

# BRIEFING DOCUMENT

## TEN YEAR REVIEW

---

DECEMBER 2003

*This is a summary of the main issues covered in government's review of the first ten years of freedom, which focuses on government performance. It was published recently in the form of a discussion document to encourage broader discussion in society.*

### THE APARTHEID LEGACY

When the ANC took over government in 1994 it had to transform the apartheid state to a developmental state which embraced and defended the new values of democracy. The ANC also had to tackle the legacy of apartheid.

Since 1994 the developmental state has implemented a programme to systematically dismantle apartheid and create a democratic society based on principles of equity, non-racialism and non-sexism. The ANC embarked on this course guided by the provisions of the Reconstruction and Development Programme (RDP).

The democratic state inherited a society that had been deeply divided along racial lines. The majority of its people – blacks in general and Africans in particular – were excluded from all forms of participation, including the denial of the right to vote. Linked to this political exclusion were high levels of inequality between those who enjoyed the right to vote and those who did not enjoy these rights. The unjust policies that the apartheid state defended and upheld led to its political and economic isolation from the rest of the world.

With the dawn of the new democratic era, the state played a new role. It tackled a twin task of providing services and creating an appropriate environment for development for all on one hand, and play a leading role in mobilising other stakeholders in creating a better life for all.

This review has been organised in five themes that correspond to the cabinet clusters. It is important to note however that there are many cross cutting issues that the government tackled and it did this in line with RDP's approach of integrated development.

## THEME 1

---

### GOVERNANCE

#### Transforming Public Service

The first years of the democratic state were about the introduction of a new constitutional and legislative framework. The new constitution was adopted in 1996 and over 789 laws have been introduced since 1994.

The government has also been able to successfully integrate the public services of the various bantustans and central government departments into a coherent single public service. The democratic government has been able to transform the public service to reflect the people of South Africa. African people now constitute 72 percent of the public service and government is focusing on increasing the number of women in senior positions.

Government has introduced Senior Management Service to improve the conditions of service for senior personnel. This is also aimed at retaining and attracting skilled personnel in the Public Service. Although the skills level of employees in the central government has stabilised, there is an urgent need of addressing skills shortage at a local government level.

Government has established 37 multi purpose community centres (MPCCs). These centres provide information and services to the public. Government aims to establish one MPCC per district/metro by the end of 2004 and to expand these services to each municipality. This initiative will be complemented by the decision to employ Community Development Workers. Government is also embarking on eGovernment programme.

### **Financial Management and accountability**

The introduction of Finance Management Act (PFMA) in 1999 improved accountability within government and to Parliament. The implementation of the PFMA and the change to a medium-term budget cycle led to improved budgeting and financial management at provincial and national government.

### **Effort to improve service delivery**

Government recently introduced a National Planning Framework to enhance integration in the areas of policy prioritisation and to improve policy decisions of government. This includes the National Spatial Development Perspective, which seeks to facilitate dialogue between and within spheres about the country's spatial priorities regarding infrastructure investment and development spending.

The introduction of Integrated Development Plans for Local Government, the cluster approach, the Forum of South African Directors-General, the Presidential Coordinating Council and the restructured cabinet committees have contributed to better coordination of policy making.

### **Fighting Corruption**

Government has embarked on a range of programmes to fight corruption. Parliament passed the Protected Disclosures Act in 2001 to provide a legal framework for citizens to expose corruption without fear of victimisation. Government has tabled a new Prevention of Corruption Bill, which proposes new measures such as the blacklisting of individuals and organisations that have been found to be involved in corrupt activities. Government is also introducing measures such as anti-corruption hotlines, more efficient disciplinary action against corrupt persons, and consistent monitoring and reporting on corruption. A central database of corrupt businesses has been established. The National Directorate of Public Prosecution and the South African Police Service have taken decisive and visible action against corrupt officials and white-collar crimes.

## THEME 2

---

### **SOCIAL SERVICE DELIVERY**

The central programme of government's social sector focuses on poverty alleviation through a range of programmes that address income poverty (lack of income to families), human capital poverty (lack of education and skills), and asset poverty (lack of ownership of land and housing).

#### **Income poverty alleviation**

The Public Works Programme and social grants are two major government programmes to address income poverty.

Government has equalised the old age pension and spread the reach of Child Support Grants to all eligible children. The Department of Social Development administers seven types of grants targeting pensioners, poor families with children, war veterans, war veterans, foster care and grants in aid for families taking care of children and people with need. Expenditure on social grants has risen from R10 billion in 1994 to R34.8 billion in 2003, reaching 6.8 million beneficiaries.

