more clearly. Government also introduced labour-intensive road construction and maintenance programmes, such as the Gundo Lashu Programme in Limpopo, the Zibambele Programme in KwaZulu-Natal, and more recently the S’hamba Sonke Programme, which contributed to the upscaling of the Expanded Public Works Programme and job creation.

Commuter rail

About 2.2 million passenger trips per day are made on Metrorail. The use of Metrorail grew steadily from 1993 to 1999, levelling off until 2002, when it again rose significantly. In 2006, Transnet’s Metrorail commuter rail assets were excised, merged with the rail assets of the South African Rail Commuter Corporation and renamed PRASA. The consolidation of passenger rail assets was completed in 2009, when Transnet’s long-distance/inter-city passenger assets (Shosholozza Meyl) were transferred to PRASA. In 2010, the state-owned PRASA embarked on a 10-year capital investment programme to upgrade the signalling systems on its Metrorail lines. In 2012, PRASA also launched a plan to refurbish and replace its rolling stock.

Other modes of public transport

Other modes of public transport, such as buses and rapid rail routes, gained impetus after 2005 when government introduced the Public Transport Infrastructure and Systems Grant. The aim of the grant was to improve

public transport infrastructure, initially focusing on projects linked to the 2010 World Cup.

Government also allocated substantial funding to set up bus rapid transit (BRT) systems in several metros. The Gautrain project also got underway during this period, becoming operational in 2012.

The most commonly used mode of motorised public transport in the country is the minibus taxi. In 1999 government introduced a taxi-recapitalisation programme to incentivise the private minibus taxi industry to renew its fleets with newer and safer vehicles, in the interests of commuter safety. A scrapping allowance of R55 000 per vehicle was allowed, provided that a new vehicle adhering to a list of safety specifications was purchased. While the programme is currently under evaluation as a fixed-period incentive, it has resulted in the scrapping of over 57 000 taxis¹⁸ in poor condition over the last eight years in favour of vehicles with higher safety specifications, thus contributing to the drive for commuter safety.



Aviation

The state-owned Airports Company South Africa's (ACSA's) investment in airport infrastructure increased since the early 2000s in all nine major airports including Bram Fischer (Mangaung), Port Elizabeth, Upington, East London, George and Kimberley, but with a larger focus on Johannesburg, Durban and Cape Town. Investment accelerated after 2006, with investment focusing primarily on the construction of the new King Shaka International Airport in Durban and upgrading

OR Tambo Airport in Johannesburg. Other new airports and upgrades include the privately owned Kruger Mpumalanga International, Lanseria, Mmabatho/Mafikeng and Mthatha airports. ACSA has grown in strength and expertise over the years and already has two large international airport concessions – São Paulo, Brazil and Mumbai, India.

5.3.3 Water and sanitation

In 1994 approximately 40 percent of households¹⁹ had no access to basic water supplies (defined as 25 litres of safe water within 200 metres of their homes). The democratic era witnessed the rapid delivery of water services to the population, with the backlog reduced to 5 percent of households without access to basic water supplies in 2012.

In addition, in 1994, approximately 50 percent of households lacked basic sanitation (defined as a household toilet of at least a ventilated improved pit latrine standard). The democratic government also prioritised the rapid delivery of sanitation services to the population, increasing the percentage of households with access to at least a basic level of sanitation from 50 percent of households in 1994/95 to 83 percent in 2011/12²⁰. Despite the rapid progress, the bucket system, undignified sanitation and reliance on fetching water from streams prevail in some areas, and an ongoing focus on eradicating the remaining backlogs is needed.

South Africa is a water-scarce country. The limited availability of raw water is, in many cases, a constraint to economic growth. Reversing this trend will require redoubling efforts to improve and expand the country's water resources infrastructure.

Major bulk water infrastructure projects include the Lesotho Highlands Water Scheme, Phase 1 of which began delivering water to South Africa's industrial heartland in 1998. This was augmented in 2004 with the completion of the Mohale Dam. Government has now approved a second phase involving the new Polihali Dam, a transfer tunnel to the Muela Hydroelectric Plant, and expansions to the power plant and other infrastructure in Lesotho. This project is set for completion in 2020.

The Berg Water Project commenced in 2002 and started augmenting Cape Town's water supply in 2007. The Vaal River Eastern Subsystem Augmentation Project, an



emergency project to shift water from the Vaal Dam to the Trichardtfontein/Bosjesspruit dams in anticipation of a drought in 2007 that would have interrupted water supplies to Eskom and Sasol, has also been completed.

The Olifants River Water Resources Development Project aims to support mining (particularly platinum) in Limpopo, as well as provide communities with access to water. It has involved constructing the De Hoop Dam and an extensive distribution network to convert the Flag Boshielo and De Hoop dams into a single, functioning system. Construction on the dam started in 2007 and has been completed. Construction of the De Hoop bulk distribution pipelines is currently underway.

Also currently underway is the Komati Water Scheme Augmentation Project, the Mooi-Mgeni Transfer Scheme Phase 2 (within which the Spring Grove Dam was completed and inaugurated in 2013), raising the walls of the Hazelmere and the Clanwilliam dams, and the Umzimvubu Catchment Area Project, which is in the process of concluding a two-year feasibility study started in 2012. Many of the bulk water resource projects have been made possible by the establishment of the Trans-Caledon Tunnel Authority (TCTA), an agency of Department of Water Affairs²¹.

The quality and quantity of South Africa's water supply also depends on the country's ability to save water, prevent leakages, eradicate pollution, and operate and maintain wastewater

plants. Provision was made for catchment management agencies and authorities in legislation introduced in the late 1990s to deal with these challenges, but thus far only two catchment authorities have been set up, which do not cover all the major catchment areas in South Africa. Going forward, these authorities need to be established and adequately funded if one is to deal decisively with raw water quality and conservation issues.

5.3.4 Communications

While much was done during the pre-1994 era to set up broadcast, postal and fixed-line telephone infrastructure, in many respects these were mainly focused on the minority and lagged behind global advancements in telecommunications. While the rest of the world had been enjoying television for decades, South Africa only began limited television services (mainly for a white audience) in the mid-1970s. Widespread home satellite systems, internet services and mobile cellular telephony only became a reality with the advent of democracy and the end of the apartheid security state.

Institutional arrangements in the pre-democracy era were characterised by a few state-controlled organisations like the South African Broadcasting Corporation (SABC), Telkom and the South African Post Office (SAPO), with high levels of state interference and little or no competition. Media independence was restricted. Private-sector investment and involvement in the communications sector was almost non-existent. Investment in the sector was limited by government affordability, and access to communication services by the majority was poor.

Over the past 20 years, the broadcasting sector has expanded substantially. By 2013, three public television channels, two commercial television channels (including satellite television services) and more than 160 commercial and public radio stations were broadcasting in the country's various languages. South Africa is also preparing for the rollout of digital television. Billions of rands of private-sector investment has been made in cellular phone infrastructure, as well as digital data telecommunications.

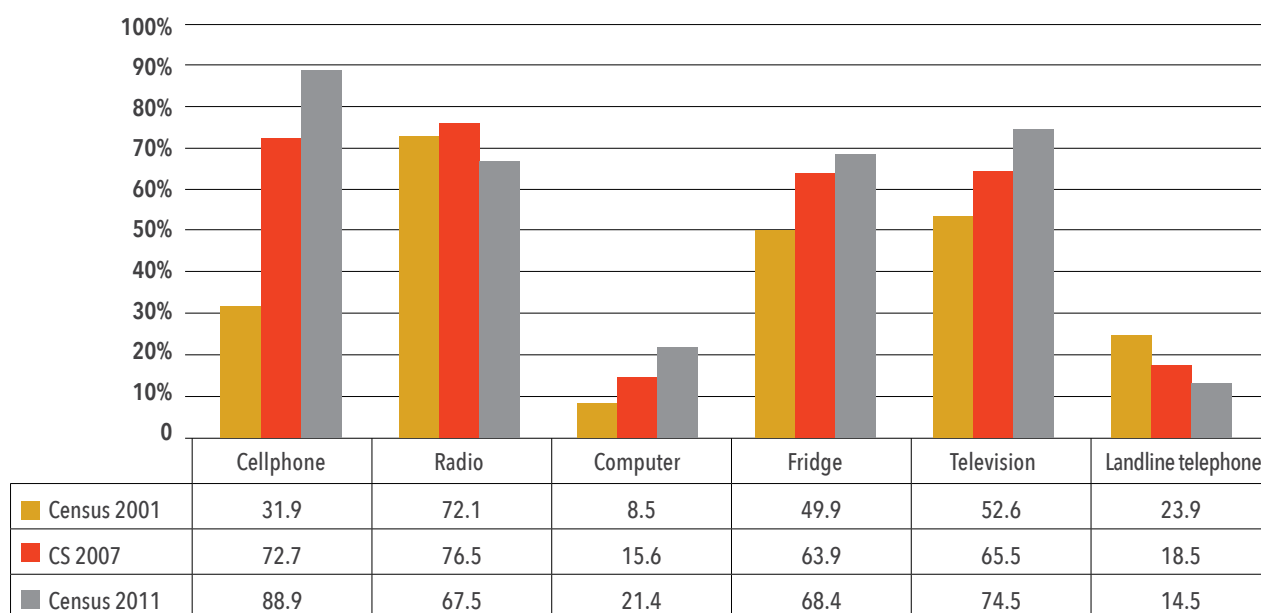
More South Africans have access to information and communication technology (ICT) now than in the past. Figure 5.6 shows that the percentage of households with access to cellphones increased from about 32 percent in 2001 to about 89 percent in 2011.

REFORM OF THE COMMUNICATIONS SECTOR SINCE 1994

- The Broadcasting Act was enacted in 1998. This removed the SABC from state control and entrenched its role as a public broadcaster.
- 58.3% of the broadcasting sector is owned by Historically Disadvantaged Individuals (HDIs). Given a zero base in 1992, this is a major achievement.
- The enactment of the Electronic Communications Act in 2005 increased market liberalisation.
- Entry of a third mobile operator, and second national fixed-line operator.
- Establishment of a state-owned broadband company, InfraCo, in 2009.
- Broadband Infraco is rolling out a national fibre optic network to provide broadband. MTN, Neotel and Vodacom are co-building an alternative national infrastructure network. These amount to over 5 000km of national fibre.
- Four additional submarine cable systems provide international commercial services in the last five years. These are: SEACOM in completed in 2009; EASSy in 2010; MainOne in 2010; and West African Cable System (WACS) in 2011.
- The Post Office has installed an estimated 700 000 new mail boxes around the country, and over 7.4 million new addresses since 2004, giving identity to households.
- To date the Post Office opened 430 000 new accounts for social grants and pensions and the Postbank has the highest number of Mzansi Accounts - about 2.6 million.
- Access of households to broadband is 33.7 percent (source: Research ICT Africa, 2012 ICT access and usage survey).
- 6 700 schools connected to broadband to date.
- Coverage of digital terrestrial television (DTT) is 82% with the full target being 84 percent. 16 percent is covered by satellite.
- Mobile phone termination rates were cut in 2010, and from 89 cents to 40 cents in 2013, then to 20 cents in 2014. This rate will fall to 10 cents by 2016, as part of the effort to reduce the costs of communication.

Source: Department of Communications²²

Figure 5.6: Percentage of households with access to telecommunications, 2001–2011



Source: Statistics South Africa, Census 2011²³

Similarly, television access increased from about 53 percent of households in 2001 to more than 74 percent in 2011, and computer ownership increased from 8.5 percent of households in 2001 to more than 21 percent in 2011, illustrating progress in addressing the digital divide. The two telecommunications tools that have seen a decline in penetration are landlines and radio in favour of newer technologies.

In step with global advancements, internet access, especially through broadband, has been encouraged. Broadband penetration is currently estimated at 14 percent over a personal computer, and 15 percent via a cellular phone, smart phone or tablet, with overall internet penetration estimated at over 33 percent²⁴.

Postal services have also increased. In its first year, the democratic government had opened at least 70 new post offices and upgraded many others in previously underserved areas. To date, the post office has one of government's largest infrastructural footprints around the country, with over 2 600 postal outlets, 1 170 of which are in rural areas, with visibility in major retail outlets across the country in the form of retail postal agencies²⁵. Many other postal outlets were upgraded to ensure that they have internet and network connectivity to be able to provide services in a more effective and efficient manner.

Despite rapid post-apartheid modernisation and high levels of private-sector participation and investment, the cost of communications in South Africa remains above world averages, while digital speeds and service offerings have remained relatively low. To address this, regulation of this sector needs to be strengthened, while maintaining the appetite for investment, continued modernisation and greater access to information and communication services for historically marginalised communities.

5.3.5 Industrial development zones

Between 1994 and 2001, the Department of Trade and Industry (the dti) promoted the concept of Spatial Development Initiatives. These projects were initially aimed at organising and mobilising public and private organisations and entities around specific spatially defined investments, such as the Maputo Corridor and others. Parallel to this, the concept of Industrial Development Zones emerged and

the programmes associated with this tended to focus on ports and airports. The most significant tangible infrastructure outcome arising from these initiatives has been the new port and logistics hub of Ngqura/Coega, which has grown significantly over a relatively short period of about 10 years. By 2010, these initiatives had contributed to attracting an estimated R56.9 billion worth of investments and had supported the creation of more than 69 424 direct job opportunities²⁶.

5.3.6 Social infrastructure grants

Much of the massive post-apartheid rollout of social infrastructure was made possible through the evolution of targeted fiscal grants for infrastructure. The Provincial Infrastructure Grant (later renamed Infrastructure Grant to Provinces) was introduced in 2000 with a modest R300 million to counter falling provincial capital budgets. The grant aimed to assist provinces to address historic infrastructure and maintenance backlogs, particularly for schools, hospitals, clinics, roads and rural infrastructure. Conditionalities attached to the grant forced improvement in the provinces' capacities to plan and manage projects. The grant grew rapidly and, in 2010, amounted to more than R11 billion²⁷. Similarly, the Municipal Infrastructure Grant (MIG) programme was put in place to support municipal infrastructure delivery. It currently amounts to approximately R15 billion per annum.

As aggregate infrastructure expenditure grew after 2000, the capacity of government entities to contract and spend the allocation emerged as a key constraint. By 2005, a significant proportion of infrastructure budgets was regularly being rolled over. This was particularly prevalent at the provincial and municipal spheres of government, prompting a range of support and capacitation programmes to be put in place. These have included programmes such as Siyenza Manje and others provided by the Development Bank of South Africa. The Business Trust also partnered the Presidency in 2006, financing the Support Programme for Accelerated Infrastructure Development (SPAID), which carried out a range of targeted projects aimed at removing the causes of infrastructure expenditure blockages. In addition, National Treasury and the CIDB developed a range of good practice notes, coupled with direct technical support to assist provinces to improve their social infrastructure delivery

programmes. These support programmes led to a marked improvement in provincial infrastructure expenditure levels, which have exceeded 95 percent over the last two years.

5.3.7 Public-private partnership projects

In the 1990s, there was some successful experience of public-private partnership (PPP) arrangements for national roads. Towards the end of the 1990s, government started to expand this approach to other infrastructure sectors, with the aim of mobilising private-sector finance and capacity. A PPP Unit was established in National Treasury in 2000 to provide the necessary support to such agreements. Some of the notable infrastructure projects concluded through PPPs have been the Inkosi Albert Luthuli Hospital, Mangaung Prison, Universitas and Pelonomi hospitals, Chapman’s Peak toll road, the dti head office and the Gautrain. Moving forward, there is a need for government to assess what has worked well and what has not worked well with these PPP agreements, as the basis for identifying more PPP opportunities for the private sector to invest in, in a manner that is sustainable and affordable to both government and the users of the infrastructure.

5.4 CHALLENGES

While each infrastructure sector faces unique challenges, there are a range of common issues, which are discussed below.

5.4.1 Integrating policy, planning and delivery across sectors

An integrated approach to policy, planning and delivery of infrastructure across sectors has never been fully in place, and such an approach is required to ensure effective and efficient infrastructure investment. It is necessary to avoid situations such as housing projects being built in areas without access to electricity, water, roads and sanitation.

Important steps in this regard have already been taken, firstly with the NDP setting the basis and giving direction to all infrastructure sectors towards achieving a common 2030 vision for the construction of South Africa’s future. Another important step has been the establishment of the Presidential Infrastructure Coordinating Commission, which brings all spheres of government together in a joint forum for the first time to promote infrastructure coordination and



Construction of Medupi power station



decision-making. This, together with the adoption of a National Infrastructure Plan, will not only improve decision-making in economic infrastructure sectors, but will also result in delivery on an integrated and sequenced programme across sectors, in line with the NDP, which should yield more effective outcomes.

The President launched the National Infrastructure Plan in February 2012. The plan clusters, sequences and prioritises future projects and infrastructure initiatives into 18 strategic integrated projects (SIPs)²⁸. This will be a continuous process, creating a “pipeline” of projects that give substance to the infrastructure initiatives outlined in the NDP, while also giving effect to infrastructure as one of the key drivers of the New Growth Path.

5.4.2 Market structure, regulation and pricing

While South Africa is not unique in the dominance of state-owned enterprises

(SOEs) in the delivery of infrastructure, principally because network infrastructure creates natural monopolies, the regulatory framework is relatively poor, both in design and implementation.

