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2 December 2013

Special Supplement

# The National Development Plan

*A guide for business*



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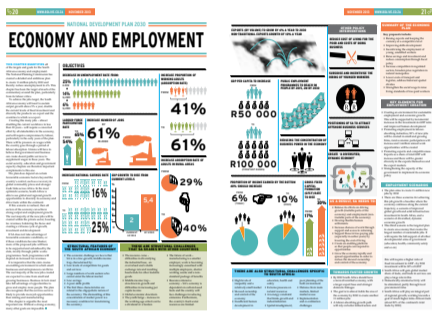
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## ABOUT THIS PUBLICATION

The National Development Plan is a blueprint for the future development of South Africa. It depends for its success on every South African understanding it. But the plan itself spans almost 500 pages. It was clear that an easy-to-use guide was needed for every South African to familiarise themselves with its contents. That is our objective with this publication.

This supplement is the result of a collaboration between Intellidex and Business Day. Our motive was to contribute to improving the understanding and debates around policy in South Africa. We were assisted by businesses who agreed to fund the effort by sponsoring the publication. We were also assisted with information by the National Planning Commission in the Presidency. Neither the sponsors nor the commission had any say in the content.

Please let us know any comments by emailing [ndp@intellidex.co.za](mailto:ndp@intellidex.co.za)

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We have a number of copies available for free for university academic departments. If you would like copies for use in teaching please email us.

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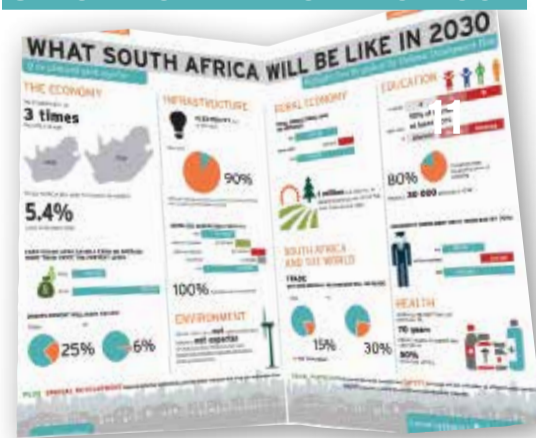
## FURTHER RESOURCES

A great deal of information on the plan is available online. The main websites are:

The National Planning Commission:  
[www.npconline.co.za](http://www.npconline.co.za)  
A repository of relevant documents and speeches:  
[www.info.gov.za/issues/national-development-plan](http://www.info.gov.za/issues/national-development-plan)  
Government news on the plan:  
[www.sanews.gov.za/south-africa/national-development-plan-unpacked](http://www.sanews.gov.za/south-africa/national-development-plan-unpacked)

Congress of South African Trade Union's critique of the plan: <http://www.cosatu.org.za/docs/discussion/2013/NDPcritiquesummary.pdf>  
Business Leadership South Africa's response to the plan:  
[http://www.businessleadership.org.za/gup/filez/Viewpoint\\_BLSA\\_Response\\_to\\_SA\\_National\\_Development\\_Plan\\_May\\_2012.pdf](http://www.businessleadership.org.za/gup/filez/Viewpoint_BLSA_Response_to_SA_National_Development_Plan_May_2012.pdf)

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# PUTTING EVIDENCE AT THE HEART OF POLICY MAKING

STUART THEOBALD

*interrogates the philosophical basis for the National Development Plan*

**ON THE SURFACE**, the National Development Plan is a strategy to achieve certain goals by 2030. But underneath it is something more profound: the first major initiative in South African policy making driven by evidence.

It was developed through research: a first “diagnostic” stage, identifying what is wrong in South Africa today and why; then a comprehensive plan to fix those things based on our best theories of what will work. But that is only the framework. The priority of evidence comes in monitoring and evaluation of policy over time – testing whether the interventions are working and whether others would work better.

Evidence-based policy has its intellectual roots in evidence-based medicine and has become an important tool of governments around the world in the past two decades. Its medical relative focuses on a single outcome: doing what leads to better health, irrespective of ideology. The paradigm case is that of a standoff between departments at the Great Hospital in Vienna in the 1840s. The hospital had two obstetric departments and women were allocated randomly between them. In one, patients were served by medical students who had just been working with dead bodies. In the other, women were served by midwives who had no contact with dead bodies. In the first department, the mortality rate was 18%, with fevers the main cause

of death, but in the second it was 2%. A doctor at the hospital hypothesised that the higher mortality rate may be due to some contaminant being transferred from the dead bodies and introduced hand-washing with chlorine and lime. Lo and behold the mortality rate in the first department fell to the same levels of the second.

Inadvertently, the hospital had conducted the first randomised controlled trial, a research strategy that is now used widely across the medical sciences and increasingly in the social sciences. At that point the germ theory of disease was not widely accepted and there was significant dispute over what might be the reason for the results. But no one could dispute that the policy worked.

The example shows the distinction between theory and evidence which, in politics, allows for a distinction between policy and ideology.

Evidence-based policy making is not without its ideological foundations though. One of those is a belief in Pareto optimality: that if someone can be made better off, without someone else being made worse off, then we should act so as to bring about the welfare improvement. At heart this is a utilitarian principle, although most forms of utilitarianism go further, arguing that a policy may also

be okay even if there are losers but there are more winners.

So, for example, expropriating land to build the Gautrain may have made some worse off, but the majority were left better off. This can obviously go too far – there are some rights we cannot violate for the sake of the majority, and our constitution strongly defends that. But, in general, it is clear that policy should aim to improve the lives of as many people as possible, without unfairly damaging the lives of anyone else.

*The first political objection is that the plan's economic policy emphasis ... implies that labour markets will be deregulated*

The problem is that such an ideological position conflicts with others that people are strongly committed to. In South Africa we sometimes seem still set in an apartheid-era standoff where a win for my enemy is necessarily a loss to me. Anything that made the apartheid government stronger was bad for the liberation movement and vice versa. While the specifics have changed, an “us” and “them” way of looking at the world still seems common. This is reinforced by Marxist social

conflict perspectives.

Karl Marx argued that classes are formed around common interests and are effectively at war with each other. His two main social groups were capital and labour and in the battle between them, a win for one was necessarily a loss for the other. The battle was about who should own the spoils of industrialisation. It is a zero-sum game. Labour's interest is in capturing more of what Marx called “surplus value” from the capitalists, who are intent on exploiting labour and appropriating this value for themselves.

Many South African commentators seem to have inherited this Marxist way of viewing the world, which has no doubt contributed to our difficult labour relations, among other things. With individuals polarised into groups, convinced that any win for another is a defeat for themselves, a utilitarian view which prioritises the “betteroffness” of individuals in a society can be viewed with suspicion.

Utilitarians would not favour a policy that benefited one group and left another group worse off; they would consider only the value to individuals, rather than the labels attached to them (though there are departures from this basic view such as prioritarianism which calls

for special attention to be paid to the least well off). For those committed to a Marxist view, the labels really matter – there is an in-group defensive stance – and so policies are vigorously opposed that apparently make the other group better off. For the traditional Pareto-optimiser, the only group that is relevant is everyone, and success is when just one person in that group is made better off.

Ideological intransigence is not restricted to the left. Commentators on the right try to defend market fundamentalism, refusing to acknowledge that South Africa's inequality and poverty levels require any non-market interventions. Such an ideological position is equally insensitive to evidence that market failure sustains unemployment and inequality grows without institutions and policies to counter it, particularly in light of South Africa's apartheid legacy.

Interestingly, in the debates over the NDP, it is Cosatu that has done more research about the facts on the ground than organised business has, according to FirstRand CEO Sizwe Nxasana (see page 14). So while labour is often accused of ideological posturing, some within the camp have done more to engage with the NDP on an evidence basis than has business. The same cannot be said, however, for Cosatu's affiliate, the National Union of Metalworkers of SA, which stands accused of rejecting the



entire NDP because of specifics within it.

In part, evidence-based policy making is a response to political obstinacy in the face of ideological agendas.

The clashes over the youth wage subsidy, for instance, appear to be marked out on ideological grounds and evidence is not given priority.

The irony about such Marxist analysis is that Marx himself was a strong supporter of evidence. His concept of historical materialism emphasised material objective facts in the development of societies, rather than subjective concepts and views (though he thought scientists were influenced by ideological factors themselves). Marx saw empiricism as one way to undermine dominance by the elites: the facts don't change simply because you have the power. The fact that Marxist commentators now prioritise ideological concepts over evidence would come as quite a shock to Marx.

The NDP attempts at the outset to lay a philosophical foundation of collective

action to make the lives of individuals better as a joint enterprise. It sets the scene for a search for Pareto optimality through evidence-based policy, marrying the individualism of utilitarianism with shared responsibility. In its rather poetic introduction, the plan proclaims: "We say to one another: I cannot be without you, without you this South African community is an incomplete community, without one single person, without one single group, without the region or the continent, we are not the best we can be." Such a statement is the complete antithesis of Marxist divisions of societies into classes with irreconcilable differences. Instead it calls to mind the principles of Ubuntu, the idea that individual utility depends on the utility of others in a community.

Evidence-based policy cannot get out of the starting blocks if it doesn't have a view on what the objective of policy should be. Planning minister Trevor Manuel argues that this objective is delivered by the constitution, which represents

a set of values (see page 10). These marry welfare and rights-based views: as many people as possible should be able to fulfil their maximum potential and no one should be left behind.

Of course, we can argue about just how to balance the rights of individuals with the need to maximise the welfare of the majority, but we have an excellent constitutional legal process to manage such disputes. The plan starts with a clear objective: "To eliminate poverty and reduce inequality by 2030." The focus is on addressing underlying causes of poverty and inequality rather than the symptoms. That is why the emphasis is on education and infrastructure, building the capacity of individuals to take advantage of opportunity.