Expenditure on Public Works Programmes has increased ten times since 1998. A total of 124,808 people got jobs as a result of these programmes. Most of these jobs were however temporary.

## **Human capital poverty alleviation**

Social services such as education, health, water and sanitation and electrification are critical to improving the human capital of the nation.

Education expenditure remains the largest budgetary item. There has been a steady increase in enrolment for the reception year increasing from 150,000 to 280,000. Primary school enrolment has remained steady around 95.5% from 1995 and 2001. Secondary school enrolment is currently at 85% indicating a 15% percent increase from 1992. The learner-to-facility ratio has declined from 43:1 in 1996 to 38:1 in 2002. This means that learners now have better access to learning facilities.

The general literacy rate has improved from 83% in 1996 to 89% in 2001. The general pass rate has improved from 54% in 1996 to 69 % in 2002.

Public health care expenditure has increased in the last eight years. The main thrust of the Department of Health has been to improve the access of health care through the primary health care (PHC) approach. Major health care programmes include the free health policy for women and children under the age of six.

There are 4,350 PHC access points available to the population. Seven hundred additional clinics have been built. The rate of immunisation has increased from 63% in 1994 to 72% in 2002. The integrated nutritional programme has increased from 89% of targeted learners in 1994 to 94%, reaching almost 4.58 million children.

The prevalence of HIV and AIDS as estimated from public antenatal clinics shows an increase from 0.7% in 1990 to 26.5% in 2002. Dedicated expenditure on HIV and AIDS programmes has increased from about R30 million in 1994 to R342 million in 2001/2. The increased expenditure on HIV and AIDS programmes is beginning to have an impact on the general awareness about the disease. Research results indicate that there is increasing condom use among 15-24 year olds.

The tuberculosis (TB) control programme has led to an increase in early detection, treatment and cure rates as a result of the implementation of Directly Observed Therapy (DOTS). By 2003 DOTS had been implemented in 70% of all health districts.

Households having access to clean water have increased from 60% in 1996 to 85% in 2001. This means that an additional 9 million citizens or 3.7 million households now have access to clean water. The number of households with access to sanitation increased from 49% in 1994 to 63% in 2003. Households with electricity connections increased from 32% to 70% by 2001.

## **Asset poverty reduction**

The housing and land programmes are the two lead programmes which address the task of eliminating asset capital poverty.

Between 1994 and 2003, 1 985 545 million housing subsidies were approved, accounting for an expenditure of R24.22 billion. Nearly half of all housing subsidies approved were granted to women. In addition, the title deeds of almost half a million houses built during the apartheid era were transferred to their occupants. About R48 billion of housing assets have been transferred to citizens since 1994.

Land restitution, tenure reform and land redistribution are the other policy instruments used to alleviate asset poverty. Since 1994, 1.8 million hectares of land have redistributed to 137 478 households. A total of 36,489 land restitution claims – out of 68,000 lodged – have been settled. There has been financial compensation for those who lost land as a result of forced removals in urban areas and in rural areas, land has been restored to its rightful owners. By December 2002 approximately 571,232 hectares had been restored at a cost of R442 million.

Other programmes that government is implementing are the moral regeneration movement, which aims to maintain the social fabric of our society. The other related programmes are the safer cities Initiatives, crime prevention programmes in schools, the tax compliance campaign, and the Letsema and 'Proudly South African' campaigns.

The number of households with access to cell phones in 2001 was 32%, those with access to telephone lines was 24%, those with access to TVs was 54%, and those with access to radio was 73%.

# THEME 3

---

## ECONOMY

The **budget deficit** has come down from 9.5% in 1993 to fractionally over 1% in 2002/3. Foreign reserves have risen from one month's import cover to two and a half month's import cover. South Africa has achieved a level of macro economic stability not seen in 40 years.

The country is still facing the **challenge of attracting investment**. The level of investment is still only around 16-17%. Government investment has been low because it had to adopt tight fiscal policy to achieve macro economic stability. The other factor, which contributed to low investments, is the process of the restructuring of state-owned assets. Private sector investments have also been very low, apparently stemming from mistrust and negative perceptions being expressed about government. There has however been increase in foreign direct investment (FDI) in areas such as the motor industry, the chemicals sector, and mining and dairy products.