A stronger regulation policy was adopted early on in the first decade of democracy. Putting the energy regulator in place took a further five years, and it is only over the past five years or so that the regulatory function, operating on a cost-based methodology, is being applied to protect electricity infrastructure users from the unjustified pass-through of costs. Stronger regulation in respect of transport infrastructure monopolies was also adopted as policy in the first decade, but its implementation was delayed. It is only the Port Regulator that is in place, although there is a likelihood that other appropriate economic regulators for sectors such as rail will be set up soon. Work towards the proposed Single Transport Economic Regulator (STER) will partly address this concern.

In the water sector, pricing is such that where costs can be recovered, this is not being done, and there is no independent regulator. The Department of Water Affairs (which is effectively the regulator) has for many decades set prices that are below cost to maintain the water resources system, let alone allow for further development. The sector is therefore unnecessarily over-reliant on the fiscus. A key structural contributing factor is that the department is a policy-maker, implementer and regulator at the same time.

Where the legislative foundation for regulation is sound, for example, in the ICT sector, the regulators have not always effectively regulated their sectors, resulting in prices above global trends, constraining access and undermining the competitiveness of the national economy.

5.4.3 Financing mechanisms

Across all the sectors, challenges in mobilising resources for operations and maintenance, as well as future investments in economic infrastructure, loom large. Planning and budgeting processes for infrastructure have historically tended to neglect operations and maintenance.

More broadly, the mechanisms that are currently in place to finance infrastructure require urgent reform. Resources are in some cases flowing to the wrong areas. For example, in the case of commuter rail transport, infrastructure is not expanding in tandem with the enormous growth in demand because of financial constraints, in a context where commuter rail transport has substantial benefits for poor households. At the same time, PRASA subsidises long-distance passenger rail at the expense of commuter rail, even though the former cannot compete with road transport.

In the water sector, too, there seems to be an unfair cross-subsidy by taxpayers and households to large-scale industry, mining and agriculture, who together consume the lion's share of raw water. In addition, people pay a wide range of different prices for essentially the same product – raw water – depending on the particular dam or scheme from which it is obtained. In many cases, the price depends on how long ago it was built. Thus, poor people who never had water in the past will have to pay higher prices for water from new dams. To address equity in the pricing of raw water as a

product, as well as funding for development, the water sector needs an appropriate pricing strategy with equitable levelised pricing for various categories of raw water off-take paying their fair share of infrastructure costs, an independent regulator, and an infrastructure agency (similar to Eskom), with a balance sheet that enables borrowing as a public entity and levelised pricing, rather than project financing and project-level pricing to consumers.

As mentioned earlier, considerable success has been achieved in mastering the art of using private financing for road infrastructure, the Gautrain, hospitals and some government head office buildings. Despite some attempts, government has not yet been able to successfully replicate this for prison infrastructure, water services, electricity base-load generation, rail infrastructure, ports and pipelines. The telecommunications sector has witnessed considerable investment by the private sector, which has led to rapid service provision in the sector.

What has also emerged over the 20-year period is that there are limits to the quantum of infrastructure that can be financed through tariffs on existing users. In the case of electricity, pipelines and (recently) toll roads, the fiscus has had to provide additional balance sheet support through direct capital grants, loans or guarantees to avoid sharp tariff increases.

Despite these affordability limits and the ability of the state to assist, the advancement and future development of many aspects of the country's economic infrastructure will depend on the acceptability of the user charge principle for higher levels of infrastructure services and differentiated high-value products, compared with the standard offering that is paid by and is affordable to the tax base (for example, the Gautrain vs. Metrorail). Some differentiation within the user charge principle is required between "project internalised user charges" versus "system-wide (levelised) user charges". For example, it does not make sense for a ship to be charged more for using a newly refurbished berth than one using an old berth, and so it is fair to distribute the cost of the development of new berths to all berths.

5.4.4 Capacity constraints

Over the past 20 years, there have been various national initiatives to estimate future infrastructure-related skills shortages

and to develop plans to address these shortages. A related issue is the internal dynamics within the institutions and entities tasked with the delivery of infrastructure. Poor organisation and management of technical expertise, alongside low morale and political interference, diminish, in some cases, the returns from skilled individuals. In cases where capacity constraints effectively prevent the implementation of the economic infrastructure agenda, these skills need to be sourced from elsewhere, as proved to be highly effective in the construction of infrastructure for the 2010 FIFA World Cup.

5.4.5 Backlogs, rehabilitation and new infrastructure

There are tensions between the three different streams of infrastructure delivery (maintenance and rehabilitation, addressing backlogs, and responding to new demand) and managers make difficult choices in maintaining a fair balance between building new infrastructure for the many who have no services, and maintaining or rehabilitating infrastructure and facilities for those who already have access to services. A growing economy requires all three infrastructure streams to be implemented simultaneously.

5.5 CONCLUSION AND WAY FORWARD

The NDP sets the broad direction for the way forward for infrastructure development in South Africa and its crucial role and alignment within the country's 2030 vision. The point of departure in the NDP is that, while South Africa has a relatively good national economic infrastructure network, the challenge is to maintain and expand it to address the demands of the growing economy. The economy has already been constrained by inadequate investments and the ineffective operation and maintenance of existing infrastructure.

The NDP expresses concern that government does not have sufficient institutional or financial capacity to finance and implement the infrastructure investment plans on the scale required to support further economic growth. In addition, maintenance programmes are lagging behind. Resource constraints will therefore require trade-offs between competing national goals. Investments need to be made in a structured, considered manner to prevent inappropriate initiatives, protect South Africa's resources and ensure

that prioritised investments are efficiently implemented. The NDP recognises that private funding will need to be sourced for some of the required infrastructure investments, and that government needs to better manage collaborative investment by businesses and government in key infrastructure projects and to shape its institutional, policy and regulatory environment in order to attract investment.

In giving effect to the coordination, collaboration and elaboration of NDP infrastructure imperatives, the establishment of the PICC has brought the political heads of the three spheres of government together for the first time in a joint intergovernmental forum headed by the President²⁹. Through the PICC process, South Africa now has a coordinated National Infrastructure Plan comprising 18 strategic integrated projects. A summary of each of the 18 Strategic Integrated Projects is provided in the box at the end of this chapter. The PICC focuses on ensuring that there is adequate coordination of both planning and implementation between the various stakeholders involved in each of the SIPs, monitors progress, and intervenes to unblock bottlenecks. Other focus areas of the PICC include infrastructure skills, supply of materials, localisation, and creating an enabling legislative and regulatory environment for investment in infrastructure.

In implementing the National Infrastructure Plan, government will need to focus on the following:

- Improving regulation, funding and investment, including enhancing the capacity and effectiveness of regulators and addressing existing gaps in the water and rail sectors.
- Ensuring reliable generation, transmission and distribution of energy (electricity, liquid fuels, coal and gas).
- Ensuring the maintenance, strategic expansion, operational efficiency, capacity and competitiveness of South Africa's logistics and transport infrastructure (ports, logistics hubs, road, rail and public transport infrastructure and systems).
- Ensuring maintenance and supply availability of the country's bulk water resources infrastructure (dams and inter-basin transfers, bulk water and wastewater).



- Expansion, modernisation, access and affordability of South Africa's information and communications infrastructure and electronic communication services, including broadband and digital broadcasting.
- Continuing the rapid rollout of all social infrastructure in terms of NDP targets until universal access is realised.

These are crucial to the realisation of the NDP goals of moving towards an inclusive and dynamic economy, and of urgently launching the virtuous cycle that allows the

country to move to a new growth trajectory. This implies investment in rail, water and energy infrastructure alongside regulatory reforms that provide policy certainty and that encourage the private sector to invest more in infrastructure, and in general economic capacity.

PICC NATIONAL INFRASTRUCTURE PLAN: SUMMARY OF STRATEGIC INTEGRATED PROJECTS (SIPS)

SIP 1: Unlocking the Northern Mineral Belt with the Waterberg as the catalyst:

Investing in rail, water pipelines and energy generation, and transmission infrastructure in order to unlock rich mineral resources in Limpopo. Extending rail capacity to Mpumalanga power stations to further shift coal from road to rail.

SIP 2: Durban-Free State-Gauteng Logistics and Industrial Corridor:

Strengthening the logistics corridor between South Africa's main industrial hubs, integrating the Free State Industrial Strategy, disconnected industrial and logistics activities and rural production centres. It includes development of a new Durban port, Aerotropolis at OR Tambo International Airport and Dube Trade Port.

SIP 3: South Eastern Node and Corridor:

Building the new Mzimvubu Dam, irrigation systems, N2-Wild Coast highway, manganese sinter and smelter, improved rail capacity, possible Mthobmo refinery, transshipment hub at Ngqura, and port and rail upgrades.

SIP 4: Unlocking the economic opportunities in North West:

Accelerating investments in roads, rail, transmission infrastructure, bulk water and water treatment, and opening up economic opportunities.

SIP 5: Saldanha-Northern Cape Development Corridor:

Integrating development through rail and port expansion, back-of-port industrial capacity, expanded iron ore production and strengthened maritime capacity for the gas and oil activities along Africa's west coast.

SIP 6: Integrated Municipal Infrastructure Project: Developing national capacity to help the 23 least-resourced districts in addressing maintenance backlogs and bulk infrastructure upgrades.

SIP 7: Integrated Urban Space and Public Transport Programme:

Coordinating decision-making for the 12 largest metropolitan municipalities on economic and social infrastructure, public transport and human settlement for sustainable urban settlements connected by densified transport corridors.

SIP 8: Green energy in support of the South African economy:

Supporting a diverse range of sustainable energy initiatives as envisaged in the Integrated Resource Plan 2010 and biofuel production facilities.

SIP 9: Electricity generation to support socio-economic development:

Accelerating the construction of new electricity generation capacity in accordance with the Integrated Resource Plan 2010.

SIP 10: Electricity transmission and distribution for all:

Expanding the transmission and distribution network. Aligning the 10-year transmission plan to address backlogs, broadband rollout, freight rail line development to leverage off regulatory approvals and existing capacity.

SIP 11: Agri-logistics and rural infrastructure:

Investment in agricultural and rural infrastructure through investment in storage, transport links, fencing, irrigation, R&D, processing, aquaculture and rural tourism.

SIP 12: Revitalisation of public hospitals and other healthcare facilities:

Building and refurbishing public health facilities and revamping 122 nursing colleges to prepare for the requirements

of the National Health Insurance Programme.

SIP 13: National school-build programme:

A standardised building programme to replace inappropriate structures and provide basic services, while addressing the backlog, to improve outcomes and reduce overcrowding.

SIP 14: Higher education infrastructure:

Development of infrastructure for higher education, including new universities, lecture halls, student accommodation, libraries, labs, and ICT, recreational, retail and transport facilities.

SIP 15: Expanding access to communication technology: broadband for all by 2020:

Linking districts, local municipalities and deep rural areas with digital infrastructure. This includes the migration of television from analogue to digital broadcasting.

SIP 16: SKA and MeerKAT:

Building an advanced radio telescope facility linked to research infrastructure and high-speed digital capacity, providing an opportunity for Africa and South Africa to contribute to advanced science.

SIP 17: Regional integration for African cooperation and development:

Partnering with fast-growing African economies on infrastructure projects to create diversified, competitively priced options for transport, water and energy.

SIP 18: Developing a sustainable water supply-chain: "Source to tap to source":

A 10-year plan, including new infrastructure and the upgrading of existing water and sanitation infrastructure for social and economic growth.

Source: PICC: *A Summary of the South African National Infrastructure Plan*³⁰

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6

**sustainable
development**

6.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

The apartheid government largely ignored issues of sustainability during its time in power, building the country's economy around energy- and resource-intensive sectors, such as mining and agriculture. The era before 1994 was characterised by exclusionary, fragmented environmental legislation and policies that failed to promote sustainable development.

The apartheid government did little to regulate issues like pollution, enforce land rehabilitation or manage limited resources like water in an egalitarian, sustainable fashion. Economic development was pursued at the expense of the environment, with fossil-based sectors shielded from stringent regulation. As a result, democratic South Africa inherited an energy-intensive economy, with most of the country's energy derived from coal-fired power stations. The country's coal deposits present a relatively cheap and reliable source of energy, but coal is carbon-intensive. Consequently, according to the Department of Environmental Affairs, South Africa today is the largest emitter of greenhouse gases on the African continent, and carbon dioxide emission per capita is almost twice the global average. The burning of fossil coal for energy led to high levels of air pollution with health consequences for the poor.

Energy legislation during the apartheid years was largely geared towards regulating the electricity industry. Renewable energy and energy efficiency in energy investments, guaranteeing security of supply and reducing carbon emissions were not priorities.

Before 1994, the mining industry was shielded from environmental regulation and was not required to rehabilitate land after closure. As a result, dust blowing from mine dumps and the toxic residues of open-mine stockpiles are now negatively affecting the health of people in nearby settlements. The Witwatersrand is also at risk from rising acid mine water, which has negative effects on the environment and, potentially, human health. The cost of rehabilitating derelict and ownerless mines, treating acid mine water and dealing with silicon pollution¹ is falling to the democratic government. Environmental legacies of the apartheid government that contribute to a poor state of the quality of the environment have been carried into the democratic order.

The new government in 1994 inherited a country in which the white minority controlled the majority of limited natural resources. Not only had the black majority been confined to 13 percent of South Africa's surface area, placing tremendous strain on the natural resources in those regions, but 98 percent of the country's water resources had been allocated. That left the new government only 2 percent to allocate to the previously marginalised majority. The white-dominated agricultural sector consumed 60 percent of the country's water.

The land that had been allocated to blacks during apartheid was mostly in far-flung areas with limited economic opportunities. Black settlements in urban areas were often near industrial areas that exposed the inhabitants to pollution. Limited access to electricity in these settlements resulted in the burning of fossil fuels (especially poor-quality coal with a high sulphur and ash content), further affecting air quality, while a lack of infrastructure and services like stormwater drains, sewerage systems and waste-removal services contributed to high levels of littering, general environmental degradation and poor human health. Waste was not viewed as a resource and levels of recycling were low. The high pollution levels to which the black community was subjected contributes to the state's heavy health burden today.

In terms of conservation, despite the fact that large tracts of land were under state protection, the seven biomes (fynbos, savannah, grassland, Nama-Karoo, succulent Karoo, desert and forest) were not adequately protected².

Legislation to manage land, air, water and mineral resources was meant to protect narrow minority and government interests in these economic sectors, and environmental policies and services were formulated within a framework that perpetuated social inequality by benefiting the white minority, and generally disregarded the environment and sustainability.

6.2 DEVELOPMENTS SINCE 1994

The democratic government needed to redress past imbalances, address the competing needs for land use, and ensure that economic growth, industrial development, infrastructure development and poverty-reduction objectives could be achieved, while simultaneously ensuring the long-term sustainability of natural systems and the environment. As important as it was to address poverty, unemployment and inequality, this could not be done without also breaking the links between economic activity, environmental degradation and carbon-intensive energy consumption.

6.2.1 Environmental legislation and regulation

The Constitution of South Africa states that all citizens have the right to an environment that is not harmful to their health and wellbeing, and to an environment protected for the benefit of present and future generations, through reasonable legislative and other measures. The past 20 years have seen a dramatic and sustained process of forming environmental guiding principles, institution-building and restructuring, legislation and policy development and domestic and international engagement – all with the intention of addressing the historical legacy of inequality, international isolation and the fragmented structures of environmental governance.

The country's first development policy, the RDP, advocated for a sustainable and environmentally friendly growth and development path. This was followed by the passing of the National Water Act in 1996, the National Environmental Management Act (NEMA) in 1998 and other legislation that provide a legislative framework based on cooperative governance to promote the right to a clean and healthy environment. NEMA has laid the basis for sectoral legislation, policies and strategies.

Government introduced a regulatory framework for environmental impact assessment in 1997 and enhanced it in 2006. Environmental impact assessments require decision-makers to take into account environmental values when planning and implementing projects. This regulatory framework, along with government-developed tools such as environmental management plans and environmental implementation plans, has helped make environmental sustainability a priority across government and society. The last 20 years have witnessed the growth of the profession of environmental impact assessment practitioners, resulting in a new sector of professionals capable of providing independent advice to companies and government undertaking development. To date, environmental impact assessments have yielded mixed results in terms of promoting sustainable development³.

An integrated environmental licensing system has also been developed recently. This is being used to streamline the environmental licensing processes for the infrastructure-building programme and provide a simplified assessment process for small and micro-enterprises, and communities that require support.

A National Framework for Sustainable Development was adopted in 2008 and was followed by the adoption of the National Strategy for Sustainable Development (NSSD) in 2011. It states that, if the country's long-term economic performance is to avoid breaching key ecological thresholds, it should develop new technologies and processes to increase productivity, while using less energy, fewer resources and reducing waste. The framework also asserts that efforts to eradicate poverty could be undermined if scarce resources continue to be used unsustainably. The NSSD and, more recently, the New Growth Path and the NDP, have emphasised the green economy as a key area of growth.

The environmental sector has, over the years, made significant and direct contributions to job creation and poverty alleviation through programmes such as Working for Water, Working on Fire, Working for Wetlands, People and Parks and the Green Fund.



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The law-enforcement capacity of the Department of Environmental Affairs and Water Affairs has been enhanced by the development of capacity in the form of Green and Blue Scorpions. The protection of South Africa's ocean resources has been further enhanced with the purchase of a fleet of environmental vessels since 2006. Another highlight was the enactment of the Integrated Coastal Management Act of 2008, which, among other things, seeks to rationalise the management, protection and development of the country's coastline. In addition, dedicated capacity for addressing wildlife crime was established in 2012, in the form of the National Wildlife Information Management Unit.