Because of the plan's evidence-based philosophy, it is the performance monitoring and evaluation phase that will determine its long-term success. That is why within the presidency are both the planning commission and the department of performance

monitoring and evaluation under minister Collins Chabane. While the plan represents the commissioners' best views of what will work, it is an essential part of the process that its policies be tested and changed in light of evidence. Government has to become a learning organisation, with its implementers equipped with evidence-seeking skills and the ability to adapt policy in light of the evidence.

Of course, there are difficult problems within evidence-based frameworks too. There are significant disputes in all sciences about just what should count as evidence. Randomised controlled trials are often seen as the gold standard in evidence-based policy making, but it is often unclear just how to interpret such trials. If one intervention at one school works, it is not clear that it will work in all schools. Unlike in the case of medicines, it is sometimes difficult to ascertain just what the intervention in the affected group was, and how applicable success in one

group is to others. There is also much room for dispute over what interventions should be tested first, and just how testing programmes should be designed. All these arguments rage in governments around the world that have attempted to reorient policy making around evidence and that will happen here as the philosophical approach embeds itself.

But these arguments are far healthier than the ones that have dominated policy discourse in South Africa. They call for a dialogue that quotes evidence and interrogates it rationally. They create a clear objective that all South Africans should be striving towards. If evidence counsels a change in course along that journey, then we are all better for it. Irrespective of the details of the NDP, it is this philosophical standpoint that needs the support of all South Africans.

• *Theobald is managing director of Intellidex and a PhD candidate in philosophy at the London School of Economics* ■

## THE COMMISSIONERS

**THE PLAN BEGAN** in May 2010 when president Jacob Zuma appointed 26 commissioners to the National Planning Commission. They were drawn from nominations made by the public throughout South Africa and are largely from outside government. They were chosen for their specialist expertise in various areas. They then produced a diagnostic report detailing the progress and challenges in South African since 1994. A draft plan was released in November 2011 which led to the final plan we outline in this publication.

### THE COMMISSIONERS ARE:



**Trevor Manuel**  
Chairperson. Former minister of finance and now minister of planning in the presidency.



**Cyril Ramaphosa**  
Deputy chairperson. Businessman and deputy president of the ANC.

**Miriam Altman**  
Telkom strategy director; former executive director of the Centre for Poverty, Employment & Growth at the Human Sciences Research Council.

**Jerry Vilakazi**  
CEO of Business Unity South Africa and former managing director of the Black Management Forum.

**Joel Netshitenzhe**  
Executive director of the Mapungubwe Institute for Strategic Reflection. Former head of policy co-ordination and advisory services in the presidency.

**Anton Eberhard**  
Professor at the University of Cape Town Graduate School of Business.

**Tasneem Essop**  
International climate policy advocate at the World Wide Fund for Nature.

**Bridgette Gasa**  
PhD candidate at Nelson Mandela Metropolitan University.

**Trueman Goba**  
Professional engineer and director of companies.

**Robert Godsell**  
Chairperson of Business Leadership South Africa and former CEO of AngolGold Ashanti.

**Noluthando Gosa**  
CEO of Akhona Properties and director of various major property companies.

**Philip Harrison**  
Chairperson of the National Research Foundation on Development Planning & Modelling at Wits.

**Mohammed Karaan**  
Dean of the faculty of Agrisciences at the University of Stellenbosch.

**Vuyokazi Mahlat**  
PhD candidate at the University of Stellenbosch.

**Malegapuru Makgoba**  
Vice chancellor of the University of Kwazulu-Natal.

**Christopher Malikane**  
Associate professor of Economics at Wits University.

**Vincent Maphai**  
Former director of South African Breweries and former research executive director at the Human Sciences Research Council.

**Elias Masilela**  
Head of policy analysis at Sanlam and former acting deputy director-general responsible for economic policy in the Treasury.

**Pascal Molo**  
Managing director of the Resolve Group and former CEO of the Greater Johannesburg Northern Metropolitan Local Council.

**Jennifer Molwantwa**  
Water scientist and manager of hydrology unit at Digby Wells & Associates.

**Michael Muller**  
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**Ihron Rensberg**  
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**Vivienne Taylor**  
Head of department of social development at University of Cape Town.

**Karl van Holt**  
Research specialist and co-ordinator on labour issues.

**Malusi Balintulo**  
Vice chancellor of Walter Sisulu University.

**Hoosen Coovadia**  
Scientific director at the Doris Duke Medical Research Institute at the University of Kwazulu-Natal.





# THE ROLE OF BUSINESS IN THE NDP

*The National Development Plan's critical impact is to co-ordinate the activities of business within a broader framework of public policy in which all social institutions must play a part. It is clear to business leaders we interviewed for this special report that if all of society's stakeholders play their part, everyone will win. The plan is the co-ordinating mechanism.*

## COLIN ANTHONY

**IT WAS IN** Davos, Switzerland where Telkom chairperson Jabulani Mabuza stood up and challenged President Jacob Zuma over government's attitude to business.

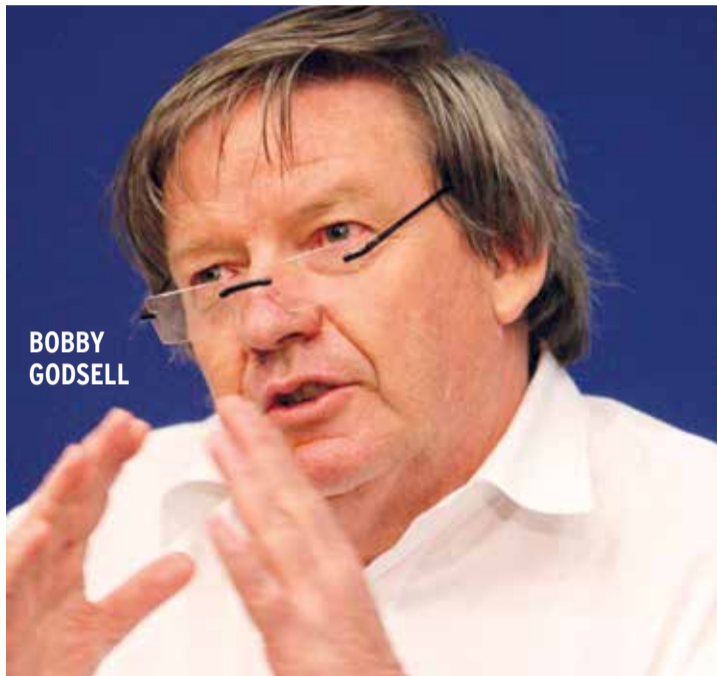
Bobby Godsell, a national planning commissioner and chairperson of Business Leadership SA, tells the story when asked about government's commitment to the National Development Plan (NDP) and progress in implementing it.

At a meeting during the World Economic Forum in January this year, Mabuza accused Zuma himself of not consulting business in his policy making. Mabuza used Zuma's state of the nation address as an example, saying that in its preparation Zuma consulted labour and other sectors of civil society, but not business. "Zuma said that was a fair point," Godsell says. "Two weeks later we held a big meeting with government, convened by Zuma. Three-quarters of the Cabinet was there and about 100 business leaders including both Business Unity SA (Busa) and the Black Business Council (BBC).

"Zuma said to Mabuza: 'You wanted to talk. We're listening.'"

Godsell says business leaders made 17 presentations, with Zuma listening attentively, and ministers responded. "Mabuza indicated that if the goals of the NDP were to be achieved, the South African economy had to grow by three times its current size by 2030. Logically, the private sector would also have to triple in size.

"Business wanted to identify the key constraints to the private sector achieving that growth, and how to overcome them. That included what actions were needed by both



BOBBY GODSELL

Photo: Business Day



MICHAEL SPICER

Photo: Jeremy Glyn

government and business."

The meeting ended with an agreement to give business time to crystallise the constraints and a second meeting took place in August, with business listing five key constraints: infrastructure, regulatory uncertainty, inclusive growth, education & skills and labour relations. Five joint working groups were formed, one to tackle each challenge and each jointly led by a senior government official and a senior business leader.

Godsell's group is tackling the issue of regulatory

uncertainty. "All the groups are meeting often and putting in lots of work – it's very encouraging," he says. "This is the first time in my 40 years in business dealing with government – and that's 20 years of National Party and 20 years of ANC government – that I've witnessed government and business talking so concretely and so constructively. They are working together to achieve common objectives."

And while there is "some public tension" between Busa and the BBC – who Godsell

says still have some road to walk before achieving a non-racial umbrella body for business – "in this process they are co-operating effectively".

## Private sector role

What is heartening, says Business Leadership SA vice-president Michael Spicer, is that the NDP gives a central role to the private sector and articulates government responsibilities. "Economic growth is necessary but is not sufficient to meet the goals of SA's social development. But without economic growth, as has been proven again and again since the Second World War, you cannot achieve a nation's goals." The NDP recognises that a flourishing business sector is required for a healthy, growing economy.

He says given its long-term, forward-looking nature, the NDP was never going to be a plan to satisfy everyone, and was always going to need more work. "The NDP outlines challenges but it is a framework. Business has to develop steps to meet those challenges." The working groups are doing just that.

Spicer says that in its approach to addressing challenges, business generally likes to work by setting one or two short- to medium-term goals, then executing steps to meet those. "So there is difficulty for business in seeing such a comprehensive analysis. But where and when to start?"

"The NDP is good at saying, 'make choices within the framework,' and it has about 119 action points. That's great, but government cannot implement 119 priorities. And as soon as there are more than two or three challenges, it comes to the age-old issue: which are the key ones, given limited resources?"

He says the medium-term

budget policy statement make it clear that there is no more new money. The challenge for business is thus to prioritise one or two action points, then assess the implications for the priorities lower down.

In that context, business has prioritised two challenges: infrastructure development and improving regulation.

## Infrastructure development

The NDP and the business sector agree that a new round of infrastructure to develop ports, roads, rail networks, airports and housing is needed to trigger a higher level of economic growth.