Since 1994 **the economy has been growing** at as rate of 2.8% a year. In simple terms this growth rate means that South Africans have been getting wealthier at a rate slightly faster than 1% per year since 1994.

Between 1995 and 2002, the **number of people employed** increased from 9 557 185 to 11 157 818. This represents 1 600 633 net new jobs. However during the same period, the number of people unemployed grew by 2.3 million, as greater numbers of people entered the job market.

The reshaping of **trade and industrial policy** has led to an improvement in the balance of trade and a shift from primary exports to higher value added secondary and tertiary sector exports. South Africa has entered into bilateral relationships with many countries and trade blocs.

In terms of the **trade policy**, government's programme has included implementation of tariff reforms in line with World Trade Organisation (WTO) commitments and the modernisation of the industry. The implementation of the integrated manufacturing strategy led to incentives being extended beyond traditional manufacturing and key industries such as motor, tourism, and information and communications technology were targeted.

Government restructured **state-owned enterprises** in telecommunications, energy, defence and transport. This policy aimed to improve access of the historically disadvantaged to these sectors, to improve efficiency and to use resources earned to reduce public debt. The government has generated R24 billion through this initiative, which has been used to service public debt.

Government has **established regulatory bodies** in sectors such as transport, telecommunications and energy. However these structures are weak compared to the companies they are supposed to be regulating. Government has **passed labour laws** which have normalised industrial relations and protected the basic rights of workers. This has resulted in a huge fall of days lost as a result of workers' strikes.

The **competitions authorities** established as a result of competitions policy have achieved a reputation for sound performance. These structures have not been very effective in combating prohibited practices except those explicitly outlawed, such as merger control. The creation of the Small Business Council, Khula Enterprise Finance Corporation and Ntsika Enterprise Promotion Agency have assisted small and medium businesses to a limited extent.

Government set up **Sector Education and Training Authorities** (SETAs) to improve the skills level of employees. The SETAs had exceeded their target of 3,000 completed learnerships by 2001.

The proportion of top managers who are black grew by from 12% to 13% in 2000 and 2001 respectively. Progress is also very slow in extending black ownership and the recent estimate of black equity in public companies is around 9.4%. Progress for women empowerment in the private sector has also been very slow.

South Africa's economic competitiveness has improved since 1994. Key pointers to this are improvement and diversification of exports, and significant improvement in labour productivity.

## THEME 4

---

### JUSTICE, CRIME PREVENTION AND SECURITY

Departments in this sector have made strides in undergoing transformation essential for their legitimacy, accountability and effectiveness. This has made it easier for them to carry out their mandate of reducing levels of crime and enhancing stability and security.

The **transformation of the judiciary** has led to the affirmation of the supremacy of the Constitution, giving new meaning to the independence of the judiciary. The Judicial Services Commission and the Magistrate Commission have made important progress on the appointment of the members of the judiciary and the evolution of a single judiciary that is increasingly representative of the South African population. Many judges have shown a profound understanding of the country's constitution and many judgments of the Constitutional Court have reflected a progressive interpretation of the Constitution

Government developed the **National Crime Prevention Strategy** to fight crime. Elements of this strategy are the National Crime Combating Strategy (NCCS) and the Integrated Justice System. Except for common assault and other theft, all 20 serious crime trends and sub-trends of robbery with aggravating circumstances have stabilised or declined.

The Integrated Justice System programmes has resulted among other things in improved rates of conviction, increasing from about 78% in 1999 to 81% in 2002. The average case preparation cycle has decreased from 110 days to 71 days. The Community Policing Forums have made an impact in the fight against crime. The partnership with Business Against Crime has led to a reduction of street crime in targeted city centres by about 80%.

The department of **Correctional Services** is still confronted with a daunting task of dealing with overcrowding in prisons, developing and implementing an effective rehabilitation programme, fighting corruption in prisons and within the ranks of officials, and maintaining the safe custody of prisoners.

The government has made strides in stabilising and reducing high priority crimes such as sexual assault, tackling organised crime and corruption, implementing more stringent border-control measures, curbing taxi violence and reducing the possession and circulation of illegal firearms.

There have been successes in improving security in government, reducing political violence and ending urban terrorism.

## THEME 5

---

### INTERNATIONAL RELATIONS, PEACE AND SECURITY

All government departments in this cluster embarked on a successful programme of transformation to reflect the new realities and fundamental principles of our democracy. This task was accomplished efficiently especially by those departments which are the face of the country to the international community.

