

TOWARDS A  
**25**  
YEAR  
REVIEW

1994-2019





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## ABBREVIATIONS AND ACRONYMS

<b>4IR</b>	Fourth Industrial Revolution	<b>HR</b>	Human Resources
<b>ACSA</b>	Airports Company South Africa	<b>HRD</b>	Human Resource Development
<b>AfCFTA</b>	African Continental Free Trade Area	<b>HSRC</b>	Human Sciences Research Council
<b>AGSA</b>	Auditor-General of South Africa	<b>ICASA</b>	Independent Communications Authority of South Africa
<b>AGOA</b>	African Growth and Opportunity Act	<b>ICT</b>	Information and Communications Technology
<b>APIs</b>	active pharmaceutical ingredients	<b>IEC</b>	Independent Electoral Commission
<b>ART</b>	Antiretroviral Therapy	<b>IFFs</b>	Illicit Financial Flows
<b>ARV</b>	antiretroviral	<b>IGF</b>	Intergovernmental Forum
<b>AsgiSA</b>	Accelerated and Shared Growth Initiative for South Africa	<b>ILO</b>	International Labour Organisation
<b>ASIDI</b>	Accelerated Schools Infrastructure Development Initiative	<b>IPAP</b>	Industrial Policy Action Plan
<b>AU</b>	African Union	<b>IRDP</b>	Integrated Residential Development Programme
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment	<b>LBPL</b>	Lower Bound Poverty Line
<b>BEE</b>	Black Economic Empowerment	<b>LGBTIQA+</b>	lesbian, gay, bisexual, transgender, queer, intersexual and asexual
<b>BNG</b>	Breaking New Ground	<b>LRAD</b>	Land Redistribution for Agricultural Development
<b>BRICS</b>	Brazil, Russia, India, China and South Africa	<b>M&amp;E</b>	Monitoring and Evaluation
<b>CAADP</b>	Comprehensive African Agricultural Development Programme	<b>MDDA</b>	Media Development and Diversity Agency
<b>CAGR</b>	Compound Annual Growth Rate	<b>MDG</b>	Millennium Development Goal
<b>CAPS</b>	Curriculum and Assessment Policy Statements	<b>MGE</b>	Mzansi Golden Economy
<b>CBO</b>	Community-Based Organisation	<b>MPRDA</b>	Mining Petroleum and Resource Development Act
<b>CDA</b>	Central Drug Authority	<b>MRC</b>	Medical Research Council
<b>CJS</b>	Criminal Justice System	<b>MTSF</b>	Medium Term Strategic Framework
<b>CODESA</b>	Convention for a Democratic South Africa	<b>NARYSEC</b>	National Rural Youth Service Corps
<b>COIDA</b>	Compensation for Occupational Injuries and Diseases Act	<b>NCCEMD</b>	National Committee of Confidential Enquiry into Maternal Deaths
<b>CSG</b>	Child Support Grant	<b>NCPS</b>	National Crime Prevention Strategy
<b>CWP</b>	Community Works Programme	<b>NDA</b>	National Development Agency
<b>DBE</b>	Department of Basic Education	<b>NDMP</b>	National Drug Master Plan
<b>DDR</b>	Doha Development Round	<b>NDP</b>	National Development Plan
<b>DHET</b>	Department of Higher Education and Training	<b>NEDLAC</b>	National Economic Development and Labour Council
<b>DPME</b>	Department of Planning, Monitoring and Evaluation	<b>NEET</b>	Not in Education, Employment or Training
<b>DRDLR</b>	Department of Rural Development and Land Reform	<b>NEPAD</b>	New Partnership for Africa's Development
<b>DSD</b>	Department of Social Development	<b>NERSA</b>	National Energy Regulator of South Africa
<b>ECD</b>	Early Childhood Development	<b>NGO</b>	Non-Governmental Organisation
<b>EPA</b>	Economic Partnership Agreement	<b>NGP</b>	New Growth Path
<b>EPWP</b>	Expanded Public Works Programme	<b>NIP</b>	National Infrastructure Plan
<b>ETI</b>	Employment Tax Incentive	<b>NLTP</b>	National Learner Transport Policy
<b>FBO</b>	Faith-Based Organisation	<b>NMW</b>	National Minimum Wage
<b>FBS</b>	free basic services	<b>NPC</b>	National Planning Commission
<b>FOSAD</b>	Forum of South Africa's Directors-General	<b>NPO</b>	Non-Profit Organisation
<b>FPSU</b>	Farmer Production Support Unit	<b>NQF</b>	National Qualifications Framework
<b>GBV</b>	Gender-based violence	<b>NSC</b>	National Senior Certificate
<b>GDP</b>	Gross Domestic Product	<b>NSFAS</b>	National Student Financial Aid Scheme
<b>GEAR</b>	Growth, Employment and Redistribution	<b>NSNP</b>	National School Nutrition Programme
<b>GFIP</b>	Gauteng Freeway Improvement Project	<b>NYC</b>	National Youth Commission
<b>GHS</b>	General Household Survey	<b>NYDA</b>	Youth Development Agency
<b>GNU</b>	Government of National Unity	<b>NYP</b>	National Youth Policy
<b>HAI</b>	Historically Advantaged Institution	<b>NYS</b>	National Youth Service
<b>HDI</b>	Historically Disadvantaged Institution	<b>OAU</b>	Organisation of African Unity
<b>HEI</b>	higher education institution	<b>OBE</b>	Outcome-Based Education
<b>HMI</b>	Health Market Inquiry	<b>ODA</b>	Official Development Assistance
		<b>OECD</b>	Organisation for Economic Cooperation and Development

## LIST OF FIGURES

<b>PEPUDA</b>	Promotion of Equality and Prevention of Unfair Discrimination Act
<b>PFMA</b>	Public Finance Management Act
<b>PHC</b>	primary healthcare
<b>PIDA</b>	Presidential Infrastructure Development for Africa
<b>PIRLS</b>	Progress in International Reading Literacy Study
<b>PLAS</b>	Proactive Land Acquisition Strategy
<b>PRASA</b>	Passenger Rail Agency of South Africa
<b>PSC</b>	Public Service Commission
<b>PSET</b>	Post-School Education and Training
<b>R&amp;D</b>	Research and Development
<b>RAF</b>	Road Accident Fund
<b>RDP</b>	Reconstruction and Development Programme
<b>REIPPP</b>	Renewable Energy Independent Power Purchase Procurement
<b>SACMEQ</b>	Southern and Eastern Africa Consortium for Monitoring Educational Quality
<b>SACU</b>	Southern African Customs Union
<b>SADF</b>	South African Defence Force
<b>SADHS</b>	South Africa Demographic and Health Survey
<b>SADPA</b>	South African Development Partnership Agency
<b>SANDF</b>	South African National Defence Force
<b>SANRAL</b>	South African National Roads Agency Limited
<b>SAPO</b>	South African Post Office
<b>SAPS</b>	South African Police Service
<b>SDG</b>	Sustainable Development Goals
<b>SET</b>	Science, Engineering and Technology
<b>SETA</b>	Sector Education and Training Authority
<b>SEZ</b>	Special Economic Zone
<b>SHP</b>	Social Housing Programme
<b>SKA</b>	Square Kilometre Array
<b>SLAG</b>	Settlement and Land Acquisition Grant
<b>SOE</b>	state-owned enterprise
<b>SoNA</b>	State of the Nation Address
<b>SPF</b>	Social Protection Floor
<b>SPLUMA</b>	Spatial Planning and Land Use Management Act
<b>Stats SA</b>	Statistics South Africa
<b>STEM</b>	Science Technology Engineering Mathematics
<b>TAC</b>	Treatment Action Campaign
<b>TB</b>	tuberculosis
<b>TDCA</b>	Trade, Development and Cooperation Agreement
<b>TEA</b>	Total Early-Stage Entrepreneurial Activity
<b>TIMSS</b>	Trends in International Mathematics and Science Study
<b>TRC</b>	Truth and Reconciliation Commission
<b>TVET</b>	Technical and Vocational Education and Training
<b>UIF</b>	Unemployment Insurance Fund
<b>UN</b>	United Nations
<b>UYF</b>	Umsobomvu Youth Fund
<b>VAT</b>	Value-Added Tax
<b>WHO</b>	World Health Organization
<b>WOAN</b>	Wholesale Open Access Network
<b>WSSD</b>	World Summit on Sustainable Development
<b>YES</b>	Youth Employment Service
<b>WfW</b>	Working for Water

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**In 1994, for the first time, South Africans from all walks of life voted a new democratic government into office, ushering in a new era defined by a shared vision of a free, non-racial and equal society. In doing so, they brought about an end to generations of oppression, humiliation, hurt and division, and set out on a new path to end racism and sexism.**

That historic moment offered an opportunity to build a people-centred society that sought to expand the frontiers of human freedom and fulfilment.

For the past 25 years, as part of restoring human dignity, government has worked to provide all South Africans with basic services, water and sanitation, housing, electricity, social support, education and health care. It has sought to build an economy that provides work and opportunity to all in pursuit of the dream of a new and equal society. It is appropriate at this time to take stock of the progress over the last 25 years in overcoming the legacy of apartheid.

This 25 Year Review is a reflection on this journey, highlighting the important milestones reached and achievements that this country has made as a young democracy.

The review reflects on the strengths and shortcomings of government in fulfilling its mandate for social and economic transformation. It is therefore an instructive tool on how to continue the task to build and consolidate a capable state which will advance social equality and eradicate poverty and hunger. The deep social and economic challenges of apartheid – poverty, landlessness and inequality – are still with us.

On a broader scale, this review also appraises our progress on the international front, including how we can harness our competitive advantage and mutual partnerships to achieve our international goals and objectives. Key among these is to realise the

Africa we want, a peaceful, prosperous and interdependent continent connected by a massive and expansive network of infrastructure.

This analytical review is a springboard to our renewed efforts to advance our national and international agenda. It is a solid basis for new insights and perspectives on how we can address the lingering challenges in our society. These include social inequality, the enduring connection between race and poverty, gender and class disparities, unequal economic opportunities, and spatial exclusion. Our challenges include skills disparities among races, persisting youth unemployment, unequal health and academic outcomes and social fragmentation.

The review underscores the need for policy coherence to overcome all these difficulties and grow our economy, accelerate our transformation project, consolidate our social compact and advance the ideals of the National Development Plan.

We need a more informed basis to translate our vast resources into tangible socio-economic outcomes that change the lives of our people. Most importantly, we must invest in our people, particularly children, young people and women, so that our journey towards our 50<sup>th</sup> year of democracy is rewarding and fulfilling for all.

Let us embrace this review as a rich reflection on our past, engage robustly on its contents, and use it to propel our sights to further vistas as we seek to achieve our goal of an equal and prosperous society. The journey continues. Let us work together to grow South Africa!

**President  
Matamela Cyril  
Ramaphosa**





**This report lends insight into the 25-years of democracy in South Africa, and reflects both the highlights and lowlights along the journey. This report is an honest reflection of the last 25-years of democracy, and exposes both the achievements and impediments to the country's socio-economic development. A detailed technical report, which provides comprehensive empirical data buttressing the findings of the 25-year review, co-exists with this political report.**

At age 25 years, South Africa is relatively a young democracy. However, as the rest of this report will show, the country has punched above its weight, and achieved so many feats. South Africa's peaceful transition, including the adoption of the Constitution (Act no 108 of 1996), with its enshrined Bill of Rights, is globally celebrated. The new South Africa created new democratic institutions, including the separation of powers between the legislative, executive and judicial arms of state. Democratic South Africa has had six consecutive national and provincial elections, as well as five municipal elections over the last 25-years. All political parties accepted the outcomes of these elections as truthfully depicting the will of the people. As part of the transition, South Africa successfully integrated seven Armed Forces, including the previous South African Defence Force, the military forces of the former Transkei, Bophuthatswana, Venda and Ciskei (TBVC) states, and those of the Liberation Movements. This contributed significantly towards peace and stability in the country.

Healing the wounds of the past has been a key feature of the democratic dispensation. The Truth and Reconciliation Commission (TRC), established through the Promotion of National Unity and Reconciliation Act (No 34 of 1995), which was chaired by the Archbishop Emeritus Desmond Tutu, played a critical role in this process. Legislative measures and policy instruments were designed and effectively implemented for democratizing the state and society, advancing women's empowerment and gender equality, and enabling access to opportunities for all citizens. Access to oppor-

tunities has been significantly expanded for previously disadvantaged South Africans. These include access to basic education for 10 million learners in 20,000 no-fee schools. Near universal coverage was achieved. Enrolment increased from 97.8% in 2005 to 99% in 2015. Pro-poor policies implemented include the National School Nutrition Programme, which has benefitted 9 million learners (out of 12 million). Access to Primary Health Care (PHC) services has been expanded, with PHC Headcounts increased from 68 million in 1998 to almost 120 million in 2019. Access to housing was expanded to 4 million households – shifting the frontiers of homelessness. Indigent South Africans have benefited from the social wage, which includes free electricity, water, sanitation and refuse removal. Access to Social Assistance has been extended to over 17,4 million beneficiaries.

In the international arena, the democratic South Africa was influential in the establishment of the African Union (AU) and in strengthening the Southern Africa Development Community (SADC). The country also reclaimed its space in the United Nations (UN), and has served in the UN Security Council. South Africa has also hosted major international events such as third World Conference on Racism in 2001, at which the Durban Declaration and Programme of Action to combat racial discrimination were developed and subsequently adopted by the UN.

Despite the vicissitude of the global economy, fixed investment levels in South Africa have attained an average annual growth of 6,2% per annum over the last 25-years. In the last decade, this has been underpinned by multibillion rand public sector mass infrastructure roll-out, including investments in stadia, transport and logistics infrastructure to ensure successful hosting of the FIFA World Cup in 2010. These included refurbishment of airports, highways, and creation of the Bus Rapid Transit system as well as construction of additional power stations, Kusile and Medupi, and bulk water infrastructure projects. Access to employment opportunities increased from 8,9 million people in 1994 to 16,5 million people in 2018. However, unemployment levels remain unacceptably high, at 29% in the second quarter of 2019. Access to land has also increased marginally with 8,3 million hectares redistributed during the democratic dispensation. However, this is woefully inadequate, given the magnitude of the land dispossession, which created massive landlessness amongst black South Africans. South Africa has also had a strong tax revenue regime, which has been stable from 1994 – reaching a target of R1 trillion in 2017.



However, there have also been binding constraints, which have limited the reach and impact of government programmes. The state has not adequately utilised the levers at its disposal to fundamentally entrench the economic rights of the historically disadvantaged and reverse the apartheid legacy. Levers available to the state include legislation, regulations, policies, procurement systems and incentive schemes. South Africa remains one of the most unequal societies in the world, in terms of income levels and asset ownership, with a Gini co-efficient of 0,68. Over the past 25 years, apartheid spatial planning has not been reversed through integrated development on and densification of well-located land. The majority of black people still commute between their residential townships and the cities where they are employed, paying up to a third of their income for transportation.

Another barrier has been limited capacity for service delivery: despite investments made, the state still has limited capacity and capabilities to deliver services, especially at local government level. Accountability in the public sector is persistently weak, even though there is a relatively sophisticated accountability architecture in place. There is a lack of consequence management for misconduct and poor performance. The governance of State Owned Companies (SOCs) remains weak, as is evidenced by a regression in audit outcomes, allegations of wide-scale corruption, and their extremely precarious financial situations. Corruption, real and perceived, has hampered the country's capacity to deliver services, despite the comprehensive architecture in place to prevent and combat it. Poor service delivery, lack of accountability, unethical and corrupt practices, and the poor governance of state-owned companies have done much to erode public confidence and trust in the state.

To address these, as well as restore good governance, tax morality and public trust in the criminal justice system, government has developed and begun implementing far-reaching interventions. These include the changes in the leadership of the South African Revenue Services and the National Prosecuting Authority, and the enhancement of the capacity and authority of law enforcement agencies. The Judicial Commission of Enquiry into allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State, chaired by Deputy Chief Justice Raymond Zondo, was established. Multidimensional poverty, measured in terms of composite indicators for health, education, standard of living and economic activity, has decreased. However, when measured in terms of the

financial dimension, poverty levels have increased. Socio-economic development is not a linear process, but one characterised by glorious milestones, as well as setbacks. Notwithstanding progress made towards women's empowerment in the past 25-years, South Africa is currently experiencing setbacks occasioned by gender-based violence and femicide. As was the case with previous challenges, these too shall be overcome. Over the next planning cycles, government must steer the country out of poverty and limited economic growth by focusing on a limited set of priorities. The country's macro economic framework must be revised to enable more inclusive growth. Government, business, labour and other social partners have to focus on the creation and implementation of a credible economic strategy that will focus on inclusive growth and job creation, which will propel the country towards economic growth and reduction of the high levels of poverty, inequality and unemployment.

To address structural unemployment, the country must create jobs for the skills that it currently has, including lower level skills and lower entry requirements to employment. The country must also develop skills that match the needs of the economy, to enhance future economic growth. South Africa must focus on three categories of priorities: (a) the fundamentals of development, including the macro-economic framework; (b) strategies, to address unemployment and inequality, including the development of human capabilities and skills, as well as mastery of the Fourth Industrial Revolution and (c) institutional capacity, which includes coordination, and policy coherence, to ensure effective implementation.

Finally, as indicated by President Cyril Ramaphosa in his Foreword, this review provides an opportunity for robust engagement amongst South Africans about the democracy dispensation in the last quarter of a century. The review also creates space for citizens to shape the next 25-years, leading up to 2044. I wish to convey my gratitude to my predecessor, Minister NC Dlamini-Zuma, for her sterling political oversight for the production of the 25-Year Review.

**Mr. Jackson Mthembu,  
MP**

Minister in the Presidency



## MINISTER'S OVERVIEW

**F**ollowing 300 years of colonial rule, 84 years since the racist Union of South Africa and 46 years of grand apartheid, underpinned by patriarchal relations, during which generations of the oppressed majority waged struggles for liberation against successive illegitimate and repressive regimes, the country finally became a democratic state in 1994. The first democratic national elections were held on 27 April 1994, following multiparty negotiations for a peaceful transition, in the context of a world that was itself in transition following the collapse of the Soviet Union, signalling a 'new world order' towards a more unipolar world.

With the end of apartheid in Namibia and South Africa, the African continent could finally concentrate its efforts on development, lasting peace and integration. The South African peaceful transition is widely celebrated and is a result of the sacrifices made by millions of people – some of whom paid the supreme price – during the fight against colonialism, apartheid and all forms of discrimination.

Several resistance victories, wars and a struggle for national liberation were waged by the oppressed which spanned most of last century. These included the Bulhoek, Sharpeville, Soweto, Maseru and Maputo Massacres (amongst many others) as well as the women's march to the Union Buildings, the adoption of the Freedom Charter, and the resistance by students and youth, workers and women. Indeed, South Africa's story is a tale of sacrifices by millions across the world and those in the frontline states who also paid the ultimate price and supported our struggles.

By the end of the 1980's, a range of domestic and global factors created conditions for negotiations, which saw the first democratic elections in 1994.

As South Africa celebrated its silver jubilee of freedom

and democracy on 27 April 2019, government and the people paused to reflect on the journey traversed since 1994.

The result is this reflective discussion document which provides a contextualised assessment of the country's achievements and challenges. No doubt, these achievements and challenges carry with them varied views or opinions. There is, however, consensus that the 25-year journey carried with it many achievements which have transformed the lives of millions of ordinary South Africans.

The advent of democracy in 1994 not only meant one person, one vote, but it also saw the introduction of a Bill of Rights, in 1996, which provides for redress and guarantees basic human rights – including civil, political, social, economic and environmental rights. This is accompanied by a robust system of democratic governance with checks and balances, including Chapter 9 institutions. During the 25 years South Africa introduced a social wage, derived from the Constitution of the Republic of South Africa of 1996, to restore the dignity of people and their access to basic services, focusing on the poor and vulnerable. After centuries of education for underdevelopment, the 25 years saw the dismantling of Bantu education, with universal access to basic education, at 99%, and the expansion of access to further and higher education.

Through government programmes, assets such as houses, libraries, schools, clinics and roads have been transferred to the masses. Labour rights have also been expanded by improving the livelihoods and levels of income of the people, including the introduction of the National Minimum Wage (NMW). The NMW Act, (Act 9 of 2018) which came into effect on 1 January 2019, among other things, stipulates a national minimum rate of R20 per hour or R3 500 per month, depending on the number of hours worked. This minimum wage will impact on the incomes of close to 6 million workers.

After decades of stagnation in the pre-1994 era, the economy grew marginally, resulting in the creation of jobs and building of massive socio-economic infrastructure. However, South Africa has not transformed the patterns of ownership, control and management of the economy. As a result, structural unemployment and inequality, which are a major stumbling block in eradicating poverty, persist.



NO. TO BE FILLED IN BY PRESIDING OFFICER BEFORE VOTING STARTS

ELECTION DATE	day	day	month	month	year	year
	2	2	0	4	0	9
ELECTION TYPE	N		P		M	B
VD NUMBER	32850198					
WARD NUMBER	73					
BALLOT BOX SEQUENCE	2		of			
MUNICIPAL CODE						
PROVINCE	GAUTENG					



Ballot Box

Race and gender remain a strong influencer in relation to a South African's future with female-headed households on average about 10% more likely to be poor than male-headed households.

The spatial legacy of apartheid is another persistent feature of apartheid South Africa, 25 years after democracy. Rapid urbanisation, poor spatial planning and slow land redistribution have in fact exacerbated spatial divisions between formerly black and white areas, thus increasing the gap between the poor and rich.

There is therefore consensus that despite the 25 years of achievements, South Africa has missed many opportunities. Consequently, there are unmet expectations which contribute to a continued feeling of social exclusion, with some South Africans not fully identifying with being South African.

Decent work remains the most critical measure by which a sustainable livelihood can be secured and poverty and inequality can be addressed. To this end in the 25 years the number of people employed has doubled from some 8,9million (1994) to 16,5million (2018) people, however the economy, which recorded a pedestrian 2.8% GDP growth over the 25 years, has simply not created jobs at the rate required to absorb the existing army of unemployed and new entrants.

The medium-term growth also did not address the structural dimensions of the economy, causing

Going forward,  
South Africa  
must implement  
an integrated  
infrastructure planning  
and development  
process which pays  
greater attention to  
both rural and urban  
spatial planning.

persistent unemployment, poverty and inequality.

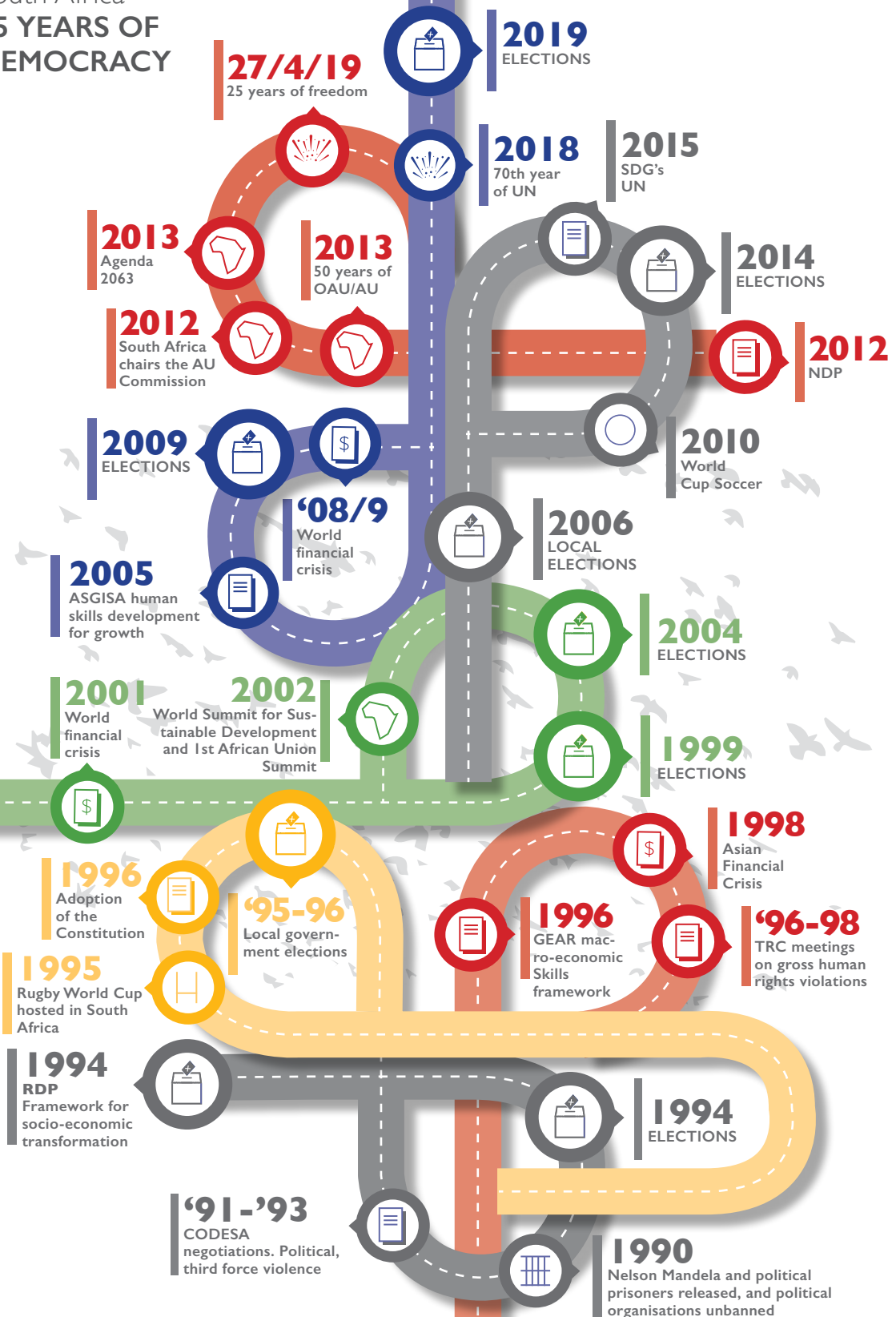
The official unemployment rate reached an all-time high of 36.4% in 1999, dipping below 25% between 2006 and 2015, and reaching a low of 21.5% in 2008, just as the global financial crisis hit. Since then it has been on the increase for at least a decade, back to the high of 27.1% in Q4 of 2018. On average over the 25 years it therefore hovered consistently around 25%. Youth poverty and unemployment, in particular have been on the rise, pointing to the need to accelerate the mooted skills revolution in the context of the Fourth Industrial Revolution (4IR), which is upon South Africa and the world.

Those revolutions call for us to pay attention to the type of education, skills and qualifications provided to young people. Such an investment requires the transformation of the healthcare system whilst also paying attention to creating stronger linkages between the basic education, and Post-School Education and Training (PSET) system, so as to create nexuses with the world of work and entrepreneurship. Such attention should ensure that the system provides South Africa an 80/20 split between the Science, Technology, Engineering and Mathematics (STEM) areas and the Humanities in the long run. In the end graduates need to be job ready and have the potential to create jobs through entrepreneurship and other initiatives. Urgent attention must therefore be paid to reversing the 'inverted pyramid', which sees the number of enrolments at universities being higher than those at the intermediate level. This will enable South Africa to meet its growth, development and industrialisation ambitions. Those ambitions should also be founded on a sustainable industrial policy and strategy that pays attention to South Africa's competitive advantage areas as well as both the rural and township economies, where the majority of South Africans reside.

The rural and township economies require a revamping as does the aging and inadequate infrastructure. The social engineering and planning project that the apartheid government executed with military precision and with single-minded dedication to separate development and racial discrimination, is largely still negatively impacting on the lives of the population, particularly through economic injustice, landlessness and spatial injustice.

It is observed that transformation, particularly

# South Africa 25 YEARS OF DEMOCRACY



of space, was not achieved during the 25 years. The democratic government expanded existing townships, even further from urban centres. New settlements created did not espouse democratic values and principles as well as our African values and cultural heritage. Access to suburban residential areas improved without significantly altering the previously 'whites only' settlement patterns and European-oriented ethos. Class inequality is entrenched and South Africa remains the most unequal country in the world, with a Gini coefficient of 0.68.

The capability of the State has come under question, particularly its agility and responsiveness to socio-economic challenges. The State is hamstrung by under-capacitated and inefficient institutional structures lacking focus and prioritisation in implementation. In its advancement, it has also relied heavily on the broad civil society and an untransformed private sector. The state has been frequently challenged by the ever-changing global environment, and labour and social unrest. Crime, illegal migration, corruption and the growth of the illicit economy continue to pose a challenge to the rule of law and the safety of all citizens. Policy incoherence, contradictions, lack of certainty and delays in decision-making have also not assisted government in implementing the democratisation project and transforming society.

Institutions, particularly schools and institutions of higher learning, were also not transformed, with inequality in educational outcomes. Lastly, poor people still have limited access to financial services, economic and business opportunities.

In summary, the institutionalisation of democracy has been very successful, significant progress has been made in the expansion and delivery of basic services, access to public facilities has been expanded, the social protection system has cushioned the poor from the ravishing effects of poverty. The pro-poor and redistributive policies have expanded access to opportunities in South Africa over the past 25 years. Racial and gender transformation has been significant but not to the required levels. Economic policies have not transformed the structure of the country's economy to the benefit of the majority of the historically oppressed. Spatial justice and access to land for the black majority have not been addressed and inequality is the highest in the world, with an unacceptably high gender and racial wealth gap.

Going forward, South Africa must implement an integrated development and infrastructure planning and development process which pays greater attention to both rural and urban spatial planning. Such a process should also provide due consideration to the broad socio-economic infrastructure, especially as it relates to energy provision, extension of clean and reliable water services, expansion of social infrastructure, and the integration and connection of our communities through corridor development and a reliable and affordable transport network. All these will require reliable information and communications technologies' (ICTs) infrastructure, universal access to the internet and significant decrease in the cost of data. All public institutions of learning must have free access at the point of use to the internet. This will accelerate South Africa into the 4IR.

As we advance into the next 25 years of democratic governance, we must build on the gains of our first 25 years of democracy by marshalling South Africa in all spheres of governance behind an overarching social compact with localised implementation plans, focusing on growing South Africa together. The compact and plans must contribute to transforming the structure of the country's economy to the benefit of the majority, so that we may truly build and grow a South Africa that belongs to all who live in it. To achieve that objective, we must preserve and protect the country's natural and environmental resources.

**Dr NC  
Dlamini Zuma**

*Minister  
of Cooperative  
Governance and  
Traditional Affairs*



CHAPTER 1

# Introduction



**T**he year 2019 represents a watershed and milestone year for South Africa, marking the silver jubilee

**of democratic governance and political emancipation. The 27th of April 1994 marked a departure from South Africa's tainted and divided history, following 300 years of colonial rule, 84 years of the racist Union of South Africa and 46 years of statutory apartheid, underpinned by patriarchy. The 27th April 1994 was preceded by multiparty negotiations and marked the end of an era of oppression.**

## WHAT THE DEMOCRATIC GOVERNMENT INHERITED IN 1994

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Colonialism was a brutal system of dispossession through wars, reinforced by policies, practices and laws such as successive hut and poll taxes that forced black people off the land. Those black masses were confined to becoming cheap labour on white farms and in the mines.

The Union of South Africa of 1910 consolidated the system of white minority rule, paving the way for further legalised discrimination based on race, ethnicity and gender. The whites-only Parliament passed laws that entrenched white and patriarchal privileges, and facilitated the structural underdevelopment of the black majority and women. Political apartheid began long before the National Party came into power in 1948 shown by the Land Acts of 1913 and 1926 respectively; Representation of Natives Act of 1936 that removed black male voters in the Cape from the common voters' roll and placed them on a separate roll; and continued with the Group Areas Act of 1950; the Job Reservation Act of 1951 and the Promotion of Bantu Self-Government Act of 1959, to name but a few. 'Separate development' was further entrenched through a variety of laws legislating, among other things, separate houses of Parliament, racial classification of amenities, education, influx control, forced removals, citizenship (through the creation of "Bantustans") and marriages. Apartheid colonialism used patriarchy to reinforce

the subjugation of women, with such laws as the Native Administrative Act of 1927 that relegated African women – until the dawn of democracy in 1994 – to legal minors, unable to inherit, contract or represent themselves without a male guardian. Even white women only got the vote in 1930, almost 37 years after the British colony of New Zealand granted all women the right to vote.

The Natives Land Acts of 1913 and 1926 prevented black people from buying or hiring land outside of 'scheduled native areas', (where communal land tenure administered by traditional leaders was the predominant pattern), thereby limiting black land ownership to some 13% of the land area of South Africa. The barren nature of most land in the black reserves inhibited agriculture and they included dense, semi-urban settlements, where infrastructure and service delivery were poor, and economic and trade opportunities limited.

These 'native areas' doubled as labour reservoirs, which provided cheap unskilled labour to the white-owned mines, industry and farms. The reservoirs kept women and children in extreme poverty. The migrant labour system, which extended to neighbouring countries in Southern Africa, facilitated for the super-exploitation of black workers and tore families apart.

In the decades following the Group Areas Act of 1950 and the formation of Bantustans caused millions of African, Indian and coloured people to be forcibly removed from urban areas they occupied to bleak and impoverished resettlement camps on marginal land, far from towns and workplaces. In rural areas, forced removals were carried out through the eviction of labour-tenants to consolidate new designated native areas.

The Reservation of Separate Amenities Act of 1953 enforced segregation in all public amenities, buildings and transport. Separate, unequal and sometimes no facilities, services and amenities were provided. Such facilities and services included schools, universities and training colleges, clinics and hospitals, public transport, residential and retail areas and workplace facilities.

The apartheid public sector was fragmented across 11 systems of government and administration, with deliberate unequal and under-resourced public services in the Bantustans. Public adminis



— The apartheid health system was also highly fragmented, with separate facilities administered by different health authorities. —



administration operated on a highly centralised model of decision-making with a lack of transparency and accountability. Service delivery was racially skewed with the black population having limited basic services and poor quality education, thus keeping the black majority in a state of servitude.

The apartheid health system was also highly fragmented, with separate facilities administered by different health authorities. It was also inefficiently and inequitably biased towards curative and hospital based services (with only 11% percent of total public health expenditure devoted to primary health care)<sup>1</sup>. The system was not oriented to deal with diseases of poverty such as malnutrition and tuberculosis, which were particularly prevalent amongst black people. In 1980, the World Health Organisation estimated that infant mortality for blacks in South Africa was 120 per 1 000 live births, while for whites it was one-tenth of that<sup>2</sup>.

Apartheid spatial planning consigned the majority of South Africans to live in large, overcrowded townships and informal settlements on the edges of cities or in the distant, densely populated and mainly rural homelands, far from their places of work, requiring them to travel long distances at great cost to themselves in time and income. Opportunities for black people to purchase and own land and businesses were limited, restricting their socio-economic opportunities and creating a highly distorted property market. A severe urban housing backlog developed, in 1994 it was estimated at 1.3 million units and if hostels and rural areas were also taken into account, the backlog was closer to 3 million units<sup>3</sup>.

The social welfare system was fragmented based on race, gender and geographical location. There was no national welfare policy framework and a variety of legislation and policies curtailed access to social welfare by certain racial groups, with an adverse effect on Africans in particular. The value of social grants differed according to race and services were

- 1 Wadee, H; Gilson, L; Thiede, M; Okorafor, O; and McIntyre, D. 2003. *Health Care Inequity in South Africa and the Public/Private Mix: Draft Paper Prepared for the RUIG/UNRISD Project on Globalisation, Inequality and Health*. p.5.
- 2 Chimere-Dan, O. 1992. Apartheid and Demography in South Africa, *African Population Studies*, 7. p.28-38
- 3 African National Congress. 1994. *The Reconstruction and Development Programme*. Johannesburg: Umanyano Publications for the African National Congress.

not always located in or accessible to underprivileged communities.

The criminal justice institutions, particularly the police, army, courts and prisons, were the primary institutions which enforced and sustained the apartheid system. These institutions were supported by various discriminatory legislation. These institutions and pieces of legislation controlled the movement of black people into and out of areas reserved for whites. Military conscription of white male school-leavers to the then South African Defence Force (SADF) was the order of the day which fed the ever increasing demand in the security apparatus available to the repressive apartheid state. To defuse the agitated majority and control influxes into urban South Africa a homeland system was created to benefit a few handpicked black leaders through political and economic patronage.

Women of all races, but particularly poor black women, were marginalised, prevented either legally, socially or culturally from participating in politics and decision-making. Women, and African women in particular, were denied equitable access to land, houses and property, healthcare, social services, educational opportunities and employment.

South Africa's super exploitative, resource-extractive and carbon-intensive economy was not adequately regulated for purposes of environmental protection and sustainable development. Moreover, air, water and land pollution was designed to disproportionately affect areas occupied by poor and black communities, who lacked political and economic means to enforce accountability.

At the onset of democracy, the new government inherited an economy in crisis, which had been shaped by apartheid policies, and to some extent the impact of the economic sanctions as well as the dependence on mining exports. The inherited economy was on a free fall, with average growth in the preceding 10 years averaging at about 1.2%. The economic sectors were characterised by high levels of market concentration, thereby creating an environment for anti-competitive behaviour.

Owing to the Bantu education system, there were extreme inequalities in education and skills development as black schools had less resources, support staff and bad infrastructure, which resulted in the exclusion of a large majority of blacks from participating in the economy. Job reservation and on-job training in parastatals was exclusively for whites with the black majority relegated to menial positions.

### **At the dawn of democracy, therefore:**

**Unemployment rates were high** and concentrated among Africans: in 1994, the official unemployment rate stood at 20%, affecting as many as 24.7% of Africans compared to 3% of whites<sup>4</sup>. The technical and higher education institutions (HEIs) reflected the prevailing context, being based on unequal and inequitable provision, and reproducing race, class and gender differences. There was therefore a general **scarcity of skills**, particularly high-level skills, across almost all economic sectors and occupations<sup>5</sup>.

In 1994, more than 12 million people did not have **access to basic services** such as clean drinking water and 21 million people did not have adequate sanitation. Less than half of the rural population had a safe and accessible water supply, and only one in seven had access to adequate sanitation. Only 36% of South African households had access to electricity. As the RDP put it, "*poverty and degradation exist side by side with modern cities and a developed mining, industrial and commercial infrastructure*".<sup>6</sup>

In 1996, some 71% of the 2.4 million households in the rural areas of former homelands had **access to land** for farming purposes. However, half of these households reported that the farming used for crops was smaller than one hectare; therefore, the overwhelming majority (93%) of rural black households were engaged in subsistence farming and generating insignificant income<sup>7</sup>.

The end of apartheid in Namibia and South Africa and the end of the Cold War provided the continent with new opportunities to shape its own destiny. A new generation of Pan-Africanists advocated for

4 Department of Labour. National Skills Development Strategy.

5 Human Science Research Council. 2019. A Partnership Between DHET and the HSRC.

Website: <http://www.hsrc.ac.za/en/departments/education-and-skills-development/lmpip>.

6 Government Gazette. 1994. Notice No. 1954 of 1994. Reconstruction and Development Programme White Paper.

7 Stats SA. 1999.



PICTURE: JOHNNY MILLER / UNEQUAL SCENES

African solutions to African problems in dealing with conflict and underdevelopment.

## ATTACKING POVERTY AND INEQUALITY

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The historical context to South Africa's transition saw a legacy of inequality, unemployment and poverty on the basis of race, gender, class and geography. The founders of our democracy recognised this, when in the RDP they reflected that *“our problems run deep”*. They acknowledged that *“no political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospect for a better life. **Attacking poverty and deprivation must therefore be the first priority of a democratic government.**”*

### Poverty and its multiple dimensions

As the RDP averred, *“poverty is the single greatest burden of South Africa's people, and is the direct result of the apartheid (and patriarchal) system and the grossly skewed nature of business and industrial development which accompanied it”*.

The RDP and subsequent government programmes over the 25 years therefore approached the war on poverty in a multidimensional manner, focusing on basic needs, incomes, infrastructure, human capabilities, assets and opportunities. The most impactful amongst these have been the introduction of a social wage, which includes the provision of basic services, social infrastructure, water, sanitation, housing and electricity, social grants (from 2.6 million in 1996 to 17.7 million in 2018), education and health, as well as economic infrastructure such as transport.

Job creation to provide incomes has been another consistent element of the war on poverty. The approach was to build social compacts between government, labour and the private sector, leading to the implementation of strategies such as the 25 years as public employment programmes (the Expanded Public Works Programme (EPWP), Working for Water (WfW), Community Works Programme (CWP)) and subsidised private employment programmes. The cumulative total of work opportunities created by the EPWP since its inception in 2004 has been 10.3 million. The

EPWP prioritised youth unemployment, with 4.8 million (47%) young people accessing the EPWP. After participation in the EPWP, tracer research with participants shows that only 12.4% found permanent employment, 4.8% had set up their own businesses, and 47.8% found other temporary employment and a further 14% were in further education and training. Additionally 66% of EPWP participants were women, 47% were youth and 1% were people with disabilities.

Additional efforts to address youth poverty and unemployment included the creation of the Umsobomvu Youth Fund (UYF) and the National Youth Commission which were subsequently merged into the National Youth Development Agency (NYDA), learnerships, job opportunities, internships and apprenticeship programmes subsidised by the Sector Education and Training Authorities (SETAs), the introduction of a Youth Wage Subsidy and the Youth Employment Service (YES) programme.

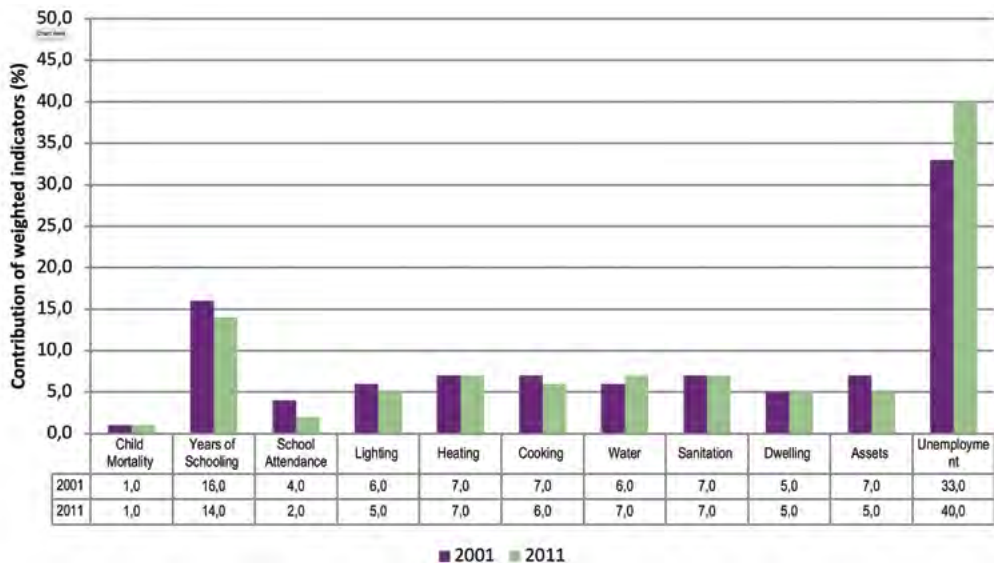
These measures have been complemented by the focus on small and medium enterprise development and cooperatives, as well as the focus on the protection and advancement of workers' rights, such as the extension of unemployment insurance (and other benefits), health and safety at work and the recent introduction of the minimum wage.

South Africa over this period has also invested heavily in building human capabilities, with universal enrolment in basic education, the progressive expansion of Early Childhood Development (ECD), school nutrition programmes, school transport the expansion of the National Student Financial Aid Scheme (NSFAS) and more recently, free higher education for students from poor families.

The combination of the above measures resulted in a decline in both absolute and relative poverty between 1993 and 2013 (income poverty went down from 33% to 25%). However, there has been again an increase in poverty levels. Thus, according to Stats SA, *“while households gained better access to services and facilities”* as a result of the social wage, *“their financial well-being suffered between 2011 and 2015”* because of low skills levels and economic factors including pedestrian economic growth, rising unemployment, greater household dependence on debt and higher prices.<sup>8</sup>

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8 Stats SA. 2017. Poverty Trends in South Africa. An Examination of Absolute Poverty between 2006 and 2015.



**Figure I.1: Unemployment remains the largest contributor to poverty.**

Source: Stats SA.2015. Millennium Development Goals Country Close Out Report for South Africa.

...levels of poverty remain high and inconsistent with government's stated vision and developmental goals.

To measure the complexity of poverty, Stats SA has developed the South African Multidimensional Poverty Index in 2001. The Index captures severe deprivations faced by each person or household in four dimensions, namely health, education, standard of living and economic activity. **Figure I.1** confirms that unemployment remains the largest contributor to poverty. It also shows a number of areas where there is room for improvement, for example years of schooling (although school attendance as contributor to poverty halved), water, and of course, tackling unemployment.

One of the success stories of the 25 years is the bringing down of child mortality, mainly through improvements in nutrition, expanded vaccination programme, free access to healthcare for mothers and children, better educated mothers, as well as the prevention of mother-to-child transmission of HIV. In addition, because of the expansion of the antiretroviral (ARV) programme, children were less likely to be orphaned.

Poverty in South Africa, apart from being multi-dimensional, also affects different groups in different ways.

In terms of spatial dimensions more rural households were in poverty compared to urban households, even though there was a 6% drop in poverty from 62% in 1996 to 56% by 2001 for all rural households<sup>9</sup>. The urban in migration reflected an increase of households in poverty from 13% to 16% over the same period.<sup>10</sup> Female-headed households are up to 10 percent more likely to be poor<sup>11</sup>. Race remains a strong predictor of poverty in South Africa, with Africans being at the highest risk of being poor. Large families and children, in both urban and rural areas are especially vulnerable to being in poverty.

Between 2006 and 2015 poverty rates fell among both economically active and economically inactive people, albeit at differing rates. In this period those who were economically active experienced a fall in the rate of poverty from 27.3 percent to 20.5 percent, whilst the rate of poverty among those economically inactive fell from 57.7 percent in 2006 to 46.3 percent in 2015<sup>12</sup>. This is consistent with **figure 1.2** which measures the poverty headcount, which indicates that the proportion of people living below the food poverty line declined from 28.4% in 2006 to 21.4% in 2011, but increased to 25.2% in 2015. The proportion of the population living below the upper bound poverty line declined from 66.6% in 2006 to 53.2% in 2011, but increased to 55.5% in 2015. While poverty levels declined between 2006 and 2011, they increased over the period 2011 to 2015.

While government programmes over the past 25-years have cushioned millions of South Africans against the devastating impact of poverty, levels of poverty remain high and inconsistent with government's stated vision and developmental goals. The NDP: Vision 2030 requires that absolute poverty be eradicated from 39% of people living below the poverty line of R419 (in 2009 prices) to zero in 2030. However, in contrast, the proportion of the South African population living below the Lower Bound Poverty Line (LBPL) increased from 36.4% in 2011 (18.7 million people) to 40.0% in 2015 (21.9 million people).

— To deal with income inequality, among other measurers, government did away with race and gender-based salary and benefits discrimination in the public sector. —

9 Boharat, H, and Kanbur, R. 2005. Poverty and Wellbeing in Post-Apartheid South Africa: An Overview of Data. p. 4-5.

10 *Ibid*

11 World Bank. 2018. Overcoming Poverty and Inequality in South Africa: An assessment of Drivers: Constraints and Opportunities. p. 14.

12 World Bank. 2018. Overcoming Poverty and Inequality in South Africa: An assessment of Drivers: Constraints and Opportunities. p.xxvi.

## INEQUALITY

Inequality – based on race and gender – was and remains the most pervasive and persistent legacy of apartheid, colonialism and patriarchy. The Preamble of the Constitution recognises it as part of “*the injustices of the past*”. This historical injustice manifests itself in inequality in incomes, wealth, services, assets and opportunities. Indeed, the diagnosis of the RDP was that “*South Africa now has one of the world’s most unequal patterns of distribution of income and wealth.*”<sup>13</sup>

Today, South Africa is the most unequal society in the world. The measurement commonly used for inequality, the Gini coefficient, shows that between 1996 and 2001, inequality increased from 0.68 to 0.73<sup>14</sup>, and decreased from 0.72 to 0.68 between 2006 and 2015. This shows a fluctuation of inequality, but overall over the period it remained stubbornly high.

The RDP had called for the “*integration of growth, development, reconstruction and redistribution into a unified programme*”. Over the 25 years, South Africa has put in place the following measures to deal with inequality:

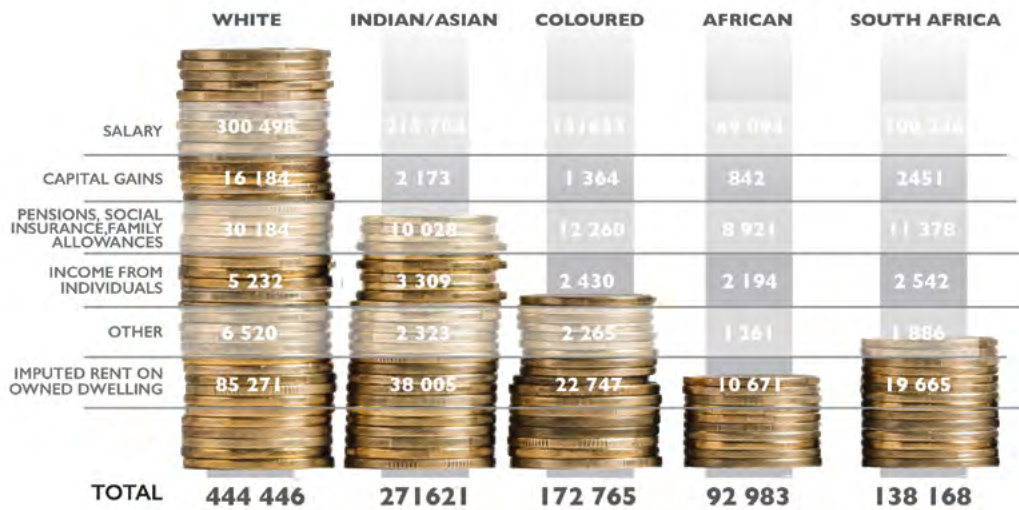
- The White Paper on the RDP called for reprioritisation of government expenditure in order to effect redistribution through, amongst others, the provision of basic services and infrastructure. On the whole, funding for social services was redistributive, despite the constraints of the GEAR austerity measures. This was coupled with improvements in revenue collections and the expansion of the collections base.
- To deal with income inequality, among other measures, government did away with race and gender-based salary and benefits discrimination in the public sector. The policy of affirmative action, in both the public and private sectors, was aimed at providing redress so that more black people and women are able to access job opportunities, especially in the professional and management levels. The social wage, which was for decades mainly restricted to white compatriots, was extended to all, benefiting mainly the poor and vulnerable, and particularly women and children.
- Annual household income has overall increased by 273.9% over the 25 years, as partially shown

<sup>13</sup> African National Congress. 1994. The Reconstruction and Development Programme. Johannesburg: Umanyano Publications for the African National Congress.

<sup>14</sup> Van der Berg, S. 2011. Current Poverty and Income Distribution in the Context of South African History. *Economic History of Developing Regions*, 26(1), p.120-140.



**Figure I.3: Annual Household Income**  
Source: tradingeconomics.com Statistics South Africa



**Figure 1.4: Annual Household Income**

Source: Statistics South Africa. 2017. *Living Conditions Survey 2014 -15*.

by figure 1.3.

- However, racial and gender inequality persisted, as shown in figure 1.4, which looks at income streams based on race. On average, white headed households still spend 5.1 times more than and earn 4.7 times more than African headed households<sup>15</sup>.

The system of income tax as well as Value Added Tax (VAT) exemptions has provided some relief to lower income earners. VAT, which was introduced in 1991 at 10% was raised to 14% in 1993 and to 15% most recently. VAT however affects disadvantaged poor black workers, who live far from work, disproportionately. Basic services rates have had progressive intentions with free (but limited) services for poor households in areas such as water and electricity. For top income brackets, who during the last three decades of apartheid paid a marginal rate of 50% in the 60s, around 60% in the 70s and 55% in the 80s, the tax rate went down to 41% in 2015/2016<sup>16</sup>. Company tax rates dropped from 50%

in 1990/1991 to almost half by 2014/2015<sup>17</sup>.

Despite this, the bottom 60% of the population's wealth index remains 8.3% of total wealth<sup>18</sup>. Empowerment schemes as part of Black Economic Empowerment (BEE) policies had a negligible effect in redistributing wealth. The growing black middle class have accumulated assets, but South Africans remain highly indebted, with consumer debt totalling nearly R1.7 trillion in 2018, nearly as much as the government's debt of R2 trillion<sup>19</sup>.

Equality of opportunities mainly speaks to access to education, jobs and other economic opportunities. After 25 years of democracy, South Africa has achieved universal access to basic education, including for girl children. The challenge remains the quality and content of education outcomes, with the average learner performing poorly on key global indicators such as reading and literacy. Enrolments in universities and Technical and Vocational Education and Training (TVET) colleges have increased from 495 356 in

<sup>15</sup> Statistics South Africa. 2017. *Living Conditions Survey 2014/15*. p.12.

<sup>16</sup> South Africa Reserve Bank. 2015. *Tax Chronology of South Africa: 1979-2015: Supplement to the South African Reserve Bank Quarterly Bulletin*, p. 1.

<sup>17</sup> *Ibid*, p.8.

<sup>18</sup> National Planning Commission. 2011. *National Development Plan: Vision 2030*.

<sup>19</sup> World Bank. 2017. *The Global Findex Database: Measuring Financial Inclusion and the Fintech Revolution*, Chapter 2, p. 35.



1994 to 975 837 in 2016, and the number of graduates from public universities more than doubled from 92 874 in 2000 to 203 076 in 2016. The advance in enrolment is important, but high drop-out rates and a low throughput rate of African students mitigate against these gains. For instance, according to Stats SA, “close to 47% of youth aged 20–24 years who held bachelor degrees or qualifications equivalent to National Qualifications Framework (NQF) Level 7 came from the highest household income quintile. Only 7.4% of youth who held qualifications equivalent to NQF Level 7 came from the lowest household income quintile. Furthermore, close to 36% of youth holding postgraduate degrees or qualifications came from the highest household income quintile.”<sup>20</sup> There is a growing problem of graduate unemployment, but the unemployment rate for young graduates is still lower than those with less education. Education therefore remains an important instrument for social mobility.

After 25 years of democracy, South Africa has achieved universal access to basic education, including for girl children.

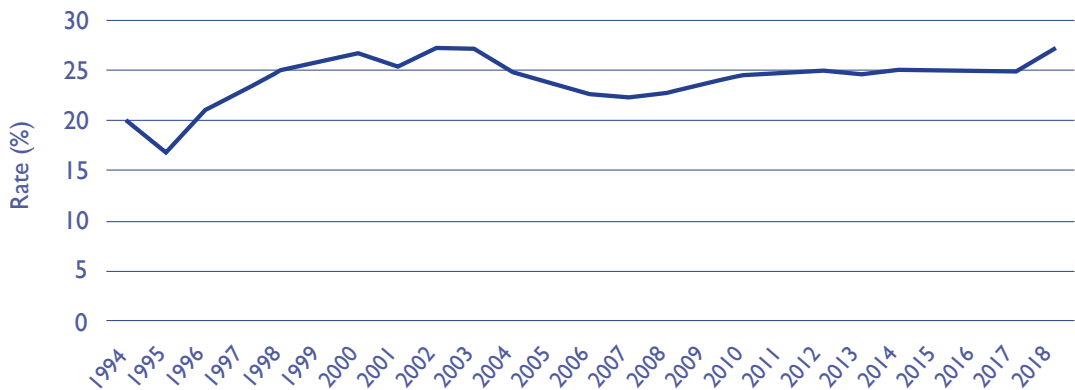
The above shows that whilst inequality within race increased over the 25-year period, inequality between races and gender is still the worst legacy of apartheid. The persistence of high inequality of income, wealth and opportunity has meant the rich and upper middle classes are able to opt out of the public provision of services, such as health care, education and security by paying for private provision of these services. This increases the social distance between classes with a diminishing ‘sense of belonging’ as well as consensus building whilst removing the cross subsidization potential and the ‘voice’ of the better off from public provision. Crime, including corruption, as well as violent crime thrives in countries with massive inequality whilst also removing the notion of ‘good citizenship’. High crime levels have reduced opportunities for cross class and race interaction, contributing further to low trust levels and polarisation.

## UNEMPLOYMENT

One of the key objectives of the RDP was to create jobs that are sustainable, and increase the ability of the economy to absorb new job seekers, in both the formal and less formal sectors. According to Stats SA, the number of people employed in 1994 were 8.9 million with the unemployment rate at 20%. The unemployment rate at that time did not include the Bantustans and the black majority.

In 1994, there were 41 million South Africans, therefore the employed represented 21% of the population.

<sup>20</sup> Statistics South Africa. 2017. Higher Education and Skills in South Africa. Website: <http://www.statssa.gov.za/?p=12040>.



**Figure 1.5: South Africa's Unemployment rate (1994 – 2018)**  
 Source: Statistics South Africa. 2018. Quarterly Labour Force Survey.

By the end of 2018, the number of people employed had almost doubled to 16.5 million people, representing 28.5% of the population. Despite this and as a consequence of an increasing population growth, which surpassed the economic growth, the unemployment rate has increased to 27.1%. **Figure 1.5** depicts the trend for South Africa's unemployment rates for the period 1994-2018.

The inability of the economy to create jobs coupled with the high-level entry requirements and the skills mismatch are some of the reasons advanced for the persisting structural unemployment. Although the economy grew by 2.8% on average during 1994 to 2018, it has not been able to absorb the number of people needing employment<sup>21</sup>.

The distribution of unemployment remains highly racially skewed—with African unemployment more than double that for Indians and more than four times that of white unemployment. Youth and women bear the brunt of unemployment. Youth unemployment in particular rose sharply over the past 10 years (2008 and 2018), the unemployment rate for young people increased from 44.9% to 54.7%.<sup>22</sup>

Over the past 25 years, the government has implemented various policies and plans to remedy the high rate of unemployment, particularly for young people and women. Interventions include the Employment Tax Incentive (ETI), which is intended to stimulate demand for young workers and the EPWP, which targets young people and women. In addition, South Africa's industrial policy put employment at the centre of any industry support by government. 30% of procurement was also set aside for youth owned and managed enterprises.

However, these and other interventions have not had the envisaged impact; hence, the high levels of unemployment persist, which reached 27.1% in Q4 of 2018.<sup>23</sup>

At the current pace the NDP target of reducing unemployment to 6%, is unlikely to be met, unless drastic steps are undertaken. In order to meet the NDP: 2030 goal of 24 million people employed, the number of individuals employed needs to increase by 11 million from the 2010 base figure of 13.6 million.

21 Stats SA. 2018. Gross Domestic Product, Quarter 4.  
 22 Statistics South Africa. Quarterly Labour Force Surveys, 2008-2018.  
 23 Statistics South Africa. 2018. Quarterly Labour Force Survey, Quarter 4.

## CHAPTER 2

# Nation Building, Social Cohesion and Identity



**T**he colonial and apartheid projects were founded on identity and social constructs that deliberately undermined and treated African culture, heritage, religion and identity as inferior. In order to prop up superiority, it was necessary to, on one hand, neglect the further development of African spirituality, identities, values and culture, whilst on the other hand, developing and investing substantially in old and new Western-oriented values, cultures and identities.

The colonisation project understood that in order to capture and suppress the African, the destruction of the culture and traditional African education system was essential. Consequently, the colonial system and apartheid appropriated and suppressed black culture in general and African culture in particular, in form and content, to raise the stature and relative position of other cultures of importation.

From a social cohesion and nation-building perspective, the apartheid project produced fragmented communities whose victims were on either side of the fence.

From an identity perspective, the democratic government inherited a 'nation' of multiple identities with two broad brush strokes, on the one hand, the previously franchised minority of European origin and on the other hand a disinherited and bonded black majority whose larger constituent was African in particular. Even within those broad strokes were variables, for instance there were 10 Bantustans and an emerging pseudo black middle class. Nonetheless, those strokes acted as cohesive points for the multiple identities of South Africa, with the majority cohering around the liberation movements and the minority behind the apartheid vision. Despite this within the subjects emerged a tapestry of rich cultures, history and heritage.

Learning from its past and deriving lessons from

Reparations and redistribution as envisaged by the TRC remain an unaddressed opportunity to contribute towards closing the inequality gap.

**?**



**DID YOU KNOW**

**OUR NOBEL LAUREATES**  
South African features prominently when it comes to those awarded for their respective fields' work:

- Sydney Brenner**
- J. M. Coetzee**
- Allan MacLeod Cormack**
- F. W. de Klerk**
- Nadine Gordimer**
- Aaron Klug**
- iNkosi Albert Luthuli**
- Nelson Mandela**
- Max Theiler**
- Archbishop Desmond Tutu**

PICTURE: wikipedia.org

elsewhere the democratic government set out to “*heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights*”<sup>24</sup>.

In securing these rights attention was paid to first, second and third-generation rights whilst integrating the social, economic and environmental dimensions. There are also mutually reinforcing relationships between identity, social cohesion, nation building and the addressing of the vexing challenges of unemployment, poverty, inequality, and social exclusion. South Africa still struggles to deal with a confluence of inadequate economic growth, widespread unemployment, sharp inequalities, low levels of fixed investment and frail levels of social capital.<sup>25</sup>

## LEGISLATION, POLICIES AND PROGRAMMES IMPLEMENTED SINCE 1994

In 1994, the new democratic government set out “*to create a people-centred society of liberty which [bound] us to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear*”.<sup>26</sup>

### Building a United Nation

The Convention for a Democratic South Africa (CODESA), the multiparty forum that negotiated the transition to democracy sought to “*bring about an undivided South Africa with one nation sharing a common citizenship, patriotism and loyalty, pursuing amidst our diversity, freedom, equality and security for all irrespective of race, colour, sex or creed; a country free from apartheid or any other form of discrimination or domination*”<sup>27</sup>.

Despite the collapse of the conventions principally on disagreements on demobilization of the liberation movement armed forces, the role of the public broadcaster and certain constitutional propositions, South Africans were able to vote in 1994 even in the

absence of a common voters’ roll. The CODESA process marked an appreciation that major social partners need to consult one another on all issues affecting South Africa including those affecting the economy, thus establishing the principles that would govern key institutions including the National Economic Development and Labour Council (NEDLAC). The negotiations period though, aiming to find a peaceful solution to the South African conflict was characterised by high levels of political violence, nonetheless, it resulted in the adoption of the Interim Constitution of 1993, a transitional council and the organisation of the first democratic elections on 27 April 1994.

The *White Paper on the RDP of 1994*, set out the initial plans for building this “*single country, with a single economy, functioning within a constitutional framework that establishes provincial and local powers, respect and protection for minorities, and a process to accommodate those wishing to retain their cultural identity. It is on the basis of our unity in diversity that we will consolidate our national sovereignty*”<sup>28</sup>.

The fragmented institutions such as defence, education, health, social security departments and institutions were amalgamated into one set of institutions/departments. The Interim Constitution of South Africa provided for the establishment of the Government of National Unity (GNU). The adoption of the Constitution and numerous progressive laws and policy framework, laid the foundation for a non-racial and non-sexist society based on democratic values, social justice and a common identity.

In pursuit of the objectives to provide for a complete picture of human rights abuses and violations and in order to heal the divisions of the past the Promotion of National Unity and Reconciliation Act, 1995 (Act 34 of 1995), established the Truth and Reconciliation Commission (TRC), which established an international bench mark in dealing with conflicts and the facilitation of reconstruction, smooth transitions and nation-building.<sup>29</sup> The TRC presented its report in 1998 granting only 849 amnesty petitions out of 7 112 petitioners<sup>30</sup>. Its recommendations,

24 South Africa. 1996. The Constitution of the Republic of South Africa.

25 Indlulamithi Trust, 2018. Indlulamithi South Africa Scenarios 2030. Johannesburg: Indlulamithi South Africa Scenarios Trust.

26 Mandela, N. R. 1994. State of the Nation Address, 24 May.

27 Convention for a Democratic South Africa (CODESA) I. 1991. Declaration of Intent, 21 December.

28 Government Gazette. 1994. Notice No. 1954 of 1994. Reconstruction and Development Programme White Paper, p.1.

29 National Planning Commission. 2011. Diagnostic overview report

30 Mattes and Bratton. 2007. Quoted in 20 Year Review. 2014. p15-p16



UNITE

THE MAN | ONE NATION | ONE CELEBRATION

HIP  
ALLIANCE



sports  
Development  
RE

Nelson Mandela  
Rugby Cup Day  
2018  
South Africa vs Argentina

CHRIS BOZ  
PLAYERS  
FUND

which spanned from economic compensation on a societal scale (including a wealth tax and once-off levy on corporate and private income) to individual reparations to support victims and survivors of apartheid gross human rights abuses, can be viewed as a gallery of lost opportunities.

Reparations and redistribution as envisaged by the TRC remain an unaddressed opportunity to contribute towards closing the inequality gap. However, it did establish the sentiments of hope and established the basis for national identity and a sense of belonging, in the words of the first democratically elected President, Nelson Mandela, in his 100-day speech: *“From the outset, the government of National Unity set itself two interrelated tasks: reconciliation and reconstruction, nation-building and development. This is South Africa’s challenge today. It will remain our challenge for many years to come”*<sup>31</sup>

The adoption of the Constitution in 1996 marked the watershed at which South Africa departed from its divided history towards a common **identity** and future which was filled with potential and hope. Building on the Freedom Charter and the Universal Declaration on Human Rights, the Constitution anchors a vision of a South Africa built on a culture of reverence for life, for human rights and a national identity founded on the values of non-sexism, non-racialism and equality. It also provides for an independent judiciary and constitutional court for the enforcement of the justiciable Bill of Rights; whilst establishing chapter nine institutions to uphold democracy.

Laws that were not in accordance with the Constitution were repealed. Legislation and policies that ushered in a democratic, non-sexist and non-racist society were promulgated and a solid foundation was laid for a more equitable, integrated and just society anchored on the democratic values of human dignity, equality and freedom. This ushering was not without its own constitutional challenges, since in some instances state limitations became evident in relation to addressing societal expectations in key areas such as access to land, capital and other assets required for development.

The Constitution also informs the promotion of

**national symbols** such as the South African flag, new place names, public holidays, coat of arms, and national medals whilst replacing other objects of identification. National symbols are a marker of a country’s national sovereignty and are collectively used as a rallying point for national unity, cohesion and national pride<sup>32</sup>.

South Africa has a collection of statutory national symbols, which came with the dawn of the new dispensation in 1994. Symbols such as the National Coat of Arms are contained in the Constitution bearing the motto: *!ke e: /xarra //ke*, written in the Khoisan language of the /Xam people, meaning ‘diverse people unite’. *“It is both South African and African; it serves to invoke our distant past, our living present and our future as it unfolds before us. ...it pays tribute to our land...by inscribing the words ‘diverse people unite’ on the coat of arms; we make a commitment to value life, to respect all languages and cultures and to oppose racism, sexism, chauvinism and genocide”*.<sup>33</sup>

Given the divided past, the replacement of old symbols was at times fuelled with resistance and reluctance as the nation searched for points of commonality and/or consensus. The internalisation of national symbols has not been without controversy. Whilst the National Anthem adopted included *Nkosi Sikelela iAfrica* (the anthem of resistance) and *Die Stem* (the apartheid anthem), and we have a new inclusive flag, the old South African flag and sometimes *Die Stem* kept rearing their heads amongst extreme groups. Changing Place Names has also been difficult despite consultative processes, thus showing deep perceptive divisions in relation to South Africa’s history.

Key points of commonality, which previously had sometimes acted as points of divergence, were best seen in the area of sports and to a very limited extent recreation. The 1995 Rugby World Cup was hosted and won by South Africa under the banner *“One Team, One Nation”*. The country also hosted and won the 1996 Africa Cup of Nations and the 1999 All Africa Games. These winning performances and the hosting of other major sporting events such as the 2010 FIFA World Cup were all moments of togetherness, as is the case whenever major national and local sporting teams and individuals participate in international events.

31 Mandela, N. R. 2004. 100 Day Speech to Parliament, 18 August.

32 Mattes and Bratton. 2007. Quoted in 20 Year Review. 2014. p15-p16

33 Mbeki, T. 2000. Freedom day speech, April, 27.

However, aside from these moments, there is a constant push to transform sports to become truly non-racial and non-sexist. South Africa's failure to institutionalise and develop school sports remains a challenge, as is the support of women's sports. More can be done to support social transformation, nation-building and social cohesion, through sport.

The Mzansi Golden Economy (MGE) strategy was adopted in 2011, with the intention to promote "*arts and culture beyond social cohesion and nourishing the soul of the nation*" but also towards "*economic empowerment and skills development*"<sup>34</sup>. In this regard two important concepts emerge, that is the '*commodification of culture*' and '*culturing the economy*'. The former implies the viewing of culture as a commodity to be bought, sold and traded, in this regard issues related to just and fair trade are critical. The latter implies considerations of authenticating and infusing local culture and production in the context of growing the economy.

Thus, the MGE was seen as the sector's anchor to its contribution to the NDP's target of five million new jobs and the creation of new industries. By targeting growth in traditional and established sectors such as textiles, film and music as well as new potential growth areas such as animation, beneficiation, sourcing enterprises, and the development of cultural precincts the sector can simultaneously respond to pressing social and economic challenges, which are also critical in reinforcing the identity, social cohesion and nation-building dimensions.

Additionally, in preparing for the Fourth Industrial Revolution (4IR) the sector saw the strategy as its contribution in infusing the creative elements into the broader education and training system. The creative and cultural sector elsewhere, particularly in some parts of Africa and Asia has been successfully used as a currency which is supportive to the growth and development agenda through local product development, consumption and exportation. The United States is the best example yet.

### Joining the family of nations. The Diplomacy of Ubuntu

Like other colonial countries, South Africa's borders are arbitrary, historically dividing communities, clans,

families, kingdoms and economic systems. Although Cecil John Rhodes had a vision of Cape to Cairo, apartheid colonialism divided and isolated South Africa from its neighbours, using its neighbours as labour reservoirs to work mainly in its mines. Apartheid South Africa was seen as a "*western bastion*" in Africa, and thus emphasised links with Europe to the exclusion of where it was located geographically.

Apartheid South Africa also looked down on Africans and the rest of the continent.

Since the 60s, South Africa waged a sustained socio-economic, military and political war against its neighbours that supported the liberation struggles, especially against the frontline states. The then South African Defence Force (SADF) was on the forefront of this war with white farmer commandos and the conscripted protecting and patrolling apartheid South Africa's borders with the expressed purpose of keeping the liberation fighters and nationals from neighbouring countries out.

By the early 1990s, as South African negotiations got underway and diplomatic relations with African countries were beginning to be normalised, South Africa began to experience an increase in intra-African migration to South Africa.

After decades of isolation as a pariah state, South Africa took its rightful place in the family of nations after 1994. South Africa thus became the 53rd member state of the Organisation of African Unity (OAU), and rejoined the United Nations (UN), the Commonwealth and other multilateral institutions such as the Non Aligned Movement and G77+China. It ratified a number of international treaties and conventions.

A central proposition of the RDP is that South Africa cannot develop in isolation of its neighbours, it must seek mutual cooperation for mutual benefit and development. Consequently, South Africa adopted a mutual cooperation, solidarity and human rights as well as a multilateral approach to development and international relations. South Africa has played a leadership role in multilateral fora, often punching above its weight. South Africa has also seen the development of infrastructure (hospitality, conferencing, transport, etc.) and the steady growth

34 Department of Arts and Culture. 2011. Mzansi's Golden Economy Contribution of the Arts, Culture and Heritage Sector to the New Growth Path, p.2.





## SEGREGATION IN SPORT



PICTURE: FilmContact.com

South Africa, also emerged from a divided sporting history, take for instance the story of Papwa Segulum, son of farm workers, he got work as a caddy who taught himself to play golf. South African History Online tells his story:

“under pressure, the authorities permitted Sewgolum to play in the Natal Open in 1963 at the famous Durban Country Club, after having been satisfied that apartheid laws would not be broken. “Suitable arrangements” were made for Sewgolum to use a mini-van as a change room, and to have his meals with the black caddies. Sewgolum did the seemingly impossible and won the tournament, and to the eternal disgrace and shame of both the white golfing fraternity and government officials, Sewgolum was not allowed to enter the Durban country club to receive his prize.

A picture of a downcast Sewgolum standing in the rain being handed his trophy through an open window - while the rest of the golfers and officials were warmly ensconced in the clubhouse enjoying the post-game fare, outraged the world and gave impetus to the international movement to boycott apartheid sport”. Even though he went on to win the Durban Open again two years later, Segwolum was banned from playing in all golf tournaments, from being a spectator and his passport was taken away.

in the number of tourists visiting South Africa over the 25 years.

## PROGRESS OVER THE 25 YEARS

Embracing arts and culture is an important avenue by which **social division** can be overcome. Together they have the potential to stimulate changes in attitudes and behaviours toward creating more socially cohesive communities, which can contribute to sustainable development. The RDP recommended that a Ministry of Arts and Culture be established and that the Ministry should ensure that together with local and provincial government, libraries, museums, galleries, monuments and historical sites are established. Numerous community libraries, community centres and historical/memorial sites have been built. Almost all theatres which were once white have transformed and are showing works of art from the previously disadvantaged. Art, art institutions and museums as well as the funding of the arts is also transforming<sup>35</sup>.

There has been a **growth in the cultural and creative sphere** in relation to music, literature, and performing arts with the growth and emergence of new music such as Kwaito and the growth of black writers. The South African Cultural Observatory (SACO) informs that the cultural, heritage and creative industries contributed over R90.5bn to the national economy or 2.9% of the GDP in 2014<sup>36</sup>. This exceeded, for instance, the contribution of agriculture to the GDP (2.2%). In terms of job creation, cultural occupations directly and indirectly accounted for an estimated 6.72% of all employment in South Africa.

There has also been a **growth in the media and broadcasting space** over the 25 Years. The introduction of the Media Development and Diversity Agency (MDDA) sought to build greater diversity through supporting community media. However, more can be done in transforming ownership, control and management patterns as well as the diversification of the media space. The public and private broadcasters have increased local content, with local content often surpassing international content in viewership and listenership figures. More

35 Department of Arts and Culture. 2017. Revised White Paper Review Arts, Culture and Heritage. p.6-7.

36 Statistics South Africa. 2013. Gross Domestic Product (GDP) figures released, June 28. Website: <http://www.statssa.gov.za/?p=903>.

could have been done to develop local content with better coordination and implementation, towards the empowerment of black and women producers.

There has also been an exponential **growth in publishing** both fiction and non-fiction of black and women authors over the last 25 years, with the availability of literature from the rest of the continent. South African stories thus are being told in a variety of genres that transcend generations. However, despite efforts by the Pan South African Language Board to promote the development and use of all official languages, there is a dearth of publications in other languages besides English and Afrikaans.

A core function of **nation-building** is in further developing and affirming the set of values that shape a nation. In the South African context these are largely contained in the Constitution, to which end the Constitution has been simplified and translated into all the official languages and distributed to public places and institutions of learning. In 2011, in partnership with LeadSA and with the support of the South African Interfaith Council, a campaign to promote the Bill of Responsibilities – a document that is a guide for active responsible citizenship aimed at learners and schools – was launched.

As part of the campaign, the Bill of Rights was transformed into a practical document; the Bill of Responsibilities. The process included the development of a teachers' guide and the Life Orientation Work Book which promote the rights and responsibilities. Constitutional awareness media campaigns were also aimed at highlighting the constitutional values on continuous basis (*AmaRightZa and #InspiredByMy Constitution*).

South Africa has a rich history of **civil society and citizen mobilisation** dating back centuries. Post 1994 South Africa has seen ebbs and flows in the state of civil society which is linked to funding support and the prevailing political situation. For example, whereas trade unions after the dawn of democracy have generally moved away from being racially based, there are now much stronger public-sector unions which are atypically impacted by work and the membership of industrial unions. There is now a much more fragmented union movement with the split between the Congress

of South African Trade Unions and South African Federation of Trade Unions.

South Africa has seen the emergence of new issue based social movements such as Treatment Action Campaign (TAC), Soweto Electricity Crisis Committee, Abahlali baseMjondolo, #FeesMustFall movement, etc. which transcend traditional civil-society organisations such as students and civic movements.

As a manner of building cooperation between the State and civil society, the Non-Profit Organisations (NPO) Act, 1997 (Act 71 of 1997), sets up the NPO Directorate to register and support NPOs. This directorate is complemented by funding through the National Development Agency (NDA) and the National Lotteries Funding Distribution Agency. By the end of 2018, there were 145 152 registered NPOs, indicating a vibrant and contributing NPO sector<sup>37</sup>.

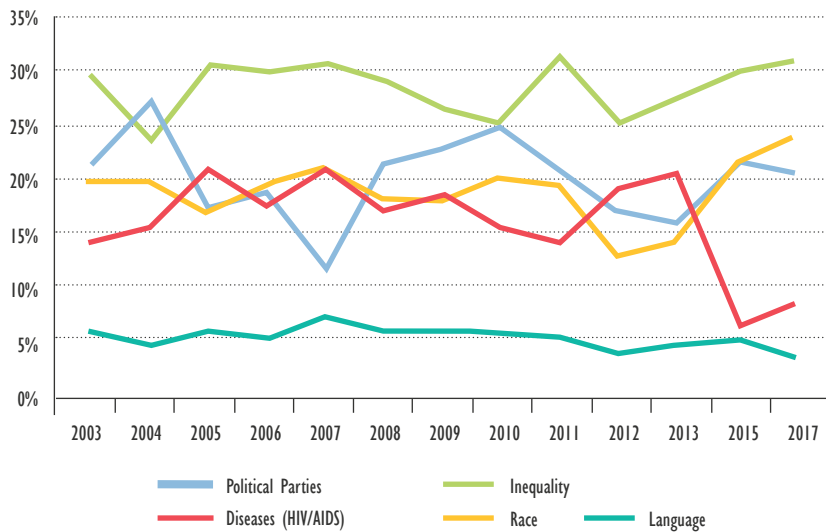
However, many of the local NPOs lack capacity, especially in financial management, leading to deregistration. The NPO Directorate also needs greater capacity to fulfil its function of supporting the sustainability of the NPO sector. Government must also do more to support NPOs as part of its job creation strategy (for example public employment schemes and youth service), given the critical social functions across sectors that the NPOs fulfil.

Although some milestones have been realised in **reconstructing the social fabric through reconciliation**, South Africans feel increasingly ambiguous towards the early reconciliation project. Many people feel that the involvement of institutions remains critical in creating opportunities, willingness to engage, meaningful connections and interactions between racial groups<sup>38</sup>. Given that race and inequality are generally synonymous, it is no surprise that inequality remains the most significant source of social division, as illustrated in **figure 2.1**. Also listed are other sources of division such as inequality, political parties, race, class, disease and language.

Since 1994 there have been improvements in access to basic services and by extension a reduction in inequality of opportunity. For example, access

37 Department of Social Development. 2017. Annual Report 2016-2017, p. 11.

38 Institute for Justice and Reconciliation. 2017. South African Reconciliation Barometer Survey.



**Figure 2.1: Sources of social division.**

Source: Institute for Justice and Reconciliation. 2017. South African Reconciliation Barometer Survey.