Spicer says it is also important to get the existing infrastructure running efficiently. "At the moment, we're constrained. We can't export all our resources, particularly coal, and our ports are among the most expensive in the world. So it's not just a funding issue, it's the efficient functioning of what exists and ensuring new projects are maintained and managed to run efficiently."

In terms of funding, business is pushing for more private-public partnerships. "PPPs are the right way to do things that are practically difficult. But you need clearly defined objectives as well as agreement and commitment from all parties."

## Improving regulation

The second priority identified by business is regulatory certainty. A focal point is the introduction of regulatory impact assessments (RIAs) to ensure regulations are cost-effective, that they achieve their defined goals and are checked for unintended consequences.

Spicer says business is pushing for two outcomes: to reduce the quantity of regulation; and increase the







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Vista Mining Solutions  
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capacity of institutions to oversee and enforce regulation, particularly over state-owned enterprises. "Bodies such as the Independent Communications Authority of SA need to be strengthened in capacity and independence. Politicians and business interests, whether public or private sector, should not be able to interfere."

In terms of the push for less regulation, Spicer says there is almost always existing legislation covering an issue but it is not being implemented. "We should rather interrogate why it's not working before just passing new laws." Often it is the capacity of institutions to enforce the existing legal framework that is the problem, rather than the legal framework itself.

Perspective is also needed. "If it's true, as the NDP states,

that small- and medium-sized enterprises, and their interaction with large businesses, have the potential to create the most jobs, then the government really has to create an environment for SMEs to flourish."

Spicer says the NDP sets out objectives against which every legislative move can be tested to see if it takes the country closer or further from those objectives.

#### Mobilising agent

The NDP has served a secondary, but very important function, says Godsell, and that is to act as a mobilising agent. A good example is the "first 1,000 days" call.

Research has shown that the first 1,000 days in a child's life are incredibly important for cognitive and emotional

development. Thus, a lack of adequate nutrition, shelter, family support and general emotional and cognitive richness can cause critical problems – and once past the 1,000 days, improved nutrition and a better environment do not act as corrective forces.

Tackling this issue raises problems, says Godsell, because some social goals straddle government departments. For example, the Department of Social Development is responsible for early childhood development and health, but the Department of Basic Education oversees education and provincial and local governments have various other responsibilities in this area. There is also a huge number of civil society organisations involved in childhood development as

well as crèches and informal caregivers. "So there is now a major attempt to form a coalition involving civil society organisations, all three spheres of government as well as different national government departments, and businesses, which will tackle the issue through their corporate social responsibility initiatives. The 1,000-day issue is bringing all those groupings together under a common goal."

A similar coalition has been formed under FirstRand's Sizwe Nxasana to improve the quality of education. The National Education Collaboration Trust has received R300m from government and is hoping to raise R5bn from business, says Godsell. It is targeting 4,000 schools involving about 2-million learners. Again, it

is bringing together national and provincial government departments, civil society organisations and business's corporate social investments. "They agree on a common set of objectives and will improve things school by school."

Godsell emphasises that for both coalitions – and indeed, in numerous other aspects of the NDP where similar initiatives are occurring – it will be a long process. "But it's exciting. It's the first national set of priorities in which all spheres of government, civil society and business are co-operating. And the areas they're tackling are areas among the most important aspects of the NDP.

"It's also exciting because we're moving beyond the rhetoric and finger-pointing to achieve a long-term, common vision." ■

## GIVING LIFE TO THE NDP

*Nedbank and Telkom are among many businesses already incorporating the NDP and aligning their long-term strategy with the plan, writes Colin Anthony*

**NEDBANK COMPLETED** its long-term vision, Fairshare 2030, prior to the release of the NDP. The commonalities were remarkable, and in the areas where it differed, the bank is now aligning its vision with the plan.

Fairshare's goals, says Nedbank chief governance and compliance officer Thabani Jali, is to shape a sustainable future for the bank and for SA.

In developing the vision, the Nedbank strategists looked at the central challenges facing South Africa. Priding itself on being the "green bank", they also considered wider environmental issues to shore up the plan's long-term sustainability. The bank incorporated into its thinking the Millennium Development Goals, the United Nations Environment Programme and the UN Framework Convention on Climate Change.

The process of aligning Fairshare with the NDP has not reached approval stage, so Nedbank is not disclosing details. However, the eight goals identified in the Fairshare framework, have much in common with the NDP. They are to:

1. Reduce the impact of climate change through carbon reduction
2. Enable sustainable and manageable levels of water consumption by securing water quality and access
3. Enable optimal employment opportunities
4. Enable access to energy services
5. Enable affordable access to clean water and sanitation (water security)



THABANI JALI

6. Enable sufficient levels of savings and investment to support growth and development
7. Enable optimal health outcomes
8. Enable optimal education outcomes

"We are revisiting the eight challenges and looking at how we need to do each differently in relation to the NDP," says Jali.

"While our eight goals preceded the NDP, the targets are aligned with it, and are relevant for the country and for our business as a bank," says Brigitte Burnett, Nedbank's head of sustainability. "They identify what we need to differently now for the future."

Jali emphasises the importance of the NDP framework. "It's a plan for where we'd like to end up. Business needs that and South Africa needs that. The NDP is a plan to take the country into the future; it looks forwards, not backwards." ■

**WITH FRESH FACES** at the top, including National Planning Commissioner Miriam Altman as head of strategy, Telkom is taking on the challenges presented by the NDP with relish.

The first challenge is to ensure that the company plays a meaningful role in broadband rollout, to promote growth, employment and poverty reduction.

Altman is also intent on ensuring fruitful things happen once infrastructure is installed, things that speak to the overall goals of the NDP. "If we roll out infrastructure but it doesn't get used properly, it's a waste," she says. "Just providing connectivity is ticking a box but achieving little."

That means addressing what end users do with it. So when connecting a school online, it means ensuring there are appropriate online resources to access as well as ensuring there is the expertise among pupils, teachers and principals to know what resources are available online, and to be able to access those resources and know how to use them. This concept can be applied in numerous other areas such as rural medical clinics and job-seeking centres.

Much of the resources could be cloud-based, where users access resources online. "This would enable users to rely on lower-end devices, and the main costs would be incurred by the state or companies," Altman

says. "This approach would give life to the aim of bringing down the cost of living and improving access to public services. It could also be hugely beneficial to improving access to services for small and medium enterprises."

The idea feeds into how broadband should be rolled out: "You need an outcomes-oriented approach emphasising the impact as opposed to one focused on ticking a box that inputs were delivered. So just installing pipes to schools to get them connected is wasteful if the school does not do anything with it."

Telkom is implementing this philosophy in an ambitious new project funded by the Department of Communications, and partnered with the Department of Basic Education. It is rolling out connectivity to 1,651 schools to get them online by February 2014. It is using a cloud-based platform and includes the provision of end-user devices.

The plan is to use the outcome of this project to expand the concept to other schools, and similar programmes can be implemented in other areas such as health care and post-matric education.

The goal is to change social outcomes, as envisaged in the NDP, and technology is creating opportunities that are yet to be conceived. ■





# WHAT ORGANISED LABOUR SAYS ABOUT THE NDP

CAROL PATON

BUSINESS DAY, WRITER AT LARGE

**ELEVEN-MILLION** more jobs, unemployment slashed from 25% to 6% and a dramatic reduction in inequality and poverty by 2030 are ideals with which no one in SA could disagree. Why then has the Congress of SA Trade Unions (Cosatu) been so vehement in its rejection of the National Development Plan, which promises these things?

The short answer is that Cosatu believes the NDP will fail.

Neil Coleman, Cosatu's strategies co-ordinator in the secretariat, says Cosatu's criticisms are not "a blanket objection" to the plan. It has reached an agreement with government and the ANC that only the areas of agreement will be implemented and contentious issues will be further thrashed out.

The objections, however are substantial, targeting the plan's rationale for how jobs will be created, the quality of those jobs, the economic strategy and what it perceives to be the undermining of the manufacturing sector.

In a thorough and detailed discussion paper on the plan written by Coleman, the economic policy section is pulled apart for being based on "mistaken assumptions" and for adopting a business-as-usual approach to the macro economy, which Cosatu has always argued needs a radical transformation.

Top of the list of criticisms is the job-creation model. The plan says that of the 11-million jobs it sees being created by 2030, 90% will be created by small and medium companies. This, says Cosatu,

*The first political objection is that the plan's economic policy emphasis ... implies that labour markets will be deregulated*

is highly unrealistic, given that trends show it is larger companies that have been responsible for most of the net job creation over the 10 past years.

Related to this is a political objection. Jobs in small companies, especially in the services sector – which is what the NDP identifies as the engine of job creation in the first 10 years – are likely to be low-paid and low-skilled. Part of the reason Cosatu's economic policy tends to focus on manufacturing and industrial jobs rather than ones in the services sector is that these tend to be higher skilled and better paid, fitting with its desire for "decent work".

"The SMME-dominated, low-wage employment strategy is very different from the decent-work policy mandate of the ANC and alliance, as well as economic policy documents of government," says Coleman.

Closely related to the plan's emphasis



NEIL COLEMAN

Photo: Business Day

on the services sector is its "neglect" of strategies to promote industrialisation. Cosatu has campaigned to secure industrialisation as part of government economic development policy, with some success. Since 2009, the Industrial Policy Action Plan has been devised by the minister of trade and industry, Rob Davies, and a new growth path strategy drawn up by the minister of economic development, Ebrahim Patel.

The NDP, Cosatu says, makes no mention of the industrial policy action plan in its 484 pages and only half-heartedly supports the idea of industrial policy.

While Cosatu argues that the emphasis on industrialisation will "alter the trajectory" of growth, the NDP, by contrast, "proposes strategies entrenching some of the worst features of the old growth path".