Since 1994, government has introduced measures to monitor and track environmental change. The Department of Environmental Affairs produces the State of the Environment Report every five years to track trends in environmental change, while the Department of Water Affairs produces the State of the Rivers Report to track river health, and the Green and Blue Drop Status Report to track the quality of drinking and waste water. Two assessments of the state of the country's biodiversity have also been undertaken in 2004 and 2011.

This monitoring indicates that, while there have been some improvements in some areas, the state of the environment is deteriorating. Moving forward, emphasis will therefore have to be placed on effective implementation and enforcement of the environmental legislation that has been put in place over the last 20 years, as well as proactive initiatives to improve the quality of the environment.

6.2.2 Water resource management

South Africa is a relatively water-scarce country, with limited freshwater resources. Ranked the 30th driest country in the world, its rainfall varies from less than 100 mm per year in the west to more than 1 500 mm per year in the east⁴. Four of South Africa's major river systems are shared with the six neighbouring states of Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe. The total area covered by these four shared catchments in South Africa is equal to about 60 percent of the country's surface area and the mean annual flow from these rivers amounts to approximately 40 percent of our total average river flow. In order to regulate

the use of water from these rivers, a number of bilateral and multi-lateral commissions and committees have been established between South Africa and its neighbours.

Strategies have been developed to guide future water resource planning, management and investment requirements, based on an assessment of the country's water balance against projected future needs. The key issues include a greater focus on water conservation and water demand management as every drop counts and the country cannot afford to waste any more water. Other issues include increased utilisation of ground water, the reuse of waste water in both coastal and inland systems, more dams and transfer schemes, desalination, catchment rehabilitation (including the clearing of invasive alien plants) and rainwater harvesting.

There are high levels of water pollution in some regions. According to the State of the Environment Report 2012, there are 223 river ecosystem types that represent the diversity of rivers, of which 57 percent are threatened (25 percent critically endangered, 19 percent endangered and 13 percent vulnerable). Only 35 percent of main rivers and 52 percent of tributaries are in good condition. In response, the Department of Water Affairs initiated an "adopt-a-river" programme, which seeks to raise awareness on the need to care for water resources and also encourage active stakeholder participation (especially those along the river courses) in addressing pollution.

Wetlands constitute about 2.4 percent (2.9 million hectares) of South Africa's surface area and 65 percent of wetland types have been identified as threatened with extinction (48 percent are critically endangered, 12 percent are endangered and 5 percent are vulnerable). Some 291 estuaries (170 000 hectares) are estimated to exist along South Africa's coast, with most located along Indian Ocean waters. Some 82 percent of estuarine ecosystem types are degraded, while 43 percent of estuaries are threatened.

The country experiences water pollution from inadequate, overloaded, ageing or poorly maintained and operated sanitation and waste water treatment systems, inadequate rehabilitation of river systems and inadequate enforcement to prevent industrial pollution. In recent years, a number of new waste water treatment schemes have been completed

and existing ones refurbished. Going forward, improving the capacity, maintenance and operation of waste water treatment systems must be a priority of government.

The deteriorating quality and security of supply of water undermines the ability of government to effectively address inequality and grow the economy. This situation has been further exacerbated by the increasing rate of water consumption due to population growth, industrialisation, urbanisation and greater demand for irrigation and stock water. All this has led to increased water abstraction and reduced water quality, both of which put pressure on South Africa's rivers⁵.

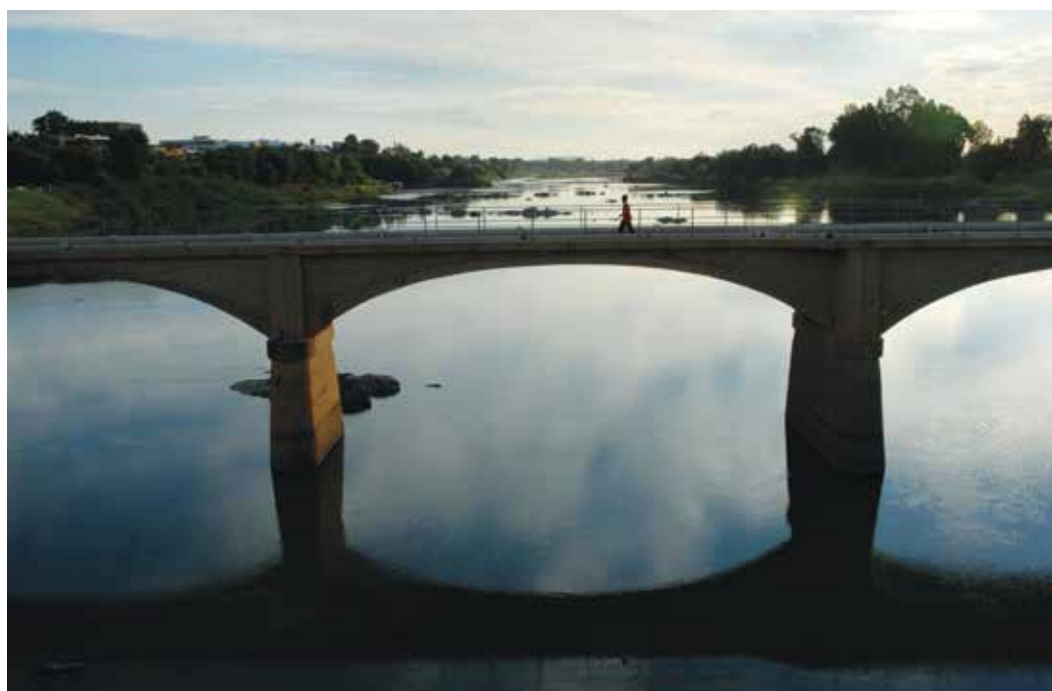
To address this, a broad range of indicators to monitor the quality of surface, coastal and ground water has been developed. Government has developed standards for basic water supply and sanitation that aim to reduce human health issues and environmental degradation. To date, these standards have been implemented to varying degrees.

In some municipalities, there are problems with maintaining and operating infrastructure related to these services. Erosion of management and technical skills at all levels, but in local government in particular, as well as poor use of incentives, disincentives and

regulations to address quality problems, has contributed to deterioration in both the supply and quality of water.

More stringent regulations have been introduced to limit the mining sector's impact on the environment, including streamlining the environmental authorisation process with environmental impact assessment regulations. Enforcement has been enhanced, resulting in an increase in the number of mines monitored for non-compliance from 54 in 2009 to 204 in 2013. However, compliance levels are below 50 percent. The departments of Mineral Resources, Water Affairs and Environmental Affairs have recently introduced integrated enforcement actions and are applying penalties for non-compliance. Since 2011, measures have been put in place to reduce the risks associated with acid mine water in the Witwatersrand, including treatment and alternative-use options for treated water. Moving forward, these measures will need be scaled up as acid mine water remains a risk to water resource management in various areas of the country.

Although South Africa is one of the few countries in the world in which tap water is safe to drink, challenges remain around ensuring equitable access to water and maintaining water quality. Chapter 3 of



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this review discusses how the democratic government has placed particular emphasis on ensuring that all South Africans have access to basic water supply and sanitation services at an affordable cost⁶. Before 1994, government's approach to water provision was "all for some". After 1994, water services were regarded as a non-stop delivery process "from source to utilisation and back to source" and promoted "some for all".

To secure water supply, as discussed in Chapter 5, several bulk water projects were completed between 1994 and 2013, including the Lesotho Highlands Water Project and a network of water-transfer schemes to transport water from areas of relative abundance to those of relative scarcity. These projects aimed to address problems of water shortages in urban areas and dense rural settlements far from large water courses, and to provide water for agriculture and industrial development.

The process of water allocation has been reformed to ensure equitable access and address riparian laws. Going forward, the focus will need to be on implementing the new processes to ensure universal access to this public good.

Water-use efficiency targets for the agriculture sector have been put in place and the Department of Water Affairs is currently completing water management plans for the manufacturing and mining industrial sectors. Management plans to save water have been completed for 14 irrigation schemes, but the department is not yet assessing the percentage of water losses curtailed through the implementation of these management plans. Leakages from domestic water reticulation systems remain one of the main causes of water wastage.

The Department of Water Affairs has made good progress in clearing the backlog



of water-use licences. Applications from agriculture, power generators, municipalities, stream-flow reduction activities, mining, industries, government agencies and developers have been prioritised.

In June 2013, the Department of Water Affairs published the second National Water Resources Strategy, building on the previous strategy that was published in 2004. The goal of the strategy is for water to support economic development and the elimination of poverty, and for water to be managed in a sustainable and equitable manner. The strategy intends to achieve this goal through the use of the Water Allocation Reform Programme and various mechanisms, including setting water aside for redress, compulsory licensing, general authorisations, development support and partnerships, to ensure that water is made available to previously disadvantaged groups.

6.2.3 Air-quality management

Mining and industry, compounded by the burning of poor-quality coal and biomass by those with limited access to electricity, have resulted in high levels of air pollution in some areas. Since 2007, plans to manage air quality and ambient air-quality standards have been developed for identified areas. Some regions, such as the Highveld and Vaal Triangle, have been declared priority areas due to high pollution from burning coal to produce electricity and liquid fuel.

To assess whether air quality is improving or not, the national air-quality indicator was developed, as well as the greenhouse gas emissions inventory for energy- and industrial-process emissions. The focus is currently on reducing burning of solid fuel in residential areas and vehicle emissions. To reduce emissions from transport, lead has been phased out of liquid fuel, and regulations have been introduced to allow for blending.

6.2.4 Energy

Energy production in South Africa remains largely dependent on coal. The Integrated Resource Plan for energy was developed in 2011 to guide future energy investments, guarantee the security of supply and reduce carbon emissions. The plan identified the need to accelerate efforts to tap into the country's solar, wind and hydropower

ENFORCEMENT CASE STUDY 1

There have been some successful prosecutions of those in contravention of air-quality legislation. For example, in November 2010, environmental management inspectors found that Silicon Smelter in eMalahleni was illegally operating several processes without authorisation in terms of the Air Quality Act of 2004 and in contravention of section 28(14) of the National Environmental Management Act of 1998. It was fined R2 million and ordered to implement various measures to ensure legal compliance.

resources, while responsibly exploiting fossil fuels and mineral resources.

As discussed in more detail Chapter 5, to date, 2460MW of renewable energy has been secured through the Renewable Energy Independent Power Producer Procurement Programme. Increased use of nuclear energy, which will drastically reduce emissions, is also being explored. Various demand-side management and energy-efficiency programmes are being implemented in industry and households.

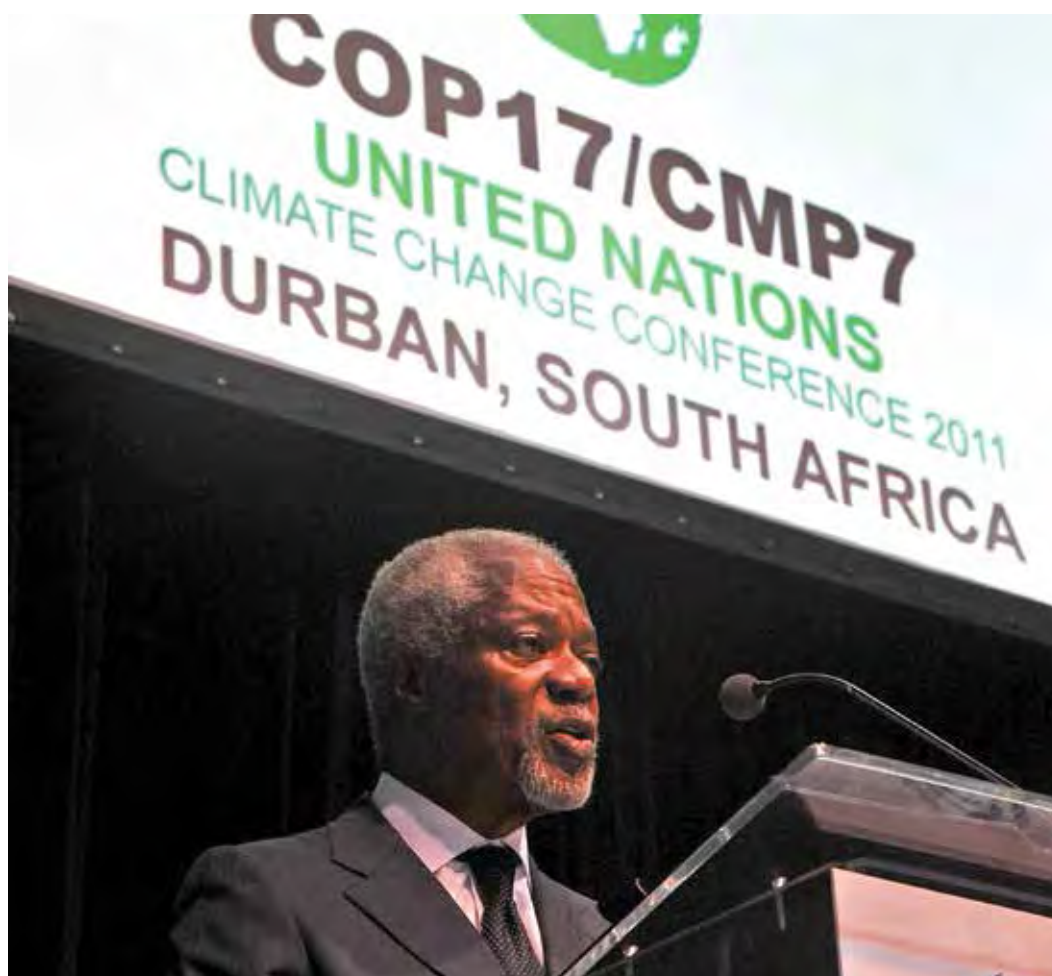
6.2.5 Climate-change mitigation and adaptation

South Africa, like other developing countries, is at particular risk from climate change due to a combination of geography, the intrinsic vulnerability of poor communities to environmental threats, and the pressures that economies based on resource extraction place on the environment. South Africa has acknowledged that climate change poses a major threat and has committed

to strengthening its social and economic resilience to the effects of such change.

In 2008, Cabinet approved the Long-term Mitigation Scenarios to guide policy direction. In 2009, the President announced that South Africa would implement mitigation actions that would collectively result in a 34 percent and a 42 percent reduction in its emissions growth trajectory by 2020 and 2025, respectively. Achieving these targets will require financial, capacity-building, technology development and technology transfer support, and a global, legally binding agreement.

South Africa hosted the 17th session of the Conference of the Parties (COP 17) to the United Nations Framework Convention on Climate Change in 2011 to mobilise support for the Climate Change Programme. The most notable outcome of COP 17 was the Durban Platform for Enhanced Action, which set timelines for negotiating a new climate regime from 2015 onwards.



While preparatory work and research to set targets and measure reductions in emissions in different sectors are under way, implementation programmes include over 300 000 domestic solar water heaters installed to date and the launch of the Renewable Energy Programme.

6.2.6 Conservation and biodiversity

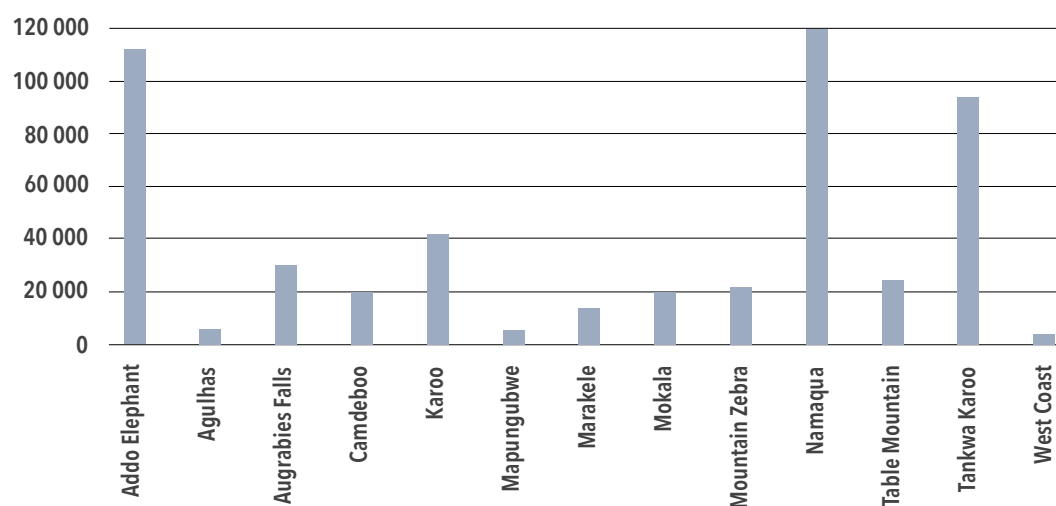
Due to the fact that conservation was used by the apartheid regime to exclude black people from conservation areas, there are conflicts regarding land use and access to resources in some of these areas. Some conservation areas have been the subject of land claims and, in some instances, communities that used to harvest medicinal plants or firewood or hunt animals for subsistence have been at loggerheads with authorities. Community-based conservation areas have been developed and conservation education has sought to attract people to visit parks such as the Kruger National Park. Since 1994, good progress has been made in expanding the terrestrial, freshwater and marine areas under conservation. The conservation estate has increased to 7.9 percent of the total land area, just short of the 10 percent international benchmark for land under conservation. Figure 6.1 indicates the

hectares of land added to the conservation estate since 1994.