## SEGREGATION IN SOUTH AFRICA

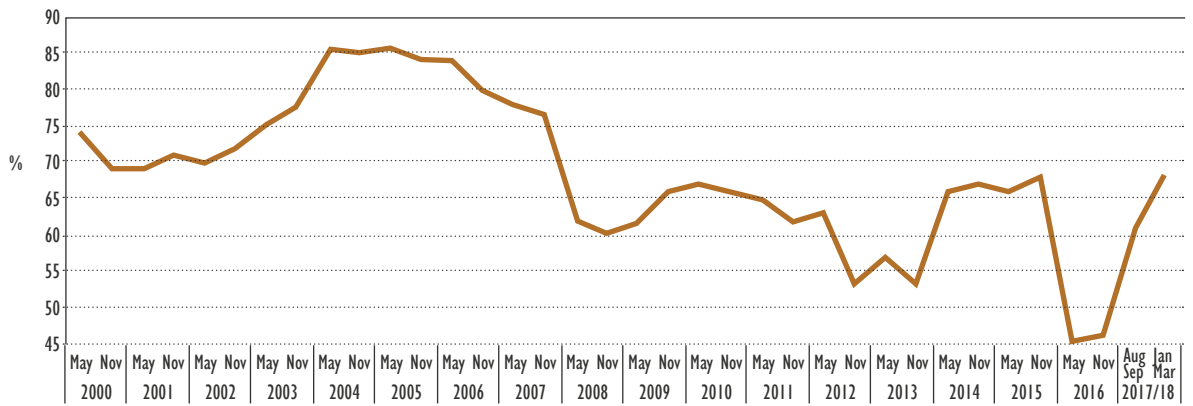
South Africa inherited a plethora of legislation that rendered Blacks in general to non-citizens in their land. A range of laws were used to marginalise the majority of the population, with special privileges accorded to the white community. These included but were not limited to, the Land Act of 1913 and 1926, the Group Areas Act of 1950, the Job Reservation Act of 1951, the Bantu Education Act of 1953, the Reservation of Separate Amenities Act of 1953, and the Bantu Homelands Citizenship Act of 1970. These laws enabled the separation of South Africans according to race and created a master-servant relationship between the white minority and the black majority. The most compelling effect of the laws is that they laid the foundation of inequality of opportunity, an outcome visible even today.

to electricity improved from 36% in 1994 to 90% in 2018<sup>39</sup>. Representation of women in senior management in the public service as at December 2018 has increased to 41.3% from 3% prior to 1994, an indication of the narrowing gap<sup>40</sup>. Women representation in local government increased from 19% of elected councillors in 1995 to 41%, following the 3 August 2016 municipal elections. However, as long as certain sectors and individuals continue to face unemployment, poverty, inequality and social exclusion their sense of belonging diminishes.

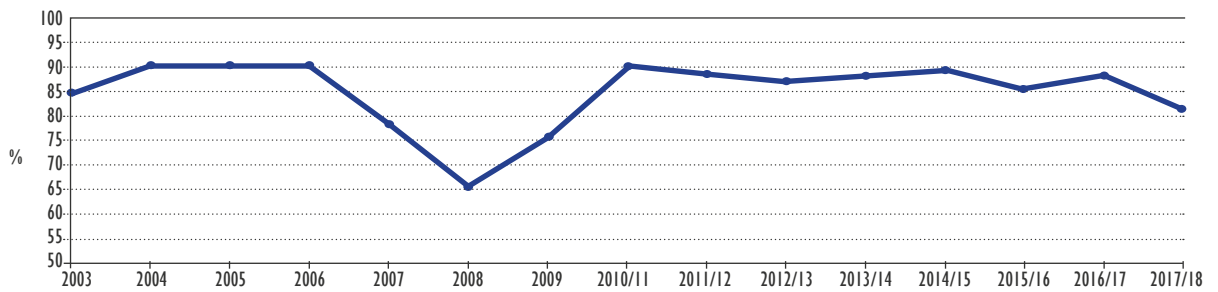
Several identity building and values affirmation initiatives have been undertaken during the 25 years of freedom these have included the National Identity Passport of Patriotism, the National Orders as well as the commemoration of all national days. Despite this Brand SA and the Government Communication and Information System have noted fluctuations in the National Pride Index which

<sup>39</sup> Eskom. 2012. Eskom Proudly Celebrates the Legacy of Powering South Africa, 28 September.

<sup>40</sup> Department of Public Service and Administration. 2018. Monitoring Report on Employment Equity: Presentation to Parliament, February 2018: Parliamentary Monitory Group. 2016. Women in Decision Making Positions: Department of Public Service & Administration and Public Service Commission Briefings, 15 March. Website: <https://pmg.org.za/committee-meeting/22211/>.



**Figure 2.2: A shared future**  
 Source: Department of Planning Monitoring and Evaluation. 2018. Development Indicators



**Figure 2.3: Pride in being South African.**  
 Source: Department of Planning Monitoring and Evaluation. 2018. Development Indicators

generally corresponds with economic performance.

For instance, the national pride index was at its highest between 2004 and 2006, above 90% which corresponds with the time when post-apartheid South Africa was experiencing better growth rates, and the lowest corresponds with the economic crisis of 2008, which reached its lowest ebb (65%) in 2008. Feelings of national shame are driven by economic inequality, poor educational standards, unemployment and deprivation, crime and corruption as well as state inefficiency.<sup>41</sup> Pride in being South African has since improved to 81% in 2018.<sup>42</sup> These trends are reflected in **Figure 2.3** on the left.

Identity also implies a shared future; **figure 2.2** shows that about 68% of South Africans are optimistic about the future. This is significantly lower than the 85% and above recorded between 2004 and 2005, when growth was at its highest.<sup>43</sup> The lowest point in 2016 relates to the confidence of the people during the 2016 Local Government Elections in the future of the country and their leadership.

## PERSISTENT CHALLENGES

The inability to **locate identity and culture at the centre of all growth and development** initiatives has meant lost opportunities. Whereas lessons from elsewhere, point to indigenous knowledge, common identity and nation-building as a key function of economic growth, industrialisation and shared prosperity. Government and its social partners have undertaken several initiatives aimed at nation-building. However, the integration and connection of these initiatives to socio-economic and environmental outcomes has been evasive. The South African identity, culture and history, and the core values of the nation must be at the centre of transformation and the evolution of an endogenous development paths for South Africa, in a similar manner as some East Asian countries and other nations. In these countries, the proportion of locals who use local brands and products, and of national business that invested in the country, are far higher than in South Africa.

South African society is generally walking around with **wounds from the past** with certain sections expressing disappointment in terms of the TRC's efficacy in the healing process. Criticism of this transitional justice regime is particularly seething when it comes to reparations, with misgivings about the country's inability or inertia to implement a quantum of TRC recommendations, including the proposed reparations regime. Inclusiveness and celebrations of national days has not been reflective of a united nation. The celebration of religious and cultural days is also skewed towards the dominant Christian faith, despite our diversity as a nation.

**Fault lines continue to plague and divide society**, and they are indicative of high levels of poverty and inequality, with a total of 61.4% of the population citing that reconciliation is impossible as long as the disadvantaged remain poor. Race remains a strong predictor of poverty, and the chronically poor group is almost exclusively made up of Africans and coloureds.<sup>44</sup> Additionally, structural and spatial exclusion still correlate with apartheid boundaries as are the availability of opportunity and outcome.

**Gender-based violence (GBV):** the brutality and pervasiveness of rape, sexual assault, domestic violence and femicide, show a society where women and children bear the brunt of violence. This is indicative of the eroding levels of morality and values. The foundation of this is the system of patriarchy, including its values and cultures, where women and children are regarded as possessions of the patriarch. Despite the advances in recognising the rights of people with different sexual orientation and identities, South Africa has seen a rise in violence against lesbian, gay, bisexual, transgender, queer, intersexual and asexual (LGBTIQ+) persons.

**High levels of crime** are an underlying malaise in the social and moral fabric of the South African society; and there has been a marked decline in respect for the authority of the state and the criminal justice system (CJS).

**Service-delivery protests:** A departure from the participatory model of development has

41 Human Sciences Research Council. 2014. *Pride and Prejudice: Trends in South African National Pride*.

42 Department of Planning Monitoring and Evaluation. 2018. *Development Indicators*.

43 Department of Planning Monitoring and Evaluation. 2018. *Development Indicators*.

44 World Bank. 2018. *Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities*.

created a void between communities and government, coupled with inequality and a sense of relative deprivation. These have found expression in impatience with the pace of service delivery, thereby increasing the number of service delivery protests. As shown by **figure 2.4** these protests are on the rise and they often carry with them the adverse effect of undermining nation-building initiatives, with the distraction of major communal infrastructure such as libraries and schools.

Amongst the middle and upper class, protests are in the form of opting out of public service and paying for private education, health, libraries, other communal facilities and increasingly, energy services. The service-delivery protests and opting out fundamentally impacts on social solidarity and cross subsidisation between the rich and poor in society. Other studies have linked the increment of the protests with the reduction of civic organisations and community NPOs, who pre-democracy, were the drivers of transformation and 'delivery'.

**Slow land redistribution and economic transformation:** despite administrative reforms in relation to land restitution and redistribution only 935 490 hectares of land were acquired and allocated to Previously Disadvantaged Individuals, between 2014 and September 2018.<sup>45</sup> This brings the total to 8.3 million hectares (10%) in 25 years which is far short of the RDP target of 24.6 million hectares (30%) of the 82 Million hectares (80%) of the agricultural land that was in white hands. The total landmass of South Africa is 122million hectares, 16 million of which are the areas previously known as Bantustans.

South Africa saw positive growth between 1994 and 2014 including modest job creation. However, the 2007-2008 financial crisis tested the resilience and sustainability of the economic growth path, when unlike other developing economies, the economy entered a period of decline, with pedestrian growth rate and rising unemployment.

### **Inability to implement a Social Compact**

**and a Developmental State:** The RDP, the Constitution and the NDP place a social compact as paramount for social transformation. There have been many attempts to implement some form of social compact. These include the Constitution itself; Botshabelo Housing Accord of 1994, the Job Summit of 1998; the Growth and Development summits of 2003 held even at provincial level; the NGP of 2010 and its offshoots, the Youth Employment Accord of 2013 and Skills Accord of 2011; the Framework Agreement in response to the Economic Crisis of 2009; and in 2018, the Presidential Job Summit and the South Africa Investment Summit.<sup>46</sup>

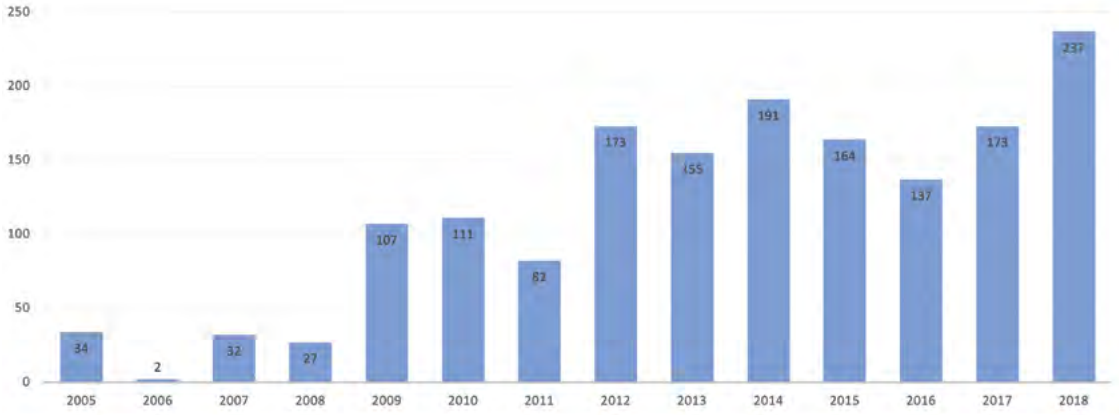
Although these summits contributed to key programmes such as RDP housing, EPWP, the National Skills Development Framework and the UYF, in the absence of private sector transformation and an effective and assertive developmental state, South Africa does not have a tangible social compact. Thus, trust levels between business, labour, communities and government as well as between the different "races" in South Africa have declined. As shown in **figure 2.5**, Government remains the most distrusted institution wherein trust in government dropped from 15% to 14%; in media from 39% to 35%; in business from 56% to 53%; and in NGOs from 58% to 50%, the overall South Africa's Trust Index decreased four points, between 2017 and 2018.<sup>47</sup>

**Corruption and state of capture:** The democratic dispensation has seen the introduction of systems for checks and balances, transparency and accountability aimed at preventing and exposing corruption. These include Chapter 9 institutions such as the Office of the Auditor-General of South Africa (AGSA) and Public Service Commission (PSC) and the Public Protector. This was also accompanied by the separation of powers amongst the three arms of the state and spheres of government. This system alongside the vibrant media as well as the focused anticorruption laws and institutions, have acted as safety valves against maladministration and corruption.

45 Department of Rural Development and Land Reform, 2018. Downloaded 15 May 2019. [https://www.poa.gov.za/Pages/Impact-Indicators.aspx?Paged=TRUE&p\\_Target=&p\\_Outcome\\_x0020\\_No=7.0000000000000000Sub\\_x002d\\_outcome\\_x0020\\_No=&p\\_ID=30085&PageFirstRow=31&SortField=Target&SortDir=Asc&View=%7B5C961098-61FC-4E59-A03B-025259AF980A%7D](https://www.poa.gov.za/Pages/Impact-Indicators.aspx?Paged=TRUE&p_Target=&p_Outcome_x0020_No=7.0000000000000000Sub_x002d_outcome_x0020_No=&p_ID=30085&PageFirstRow=31&SortField=Target&SortDir=Asc&View=%7B5C961098-61FC-4E59-A03B-025259AF980A%7D).

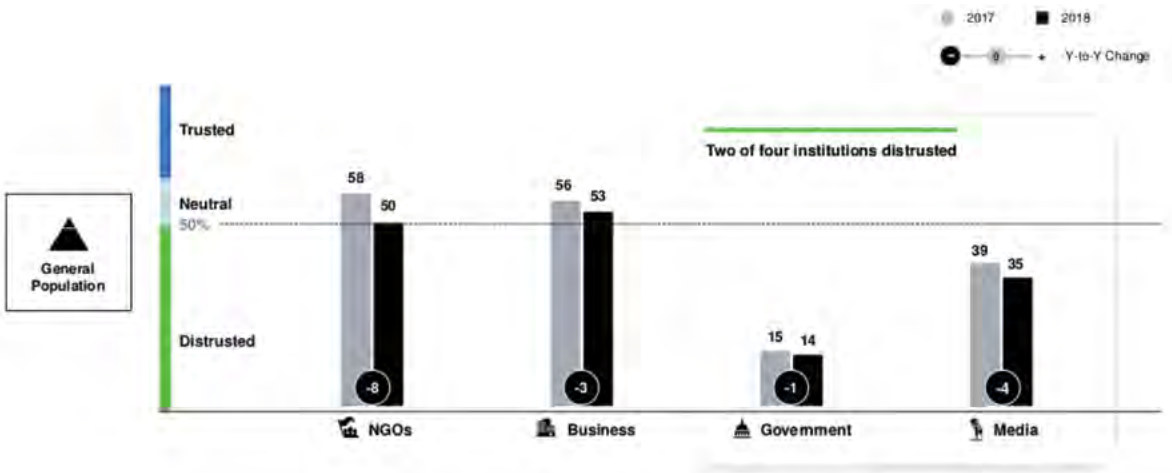
46 Mapungubwe Institute for Strategic Reflection (MISTRA). 2014. Nation Formation and Social Cohesion: An Enquiry into the Hopes and Aspirations of South Africans.

47 Edelman. 2019. Edelman Trust Barometer. Website: [www.edelman.com/trust-barometer](http://www.edelman.com/trust-barometer).



**Figure 2.4: Major service-delivery protests, by year (2004-2018).**

Source: Municipal IQ. 2018. 2018 Service Delivery Protests All-Time Quarterly Record – for Immediate Release, July 2018.



**Figure 2.5: Institutional Trust Decreases**

Source: 2018 Edelman Trust Barometer

Over the last two decades, what has been exposed is growing greed and selfishness in both the public and private sector, undermining trust and solidarity. This permeates across government departments and spheres and in the procurement space has negatively impacted on government services. More recently, the country has seen the phenomenon of state capture referring to pervasion of government in private and other interests. The appointment of various Commissions of Enquiry to uncover the truth and hold perpetrators accountable is yet another testimony to the capacity and commitment to deal with challenges as they arise.

To prevent and expose corruption and collusion in the private sector, institutions such as commercial crime unit in the South African Police Service

(SAPS), Financial Intelligence Centre, Asset Forfeiture Unit and the Competition Commission have been introduced and strengthened. Although white collar crime has always been there, the Competition Commission investigations over the last couple of years have unearthed the extent of corruption and collusion in the private sector ranging from the 2010 FIFA World Cup stadium corruption, the bread and data price fixing to financial sector collusion against the country's currency and poor consumers. This is in addition to elicit financial flows from the country, mainly by the private sector and the spectacular Steinhoff debacle. Corruption, whether in the public or private sectors, is insidious to building social cohesion, because it undermines social solidarity, trust and contributes to feelings of exclusion.



## RECOMMENDATIONS

- **Stimulate local industries and direct public procurement** as well as domestic consumer behaviour towards supporting localisation. These should complement campaigns and programmes such as Proudly South African, Brand SA, and the MGE.
- Introduce stronger mechanism in the public and private sectors to **promote all indigenous languages**.
- **Revisit and implement the TRC processes and recommendations**, including the proposals for wealth and land taxes to help bridge the vast income and wealth disparities.
- Strengthen the implementation of the **National Action Plan against racism, sexism, xenophobia and other related intolerances**.
- Speed up and sustain inclusive societal campaigns to address **GBV**.
- Accelerate key social and economic transformation initiatives such as land reform to **close the fault lines** in our society.
- Implement a **youth and gender-responsive and planning, monitoring, evaluation and auditing framework** in government, and produce and publish an annual report on achievements against targets.
- Implement an inspiring **social compact** as contained in the Constitution, and build the developmental capacity of the state to drive this compact and unite and mobilise all sectors of society in its execution.
- Build a **developmental, ethical, professional and value-driven Public Service**.
- Place the **vision and values of the Constitution and Pan-Africanism** at the centre of learning and teaching in all educational institutions.
- Develop and implement **spatial planning** that deliberately break the geography and inequalities of apartheid and reflect a non-racial, non-sexist and prosperous society for all.



## CHAPTER 3

# Gender & Building a Non-Sexist South Africa



**T**he intersection of colonialism and apartheid with patriarchy had a profound impact on the position of South African women and girls. Like patriarchy across the globe, it permeated every aspect of human life – the economy, political systems, culture, religion, identity, inheritance, education, health – with the underlying logic of male control over women and children.

The democratic state inherited an apartheid system that had institutionalised racial oppression, discriminatory laws and policies. Women in general, and African women in particular, were marginalised from national and local political and decision-making positions. They were also denied equitable healthcare, social services, educational opportunities and opportunities for economic participation.

As a result of its international isolation during the apartheid years South Africa was also excluded from participation in key UN and African conventions that protected the rights and entitlements of women. The South African economy had been shaped by a century of patriarchal, segregationist and exclusionary policies

that marginalized most women from meaningful economic participation. A major legacy of apartheid has been the feminisation of poverty and gendered inequalities that continue to impact on the lives of many South African women.


## GENDER EQUALITY AND WOMEN'S EMPOWERMENT – 25 YEARS OF DEMOCRACY

The 25 years since 1994 have been characterised by government efforts to effect political, economic and social transformation and to overcome the barriers to gender equality and women's empowerment, with a clear intent to transform historical gender imbalances.

The democratic government has accomplished substantial success in the structural establishment of institutional mechanisms for advancing women's empowerment across all state functions, and in inserting gender equality principles into legislation. The Founding Provisions and the Bill of Rights in the Constitution establish the rights of women in South Africa. In the 25 years since 1994, the country has made enormous political and socio-economic strides. There is, however, concern that the institutionalisation of the transformation agenda for women may have slowed down in recent years. South Africa has travelled a long road since 1994 in its efforts to secure, promote and sustain gender equality and women's empowerment.

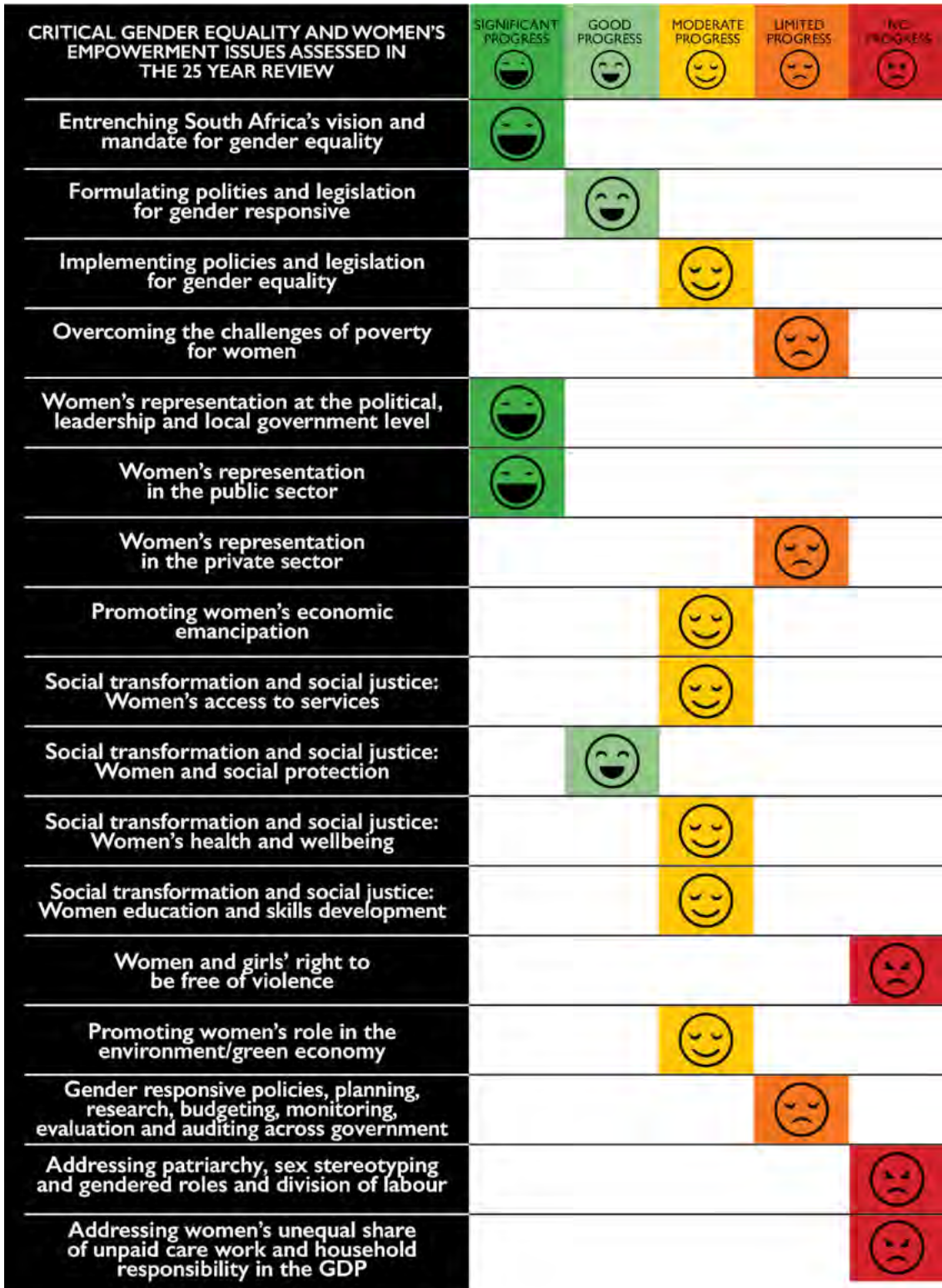
From the outset, government was committed to creating a non-racist, and non-sexist developmental state built on the priorities outlined in the RDP. In addition, the *White Paper on the RDP* (1994), section 3.2.7, stated that gender equality is a major objective of economic policy as market failures often exacerbate discrimination in society and in government in general. This leads to rampant discrimination against women, artificial notions of "women's work" and "men's work", employment discrimination; unpaid labour by women, credit constraints for women; inadequate early child care and education, among others. In addition, the White Paper pointed out that women also suffer the social consequences of discrimination such as gender discrimination in law enforcement and treatment of offenders, discriminatory treatment on the basis of marital status or pregnancy,

**?**



**DID YOU KNOW**

Men own 30% more of the world's wealth than women, and men control 86% of corporations.  
Source: Oxfam



**Figure 3.3: Assessment of Progress on 25 Years of Gender Equality and Women's Empowerment**  
 Source: Department of Women and People with Disabilities. 2019. Paper Prepared for the 25 Year Review of Women's Empowerment and Gender Equity in South Africa 1994 – 2019

insufficient public health services<sup>48</sup>.

Thus, the policy objectives outlined in the RDP espoused the need to identify and address gender-biased aspects of government practice and economic management. In particular, to increase training opportunities for women; establish parental rights; improve credit subsidies and innovative credit schemes; ensure the public provision of childcare; and improve opportunities to benefit women. This serves as the foundation for transformation towards women's empowerment and gender equality in the country.

The immediate challenge for the new democratic government in 1994, therefore, was to begin the laborious process of dismantling a panoply of racially and patriarchal legislation, policies and regulations and to replace them with statutes that manifested the vision of non-sexism and the empowerment of women. In the first 10 years after 1994 South Africa was at the forefront of some of the most progressive gender equality legislation in the world, including laws on termination of pregnancy, sexual orientation, and the rights of women under customary law.

### Women, representation and participation

Since 1994 Government has striven to transform the state sector and to ensure that mechanisms were in place to prioritise the progress of women in all sectors of public life.

It is evident from all available data that women have made significant progress in all areas of the civil service – from the number of women serving as members of Parliament and legislatures; holding mayoral positions and serving on local councils; women serving in leadership positions in the Executive or Cabinet level; in senior positions in the judiciary, the military, diplomatic corps and in government.

Progress has been much slower in the private sector where gendered norms and practices continue to prevail and corporate responses to the imperative of gender equality have been tardy and resisted. Women are poorly represented on company boards and senior management positions, including on companies listed on the Johannesburg Stock Exchange.



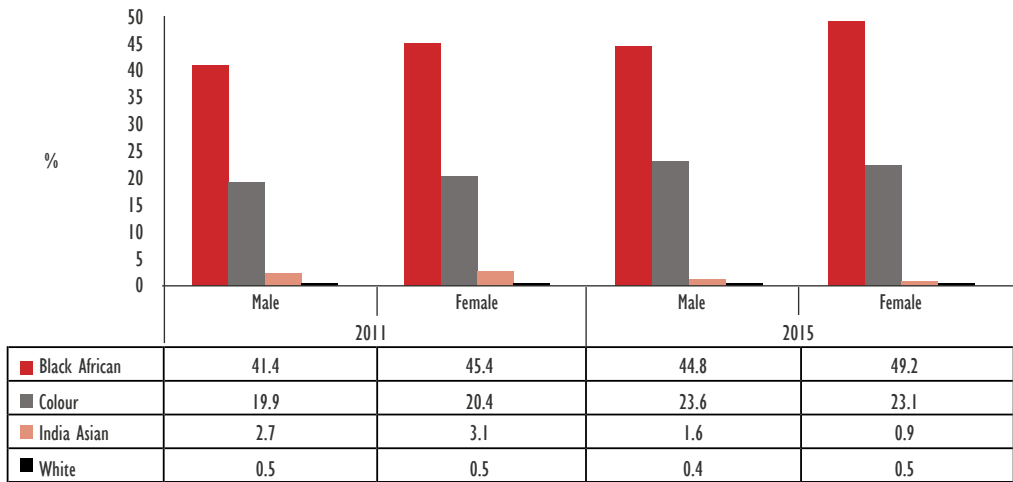
## GENDER EQUALITY AND EMPOWERMENT

### **The key gender equality and women empowerment instruments adopted and/or ratified by South Africa include:**

- **Convention on the Elimination of All Forms of Discrimination against Women, 1972. Adopted in 1995.**
- **Universal Declaration of Human Rights, 1948.**
- **Vienna Declaration for the Promotion and Protection of Human Rights, 1993.**
- **The Beijing Declaration and Platform for Action, 1995.**
- **The UN Millennium Development Goals (MDGs), 2000.**
- **The UN SDGs, 2015.**
- **The Optional Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa, 2004 (also known as Maputo Protocol).**
- **The AU Solemn Declaration on Gender Equality in Africa, 2004.**
- **The SADC Protocol on Gender and Development, 2008.**

<sup>48</sup> Government Gazette, 1994, Notice No. 1954 of 1994, Reconstruction and Development Programme White Paper.





**Figure 3.1:** Lower bound poverty by population and gender.  
 Source: Statistics South Africa. poverty Trends in South Africa (2017)

Women in national parliament increased from 27.8% in 1994 to 41.7% in 2018 and 45% in 2019. The first cabinet in 1994 had only 2 women out of 30 cabinet members, and now 25 years into democracy, South Africa reached the gender parity target in the formulation of the Cabinet, with 14 women and 14 men in Cabinet out of 28. Women's representation in local government increased from 19% of elected councillors in 1995 to 41% in 2016. In 1994, women constituted only 5% of public servants yet in 2018 women outnumber men in the sector. In addition, women make up 41% of the Senior Management Service (SMS) positions in the Public Service in 2018, 2018. In 2019 South Africa only has 35% of Directors-General and Heads of Government Components who are women, which is far from reaching the 50% gender parity target.

At the private sector level, women are gradually increasing in representation as CEOs and directors on boards and in corporate structures. There has been an increase in the percentage of women judges over the 25 years since democracy from one woman judge in 1994 to 38.8% in 2018. There are approximately 47.4% women magistrates in 2018.

The inclusion of women in decision making is a fundamental human right, but the history of the franchise in South Africa has been informed by patriarchy and

At the private sector level, women are gradually increasing in representation as CEOs and directors on boards and in corporate structures.

racism. Adult white women were given the right to vote in 1930, while African women only gained this right in 1994. Since 1994 South African women have been actively involved in using their vote to determine their government representatives at local, provincial and national levels.

In 1999, there were 18 172 751 registered voters, which increased in 2004 to 20 674 926. This figure dramatically increased to a remarkable 25 million registered voters in 2014, and as at December 2018, it was 26 071 154 registered voters. In 2018, there were 14 362 094 women registered as voters, while men comprised 11 709 060 of the total registered voters. In all age categories, women continue to outnumber men.

### Economic participation

Economic transformation and the empowerment of women within the economy have been stated goals of government since 1994. Under apartheid the majority of women in South Africa had been confined to the homelands, with their subsistence-based economies and limited opportunities for entrepreneurship. As apartheid era segregationist policies broke down, more and more women migrated to urban areas in search of work and other opportunities. The challenge for government over the years has been to ensure that women are not only integrated into the formal economy, but also equipped with the education and skills required to participate in a modern economy.

Government has introduced a range of policies and programmes designed to facilitate women's economic empowerment, to provide business resources, information and opportunities for South African women entrepreneurs, as well as a range of interventions designed to achieve women's empowerment and gender equality in the agriculture sector. Success has been limited, partly as a result of weak economic growth, particularly since the economic crisis of 2007 and partly as a result of gendered barriers to entry into the formal sector. As a result, women are over-represented in informal and vulnerable employment.

The proportion of females to males who graduate

with science, technology, engineering and mathematics degrees is unbalanced, with women underrepresented in maths and statistics, ICT and technology, as well as in engineering, manufacturing and construction. Men outnumber women amongst the employed by more than two million, while there are around one-quarter more women than men amongst the non-searching unemployed. As a result, women account for just over 51% of the unemployed.<sup>49</sup>

Women still occupy the majority of lower-paid service sector jobs and domestic work and have made little inroads in traditionally male dominated sectors such as engineering, mining and construction. Statistics on monthly earnings demonstrate that there are fewer women earning salaries compared to men. Differentials in wages between women and men, especially for work of equal value, continue to pervade the private sector and the wage gap shows no signs of narrowing towards total equity.

Statistics on individual land ownership indicate that only 34% are female and that males own the largest farms and agricultural landholdings. Women owned only 13% of the land in the country in 2018.<sup>50</sup>

### Feminised poverty

Apartheid left a legacy where poverty and degradation existed side by side with modern cities and a developed mining, industrial and commercial infrastructure, with segregation in education, health, social welfare, transport and employment. Women were still subject to innumerable forms of discrimination and bias, and rural people and youth were marginalised.

One of the greatest development challenges in South Africa after 1994 has been the severe inequality in access to basic services across different demographic segments of population, with women bearing the brunt of poor or non-existent services<sup>51</sup>. As shown in figure 3.1 the majority of the poor are African women, and white males are less likely to be poor. Government has sought to promote women's rights through targeted interventions, putting measures in place

49 Department of Women and People with Disabilities. 2019. Paper Prepared for the 25 Year Review of Women's Empowerment and Gender Equity in South Africa 1994 – 2019, p. 49.

50 Department of Women and People with Disabilities. 2019. Paper Prepared for the 25 Year Review of Women's Empowerment and Gender Equity in South Africa 1994 – 2019, p. 49.

51 UNDP. 2014. Social Protection in Africa: A review of Potential Contribution and Impact on Poverty Reduction. Website: <http://www.za.undp.org/>.

TYPE OF GRANT	2009					2017				
	Male		Female		Total	Male		Female		Total
	N ('000)	%	N ('000)	%	N ('000)	N ('000)	%	N ('000)	%	N ('000)
Child support grant	4591	50	4586	50	9177	6463	49.6	6561	50.4	13024
Old age grant	1023	35.8	1834	64.2	2858	1098	35.1	2030	64.9	3128
Disability grant	67.2	47.7	736	52.3	1408	511	51.5	481	48.5	992
Care dependency grant	126	51.8	117	48.2	243	23	49.3	24	50.7	47
Foster care grant	325	47.7	356	52.3	681	148	51.1	142	48.9	289

**Figure 3.2:** Type of poverty alleviation grants by sex and number of recipients, 2009 and 2017.  
Source: Statistics South Africa.2017. Gender Series Volume IV: Economic Empowerment 2001- 2017. p.52

to address access to basic services, which includes water, electricity, sanitation, housing and food security, affordable transport and access to information.

The social wage in South Africa includes free PHC, originally designed for pregnant and lactating mothers and children under six years and later expanded to all; no-fee paying schools; social grants; RDP housing; the provision of basic and free services in the form of reticulated water, electricity, sanitation and sewerage as well as solid waste management to households and in particular, those categorised as indigent.

As shown by **figure 3.2** the majority of social grant recipients are women, with the exception of disability and foster care grants where men receive just over 51% of those grant types.

### International framework promoting women's rights

South Africa signed and ratified several key treaties and instruments advancing women's rights, empowerment and the achievement of gender equality at the UN; African Union (AU) and Southern African Development Community (SADC) levels. The country has also ratified a total of 27 out of 189 UN International Labour Organisation (ILO) Conventions. Of these 27 conventions ratified by South Africa, 24 are in force.

### PERSISTENT CHALLENGES

Since 1994 government has enacted legislative reforms, approved policies and implemented programmes that give expression to the constitutional rights of women and girls to equality, human dignity, freedom and security of the person. However, the **high levels of violence and gender-based crimes** committed against women and girls are a matter of serious concern. The RDP stated that the focus should be on "the reconstruction of family and community life by prioritizing and responding to the needs of women and children who have been victims of domestic and other forms of violence." Successive post-1994 governments have sought to address violence against women based on constitutional rights and protections.

In 2002/03, there were approximately 38 896 rapes reported to the SAPS compared with 40 035 in the 2017/18 financial year. According to the SAPS, 98.9% of the victims of rape reported in the 2016/17 financial year were females and 1.1% males.

Government launched the 16 Days of No Violence Against Women and Children Campaign in 1998, and this campaign against GBV has become one of the most recognized advocacy campaigns in the country. The scourge of violence against women and girls persists, however, as a result of the persistence of patriarchal norms and of the



failure to effectively implement laws, policies and provision of services to victims and survivors.

Patriarchal violence that drives the systematic abuse and oppression of women as result of male supremacy, societal norms, cultural beliefs and value systems with regard to gender roles remains a significant policy and implementation conundrum.

Unfortunately, despite our strong Constitution and legislative framework, good policies and programmes in place, the overall finding of the 25-Year Review is that the **transformational agenda for women in this country has lost momentum**. Women's rights are being violated on a daily basis in the country. Women are subjected to patriarchal practices in all its forms and manifestations. Sex stereotyping and the gendered nature of women's roles, responsibilities and work continues to impede their full enjoyment of their freedom and rights and is a barrier to their full emancipation.

**The burden of unpaid care work** and high teenage pregnancy risks decreases women's ability to participate in higher education programmes. Women's participation in the labour market is concentrated in the low-skilled sector, and inequitable resource distribution continues to prevail.

**Rural women** are more vulnerable than urban women, inequities are skewed across racial and provincial demographics, with black African and coloured women more likely to be disadvantaged than Indian or white women. Women and girls with disabilities and gender non-conforming persons are at a much higher risk to GBV. This scourge also has an impact on HIV and AIDS, leaving young girls and women at a higher risk.

### **Health and control over women's bodies**

The systematic restructuring of health services, with strong emphasis on universal and free access to comprehensive primary care, and the introduction of progressive legal frameworks to guarantee access to sexual and reproductive health rights, represents a clear commitment to improving the health conditions of the poor.

In 1994 South Africa introduced the Policy on Universal Access to Primary Health, which formed the basis for healthcare delivery programmes. Pregnant women and children under the age

of six years receive free healthcare. Access to reproductive healthcare programmes and antenatal care services are amongst the achievements of the healthcare system.

## **LGBTQIA+ Rights**

Apartheid, with its Christian Calvinist foundations, made homosexuality a crime in 1948, punishable with up to seven years imprisonment, despite the fact that different sexual identifies were part of all South Africa's diverse societies and histories. As a result of these laws and discrimination, most LGBTQIA+ people had to maintain a certain level of secrecy. During apartheid, gay life and culture took place behind closed doors. Homosexual people would go to clubs that catered exclusively to them or organise parties at their homes. LGBTQIA+ formed communities in places like District Six in Cape Town and Sophiatown in Johannesburg.

Urban areas also offered black homosexuals more freedom, to be away from judgemental parents and communities, and live around people who shared similar life experiences and who were accepting of them.<sup>52</sup> Gay and lesbian activists such as Simon Nkoli, Palesa Ditsie and Linda Ngcobo were active in the anti-apartheid movement, and became founders of organisations such as the Gay and Lesbian Organisation of the Witwatersrand (GLOW), the National Coalition for Gay and Lesbian Equality (NCGLE) and Organisation of Lesbian and Gay Activists (OLGA). During the negotiations of the early 1990s, these organisations advocated for sexual freedom as part of the fundamental rights in the constitution, in line with the principles of the liberation movements of consistent equality.

South Africa became the first country globally to explicitly prohibit discrimination based on sexual orientation in the Interim Constitution and Bill of Rights of 1993. This was carried forward in the final Constitution of 1996 which in Section 9 on Equality, outlaws discrimination on the basis of sexual orientation. A number of court cases and legislation followed to give effect to this. These include the Employment Equity Act, 1998 (Act 55 of 1998), which ensure that employers could not discriminate in employment on the basis of sexual orientation; the Civil Union Act of 2006 legalised same-sex marriages;

52 Dixson Pushparagava. 2014. The History of LGBT Legislation, 17 December. <https://www.sahistory.org.za/article/history-clgbt-legislation>.

and Constitutional Court rulings in favour of same-sex adoptions under the Child Care Act. Protection were further extended to public accommodation, the public sector and service, through the Rental Housing Act of 1999 and the Promotion of Equality and Prevention of Unfair Discrimination Act (PEPUDA), 2000 (Act 4 of 2000). The PEPUDA of 2000 also prohibits hate speech and harassment based on the grounds of sex, gender and sexual orientation.

South Africa over the 25 years has seen the appointment of some high profile openly gay and lesbian persons in positions of leadership in government, but this is still a small minority. And despite progressive legislation, attitudes in society have changed, but at a very slow rate. There has

been calls for Life Orientation in schools to cover issues with regards to sexual orientation, as well as for representation of different sexual orientation in the media.

South Africa, as part of global movements, have seen the rise of movements and advocacy for the broader recognition of sexual identifies beyond gay and straight, reflected in the broadening of what has traditionally been known as gay rights to LGBTQIA+ persons.

The rise of homophobic violence, in the context of GBV has become a serious challenge, reflected in so-called 'corrective rape' and hate crimes, including in communities, schools, workplaces and healthcare facilities.



## RECOMMENDATIONS

**Policy priorities** required to address these challenges over the next five years and in the medium to long term include **addressing gender inequality** and the **implementation of the country's gender mainstreaming policy** across all sectors of society. This means that there must be full and effective implementation of laws and policies adopted in the country.

Greater emphasis should be placed on **women's economic emancipation**, which remains a fundamental requirement in transforming unequal gender relations.

Implementation of **gender responsive policy, planning, budgeting, monitoring, evaluation and auditing** is critical in improving the status of women, addressing their basic rights and promoting their advancement and empowerment. Adequate resource allocation is essential to fully and effectively implement the women's agenda and to change women and girls' lives for the better.

Critical to the success of our national effort to build a united, prosperous and a non-sexist society espoused in our Constitution, is to **confront head-on the culture of patriarchy**, toxic masculinity, misogyny, hierarchies and languages that perpetuate the demons of patriarchal norms throughout all corners of our society, including in the Public Service.

**A society-wide annual report on the Status of Women Empowerment and Development** should be **published**. This would be a useful tool to advance representation and participation. This would also assist in monitoring the goal to ensure women occupy at least 50% of senior and leadership positions in government at all levels, the private sector, including directorships of companies, all state-owned enterprises (SOEs), the entire post school education and training sector, public entities and all development agencies, especially financial institutions.

CHAPTER 4

# Social Wage



**T**he Constitution espouses a society based on the values of human dignity, equality and freedom for all. The

**Bill of Rights therefore provides for the right to development. The Constitution also guarantees socio economic rights such as the right to access to healthcare services; sufficient food and water; social security; housing; basic education including adult basic education; access to information; access to administrative justice and equality; in addition to political and civil rights and freedoms such as the freedom of conscience, religion, thought, belief and opinion; right to freedom of expression; freedom of association and the right to use the language and to participate in the cultural life of choice.**

## WHY A SOCIAL WAGE

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The RDP (1994), in addition to the above-mentioned rights also includes work opportunities and income security as amongst basic rights. In order to give expression to the vision of the Constitution, South Africa over the 25 years of democracy has evolved a social wage to invest in its people and to promote a sustainable development model for the future. The Constitution furthermore obligates the state to protect, promote and fulfil these rights, taking reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights.

The South African social wage is evolving with a view to build a society in which every person has access to basic amenities and opportunities that advance their human dignity.

The elements of the social wage that have evolved over the 25 years also include education; health;

housing; a comprehensive social security system; water; electricity, sanitation as well as information. The social wage is an expression of an investment in the future, the right to human dignity and of social solidarity. The social wage requires, as per the vision of the Constitution, a progressive redistribution of income and opportunities through the fiscus and the broadening of economic participation and the elimination of poverty and inequality. It is therefore a necessary building block for a social compact to unite and mobilise society behind a common developmental agenda – the creation of a prosperous, non-racial, non-sexist, democratic and equal society.

Prior to 1994, there was a well-developed social wage for the minority white population and to a lesser extent, coloured and Indian population. For example, social pensions were first introduced as early as 1928 for those Whites and Coloureds not covered by occupational pension schemes, which had been introduced in the 1920s as part of the Social Wage Act of 1925. Segregation and inequality in education, health, welfare, transport, social protection and employment left deep fault lines of inequality, limited opportunities, poverty, burden of disease and economic exclusion.

The expanded social wage that evolved after 1994 therefore had to address structural underdevelopment and poverty particularly in black communities and amongst women, children, elderly and people with disabilities.

This chapter focuses on the Comprehensive Social Security System as part of the social wage. Subsequent chapters detail separately, other aspects of the social wage which are education, health, housing and basic services.

### Comprehensive social security system as part of the social wage

The democratic government, seeks to ensure that “everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance”.<sup>53</sup> The Comprehensive Social Security System, and by implication the social protection system, is therefore a tangible investment towards achieving a quality life for all.

53 South Africa. 1996. The Constitution of the Republic of South Africa, section 27 (c).

It targets children, providing for their health, nutrition, well-being and education, so that all children can reach their full developmental potential. It targets people living with disability to enable them to be active participants in society. It restores the dignity and comfort of the elderly. It also targets the unemployed to skill and assist them to find employment and economic opportunities. It includes other specialised assistance and protection for specific occurrences (e.g. road, work related accidents, refugee status). The social security system that evolved in South Africa provides for both contributory and non-contributory social insurance.

The RDP pursued growth and development largely through the provision of basic needs and the social wage. The RDP integrated growth, development, reconstruction, redistribution and reconciliation into a unified programme.



The key to this link is an infrastructural programme that will provide access to modern and effective services such as electricity, water, telecommunications, transport, health, education and training for all people. This programme was to meet basic needs and open up previously suppressed economic and human potential in urban and rural areas.

The RDP set the aspirations in relation to the social wage, that is 20 to 30 litres of clean water each day to every person within two years, and 50 to 60 litres a day within five years from a point no more than 200 metres from their dwelling. All homes must have sanitation and refuse collection within two years and wiping out

malnutrition and hunger in a three-year programme through a zero-VAT on basic foods, support education on food and health issues, improved social security system, curbing the powers of the marketing boards who influence food prices and short-term measures like price control on bread and food subsidies. In pursuance of this, and despite fiscal constraints about 68 per cent of consolidated expenditure went towards social commitments, including education, health, social grants and basic services.

The democratic government passed several policies and legislation, including: (i) the *White Paper on Population of 1998*; (ii) the *White Paper on Social Welfare of 1997*, which describes the principles, guidelines, recommendations, proposed policies and programmes for developmental social welfare in South Africa; (iii) the *White Paper on Families of 2013*, that grounds activities, programmes, projects and plans to promote, support and nourish well-functioning families; (iv) the *White Paper on the Rights of Persons with Disabilities of 2016*; (v) the Social Assistance Act, 2004 and the SASSA Act of 2004 providing social assistance to qualifying citizens, permanent residents and foreigners with refugee status; (vi) the *Unemployment Act of 2001* which has evolved to also cover various categories of vulnerable workers such as farm workers, domestic workers and taxi drivers; (vii) the *Compensation for Occupational Injuries and Diseases Act (COIDA), 1993 (Act 130 of 1993)*, which provides for compensation caused by injuries, diseases or even mortality sustained by employees in the course of their employment (viii) the Road Accident Fund (RAF), established by the *RAF Act, 1996 (Act 56 of 1996)*, which pays compensation for personal loss or damage wrongfully caused by the driving of an automobile, compensation for loss of earnings, loss of support, general damages, medical and funeral costs, to victims of road accidents caused by negligent or wrongful driving of a vehicle.

One of the measures implemented to bring gender and racial parity in the inherited social protection measures, was the discontinuation of the State Maintenance Grant which was biased towards minorities. In 1996 a new inclusive Child Support Grant was introduced. As a result of initial affordability concerns the grant was lowered from R410 to R127 per child, and it was restricted to children under the age of seven years. In seeking to progressively realise children's rights as enshrined in the Constitution the benefits were gradually extended to children up to the age of 18 years.


 The overall  
 consequence was  
 the significant  
 increase of total  
 social-grant  
 recipients from 2.4  
 million in 1996 to  
 17.6 million  
 in 2018
 

## Low household incomes result largely from low employment levels.

The overall consequence was the significant increase of total social-grant recipients from 2.4 million in 1996 to 17.6 million in 2018, 11 million of whom are CSG recipients. According to various studies, the impact of grants has improved the standard and quality of life of millions of South Africans. These studies confirm that social grants reduce poverty and:

- The CSG enhances women's empowerment and control over the well-being of children, as well as enhances the women's household decision-making in financial matters, and general household spending.
- The CSG has a positive impact on fighting hunger and enhancing school attendance and healthcare;
- Social grants aid investment expenditure by poor households and job search activities;
- The grants enable investment through participating in stokvels, saving and investment groups.

In 1999 the social development sector adopted the 10 points which amongst others sought to "rebuild" family, community and social relations through an integrated poverty eradication strategy whilst also ensuring social welfare services are accessible and available to people in rural, peri-urban and informal settlements.

However, in 2013 there was a review of the 1997 White Paper for Social Welfare which found that there were still geographical disparities in financial provision for welfare services though less substantial than in the past. The gap between the worst- and best-provisioned provinces remains large. Differences also exist in meeting relative need for services across different areas.

The Unemployment Insurance Act of 2001 enabled the Unemployment Insurance Fund (UIF) to evolve to cover vulnerable workers such as farm workers,

domestic workers and taxi drivers.

The UIF has also improved from an entity that depended on state guarantee in the early mid-1990s to one with assets in excess of R150 billion. The UIF processes between 700 000 to 800 000 applications annually, although this represents only 5% of the unemployed. The current employer-employee database of the UIF currently has 10 million employees and 1.5 million employers. Though this indicates some substantial reach, many employees are yet to be covered by the insurance.

Enacted in 1993, the Compensation for Occupational Injuries and Diseases Act (COIDA), (Act No. 130 of 1993), provides for compensation for injuries, diseases or even mortality sustained by employees in the course of their employment. Since its inception the fund has supported injured and affected workers. Between 01 April 2008 and 31 March 2018, a total of 1 962 481 claims were received. Of these claims liability was accepted for 1 785 694 (i.e. 91%). There are 4,411 claims outstanding. A total amount of R 13 238 939 649 was paid towards benefits between 2014 and 2018. 69% was paid towards Medical Benefits, 4% towards Compensation Benefits and 27% towards Pension Benefits. Nonetheless, there have been negative ramifications associated with enforcement of COIDA such as informalisation of work; massive unemployment; untransformed work places and negative attitudes of employers; increase in foreign workers particularly in the hospitality industry and lack of adequate instruments.<sup>54</sup>

The RAF, established by the RAF Act, (Act 56 of 1996), as amended, commenced its operations on 1 May 1997 following the closure of the Multilateral Motor Vehicle Accident Fund established through the Motor Vehicle Accident Fund Act, (Act 93 of 1989). The aim of the RAF is to pay compensation for personal loss or damage wrongfully caused by the driving of an automobile – compensation for

<sup>54</sup> Department of Labour. 2017. Strategic Plan: 2014 – 2019.



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loss of earnings, loss of support, general damages, medical and funeral costs, to victims of road accidents caused by negligent or wrongful driving of a vehicle. The RAF is facing sustainability challenges.

The AGSA found a deficit of R26.3 billion and liabilities exceeding assets by R206 billion. The legal costs associated with the adjudication of claims are high and continue to spiral. An average legal cost of adjudication sits at over R100 000 a case and the fund registered or received 271 933 claims just in the 2017/18 financial year. An increase in the number of claims can only point to an increase in litigation expenditures.

The State, as informed by the RDP, introduced public employment programmes in 2004 that provide the dignity of work and possibilities of skills development. Introduced in 2004 the Expanded Public Works Programme, has created 10.3 million work opportunities to date, however about 12.4% of participants get employed into permanent work. Consequently, partnerships with the private sector should be strengthened for investments, placements, and training; due to the structural nature of unemployment public employment programmes should be scaled up – expanding the CWP to address the chronic and structural nature of poverty and unemployment. In doing so the public employment programmes were to provide access to regular and consistent work and income; creating synergies between EPWP, CWP and Youth labour initiatives including the YES programme and enhancing the quality of training for strengthening skills base of EPWP workers. Of great importance, is the need to

address the displacement effect of Public Employment Programmes as well the potential conflicts between the call for labour intensification and the need to participate in the 4IR.

The NDP suggests that due to the enormity of social ills, the number of required social service professionals amounted to 55 000. Social-service professionals are being trained but there are not adequate resources to absorb them.

As part of efforts to create an enabling environment for the NPOs sector and to transform society, in 1997, after negotiations and consultations with civil society, government enacted the Non Profit Organisations (NPO) Act of 1997. The current Act is being amended in order to improve the ease of cooperation between non-profit sector and the State

In 1998, the National Development Agency was created by an Act of Parliament to promote appropriate sustainable partnerships between government and civil society organisations aimed at eradicating poverty and its causes. Over its 16 years of existence, the NDA has provided direct grant funding support of over R1.3 billion to 2 765 civil-society organisations with over 2.2 million beneficiaries. The focus of these projects was on creating economic opportunities, improving households' income, promoting food security, and supporting initiatives aimed at fostering sustainable development at grassroots level.

### Linking the cost of living to social protection and a decent standard of living

The time and money spent on commuter transport remains a major factor that reduces the standard of living for poor households. Poor workers rely on a combination of walking, trains, taxis and buses to get to work, spending an average of over an hour each way in the process. The cost of public transport tended to track the price of petrol, despite significant subsidies. Some of the ways to reduce the cost of transport would be to provide more housing for workers near economic centres and transport subsidies .

The cost of university education accounted for the bulk of education costs at all income levels. In contrast, children from most low-income households did not pay for general education, but the quality of their schools was often very poor.



**?**

**DID YOU KNOW**

**INEQUALITY**

In 2018 the world's richest 1% now have more wealth than the rest of the world combined .



In health, as with education, marginalized households typically relied on free public services, so their costs were relatively low. In contrast, formal-sector workers often had health insurance and turned to the private sector. As a result, health costs were a significant cost driver for semi-skilled and skilled workers.

At R1 500 a month, a single old-age or disability pension lifts a household into the second decile in the income distribution. In contrast, families with only working age, able-bodied adults are not eligible for any state transfers.

Poor households are primarily located in the former so-called “homeland” regions, which were shaped under apartheid essentially as impoverished labour reserves. In 2015, these areas held 28% of all households but 40% of those in the poorest two quintiles and only 9% of the most prosperous quintile. Urban areas housed 70% of all households but 90% of those in the richest quintile<sup>55</sup>.

Low household incomes result largely from low employment levels. Almost half of the poorest 40% of households have no employed people at all, whether in wage work or self-employment. In contrast, the most prosperous 40% of households have more than one income earner. As a result, the poorest 40% of households account for 22% of all employment and the next two quintiles for 45%. The most prosperous 20% of households hold 33% of jobs<sup>56</sup>.

In the poorest 20% of households, only one in four adults have employment, compared to over two-thirds in the richest 20%<sup>57</sup>.

Less than 40% of all households in the poorest two quintiles earn any income at all from salaries or wages. If remittances and business income are included, around 70% of these households have some kind of income, but it is typically precarious and low. Around 60% of these households receive at least one social grant. In contrast, in the richest 20% of households, over 95% have some kind of earned income from employment or self-employment.

The NDP suggests that due to the enormity of social ills, the number of required social service professionals amounted to 55 000.



The RDP pursued growth and development largely through the provision of basic needs and the social wage. The RDP integrated growth, development, reconstruction, redistribution and reconciliation into a unified programme. The key to this link is an infrastructural programme that will provide access to modern and effective services such as electricity, water, telecommunications, transport, health, education and training for all people. This programme was to meet basic needs and open up previously suppressed economic and human potential in urban and rural areas.

The RDP set the aspirations in relation to the social wage, that is 20 to 30 litres of clean water each day to every person within two years, and 50 to 60 litres a day within five years from a point no more than 200 metres from their dwelling. All homes must have sanitation and refuse collection within two years and wiping out malnutrition and hunger in a three-year programme through a zero-VAT on basic

55 Stats SA. 2016. General Household Survey

56 *Ibid*

57 Stats SA. 2014. Poverty Trends in South Africa

foods, support education on food and health issues, improved social security system, curbing the powers of the marketing boards who influence food prices and short-term measures like price control on bread and food subsidies.

## PERSISTENT CHALLENGES

The previously disadvantaged still **have not achieved universal access to the social wage**. The previously disadvantaged are yet to be at levels of previously advantaged.

Due to piecemeal development of policy and legislation, policy is not optimal even 25 years post 1994– there is a need to optimise policy clarity, policy coherence and emphasis in the developmental social wage environment.

There is a need to shift towards **integrated care**. Some of the elements for this policy shift would include: (i) adequate resourcing to ensure a balanced service system with a range of prevention measures, (ii) early intervention and statutory services are provided and (iii) ensuring a coherent social welfare system that integrates with other sector departments and agencies playing a pivotal role in the delivery of welfare and social services in general and eliminating duplication and promoting integrated practice and service models.

The RDP proposed that programmes be organised to prevent and treat major diseases like TB and AIDS. Programmes were successfully effected but the legacy of the HIV and AIDS pandemic remains – the need for services such as counselling, placement of orphans, for affected individuals and families remains. The RDP states that the pension system will be restructured to **meet the needs of workers in the formal and informal sectors**, as well as unemployed people, and to link with non-government pension and provident funds and other schemes. However, as at 2019, the social insurance system has not yet extended to atypical workers and the informal sector. The unemployed of working age are excluded from both social insurance and social assistance. The public employment programmes have minimal success in getting programme recruits into the

formal economy.

The concept of **developmental social welfare is poorly understood** and hence funded and poorly implemented. There are gaps and exclusions in the provision of social security – both social assistance and social insurance. Furthermore, high levels of poverty, unemployment and inequality continue to persist.

This is inadequate provision of social welfare services in critical areas such as child protection, violence prevention, substance abuse, trauma counselling and mental health as well as care for the elderly. There are gaps in social welfare service provision – including for children, young people in trouble with the law, the elderly, people with disabilities and those who are experiencing substance addictions and violence. In general the social welfare sector is under-resourced – NPOs deliver a substantial proportion of social development services and yet the partnership is not optimised particularly with respect to funding.

**Violence:** According to the SAPS Crime Statistics report of 2018, femicide increased by 11% between 2016/17 and 2018/19. This is higher than the world average, rape cases reported and recorded increased from 39 828 in 2016/17 to 40 035 in 2017/18, which reflects that 138 women were raped per 100 000 women, making this the highest rate in the world<sup>58</sup>. It is also estimated that between 43% and 56% of women in South Africa have experienced intimate partner violence and 42% of men report perpetrating it<sup>59</sup>. A recent analysis from the largest and longest running longitudinal study of child and adolescent health and development in Africa found that 99% of these children had experienced or witnessed some form of violence and more than 40% had multiple experiences of violence in their homes, schools and communities. A greater proportion of boys (44%) had experienced all forms of violence, compared to girls (30%).

**Substance abuse:** Substance abuse imposes social, health and economic costs on individuals, families, society and the economy at large. It is linked to the increase of copper theft and illicit scrap metal deals, to depression and violent behaviour including many accidental and premeditated injuries. Prevention and treatment costs associated with drug abuse are phenomenal and the estimated

21% of all children, have lost both parents, whilst 24% of all children, have lost a mother.

annual cost to the country of alcohol abuse alone, in terms of absenteeism, lost productivity, health and welfare costs and alcohol-related crime is estimated at up to 10% of GDP, or as much as R37.9 billion annually, according to a 2014 study in the *South African Medical Journal*.

A study by Reddy et al in 2010 reported that 12% of South African learners had used at least one illegal drug such as heroin, mandrax and cocaine<sup>60</sup>. Statistics reported by the UN World Drug Report of 2014 indicates that one in every 14 people are regular users.

**Family breakdown and dysfunction:** 21% of all children, have lost both parents, whilst 24% of all children, have lost a mother. Age disaggregated data suggests that 28% of children between 12 and 17 have lost both parents while 32% lost only their mother.

#### **Other gaps in provision and in policy include the following:**

- Lack of social assistance for unemployed people in the 19 to 59 age group.
- Exclusion of those in informal employment from contributory schemes.
- Weak private sector performance in pension provision (low income replacement, complexity and high costs).
- Inadequate coverage of death and disability benefits.
- Inequitable and opaque tax subsidies.
- Insufficient coordination between social security

and labour market.

- Exclusion errors continue to be a challenge, caused by the low application rate for the CSG in the first six months after birth.
- There are delays in placing children in need of foster care in long term placement due to lack of adequate number of social workers and backlog of cases at courts.
- Poor access and quality of ECD: 25 years later there is about 49% of three-year-olds and 29% of four-year-olds who still did not participate in ECD learning programmes and about 13% of 5-6 year olds did not go to any facility or participated in ECD-related learning.
- The effects of the migrant labour system have embedded an unusual social structure and diverse family setups which place a particular burden on women.
- There are geographical disparities in the provision of welfare services, urban provinces and areas already have better institutional infrastructure and skills.
- The social welfare sector is under-resourced: Approximately 88% of expenditure on social protection relates to social assistance, and very limited funding is provided for other social development services, especially for social welfare services, for example, since 1997, there has been a clear shift in prioritisation away from services for older persons to children – the Children's Act, 2005 (Act 38 of 2005) has resulted in increased resourcing for, and understanding of, children's rights and needs, but the service levels are still uneven and far below what is provided for in the Act.
- NPOs deliver a substantial proportion of social development services and yet the partnership is not optimised particularly with respect to funding.
- Due to limited financial resources, a cumulative total of 4 000 social workers who were awarded full scholarships by the DSD remain unabsorbed despite the skills shortages in the sector as at 2019. This affects the state's ability to be responsive to the psychosocial issues that society is faced with such as violence against women and children, substance abuse, and societal moral decay.

60

Department of Basic Education. 2013. National Strategy for the Prevention and Management of Alcohol and Drug use amongst Learners in Schools, p. 5.



# RECOMMENDATIONS

Although levels of poverty and destitution have not reached pre-1996 levels, since 2011 poverty has been increasing as a result of both domestic and international conditions. Therefore, it is urgently required that the existing social floor be consolidated with the current social assistance programmes to deliver a more comprehensive social security system. Already work to define, measure, monitor and provide a framework for the social wage is afoot. The existing social wage, including Free Basic Services (FBS) (water, electricity and sanitation), education, healthcare, social grants, minimum wages, housing, transport subsidies, social welfare services – be recognised as South Africa's Social Protection Floor (SPF). The SPF should comply with the requirements of progressive realisation as incorporated into the South African Constitution. The following are recommended:

- To **realise** our **constitutional commitment** to the progressive realisation of all right to the social wage, South Africa will need to optimize policy across the social wage; strengthen systems by addressing six generic building blocks across the social wage: leadership and governance, service delivery, the workforce, information systems, financing, and access.
- It **must specify** the “minimum guaranteed level of entitlements to social benefits including minimum wages, income support (social assistance grants); healthcare, education, basic social welfare services; FBS and VAT exempt on basic foods”.
- It must **determine** the availability, distribution, adequacy and sustainability of the benefits.
- It must **ensure** that specific **entitlements/benefits** have a defined path to their full realisation and implementation over a phased period of time (between 2015 and 2025).
- It should **indicate** a set of norms, standards and specific criteria for basic level and types of social services that are provided and specify who should receive what benefits.
- Finally, it should **indicate** the **package of SPF services**, type of social infrastructure, the HR requirements, and the institutional arrangements to deliver the elements of a SPF.
- Work closely with **civil society** and ensure adequate capacitation of **NPOs**.

It is urgently required that the existing social floor be consolidated with the current social assistance programmes.

CHAPTER 5

# Developing HR and Human Capital



**T**he RDP implored that education and training “*should be available from cradle to grave.*” The Constitution took this further, with its Bill of Rights declaring that, “*Everyone has the right to a basic education, including adult basic education; and to further education, which the state, through reasonable measures, must make progressively available and accessible*”<sup>61</sup>. As South Africa’s democracy evolved, education was confirmed as critical to the exercising of other human rights. The NDP thus stated it as “*... a South Africa where everyone feels free yet bounded to others; where everyone embraces their full potential, a country where opportunity is determined not by birth, but by ability, education and hard work.*”<sup>62</sup> The system of HR and human capital development spans ECD, basic education, as well as post school education and training and adult basic education and training.

## THE EDUCATION AND TRAINING SYSTEM IN 1994

---

The democratic government inherited an education system polarized along racial and ethnic lines. Segregation manifested itself in the existence of 19 departments of education<sup>63</sup>, which were characterised by uneven provision of resources, with whites taking a lion’s share, followed by Indians and coloureds while the African majority received the least. Under apartheid rule, government spent nine

times more on each white learner than it did for a black learner.<sup>64</sup>

In relation to ECD provision whereas the apartheid government made provision for white children, services for African children were deliberately curtailed thus leaving such provision to families, NGOs, CBOs and FBOs, with no support nor regulations.

The salary scales, curricula and exam systems were not the same. Black teachers were poorly trained and under-qualified compared to their white counterparts. In 1994, the teacher qualifications reflected a racial bias characterising apartheid policies. While 99% of white, 93% Indian, 71% coloured were qualified, only 54% of black African teachers were qualified<sup>65</sup>. The disparities between white and black teachers were further cemented by differentiated support services from government, wages and conditions of service. In all these areas, black teachers suffered the most. The curriculum inherited from this system was characterised by racism, sexism, authoritarianism and outmoded teaching practices. Special schools for learners with special education needs accommodated mainly white learners.

The consequence was, for instance, in 1990, only 24% of African matric learners participated in Mathematics compared to 64% white and 70% Indian learners. Furthermore, the Mathematics pass rate stood at 97% for whites and 15% for Africans<sup>66</sup>. In 1996, approximately 57% of South African schools did not have electricity, 72% had no library collection and 69% had no learning materials LTSM<sup>67</sup>.

Under apartheid, PSET provision did not cohere at a systemic level. The higher education system was differentiated according to race, class, gender and specific academic policies, with different governance systems for universities and technikons. Teacher, nursing, agricultural and technical colleges each had their own, separate governance and provisioning structures. They were administered by the relevant national and provincial departments, and were not

61 South Africa. 1996. The Constitution of the Republic of South Africa.

62 National Planning Commission. 2011. National Development Plan: Vision 2030, p. 24

63 The White Paper on Education and Training, 1995 page 18

64 Organisation for Economic Cooperation and Development, 2008. Reviews for National Policies for Education: South Africa, OECD.

65 Franklin, S, and McLaren, D. 2015. Realising the Right to a Basic Education in South Africa: An Analysis of the Content, Policy Effort, Resource Allocation and Enjoyment of the Constitutional Right to a Basic Education. *Studies in Poverty and Inequality Institute*. p.129.

66 Foundation for Research Development Indicators, 1993 quoted in Human Science Research Council. 2013. 20-Year Review, p. 36.

67 Department of Education. 2001. Education in South Africa: Achievement since 1994.

located within a common qualifications framework. Although technical college enrolment increased by 70% over the period 1987 to 1994, apprenticeship contracts were dwindling and dropped by 42% over the period 1984 to 1993<sup>68</sup>. Almost 80% of artisan training was undertaken by parastatals which treated such training as a core function. This training was compromised by the commercialisation of SOEs during the early 1980s. After which, the greater focus on profit-making led to the deterioration of many training centres.

Historically disadvantaged institutions (HDIs) were under-resourced and lacked adequate infrastructure, governance and organisational systems. The structural variables underpinning most of the challenges experienced by HDIs included funding approaches that were inimical to the establishment of viable intellectual enterprises; remote geographic locations; and inadequate infrastructure. In addition to structural constraints, it has been argued that “agential variables”, mainly poor governance and management, have exacerbated the structural constraints faced<sup>69</sup>.

Acknowledging the dialectical interplay of structural and agential variables is crucial in devising properly targeted funding interventions.

✓ Gross enrolment for children of compulsory school going ages, seven to 15 year olds, increased from 51% in 1994 to 99% by 2018, a universal accomplishment ✓

Apartheid job reservation restricted not only jobs, but also training and artisanal development according to race, with whites at the top of the value chain and Africans excluded (and at the bottom). African workers were relegated to be ‘hewers of wood and drawers of water’. Not only were blacks excluded from education, but little attention was paid to literacy amongst workers. The Eybert Commission on Adult Education of 1945 estimated that about 80% of the adult African population and about 70-75% of the combined Indian and coloured population were illiterate.

During the apartheid decades, literacy classes were provided in night schools run by labour unions, churches and other civil-society institutions in the 1980s. The National Education Policy Investigation report on adult basic education, using “available data from the Development Bank of Southern Africa and the 1985 census estimated that around 15 million out of a total adult population of 23 million had less than five years of schooling.”<sup>70</sup>

## EARLY CHILDHOOD DEVELOPMENT

In response to the RDP’s demand for increased efficiency, the government introduced various policies and programmes that have led to gradual improvement in learner performance over the years. For instance, Matric pass rates have increased from 58% in 1994 to 78.2% in 2018<sup>71</sup>. From the onset it was recognised, by the RDP, that the most important years to prepare for Matric, lifelong learning, and work is the foundational years of ECD.

To that end, the Education White Paper of 2001, focused on expanding ECD provision, correcting the imbalances in provision, ensuring equitable access and improving the quality and delivery of ECD programmes.

Grade R was introduced as part of the formal system in 1998, and through investments and reducing barriers to access, by 2017, the number of Grade R learners below the age of 6 stood at 839 515, from a baseline of 156 292 in 1999. By 2017 96.6% of six

68 South African Institute of Race Relations. 1995. South Africa Survey 1994/95.

69 Department of Higher Education and Training. 2014. Report of the Ministerial Committee for the Review of Finances of Universities. p20

70 Behr and Macmillan, p346 quoted in Prinsloo, M. 1999. *Literacy in South Africa. Chapter in Literacy: An International Handbook*. Wagner, Street and Venezky (Ed). 1999, pp 418-423.

71 Department of Basic Education. 2018. National Senior Certificate: 2018 Examination Report.

year olds were in school up from 69.3% in 2002. The proportion of Grade I learners, who attended Grade R, has declined slightly over the years from 97% in 2009 to 94.1% in 2018<sup>72</sup>.

Despite the expansion of and investments in Grade R, it is still fraught with challenges such as underqualified practitioners, due to subsidies in the sector focused on the facility, with insufficient support for training of a mass of ECD teachers.

The evaluation of ECD, stressed the importance of implementing the First 1 000 Days Strategy to support child development by providing access to a comprehensive basket of social services especially for children from poor families<sup>73</sup>. This is essential to provide for all children to reach their full potential. Without this strategy, many learners will not be ready for school, and the country will fail to deal with stunting and its associated learning challenges.

The National Integrated Policy for ECD, approved in December 2015 seeks to comprehensively address these challenges, covering “*the well-being of children right from conception and identifies eight essential services: early learning, food security, communication, standard of living, playing sport and participating in cultural activities, social protection, parent support, health and nutrition*”. Some of the components have been prioritised for immediate realisation while others are planned for progressive realisation. The policy recognises that the opportunity for early learning is currently not universally available and needs to be rolled out by 2030 to reach every child in South Africa, especially those living in historically excluded areas, children in under-served rural and urban areas, children living in poverty, and children with disabilities.<sup>74</sup>

## QUALITY BASIC EDUCATION

The democratic government introduced various pieces of legislation and policies, based on the Constitution and the RDP. These sought to (a) improve access to all levels of education; (b) provide high quality education, and (c) provide increased equity and efficiency. These priorities were seen to be best addressed through system integration and transformation; Education Access and Outcomes; and School Infrastructure, in the basic education context.

To this end, the *White Paper on Education and Training of 1995* abolished the fragmentation of the 19 different departments<sup>75</sup> and established an integrated system of education that provides equal opportunities to all South Africans. The White Paper culminated in the promulgation of the *South African Schools Act, (Act 84 of 1996)*, which changed the face of public and private education in the country by transforming the manner in which education is governed. This complemented the *National Education Policy Act, 1996 (Act 27 of 1996)* which provided for the determination of national policy for education and the salaries and conditions of employment of educators.

The National Norms and Standards for School Funding, Notice 2362 of 1998 served as one of the first pro-poor policies in education. This refined school funding by providing funding for public schools; exempting parents who are unable to pay school fees; and providing subsidies to independent schools. While this policy reduced the hurdle of school fees in accessing education, it had the unintended consequence of schools using ability to pay as a way of restricting access to former white schools.

Further programmes introduced were the National Learner Transport Policy (NLTP) and National School Nutrition Programme (NSNP). To date, about two-thirds of children now do not pay school fees,

The Funza Lushaka Bursary Programme for eligible students to complete a teaching qualification in an area of national priority was introduced.

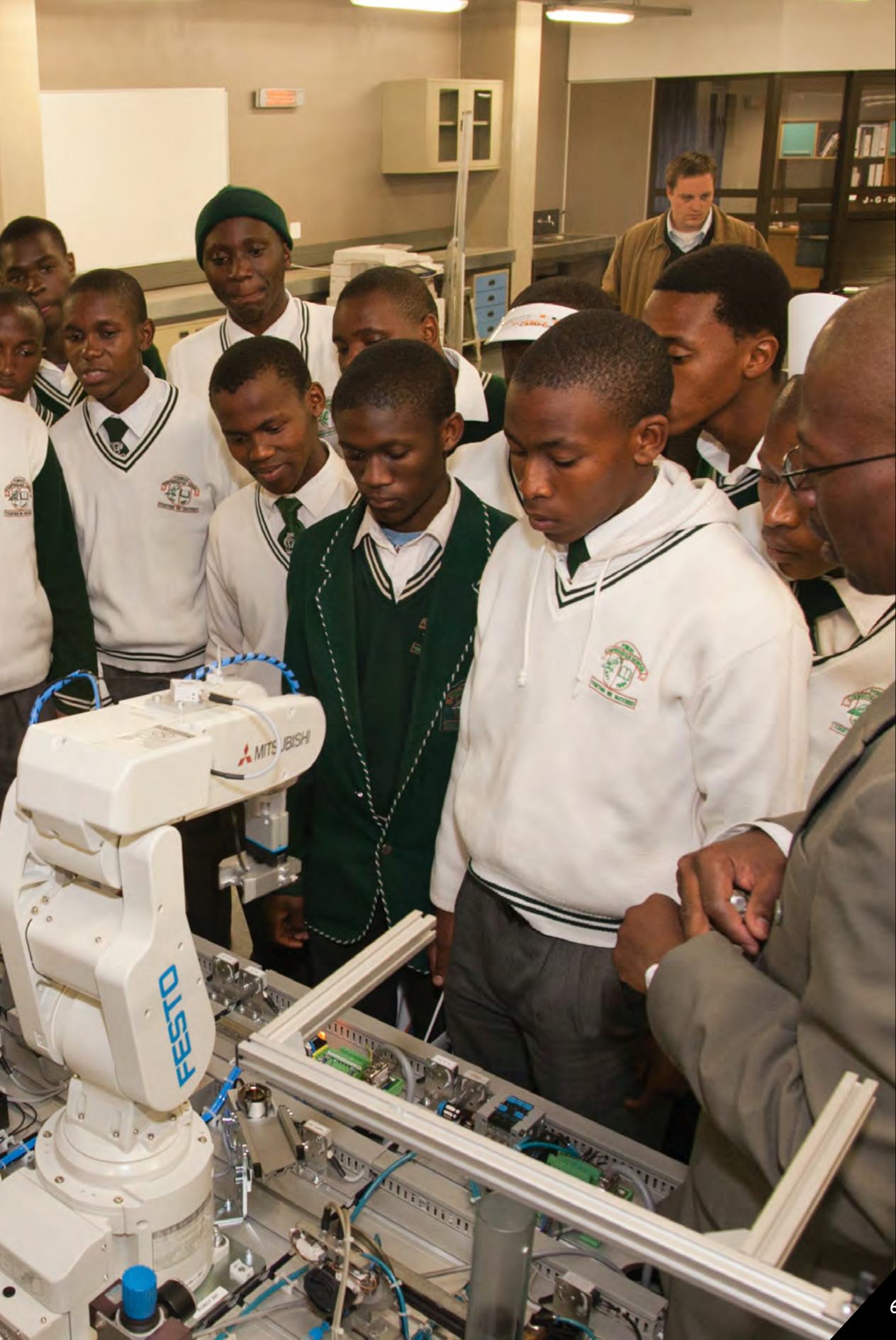
72 Department of Basic Education. 2018. National Senior Certificate Technical Report.

73 Department of Basic Education, General Household Survey (GHS): Focus on Schooling, 2018

74 Statistics South Africa. 2017. Education Series Volume III: Educational Enrolment and Achievement, 2016. p.4.

75 The White Paper on Education and Training, 1995. Page 18





and over nine million children, through the NSNP, are fed each school day<sup>76</sup>. The DPME evaluation of the NSNP found that although most learners receive meals regularly; more attention should be given to the nutritional balance and the linkage with local economic development.<sup>77</sup>

**Gross enrolment** for children of compulsory school going ages, 7 to 15 year olds, increased from 51% in 1994 to 99% by 2018, a universal accomplishment. To achieve quality outcomes of the education system, the Outcome-Based Education (OBE) and the current national Curriculum and Assessment Policy Statements (CAPS) were introduced to improve teaching and learning. OBE, while noble in its intent, became misaligned to the skills and needs of the country. The introduction of CAPS in 2012 provided structure to subject matter content, details on teaching and learning objectives, assessment specific to grades and subject area, reduced teachers' administrative load, within the context of clear guidance and consistency for teaching; and contributes to curriculum stability.

To give effect to a new HR strategy to address skills shortages amongst teachers, the Integrated Quality Management System of 2003 and the Integrated Strategic Planning Framework for Teacher Education and Development in South Africa, 2011-2025 were introduced. Whilst the identification of teacher training needs and teacher development are ongoing, school performance has not reached expected levels.

The **Funza Lushaka Bursary Programme** for eligible students to complete a teaching qualification in an area of national priority was introduced. Between 2007 and 2017, the programme awarded 120 511 bursaries, at a cost of R7.21 billion to prospective teachers. The number of qualified teachers improved from 53% in 1990 to 94.4% of employed teachers by 2008<sup>78</sup>.

The democratic government also had to deal with the school infrastructure backlog. In 1994, out of the 26 734 schools, only 11 000 were reportedly in good or excellent condition. About 55% of learners (6.6 million) were in schools without toilet

facilities. Nationally, only 42% of schools had access to electricity; 40% had access to telephones and only 9% (2 330 schools) had access to computers for learning and teaching<sup>79</sup>. Government has been working to deal with this backlog, through such instruments as the Education Infrastructure Grant.

However, the eradication of inappropriate school structures such as mud schools, schools with pit latrines, no electricity, toilets or water, damaged classrooms has been unacceptably slow.

**The Department of Basic Education (DBE) National Education Infrastructure Management System in 2011 highlighted the challenges, of the 24 793 public ordinary schools:**

- 3 544 schools do not have electricity, and a further 804 schools have an unreliable electricity source;
- 2 402 schools have no water supply, and a further 2 611 schools have an unreliable water supply;
- 913 do not have any ablution facilities and 11 450 schools are still using pit latrine toilets;
- 22 938 schools do not have stocked libraries, and 19 541 do not even have a space for a library;
- 21 021 schools do not have any laboratory facilities, and 1 231 schools have stocked laboratories;
- 2 703 schools have no fencing at all; and
- 19 037 schools do not have a computer centre, and a further 3 267 have a room designed as a computer centre but with no computers.

**DID YOU KNOW**

The first black woman to achieve a BSC degree was Charlotte Maxeke in 1901.

76 Department of Basic Education. 2018. Annual Report 2017-18. Pretoria.  
 77 Department of Planning, Monitoring and Evaluation. 2017. Implementation Evaluation of National School Nutrition Programme.  
 78 Department of Basic Education. 2018. Annual Report 2017/18, p. 10.  
 79 Department of Basic Education. 2018. A 25 Year Review of Progress in the Basic Education Sector, October 2018.

## / The country needs differentiated gendered strategies to keep youth engaged in schooling and training. /

**There has been marked progress in relation to the overall school infrastructure programme wherein the 2013 NIEMS recorded:**

- 1 772 schools without access to water, in 2018 all schools had some sort of access to water;
- 2 925 schools had no electricity, compared to 269 in 2018; and
- 822 schools had no toilets compared to 37 in 2018.

In 2013, the Minimum Norms and Standards for Public School Infrastructure was introduced, setting a national standard so that every school has water, electricity, internet, working toilets, safe classrooms with a maximum of 40 learners, security, libraries, laboratories and sports facilities, supported by the Accelerated School Infrastructure Development Initiative (ASIDI). By 2019, a total of 215 state-of-the-art schools had been built through the ASIDI programme.

In 1996, approximately 53% of schools had adequate textbooks. Provision of textbooks has improved, reaching 93% in the 2016/17 financial year<sup>80</sup>. The percentage of Grade 6 learners with access to textbooks had increased from 36% in 2007 to 66% in 2013 according to SACMEQ<sup>81</sup>. The provision of DBE workbooks is at 100% ensuring

access to written material. Over 56 million Volume 1 and 2 Grade 1-9 workbooks are printed and delivered on time to 23 543 public schools in all languages in Literacy/Languages and Numeracy/Mathematics every year.<sup>82</sup>

The DBE has also demonstrated how ownership of intellectual property of workbooks can reduce costs for services rendered. Stats SA's General Household Survey (GHS) shows a constant decline in the percentage of learners indicating lack of textbooks as a problem, declining from 20% in 2002 to 4% in 2017<sup>83</sup>. However, access to textbooks for learners in Grades 10 to 12 has remained around 78% between 2013 and 2017 according to the General Household Survey<sup>84</sup>. The 2017 School Monitoring Survey similarly shows that 86% of Grade 9 and 83% of Grade 12 have access to textbooks.