The **defence component** of this cluster managed to integrate all armed forces including the forces of the old TBVC states. Its composition reflects the population demography of our country. It has adopted a new security doctrine and symbols. The Department of Defence is faced with numerous challenges including aligning regional expectations, the force design and the defence budget. Other challenges include implementing a human resource strategy in the army; the creation of a smaller, professional army; and building an effective capacity through increased intelligence and defence foreign relations capacity.

The **Foreign Affairs Department** has been transformed to ensure its work is aligned to the country's international relations policy positions. The outcome of this process was a focus on protecting and promoting South Africa's national interests and values, the repositioning of South Africa in the international community, and the recognition of the interdependence of foreign policy with economic and security issues. Towards 2000 its priorities included the vision of the renewal of Africa Continent, the eradication of poverty and underdevelopment, and development of a just and equitable world.

The government has successfully normalised its relations with the rest of the world. The country has joined all significant regional, continental and multilateral institutions. It has built bilateral relations with the countries of Africa, the rest of the South, and strengthened relations with the countries of the North. There is a significant level of formal representation abroad, including defence and foreign commercial representation. The country has also hosted major international conferences, including the Non-Aligned Movement Summit in 1998, the Commonwealth Heads of Government in 1999, the World Aids Conference in 2000, the UN World Conference against Racism in 2001, the World Summit on Sustainable Development in 2002, and the African Union Summit in 2002. The country has also hosted major sports tournaments such as the Rugby World Cup in 1995, the African Cup of Nations in 1996, the All Africa games in 1999 and the World Cricket Cup in 2003.

Since the late 1990s government has embarked on a **major imaging, branding and marketing campaign**. This includes government initiatives, support for non-government initiatives such as the 'Proudly South African' campaign, the creation of the International Investment Council, the International Marketing Council, and the International Task Force on Information Society and Development. This work has led to an increase in the number of international tourists visiting the country. The government has diversified new forms of tourism activities such as economic tourism, eco-tourism, World Heritage site tourism, and Conference Tourism and sports tourism.

Government has successfully **diversified and expanded its trading networks**. It has built extensive trade relations with South America, Asia and Africa. The government has identified a number of strategic partners with which to develop trade relations through bilateral free trade agreements.

South Africa has played an important role in multilateral trade negotiations, such as the WTO Doha round, which emerged with a developmental agenda; the Trade and Development Cooperation Agreement with the European Union; the SADC Trade Protocol; and the new Southern Africa Customs Union (SACU) agreement.

Government has successfully created an **appropriate environment for foreign direct investment**. Although FDI has been increasing, it is still very low for a developing country. The restructuring of state assets has attracted foreign investment in the country.

In the past ten years South Africa has played an important role **in promoting regional integration**, within the context of the SADC, SACU, and the Common Monetary Area. South Africa supports the initiatives to restructure SADC. This process has already led to the Regional Indicative Strategic Development programme, which aims to provide member states with a coherent development agenda on social and economic policies over the next decade. Government is playing an important role in working towards a framework for macro economic convergence in the region.

South Africa has played a leading role in reconstituting the Organisation of African Unity (OAU) to be the African Union. The government also played an important and leading role in developing the New Partnership for Africa's Development (NEPAD).

In the International arena, South Africa has held ongoing discussion with the G8 countries to keep the concerns of Africa and the countries of the South on their agenda. South Africa continue to hold discussion with international financial institutions to raise the same concerns

South Africa has actively supported the **United Nations and sought to strengthen the multilateral process** in its approach to international Affairs. This has guided the country's involvement in peacekeeping operations, peace negotiations, and the country's endeavour to build a stable system of international relations, peace and security.

## FINDINGS

---

The post 1994 has ushered a new era, which is qualitatively different and incomparable to the apartheid era.

The themes discussed above reflect that government is **making progress in achieving its stated objectives** and most of these objectives are correct. The process of transformation is a protracted one and achievements give rise to new challenges. Government's successes occur more in areas where it has significant control and it is less successful in areas where it does not have control.

In the area **of governance and administration**, there has been considerable progress made in the transformation of the state including the composition of the public service to reflects the population demography of the country. There has however been less progress in areas where the does not have direct influence, such as the work habits of the state employees.

In the **area of social service delivery**, the government has made significant improvements in the deracialisation of social services. There have been notable advances in the provision of education, electricity, water, sanitation and housing. The level of municipal debt and illegal electric connections suggests that people do not yet understand their responsibility for paying for services they get.