South Africa has collaborated with neighbouring countries on conservation and to date, six transfrontier parks have been proclaimed⁸. Eight world heritage sites have also been proclaimed in the country. Management plans for a number of species of special concern and threatened species have been completed and are under implementation. Table 6.1 shows the register of protected areas, including marine protected areas.

Despite these achievements, major ecosystems remain threatened and endangered species, such as abalone and rhinoceros, are being poached at alarming rates. Degradation of natural areas and resources continues, as does the fragmentation of protected or undisturbed areas, with negative effects on biodiversity and ecosystems. To begin addressing this, during the last five years, four biodiversity management plans have been developed to protect the black rhinoceros, cycad, pelargonium and African penguin. There is growing collaboration between government, security authorities, neighbouring countries, international partners and civil society to address rhinoceros poaching, with some successful prosecutions to date.

Figure 6.1: Area added to the terrestrial conservation estate, 1994–2013 (hectares)



Source: Department of Environmental Affairs, 2012⁷



Table 6.1: Protected areas in South Africa according to the Register of Protected Areas

Protected area type	Number	Area (ha)
World heritage sites	8	298 551
Special nature reserves	2	335 000
National parks	22	885 775
Nature reserves	418	2 131 981
Marine protected areas	29	440 269
Mountain catchment areas	16	627 257
Total	495	74 718 835

Source: National Register of Protected Areas, 2012

6.2.7 Waste management

The 1998 Integrated Policy on Waste Management and Pollution advocated waste minimisation, recycling, treatment and disposal. The 2001 Polokwane Declaration on Waste Management⁹ built on this commitment to develop a waste management system that would reduce waste by 50 percent by 2012 and result in zero waste by 2022.

Although these principles inform local and provincial integrated waste management

plans, the targets have not been achieved. Minimum standards for waste collection and disposal have been introduced and the percentage of households with access to at least a basic level of refuse removal increased from 55 percent in 2009 to 72 percent in 2013. The national Department of Environmental Affairs is helping municipalities obtain licences for waste-disposal sites and is intensifying waste reduction, recovery, re-use and recycling initiatives. Notwithstanding these interventions, littering and illegal dumping is common and levels of waste minimisation and recycling are low as waste is generally not considered a resource. The waste sector has the potential to create jobs through waste separation and recycling.

Medical waste has not been adequately managed, with incidences of medical waste pollution reported and cases that have been prosecuted in court. This is an area that still requires specific regulations in terms of the National Environmental Management Waste Act of 2008. Monitoring and enforcing compliance of health-sector waste disposal presents a capacity challenge, as new regulations will require all thermal medical waste treatment facilities to comply with air-quality standards and all existing permits for non-thermal treatment facilities to

ENFORCEMENT CASE STUDY 2

A waste disposal site in Butterworth was investigated by environmental management inspectors and the Eastern Cape Department of Economic Development and Environmental Affairs in 2010. The site was illegally storing healthcare-risk waste. The case was tried in February 2012 and the accused charged with contravening section 20(1) of the Environment Conservation Act (operating a waste disposal site without a licence) and section 35(2) of the Air Quality Act. The company was fined R200 000 and suspended from trading for five years.

be reviewed. An example of successful prosecution for contravening medical waste regulations is given in the box.

6.2.8 Regional and international engagement

Over the past 20 years, the South African government has become an integral part of regional and global multilateral environmental bodies, such as the United Nations Commission on Sustainable Development and the United Nations Framework Convention on Climate Change. It often takes a central role in negotiating key sustainable development mandates in these forums. The United Nations' Millennium Development Goals (MDGs), which South Africa has embraced, seek to ensure that principles of sustainable development are integrated into country policies and programmes. In terms of MDG 7,

which focuses on ensuring environmental sustainability, South Africa has already phased out ozone-depleting substances and is on track to achieve a reduction in carbon dioxide from business as usual by 2020. While there has been an increase in hectares of land under protection, the target to reduce biodiversity loss by 2010 has not yet been achieved¹⁰.

The country has consistently played a strategic role in ensuring that sustainable development remains on the global agenda, earning respect as a major player in international environmental negotiations. South Africa has been influential in negotiating various conventions and protocols and is signatory to a number of them. For example, in 2002 South Africa hosted the World Summit on Sustainable Development in Johannesburg and continues to play an active role in the implementation of outcomes from the Summit through the United Nations Commission on Sustainable Development.

On a regional level, South Africa plays a leading role implementing the NEPAD Action Plan for the Environment Initiative and developing a climate change implementation framework. This includes playing an active role in the Southern African Development Community (SADC) through the African Ministerial Conference on the Environment and the African Ministerial Conference on Water.

6.2.9 Business and civil society

Environmental stewardship has grown in the business sector through, among other initiatives, the development of the King Codes of Good Practice. Launched in 2009, these codes require businesses to provide an integrated report that includes financial results, their social effect on the community in which they operate, and how they intend to increase the positive effects and minimise the negative effects on these communities in future. Most South African companies now report in line with this code.

In addition, South African companies report on their carbon footprint and efforts to minimise and reduce environmental risks through the Global Reporting Initiative. The Carbon Disclosure Project, launched in 2007, assesses the disclosure quality of the top 100 companies listed on the Johannesburg Securities Exchange in their annual reports. On a global level, businesses participate in the World Business Council on Sustainable Development.



Since 1994, civil society has significantly contributed to shaping environmental policy through the Consultative National Environmental Policy process. Through advocacy programmes, these non-government actors have made a significant contribution to shaping government policies and strategies related to sustainable development, particularly in areas of energy security, energy mix and the effects of climate change.

6.3 CONCLUSION AND WAY FORWARD

The general deterioration in the quality of the environment poses risks to economic growth, poverty eradication and reducing inequality. The democratic government has created the policy framework needed for sustainable development. Going forward, the focus will need to be on implementation.

As described in the NDP, future areas of focus in respect of water will need to include the following:

- Reviewing water policy and developing integrated water resource legislation to protect water resources and secure supply
- Addressing a lack of management and technical skills at local municipal level, particularly regarding water wastage and pollution from sanitation systems
- Improving enforcement mechanisms, particularly for industrial pollution and non-compliance with legislation in the mining industry
- Increasing awareness campaigns on the responsible and efficient use of water.

Innovative waste-removal solutions for dense informal settlements need to be found and the country must keep moving towards a zero-waste society. This requires investment in consumer awareness, green product design, recycling infrastructure and waste-to-energy projects. In particular, the challenge of unlicensed landfill sites needs to be addressed.

In order to build stewardship and care for the environment, all sectors of society have to take responsibility for their waste and not pollute the environment. For a cleaner environment, government has to implement the polluter-pays principle through market instruments. Extending producer responsibility in manufacturing and packaging will reduce

the need for more landfill airspace for waste. The carbon tax is one of the tools to curb air pollution and reduce greenhouse gases that cause climate change.

Civil society contributes to shaping policy in areas such as biodiversity conservation, energy and climate change. Greater support should be given to community-based activism in pollution prevention, conservation and natural-resource-management initiatives, while broader biodiversity protection efforts should be accelerated.

The NDP envisages a transition to an environmentally sustainable, climate change-resilient, low-carbon economy and just society. Accordingly solar, wind and hydropower resources need to be utilised to reduce dependency on coal for power, particularly given South Africa's commitment to reducing its carbon emissions to below its anticipated growth trajectory in upcoming decades. The focus on demand-side management of electricity and energy efficiency should continue. As a developing country, South Africa, with its vulnerable water and agriculture sector, should place emphasis on adaptation to climate change, to protect the vulnerable, livelihoods and food security. The NDP indicates that: "Shifting to a green economy, including to a low-carbon economy, is shifting to a more sustainable economic growth and development path in the long term."

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7



safety and
security

7.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

Before 1994, separate systems for the administration of justice functioned in South Africa. The former homelands had police and justice departments and other justice-related structures. As a result, there was a disparity in the delivery of services, depending on race and geographic location. Commanding personnel were mostly white men.

Before 1994, the primary focus of law enforcement and the justice system was on upholding, securing and entrenching the apartheid state. The resulting highly centralised, para-militarised and authoritarian police service concentrated its efforts and resources on eliminating opposition to the apartheid system.

To the extent that some attention was paid to fighting crime, this occurred mainly in white areas. Scant resources, both human and financial, were apportioned to areas inhabited by blacks. By 1994, levels of crime and insecurity had increased dramatically in the absence of effective crime prevention and investigative policing services. Between 1983 and 1992, the murder rate increased by 135 percent, the robbery rate by 109 percent, the housebreaking rate by 71 percent, car theft by 64 percent and rape by 62 percent¹.

Most South Africans were denied access to courts, legal services and advice during apartheid. The legal services and legal aid offered to the majority were inadequate. For example, in 1992, 150 890 convicted persons were sentenced to imprisonment with no legal representation².

7.2 DEVELOPMENTS SINCE 1994

7.2.1 Overview

In 1994, a broader concept of safety and security was embraced to align policing practices with the Constitution. Emphasis was put on ensuring the legitimacy, accountability and effectiveness of the security and criminal justice functions. The democratic state sought to create a criminal justice system representative of the population regarding gender, disability and race. The importance of involving citizens in creating a safe atmosphere for all was emphasised.

The Presidency's Ten Year Review confirmed that significant progress had been made in improving national security, establishing the rule of law and transforming institutions that had previously served the apartheid state. The review identified particular challenges, including the following:

- Slow transformation of the criminal justice system
- Poor integration of the crime prevention and criminal justice system

- Inadequate human resources development across the justice, crime prevention and security (JCPS) Cluster.

The review recommended that the government strengthen the skills and numbers of members of the South African Police Service, reduce case backlogs, establish an effective offender rehabilitation programme, enhance the capacity of intelligence structures and the South African National Defence Force, improve efficiency in ports of entry and at border controls, and accelerate the implementation of social programmes, along with visible policing and increased social partnerships. Citizen involvement and a stronger social fabric were highlighted as essential for significant crime reduction.

Following the review, government adopted a seven-point plan to realise a modern, integrated, well-resourced and well-managed criminal justice system. It redoubled its efforts to integrate the 11 different systems. The budgets of key departments in the JCPS Cluster, in particular those of the police and correctional services, were exponentially increased. In nominal terms, the police budget increased from about R6 billion in 1994 to R63 billion in 2013 and the budget for correctional services increased from about R1 billion in 1994 to R17 billion in 2013.

Despite these measures, the Presidency's Fifteen Year Review noted that some critical goals had not yet been achieved. Persistent challenges included the negative effect of organised crime, ineffective operation across the JCPS Cluster and poor integration in terms of strategy and implementation. It was highlighted again that involving communities in the fight against crime was critical. Prevalent violent crime affected investor confidence, as well as small and micro-enterprise development. Fear and vigilantism weakened the rule of law and strained the social fabric.

The government responded by adopting a new approach to crime, regarding it as a social, as well as a security issue. It undertook to encourage community respect for the law and cooperation with the police service, while requiring courts to be service-orientated and prisons to focus on rehabilitating offenders to break the cycle of crime. The White Paper on Correctional Services sought "to gear all its activities to serve a rehabilitation mission that ensures successful reintegration into society"³. This was based on the National Crime Prevention Strategy, which shifted the focus from reactive crime control to proactive crime prevention. The strategy was complemented by other strategies and structures, including the Crime Combating Strategy, the Integrated Justice System, the Sexual Offences and Community Affairs Unit (focusing on crimes against women and children), the Directorate of Special Operations and the Asset Forfeiture Unit in the National Prosecuting Authority, the Financial Intelligence Centre (focusing on organised crime) and the Victim Empowerment Programme.

In 2009, government noted that even though serious crime levels had decreased and substantial resources had been made available, performance in the criminal justice system was still below the required standard and did not satisfy public expectation. In response to this challenge, government adopted an outcomes-based system and renewed its commitment to ensuring that citizens would be and feel safe. This meant paying particular attention to those types of crimes that induced feelings of insecurity among citizens, particularly trio (vehicle hijackings, residential and business robberies) and contact crimes (assault, murder and rape). Targets were set for lowering these categories of crime. Government committed itself to improving capacity in the criminal justice system, increasing the number of finalised cases, reducing case backlogs, strengthening rehabilitation and victim support programmes, and addressing cyber-security and cyber-crime threats.

The NDP states that South Africa “suffers from high levels of corruption that undermine the rule of law and hinder development and socio-economic transformation”. Building on the interventions introduced since 1996 to fight corruption, in 2010 government established the Anti-corruption Task Team to target corruption cases involving large amounts of money and address challenges relating to uncoordinated responses to corruption.

7.2.2 The administration of justice

In line with the new Constitution, most structures relating to the administration of justice underwent restructuring and transformation to meet the constitutional obligations of human dignity, equality, human rights and freedom. The role of the Judicial Services Commission (JSC) in appointing judges constituted a radical break with the past and contributed to the evolution of a judiciary that is increasingly representative of South African society⁴. Progress has been made, although there is still some way to go to fully reverse the imbalances of the past regarding the training of black lawyers.

The Constitution states that judicial authority is vested in the courts, which are independent and subject only to the Constitution and the law. The courts are enjoined to apply the law impartially and without fear. As a measure to guarantee that the courts discharge their

constitutional mandate in an unfettered manner, the Constitution insulates them from interference by any person or organ of state. This cements the separation of powers between the judiciary, the legislature and the executive with a system of checks and balances. The courts are the final arbiters on all legal and constitutional disputes.

In 2012, the Constitutional Court was designated the sole centre of South Africa’s jurisprudence. It has jurisdiction on any matter that raises an arguable point of law of general public importance. The role played by the courts, in particular the Constitutional Court, constitutes developmental jurisprudence in line with the imperative contained in the NDP to create a capable developmental state. Government’s response to court judgments continues to be respectful, whether the judgments are favourable or not. This has helped reinforce the legitimacy of the courts. After 1994, homeland courts were incorporated into the legal system and customary law acknowledged in the Constitution. This played a part in changing people’s experience in accessing justice. In addition, 283 small claims courts were established throughout the country. The goal is to establish one in every district. New court buildings have been built in previously disadvantaged communities.

Challenges regarding access to justice remain. Most prospective litigants do not possess the necessary legal skills or finances to institute or defend a case. Affordable legal representation is a critical and integral part of access to justice.

Legal Aid South Africa was established to provide legal aid services to the poor and indigent in both criminal and civil matters. It currently provides service through its 64 justice centres, 64 satellite offices and 13 High Court units, established throughout the country. These centres provide general legal advice through their professional and paralegal staff.

In 2010, a toll-free legal aid advice line was established to facilitate access to telephonic general advice services. In 2012, government introduced the Legal Practice Bill in Parliament, which was passed by the National Assembly in 2013. The bill allows for the provision of free legal services by candidate legal practitioners as part of their practical training. Furthermore, the bill



enjoins legal practitioners, juristic entities and justice centres to charge fees that are in accordance with a determined fee structure.

7.2.3 Reducing crime

Several surveys have shown that citizens and communities are beginning to feel safer. The Victims of Crime Survey⁵ found that over 40 percent of households felt the levels of violent and non-violent crime had decreased in their area of residence during the period 2008 to 2010. Furthermore, about 60 percent of households surveyed were satisfied with the way the police and courts were doing their work⁶.

To strengthen partnerships between government and communities, the Community Policing Policy and the Community Safety Forum Policy Framework have been adopted. Recognising that effective crime fighting relies on community cooperation, community policing forums have been put in place. Community safety forums have also been set up to coordinate crime-prevention activities

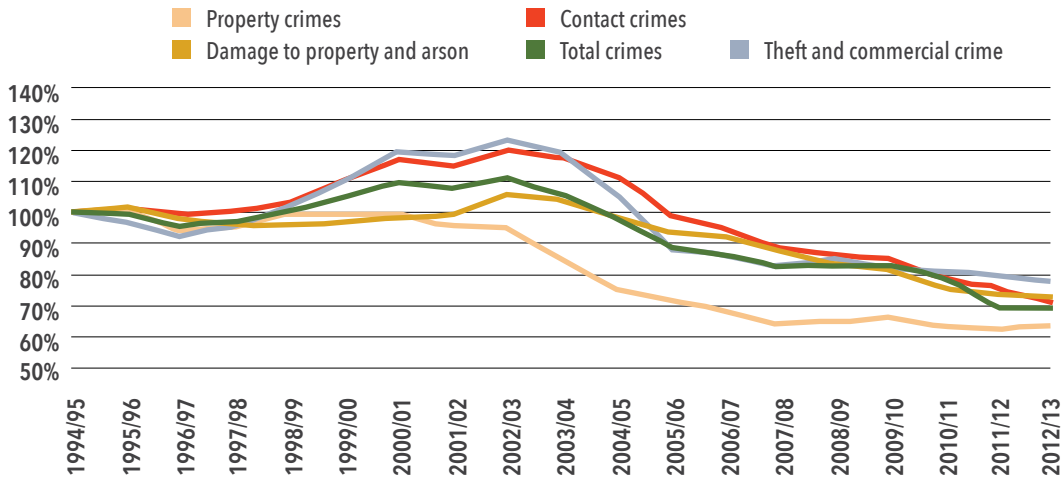
between government and non-governmental organisations in an area to prevent duplication and encourage information-sharing. Successful partnerships with organised business include the Business Against Crime initiative, which has resulted in major declines in crime in targeted city centres, and the Business Working Group, which aims to review and revamp the criminal justice system.