The RDP demands that the education and **training needs of children with disabilities** and other special needs be addressed so as to facilitate their development, independence and participation in society and the economy. Government increased the number of special schools from 270 in 1996 to 464 in 2015. This resulted in growth in the number of learners accommodated in special schools

80 Department of Basic Education. 2018. Annual Report 2017/18. Pretoria.

81 Southern and Eastern Africa Consortium for Monitoring Educational Quality. 2017. The SACMEQ IV Project in South Africa: A Study of the Conditions of Schooling and the Quality of Education, p. 19.

82 Department of Basic Education. 2018. A 25 Year Review of Progress in the Basic Education Sector, October 2018

83 Stats SA. 2017. General Household Survey. DBE own calculations.

84 Stats SA. 2017. General Household Survey. DBE own calculations.

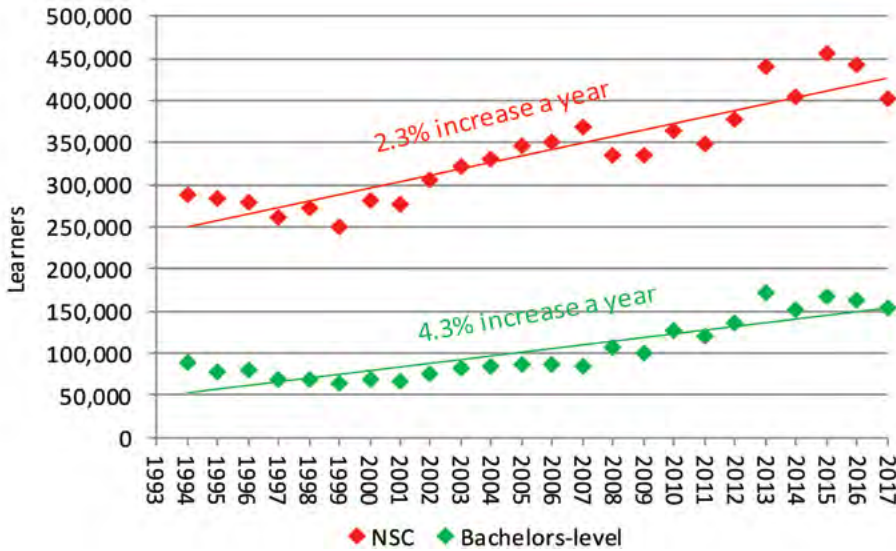


Figure 5.1: NSC and Bachelors-level increases since 1994.

Source: DBE. 2019. Draft Sector Plan

across all provinces from 64 000 in 2002 to 119 259 in 2015<sup>85</sup>. Furthermore, the *White Paper on Inclusive Education* aimed to mainstream learners with mild learning disabilities into ordinary schools. The total number of children with disabilities, according to the UN Children’s Fund, is close to 2.1 million (11.3% of all children), with 474 000 children living with severe disabilities.<sup>86</sup>

The RDP also noted that **girls and women** were deliberately denied education and training opportunities because of their gender. It thus advocated for a deliberate gendered approach to planning and implementation of HR development (HRD) policies and strategies. Over the past five years, female learners doing Mathematics and Physical Science continue to outnumber male learners. In Mathematics, the number of girls increased from 123 045 in 2014 to 133 175 in 2018 while boys decreased from 102 413 in 2014 to 100 683 in 2018.<sup>87</sup> Similar trends are observed in Physical Science where many boys drop out, and many do not take science and mathematics as options.

The **partnership** between the education sector, business, teacher unions, and NGOs has gained momentum. More however, still needs to be done to reach consensus in outstanding areas between organised labour in the education sector and government. Rising investment and expenditure in basic education by other stakeholders provides additional resources in key programmes such as teaching improvement and the provision of libraries. The policy approaches and investments in basic education since the dawn of democracy had the following **outcomes**:

- Learner performance in Grade 12 National Senior Certificate (NSC) has been on an upward trajectory, rising from 58% in 1994 to 78.2% in 2018<sup>88</sup>. The number of students who are passing grade 12 is on an upward trajectory even though it has fluctuated over the years. Figure 5.1 shows that Bachelor passes are still very low even though they are increasing over time, they are not enough to support the skills needs of the country.
- Learners with special needs who obtained

85 Department of Basic Education. Education Statistics in South Africa 2016, July 2018.

86 UNICEF. 2012. Children with Disabilities in South Africa: A Situation Analysis 2001-2011, p. 10.

87 Department of Basic Education. 2018, National Senior Certificate Examination Report.

88 *Ibid*

Bachelor passes increased from 443 in 2015 to 1 669 in 2018<sup>89</sup>. The number of special needs learners writing Grade 12 exams increased from 1 691 to 3 591<sup>90</sup>.

- The percentage of 20 year olds and older attaining Grade 12 has increased to 45.7% in 2018 from 30.7% in 2002<sup>91</sup>.
- The number of African learners obtaining at least 60% in Mathematics has doubled between 2008 and 2018<sup>92</sup>.

More learners from lower quintiles are passing NSC and showed improvements in international assessments.

## PERSISTENT CHALLENGES

The overall picture, after 25 years, is that although there is progress within the basic education system, the apartheid legacy persists compounded by new and emerging challenges. These challenges include:

Dismal performance in reading, with results of the **Progress in International Reading Literacy Study (PIRLS) 2016**, showing that 78% of Grade 4 learners are not able to reach the lowest benchmark of reading, compared to 4% of international learners. With a weak reading foundation, it costs more to remedy gaps in later years. The focus on Grade 12 has tended to divert attention from the importance of laying sound foundations in early years, in particular ECD and of teaching the basics correctly.

Young people **“not in education, employment or training” (NEET)**, generally drop out after Grade 9, after the compulsory years. Reasons for dropping out include lack of funds, job searches, pregnancy, and failing a grade. Once out of school, these young people face a life of poverty, ill health, and/or incarceration. Since more boys drop out, there is higher probability of a life of crime. Young males often point to poor academic performance as a reason for not being in institutions of education, followed by the view that education is useless. Pregnancy and taking care of family members are the highest reasons

for young females to drop out. Consequently, the country needs differentiated gendered strategies to keep youth engaged in schooling and training.

**The quality of academic outcomes** is one of the challenges that persist. Only 172 043 learners (33.6%) of grade 12s managed to pass at Bachelor level in 2018<sup>93</sup> against the 255 000 Medium Term Strategic Frame work (MTSF) target for 2018. Though up from 18% in 1994, only 21.7% and 29.9% of learners passed Mathematics and Science at 50% and above respectively in 2018. The number of learners writing Physical science and Mathematics has been declining from 192 618 and 265 810 in 2016 to 172 319 and 233 858 in 2018, respectively.<sup>94</sup> The shackle of Bantu education that black children and women should not be taught Mathematics and Science still casts a shadow over the education system.

**Not all schools are connected to the internet**, limiting the system from taking advantage of technology to bring the best teachers to every classroom regardless of geographical location. The schools that bear the brunt of limited connectivity are rural and township schools. At the same time, the high cost of data means even schools that are connected have limited access because of data costs.

“A skills revolution is needed to reverse the fortune of young people, but it cannot take place without changes in the structure of the economy.”

89 Reddy et al. 2018. Skills Supply and Demand in South Africa. p.31  
 90 labour market intelligence partnership skills supply and demand in South Africa 2016, pg 31  
 91 Stats SA. 2017. Demographic Dividend and Stats SA 2018. General Household Survey  
 92 Department of Basic Education. 2019. Draft Action Plan to 2024: Towards the Realisation of Schooling 2030.  
 93 Department of Basic Education. 2018. National Senior Certificate Examination Report, Pretoria  
 94 Department of Basic Education. 2018. National Senior Certificate Examination Report, Pretoria

The failure of government to connect all schools means many students are locked out from using technology to learn or from being equipped to take part in the 4IR. The curriculum changes to prepare learners for the 4IR will have limited impact if the country does not ensure all schools are connected and data costs are reduced.

**Under-achievement** is more pronounced in quintile 1 schools even though there is notable progress. To illustrate this, if in each quintile there were 1000 learners enrolled in Grade 1, only 239 quintile 1 learners would pass matric, whereas 732 of quintile 5 learners would pass matric. TIMSS 2015 results show that 79% of grade 9 learners attending no-fee schools did not meet the minimum knowledge<sup>95</sup> and skill benchmark of 400 points compared to 38% in fee-paying schools. Some of the reasons for poor performance include low nutrition levels and dysfunctionality in schools as a result of a combination of poor school leadership, management, weak support and diffused accountability. The country now has a two-track public schooling system with one-part performing relatively well while the other part that serves the majority of learners is operating below optimal level, and failing many learners. The country is therefore losing the most critical channel for building equality of opportunity and social cohesion.

**Infrastructure backlogs** pose a serious challenge. There is slow progress towards meeting the targets per school set in the Minimum Norms and Standards for School Infrastructure (2013). Inappropriate sanitation has resulted in loss of life in Limpopo and Eastern Cape, and litigation by civil society against government. Although funding is a problem in the building and maintenance of schools, other reasons for slow progress include: inability to spend and manage allocated funds, weak monitoring of implementing agents resulting in delays in the construction of schools, poor workmanship and resultant delays. Capacity in some of the provinces is weak, including attracting and retaining personnel, making monitoring uneven. The RDP asserted that wilful vandalism and destruction of property should not be tolerated, but schools are vandalised and resources stolen by

criminals, and sometimes during service delivery protests, setting back efforts toward equity and efficiency.

The **proportion of Grade 1 learners who have attended Grade R has declined** slightly over the years from 97% in 2009 to 94% in 2017. This decline may be attributed to the fact that Grade R has not yet been made compulsory. The President in his State of the Nation Address (SoNA) in February 2019, announced the intention of government to introduce two years of compulsory pre-schooling.

**Socio-economic background** is still a predictor of student performance in the schooling system, and the education system is unable to equalise chances of success. StatsSA's Community Survey (2016) data shows that the higher the parent's education level, the more likely the children are to achieve upward educational mobility in South Africa. While most white children with post-secondary qualifications also had parents with similar qualifications (56%), intergenerational transmission of similar qualifications was achieved by 28% coloureds, 27% Indians and 24% by Africans.

South Africa is endowed with **creative and innovative young people** as well as artistic and cultural skills and knowledge. These skills have a potential to promote social cohesion and nation-building, as well as contribute to economic growth. Notwithstanding the promising Mzantsi Golden Economy Strategy, to date, the potential of artistic and cultural skills development and knowledge to contribute massively to the economic growth has not been exploited sufficiently.

## COMPARISON OF SOUTH AFRICA WITH OTHER COUNTRIES

In relation to educational outcomes South Africa underperforms compared to many countries with the same or even lower GDP. Despite the fact that South Africa has shown great improvements in Maths and Science performance on the international stage, the country is still outperformed by many countries. For instance, in the 2015 Trends in International Mathematics

95 Reddy V., Juan A., Isdale K., Fongwa S. 2017. Mathematics achievement and achievement gaps: TIMSS 1995 to 2015

and Science Study (TIMSS), South Africa was the second last in maths (372) beating only Saudi Arabia. South Africa was also beaten by all 38 countries in Science (358).

In the Progress in International Reading Literacy Study (PIRLS) too, South Africa (320) performed below all countries that took part, including countries such as Oman (418), Kuwait (393), Morocco (358), and Egypt (330).

The TIMSS report highlights the fact that learners in households with a higher education level score 57 points higher in mathematics than those from households with primary school education. Given the low education levels in most of South Africa's households it explains the poor performance in international benchmarks.

Additionally, TIMSS highlights the facts that pupils who do not experience bullying score 68 points higher than those who do and that safety at schools is important for self-esteem and promoting learning. The situation in South African schools in relation to bullying and safety is yet another reason for the underperformance.

The TIMSS shows that pupils attending schools that emphasise performance scored 34 points higher in mathematics. Pupils who are hardly ever absent scored 60 points more than those who are often absent. The TIMSS further shows that South Africa improved its performance in Mathematics and Science, from 285 and 268 to 372 and 358 points, respectively between 2002 and 2015. The highest improvement was at the lower levels of the achievement spectrum, that is, for the most disadvantaged groups. Performance remains low compared to most countries even though some of those countries spend less, in proportion to the national budget, on education. This implies that South Africa needs to aggressively promote the culture of learning, teaching and attendance.

South Africa's performance in the SACMEQ Grade 6 Language and Maths results, went up to 538 and 552 respectively in 2013 from 492 and 486 in 2000<sup>96</sup>. The country recorded the highest improvement in performance compared to other countries participating in these assessments.



## DID YOU KNOW

### SOME SOUTH AFRICAN INVENTIONS

Creepy Crawley  
 Retinal Cryosurgery  
 Quadro Engine  
 Catscan  
 Heart transplant  
 Q20  
 Oil from coal (Sasol)  
 Dolosse  
 Pratley's Patty  
 Niknaks chips made from maize  
 Smart lock syringe  
 Rooivalk  
 Computerised Ticket system  
 Computicket  
 Penis transplant  
 Packaged Mageu (Fermented mealie drink)  
 Speed gun  
 APS Therapy  
 Shark Shield  
 Cyber Tracker  
 Hippo Water Roller

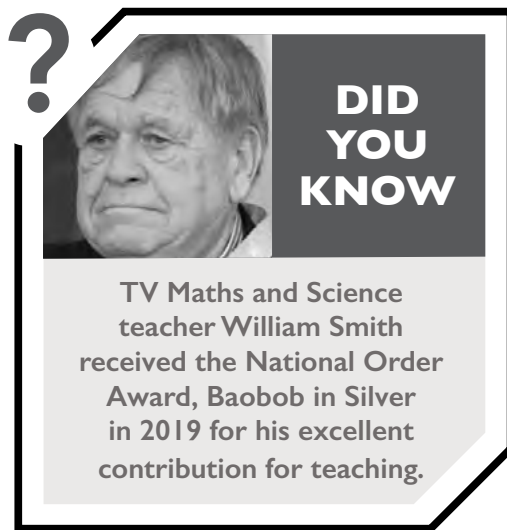
In addition, the National Education Evaluation and Development Unit, highlights the importance of school leadership, professional development and collaboration, quality of teaching, system's support and partnership, learner-centred climate, enabling environment, as well as teacher attendance, the amount of time spent on teaching matters, as cardinal factors in the success of any school.

## A SKILLS REVOLUTION FOR INCLUSIVE SOCIO-ECONOMIC GROWTH, TRANSFORMATION AND DEVELOPMENT.

South Africa in 1994 had a population with low educational and skills levels, a fragmented education and training system designed to perpetuate apartheid and patriarchal policies. The system was highly unequal and large parts of it were dysfunctional. The structure and capacity of the higher education and training systems were distorted by apartheid, with outmoded governance systems, and funding arrangements that led to serious crises for students, institutions. and society.

The opening up of the South African market to global competition was accompanied by an increasing shift to services sectors away from agriculture and mining which traditionally employed low skilled labour. That period also saw the shrinking of the manufacturing sector which suffered on account of foreign competition. At the same time, the economy became more capital intensive, with new demands for skills in the knowledge economy. There was general scarcity of skills, particularly at the high-end, partly prompted by the acceleration in technological improvements, particularly in ICT. Between 1970 and 1998, highly skilled jobs increased by nearly 20%, while the number of unskilled jobs fell by a similar proportion, though by a far greater number.

The structural skills mismatch between labour demand and supply, has favoured highly skilled individuals, while the majority of the unemployed are low-skilled.<sup>97</sup> Thus, failure to grow the agricultural and the manufacturing sectors, has



**?**

**DID YOU KNOW**

TV Maths and Science teacher William Smith received the National Order Award, Baobab in Silver in 2019 for his excellent contribution for teaching.

— A skills revolution is needed to reverse the fortune of young people, but it cannot take place without changes in the structure of the economy. —

97 Reddy et al. 2016. Skills Supply and Deman in South Africa. p.31



resulted in an economy starved of low-skill jobs. This has had a detrimental impact on the youth as new entrants into the labour market, including the many individuals with limited skills<sup>98</sup>. In addition, South Africa is faced with educational supply mismatch and qualification-job mismatch. A skills revolution is therefore needed to reverse the fortune of young people, but it cannot take place without changes in the structure of the economy.

## TRANSFORMATION SINCE 1994

Over the 25 years since 1994, the democratic government introduced a slew of policies and programmes to reconstruct an appropriate PSET system and shape it to reflect the democratic vision and values.

The RDP envisioned the development of, “*an integrated system of education and training that provides equal opportunities to all irrespective of race, colour, sex, class, language, age, religion, geographical location, political or other opinion. It must address the development of knowledge and skills that can be used to produce high-quality goods and services in such a way as to enable us to develop our cultures, our society and our economy.*”

Policies, programmes and initiatives introduced were aimed at achieving this vision, by removing blockages to access, addressing inequalities, improving administration of the system, responding to labour market needs and providing skills needed in the economy and society.

The **overarching NQF** developed in 1996 signalled a new way of developing human capital. The NQF was an organising matrix to direct the upward accumulation of educational credits, with multiple entry and exit points. It integrates different qualifications and allows for portability and articulation. The NQF aimed to facilitate progression between and within the three phases of education and training – general, further and higher – as well as provide articulation between academic education and skills training. As part of the NQF, a new institutional and financial framework was established, which included the National Skills Authority, the National Skills Fund (NSF), SETAs and institutions in the Department of Labour. While there is an

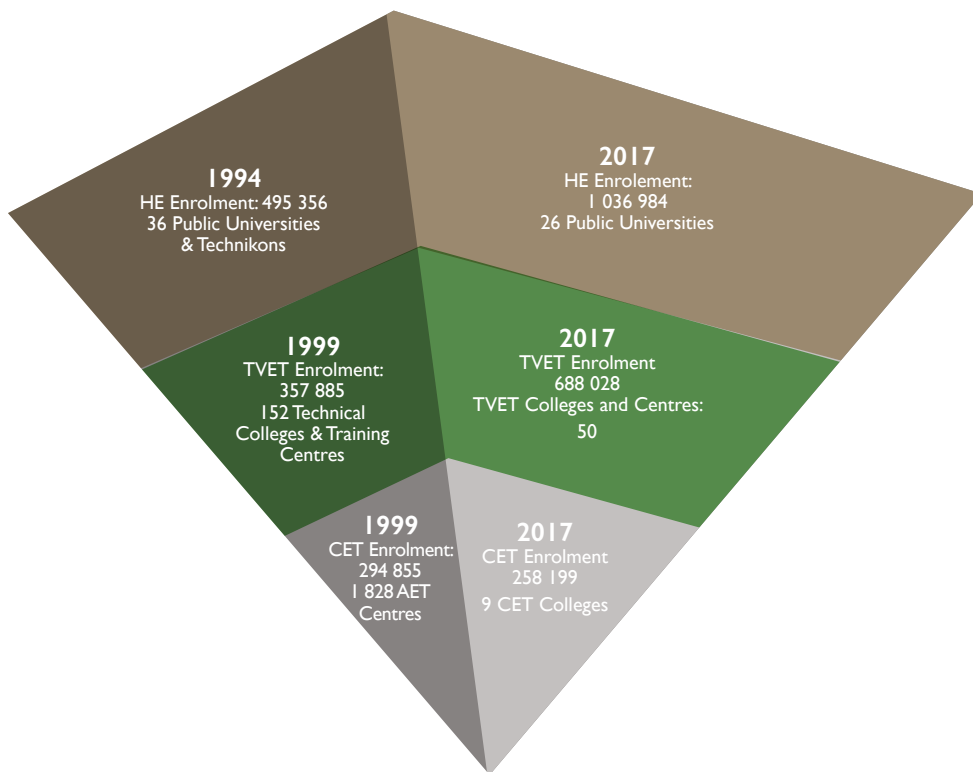
articulation policy in place to promote this vertical and horizontal progression, there are still challenges around its implementation.

The Skills Development Act was promulgated in 1998, with the purpose to expand the knowledge and competencies of the labour force in order to improve productivity and employment. In 2013, the *White Paper for PSET* was published outlining a new policy direction. The main objective of the policy was to build a fair, equitable, non-racial, non-sexist and democratic South Africa; **a single, coordinated PSET system**; and to expanded access, improve quality and increase diversity of provision. It also seeks a stronger and more cooperative relationship between education and training institutions and the workplace and a system responsive to the needs of individual citizens.

The Department of Higher Education and Training (DHET) gazetted an Articulation Policy for the PSET system in South Africa in 2017, which seeks to create an enabling environment for articulation within and among the three NQF sub-frameworks. The NQF aimed to facilitate progression between the general, further and higher phases and provide articulation between academic education and skills training. It also formally accredited workplace training, opening new spaces for the acquisition of skills and educational qualifications. However, the policy intent has not matched practice, with challenges in the portability of qualifications. Some TVET colleges are taking initiatives, already establishing programmes of assisting students to progress from colleges to university education and training. For example, Waterberg TVET College, collaborating with the University of Limpopo, has made it possible for students studying agriculture at the TVET college to study further at the University of Limpopo. Once they have completed their certificates at college, they are registered for a Diploma in Agriculture and can progress further to obtain a degree. The TVET college also has a fully functioning farm whereby students do their practical learning.

Since the official demise of apartheid, a defining feature of the PSET system has been structural change. Mergers to streamline the complex mix of institutions into a recognisable PSET system

98 *Ibid*



**Figure 5.2: Number of students enrolled in the public post-school sector by type of provision in 1994, 1999 and 2016.**

*Source: DHET 2013, 2016, 2018.*

were carried out with the aim of building larger and stronger administrative units. However, the growing number of youth who are NEET shows the PSET system is still not effectively tackling the skills needs of young people, in addition to the pedestrian economy.

Structural inefficiencies and duplication of services in South Africa's higher education system have been systematically addressed with the re-organisation and merging of institutions. Between 2003 and 2005, the original 36 HEIs were merged into 23 HEIs. These included traditional universities, universities of technology and comprehensive universities.

Some colleges of education were closed while others were incorporated into universities to achieve higher quality teacher education. In 2014, two new comprehensive universities were established, namely University of Mpumalanga and the Sol Plaatjie University in the Northern Cape. A third comprehensive university, Sefako Makgatho Health Sciences University was established in 2015.

The original 152 technical colleges and training

centres were merged into 50 Further Education and Training colleges (now known as TVET colleges). This was to create stronger institutions, build their capacities and offer a wider range of specialised courses. In each case, previously disadvantaged colleges were integrated with previously advantaged colleges to allow for better utilisation of resources. In 2016, there were 26 public Higher Education Institutions, 123 registered private Higher Education Institutions, 50 Technical and Vocational Education and Training (TVET colleges), 279 registered private colleges and 9 Community Education and Training (CET) colleges.

The South African PSET system has always been characterised by an inverted pyramid, and this continues to be a major challenge to transform. The number of enrolments at universities is higher than the numbers of students enrolled at the intermediate levels in the post-school system (Figure 5.2). The challenge for South Africa is to turn the inverted pyramid that characterises post-school educational provision on its head, so that the greatest number of enrolments are be at the

intermediate rather than higher education level.

The number of **artisans** produced per annum dropped from 33 000 to 22 000 between 1985 and 1995, and later declined to 4 500 in 2005.<sup>99</sup> While the number of artisans produced has increased to more than 20 000 since 2016 to 2017, the country has not reached the high of 30 000 artisans per annum produced during the apartheid era. By 2005, there were a total of 63 483 qualified artisans who practised their skills. In the past, most of the artisan training (80%) was done by parastatals (with Eskom producing the most) and this was treated as a core function.<sup>100</sup> However, this is no longer the case and has compromised training, leading to many training centres being run down. While there is a need to produce 30 000 artisans a year by 2030 (NDP target), the system is still not geared towards this target. This is partly because there are limited workplaces to accommodate learners for practical training and limited qualified lecturers.

One of the successes of skills development has been the improvement in the number of African people entering artisan programmes in comparison to the situation before 1994 where the majority were white. However, the system as a whole progressed very slowly in implementing learnerships and internships, with most SETAs resorting to funding skills programmes that are short courses and mostly do not lead to employment for unemployed people. These are some of the failures that resulted in the SETA system being deemed as ineffective.

**University enrolment** at public institutions has increased from 495 356 in 1994 to 1 036 984 in 2017, indicating that the increasing enrolment figures are steadily edging closer to the NDP target of 1.6 million enrolments by the year 2030.<sup>101</sup> Given that the enrolments at public and private HEIs reached 1.1 million in 2016, with private HEIs enrolling 167 408 students, the 2017 NDP target of 1.07 million students was marginally surpassed.<sup>102</sup> Given the significantly higher number of private

HEI and the lower enrolment rates it means those campuses are student: staff or student- to- faculty ratios. Enrolments at public universities increased by 3.1% a year on average from 1994 to 2016, whilst the growth in students gaining a bachelor in matric was 4.3%. University enrolment is not growing at the same rate as matric bachelor passes.

The majority of students enrolled in public HEIs were Africans (71.9%), followed by white students (15.6%), coloured students (6.3%) and Indian/Asian students (5.2%). The gender differences were higher within the African population, where 114 942 more female students were enrolled compared to males. Lower gender differences were recorded for Indian/Asian, coloured and white students.<sup>103</sup>

The rapid change in the demographics of the university population came with transformation challenges. These included the cultural outlook of the universities, funding needed to meet the needs of a growing student population and untransformed curricular.

While progress in changing PSET demographics continued, the percentage of the South African population with degrees is still low, compared to countries South Africa is competing with economically.

There has also been considerable **expansion of the vocational sector since 1994**, with TVET college enrolment increasing from 357 885 in 1999<sup>104</sup> to 705 397 in 2016<sup>105</sup>, and

University enrolment at public institutions has increased from 495 356 in 1994 to 975 837 in 2016

99 Mukora, J. 2008. *Scarce and critical skills Research Project*. Department of Labour. p. 52.

100 *Ibid.*

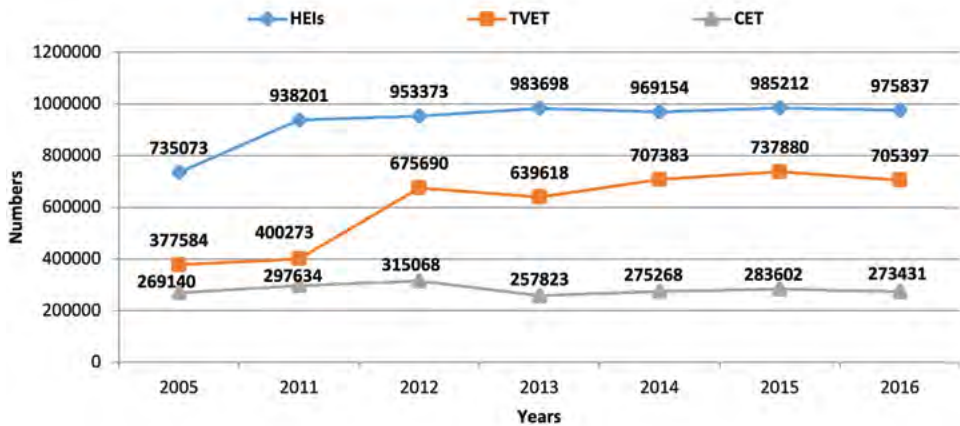
101 Statistics South Africa. 2017. Education Series Volume III: Educational Enrolment and Achievement, 2016, p. 56; The Presidency. 2014. Twenty Year Review, 1994-2014, p. 52.

102 [http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6\\_DHET%20Stats%20Report\\_04%20April%202018.pdf](http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6_DHET%20Stats%20Report_04%20April%202018.pdf). p.3. Statistics on Post School in South Africa

103 [http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6\\_DHET%20Stats%20Report\\_04%20April%202018.pdf](http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6_DHET%20Stats%20Report_04%20April%202018.pdf). p.13.

104 Statistics South Africa. 2017. Education Series Volume III: Educational Enrolment and Achievement, 2016, p. 56; Department of Higher Education and Training, Annual Performance Plan 2019/20 pg 7; pg 8.

105 [http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6\\_DHET%20Stats%20Report\\_04%20April%202018.pdf](http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6_DHET%20Stats%20Report_04%20April%202018.pdf). p.3.



**Figure 5.3: Growth in enrolments in the CET, TVET and higher education sectors from 2005 to 2016.**

Source: Statistics South Africa. 2019. Education Series Volume V: Higher Education and Skills in South Africa, 2017.

subsequently dipped to 688 028 in 2017. The National Curriculum Vocational was introduced to help improve the quality of TVET college offerings in addition to the National Accredited Technical Education Diploma courses.

However, the TVET college sector is not viewed as the best option by many young people who prefer to attend university. This perception seems to be supported by the fact that public funding initially favoured universities rather than TVET colleges, making universities attractive. TVET colleges are still viewed as less prestigious than universities and an image of being associated with the recruitment of poorer and poorly performing students.

Enrolment at universities and TVET colleges has increased steadily over the years, while university enrolment has remained steady overall (**Figure 5.3**). In 2000, there were 578 134 registered students, and by 2016 the number almost doubled. The percentage of enrolled students increased by 38.2% between 2000 and 2008 and by 22% between 2008 and 2016.<sup>106</sup> It should, however, be noted with concern, that **Figure 5.3** shows that growth in enrolments across the PSET system has flattened out between 2012 and 2016, with no real growth. Enrolments at Community Colleges have

experienced a decline from 294 855 enrolments (at 1 828 AET institutions) in 1999 to 273 431 in 2016 (at nine Community Colleges) and slight decline to 258 199 in 2017.<sup>107</sup> The National Task Team on Community Education and Training (DHET, 2012) proposed that there should be a Community College initially in each province and eventually one in each municipality.

The RDP advocates that **girls and women** should be encouraged to pursue non-traditional subjects such as maths and science. Over the years while general access has been increasing, it has also increased for women. By 2016, post-secondary attendance was higher among women aged 17-40 compared with males of the same age (15.1% and 12.8%, respectively)<sup>108</sup>. Females also tend to enter post-secondary education at a much earlier age than males. While in 1996, the university sector was male dominated, by the year 2000 female enrolment exceeded that of males, in 2016 females constituted 58.1% of enrolments, a trend which is likely to continue, given the increasing number of females passing matric compared to males<sup>109</sup>. The participation rate of females is also greater than that of males among all race groups. Although the total proportions of enrolled male and female students in TVET colleges showed a small overall variance, there

<sup>106</sup> Statistics South Africa. 2019. Education Series Volume V: Higher Education and Skills in South Africa, 2017, p. 32.

<sup>107</sup> Statistics South Africa. 2019. Education Series Volume V: Higher Education and Skills in South Africa, 2017, p. 24; and Department of Higher education and Training. 2013. *White Paper for PSET*.

<sup>108</sup> Statistics South Africa. 2017. Education Series Volume III: Educational Enrolment and Achievement, 2016, p. 53.

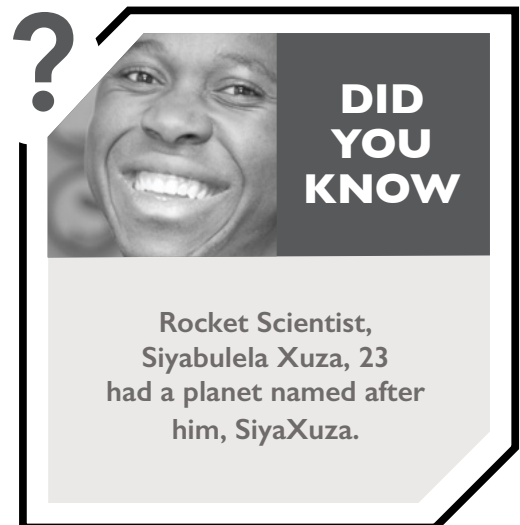
<sup>109</sup> [http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6\\_DHET%20Stats%20Report\\_04%20April%202018.pdf](http://www.dhet.gov.za/Research%20Coordination%20Monitoring%20and%20Evaluation/6_DHET%20Stats%20Report_04%20April%202018.pdf). p.12.

were significantly more men than women enrolled in levels N1 to N3, while substantially more women than men were enrolled in the higher N4 to N6 levels in 2016<sup>110</sup>. Proportionally, more males (76.9%) than females (23.1%) were registered in artisan learning programmes in 2016/17, an improvement from 2005 to 2009, when only 16.8% women were registered as artisans<sup>111</sup>.

The RDP proposed that technological capacity be expanded; that scientific advances be translated more effectively into technological applications; that technology be maintained and extended; and that university-based science be more responsive to the needs of the majority of our people. Since 1995 **enrolments in science, engineering and technology (SET) have increased** with an average annual growth rate of 4.3%. In 2017 there were 310 115 students enrolled in SET as opposed to 252 826 in Humanities.<sup>112</sup>

The welcome increase in the SET and the proportionate decline in humanities points to the need to revise curriculum such that elements of humanities are fused in the course work of SETs, so as to better prepare students for the demands of a modern economy and the 4IR. The arts should be firmly integrated into the national educational curricula to promote creativity and the rich and diverse expression of South African culture. This could also improve artistic and cultural expression as well as sport and recreation.

**The gross enrolment ratio** over the 20-year period from 1997 to 2016 at HEIs increased from 12.9% in 1997 to 18.5% in 2013, and has remained relatively steady around this ratio in 2014, then increased to 19.1% in 2016.<sup>113</sup> The stagnation in the participation rate is a sign of a system that is under capacity constraints, in infrastructure, funding and staffing. This presents a challenge in a knowledge-based economy, which requires more participants to fuel its growth. Notwithstanding the challenges, since 1996, attendance in post-secondary institutions per 100 000 population grew by close to 445.5% or at a rate of 22.3% annually.<sup>114</sup>



110 Statistics South Africa. 2019. Education Series Volume V: Higher Education and Skills in South Africa, 2017, p. 46.

111 JIPSA 2009 and DHET 2016.

112 Human Science Research Council, 1995-2001 Summary, 2003.

113 Department of Higher Education and Training Post-School Education and Training Monitor Macro Indicator Trends March 2019 (pg 50)

114 Statistics South Africa. 2017. Education Series Volume III: Educational Enrolment and Achievement, 2016, p. 9.

Many learners still get stuck in the education pipeline, with Grade 11 as a particular hurdle in grade progression, this requires remedial action.<sup>115</sup> The upper secondary (Grade 10 right up to Grade 12) completion rate by population aged 15 and older reveals that the Indian/Asian population group are more likely to complete some upper secondary qualification (61.2%) compared to whites (57.1%), Africans (55%) and coloureds (52.7%). Coloured people are thus less likely to complete this level of education compared to other population groups and were more likely to have fewer chances of being employable or furthering their studies.<sup>116</sup>

There are various reasons why learners do not proceed to post-school education including financial barriers.<sup>117</sup> There is a lack of information regarding post-school options, such as academic, technical, vocational and trade routes, especially at quintile 1 to 4 schools; limited places at universities and TVET colleges; and poor support systems. African rural students are not proceeding to university and reason include the fact that low quality basic education puts them at a disadvantage and they are more likely to dropout, only 12% of black students enrolled for a three-year degree graduated within three years.<sup>118</sup> Before the 2017 December announcement of free education for poor students in universities and TVET colleges, financial constrains exacerbated dropout rates. Most of the students who survive basic education and enter the university sector are the cream of students from poor families who have survived against incredible odds to reach university, yet the PSET system fails to support them.

Black school leavers from low quintile schools are significantly less likely to do first choice degrees, especially in SET. Women from low quintile schools were most likely to face unemployment, showing further challenges that graduates face, even if they have qualifications<sup>119</sup>.

Although access to educational opportunities is a human right, it is not sufficient to address poverty, because

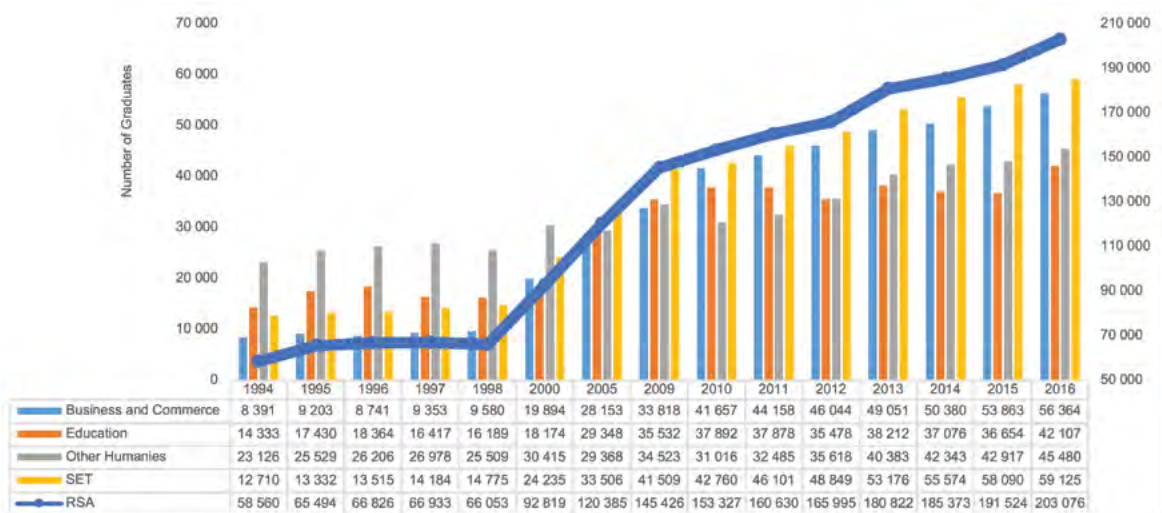
poor students have different abilities and capacities to cope with the opportunities, and they face socio-economic challenges that affect their learning experiences.<sup>120</sup> Opening access without support will not result in many more individuals with PSET qualifications.

While the throughput rates have improved to some degree and dropout rates have decreased at HELs, more students need to complete their degrees within the expected time. There also has been success in increasing access to the TVET sector; however, the efficiency with which qualifications are produced and the quality of qualifications are matters of concern.

In addition, the image of post-school institutions affects the choices students make for further studies. As highlighted earlier TVET colleges are viewed as being less prestigious than universities and are frequently associated with poorer and poorly performing students. The TVET sector qualifications are not fully embraced by the labour market and weak systems such as data systems resulting in certification backlogs have not improved the image. Despite attempts to make TVET colleges institutions of choice, it is mostly those students, who are not accepted by universities, who enrol at TVET colleges. This is likely to improve only once TVET college graduates are seen to access employment or self-employment and earn relatively good salaries.<sup>121</sup> This cannot take place without a concerted effort to improve the quality of qualifications and their relevance to industry and economic opportunities.

Similarly, Historically Advantaged Institutions (HAI) are able to attract students with higher matric averages compared with Historically Disadvantaged Institutions. Meanwhile, about 60% of the less advantaged students who enter university are unable to complete their studies, because they either fail, drop out or underperform. This is compounded by the fact that those who graduate from HDI are not easily employable due to perceptions of an inferior quality of education.<sup>122</sup> For instance, a comparison

115 Statistics South Africa. 2019. Education Series Volume V: Higher Education and Skills in South Africa, 2017, p. 32.  
 116 Statistics South Africa. 2017. Education Series Volume III: Educational Enrolment and Achievement, 2016, p. xiii.  
 117 Isdale, K. Reddy, V. Winnaar, L. and Zuze, T.L. (2018) *Exploring Youth Transitions: Five years of the South African Youth Panel Survey*. Pretoria: LMIP.  
 118 Department of Higher Education and Training. 2017. Statistics on Post-School Education and Training in South Africa.  
 119 Rogan, M. and Reynolds, J. 2016. Schooling Inequality, Higher Education and the Labour Market: Evidence from a Graduate Tracer Study in the Eastern Cape, South Africa. *Development Southern Africa*, 33(3), p. 343-360.  
 120 Reddy, V., Borat, H., Powell, M., Visser, M.M. and Arends, F. 2016. *Skills Supply and Demand in South Africa*. Labour Market Intelligence Partnership, p. 9.  
 121 Fisher, R. and Simmons, R. (2012) *Liberal conservatism, vocationalism and further education in England*. *Globalisation, Societies and Education*, 10(1), p. 31-51  
 122 Maringe, F. and Osman, R. (2016) Transforming the post-school sector in South Africa: Limits of a skills-driven agenda. *South African Journal of Higher Education*, Volume 30, number 5: p. 120-140. Online: <http://dx.doi.org/10.20853/30-5-616> [Accessed 6 February 2019].



**Figure 5.4:** Number of university graduates from 1994 to 2016.

Source: Department of Higher Education. The Higher Education and Training Management Information System.

Website: <https://webapps.dhet.gov.za>

A skills revolution is needed to reverse the fortunes of young people, but it cannot take place without changes in the structure of the economy.

for the latter.<sup>123</sup> Although accessing a post-school institution does not guarantee employment after completion of studies, the qualification attained as well as the specific post-school institution attended play a significant role in shaping success in any future career. The perceptions perpetuate class and race inequality. In this regard, there is a need to improve both the administration and performance of the HDIs to enable them to produce high quality qualifications and graduates who are respected in the labour market.

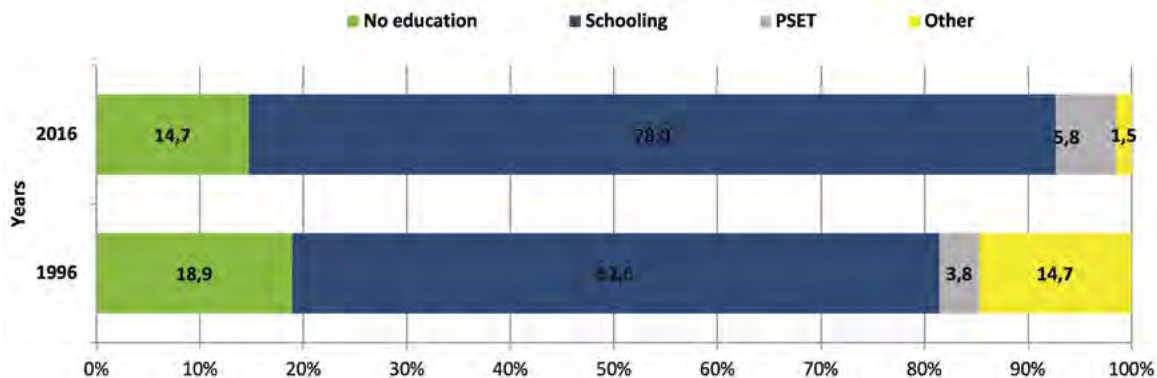
The **number of students graduating has been increasing** over the years. A total of 58 560 students graduated in 1994, increasing to 210 931 in 2017.<sup>124</sup> More females than males have graduated over the years. Overall, the system is starting to produce more graduates, indicating the successful application of policies as shown by **Figure 5.4**. Graduates in SET have also been increasing compared to humanities, with more females and African students also graduating in SET.

The NDP has set the target of increasing the completion rate at TVET colleges to 75% by 2030. The completion rate at TVET colleges from 2011 to 2016 has seen a marginal increase in completion rates from 60.2% to 62.2%, at this rate concerted

between Rhodes and Fort Hare graduates reveals an unemployment rate of 7% for the former and 20%

<sup>123</sup> Van Broekhuizen, H. Van der Berg, S. and Hofmeyr, H. (2017) Higher education access and outcomes for the 2008 national matric cohort. Available from: <http://www.lmip.org.za/document/higher-education-access-and-outcomes-2008-national-matric-cohort>

<sup>124</sup> DHET Post-School Education and Training Monitor Macro –Indicator Trends pg March 2019 pg 76



**Figure 5.5: Gross educational achievement rates in 1996 and 2016.**

Source: Statistics South Africa. 1996. Census; Statistics South Africa. 2001. Census; Statistics South Africa. 2011. Census; Statistics South Africa. 2016. Household Community Survey.

interventions are required to meet the NDP target. However, average completion rates at Community Colleges (37.6%) are very poor, just over one third of students complete their studies.<sup>125</sup>

This combined with the current (and low) 180 998 certificated learners implies the need to accelerate and consolidate the delivery of SETAs so that the needs of the 8.5 million NEETs are met. In a similar vein, completions in artisan learning programmes must also be greatly expanded, from 21 151 (2017).<sup>126</sup>

Overall, gross educational achievement rates improved in South Africa after 1996 (Figure 5.5). In 2016, the proportion of the population without any schooling stood at 14.7%, compared with 18.9% in 1996. About 78% had some schooling compared with 62.6%, 20 years earlier, while the proportion of those with post-school qualifications increased from about 3.8% in 1996 to about 5.8% in 2016. A total of 14.8 million Africans enrolled in education institutions in 2016, compared with 10.5 million in 1996.<sup>127</sup> Improved rates of educational achievement are crucial to meet NDP targets for greater employment.

Pro-poor policies to improve access to education have resulted in an increase in the **number of students receiving funding from the State**. The number of university students supported

Universities need to put more effort into supporting students to complete their qualifications within the required time.

<sup>125</sup> DHET Post- School Education and Training Monitor Macro –Indicator Trends pg March 2019 pg 76

<sup>126</sup> DHET Post- School Education and Training Monitor Macro –Indicator Trends pg March 2019 pg 76

<sup>127</sup> Government Communications Information Services. 2017. South Africa Yearbook 2016/17. Education. p.1.



increased from 40 002 in 1994 to 601 078 approved student grants by November 2018.<sup>128</sup> About 359 000 of those were first time entrants<sup>129</sup>, 12% of which were TVET applicants.<sup>130</sup> This number has been increasing over the years and is likely to increase going forward after the announcement of free education for poor students (New Bursary Scheme) aimed at students from families earning less than R350 000 annually, an outcome of the #FeesMustFall movement. The total number of TVET students supported through government has been trending upwards from 12 283 in 2007 to 225 557 in 2018.<sup>131</sup> The NSFAS's share of the State budget allocated to universities increased from 3.7% in 1997/98 to 27.9% (R14.9 billion) in 2018/19. These figures exclude NSFAS income from funds recovered from previous NSFAS beneficiaries and from private donors.

South Africa's state budget for universities, including funding for the NSFAS, as a percentage of GDP was 0.65% in 2004/05, which gradually increased to 0.85% in 2017/18, and further increased to 1.06% in 2018/19. In the 2017/2018 Medium Term Expenditure Framework (MTEF) budget cycle, a significant increase in funding for universities was secured after the #FeesMustFall protests and the release of the report in November 2017 of the Presidential Commission of Inquiry into the Feasibility of Making Higher Education and Training Fee-free in South Africa – the Heher Commission.

The SETAs were established to ensure there is partnership between the public and private sectors in skills development. They have not been able to fully carry out their mandate to radically expand available workplace training, especially for previously disadvantaged people, including blacks, women and people with disabilities. Some have had management challenges requiring DHET to take over their administration as a way of correcting poor administration.

According to the *Times Higher Education* (2017), eight of Africa's best universities are South African. Furthermore, two South African universities also featured among the top-10 universities in the Brazil,

Russia, India, China and South Africa (BRICS).<sup>132</sup>

Equity is still a critical issue for the system. The data shows that Indian and white students outperform their counterparts in all qualifications; three-year diplomas, three-year degrees and four-year (or more) degrees.

## PERSISTENT CHALLENGES

A key challenge of the PSET sector is to increase participation levels of African students at all institutions, at the same time decreasing dropout and improving throughput rate.

Employing a multidimensional approach is critical to **Reversing the 'inverted pyramid'** which characterises the sector. This implies improving relevance of TVET curricula and linkages with the economy, and changing stakeholder perceptions that TVET and apprenticeship education are a fall-back position.

The PSET system still needs to contend with an economic trajectory that requires a limited number of workers in capital-intensive industries and the financial sector. **An economy that prioritises high-level skills and displaces low-level skilled labour** means high unemployment in the midst of growth. This also begs the question, whether SA should choose an economic growth path suitable to the skills it has, and reskill people whilst they are in employment.

The transformation of the education system at all levels is still ongoing as the main requirement. highlighted in the *Education White Paper* are still applicable today.<sup>133</sup> The need to encourage **innovation and adaption in education** as set out in the *Education White Paper* is more relevant, than ever before, with the advent of the 4IR. An aligned NQF that provides flexible access to and articulation between programmes/qualifications remains a key requirement for the implementation of

128 NSFAS. 2018. Briefing to the Portfolio Committee on Higher Education and Training on 2018 disbursements & 2019 applications progress, 27 November 2018. Cape Town. Accessed 12 May 2019. <https://pmg.org.za/committee-meeting/27645/>

129 Department of Higher Education and Training. 2018. Statistics on Post-School Education and Training in South Africa 2016. p.iii.

130 NSFAS. 2018. Briefing to the Portfolio Committee on Higher Education and Training on 2018 disbursements & 2019 applications progress, 27 November 2018. Cape Town. Accessed 12 May 2019. <https://pmg.org.za/committee-meeting/27645/>

131 Department of Higher Education and Training. 2018. Statistics on Post-School Education and Training in South Africa 2016.

132 <https://www.timeshighereducation.com/world-university-rankings/2017/world-ranking#survey-answer>

133 Department of Education. 1997. Education White Paper 3 A Programme for Higher Education Transformation. Online available at: [www.gov.za](http://www.gov.za).

the 4IR. One of the key strategies towards ensuring South Africa's smooth transition into the 4IR is skills development with the aim of preparing the younger generation for jobs of the future.

The **PSET system is still inefficient**, with wastage on how qualifications are produced. The **low throughput and high dropout rates** show the system can enrol more students if wastage is reduced. While throughput has improved at university, only 22% of students completed their three-year degree within three years using the 2010 cohort, this is still very low. Only 39% had completed their degrees by the fourth year. By year six, only 56% of the students who registered in 2010, had completed their three-year degree.<sup>134</sup> This implies spaces in the university sector can be increased further if more students complete their degrees within the expected time. The low throughput is costly in terms of time and resources.

Universities need to put more effort into supporting students to complete their qualifications within the required time. The inequality is clearly shown when considering the dropout rate by race. The first-year dropout rate has decreased from the high of 42% in 2000, to 25% for African students enrolled in diploma studies, as shown by **Figure 5.6**. For African students registered for a three-year degree, 22% of them dropped out in the first year compared to 15% for whites in 2011. The determination which has seen these students battle all odds to make it to the first year, shows a hidden talent and resilience, which the country can ill afford to lose. Thus measures are required to ensure they succeed when they reach university.

The dropout in both university and TVET colleges reduces the potential of many young people to escape from poverty. The system needs to improve its efficiency in order to produce many more graduates.

More institutions are also required to meet the enrolment targets stipulated in the NDP. Challenges of high dropout rates at first year in universities and weak throughputs have to be dealt with, in the short term. Inefficiency is worse when analysing dropouts by gender.

There is also a class bias in accessing universities, with more students from fee-paying schools able to access university education compared to students from no-fee schools. Students in fee-

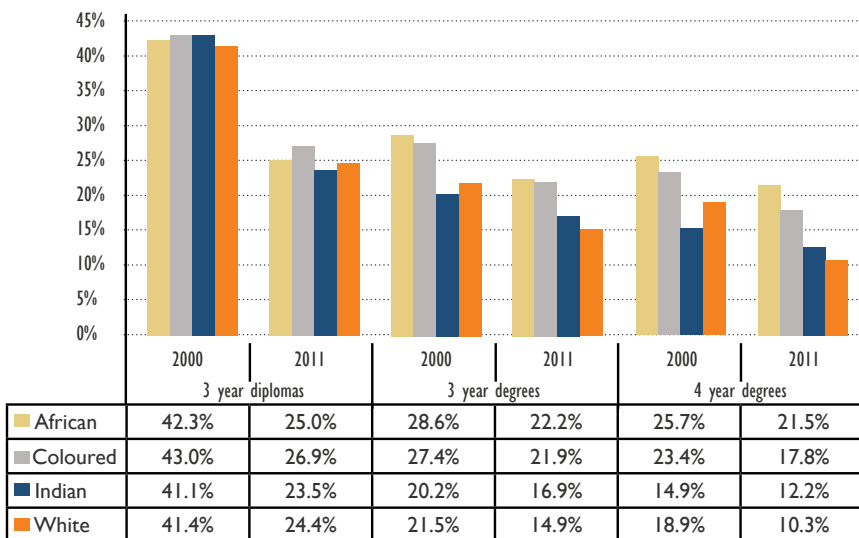
paying schools have a higher chance of proceeding to higher education compared to those from no-fee paying schools even if they pass well. In the South African context, class and race are largely intertwined. **Figure 5.7** shows the percentage of students per race group who pass matric and go on to obtain a Bachelors Degree. White students as a percentage of the race group makes up the highest percentage of students who obtain a Bachelors Degree. Key factors include affordability to pay for tertiary education, hence the higher percentage of white students obtaining Bachelors Degrees after matriculating, with around 25% of white students

obtaining a Bachelors Degree after matric, Indian/Asians are around 15% and Coloureds and Black Africans at around 5% of students obtaining a Bachelors Degree after matric. Notably the proportion of Africans matric graduates who go on to earn a bachelors has been in decline since 1990, and since 1983 for coloureds, whereas Indians/Asians and Whites have been on the rise since about 1983.

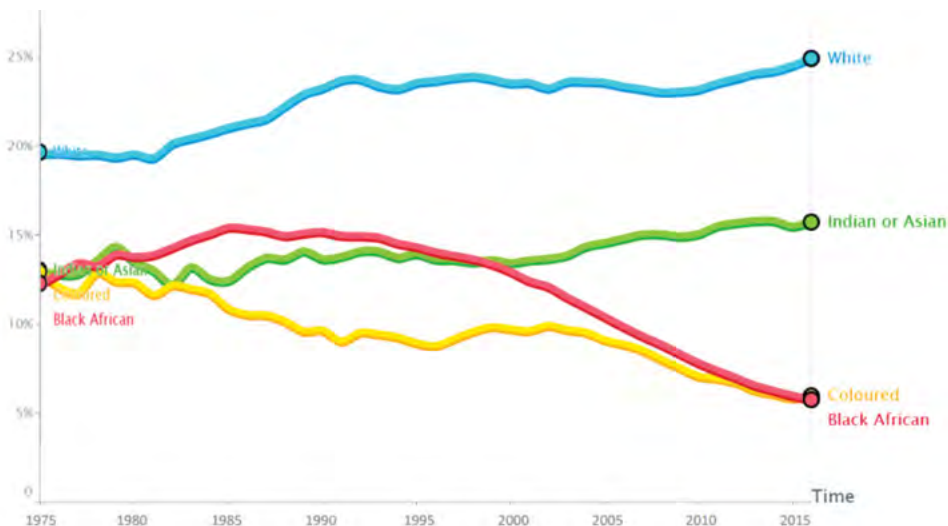
At the same time, the university sector needs to put in place programmes to help students from poor socio-economic backgrounds to succeed instead of waiting for the school system to improve. HIALs are

The TVET college sector needs to ensure that it becomes the option of choice for skills development by guaranteeing demand for its graduates and position itself to provide skills needed for the 4IR.

<sup>134</sup> Department of Higher Education and Training, 2000 to 2016 First time entering undergraduate cohort studies for public Higher Education Institutions, March 2019.



**Figure 5.6: Dropouts by race and qualification type from 2000 to 2011.**  
 Source: DHET Stats on Post School Education and Training



**Figure 5.7: Proportion of matric graduates who attain a bachelor degree**  
 Source: Stats SA through <https://www.southafricanmi.com/education-statistics.html>

able to attract students with higher averages making it difficult for the HDIs to compete with HAI in terms of performance of their students. This perpetuates the bimodal nature of the university sector.

While access has been increasing over the years, the education system has not been able to serve all young people. This is shown by the percentage of young persons aged 15-24 years who were NEET. These increased from 29.7% in Q4: 2017 to 31.1% in Quarter 4 of 2018.<sup>135</sup> Young people in the NEET category dropped out of either the basic or the post school education and training system. Consequently the system was unable to skill them sufficiently to allow them to be self-employed. The increasing number of NEET shows that existing policies and institutions are unable to cater for many young people who are in need of a skill to participate in the economy.

Currently, TVET colleges are not institutions of first preference and they need to work on their perceived low quality. Besides improving the curriculum and the quality of their lecturers they need to develop entrepreneurship in every student. The challenge is thus to create broad and equitable access to a full spectrum of post-school opportunities, encompassing higher education and innovation, TVET colleges, community colleges, and workplace training that empower the current and future workforce. Significant changes to the development

pathways is required in order to absorb especially the increasing number of young people that need to enter the world of work. The TVET college sector needs to ensure that it becomes the option of choice for skills development by guaranteeing demand for its graduates and position itself to provide skills needed for the 4IR.

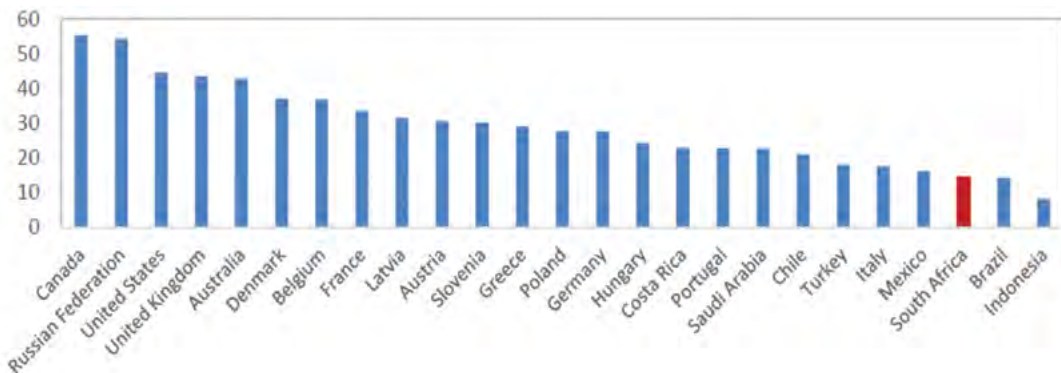
**Poor data systems** make it difficult to determine accurate throughput rates in especially the TVET and Community college sub-sector.

Some employers find it difficult to effectively use the **SETA grant**, because of poor work place training culture and planning and SETA bureaucracy.

Furthermore, although the **skills development institutional framework** is in place, SETAs find it difficult to provide training and labour market information to unemployed people about opportunities in their sector, or to support linkages between training for the unemployed and industry. There are too **few artisan programmes**, with low completion and throughput rates, as well as poor linkages with industry to provide practical experience for them to complete their artisan qualifications.

While access to post school education has increased over the years, **gross enrolment** is still low compared to countries South Africa is competing with economically (Figure 5.8). Further whilst close

135 Statistics South Africa. 2018. Quarterly Labour Force Survey: Quarter 4, p. 8.



**Figure 5.8:** Proportion of population aged between 25 and 64 years with tertiary education in 2015. Source: OECD. 2016. <https://data.oecd.org/eduatt/population-with-tertiary-education.htm>

to 50% of white students are enrolled in post school education, the rate for African students is 15%.<sup>136</sup>

**The transformation of the sector is not complete**, and effectiveness of its institutions is not where they should be. Not all institutions have successfully escaped their apartheid creation nor legacy. Not all of HDIs have been transformed to compete with their historically advantaged counterparts. In the short term, there is a need to improve these institutions administratively and the quality of their outputs. In the long term these institutions need to attract the best lecturers and be leaders in tackling regional economic challenges. Furthermore, the programmes and policies to address the challenges of transformation in institutions need to be implemented robustly in order to improve both access and success in institutions.

## INTERNATIONAL BENCHMARKS

With all the investment, in the PSET system, the country has not yet reached the stage of being able to compete with countries in the knowledge economy as shown in **Figure 5.8**. The country will not be in position to compete in the 4IR if limited individuals obtain post school qualifications. The country is at risk of being left behind if human capital is not rapidly developed. This will require creative means be utilised.

In employing creative ways, countries such as Morocco refocused their community colleges to tackle low literacy levels of adults. By 2017, the number of community education centres increased to around 200, spread across different provinces. An evaluation of the centres showed that they offer a wide variety of training opportunities, including literacy and post-literacy training, professional training (e.g. sewing, hairdressing) and workshops and meetings on awareness-raising topics. Additionally, many centres provide support for small economic projects and the establishment of cooperative early childhood care facilities to facilitate participation of mothers with young children.<sup>137</sup> This shows the important role that can be played by these institutions.

Countries such as Germany, Austria and Poland for an example have parallel structures for a dual system where there is a strong bridge between colleges and workplaces. In Germany, students spend some time in the colleges doing theory and the rest of the time at the workplace gaining actual workplace-based training. The retention rate of these students by businesses is 60%. In order to meet the target of training 30 000 artisans by 2030, South Africa must look at building strong working partnerships with employers and the labour market and re-establishing the link between TVET colleges and employers.

Kenya's vocational education highlights the importance of TVETs, focusing on improving the performance of regional economies. Colleges work with local communities to solve challenges that hinder their progress thus turning these into viable economies. The link between industry, community and institutions is strong. This therefore has the potential of making regional economies more viable and competitive through providing essential skills and research capacities. TVET institutions should focus on formal and informal economies as a way of reducing the NEET category through skills development.

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## DID YOU KNOW

**Reggie Walker was the youngest person, 19 years and 128 days, to win gold in the Olympics Men's 100m. He won it at the Summer Olympic Games hosted by London.**

<sup>136</sup> Post- School Education and Training Monitor Macro-Indicator Trends March 2019, pg 27

<sup>137</sup> Direction de la Lutte Contre l'Analphabétisme (2012[11]), UNESCO Institute for Lifelong Learning (2013[12]), and Avramovska, Hirsch and Schmidt-Behlau (2017[13]).

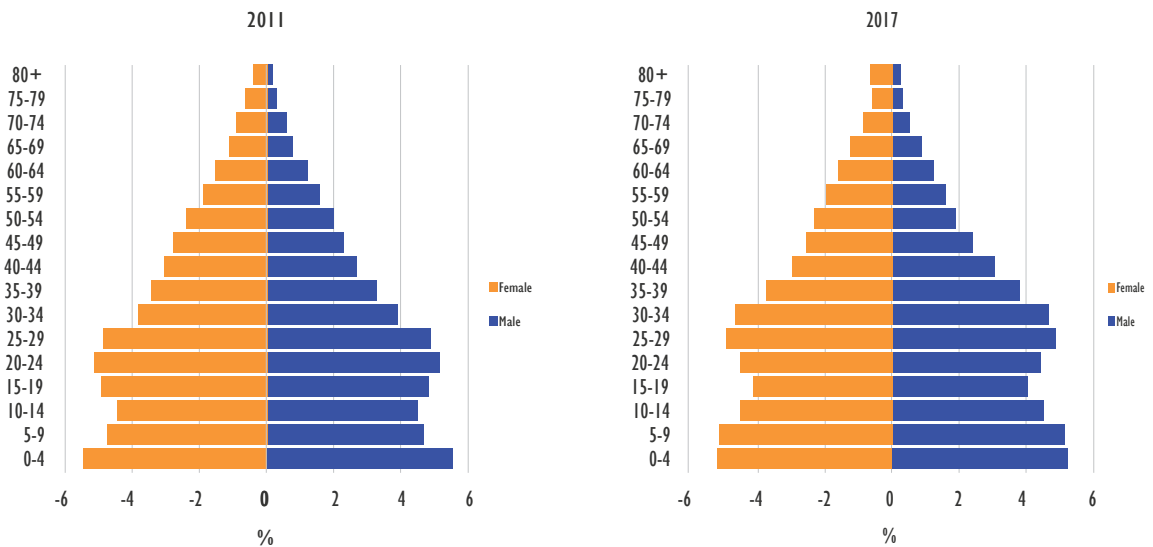


# RECOMMENDATIONS

- Improve the reading outcomes South Africa urgently needs a **Reading Revolution**.
- To **eliminate** the **digital divide**, all schools must have access to internet and free data.
- To **address dropout rate** after Grade 9, urgently introduce the Three Stream Model (academic, technical and vocational), which must be accompanied by the extension of compulsory education to grade 12 or an equivalent, so as to counter dropping out and improve retention.
- **Improvement** of the **educational curricula**, whilst also fostering and mainstreaming creative, artistic and cultural skills as well as knowledge.
- Improve the quality of **academic outcomes**, reduce drop, out and improve throughput rate across the PSET system.
- Complete the **Integrated Schools Infrastructure** Development Plan, so that schools meet the norms and standards.
- Urgent implementation of **compulsory two years of ECD**, with its transference to the DBE, provision of balance nutrition and massification of training of ECD educators.
- Improve cooperative governance and **labour relations** in education.
- Urgent development of a national **Skills Master Plan**.
- Lay a foundation for the creation of **future entrepreneurs** by equipping learners with entrepreneurial skills relevant to what the country is endowed with, for instance ocean economy, minerals, agricultural products, agro processing, cultural and artistic knowledge.
- Upgrade **agricultural colleges**, transfer to higher education, and link agricultural colleges with universities, community colleges and TVET colleges.
- Instil a culture of **self-reliance** in the learners through entrepreneurship skills and partnering of schools with the private sector.

## YOUTH DEVELOPMENT AND EMPOWERMENT

South Africa defines its youth as 15 to 35 year olds. This youth population has been increasing in absolute numbers, from 15 million in 1996 to 21 million by 2018. The proportion of young people has remained constant between 38% and 40% of the total population. **Figure 5.9** shows the age-sex structure of the South African population estimates in 2017 and compares it to the 2011 census' age-sex population structure.



**Figure 5.9:** Population of South Africa by age group and gender in percentages (2011 Census and Mid-year Population Estimates, 2017).

Source: Statistics South Africa. 2011. Census; Statistics South Africa. 2017. Mid-year Population Estimates.

To support a holistic, integrated and sustainable development of youth in South Africa, the government has since April 1994, initiated and developed several **legislation, policies, programmes and plans**.

The Constitution of the Republic of South Africa of 1996 entrenches the rights, responsibilities and principles, which all South Africans must uphold. It also lays the foundation for youth empowerment. Youth development has therefore advanced and was integrated across a range of policies, such as the – RDP (1994); Probation Services Act (1994); *White Paper for Social Welfare* (1997); National Youth Commission (NYC) Act, (Act 19 of 1996); NDP (2012); National Youth Policy (NYP) 2009-

2014 and the current NYP 2015-2020; African Youth Charter; NYDA Act, (Act 54 of 2008); NGP Framework (2010); Youth Employment Accord (2013); Employment Services Act (2014); National Youth Service (NYS) Framework (2017); Monitoring and Evaluation (M&E) Framework for the NYP (2018); and the Integrated Youth Development Strategy (2019). Youth development also finds expression in the provincial and local spheres of government.

The youth and development initiatives focus on **five strategic priority areas**: health and well-being; education, skills and second chance opportunities; economic participation and transformation; social cohesion and nation-building; and an effective and responsive youth development machinery.

There were several interventions aimed at improving the **health and well-being** of young people, including the promulgation of: (i) the 1996 Choice of Termination Pregnancy and (ii) the Prevention of and Treatment for Substance Abuse Act, 2008 (Act 70 of 2008). These were complemented by various policies including the (a) Integrated School Health Policy; (b) CSG; (c) the 'She Conquers Campaign'; (d) national campaigns such as 'Love Life' and 'Khomanani'; (e) the National Drug Master Plan (NDMP) 2013 – 2017; (f) the 'Ke Moja' (I'm fine without drugs) campaign; and (g) Thuthuzela Care Centres. National Adolescent and Youth Health Policy 2016-2020.

**Education, skills and second chances:** seeks to improve access to quality education whilst unlocking the potential of young people by building their capabilities. South Africa made gains in promoting access to education and training. From 1994 to 2016, the number of young people with post-school qualifications increased from 1.7 million to 3.6 million. Increased participation by historically disadvantaged youth groups in education at all levels was observed in the past 25 years, particularly in primary and lower secondary education.

Educational attainment shows more people passing Matric with bachelor pass, including in Mathematics and Sciences, coupled with financial support, mainly through no-fee schools and the NSFAS. More recently, as a result of the student and youth led #FeesMustFall movement, which demanded decolonised, free education be made freely available to all students, consequently, government made an announced a R57 billion allocation over the next three years (2018/19-2020/21). This will fund free education for students from poor or working-class families, with a combined income of up to R350 000. This should further increase enrolments at post school institutions, providing more young people with access to PSET opportunities.

The education system is a key and critical component of the youth labour market, thus the ongoing discussions on how to best and effectively prepare young people with the relevant skills, experience and linkages to social and economic opportunities.

The education and training reforms in the 25 years, especially in the PSET system sought to address this gap, with expansion of technical and vocational education. In relation to health, in the first decade of democracy, HIV prevention campaigns such as Khomanani and LoveLife, contributed to increasing youth awareness, with the programmes reaching at least 1.5 million young people annually.<sup>138</sup> The introduction and expansion of treatment from 2004, starting with prevention of mother to child transmission, has also seen a reduction in the number of AIDS-related deaths amongst young people over time.

However, it remains worrisome that HIV prevalence amongst young women is still four times that of young men. It is also concerning that young women between the ages of 15 and 24 years, in 2016, still accounted for 37% of new infections.<sup>139</sup> Reasons for this situation include GBV and intergenerational sex between young women and older men.

Other adolescent and youth development orientated and innovative programmes were also rolled out to promote mental, reproductive and sexual health awareness as well as well-being. These included the health sector's B-wise mobisite which was launched in 2017, which is a social media platform that provides young people with information on several health issues.

The introduction of learnership as well as the acceleration of training initiatives and the revival of the artisanal programme further contributions to these expansions. Despite these reforms, dropout rates, particularly for Grade 9 and 10 learners, remains unacceptably high. Hence the calls for urgency in relation to the move towards a differentiated and massified three stream system (academic, vocational and technical).

The advent of the 4IR demands that young people be equipped with the necessary skills to cope with a changing world of work and opportunities. The digital inclusion of South Africa's youth is one of the success stories, with implementation of the Industrial Policy Action Plan (IPAP). The IPAP promoted digital growth and the creation of a 'digital' society, by creating an enabling

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Department of Planning, Monitoring and Evaluation. 2019. Youth Summary Report prepared for the 25 Year Review.

Avert. 2019. HIV and AIDS in South Africa, 18 January. Website: <https://www.avert.org/professionals/hiv-around-world/sub-saharan-africa/south-africa>.



and facilitating infrastructure, universal access to digital hardware and software whilst also encouraging digital innovation. It is expected that the National E-Strategy published in 2017 will build further on the successes of IPAP.

To ensure **Economic Participation and Transformation**, the central goal of the RDP was to create a strong, dynamic and balanced economy in order to address socio-economic imbalances, with a specific focus on youth.

Youth unemployment is one of the most persistent and seemingly intractable challenges in the post-apartheid South Africa. The 2019 first quarter Labour Force Survey shows that no matter the education attainment, youth are the most vulnerable in relation to unemployment, as shown by Figure 5.10.

such initiatives with the SETAs and the private sector playing a supportive role, especially as it relates to learnerships. The NYDA, which replaced both the UYF and the NYC, continues to play the funding and coordination role pertaining to youth development and empowerment matters.

From the inception of the EPWP in 2004 a total of 10.3 million work opportunities were created, to March 2019, of which 4.8 million were for young people.<sup>1</sup> Most EPWP opportunities for youth in KwaZulu-Natal and Eastern Cape were created through the Working for Water programme, whereas Gauteng and other provinces were largely infrastructure-based. Figure 5.11 illustrates EPWP opportunities created per province between 2013 and 2018.

After participation in the EPWP, tracer research with



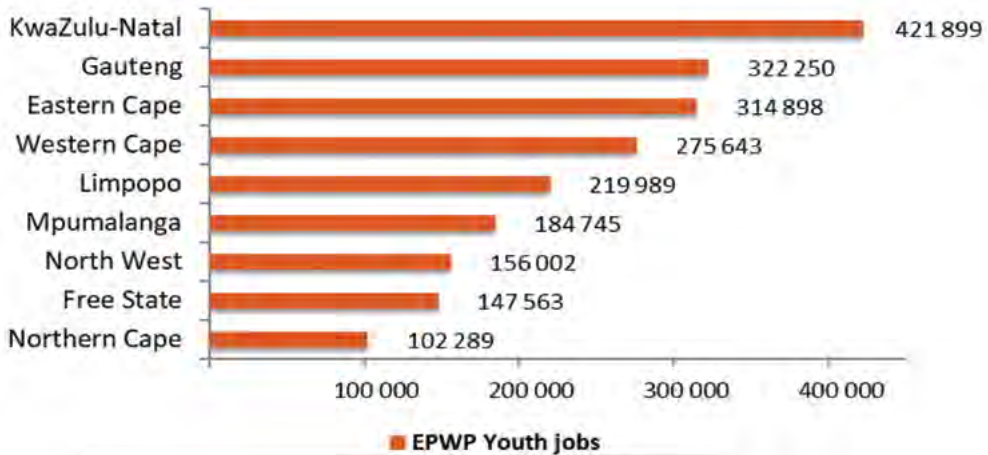
**Figure 5.10:** The Unemployment rate among the youth is higher irrespective of education level  
Source: Stats SA. 2019. Quarterly Labour Force Survey: Q1 2019

In order to address the youth unemployment challenge, government implemented several public employment programmes, which primarily targeted young people, including the Community Works Programme (CWP); EPWP; National Rural Youth Service Corps (NARYSEC); youth cooperatives and youth entrepreneurs skills training, learnerships and the YES. Initially, the UYF was at the forefront of promoting partnerships and funding such initiatives and the NYC coordinated government wide actions in all the spheres of governance. The creation of the Jobs Fund and ETI complemented

participants show that only 12.4% found permanent employment, 4.8% had set up their own businesses, and 47.8% found other temporary employment and a further 14% were in further education and training.<sup>2</sup> The Youth Employment Service (YES) set an annual target of 330,000 private sector work opportunities for young people, to provide them with a pathway into economic participation. In the first year of the programme (2018/2019) the YES programme recorded 4 600 work opportunities, in collaboration with 191 businesses signed up

<sup>1</sup> Department of Public Works. 2019. Report on the EPWP prepared for the 25 Year Review.

<sup>2</sup> Department of Public Works. 2019. Report on the EPWP prepared for the 25 Year Review.



**Figure 5.11:** EPWP opportunities created per province between 2013 and 2018.  
*Source - Economic Development Department, 2018*

Only 12.4% of EPWP participants found permanent employment, 4.8% had set up their own businesses, and 47.8% found other temporary employment and a further 14% were in further education and training

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To ensure **Economic Participation and Transformation**, the central goal of the RDP was to create a strong, dynamic and balanced economy in order to address socio-economic imbalances, with a specific focus on youth.

Youth unemployment is one of the most persistent and seemingly intractable challenges in the post-apartheid South Africa. The 2019 first quarter Labour Force Survey shows that no matter the education attainment, youth are the most vulnerable in relation to unemployment, as shown by **Figure 5.10**.

In order to address the youth unemployment challenge, government implemented several public employment programmes, which primarily targeted

young people, including the Community Works Programme (CWP); EPWP; National Rural Youth Service Corps (NARYSEC); youth cooperatives and youth entrepreneurs skills training, learnerships and the YES. Initially, the UYF was at the forefront of promoting partnerships and funding such initiatives and the NYC coordinated government wide actions in all the spheres of governance. The creation of the Jobs Fund and ETI complemented such initiatives with the SETAs and the private sector playing a supportive role, especially as it relates to learnerships. The NYDA, which replaced both the UYF and the NYC, continues to play the funding and coordination role pertaining to youth development and empowerment matters.

From the inception of the EPWP in 2004 a total of 10.3 million work opportunities were created, to March 2019, of which 4.8 million were for young people.<sup>140</sup> Most EPWP opportunities for youth in KwaZulu-Natal and Eastern Cape were created

140 Department of Public Works. 2019. Report on the EPWP prepared for the 25 Year Review.

through the Working for Water programme, whereas Gauteng and other provinces were largely infrastructure-based. Figure 5.11 illustrates EPWP opportunities created per province between 2013 and 2018.

After participation in the EPWP, tracer research with participants show that only 12.4% found permanent employment, 4.8% had set up their own businesses, and 47.8% found other temporary employment and a further 14% were in further education and training.<sup>141</sup> The Youth Employment Service (YES) set an annual target of 330,000 private sector work opportunities for young people, to provide them with a pathway into economic participation. In the first year of the programme (2018/2019) the YES programme recorded 4 600 work opportunities, in collaboration with 191 businesses signed up with the programme.<sup>142</sup> The scheme provides quality, one-year work experience, that comes with training (both technical and life skills), to equip the young person to succeed. The initiative is complemented by the Employment Tax Incentive (ETI), which has supported 645 973 youth job opportunities between January 2014 and March 2015.<sup>143</sup>

A critical component of youth empowerment is access to business opportunities and the accumulation of assets by which they can direct their own development. There has been some increase in youth owned businesses, from 595 000 in 2015 to 641 000 in 2016.<sup>144</sup> Overall, youth owned businesses, have increased by 7.7%, with Gauteng accounting for approximately a quarter (26%) of all youth businesses in South Africa. Pertinent growth on age distribution of small businesses is also notable in the 20-24 (15.9%) and 30-34 (7.6%) age groups. In relation to asset accumulation, statistics show that only 11% of all land distributed benefited young people.<sup>145</sup>

To meet the **Social Cohesion and Nation-Building** objectives amongst young people, government implemented the NYS Programme in partnership with the civil-society organisations.

The aim of the programme is to instil a culture of service, inculcate patriotic citizenship, and promote civic education. The programme also promotes employment and reskilling of unemployed youth. Between 2016/17 and 2018/19, the NYS programme under the auspices of the NYDA reached more than 127 000 young people<sup>146</sup>. This was complemented by the distribution of workbooks and booklets on the Bill of Responsibility; African Union and South African Flags; and national symbols in schools.

There has been increase in voter registration across all youth age groups in the municipal elections held between 2006 and 2016, as well as the general elections held between 2009 and 2014.

— Youth unemployment is structural, endemic and has a myriad of root causes such as low economic growth; low aggregate demand for labour; and a skills mismatch amongst others. —

141 Department of Public Works. 2019. Report on the EPWP prepared for the 25 Year Review.

142 Business Report. 2019. YES initiative outlines plans for 2019, 16 January. Website: <https://www.iol.co.za/business-report/economy/yes-initiative-outlines-plans-for-2019-18825603>.

143 National Treasury. 2016. Employment Tax Incentive Descriptive Report, p. 2.

144 National Youth Development Agency. 2018

145 Department of Rural Development and Land Reform. Annual Reports 1996-2017

146 Department of Planning, Monitoring and Evaluation. 2019. Youth Summary Report prepared for the 25 Year Review.

# SOUTH AFRICAN YOUTH DEVELOPMENT MACHINERY (2019)

## CIVIL SOCIETY

## GOVERNMENT

**SOUTH AFRICAN YOUTH COUNCIL**  
 (an overarching national federation of youth organisations, represents the sector NEDLAC community constituency, and South African youth in the continental Pan African Youth Union and UN ECOSOC)

**PRESIDENTIAL YOUTH WORKING GROUP (ADVISORY)**

**NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA)**  
 The successor of the National Youth Commission (1994-2007) and the Umsobumvu Youth Fund (1998-2007), its mandate derives from the National Youth Development Agency Act (No. 54 of 2008). NYDA is based in the Office of the President.

**SOUTH AFRICAN UNION OF STUDENTS**  
 Elected by SRCs from universities

**YOUTH FOCAL POINTS IN PREMIERS OFFICES AND DEPARTMENTS**

**FAITH-BASED YOUTH ORGANISATIONS**

**YOUTH NGOS, CBOS AND CLUBS**

**NYDA FULL SERVICE BRANCHES**

**E Cape:** Port Elizabeth, East London  
**Free State:** Bloemfontein  
**W Cape:** Cape Town  
**KZN:** Durban, Empangeni, Newcastle.

**Gauteng:** Johannesburg, Soweto, Tswane  
**N Cape:** Kimberley  
**Mpumalanga:** Nelspruit  
**Secunda Limpopo:** Polokwane, Thulamela  
**North West:** Rustenburg

**YOUTH DEVELOPMENT WORKERS**

**STUDENT ORGANISATIONS**

**YOUTH FOCAL POINTS IN SOME MAYORAL OFFICES**

**POLITICAL PARTY YOUTH WINGS/ LEAGUES**

**NYDA DISTRICT CENTRES**

**Sedibeng (Boipatong), Ekurhuleni (Boksburg), OR Tambo (Mthatha), Sarah Baartman (Kirkwood), Xhariep (Trompsburg), Lejweleputswa**

**YOUTH NETWORKS**

**YOUTH AND STUDENT MEDIA: RADIO, ONLINE, MAGAZINES**

**Uthukela (Ladysmith), Fezile Dabi (Tweeling), Umkhanyakude (Mbazwana), Thusong Centre, Sekhukhune (Groblersdal), Mopani (Tzaneen)**

**Thabazimbi, Ngaka Modiri (Molema Mahikeng), Dr. Ruth Segomotsi Mompati (Vryburg) John Taolo Gaetsewe (Kuruman), Eden (George), Central**

## PERSISTENT CHALLENGES

The growing phenomena of young people who are **NEET** constitutes a national crisis, which current interventions are not adequately addressing at the scale required. Although there are specific dysfunctionalities of the youth labour market which these initiatives address (skills development and second chance opportunities, experience, job-search capabilities and networks, labour market information), the major problem of NEETs is the South African economy that does not create enough jobs and economic opportunities to deal with the army of already unemployed, nor absorb new entrants into the labour markets.