A third area of major criticism is macroeconomic policy, which Cosatu has long argued needs a radical makeover. Resolutions by the ANC at its 2012 conference for "a radical shift" in policy looked as if they might open this door, but the NDP negates that. The plan's vision for macroeconomic policy follows what has gone before, the federation complains, with fiscal constraints, floating exchange rates, a

focus on inflation and a policy of non-intervention in financial markets.

From these fundamental economic policy objections flow a range of political implications, which deepen Cosatu's opposition to the plan.

The first political objection is that the plan's economic policy emphasis – on small businesses and the rapid expansion of services-type jobs – implies that labour markets will be deregulated. For Cosatu, labour deregulation remains non-negotiable. Concessions for small and medium firms, it says, would "have the effect of undermining existing worker rights and promoting a new stratum of ultra low-paid, first-time workers, earning even less than low-paid workers are currently earning".

Cosatu's second set of political objections is over the commission's choice of a poverty measure of R418 a person a month, which it says is too low, and its admission that even if all the targets of the plan are achieved there will still be a large gap between the richest and the poorest.

At a recent meeting with the ANC, Cosatu secured its commitment to a joint resolution taking account of all its concerns.

The status of the plan, in Cosatu's eyes, remains ambiguous. ■

## WHY SERVICES MATTER

COLIN ANTHONY

**IN LOOKING** to promote employment in labour-intensive industries, evidence led the National Planning Commission to view domestic-oriented activities and the services sector as the most promising, says commissioner Miriam Altman.

She says some elements of the plan that are based on reality are being criticised because the reality may not be to their liking. "The NDP says that the majority of employment, between 70% and 80%, will be created in the services sector. This is the character of employment-creation globally. The NDP says 90% of jobs will be created by small and expanding firms. It wants the economy to be more enabling of business expansion, with an eye to credit and market access."

That, says Altman, was borne

out of research on global trends.

"The biggest growth in global trade is in services. Think about retail, housing construction, tourism and the thousands of small businesses in personal services."

Malaysia and Korea have both been successful in stimulating their domestic services sectors as part of their industrial mix, she says, and this could be a massive job creator for South Africa.

"The reality is that growth is in services. You can't put your head in the sand, it will be a missed opportunity."

It is important, Altman says, to understand the fundamental issue of South Africa's economy: the need to create jobs is paramount, but the cost of living is rising, therefore people are becoming poorer. "This is critical, and one of the goals of the NDP is to bring the cost of living down." ■





# Q&A

## TREVOR MANUEL

*National Planning Commission chairperson and Minister of Planning in the Cabinet Trevor Manuel speaks to Carol Paton about how the plan came about and the challenges of making it a reality*

### Where does the idea of the National Planning Commission come from?

**TM.** In the past, the planning function was tied into the budget function, but it's not always possible to deal with cross-cutting issues in the budget. So when cabinet was convened for this term of office, the president asked me if I would head a new planning function. The idea, at first, was based on the Indian model which would have seen a commission with about half a dozen cabinet ministers participating. But in discussions in the cabinet, the president suggested that it would be better to have commissioners drawn from outside government. He was concerned that the commission should be able to come at these issues without defending turf. He didn't want a situation where the ability of the commission to take an independent view should be in any way curtailed.

### And where did the vision come from ... the ideal of what sort of society you wanted to build?

**TM.** We didn't need to create a new vision or dredge it up from somewhere, it was there in the Constitution, to some extent fulfilled but largely unfulfilled and that is what we took as a starting point.

When we took the values

of the Constitution, the commitment made to improving the quality of life of every citizen and freeing the potential of each, we asked: can this find resonance in something we can measure? The two issues that popped out among all others were poverty and inequality. It was clear we would need a measure for each of those so they could be used as a touchstone for the output of the commission.

Now, if you construct a poverty line, then the commitment that you must make is that nobody must live below that line. Of course, in every country poverty lines are very hotly debated. So when all the technical work is put on the table, there is a negotiation not unlike a wage negotiation: government would like that line to be low; some of the non-government organisations would like it higher. So there is a negotiation and a settlement is reached.

(The commission recommended using a poverty line of about R418 per person per month in 2009 prices. This is based on a proposal from Statistics SA which takes into account the prices of a basket of food and other essential items.)

### And inequality?

**TM.** The inequality issue is a lot more complex. As people in a society accumulate skills, there are some skills that can lead to remuneration rising rapidly in a short space of time. So, with that, inequality grows. It is just

in the nature of the challenge we are dealing with, apart from the fact that in the early stages of development of a society, inequality always grows. But having a measure for it is nonetheless fundamentally important.

(The commission uses the Gini coefficient to measure inequality and set a goal of reducing this from 0.7 to 0.6 by 2030. This would be a "significant shift" but a high level of inequality would still persist by 2030, it says.)

### So poverty and inequality were the "problems" and the plan the pathway to tackling them?

**TM.** If you ask me about the broad thrust, what we did was to say: here is the constitution and we can drill down and then construct this place we have never been to, which is SA in 2030. It is prosperous, poverty is in the process of being progressively eradicated and the effects of apartheid and colonialism that have so scarred our society will over time be eliminated.

That is how we arrived at the nine challenges and through discussion and interactions with all sorts of people and groups out there we added four more. We debated those and thought that out of them all we needed to give priority to were jobs and education.

### Does the plan have an ideological stance?

**TM.** The short answer is no. The more complex answer is that the values of our Constitution are so shaped that we can't leave people behind... But you know, I find the debate on ideology in this country somewhat frustrating: we attach a label to what we think we are

and then the substance of the argument no longer matters.

The commission is diverse: there are people from business, people from trade unions and people all along the philosophical spectrum from Marx to Friedman. What we needed to do as a commission to hold or work together was to allow the evidence – harvested from research – to persuade us on what positions to take on what issues.

### So the commission did things from an evidence-based approach. But we have a ruling party that is ideologically driven and doesn't always value the evidence. How do you shift that way of doing things to an evidence-based approach?

**TM.** With great difficulty. And I have realised just how hard it is because so much of the way people argue and debate is to attach a label to something and then to pillory it. The result is that when they argue, they don't need data. But as the old adage goes: you have the right to your own opinion, but you don't have the right to your own facts. So we need to make the facts available so that people can deal with the debates around these things differently.

### So the plan is good, but how do you implement it?

**TM.** Yes. Right now the plan is flying at 10,000 feet; implementation requires us to drop right down to 3,000 feet. Then we would have a different granularity and a different set of timelines. So it is a process of moving from being a plan formulated outside government to one that government begins to take on.

That is the big challenge: in the commission we carry the ideas for somebody else. So our ability to tie up the NDP with the department of performance monitoring and evaluation and with transversal departments like treasury and the department of public service and administration becomes fundamental.







At a number of levels that relationship is working reasonably.

Implementation requires the ability to bring about measurable change. Measurement can be a big driver. But to do that you need data. So now we know where we want to go but we need to collect appropriate data.

To some extent work out of the department of performance monitoring and evaluation has made the instruments for measurement much sharper.

We are also finding that the experience of the Malaysian planning commission is very useful. Their approach is clear: everyone in an area of responsibility gets together and unpacks what is to be done. You leave the room only after weeks when everybody understands what their role is and what needs to be measured in performance.

#### **So what is the difference between government's policy making before we had the plan and after?**

**TM.** To give an example, when government and political party leaders say: "We must have a capable and developmental state," that is very different to the ideology which went before, which was, we need a developmental state and that is all. The school of government, for example, is part of that commitment. You have to take people and re-orient them and train them and build a focus on accountability.

One of the big problems in the public service is that there is aversion to change and innovation. So people will do things in the way they are comfortable until you have a change imposed from outside. That is something that depends on the quality of management.

So take the case of employment equity. In many of the smarter departments, people have been allowed to work their way through and out the system and as new appointments were made, there was then an emphasis on giving advantage to people who in the past were disadvantaged. But that requires a certain

maturity of management. When you take the same power and hand it to local authorities ... people got fired and replaced with others with no experience or competence. So it is difficult in a system that is as rules-based as the public service to get innovation right.

#### **You say there isn't an ideological stance in the plan and that it is evidence-based, why then is there so much political contestation over it?**

**TM.** Because some of the opposition doesn't like evidence. It is as basic as that and this is where I think we keep shooting ourselves in the foot.

What is the evidence? We have incredibly high unemployment. You can break it down by age, by geography. If you go out and speak to people who have jobs they will say to you: we make high wage demands, but I am not progressing. You ask why, they will say, well there are too many mouths to feed off my wage. If there were more jobs, then workers could raise their living standard. We need more jobs. That is the evidence and you can support it with a hell of a lot of data.

#### **But trade unions are clearly more interested in defending their members...**

**TM.** One can understand the psychology of insider-outsider and why people hang on to what they have got, but it is important to use evidence to break through that. And the bulk of opposition has not been to the general issues in the plan but it has been about the employment stuff. There are a couple of issues that the trade unions raise and then argue that the whole plan should be rejected. The youth wage subsidy is one of those. The other is that the document

doesn't call for the banning of labour brokers! But this is not a Numsa document.

The third issue they raise is that we insist that there be probation in employment contracts. They say they have won the right to do away with probations in wage bargaining, why do we want to bring it back? But the Labour Relations Act is clear about this: it says when you take people into employment, you can minimise the risk and provide softer conditions. It is in such areas where the opposition is. And as they say – throw the baby out with the bathwater.

It is also important to keep in mind that when people were nominated for the 25 places on the commission, all three of the nominations made by Cosatu were successful. That was out of a total of about 1,300 people nominated.

#### **In the ANC alliance meeting with Cosatu it was agreed that the economic chapter won't be implemented...**

**TM.** I'm not losing sleep about that. The point about all of the work is that now people can take a view on how it all hangs together. People can look at it and try develop an understanding of what is happening in the lives of people. You can, for instance, look at wages, then look at the parasites that sit leeching off the lives of working people in the form of micro-lenders. So we see a situation where workers' wage demands are increasing and the relationship between productivity and wages is being torn apart. But the quality of people's lives is not improving. It is trying to fix those things that should be the essence of political discourse.