In the last five years a cyber-crime policy has been developed and is being implemented. During 2011/12 and 2012/13, the courts finalised 216 cyber-crime cases with a conviction rate of 87.5 percent and 136 cyber-crime cases with a conviction rate of 97.8 percent respectively.

Serious crimes

Overall, the reported crime rate remained stable between 1994 and 1998 before peaking in 2003, and then declining after 2003. Figure 7.1 shows the change in intensity of serious crimes between 1994/95 and 2012/13. Reduced crime levels after 2003/04 could

Figure 7.1: Serious crimes, 1994/95–2012/13



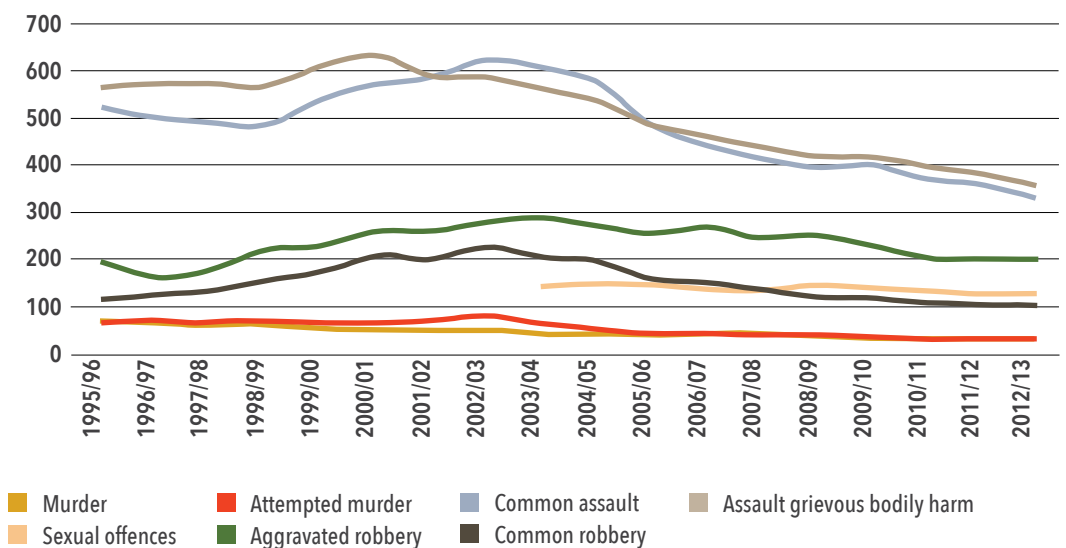
Source: Department of Performance Monitoring and Evaluation, 2012, based on data from South African Police Service

be attributed to an increase in visible policingⁱ and improved crime-combating initiatives, which were part of the National Crime Prevention Strategy. Improvements in conviction rates and the imposition of harsher sentences could also have acted as disincentives. Developing delivery agreements with clear indicators and targets, along with adopting the outcomes-based

system in 2010, maintained the momentum begun in 2003/04.

Contact crimes (a category of serious crimes) induce the most fear, as the victim comes into contact with the perpetrator, usually resulting in bodily harm or death. Government pays particular attention to these types of crimes. As illustrated by

Figure 7.2: Contact crimes rate (per 100 000 of population)



Source: South African Police Service

ⁱVisible policing aims to discourage crime by providing a proactive and responsive policing service. Key sub-programmes of visible policing include the provision of basic crime prevention, visible policing services at police stations and community service centres, and specialised interventions (the air wing, special task force and improving crime-combating capacity).

Figure 7.2, contact crimes have also declined since 1995/96.

Violent crimes against women and children

After 1994, several interventions were introduced to address gender-based violence and sexual offences against vulnerable groups, in particular women and children.

These interventions included the following:

- Specialised courts dedicated to sexual offences
- Thuthuzela Care Centres to help prevent secondary trauma for victims of these crimes
- Introducing specialised police units (such as family violence, child protection and sexual offences units)
- Resourcing and establishing victim-friendly rooms at police service points
- Empowering prosecutors, police officers, magistrates and doctors with specialised skills
- Keeping dangerous sexual offenders under long-term supervision on release from prison.

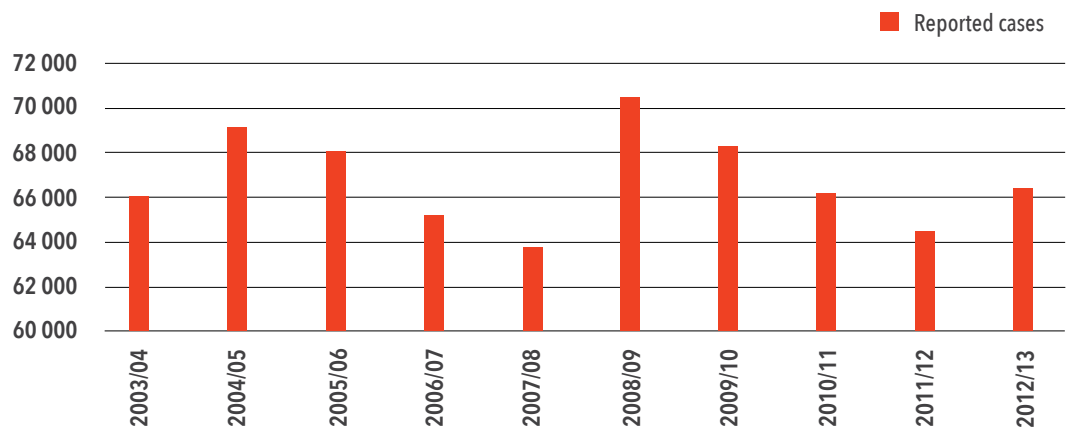
The Criminal Law (Sexual Offences and Related Matters) Amendment Act was passed in 2007 and a Child Justice Act was passed in 2008. These acts provided

for expanded definitions of crimes, such as rape, and provided greater protection for children. A number of new policy frameworks were also introduced and 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. Government has also adopted a Plan of Action to combat violence against women and children.

Figure 7.3 shows the total reported sexual offences crimes between 2003/04 and 2012/13. The increase in the number of cases in 2008/09 is probably due to the expansion in the definitions of certain sexual offences in 2007. Since then, the number of cases per annum has generally declined, but it is cause for concern that the number of reported cases rose again by almost 2 000 in 2012/13, in comparison with 2011/12. This indicates that the country clearly still needs to reduce violent and sexual attacks against the vulnerable, in particular women, children, the elderly, and lesbian, gay, bisexual, transgender and intersex people.

In this regard, government has recently restored the sexual offences courts to ensure that vulnerable groups get the care, respect and support they need. These dedicated services use intermediaries, audio-visual equipment and specialised training, among

Figure 7.3: Total reported sexual offences cases



Source: South African Police Service

other measures. A strategy to address gender-based and sexual orientation-based violence against lesbian, gay, bisexual, transgender and intersex people is being developed. More work still needs to be done on the National Register for Sex Offenders. While the national register is not open to the public, employers in the public or private sectors, such as schools, crèches and hospitals, are accorded the right to check whether a job applicant is fit to work with children or mentally disabled people.

Drug-related crimes

Because of the prevalence of drug abuse in serious and violent crimes as well as the severe long-term effects of drug abuse on users, over the last 20 years, law enforcement agencies have introduced various initiatives to seize and destroy drugs and, most importantly, to bring those involved – users, manufacturers, dealers and distributors – to justice.

Figure 7.4 shows progress made in this regard. The increase in drug-related cases can be attributed to increased police detection, resulting in suspects being arrested and large quantities of various types of narcotics being confiscated.

However, much more needs to be done. There is a need to target major drug syndicates

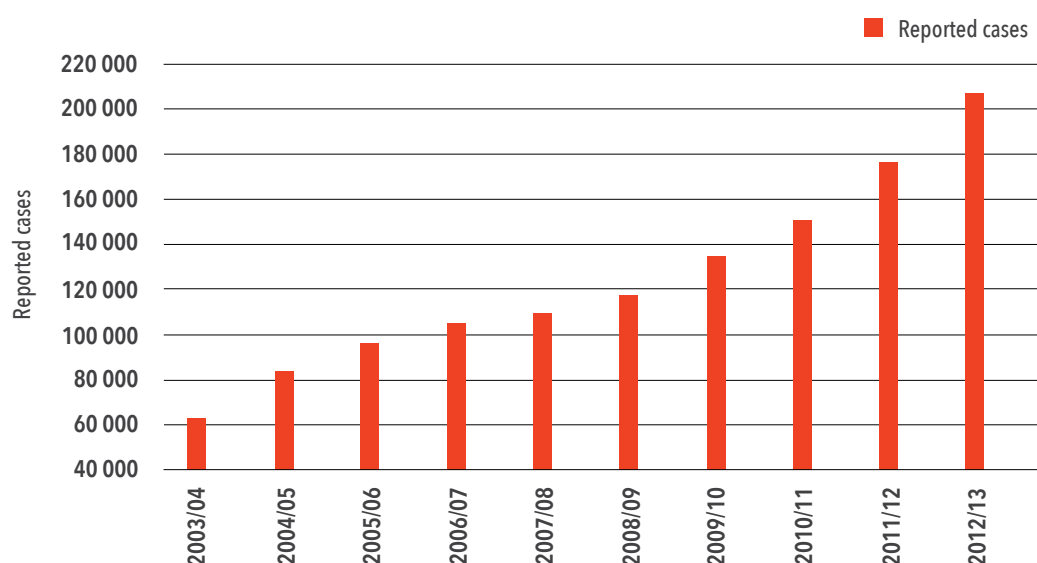
through intelligence-led investigations. These should be complemented by issuing freezing and seizure orders against the assets of individuals involved in the drug trade, pending their prosecution.

Corruption-related crimes

In Chapter 2 of this review, corruption in the public service is examined, together with government’s initiatives to address it. The Presidency’s Fifteen Year Review described how fighting corruption in both the public and private sectors has preoccupied successive democratic governments. It mentions the preparation of legislation for a Public Protector, the establishment of special anti-corruption investigating units in the criminal justice system and the passing of the Prevention and Combating of Corrupt Activities Act in 2004. It also describes how the establishment of a National Anti-corruption Forum in 2001 and subsequent anti-corruption summits mobilised social partners in a national multisectoral anti-corruption effort.

It further described how specialised courts to prosecute acts of corruption had been created and had yielded some successes. For instance, in 2005/06, over 900 commercial crime trials were finalised with a conviction rate of over 94 percent. Other measures mentioned included

Figure 7.4: Total reported drug-related cases



Source: South African Police Service



sector coordinating structures, blacklisting of individuals and businesses engaging in corrupt activities, and a National Anti-Corruption Hotline. It was mentioned that there were multiple agencies with an anti-corruption mandate, and that there were debates about their individual capacity and collective coordination.

In 2009, government set targets for convicting people of corruption involving large sums of money, and between 2009 and 2013, criminal investigations were carried out into allegations of corruption against 298 people. Successful convictions of 48 individuals for corrupt activities involving R5 million or more were obtained. The names of the 42 people convicted have been released. Freezing orders totalling R1.3 billion were obtained over the same period, while assets to the value of R157 million have been forfeited.

In addition to the large-scale corruption cases mentioned above, there has been an on-

going process of prosecuting and convicting public servants and members of the public for involvement in corruption and fraud. For example, between 2009 and 2013, over 30 000 accused have been convicted in connection with commercial crimesⁱⁱ.

The Special Investigating Unit currently has 25 active presidential proclamations authorising investigations into 10 national government departments, seven provincial government departments, six local government authorities and two state-owned enterprises.

Despite this considerable effort, as described in Chapter 2, surveys show that public perceptions of corruption in government have worsened slightly over the past 20 years. The JCPS Cluster is currently developing an Anti-corruption Framework to give effect to the NDP's recommendation to establish a resilient, multi-agency, anti-corruption system. This will need to include elements of improving coordination between the

ⁱⁱ Commercial crimes include crimes such as internet fraud, fraud with counterfeit or stolen credit cards, advance fee fraud (419 scams), forgery and uttering etc.

various agencies involved in the fight against corruption, as well as increasing investigative, forensic and prosecution capacity to deal with corruption cases.

7.2.4 The efficiency of the criminal justice system

Progress has been made towards achieving a more efficient criminal justice system, but more needs to be done. Since 1994, crime detectionⁱⁱⁱ rates have generally improved. For example, the crime detection rate for contact crimes improved from 39.5 percent in 2001/02 to 60.7 percent in 2011/12⁸. However, a 60.7 percent detection rate still means that many reported cases remain unresolved. This indicates that there is still much room for further improvement in detective and investigative capacity in the police force.

Of those cases that do go to court, a substantial number are removed from the roll due to withdrawals, transfers, abscondments, and cases being struck from the roll. Of the remaining cases (finalised cases), some are verdict cases (with a judgment) and others are referred for alternative dispute resolution. As indicated in Table 7.1, the number of finalised cases through the alternative dispute resolution mechanism increased by 89 percent, from 14 808 in 2002/03 to 132 695 in 2011/12.

The conviction rate, which is the percentage of verdict cases in which a guilty verdict is handed down, has also generally improved.

As indicated in Table 7.1, the conviction rate for all crimes increased from 81.5 percent in 2002/03 to 88.8 percent in 2011/12. Notwithstanding the improved conviction rate, there is room for improving the efficiency of the system further by reducing the number of cases that are removed from the roll. In this regard, there will need to be an ongoing focus on improving the quality of investigations and prosecutions in future.

There are issues of high judicial workload and backlogs in South African courts. Several initiatives, such as the Case Backlog Reduction Project (allocating additional staff to handle the backlog cases to the worst affected regional courts) and opening the courts for extra hours during the 2010 World Cup, have helped reduce the backlog or mitigate the effects of an increase in cases. Government has also introduced a case-flow management system, bolstered by a task team established by the Chief Justice, to deal with case delays and backlogs. Nevertheless, the backlogs remain a challenge, partly due to an increasing number of cases being brought before the courts. Since 1987, the number of cases handled by the country's two largest high courts, in Pretoria and Johannesburg, has increased by 400 percent, without a significant increase in the number of judges⁹.

7.2.5 Correctional services

As indicated in The Presidency's Fifteen Year Review, between 1994 and 2009, government

ⁱⁱⁱ The detection rate is the total number of charges referred to court minus cases withdrawn before court plus charges closed as unfounded divided by the number of charges investigated.

^{iv} The NPA defines disposed cases as the number of criminal court cases disposed of in the reporting period. These include court cases finalised by verdict (judgment) and sentence (including section 57A of the Criminal Procedure Act, i.e. admissions of guilt), through the use of alternatives, such as diversion or informal mediation, or removed from the roll by means of withdrawals, warrants of arrest issued, transferred from the court roll, and struck from the roll. In the High Court, it also includes minimum sentence matters (sentenced, acquitted or referred back to the regional court).

^v According to the NPA, cases removed from the roll refers to the number of criminal court cases removed from the court roll by means of withdrawals, warrants of arrest issued, transferred from the court roll, mental referrals and struck from the roll.

Table 7.1: Case finalisation and convictions between 2002/03 and 2011/12

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
New cases in court	1 117 879	1 117 488	1 084 137	1 069 724	1 062 497	1 037 309	1 058 210	1 044 346	962 317	897 842
Cases disposed ^{iv}	956 509	1 182 163	1 130 006	1 168 936	1 101 395	1 043 373	1 070 435	1 065 292	996 320	937 357
Cases removed from the roll ^v	534 171	767 675	730 040	757 519	722 361	655 029	638 795	595 751	535 429	488 564
Finalised cases ^{vi}	422 338	414 488	399 966	411 417	379 034	388 344	431 640	469 541	460 891	448 793
Verdict cases ^{vii}	407 530	396 536	381 020	373 995	334 551	326 506	349 883	350 910	331 045	316 098
Convictions ^{viii}	332 056	330 146	322 147	322 687	286 861	284 620	307 089	310 951	293 673	280 658
Conviction rate	81.5%	83.3%	84.5%	86.3%	85.7%	87.2%	87.8%	88.6%	88.7%	88.8%
Alternative Dispute Resolution Mechanism (ADRM) ^{ix}	14 808	17 952	18 946	37 422	44 483	61 838	81 757	118 631	129 846	132 695

Sources: South African Police Service and National Prosecuting Authority



focused on reorientating the system to rehabilitation rather than retribution to help reduce crime, fight corruption and maintain safe custody. The Fifteen Year Review pointed out that, despite initiatives to deal with overcrowding – new prisons, alternative sentencing, correctional supervision, an awaiting-trial project and parole – the problem had grown.

From 1995 to 2007, the capacity of the prisons increased from 95 000 to 115 000, while the number of prisoners went from 111 000 (107 percent occupancy) to 161 000 (141 percent occupancy). Due to the high levels of violent crimes, prison sentences had become longer and minimum sentences had been introduced.

Since 2009, there has been an increased focus on addressing overcrowding by reducing the number of awaiting trial detainees. A Remand Detention Branch was created in the Department of Correctional Services and Cabinet approved the White Paper on Awaiting Trial Detainees, which focuses on reducing the number of remand detainees and offender rehabilitation. The Correctional Matters Amendment Act of 2011 provides a new medical parole policy to strengthen the general policy on parole and correctional supervision, and also provides the legislative basis for managing remand detention.