There were approximately 10.3 million persons aged 15–24 years in the first quarter of 2019. Between the fourth quarter of 2018 and the first quarter of 2019, the percentage of young persons aged 15–24 years who were NEET increased by 2.1 percentage points to 33,2% (3,4 million). Of the 20.3 million young people aged 15–34 years, 40.7% were NEET – an increase by 1,8 percentage points compared to the fourth quarter of 2018.<sup>147</sup>

The high NEET rate means that millions of young South Africans are excluded from participating in economic activity. As a result, they suffer disproportionately from unemployment, discouragement, economic marginalisation and the inability to gain appropriate skills or experience needed to drive the economy forward. This lack and mismatch of skills in the economy has long-term adverse effects on the economy.

According to ILO data on unemployment, South Africa falls in the bottom of 10 countries in the world.<sup>148</sup> In South Africa one in every three young people in the labour force is jobless. Youth unemployment is structural, endemic and has a myriad of root causes such as low economic growth; low aggregate demand for labour; and a skills mismatch, amongst others. Although there were interventions such as public employment and work readiness programmes aimed at addressing youth unemployment, their impact has been extremely poor. For example, a target of one million (for a three-year period) was set for NYS, but it

only reached around 127 000 young people in three years. In the Public Service, between 2000 and 2018, there has been a recorded decline in the number of youth employed in government, illustrating the worrying factor of the “greying” public service, at both national and provincial levels. The implication is lack of succession planning for the Public Service.

Even though entrepreneurship is put forward as a solution to unemployment, the **Total Early-Stage Entrepreneurial Activity (TEA)** rate from the latest Global Entrepreneurship Monitor report on South Africa reported significantly lower figures than the average for Africa (which is 2.4 times higher than South Africa) amongst young people aged between 18 and 24 years.<sup>149</sup> This is also well below the average for efficiency driven economies, which at 12% is almost double the South African figure. There is a correlation between education level and the level of TEA – with 67,4% TEA rate for those who have completed secondary education and beyond, while the level of TEA for those without education is at 4,4%.

Although small businesses form the backbone of most economies, South Africa’s youth participation in entrepreneurship is relatively low, with township youth not responding to the full potential of business opportunities in their own communities. For instance in Delft, Cape Town, young people reportedly own 4 out of 10 hair salons and barbers. About 70% of the youth-owned salons and barbers are young foreign entrepreneurs. Some of the reasons underpinning low rate of entrepreneurship include difficulties in raising capital and poor access to markets. Since entrepreneurship education is not compulsory component of the school curriculum, young South Africans seem not adequately prepared to become entrepreneurs.

Young people make up a significant portion of **discouraged work-seekers**, with working age black youth forming the largest proportion. Young women are more likely to be discouraged than their male counterparts. The trend of casualisation of labour also create uncertainties, as many young people are employed on a temporary basis. In most cases, casualisation also means lower salaries and lack of employee benefits such as pension and

<sup>147</sup> Statistics South Africa. 2019. Quarterly Labour Force Survey: Quarter 1, presentation.

<sup>148</sup> <https://geopoliticalfutures.com/wp-content/uploads/2018/08/south-africa-youth-unemployment.png>

<sup>149</sup> Global Entrepreneurship Monitor. 2017. South Africa Report 2016/17: Can Small Businesses Survive South Africa? p.8.

medical aid. It is also important to highlight the manner in which South Africa's spatial realities gives rise to a mismatch between the location of South Africa's young work-seekers and existing jobs.

**Migration** is another challenge and statistics show inter-provincial migration of youth aged between 15 to 29 to Gauteng from mostly rural provinces; with KwaZulu-Natal and Western Cape also experiencing relative increases in their youth populations. The search for better economic opportunities, jobs and a better life are some of the factors that attract young internal migrants. The impact of internal migration patterns include brain drain in the province of origin; challenges to secure accommodation, loss of skills and educational investments, inadequate service planning and congestion in the receiving provinces, and lack of jobs for many youths who end up falling into the urban poverty trap due to lack of social support system. Stats SA's Community Survey 2016 showed that 97 460 South Africans had moved abroad since 2006, mostly between the ages of 25 and 44.

On **education, skills and second chances**, it is worth noting that, the major contributor to intergenerational poverty, inequality and unemployment amongst the youth in South Africa is low levels of education attainment and skills development. In this regard, statistics show a decline in the proportion of learners reaching Grade 11 and 12. This suggests high dropout or early movement out of the schooling system. Official government statistics show that dropout rates of learners increased from Grade 9 upwards, reaching almost 12% in both grades 10 and 11.

It is evident that if young people are healthy and productive, they can come up with innovative solutions that will contribute to the development and economic growth of the country. Diverse data sources point to the fact that the rate of **teenage pregnancies** is on the rise. The South Africa Demographic and Health Survey (SADHS) of 2016 published by Stats SA in 2017, found that 16% of women aged 15-19 in South Africa had begun childbearing, amongst whom 12% had already given birth and 3% were pregnant with their first child at the time of the survey.<sup>150</sup>



**DID YOU KNOW**

Michelle Nkamankeng (born 2008) is a South African novelist the youngest author in South Africa, at age 7 and Africa and also by being in the top 10 of the world's youngest authors

<sup>150</sup> Statistics South Africa. 2016. South Africa Demographic and Health Survey: Key Indicator Report, p. 12.

The routine District Health Information System used by the health sector found that 13.8% of deliveries that occurred in public sector facilities in 2018/19 were of girls and young women aged 10-19 years. These trends occurred despite the country's target of reducing teenage pregnancy to less than 5% by 2019. Predominantly rural provinces namely, KwaZulu-Natal (18.3%); Eastern Cape (16.9%) and Mpumalanga (15.4%), with higher levels of socio-economic deprivation, experienced the highest rates of teenage pregnancy. The South Africa Demographic and Health Survey 2016 found that 18% of women had an unmet family planning need.

In 2016, the **South African National Youth Risk Behaviour Survey** found that 15% of pupils admitted to using over-the-counter drugs to get high and 11.5% of pupils had tried at least one drug, such as heroin, mandrax, sugars or tik.<sup>151</sup> There is a general growth in the abuse of dependency creating substances, namely: drugs, alcohol and tobacco amongst young people, with alcohol being the most abused substance in South Africa. Substance abuse not only poses risks to the individual's health, but also to society more generally. It puts young people's health at risk and may result in social ill-effects such as violence and family disintegration.

The prevalence of substance abuse is made worse by insufficient treatment facilities, with only seven (7) public treatment centres found in the country. There is also poor implementation of the Prevention of and Treatment for Substance Abuse Act of 2008, particularly regarding the provision to curb the problem of unregistered substance abuse treatment facilities. It is difficult to quantify the impact of the interventions, because there is general lack of monitoring and evaluation.

**Youth violence** (physical fighting, gangsters, sexually coercive behaviour, road accidents and violence against women) is therefore rising to unacceptable levels. Furthermore, there are reportedly new and emerging challenges which are on the rise such as obesity; increased crime levels; increase in cyber bullying and exploitation by online perpetrators with increased online activity by young people; high rate of mental health illnesses such as depression; and high suicidal behaviour.

With regard to **Social Cohesion and Nation-Building**, research suggests that the lack of social connectedness and social cohesion (i.e. "bonding" social capital) among South Africa's young people negatively impacts on work readiness. Of concern is the shrinking interest in voting, and low registration levels and voter turn-out among young South Africans, between the ages of 18 to 34 years in both municipal and general elections. In addition, many young people still display cynicism towards mainstream politics and disbelief in national leaders' willingness to listen to their voices. There is worryingly poor social integration and participation in sport, with available information showing youth participation in civic matters to be lower than the other age groups.

— Youth should enjoy representation in decision-making structures such as Parliament, Cabinet and boards of directors of companies. —



# RECOMMENDATIONS

- Improve coordination and implementation of youth development and empowerment ensuring that all government departments, spheres and agencies institutionalise and mainstream youth development through youth responsive planning, budgeting, monitoring and evaluation, and reporting.
- Encourage more young people into the agricultural colleges and sciences and make available land to those interested in farming and agro-processing, with requisite support programmes such as twinning and mentorships.
- Ensure that the public (EPWP, NYS, etc) and the private sector (YES; ETI) meet the annual targets of at least 30% youth participation for massification and impact on youth unemployment.
- Strengthen the National Youth Service by directly linking it to the South African National Defence Force (SANDF), for purposes of skills development, social cohesion and nation-building.
- SETAs from their budgets must provide second chance opportunities for those with a matric, through funding of training and placement in employment.
- Align post-education and training curricula with the needs of the economy and country, based on a national Master Skills Plan to improve quality and increase its relevance to the labour market and entrepreneurship.
- Align the curriculum TVET, CET and Agricultural colleges to offer more occupational programmes in line with, the Continental Strategies.
- Provide training for a cadre of young people by the private sector and post-school institutions on the 4IR such as reverse engineering of smart cars; 3D printing; artificial intelligence; robotics; autonomous vehicle; nanotechnology; biotechnology; the internet of things; quantum computing; virtual network of choice; virtual broadcasting services; visual media and networking. Whilst also strengthen multi-disciplinary education in basic and post school sector as well as providing multiple exit points in the education system.
- Strengthen and intensify psycho-social support in communities and education institutions with special support for families to address youth problems such as depression and substance abuse. This must be complemented by a greater recognition of youth work as a profession and employment of professional youth workers in large numbers across sectors as peer counsellors, ambassadors for climate change, managers of youth clubs in communities, and sport coaches amongst others.
- Facilitate meaningful youth participation and awareness in sport, recreation, arts and culture, so as to build strong civic competence and social cohesion.
- Support information and placement of young South Africans in multilateral such as the AU Youth Volunteer programme, the UN Volunteer programme, and other similar mechanisms within the BRICS and G20, so that they realise their potential as part of the global economy. The participants to be linked to exit opportunities upon return.
- Youth should enjoy representation in decision-making structures such as Parliament, Cabinet and boards of directors of companies.
- Research and innovation should be supported, including providing youth with local and international bursaries/ scholarships in scarce skills areas and supporting production and commercialisation of innovative indigenous products and processes.



CHAPTER 6

# Better Quality Health for All



**T**he RDP of 1994 embodied a vision of developing a unified National Health System towards a better-quality

**health for all in South Africa, drawing in both the public and private sectors, using a Primary Health Care (PHC) approach functioning at national, provincial, district and community levels. This was to be achieved through rationalising, amalgamating and restructuring the previously fragmented administrations for health. To enhance access to PHC services, the RDP called for free healthcare for children under the age of six, all homeless children and for pregnant and lactating women. This was to be complemented by the implementation of an extensive clinic building and upgrading programme in rural areas and informal settlements.**

To reduce malnutrition, the RDP required the development of a comprehensive and integrated nutrition programme, including a primary school feeding programme to benefit learners, as well as a nutrition surveillance programme. To improve maternal and child health outcomes, it directed that a maternal health and child health programme be developed and implemented. More information and education was to be given to the public and school children with regard to sexually transmitted diseases and HIV and AIDS; and an improved TB programme was required. Overall, the RDP placed emphasis on consultation with, and improving the participation and capacity of citizens and empowering the institutions of civil society.

Other key policies and legislation included the Free PHC Policy of 1996, the *White Paper on the Transformation of the Health System of 1997*, the National Health Act, (Act 61 of 2003) and the *Green*

*Paper and White Paper on National Health Insurance (NHI)* in 2011 and 2017, respectively. The NHI provides a policy framework to ensure universal access healthcare for all South Africans irrespective of their ability to pay.

Consistent with the RDP, government developed and implemented the Comprehensive HIV and AIDS Care, Management and Treatment (CCMT) Operational Plan, which outlined the country's response to HIV and AIDS and TB, including the provision of treatment. Civil-society organisations have highlighted the important role that South Africa has played in the last 25 years in the global struggle to ensure access to medicines for all, as well as for its principled voice at the WHO and World Trade Organisation (WTO) in relation to access to medicines.

## PROGRESS OVER THE 25 YEARS OF DEMOCRACY

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In many respects, the health status of South Africans has improved over the past 25 years, as a result of key interventions aimed at strengthening the health system, and government-wide programmes to address social determinants of health, including the provision of housing, clean water and appropriate sanitation. These have included the expansion of ARV treatment as well as interventions directed at eradicating poverty and inequality. Average life expectancy at birth declined over the first decade of democracy, largely due to the devastating impact of the HIV and AIDS epidemic, reaching a low of 54 years in 2005. Since then, however, it has improved steadily, reaching 64.6 years in 2019.<sup>152</sup> This is reflected in **figure 6.1**.

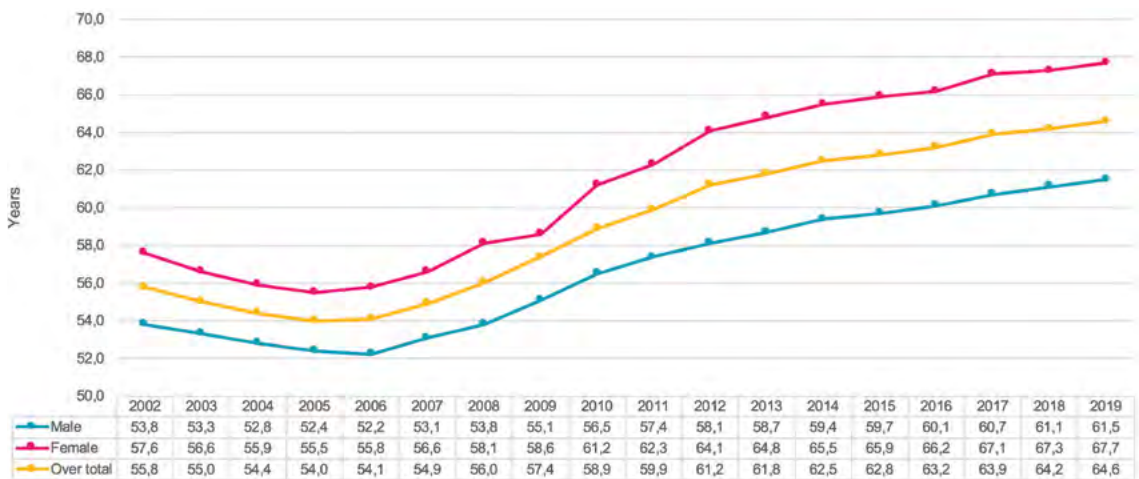
The numbers of persons living with HIV receiving Antiretroviral Therapy (ART) in the public health sector grew exponentially from 45 500 in 2004 to over 3 389 000 million people in 2015<sup>153</sup> as shown in **figure 6.2**. The total number subsequently increased to over 4.7 million people receiving ART in 2019. In 2015, almost half (48.6%) of all HIV-positive individuals were receiving ART, more than double

152 Government Gazette. White Paper on the Reconstruction and Development Programme

153 Johnson, L.F., Dorrington, R.E. and Moolla, H., 2017. Progress Towards the 2020 Targets for HIV Diagnosis and Antiretroviral Treatment in South Africa. *Southern African journal of HIV medicine*, 18(1).

the proportion covered in 2010<sup>154</sup>. ART coverage in South Africa has benefitted women who particularly carried the brunt of the HIV epidemic<sup>155</sup>. In 2015, ART coverage was substantially higher in women at 52% of all HIV-positive individuals compared to men at 43.2%. ART coverage in children was 47.4% in 2015. Of the patients who were on treatment in 2015, a total of 2 134 000 were women, 1 081 000 were men and 174 000 were children less than 15 years of age, see figure 6.2. Of the 4,744,368 people living with HIV who accessed ART in the public health sector in 2019, a total of 3,138,460 (or 66,1%) were women and 1,449,354 (30,5%) were men. Children constituted 156,554 (or 3,3%) of the total people on ART.<sup>156</sup>

Maternal health outcomes in South Africa have improved consistently during the second decade of democracy, following a period of fluctuation in the first. **Maternal mortality ratio** in South Africa worsened steadily from the rate of 150 per 100,000 reported by the South Africa Demographic and Health Survey in 1998<sup>157</sup> and deteriorated to 302 per 100,000 in 2009 as estimated by Dorrington et.al, 2014.<sup>158</sup> This was largely due to the impact of HIV/AIDS, particularly when South Africa's response did not include the provision of antiretroviral therapy. However, as shown in figure 6.3, diverse empirical sources converge around the fact that maternal health subsequently improved.



**Figure 6.1: Life expectancy at birth for South Africans, 2002-2019.**

Source: Adapted from StatsSA, Mid-year population estimates, 2019

Category and variable	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>By sex/age</b>												
Men	17 700	34 900	63 000	113 000	178 000	265 000	383 000	533 000	681 000	837 000	969 000	1 081 000
Women	24 400	59 200	117 000	218 000	350 000	522 000	745 000	1 044 000	1 349 000	1 651 000	1 908 000	2 134 000
Children (<15)	3400	9100	18 000	35 000	55 000	82 000	110 000	140 000	160 000	173 000	177 000	174 000

**Figure 6.2: Number of patients on antiretroviral treatment, South Africa, 2004-2015**

Source: Johnson L,F, Dorrington R, E, and Moolla, H. 2017. Progress Towards the 2020 Targets for HIV Diagnosis and Antiretroviral Treatment in South Africa. Southern African Journal of HIV Medicine, 18(1).

154 *Ibid.*

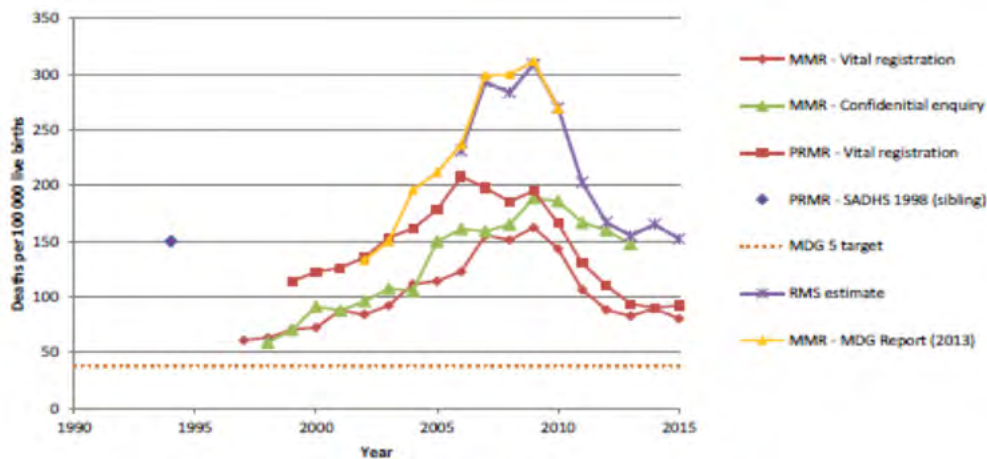
155 *Ibid.*

156 National Department of Health, TIER.net data, 23 September 2019

157 Medical Research Council (MRC) and Demographic and Health Surveys Macro International Inc. 1998. South Africa Demographic and Health Survey.

158 Dorrington, R.E., Bradshaw, D., Laubscher, R. and Nannan, N. 2014.

Rapid mortality surveillance report 2013. Cape Town: South African Medical Research Council. *Health and Related Indicators.*



**Figure 6.3:** Estimate of MMR from various sources, 1995-2016

Source: Dorrington, R.E., Bradshaw, D., Laubscher, R. and Nannan, N.A.D.I.N.E. 2014. Rapid mortality surveillance report 2012. Cape Town: South African Medical Research Council.

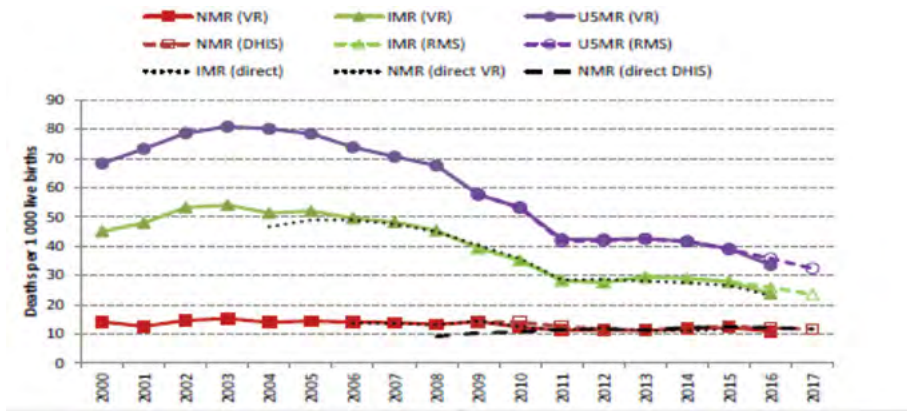
As a result of various health sector interventions maternal health subsequently improved.

The National Committee of Confidential Enquiry into Maternal Deaths (NCCEMD) established in 1997 to investigate and report on the causes of maternal deaths and provide recommendations for improvement has proved very effective in providing focus for interventions. The NCCEMD Triennial reports reflect that Institutional MMR declined from 176.22 deaths per 100 000 live births in the 2008-2010 triennium<sup>159</sup> to 138 in the 2014-2016 triennium.<sup>160</sup> The Medical Research Council's (MRC) Rapid Mortality Surveillance Reports reflect that the Maternal Mortality Ratio has improved from a peak of 302 per 100,000 in 2009<sup>161</sup> to 134 per 100,000 in 2016<sup>162</sup>. The internationally comparable MMR estimates produced by the Maternal Mortality Estimation Inter-Agency Group (MMEIG) WHO, UNICEF, UNFPA, World Bank Group and the United

Nations Population Division, reflect South Africa's MMR as 119 per 100,000 live births in 2017<sup>163</sup>, which is a further milestone. These significant improvements have resulted from interventions to combat the impact of HIV and AIDS on pregnant women and mothers and the enhancement of the quality of maternal health services. This is reflected by a drop in the cause-specific MMR from non-pregnancy related infections and from obstetric haemorrhage. What remains a concern are the provincial differences in the patterns of MMR, reflecting geographic variations in the distribution of health benefits.

The **health of South African children has improved**. The South Africa Demographic and Health Survey (SADHS) of 1998 estimated the

159 National Committee for Confidential Enquiries into Maternal Deaths, Fifth Triennial Report on Confidential Enquiries into Maternal Deaths in South Africa, 2008-2019 Short Report  
 160 National Committee for the Confidential Enquiries into Maternal Deaths: Saving Mothers 2014-2016: Seventh triennial report on confidential enquiries into maternal deaths in South Africa: Short Report  
 161 Dorrington RE, Bradshaw D, Laubscher R, Nannan N (2015). Rapid mortality surveillance report 2014. Cape Town: South African Medical Research Council.  
 162 Dorrington RE, Bradshaw D, Laubscher R, Nannan N (2019). Rapid mortality surveillance report 2017. Cape Town: South African Medical Research Council.  
 163 Maternal Mortality Estimation Inter-Agency Group (MMEIG) WHO, UNICEF, UNFPA, World Bank Group and the United Nations Population Division, 2019



**Figure 6.4:** U5MR and IMR from VR/RMS and neonatal mortality rate (NMR) from VR/DHIS, 2000-2017.

Source: Dorrington RE, Bradshaw D, Laubscher R, Nannan N (2019). Rapid mortality surveillance report 2017. Cape Town: South African Medical Research Council.

country's Infant Mortality Rate (IMR) at 45 per 1000 live births and under-5 mortality (U5MR) at 59 per 1000 live births.<sup>164</sup> The subsequent SADHS conducted in 2003 reported consistent figures, with IMR estimated at 43 per 1000 live births and under-5 mortality rate at 58 per 1000 live births. The SADHS was not conducted again until 2016. The SADHS 2016 reported the country's IMR as 35 per 1000 live births, and U5MR at 42 per 1000 live births<sup>165</sup>. Both these figures show a decline from the estimates reported in the 1998 SADHS. The MRC's Rapid Mortality Surveillance System as reflected in figure 6.4, shows improvements, particularly in the last decade of democracy. It indicates that the country's IMR has decreased from 39 per 1000 live births in 2009 to 32 per 1000 live births in 2017, while U5MR has declined from 56 per 1000 live births in 2009 to 32 per 1000 live births in 2017.<sup>166 167</sup>

**Treatment outcomes for TB have improved**, with the TB smear positive client treatment success rate reaching 84.4% in 2017, from a low base of 54% in 2000. The proportion of people defaulting on their TB treatment decreased from 9% in 2006 to 6.5% in 2017.<sup>168</sup>

**Access to PHC services for all South Africans, measured in terms of visits per annum, increased** from some 67 million in 1998 to close to 120 million annually by March 2019.<sup>169</sup> The proportion of households who reported using public sector clinics increased from 44.7% in 2004 to 71.5% in 2018.<sup>170</sup>

**To ensure the consistent availability of adequately trained**, appropriately qualified and competent healthcare providers, government policies included mandatory community service for medical doctors, which later was applied to other categories of healthcare providers, together with the provision of various rural and scarce skills allowances and other pay-related incentives. In an effort to increase human resource provision for the public sector, South Africa has entered into agreements with countries such as Cuba, Tunisia and Iran whereby medical practitioners from these countries are placed in the country, particularly in rural and under-served areas.

Moreover, since 1996, the South Africa-Cuba cooperation in the health sector has resulted in 634 South African doctors being trained in Cuba. In 2018, some 2 666 students were in various years of medical

164 Medical Research Council (MRC) and Demographic and Health Surveys Macro International Inc. 1998. South Africa Demographic and Health Survey.  
 165 Statistics South Africa (2017): South Africa Demographic and Health Survey 2016: Key Indicator Report, Statistics South Africa  
 166 Dorrington, R.E., Bradshaw, DE., Laubscher, R. and Nannan, N (2015): Rapid mortality surveillance report 2014. Cape Town: South African Medical Research Council.  
 167 Dorrington, R.E., Bradshaw, DE., Laubscher, R. and Nannan, N (2019): Rapid mortality surveillance report 2017. Cape Town: South African Medical Research Council.  
 168 National DoH (2018): Progress on the implementation of the actions and targets of the revised Medium Term Strategic Framework (MTSF) 2014 to 2019  
 169 National DoH (2019): District Health Information Systems (DHIS)  
 170 Statistics South Africa. 2019. General Household Survey 2018

PERCENTAGE %

百分比



KEYS  
NOV-12  
MAY-12

PHYSICAL ENVIRONMENT AND SAFETY

COMMUNICATION

LEGAL



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studies in Cuba and 700 Cuban-trained South Africans returned home to complete their final years of training. The total numbers of five key categories of healthcare providers (nurses, pharmacists, dentists, doctors and medical specialists) in the public sector increased, although not to the required levels, from an estimated 114 765 in 1996<sup>1</sup> to about 128 963 in 2016<sup>2</sup>. While the absolute numbers of most categories of healthcare providers in South Africa have increased, large proportions of these work in the private sector.

South Africa has become a world leader in **ensuring access to safe and affordable medicines** for its citizens. In 1997, the Medicines and Related Substances Control Amendment Act was passed, aiming at reducing the costs of medicines and increasing their availability. In 2013, by leveraging economies of scale and market intelligence, the Department of Health saved approximately R1 billion on an ARV tender. Such savings are even more significant when one considers that South Africa is the largest pharmaceutical market for HIV and AIDS and TB and a fast-growing market for mental health, and imports of R22-billion worth of Active Pharmaceutical Ingredients. Another milestone has been the introduction of new HIV medicines including efavirenz-based fixed-dose combinations and dolutegravir-based fixed dose combinations.<sup>3</sup> The country is also at the forefront of pharmaceutical production, with NTP Radioisotopes, a state-owned company, being the second largest producer of medical isotopes used in the diagnosis and treatment of cancer.

The South African pharmaceutical market is forecast to grow at a CAGR of 6.6% ( $\pm 1.5\%$ ), reaching R54.1 billion by 2021. In line with the developmental state model, a state-owned pharmaceutical company (Ketlaphela Pharmaceutical SOC Ltd) has partnered with private companies to produce and supply pharmaceuticals addressing HIV and AIDS, TB, mental health diseases and diabetes.<sup>4</sup>

Existing evidence points to the fact that levels of **patient satisfaction** with public health sector services are improving. A Patient Experience of Care (PEC) survey conducted by an NGO, the Health Systems Trust in 2017, found that 76.5% of patients had a positive experience of care and 74.8% were satisfied with the services received in the facility.<sup>5</sup> Stats SA's 2018 GHS found that, overall, 80.3% of households that used public sector facilities were very satisfied or somewhat satisfied with service provided.<sup>6</sup>

## PERSISTENT CHALLENGES

Despite the RDP envisioning a **unified South African health system**, there are still large disparities between the public and private sectors. The private sector, with its concentration of resources and practitioners (and high prices), serves mainly the approximately 16% of the population with access to medical aid. The Health Market Inquiry (HMI), conducted under the auspices of the Competition Commission, unravelled the factors underlying the high costs of care in the private sector. The HMI found that the key problem underlying high and rising costs of care and medical scheme contributions were overcapacity and over-investment in technology, higher treatment volumes and expensive treatment methods, which were not justified by existing evidence.

Although **medical negligence claims**, which suggest compromised quality of care, are not restricted to the public sector, litigation and claims against the state have exploded in recent years to such an extent that they threaten to limit access to healthcare, as financial resources get diverted to medico-legal payments. National Treasury analysis reflected that these payments indicate a rapid upward trend from R265 million in 2012/13 to R1.2 billion in 2016/17. It is estimated that R80 billion worth of claims had been lodged by 2018. A medico-legal strategy has been adopted by the

1 Health Systems Trust and the Henry J. Kaiser Family Foundation (1996): South African Health Review 1996, Durban  
 2 Health Systems Trust (2017): South African Health Review 2016, Durban  
 3 Pelchem (2018): KET-PCM-MNG – 25-Year Review Ketlaphela Presidency, April 2019  
 4 Pelchem (2018): KET-PCM-MNG – 25-Year Review Ketlaphela Presidency, April 2019  
 5 Health System Trust. 2017. Assessing Patient Experiences of Care in Primary Health Care Facilities in South Africa.  
 6 Statistics South Africa (2019) : General Household Survey, 2018, Pretoria

health sector, which includes measures to address administrative, clinical and legal factors that contribute to this challenge. In 2018, President Cyril Ramaphosa issued a proclamation authorising the Special Investigating Unit (SIU) to investigate false medico-legal claims against the State.

Contrary to the spirit of the RDP, levels of community participation in healthcare has declined. A PEC Survey commissioned by the national Department of Health in 2017 found that out of the 168 clinics sampled, only 17.9% of facilities had functional clinical committees.<sup>1</sup> Weak accountability systems and government's lack of receptiveness to the advice of professional and civil-society organisations have resulted in tragedies such as the Life Esidimeni saga, where 144 mentally ill patients died due to neglect after being transferred by the Gauteng Department of Health to a number of unlicensed and ill-equipped NGOs.<sup>2</sup> A number of professional interest groups such as the South African Society of Psychiatrists and the South African Depression and Anxiety Group, including some family members of the mentally ill patients, had cautioned against such a move.

It is imperative that government always prioritises the wellbeing of the most vulnerable members of society, and protect their constitutional rights to access to healthcare. Furthermore, government should always provide space for and be receptive to inputs from civil society, interest groups and professional bodies in the country. At a Presidential Health Summit held in October 2018, with stakeholders from within and outside government, the public-health sector was seen to be in crisis. Various independent sources including the Office of Health Standards Compliance and the NCCEMD also point to limitations in the quality of care in the public health sector.

Empirical evidence from the Human Science's research Council (HSRC)'s South African National HIV Prevalence, Incidence, Behaviour and Communication Survey 2017 reflects that the total numbers of new HIV infections declined from 270 000 in 2016 to 231 000 in 2018. Although these figures remain high they indicate a 44% decrease in new HIV infections,

since 2012. In terms of gender, the largest decline (56%) in incidence was among females. Among males the incidence declined by 18%. Of great concern is the incidence amongst young females.

The total number of people living with HIV was estimated to be 7.97 million in 2019<sup>3</sup>. In promoting access to safe and affordable medicines, South Africa aims to provide 6 million citizens with the life-saving ARV treatment by 2020, a significant increase from the current 4.7 million. Despite South Africa's massive manufacturing capacity in other sectors, Active Pharmaceutical Ingredients (APIs) for ARV, which make up over 70% of the value, are not produced in South Africa, but are imported mainly from India. While it is cheaper to import the APIs, the country loses out on opportunities for job creation, training and development, balance of trade, re-industrialisation opportunities, and security of supply.

Levels of stunting due to malnutrition have increased, affecting 27% of children under five in 2016, as reflected in the South African Demographic and Health Survey 2016, whereas earlier, in 1999, this proportion had decreased to 21.6%.

1 Health System Trust. 2017. Assessing Patient Experiences of Care in Primary Health Care Facilities in South Africa.

2 Office of Health Standards Compliance. 2017. Final Report into the Circumstances Surrounding the Deaths of Mentally Ill Patients: Gauteng Province, 01 February. Website: <http://ohsc.org.za/final-report-into-the-circumstances-surrounding-the-deaths-of-mentally-ill-patients-gauteng-province/>.

3 StatsSA (2019): Midyear Population Estimates 2018, Pretoria





# RECOMMENDATIONS

- **Implement the NHI** to provide universal access to good quality health services for all South Africans.
- Design, publicise and implement a **National Framework for Quality Improvement** in the public sector.
- Strengthen and increase the capacity of the **Office of Health Standards Compliance**.
- Establish the **National Health Commission** to foster greater collaboration between departments such as Health; Basic Education; Social Development; Agriculture, Forestry and Fisheries; Rural Development and Land Reform, as well as between government, the private health sector and other social partners to address challenges that require intersectoral action, such as malnutrition, in its various manifestations, including stunting.
- **Fully digitise the Health information systems** and integrate ICT in the healthcare system by 2024.
- Expand and monitor the **multi-sectoral Health Sector Anti-Fraud Forum** interacting with the SIU.
- Rebuild, revive and strengthen structures for **community participation**, particularly hospital boards, clinic committees and ward health committees.
- Implement, monitor and report on the implementation of the health sector's three-pronged **medico-legal strategy** to avert adverse events that lead to medico-legal litigation, which consists of interventions to improve administration, quality of care and legal measures. Establish an independent body that will investigate adverse clinical events and publish recommendations annually, similar to the Committee on Confidential Maternal Deaths.
- Finalise and implement the **HR for Health Strategic Plan for 2019/20 - 2024/25**. The Plan must address labour workforce projections, skills mix and costing; education, training and development and continued learning; staffing levels, recruitment, deployment, distribution and migration; performance and accountability; achieving positive workplace and practice environments; conditions of employment and HR governance, leadership and management and HR information systems.
- Develop and implement strategies **to reduce the high rates of teenage HIV infections** and rising levels of teenage pregnancies, and improve social determinants of health and youth friendly health services. This should be jointly implemented by the health sector in collaboration with the departments of Social Development, Basic Education, Higher Education and Training.

## CHAPTER 7

# Economic Transformation



**In 1994 the democratic government inherited an apartheid economy in crisis, with GDP growth averaging 1.2% in the preceding decade, with real-term negative growth between 1990 and 1992.<sup>171</sup> At the end of 1993, the combined foreign debt totalled US\$25 billion of which US\$ 15 billion was the public component with the balance shared between the Reserve Bank and the private sector<sup>172</sup>. Borrowing continuously increased, with the IMF approving a US\$850 million loan, in December 1993, three months before the first democratic elections.<sup>173</sup>**

This changed the course of South Africa's history since the loan was agreed to under stringent conditions with "the Transitional Executive Committee [binding South Africa] to a neo-liberal, export-oriented economic policy and a 'redistribution through growth strategy.'<sup>174</sup> This was counter the initially stated objectives of securing growth through redistribution.

In 1993 the budget deficit was 7.3%, but with the Bantustans included, that deficit was 9.5%. Investment performance did not fare any better, with the total investment dropping from 27% of GDP in 1981 to 15% in 1993. Over the same period, investment in the public sector shrank from 12% to 4% of GDP, while private sector investment dropped by 5 percentage points to 10% of GDP<sup>175</sup>.

The fledgling democratic government was also confronted by the after effects of a severe drought in 1992, a global economic recession, domestic political strife and economic policy uncertainty, limited foreign exchange reserves (less than a week of import cover), a private sector creaking under high interest rates, inflation of about 15% and massive

outflows of capital. The country was also in the longest downward phase in the business cycle since 1945, which lasted from March 1989 to May 1993<sup>176</sup>.

Furthermore, globalisation created pressures to reform fiscal policy institutions and budgetary systems, and also for policy convergence, including deficit reduction, tax reform to broaden the tax base, and the restructuring of the public services and enterprises.

In general the apartheid policies created an environment that constrained economic growth, global competitiveness and shared prosperity. Owing to its isolation from the global markets through sanctions, the country used sanctions busting and illicit capital exports in order to procure goods that it could not produce locally,<sup>177</sup>

The exclusionary apartheid system denied the majority of South Africans opportunities to participate in the economy. The black majority in general and the Africans in particular were denied the rights to own land, run businesses, acquire skills, or to even permanently reside in productive economic centres.

The apartheid economy centred on an energy supply that was directed at supporting the minerals and mining sector, with 69% of the exports being minerals and mineral related products. Large conglomerates dominated most parts of the economy. Apart from the monopolies, the economy was also supported by parastatals, which were natural monopolies setup to further the strategic economic goals of the apartheid state, including sheltered employment, artisan and skills development for whites.

The combination of the oil crisis of the 70s, heavy investment in capital-intensive projects and economic isolation through sanctions precipitated an economic crisis for the next two decades, particularly in the 1980s.

171 The Presidency. 2014. Twenty Year Review, South Africa 1994-2014. p.84.

172 <https://www.pambazuka.org/governance/south-africa-apartheid-debt-and-reparations>

173 Prof Sampie Terreblanche; quoted in Mboweni T. 2004. The Foundation Has Been Laid, Speech by the Governor of the SA Reserve Bank, to the Black Management Forum, 18 June 2004. Quoting Prof Sampie Terreblanche of the University of Stellenbosch

174 *Ibid*

175 The Presidency. 2014. 20 Year Review. p. 84.

176 DPME. 2014. 20 Year Review Background Paper: Economy and Employment. p.15

177 The Presidency.2003. Towards a Ten Year Review of Democracy.

Additionally,  
only 25% of top  
management in the  
private sector are  
black

The overall effect was large scale unemployment, poverty and inequality which were characterised by a poorly educated workforce, high costs of doing business, and an erosion of the manufacturing base, amongst others.<sup>178</sup>

All these had a negative effect on growth and employment with the resultant rising public debt, which constrained investment in, and maintenance of, public infrastructure such as roads, rail, ports and power supply.

To deal with this legacy, the response of the democratic government over the twenty five year period was based on the economic imperatives of “*job creation, the elimination of poverty, the reduction of inequality and the overall growth of the wealth of the country.*”<sup>179</sup>

The persistence of the triple challenges of unemployment, poverty and inequality requires an honest account of economic progress and transformation, so that South Africa may heed the warning first raised in the ten year review “*that although great progress had been made, the dynamic of economic inclusion and exclusion posed a grave challenge and if allowed to persist could precipitate a vicious circle of decline in all spheres.*”

### **Policy Interventions since 1994 and Progress**

Over the years in order to address the triple challenges and matters related to redistribution, economic inclusion, and growth government adopted several macro level policies, which at times had specific targets. These included, at a macro level, the RDP in 1994, GEAR in 1996, AsgiSA in 2005, NGP in 2010, and the NDP in 2012. Broadly speaking the policies sought to fight poverty and inequality as well as create jobs through (1) transforming the ownership and control of the economy; and (2) better management of the economy using fiscal, monetary, and industrial policies.

### **Policies to Transform Ownership and Control of the Economy**

Government adopted the Black Economic Empowerment (BEE) Act in 2003 to effect changes in ownership and control of the economy so as to address the racial and gender inequalities in

<sup>178</sup> The Presidency. 2014. 20 Year Review. p.86

<sup>179</sup> The Presidency. 2003. Towards a Ten Year Review. p.32

the ownership and control of the economy. Based on the review of progress in the implementation of BEE, government reformulated the policy and broadened it to include aspects such as skills development and enterprise development, which led to Broad-Based BEE (B-BBEE). Government has developed and implemented a variety of policies and programmes to facilitate the empowerment of previously disadvantaged people, including the National Empowerment Fund (NEF) Act of 1998 and the BEE Act of 2003, followed by the phased release of the B-BBEE Codes of Good Practice. These were established with the specific mandate of supporting and facilitating the increased participation of black South Africans in the economy through the provision of financial and non-financial support.

In order to advance the objectives stated in sec 217 (2) of the Constitution to promote procurement for the affirmation and “*the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination*” including blacks, women, and persons with disabilities, the Preferential Procurement Policy Framework Act was passed in 2000, which were accompanied by regulations (2011 and 2017) and several treasury circulars. Through these government committed to support black, women, people with disability owned and managed businesses as well as small and medium enterprises. A commitment was made to set aside 30% products to be procured from these categories.

In addition, government adopted the Basic Conditions and Employment Equity Acts, which sought to advance affirmative action in the workplace, address skewed representation of historically disadvantaged people in the workplace, facilitate career paths and dismantle all forms of discrimination in the workplace. The state also established public labour-related institutions such as the Labour Courts, Collective Bargaining Forums, and the Commission for Conciliation, Mediation and Arbitration (CCMA) to sup-

port the implementation of the above-mentioned legislation.

Disaggregated data on transformation highlights that the transfer of asset-building wealth to Africans is still a challenge. The Broad-Based Black Economic Empowerment Commission’s (2018) research cited a decline in black ownership within JSE-listed companies from 33% in 2015 to 27% in 2017.<sup>180</sup> According to this report, black directorships increased by 113% between 2006 and 2016. However these constituted only 38% of the total demographic representation on boards by 2017.<sup>181</sup> These figures take into account both direct and indirect ownership. Direct black ownership constituted only 3%, in 2015.<sup>182</sup> Ownership by black females also declined from 11% to 9% during the same period.<sup>183</sup>

Additionally, only 25% of top management in the private sector are black and women still account for only 22% of top management across the public and private sectors.<sup>184</sup>

These findings are echoed in the World Bank’s report, which concludes that: “*overall, being white or South African Indian—for whom Apartheid legislation was less harsh—remains a strong predictor of wealth.*”<sup>185</sup> The World Inequality Report also concludes that “*since the end of the Apartheid in 1994, top-income shares have increased considerably. In spite of several reforms targeting the poorest and fighting the segregationist heritage, race is still a key determinant of differences in income levels, educational attainment, job opportunities and wealth.*”<sup>186</sup> Comparatively, South Africa remains the most unequal society in the world, with the wealth share of “*the top 10% received 2/3 of national income, while the top 1% received 20% of national income*” in 2014.<sup>187</sup>

180 B-BBEE Commission. 2018. National Status and Trends on Black Economic Empowerment Report, p.33. Available at: <https://bbbeecommission.co.za/wp-content/uploads/2018/08/National-Status-and-Trends-on-Black-Economic-Empowerment-Report-31-March-2018-FINAL.pdf> (Accessed 26 February 2019).

181 *Ibid.* p.38.

182 <https://africacheck.org/factsheets/guide-much-sas-stock-exchange-black-owned-know/>

183 B-BBEE Commission. 2018. National Status and Trends on Black Economic Empowerment Report, p.33. Available at: <https://bbbeecommission.co.za/wp-content/uploads/2018/08/National-Status-and-Trends-on-Black-Economic-Empowerment-Report-31-March-2018-FINAL.pdf> (Accessed 26 February 2019).

184 *Ibid.*

185 World Bank. 2018. Republic of South Africa Systematic Country Diagnostic An Incomplete Transition Overcoming the Legacy of Exclusion in South Africa, p.18. Available at: <http://documents.worldbank.org/curated/en/815401525706928690/pdf/WBG-South-Africa-Systematic-Country-Diagnostic-FINAL-for-board-SEC-PO-Edit-05032018.pdf> (Accessed 26 February 2019).

186 World Inequality Lab. 2018. World Inequality Report 2018. p.145. <https://wir2018.wid.world/files/download/wir2018-full-report-english.pdf>

187 *Ibid.*

Figure 7.1 shows the comparative income share of the top 10% earners between South Africa and other parts of the world.

Generally, over the 25 years there has been a very weak performance in key economic transformation areas, including management control, enterprise and supplier development, socio-economic development and skills development.<sup>188</sup>

Between 2016 and 2017, there was a general decline in black ownership in the economy (but for the transport sector, as shown by **figure 7.2**). Overall the finance, construction, transport and property sectors ranked highest in terms of black ownership (see sector transformation **figure 7.2**).

Affirmative action in the workplace was launched relatively early, through the Employment Equity Act of 1998. Slow progress is being made with employment equity in the private sector, while the public sector is becoming representative of the population.

There has been some changes in the racial composition of the workforce since 2001. In 2017 Africans constituted 14.3% of top management in contrast to 6% in 2001, Coloureds 5.1% in 2017 compared to 3% in 2001 and Indians 9.4% in 2017 compared to 4% in 2001.<sup>189</sup> The pace has been slow, particularly in the private sector, where whites constitute 71% of top management, whereas in the public sector blacks constitute 72.2%.<sup>190</sup> Whites continue to dominate top management across sectors with 67% in 2017, down from 87% in 2001. From a gender perspective males continue to dominate the top management structure representing 77.1% in 2017, down from 87% in 2001. In contrast women represented only 13% of top management in 2001 but still represent only 22.9% in 2017.

## Macroeconomic Policy Framework

### Fiscal Policy

To articulate the fiscal position of the RDP, government developed and adopted a fiscal framework summarised in the GEAR document. This framework sought to (1) reduce the overall budget deficit; (2) Avoid permanent increases in the tax burden; (3) Reduce consumption expenditure by general government relative to

GDP; and (4) Manage public debt relative to GDP at sustainable levels.

Government adopted a tighter fiscal stance in order to curb inflationary pressures and to reduce its borrowing requirement. This was intended to open the fiscal space for government to strengthen its contribution to gross domestic fixed investment.

Furthermore public service restructuring was proposed, which allowed for rationalisation and streamlining of government functions within the context of the new non-racial, non-sexist integrated public service. Reducing consumption expenditure by government entailed careful management of the public sector wage bill, right-sizing and downsizing certain parts of government. The budget-setting process was programmed through a medium-term expenditure model, which allowed for multi-year budgeting.

As a result, South Africa was able to finance key programmes such as the comprehensive social security package for the poor and the broad social wage. Consequently, “about 68 per cent of consolidated expenditure goes towards social commitments, including education, health, social grants and basic services.”<sup>191</sup>

The 2008-2009 global economic downturn dealt a major blow to South Africa’s fiscal trajectory. Since then the recovery has been slow and this is reflected in a visible deterioration in public finances. Revenue collection came under pressure as corporate profits dwindled, substantial job losses affected personal income tax payments and weaker household consumption expenditure had an adverse impact on VAT receipts.<sup>192</sup> Individual taxpayers continue to account for the largest share of tax receipts by government, as shown in **figure 7.3**. In this regard, government introduced various tax reforms that have resulted in income tax relief, particularly for individuals in the lower income brackets.

Overall tax revenue collection has improved since 1994 from a baseline of R113 billion, achieving a R1.3 trillion revenue collection target in 2018. The total number of people registered for tax increased significantly since 2009 and has levelled off in the 2017/18.

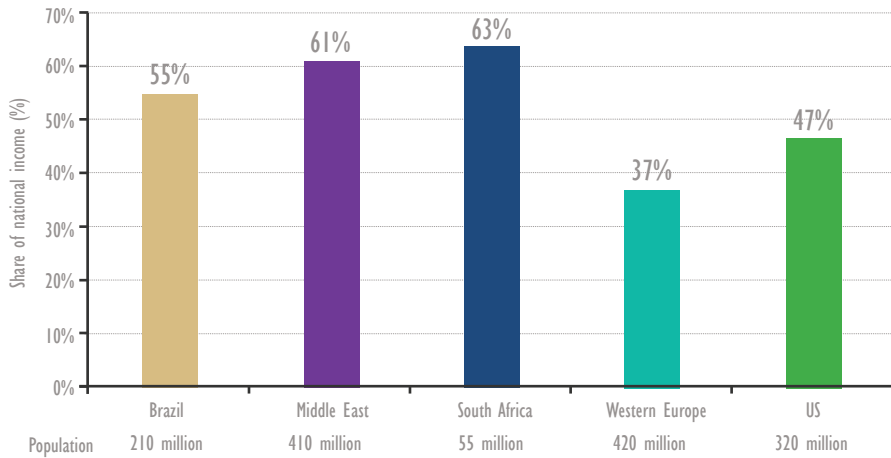
188 *Op Ibid.* p.33.

189 Commission for Employment Equity. 2018. 18<sup>th</sup> Annual Report 2017 – 2018. p.18.

190 *Ibid.* p.20.

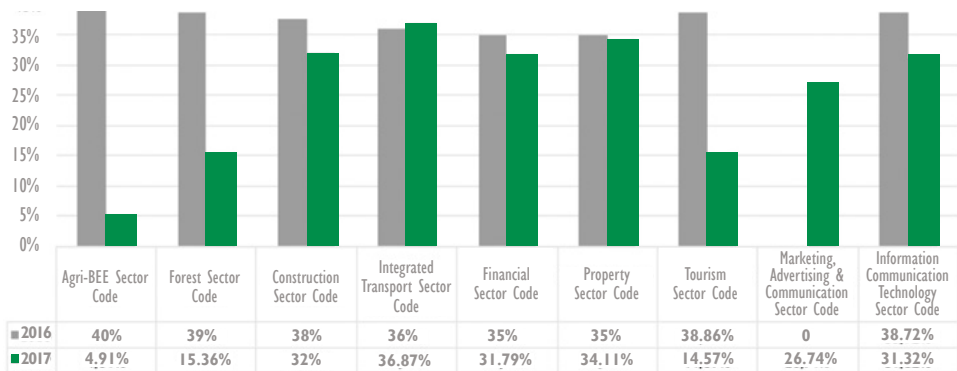
191 National Treasury. 2019. Budget Review 2019.

192 The Presidency. 2014. 20 Year Review. p.15



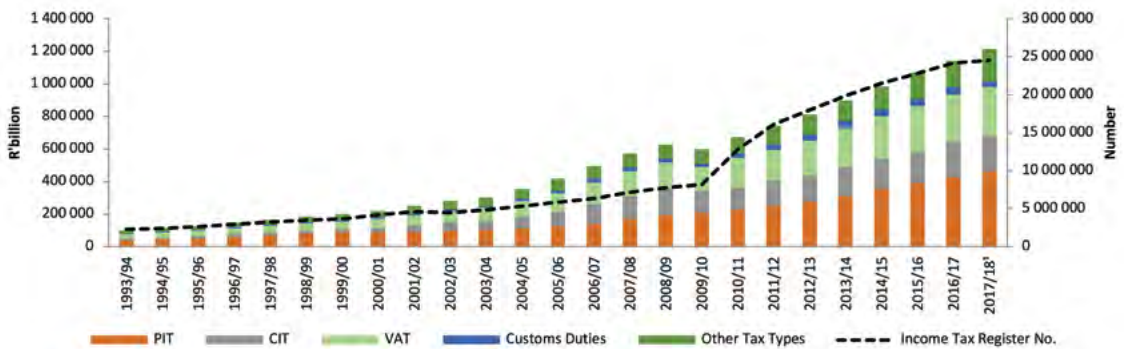
**Figure 7.1: Total share of income of the top 10% of earners in 2012-2016**

Source: Alvaredo, Asspoud and Piketty (2017)



**Figure 7.2: Sector transformation in different industries**

Source: B-BBEE Commission Report, 2018



**Figure 7.3: Tax Register and Revenue Collection 1993/94-2017/18**

Source: South African Revenue Services

Overall tax revenue collection has improved since 1994 from a baseline of R113 billion, reaching a R1.3 trillion revenue collection target in 2018.

However, during the 25 years company tax rates were dropped from 50% in 1990/1991 to almost 25% by 2014/2015, in anticipation of further investment and job creation<sup>193</sup>. Value Added Tax (VAT) exemptions were also provided to provide some relief to lower income earners. VAT, which was introduced in 1991 at 10% was raised to 14% in 1993, and recently to 15%, as shown in **figure 7.4**.

In 1994 South Africa's public debt as a percentage of GDP was 48.3%. This had been reduced to 22.4% by 2008. In the aftermath of the 2008 global economic crisis, government's debt as a percentage of GDP increased to 53%. In addition, borrowing requirements also increased, largely to accommodate a widening fiscal deficit as government revenue came under pressure, while the need for stimulatory action to revive economic activity became essential.

As **figure 7.5** shows, South Africa's ratio of public debt to GDP remains substantially lower than India and Brazil, and is projected to be slightly lower than China in 2020. Turkey and Argentina (which rank as high-income economies) are both currently facing debt crises; they have lower public debt relative to the GDP. However they have recorded a substantially higher private foreign debt than South Africa. South Africa's foreign debt is modest compared to other upper-middle-income economies, and much lower than Turkey, Brazil and Argentina, whose troubles

have fuelled global concerns about emerging markets. It has, however, risen fairly rapidly since 2011 in step with peer economies. **Figure 7.6** shows the country's budget deficit trend. The budget deficit has fallen only slightly from its peak at 5.3% of the GDP in 2013. The deficit climbed from just under 4% of the GDP in 2016/17 to 4.5% in 2017/18.

### Monetary Policy

The monetary policy framework is based on two pillars: maintenance of financial stability and the reduction of the inflation rate. Monetary policy also aimed to achieve positive real interest rates, in the hope that this would encourage savings and investment. Furthermore a path of gradual dismantling of foreign exchange controls and removal of control measures on the financial system (such as the dual currency system) were meant to attract long term foreign capital investments.

Monetary policy targeted at inflation reduction was also thought to contribute towards stabilizing the external value of the rand, because in the long-run, the alignment of domestic to foreign inflation rates of SA's trading partners was seen as essential to stabilizing the value of the currency.

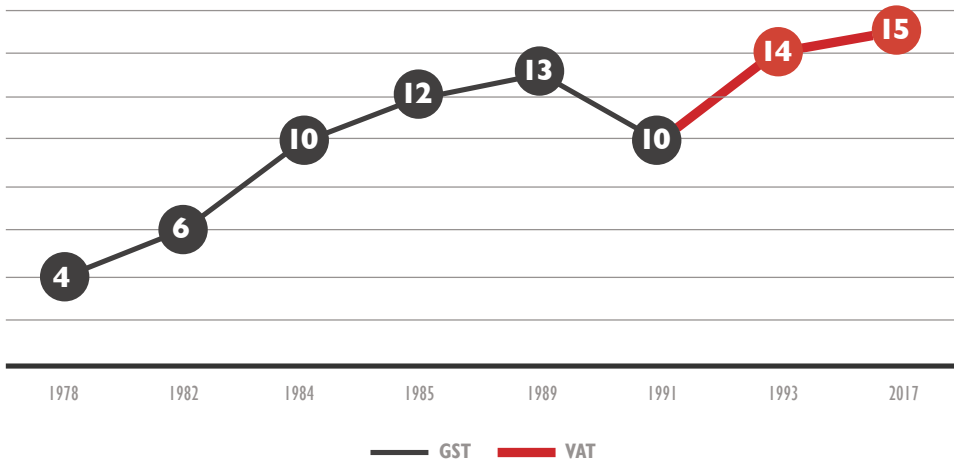
A monetary policy which aimed at inflation reduction was therefore the key instrument through which to manage the exchange rate, which was allowed to float. In 1999 government adopted inflation targeting as the overriding monetary policy framework, setting the inflation target band between 3% and 6%, as a guide for interest rate setting.

A low inflation environment was thought to promote macroeconomic stability, provide an environment for investment growth, an increase in credit supply to small businesses and increased home-ownership.

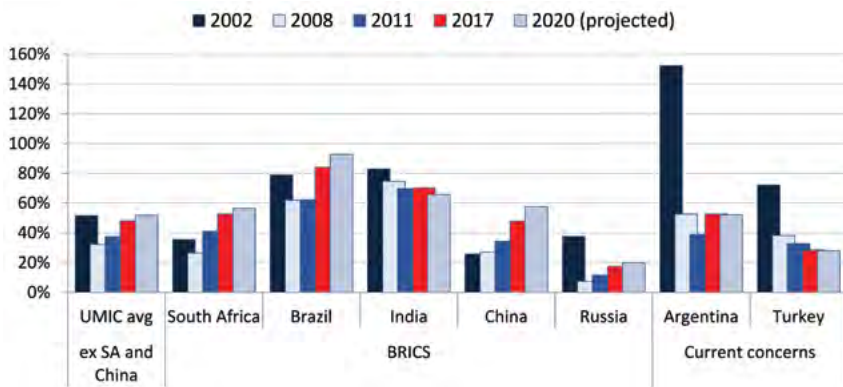
As shown by **figure 7.7** between 1994 and 1998 annual inflation rates exceeded 6%; and attempts by the Reserve Bank to defend the value of currency towards the end of the 1990s resulted in massive negative effects in terms of interest rates. The inflation targets of between 3% and 6% were met from 1999 to 2006, with exception of 2002. As the financial crisis set in during 2007/08 it resulted in a worldwide recession in 2009, commodity prices skyrocketed, with the oil price reaching a record high of almost US\$150 per barrel by mid-2008.

<sup>193</sup> *Ibid*, p.8.

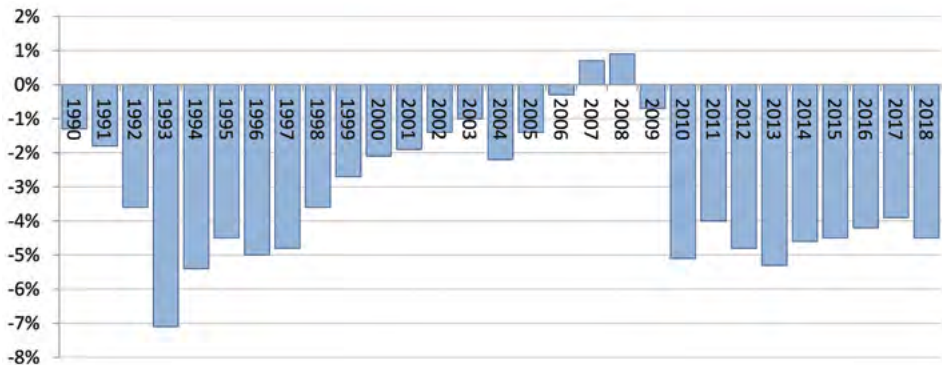




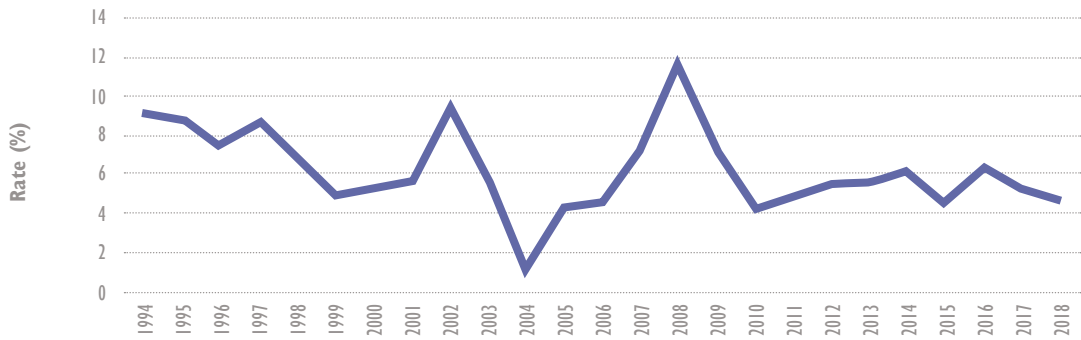
**Figure 7.4: GST/VAT**  
 Source: South African Revenue Services



**Figure 7.5: Public debt as a percentage of GDP, 2002, 2008, 2011, 2017 and projected for 2020**  
 Source: IMF, World Economic Outlook



**Figure 7.6: South Africa's budget deficit as a percentage of GDP, 1990-2018.**  
 Source: South African Reserve Bank



**Figure 7.7: Annual inflation rates, 1994-2018**

Source: Statistics South Africa, Consumer Price Index (CPI), January 2019

The higher oil price, along with a substantial depreciation of the rand and higher food and administered prices, put immense upward pressure on domestic inflation<sup>194</sup>.

Having reached a 20-year peak of 11% in 2008 consumer inflation declined in the subsequent years. It stabilised after 2008 “averaging about 5.5 % per year over the period 2009 to 2012”<sup>195</sup>. This trend continued between 2012 and 2015 as illustrated in figure 7.7. The overall average of increased inflation between 1994 and 2015 was 6.3%.<sup>196</sup> Although inflation has stabilised in recent years, a comprehensive assessment of our macroeconomic framework, in particular the policy on inflation targeting at a government level is yet to be conducted.

The failure of several government initiatives at addressing unemployment and promoting economic development since 1994 has led to a vigorous public debate over the appropriateness of various government policies, including inflation targeting. While inflation has stabilised over time in South Africa, there is little evidence to suggest that the anticipated outcomes such as employment creation have been achieved, since growth rates continue to be low and unemployment rates are persistently high.<sup>197</sup> The exclusive focus of inflation targeting on price

stability to the detriment of other macroeconomic imperatives has been raised sharply by various stakeholders, particularly the labour movement. It has been recommended that considerations be made for ‘employment-targeting’ as part of the monetary policy. This may include ensuring a competitive exchange rate which can be an integral part of the development of competitive non-traditional export industries, thus creating and defending jobs.

### Savings and Investment

High rates of saving and investment are critical ingredients for sustaining the accelerated rate of growth that is necessary for reducing the country’s high levels of unemployment and poverty. According to the SARB’s 2019 Quarterly Bulletin 291, South Africa’s national saving rate (gross saving as % of GDP) for 2018 was 14.4%, a decline from 16.3% in 2017, while household and government savings declined from 1.6% to 1.4% and 0.2% to 0%, respectively, during the same period. Saving is crucial for developing economies as they contribute to investment thereby contributing to the growth in the economy. As a result, the South African government through national treasury introduced Tax-Free Savings Accounts (TFSA) in 2016 to encourage individual savings.

<sup>194</sup> DPME. 2014. 20 Year Review Background Paper: Economy and Employment. p.17

<sup>195</sup> The Presidency. 2014. Twenty Year Review, South Africa 1994 – 2014. p.95.

<sup>196</sup> Department of Planning Monitoring and Evaluation. 2016. Development Indicators 2016. Available at: <https://www.dpme.gov.za/publications/Reports%20and%20Other%20Information%20Products/Development%20Indicators%202016.pdf> (Accessed 29 February 2019)

<sup>197</sup> Trade Industrial Policy Strategies (TIPS). 2015. Macroeconomic policy in times of slow growth and crisis.





**Figure 7.8: Total Gross Fixed Capital Formation (constant 2010 prices)**  
 Source: Data-SARB

According to the South African Reserve Bank, the ratio of gross fixed capital formation to GDP rose from 15.2% in 1994 to a peak of 23.1% in 2008, but had declined to 19.2% by 2012. On average, fixed-investment activity has been strong, having recorded an average annual growth of 6.2% per annum. The period between 2003 and 2008 witnessed a substantial acceleration in fixed-investment spending towards an average of 12.2% per annum (see figure 7.8). Real capital outlays by the electricity sector topped the rankings, with an average growth rate of 20.7% per annum, followed by the transport, storage and communication sector (10.9%)<sup>198</sup>.

The growth in fixed investment was underpinned by the multibillion rand public sector infrastructure rollout. State-owned enterprises (SOEs), particularly, Eskom and Transnet, have made a substantially higher contribution to overall fixed investment, as reflected by the rising share of public corporations to overall fixed investment, from 10 % in 2001 to almost 22 % by 2012, in real terms<sup>199</sup>.

As per figure 7.9, private business enterprises have been consistently propelling domestic investment in South Africa over the review period, ranging between a floor of R155.9 billion in 1994 and a ceiling of R409.1 billion per annum in 2014. Further, it contributed 68.8% to total domestic investment, on average. Since 2014, gross fixed capital formation

(GFCF) by the private business enterprises has been falling, from R405.8 billion in 2014 to R389 billion in 2017. This decline can be partly attributed to low business confidence levels, the investor strike, excess capacity and subdued demand.

### Industrial and Trade Policies

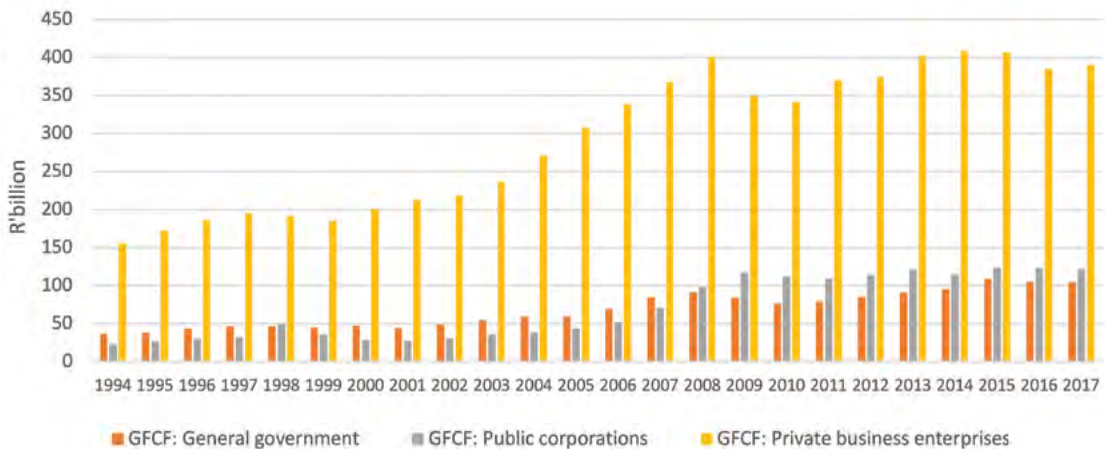
The central thrust of industrial and trade policy was the pursuit of employment creation and international competitiveness. Emphasis was on supply-side measures that were designed to lower unit costs and remove bottlenecks that existed upstream the value chains.

The state-initiatives included direct support through industrial incentives and grants, support for training of workers and local procurement of goods and services, as well as concessionary loans from development finance institutions (DFIs). Over the past 25 years, the Small Enterprise Finance Agency (SEFA) and the National Empowerment Fund (NEF) were set up and the Industrial Development Corporation (IDC) had its mandate enhanced to cover empowerment of designated groups.

Over the past 25 years, the IDC approved transactions for which it provided R212 billion in loan-funding, to support industries at the heart of the country's industrialization (such as steel

<sup>198</sup> DPME. 2014. Twenty Year Review Background Paper. Economy and Employment. p. 20

<sup>199</sup> DPME. 2014. Twenty Year Review Background Paper. Economy and Employment. p. 20



**Figure 7.9: Total Gross Fixed Capital Formation by Categories**

Source: Data-SARB

and infrastructure components), labour-intensive sectors (agro-processing and clothing/footwear) as well as new industries (such as the green economy, film-making and new technology ventures).

The focus on broad-based empowerment saw commitments for black-empowered companies equalling R97 billion. Some support was shown for youth and women-empowered enterprises too.

The impact of the loans on jobs was estimated by the IDC to be more than 500 000 jobs created or saved. Trade policies in particular, had to be aligned with GATT (General Agreement on Tariffs and Trade) and the WTO (World Trade Organisation) in order for South Africa to be reintegrated into the global economy, after decades of sanctions and isolation. At the same time, South Africa had to build trade relationships with neighbouring countries and the African continent in general.

Key interventions were: rationalization of the tariff structure; phasing down of tariffs; phasing out of export incentives; broadening access to concessional industrial finance to smaller enterprises through the IDC and other development finance institutions; Industrial Policy Action Plans (IPAP) which highlighted areas of focus over short terms (5-year periods); and rebalancing trade with the rest of the African continent.

The general thrust of trade policies was liberalization, to the detriment of localisation. The phasing down of tariffs encouraged imports, imposed competitive

pressure on domestic firms to be efficient, and marginally contributed towards inflation reduction.



## DID YOU KNOW

JSE

**The JSE is the oldest stock exchange on the continent following its establishment by Benjamin Minors Wollen on 8 November 1887, on Sauer and Commissioner Streets, as a result of the discovery of gold in 1886.**

Trade barriers have had a significant impact on the Country's balance of trade. Exports expanded between 1994 and 2008. As shown by figure 7.10 the country's exports in real terms have been on a long-term growth path since 1994. The total value of South African trade (exports plus imports) rose from R137 billion in 1994 to reach R2.2 trillion in 2017<sup>200</sup>. This is equivalent to an average of 13 per cent growth per year in rand values. In 2009 due to global financial crisis, the value of both imports and exports declined but the global trade in 2016 and 2017 benefitted South Africa's ailing economy. The domestic economy recorded a total trade surplus of R53 billion largely because of the improved global demand and recovery in commodity prices boosting mining exports by 23.5 per cent<sup>201</sup>.

Africa emerged as the fastest growing market for South Africa's trade, and most of such trade is in manufactured products. SADC appears to be the most significant trading bloc for South Africa for both exports and imports. The region alone accounts for more than 70 per cent of all South Africa's exports to Africa. Key markets in SADC are Botswana, Namibia (mainly due to SACU Agreement), Mozambique, Zambia and Zimbabwe. In an effort to rebalance trade with the rest of the African countries, South Africa has prioritised developmental trade with industrial and infrastructure development as a key lever to unlock the potential of African countries to benefit from trade and investment opportunities available in South Africa.

In terms of trade flows, South African exports to the EU have increased from R20 billion in 1994 to reach R262 billion in 2017.<sup>202</sup> At the same time imports from the EU increase exponentially from R37 billion in 1994 to reach R337 billion in 2017. Despite the increase in exports to EU since 1994, the widening trade deficit particularly since 2003 is concerning. South Africa's widening trade deficit with the EU is a reflection of relatively un-diversified manufacturing sector. The structure of trade between South Africa and the EU is highly concentrated and dominated by unprocessed products and mineral commodities and this raises SA economic vulnerabilities to both internal and external shocks.



**DID YOU KNOW**

**SOUTH AFRICA BUDGET**

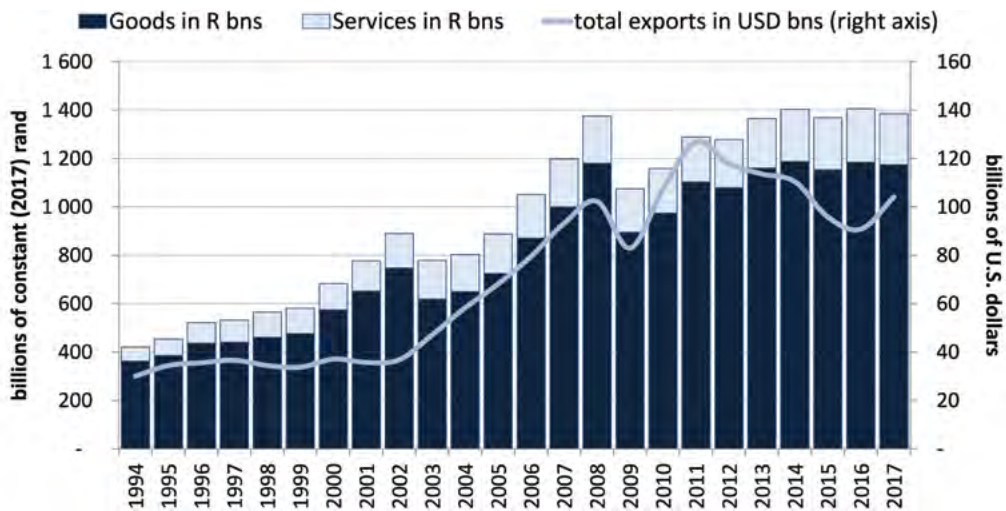
**According to the 2017 Open Budget Index, South Africa was ranked joint first with New Zealand for having the most transparent budget in the world, with both countries scoring 89 out of a possible 100 points.**

Africa emerged as the fastest growing market for South Africa's trade, and most of such trade is in manufactured products. SADC appears to be the most significant trading bloc for South Africa for both exports and imports.

200 Department of Trade and Industry. 2018. Report to the DPME on Outcome 4 for the 25 Year Review.

201 *Ibid*

202 *Ibid*



**Figure 7.10:** Exports of goods and services in billions of constant (2017) rand and U.S. dollars, 1994 to 2017  
*Source: South African Reserve Bank*

The rise of China as a super economic power and the formation of powerful cooperation in the south led by China, India, Brazil and Russia have changed the global economic and political landscape in the last two decades. These economies are amongst the world's top 10 largest middle class consumers. In 2010, South Africa joined the group, which was then referred to as BRICS. This relationship has become the key source of economic transformation in the areas of trade and investment.

The National Development Plan sets a target of 6% growth in total exports through to 2030. As depicted in **figure 7.10** on average South African exports have been on an upward trajectory for the past 25 years. Because of continued dependence on raw materials, particularly mining and to a lesser extent agriculture and forestry, the extraordinary metals price boom from 2002 to 2011 increased the value of exports of ores, metals and coal. At the same time, it brought a rapid increase in sales to China, primarily iron ore and other commodities. After a fairly rapid growth from 1994 to 2008, export growth slowed sharply after the end of the metals price boom in 2011, as depicted in **figure 7.10**.

Exports of goods and services grew an average of 0.4% a year from 2014 to 2017. Goods exports climbed 0.3% a year, and services 0.7%. The rapid depreciation in the rand with the end of the metals price boom in 2011 meant that exports declined 2.2% annually in dollar terms over the same period.

The slowdown in export growth resulted from the combined effects of the 2008/9 global financial crisis and the end of the metals price boom in 2011. This pointing to the urgent need to diversify the economy.

In rand terms exports surged almost 10% a year from 1994 to 2008, in part due to a favourable global climate and in part because of the opening of the economy with the end of apartheid. The 2002/3 dot-com crisis brought only a temporary setback. In contrast, the much deeper 2008/9 downturn largely wiped out gains from higher metals prices that started around 2002. World prices for metals fell sharply in 2011, and the recovery from the 2008/9 crisis slowed sharply soon thereafter.

### Competition policy

The democratic government inherited a highly concentrated economy characterised by large conglomerates who dominated most parts of the economy and some protected parastatals which were natural monopolies. In order to transform the economy and specifically address anti-competitive behaviour, mergers and acquisitions, and allow for the emergence of small and medium enterprises and well as foreign direct investment, government introduced the Competition Act in 1998, which laid the basis for the establishment of the Competition Commission and Competition Tribunal.

Over the 25 year period, competition policy has resulted in significant progress, though major

challenges remain. By 2009, Government policy more explicitly identified challenges with mergers and job losses. The New Growth Path, adopted in 2010 called for a broader review of the Competition Act to address key concerns and more focussed implementation. From 1 May 2016, new criminal sanctions for corporate collusion was introduced in the law.

### Successes to date, include:

- Ground-breaking conditions have been included in merger approvals, South Africa is leading the field internationally. These included mergers involving Wal-Mart, Coca-Cola, Anheuser-Busch InBev, Kansai, Edcon, Clicks, Chevron, Old Mutual and others.
- Protection of employment agreements covering more than 65 000 workers (since 2014) and new job creation (7 400 jobs).
- Support for emerging farmers in supply-chains.
- Improving rights of spaza-shop owners to stock competitor products (Coca-Cola, SA Breweries).
- Mandating R4,5 billion in special Funds (since 2010) for jobs, new economic opportunities and small business development.
- Commitments to new investment (R6 billion).

Investigations into cartels and abuse of dominance in a number of sectors took place, ranging from fertilisers, poultry, bread, construction, steel, banking, auto-components, telecoms and others, resulting in penalties of more than R7 billion on companies (since 2010).

- New capital spending commitments of R4,8 billion.
- Some breakup of company operations (SASOL in fertiliser blending plants).
- Reduction in prices of products (Pioneer Foods with bread prices).
- Price-limits on monopolies (Arcelor Mittal in steel industry).
- Transformation of ownership and BEE promotion (Arcelor Mittal, Murray & Roberts, WBHO, Raubex, Staffanutti and others).

While these successes have helped to curb cartels and collusive behaviour in the economy, they have been less successful in addressing both high levels of economic concentration and continuing abuse of dominance by large firms.

A study by the Competition Commission analysed over 2150 merger reports to identify product

markets with dominant firms for the period 2009 to 2016, using the statutory presumptive threshold requirement of 45% market share. The study found there were 294 instances of dominant firms in defined markets identified in the 31 sectors considered. 70% of the sectors have dominant firms in some of their defined product markets. Using a standard index, the Heirfindahl-Hirschmann Index, (HHI), the study found nine sectors to be highly concentrated.

### Outcomes of policies over the past 25 years

Since 1994, the South African economy has grown at a pedestrian average of 2.8%, after a period of decline which recorded a 1.2% growth rate in the preceding 10 years. Nonetheless, the number of people in employment has doubled from 8 million to 16 million in the 25 Years. The share of working age adults with employment stabilised at just over 40% after falling from the late 1970s through 1994. Still, the global norm is around 60%, and jobs growth has not been strong enough to raise the level of employment qualitatively from the low levels inherited in 1994.

Investment rose from 13% of GDP in 1994 peaking at 23.5% in 2008 and declining to under 20% by 2017.

Despite these gains, extraordinarily high levels of **inequality, poverty and unemployment** persist.

These carry severe risks, amongst others from **workplace conflict**, policy contestation, crime, corruption and social unrest. In addition, the country has failed to reap a demographic dividend by harnessing the potential of a proportionately large cohort young people of working-age.

Achieving significantly higher growth is necessary, although not sufficient, to address these core socio-economic challenges.

The departure from the growth through redistribution as anticipated by the RDP brought the continuing era of *'redistribution through growth'* as promoted by the Growth, Employment and Redistribution (GEAR) in 1996. GEAR was to stimulate the economy with growth targeted at 6%, a deficit below 4%, and a target on inflation. The fiscal deficit and inflation reduced to 2.2% and 5.4% respectively by the end of 2000. The economy grew between 4.2% and 5.3% during the 2000-2005, which



was below the targeted 6%. And the economy did not produce the number of jobs targeted.

Consequently, this led to the introduction of the AsgiSA in 2005. AsgiSA aimed to reduce poverty by 2010, and half unemployment from 28% in 2004 to 14% by 2014. During the implementation of AsgiSA, GDP continued on a sustained growth path. The period 2003 to 2008 was the longest economic boom in South Africa's history but high levels of unemployment persisted.

To complement ASGISA, the National Industrial Policy Framework (NIPF), published in 2007, and its implementation plan, the Industrial Policy Action Plan (IPAP), which elevated industrial policy to a key strategic economic policy intervention of government, were introduced. One of the major challenges in the South African economy, is the introduction of new policies before full implementation of existing ones – thus undermining the logical flow in the evolution of economic policy and programmes. This may have contributed to policy uncertainty that has undermined investor confidence in the South African economy.