If we want to live out what is articulated in the NDP by 2030 we must have an economy that is three times the current size. In the 18 years since 1994, the economy has grown 2.5 times. But increasing it from this level is going to take a monumental effort. But if we don't do that we will fail to create employment.

So we need to ask, what are the elements of that? What will our labour force need to look like? How do we utilise investment? In what kind of sectors can we grow employment and investment and why? These are the issues with which the economic chapter grapples.

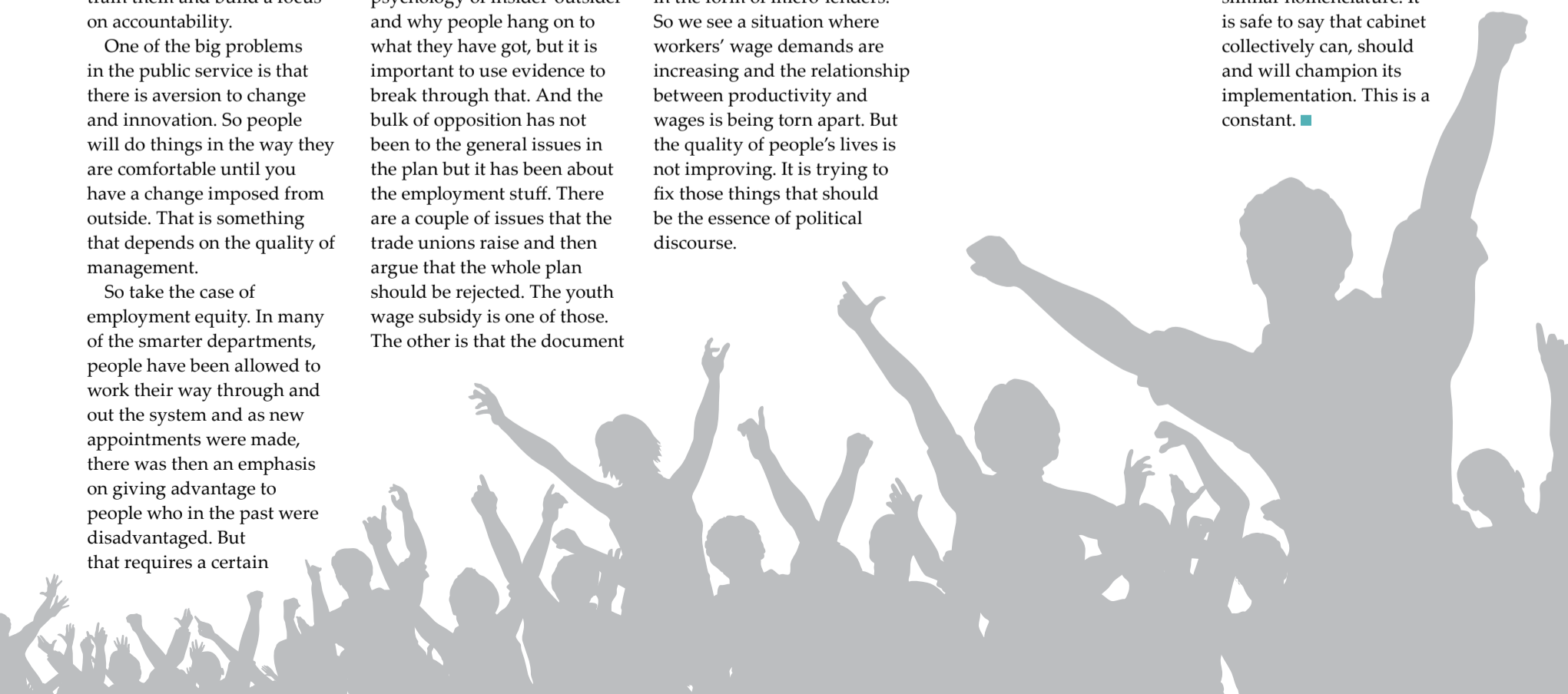
#### **You've given some indication you could leave government soon. What are your plans?**

**TM.** My broad approach is that the skills we have accumulated and acquired can't belong to us as individuals... I want to plough back. So part of what I want to do is spend time with young people and teach. And I do not think these ministerial jobs should be forever.

#### **While that is true, the plan will nonetheless need a champion.**

**TM.** We are long past individual ownership of the NDP. We have argued vigorously against the notion of a "Manuel Plan", or any similar nomenclature. It is safe to say that cabinet collectively can, should and will champion its implementation. This is a constant. ■

*It is safe to say that cabinet collectively can, should and will champion its implementation*







# QA

## SIZWE NXASANA

*Sizwe Nxasana is CEO of FirstRand, an executive committee member of Business Leadership South Africa and a founding trustee of the National Education Collaboration Framework Trust*

### Is it politically dangerous for business leaders to publicly support the NDP?

**SN.** I don't think so. Everybody has been critical of the lack of policy certainty in South Africa and the fact that there have been a lot of different plans from way back. The NDP plays a really important role in creating a vision for the country and where we want to be in 2030, which is the first time we have done that. For business as a constituency to support it is something to be applauded.

The only issue is whether business understands what the plan really means and says, and whether business has made substantive contributions in analysing the different aspects, detail and data that are in the plan. Currently the position from which business comes when it supports the NDP is very general and not based on evidence, research and analysis.

### What are the practical consequences of that?

**SN.** Let's just look at the economic part of the plan. Cosatu, for example, as a stakeholder representing large sections of labour in the country, has analysed the plan and has come up with areas which it criticises. Business in its different formations may have looked at pieces of it, for instance the banking sector has looked at areas where the financial services sector broadly can play a role in

supporting the plan.

However, when you dissect the plan and the critical areas it seeks to address, namely inequality, unemployment and poverty, business as a collective has still not gone to the appropriate level of detail of analysing the best way to address those. Therefore, there are gaps in the support of the plan. Business may be supporting a generic idea of one plan, but they have not fully examined whether they agree with the detail.

There is a lack of research and analysis capability in business associations. It is counter intuitive when you think about it, because you would assume business as a formation with its resources does have that capability, but the fact of the matter is I have not seen a cohesive analysis of the NDP that is evidenced-based. Organised business structures simply do not have research capabilities. We are reactive and even then we are probably less evidence-based than we should be.

Legislation that may come out of government has been influenced by policy debates way beforehand and it is too late for business to have an impact by the time that you have draft legislation on the table.

### What do you make of the apparent concession by the ANC to Cosatu that the economic chapter or parts of the economic chapter will not be implemented?

**SN.** I don't think the ANC is saying that the economic chapter will not be implemented, I think it is saying there

are valid points that are being raised by Cosatu in its critique of the plan that may require analysis or further research. I think Cosatu arguing from a position of labour and organised labour certainly identifies gaps or inaccuracies in the plan – in its assumptions, data, conclusions or recommendations.

The plan has largely received support from business; it has received qualified support from Cosatu as a labour movement, especially qualified in respect of the economic chapters.

### When you look at the pattern of growth over the past two decades, financial services has been the fastest-growing component of GDP, and the labour-absorbing areas of the economy have not been the ones that have grown. What did we do wrong?

**SN.** We did a couple of things wrong. In the past 20 years worldwide there has been a shift in skills that are required in developing economies from unskilled to semi-skilled and highly skilled labour.

The services sector has grown but the level of growth in the sector could've been better in terms of the absorptive capacity for labour. In banking and the ICT sector, arguably there are between 100,000 and 150,000 vacancies today; however, we could've grown even more had the country been able to produce the kind of skills that are required. And this applies to all sectors. Look at health, for example, from pharmacists to health technicians, right up to vets and doctors, we have major shortages.

Demand for education has grown over the years but the ability of universities and university of

technologies to produce the kind of skills that are required to grow the economy has fallen way behind. We have a shortage of something like 200,000 teachers today, especially in maths and science. Had business, labour, government and institutions of higher education anticipated and responded to that gap, the story would be different.