However, overcrowding levels remain high and this issue will require ongoing attention in future. Other challenges to be addressed in correctional services include corruption, maintaining safe custody, strengthening rehabilitation programmes and high levels of gang-related violent crimes in prison.

7.2.6 The role of society in combating crime

The democratic government built partnerships with civil society formations to fight against crime and criminality. Community Policing Forums (CPF's) were formed at police station level to provide a mechanism for citizens to ensure that police are accountable and to determine community needs and policing priorities through consultation. The intention was also to engage communities in joint problem-solving involving the identification of the causes of crime and the measures required to respond to them, to empower communities regarding community policing through education and to enable communities to play a meaningful role in policing. The experience of CPF's has been mixed – some function well, while others are non-functional. The NDP includes plans for strengthening CPF's and rolling out community safety forums.

In addition, civil-society organisations, such as the National Institute for Crime Prevention

^{vi} The NPA defines finalised cases as the number of criminal court cases finalised in the reporting period by verdict, or through the use of alternatives such as diversion or informal mediation, irrespective of the date of enrolment.

^{vii} Verdict cases refer to the number of criminal court cases finalised by verdict (judgment) in the reporting period.

^{viii} According to the NPA, convictions refer to the number of criminal cases in which a verdict of guilty has been handed down.

^{ix} According to the NPA, ADRM refers to the number of cases finalised in the reporting period through the use of alternatives, such as diversion and informal mediation, irrespective of the date of enrolment.

and Reintegration of Offenders (NICRO), Business Against Crime (BAC), Mmatshilo Motsei, Agisanang Domestic Abuse Prevention and Training (ADAPT), Sonke Gender Justice Network, People Opposing Women Abuse (POWA), Rape Crisis and Tswaranang Legal Resources Centre, have played significant roles in partnering with government in the fight against crime and gender-based violence. Additional initiatives include street committees, neighbourhood watch and residents' associations, as well as web-based efforts like the South African Community Action Network, Report a Crime and Crime Line.

These civil society initiatives are important because crime is a problem of society and therefore requires the attention of society as a whole, not just of government. These initiatives have made a significant contribution in raising awareness about crime and violence, especially as it affects vulnerable groups. They have impacted positively on the reduction of certain types of serious crimes, such as property crimes.

Vigilantism and "kangaroo courts" have been carried through from the apartheid era and continue to undermine the rule of law in South Africa today. While citizen involvement in fighting crime is crucial, it is important that citizens act in accordance with the law and do not take the law into their own hands, even when citizens perceive government to be failing to ensure their safety and security. This problem will be addressed through a combination of education and more effective law enforcement.

The private security industry has also played a major part in enabling citizens and communities to protect themselves through the provision of alarm systems linked to response teams, regular 24-hour vehicle patrols and closed-circuit television (CCTV) cameras both at private residences and in major cities afflicted by crime. It is important that this industry is properly regulated to ensure that the extensive capacities of the industry are not abused.

More still needs to be done to improve partnerships between law enforcement agencies and civil society, in particular restoring the trust of communities in the commitment and ability of these agencies to respond to the challenge of crime.



7.3 CONCLUSION AND WAY FORWARD

The democratic government inherited a fragmented and discriminatory policing and criminal justice system. Over the past 20 years, it has significantly and systematically transformed the institutions, roles and functions within the system to create a much more responsive, accessible and effective service. Going forward, government will be focusing on further improvements in a number of areas.

Recent deaths of citizens during violent public protests indicate that there is a need to improve the training of public order policing units, and their command and control structures. Public order policing units need to be trained to understand that the use of force in quelling violent public protests should be avoided as far as possible and that the highest degree of tolerance should be displayed. The public order policing units should be equipped with the skills necessary for negotiating with leaders of protesters. Where the use of force is unavoidable, the public order policing units must employ such force in accordance with prescribed policy and guidelines.

Improving capacity in areas of forensic, detective, investigation and prosecution services is important if South Africa is to reduce overall crime levels, particularly trio and contact crimes. South Africa's land and maritime borders and airspace need to be effectively safeguarded and secured to curb organised crime and corruption, particularly at ports of entry. The required plans to improve the criminal justice system are largely in place and, going forward, the emphasis will be on accelerating implementation.

South Africa needs to ratchet up efforts to reduce corruption in the public and private sector. This would make more resources available for service delivery, improve the quality of service delivery, and improve investor perceptions.

Effective responses to the challenge of crime require us to understand the nature of crime and the context in which it occurs. Causes of crime in South Africa, as well as the factors and motivations that lead to the commission of crime, are diverse and complex, and are not dependent on a single set of variables. While poverty may be a contributing factor, international experience demonstrates that even though there is generally a correlation between crime and poverty, most people living in poverty do not, in fact, commit crimes¹⁰. In addition to issues of poverty, other factors that have a bearing on crime and criminality include lack of social cohesion, access to mobility, perceptions of exclusion, economic and social inequalities, the proliferation of legal and illegal weapons, and substance abuse.

Ensuring the safety of citizens and all who live in our country requires us to appreciate that safety is part of a broader quest for human security^x. It implies the need to recognise crime as a national security threat, understand that crime and its risk factors are multidimensional, and that the state's efforts to combat crime require much more than a police force or even a criminal justice approach. The criminal justice system, while having a critical role to play in addressing crime, cannot provide a safe and secure environment for all without other role-players both within and outside government contributing to addressing the causes of crime and violence. In particular, the socio-economic determinants of crime, such as poverty, inequality and unemployment, social cohesion and moral degeneration, need to be addressed.

Moral decay in society as a whole has also contributed significantly to the problem of crime. The late President Nelson Mandela highlighted this when he stated that South Africa faced the challenge of a spiritual malaise, which develops the problems of greed and cruelty, of laziness and egotism, of personal and family failure, which helps fuel the problems of crime and corruption, and hinders our efforts to deal with them¹¹.

The urgency of addressing moral decay and instilling positive values is underlined by the recent spate of terrible violence and sexual offences against women, children and the elderly. It is also underlined by the increasing tendency to turn to violence during public protests against failures or the perceived failure by government to deliver services. The popularisation of the Moral Regeneration Movement's Charter of Values must receive attention. It is critical to inculcate good values in young people, in particular, including respect, human dignity and equality, sound family and community values, honesty, integrity, loyalty, justice, fairness and peaceful co-existence.

^x According to the United Nations Commission for Human Security, human security " means protecting vital freedoms. It means protecting people from critical and pervasive threats and situations, building on their strengths and aspirations. It also means creating systems that give people the building blocks of survival, dignity and livelihood. Human security connects different types of freedoms – freedom from want, freedom from fear and freedom to take action on one's own behalf".

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¹¹ Nelson Mandela addressing a meeting in June 1997 with key South African Faith Based Organisation leaders, the then Deputy Minister of Education Father Smangaliso Mkhathshwa and the SABC to discuss spiritual transformation. The meeting gave birth to the Moral Regeneration Movement.



8

**south africa in
the global arena**

8.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

Apartheid South Africa was a pariah state, described by former President Mandela as the “skunk of the world”, that was diplomatically, economically, and culturally isolated from the rest of the world. The incoming government inherited institutions that had served the interests of the apartheid system. Under apartheid, the focus of the departments that dealt with foreign affairs, defence, trade and industry, and intelligence was on securing the apartheid state.

On the African continent, relations between South Africa and its Southern African Development Community (SADC) neighbours, and countries on the rest of the continent, were, at best, fragile. Angola, Botswana, Lesotho, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe, together with other African countries, had opposed apartheid, and actively campaigned for the isolation of the apartheid state. In response, South Africa’s defence force and other security structures made frequent cross-border incursions into neighbouring countries. Economic cooperation with the rest of the continent was severely limited.

8.2 DEVELOPMENTS SINCE 1994

After 1994, South Africa faced the task of repositioning itself in the region, on the continent and in the world, with a shared interest in peace, stability and prosperity. The new Constitution enjoined the building of a united and democratic South Africa that would take its rightful place as an independent, sovereign state in the family of states. The values espoused in the Constitution, including equality, non-racialism, non-discrimination, liberty, peace and democracy, are central to South Africa’s national identity, and find expression in the country’s foreign policy.

South Africa had to demonstrate to its own people and to the world that its democracy would be durable, that it would work to uplift the poor and redress past injustices at home, and that it would be a responsible member of the international community. South Africa had to demonstrate that it was a peaceful and responsible neighbour, committed to regional, continental and global development and economic cooperation.

After 1994, inspired by the notion of Ubuntuⁱ, South Africa’s foreign policy approach was characterised by co-operation, collaboration and the building of partnerships rather than conflict and competition. All departments that represented South Africa internationally were transformed within the first decade of democracy. These departments went from preserving apartheid

to formulating, implementing and representing South Africa’s priorities of democracy, human rights, socio-economic development, peace, security and stability in the global arena.

South Africa is now a respected member of the international community and has enjoyed successes in furthering its own interests, as well as those of the African continent and the SADC region.

South Africa’s reintegration into the global community has seen its diplomatic, political and economic relations expand rapidly to include countries with which it previously had no relations. By 2012, the number of foreign diplomatic missions, consulates-general, consulates and international organisations in South Africa had increased to 315. This is the second-largest number of diplomatic offices accredited to any country after the USA. South Africa’s missions abroad increased from 36 in 1994 to 125 in 2012.

South Africa contributed to two tangible elements of the African renaissance during the first decade: namely, the transformation of the continental political architecture with the transition from the Organisation of African Unity (OAU) to the African Union (AU) and the adoption of the New Partnership for Africa’s Development (NEPAD) as the social development blueprint for Africa and the framework for its engagement with the north and other international actors. In the second decade, operationalisation of the AU and implementation of NEPAD became key focus areas, including, in particular, improving the climate for development and investment in Africa. Acting together with its African partners, South Africa used its engagement with the Group of Eight (G8) countries to ensure the adoption of an Africa Action Plan as the framework for the G8’s partnership with the continent.

8.2.1 Strengthening the African Union

South Africa joined the Organisation of African Unity in 1994 and chaired the African Union from June 2002 to June 2003. The Durban Summit in June 2002 saw the launch of the new African Union, (which replaced the OAU) and the adoption of the New Partnership for Africa’s Development (NEPAD). As the Chair, South Africa played an integral part in the formation of the AU’s institutions, policies and procedures, including the creation of the Pan-African Parliament and the AU Peace and Security Council.

Pursuing the African Agenda required establishing and strengthening bilateral relations with almost all African countries. South Africa’s involvement with the AU has primarily focused on the following:

ⁱ “Ubuntu” is an Nguni word that roughly translates to “humanity”. The philosophy of Ubuntu means that we affirm our humanity when we affirm the humanity of others. “Umuntu ngumuntu ngabantu” means “a person is a person through other people”.

- Promoting the AU as a continental institution of governance and development
- Helping to establish and strengthen the AU Commission to implement decisions by the AU Assembly and the AU Council
- Hosting the Pan African Parliament (an institution of the AU) since 2005, NEPAD Agency and APRM Secretariat since 2001, and the African Commission on Nuclear Energy (AFCONE)
- Contributing to the establishment of the AU Peace and Security Council, which deploys peacekeeping missions, among other activities
- Contributing to the establishment of the Economic, Social and Cultural Council, which has become a vehicle for civil society to present its position on major issues
- Contributing to capacity building by training diplomats as well as other civil servants from the continent.

A former senior South African minister was appointed as the AU Commission's chairperson in July 2012. Key priorities for her term include greater internal efficiency and effectiveness within the AU Commission as an executing agency of the AU collective. The importance of Africa in South Africa's foreign policy is reflected in the growth of South African representation in Africa which increased from 17 in 1994 to the current total of 47 missions.

8.2.2 The New Partnership for Africa's Development

In July 2001, the AU launched NEPAD, a programme whose objectives are poverty eradication, the promotion of sustainable growth and development, the empowerment of women, the promotion of inter-connectivity, inter-regional trade and the movement of goods and services. It aims to achieve these objectives through building genuine partnerships at country, regional and global levels. One of the focus areas of South Africa's involvement with NEPAD has been on improving cross-border

INFRASTRUCTURE TO REALISE AFRICA'S POTENTIAL

Africa's economic outlook has generally improved. Macroeconomic reforms in most African countries have brought down inflation and opened economies to international trade. Between 2000 and 2010, Africa's GDP grew at 5.6 percent a year, topping 7 percent in 2002, 2004 and 2007. This growth is off a relatively low base, and there is significant opportunity for the continent to further improve its economic performance.

More African countries are adopting prudent fiscal policies and improving their governance practices, resulting in improved prospects for economic growth. Foreign debt as a percentage of GDP and debt-service obligations

as a percentage of export revenues have declined dramatically to levels comparable to those of other regions. The sovereign credit ratings of some countries have a positive outlook. Many African countries are now seen as "frontier emerging economies" with relatively well-developed financial markets.

Despite this progress, Africa still faces immense challenges. Key among these is what the NDP calls the continent's "massive infrastructure deficit". The largest infrastructure gaps are in energy, with citizens in 30 of the 47 countries in sub-Saharan Africa facing regular power outages and power interruptions, resulting in losses of between 1 and 6 percent of potential GDP every year. Road density is lower in Africa than in any other developing region, with

152km of road per 1 000 square kilometres of land area. Bridging the infrastructure gap will cost about US\$93 billion a year, with about 40 percent of this being spent in the power sector.

While substantial, Africa's infrastructure challenges also present great opportunities. South Africa is involved in the AU, NEPAD, the NEPAD Presidential Infrastructure Championing Initiative and other structures to implement regional integration strategies that emphasise energy, water, road, rail and postal service infrastructure. Regional cooperation needs to be strengthened, with a particular focus on promoting practical opportunities for collaboration, based on complementary national endowments.



infrastructure in Africa – a requirement if the continent is to realise its full economic and developmental potential (see box). The South African President chairs the AU/NEPAD Presidential Infrastructure Championing Initiative (PICI), a programme to improve north-south road and rail infrastructure on the continent under the Programme for Infrastructure Development in Africa (PIDA), and also championed the North-South Road and Rail Development Corridor project since July 2010.

In 2010, NEPAD was formally integrated into the AU's structures and processes as the NEPAD Planning and Coordinating Agency, which was given a broader mandate that included the following:

- Facilitating and coordinating continental and regional priority programmes
- Conducting and coordinating research and knowledge management
- Monitoring and evaluating the implementation of programmes and projects

- Advocating the AU and NEPAD's vision, core principles and values.

8.2.3 The African Peer Review Mechanism

Founded in 2003, the African Peer Review Mechanism (APRM) is a voluntary programme for AU member states to promote and reinforce high standards of governance through periodic reviews of progress towards achieving mutually agreed goals in the following focus areas: democracy and political governance, economic governance, corporate governance and socio-economic development. The peer-review mechanism has adopted a self-monitoring approach, with periodic reviews of participating countries to assess progress made towards achieving mutually agreed goals. To date 34 AU countries have voluntarily participated in the programme.

In 2011, South Africa submitted its second report on the implementation of South Africa's APRM Programme of Action. The report focused on the recommendations contained in the first Country Review Report



(CRR) of 2007, issued by the heads of state and governments of participating countries in the APRM and the resulting National Programme of Action. The areas that the CRR recommended for attention covered themes such as increased civil society participation, advancement of gender equality, access to information on human rights and institutions of justice, and tackling corruption. Two additional themes that were not recommended in the CRR were included in the second report: the institutionalisation of democracy and the institution of traditional leadership. South Africa's third report was submitted in January 2014 at the 22nd AU Heads of State or Government in Addis Ababa, Ethiopia. South Africa was praised for a number of best practices such as the use of provincial executive councils, the financial management system and the tax collection system.

8.2.4 Strengthening SADC and regional integration

South Africa prioritised strengthening SADC and regional integration after 1994. South Africa supported the Regional Indicative Strategic Development Programme, one of

the elements of the restructuring of SADC, which sought to provide SADC states with a coherent, comprehensive development agenda on social and economic policies, with clear targets and time frames over the decade that followed.

South Africa has sought to nurture regional integration at three levels: SADC, the Southern African Customs Union (SACU) and the Tripartite Free Trade Area (TFTA) between the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and SADC. The TFTA seeks to combine the three major regional economic communities as building blocks towards continental integration and could contribute to economies of scale, the building of new distribution channels, value addition and manufacturing in Africa.

Although tariff liberalisation within SADC has progressed, member countries (other than South Africa) are largely still primary producers, with limited industrial development or diversification. In the short to medium term, the region needs to focus on the following:

- Consolidating the SADC free trade agreement
- Cooperating on industrial development by developing regional value chains
- Addressing non-tariff barriers
- Promoting trade facilitation
- Cooperating on improving the quality and standards of products
- Cooperating on trade-related infrastructure.

8.2.5 The Southern African Customs Union

The SACU agreement – originally put in place in 1910, making it the oldest functioning customs union in the world – was renegotiated and concluded in 2002, and came into effect in 2004. It provides for common external and excise tariffs within the customs area. All duties collected in the customs area are paid into South Africa’s National Revenue Fund. The revenue is shared between members according to a revenue-sharing formula that sees South Africa transfer nearly all the customs collected to Botswana, Lesotho, Namibia and Swaziland.

In order to promote regional integration, in 2011 SACU formally agreed to a Five-Point Plan that would transform it from a tariffs and a revenue-sharing agreement into an integrated institution capable of promoting true regional economic development. The plan committed member countries to do the following:

- Develop a work programme on cross-border industrial development
- Advance better trade facilitation
- Develop SACU institutions
- Unify engagement in trade negotiations
- Review the current revenue-sharing arrangement.