In complementing these policies South Africa transformed existing institutions and created new ones these have included the South African Revenue Service (SARS), the South African Reserve Bank (SARB), the Competition Authorities, the JSE Securities Exchange Limited and the National Economic Development and Labour Council (Nedlac). These

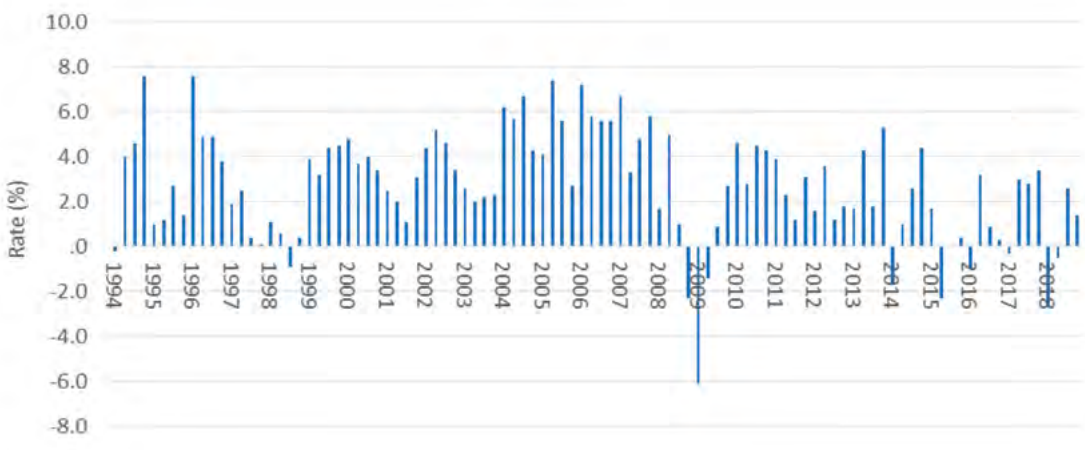
institutions and policies were enhanced through policy coordination within the Presidency. Prominent examples include the RDP office and the Policy Coordination and Advisory Services (PCAS).

## Economic Growth

### GDP Growth

As shown by figure 7.11, between 1994 and the fourth quarter of 2012, the South African economy experienced positive growth in every quarter, except for three of the 74 quarters. In both instances where the local economy experienced negative economic growth, international crises precipitated the contraction of the South African economy.

In 1998, the East Asian financial crisis led to a significant slowdown in the world economy, while the 2008 Global Financial Crisis (GFC) led to a global recession from which South Africa was not fully cushioned, on account of the policy decisions to be an export oriented economy. Figure 7.11 depicts GDP growth trend for the past 25 years. The period 2003 to 2008 saw the longest economic boom in South Africa's history. Employment increased, unemployment fell, investment rose and inflation and real interest rates declined rapidly. However, the global economic recession that followed reversed many of the gains in employment creation, and investment levels decreased.



**Figure 7.11:** GDP growth, quarter on quarter in constant 2010 prices (seasonally adjusted) Source: Statistics South Africa, GDP Quarterly Figures, 2019

Growth in South Africa has generally kept up with other upper-middle-income economies excluding China. Growth in the South African economy remained precarious and slow during 2018, with a technical recession during the year and an overall annual growth rate of 0.8%. Growth has been particularly unstable since 2014, as **Figure 7.11** shows. The instability emerges in the sharp divergence between growth over most of 2017 followed by contraction in two quarters in 2018.

As shown by **figure 7.12**, GDP per-capita growth consistently shows a decline in per-capita income since 2011, with negative per-capita growth since 2016. This indicates that South Africa's population is growing faster than the rate of GDP growth and will entrench growing inequality.

### **The slowdown in the economy since 2015 can be understood as the consequence of five long-term factors:**

- The end of the commodity boom in 2011, which powered relatively rapid mining-based growth from 2002 to 2012.
- The impact of high electricity prices in that context, after a long history of low-cost, coal-fuelled electricity that encouraged energy-intensive refineries that are now no longer viable in many cases.
- The slowdown in public spending and investment, as the government battled to reduce the deficit after the stimulus package implemented from 2009 in response to the global financial crisis. The deficit peaked at 5.3% of the GDP in 2013; it fell gradually to just under 4% in 2016/7; but in 2017/8 it climbed to 4.5% again, largely due to a drop in VAT revenue.
- The effects of the visible weakening in government institutions, which undermined a key attraction of South Africa for both domestic and foreign investors. Allegations of corruption in key government institutions continue to impact negatively on investor confidence and perception.
- A decline in demand caused by mostly stagnant household incomes, the high costs of living and low wage growth. The share of wages in the national income declined from 55% in 1994 to 52% in 2012.

### **Growth Drivers**

As shown by **figure 7.13** South Africa has experienced persistent deindustrialisation with the **manufacturing** proportion of GDP declining from 22% in 1980 to 13% by 2016.

Between 1980 and 2016, the share of **mining** contribution to GDP declined from 21% to 8%. Credit ratings downgrade in 2016 and policy uncertainty have impacted negatively on the mining output in recent years. Nonetheless, South Africa continued its overreliance on mining as shown by the fact that between 1994 and 2018 mining accounted for half of the country's exports.

Similarly, **agriculture's** contribution to the nation's growth also reduced, from 6% in 1980 to 2% in 2016. In general there have been reductions in tariffs and reduction of subsidies to the agriculture sector. Land reform policies have been implemented in isolation of agrarian reform with little or no coordinated support to small and largely black farmers, who require basics such as seeds, fertilizer, water rights and implements as well basic financial and business management skills.

In contrast, the **financial services** and the **government sector's** contribution to GDP increased significantly from 11% to 20% and 10% to 17% from 1980 to 2016, respectively.

Meanwhile the **wholesale and retail trade, catering and accommodation** has been on the growth trajectory from 1994 to 2017. The expansion in the sector was primarily driven by cabinet approval of the Tourism Transformation Strategy in 2001, the launch of the African Union in Durban in 2002, and government funding of the Tourism Enterprise Programme in 2004 amongst others.

In recent years, **tourism** has emerged as one of the fastest-growing service sectors in the global economy. Since the country's political transition to democracy, there has been a dramatic growth in international tourism arrivals moving from less than a million visits in the early late 1980s to 2million in 1991 and 13.5 million in 2012<sup>203</sup>. In 2018, there were 10.472 million international visitors over 74% were from the rest of the African continent. This indicates a -1.6% decline of overseas travellers and a 3.1% increase in tourists from the rest of the continent during the year 2017.<sup>204</sup>

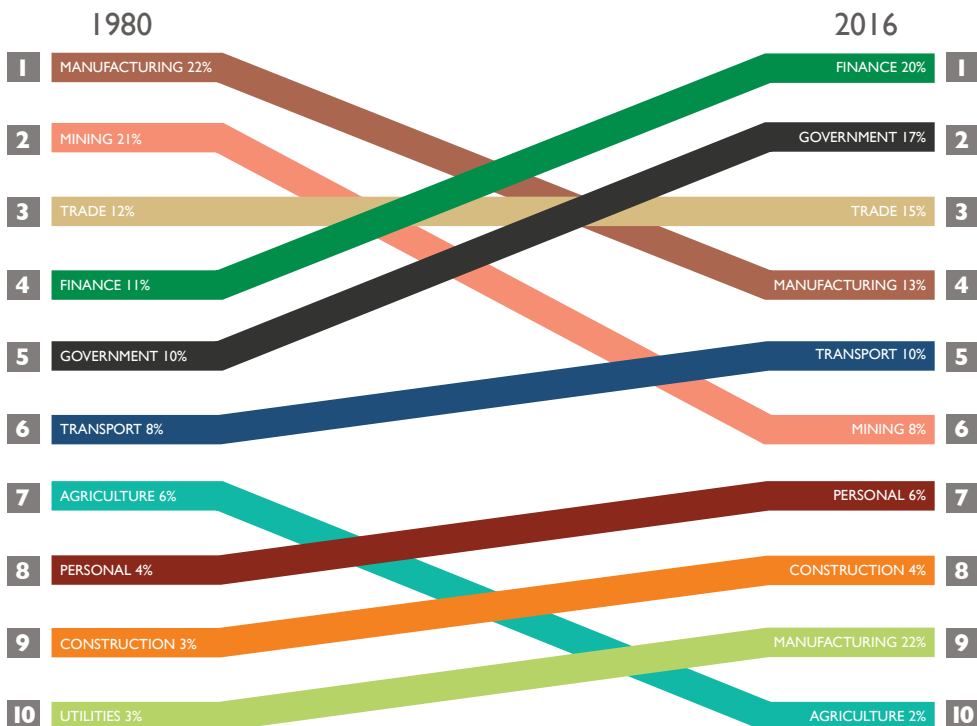
203 The Presidency. 2014. Twenty Year Review, South Africa:1994 – 2014.p90-91

204 [https://live.southafrica.net/media/247559/tourists-table-b-december\\_final.pdf?downloadId=278159](https://live.southafrica.net/media/247559/tourists-table-b-december_final.pdf?downloadId=278159)

One of the major challenges in the South African economy, is the introduction of new policies before full implementation of existing ones



**Figure 7.12: GDP Per Capita**  
Source: South African Reserve Bank



**Figure 7.13: Industry Contribution to GDP, 1980 and 2016**  
Source: Statistics South Africa 2017

The initial revision on visa regulations on the travel of minors, partially accounted for the decline post 2012. However the change in that regulation, the review of the list of countries requiring visas to enter South Africa, and the implementation of an e-Visas pilot will facilitate ease of movement of tourists into the country.

The South African Tourism sector has also become a significant contributor to job creation, indicating the success of the strategy developed by the Department of Tourism.

The World Travel and Tourism Council's estimates indicate that the sector continues to increase its contribution to the country's GDP. The direct contribution of tourism to GDP (nominal prices) in the country went up from R10.2 billion (1.8% of total GDP) in 1995 to about R136.1 billion (2.9% of GDP) in 2017 (figure 7.14).

The indirect contribution of travel and tourism is as important as the direct contribution of this sector as tourists use different services and consume different products when visiting any destination, even if these are not directly related to tourism. The WTTC estimates that the total contribution indirect and direct of tourism to GDP went up from R31.9 billion (5.7% of total GDP) in 1995 to R412.5 billion (8.9% of total GDP) in 2017. The sector also has the potential to stimulate the development of small businesses, creating opportunities for inclusive growth and contributing to overall employment. The South African government has identified tourism as one of the key sectors that could contribute significantly to the economy of the country.

As illustrated in figure 7.15, the number of people employed directly in the tourism sector increased from 480 000 in 1995 to 726 000 in 2017. In 2014, the government target for both direct and indirect jobs for the sector was 461 000 and 1 million jobs respectively by 2020. At the end of 2017, the sector had created over 1.5 million jobs when direct and indirect jobs are taken into account. It was further estimated that the total contribution of travel and tourism to employment went up from 694 633 (5.3% of total employment) in 1995 to about 1 530 320 (9.5% of total employment) in 2017.

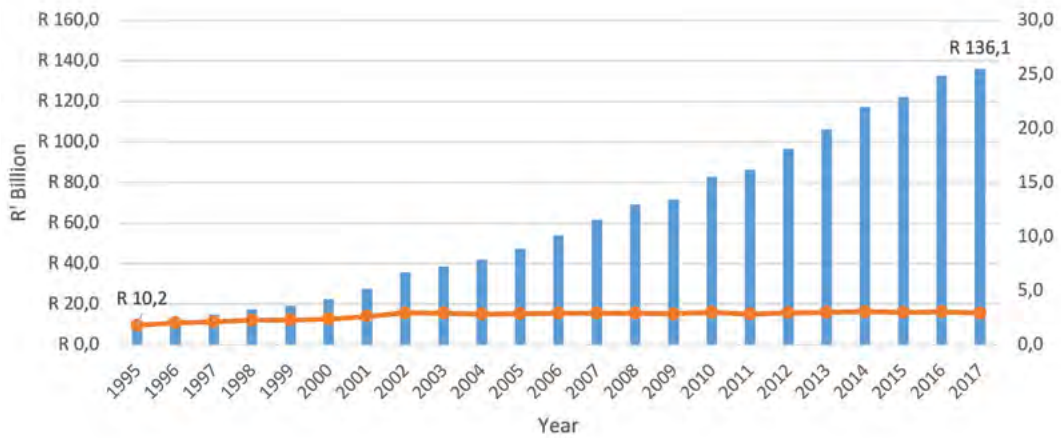
The Mzansi Golden Economy sought to reposition the **creative and cultural industries** in South Africa. The MGE strategy opens up the arts, culture and heritage sector to effectively and comprehensively contribute to economic growth and job creation. The contribution of arts, culture and the heritage sectors to the economy is increasingly becoming important as evident in global and local statistics on the socio-economic impact of these sectors. According to the 2015 Ernst and Young report, Cultural Times – The First Global Map of Cultural and Creative Industries, revenue from cultural and creative industries (CCIs) generated globally accounts for 3% of the world's GDP or a total of \$2 250bn. It further indicate that CCIs also create a total of 29.5 million jobs worldwide, or 1% of the earth's actively employed population.

The South African Cultural Observatory (SACO) asserts that South Africa is aligned with this trend. In 2014, the country's creative economy contributed over R90.5bn to the national economy or 2.9% of the GDP 2013 and 2014. This exceeded, for instance, the contribution of agriculture to the GDP (2.2%). In terms of job creation, cultural occupations made up 2.52% of all employment in SA in 2015, according to the 2017 Employment in South Africa's CCI and Creative Economy report. When the non-cultural "support" occupations are included, the CCIs employed 4.2% of all those who had a job in 2015. In total, the "Creative Economy" account for an estimated 6.72% of all employment in South Africa.

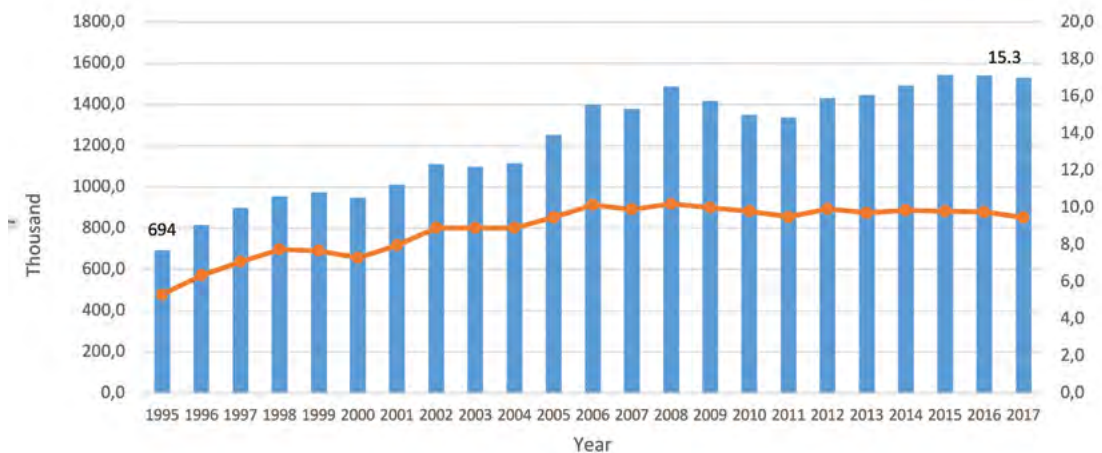
South Africa has a vast ocean size which is larger than its land size. It is expected that South Africa's ocean will increase should the extended continental shelf claim be successful. The country's sea, constitutes about 3 000 kilometres translating an area of approximately 1.5 million km<sup>2</sup> as part of a total land territory of 1.2 million km<sup>2</sup>. Such a massive sea area presents the country with enormous potential for economic growth and job creation.<sup>205</sup>

It is projected that over 30 000 containers sail over South African waters annually. South Africa's ports and harbours are amongst the largest in Africa. The main ports include: Saldanha Bay, Cape Town and Mossel Bay found in the Western Cape; Port Elizabeth, Ngqura and East London found in the Eastern Cape; and Durban and Richards Bay

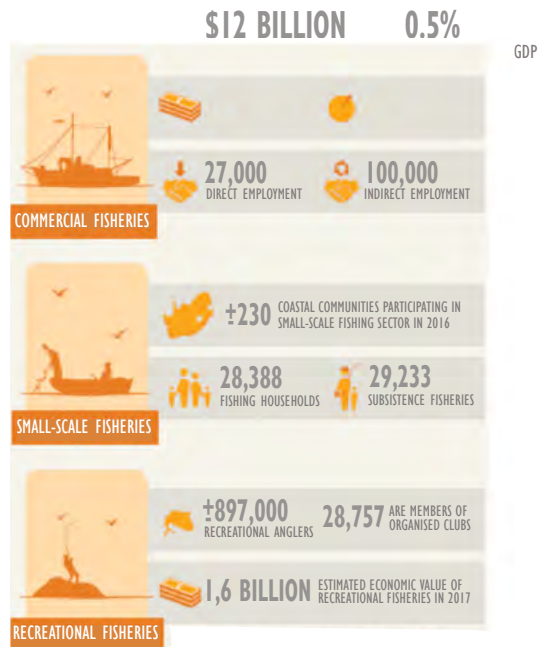
205 Department of Environmental Affairs. 2019. Operation Phakisa - Oceans Economy. Website: <https://www.environment.gov.za/projectsprogrammes/operationphakisa/oceanseconomy>.



**Figure 7.14: Tourism direct rand and percentage contribution to GDP**  
 Source: Tourism GDP Data: Word Travel & Tourism Council (2017 Data is an estimate)



**Figure 7.15: Tourism direct total and percentage contribution to employment**  
 Source: Tourism GDP Data: Word Travel & Tourism Council (2017 Data is an estimate)



**Figure 7.16: The Contribution of South Africa's the Blue Economy to the Culture and Economy in 2017**  
 Source: Walker, T., 2018. *Securing a sustainable oceans economy: South Africa's approach.* ISS Southern Africa Report, 2018 (14), pp. 1-24.

found in KwaZulu-Natal. Durban is the largest port and manages approximately 87 million tonnes of shipment annually. These ports and harbours are important for receiving and distributing imports and exports, as well as for human travel and tourism. South Africa's land locked neighbours such as Zimbabwe, Botswana, and Lesotho also rely heavily on these ports<sup>206</sup>.

To effectively manage South Africa's **blue ocean economy** and yield best output results government has 20 key departments and institutions in the marine environment with distinct roles and maritime policies, 50 national acts regulating marine governance, and 4 coastal provinces with their own socio-economic context and development goals<sup>207</sup>.

South Africa's oceans and coastline are important culturally and economically to the livelihoods of many South Africans. The World Wildlife Fund estimated that in 2016 23 388 households were

involved in small scale recreation fishing, 29 233 households were involved in small scale substance fishing, furthermore that, commercial fishing contributed 27 000 direct jobs, 100 000 indirect job, and 5% of the counties GDP<sup>208</sup>. **Figure 7.16** highlights the contribution of the blue economy to the culture and economy of the country.

In 2013 the government set up Operation Phakisa ("phakisa" meaning "hurry up" in Sesotho) with clear plans, targets, and on-going monitoring of progress. The Operation was an adaption of Malaysia's Big Fast Results programme. The Operation brought together key stakeholders from government, labour, business, academia and other sectors to work together to achieve economic benefits within a short space of time i.e. 12 to 15 months<sup>209</sup>.

In 2014, the Department of Agriculture, Fishery and Forestry led the Oceans Economy Aquaculture Laboratory. The main objective was to expand

206 Walker, T., 2018. *Securing a sustainable oceans economy: South Africa's approach.* ISS Southern Africa Report, 2018(14), pp.1-24.  
 207 Department of Environmental Affairs. 2019. Operation Phakisa - Oceans Economy. Website: <https://www.environment.gov.za/projectsprogrammes/operationphakisa/oceanseconomy>.  
 208 Walker, T., 2018. *Securing a sustainable oceans economy: South Africa's approach.* ISS Southern Africa Report, 2018(14), pp.1-24.  
 209 Department of Environmental Affairs. 2019. Operation Phakisa - Oceans Economy. Website: <https://www.environment.gov.za/projectsprogrammes/operationphakisa/oceanseconomy>; Government Communications and Information System. 2019. Operation Phakisa for the Oceans Economy, Insight 1 (24). Website: <https://www.gcis.gov.za/insight-newsletter-issue-24>.

aquaculture in South Africa in the supply of fish products, and an enhanced role in job creation and contribution to national income. Its five year targets were to seek to grow sector revenue from R0, 67 billion to R3 billion; production by 20 000 tons; jobs from 2 227 to 15 000 and ensure increased participation to support transformation in the sector. By 2018, 6 517 jobs had been created, and R 24.6 billion (R 15 billion by the government) had been invested into infrastructure<sup>210</sup>.

In the long term, the oceans economy has the potential to contribute R177 billion to the gross domestic product and create just over one million jobs by 2033. Operation Phakisa aims to unlock this potential and manifest it into reality.<sup>211</sup>

### a) Employment and Unemployment

Prior to 1994, the South African labour market was structured along racial lines, with limited education and employment opportunities for the majority of Blacks. Overall unemployment rate was at 20% in 1994, but racial inequity in the official unemployment rates suggests this figure may have been higher. Since the advent of democracy, the number of people employed increased from 8.9 million in 1994 to 16,5 million people in South Africa in 2018. **Figure 7.17** show the total number of people employed, from 1994 to 2018.

The RDP targeted 300 000 jobs annually. After declining between the 1970s and 1994, employment accelerated from 1995 to 2002. Further, the number of people employed rose by 21% from 13.6 million in 2010 to 16.5 million in 2018. The rate of employment however slowed down between 2013 and 2017 with only 280 000 jobs created in 2013 and between 2014 and 2016 only 470 000.

The official unemployment rate of 27.7 percent at the end of March 2019, is significantly high. A concern is that the official labour force participation rate for South Africa, at 54.8 percent, is well below that of comparable countries with an average of 65 percent. The labour force participation rate is the proportion of people of working age either in employment or seeking employment.

There has been persistent racial inequity in the

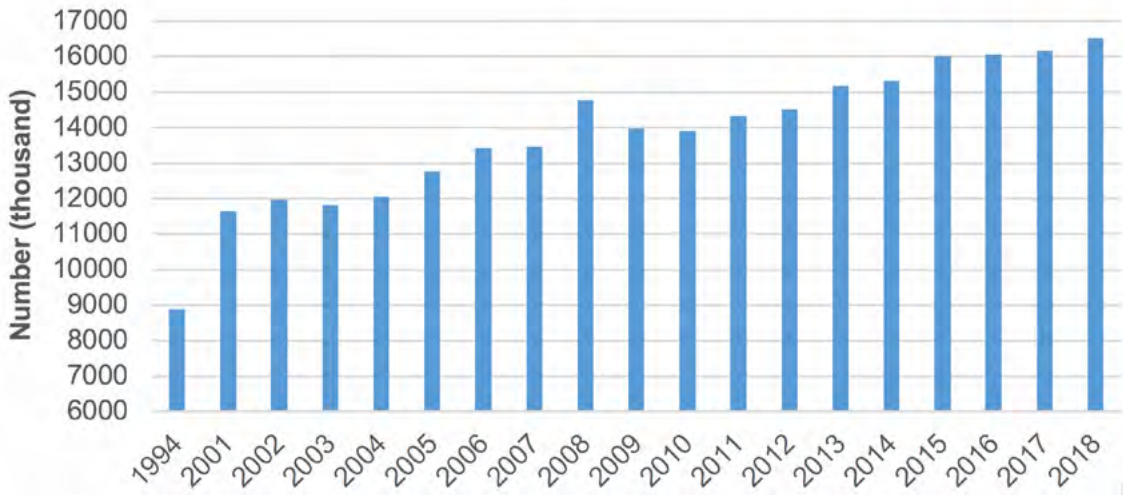
official unemployment rates, and with overall rates unchanged since 1998, it also signals that progress for some racial groups has been offset by deterioration in others. In terms of progress, while the distribution of unemployment remains highly racially skewed – with black unemployment more than double that for Indians and more than four times that of white unemployment, and coloured unemployment just 5.5 percent lower than black unemployment – black unemployment has declined by 3.2 percent and Indian unemployment has declined by 2.4 percent. Of concern, however, is the over 50 percent increase in coloured and white unemployment over the same time period (15.8 to 23.3 percent for coloured people and 4.4 to 7.2 percent for whites).

As of quarter 4 2018, South Africa's unemployment rate was high at 27.1% compared to 20% in 1994. Of the 6.1 million people that were unemployed in Q4 of 2018, about 57.1% had an education level below matric, followed by those with a matric at 34.2%. Only 1.7% of the unemployed persons were graduates while 6.3% had other tertiary qualifications as their highest level of education. In part, this reflects the correlation between low economic growth and high unemployment rate. Critically, as argued in the Ten Year Review, it also reflected the growth in the number of people seeking employment, particularly large numbers of women especially in rural areas who, during the Apartheid years, had not perceived of themselves as part of the labour force. Unemployment is existing alongside skills shortage, which also acts to limit economic growth. In order to meet the 2030 NDP goal of 24 million people employed, the number of individuals employed needs to increase by 11 million from the 2010 base figure of 13.6 million.

The distribution of unemployment remains highly racially skewed—with African unemployment more than double that for Indians and more than four times that of white unemployment, and coloured unemployment just 5.5% lower than African unemployment. Intersectional analysis illustrates that youth and female unemployment remain persistent challenges in the post-Apartheid era.

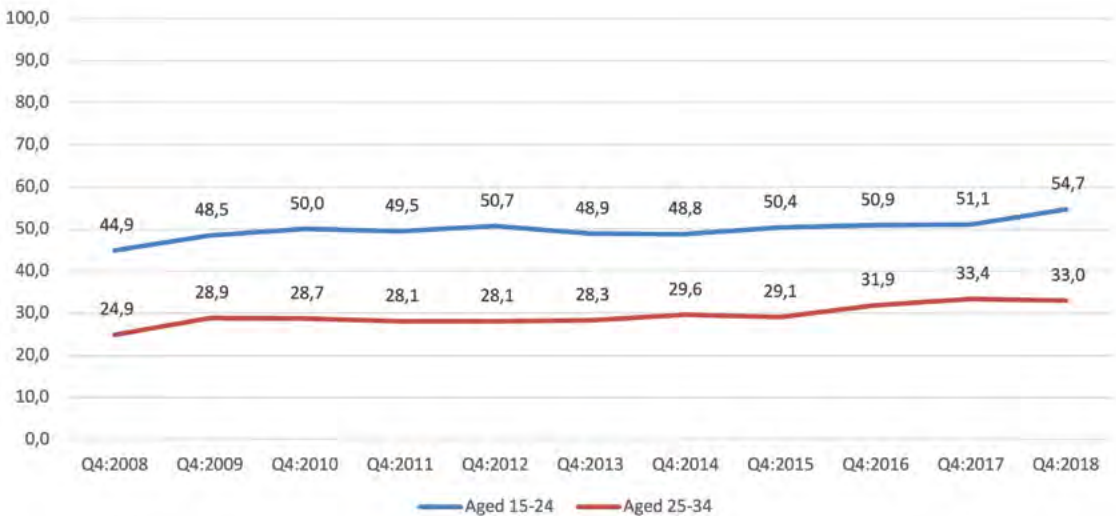
210 Department of Agriculture, Fishery and Forestry. Imbizo: Oceans Economy, Leaflet; Walker, T., 2018. Securing a sustainable oceans economy: South Africa's approach. ISS Southern Africa Report, 2018(14), pp.1-24.

211 Government Communications and Information System. 2019. Operation Phakisa for the Oceans Economy, Insight 1 (24). Website: <https://www.gcis.gov.za/insight-newsletter-issue-24>.



**Figure 7.17: Total Employment**

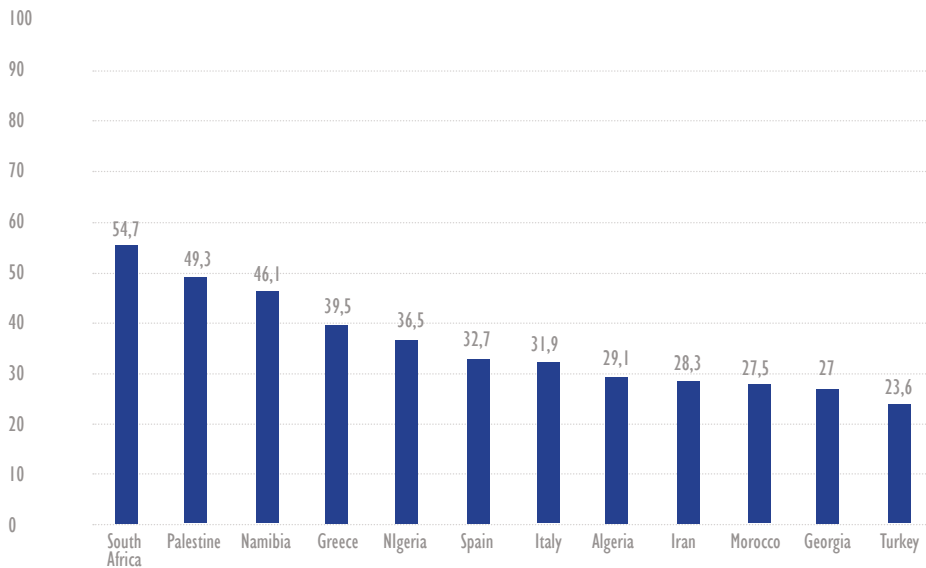
Source: DPME 2019, based on data from Stats SA Youth employment, unemployment, skills and economic growth, 1994–2014<sup>1</sup> Stats SA Labour Force Surveys February 2001–<sup>2</sup> September 2007<sup>3</sup>, Quarterly Labour Force Survey, Quarter 4: 2018<sup>4</sup>



**Figure 7.18: South African youth unemployment**

Source: Statistics SA, 2018





**Figure 7.19: Countries with high youth unemployment**

Source: Spectator Index, 2019

Youth unemployment remains one of the major challenges facing South Africa today with alarmingly high unemployment figures. **Figure 7.18** depicts youth unemployment trend for the past ten years, focusing the age cohorts 15-24 and 25-34.

It is apparent that youth unemployment has been on an upward trajectory between 2008 and 2018, increasing from 44.9% and 24.9% to 54.7% and 33% for the age cohorts 15-34 and 25-34, respectively.

As reflected in **figure 7.19** South Africa's youth unemployment rate of 54.7% is higher than those of 11 comparator countries, which also have a similar challenge.

#### b) Not in Employment, Education or Training (NEET)

The policies and programmes as well as education and training systems adopted over the past 25 years have not delivered the desired outcomes with those Not in Employment, Education or Training gradually increasing. According to Statistics South Africa 2018 Q4 Labour Force Survey, the percentage of young persons aged 15–24 years who were NEET increased from 29.7% in Q4 of 2017 to 31.1% in Q4 of 2018. The NEET rate in this age group for males and females increased by 2.6 percentage points and 0.1 of a percentage point respectively. The NEET rate for females was higher than that of their male coun-

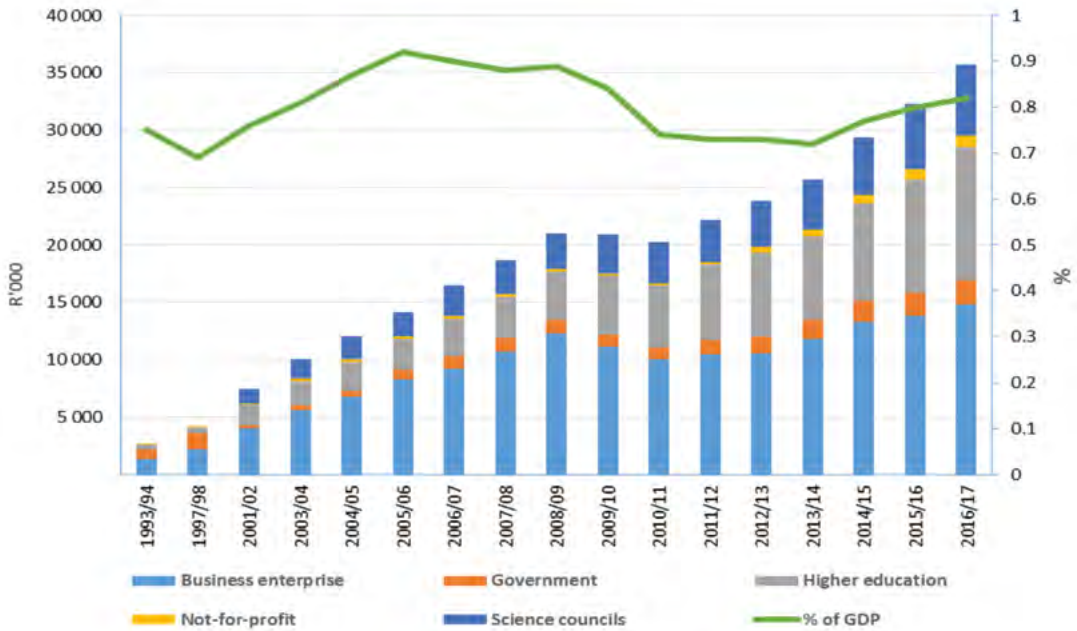
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## DID YOU KNOW

**WINE**

**South Africa is the seventh largest wine producer in the world, producing 3.9% of the world's wine. This attracts wine connoisseurs and creates a desirable flow of tourism for start-up hospitality businesses.**



**Figure 17.20: Expenditure on Research and Development**  
*Source: Department of Science and Technology*

terparts in both years. Compared to Q4 of 2017, the percentage of young persons aged 15–34 years who were NEET increased by 0.5 of a percentage point from 38.4% to 38.9% in Q4 of 2018. The NEET rate increased for males by 1.4 percentage points while for females, the rate declined by 0.4 of a percentage point in Q4 of 2018. In both Q4 2017 and Q4 2018, more than four in every ten young females were not in employment, education, or training.

The majority of people in the NEET category in South Africa have as their highest level of educational attainment, as some secondary level schooling, but without a matric.

In South Africa, the impact of NEETs is brought to the fore by crime statistics that reveal that the average age of a house robber is between 19 and 25 years and that of all arrested robbers, 90% had not passed Grade 12 and/or were unemployed. Consequently, the monitoring of NEET trends and strong interventions to address the challenge of NEETs are key to promoting peace and stability in a society. Information on NEET can be used to design targeted interventions in the Post School Education and Training system.

Apartment left South Africa with an unusually low share of self-employed people in the labour force compared to other upper-middle-income economies.

### c) Poverty and Inequality

Poverty and extreme inequalities in income and assets were identified in the RDP as major challenges that required immediate intervention to ensure that every South African has a decent living standard and economic security.

According to the World Bank and the United Nations Development Programme (UNDP), South Africa remains the most unequal society in the world. Inequality in SA rose substantially between 1994 and 2006, with the Gini coefficient rising by about 0.05 points to 0.72 in 2006 before declining to 0.68 in 2015. In the same year, poverty (according to the lower-bound poverty line of R758 per person per month) remained high at 40 per cent of the population or 22 million people, which does not augur well for the achievement of NDP target of zero poverty by 2030.

It should be noted, though, that government interventions in terms of social grants, no-fee-paying schools, subsidised housing and free basic services have the effect of ameliorating this chasm. Indeed, with regard to social policies, South Africa fares much better than most comparator countries. While the new democratic government achieved significant improvements in employment, poverty and economic growth over the decade up to 2008, South Africa has not made meaningful progress since the global economic downturn in 2008/09. Also, transformation remains elusive in most sectors of the economy despite the implementation of progressive policies such as the broad-based black economic empowerment and employment equity.

For South Africa to eradicate these ills, it is vital for the country to intensify the implementation of the various economic policies, plans and programmes that have been put together.

### d) Research and Development

Since 1994, the key policy documents that have shaped the policy domain are the 1996 *White Paper on Science and Technology*, the 2002 National Research and Development Strategy (NRDS) and the 2008 Ten-year Innovation Plan for South Africa (TYIP). The white paper introduced the concept of a national system of innovation (NSI) as South Africa's approach to its Science and

Technology sector. The NRDS identified several strategic S&T focus areas, emphasising human capital development and infrastructure investment for the realisation of a fully-fledged NSI. The TYIP identified strategic priorities (bio-economy, space, energy security, global change, and human and social dynamics) needed to transform the South African economy from a resource-based to a knowledge-based economy.

In 25 years, there have been several positive developments, including phenomenal growth in R&D investments, some growth in high-level human capital (including an increase in black people and women), and an increase in R&D outputs (publications) and innovation outputs (innovation activities at firm level, patents and royalties).

While there have been significant shifts in R&D expenditure over the 25 years of democracy, South Africa continues to lag behind the target of 1.5% of GDP in R&D spend. **Figure 7.20** also illustrates increasing spend across all sectors since 2011 despite lower GDP growth.

However R&D growth in South Africa has been slower than in comparable middle-income countries, and South Africa's share of global R&D outputs, citations and patents has declined. South Africa's NSI measured against those of other middle-income countries shows that it is relatively small, but exceedingly efficient and productive. Nonetheless, South Africa still has a comparatively low higher education participation rate, and additional focus is needed in areas such as engineering.

Moreover, the country needs to increase its exports of high-technology manufactured goods. Meaning that South Africa would have to do more in terms of commercialisation of intellectual property. The commercialization process depends to a large extent on the availability of enabling legislative and policy frameworks that support the effective identification, protection, and management of any intellectual property (IP) associated with the R&D results. According to the National Intellectual Property Management Office (NIPMO), only 2 per cent of the intellectual property derived from publicly funded research since October 2010 has been successfully commercialised by 2018, with an additional 5 per cent under license.

One of the country's post-Apartheid major R&D projects is the investment in the Square Kilometre Array (SKA) telescope project. The SKA telescope project will generate direct economic benefits for South Africa due to major construction activities and operation of the SKA facility as well as skills development.

### e) Small Business Development

In 1994, the new government was well aware of the challenges experienced by small enterprises and the role that these enterprises can play in the reconstruction and development project. Apartheid left South Africa with an unusually low share of self-employed people in the labour force compared to other upper-middle-income economies. This is a key factor behind low overall employment. Apartheid suppressed most small businesses in a variety of ways, from banning black entrepreneurs from city centres to the suppression of African farming. As a result, small-scale entrepreneurs face substantial barriers to entry compared to their peers in other developing economies, who typically inherited businesses from their families. In particular, small business people in South Africa mostly lack supportive market institutions, assets including industrial or retail sites, infrastructure, and production as well as business skills.

Even the policy shifts after 1995 were informed by robust engagements that identified the needs, goals, options and implementation challenges of this sector. This culminated in the publication of the Integrated Small Business Development Strategy. The strategy proposed the establishment of a number of new organisations – the National Small Business Council, a small business development agency called Ntsika, a finance agency called Khula Enterprise Finance, and several local service centres known as local business service centres. The role of local government in supporting small business development is a policy imperative.

### **A statistical profile of small business from Statistics South Africa Labour Market Dynamics (2008 – 2015) indicates the following trends:**

- Formal small businesses in 2015 were 670 000,

down from 707 000 in 2008;

- Informal small businesses numbered at 1.5 million, virtually unchanged from 2008;
- The total small businesses are approximately 2.2 million;
- Employment in small formal businesses in 2015 was 5.8 million, with employment in large businesses at 3.6 million;
- The main sectors for small business is in retail, construction and business services, with the small business mostly concentrated in Gauteng, Western Cape and KZN (mostly in the metros);
- Income for formal employers and self-employed ranged between R8000 – R12 000 a month, while income for informal employers and self-employed ranged between R2000 – R4000; and
- 51% of formal small and microenterprises are white owned, down from 62% in 2002 and women owned 24% of formal and 40% of informal small business.

### f) Energy and the just transition

South Africa's mining-energy-nexus has shaped the structural evolution of the nation's political economy. This centrality is expressed as the Minerals Energy Complex (MEC) in documented research.<sup>212</sup> According to Sustain Labour (2013), "*energy supply is an important challenge for South Africa. The economy is structured around large-scale, energy-intensive mining and primary minerals beneficiation industries, pushing its energy intensity to above average, with only 10 other countries having higher commercial primary energy intensities*".<sup>213</sup> This high-carbon energy intensity exacerbates climate change and ecological degradation.

The post-Apartheid government recognised that carbon intensive economy is unsustainable both from an ecological and employment perspective (since energy capital intensive sectors do not create large scale employment). To support the country's transition to a low-carbon economy the government introduced various policies such as the: Integrated Resource Plan (IRP) and Integrated Energy Plan (IEP); National Climate Change Response Policy (NCCRP); Intended Nationally Determined Contribution (INDC); and Green Accord and the National Climate Change Bill.

<sup>212</sup> Fine, B. and Rustomjee, Z. 1996. *The Political Economy of South Africa: From Minerals-Energy Complex to Industrialisation*. London: C. Hurts & Co.

<sup>213</sup> Sustain Labour. 2013. *Green Jobs and related policy frameworks: An overview of South Africa*. Available at: <https://www.sagreenfund.org.za/wordpress/wp-content/uploads/2015/04/Green-Jobs-and-Related-Policy-Frameworks.pdf> (Accessed 26 February 2019).



Furthermore, government integrated various low-carbon policy proposals into macro-economic policy planning. The New Growth Path (NGP) and National Development Plan (NDP) set specific targets for transitioning towards a low-carbon economy. These are related to employment, decreasing emissions, industrialisation, improving energy services, and economic growth<sup>214</sup>.

These interventions have produced minimal success in transitioning to a low-carbon economy. According to the Global Carbon Atlas in 2017 South Africa was amongst the top twenty largest Green House Gases (GHG) emitters in the world<sup>215</sup>. This trend is mainly produced by electricity generation, which accounts for 50% of SA's energy emissions and 40% of total GHG emissions<sup>216</sup>. Coal remains the primary source in electricity generation, 90% of electricity is produced from this mineral<sup>217</sup>. The overall contribution of the energy sector to national GHG emissions increased from 78% in 2000 to 82% in 2012.<sup>218</sup> The latest National Climate Change Report found that GHG emissions increased and the “carbon intensity of the energy system remained fairly constant over the period 2000–2012”.<sup>219</sup>

South Africa expanded its investment and employment in renewables by introducing the Renewable Independent Power Producer Procurement Programme, 2011) The employment figures stood at 35 000 in 2018 and estimates suggest that R195 billion has been invested since the policy's inception.<sup>220</sup> But these gains are not adequate for addressing the country's climate and structural energy challenges.<sup>221</sup>

Furthermore, there are growing concerns regarding the efficiency and quality of national electricity services, as a result of pricing, energy system design

and country-wide load shedding experienced in recent years.<sup>222</sup> The restructuring of South Africa's energy system requires a holistic approach, which takes into account contentious issues such as energy costs for consumers and changes in employment. This point is related to the just transition principle embedded in the NDP.

### g) Ease of doing business

The 2019 Ease of Doing Business Report ranks South Africa 82 out of 190 economies and 9 in Africa.<sup>223</sup> South Africa ranks lowest in 3 of the 10 indicators, which are trading across borders (143), starting a business (134), and enforcing contracts (115). The country scored highest in protecting minority investors (23), paying taxes (46) and resolving insolvency (66).<sup>224</sup> Nonetheless, at 66.03% South Africa ranks above the sub Saharan Africa average of 51.5%.

Being the second largest economy on the continent South Africa should aim to be in the top 3 African nations and top ten in the world, in terms of this important measure. To successfully achieve this South Africa should implement the long mooted one stop shop for investors which should fasten and ease the processes of company registrations whilst also cutting the red tape in relation to formal and informal cross border trade.

214 National Planning Commission (NPC). 2011. National Development Plan 2030: Our Future-make it work. Available at: [http://www.dac.gov.za/sites/default/files/NDP%202030%20-%20Our%20future%20-%20make%20it%20work\\_0.pdf](http://www.dac.gov.za/sites/default/files/NDP%202030%20-%20Our%20future%20-%20make%20it%20work_0.pdf) (Accessed 26 February 2019).

215 Global Carbon Atlas. 2017. CO2 Emissions. Available at: <http://www.globalcarbonatlas.org/en/CO2-emissions> (Accessed 26 February 2019).

216 Department of Environmental Affairs. 2011. National Climate Change Response White Paper. Available at: [https://www.environment.gov.za/sites/default/files/legislations/national\\_climatechange\\_response\\_whitepaper.pdf](https://www.environment.gov.za/sites/default/files/legislations/national_climatechange_response_whitepaper.pdf) (Accessed 26 February 2019).

217 Eskom. 2019. <http://www.eskom.co.za/Pages/Landing.aspx> (Accessed 26 February 2019).

218 Department of Environmental Affairs. 2017. South Africa's 2nd Annual Climate Change Report.p.102. Available at: [https://www.environment.gov.za/sites/default/files/reports/southafrica\\_secondnational\\_climatechnage\\_report2017.pdf](https://www.environment.gov.za/sites/default/files/reports/southafrica_secondnational_climatechnage_report2017.pdf) (Accessed 26 February 2019)

219 *Ibid*.p108.

220 IRENA. 2018. Renewable Energy and Jobs – Annual Review 2018. Available at: [https://irena.org/-/media/Files/IRENA/Agency/Publication/2018/May/IRENA\\_RE\\_Jobs\\_Annual\\_Review\\_2018.pdf](https://irena.org/-/media/Files/IRENA/Agency/Publication/2018/May/IRENA_RE_Jobs_Annual_Review_2018.pdf) (Accessed 26 February 2019). AND WWF. 2017. Renewable Energy: Facts and Futures. Available at: [www.wwf.org.za/renewable-energy-facts-and-futures](http://www.wwf.org.za/renewable-energy-facts-and-futures) (Accessed 26 February 2019).

221 Department of Environmental Affairs. 2017. South Africa's 2nd Annual Climate Change Report.p.102. Available at: [https://www.environment.gov.za/sites/default/files/reports/southafrica\\_secondnational\\_climatechnage\\_report2017.pdf](https://www.environment.gov.za/sites/default/files/reports/southafrica_secondnational_climatechnage_report2017.pdf) (Accessed 26 February 2019)

222 WWF. 2017. Renewable Energy: Facts and Futures. Available at: [www.wwf.org.za/renewable-energy-facts-and-futures](http://www.wwf.org.za/renewable-energy-facts-and-futures) (Accessed 26 February 2019).

223 World Bank. 2019. Doing Business 2019, Training for Reform, Economy Profile, South Africa. p.4.

224 *Ibid*



# RECOMMENDATIONS

Our inability to decisively **intervene in the economy** and address the structural challenges identified at the start of the transition - over-reliance on the primary sectors (mining and agriculture); a declining manufacturing sector, dramatic inequalities in wealth, income, assets and employment opportunities; low level of investment in research and development; high levels of concentration in all sectors; low and inappropriate skill levels; low productivity competitiveness; low growth levels; a financial sector dominated by a few large institution, excluding the majority from banking services and access to capital, and structural unemployment and underemployment. To address these, key actions include:

- Establish the **Presidential Industrial Policy Council** to ensure a more collaborative support for inclusive industrialization, principally through manufacturing and beneficiation, across all state actors and society. It must become the central tenet of economic policy. The Industrial Policy Council must be one of the focal streams of the President's Economic Advisory Council. To this end:
  - **Industrial Policy initiatives** must identify National Priority Sectors that includes steel and metals fabrication, furniture, agro-processing (grapes, nuts, apples, avocados, and wine), clothing and textile, pharmaceuticals and gas.
  - **National Priority Sectors** have been identified on the basis of their potential to significantly increase employment, investment, growth, exports and enhancing capability.
  - **Conduct a review of SA's macro-economic policy framework** to ensure it can better support higher
- levels of employment, redistribution, economic growth, an inclusive economy. This includes the need to review the policy of inflation targeting.
- **Improve spatial planning** and build at least one new state of the art modern city over the next five years which will be supported by hubs of development, which integrates rural and urban spaces.
- **A focused investment in key economic infrastructure** at both national and local level, particularly on electricity, ports, rail and roads to create an enabling environment for inclusive growth.
- **Urgently review administered pricing in the energy**, water, ports, rail and telecommunications sector to provide pricing relief to support industrialisation.
- **Increased industrial financing and incentives** to increase investment rate from just under 20% to the targeted rate of 25% and above. This should be explored through off-budget funding solutions.
- **Develop more effective systems to promote sustainable local procurement** of capital goods, consumables and services in order to support local industrial capacity. For example the Finalisation of the Public Procurement Bill.
- **Reduce carbon emissions** and enable South Africa to transition to a low carbon economy and utilise various levers of industrial policy, such as subsidies and customs tariffs to strengthen industrialisation and also kick-start high potential local industries.
- **Ease doing business** by implementing I-stop shop for investors and registration of businesses.

CHAPTER 8

# Spatial Planning and Human Settlements





**The RDP recognises the mutually reinforcing nature of urban and rural development strategies through the geographic distribution of economic activities and sustainable utilization of land. The spatial patterns inherited in 1994 reflected the impact of centuries of colonialism and decades of apartheid rule, with highly unequal patterns of development, access to infrastructure, social services and economic opportunities along racial lines.**

The RDP observed that “*the legacy of apartheid cannot be overcome with piecemeal and uncoordinated policies*”. It also recognised the need to “*break down apartheid geography through land reform, more compact cities, decent public transport, and the development of industries and services that use local resources and/or meet local needs*”.

The colonial and apartheid legacy was as a result of a litany of centuries of legislation and policy which confined the black majority to the least amount of land, which land was unproductive. This legislation included the Hut taxes (starting in 1870) and the Natives Land Acts of 1913 and 1926. All of these were designed to confine blacks in general and Africans in particular into unproductive labour sending reservoirs. These prevented black people from buying or hiring land outside of ‘scheduled native areas’, where communal land tenure administered by mainly undemocratic traditional leaders was the predominant pattern.

This limited black land ownership to some 13% of the land area of South Africa. The barren nature of most land in the reserves inhibited agriculture and any other means of production. The under-regulation of activities of local and transnational corporations, contributed to the degradation of environmental resources, including soil, water and vegetation. There were marked disparities within the economy as a result of policies designed to ensure a migratory labour supply to the mines and other industries. The migrant labour system, which extended to

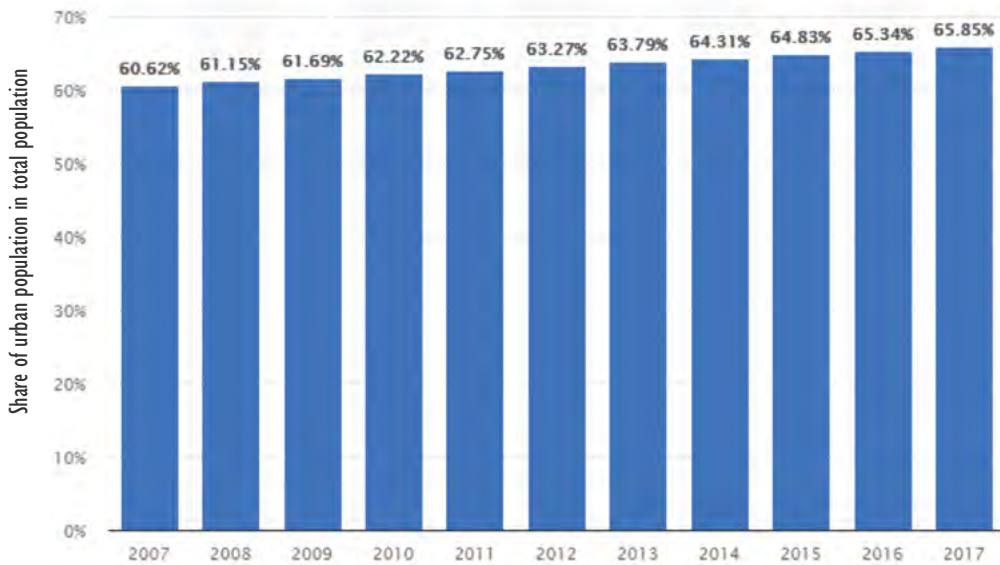
neighbouring countries in Southern Africa, also facilitated the super-exploitation of black workers and tore families apart.

The densely populated urban dormitories and black settlements were without dignified services and infrastructure with limited trade and commerce opportunities. The governance systems employed in both the urban and rural black settlements were without any real form of governance and/or government administration, but for quasi local enforcers and apartheid government ‘appointed’ traditional authorities, thus ensuring low levels of access to basic services and utilities. These authorities were unsustainable and without sufficient resources to plan or manage the aspirations of the inhabitants.

From a macro settlement spread and spatial patterns, the colonial and apartheid legacy had all the larger towns and cities to the east of Bloemfontein, with exception of Cape Town, Kimberley and Upington. Further, the RDP 1994 described the micro-settlement patterns in historically black South African settlements as overcrowded and impoverished reserves, homelands and townships, with a tiny minority being able to afford land on the free market. Poor people resided far away from job opportunities and access to amenities was minimal and the workforce was burdened with enormous travel distances to their places of employment and commercial centres. There was also inadequate access to emergency services and transport in rural areas.

On the other hand, white settlements were poles of Eurocentric development with quality housing and basic services including transportation and utilities. The authority to collect and use revenues for communal aspirations rested with recognised local and regional authorities who largely operated in surplus. These were world class human settlements by any standard.

Essentially the democratic government inherited a country of two identities with one far better off than the other. The democratic government was therefore ceased with undoing the distortions of colonialism and apartheid by reconfiguring spatial patterns to support the aspirations of the rural and urban masses of the country, in line with the aspirations of the Freedom Charter for “houses, security and comfort for all”.



**Figure 8.1: South Africa: Urbanisation from 2007 to 2017**  
 Source: World Bank and Statista 2019.

In 1994, South Africa had a network of metropolitan cities, secondary cities, large towns and smaller service centres that were connected by road and rail. However, this marked a perverse set of spatial patterns reinforcing extreme social disparities and uneven access to the economy, with black South Africans living in densely populated urban suburbs and rural homelands. The spatial pattern reflected, in part, the extraordinary experiments of the colonial and apartheid rules, which is best displayed by improper, costly, and overcrowded housing for blacks which is located in marginal areas without any utilities, developmental opportunities and recreational facilities.

The housing and property market was virtually non-existent for a majority of South Africans, whose upward and geographic mobility was deliberately challenged.

In 1994, the RDP recognised housing as a fundamental human right which is an important contributor to the reinstallation of dignity. The RDP estimated the housing backlog to be 1.3 million rising to 3 million when including hostels and rural areas. The

democratic government from the onset was faced with huge backlogs which required prioritisation.

The government also had to take into account that “*spatial inequalities have multiple dimensions, economic, social, environmental, institutional and psychosocial – and that these defy simple solutions. [Therefore] undoing the distortions of apartheid to reconfigure spatial patterns [is] a long-term endeavour requiring greater creativity, coordination and sustained commitment all-round. [this requires] ... trade-offs... that require difficult choices to be made...*”<sup>225</sup>

Consequently, the RDP called for strategies for urban and rural development that are integrated so as to ensure that the needs of all our people are met in a balanced and equitable manner. The RDP also called for macro-economic policies to take into consideration their effect upon the geographic distribution of economic activity, in particular strategies to address the excessive growth of the largest urban centres, the skewed distribution of population within rural areas, the role of small and medium-sized towns, and the future of declining towns and regions, and the “apartheid dumping grounds”.

225 Turok, Scheba & Visagie, 2017. Reducing Spatial Inequality through Better Regulation. Report to the High Level Panel on the assessment of key legislation and the acceleration of fundamental change. HSRC.

## PROGRESS OVER 25 YEARS

The RDP gave explicit recognition to spatial inequities, calling for a coherent approach to urban and rural development. When South Africa's first democratically-elected government came into power in 1994 it inherited fragmented, unequal and incoherent planning systems.<sup>226</sup> The 1996 census confirmed the earlier calculations by the RDP showing that there were 1.5 million households in informal settlements in urban areas alone. According to the South African Institute of Race Relations "the proportion of people living in urban areas" was 52% in 1990. By 2017, the urbanisation rate was above 65% as shown by figure 8.1.

The RDP therefore endorsed the values of the Botshabelo Accord that "*All people shall have the right to live where they choose, to be decently housed, and to bring up their families in comfort and security*".<sup>227</sup>

The Accord envisaged a lasting partnership between government and the private sector (including the financial and construction sectors) which would deliver low cost and affordable housing to the poor, lower income and previously marginalized South Africans. This was in line with the Freedom Charter where "*unused housing space [would] be made available to the people [and] rent and prices [would] be lowered*". Some of these objectives motivated the RDP to commit government to allocate at least 5% of the national budget for housing delivery to build at least

1 million houses in the first five years of democracy.

These objectives were to inform the White Paper on Housing of 1994 and the Development Facilitation Act (DFA) of 1995, which provided a coherency for land development and planning. Significantly the White Paper sought to strengthen the relationship between private developers and the state and the DFA fast tracked housing and land development procedures. These were complemented by the 1997 Rural Development and Urban Development Frameworks which were intended to address inequities in terms of land.

The Rural Development Framework (RDF) was meant to create vibrant equitable, sustainable rural communities. The Urban Development Framework (UDF) had a vision to create cities and towns that are spatially and socio-economically integrated, environmentally sustainable and providing high-quality housing. These were later complemented by the White Paper on the wise use of land in 2001. Unfortunately, none of these frameworks got any real traction and never influenced development in the way envisioned.

With the initial (and ongoing) pressures to fast track procedures sight was lost of the original people driven intentions of the RDP and the overall objectives of the White Paper on Housing of 1994, which discouraged urban sprawl and sought to correct historically distorted spatial patterns, promoting the integration of residential, employment opportunities and security of tenure. Perhaps the lasting double-edged sword legacy of the policies of the earlier years of democracy has been the Housing Subsidy, which on one hand has accelerated housing delivery, even though the quality has been questionable and the initial units were 15m<sup>2</sup> (now they are between 40 and 50m<sup>2</sup>). Norms and standards were set to allow for greater monitoring of the construction industry by the National Home Builders Registration Council. These interventions and increased focus on monitoring, have led to a gradual but consistent improvement in the quality of state-subsidised houses (Stats SA, 2017). On the other hand, these subsidies have led to some inertia in relation to full community and/or household participation in the delivery of housing. Nonetheless, a beneficiary survey undertaken by the Public Service Commission in 2003 found that 79% of all households felt that their quality

**DID YOU KNOW**

**TRANSPORT**

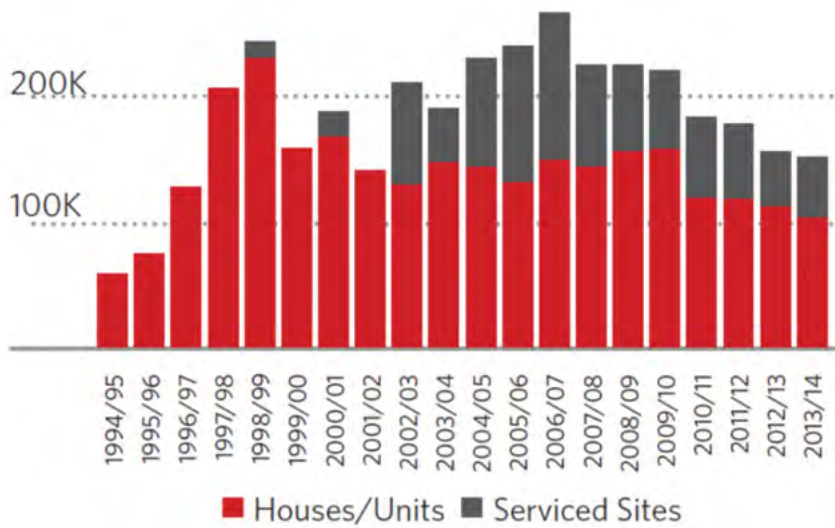
80% of South Africans use taxis to travel to school and work.

226

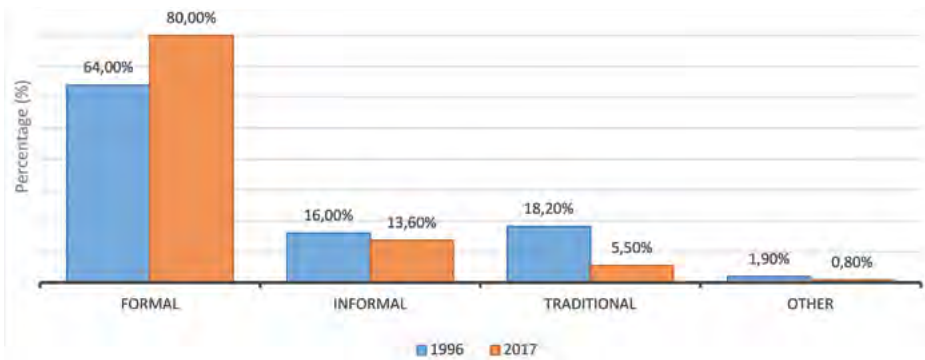
Development and Planning Commission, 1999.

227

Botshabelo Housing Accord. 1994. www.dhs.gov.za



**Figure 8.2:** Number of subsidised units completed from 1994 to 2014.  
 Source: Gardner, 2018



**Figure 8.3:** Household housing types, 1996 and 2017.  
 Source: CRA calculations based on Stats SA data

Through the IRDP, mixed income areas with mixed housing typologies were introduced in areas such as Cosmo City, Olievenhoutbosch, N2 Gateway and Cornubia.

of life had been improved as a result of the housing subsidy scheme.<sup>228</sup>

Another consequence of the loss of sight of the initial intentions has been the withering of the Private-Public Partnership (PPP) spirit of the Botshabelo Accord, wherein over the years the financial sector played less of a significant role in providing affordable housing to lower and middle-income families and the relationship with the construction industry became more ‘contractor based’ and less partnership oriented.

Despite the undue emphasis on fast tracked ‘service delivery’ and procedures, at the cost of real community participation and partnerships, the initial target of 1 million houses in five years was met two years late. The 2002 State of the Nation Address records that “while the number of houses built or under construction was 514 000 at the end of the financial year in 1998, the number currently stands at 1.2 million”.

Nonetheless 25 years after democracy approximately 14 million individuals have been aided by the state’s housing programme with the percentage of households that received some form of government housing subsidy increasing from 5.6% in 2002 to 13.6% in 2017.<sup>229</sup> Figure 8.2 indicates the subsidised housing delivery from 1994 to 2014. According to the CRA, 3,18 million houses/units were delivered through government’s subsidy programme and 1,09 million serviced sites from 1994 to 2018. However, according to the Department of Human Settlements only 49% of all subsidies were allocated to women headed households, this despite them constituting the majority of poorer households in South Africa.

Additionally, since 1994 the private sector had about only delivered 1 179 356 new housing units by 2015. About 73% of these units were constructed in the entry-level sector of small houses (less than 80m<sup>2</sup>), flats and townhouses. In addition, from 1994 to 2017, 360 815 units were delivered in terms of the Enhanced Extended Benefit Discount Scheme<sup>230</sup> which transferred ownership to households holding

99 year leases. Approximately 127 407 Social/Rental/Institutional units were built and 71 260 hostels/Community Residential Units (CRU’s)<sup>231</sup>.

Consequently, the population residing in formal dwellings increased from 64% in 1996 to 80% in 2017 and the percentage of traditional dwellings declined from 18.2% in 1996 to 5.5% in 2017 as shown in figure 8.3.

The percentage of households living in informal dwellings also decreased, from 16% in 1996 to 13.6% in 2017. According to the Department of Human Settlements a total of 1 131 633 households were upgraded in informal settlements as part of the Upgrading of Informal Settlements Programme (UISP) since 1994. The key objectives of the programme was to ensure security of tenure, health and safety, and community empowerment for informal dwellers, the underlying principle being “to enhance the concept of citizenship, incorporating both rights and obligations, by recognising and formalising the tenure rights of residents within informal settlements”.<sup>232</sup> As of 31 December 2018, the total title deed backlog stood at 818 262.<sup>233</sup> The title deeds issued from April 2014 to 31 March 2019 amounted to 101 180 (significantly less than the number of houses handed to beneficiaries).

Additionally, the fragmented spatial plans developed and human settlements built over time were sometimes out of sync with Section 26 of the Bill of Rights which envisages adequate housing as a basic human right, to which end all South Africans ought to have:

- Access to shelter from the elements, physical security and a place for socialisation, raising children, relaxing and studying; and
- A settlement that is well-located and provided with the necessary amenities in which each housing unit can perform all the household, socialisation and safety functions it is capable of, and become an asset and grow in value, should it be owned.<sup>234</sup>

228 Republic of South Africa. 2003. Report on the Evaluation of the National Housing Subsidy Scheme, Public Service Commission. Available at: [http://www.psc.gov.za/documents/2003/eval\\_housingsubsidy.pdf](http://www.psc.gov.za/documents/2003/eval_housingsubsidy.pdf)

229 Statistics South Africa. 2018. General Household Survey 2017.

230 Centre for Risk Analysis, 2019

231 Department of Human Settlements 25 Year Review Report

232 Department of Human Settlements. 2009. The National Housing Code: A Simplified Guide to the National Housing Code. .

233 Department of Human Settlements. 2018. Medium Term Strategic Framework 2014 -2019 Programme of Action (PoA).

234 Kellett, P. and Moore, J. 2003. Routes to home: homelessness and home-making in contrasting societies. Habitat International, 27, 123-141.

## The spatial mismatch, with disconnections between people, skills, jobs and investment, is a persisting legacy of apartheid and untransformed planning policies.

In seeking to advance these objective the Breaking New Ground (BNG) housing strategy of 2004, sought to bring about a paradigm shift for housing delivery by creating integrated sustainable human settlements. The strategy sees the acceleration of the delivery of housing as a key strategy for poverty alleviation, and the acquisition of property as an asset for wealth creation and empowerment. The BNG brought about a holistic approach to financing of land acquisition, infrastructure installation and the overall construction of subsidy housing, through the Integrated Residential Development Programme (IRDP). Consequently, the subsidy scheme underwent a reform similar to the Chilean system of capital subsidy, which looks at more than one income band and consists of grants to the first-time homebuyer, rent-to-buy schemes and supply-side subsidies.<sup>235</sup>

The BNG was also accompanied by the 2004 Enhanced People's Housing Process which extended further support, enhanced social capital and provided concessions to communities and families who chose to self-construct their houses and communities. In the same year, the Housing Assistance Programme for Emergency Circumstances (2004) was introduced in response to the ground-breaking judgment of Grootboom (2000) in which the Constitutional Court ruled that the State was not only responsible for providing medium to long-term responses to shelter but also for providing emergency shelter. This

was to accommodate disaster victims and evictees.

Through the IRDP, mixed income areas with mixed housing typologies were introduced in areas such as Cosmo City, Olievenhoutbosch, N2 Gateway and Cornubia. More needs to be done to integrate these developments into the broader cities' fabric.

The complementary Social Housing Programme (SHP) launched in 2008, has delivered an estimated 45 623 new rental units for low and moderate-income households. The programme was to act as a catalyst for urban regeneration in inner city precincts. In general, the rental sector as a whole had about 4.2 million households in rented accommodation in 2017.<sup>236</sup>

So far, an estimated R2.5 billion of investment has gone into social housing, at least 30% of which has been leveraged from the private sector. Despite the fact that Social Housing has the potential to greatly impact on the restructuring and spatial transformation agenda, its return on investment and prioritisation has not been to the anticipated magnitude. Regarding the gap market, only 12 937 units were delivered through the Finance-Linked Subsidy Programme between 1994 and 2018.<sup>237</sup> The launch of the SHP was complemented by the assembling of the Housing Development Agency through an Act of Parliament in 2008 and the Social Housing Regulatory Authority.

235 Smit, W., 2006: International Trends and good practices in Housing: Some lessons for South Africa, Available at: <https://pdfs.semanticscholar.org/d48a/66ca745f7678d760bd9b1b560814b47b358b.pdf>

236 Statistics South Africa. 2018. General Household Survey 2017.

237 Department of Human Settlements. 2019. Draft 25-Year Review.



## PERSISTENT CHALLENGES

Housing was repositioned as a key element in building up assets for the poor as well as viewing housing as a right. This represented a profound symbol of the social contract. The trends show pro-activeness by the communities to identify well-located land and occupy land illegally. Ironically, this occupied land often meets the spatial and economic inclusiveness criteria. Furthermore, the high cost of land and the inability of the state to challenge the market fully have meant that many of the state's interventions exist on the peripheries of cities. Thus a key persistent challenge has been **spatial injustice**. The spatial mismatch, with disconnections between people, skills, jobs and investment, is a persisting legacy of apartheid and untransformed planning policies, resulting in transport inefficiencies, long travel distances and high travel costs for the poor.

*“The economy is much more concentrated geographically than the population, resulting in extensive unemployment and poverty for people living in the periphery, and imposing extra cost on their mobility (an “apartheid tax”). This spatial mismatch applies at both the regional scale and the urban scale (between the main business districts and industrial centres and the largest townships). Economic forces of agglomeration and institutional inertia tend to reproduce this pattern as success breeds success and established strengths generate additional resources that get reinvested locally.”<sup>238</sup>*

Spatially, not much has been achieved towards ensuring social and economic inclusion. The delays in the land reform process have also had a negative impact on the realisation of integrated human settlements and spatial transformation. The spatial form currently reflects a space economy that is still highly unequal. This has made human settlements dysfunctional and perpetuated spatial exclusion. The spatial mismatch is evident in all of the metropolitan municipalities to varying degrees.

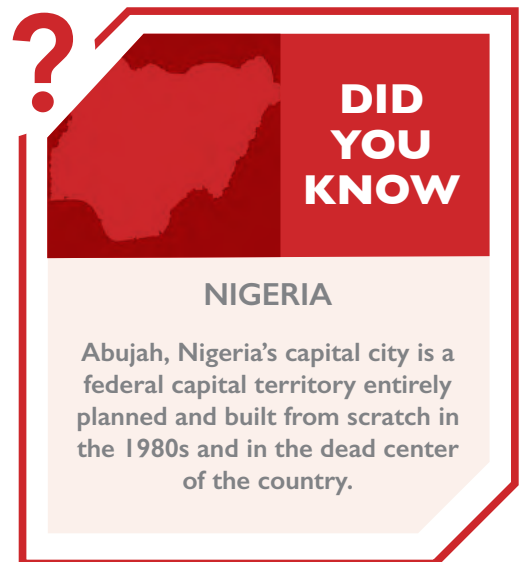
The human settlement value chain has key elements such as land, labour, material, infrastructure and financing. The value chain, most notably the question of land, needs to be more effectively exploited to

effect transformation in the industry, so as to be able to respond to spatial inequality, poverty and unemployment.

The pursuit of shaping a more just, efficient and inclusive spatial geography and to reverse the jobs/housing mismatch, there is a need to better coordinate between and amongst the three spheres of government with a view of decentralizing housing and transport functions to metros and other large cities where capacity exists, in the longer term.

Since there is no compelling, detailed and well thought out spatial plan for the country, the **harmonisation of the various Integrated Development Plans (IDPs)** is critical. Such a harmonisation will deliberately unlock and target economic opportunities for the township and rural economies, whilst also facilitating for cross municipality collaboration and specialisation. Such a process needs to be driven by government, who could move service centres and offices to the rural and township economies. Such plans should be accompanied by support for local businesses and the appropriate plans and infrastructure, which in the township context could result in ‘high streets’ or corridors of opportunity.

From a pure housing perspective and in order to establish which of the challenges are critical to attend to, a matrix is presented in **figure 8.4**, which ranks two principal attributes those of Size of the challenge, as measured by the gap between



238 Human Sciences Research Council. 2017. Report to the High Level Panel on the assessment of key legislation and the acceleration of fundamental change. Available at: [https://www.parliament.gov.za/storage/app/media/Pages/2017/october/High\\_Level\\_Panel/Commissioned\\_reports\\_for\\_triple\\_challenges\\_of\\_poverty\\_unemployment\\_and\\_inequality/Diagnostic\\_Report\\_on\\_Spatial\\_Inequality.pdf](https://www.parliament.gov.za/storage/app/media/Pages/2017/october/High_Level_Panel/Commissioned_reports_for_triple_challenges_of_poverty_unemployment_and_inequality/Diagnostic_Report_on_Spatial_Inequality.pdf)



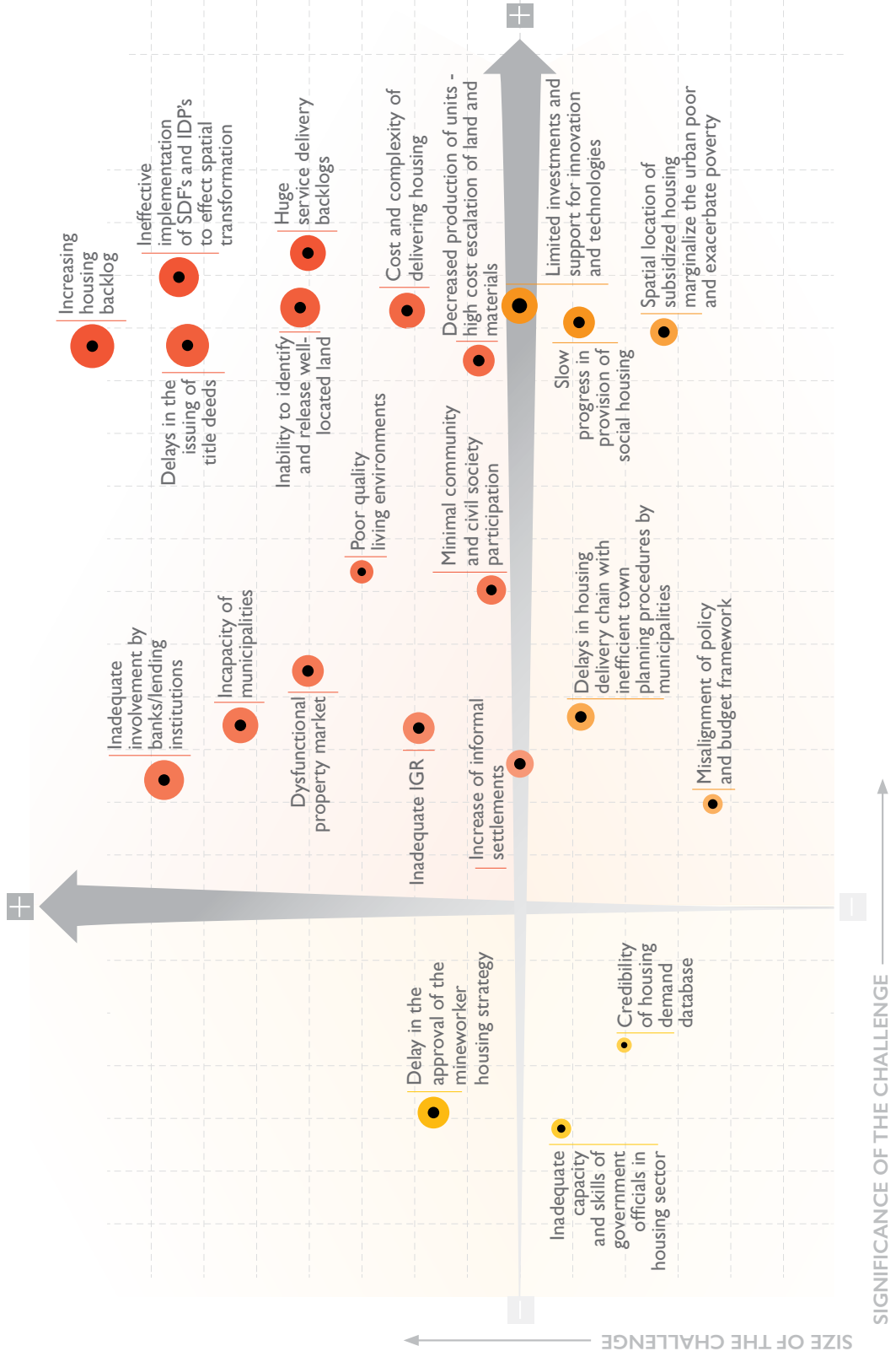


Figure 8.4: Challenge – Analysis.

Source: DPME, 2019.

the current state/condition and the desired state/condition; and Significance of the challenge, as measured by the size of the impact of the resolution of the challenge on the realisation of the mandate of the human settlement sector.

Overall, South Africa is witnessing a decrease in the production of housing units with **increasing costs**, which raises questions about administrative efficiency and the rising costs of land and materials as revealed by the expenditure review by National Treasury.

The **contractor and procurement models** employed to address the housing backlog have at times been found wanting with a snail's pace delivery, with questionable quality in housing, all of which are driven by the housing subsidy market.

The failure to effectively use **the planning system** has meant that land assembly continues to favour upmarket developments, which confounds city and town densification and inclusion. With a daily average growth of 98 informal dwellings from 1996 to 2017,<sup>239</sup> it is critical to resolve the housing crisis faced by most cities especially with the growing number of evictions, protests, and the continuing land grabs.

South Africa's **land** market has effectively excluded many of the country's poorest citizens, due to high land and property costs and the inability of many poor people to access affordable credit. Consequently, many poor people have ended up living in situations of informality. The lack of proper planning at municipal level has led to slow progress with respect to the development of informal settlement upgrading plans, leaving poor households trapped in poverty. According to the CRA, some 1 185 informal settlements still exist as of 2018.

Despite far-reaching efforts over the past 25 years to address housing needs, the reality is that 1.89 million households are still in need of decent housing.<sup>240</sup> The increasing housing backlog is caused by a decrease in household size, resulting in an increase in household formation, and by rapid urbanisation especially in Gauteng where the population increased by 25.5% in 2018.<sup>241</sup>



Slow progress in provision of the social housing units is due to reluctance to invest in rental housing due to rent defaults and maintenance costs. This is also indicative of limited **coordination and collaboration towards a common vision**, since the delivery of adequate spatial planning and human settlements requires multiple social and economic interactions and investments by all spheres of government, the private sector and non-government actors. To unlock this **a compelling social compact** is required which must include the use of natural resources and land. This would resolve what may appear as competing interests without mediation mechanisms to prioritise the use of land and natural resources towards sustainable economic and community development. For instance, many of the critical water resource areas in the country are found in the same locality as significant mineral deposits, but mining in those areas potentially compromises the long-term water security of the country.

The Spatial Transformation agenda requires **dedicated capacity** across all spheres of governance, so as to ensure spatial governance, evidence for decision making and decisive, and persistent action towards priorities. The spatial planning and land use management function is not adequately funded and capacitated, particularly in smaller municipalities. Planning professionals and other built environment players within and beyond government require training and capacity enhancements.

239 CRA, 2019

240 CRA, 2019

241 Ibid



# RECOMMENDATIONS

South Africa requires a deliberate spatial development plan which increases opportunities and values in the previously isolated township and rural areas, whilst also securing sustainable development towards addressing unemployment, poverty and inequality whilst addressing social exclusion. To this end;

- In **developing and implementing a compelling and detailed spatial plan**, and addressing the population and opportunities mismatch, the priority must be about devolving economic opportunities to the places and localities where the majority of poor people live, including the townships and rural areas. To which end government as property owner, renter, and driver could consider moving its places of work in that direction.
- In **improving coordination and locating collaborative mechanisms** within and amongst the spheres of government, private sector and the civil society the National Spatial Development Framework must be translated into a detailed plan, institutionalised and capacitated, so as to ensure that all the relevant stakeholders contribute to the spatial planning and human settlement frameworks. No new human settlements must take place, unless they are part of integrated spatial planning.
- **Leveraging the private sector** to ensure that it benefits human settlement development and mixed income housing.
- **Review the housing subsidy programme** as well as its delivery and procurement models to ensure greater participation and effective delivery which build local economies and community solidarity.
- **Introduce a mix of housing options** in our human settlement programmes.

South Africa's land market has effectively excluded many of the country's poorest citizens, due to high land and property costs and the inability of many poor people to access affordable credit.

CHAPTER 9

# Land Reform and Rural Development



**The RDP observed that Land is the most basic need for rural dwellers, and a national land reform programme must drive rural development by addressing past injustices, ensuring security of tenure, providing support services, generating employment and increasing incomes. The RDP and subsequent government policies have emphasised, rural development as an important process and objective towards improving the quality of life and economic well-being of people, especially those living in rural areas.**

Despite rural South Africa being relatively isolated and sparsely populated, the rural economy holds significant potential for creating decent and productive jobs. The rural economy can also contribute to sustainable development and improve economic growth whilst reversing rural-urban migration. The promotion of decent job in the rural economy is key to eradicating poverty and ensuring that the nutritional needs of a growing population are met. This is recognised in Agenda 2063: The Africa We Want and the 2030 Agenda for Sustainable Development, both of which highlight the importance of rural development in general as well as agriculture and food security in particular.

## LAND REFORM

The connection to land is an important factor in the construction of African social identity, and the organisation of spiritual life and culture. Land is for many, an asset of gigantic multiple value—a source of and determinant of wealth, and a crucial natural resource that enables production and reproduction for economic growth. The Freedom Charter therefore asserts that “the land shall be shared

among those who work it” and that “restrictions of land ownership on a racial basis shall be ended, and all the land [shall be] re-divided amongst those who work it [to] banish famine and hunger”.