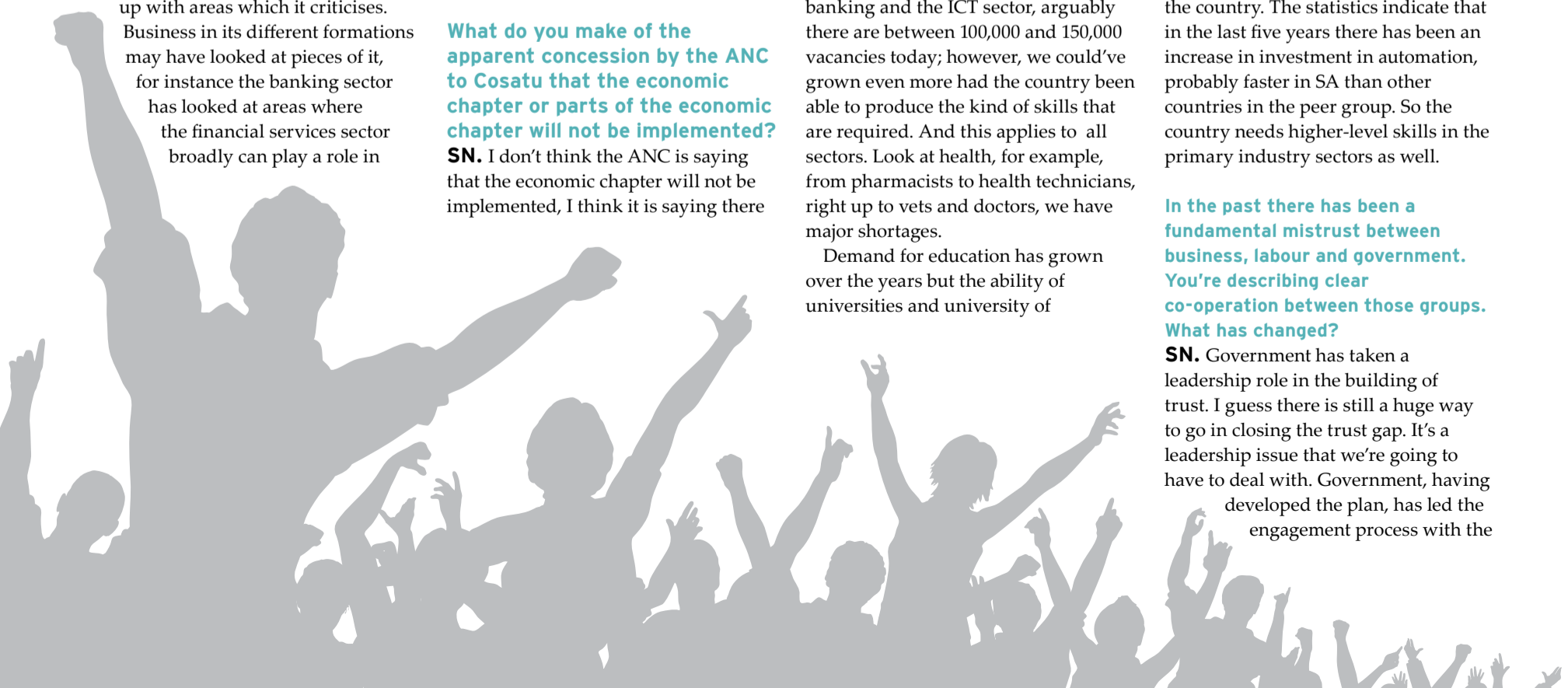
Now the Human Resources Development Council which includes government, business, labour and civil society, is developing an integrated human resources plan for South Africa which is looking at addressing the skills shortage. It's probably going to take five to 20 years to start producing people to fill the gaps. But at least we now know what the demands are and therefore the shortage in supply that we have.

### The plan acknowledges that the services sector is probably where the growth is going to be. Is this a global phenomenon that we're passengers on?

**SN.** Absolutely, but not just that. The country has also been slow even in the areas in the primary sectors where you need higher-level skills than we have in the country. The statistics indicate that in the last five years there has been an increase in investment in automation, probably faster in SA than other countries in the peer group. So the country needs higher-level skills in the primary industry sectors as well.

### In the past there has been a fundamental mistrust between business, labour and government. You're describing clear co-operation between those groups. What has changed?

**SN.** Government has taken a leadership role in the building of trust. I guess there is still a huge way to go in closing the trust gap. It's a leadership issue that we're going to have to deal with. Government, having developed the plan, has led the engagement process with the





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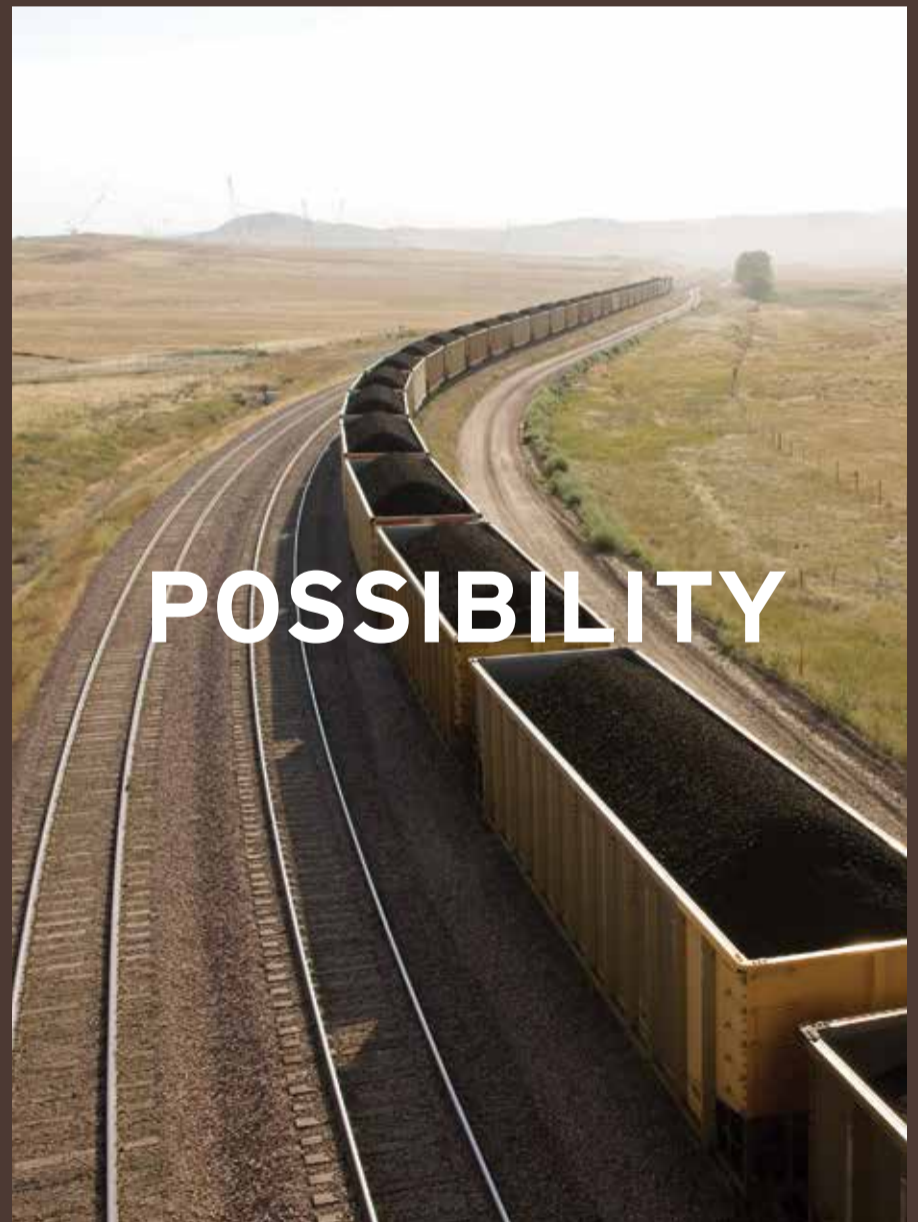
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social partners. That's why you see both labour and business having a lot of dialogue with the government.

We still need more business-to-labour dialogue at a strategic economic level beyond the factory floor negotiations.

as a business and there are elements where we can play a role as a bank. Just take infrastructure or health, for example. There are various aspects that shape our role, either as a corporate citizen or directly as a bank.

#### Doesn't the plan



#### How has FirstRand adjusted its planning in light of the plan?

**SN.** In a number of ways. We've been discussing our stewardship role in the country and it's clear we need to do more to address poverty, inequality and unemployment. We've always been doing things in social investment but in the context of the plan we've made adjustments.

Our involvement as a group at a system-wide level in education is a direct result of studying the objectives of the NDP.

Second, we've examined our role

#### provide an opportunity for businesses to be opportunistic, particularly when you look at specific infrastructure projects?

**SN.** Absolutely. Look at the chapter in the plan that talks about the green economy. That has driven significant growth in the banking sector's participation in the renewable energy projects over the last few years. There are the 18 strategic infrastructure projects and we've positioned ourselves to be an active player in those.

FirstRand and Rand Merchant Bank have been really good in structuring solutions for public-private partnership initiatives. We have a lot of expertise in that

regard so we are very well positioned.

The diversification of our economy from an export-led standpoint, given regionalisation, is also a particular area where the plan creates opportunities. Our growth into the rest of the continent takes into account the kind of trade relations South Africa has with those countries and how the plan will develop them. It's created policy certainty and business opportunities for us already.

#### So there is a sense that if businesses are not in tune with the plan they are going to be suboptimal in terms of their own planning?

**SN.** Absolutely, that's why companies must look at the plan. I would argue from a role we play as corporate citizens because it is important for business to contribute to a more sustainable environment in the long term. But there are certainly economic opportunities that the plan presents to business across the board, because it touches all areas of commerce, which must benefit any company. Therefore it is critical for business to understand the plan in detail.

#### But business has to be confident the elements of the plan are going to be delivered on. And there are reasonable grounds for business to think it won't make any difference. How much confidence is there?

**SN.** Confidence is there but also a fair amount of scepticism. But sometimes the scepticism is not founded on the facts. It is part of the trust issue. When you look at the commentary, it appears there is

*Government has taken a leadership role in the building of trust. I guess there is still a huge way to go in closing the trust gap. It's a leadership issue that we're going to have to deal with*

prevarication from government on the plan. But I don't think that is the case. There may be some people, even ministers, who may question aspects of the plan, but that does not mean the plan won't be implemented. If we cast doubt as business, we undermine the plan we say we are supporting.

People generalise and say the plan won't see the light of day because the unions are against it. That's not correct. Cosatu has not said it rejects the plan, but it has raised issues in the plan. There are affiliate members of Cosatu, in my view in the minority, who have rejected the plan.

#### Are you talking about Numsa?

**SN.** Numsa or others but the fact is they are in the minority. But that does not mean labour is against the plan.

#### It sounds like you are advocating for evidence-based lobbying positions with respect to the plan and delegitimising ideological lobbying positions. Is that fair?