Despite efforts to further the plan, there are still several implementation challenges. In particular, the revenue-sharing arrangement needs to be urgently reviewed to achieve a more equitable arrangement and wean SACU from its dependence on common external tariffs and the South African economy. A well-structured agreement would free up resources to strengthen SACU institutions



and develop cross-border industrial and infrastructure development.

8.2.6 South-south cooperation

Democratic South Africa has always valued partnerships with countries of the global south, regarding them as important for the development of the country and the continent, and for creating solidarity in the global struggle against poverty, underdevelopment and the marginalisation of emerging economies.

To strengthen ties with other developing countries, South Africa has joined the following structures:

- Non-Aligned Movement
- Group of 77 and China
- Indian Ocean Rim Association for Regional Cooperation
- New Asian-African Strategic Partnership
- India-Brazil-South Africa Partnership Forum (IBSA)
- Brazil, Russia, India, China and South Africa (BRICS) Intergovernmental Forum.

IBSA

The IBSA Dialogue Forum celebrated its 10 years of existence in 2013. This wide-ranging trilateral cooperation is underpinned by three pillars: political consultation and coordination; multi-sectoral, trilateral cooperation (16 Working Groups and various people-to-people fora); and concrete projects of cooperation and partnership with less developed countries through the IBSA Facility for Hunger and Poverty alleviation (IBSA Trust Fund). Intra-IBSA trade has reached a figure of US\$ 23 billion.

The common positions that IBSA member states fostered on global issues, especially with regard to the reform of institutions of global governance, such as the United Nations Security Council (UNSC), and on security, conflict, trade negotiations and human rights, positively influenced global discourse on these matters. All three IBSA countries collaborated as non-permanent members of the UNSC in 2011, e.g. on advancing the African Agenda in the UNSC.

BRICS

The formation of the BRIC Forum in 2009 signalled a continuation of the shift in global power to the advantage of developing countries. South Africa identified with the BRIC agenda of global reform and cooperation within the developing world, and joined the forum in 2011. South Africa's invitation to join the BRIC grouping was recognition of the country's contribution in shaping the socio-economic regeneration of Africa, as well as our active involvement in peace and reconstruction efforts on the Continent and the responsible role that South Africa has been playing in the international community.

Since 2011, the country has worked to consolidate its position as a BRICS member, use its position to identify opportunities to further its developmental goals and the African Agenda, and influence discussions in the Group of 20 (G20) – a critical institution for international economic cooperation.

South Africa's standing in BRICS and other groupings indicates that the country is regarded as a significant emerging power, worthy of attention in global decision-making. In 2011, South Africa ensured that infrastructure development and industrialisation in Africa was on the agenda at the BRICS summit in Sanya, China. The summit expressed support for such development in the context of the NEPAD framework. In March 2013 South Africa hosted the fifth BRICS summit and for the first time invited African regional leaders to an inclusive BRICS-African Leaders dialogue on infrastructure development. The Summit also decided to establish a BRICS-led development bank for infrastructure and sustainable development projects in BRICS and other developing countries. Agreements have also been signed under the auspices of the BRICS Interbank Cooperation Mechanism to provide, among other things, proposals for extending credit to member countries in their local currencies.

Relations with other countries of the South

Since democracy, South Africa's relations with countries in the Americas – specifically Argentina, Brazil, Colombia, Mexico and Venezuela – have strengthened. Relations with Turkey and key Gulf states have also improved. Relations in southeast and east



Asia have focused on China, Indonesia, Singapore, South Korea, Thailand and Vietnam, while south-Asian relations have primarily focused on Bangladesh and Pakistan. Relations with countries in Euro-Asia have developed a strong trade element.

As the NDP states, South Africa has considerable mineral resources, highly developed banking, financial, communications and transportation networks, and established and relatively successful business, industrial, mining and research institutions. These resources could be critical for negotiating within BRICS and in broader negotiations between BRICS and the world. For example, South Africa could play an important role in facilitating trade and investment between Africa and Asia, maximising Asia's interest in the country and the continent's mineral resources, while promoting its own highly developed financial system.

8.2.7 North-south cooperation

Given South Africa's well-entrenched trade and investment relations with Europe and North America, cooperation between the global north and south is important for securing domestic economic interests.

Since 1994, South Africa has sought to improve north-south relations, focusing on reforming the global economy and global governance, enhancing market access for developing countries and instituting more favourable terms for trade, debt relief and new forms of partnership for development. During its first decade of democracy, South Africa was largely successful in engaging the G8 and the Organisation of Economic Cooperation and Development (OECD) to strengthen its economic relations with key countries and the European Union (EU). As a result, trade with the north has grown consistently and remains strong, notwithstanding the effects of the global economic crisis.

Organisation of Economic Cooperation and Development

In 2007, the OECD Ministerial Council gave South Africa and other BRICS states “enhanced engagement” status in recognition of their global significance. Until this point, South Africa had been an observer. Future engagement with the OECD needs to be reviewed in order to determine the best way forward for South Africa’s developmental trajectory.

G8

South Africa first engaged the G8 at its 2000 summit. Since then, the country has engaged the G8 as a representative of Africa in the G8/Africa Outreach process, and for some years as one of the “Outreach Five” developing countries (Brazil, China, India, Mexico and South Africa). In this capacity, South Africa successfully campaigned for:

- A G8 Africa plan based on NEPAD
- The adoption of the Africa Action Plan, with commitments to support Africa’s initiatives relating to peace, security, development and governance
- The establishment of the Africa Partnership Forum at the 2003 Evian Summit.

G20 Finance Ministers and Central Bank Governors

South Africa has been a member of the G20 Finance Ministers and Central Bank Governors since its inception in 1999. One of the G20’s key aims is to coordinate international efforts to provide timely, sustainable and effective responses to global economic shifts and financial crises.

The NDP points out that South Africa’s G20 membership affirms that, while the country is not one of the biggest economic powers in the world, it is nonetheless a key player in international financial and political economic governance. South Africa has served as co-chair of the G20 Development Working Group since it was established in 2010. Largely due to the G20’s efforts, agreement was reached to increase the voting power of developing and transition countries and create an additional chair for sub-Saharan Africa on the board of the World Bank.

The G20 has also expanded the number of working groups to cover other important sectors for cooperation such as infrastructure financing, food security, human resource development, financial inclusion and domestic resource mobilisation.



The European Union

Bilateral relations with South Africa's traditional partners in Western Europe have remained strong and expanded since 1994, notably with the United Kingdom, Germany, the Netherlands, France, Italy and the Nordic countries. The Trade and Development Cooperation Agreement (TDCA) which entered into force in May 2004 is the overall agreement that regulates the relationship between South Africa and the 28 member EU. The TDCA provides for a Free Trade Area and dialogues at Senior Official, Ministerial and Presidential/Summit level. In addition to the TDCA, South Africa has signed a Science and Technology Agreement (STA) and a Wines and Spirits Agreement with the EU.

South Africa is the only country in Africa that enjoys such a strategic partnership with the EU. By 2009, South Africa was the EU's 14th largest trade partner and the second-largest from Africa. Various trade agreements are also in place between South Africa, the EU and regional economic groupings. South Africa was a member of an AU group that engaged the EU on an EU-Africa strategy, which was adopted in 2007.

Despite the international economic crisis that impacted negatively on Western Europe, countries in the region remained South Africa's leading partners in areas such as trade, investment and tourism. Many of these countries are furthermore committed to supporting government priorities such as boosting employment, skills-enhancement and vocational education programmes. Europe remains a leading continent in terms of scientific, technological and pharmaceutical research and capacity, in which South Africa has found valuable bilateral partnerships.

8.2.8 African multilateral partnerships

The various African multilateral partnerships (see box overleaf) in which South Africa has played an important role since 1994 aim to strengthen the continent's human capacity and productive bases by diversifying economies and attracting investment. These partnerships have refocused the world's attention on Africa's potential and its challenges. They have enabled the mobilisation of resources to address Africa's development objectives. The various partnerships also afford Africa the opportunity to solicit the necessary training, capacity-building, infrastructure and

financial resources to implement key AU-endorsed priority continental projects and programmes, including aiming to achieve the vision, objectives and goals of NEPAD.

8.2.9 Multilateralism and institutions of global governance

Multilateralism is a strategic catalyst in pursuing global reform in favour of fairer distribution of power and resources. South Africa's foreign policy has traditionally placed the United Nations at the centre of the multilateral system. In collaboration with its global partners, South Africa has consistently continued to engage the north on reforming global economic rules through the World Bank, the International Monetary Fund, the World Trade Organisation and the United Nations Conference on Trade and Development (UNCTAD). Discussions at the 2003 World Trade Organisation meeting in Cancun stalled at the point when the global south asserted its collective power, and engagements with UNCTAD have taken on greater significance as a result.

South Africa's constructive role in global governance structures, as well as its position within organisations such as the AU, the Non-Aligned Movement (NAM) and the G77 and China contributed to a positive perception of South Africa's global profile by BRICS and other like-minded partners.

As mentioned in Chapter 6, the international community entrusted South Africa with hosting and presiding over COP17/CMP7 in Durban, at a critical time in the global climate-change debate. This conference resulted in the Durban Outcome, which has been hailed internationally for restoring trust in the United Nations climate-change process. South Africa has also hosted other international conferences and meetings under the auspices of the United Nations. In 2002 South Africa hosted the World Summit on Sustainable Development where it advocated for an action-orientated outcome with a set of targets for sustainable development. These efforts culminated in the adoption of the Johannesburg Plan of Implementation (JPOI) which gave content to the Agenda 21, the United Nations plan on sustainable development.

8.2.10 Promoting peace, security and stability

The AU has expressed its commitment to

AFRICAN MULTILATERAL PARTNERSHIPS

Africa-European Union Partnership

This partnership focuses on peace and security, trade and investment and human resource development. The African focus is on socio-economic development whilst the EU focuses on conflicts on the continent.

Africa-Arab Partnership

This partnership focuses on agricultural development and food security, migration and economic cooperation.

Africa-South America Partnership

The partnership focuses on political solidarity and enhancing South-South cooperation. However, the Partnership is yet to yield concrete results regarding implementation of its diverse action plan.

New Africa-Asia Strategic Partnership (NAASP)

The partnership is based on the 1955 Bandung principles that support South-South cooperation. Political solidarity and a common developmental agenda have driven this partnership. Programmes and projects for the Palestinian cause have been a success story of this multilateral framework.

Africa-India Partnership

The focus of this partnership is on supporting the African Agenda through capacity building, infrastructure development, agro-industries and other initiatives such as the E-Africa satellite connectivity project. The Indian government has opened numerous training institutes throughout the continent.

Africa-Japan (TICAD) Partnership

The Japanese government has made great strides through the TICAD process to partner in addressing Africa's development challenges. Key areas of intervention

include promoting the private sector, and trade and investment as engines of development; strengthening sectoral bases for growth; driving African development through gender equality and women's empowerment; ICT (technology transfer) and enhancing peace-building.

Africa-China (FOCAC) Partnership

The FOCAC partnership has made numerous inroads in the continent via increased investment in a diverse range of sectors aimed at regional and continental integration and promoting peace, security and development in Africa.

Africa-Turkey Partnership

The partnership has great potential for furthering Africa's developmental goals in the fields of tourism, vocational training in agriculture and water resource development.

Africa-Korea Partnership

This partnership furthers development cooperation aimed at infrastructure development, human capacity building and rural development, increased trade and investment and cooperation in the field of peace and security.

African and its Diaspora

South Africa hosted the Global African Diaspora Summit in May 2012. The summit aimed to create a sustainable partnership between African states and the African Diaspora through a joint Programme of Action (PoA). The PoA included creation of a skills database of African professionals in the diaspora; establishment of the African Diaspora Volunteers Corps; activation of an African Diaspora Investment Fund; the establishment of a development marketplace for the Diaspora; and the establishment of an African Remittances Institute.

not recognise unconstitutional changes in government and to develop its own African Standby Force to intervene in conflict situations. South Africa played a critical role in the establishment of the African Capacity for Immediate Response to Crises at the AU Summit of May 2013, as an interim measure towards the establishment of a permanent African Standby Force with a fully operational Rapid Deployment Capacity.

Contributing to peace, stability and post-conflict transition in Africa has been integral to South Africa's post-apartheid policy. Since 1994, the country has earned a reputation for being an accomplished mediator, with successive presidents playing key roles in negotiating settlements

elsewhere in Africa, such as in Madagascar, Sudan and Zimbabwe.

Through its role in SADC, South Africa also mediated in Madagascar after a 2009 coup, helping to secure an agreement to lead Madagascar out of crisis. This culminated in Madagascar holding a referendum in 2010 and elections in October 2013. Closer to home, South Africa was the SADC-mandated facilitator in Zimbabwe. Its efforts contributed to the country adopting a new constitution in March 2013, laying the basis for credible elections, which were held in July 2013.

In 2013, South Africa contributed troops, together with the Republic of Malawi and the



United Nations Security Council

United Republic of Tanzania, to the SADC-led Intervention Brigade in the Eastern DRC under the UN mandated peace mission (MONUSCO) to end the military attacks and violation of human rights perpetrated by the M23 rebels against the civilian population. This intervention resulted in the M23 renouncing the rebellion and agreeing to enter into negotiations with the DRC government.

South Africa also contributed to conflict resolution on the continent through its role as a member of the AU ad hoc high-level committee on the resolution of the Libyan crisis and as a member of the AU high-level panel for the resolution of the crisis in Côte d'Ivoire.

Over the years, South Africa has contributed a substantial number of troops to African peace missions, supporting peace processes in the Central African Republic, the Democratic Republic of Congo, Mali and Sudan. While its support for peace missions has largely been a success, the killing of 13 South African soldiers in the Central

African Republic in 2013 underlines the risks involved.

South African civil society also plays an important role in promoting peace on the continent, for example:

- Conducting research and analysis
- Helping to build capacity for post-conflict reconstruction
- Stimulating informal yet informative dialogue between political players, academics, civil society and the public in post-conflict countries
- Providing technical support for mediation.

In the global arena, South Africa has served two terms (2007–2008 and 2011–2012) as a non-permanent member of the United Nations Security Council. The country used the opportunity to elevate Africa's interests, especially regarding peace, security and

development, and to advance closer cooperation between the United Nations and regional organisations such as the AU.

South Africa has ratified and joined the following agreements and groups in support of disarmament and non-proliferation, especially with regard to nuclear warfare:

- The Nuclear Non-Proliferation Treaty
- The Chemical Weapons Convention
- The Biological and Toxin Weapons Convention
- The Comprehensive Nuclear-Test-Ban Treaty
- The Missile Technology Control Regime
- The Hague Code of Conduct against Ballistic Missile Proliferation.

South Africa has ratified and joined agreements and groups in support of disarmament and a nuclear weapons-free world. South Africa was also instrumental in establishing the African Nuclear-Weapon-Free Zone through the Treaty of Pelindaba, signed in 1996. The country has further committed itself to combating other threats to peace and stability, including terrorism, flows of illegal migrants and refugees, illicit small- and light-arms trade, international crime syndicates and trans-border crime.

8.2.11 Trade and investment

Democratic South Africa prioritised developing bilateral political and economic relations, especially with African countries. Since 1994, it has signed 624 agreements and established 40 bilateral mechanisms – nearly half of the total number of bilateral mechanisms in place – with countries on the continent. However, there have been challenges with the implementation of some of these agreements.

South Africa's export markets have changed considerably over the past 20 years. New markets have emerged, while the share of exports to some traditional markets, such as the United Kingdom, Japan and Europe, has declined. China has emerged as South Africa's most important export trading partner since 2009, with its share of non-gold merchandise exports measuring 12.9 percent in 2012, compared with 0.8 percent in 1994. India is now South Africa's fifth-largest export destination, having overtaken both the United Kingdom and Switzerland¹.

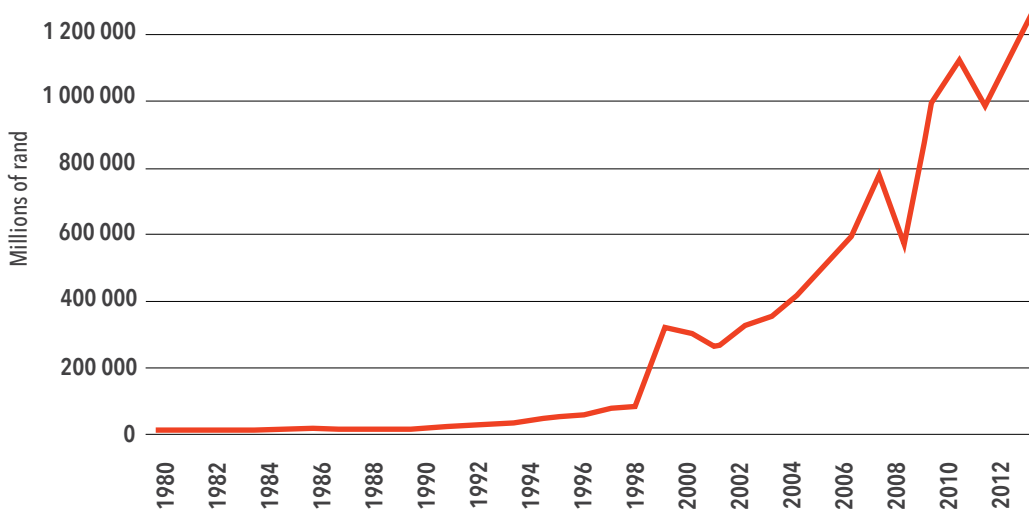
African countries have also become increasingly important export markets, especially for manufactured goods. Exports to the entire African continent increased from 10 percent in 1994 to 17.6 percent in 2012. SADC countries claimed most of these exports, accounting for 12.9 percent of overall exports in 2012, up from 8.3 percent in 1994. Africa accounts for around a third of South Africa's exports of more advanced manufactures².