Land reform therefore, is ‘many things’ to democratic South Africa. It is a healer of historical wounds, a significant bridge to the glaring societal inequality and gender gaps, as well as an essential capital asset for a myriad of interventions aimed at eradicating rural poverty. It is a beacon of hope. In this context, land reform has always been a priority objective of the liberation struggle and the democratic government. The country committed to land reform to redress the injustices of the past, and for agrarian transformation. However, progress in land reform has been very slow, necessitating a national assessment led by Parliament in 2017, the findings of which called for, amongst others, fundamental policy reform for acceleration.

The AU Guidelines<sup>242</sup> on Land Reform define land reform as a process which involves comprehensive restructuring or redesign of the land system particularly as it pertains to the structure of property ownership; utilisation and production; and support services. Land restitution, tenure, reform and redistribution are the major policy instruments used towards the eradication of capital asset poverty since 1994.

## RURAL DEVELOPMENT

Since the dawn of democracy, rural development has been ranked amongst the top five priorities of government. The rural economy holds significant potential towards reducing inequality, unemployment and poverty, thereby contributing to sustainable development and economic growth. However, the unique history of South Africa’s rural space poses serious limitations to the potential in rural areas. Our country’s rural space “was shaped by colonialism and apartheid, and still carries that legacy of dualism – it is sometimes difficult to envisage a single rural space in this country because of the stark differences between the commercial farming areas and the ‘communal’ areas”<sup>243</sup>. Rural development forms

242 AU (2010) framework and guidelines on land policy in africa land policy in africa: a framework to strengthen land rights, enhance productivity and secure livelihoods. Auc-eca-afdb consortium ( 2010).

243 Tregurtha, N, Vink, N and Kirsten, J, 2010: Presidency Fifteen Year Review Project: Review of Agricultural Policies and Support Instruments in South Africa, 1994-2009.

**Figure 9.1: Land Redistribution statistics - Hectares (1994-March 2018)**  
 Source: DRDLR 25-Year Review Report – Final 2019, compiled out of annual and POA reports.

PROVINCE	FARMS	HECTARES ACQUIRED AND REDISTRIBUTED							
		SETTLEMENT/ TENURE SECURITY		MUNICIPALITY	AGRICULTURAL			TOTAL HECTARES ACQUIRED	RAND VALUE – PURCHASE PRICE
		SLAG	SPLAG	CMOG	LRAD	PLAS			
EC	883	44 179	1 021	57 319	193 069	255 777	552 336	2 214 586 248	
FS	896	44 544	0	32 344	126 864	217 391	422 039	1 921 182 703	
GP	412	4 586	293	1 756	7 262	47 194	61 603	826 493 327	
KZN	938	145 373	60 916	1 637	187 772	184 557	581 193	3 376 142 236	
LP	416	33 797	0	0	45 327	102 680	182 220	1 591 247 007	
MP	632	113 984	0	5 389	91 620	255 220	466 845	2 692 939 995	
NC	383	57 203	0	730 846	120 656	635 417	1 544 505	1 484 080 466	
NW	547	24 477	800	17 946	164 861	297 572	506 203	2 242 977 023	
WC	329	251 306	8	3 105	230 119	69 619	554 486	1 330 747 801	
<b>TOTALS</b>	<b>5 436</b>	<b>719 449</b>	<b>63 038</b>	<b>850 429</b>	<b>1 167 551</b>	<b>2 065 427</b>	<b>4 871 330</b>	<b>17 680 396 806</b>	

PSSC	REDISTRIBUTION BY BENEFICIARY GROUPS							
	Women	House Holds	Labour Tenants	Farm Dwellers	Military Veterans	Agricultural Graduates	Youth	Disabled
EC	3 871	1 509	15	1 470	4	-	2 529	29
FS	2 318	2 222	-	990	-	-	1 036	1
GP	1 052	6 004	13	959	1	-	465	2
KZN	22 026	42 961	5 138	51 868	1	28	14 543	133
LP	1 487	6 114	195	284	51	8	872	37
MP	5 379	18 182	5 501	14 342	288	-	2 543	21
NC	1 182	6 160	75	114	1	1	711	35
NW	22 838	37 038	-	4 170	3	35	3 559	385
WC	10 732	9 641	-	11 577	2	-	9 357	132
<b>TOTALS</b>	<b>70 885</b>	<b>129 831</b>	<b>10 937</b>	<b>85 774</b>	<b>351</b>	<b>72</b>	<b>35 615</b>	<b>775</b>

“Land reform is a necessary but not sufficient condition for national development... For land reform is a fundamental dimension of the agrarian question, while the agrarian question is a fundamental dimension of the national questions...”

part of overall land reform objectives and initiatives that create linkages and seamless transitions between the urban and the rural.

Prior to 1994, the apartheid government used taxes and spatial planning to create pools of cheap labour and skewed infrastructure development. While tens of millions of South Africans under apartheid lacked access to basic amenities, conditions were even worse for the rural population, among whom less than half had a safe and accessible water supply and only one in seven had access to adequate sanitation. According to the RDP, out of 41.22 million population, only 36% of the population, including only 12% of people in rural communities, had access to electricity. The UN Agenda 2030 towards Sustainable Development regards rural development as being vital to the economic, social and environmental viability of nations.

The NDP: Vision 2030 states that actualising its vision of an *‘Integrated and Inclusive Rural Economy’* requires a *‘complex interplay of actors and actions’*, and rural development requires sound intergovernmental relations and an active citizenry.

The promotion of decent work in the rural economy is key to eradicating poverty and ensuring that the nutritional needs of a growing population are met. This is recognized in the 2030 Agenda for Sustainable Development, which provides added attention towards rural development and agriculture with a particular focus on food security<sup>244</sup>.

## PROGRESS IN THE 25 YEARS

Rural development and land exclusion form part of those tools used by the colonialists and apartheid state to drive inequality, poverty and the perpetual dependence of blacks.

However, unfortunately land reform is often separated from the matters related to agrarian reform, industrialisation, the body politic and the broad economic development and yet these are intrinsically linked since, *“land reform is necessary but not sufficient condition for national development... For land reform is a fundamental dimension of the agrarian question, while the agrarian question is a fundamental dimension of the national questions...”*<sup>245</sup>

In advancing a similar outlook and taking into cognisance South Africa’s divided and bitter history characterised by colonialism, racism, apartheid, sexism and repressive labour policies, the *White Paper on RDP* of 1994, identified that there were more than 12 million people who did not have access to clean drinking water and 21 million people lacked adequate sanitation. It also noted that less than half of the rural population had a safe and accessible water supply and that only one person in seven had access to adequate sanitation.

The White Paper therefore committed government to formulating *“an integrated and sustainable rural policy in consultation with rural people, their*

244

Ilo, April 2019): Advancing Social Justice, Promoting Decent Work Copyright © 1996-2018.

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Prof. Sam Moyo, *Land Reform, Small Scale Farming and Poverty Eradication: Lessons from Africa*, in AISA Policy Brief No. 21, June 2010.

organisations and stakeholders... to broaden access to services and support to small scale agricultural producers by ensuring access to land, appropriate markets, credit facilities, training and support”.<sup>246</sup>

To these ends Section 25 of the Constitution in the property clause establishes a framework for the implementation of land reform, which framework includes expropriation, compensation, tenure and a foundation for legislative implementation. To give effect to land reform and restitution the Restitution of Land Rights Act and the Land Reform (Labour Tenants) Act was respectively promulgated in 1994 and 1996. The Restitution of Land Rights Act, No. 22 of 1994 makes provision for the restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913 as a result of past racially discriminatory laws or practices.

To administer this task, the Act established a Commission on Restitution of Land Rights and a Land Claims Court. The Minister responsible for land reform is authorised to purchase, acquire in any other manner or expropriate land or rights in land for the purpose of restitution awards. The Land Reform (Labour Tenants) Act, (Act 3 of 1996) makes provision for the security of tenure of labour tenants and those persons occupying or using land as a result of their association with labour tenants. It also makes provision for the acquisition of land and rights in land by labour tenants.

These are complemented by the Communal Land Rights (Act 11 of 2004), Extension of Security of Tenure Act 62, (Act 62 of 1997 and its amendment; and the Communal Land Rights Act (ClarA) all of which seek to offer redress to people “whose tenure of land is legally insecure as a result of past racially discriminatory laws or practices”, as proclaimed in Section 25 (6) of the Constitution of the Republic of South Africa of 1996.

To support these and the broad rural development and land reform objectives several programmes were developed and implemented including the Integrated Sustainable Rural Development Programme (ISRDP), the Settlement and Land Acquisition Grant (SLAG); Land Redistribution for Agricultural Development (LRAD); Proactive Land Acquisition Strategy (PLAS); and Comprehensive Rural Development

Programme, (2009). Financing, institution building and capacity enhancing programmes and initiatives include the Agrarian Transformation Strategy of 2012; Rural Development Policy Framework of 2013; Intergovernmental Relations and Stakeholder Management Strategy; Rural Enterprise and Industry Development Programme; NARYSEC; Comprehensive Agriculture Support Programme (2004); Micro-Agricultural Finance Scheme of South Africa (2005); Ilima/letsema; Recapitalisation and Development Programme, (2010); Agricultural Policy Action Plan; Agri-parks Programme, and the Animal and Veld Management Programme.

To complement these several international and continental agreements and obligations were entered into, including the Comprehensive African Agricultural Development Programme (CAADP) by means of the 2003 Maputo and Malabo Declarations on Agriculture and Food Security in Africa. The Maputo Declaration on CAADP represents a detailed integrated framework for Africa’s agricultural development priorities at country level, which are clustered in eight thematic areas.

In line with the CAADP, South Africa’s overall score was 4.1 in 2017, according to the Malabo



The graphic features a large green question mark on the left. To its right is a photograph of a rugged coastline with dark rocks and white waves crashing against them. Further right, a green rectangular box contains the text 'DID YOU KNOW' in white, bold, uppercase letters. Below the photograph and text box, the title 'LAND SIZE' is centered in a bold, dark font. The main body of the graphic is a light grey area containing the following text: 'South Africa’s land size is 1.2 million km<sup>2</sup> and 3000km of coastline. We are the 25th largest country in the world and 9th largest in Africa.'

246 White Paper on Reconstruction and Development, sec 7.7.2. 1994.





Declaration timeline. A minimum overall score of 3.94 out of 10 is required to be on track in implementing the commitments of the Malabo Declaration by 2025, meaning that South Africa has an average performance. These commitments are complemented by international goals such as those contained in the SDGs, including SDG2 on achieving food security, improved nutrition and promoting sustainable agriculture.

Initially, in tandem with the implementation of the RDP, agricultural extension services were rolled out across almost all provinces, integrated sustainable rural development programmes were piloted, and land restitution support was provided to a number of communities. As shown by figure 9.2 from 1994/95 to 2017/2018, out of a total of 82 million hectares of white-owned agricultural land available in South Africa, 4.8 million hectares were acquired by government under the Land Redistribution programme and another 3.5 million hectares were acquired under the Land Restitution programme. This means that over the past 25 years a total of 8.3 million hectares, or 10.2% of the agricultural land available, have been transferred to beneficiaries.<sup>247</sup> The 3.5 million hectares acquired for Land Restitution entailed the finalisation of 62 475 claims, involving over 300 000 previously disadvantaged individuals including some 70 000 women, 36 000 youth and

almost 800 people living with disabilities.<sup>248</sup>

Of the total of 4.8 million hectares of land redistributed, over three million hectares were mainly for agricultural purposes, through the LRAD and PLAS policies; and 850 429 hectares were transferred to municipalities in the form of commonage grants. Over 2.8 million hectares are now held in title by communities and individuals, a total of 10 937 labour tenant applications have been settled and 85 774 farm dwellers have been assured of their land tenure security.<sup>249</sup>

Figure 9.3 shows that between 2002 and 2017, the percentage of people vulnerable to hunger decreased from 29.3% to 12.1%. The percentage of households vulnerable to hunger decreased from 24.2% to 10.4% over the same period, at the same time, the percentage of households with limited access to food decreased from 23.6% in 2010 to 21.3% in 2017, while the percentage of people with such limited access also decreased from 29.1% in 2010 to 24.7% in 2017.<sup>250</sup>

The percentage of rural households with access to improved drinking water sources increased from 70.2% in 2002 to 79.4% in 2015, such that nearly four-fifths of rural households had access to improved drinking water sources by 2015. A total

247 DRDLR. 2018. p.3. Department of Rural Development and Land Reform. 2018. Annual Reports. p3  
 248 Department of Rural Development and Land Reform. 2019. Contribution to the 25 Year Review Report.  
 249 Ibid  
 250 Statistics South Africa. 2017. General Household Survey.

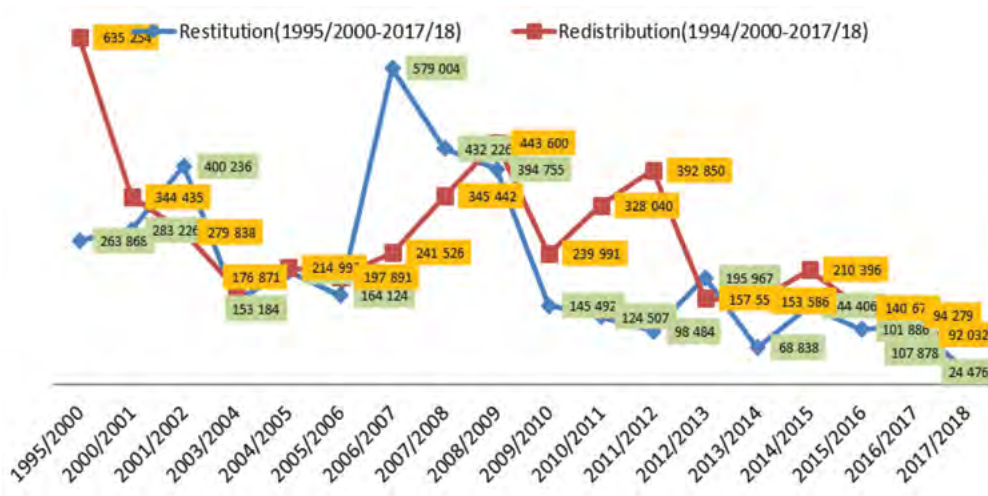
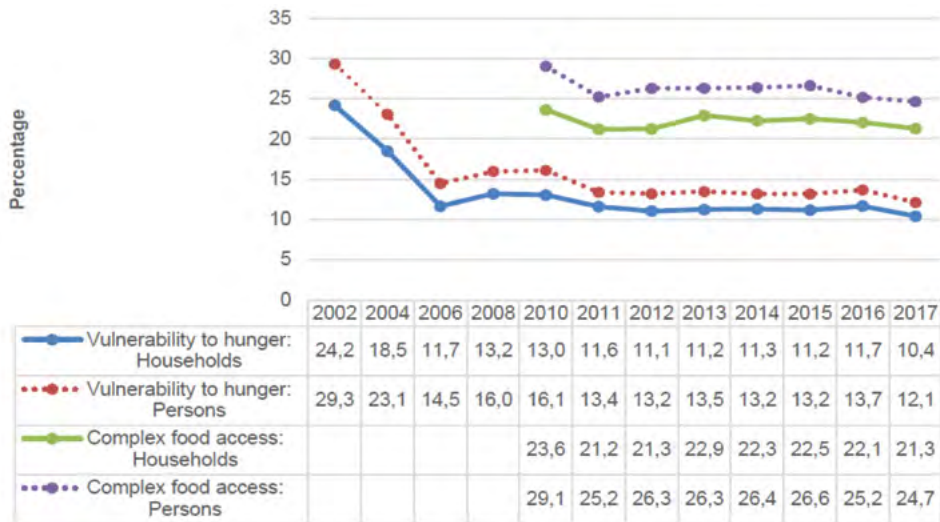


Figure 9.2: Hectares acquired through Restitution and Redistribution.  
 Source: DRDLR. 2019. 25 Year Review Report.



**Figure 9.3: Vulnerability to hunger and access to food, 2002 – 2017.**

Source: Stats SA GHS 2017, 2018.

of 91.1% of households countrywide had access to electricity (both off- and on-grid) by 2016.<sup>251</sup>

With respect to rural development, rural community development entails the provision of appropriate infrastructure - an enabler to the rural economy. Government's post-1994 interventions in this regard focused on reducing school and health infrastructure backlogs, ensuring access to ICT by households and schools, and providing access to basic services including decent sanitation, clean drinking water, electricity and transport infrastructure. Following the implementation of the Comprehensive Rural Development Programme, access to water, sanitation and electricity in rural areas has improved greatly. However, "An estimated 46.7% of households had access to piped water in their dwellings in 2017. A further 27.5% accessed water on site while 12.2% relied on communal taps and 2.1% relied on neighbours' taps. Although generally households' access to water improved, 3.0% of households still had to fetch water from rivers, streams, stagnant water pools, dams, wells and springs in 2017." But "this is a decrease of more than six percentage points from 9.5% of households that had to access water from these sources in 2002."<sup>252</sup> The households with access improved sanitation increased from 61.7% in 2002 to 82.2% in 2017.<sup>253</sup>

— The percentage of rural households with access to improved drinking water sources increased from 70.2% in 2002 to 79.4% in 2015 —

251 Statistics South Africa. 2016. Community Survey.  
 252 Statistics South Africa. 2018. General Household Survey. p.36.  
 253 *Ibid.* p.41.

Although statistics relating to access to basic services were not disaggregated to urban and non-urban, data from the General Household Surveys indicate that the number of households with access to basic services, in provinces that are largely rural, more than doubled since 1994. These were also the provinces with the lowest levels of access in 1996, according to non-disaggregated data.<sup>254</sup>

## PERSISTENT CHALLENGES

The current rural development approach is designed around **service delivery**, without being sufficiently focused on the spatial, structural, community mobilisation, and solidarity dimensions of development. The rural economy still largely reflects South Africa's

past, being divided between a few large commercial agri-business enterprises, still predominantly white, and many small communal or traditional lands which are predominantly black-owned.

Government **land reform** efforts to date have been slow, piecemeal and uncoordinated. Where land claims (made in terms of restitution against the Natives Land Act of 1913 and forced removals under apartheid) are approved, the recipients often lack the skills or the support needed to develop the land into a viable and success enterprise. Access to water is as crucial as access to finance. Furthermore, many small farmers simply lack collateral and have difficulty securing bank loans.

Uncertainty with regard to current and future **land**

254

Statistics South Africa. 2016. Community Survey.



# RECOMMENDATIONS

The International context on redistributive land reform globally in countries such as Brazil, Philippines, Zimbabwe, Chiapas, Honduras, Guatemala, India, Bangladesh, Indonesia and East Timor, points to the need to specifically **focus and mobilise the rural poor and landless**. This requires adequate policy and institutional reforms. Therefore, South Africa requires:

- **The implementation of a comprehensive land and agrarian reform programme** including rural infrastructure, social facilitation (and mobilisation), skills, amenities, education and health and any other rural economic and spatial development, whilst positioning land reform and rural development at the core of economic development, agrarian reform and infrastructure development.
- **The reconfiguration of land reform programmes** to cater for rural infrastructure development and services equivalent to urban areas, and development of a value chain into a single entity to render a full package of land reform products and services (urban and rural, agricultural and non-agricultural) pre- and post-settlement until communities or individuals are fully resilient, which must be complemented by the expedition of the functionality of all three legs of the Agri-parks Programme that is FPSU, market access, and Agri-hubs with rural-urban market centres.
- Supporting **rural economic development** as well as specific economic development opportunities using agro-processing and agro-hub development to unlock economic and trade opportunities for rural areas, and smallholder development using rural infrastructure and other services and amenities.
- **Fine tuning the Land Audit** to outline land owners and land potential/ capabilities for different economic outputs. Disaggregate state land information for

**policy impacts upon food security.** Some land that is available is not being put to the best possible use, or is being incorrectly used. Traditional leaders continue to exercise disproportionate power over land and tenure issues, in some instances dominating access through their control of exclusive management trusts within ostensibly communal areas; and infighting between and within Communal Property Associations further complicates issues, all invariably, at the expense of women who make up the majority of the rural poor. Not least, while the RDP correctly pointed to the need for land reform to drive rural development, it said little with regard to “*the appropriate use of urban land*”.

An integrated, community driven and coordinated spatial, administrative and **financing system**

for land needs to be developed, with clear processes, support and licensing regimes. In some instances, particularly in peri-urban areas, land held by government and SOEs could be released or distributed to communities for development purposes. Development finance institutions (DFIs) like the Industrial Development Corporation and the Land Bank need to give more attention to rural infrastructure development and community mobilisation. More consideration needs to be given to the fact that farmers and other rural enterprises are, along with other rural dwellers and especially the poor, particularly exposed to climate change in the form of floods and droughts. Fluctuating commodity prices and the effect of exchange rates on the costs of machinery, fertilizers and transport add to the uncertainty.

acquisition for different land reform capabilities and uses.

- **Reconfiguring Land Reform**

**Regulatory regimes** to ensure equality and access using the relevant property rights to redress inequality and promote economic development.

- Establishing a **land fund** to finance land reform, rural development and agricultural programmes from land taxes.
- The **integration of land reform** with agrarian reform, through an integrated plan.
- **Reconfiguring and capacitate land administration** value chain functions (deeds, land surveys, land valuation, land use and land development) under one entity, to achieve efficiencies and address silos and discharge its service to government, SOEs, the private sector and the public.
- **Improving Land Reform and Rural Development governance** to ensure effective implementation of legislation and programmes to address different land holding and farmer development systems including smallholder development. This will lead to the development of smallholders and the connection of SMMEs

to the global value chains and markets.

- Adopting a value chain approach and **beneficiation**/value addition to rural resources and production optimisation, skills and technology prioritisation, coherency and determination in pre-and post-settlement support for sustainability rural and land reform modalities.
- Ensuring that the **4IR and climate change adaptation** mitigations form part of the land reform and rural development’s core objectives.
- Facilitating for the building of **additional water resources** dams, cleaning of silted dams and maintenance of existing water infrastructure; and transfer water rights to previously disadvantaged farmers.
- Structured **finance mechanisms** by refocusing land bank roles in land reform, rural development and agrarian development. The land administration system should be accessible and adaptable to be easily used by majority of the both urban and rural population.
- **Amending, developing and revising legislations**, which can provide a just and more equitable access to land, especially for the rural poor.

CHAPTER 10

# Infrastructure



**T**he RDP White Paper (1994) recognizes that “the basic needs of people extend from job creation, land and agrarian reform to housing, water and sanitation, energy supplies, transport, nutrition, health care, the environment, social welfare and security. [And that] In creating the infrastructure to meet these needs the RDP will encourage and support the participation of people in making the key decisions about where the projects should be and how they should be managed. These large scale developments are expected to stimulate the economy through the increased demand for producer and consumer goods and services.”

The RDP therefore set out to correct the infrastructure-related legacy of imbalances of the past. This legacy was as a result of South Africa’s early and extensive industrialisation, which was driven by massive investment flows in the late-19<sup>th</sup> century into the diamond and gold fields. That early industrialisation, largely accounts for the uneven spatial development and the concentric configuration of key logistics infrastructure (rail, roads and pipelines) which radiate from the Gauteng industrial hub to relatively distant coastal ports.

Settlement patterns also take into account the fact that while deep-level mining in South Africa was capital-intensive, it was also extremely labour-intensive. This required large numbers of unskilled and semi-skilled labourers, who were kept in distant reserves and closer dormitories. The social and economic infrastructure of these increasingly over-populated reserves was rudimentary and increasingly under-developed.

Under apartheid the marginal, peri-urban African townships increasingly became the key sites for racialized reproduction of cheap black labour, with the Group Areas Act facilitating for the forced removal of blacks living in more central locations. High-density and barren peri-urban townships as well as green suburbs and town centres each

with their own distinct character, features and infrastructure continue to dominate South Africa’s landscape. In the apartheid period, infrastructure was deliberately used as a barrier of exclusion, with high-speed, multi-lane freeways and railway lines ringing townships and with few (and therefore sealable) entry and exit points.

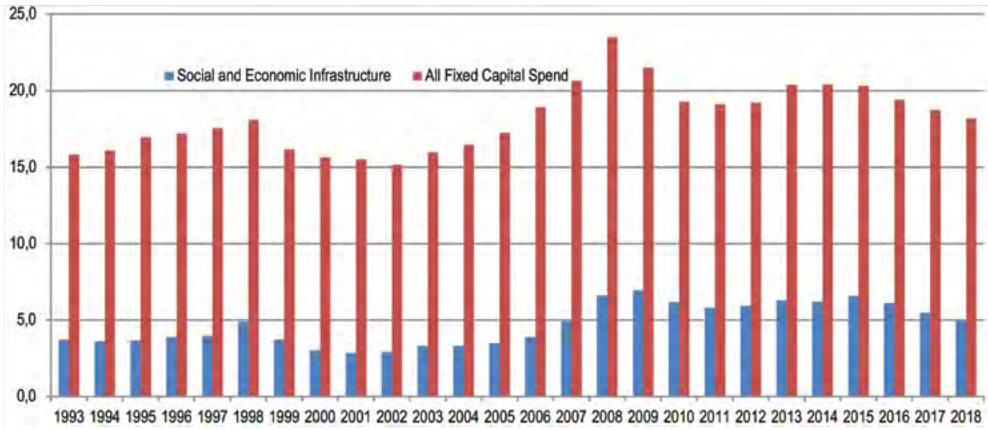
During the decades of white minority rule, infrastructure connections into the rest of the Southern African region remained relatively undeveloped with South Africa’s economy geared logistically to the developed economies of the West. At the height of the regional armed conflicts in the 1970s and 80s, south-north road construction was often linked to apartheid military priorities. The deliberate sabotage by apartheid forces of east-west rail-lines connecting independent land-locked African countries to neighbouring ports was also part of coercing greater dependence on apartheid South Africa. This historical infrastructure legacy remains a challenge for sustainable and balanced regional development.

In the historic contexts, infrastructure spending as a percentage of GDP was relatively high, peaking in the mid-1970s. The level of infrastructure investment was not sustainable given the types of infrastructure that were developed; and by the mid-1980s, spending as a percentage of GDP was falling rapidly. As a result of the declining investment in infrastructure build and maintenance, South Africa experienced huge (and ever increasing) backlogs in the latter years of apartheid. For example, a 1996 survey conducted at the start of the democratic period of 26 736 schools found that approximately 59% of the schools were without electricity, 34% without on-site water supply, 12% without toilets, 61% without telephone lines and 82% without libraries<sup>255</sup>.

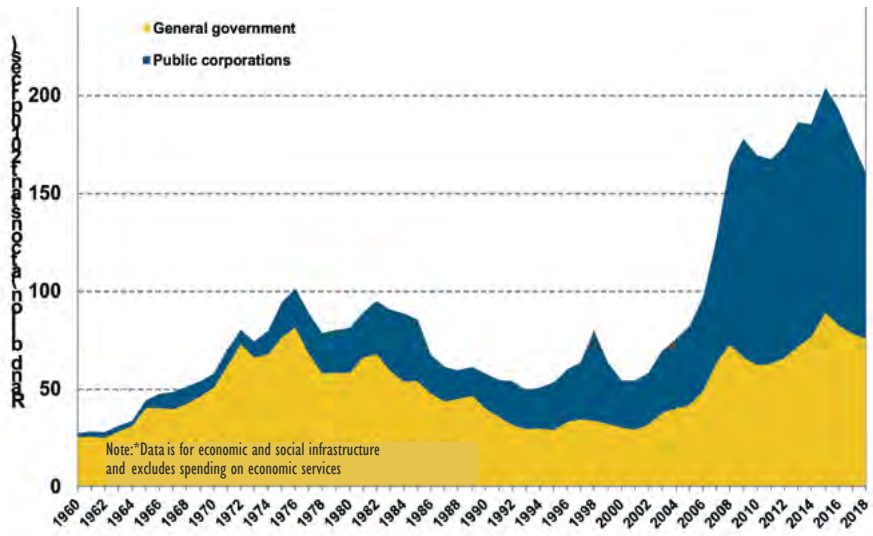
The historic factors, policy choices and positions adopted by the apartheid government largely account for the limitations in access to economic and social infrastructure. That apartheid legacy saw the utilisation of public investment in infrastructure to improve living standards for a privileged minority, whilst ensuring segregated cities and the maintenance of the mining and agriculture value chains, which were central to the propping up of the apartheid economy.

255

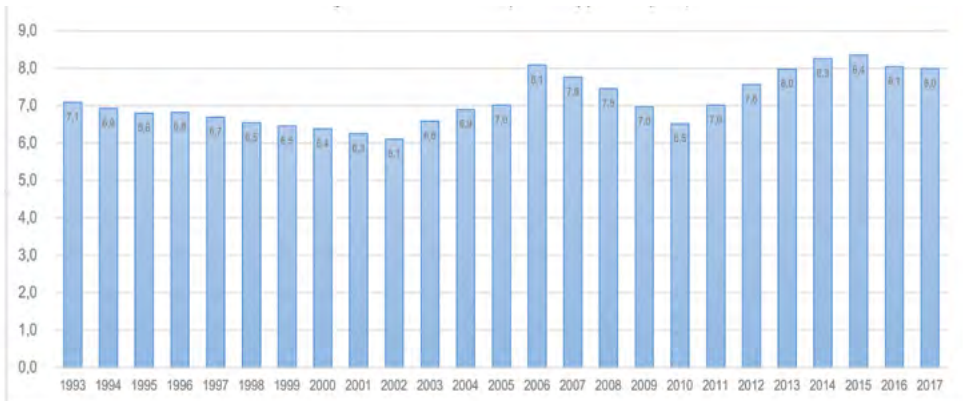
The Presidency. 2014. Twenty Year Review: 1994 – 2014.



**Figure 10.1:** Social and Economic Infrastructure Spend and Total Capital Spend as Share of GDP, 1993 – 2018  
 Source: Department of Economic Development. 2019. Report prepared for 25 Year Review.



**Figure 10.2:** Infrastructure investment by the public sector in real terms  
 Source: SARB Data



**Figure 10.3:** Real Spend on Public Sector Economic and Social Infrastructure, 1993 – 2018, Constant 2010 Rands Billion  
 Source: StatsSA



This was the legacy of apartheid that the new democratic government inherited in 1994 with the transition to democracy.

## PROGRESS SINCE 1994

The apartheid state had generally diminished its investment in the development and maintenance of infrastructure, leading to increasingly aging and under-maintained infrastructure.

The infrastructure expansionary ambitions of the democratic government aimed at correcting the injustices of the past and establishing a firm foundation for the developmental aspirations of the people. This placed added pressures on the aging and under-maintained infrastructure. All of this was exacerbated by population growth and increased demands placed on the infrastructure as a result of economic growth and migration patterns.

Marginal increases and upswings in infrastructure investment did not fully lead to the anticipated outcomes particularly as it relates to growth, poverty reduction and employment.

Nonetheless, policy choices in infrastructure had a greater effect in the social infrastructure sub-sector, which are captured in the human development, social wage, skills development and social cohesion segments of this report. In the year leading to the first democratic elections, spending on social and economic infrastructure was at 3.6% of GDP, and total capital spending (gross fixed capital formation) by both public and private sector was at around 15.16% of GDP<sup>256</sup>.

Over the past 25 years, the democratic state invested significantly in new infrastructure to underpin economic and social inclusion and to deliver basic social services. This investment also supported growth and diversification of the economy. These programmes promoted job creation both directly, in construction and maintenance, and indirectly, by boosting the ability of households and businesses to take advantage of economic opportunities.

This resulted in a steady and slight increase in capital

spend up to 1998, when it peaked at just above 17% of GDP, as shown in **figure 10.1**. The effects of the 1998 Asian financial crisis as well as other internal challenges would be felt up to the year 2002, when capital spend rose from the 2001 low of just above 15% to just above 16%. This trend persisted reaching a post democracy high of just over 23% in 2008, during which year infrastructure spend was at 6.6% of GDP. It should be noted that spending in real terms continued to climb until about 2014. In 2018 capital spend was 18.6% of GDP. Wherein private sector capital spending has averaged a real 4.6% and public sector infrastructure spend has averaged 4.9%. Economic infrastructure spend by the public corporations has had the highest growth rate of all, at a real annual average of 6%.

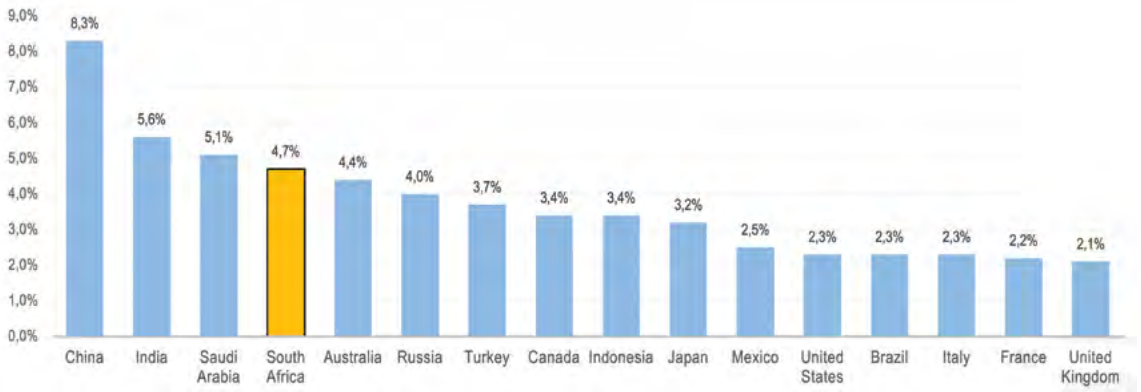
Overall, the investment in infrastructure has yielded significant gains. As shown by **figure 10.2** and **10.3** the investment boosted GDP by more than a trillion rand over the period 2003 and 2018 (contributing, at current prices, an average of R281 billion to GDP annually), and it assisted the economy to recover from the global economic recession in 2009 whilst also helping South Africa avoid a recession in 2015.<sup>257</sup>

Employment rose sharply, from 440,000 persons employed in construction in 1995 to almost 1.5

Employment rose sharply, from 440,000 persons employed in construction in 1995 to almost 1.5 million construction workers by 2018

256 The Global Economy. 2019. South Africa: Capital investment, percent of GDP. Website: [https://www.theglobaleconomy.com/South-Africa/Capital\\_investment/](https://www.theglobaleconomy.com/South-Africa/Capital_investment/).

257 Department of Economic Development. 2019. Background Paper Prepared for the 25 Year Review.



**Figure 10.4: Annual average Economic Infrastructure Expenditure as a Percentage of GDP worldwide from 2010 to 2015.**

Source: Statista. Annual Average Infrastructure Expenditures as Percent of GDP Worldwide from 2010 to 2015. Website: <https://www.statista.com/statistics/566787/average-yearly-expenditure-on-economic-infrastructure-as-percent-of-gdp-worldwide-by-country/>.

million construction workers by 2018<sup>258</sup>. Indeed, from 2014 to 2018, construction employment was the second largest contributor to net employment in SA, with 282 000 new jobs added to total employment. Over the 25 year period, over 1 million jobs have been added in construction, increasing its share of employment of less than 5% in 1994 to 9% by the end of 2018<sup>259</sup>.

On an annual basis, real public sector investment expenditure on infrastructure development by 2015 exceeded that of 1994 by more than 300%.<sup>260</sup> The decline recorded over the year 2016 to 2018 reflected unfavourable demand conditions in a subdued economic environment, as well as the financial challenges experienced by several state-owned companies.

The spurt in infrastructure investment from about 2003 picked up pace over the next few years. Government invested close to R2 trillion in infrastructure between 2008 and 2018, with substantial spending during the global economic recession.<sup>261</sup> This counter-cyclical capital spending by Government to boost growth - from 2011 to 2015 - cushioned the economy and maintained real, albeit slow, expansion of the country's capital stock. Consequently, South Africa ranked amongst

the top nations in the world for investments in economic infrastructure in the period between 2010 and 2015. As shown by figure 10.4 South Africa ranked behind China, India and Saudi Arabia, but ahead of countries such as Russia, Brazil, Indonesia, Turkey, Mexico, Canada, the US, the UK, France and Italy.<sup>262</sup> However, this is less than half of the 10% recommended by the World Economic Forum, for countries in Sub Saharan Africa.

Notably, from 2016 onwards, public sector fixed investment in infrastructure declined significantly in real terms. Fiscal constraints limited the ability of government to sustain the pace of its capital spending, while State Owned Entities cut back on their investment activity due to weaker demand and financial difficulties, some of which arose from poor governance and the effects of state capture. Private sector fixed investment, in turn, increased by only 4% in real terms from 2015 to 2018, reflecting the difficult operating environment<sup>263</sup>. For the economy as a whole, investment levels declined in real terms over this period, becoming both a symptom of and a contribution to low levels of economic growth. In real terms, the South African economy has averaged growth of 2.8% since democracy. Both public and private sector capital spend have exceeded this real growth rate.

258 Department of Economic Development. 2019. Background Paper Prepared for the 25 Year Review.

259 *Ibid.*

260 Department of Economic Development. 2019. Background Paper Prepared for the 25 Year Review.

261 Public-sector infrastructure update page 139

262 World Economic Forum. 2012. Strategic Infrastructure Steps to Prioritize and Deliver Infrastructure Effectively and Efficiently with Appendices. p.v.

263 Department of Economic Development. 2019. Background Paper Prepared for the 25 Year Review.



Additionally, new funding sources have been activated and changes have been made to the budget system for infrastructure. Private sector investment in public infrastructure has grown, largely in telecommunications, renewable energy and the high-speed Gautrain. The reliance on the contractor model and the increased public sector percentage share of investment also led to the emergence of construction cartels, with real and perceived corruption in the sector. The limited affirmation of black and women-led contractors in the construction and other sectors led to Government introducing the Broad-based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) (BBBEE), hoping to accelerate economic transformation of ownership, control and wealth creation. In any case, it took another 14 years to finalise the Construction Sector Codes and Charter in 2017.

At the dawn of democracy the initial focus was on social infrastructure which saw a 'service delivery' orientation as the state invested heavily in building houses, connecting residents to the national power grid, expanding sanitation systems and providing other **social infrastructure** such as schools, clinics and hospitals. The chapters addressing the social wage, human settlements, local government, health, human development and skills also address these social infrastructure elements. By the end of the twenty-fifth year of democracy, 3.18 million houses had been built by the democratically elected government. Of the 16.1 million households in the country, 14.4 million (89%) of households had access to potable water, 13.3 million (82%) access to sanitation and 13, 7 million (84%) access to electricity.<sup>264</sup>

A key observation has been that whilst significant progress has been made with regards social infrastructure, the programme did not sufficiently transform infrastructure inequalities in South Africa. This challenge was exacerbated by the fact that population grew rapidly, according to the 1996 and 2001 censuses it grew from 40.6 million South Africans to 44.8 million between the 1996 and 2001. This has, no doubt, placed added pressure on social and economic infrastructure.

Gradually **economic infrastructure** also received attention, so that by the early 2000s key work begun on areas such as the commissioning

Two thirds of the poorest households spent more than 20 percent of their monthly household income on transport, making this the second largest expenditure item.

264 Statistics South Africa. 2018. General Household Survey. p.36.

of significant new coal-fired power stations. This was followed by a massive investment in transport, logistics and sport infrastructure for the 2010 World Cup (including airports, the Gautrain and highways, stadia, an oil pipeline and planning for the Bus Rapid Transit (BRTs). Infrastructure investment started to climb from 2007 with significant sums invested until about 2015. So that, following the World Cup, programmes got scaled-up and expanded on a wide front, including inner-city transport, roads, renewable energy, new universities, school-builds in rural areas, and the construction of the large power stations, a gas storage facility and dams as well as localisation of infrastructure components.

The focus on infrastructure has grown over the past 25 years. To better coordinate infrastructure planning and delivery the **Presidential Infrastructure Coordinating Commission (PICC)** was established in 2011 with the responsibility to monitor progress, principally through the National Infrastructure Plan (NIP). The NIP is founded on an infrastructure book which contains more than 645 infrastructure projects across the country. The National Infrastructure Plan arranges these projects into 18 Strategic Integrated Projects (SIP). By January 2013, work had commenced on all 18 SIPs. Investment in infrastructure continues to grow, with R300 billion invested in the National Infrastructure Plan by both the public and private sector in 2016/17.

Each of the projects intend to change the spatial dimensions of growth and develop new hubs of economic activity.

The focus on and prioritisation of infrastructure, coupled with a growing economy and attendant aspirations of our people, demands are being put on the transport, water, electricity and telecommunications infrastructure. Overall progress has been recorded in the various sectors, with key highlights including, green or renewable energy which is becoming a significant part of South Africa's energy mix, with a positive impact on the country's climate-change commitments.

## Transport

In seeking to reverse the exclusionary Apartheid spatial planning and **skewed transport legacy**, which

favoured the minority as well as the commodities and agriculture sectors, government has endeavoured to bring about equal and equitable transport access to all, in partnership with small and large-scale private sector partners and through various State Owned Entities, including Transnet, the South African National Roads Agency Limited (SANRAL), the Passenger Rail Agency of South Africa (PRASA), and the Cross-Border Road Transport Agency (C-BRTA). These efforts were and are continuously challenged by current practices, which continue to mirror apartheid spatial planning legacies that utilise transport as an important link between work areas and areas of residence. Evidence shows that the reason for most trips are for people to travel between their places of work and tertiary education - in the urban environment - and primary education and shopping for basic commodities, in the rural setting.

Beyond race, income level is also a determinant of quality and access to transport. The National Household Travel Survey (NHTS) which was conducted in 2003 and 2013 respectively, found that whereas 17.1% of average household consumption expenditure was on transport, households from the lowest quintile spent more of their income on public transport compared to households from higher incomes<sup>265</sup>. Two thirds of the poorest households spent more than 20 percent of their monthly household income on transport, making this the second largest expenditure item.

The study results suggest that barriers to mobility in the last ten years have been reduced, yet several challenges still remain ahead. Over time, households living in rural areas had better access to public transport and had reduced travel times when compared to 2003.

The study also found that most learners who attended pre-school, school, ABET and literacy classes walked all the way to reach educational institutions. Those attending higher educational institutions tended to use taxis more than any other mode of travel.

As far as workers were concerned, nearly four million of the 15.2 million workers drove all the way to work, using private transport, whilst 3.7 million used taxis. A further 3 million walked all the way, and approximately 1 million made use of buses as their main mode of

Investment in affordable, quality infrastructure for these key exports in itself represented a critical industrial-policy strategy over the past 25 years.

transport. Since 2003, South Africans have become more mobile. The percentage of the population using taxis and buses for transport has increased, and taxis remain the dominant public transport mode used across all provinces, with a total of 3.7 million taxi trips being made on a daily basis to work. Trains are primarily used for work and education related travel in Western Cape and Gauteng.

Slightly more than one in five workers (22.1%) left their residences before 06:00 to travel to work. 65% of rural workers left before 07:00 as opposed to 58% in metropolitan areas and 54.6% in urban areas. Given that on average a white South African spent 23 minutes more in 2013 compared to 54 minutes in 2003 commuting and the average black South African spent 24 minutes more from 87 minutes, during the same period, this can be deemed as a major contributor to declining productivity and quality family life as well as costs.<sup>266</sup>

In the light of the preponderance of minibuses in the public transport sector and the many challenges the sector faces with unsafe and un-roadworthy vehicles, in 1999 Cabinet agreed to the **taxi recapitalisation programme** with the goal of subsidising the replacement of the ageing fleet of 97 000 vehicles with new vehicles with safer design features. By June 2015, 61 254 old minibus taxis had been scrapped, with allowances to the value of R3.4billion. By September 2018 an additional 10 746 were scrapped, with an additional R1 billion allowance, bringing the cumulative total to 72 000 scrapped taxis. Two auto manufacturers are currently producing minibus taxis in South Africa. Also, Toyota launched a R70 million minibus taxi assembly plant at its factory in Durban in 2012.<sup>267</sup> Beijing Automobile Works SA, a joint venture involving China's fourth biggest vehicle manufacturer and the IDC, have opened a minibus assembly factory east of Johannesburg in a R196million investment that moves the country closer to full manufacture of taxis.<sup>268</sup> Since the taxi recapitalisation programme started, 83 393 taxis have been assembled in South Africa.<sup>269</sup>

266 Kerr, A., 2015. Tax (i) ing the poor? Commuting costs in South Africa.

267 Department of Economic Development. 2019. Background Paper Prepared for the 25 Year Review.

268 <https://www.brandsouthafrica.com/investments-immigration/business/investing/toyota-090712>

269 *Brand South Africa- SA launches second taxi assembly plant- 14 November 2012*

Persisting apartheid urban spatial patterns and the over-reliance on road-based, and particularly minibus public transport for long-haul daily commuting also pose particular challenges for South Africa as a signatory to the Paris Agreement on Climate Change. South Africa is obliged to **manage emission rates** from vehicles, which impacts on the choices in modes of transport and the appropriate infrastructure required. Public policy needs to drive a move away from private-use vehicles to public transport; from fuel inefficient public transport modes to those which are more appropriate. This will amongst others require a shift from road to rail for freight. The successes during the World Cup have placed emphasis on a Public Transport strategy, which must integrate taxi, bus and rail modes of transport. Implementing the Bus Rapid Transport System (BRT) in Johannesburg, Cape Town, Nelson Mandela Bay, Rustenburg, Tshwane, Ekurhuleni and other centers form an integral part of the solution.

In seeking to manage transport infrastructure in a holistic way, promoting safe, reliable and affordable mobility and access for all, while also ensuring a more efficient freight logistics network, transport and logistics public spending has been the second largest portion of public sector infrastructure expenditure, at 34.6% of the total spend.<sup>270</sup> In general, the share contribution of the transport sector declined from 7.1% pre-democracy to 6.1% by 2002. The 2010 FIFA World Cup™ infrastructure uptake contributed to the 2006 rise to 8.1%, and further investments maintained the figure to 8% and above from the year 2013.

The World Bank's logistics ranking compares countries' capacity for international trade. In terms of the quality of infrastructure – ports, rail, roads and information technology - South Africa ranked 20<sup>th</sup> in the world in 2016. The highest amongst developing economies, China came in at 23<sup>rd</sup>, India at 26<sup>th</sup> and Brazil at 47<sup>th</sup>.<sup>271</sup> The 2018 ranking was 33<sup>rd</sup> with a decline in virtually every area of evaluation (customs, infrastructure, shipment, logistics, tracking and tracing) but for the timelines. Nonetheless, South Africa still remained in the

lead of the developing world pack.

From the standpoint of industrialisation, the relatively low cost of freight for mining products and the dedicated facilities for autos have effectively shaped South Africa's ability to compete on international markets in these products. Investment in affordable, quality infrastructure for these key exports in itself represented a critical industrial-policy strategy over the past 25 years.

## Roads

At approximately 750 000km of proclaimed and un-proclaimed roads network, South Africa ranks in the top ten in the world in length - ahead of Thailand, Spain, Germany and Sweden.<sup>272</sup> South Africa's network also represents 51.75% of the total SADC road network (1 449 354 km).<sup>273</sup> Approximately 78.9% (591 869 kilometres) of South Africa's network is gravel, with 582 000km being non-urban and 168 000km urban roads. South Africa has 158 131 kilometres of surfaced roads, the 18th longest surfaced network in the world.<sup>274</sup> According to the Committee of Transport Officials, there are about 190 600 kilometres of provincial roads and 61 436 kilometres of metropolitan roads. Of the network that is surfaced, 38% is considered to be in good condition, 36% in fair condition and 26% in poor condition. For the gravel, only 8% is considered to be in good condition, 25% in fair condition and 67 % in poor condition<sup>275</sup>.

Currently, 87.9% of all freight in South Africa are reliant on road based transport and 93.7% of all travel that focuses on transporting people is on the road.

In 1998, 6 700km of National Roads were transferred to fall under SANRAL and (to date) 22 214km are under SANRAL control. Although SANRAL's network only represents 2.96% of the total network, it carries 34.5% off all vehicle distances travelled per annum and more than 70% of the long-distance road freight. Of the 22 214 km of national roads, 2 952 km are toll roads, which represent 13.3% of national road network and 0.4% of the total road network.

270 *Brand South Africa- SA launches second taxi assembly plant- 14 November 2012*

271 IDC -Infrastructure-led growth as a tool for economic transformation –page 11

272 SANRAL. 2019. The Route to Funding Roads, March.

Website: <https://stop-over.co.za/the-route-to-funding-roads/>.

273 *Ibid*

274 <http://www.transport.gov.za:8080/roads>

275 <http://www.transport.gov.za:8080/roads>.



**DID YOU KNOW**

**CONNECTIVITY**

The N1 highway is a part of the Africa North/South Continental Corridor which will actually connect Cairo to Cape Town, through road, rail and ICT infrastructure.

Of the toll road network, 1 271 km are maintained through private sector concessions.

National roads and freight rail link almost exclusively the major cities. In contrast, most other municipalities and rural areas rely on much lower quality road networks. In 2017, of the 225 000 kilometres of provincial road, some 83% was unpaved. That in itself raised the cost of freight and increased delays. Data on the quality of municipal roads is however not available<sup>276</sup>.

With the expansion of the roads network and the general increase in on-the-road motorised vehicles, the number of **road accidents and fatalities** on South African roads have also been increasing. Thus, the 2015 Road Traffic Safety Management Plan - to half the rate of accident fatalities arising from road and other transport was adopted. Although the road and environmental conditions were seen to be contributing to only 8% of road accident fatalities, it is critical for managing safety. According to the Department of Transport's NATMAP, about 60% of the damage to roads is caused by overloaded heavy vehicles. In 2007, the general condition of the national road network ranged from 58% (fair) to 28% (poor or very poor). Since then, SANRAL has invested significantly in the rehabilitation and maintenance of roads under its control – one example is the Gauteng Freeway Improvement Project (GFIP).

### Rail

South Africa's **rail network** consist of approximately 24 280km route track. Transnet Freight Rail owns the vast majority, with only 2 280km being owned by PRASA. Significantly, over 90% of this rail network had been complete by 1925, when per capita investment (if measured in kilometres per 1 000 people) begun to decline, to the current less than 0.4killometers per 1 000 people. Approximately 60% of the national railway network runs on electricity, with the balance relying on diesel. Passenger rail is exclusively electrically driven.

The decline in general investment into the rail sector was compounded by significant erosion

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South African Institution of Civil Engineering. 2017. Annual Report. p. 15



in the **commuter rail** passenger market share because of the increase in minibus taxi utilisation, especially after legalisation of the industry during the 1980s. However, the use of Metrorail grew steadily from 1993 to 1999, levelling off between 1999 and 2002, after which it again rose significantly. In 2006, the Metrorail commuter rail assets of Transnet were excised and merged with the rail assets of the South African Rail Commuter Corporation (SARCC), and renamed the Passenger Rail Agency of South Africa (PRASA) in 2009.

The consolidation of passenger rail assets was completed in 2009, when Transnet's long-distance/intercity passenger assets (Shosholozu Meyl) were merged with PRASA. Progress has been made on the Metrorail rolling stock fleet renewal programme. Through a PPP, which is overwhelmingly funded by public resources at a 90:10 ratio (with the 90% being equally split between the National Treasury and the Gauteng Government), the GAUTRAIN was realised, bringing rapid rail transport to South Africa.

The national rail and port system, which falls under Transnet, has seen major new investments in both basic infrastructure and rolling stock over the past decade. The result has been some amelioration in complaints about unplanned delays and slow turnaround times. The turnaround time in the ports has declined substantially in recent years.

Transnet also maintains dedicated coal, iron ore and manganese export lines. The efficiency of these facilities is a major factor enabling South Africa to compete in global mining markets. Because the mines are largely in rural areas far from the coast, access to transport is a critical factor for their survival. Transnet's ability to expand these lines during the metals boom was a key enabling factor in the growth of exports of ore and coal from 2002 to 2012, when the end of the commodity boom saw a sharp fall in demand.

While South Africa's freight network and ports are of high quality, most SADC countries lag behind. Both road and rail are underfunded, causing major delays and raising the cost of shipments. In the World Bank's logistics rankings, Zimbabwe's infrastructure was 123 out of 160 countries in 2016 while Zambia came in

at 113, Mozambique at 116 and Angola at 129<sup>277</sup>.

Weak freight infrastructure remains a central challenge to regional industrialisation. Moreover, it means that South Africa has to develop its logistics infrastructure without synergies with neighbouring economies. That contrasts to the situation in Asia, where countries have been able to build on each other's freight capacity to promote international trade.

## Ports

**Expansion of ports and container freight capacity** have increased considerably since 1994. One of the most significant investments over the 25 years of democracy include a new container terminal at Ngqura. This was commissioned in 2009, with a two-berth capacity of 400 000 containers per annum. This was subsequently doubled - in 2012 - to 800 000 containers per annum and it can now handle 1.5 million containers per annum (as of 2017).<sup>278</sup> In addition, expansion, deepening, upgrading and reconstruction of infrastructure at the other ports have taken place.

The current installed capacity at the Durban port is 3.4 million containers per annum and is expected to be as high as 3.9 million containers per annum by 2023, after the completion of the berth deepening and the acquisition of seven tandem-lift ship-to-shore (STS) cranes. An increase in the capacity of the Cape Town container terminal from 700 000 to 900 000 between 2009 and 2012 also took place.

In 2017/18 close to 2100 artisans, technicians and engineers were trainees at Transnet.

The recent changes in **Maritime Policy**, aimed at leveraging economic opportunities, addresses issues such as transport costs efficiencies, the lack of an established merchant fleet and the country's relatively weak import and export trade, as well as growing employment opportunities in the sector. The launch of Operation Phakisa for the Oceans Economy in 2014 has provided impetus in expanding maritime transport in South Africa, with the inclusion of smaller ports such as Port Nolloth and Port St Johns in the larger and integrated Maritime and Oceans Economy Plan.

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The International World Bank. Global Rankings 2016. Website: <https://lpi.worldbank.org/international/global/2016>.

278

Department of Economic Development. 2019. Background Paper Prepared for the 25 Year Review.

## Aviation

The South African **airports network** consists of more than 1 500 airports or landing strips, these include airport infrastructure and facilities (both aeronautical and non-aeronautical). As at March 2015, there were 135 licensed airports, of which 10 are designated as international airports, and 56 voluntarily registered airports.

Airports Company South Africa (ACSA) owns 9 airports, provincial government owns 9, the military owns 33 and municipalities around 100 (local and district) airports. There are numerous privately owned licensed airports with the vast majority of the remainder (of the 1 500) being private (business, non-profit, and individuals). According to ACSA's Aviation Barometer 2017/18, 40 million passengers passed through ACSA's nine airports during the 2017/18 Financial Year, indicating steady increases over time and a 4% increase from the previous financial year.

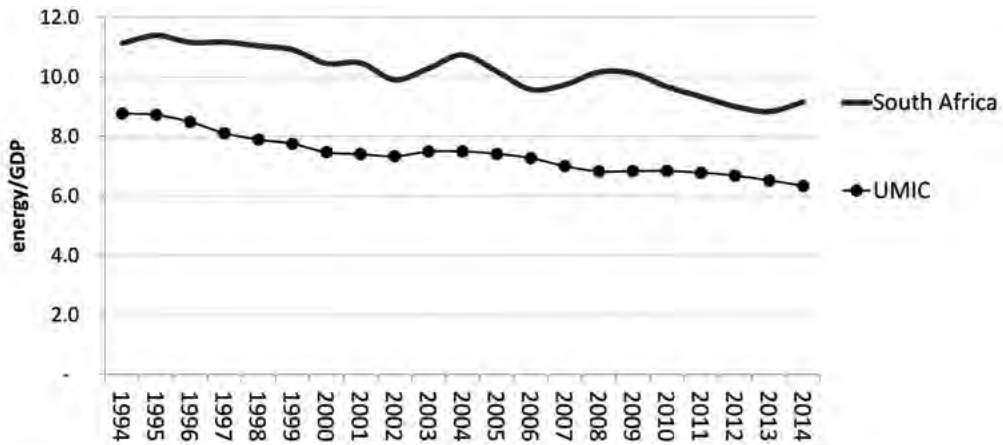
Over the past 25 years, significant improvements were made to the large commercial airports in South Africa, and one new airport was built (King Shaka International). The country's airports are generally regarded as world-class and South African expertise has been used in the past 25 years to support or manage airports in India and Brazil.

## Electricity

From the onset the democratic government inherited a **coal-fuelled electricity infrastructure** which serviced mining-based industrialisation. As a result, South Africa has one of the most electricity intensive economies in the world. The democratic government therefore had the challenge to provide a more reliable, low-cost, sustainable and equitable energy model. As shown by **figure 10.5**, South Africa ranks amongst the most electricity intensive economies in the world. In the past decade, however, the electricity used per unit of GDP has fallen by a quarter. This marks a significant shift in the structure of the economy.

The democratic government inherited a modern generation system, which was largely based on coal. It was able to deliver electricity at very low prices, compared to international benchmarks. Consequently, between 1994 and 2002, comparatively little investment was made in electricity generation, having taken into account the low growth rates of the past. The unprecedented and rapid growth of the economy during the commodity boom that lasted from 2002

— The South African airports network consists of more than 1 500 airports or landing strips —



**Figure 10.5:** Energy intensity in South Africa compared to the average for upper-middle-income economies(primary energy divided by GDP in PPP terms)

Source:World Bank.World Development Indicators. Series on energy intensity.Website: [www.worldbank.org](http://www.worldbank.org) in December 2017.

to 2012, defied decades-old planning expectations in the sector and demand rapidly exceeded supply, resulting in a supply crisis by early 2008.

The South African electricity grid consist of 381 594km of high, medium and low voltage transmission lines, with 33 590 transmission substations and 30 power stations.<sup>279</sup>

**To regulate the industry** and in an attempt to regulate Eskom as a monopoly in the transmission and generation space, the National Energy Regulator of South Africa (NERSA) was established in 2004. The primary objective of NERSA is to set and/or approve tariffs and prices, license and register; monitor compliance and enforcement; resolve disputes as well as set clear rules, guidelines and codes for the regulation of the electricity, gas and petroleum sectors.

In 2007, Eskom embarked on a **new-build programme** to boost installed generation capacity and meet growing demand for electricity. The new-build programme included Kusile, Medupi, Ingula, and Renewal Energy Independent Power Producer Programme (REIPPP). The 4 764 MW Medupi and the 4 800 MW Kusile coal-fired stations have been the core of the Eskom build programme and on

completion, will be amongst the largest coal-fired power stations in the world.

Since the launch of the REIPPP in 2012, 6 422 MW of electricity has been procured from 112 REIPPPs in seven bid rounds. Thus far 3 772 MW from 62 IPPs have been connected to the grid. The REIPP programme has attracted R257.7 billion of inward investment into the country. This represents an investment of R209.4 billion in private sector investment.<sup>280</sup>

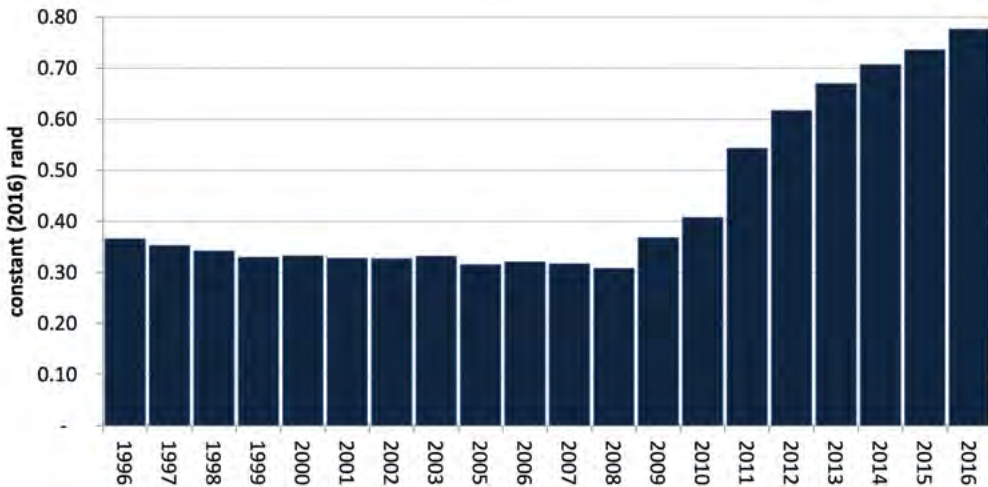
At the bulk level, the main concerns around reliability emerged in 2008 and 2015, when shortfalls in Eskom generation led to **load shedding**. From 2008 to 2017, Eskom also reduced supply to energy-intensive users by 10%, limiting their scope for growth. Estimates of the cost of load shedding for business came to over R10 per kilowatt hour, or about 15 times the normal price for grid electricity.<sup>281</sup>

No published, comprehensive statistics are available on the **quality of current** at municipal level. However, especially in smaller towns, businesses frequently argue that poor-quality current has affected their production by harming machinery and equipment. Precision and electronic equipment,

279 Transnet National Ports Plan 2017 Update page 2-58

280 Eskom Integrated Report 31 March 2018 page 9---271

281 IPP Office- Outlining the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) Empowerment Imperative A presentation made at the Business Opportunities for Women Entrepreneurs in the Renewable Energy Sector Meeting-presentation page 4.



**Figure 10.6:** Eskom price per kWh in constant (2016) rand (a)

Notes: (a) Deflated with CPI. Source: Calculated from Eskom, Annual Reports for relevant years. Revenue divided by sales.  
Source: xxxxxx

in particular, may be affected if the current is uncertain or inconsistent.

From 2008 to 2016, Eskom’s average unit price for electricity climbed 225% in constant (2016) rand. As **figure 10.6** shows, the steepest increases occurred from 2008 to 2012, when prices doubled overall. The price increases varied by type of customer. Eskom provided electricity directly to very large users, mostly in the mining value chain, who then stepped down the voltage themselves. These direct customers paid Eskom less per unit than other consumers, but bore the cost of stepping down the current.

The rapid increase in the electricity price would have burdened business anywhere, but it was particularly significant in South Africa. Historically, low-cost electricity formed a critical offset for the distance of the mines and refineries from the coast and overseas markets. Moreover, in the 1990s Eskom had surplus capacity, so it encouraged large new investments in ferroalloys and aluminium. Electricity is the most important input into aluminium, so cheap electricity made it worthwhile for the companies to invest despite having to import the ore. For the energy-intensive industries, the rise in prices significant affected their business model. The effects were aggravated by the fall in metals prices with the end of the commodity boom in 2012.

## Water

South Africa has more than 500 government-owned dams with a total capacity of 37 000 million cubic metres (m<sup>3</sup>). Government has made significant strides in reducing the backlog in access to potable water that it inherited in 1994. By 2017, over 88% of the 14.8-million households had access to potable water<sup>282</sup>.

However, the development and maintenance of bulk-water systems particularly in the past 5 years, have become a major challenge in many parts of the country, at times aggravated by droughts, the impact of climate change and rapid urbanisation.

A number of **bulk water infrastructure projects** have been completed: Phase I of the Lesotho Highlands Water Scheme with Katse dam and the Mohale Dam in Lesotho; the Vaal River Eastern Subsystem Augmentation Project (VRESAP); the Komati Water Scheme Augmentation Project, the Mooi-Mgeni Transfer Scheme (Phase 2); the Mokolo to Crocodile Water Augmentation Scheme (Phase I: Bulk pipe line); Olifants River Water Resources Development Project (Phase 2), including the De Hoop Dam and a Bulk Pipeline towards Steelpoort to provide water for economic development and to rural villages in the Greater Sekhukhune district; a Bilateral Komati Basin Development Project including the Maguga Dam and Driekoppies Dam; the Berg River Dam to augment supplies to Cape

282 Name of Organisation. Year. Title. p. no.

Economic  
 infrastructure  
 investment has  
 a greater impact  
 when it supports  
 the development of  
 stronger economic  
 linkages in between  
 local and regional  
 hubs.

Town; the Luvuvhu Government Water Scheme including the Nandoni Dam, Water Treatment Plant and distribution network. A number of water treatment works with linked distribution and reticulation systems have been completed in every province. An emergency acid mine drainage neutralisation project was also implemented in the Witwatersrand region.

National Government has also supported Water Services Authorities to deliver improved water and wastewater services through the establishment of new **funding mechanisms** and related allocations through the Regional Bulk Infrastructure Grant (RBIG), the Municipal Infrastructure Grant (MIG) and the Water Services Infrastructure Grant (WSIG). The Equitable Share is targeted to subsidise the operations and maintenance costs for water services infrastructure in municipalities.

However, the problems and challenges in the sector have multiplied. Institutions have weakened with loss of skills and weakened governance. Local-level investment in water infrastructure has either been too low or characterised by poor planning and excessive prices. Maintenance of existing water infrastructure remains a challenge, which increases the risk of sustainable water supply into the future. In fact, the SA Institute of Civil Engineering rates water infrastructure across the country as at risk of failure.

### Information, Communication and Technology Systems (ICTS)

The past 25 years has seen a dramatic expansion of communication technologies, with the introduction of mobile telephones, the rise of new data-driven services, expansion of Wi-Fi and access to the internet.

According to ICASA's report on the state of ICT sector in South Africa, March 2018: **Mobile Broadband coverage** for 3G stands at 99% of the population, and coverage for 4G/LTE stands at 77%. The introduction of a new fixed-line service provider (Neotel) in 2002 was intended to end Telkom's monopoly, however this has failed dismally, particularly as a result of consumer preference from fixed line to mobile telephony.

**Broadband connections across government sites** has been progressing, albeit at a

The acceleration of growth before the onset of the 2008/9 global financial crisis highlighted the infrastructure bottlenecks in the economy

very slow pace. The number of schools connected through the Universal Service and Access Obligations (USAO) is 4431 while the number of facilities connected through Universal Service and Access Agency of South Africa (USAASA) is 720. Similarly, the number of facilities connected through SA Connect Project has been slow with Broadband Infraco (BBI) and SITA having rolled broadband connectivity upgrades in 376 facilities.

The number of **international cables** has grown to six and practically all major telecoms companies have invested, contributing significantly to competition and lowering the costs of international connectivity with significant impact on local tariffs.

The **Post Office** has grown to over 1 500 sites - including agencies. Most South Africans therefore have access to a postal outlet within a reasonable distance. In addition, the Postbank has the highest number of Mzansi Accounts, mostly servicing the poorest amongst communities. The recent awarding of the social grants payment system has allowed SAPO to structure its operations to meet this challenge in the delivery of social grants to millions of South Africans.

**Access to the internet** is an essential service in the 21<sup>st</sup> century and a precondition for participation in the digital economy. Inclusive growth implores provision of internet access to all citizens. Infrastructure to grant this access is crucial to

ensure that citizens, even in rural areas, are able to participate in and reap the benefits of the knowledge economy. The South African Government identified that high availability, speed and quality bandwidth is a precondition for developing the country's global competitiveness thus conceiving the national broadband policy - South Africa Connect. South Africa Connect aims to realise the NDP's vision of having universally accessible broadband connectivity that meets the needs of citizens in terms of cost, speed and quality. In terms of penetration and speed targets, the policy aims to ensure 100% broadband access by 2030 with speeds of 10 Mbps, 1 Gbps, 1Gbps, and 100 Mbps for general users, schools, healthcare facilities and government facilities, respectively. Phase 2 of the SA Connect Program is already underway.

### Agenda 2063: Presidential Infrastructure Championing Initiative (PICI):

Economic infrastructure investment has a greater impact when it supports the development of stronger economic linkages in between local and regional hubs.

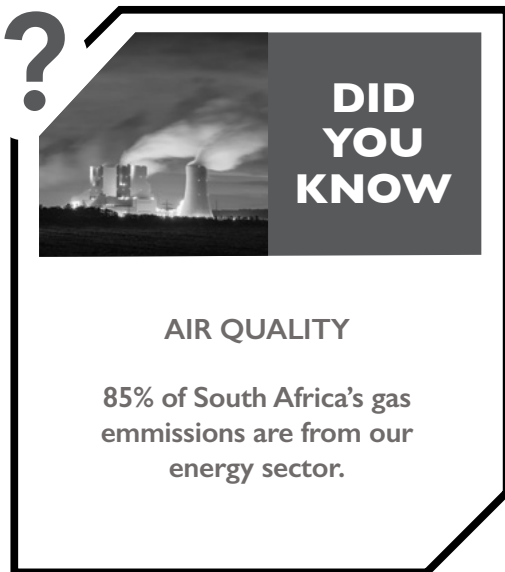
Over recent years, South Africa has championed the Presidential Infrastructure Championing Initiative (PICI), which includes the **North-South** road, rail and related infrastructure **Corridor**. Progress continues to be made with regard to the construction of infrastructure projects that include road, railways, border posts, energy, water and port projects.

Government continues to support the PICI country infrastructure projects as well as work on a North-South Corridor relating to 34 infrastructure projects that extend into the SADC region.

In September 2017, the New Partnership for Africa's Development (NEPAD) launched the **"5 Percent Agenda"**, building on the guidance and recommendations of the Continental Business Network (CBN). The 5 Percent Agenda is a campaign to increase investment allocations by African asset owners into African infrastructure, from a low base of about 1.5%. The SADC Region is aiming to increase pension and sovereign investment into Africa's infrastructure, without which it will not be able to unlock Africa's economic potential. This will require de-risking Africa's infrastructure and Presidential Infrastructure Development for Africa (PIDA) projects.

**The 5 Percent Agenda is aimed at:**

- Unlocking notable and measurable pools of needed capital to implement regional and domestic infrastructure projects in Africa,
- Broadening and deepening the currently shallow African capital markets, whilst at the same time contributing significantly to regional integration and job creation,
- Promoting the development of innovative capital market products that are specific to the challenges of the continent, with regards to infrastructure development, and
- Raising the investment attractiveness of other institutional and non-institutional financiers that have so far been hesitant to include African infrastructure projects as an asset category to their investment portfolio based.



**DID YOU KNOW**

**AIR QUALITY**

85% of South Africa's gas emissions are from our energy sector.

**PERSISTENT CHALLENGES SINCE 1994**

Estimates by the African Development Bank suggest that the **continent's infrastructure needs** amount to \$130–170 billion a year, with a financing gap ranging from \$68 to \$108 billion<sup>283</sup>. Although South Africa is amongst the leading nations on the continent in infrastructure development, it has not fully integrated in its planned projects into the broader African infrastructure priority areas. The establishment of the Presidential Infrastructure Coordinating Commission (PICC), will better facilitate for this and the coordination of public sector and private sector infrastructure investment locally and beyond.

While significant progress had been made with the **level of investment and the stock of new infrastructure**, there were also a number of challenges that were encountered with infrastructure rollouts. These include among others, weak planning of, and limited integration between projects; slow rollouts due to capacity or financing constraints; poor technical specifications and inadequate system engineering processes; under-spending of budgets coupled with poor maintenance of infrastructure; inadequate local community benefits from infrastructure development in a specific area; uneven cooperation between spheres

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ICASA 3rd Report on the state of the ICT sector in South Africa  
31st March 2018

of government; and corruption in state procurement as well as collusion by construction firms, which increased the cost of infrastructure delivery.

The **modest pace in the recapitalisation programme** is indicative of broader challenges in the sector that go beyond fleet renewal. These challenges include the need to more fully plan and regulate minibus operations within integrated, inter-modal, subsidised, and scheduled public transport systems. Although some piecemeal progress has been made using the BRT model as a means to integrate minibus operators as part-owners and operators of intermodal transport systems, generally there is resistance to such integration from the sector. This means that the majority of public transport users continue to rely on vehicles that are fuel and otherwise economically inefficient for the relatively long-distance daily commutes that characterise urban mass mobility challenges in South Africa.

The acceleration of growth before the onset of the 2008/9 global financial crisis highlighted the infrastructure bottlenecks in the economy and the consequences of inadequate foresight, planning and investment that as sometimes resulted in **under-investment**, as is the case in the electricity sector. In other instances, the continuation of apartheid-oriented practices did not bring about the transformative potential of the infrastructure sector, as the democratic government grappled with providing equitable and equal access to quality infrastructure. The unresolved question of “who pays” continued to contest with the aspirations of the majority as well as with the need to use infrastructure to support industrial policies.

**Deep income and wealth inequalities** helped to maintain segregated cities, as the private sector supplied housing at prices that less than 20% of the population could afford.

In addition, private contractors tended to favour subsidy schemes for townships that centred on relatively low-density housing outside of urban centres. Stronger and more consistent policy

initiatives are required to modify the inherent incentives for private construction in order to densify cities and build transport corridors. In addition, municipalities needed to develop systems to enable them to take advantage of private expertise, which organised business committed to supply most recently at the 2018 Jobs Summit. Such **inclusive partnerships** can also be a rallying point in successfully harnessing the contribution of young people, who have been up to now functioning in the peripheries of major infrastructure projects.

Since the end of the commodity boom in 2011, South Africa has faced **slower economic growth**, which constraints resourcing for infrastructure.

Low levels of investment as well as corruption around procurement in government and public entities have become systemic. Fundamental flaws in business models and persistent maladministration in the SOCs have seen declining demand and profitability in recent years. Funding of infrastructure projects is still a challenge across all the sectors, including the mobilisation of resources for both the operations and maintenance, as well as for

future investments in economic infrastructure.

These and other reasons are responsible for a variety of **weaknesses in the planning of infrastructure programmes** and their implementation. As a result, contradictory objectives conspire to undermine systematic strategies to address infrastructure challenges. The **pricing** of infrastructure remains an area of contestation. Government policy has supported the principle of user pays with subsidies for poor households. This approach lays the basis for progressive funding of infrastructure, but two dilemmas persist. First, it builds in economic incentives for projects that service consumers and businesses that can pay. To address this, political and social policy must sustain investment in infrastructure to serve lower income households and small businesses. Second, it tends to skew economic investment toward established industries and businesses, making it harder to use the provision

Since 1994, government has sought to increase the effectiveness of SOEs through more effective restructuring



of new infrastructure to promote diversification especially outside of the mining value chain.

**Pressure to provide subsidised housing,** land pricing and poor planning result in a situation in which subsidised housing is provided further and further away from areas of economic activity. This has major implications for the proportion of workers' incomes used for transport as well as government subsidies to the bus industry. How to bridge this divide is both a function of infrastructure planning as well broader economic spatial planning.

Since 1994, government has sought to increase the **effectiveness of SOEs** through more effective restructuring to heed the economic needs of all South African and industry. Despite interventions to develop stronger regulators, and strengthen the powers of the competition authorities to deal with anticompetitive practices, these challenges remain across the economic infrastructure sectors. The imperative to get State-Owned Enterprises to become self-sufficient, poor regulation and weak governance have resulted in many administrative prices that are much higher than in most parts of the world. Independent regulators require substantial capacity to function properly, and arguably add to the fragmentation of SOC governance. While major pronouncements have been made on **shifting freight from road to rail**, the variety of measures required to attain this objective – such as pricing, efficiency and regulation - have not been implemented.

The **water sector** continues to face a number of challenges. These include the failure to have adequate:

- Water supply resilience and sanitation provision;
- Equitable sharing and allocation of resources;
- Raw water pricing strategy
- Infrastructure management & operation and maintenance;
- Efficient water demand management and reduction in water losses; and
- Regulatory body to manage pricing and allocation
- Insufficient planning and implementation of waste water treatment works to cater for urbanisation and release of polluted water into the country's major water sources (rivers)

The dominance of TRANSNET over the usage of rail network has led to uncompetitive practices that favour bulk commodities.



**Insufficient planning processes** for roads and the lack of dedicated funding streams for operations and maintenance, have historically led to these costs not being built into projects leading to neglect and poorly maintained roads infrastructure. While SANRAL has autonomy over the planning of national roads and provincial roads, provinces often do not have a significant role to play in this regard, even though they are responsible for the management of the roads. The enforcement of the user-pay principle through the e-toll system for instance, has been met with significant resistance. That has caused enormous policy uncertainty on the payment for roads. Currently, the roads network is experiencing a heavy burden of finance costs as a result of uncertainty on how best to fund investment in roads.

The rail sector is dominated and monopolized by **Transnet Freight Rail (TFR)** who operates the freight network and the Passenger Rail Agency of South Africa (PRASA), with both operating in an uncompetitive environment. The dominance of TRANSNET over the usage of rail network has led to uncompetitive practices that favour bulk commodities. The need for the establishment of a Single Transport Economic Regulator (STER) has become more pertinent to ensure improved access to the national rail network and establish a more competitive pricing regime.

**A lack of adequate investment in rail infrastructure**, operations, ageing train fleet (rolling stock) and the severe shortage of managerial and technical skills is a significant challenge in developing a more sophisticated rail network, particularly in the passenger rail space. Despite, reports by PRASA in implementing an improvement plan this has failed to materialise, even as major metropolitan municipalities have recognised the importance of mass public transport in which Metrorail plays an important part, as being necessary for supporting the cities growth and development. However, it would appear that significant effort will need to be made to improve the services of Metrorail and the image of Metrorail in order to ensure it delivers a safe, efficient, reliable, cost effective passenger rail service that can eventually be integrated into the cities public transport systems.

One of the major challenges over the 25 years of democracy in the energy sector has been the need to **accelerate energy security** by diversifying

energy supply options to integrate and develop gas and renewable energy resources. After a decade of construction of Medupi and Kusile, these power stations are still unfinished and the units that are operational are fraught with design flaws. Despite a number of the Medupi and Kusile units that have been brought into commercial operation since 2015 they continue to underperform.

Furthermore, **Eskom's business model is in need of change**. Their business model is challenged by falling demand for electricity. Sustainability of a growth path based on coal-based electricity generation seems uncertain due to climate change concerns. The culture of non-payment by a number of municipalities remains a major challenge to Eskom.

**ICT:** 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 little or no competition.

The challenge of an **agile policy and regulatory environment** that can manage tensions between the policy objectives of competitive efficiency, innovation and consumer welfare remains lacking. Lack of access and transformation, high cost of communication including very high data and handset prices and continued low levels of internet penetration remain major factors limiting access to ICT. South Africa remains one of the most expensive countries in Africa in relation to broadband costs. The current Data-Services Market Inquiry conducted by the Competition Commission identified high prices and other constraints to expanded access by more South Africans to the digital economy.

South Africa is currently facing critical challenge of **public infrastructure theft** and vandalism which has impacted service delivery and investment. The general lack of community ownership in existing and new infrastructure has led to increasing vandalism, theft and the non-payment of services. Arguably, some of the root causes of the problem include lawlessness, the inability to deliver promised infrastructure, little or no basic service delivery, poor regulation in the market for goods and no employment or economic opportunities for young people.

**New funding models for infrastructure** and service delivery are also being considered. In February 2019, President Ramaphosa announced the creation of a new Infrastructure Fund, that will transform financing of the roll-out of infrastructure projects. This necessitates the need to transform the scale, cost-effectiveness and quality of public infrastructure provisioning through a broader reform to the current way we do things. This will ensure value for money in public infrastructure and ensuring that State resources are used more effectively, that infrastructure is built more rapidly, and that we leverage on the current resources government has, to bring in technical expertise and financing from the private sector, Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs).

**To reduce the cost of funding for infrastructure investment,** Government has been working with a number of private sector and multilateral organisations on concessional funding models. In October 2018, the Brics New Development Bank (“NDB”) made a commitment to invest \$2 billion (c. R29 billion) in key infrastructure projects. A further \$1.5 billion was committed during the Bank’s Annual General Meeting in April 2019. The commitment from the NDB is expected to provide for funding, at cheaper rates.

Learning from the past 25 years of infrastructure implementation, the model of delivery needs to change, with greater focus on a partnership model with communities and contractors and stronger reliance on fit-for-purpose institutions. This will require reviewing the interface between spheres of

government and identifying existing capacity that can be rapidly deployed. Public institutions that are dysfunctional need to be rebuilt and where necessary, agencies may need to be consolidated and be subject to clear performance-management systems, with consequences for failure to meet pre-set targets. Planning and tight management of implementation will need to be improved.

South Africa remains one of the most expensive countries in Africa in relation to broadband costs.



## RECOMMENDATIONS

- Direct departments, DFI’s and SOE’s as well as support the private sector to support the economy through investing in productive sectors, increasing local procurement and supporting broader transformation, whilst integrating with the AfDB “High 5s” to facilitate for lighting up and powering Africa, feeding Africa, Industrialising Africa, Integrating Africa, and improving the quality of life for Africans.
- **Improve the model of infrastructure** implementation through (1) transforming the

implementation mode to strengthen and improve integrated planning of infrastructure and improving coordination at SIP level; (2) enabling community involvement upfront and during implementation and ongoing maintenance; (3) implementing a special package of financial and institutional measures to boost construction and rollout of infrastructure; (4) increasing the infrastructure planning, implementation, and maintenance capacities at all spheres of governance; and (5) increasing the amount of money available for overall infrastructure investment, through leveraging funding from the New Development Bank and other DFIs as well as the private-sector, off long-term commitments by government based on the new Infrastructure Fund.