In the area of **economic transformation**, government has made progress in areas where it has significant control, such as the fiscal and monetary policy, trade and industrial policy. Government has made fewer successes in other areas such as competitions policy, restructuring and improving the performance of government and other regulatory institutions and agrarian reforms.

Government has made less immediate progress in areas that require partnership with others, such as human resource development, research and development, restructuring of state assets, and black economic empowerment. In areas where the state depends significantly on the private sector and civil society's behaviour, government has seen even less success. The micro economic strategy is now beginning to influence investor attitude in a positive manner. This still needs to translate itself into investment that will lead to job creation.

The cost of institutions necessary for implementation of economic policy has been a key limitation. Institutions such as Umsobomvu Fund, National Development Agency, some SETAs and many local development agencies have taken time to be effective. There is a need to look at the rationalisation of these institutions.

In the **judiciary and crime prevention cluster**, significant progress has been made improving national security, establishing the rule of law, and transforming institutions that were critical in defending apartheid. Government has made less progress in combating new forms of organised crime and crime more broadly.

In the **international relations, peace and security cluster**, progress has been made in raising the profile and the influence of South Africa in the international and regional environment. The area of need in this cluster is the further transformation of the departments, and retraining and equipping of the institutions in the cluster.

## **BROAD SOCIAL TRENDS OVER THE PAST DECADE**

There have been a number of broad social trends over the last decade. The first social trend is the changes in South Africa's demography. **The population of South Africa has grown** by 2% a year from 1996 to 2002. The population has grown from 40.4 million in 1996 to 44.8 million in 2002. The number of households has increased three times in the same period. This has implications for the increased demand for government social services

The second major social trend is **the dramatic increase in the economically active population**. The economically active population has grown by 4%. This suggests that new job seekers are not only young adults reaching the job market but also those who had not previously considered themselves part of the job market.

The third major trend is the **changing structure of the economy**. There has been a noticeable shifts of employment away from public services and mining, towards internal trade and finance, real estate and business service sectors. One of the major consequences of this changed structure of the economy is that two economies persist in one country. The first economy is an advanced, sophisticated economy based on skilled labour. The second one is a mainly informal, marginalised, unskilled economy, populated by the unemployed and those unemployable in the formal sector. The benefit of growth has yet to reach the second economy.

The fourth major trend is **migration**. There has been a rapid increase of people moving from rural areas to urban areas. This means that the demand for government social services and jobs is increasing in these urban centres.

## **MAIN CONCLUSION**

There are major opportunities that arise as a result of major successes made in the first decade of freedom. The efficient management of the economy is spilling over into provision of social services in a positive way, programmes for micro economic interventions have been developed, and sufficient experience has been gained in implementing government programmes. The weaknesses that have been identified are in areas that are least dependent on direct government intervention.

Although government has made successes in this first decade, there is an urgency to tackle areas where there have been weaknesses and setbacks so that the weaknesses do not overshadow the achievements made.

## CHALLENGES FOR THE NEXT DECADE

Government must continue **to mobilise civil society and assert its leadership role in the transformation agenda**. There is an urgency to ensure that social partners continue to rally behind the Growth and Development Summit resolutions and implement them.

The second challenge is **the need to continue improving the performance of the state**. The state has made significant progress in improving policy coordination. More work must be done in improving the capacity of the state to implement its transformative policies. Attention must be given to all spheres of government to manage the implementation of these policies.

The third challenge is to address **the consequences of the social transition** as reflected in migration and demography, the structure of the economy and the character of the labour force.

## WAY FORWARD

There is a need to continue along the same path that government has developed. The key programmatic challenge for governance and administration is to focus on implementation of the existing policy framework through adoption of project management practices and the deployment of Community Development Workers.

**For social service delivery** programmatic challenges include the implementation of a massive Public Works Programme and improved access to social security measures, with better vehicles to improve service delivery while reducing the number of citizens depending on grants.

For the **economic sector**, there is an urgent need to implement the resolutions of the Growth and Development Summit and to identify sectors for urgent investment and learnerships and employing at least 5% of investible capital from relevant funds for productive activity.

In the **Justice and Crime Prevention sector**, there is a need to improve the capacity of the SAPS and build an efficient and integrated criminal and justice sector along the whole chain and reinforce the rule of law. In the **International Relations, Peace and Stability sector**, the task is unite the world around NEPAD's common humanist values and get projects implemented.