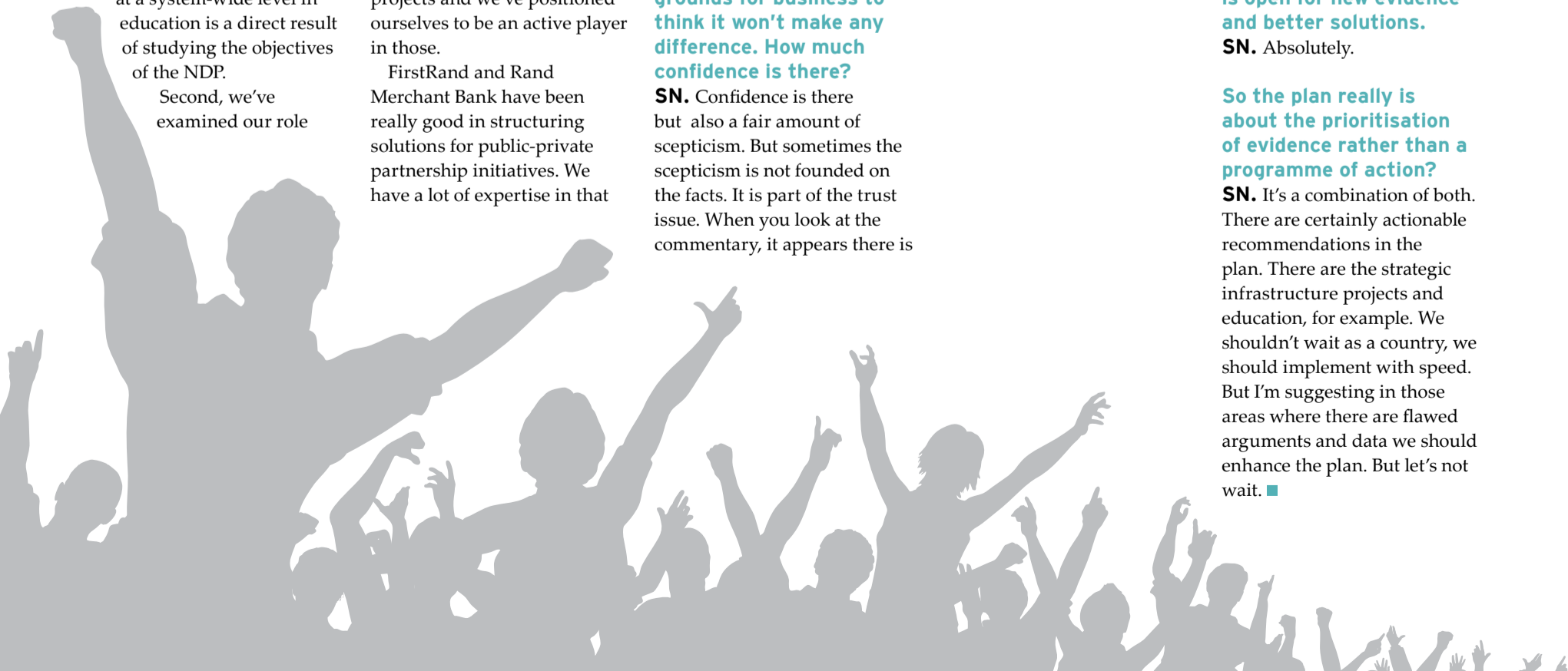
**SN.** Yes. The plan is a good one. It is extensive and integrated and touches all areas. It really does a good job of identifying the gaps and barriers in the country and offering the solutions.

#### So the solutions are on offer, but then the scope is open for new evidence and better solutions.

**SN.** Absolutely.

#### So the plan really is about the prioritisation of evidence rather than a programme of action?

**SN.** It's a combination of both. There are certainly actionable recommendations in the plan. There are the strategic infrastructure projects and education, for example. We shouldn't wait as a country, we should implement with speed. But I'm suggesting in those areas where there are flawed arguments and data we should enhance the plan. But let's not wait. ■



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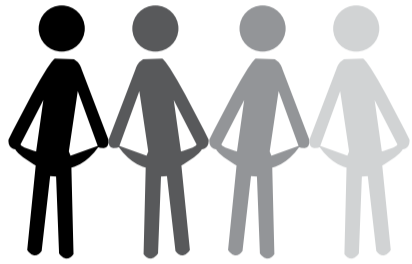
# DIAGNOSTIC

The first stage of the National Development Plan process was a diagnostic analysis of where South Africa is now. That led to a diagnostic report which set a basis for the rest of the plan. The commissioners had to start by identifying what needed fixing before they could design the corrective measures.

The diagnostic identifies the substantial progress made since 1994 but makes it clear that there is a lot of work to be done, particularly in education and employment. Here we illustrate the highlights.

## POVERTY

The proportion of people living below the poverty line was about:



**53%**

IN 1995

AND FELL TO

**48%**

IN 2008

## INEQUALITY

South Africa is highly unequal:

**RICHEST 20% EARNS 70% OF NATIONAL INCOME**



**POOREST 20% OF THE COUNTRY EARNS 2.3% OF NATIONAL INCOME**



## RACE-BASED INEQUALITY

Average incomes are substantially different by race group:



**MEDIAN EXPENDITURE PER CAPITA WAS R454 PER MONTH FOR AFRICANS**



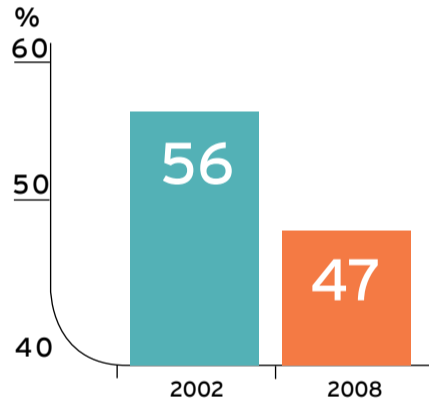
**AND R5,668 PER MONTH FOR WHITES**

## UNEMPLOYMENT

The unemployment rate stood at 23% in 2008

Poor households and the youth suffer most from unemployment

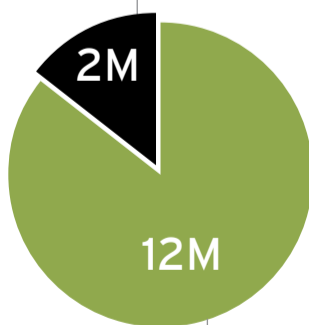
### UNEMPLOYMENT FOR 15-24 YEAR OLDS



## EDUCATION

Poor public education has led to a large group of school leavers that are not employable and the cost of training them is too high for businesses

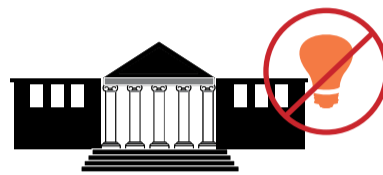
INDEPENDENT SCHOOL LEARNERS & TERTIARY STUDENTS



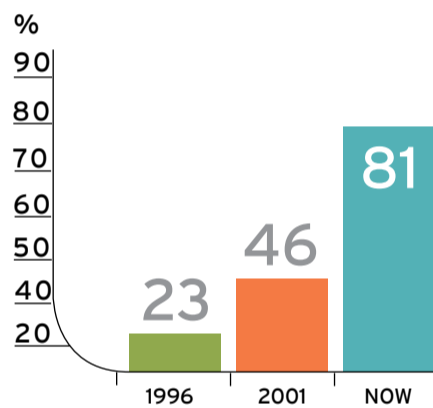
• Many learners drop out of school before completing grade 12

## EDUCATION

**IN 2006 THERE WERE 5,000 SCHOOLS WITHOUT ELECTRICITY AND SCHOOLS WITHOUT TOILETS**



### CHILDREN AGED 5 ENROLLED IN FIRST YEAR OF SCHOOL



• Teachers in African schools teach for an average of 3.5 hours a day, compared with 6.5 hours in former white schools

## ECONOMY

South Africa has missed a generation of infrastructure modernisation. Net capital formation fell sharply in the early 1980s and recovered somewhat only after 2003

South Africa's economy has been based on natural resource exploitation. This has shaped the location of its cities and has led to social fragmentation and exclusion

## HEALTH

**TOTAL DEATHS HAVE DOUBLED BETWEEN 1998 AND 2008**



1998



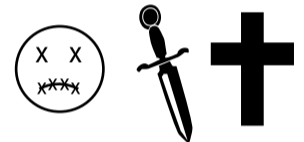
2008

## HEALTH



**SA HAS 17% OF WORLDWIDE HIV INFECTIONS**

**SOUTH AFRICA HAS 0.6% OF THE WORLD'S POPULATION BUT 17% OF HIV INFECTIONS AND 11% OF TUBERCULOSIS CASES**



**THE INJURY DEATH RATE FROM VIOLENCE AND ROAD ACCIDENTS IS NEARLY TWICE THE GLOBAL AVERAGE**

## CORRUPTION

**SOUTH AFRICA IS RANKED 54TH OUT OF 178 COUNTRIES IN TRANSPARENCY INTERNATIONAL'S CORRUPTION PERCEPTION INDEX**



The Special Investigating Unit estimates that 20%-25% of state procurement expenditure, approximately R30bn a year, is wasted through overpayment or corruption





MAKE  
THINGS  
HAPPEN



NEDBANK

MAKING

A SUSTAINABLE  
SOUTH AFRICA

HAPPEN

## Creating a brighter future through Fairshare 2030.

At Nedbank, we are committed to building long-term sustainability, not only for ourselves and our clients, but for our country as well. It is through our Fairshare 2030 strategy that we intend to make this possible. A strategy that seeks to successfully address the country's major social, environmental and economic challenges by the year 2030, in order to bring our vision - one that supports The National Development Plan - of a thriving South African future to fruition.



NATIONAL DEVELOPMENT PLAN 2030

# ECONOMY AND EMPLOYMENT

**THIS CHAPTER QUANTIFIES** all of the targets and goals for the South African economy and employment. The National Planning Commission has created a detailed and ambitious plan to create 11-million jobs by 2030 and thereby reduce unemployment to 6%. This chapter has been the target of much of the commentary around the plan, particularly from its labour critics.

To achieve the jobs target, the South African economy will need to sustain output growth above 5% a year, double the current levels of fixed investment and diversify the products we export and the countries to which we export.