- **The utilisation and integration of new technology** (including GIS technology) to do real-time monitoring of project implementation, with dedicated personnel at central level to unblock any delays and blockages.
- Revision and/or utilisation of **innovative procurement and delivery models** including a multi-year “authority-to-spend” law and measures to address corruption and site disruptions and a greater focus on maintenance of infrastructure
- Prioritise **water security** and plan for additional capacity to harvest and store water, clean and re-use wastewater and stop pollution of water ways. To this end, we must establish a Water Regulator and the Single Transport Economic Regulators, and ensure that the new and existing regulators supports investment and growth as well as competitive pricing for the rollout of economic infrastructure
- **Finalise the allocation of high demand spectrum**, wall to wall coverage, and the implementation of the hybrid model that supports the

establishment of a Wholesale Open Access Network (WOAN) and the allocation of spectrum should be to diverse market players. Spectrum allocation must ensure we reduce cost of access to broad band, reduce inequality in access to ITC and ensure increased access and rollout to marginalised communities, through other alternatives beyond fibre. All these should consider free access at the point of use for internet and data, in all education institutions, community centres and service points. The contribution to cost of WOAN by those who receive the spectrum with a share condition. Urgently address the currently electricity generation constraints faced by ESKOM, including better management and communication of the high level of unplanned outages. In the long run Eskom’s business model needs to support the broader industrialization and localisation drive, whilst ensuring option that reduces overreliance on coal whilst managing the transition from coal to much cleaner energy production that supports labour intensive growth and the development of skills

- **Address measures that reduces the cost of administered prices** to ensure that the benefits of infrastructure investment support inclusivity and economic growth and do not inhibit investment. This includes, introducing new regulators and reviewing the role of existing regulators in reducing high cost of ports, rail and electricity charges.
- Develop an effective strategy to **promote public and community ownership** of economic infrastructure. Behavioural changes will be required to ensure that people pay and protect infrastructure against vandalism and theft. Planning for bulk infrastructure services should be such that they cater for small business in the townships rather than mines and big business only.

CHAPTER 11

# Climate Change and the Environment



**T**he RDP defined the environmental challenges faced by a democratic government, referencing apartheid legislation that “distorted access to natural resources, denying the majority of South Africans the use of land, water, minerals, fisheries, wildlife and clean air... (these policies) along with under-regulated of local and transnational corporations, contributed to the degradation of environmental resources, including soil, water and vegetation encouraged the misuse of fertilisers and pesticides... with poverty and environmental degradation closely linked.”

Since then, the colossal challenge of climate change has been added to this litany of home-grown environmental challenges. Empirical evidence points to the fact that the world has warmed more than one degree Celsius since the first Industrial Revolution, and the race is on to limit further global warming which can reach two degrees. At a temperature increase of two degrees, humanity will see the extinction of the world's tropical reefs, and sea-level rises of several meters. The limit of two degrees increase is now regarded as the best-case scenario, and will be very difficult to achieve.

The impact of global warming is already being felt in Africa, despite the fact that the continent contributes the least to anthropogenic factors causing climate change.

According to the *Climate Change Vulnerability Index* for 2015, seven of the ten countries most at risk from climate change are in Africa. Africa has seen a decrease in rainfall over large parts of the Sahel and Southern Africa, and an increase in parts of Central Africa. Over the past 25 years, the number of weather-related disasters, such as floods and

droughts, has doubled, resulting in Africa having a higher mortality rate and damage to environment, and physical infrastructure from droughts and floods than any other region. Climate change is already affecting health, livelihoods, food productivity, water availability, and overall security.

In 2018, a special report by the Intergovernmental Panel on Climate Change identified Southern Africa<sup>284</sup> as amongst the regions where “the strongest warnings of hot extremes are projected.” Sea levels are rising, coastlines are shrinking and record droughts have been recorded, spreading famine, and storms are growing stronger with each passing season.

In addition, although reports also show that the full effects of climate change in South Africa are likely to be felt 20 to 30 years from now, high temperatures and other extreme weather are already having an impact. Deadly floods due to heavy rainfalls have recently been experienced in KwaZulu-Natal and other parts of the country. Cape Town's water crisis was also preceded by a long drought between 2015 and 2018. The C40 Cities report<sup>285</sup> shows that four South African coastal cities are at risk of flooding by 2050.

In the face of these alarming realities of climate change, there are modern technologies that can help to improve the management of the environment, as well as aid adaptation and mitigation.

## LEGISLATION, POLICIES AND PROGRAMMES IMPLEMENTED SINCE 1999

The RDP laid the foundation for a sustainable and environmental-friendly growth and development path. The Constitution of the Republic of South Africa of 1996 and the Bill of Rights take these forward by enshrining the right to an environment that is not harmful to health or well-being and an obligation to protect the environment, for the benefit of present and future generations. The Constitution also calls for reasonable legislative and other measures that prevent pollution and ecological degradation; promote conservation; and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

284 International Panel on Climate Change. 2018. “Impacts of 1.5°C Global Warming on Natural and Human Systems”. Chapter 3 in *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global GHG emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty*, p.77.

285 C40 Cities. 2018. “The Future We Don't Want. How Climate Change Could Impact the World's Greatest Cities.” P37.

Since 1994, environmental governance has gradually been mainstreamed into government and non-government programmes in pursuit of SDGs. There is an obligation to link environment, resource use, social and economic aspects in decision-making. The environment is seen as an indicator for socio-economic progress and as guide to decision-making.

To give effect to these aspirations and approaches, the following are amongst the most important environment legislations enacted:

- **MPRDA of 2002:** makes provision for equitable access to and sustainable development of the nation's mineral and petroleum resources. It provides for mining companies to set aside in a trust fund, adequate financial resources for rehabilitation after the closing down of mines. This is in the context where the democratic government inherited close to 5,500 derelict and abandoned mines, without sufficient resources to rehabilitate these mines. Over the last 25 years, a further 1000 mines were abandoned and left derelict.
- **National Environmental Management Act, (Act 107 of 1998):** provides for cooperative environment governance by establishing principles for decision-making regarding matters affecting the environment.
- **National Environmental Management: Air Quality Act, (Act 39 of 2004):** reform laws regulates air quality to protect the environment, by providing measures for the prevention of pollution and ecological degradation.
- **National Environmental Management: Biodiversity Act, (Act 10 of 2004):** provides for the management and conservation of South Africa's biodiversity.
- **National Environmental Management: Protected Areas Act, (Act 57 of 2003):** provides for the protection and conservation of ecological viable areas representative of South Africa's biological diversity and natural land and seascapes.
- **National Environmental Management: Waste Act, (Act 59 of 2008):** reforms laws regulating waste management in order to protect health and environment, and to prevent pollution and ecological degradation.



**DID YOU KNOW**

**FOOD CHOICES**

South Africans consume 6,24kg per capita of seafood each year.

- **National Environmental Management: Integrated Coastal Management Act, (Act 24 of 2008):** establishes a system of integrated coastal and estuarian management, including norms, standards and policies to promote the conservation of the coastal environment.
- **National Water Act, (Act 36 of 1998):** Provides for fundamental reform in laws related to the water resources, recognising that water is a scarce and unevenly distributed national resource.

The Department of Environment Affairs (DEA) was established in 2009, after being part of a department environmental affairs and tourism from 1994-2009. The department is mandated “to give effect to the right of citizens to an environment that is not harmful to their health or well-being, and to have the environment protected for the benefit of present and future generations. To this end (it)...provides leadership in environmental management, conservation and protection towards sustainability for the benefit of South Africans and the global community.”<sup>286</sup>

### Progress with addressing climate change

Progress on **adaptation** includes relevant policy, global commitments. Key vulnerable sectors such as health, water, human settlement, biodiversity and agriculture have put in place climate change adaptation strategies that iterate various

interventions to build resilience and simultaneously protect vulnerable communities.

In terms of **emission reduction**, South Africa has communicated its mitigation commitment as part of the global efforts to maintain the temperature increase below 1.5 degree Celsius. South Africa's carbon budgets piloting is underway, paving the way for a compulsory system starting in 2020 in line with the Paris Agreement. A carbon tax has been established, effective from June 2019.

**Roles and institutional arrangements** for responding to climate change have been reviewed and will be implemented through the envisaged Climate Change Act, which is currently in the parliamentary processes as a bill.

However, South Africa is the largest GHG emitter in Africa, and ranked number 16<sup>th</sup> on the global emissions list. The country's emissions per capita is amongst the highest in the developing world, mainly due to our reliance on coal, which makes us one of the dirtiest energy producers in the world.

National GHG **Emissions** Indicator measures South Africa's actual GHG emissions against the National GHG Emissions Trajectory Range projected to 2050 following the peak (at 583 Megatons (109 kg) (Mt) CO<sub>2</sub>-eq and 614 Mt CO<sub>2</sub>-eq for 2020 and 2025 respectively) plateauing (for 10 years (2026-2035) between 398 and 614 Mt CO<sub>2</sub>-eq) declining in absolute terms (from 2036 to a range between 212 and 428 Mt CO<sub>2</sub>-eq) as the benchmark against which the efficacy of GHG mitigation action is currently measured in terms of the *National Climate Change Response White Paper* of 2011.

Although actual emission data available currently only captures information to 2015, the Department of Environmental Affairs (DEA) is updating data up to 2018. Noticeably, the available data shows our emissions have increased and are following a peak trajectory since year 2000 across most sectors with a total increase of 23.1%.<sup>287</sup> Although the waste sector shows biggest jump in emissions with a total increase of 9.3%, the energy sector remains the highest emitter/ contributor (between 78.1% and 81.2%) to gross GHG emissions in South Africa and is responsible for 84.8% of the increase over the 15 year period.

### **Environmental management and protection**

The implementation of environmental policies over the 25 years include increased protection of ecological infrastructure. Environment management is also now becoming part of planning and is no longer ad-hoc as before. The cost of environment rehabilitation, especially abandoned mines, where control measures were not effected, continues to escalate and has a negative impact on economic growth.

In terms of the index measure for **protected areas**, the percentage of land mass under protection has increased from 4.9% in 1980 to 8.6% in 2017 of a total land size of 1.2 million km<sup>2</sup>. This is in comparison with countries like Costa Rica whose total size is 51,500 km<sup>2</sup> and 25% is protected land and Ethiopia whose total size is 1.1 million km<sup>2</sup> with 18.5% protected land<sup>288</sup>. The national target set for protected lands was 17% by 2020, at 8.6% in 2017, South Africa has to near double its protected areas in one year, in order meet the target of 17% by 2020.

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DEA (2019), GHG Inventory Report, 2000-2015

World Bank. World Database on Protected Areas. Terrestrial Protected areas (% of total land mass), <https://data.worldbank.org/indicator/ER.LND.PTLD.ZS/>

South Africa is the largest GHG emitter in Africa, and ranked number 16th on the global emissions list.







## MINING POLICIES SINCE 1994 IN SOUTH AFRICA

In 1995, the democratic government inherited approximately 5 500 derelict and abandoned mines, and the State carries the liability for this historical mining. This figure has increased to 6 125 over the 25 years, which the department listed in a database of derelict and abandoned mines. From 1994 to date, the State has rehabilitated 181 mines.

The Minerals Act, 1991 (Act 50 of 1991) and the MPRDA of 2002 grant mining license on condition that they set aside in a trust fund sufficient money for rehabilitation the mine upon closer. These promulgations, hold liable and accountable the mining companies, for environment pollution and compel them to rehabilitate the closed mine areas to their natural states.

Self-regulation mechanisms such as Environmental Management Plans (EMPs) makes provision for negotiations between mining companies and mining communities around the social impact of mining and rehabilitation. These EMPs requirements are also not applicable to the historical mines that were established and operated prior to the current environmental regulatory framework.

The **Terrestrial Biodiversity Protection Index** shows an increase from 3.3% in 1980 to 6.3% in 2017. The expansion of terrestrial land under conservation through the involvement of communities and private land owners in the management of parks resulted in a total of 9% of land mass under conservation being added over the last 25 years.

On international benchmarking South Africa is at 10.0% (as in 2017) towards achievement of its 11.3% 2019 target towards the International Aichi Biodiversity Targets that requires that at least 17% of specified terrestrial and inland-water areas are conserved and properly managed by 2020.

South Africa currently has 20 **Marine Protected Areas** (MPAs), which protects seas, oceans, estuaries, and large lakes, restrict human activity for conservation purposes. This represents only 5% coverage. New MPAs are being considered, that will advance the ocean protection by approximately 50 000km<sup>2</sup>, an area two and half times the size of the Kruger National Park. As things stand at the moment, mining rights take precedent over environmental rights.

The global **Environmental Protection Index** 2018 (EPI).The Index ranks South Africa 142nd out of 180 countries, measures environmental health and ecosystems vitality<sup>289</sup>.

To fast track, the transition to a lower carbon economy and resilient society, a number of flagship programmes have been developed and implemented at national level. These include: The Waste Management Flagship, Transport, Climate Change Response, Adaptation research, the Energy Efficiency and Energy Demand management, the Renewable Energy, the Water Conservation and Demand management, the Carbon Capture and Sequestration, and the Climate Change Response Public Works Flagship Programmes.

Additionally government implemented Climate Change Sector Plans which facilitated for climate adaptation and mitigation plans. However South Africa continues to excessively emit carbon due to its reliance on fossil fuel energy.

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Yale University. 2019. Environmental Performance Index. Web site: <https://epi.envirocenter.yale.edu/epi-topline>

The **air pollution** index for South Africa is 29 $\mu\text{g}/\text{m}^3$ , higher than the WHO's benchmark of 10  $\mu\text{g}/\text{m}^3$ <sup>290</sup>. South Africans are being exposed on a daily basis to dangerous levels of pollution in the air, with significant impacts on their health and wellbeing. Although many sources contribute to this pollution, industry is the largest source with Eskom and Sasol being the country's biggest polluters especially in the declared parts of South Africa which are: the Vaal Triangle Airshed Priority Area (VTAPA), the Highveld Priority Area (HPA), and the Waterberg-Bojanala Priority Area.

Even with South Africa's reliance on coal for its primary energy, the costs of air pollution on human health and economic growth in South Africa are not yet known and have not yet been determined. Fine particulate matter (PM) is one of the most lethal pollutants, and higher concentrations are known to cause increased mortality. The IGC study indicates that 7.4% of all deaths in South Africa in 2012 were due to chronic exposure to fine PM, costing the country up to 6% of its GDP. There is a need for further and more in-depth studies on the association between air pollution and mortality, and particularly as it affects children.

**Water security** is a critical challenge confronting South Africa and presents a profound challenge to its social wellbeing and economic growth. South Africa's water scarcity could get rapidly worse as supply contracts and demand escalate due to mining, economic growth, power stations, urbanization, unsustainable use, degradation of wetlands, water losses and a decrease in rainfall due to climate change. There has been a decline in the state of water resources such as rivers and wetlands. 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% are threatened (25% critically endangered, 19% endangered and 13 percent vulnerable). Only 35% of main rivers and 52% tributaries are in satisfactory condition. The persistent droughts conditions have exacerbated deteriorating raw water quantity and quality, and inhibit economic and social development. Deteriorating and poorly maintained infrastructure such as failing sewer collector mains and pump-sets

and dysfunctional wastewater treatment works compounded the water quality and quantity.

The gradual loss of skills required for the design, maintenance and service of the infrastructure system and exceeded carrying capacities for those infrastructure system lead to natural resources degradation which are extremely expensive to reverse. The Vaal and Crocodile rivers; the Vaal and Hartbeespoort dams' contamination serves as an example of the excessive contamination and environmental resources degradation.

**Water inequality** remains the most significant challenge in South Africa. After 25 years of democracy, less than 2% of available water is going to African small holder farmers (numbering over two million), whilst over 90% of the available water is allocated to about 30 000 white farmers<sup>291</sup>.

The Working for Wetlands programme was started in 2000, with over R1 billion invested in wetlands rehabilitation. But more needs to be done as wetlands forms part of ecological infrastructure services such as water and air purification.

South Africa currently has 20 Marine Protected Areas (MPAs), which protects seas, oceans, estuaries, and large lakes, by restricting human activity for conservation purposes.

290 World Bank data 2017

291 Van Koppen, B and Schreiner, B. 2018. A hybrid approach to decolonize formal water law in Africa. International Water Management Institute Research report 173. p13

## PERSISTENT CHALLENGES

Although key sectors have **climate adaptation strategies** in place, implementation of those interventions lack a sense of urgency, with poor resource allocation and capacitation. There are inadequate investments and prioritization to implement climate change adaptation programmes in vulnerable communities by government and financial institutions.

There is lack of frank conversation, commitment and consensus across **social partners** in paving a way for a just transition, hence the most vulnerable and poor communities and individuals bear the brunt of the current transition and climate change impacts. Capacity and resources across government to implement policies, mitigation and adaptation measures are inadequate.

Notwithstanding some successes attained in the 25 years, there have been persistent challenges. These include the following:

- The **current environment governance and regulatory framework**, with its gaps, is not being implemented, monitored and managed effectively to ensure protection, development and rehabilitation of the country's ecology, for current and future generations.
- The **gross inequality in the distribution of water resources**, especially in agriculture, is unsustainable both towards correcting the historical injustice and in broadening participation as well as growing the agricultural and agro-processing sector.
- **Pressures on water resources** continue to arise from the development of mines and power stations, forestry and irrigation development as well as pressures resulting from poor water quality, management and due to climate change impacts affecting rainfall patterns contributing to a decline in water availability.
- **Air pollution** remains a major health challenge, mainly linked to fossil fuel utilisation in power stations and transport.
- Failure to implement the **development planning and environmental sustainability model** as promulgated by the SPLUMA of 2003.
- **Skills shortages**, capacity and resources in responsible departments and spheres of

government to manage, enforce and monitor environmental protection laws and regulations. The disproportionate power balance between mining houses and communities, coupled with under-resourced departments, results in mining companies easily slipping out of their obligations.

- The **private sector** remains a major contributor to waste and water pollution.
- Inadequate **waste management**, programmes to reduce production of waste, including plastic packaging, polystyrene, and other non-bio-degradable and recyclable waste; failure of municipalities to timely collect waste and lack of engagement of communities in the waste management cycle; and the proper management of landfills.
- South Africa is one of the most diverse countries in the world in terms of our fauna and flora. Unless more stringent measures are put in place, we will continue to **lose unique species of plants and animals**.



**DID YOU KNOW**

**PROTECTION**

The Kwagga went extinct through hunting in 1878.



# RECOMMENDATIONS

As per the RDP, we all have a responsibility as government, citizens, civil society, the private sector to ensure that **environmental considerations are integral to decision making**. To give effect to this, building on the foundations of the last 25 years, South Africa must:

- Develop and implement a national plan for the **reduction of GHG emissions**, together with civil society, private sectors, relevant parastatals and international agencies. This plan must have a key role for communities and civil society in environmental management and advocacy. Regular assessment of GHG emissions (by sector), to be published annually and compared with country targets under international agreements, including the Paris Agreement.
- Adopt an **appropriate energy mix** to meet the development needs of the country, in the context of climate change adaption and mitigation, fossil fuel as percentage of South Africa's energy should be contained and reduced.
- Encourage, invest, promote and utilise **climate smart and green technology**, including early warning systems in all government, private and civil society sectors new developments and upgrading, including green industrialisation, agriculture, and smart cities and towns. Our development planning paradigm should make provision for the integration of the green technologies and low carbon.
- Invest in and promote **climate smart and organic agriculture**, to ensure optimal farming of crops and livestock.
- Include **environmental and climate related expertise** in the mandate and capacity of disaster management frameworks and teams, including the use of the SANDF.
- Put in place a plan to meet the target of **17% protected land by 2024**, and consider increasing the target beyond this deadline. The Marine Protection Areas should be expanded, with more robust targets, to include all sensitive areas for the ecological survival of fish and other species, particularly their breeding sites and effectively manage ecologically protected areas.
- Build and expand **technical capacity and expertise**, and allocate the requisite financial resources on environmental management across government departments and spheres of government.
- Develop a plan with **targets and a monitoring framework**, to transfer water rights to the previously disadvantaged.
- Address the crisis presented by local government's inability (capacity, expertise, financial resources and political will) to **expand and maintain sewerage treatment plants**, including research and innovative financial instruments to urgently address the backlog.
- Work with **civil society**, to monitor and identify dumping by the private sector into our water resources, and ensure prohibitive fines and sanctions, including polluter pay principle, are imposed to discourage dumping.

CHAPTER 12

# Democratising the State and Society



**The RDP recognises that the apartheid regime had been unrepresentative, undemocratic and highly oppressive, which was “less and less answerable even to the constituency it claimed to represent”. The legal, institutional, and governance architecture which was inherited was “fragmented and inappropriate for reconstruction and development”. The state therefore lacked the requisite makeup and capacity, it was also inefficient and out of touch with the needs and realities of ordinary people, with no clear responsibilities, coordination and planning.**

The 27 April 1994 elections, through the interim constitution, therefore brought about a democratically elected government, with the first democratically elected national and provincial legislatures as well as the President. This political transition also enabled the establishment of national and provincial executives. The adoption of the Constitution in 1996 also brought about a democratised third arm of governance – the judiciary. All these arms are supported by institutions to strengthen constitutional democracy. In further developing democracy, the common voters’ roll was concluded in 1996. This was preceded by the first democratic local government elections in 1995, thus bringing about the third sphere of democratic governance with local level executives and councils.

The Constitution also establishes South Africa as a sovereign, democratic State guided by the principles of constitutionalism, the rule of law, democracy and accountability, separation of powers and checks and balances, cooperative governance and devolution of power. Chapter 2 of the Constitution contains the Bill of Rights (BOR), which is seen as the “cornerstone of democracy”. The BOR enshrines the rights and responsibilities of all people, whilst also affirming the democratic values of dignity, equality and freedom. Various legislative, policy and other measures have been implemented to ensure the substantive realisation of civil and political rights, as well as socio-economic and cultural rights. The courts also act as

substantive and administrative justice mediators.

The RDP asserted that “*the people shall govern*” and that the state must unleash the country’s human resources and talent to reach full potential through, amongst others: (a) enfranchising all adult South Africans (regardless of race, class and gender); (b) modernising the state so that it is efficient, effective, responsive, transparent, and accountable; (c) institutionalising participatory democracy in partnership with civil society and the strengthening of trade unions, NPOs and other sector social movements and community based organisations whilst also enhancing their capacities; (d) empowering of citizens; and (e) gender equity.

Consequently, Chapter 10 of the Constitution, in Section 195(1), states that public administration must be governed by the basic values and principles enshrined in the Constitution, and the 9 principles of public administration. By inference the Constitution ascribes certain developmental related objectives and values to the State. These also serve to guide all organs of state, public enterprises and administration in every sphere of government.

The RDP, which is an integrated, coherent socio-economic policy framework, seeks to improve the “*standards of living and quality of life for all South Africans within a peaceful and stable society*” through changing the “*way that policy is made and programmes are implemented*” and the participation of people in decision making. The RDP integrates growth, development, and reconstruction into a coherent socio-economic policy framework, which requires all spheres, arms, and institutions of governance.

This normative framework provides the broader state with particular responsibilities in relation to the development of South Africa and its people. The Constitution also recognises the injustices of the past and the quest to build “a united democratic South Africa”, which means the nature of the South African state is inherently developmental and must address the historical and socio-economic dynamics in our society.

Consequently, the state should have (1) the capacity to intervene in the economy in the interest of higher rates of growth and sustainable development; (2) the ability to address challenges of unemployment, poverty and underdevelopment with requisite emphasis on vulnerable groups, and (3) the will to

facilitate for the mobilizing of society as a whole, especially the poor, to act as their own liberators through participatory and representative democracy.

### Macro-organisation of the State

In the first instance the adoption of the Constitution introduced a progressive constitutional and legislative framework, towards ensuring the developmental aspirations of South Africa are met and protected. Through the Interim Constitution, the 1996 Constitution and various pieces of legislation, the mandates of the various national and provincial departments were secured. In 1994, the President was assisted by two Deputy Presidents, a Minister in The Presidency (to coordinate the RDP) and 16 Ministers in the GNU, which represented three political parties. In 1996 one political party exited the GNU, but maintained its official opposition status in the legislatures.

In the same year, some various Cabinet committees were also constituted, and these were complemented by the Intergovernmental Forum (IGF) which was established in 1994 to “*promote co-operation on matters of mutual concern to all three spheres of government... It basically served as a briefing session for government and was a forum for Ministers, directors-general and national and provincial governments to meet.*”<sup>292</sup>

Weaknesses identified with this approach were that the decisions of the Forum were not binding, it consisted of too many members which made it unmanageable, and its agenda was also not strategic. In 1997, the first administration also introduced the Batho Pele – ‘people first’ philosophy in the Public Service as a means to transform the manner in which services were delivered towards a more inclusive approach.

Following the second general elections, the 1999 Cabinet had one Deputy President, a Minister in The Presidency (with oversight on issues related to women, youth and people with disabilities), and 27 other Ministers, all of whom had executive authority over corresponding departments.

The Public Finance Management Act (PFMA) was introduced in 1999 to promote efficiencies and effectiveness as well as strengthen public sector financial management. The PFMA also sought to

complement the 1998 MTEF, which replaced the annual incremental budget cycle. The MTSP, Strategic Planning and Annual Performance plans were introduced in 2001, to create linkages in planning and budgeting at departmental level.

The democratic administration also introduced an integrated governance model through collaborative inter sectoral programmes such as the Integrated Rural Sustainable Development Programme and URP, as well as the various clusters of governance, with the requisite administrative support through the Forum of South Africa’s Directors-General (FOSAD), all of which received leadership from the President’s Coordinating Council (which was constituted by the President, the Provincial Premiers and the various municipal mayors). These were complemented by the department and sector-based Ministers and Members of Executive Councils Meeting (MINMECs).

For implementation purposes, over 60 public entities were created in the first 10 years of democracy, which received considerable funding in the form of transfer payments and own revenue. The entities followed some of the public policy and PFMA prescriptions, but were significantly more flexible than government departments. The proliferation of these entities, along

— The flexibilities and limited collective political accountability in these entities gradually became one of the sources of maladministration and corruption over the 25 years. —

292 Department of Public Service and Administration. 2003. The Machinery of Government Structures and Functions of Government. [www.dpsa.gov.za/dpsa2g/documents/lkm/mog.pdf](http://www.dpsa.gov.za/dpsa2g/documents/lkm/mog.pdf).





## CHAPTER 9 INSTITUTIONS

### Public Protector

### South African Human Rights Commission

### Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities

### Commission for Gender Equality Auditor-General

### Independent Electoral Commission

### Independent Authority to Regulate Broadcasting Independent Communications Authority of South Africa

with the 'agencification' of services of government in all spheres of governance became evident, without all the necessary political accountability.

Whereas some of the entities delivered efficiently and effectively with substantial changes in the quality of life of citizens, by 2012 when the Presidential Review Commission on SOEs delivered its report, there were 715 such entities. The flexibilities and limited collective political accountability in these entities gradually became one of the sources of maladministration and corruption over the 25 years.

By 2004 there were 39 national departments, which contributed to some fragmentation and 'silos' in government. This necessitated the further clustering of departments that were dealing with similar sectoral challenges, wherein oversight of the cluster

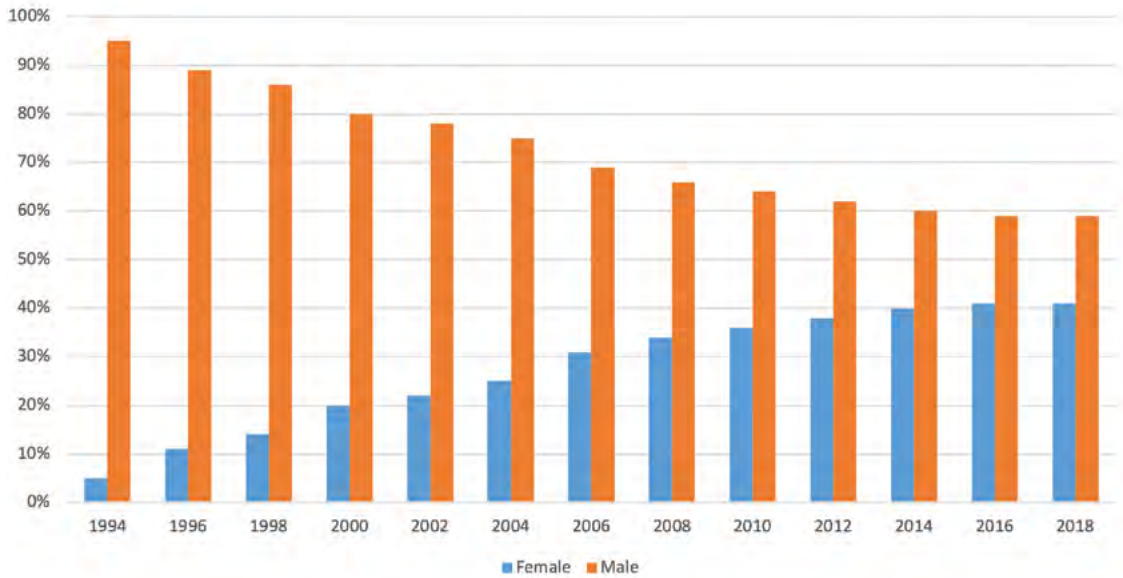
activities and joint programmes were constituted into six Cabinet clusters and corresponding clusters of the FOSAD<sup>293</sup>. These clusters were Social Sector; Economic Sector; Investment and Employment; International Relations, Peace and Security; Justice, Crime Prevention and Security; Governance and Administration. The clusters reduced fragmentation and facilitated some joint planning and execution.

The clusters were supported by The Presidency-based Policy Coordination and Advisory Services to ensure a further coordination of policy development and implementation across sectors, through FOSAD Clusters and other intergovernmental mechanisms. However, overall monitoring, impact assessment and accountability were lacking.

Consequently, in 2005 government approved an integrated framework on the Government-Wide M&E System (GWM&ES) to guide M&E in government, setting up the principles, standards and principles of M&E.

Following the 2009 elections, the fourth administration had 34 Ministers supported by 28 Deputy Ministers. Newly constituted Ministries included the following: Ministry in the Presidency for Performance Monitoring and Evaluation as well as Administration, Ministry in the Presidency for National Planning, Ministry of Economic Development, Ministry of Basic Education, Ministry of Higher Education and Training, Ministry of Energy, Ministry of Mineral Resources, Ministry of Agriculture Forestry and Fisheries, Ministry of Rural Development and Land Reform, and Ministry of Cooperative Governance and Traditional Affairs. The NDP, the New Growth Path and the Outcomes Approach to Monitoring and Evaluation were introduced to strengthen government capability at a macro-level. In seeking to improve coordination and enhance service delivery, the clusters were reconfigured into five, namely: Economic Sectors, Investment, Employment and Infrastructure Development; Social Protection, Community and Human Development; Governance, State Capacity and Institutional Development; Justice, Crime Prevention and Security; and International Cooperation, Trade and Security.

The sectors developed a joint programme of action which enabled joint planning and execution within



**Figure 12.1: Public service staffing by gender over the period 1994 to 2018**

Source: Department of Public Service and Administration

an intergovernmental Framework. The need for long-term planning was identified and a NPC was convened to develop a National Development Plan. The commission delivered its diagnosis during 2011 and the NDP:Vision 2030 was adopted in 2012.

### Transforming Government and Society

In seeking to fuse the eleven inherited administrations and transform the public services, the Public Services Act of 1994 was adopted. The Act governs the public service structures, systems, standards and employment practices towards ensuring a representative, effective and efficient public service.

In 1994 there were 1.2 million civil servants servicing 40 million South Africans. By 2001 there were only one million public servants<sup>294</sup>. Almost 25% of government's procurement budget went to consultants, presumably due to the capacity constraints faced by a smaller public service which needed to support larger populations<sup>295</sup>. In 2018 there were 2.69 million civil servants in all spheres, despite an addition of 17.7 million citizens to the population. According to the ILO in 2014, the share of public sector employees to total employment was 16.9% – India, Russia and

A consistent challenge which has faced the broader public service has been the maintenance of accountability and the trust of citizens.

294 The Presidency. 2003. *Towards a Ten Year Review*, pg. 12.

295 *Ibid*

Seychelles – had 55%, 40% and 36% respectively<sup>296</sup>.

The Employment Equity Act of 1998, facilitated for workplace transformation and equity by promoting equal opportunity, fair treatment and affirmative action. To this end, Africans currently make up 77% of public-sector employment, compared with 66% in the private sector.<sup>297</sup> Twenty-four years after democracy, the 17th Annual Report of the Commission for Employment Equity reported that females made up 52% of the workforce in the public sector, compared to 44% in the private sector. The 18th Annual Report of the Commission for Employment Equity, released in 2018, reflects that in 2001 only 6% of top management posts belonged to Africans, whereas it was only 14.3% in 2017.

Despite the fact that whites constitute 5.1% of the active workforce, they still occupy 67% of top management positions. It is however marginal progress wherein they occupied 87% of these positions in 2001. Africans who constitute 42.7% of the workforce only have 14.3% of top management posts and over 83.5% of the unskilled workforce. The private sector only has 10.9% Africans in the top management echelon with the public sector having over 72% Africans in the top management. However, the patriarchy persists across sectors with women making up only 32.6% of the public sector top management and 21.6% of private sector top management.

Persons with disability make up only 1.3% of all top managers, despite a nationally accepted target of 2%. There is a 41.3% representation of women in senior management in the public service as at December 2018 with an average annual increase of approximately one percentage point since 2009 when representation stood at 34.8%.

The trend pattern is illustrated in the **figure 12.1**, which shows that in 1994 the gap between women and men was extremely wide and is narrowing towards 2018. This implies that the movement toward 50/50 is taking place, but there is some way to go towards equity. From the trend pattern, it seems likely that 50/50 equity at the SMS level in the Public Service will only be reached in 2027.

The public sector has clearly been able to transform its labour force at a faster pace than the private sector. It has hired a higher proportion of both women and African workers in the sector, groups that were discriminated against under apartheid. In terms of the skills profile, the public sector is more skills intensive. Almost 45% of all public-sector employees fall into the top three occupational categories, compared to 26% in the private sector. Both sectors, however, have a similar proportion of unskilled workers. This indicates that private sector workers are concentrated in the medium-skilled occupations.

A consistent challenge which has faced the broader public service has been the maintenance of accountability and the trust of citizens. The Public Service Commission (PSC) and the Auditor General of South Africa, as well as other related institutions such as the Office of the Public Protector have played an important role in this regard. These have been complemented by initiatives such as the Promotion of Administrative Justice Act, (Act 3 of 2000), the Code of Conduct and the Anti-Corruption Hotline, which have assisted in curbing maladministration and corruption in the Public Service. Going forward, the State must muster the will to drive societal transformation to ensure that policy implementation leads to sustainable development that improves the lives of all people. It must also be appropriately and effectively organised to exercise its power to guide implementation through policies and resist external demands for short term gain.

## PERSISTENT CHALLENGES

In general, the overarching challenge was best described by the former Statistician-General who said that there is a “malaise of passing projects and vision statements as plans”. The challenge is not in implementation, but rather the lack of proper and detailed planning.

Without the detailed plans in the public service, execution remains elusive. Such a plan should be centred on the aspirations and goals set out in the NDP, and should be mindful of commitments in the continental

296 International Labour Organisation. 2019. [www.ilo.org/ilostat/faces/oracle/webcenter/portalapp/pagehierarchy/Page27.jspx?indicator=PSE\\_TPSE\\_GOV\\_NB&subject=EMP&datasetCode=A&collectionCode=Y1&\\_adf.ctrlState=17m2i1zor1\\_142&\\_afLoop=896857208094212&\\_afWindowMode=0&\\_afWindowId=nichw5kcm\\_1#%40%40%3Findicator%3DPSE\\_TPSE\\_GOV\\_NB%26\\_afWindowId%3Dnichw5kcm\\_1%26subject%3DEMP%26\\_afLoop%3D896857208094212%26datasetCode%3DA%26collectionCode%3DY1%26\\_afWindowMode%3D0%26\\_adf.ctrl.state%3Dnichw5kcm\\_57](http://www.ilo.org/ilostat/faces/oracle/webcenter/portalapp/pagehierarchy/Page27.jspx?indicator=PSE_TPSE_GOV_NB&subject=EMP&datasetCode=A&collectionCode=Y1&_adf.ctrlState=17m2i1zor1_142&_afLoop=896857208094212&_afWindowMode=0&_afWindowId=nichw5kcm_1#%40%40%3Findicator%3DPSE_TPSE_GOV_NB%26_afWindowId%3Dnichw5kcm_1%26subject%3DEMP%26_afLoop%3D896857208094212%26datasetCode%3DA%26collectionCode%3DY1%26_afWindowMode%3D0%26_adf.ctrl.state%3Dnichw5kcm_57)

297 Department of Labour. 2017. 17th Commission for Employment Equity Annual Report: 2016-2017.



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9 February 2012



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development agenda (the AU's Agenda 2063), as well as the global sustainable development agenda within the UN (the SDGs).

Together with the detailed plan should emerge the central question of how therefore we should organise the state to deliver on this detailed plan, which question should be followed by the type or cadre of public service and partners who should drive and deliver on the plan.

Specific emerging and persisting challenges can be categorized in four broad categories, these are, (1) Strategic Capacity, (2) Institutional Capacity, (3) Technical Capacity, and (4) Organisational Culture.

### Strategic capacity

The real issue is whether there is a well-articulated and robust **strategic intent and planning** that effectively directs the public service, and if there are equally robust mechanisms for translating this intent into policies, plans and programmes of public administration. Therefore, South Africa requires a Master Developmental Plan which must be institutionalised across all sectors and spheres of governance.

**Redistribution** is often handled nationally (e.g. land), while some functions such as housing are shared across the three spheres. There is incoherence in some areas such as housing, where this sharing happens.

Part of the challenge is lack of clarity on the **location of the central coordinating role**. Most successful developmental states have a central coordinating centre that spearheads economic transformation. The central coordinating role prioritizes joint intergovernmental, inter-ministerial and interdepartmental planning, budgeting and proper prioritisation and coordinated delivery.

In a highly unequal society such as South Africa, perhaps the most critical aspect of an effective state is its **redistributive capacity**. The State has to be able to translate conflicting societal demands into a single implemented public policy. The State has to intervene in unusual ways to correct historical inequalities and generate opportunities for its citizens and gain broad public support for doing so.

The foregoing suggests that, ultimately, the state's macro-planning system and related capacities are

critical in integrating the different aspects and levels of state/public service effectiveness.

### Institutional capacity

Reviewing the current institutional configuration of public administration is critical in renewed efforts to improve the functioning of the state and the public service. In reality, the democratic state has worked with a much-expanded institutional model inherited from the erstwhile apartheid state, which a long-serving Cabinet Minister referred to as a '*federation of departments*'. This model has also been associated with an expensive process of 'agencification' of the state, in which key state functions are hived off into agencies and public entities, which have proliferated with time. This configuration impedes integration and coordination in planning and delivery, as well as unity and consistency of purpose in public service.

### Technical capacity

The frequently reported concerns around **shortage of technical and managerial skills** within the public service and the outsourcing of professional and technical services is a challenge that requires attention.

The state needs to proactively plan for strengthening technical and professional skills in the public service, as well as ensuring clear career paths for managerial and technical echelons. As recommended in the NDP, the state has to ensure that the public service is seen as a **career of choice** for the best talent and skills in the country.

The public sector needs to take a national long-term perspective on public service training and capacity-building. A logical connection is made with the political-administrative interface challenge in that talented and skilled individuals are unlikely to be attracted to the public service if recruitment and promotion is patronage-dominated.

The NDP advocates a **Graduate Recruitment and Training Programme** which would source top talent directly from universities and set individuals on a planned path of career development and training. There are few, if any, successful public services around the world which do not use some form or other of such a programme.

### Organisational culture

Strengthening alignment between the state and public service requires for public administration to **acquire a deep developmental ethos**

and strong technical and organizational ability to translate the State's objectives into necessary policies, plans and programmes.

A developmental **state must intensify its intervention in economic, social and environmental relations** in favour of the

historically disadvantaged citizens. These include women, people in rural South Africa and the youth. We must also promote the 'Batho Pele' ethos. The country must promote interventions and institutions that seek to build the strategic capability of the public service to advance a developmental agenda.



## RECOMMENDATIONS

In addressing the four persisting challenges or overarching questions focused attention must be provided to a detailed plan, that integrates the local Integrated Development Plans, which must enable the state to play its redistributive role more robustly. This will require an exploration of location of the coordination function which must receive all the necessary capacitation. This should also be accompanied by a detailed evaluation of the current institutional configuration of public administration in all forms and spheres so as to renew efforts to improve the functioning of the state and public service. No doubt such an evaluation will also reveal the technical and organizational culture deficiencies which will need urgent action. In specific key actions will require:

- A **realignment of the public service** in terms of its shape/size, skills profile and macro-organisation to achieve national socio-economic strategic objectives;
- Further exploration and execution of **the single public service** concept so as to ensure optimisation of existing skills whilst addressing the areas of low 'delivery';
- Conducting a comprehensive and internationally benchmarked **personnel expenditure review** that covers the three spheres of government, with the view to developing and implementing a remuneration strategy that covers national and provincial departments, and municipalities.
- **Intervention in problem departments** at national and provincial levels;
- **Service delivery improvement initiatives** should be evaluated to determine how well they are being implemented, and what

improvements should be made to implementation. This should be complemented by the enforcement of compliance with service standards, such as the Batho Pele standards;

- Advancements in **technology** should be exploited to modernise business processes in the public sector and to make services more accessible and simpler to use;
- Building an ethical and accountable public sector requires decisive action on corruption.

The NDP diagnosis (2011) raised the challenge of blurred lines of accountability between public servants and their political principals, especially when party politics are concerned. The NDP (2012) subsequently proposed the establishment of the Office of the Head of Public Administration to ensure meritocratic governance of administrative appointments of Heads of Departments, which in effect was about doing away with political deployment into technical government positions. The poor management of the political-administrative interface remains a challenge as demonstrated by dysfunctionality at some municipalities and provinces, and is viewed as one of the root causes of state capture in SOEs. Therefore, it is recommended that stronger measures must be put in place to curb political meddling in SOEs. **The Public Service Act of 1994 must be amended in respect of political versus administrative appointments to ensure a professionalised public service.** The NDP proposals on capacity building measures for a developmental state which includes ensuring public service as a career of choice, must be implemented urgently.

## LOCAL GOVERNMENT

### The evolution of local government

Following the first democratic general elections in 1994, local government elections took place in 1995, under the Interim Constitution. In 1996, the Constitution was adopted and it ascribed the objects depicted in **figure 12.2**, some of which are concurrent. Local government is enjoined to build its own financial and administrative capacity to achieve these objects, working cooperatively with national and provincial government as distinct, interdependent and interrelated spheres of government.

To bring this to reality, several pieces of legislation were promulgated, including the Municipal Demarcation Act, 1998 (Act 27 of 1998), the Municipal Structures Act, 1998, the Municipal Systems Act, 2000 (Act 32 of 2000) and the Municipal Finance Management Act of 2003.

The passing of these pieces of legislation were preceded by a series of locally driven negotiations, organised around the demand for integrated non-racial municipalities with a single tax base. This also resulted in a highly participatory, locally negotiated transition process. This led to a substantial consolidation of the 1 262 apartheid era municipalities to 843 transitional local authorities during the first democratic local government elections in 1995/96. After the publication of the *Local Government White Paper*, and the promulgation of the framework legislation for the local government system (Demarcation Act of 1998, Municipal Structures Act of 1998, Municipal Systems Act of 2000) a further

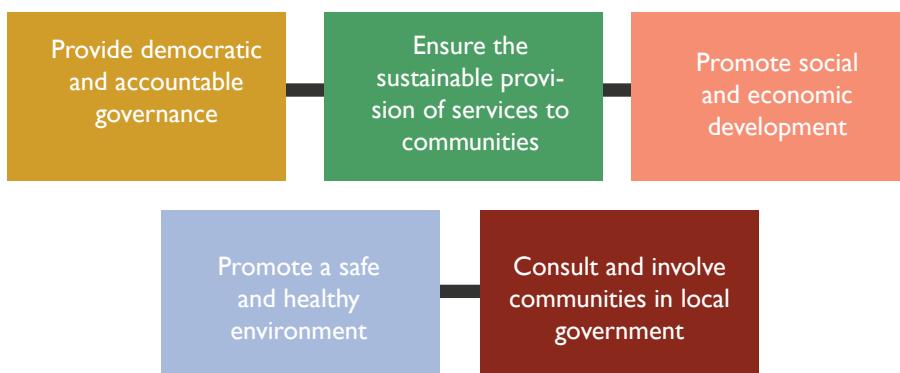
consolidation of local government structures took place – with 284 newly amalgamated municipalities by the 2000 local government elections.

Despite the integration of contiguous towns and townships, the residual legacy of apartheid spatial geography has resulted in widely divergent municipalities with different capacities and tax bases.

In 2000, government announced a programme of Free Basic Services for indigent households, which would guarantee a minimum package of tariff-free essential services. The services for indigent households were meant to be derived from the ‘equitable share’ of nationally raised revenue provided for in the Constitution. In addition, government instituted a wide variety of conditional grants for particular functions and services. In aggregate, transfers to local government have grown more than ten-fold in real terms over the period 1998/99 to 2017/18, now totalling some R110 billion. Combined with their own revenues, total revenues to local government now comprise nearly 25% of total government expenditure. This constitutes a substantial commitment to decentralisation, although organised local government has expressed concerns regarding the adequacy of central government financing.

### Delivering basic services

There has been impressive overall progress with the delivery of infrastructure services. In 1996, 7.23 million households had access to piped water. In 2017, this amounted to 14.35 million households. There has been an impressive growth in providing access to piped water to a further 7.12 million



**Figure 12.2:** The objectives of Local Government in terms of Section 152 of the Constitution of the Republic of South Africa of 1996.

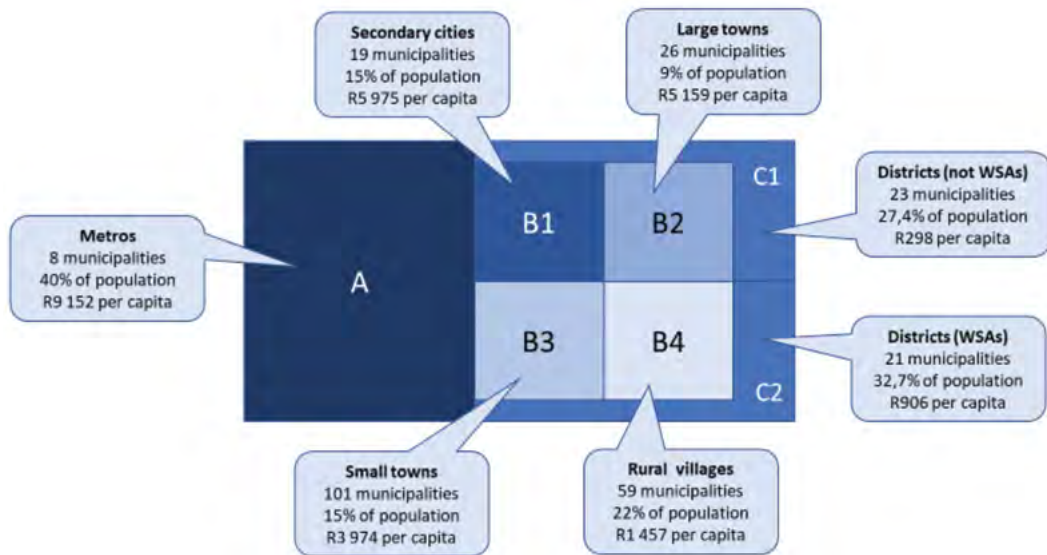


Figure 12.3: Schematic summary of local government system.

households between 1996 and 2017. In terms of access to basic sanitation in 1996, just 4.5 million households had access to this service. In 2017, this had grown to 13.32 million households (or 82.2% of the 16.2 million households in 2017). Similarly, in the case of electricity connections, 4.7 million new households have been connected to the electricity grid since 1994, and by 2017, 84.4% (or 13.7 million) households were connected to electricity.<sup>298</sup>

## PERSISTENT CHALLENGES

The percentage of households with refuse removed once per week increased from 56.1% in 2002 to 65.9% in 2017. The increment in **magnitude and volume of service delivery** has come with added pressures on local governments, particularly those that are in poorer areas who are unable to attract the requisite revenues. In 2018 alone, the number of municipalities in financial distress had increased from 95 to 128 from 2017. Currently, there are 64 municipalities with negative cash balances, and 136 with cash coverage of less than one month. A total of 113 municipalities adopted “unfunded budgets” for the 2018/19 financial year.

The **inability of households to pay service charges**, combined with the inability of

municipalities to collect own revenues, has resulted in 115 municipalities reporting growth in debtors of more than 20%. This has had a knock-on effect on municipalities’ ability to pay creditors, with over R21 billion currently in arrears – including over R10.7 billion owed to Eskom and over R5.5 billion to water boards.

There are **serious systemic issues** underlying this, these include: duplication of structures and functions between spheres and districts and local municipalities; misaligned or inappropriate devolution of functions; municipalities performing functions which are not their core competencies; unfunded or under-funded mandates e.g. library and primary health services; and the impact of amalgamations. One lesson from the last 20 years of consolidating local government is that combining two dysfunctional or distressed municipalities does not necessarily yield a viable municipality.

There is a **massive variation in size and capacities of municipalities**, with metro administrations having budgets larger than most government departments, while small rural municipalities are barely able to perform basic functions. As shown in figure 12.3 nearly 40% of the South Africa’s population live in eight single-tier ‘Category A’ metropolitan municipalities. Outside the metros, just



over 60% of the South African population is governed by a two-tier system of District (Category C) and local (Category B) municipalities. The local municipalities are classified according to size, including secondary cities (B1), large towns (B2), small towns (B3) and rural municipalities (B4).

Rural municipalities **have the highest poverty headcount**, and most are highly grant dependent, on average obtaining over three quarters of their income from central government grants. Small towns rely on national grants for about 44% of their revenue and have a higher poverty headcount than larger municipalities. **District municipalities display the highest degree of grant dependence** (over 80%) regardless of whether they are water service authorities or not, indicating their inability to collect revenue even if they provide utility services. For instance, Overstrand Municipality in the Western Cape is able to spend R14 134 per capita, while Nongoma Municipality in northern KwaZulu-Natal is only able to spend R1 136 per capita – a massive difference in what local government can offer people living in different parts of the country. Furthermore, almost **a third of the population live in communal areas** under traditional leadership, which largely remain outside the local government tax base and municipal planning system.

A string of **internal issues** is also driving this crisis, foremost of which are failures in leadership and accountability. Weak leadership is reflected in ineffective, unstable councils and governance structures, unstable administrations and conflictual relationships between political leadership and management. There are also serious staffing issues, including a high proportion of vacancies, and absence of suitably competent senior managers and CFOs. There are also issues relating to financial management, including weak budgeting capabilities, ineffective budget planning and implementation, inadequate allocations for infrastructure repairs and maintenance and asset management, weak internal controls and supply chain management, and low

revenue collection levels.

**More specifically, a cursory review of the Performance of local government reveals the following:**

- Despite the achievements over the last 25 years, **the current development trajectory is not delivering sufficient economic growth**, social inclusion or spatial integration, and it is also not fiscally sustainable. The regulatory system needs to cater for differentiation between municipalities, promote alignment, cross-boundary integration and engender accountability for performance.
- **Poor financial management** of the core trading services of water and electricity and municipal debt to Eskom and Water boards are contributing to risk in bulk infrastructure. At the same time, underinvestment in asset management systems and repair and maintenance are undermining water and electricity infrastructure and are starting to reverse some of the progress made in expanded access to basic services, as well as impact negatively on economic growth and environmental health.
- There should be far stronger actions within government to **coordinate the programmes between and amongst the different government spheres and agencies**. Municipalities must be capacitated to play a greater role in rural and urban development, and key housing and public transport responsibilities should be devolved where capacity exists. Emphasis should change from direct provision of facilities towards the promotion of efficient local markets and demand-driven inclusive growth. This will mean rapidly and progressively shifting the focus of central government funding for development towards demand-side subsidies that support the agency of households and communities.

**Figure 12.4** reflects a snapshot of the achievements and challenges of local government.

Emphasis should change from direct provision of facilities towards the promotion of efficient local markets and demand-driven inclusive growth.

**Figure 12.4: Summary of achievements and challenges**

	<b>ACHIEVEMENTS</b>	<b>CHALLENGES</b>
<b>GOVERNANCE &amp; INSTITUTIONAL ARRANGEMENTS</b>	<ul style="list-style-type: none"> <li>• Wall to wall local government system.</li> <li>• Regular free and fair elections.</li> <li>• Most secondary cities and metropolitan municipalities work well.</li> </ul>	<ul style="list-style-type: none"> <li>• Duplication of structures.</li> <li>• Tensions at the political, executive and administrative interfaces.</li> <li>• Failure to devolve functions where capacity exists.</li> <li>• Communal areas fall outside local government authority.</li> </ul>
<b>ACCOUNTABILITY &amp; PARTICIPATION</b>	<ul style="list-style-type: none"> <li>• Extensive regulatory framework for public participation.</li> <li>• Integrated development plans (IDPs).</li> <li>• Ward councillor system provides a direct link to ward communities.</li> <li>• Municipal Public Accounts committees established and provide effective oversight.</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of public trust in local government.</li> <li>• Compliance driven approach to participation.</li> <li>• Linkages of the various IDPs.</li> <li>• Ward committee system has been captured for patronage purposes.</li> <li>• Lack of effective partnerships with civil society and private sector</li> <li>• delivery.</li> </ul>
<b>INFRASTRUCTURE SERVICES</b>	<ul style="list-style-type: none"> <li>• Massive improvements in access to basic services.</li> <li>• System of capital grants supports infrastructure roll-out.</li> <li>• City IDMS system is best practice</li> </ul>	<ul style="list-style-type: none"> <li>• Widespread dissatisfaction with quality of services.</li> <li>• Technical and financial pressure on infrastructure services as a consequence of expansion.</li> <li>• Poor asset management and underinvestment in repairs and maintenance, aging infrastructure with high water and electricity losses</li> </ul>
<b>SOCIAL AND ECONOMIC TRANSFORMATION</b>	<ul style="list-style-type: none"> <li>• Extensive regulatory framework for local planning.</li> <li>• Substantial investment in housing and public amenities</li> <li>• transport programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Replication of apartheid spatial patterns.</li> <li>• Most LED strategies and agencies are ineffective.</li> <li>• Lack of alignment between industrial decentralisation and municipal planning.</li> <li>• Planning.</li> </ul>
<b>CAPACITY AND SKILLS</b>	<ul style="list-style-type: none"> <li>• Substantial investment in capacity building programmes and skills development.</li> <li>• Rapid transformation of municipal administrations, including engineering staff.</li> </ul>	<ul style="list-style-type: none"> <li>• High vacancy rates in critical functions and lack of adherence to minimum competency requirements.</li> <li>• Cyclical replacement of senior management resulting in institutional instability.</li> <li>• Political interference in administration.</li> <li>• Loss of experienced engineering staff.</li> </ul>
<b>MUNICIPAL FINANCES</b>	<ul style="list-style-type: none"> <li>• Well-developed system of intergovernmental grants.</li> <li>• Redistribution and poverty targeting built into fiscal transfers to local government.</li> <li>• Coherent regulatory framework for financial management systems and municipal accounts.</li> </ul>	<ul style="list-style-type: none"> <li>• High proportion of municipalities in financial distress.</li> <li>• Growing consumer debtors and municipal debt owed to Eskom and water boards.</li> <li>• Poor audit outcomes and regulatory compliance.</li> <li>• Massive increase in irregular and unauthorised expenditure.</li> </ul>



# RECOMMENDATIONS

- **Alignment** of public transport and housing investment with municipal infrastructure and land use management is vital. This includes addressing misalignment particularly (but not exclusively) in the 57 municipalities where the greatest level of unemployment and poverty are found.
- **The two-tier system of local government** outside of metropolitan areas should be reviewed, with a view to creating a single tier local government system. This could include expanding the number of Category A municipalities in the immediate term to include some or all of the 19 secondary cities.
- **Infrastructure delivery management** systems must be established across local government as part of an integrated Infrastructure Delivery Management System that aligns infrastructure investment plans from all spheres of government and SOEs. A countrywide programme of support to municipalities is required to update and maintain infrastructure asset registers and put in place a viable national framework that supports municipalities to plan and ensure adequate funding for the maintenance and refurbishment of infrastructure.
- Government should review the composition, jurisdiction and mandates of **ward committees** for implementation. The ward committees should be transformed or replaced by mechanisms that embed the local state more effectively in civil society and build enduring partnerships around local development challenges.
- **Build new capacities** and augment the existing capacities by training and implementing the single public service model which could also pull together dedicated teams of experienced administrators able to provide long-term institutional and administrative support to municipalities in distress.
- **Performance** (in terms of monitoring, supporting and empowering municipalities to fulfil their mandate) of provincial departments of cooperative governance and traditional affairs should continue to be monitored and provincial performance monitoring reports produced every six months. Results should be reported to the President's Coordinating Council, which must require provincial departments to address identified performance gaps;
- There is an urgent need for a more effective mechanism for coordinating government efforts against **corruption**, linked to consequences through the Criminal Justice System. The local government anti-corruption task team, which brings together investigative and enforcement capacity at a national level, needs to be substantially strengthened, with a dedicated local government corruption busting capacity, including at provincial level, which could be attached to the NPA or established as an independent task force.
- **The Municipal Fiscal Powers and Functions Act, 2007 (Act 12 of 2007)** should be amended to clarify rules for levying development charges on large development projects. There is also the need for a relook at the system of municipal borrowing, and clearly define role of DFIs;
- Support municipalities to produce **viable audit action plans** annually and strictly monitor their implementation. In particular, ensure that growth in Unauthorised, Irregular and Wasteful and Fruitless expenditure is contained and where it occurs this is transparently reported annually so that financial misconduct can be detected and addressed.
- As urgent measures towards **ameliorating the financial distress of municipalities**, a national consumer awareness campaign on payment for municipal services, akin to the Masakhane campaign, is required, linked to both visible improvements in service delivery, and municipal own efforts towards greater credit control.

CHAPTER 13

# Justice, Crime Prevention and Building Safer Communities



## TOWARDS A CONSTITUTIONAL DEMOCRACY

**W**ith the advent of democracy in South Africa in 1994, a human rights culture was made the cornerstone of the new constitutional dispensation and a wide-ranging set of human rights, including socio-economic rights, was inscribed in a Bill of Rights and incorporated into the final Constitution of 1996. The inclusion of civil-political rights as well as fully justiciable socio-economic rights in our Constitution was the most critical factor in the attainment of freedom, dignity and equality.

Before 1994, South Africa, together with the former Transkei, Bophuthatswana, Venda and Ciskei states and the so-called self-governing territories, had 11 different Justice departments and other justice related structures. This led to uneven and disparate justice services. The 11 departments were amalgamated and work started in earnest to ensure the provision of justice services and enhance access to justice for all. The Constitutional Court was established and, guided by the Constitution, handed down judgments to further founding values as human dignity, equality and supremacy of the Constitution. Since 1994 South Africa has succeeded in building new democratic institutions and in ridding our statute book of old apartheid laws. A substantial body of new laws has emerged from all levels of government to fulfil the mandate of the Constitution.

Since 1994, government embarked on the mammoth task of transforming the entire justice system by putting in place the foundation and pillars to build and sustain the new democratic constitutional dispensation. Improving access to justice for all and enhancing the rule of law have been critical priorities for government. The main objectives have been to bring the justice structures and systems in line with the Constitution, to re-establish trust and public confidence in the justice institutions and to restore the legitimacy of the system.

### State institutions supporting democracy

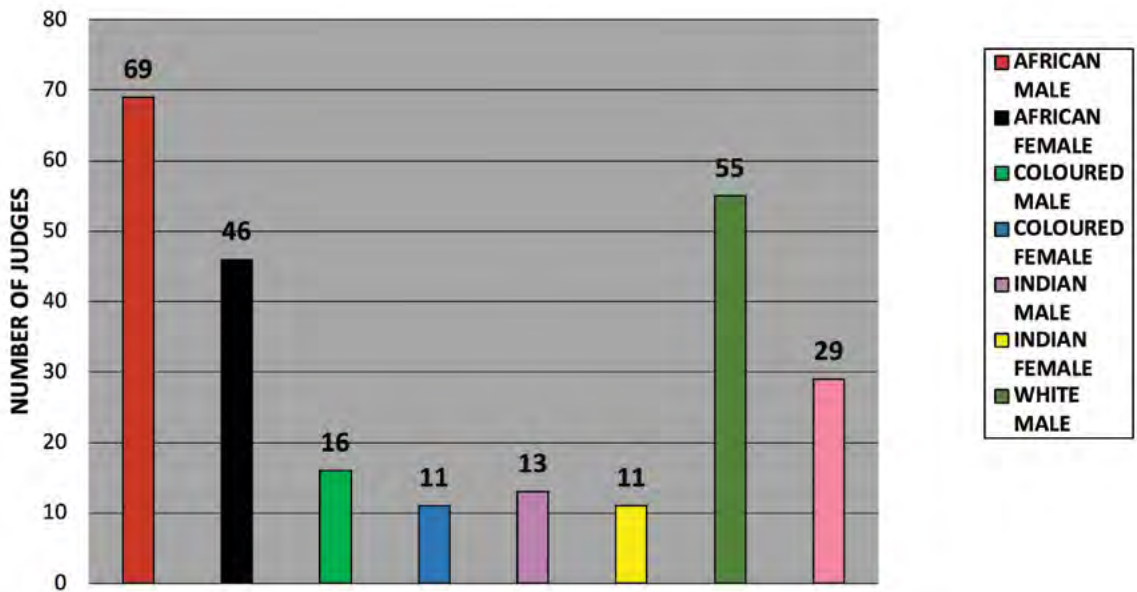
Chapter 9 of the Constitution refers to the following state institutions created to strengthen constitutional democracy in South Africa: The Public Protector, the South Africa Human Rights' Commission, the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities, the Commission for Gender Equality, the Auditor-General, the IEC and ICASA. The Constitution provides that these institutions are independent and subject only to the Constitution and the law.

### The Judiciary

The doctrine of separation of powers, the independence of the judiciary and the supremacy of the Constitution lie at the heart of South Africa's constitutional democracy. The doctrine of separation of powers constitutes one of the 34 Constitutional Principles which became the building blocks of the Constitution.

The growing body of constitutional jurisprudence in South Africa is a testament to the judiciary's exercise of their mandate to promote and protect human rights. The Constitutional Court has handed down many ground-breaking judgments, in both the areas of civil-political and socio-economic rights. In *S vs Makwanyane* which dealt with the constitutionality of the death penalty, the Court described the right to life and dignity as the "most important of all human rights, and the source of all other personal rights" in the Bill of Rights. In *Ferreira vs Levin*, the Court dealt with the right to freedom and security of person. In *Bernstein vs Bester*, it examined the right to privacy. In *National Coalition for Gay and Lesbian Equality vs Minister of Home Affairs*, the Constitutional Court held that same-sex couples had a right to enjoy the same immigration benefits accorded to married couples.

Landmark judgments pertaining to socio-economic rights include cases such as *Government of the Republic of South Africa v Grootboom*, *Soobramoney v Minister of Health, KwaZulu-Natal*, *Minister of Health v TAC* and *Khosa v Minister of Social Development* and many others. These are part of the landmark judgments which have crystalized South Africa's human rights jurisprudence, particularly with regard to right of access to housing, healthcare and the right of access to education.



PERMANENT JUDGES: % RACE & GENDER - SUMMARY									
RACE	AFRICAN		COLOURED		INDIAN		WHITE		TOTAL:
GENDER	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
TOTAL	69	46	16	11	13	11	55	29	250
%	27,60%	18,40%	6,40%	4,40%	5,20%	4,40%	22,00%	11,60%	100%

**Figure 13.1:** Representation of women in the Judiciary from 2014-2018.  
 Source: Department of Women and People with Disabilities. 2019. Report prepared for the 25 Year Review

### Access to justice and justice services

Significant progress has been made in expanding the courts’ footprint by building new courts, especially in rural and previously marginalized areas, so as to ensure that people can access justice close to where they live. An expanded footprint also means better access to justice services, such as maintenance courts, the Master’s services and the Office of the Family Advocate, amongst others. There are now High Court divisions in all nine provinces and more than 700 courts across the country. There are also functioning Small Claims Courts in every magisterial district in the country.

South Africa’s legal aid system has been comprehensively restructured and Legal Aid South Africa provides legal aid services on behalf of the State to those indigent and vulnerable persons who cannot afford legal assistance through the provision of independent, accessible and quality legal aid services in criminal and civil legal matters.

Sexual Offences Courts have been rolled out and offer a number of victim-support services, which include, amongst others, court preparation services, intermediaries and in-camera testifying services to survivors of sexual offences. The Child Justice system is regulated by the Child Justice Act which provides for specific procedures to ensure that fundamental rights of accused children are protected. This has also led to a reduction of the number of children being detained in correctional facilities.

As shown by figure 13.1 much has been achieved in terms of the race and gender of judges. There has been a remarkable **increase in the percentage of women presiding officers in our courts** over the past 25 years, yet more needs to be done. Whereas there was one female judge in 1994, there are now 97 female judges, out of a total of 250 permanent judges (38,8% being female) and, for the first time, the President of the Supreme Court of Appeal is female. It is, however, in the magistracy

where the most progress has been made in terms of gender, with 758 female magistrates out of a total of 1596 permanent magistrates (47,4% being female) and 4 of the 9 Regional Court Presidents being female.

The **role of the Judiciary** within the context of ongoing institutional reforms **remains a priority** and various interventions have been put in place to strengthen the courts and the judiciary. These interventions include the passing of the Constitution 17th Amendment Act and the Superior Courts Act and the establishment of the Office of the Chief Justice. The judiciary also has its own separate Budget Vote in Parliament so as to ensure the judiciary's institutional independence.

**Transformation of the legal profession** remains an ongoing priority, with the passing of the Legal Practice Act helping to unlock opportunities for Black and women legal practitioners.

There are now High Court divisions in all nine provinces and more than 700 courts across the country.

## PERSISTENT CHALLENGES

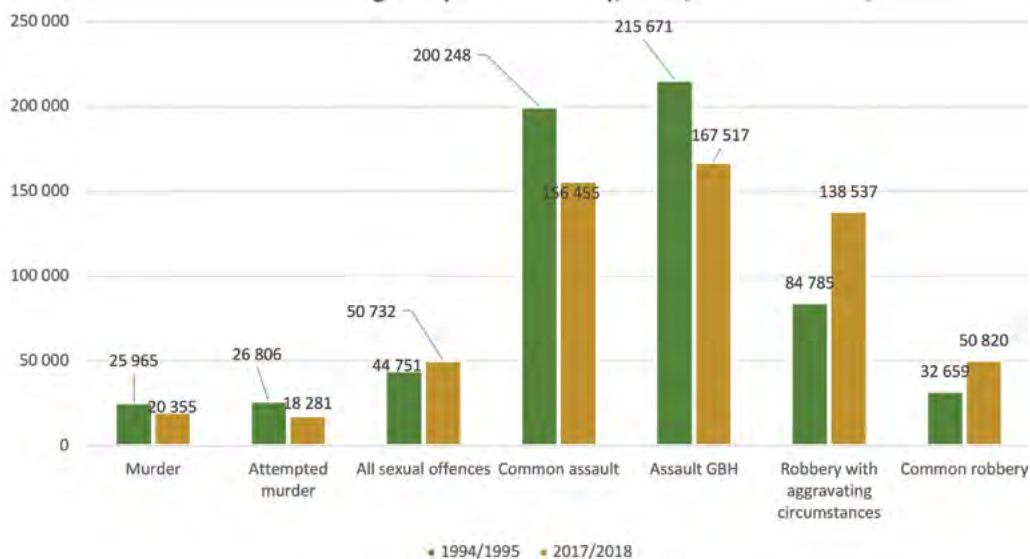
Whilst efforts have been made by government, in collaboration with civil society organisations, to undertake **human rights awareness** and education, much still remains to be done. In order to further combat unfair discrimination it is imperative that individuals and communities are made aware of their constitutional rights.

### Safer communities

The defining moment in the process of ushering a new society based on democratic values, social justice and fundamental human rights, was the adoption of the interim and final **constitutions** in 1993 and 1996 respectively. One of the critical injunctions of the Constitution of the Republic of South Africa of 1996 is that guaranteeing national security should reflect the determination on South Africans "*as individuals and as a nation, to live in peace and harmony, to be free from fear and want, and to seek a better life*".

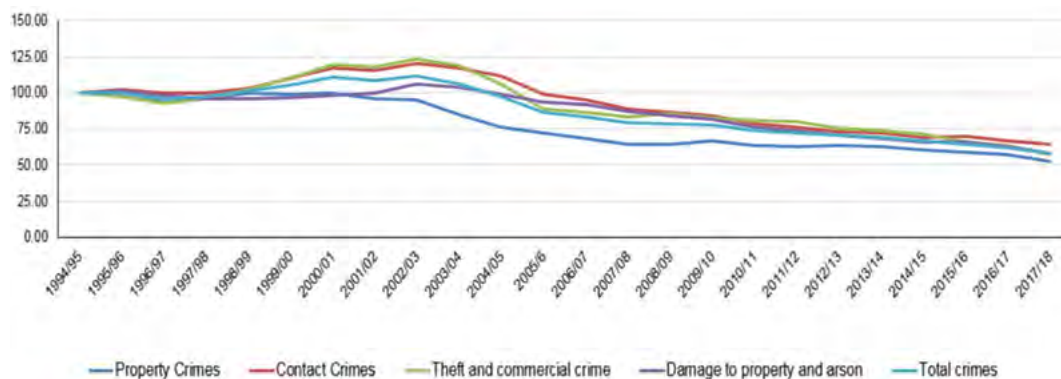
### Legislation, policies and programmes implemented since 1994

Viewing the fight against crime as a national priority, the democratic government adopted a National Crime Prevention Strategy (NCPS) in 1996. The intent was to radically shift from a reactive crime control approach to one that emphasised proactive crime prevention.



**Figure 13.2: National crime figures (contact crime) 1994/95 and 2017/18.**

Source: South African Policies Services. National Crime Statistics



**Figure 13.3: National Crime Trends.**

Source: South African Policies Services. National Crime Statistics



### The objectives of the NCPS included:

- (a) The establishment of a comprehensive policy framework to address crime in a coordinated and focused manner, drawing on the resources of government agencies and civil society;
- (b) The promotion of a shared understanding and common vision of how the nation would tackle crime;
- (c) The development of a set of national programmes which serve to kick start and focus the efforts of various government departments in delivering quality service aimed at solving the problems leading to high crime levels; and
- (d) Attaining maximum and sustained civil society participation in crime prevention initiatives.

### Ensuring safety and security

The 17 types of serious crimes reported by the communities between 1994/95 and 2017/18 increased by almost 11% from 1 503 240 to 1 662 815 respectively.

However certain sub-categories of serious crime such as contact, contact-related and property related crimes declined during the same period. Total contact crime decreased by 4.5% from 630 885 to 602 697, contact-related crime by 13.5% from 134 253 to 115 361 and property-related crime by 22% from 655 476 to 508 975.

One of the subsets of contact crime that induces fear among citizens - robbery with aggravating circumstances - exhibited a sharp increase from 84 785 to 138 537.

Between 2014/15 and 2017/18 crimes against women and children increased by 5.4% from 168 502 to 177 620 and by 5.2% from 41 402 to 43 540 respectively.

Figure 13.2 demonstrates the extent to which certain categories of serious crime which produce the most fear amongst citizens have decreased and increased between 1994/95 and 2017/18. For examples Assault GBH, murders and attempted murders decreased, whilst robberies and sexual assaults increased.

The intensity of reported crimes remained stable from 1994 until 1998, when it started to increase, peaking in 2003. Subsequently, a decreasing trend was observed. Both in absolute terms and per capita, most categories of crime stabilised or decreased

in comparison to the 1994 levels. The continued improvement of the crime situation since 2004/05 can be attributed to the enhanced implementation of the NCPS, which included, but was not limited to increase visible policing, and an improvement in the crime-combating initiatives of the CJS.

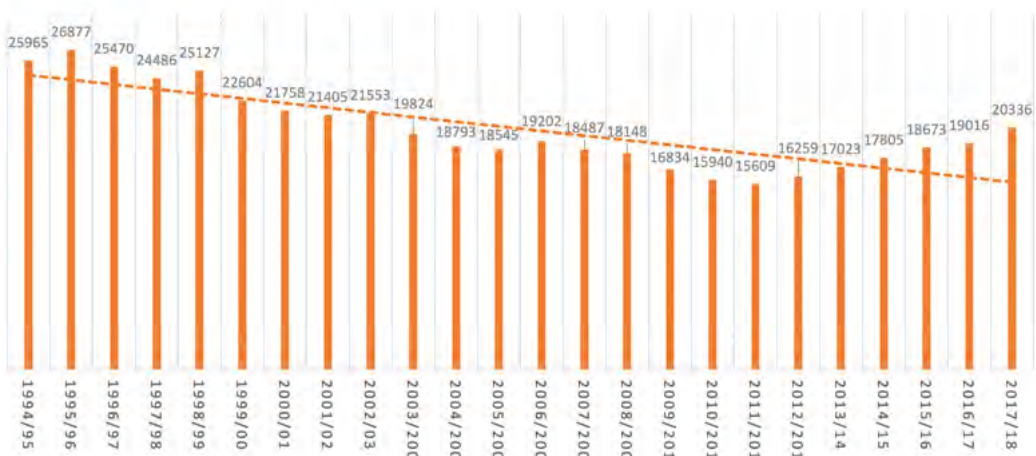
Figure 13.3 also shows that there has been a considerable decrease in the overall contact crime ratio. This is probably attributable to the increased efforts to improve the efficiency and effectiveness of the Criminal Justice System as a whole and the Back-to-Basics approach of the SAPS. However, of great concern is the fact that the ratio for murder and aggravated robbery has shown an upward trend. These types of crimes contribute to a feeling of being unsafe and poses threats to human life, as they are violent in nature.

As is evident from Figure 13.4 murder crimes showed a dramatic decrease of about 10 000 from 25 695 in 1994/95 to 15 609 in 2011/12. Regrettably this figure began rising from 2012/13 and continues to do so. As at the end of 2017/18, the number of murder cases stood at 20 336.

Both categories of crimes against women and children display increases of 5.41% and 5.16% respectively between the periods 2014/2015 to 2017/2018. Worth noting is the fact that there was a slight decline in crimes against women, in 2016/2017 but this figure increased again in 2017/18. A subset of crimes against women and children, is sexual offences. Sexual offences crimes seem to have declined by some 7 000 incidents from 57 115 in 1994/95 to 50 108 in 2017/18. In 2008/09 this number peaked to 69 197. Various measures have been put in place to assist women and children against abuse. The Domestic Violence Act of 1998 was enacted to give survivors of violence maximum protection from domestic abuse.

### Interventions to address GBV and sexual offences against vulnerable groups, in particular women and children, include:

- Family Violence, Child Protection and Sexual Offences units.
- Victim-Friendly Rooms (VFRs) were established. The SAPS have 1 147 police stations and a total of 1 049 of these police stations have dedicated VFRs.



**Figure 13.4: Murder cases in South Africa**

Source: South African Policies Services. National Crime Statistics

- The 2018/19 police budget vote is dedicated to fighting crimes against women and children.
- Addressing the incidence of drug and substance abuse, as a driver of crimes against women and children and vulnerable groups.
- The 16 Days of Activism for No Violence against Women and Children.
- Empowering police officers with specialised skills.
- A partnership with civil society, to address factors and causes contributing to GBV.
- Integrated Programme of Action Addressing Violence Against Women and Children (POA: VAWC)

A critical effort of addressing the problem of serious crime, in particular its violent nature, is paying attention to certain drivers of crime which include the scourge of drugs and substance abuse.

To that end, a Central Drug Authority (CDA) has been established in terms of the Prevention of and Treatment for Substance Abuse Act of 2008. The CDA reviewed three National Drug Master Plans (NDMP): 1999 – 2004; 2006 – 2011, 2013 – 2017. Important pillars of the NDMP are demand, harm and supply reduction.

Campaigns aimed at reducing the harm caused by and the demand for drugs include the ‘Ke Moja’ (I’m fine without drugs) awareness campaign conducted through print media, radio, cellphones

through which over 20 million individuals were reached. The anti-substance abuse education and awareness campaigns at institutions of higher learning have been implemented since January 2014. During 2008/09 the Anti-Substance Abuse Treatment centres started with the implementation of minimum norms and standards for inpatient treatment centres in nine treatment centres located in Eastern Cape, KwaZulu-Natal, Mpumalanga and North West.

From around 2009 to date, new criminal challenges have emerged. These are developments which, if not adequately attended to, would have had the effect of undermining the authority of the State. These include: threats to the security of cyber space, public violence, violent protest action and as well the so-called taxi wars. As regards violent protest action, the greatest success has been at the level of stabilising the incidents where they have manifested themselves.

### Ensuring the effectiveness and efficiency of the CJS

In 2008, the Seven-Point Plan was adopted, which aimed at adopting a single vision and mission, single set of objectives, priorities and performance measurement targets for the CJS; making substantial changes to the present court processes in criminal matters; implementing key priorities in component parts of the CJS; establishing an integrated and seamless National CJS Information Database/System across CJS departments and harmonizing



## OTHER KEY INTERVENTIONS

- The White Paper on Safety and Security of 1998.
- The National Crime Combating strategy focussing on selected areas and zones to stabilise serious and violent and organised crime, the proliferation of firearms and crimes against women and children.
- Integrated Social Crime Prevention Strategy to deal with the socio-economic conditions that are conducive to the committing of crime.
- The SAPS Act (1995) to ensure safety and security, uphold and safeguard the fundamental rights of all, fostering cooperation between the police and communities as well as according respect for victims and understanding their needs.
- Justice Vision 2000, which sought to transform the justice system so that it reflects the basic constitutional ideals, as well as goals of the government policies on reconstruction and development.
- Seven-Point Plan in order to render the CJS effective and efficient.
- The Domestic Violence Act, (Act 116 of 1998), to give survivors of violence maximum protection from domestic abuse.
- The Integrated Programme of Action for addressing violence against women and children.

the gathering of CJS End-to-End information; modernising in an integrated and holistic manner; all aspects of the systems and equipment of the CJS and DHA processes; introducing changes to the partnerships with civil society and in terms of the CPF/CSF regimes, including expanding the role to deal with all matters in CJS, for example, policing, and parole boards.

A comparison between arrests, cases finalised, and convictions shows that there is some congruency between the arrests and finalised cases, with not all concluded cases leading to conviction. However, the amount of arrests in relation to the finalised cases and convictions, is worrisome and could either highlight undue arrests or a clogged up CJS which does not ultimately lead to convictions. Another part of the value chain of the CJS is reducing the incidents of repeat offending. This is achieved through enrolling inmates in various development programmes offered by correctional services. The percentage of inmates who register for these programmes exceeds 80%.

### Building and promotion of community participation (Community Policing)

It is now accepted that the fight to obliterate crime is one that requires more than just the efforts of the CJS. Soon after the ushering in of our democratic dispensation, community policing forums (CPF's) were established by legislation so they could serve as platforms for cooperation between the SAPS and communities. This has seen the creation of CPF's at each of the more than 1000 police stations in the country. However, the effective functioning of these CPF's is varied.

In the wake of the adoption of the NDP, community safety forums (CSFs) were set up in order to serve as platforms for coordination, integration and monitoring local crime prevention strategies. Though several CSFs have been created, the pace of their establishment has been pedestrian.

### Responding to other threats to safety and security

More recently, the country has experienced a growing number of protest action and unrest which, in many instances have been accompanied by serious provocation, intimidation, public violence and even elements of criminality. The main challenge for the CJS has been to respond to these

manifestations within the spirit and context of a community orientated policing model and the Bill of Rights. This has required a realistic balance between acknowledging the rights of citizens to demonstrate versus the police's need to ensure peace and stability.