South Africa has benefited substantially from the United States' African Growth and Opportunity Act of 2000 (AGOA), which aims to expand US trade and investment with sub-Saharan Africa, stimulate economic growth, encourage economic integration and facilitate sub-Saharan Africa's integration into the global economy. Bilateral trade between South Africa and the USA grew from R15.9 billion in 1994 to more than R129 billion in 2013, with the trade balance being in South Africa's favour³.

Between 1994 and 2013, South Africa's fiscal and macro-economic policies boosted bilateral trade between South Africa and European countries and stimulated foreign direct investment (FDI) and tourism. As illustrated in Figure 8.1, inward FDI stock during the 80s and early 90s remained extremely low, as a result of South Africa's isolation. From 1994 inward FDI stock increased significantly as South Africa experienced a continuous upward trajectory, from R44.7 billion to R1.38 trillion in 2012 in nominal terms.

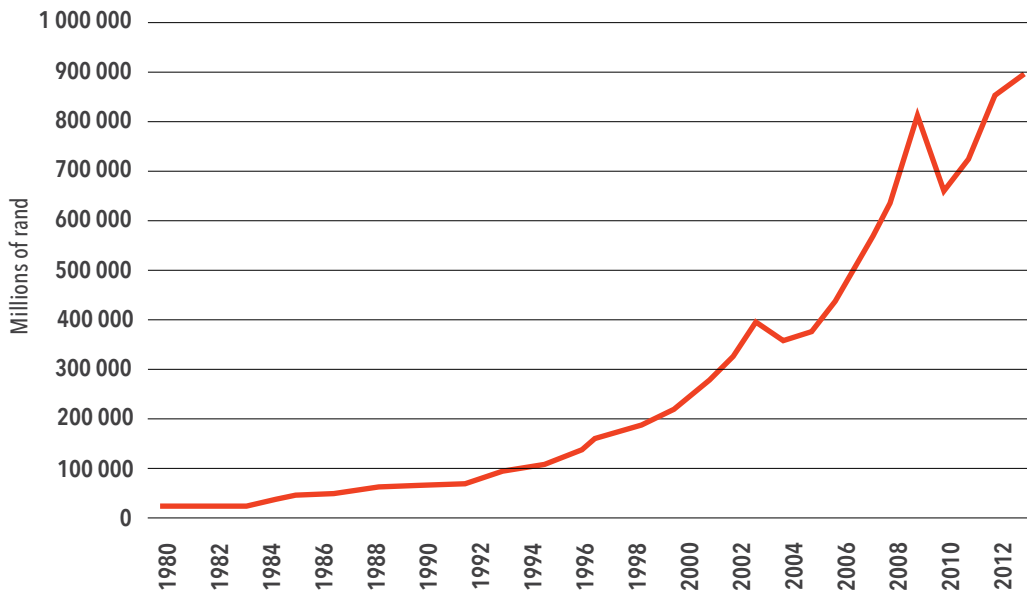
As illustrated in Figure 8.2, South Africa's bilateral political and economic relations also increased exports in goods and services, from R106 billion in 1994 to R892 billion (in nominal terms) in 2012. Although South Africa's export basket has predominantly consisted of mining and basic processed goods since 1994, mining products, as a percentage of total exports, has decreased from 57.3 percent (in value terms) in 1994 to 49.1 percent in 2012. By 2012, advanced manufactured products accounted for 18.8 percent of total exports, compared with 7 percent in 1994. Bilateral trade between South Africa and European countries declined by between 35 percent and 40 percent after the 2008 global financial crisis, but is slowly recovering. South Africa is an attractive investment destination in Africa, drawing

Figure 8.1: South Africa's inward foreign direct investment stock, 1980–2012 (current prices)



Source: United Nations Conference of Trade and Development. Inward foreign direct investment stock, annual, 1980-2012 in US Dollars at current prices and current exchange rates in millions using UNCTADstat. Downloaded from <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> on 18 February 2014. Conversion to ZAR using South African Reserve Bank foreign exchange rates. Downloaded from <http://www.resbank.co.za/Research/Statistics/Pages/OnlineDownloadFacility.aspx> on 18 February 2014

Figure 8.2: Total exports of goods and services, 1980–2012 (current prices)



Source: United Nations Conference of Trade and Development. South Africa total export of goods and services, annual, 1980-2012 in US Dollars at current prices and current exchange rates in millions using UNCTADstat. Downloaded from <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> on 18 February 2014. Conversion to ZAR using South African Reserve Bank foreign exchange rates. Downloaded from <http://www.resbank.co.za/Research/Statistics/Pages/OnlineDownloadFacility.aspx> on 18 February 2014



more than twice as many FDI projects in 2012 than any other African country⁴.

The state, together with the private sector and civil society, has improved the international marketing of South Africa and Africa as international tourism destinations. This has resulted in a sustained increase in tourist arrivals, as discussed in Chapter 4. Highlights over the past five years have been the hosting of the 2010 World Cup and the World Conference on Climate Change in Durban in 2012.

South Africa has continued to drive bilateral agreements for cooperation in science and technology. A significant achievement has been South Africa's appointment along with Australia to host the square kilometre array radio telescope, a major international space project. This is an indication of the strength and international standing of the country's scientific and technological capabilities.

8.3 CONCLUSION AND WAY FORWARD

South Africa has taken important steps in positioning the country in the global arena. Going forward, South Africa's foreign policy should continue to be shaped by the interplay between prevailing diplomatic, political, security, environmental, economic and regional factors. It should remain cognisant of global power shifts, the stratification of regional groupings, threats to human and state security, internal and external sovereignty and natural resources, and the need to promote South Africa's national interests.

Regional and continental integration are important for Africa's socio-economic development and political unity, and for South Africa's prosperity and security. Consequently, Africa will remain at the centre of South Africa's foreign policy. The country will strengthen its support for

regional and continental institutions that work towards achieving peace and resolving security crises, and it will take further steps to strengthen regional integration, promote intra-African trade and champion sustainable development on the continent.

Structural changes in the global economy are creating opportunities to position Africa as a significant player. The continent is already positioned to benefit from demand for its natural resources, especially from emerging powers in Asia. South Africa has a critical role to play in supporting economic growth, development and structural transformation on the continent to ensure that these opportunities are realised. This involves continuing to identify specific trade, manufacturing and industrial niches, especially where South Africa enjoys a competitive advantage. South Africa will also strengthen efforts to alter existing trade patterns, which rely on raw materials, in favour of value addition, industrialisation and intra-African trade.

Regional trade integration will be aimed at ensuring economic connectivity and regional competitiveness. Successfully integrating trade on the continent requires accelerating the development of hard infrastructure (road and rail networks, energy and water) and soft infrastructure (trade facilitation systems, supply chain management, and customs controls and administration).

Cooperation between vital state institutions that deal with international relations policy and cross-border issues should also be strengthened. Closer collaboration and partnerships between government, business, civil society and labour must be pursued to ensure that the country operates holistically in the competitive and unpredictable international arena. Government needs to continue fostering healthy consultative and practical relationships with research institutions and corporations to help expand trade and investment and improve the country's leadership role in regional and global affairs.

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9

conclusion

THE TWO OVERRIDING OBJECTIVES

of eradicating poverty and reducing inequality have been the central focus of government policy since 1994. This review has shown that South Africa has made remarkable progress in many areas. In 20 years, the country has emerged from its deeply divided and violent past into a peaceful, robust and vibrant democracy that has made major strides in improving the lives of its citizens. South Africa has achieved or is on track to meet many of the United Nations MDGs by 2015, as illustrated in Table 9.1¹.

Poverty has been reduced since 1994, but society remains highly unequal. In addition, while there has been progress in addressing the legacy of apartheid, inequality is still largely defined along racial lines. Going forward, a number of challenges will have to be addressed to eradicate poverty and reduce inequality. These include employment creation, improving labour relations, overcoming economic infrastructure constraints, improving the capability of the state and the quality of service delivery, and overcoming the challenges related to basic education, public health services, crime and corruption.

In the first decade after 1994, enormous progress was made in establishing the institutions of a democratic state. Since then, there has been an increased focus on improving the performance of these institutions and the quality of public services. While the public service of today is far more responsive to people's needs, partly as a result of post-1994 programmes such as Batho Pele (People First), there are still many instances where citizens do not receive an acceptable standard of service. Initiatives being implemented to shift the public service ethos towards being more people-oriented include the School of Government and the revitalised Batho Pele programme.

Improvements in the quality of service delivery have occurred where there has been a sustained focus on improving management and administration (such as in the South African Revenue Service and parts of the Department of Home Affairs). The NDP includes measures to replicate these successes much more widely, alongside developing skills, improving coordination across government and strengthening accountability for poor performance.

Many mechanisms to facilitate participatory democracy have been put in place since 1994, ranging from NEDLAC to school governing bodies and community policing forums. There is a need to ensure that these mechanisms lead to increased mutual understanding and the resolution of problems. For example, the increase in service delivery protests points to a need for local government to work with civil-society organisations, faith-based organisations and traditional

leaders to strengthen participation so that problems can be addressed without resorting to violent protest.

Over the past 20 years, approximately 12.5 million people have been provided with access to accommodation through government housing programmes. Government will need to further increase its efforts to work with other stakeholders to overcome existing spatial patterns that continue to divide society. This includes incentivising the private sector to provide more low-cost housing in better-located areas to access work opportunities.

In the first decade, government made rapid progress in amalgamating the apartheid education departments, increasing school enrolment, equalising public expenditure and putting in place a new curriculum. The longer-term challenge has been to improve the quality of education. The key issue is the quality of teaching, which is being addressed through strengthened teacher support programmes. Consideration could also be given to introducing minimum competency requirements for teachers. There is an ongoing focus on eradicating school infrastructure backlogs. Education is the ladder out of poverty and the performance of the basic education system will need to be improved further to enable people to access decent jobs, earn a better income and provide the skills required by the economy.

Good health is a prerequisite for engaging in productive work activities, and lack of access to quality health services entrenches inequality. There have been major improvements in access to healthcare since 1994, and the focus is now on reducing the burden of disease, addressing the socio-economic determinants of ill health, and improving the quality of service in the public health system. Key areas of attention include managerial and administrative weaknesses, infrastructure backlogs and implementing the National Health Insurance system to enable citizens to access quality healthcare on the basis of need and not affordability.

Corruption in both the public and private sectors is impeding service delivery, undermining public confidence in the state and the economy, and reducing economic growth, competitiveness and investment. A range of institutions and measures have been put in place since 1994 to counter corruption. These are being strengthened by implementing measures in the NDP, such as preventing public servants from doing business with the state and better management of the risks related to government procurement processes. Corruption is not only a public-sector problem and a culture of zero tolerance needs to be developed across society, with businesses and citizens also playing their part.

The battle against crime has not yet been won. While the levels of serious crimes have declined since 1994, crime levels remain high due to a number of causes,

including socio-economic determinants such as poverty, inequality, and drug and alcohol abuse. Crime has a negative impact on investment, growth and employment, as well as the wellbeing of citizens.

Employment creation is key to eradicating poverty and reducing inequality. The number of employed people in South Africa has grown by almost 50 percent since 1994. However, there has been an even larger increase in the number of people looking for work, and the level of unemployment is high. Accelerated economic growth and investment are required to reduce unemployment. The increase in strikes which has occurred since the late-2000s has a negative impact on investment, and the labour relations environment will need to be improved.

There is a strong emphasis in the NDP on building a capable and developmental state that is able to play a leading role in driving the country's development, in addition to providing quality public services to its citizens. Effective partnerships across society will help create a virtuous cycle of rising confidence, rising investment, higher employment and increased productivity and income. This requires greater trust between the state, labour and business.

Government's focus on improving education outcomes and skills development, and addressing economic infrastructure constraints such as the supply of electricity and water, will contribute to reducing unemployment. Changing the approach to land tenure in ways that stimulate production and economic opportunity could help promote employment in rural areas. Further growth of the green economy (such as the production of renewable energy) will contribute to both sustainable development and employment creation. There are many opportunities for South Africa to benefit from economic growth elsewhere in Africa. This involves continuing to identify specific trade, manufacturing and industrial niches, especially where South Africa enjoys a competitive advantage.

When looking back over a 20-year period, all South Africans can be proud of, and inspired by, the achievements of our young nation. This pride must inspire us to do more, to move faster in the period ahead. Too many people still live in poverty, too few people

work, too many children do not receive quality education, and the gap between the rich and the poor remains unsustainably wide. While we have seen great progress in many areas, much remains to be done. We have made mistakes in some areas, but we have also shown an ability to work hard to correct them. Going forward, we should draw inspiration from our ability to overcome these challenges.

For the first time, South Africa has a long-term plan to address the challenges set out above. The NDP was developed through a process of extensive consultation. It was approved by Cabinet and has received support from a broad range of stakeholders. The vision of eliminating poverty and reducing inequality is something we can all contribute towards, and its successful realisation will require the active engagement of all sectors of society.

The existence of a long-term plan brings greater coherence to the work of government, as well as increased predictability to our policy direction. This allows us to give sustained focus to ensuring effective implementation, as medium-term, sectoral and departmental plans will now be focused on taking forward the objectives of the NDP. In the words of President Jacob Zuma:

"The plan has been adopted as a national plan for the whole country. It is our roadmap for the next 20 years. All the work we do in government is now part of the comprehensive National Development Plan, including all operational plans, be they social, economic or political."

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TABLE 9.1: MILLENNIUM DEVELOPMENT GOALS (SELECTED INDICATORS)

■ Unlikely to be achieved ■ Likely to be achieved ■ Achieved

INDICATORS	1994 baseline (or nearest year)	Current status (2013 or nearest year)	2015 target	Rating
Proportion of population living below \$2.50 per day	42.4 (2000)	29.2 (2011)	21.1	Likely to be achieved
Share of the poorest quintile in national consumption	2.9 (2000)	2.7 (2011)	5.8	Unlikely to be achieved
Employment-to-population ratio	44.1 (2001)	40.8 (2011)	50-70	Unlikely to be achieved
% of employed people living below \$1 per day	5.2 (2000)	3.9 (2009)	0	Likely to be achieved
Prevalence of underweight children under five years of age (%)	13.2 (1993)	8.3 (2008)	4.7	Likely to be achieved
Adjusted net enrolment ratio in primary education:				
Male	96.5 (2002)	98.9 (2011)	100	Likely to be achieved
Female	96.8 (2002)	99.2 (2011)	100	Likely to be achieved
Proportion of learners starting grade 1 who reach last grade of primary:				
Male	89.2 (2002)	93.4 (2012)	100	Likely to be achieved
Female	90.1 (2002)	96.1 (2012)	100	Likely to be achieved
Literacy rate of 15–24 year-olds:				
Male	83.3 (2002)	90.7 (2011)	100	Likely to be achieved
Female	88.4 (2002)	94.6 (2011)	100	Likely to be achieved
Female share of non-agricultural wage employment	43 (1996)	45 (2012)	50	Unlikely to be achieved
Proportion of seats held by women in national parliament (%)	25 (1996)	44 (2009)	50	Likely to be achieved
Under 5 mortality rate (per 1 000 live births)	59 (1998)	53 (2010) ⁱ	20	Likely to be achieved
Infant mortality rate (per 1 000 live births)	54 (1998)	38 (2010) ⁱ	18	Likely to be achieved
Immunisation coverage under one year old (%)	66.4 (2001)	92.8 (2011)	100	Likely to be achieved
Life expectancy at birth:				
Male	50.0 (2002)	56.8 (2012)	70	Unlikely to be achieved
Female	55.2 (2002)	60.5 (2012)	70	Unlikely to be achieved
Maternal mortality ratio per 100 000 live births	150 (1998)	269 (2010) ⁱ	38	Unlikely to be achieved
Antenatal care coverage (at least one visit and at least four visits) (%)	76.6 (2001)	100.6 (2011)	100	Achieved
HIV prevalence among population aged 15–24 years (%)	9.3 (2002)	7.3 (2012)	4.2	Likely to be achieved
Proportion of population with advanced HIV infection with access to antiretroviral drugs (%)	13.9 (2005)	75.2 (2011)	80	Likely to be achieved
Death rates associated with tuberculosis per 100 000 population	147 (2002)	49 (2011)	<147	Achieved
Death rates associated with malaria per 100 000 population	459 (2000)	72 (2012)	229	Achieved
Proportion of terrestrial areas protected (% of total)	5.18 (1994)	6.71 (2012)	17 (2020)	Unlikely to be achieved
Proportion of marine areas protected (% of total)	No data	7.34 (2012)	10 (2020)	Likely to be achieved
Proportion of population using an improved drinking water source (%)	76.6 (1996)	90.8 (2011)	88.3 (2015)	Achieved
Proportion of population using an improved sanitation facility (%)	49.3 (1996)	66.5 (2011)	74.65	Likely to be achieved

ⁱ Estimates based on mortality data from the Civil and Registration and Vital Statistics Systems (CRVS) data.