Public violence has not been proactively prevented partly because of absence of or inadequate intelligence and more importantly, because the causes of these protests often lie outside the remit of the CJS. The capacity for crowd management including the training of units for crowd control has been weak.

In the last 10 years, cyber insecurity and cybercrimes have emerged as some of the developments that pose a menace to the security of the State. Good progress has been made in creating the capacity to prevent and combat these phenomena. However, these measures have not been able to make a significant dent on the challenges of cyber insecurity and cybercrimes. Sophisticated cybercrime syndicates remain largely undetected and have therefore escaped prosecution.

The last major threat that the country has had to face is the problem of porous borders and the weakness of its border security environment, illegal migration as well as international terrorism. Various security vulnerabilities manifest themselves due to the weak security measures at the borders. This has given rise to cross-border criminal activities like drug trafficking, proliferation of illegal firearms, vehicles

and precious metals smuggling, illegal importing of tobacco, clothing, alcoholic beverages and medicines.

The most important measures instituted to defend, protect and manage our borders were the steps taken to establish a Border Management Authority in order to ensure a coherent and integrated approach to address all the security vulnerabilities occasioned by porous borders. Several legislative and policy interventions have been adopted or are in the process of being developed. Some moderate progress has been registered in combating trans-border crime.

### Impact of safety and security interventions and other government social policies

To determine whether the achievements as recorded in the preceding paragraphs have had any meaningful and tangible impact on the lives of ordinary citizens, considerations of the feelings of safety or otherwise of citizens have been surveyed annually by Stats SA. These surveys measure indicators such as the percentage of households whose members feel safe walking alone in their areas during the day and when is dark, perceptions of violent crime levels in their areas of residence and crimes perceived by households to be most common in South Africa, satisfaction with police services in their area and the way in which courts generally deal with perpetrators of crime.

The Victims of Crime Survey for 2017/18 shows that the percentage of households who feel safe walking alone during the day decreased from 85.4% in 2014/15 to 79.1% in 2017/18. The percentage of households who feel safe walking alone during the night decreased from 31% to 29.4% between 2014/15 and 2016/17. However, the percentage of those who felt safer walking alone in the dark increased slightly to 31.8% in 2017/18.

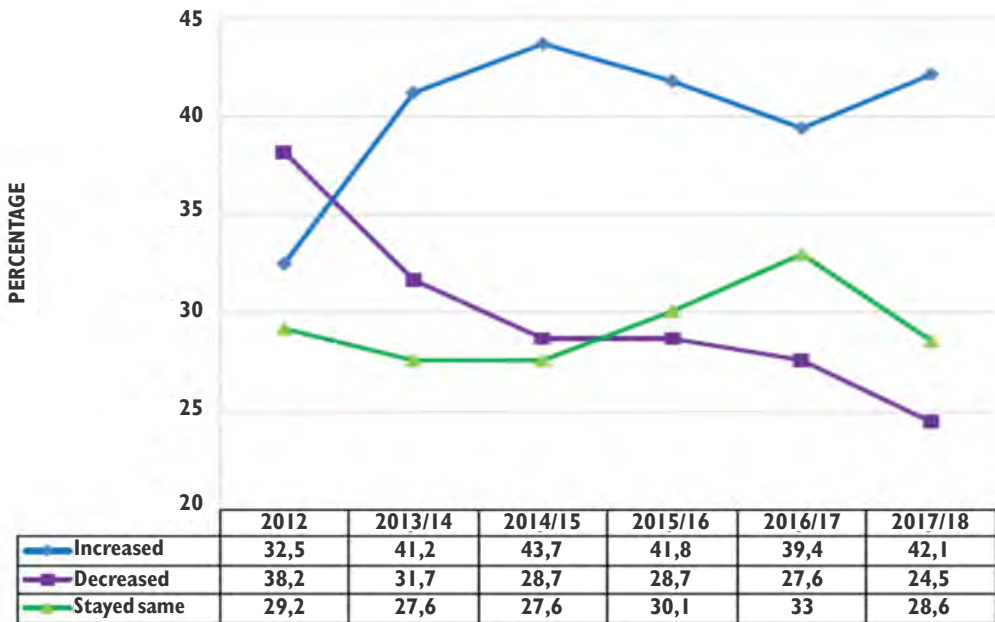
Between 2013/14 and 2017/18, the percentage of households satisfaction with police services in their area fell by 5% from about 59% to 54%. In the same period, households satisfaction with the manner in which the courts dealt with perpetrators of crime decreased from 64% to 41%.

As Figure 13.5 demonstrates, between 2012 and 2015, there is a clear downward trend in the numbers of those who believe that crime had decreased over the preceding three years. In 2017/18, the proportion of households who were of the view that violent

**DID YOU KNOW**

**SAFER AND HEALTHIER COMMUNITIES**

Durban and Johannesburg are both in the top 10 cities with the most trees in the world.



**Figure 13.5:** Percentage of households 'perception of violent crime levels in the area.

Source: StatSA

crime in their area had increased in the last three years was higher than in the preceding two years, after a decline between 2015/16 and 2016/17. Thus, emerging positive public perceptions about the violent crime situation observed between 2015/16 and 2016/17 have reversed again. The percentage of households who feel that violent crime has decreased was lowest in 2017/18, and less than a quarter of households felt that violent crime has decreased.

Various security vulnerabilities manifest themselves due to the weak security measures at the borders.

## PERSISTENT CHALLENGES

Notwithstanding the moderate levels of successes attained in the 25 years, there have also been persistent challenges.

### These include the following:

- Levels of **serious and violent crimes remain intolerably high**, resulting in perceptions about safety and the performance of the CJS waning. Of concern is the worsening situation of crimes committed against women and children and other vulnerable groups.
- Lack of **integrated and coordinated intelligence gathering**-which leads to little forewarning of looming threats and incidents, which therefore undermine national security.

- No **coordination and integration** of policy and strategy implementation across the CJS.
- Weakening of **governance structures** which undermines trust in the CJS as well as weakening of **citizen participation** in the criminal justice institutions.
- Failure to deal effectively with **threats** against the authority of the State, ensuring domestic stability, defending, protecting and managing the country's borders as well as the threat of cyber insecurity and cyber-crimes.
- Inadequate attention to addressing of **socio-economic determinants of crime** and the collapse of the societal moral fibre. Key drivers of crime such as **environmental designs** are beyond the scope and mandate of the CJS and require a collaborative approach cross cluster and cross implementation forum integration of strategy and implementation.
- The menace of the **illicit economy** in particular, illicit financial flows and illicit mining.



**DID YOU KNOW**

**PRISONERS**

Less than 3% of the prison population in South Africa are women.



## RECOMMENDATIONS

- **Reduction of crimes, especially violence against women and vulnerable groups as well as sexual offences**, should be informed by the outcomes and resolutions adopted at the 2019 GBV Summit. Existing plans and strategies should be updated with the outcomes of the summit and the suggested National Strategic Plan.
- **Reprioritisation of activities** in line with resourcing and joint planning and budgeting across the CJS is required so as to achieve 80% results through focusing on 20% of the activities, (Pareto principle).
- **Corruption** and corruption related crimes in the public and private sectors must be reduced.
- Improvements in areas of **investigations and prosecutions**
- Targeting of **drug syndicates** with a view to eliminating them through the implementation of the National Anti-Gang Strategy and the revised NDMP.
- Assert and engender respect for the **rule of law**.
- **Secure the borders** of the country with special focus on the airspace and maritime borders
- Ensure a **safe cyberspace** and combat cybercrime.
- Expand the **treatment and care network** for substance abusers.
- Professional law-enforcement agencies with focus on **recruitment and appointment** of qualified and experienced personnel.
- Increased access to courts.
- Complete the **Justice Renaissance Project**, aimed at the overarching transformation of the legal system, from its colonial, apartheid and patriarchal origins.

## CHAPTER 14

# Building a Better Africa and World



**T**he Freedom Charter declares that: **“South Africa shall be a fully independent state, which respects the rights and sovereignty of all nations; South Africa shall strive to maintain world peace and the settlement of all international disputes by negotiation-not war; Peace and friendship amongst all our people shall be secured by upholding the equal rights, opportunities and status of all; [and finally]... The right of all the peoples of Africa to independence and self-government shall be recognized and shall be the basis of close co-operation.”**

To advance these and other objectives the RDP observed that South Africa cannot be built “in isolation from its Southern African neighbours... if South Africa attempts to dominate its neighbours it will restrict their growth, reducing their potential as markets, worsening unemployment and causing increased migration to South Africa”.

At the dawn of democracy, South Africa was described as a pariah society which former President Nelson Mandela described as the ‘skunk of the world’<sup>299</sup>. South Africa had been in isolation after having been expelled from the UN and many other multilateral forums, despite having been instrumental in the formation of UN predecessor, the League of Nations. Apartheid South Africa was isolated for decades, with a global movement against apartheid campaigning for decades for an end to its racist policies. The liberation movements were supported by the newly independent states of Africa, under the auspices of the OAU, with sustained actions through its Liberation Committee established in 1973.

In response to this solidarity by African states, apartheid South Africa waged a sustained war against its neighbours and conscripted hundreds

of thousands of young and unsuspecting South Africans and nationalist commandos.

Between 1980 and 1989 the Commonwealth estimated “the deaths of one million people [with the attached result of] billions of dollars’ worth of damage and destruction to the economies of neighbouring countries... the consequence was greater international pressure to tighten sanctions against South Africa”<sup>300</sup>. The Liberation Committee was disbanded in 1997, after completing its mission of ending colonisation and apartheid, but for the occupation of South Sudan, Western Sahara, Chagos Archipelago and the Comorian Island of Mayotte.

In 1994, South Africa transitioned from being a global pariah to take its seat amongst the community of nations in Africa and the world. In the words of former President Mandela, during the 1995 World Summit for Social Development, “the irony of democratic South Africa’s late entry into international affairs is that we can reap the fruits of a world redefining itself.” South Africa’s transition also took place in the context of a global transition after the end of the Cold War and the collapse of the Soviet Union. This was a world adapting to a ‘new world order’, in which developing countries and especially African countries were struggling to recover from the effects of the 1991 global recession on the back of failed Structural Adjustment Programmes (SAP) driven by the Bretton Woods Institutions<sup>301</sup>.

The “New World Order”, had several dimensions. It was firstly characterised by rapid globalisation, as a result of advances in the development and utilisation of technology, (particularly ICT), facilitating the integration of production and management processes across oceans, massive trade in financial instruments and expansion of trade in goods and services. Over the 25 years, the growth of emerging economies in the developing South, particularly the Asian tigers and China, as well as other BRICS countries such as Russia and Brazil, saw a shift in the singular economic dominance of the West<sup>302</sup>, despite the Asian crisis of 1997.

The democratisation of Eastern Europe and

299 The Presidency. 2014. *The Twenty-Year Review*, p148.

300 Pahad, A. 2014. *Insurgent Diplomat: Civil Talks or Civil War*, p82.

301 NEPAD. 2018. “Africa’s path Africa’s path to 2063: Choice in the face of great transformation,” p5.

302 Steinbock, D. 2017. The global economic balance of power is shifting. Website: [www.weforum.org/agenda/2017/09/the-global-economic-balance-of-power-is-shifting](http://www.weforum.org/agenda/2017/09/the-global-economic-balance-of-power-is-shifting).



fundamental changes to NATO, the former Soviet Union, Germany and the EU had an effect on budgets, employment, social welfare, economic growth and many other aspects of the life. Contrary to initial expectations, these changes did not bring about general peace and prosperity, as the world assumed a more unipolar form and shape.

From an economic perspective, the end of the old East/West confrontation brought increased competition for investment funds and markets, as well as a race to the bottom. It also brought about opportunities to forge new economic partnerships and blocs. The WTO was expected to play a more active role in the promotion of global trade and the resolution of trade disputes principally under the General Agreement on Tariffs and Trade. In the words of former President Nelson Mandela to the United States Congress on 6 October 1994:

*“The new age will surely demand that democracy must also mean a life of plenty. As the images of life lived anywhere on our globe become available to all, so will the contrast between the rich and the poor, within and across frontiers and within and across the continents become a motive force impelling the deprived to demand a better life from the powers that be, whatever their location.”*

South Africa, as a small to medium-sized economy with an open and mixed economy which is dependent on international trade, had to play a role in the constructive advancement of the “new economic world order” towards a more equitable set of practices.

Beyond the impact of technology, globalisation has also been shaped by geopolitics. As the world prepared for the start of a new millennium after the end of the Cold War, there were great expectations for a peace dividend and a focus on human security, as reflected by the UN Millennium Declaration in 2000. However, the events of 9/11 in 2001 erased much of this goodwill, and the era of the ‘War on Terror’, which saw the USA spending around USD5.9 trillion on the 9/11 wars – in Iraq, Afghanistan, Pakistan and Syria – between 2001 and 2018<sup>303</sup>. This figure does not account for the cost of war – in both human and financial terms – to the countries directly affected by the terror wars.


 In 1994, South Africa transitioned from being a global pariah to take its seat amongst the community of nations in Africa and the world.
 

303 Crawford, N. 2018. United States Budgetary Costs of the Post-9/11 Wars Through FY2019: US\$5.9 Trillion Spent and Obligated. Cost of War Project, Watson Institute, Brown University.

The political and security dimensions became another central tenant of the developing new order. While democratisation brought multiparty democracy to many citizens all over the globe, the security risks increased. Whereas there had been shifts from the previous risks of super-power nuclear confrontation and inter-state conflicts to other forms of insecurity, the new order brought with it a more regional or domestic dimension, the emergence of non-state actors, with extremism becoming a serious threat to peace. Rejuvenated nationalist movements in some areas triggered prolonged conflicts, with a rise in ethnic conflicts, organised crime, drug trafficking, human trafficking, cross-border migration, refugees and continued arms proliferation led to friction between and within neighbouring countries and whilst heightening the state of tension.

The African continent, to whose future South Africa is inextricably linked, did not escape the impact of the new world order. In the formulation and implementation of South Africa's foreign policy on the continent, particular attention was given to measures to prevent conflict and where it arose to contribute to the sustaining of peace and development. The end of apartheid in Namibia and South Africa, the end of genocide in Rwanda and the end of the Cold War provided the continent with new opportunities to shape its own destiny. A new generation of Pan-Africanists advocated for African solutions to African problems in dealing with conflict and underdevelopment.

As its contribution, South Africa assumed a forefront position in building institutions of governance and development on the African continent, towards a peaceful and prosperous Africa. It has also complemented this role with the promotion of friendship and solidarity with the Global South to ensure a just world where all the citizens of the world reap significant benefits of phenomenon such as globalisation.

## PROGRESS OVER THE 25 YEARS OF DEMOCRACY

The end of apartheid and the attainment of democracy gave rise to dramatic changes in South

Africa's foreign policy. Critical issues included advancing the African renaissance, which South Africa championed along with other countries on the continent, to bring about peace and development, with strengthened African institutions. It included the repositioning of South Africa on the global stage, gaining full representation and membership in international and regional organisations, and establishing a global diplomatic presence.

South Africa (re)joined many multilateral organisations, including the Commonwealth, UN, OAU, SADC, and the Non-Aligned Movement, amongst others.

South Africa's adoption of the '*African Agenda*' which emphasised the central importance of relations within the continent grew in scope and depth in the first decade of freedom under the rubric of the '*African Renaissance*'. A dual focus was on strengthening the institutional frameworks that supported the renewal process (transforming the OAU into the AU for instance), and developing this policy agenda through instruments like the NEPAD and the African Peer Review Mechanism (APRM).

South Africa worked with other key partners in Africa (most notably Algeria, Nigeria and Senegal) to adopt the NEPAD vision and programme, and develop what became the NEPAD Secretariat and later the NEPAD Planning and Coordinating Agency and the AU Development Agency. South Africa's support for and hosting of the Pan-African Parliament has aimed to help advance democracy and governance on the continent<sup>304</sup>.

South Africa also began re-cultivating links with the Global South while at the same time, maintaining good relations with established global powers and spearheading outreach initiatives with the G8, European Union (EU) and United States (US). It is the only African country in the G20, and has sought to represent African interests in this forum. South Africa has also used its engagement in global forums to advance the cause of global socio-economic justice, also drawing inspiration from the South African Constitution.

In its different international engagements, South Africa took on various roles; from norm entrepreneur as part of its contribution to devising

304

Department of International Relations and Cooperation. NEPAD, Historical Overview. Website: [http://www.dirco.gov.za/au.nepad/historical\\_overview.htm](http://www.dirco.gov.za/au.nepad/historical_overview.htm).

NS  
2018



BUILDING AND  
INVESTING IN  
PEACE FOR ALL





**Figure 14.1** Nominal Trade in Millions of Rand (June 1992 to April 2019)  
 Source: tradieconomics.com

international rules, to bridge-builder – bringing together parties that held disparate views.

**Trade:** Early on, South Africa’s trade strategy was characterised as a butterfly, opening new trade wings with the EU and North America, as well as Asia and Latin America to the east and the west<sup>305</sup>. South Africa ranks amongst the largest producers of gold and amongst leading nations in the production of chrome, manganese, platinum, vanadium and vermiculate.<sup>306</sup>

As shown in **figure 14.1** the nominal value of South Africa’s exports of goods and services increased from R106 billion in 1994 to R1.4 trillion in 2017. Traditionally, South Africa’s export basket was dominated by mining and basic processed goods. However, mining products, as a percentage of total exports, has decreased from 51% (in value terms) in 1993 to 37%, in 2017, while the share of manufactured products has increased from 39% in 1993 to 56% in 2017<sup>307</sup>. South Africa has been able to diversify its markets quite significantly. Exports to Africa and the 28 EU countries comprise the two largest destinations, but exports to China have grown exponentially from almost a zero base in 2001.

DID YOU KNOW

**BIRDLIFE**

25% of the world’s bird species are in Africa

305 Department of Trade and Industry. 2001. “Driving Competitiveness: An Integrated Industrial Strategy for Sustainable Employment and Growth”. Website <http://pmg-assets.s3-website-eu-west-1.amazonaws.com/docs/2001/appendices/010529Strategy.htm>.

306 [www.usgs.gov/centers/nmic/mineral-commodity-summaries](http://www.usgs.gov/centers/nmic/mineral-commodity-summaries)

307 Source: Department of Trade and Industry. 2018. Paper prepared for 25 Year Review.

In 1994, trade between South Africa and Africa totalled R11.4 billion. As of December 2017, South Africa's total trade with Africa stood at R 420 billion, with a large trade surplus in favour of South Africa, reflecting the low manufacturing base of many African countries. As a proportion of South Africa's total exports, the African region has become the single largest market for South African goods. As shown by **figure 14.2** Intra-Africa exports account for 26% of South Africa's total exports. imports account for 12% of total imports for 2018<sup>308</sup>.

**Investment:** South African business engagement in the region is seen as an important trade-off for its trade surplus with Africa. South African companies are also key players in the industrialisation strategy of the region. To support trade and investment into the continent, the Trade Invest Africa Unit was established in April 2016. South Africa (along with Nigeria, Egypt and increasingly Morocco and Kenya) is amongst the top-10 investors into the African continent, with intra-African investment seen as a key driver for growth and integration. To encourage intra-Africa investments as part of the economic integration project, AU member states have started discussions on the design of a pan-African investment code aimed at harmonizing existing investment regulation on the continent.

### Southern Africa and Africa

South Africa initiated a renegotiation of the Southern African Customs Union (SACU) agreement, preparing to give away its unilateral decision-making powers. The new SACU agreement was finally signed in 2002 to promote shared decision-making and allow for a new revenue sharing arrangement aimed at ensuring fiscal stability. In 2001, SADC achieved a significant milestone with the creation of a Free Trade Area (FTA) through the adoption of the SADC Trade Protocol. While the implementation of the SADC FTA has largely been completed, it remains imperfect. SADC has shifted towards an integration model focused on using the regional industrial policy as a tool for development and integration, a functional or developmental form of integration. The Tripartite Free Trade Agreement was launched in 2015. Tariff schedules are currently being negotiated.

### Continental integration processes: NEPAD, various infrastructure initiatives and the African Continental FTA (AfCFTA)

South Africa, in collaboration with key African countries, has been at the forefront of developing and mobilising international support for NEPAD as Africa's socio-economic development programme. South Africa has hosted the NEPAD Secretariat since its establishment in 2001.

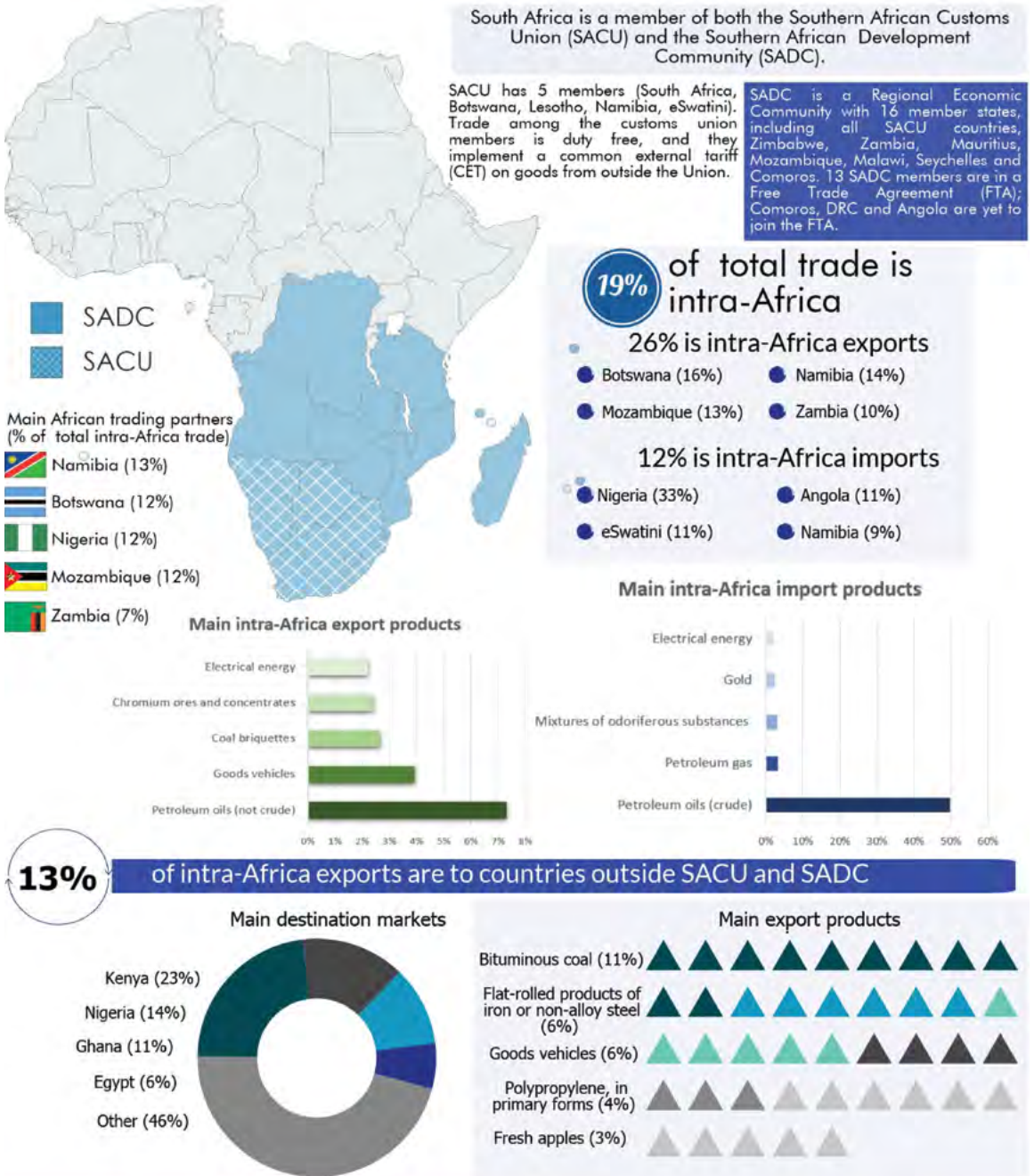
South Africa plays a significant role in enhancing African infrastructure development and leads the NEPAD Presidential Infrastructure Championing Initiative (PICI). In this project, it championed the North-South Road and Rail Development Corridor, which is also part of the PIDA. South Africa also promoted African development, particularly the NEPAD priority programmes, through participation in and leading of various AU strategic partnerships such as the Forum on China-Africa Cooperation, the Tokyo International Conference on African Development, Korea-Africa Forum, Africa-India Forum, Turkey-Africa Forum and the G8 Africa-Outreach.

In 2013, the AU member states, including South Africa, signed the 50th Anniversary Solemn Declaration, which set in motion the finalisation of Agenda 2063: The Africa We Want, a blue print of Africa's development over the next 50 years. The agenda with its first 10-year implementation plan identifies priority projects which include areas in the economy, infrastructure, education, human development, integration and innovation areas, amongst others. As a leader in the infrastructure sector and given its manufacturing base (albeit declining) as well as being expected to lead on space technology and innovation, South Africa has to play a more active role in the delivery of Agenda 2063, and related priority areas.

The Abuja Treaty, adopted in 1991 by the OAU, provides a framework for the economic integration of Africa. Although there was initially limited progress at continental level, through the regional economic communities, economic integration started to gain traction. After the 50th anniversary of the OAU/AU in 2013, and the adoption of the AU Agenda 2063, the integration agenda at continental

**Figure 14.2 South Africa Intra-Africa trade and tariff profile - 2018**

Source: <https://www.tralac.org/resources/our-resources/13142-south-africa-intra-africa-trade-and-tariff-profile.html#moredownloads>



level gained traction. The 2017 Extraordinary AU Summit was held in Kigali, Rwanda. South Africa signed the AfCFTA during the 31st Ordinary Session of the AU Summit in Mauritania in July 2018.

### EU-South Africa and the EPA

Since the Trade, Development and Cooperation Agreement (TDCA) came into force, total trade has increased from R150 billion in 2000 to R599.86 billion in 2017, a growth of nearly 300%. South African exports to the EU increased from R64 billion in 2000 to R262 billion in 2017, a 309% increase<sup>309</sup>. The main component of exports from South Africa continue to be primary products although there has been a significant increase in the share of value-added components of trade. The SADC-EU Economic Partnership Agreement (EPA) replaced the trade provisions of the TDCA on 10 October 2016. The SADC-EPA will advance national and regional industrialisation through the promotion of trade, providing a basis for value-addition and beneficiation within the regional value-chain.

Most Western European partners are moving from an aid approach to an economic development cooperation approach with South Africa. This assistance has generally been focused around the

Most Western European partners are moving from an aid approach to an economic development cooperation approach with South Africa.

NDP goals and priorities. Current Official Development Assistance (ODA) from the EU, through the South Africa-EU Multi-Annual Indicative Programme (MIP) for South Africa, amounts to €241 million for the funding cycle 2014-2020. Its three priority areas are aligned with the objectives of the NDP namely – employment creation; education, training and innovation; and building a capable and developmental state.

### USA

Relations between South Africa and the US evolved after the end of apartheid, including strengthened bilateral relations, as well as bilateral trade and in the context of the African Growth and Opportunity Act (AGOA). Tensions between South Africa and the US arose in 2015 when then US President Barack Obama threatened to rescind South Africa's duty-free access for certain exports. More recently, the US imposed steel tariffs against South Africa, while exempting much bigger steel exporters to the US. While it is not clear what will follow, all indications are that the US will be seeking reciprocal trade agreements with the region. South Africa, and SACU more specifically, need to prepare for a post-AGOA agreement.

### Other regions

Several economic cooperation agreements have been concluded with developing countries, including a Preferential Trade Agreement between SACU and MERCOSUR (after several delays), implemented in April 2016. A similar agreement is being negotiated with India.

In 2011, Asia overtook Europe as South Africa's largest trading region in the global economy. In 2017, total trade with Asia reached R880 billion.

Advancing peace, security and stability on the continent as well as multilateralism are key tenets of South African foreign policy, and the country endeavoured to establish clear frameworks guiding peace and security in the region and on the continent. Channelling peace and security efforts multilaterally makes these interventions legitimate and needs-based.

Building the institutions necessary to manage insecurity and conflict in SADC and the OAU/AU was driven by the vision of finding 'African solutions

to African problems'. The multi-dimensional nature of South Africa's conceptualisation of peace and security as inextricably linked with development is evident in instruments like NEPAD, Agenda 2063 and the SDG 2030 Agenda that underscore the importance of policy measures that address long-term political, economic and social vulnerabilities. In 2012, South Africa successfully put forward a candidate to chair the AU Commission, who was also the first woman and SADC Chairperson of the Commission.

### Conflict resolution initiatives

The South African conflict resolution model rests on three pillars: preventive diplomacy, peace-building and peace-making. The country has concentrated on negotiated, inclusive political settlements.

Since 1994 South Africa has taken the lead in a number of significant conflict resolution attempts: Burundi, Comoros, Côte d'Ivoire, the DRC, Lesotho, Sudan/South Sudan and Zimbabwe. An emerging lesson is that post-conflict countries are inherently fragile for long periods of time, with a high likelihood of relapse, which means that to be an effective peace builder, South Africa must be in a position to commit resources well beyond the signing of peace agreements to fully harness the 'multidimensional approach'. Above all lessons is that lasting peace and security cannot be secured in the absence of development.

### Re-engaging diplomatically

There is now diplomatic representation in 47 out of 55 African countries. Since 1994, South Africa has signed a total of 1943 bilateral agreements and 322 multilateral agreements; thus resulting in a total of 2265 international agreements.<sup>310</sup> It also has a number of strategic partnerships operating at heads of state level, including with China (which in 2010 was elevated to a Comprehensive Strategic Partnership – the only one of its kind), India, the EU, and Brazil. While inward ODA, administered by the Treasury, has remained a small proportion of the overall national budget, assistance from OECD countries to areas such as health, education, the environment and justice, among others, has played an important role in helping South Africa deal with some of its most pressing socio-economic and political challenges. ODA also supported South Africa's civil society sector, and donor support also guaranteed that



### OBJECTIVES OF THE AFCFTA:

- Create a single continental market for goods and services, with free movement of business persons and investments
- The African Customs Union.
- Expand intra-African trade through better harmonisation and coordination of trade liberalisation and facilitation regimes and instruments across RECs and across Africa in general.
- Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.
- Enhance competitiveness at the industry and enterprise level

<sup>1</sup> African Union.  
Website: <https://au.int/en/ti/cfta/about>.

<sup>310</sup> Department of International Relations and Cooperation (2019), South African Treaty Section, Office of the Chief State Law Adviser



South Africa's involvement in maintaining peace and security in Africa.

### Advocating for an equitable system of global governance

The South African government remains an active participant in the efforts to comprehensively reform the architecture of global governance, including the UN system and the Bretton Woods Institutions. Such reforms should increase the voice of developing countries in those institutions and infuse their agenda with the concerns of the developing world.

South Africa also supports a developmental outcome to the WTO's Doha Development Round (DDR) through, among other strategies, playing an active role in the Africa Group, G77 and other multilateral fora.

### Development and Climate Change

South Africa has been an active player in the global development debates, holding the strategic position of chair of the G77 plus China group at crucial moments in the evolution of the global development agenda.

South Africa also hosted important international conferences that changed the direction of some multilateral development and environmental processes. These include the World Summit on Sustainable Development (WSSD), the COP17 on climate change and the 17th Conference of the Parties (COP17) to the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Building on its commitment to protect and safeguard the environment for future generations that was established through its hosting of the WSSD in 2002, South Africa successfully hosted the COP17/CMP7 of the UN Framework Convention on Climate Change, in November/December 2011. The country showed unprecedented leadership in rescuing the biggest UN programme on climate change and resetting the negotiating platform positively. A whole range of new structures were established, such as the Durban Platform for Enhanced Action, the Green Climate Fund and the Adaptation Committee. It was the

outcomes of the Durban Summit that gave direction to South Africa's climate change negotiations, culminating in the signing of the Paris Agreement in December 2015.

South Africa was also amongst countries that led negotiations for the MDGs and eventually the 2030 Agenda for Sustainable Development (SDGs). Developing countries also influenced the outcomes of the Paris Climate Change negotiations, and international outcomes on development financing.

### Human rights and international justice

Human rights and international justice have been important themes of South Africa's engagement in global forums. In 2001 South Africa hosted the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance. This was a particularly challenging conference for the hosts in terms of the competing positions that had to be accommodated. South Africa has served three terms on the UN Human Rights Council (HRC).

South Africa has also played a leading role in the transition from the erstwhile

Commission on Human Rights (CHR) to the current Human Rights Commission (HRC) in 2006. South Africa is preparing for the reform of the HRC in the period 2021-2026 which might see the HRC evolve into a fully-fledged organ of the UN. South Africa has ratified most Human Rights instruments. South Africa has also successfully campaigned for the election of its own experts to UN human rights bodies.

### The WTO

South Africa has fully met its WTO obligations and continues its multilateral engagement with the aim of reforming and improving institutions and rules of global economic governance, to unlock the development and economic growth potential of developing countries. South Africa remains committed to the multilateral negotiations under the DDR based on an outcome that supports national industrial, services and agricultural development and employment laid out

✓ To rebuild its reputation and effectiveness in the international arena, South Africa will need to overcome some of the key challenges identified in this review. ✓

in the NDP. However, multilateral trade negotiations have stalled, and developed countries consider that the DDR has run its course. Reviving the negotiations will thus be a major challenge going forward.

### Clubs/Informal Groupings

An emerging trend is for like-minded countries to form groupings outside formal multilateral structures to address specific issues affecting the international community. Groups are focused on global issues related to political, security, environment and economic matters. South Africa supports such groupings for consensus building, while recognising that these groups should strengthen the centrality of the UN. South Africa is a member of the G20, the BRICS and IBSA.

South Africa's participation in the G20 has been focused on establishing an economic and financial international policy platform that will drive and negotiate the best possible outcomes for the developmental agenda. South Africa has been the permanent Co-Chair of the Development Working Group (DWG) since 2010 for the promotion of national and continental priorities. One of South Africa's focal areas in this regard has been to address the scourge of illicit financial flows (IFFs). South Africa has been particularly successful in drawing attention in the G20 and the OECD to the impact of IFFs on developing countries.

South Africa's South-South Cooperation commitment has been pursued in three key ways: participation in formulating developing country positions in key international fora; engaging in Global South forums to promote the African agenda and the interests of the South; and strengthening bilateral relations with Southern countries to support national priorities and the African agenda. These layers coalesce around the promotion of global reforms, multilateral solidarity, market access, trade and investment. The formation of coalitions of the south, independent of north-dominated trade, climate and financial architecture institutions, remains a major focus of South Africa.

Over the last 15 years, the IBSA Dialogue Forum has

continued to play an integral role in promoting closer collaboration and cooperation among the trilateral partners on global matters of mutual concern and interest. Among IBSA's objectives are to promote South-South Cooperation and cooperate in global debates on development issues. The IBSA Foreign Ministers' Brasilia Declaration (2003), called for reform of the UN Security Council and the need to cooperate to make the international financial architecture responsive to development and targeted the Bretton Woods Institutions in the 2007 Tshwane Declaration.

However, in recent years and particularly since South Africa joined the BRICS there have been no IBSA summits, although collaboration is occurring at the

officials levels. The future of IBSA should be re-evaluated in light of BRICS and the major geopolitical shifts under way in the world.

The establishment of the BRICS in 2009 and China's invitation to South Africa to join at the end of 2010, was a high-water mark for South African diplomacy. The BRICS countries are committed collectively and individually to striving for the mutual advancement and development of all its members and of the countries of the Global South.

Although South Africa has a much smaller economy than the other members, it enables South Africa to have a bigger platform from which to advocate together with other southern actors for greater and more rapid reforms of the global governance system. In addition, BRICS membership is constantly linked to its potential to help meet Africa's developmental challenges.

### PERSISTENT CHALLENGES

The environment in which South Africa conducts its international relations is characterised by growing complexity and dynamic change. The early years were characterised by a honeymoon period between South Africa and the rest of the world. South Africa is still considered an important partner in the global realm; however, its domestic economic

Peace and conflict resolution on the continent have been a signature success for South Africa on the continent.

and political challenges in recent years have severely impacted on its reputation. The State's tightening budget constraints have also limited the resources available. To rebuild its reputation and effectiveness in the international arena, South Africa will need to overcome some of the key challenges identified in this review.

The absence of a **clearly articulated and publicly communicated national interest** has been a constant critique of South Africa's foreign policy. While there is a confidential document reflecting the national interest, its contents are not apparent in the way in which South Africa conducts its foreign policy. This makes it seem inconsistent and lacking strategic intent in terms of the core objectives of any country's foreign policy, which is pursuing actions in the international environment that advance the welfare and prosperity of its people and provide safety and security.

The strategic intent would relate to ensuring that a course of action on one matter (particularly if it is not core to South Africa's national interest) does not significantly undermine progress in another, which may be. At the same time, this would necessitate policy guidance on the complexity of advancing the national interest and also championing the human rights agenda. Equally, this would require a more coherent and coordinated approach in the multilateral field.

In the early years of South Africa's democracy, the country was considered an **idea- and norm-entrepreneur and a policy innovator**. Examples of this are its advancement of the idea of an African renaissance and the institutions that arose out of it (the NEPAD Agency, APRM and the AU) and its critical role in the adoption of the anti-personnel mines treaty. Some of this energy, prestige and profile have been lost in the ensuing years. While South Africa is a significant player in Africa, its ability to influence global forums, especially where the rules of the game are being determined, is linked in large measure to its ability to be innovative in the global policy space and astute in facilitating progress in global negotiations.

BRICS membership is constantly linked to its potential to help meet Africa's developmental challenges.

The global system is currently in the throes of an **ideological contestation** regarding: (1) the values and philosophy underpinning the global order; (2) the nature of the capitalist system and the future of globalisation; (3) the nature of democracy; and (4) the future and substance of international cooperation in the face of growing nationalism and populism. The outcomes of these contestations could present an existential crisis to regions such as Africa and to South Africa. The geopolitical shifts require progressive global actors to be active, innovative and alert because the global rules are being recalibrated. It is critical that the country is **at the forefront of the battle of ideas** aimed at ensuring that the fundamental objectives of Agenda 2063 are not compromised.

South Africa's success in advancing ideas such as the African Renaissance and the resulting NEPAD was in **developing strategic partnerships with key African states**. Some of that momentum has been lost. The challenge for South Africa is to actively cultivate strategic partnerships with key African states that can help it to advance its continental foreign policy objectives. At the same time, South Africa managed to receive support from key countries from outside the continent that saw the value of what South Africa was aiming to achieve. It is critically

important that South Africa reignites those relationships, in particular with **Europe** that is Africa's nearest neighbour. Also new global actors need to be convinced of the importance of taking Africa's concerns, priorities and interests into consideration in their outreach strategies on the continent. South Africa has a critical role to play in holding external engagement partners to account.

South Africa will also have to be much more sensitive to the **impact of perceptions** of its foreign policy engagement on the continent and beyond, to be able to address them adequately and to be more effective in its foreign policy. This is critical if South Africa is to play an effective leadership role on the continent, and in other international forums. For example, the persistence of xenophobia in South Africa, aimed largely at African migrants,

undermines the country's stated commitment to an African agenda and its principles of *ubuntu*. Concerns about South Africa's commitment to African solidarity are compounded by South Africa's economic weight and perceived hegemony, especially in its immediate region. Furthermore, there is a growing perception especially among some of South Africa's partners that South Africa's foreign policy does not follow a clear and consistent paradigm underpinned by a constant set of values.

Economic diplomacy has been a stated objective of South Africa's foreign policy, but for the country to truly see the benefits of this, it requires three key ingredients. The first is that **economic diplomacy needs to be embedded in a clearly articulated national interest**. Secondly, the State's economic diplomacy capabilities have to be further strengthened and deepened. There needs to be a closer alignment between the diplomatic mission structures and the objectives of economic diplomacy, including in personnel and representation. Thirdly, economic diplomacy requires a closer collaboration between government and the business sector, so that there is true synergy between them both at home and abroad. In a related vein, **new technologies** will create challenges and opportunities for the South African economy and its related investment and trade strategy with regard to traditional economic sectors. A strategy to integrate the new sectors into an economic development and foreign trade framework will be necessary.

**Accelerating the pace of inward direct investment** to South Africa will require a concerted effort to build investor confidence in the light of corruption and state capture, crime and energy security.

**Peace and conflict resolution** on the continent have been a signature success for South Africa on the continent.

At the same time, given the important focus of South Africa's foreign policy on building up the African Peace and Security Architecture, the country's **secondment of personnel to the AU** in alignment with its assessed contributions, remains poor. The SANDF also faces challenges related to appropriate equipment, resources and training linked to the execution of successful operations in support of South Africa's national security, national interest and foreign policy. There are a number of challenges in terms of **material resources** that if not sufficiently



## DID YOU KNOW

### COASTLINE

Africa's coastline of 30 500km includes 2 oceans - the Atlantic and Indian and two seas the Mediterranean and the Red Sea.

addressed, will impact on the efficacy of the execution of the country's international relations. These are:

- **Budget:** How to optimise operations in a milieu of shrinking budget support for the ICT cluster, especially in the context of expanded mandates for departments.
- **HR** – literacy in economic diplomacy requires further development within the Department of International Relations and Cooperation, specifically so that it can complement the work undertaken by the Department of Trade and Industry and National Treasury. Public diplomacy and international marketing skills will need to be enhanced to be in line with 21st century communications means, specifically social media. Foreign language ability should be an essential component of the skills South African diplomats have.
- **Mission structures** – these have not been realigned or transformed to effectively deal with an expanded economic diplomacy role.

#### **Coordination between clusters, departments and levels of government:**

A continuing major challenge in the multilateral field is the need for a coherent and coordinated South African approach. South Africa could achieve more if it approached multilateralism in a less fragmented way. South Africa's devolved provincial system implies a certain amount of independence in pursuing key economic relationships with external partners, especially where provinces border directly on neighbouring states. In addition, many global challenges such as climate change are being tackled at the city level, with major metropolises making commitments and participating in forums such as the annual climate change COPs.

The effective and compulsory implementation of the Cabinet approved Measures and Guidelines for Coordination of Foreign Policy are therefore required to safeguard South Africa's international relations.

Over the last 10 years the establishment of a **South African Development Partnership Agency (SADPA)** has been discussed numerous times – both in Parliament and Cabinet. SADPA, if implemented as a coordination mechanism that harnesses the best technical expertise from key departments that are involved in South Africa's post-conflict reconstruction peace-building activities could provide important coherence and substance to South Africa's external engagement.



## RECOMMENDATIONS

- Prioritise the implementation of the **Agenda 2063** priority areas and develop a 'coalition of the willing' of key African strategic partners, based on the potential for economic cooperation, peace and security, and the opportunity for cooperation in continental priorities linked to the SDGs, whilst advancing the continent's priorities on trade, investment and development.
- Develop **strong economic diplomacy skills** for the Foreign Service for closer liaison with the private sector and resource Trade Invest Africa to carry out its full mandate whilst also consolidating and expanding South Africa's role as an African emerging power in global forums, advance its economic interests in the region, and ensure effective implementation of developmental regionalism.
- Ensure **regional integration** in SADC and in Africa is entrenched within the context of the AfCFTA intra-Africa trade, and significantly increase South Africa's share of intra Africa trade.
- Advance South Africa as an active player in all the **AU structures** to contribute towards sustainable development, peace and stability and the attainment of Agenda 2063 and strengthen its economic relations and development cooperation with countries in the North and other Northern groupings.
- Actively promote reforms to the **global governance system**, specifically at the UN and Security Council.

CHAPTER 15

# Conclusion



**A**t the beginning of the century, leaders and intellectuals from across Africa recommitted to making the 21<sup>st</sup> century an African Century. This followed the end of apartheid in Namibia and South Africa, edging Africa towards bringing to a close the horrific chapter of colonialism and apartheid, except for the peoples of Western Sahara, South Sudan, Chagos Archipelago and the Comorian Island of Mayotte. The ‘democratic miracle’ that ushered in the new South Africa twenty-five years ago, represented the aspirations of all people, black and white, young and old, men and women, urban and rural and was an inspiration to the world.

The end of apartheid was as a result of centuries of battles, victories, setbacks and milestones including, the Bulhoek, Sharpeville, Soweto, Maseru and Maputo Massacres (amongst many others) as well as the women’s march to the Union Buildings, the adoption of the Freedom Charter, and the resistance by students and youth, workers and women. Indeed, South Africa’s story is a tale of sacrifices by millions across the world and those in the frontline states who also paid the ultimate price and supported our struggles.

This period also coincided with the end of the Cold War, the tragic Rwanda Genocide in 1994, a new era of globalisation with the explosion of information communications and other technologies, and the end of the dead decades of African development under structural adjustment programmes.

Thus, over the next two decades, in which much of South Africa’s 25-year transition took place, Africa took charge of its destiny, resolving old and new conflicts (e.g. Sudan/South Sudan and Cote d’Ivoire, Ethiopia/Eritrea and The Gambia); growing at around 5% (with 7 countries in the top

ten fastest growing countries globally), charting new directions for its development and integration agenda and its relations with the rest of the world.

## WHAT THE DEMOCRATIC GOVERNMENT INHERITED

The democratic government inherited a deeply divided society, which it intended to transform through the Reconstruction and Development Programme, a widely consulted integrated, coherent socio-economic policy framework. The RDP sought to “mobilise all our people and our country’s resources toward the final eradication of apartheid and the building of a democratic, non-racial and non-sexist future.” The RDP also recognized that South Africa’s problems, at the onset of democracy in 1994, ran deep.

### These deep inherited problems included:

- The housing shortage was no less than 1.3 million units, and if the hostels and rural areas were factored in, the backlog was over 3 million units.
- The overall administration had been fragmented to no less than 11 administrations with the education system fragmented into 13 administrations and the health system into 11 systems.
- The Eybert Commission on Adult Education estimated that about 80% of the adult African population.
- Additionally, by 1990 only 24% of African matric learners participated in Mathematics compared to 64% White and 70% Indian learners, in 1990. Of those the Mathematics pass rate stood at 97% for Whites and 15% for Africans<sup>311</sup>.
- Approximately 59% of South African schools lacked electricity, a telephone (61%) and a library (82%). 60% of schools did not have any learning and teaching materials<sup>312</sup>.
- The social welfare system which was fragmented on the basis of race, gender, and geographic location.
- The criminal justice system particularly the police, army, courts and prisons, were the primary institutions which enforced and sustained the apartheid system.
- Women, particular black women, were at the bottom of society, suffering triple oppression, on

311 FRD Indicators, 1993 quoted in HSRC, 2013. Towards 20-year review, p.36  
312 Department of education. Education in South Africa: achievement since 1994, 2001

Within two years after the transition, South Africa adopted the Constitution which as a product of negotiations, reflects the aspirations of all people.

account of gender, race and class. Women were treated as perpetual minors, excluded from education, and the labour market. Women eked their living mainly as domestic and farm workers, were unfairly taxed, and as married women they were not able to inherit or own property or assets in their own name.

- Apartheid spatial planning which also had patriarchal tendencies, in both urban and rural areas, had separated races, classes and ethnicities, with the blacks living far from cities and productive centres leading to them traveling long distances to eke out a living, spending up to 30% of their salaries in transport alone.

Indeed, the African child was destined to be “*hewers of wood and drawers of water*”, as Verwoerd once advocated.

## Achievements and the Threat of Decline

The attainment of freedom was therefore not just about political rights and the restoration of the dignity of our people, but to build a society radically different from the deeply divided, unequal and unjust past of South Africa. Thus, in the words of President Mandela in his State of the Nation Address in 1994,

we set out “*to create a people centred society of liberty, which binds us to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear*”<sup>313</sup>.

South Africa started to construct the post-apartheid society, focussing on meeting basic needs and dismantling the divided apartheid institutions. This was complemented by the difficult task of building a united non-racial and democratic state, public service, judiciary, security services, local government, parliament and other institutions, as well as a legal and policy framework and ethos for such a new society.

Within two years after the transition, South Africa adopted the Constitution which as a product of negotiations, reflects the aspirations of all people. During the first term, South Africa embarked on the journey towards peace and reconciliation through (amongst others) the Truth and Reconciliation Commission processes. Through the TRC South Africa attempted to come to terms with the difficult aspect of gross human rights violations, amnesty and restitution for victims.

Many achievements were recorded in the dismantling of apartheid institutions, laws and policies, informed by the RDP and the Constitution, adopted in 1996.

This enabled South Africans to work towards forging a common identity, with the dreaded Dom Pass confined to the Apartheid Museum and a majority of citizens provided with a common identity book and now a smart ID card. The Constitution also provides for the arms of the state, spheres of government and the public service and institutions to progressively advance people’s rights, especially the most vulnerable, whilst safeguarding democracy, human rights, non-racialism and non-sexism.

25 Years on, South Africa has been integrated into the continent and fully welcomed in the global family of nations. After shedding its disgraceful title as the ‘pariah of the world’ South Africa now occupies its rightful place in multilateral institutions such as the African Union, the United Nations and its agencies, including the UN Security Council. South Africa also belongs to the Non-Aligned Movement, G20 and BRICS, and G77+China, amongst others.

313 Mandela, N. R. 1994. State of the Nation Address, 24 May.



In pursuing peace and friendship, South Africa played a 'bridge building' role in peace keeping, negotiations and development missions in the DRC, South Sudan, Darfur, Burundi, Cote d'Ivoire, the Comoros, Nepal, and Zimbabwe, amongst many others.

South Africa's democracy has also born great fruits. Having successfully held the 6<sup>th</sup> free and fair national and provincial government elections, in May 2019, South Africa constituted the houses of Parliament and elected President Cyril Ramaphosa as the fifth democratically elected president of the Republic.

### **With regards to gender equity and equality, the following has been recorded by the democratic government:**

- The first cabinet in 1994 had only 2 women out of 30 cabinet members, and 25 Years South Africa has 14 women and 14 men in the Cabinet of 28, meaning 50% of Cabinet members are women.
- Women in the national parliament increased from 27.8% in 1994 to 45% in 2019.
- Women's representation in local government increased from 19% of elected councillors in 1995 to 41% in 2016.
- In 1994, women constituted only 5% of public servants, yet in 2018 women outnumber men in the sector.
- Women make up 41% of Senior Management Services (SMS) positions in the public service in 2018. However the private sector lags behind with just over 20% of women in top management positions.
- There has been an increase in the percentage of women judges from just one woman judge in Leonora van den Heever in 1994 to 38.8% in 2018.

Indeed, South Africa's endeavours to build a new society are beginning to bear fruit, but looking at the stigma of gender-based violence and gender pay disparity particularly in the private sector, it is clear that more needs to be done.

### **We have travelled a long way**

Over five successive administrations, South Africa has made solid advances towards meeting basic needs. Millions previously denied their basic rights were provided access to education, electricity,

water, sanitation, health care, housing, roads and other amenities.

### **These achievements include:**

- Reaching near 90% access in the electrification programme.
- 3.2 million houses and 1.1 million serviced sites were built.
- The free health care to pregnant women and children under 6 years introduced since 1994, resulted in a rapid reduction of child and maternal mortality.
- Primary health care has been extended to all, thus increasing visits to facilities from some 67 million in 1998 to about 120 million per year in March 2018.
- Life expectancy has increased from 54 years in 2005, to 64.6 years in 2019, despite the devastation of HIV and AIDS.
- A development-oriented social wage was introduced, providing a basic safety net and advancing the dignity of millions of vulnerable of our people including the elderly, children and people with disabilities. The extent and magnitude of the social security net is far-reaching.
- The foundations of a caring society have been built and based on the ethos of putting children first – *Behang Banna Pele* – and so social grants have been extended from the initial 2.4 million in 1996, to over 17 million social grants in 2018, 11 million of which are directed at children.
- The recently released General Household Survey, 2018 shows that 31% of persons benefitted from a grant. Grants are now the second most important source of income (45.2%) for households after salaries (64.8%). It is the main source of income for one-fifth of households nationally.

### **The RDP prioritised building human capabilities through investments in education and training, thus:**

- Government opened the doors of learning and culture, by providing universal basic education (and today we have up to 67% of learners in no-fee schools and 77.1% benefiting



In pursuing peace and friendship, South Africa played a 'bridge building' role in peace keeping, negotiations and development missions in the DRC, South Sudan, Darfur, Burundi, Cote d'Ivoire, the Comoros, Nepal, and Zimbabwe, amongst many others.

from school nutrition programmes<sup>314</sup>).

- Gross enrolment for children of compulsory school-going ages, 7 to 15 year olds, increased from 51% in 1994 to 99% by 2018, a near universal accomplishment.
- We are focusing our efforts in deepening early childhood development.

Employment equity and affirmative action opened up opportunities for the emergence of a black middle-class and professionals.

Democracy also unleashed creative energies in sports, arts, music, literature, film and dance, as well as science, technology and innovation.

Although the demon of racism is far from being defeated, South Africans have increasingly refused to accept racism as the norm. Although increasingly tourism from the rest of the continent has consistently been on the increase, and has been the only region to grow in recent times, the ugly head of xenophobia directed at Africans and nationals from some areas in the developing world, has appeared in the landscape of the 25 years of democracy.

However, despite the solid foundations of the young democracy, the nation's transformation is far from complete and South Africa has fallen short of meeting some key developmental goals. South Africa is considered a medium-income economy, it has a wealth of natural, infrastructural, institutional and human resources, but has failed to harness this wealth to benefit all South Africans. Key to this failure, is the inability to transform the economy and therefore to decisively tackle inequality and poverty.

Instead, since 2015 South Africa has been the most unequal society in the world. Taken together and intersecting with deep poverty and high unemployment, which affects close to a third of the population, the persistence of race and gender, as determinants of inequality, poverty and unemployment is the biggest threat to social cohesion and inclusion<sup>315</sup>.

Indeed, South Africa is **sure a long way from where it came from. But it is not where it should be.**

In our rainbow nation, the African paradox of a rich Africa but poor Africans, is a glaring everyday reality.

Whereas average per capita income has increased by 273% over the 25 years, the average income of white compatriots has increased to over 444 thousand Rand, the income of the Africans remains a mere 92 thousand Rand, which is far below the national average. Additionally, the African's income is mostly made up of paid wages, which makes them more vulnerable to unemployment shocks.

Although the number of employed have almost doubled over the 25 years, the economy has simply not created jobs at the rate required to absorb the existing army of unemployed, as well as new

314 Stats SA. 2019. General Household Survey 2018, released on 28 May 2019

315 Statistics South Africa. 2017. Poverty on the Rise in South Africa, 22 August. Website: <http://www.statssa.gov.za/?p=10334>.

entrants into the labour market. At the end of 2018 (Q4), the official unemployment rate stood at 27.1%. On average over the 25 years unemployment hovered consistently around 25%. The situation with regards to youth unemployment has been more dire and there is general agreement that this is a national crisis. This is despite a range of measures introduced to address these difficulties including, learnerships, youth service, youth wage-subsidy, youth entrepreneurship, and public employment programmes.

The democratic government over the 25 years introduced a range of policies – broad-based black economic empowerment, affirmative policies in its procurement and industrial strategies, land restitution and redistribution – and yet overall impact has not been great. Black direct ownership on the JSE still stands at around 3%, and the majority still accounts for only 25% of top management in the private sector. Women still accounts for only 20% of top management across the public and private sectors.

Over the 25 years the legal frameworks and policies had little impact on the concentration of ownership in most sectors of the economy. Concentration continues to be a barrier for new entrants to the economy, and therefore on growth, the formation (and survival of new firms) and job creation. South Africa has not successfully transformed the ownership patterns inherited from the apartheid society, where at its height in 1987, 83% of all shares at the JSE were owned by four major companies, with Anglo American owning 60%.

Despite policies to redistribute land, South Africa has only managed to transfer 8.3 million hectares of the RDP target of 24.6 million hectares.

The financial services sector has recorded the highest growth rates over the 25 years. However the sector remains untransformed in terms of access to finance, employment equity and ownership. South

Africa has not realised the emergence of black owned enterprises due to high levels of concentration and access to capital and markets, making it difficult for many black-owned businesses to grow their businesses and participate in the mainstream economy.

These constraints include among others, barriers to business entry, collusion by established companies, the limited access to competitive markets, including access to financial markets and they are impediments to our developmental agenda of an inclusive economy. South Africa will not be able to solve this challenge unless deliberate action is taken to improve access to finance, especially for black women and young entrepreneurs and innovators. Some of the instruments that must be leveraged should be the establishment of the State Bank, cooperative, municipality and community banks.

A key reality of the political economy therefore places immense pressure on the democratic government to “deliver” or for “having failed to deliver”; when in fact South Africa has the let-down of an untransformed economy that structurally excludes a sizeable portion of the population from meaningful economic activity, and includes the rest only on its own terms.

Linked to this has been the glaring inability to transform apartheid spatial patterns, in both urban and rural areas, and despite millions of our people living in townships, there are no township economies to speak of.

South Africa’s challenges have also been compounded by what has become a compliance, rather than a developmental, culture in the public service at all levels; and the rot of corruption and greed which compromise basic services.

Unfortunately, South Africa has recorded an 11% increase in the 17 contact crimes between 1994 and 2018. Gender based violence, rape, sexual assault and domestic violence, as well as femicide have been on the rise over the 25 years, indicating

Black direct ownership on the JSE still stands at around 3%, and the majority still accounts for only 25% of top management in the private sector

a society whose social fabric and morality is slowly being eroded. There is also an increase in violent protests, and destruction of private and public property which is a sign of the growing impatience.

As the Towards a Ten-Year Review warned fifteen years ago: “...if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives. This could precipitate a vicious cycle of decline in all spheres.”<sup>316</sup>

Indeed, South Africa has reached or is near that vicious cycle of decline.

Though probably not yet a cycle, evidence of decline is visible in a number of important areas. Across the country since 2009, communities have been protesting at an increasing level about the quality of and access to basic services. There is a strong correlation between service delivery protests, the economic recession and unemployment<sup>317</sup>. This is exacerbated by the reality and perceptions about an unresponsive public service, corruption and state capture at various levels of government; declining trusts in political parties, public and other institutions like the media; stalled black economic empowerment; pedestrian economic growth, crisis in major state owned enterprises, and lowering confidence that the country is moving in the right direction<sup>318</sup>.

It also includes a narrative amongst the young post-apartheid generation that questions the wisdom and the logic of reconciliation and our political transition<sup>319</sup>.

Since South Africa is one of Africa’s largest economy, South Africa’s transition to democracy, its successes (and failures) in building a non-racial, non-sexist, prosperous democracy, is important not only for its citizens and people, but for the African agenda. And yet the country lags behind other smaller economies in terms of such important national indicators as growth, ICT penetration and cost of data, access to financial services, and the performance of its education system.

Thus, as the President of the Republic of South Africa, President Cyril Ramaphosa remarked: “Although much has been achieved, we could have moved faster and the quality of services could have been much better. We accept that mistakes have been made and in some critical areas, progress has stalled”<sup>320</sup>.

## TWENTY-FIVE YEARS AFTER DEMOCRACY: OPPORTUNITIES AND PRIORITIES

What then made the country not heed the warning given 15 years ago, that to continue on the trajectory of economic ex-

clusion and inclusion based on race and gender will inevitably lead to a cycle of decline?

There are a number of things that government failed to drive with consistency as it led the country through political, economic and social transformation.

Across the country since 2009, communities have been protesting at an increasing level about the quality of and access to basic services, and research draws attention to the strong correlation between service delivery protests, the economic recession and unemployment

316 The Presidency. 2003. “Towards a Ten Year Review.” P102

317 Municipal IQ. 2019. 3 Key Trends from 2018’s All-Time Service Delivery Protest Record, press release, 16 January.

318 Afrobarometer. 2016. In South Africa, Citizens’ Trust in President, Political Institutions Drops Sharply, 17 May.

319 Edelman. 2019. Edelman Trust Barometer. Website: [www.edelman.com/trust-barometer](http://www.edelman.com/trust-barometer).

320 African National Congress. 2019. Election Manifesto.

# MAPUNGUBWE VISION 2044

A Future Green African City based on age old Africa Design Principles and the Future

Figure 15.1: An Artist's Impression of the Green New City of the Near Future "Mapungubwe 2044"

Illustration: Sanmarie Moore

## 1. OSTRICH EGG BUILDING

Located at the City centre is the iconic Ostrich Egg building, which can withstand the ever changing weather conditions, it's a transparent green building with vegetation on its latches for insulation and consumption. The building is largely office and partially residential, with service and local retail centres as well as a market. At the city centre only local (and not chain stores) are operational. The city centre exists above and below ground with various local train and bus stations, and residential units under and above ground. The iconic building is surrounded by residential and office spaces as well as green zones making for a 24 hour city centre as the businesses operate 24/7 with shift workers. The streets and underground network runs as concentric circles around the iconic building thus making it easy to convene and travel around the city centre, and surrounding precincts, not walking more than 1km to the next station or transport stop. The public buses, taxis, cycles, trains and boats, are all green emitting far less than the agreed upon targets.

2

## 2. AVIATION

Next to that is the aviation precinct where there is a space launching station as well as the international airport, with a bustle of some overnight hotels and conference centres.

3

## 12. CONNECTIVITY

Adjacent to the aviation area on the west is the broadcast and filming and partially semi high rise residential area. Production and broadcast studios are the order of the day and the buildings observe the transparent ostrich egg principles of the city centre.

12

## 11. TRANSPORT

The city centre is connected, spirally through an over and underground public transport network (as entry with your auto mobile is heavily tolled) to various precincts of multiple activities.

9

## 10. WATER

The outer circle of the city centre is surrounded by water all round, and if the location is by the sea side the water is mainly fed from desalinated water and or underground springs, throughout the year. The water feeds the city and is also utilized for leisure boating and fishing.

9

11

10

## 9. ON THE SOUTH END

The University (Mapungubwe Institute for Technology and Innovation (MITI)), museum, sporting and cultural precinct, are organized in interconnected circles for ease of movement and 'gathering' potential. The magnificent stadium connects to the university, theatres, 7D movie houses, clubs, restaurants plus places of religion and culture. The precinct is connected to the city center and neighbouring precincts via an over and underground public transport network.

**Mapungubwe** is a new, class, race and gender neutral South African City, which embraces all of Africa's cultures. It is located in a soon to be decided venue. It is based on the age old African design principle of community gathering, thus the circular nature of the design. The entire city is surrounded by trees and is green with transparency and earthy colours dominating the landscape so that it blends with the African landscape.

### 3. SEASIDE AND HERITAGE

On the North West most, is the seaside (if it's neat the sea) or lake side where boats dock to bring goods and sea food to the city, with a bustling fish and sea food market and restaurants. Another residential area punctuates that area with the next zone. This residential area assumes a more ancient African roundavel designs, and it also houses the African interpretive centre, which documents Africa's history and culture.

On the south part of it is the memorial forest of heroes and family members departed.

### 4. FACTORIES

Further North of the heritage area is the green factories and manufacturing precinct, which the northerners mainly work in and it is also the site of the power supply plant, and the military academy for cadets and National Youth Service participants.

### 5. HIGH RISES

North of the farm land, is the green high rise hip residential area for upcoming and single hipsters, with green zones and high tech areas, clubs, bars and religious areas. Like the iconic building the buildings are transparent and maintain vegetation on their ledges. It is the bustling part of the city ever exciting and with the most awesome views of the city centre and the game park.

### 6. FARM LAND

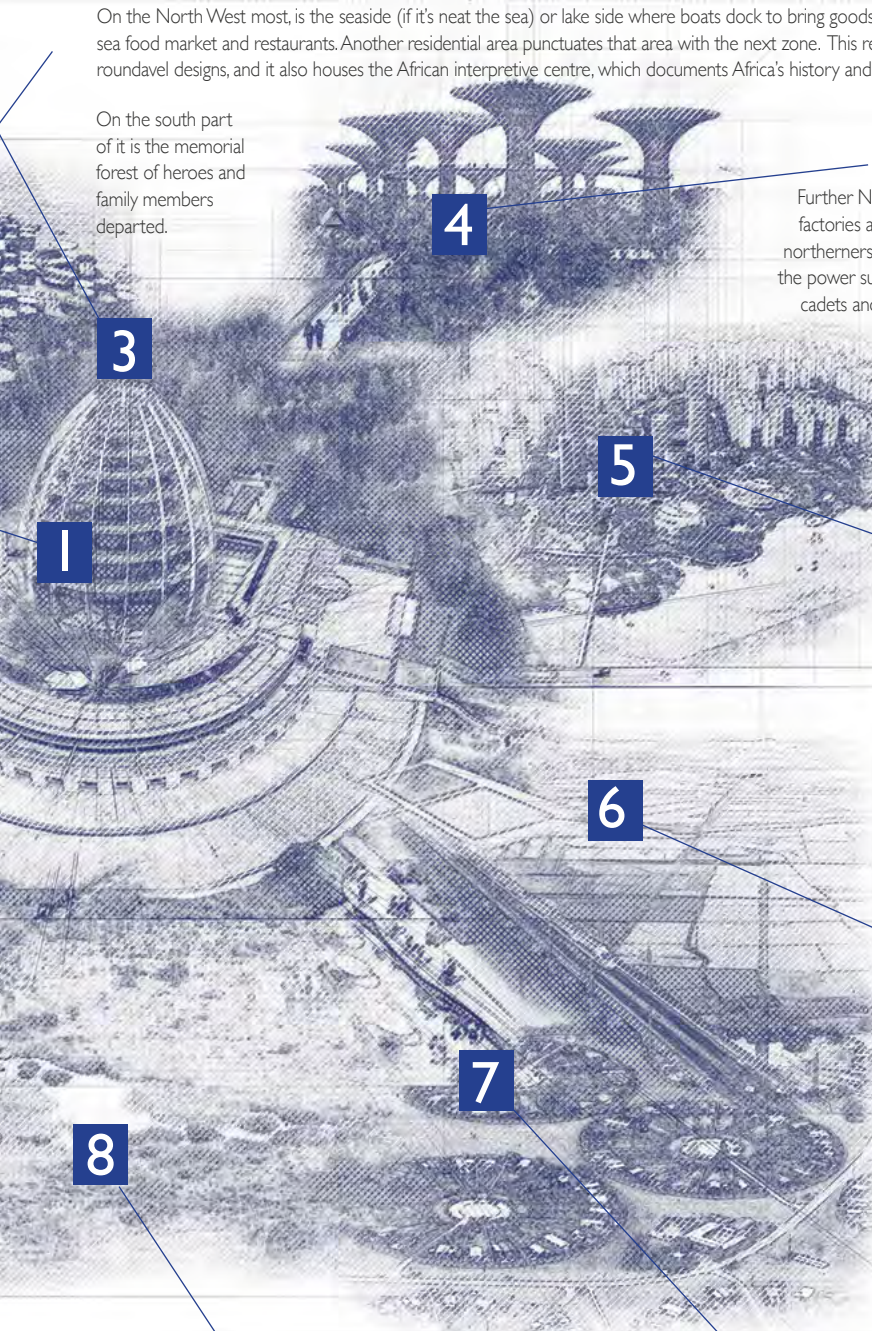
It produces food for the city in a sustainable manner. The precinct also houses the Mapungubwe Agriculture and Technology College, which has a collaborative relationship with the MITI and the University of Mpumalanga's technology and agriculture faculties, as well as the large and small retailers and caterers in the city.

### 7. A PLACE TO STAY

On the east is the residential circular planned boulevards and green zones for the children's play areas. The residential precinct has also food gardens, ECD and schooling facilities and play areas with a 24 CCTV facility as with all the other precincts. It is also connected to the centre and other precincts through an over and underground public transport network.

### 8. LEISURE

On the south east end is the game reserve and natural protected park which houses the big five and the diverse fynbos, flora and fauna of South Africa.



These include a development trajectory that on the one hand saw successive democratic administrations assuming ultimate responsibility for the apartheid colonial backlogs; whilst on the other hand the trajectory required government to fashion conducive conditions for business to flourish which required a mindfulness on the potential and swift 'punishment' by the markets for any failure to do so.

instead of focusing on diversifying the economy, growing key sectors such as manufacturing, renewables, mineral beneficiation, the oceans economy and the creative sector; South Africa focused with singular obsession on macro-economic stability, with it becoming a strategic objective, rather than a tool to build an inclusive and thriving economy for all.

South Africa also sought to entrench a system of cooperative government after 1994. However it became cooperative largely in name, with serious lack of coordination between national, provincial and local spheres for effective transformation, economic and social development, and spatial planning.

Government allowed a culture to develop of obfuscating real resource constraints, challenges and issues, paying lip-service to the building of real capabilities, and in which greed, corruption and lackadaisical implementation of programmes flourished, at the expense of transformation.

The state could have provided leadership in transforming the financial services sector to expand access to financial instruments for industrialisation right down to providing credit for investment into small scale income generation activities. This lack of financial inclusion has had significantly negative effects on the economy.

As South Africa prioritised social spending and played its role on the global stage, South Africa reduced other aspects of spending, including the defence budget in real terms. The inherited defence budget was ranging from a high of 22.7 percent of total budget in 1982 to a low 13.7 percent in 1987, which rose to 15.7 percent of government spending in 1989. Indeed the 80's were an era of militarisation. By 1999 the military budget had declined by way over 50%, in real terms. These cuts have also had a major negative impact on domestic defence related industries, including innovation which can grow

By reflecting on their past and the future, South Africans can contribute to better performance. The 25-year milestone therefore presents an opportunity for renewal, by learning lessons from the experience of the last quarter century.

South Africa's economy, whilst massifying skills development and securing the nation.

By reflecting on their past and the future, South Africans can contribute to better performance. The 25-year milestone therefore presents an opportunity for renewal, by learning lessons from the experience of the last quarter century.

To get the transformation project back on track, government has to be decisive, in the coming five years, to restore the hope of South Africans. It must also stay the course of whatever developmental narrative it seeks to construct, working together with all South Africans, Africans, and the international community for the coming 25 years to enable the tackling of the persistent fault lines.

This will require bold actions directed at tackling the triple challenges of unemployment, poverty and inequality. In so doing South Africa must utilise opportunities presented to focus on priorities



that will lead to a tipping point in the direction of successful transformation.

**These opportunities and challenges include:**

- The urgent task of building a **national compact on economic transformation**, that addresses economic exclusion (including the rural and township economies), inequality and unemployment; a developmental growth path to create more jobs; sustained land reform and a climate smart agrarian revolution, and broadened ownership of the economy; addressing monopolies, the growth-inhibiting structure of the economy; an industrial plan for localisation and innovation; and infrastructure development and maintenance. All this needs to be driven by a democratic and capable developmental state.
- **Consolidate and strengthen the social wage**, improve the quality of basic services and government responsiveness, close the gap for those who still have no access to basic services; quality health care and education; the implementation and monitoring of the minimum wage; and a comprehensive social security system; with a view to eradicate hunger and eliminate poverty in one generation, for the well-being of society.
- Focus on an **education and skills revolution** to create real equality of opportunities for all South African children and young people. This should include targeted interventions in the first 1000 days of a child's life, expanded early childhood education, improving reading and numeracy skills and the quality and through-put rate in basic education, as well as broadened access to post school education and training, including second chance opportunities and adult literacy; complemented by improved labour market information systems and linkages between the education system and the world of work and the economy.
- Implement a dedicated programme to bring all schools infrastructure to the basic norms and standards set;
- develop a National Master Skills Plan for the future;
- increase public and private investments in research, development and innovation.
- Implement deliberate and proactive measures to **dismantle apartheid spatial patterns**, through integrated spatial planning, housing for sustainable communities, development of township and villages economies, integrated and affordable public transport system; safe communities, the fight against gender-based violence; well-maintained bulk infrastructure; community infrastructure (libraries, parks, sports and recreation), including internet connectivity and affordable data; and the development of new cities and towns.
- **Breaking down the silos of government** in all spheres and departments by developing single service points in departments as well as private and civil society sector retailers and service points enabling citizens to receive most if not all government services in any government department and sphere as illustrated in the thought piece depicted in **Figure 15.2**.
- South African economic and social development as part of **regional integration** of SADC, and the African continent, in the context of the African Continental Free Trade Area; and the implementation of the African Union Agenda 2063.
- An **active citizenry** to strengthen social cohesion, non-racialism, non-sexism, development, democracy and accountability, and

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Figure 15.2: The service centre of the future which also exists in the virtual world

Source: DPME, 2019

harness the creativity of our people, united in their diversity.

None of the above are new. South Africa therefore requires a pragmatic and realistic implementation plan, which is based on appropriate social and economic development strategies which must be driven by a capable developmental state. Such a plan ought to have multiple dimensions including industrialization, infrastructure, innovation and the skills revolution, in the pursuit of a vibrant and inclusive economy.

South Africa must learn from the past 25 years and remain determined to create an environment in which the people, the market and the state play their respective and complementary roles in the economic transition. Neither Government nor the Markets should ever be regarded as more important than the People.

Consequently, what should be novel as South Africa approaches the next 25 years should be the determination to succeed, to take setbacks as opportunities for learning and renewal, and place our shoulders to the wheel, with all hands-on deck.

### **South Africa should therefore strengthen institutions and capabilities, through:**

- **An effective and efficient developmental state:** build an ethical, service orientated and professional public sector, uproot corruption and strengthen systems to promote accountability, transformation and the public good; strengthen and improve local government; improve public accountability and responsiveness; strengthen developmental role of the state in social and economic transformation.
- Strengthen **planning and monitoring capacity** across all areas of government, including gender, sustainability and youth mainstreaming, and introduce inclusive individual and collective systems of accountability at project and programme level, including clear outcomes-based targets and annual reporting.
- Translating the aspirations and opportunities into a **detailed national implementation plan**, with clear outcomes and annual targets.

- A **social compact** that sees government working with the private sector, labour and civil society, for real consensus building on working together on these priorities, and for society as a whole in all sectors to work together to implement, monitor and help correct where things veer off course.
- **Integrate environmental concerns**, especially climate change, in all our social and economic plans, for current and future generations.

Whereas the National Development Plan presents an overarching vision for South Africa, a detailed and spatially relevant plan which is supported by a human resource plan for the economy is required. Such a plan must have details of actions to address poverty, unemployment and inequality. It must be supported by an industrialisation strategy that focuses on the resuscitation of the manufacturing sector; the agriculture sector; the oceans economy, tourism, pharmaceuticals, defence sector and the ICT sector to cope with ever-changing climatic conditions and changes in technologies. All these must ultimately lead to the transformation of South Africa's landscape, particularly in the rural and township areas.

Going forward, government and society must take into cognisance the implications of climate change as well as the changing world as result of the 4<sup>th</sup> Industrial Revolution and the changing world of work, as South Africa accelerates delivery aimed at addressing the pressing challenges of unemployment, poverty and inequality, which have resulted in social exclusion.

Futurist, Thomas Frey<sup>321</sup> believes that “*over the coming two decades we will be witnessing an unprecedented wave of innovation and creativity driven by new tools of production. During this time, we will see an explosion of over 100,000 new micro industries that will employ hundreds of millions of people*” This generation of new jobs could potentially drive substantial decreases in unemployment. Therefore, while the concerns around the changing nature of work and jobs in the 4IR are both real and relevant, it should be reiterated that many new jobs, new business models and new delivery mechanisms will create jobs, generate efficiencies and cost savings for Government and enable access to services for all South Africans.

321

Frey, T. 2014. 162 Future Jobs: Preparing for Jobs that Don't Yet Exist. *Futurist Speaker*. Website: <http://www.futuristspeaker.com/2014/03/162-future-jobs-preparing-for-jobs-thatdont-yet-exist/>.

South Africa must also over the next 25-years (2019-2044) become a gender mainstreamed and caring society that prioritises the constitutional and human rights of the most vulnerable populations and those with special needs.

Finally, if we are to address the problems we are now all familiar with, the country needs to grow in a manner that will be felt by ordinary South Africans. Therefore government must develop plans for the next 25 years that will include everyone, with clear and measurable targets for each year, over at least a 10 year period.

South Africa must swiftly and decisively embark on a massive skills evolution, specifically targeting the 8.2 million youth that are Neither in Employment, Education or Training (NEET), to make use of existing and new economic opportunities. This category presents a time bomb which can destroy the gains recorded over the 25 years, if nothing is done about them. Such a revolution must be based on a three tier education system as well as lifelong learning -from the cradle to the grave.

The next 25 years must focus on developing and execution of a co-ordinated Reformist Spatial Planning that will revolutionise our inherited spaces.

### **In the next 5 years South Africa must develop the infrastructure to support:**

- A high-speed rail network which will eventually connect cities and towns in all provinces, such a rail network should also join us with economic hubs in the region, and the continent.
- The planning and construction of entirely new cities and towns that reflect the South African identity, where citizens of all races, genders and ages can live, work, learn, create and play.
- The establishment of various banks and financial institutions that can stimulate inclusive and shared economic growth. The banks must be able to provide specialist services for commercial, industrial, community, agricultural, municipality, women's and co-operative needs.
- South Africa needs to rethink our Industrialization policies to focus on areas where we possess a natural advantage and taking advantage of the 4<sup>th</sup> Industrial Revolution, for example, we have not taken

advantage of opportunities to setup a Centre for e-Commerce.

The RDP 1994 envisioned people-driven processes in the democratic governance of South Africa country. However, over the last 25-years, government has grown socially distant from the people. Therefore, over the next 25-years, a Social Compact must be finalized and implemented which steers the country towards active citizenry and ethical leadership. Commissions of enquiry into allegations of corruption in both the private and public sectors must become part of the country's past, not its future.

If we are to address the problems we are now all familiar with, the country needs to grow in a manner that will be felt by ordinary South Africans.



## BY 2044, WHEN SOUTH AFRICA CELEBRATES ITS GOLDEN JUBILEE

South Africa will be one of the **locomotives for growth and shared prosperity** in the Africa We Want, after having been at the forefront of lighting and powering Africa, feeding Africa, industrialising Africa, integrating Africa, and improving the quality of life for Africans. South Africa's citizens will learn in, tour, work, do business, trade and engage with other African nations, whilst also donning a welcoming face and heart to other African nationals.

Our country would have **eradicated hunger** within 5 years and **poverty**, within a generation.

Our people would have benefitted from the fully swung open doors of **learning** and **culture** and will look back at the past, and marvel at the folly of divisions based on gender, race, religion, ethnicity and language, as they unite in a non-racial cohesive and diverse society bound by a common African identity and social compact.

Our country would have built at **least two new cities** which would have been based on African values and the successful design elements of ancient African cities so as to secure non-racial, non-sexist and class neutral human settlements and sustainable development.

Our society will know **no gender-based violence** and all girls, women, and people of different gender identities will be **empowered** as equal citizens active in all spheres and levels of human endeavour and the economy.

Our beloved country will be **inclusive** and more equitable with all of her citizens sharing and having access to all services and assets to participate in the economy and grow it together.

This we shall achieve together in **harmony** and **peace**, side by side, and in partnership with our people and their institutions as well as the broad civil society; trade unions; faith based sector; traditional leaders and healers; and private sector with the support of our brothers and sisters on the continent as well as our friends in the rest of the world.



WE ARE WOMEN FROM EVERY PART OF SOUTH AFRICA  
WE ARE WOMEN OF EVERY RACE

WE DEMAND  
THE RIGHT TO THE TOWN  
THE COUNTRY AND THE VILLAGES  
WE MUST INTERPRET OUR DEMANDS  
TO SAVE THE AFRICAN WOMEN FROM THE DEGRADATION OF PASSLAW

IN THE NAME OF THE WOMEN OF SOUTH AFRICA  
WE SAY TO YOU EACH ONE OF US  
WE SHALL NOT REST  
UNTIL

ALL PASS LAWS AND ALL FORMS OF PERMITS RESTRICTING OUR FREEDOM HAVE BEEN ABOLISHED

WE SHALL NOT REST

UNTIL WE HAVE WON FOR OUR CHILDREN

THEIR  
FUNDAMENTAL RIGHTS

OF  
FREEDOM

JUSTICE

AND

SECURITY



## ACKNOWLEDGEMENTS

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ka Ntuli, Prof Chris Maroleng, Dr Kefiloe Masiteng, Ms Sanmarie Moore and Ms Jesselene Pandaram.

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Contributors to Round Table Discussions: Academic Institutions, Private Sector Companies, Civil Society Organisations, Statutory Councils, Research Organisations, Statutory Commissions, State-Owned Companies/Enterprises, Development Financing Institutions, United Nations (UN) Agencies, National Government Departments, Provincial Government Departments, National Special Directorates.

**Sithi Asante Sane! Thank you all!**

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TOWARDS A  
**25**  
YEAR  
REVIEW

1994-2019