Creating this many jobs – almost doubling the current workforce in less than 20 years – will require a concerted effort by all stakeholders in the economy, and will require compromises by labour, particularly in the early years of the plan. There will be pressure on wages while the country goes through a period of labour absorption. Unions will have to believe that government and business can create decent public services to supplement wages in these years. The social security, education and government capacity chapters are therefore important complements to this one.

The plan does depend on certain favourable economic factors beyond the country's control, such as a recovery in global commodity prices and stronger trade links across Africa. In the most optimistic scenario, South Africa is able to use global and regional growth opportunities to diversify its economy and drive trade within the continent.

If this scenario is realised, then all sectors of the economy can achieve strong output and employment growth. The vast majority of the new jobs will be created within the private sector, boosting tax revenues, bolstering the fiscus and creating a virtuous cycle of growth, investment and development.

If SA does not take advantage of favourable economic conditions, or if these conditions become bleaker, more of the proposed jobs will have to be supported and subsidised by the state, mostly through public works programmes. Such programmes will depend on increased tax revenues.

It is imperative that the state creates an enabling environment in which small businesses and entrepreneurs can thrive. The vast majority of the new jobs created are expected to come from small and growing businesses. Business in turn must take full advantage of opportunities to grow and employ more people. The plan also recognises that the services sector is likely to provide more job opportunities than mining and manufacturing.

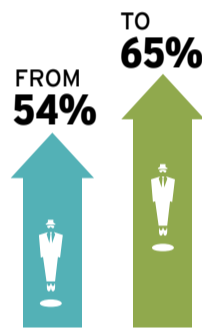
This chapter is arguably the most important one. Without a strong economy, many other goals are impossible. ■

## OBJECTIVES

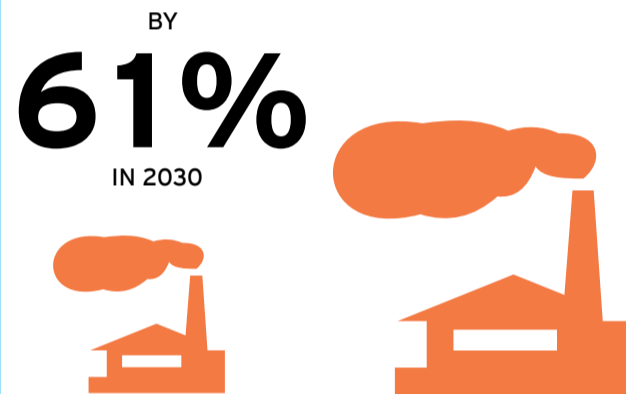
### DECREASE IN UNEMPLOYMENT RATE FROM:



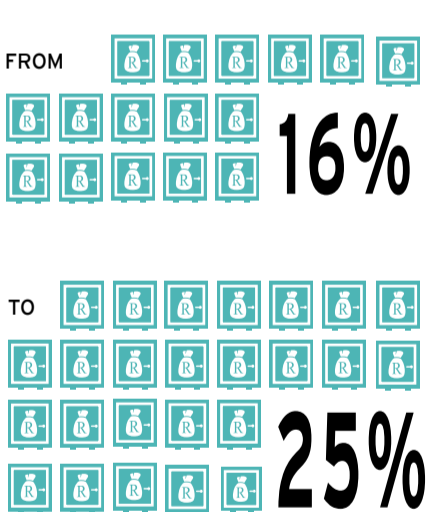
### LABOUR-FORCE PARTICIPATION RATE



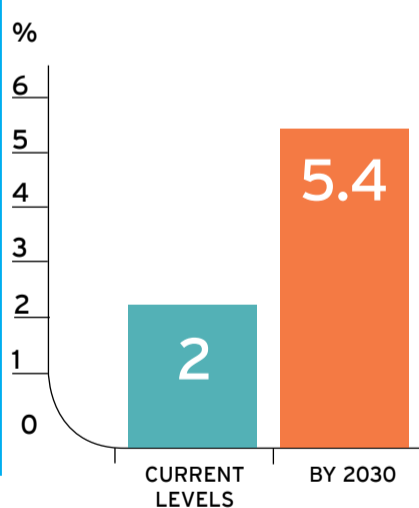
### INCREASE NUMBER OF JOBS



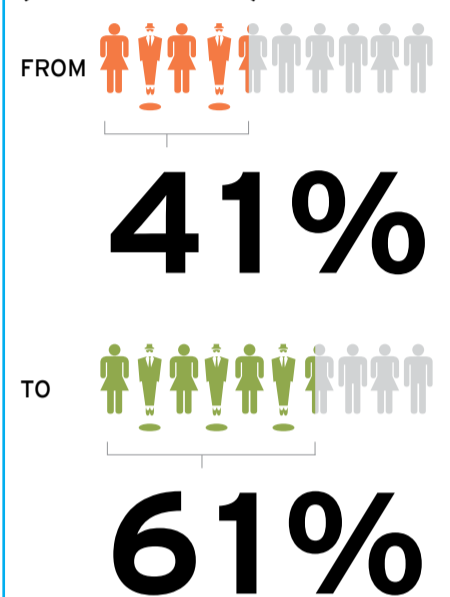
### INCREASE NATIONAL SAVINGS RATE



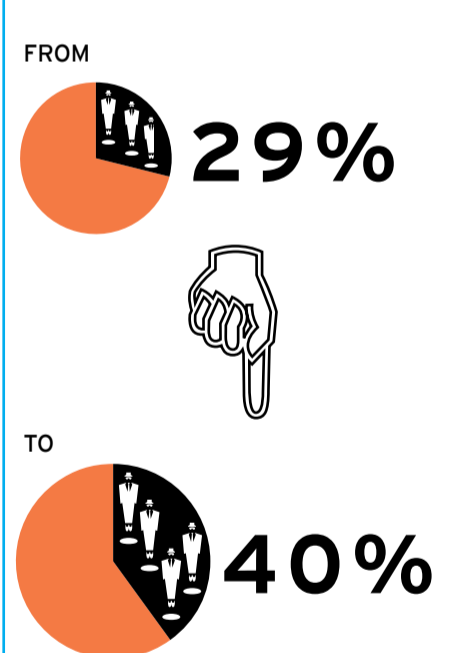
### GDP GROWTH TO RISE FROM CURRENT LEVELS



### INCREASE PROPORTION OF WORKING ADULTS (ABSORPTION RATE)



### INCREASE ABSORPTION RATE OF ADULTS IN RURAL AREAS



## STRUCTURAL FEATURES OF THE SOUTH AFRICAN ECONOMY

- The economic challenge we face is that SA is in a low-growth, middle-income trap, characterised by:
- Low levels of competition for goods and services
- Large numbers of work seekers who cannot enter the labour market
- Low savings
- A poor skills profile
- The first three characteristics are related to the oligopolistic nature of the economy. The dismantling of this concentration of market power is a necessary condition for transforming the economy

## THESE ARE STRUCTURAL CHALLENGES THAT SA SHARES WITH OTHER COUNTRIES

- The resource curse – difficulties in diversifying the industrial base, an overvalued and volatile exchange rate and resulting headwinds for other tradable goods
- Middle-income trap – slowdown in growth and difficulties in increasing per capita income
- Global economic downturn
- The youth bulge – increase in the working-age cohort can be a dividend or a burden
- The future of work – manufacturing is a smaller employer, work is becoming increasingly casualised with multiple employers, shorter working weeks and a non-standard package of benefits
- Resource-intensive economy – SA's economy is dependent on carbon-based fuels and the country will face challenges in reducing emissions. Furthermore, the country's fresh water resources are limited

**EXPORTS (BY VOLUME) TO GROW BY 6% A YEAR TO 2030  
NON-TRADITIONAL EXPORTS GROWTH OF 10% A YEAR**



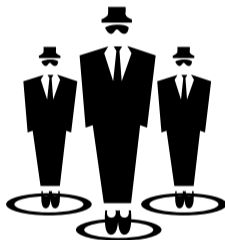
**GDP PER CAPITA TO INCREASE**



**PUBLIC EMPLOYMENT PROGRAMMES TO REACH 1m PEOPLE BY 2015, 2m BY 2030**



**REDUCING THE CONCENTRATION OF BUSINESS POWER IN THE ECONOMY**



**OTHER POLICY INTERVENTIONS**

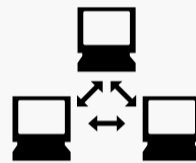
**REDUCE COST OF LIVING FOR THE POOR AND COSTS OF DOING BUSINESS**



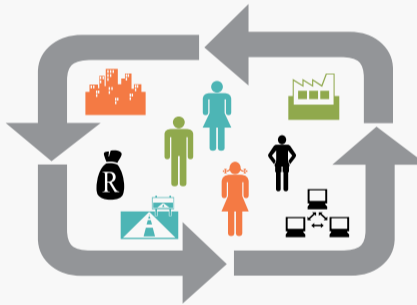
**SUBSIDISE AND INCENTIVISE THE HIRING OF YOUNGER WORKERS**



**POSITIONING OF SA TO ATTRACT OFFSHORE BUSINESS SERVICES**



**CREATE 'A DIVERSIFIED, DYNAMIC ECONOMY'**



**TOWARDS FASTER GROWTH**

- By 2030 South Africa should have a more diversified economy, with a larger export base and stronger domestic linkages
- The goal is to almost treble the size of the economy by 2030 to create another 11-million jobs
- A labour-absorbing growth path will rely on better infrastructure and this will require a higher ratio of fixed investment to GDP – by 2030 investment will be 30% of GDP
- South Africa will gain global market share of trade, and trade in services can play a large role in this

**SUMMARY OF THE ECONOMIC PLAN**

**Key proposals include:**

- Raising exports and keeping the currency at a competitive level
- Improving skills development
- Incentivising the employment of young, unskilled workers
- Raise savings and investment and reduce consumption through fiscal policy
- Increase competition in regulated sectors, broaden price regulation in natural monopolies
- Lower costs of transport and logistics, address historical spatial divides
- Strengthen the social wage to raise living standards of low-paid workers

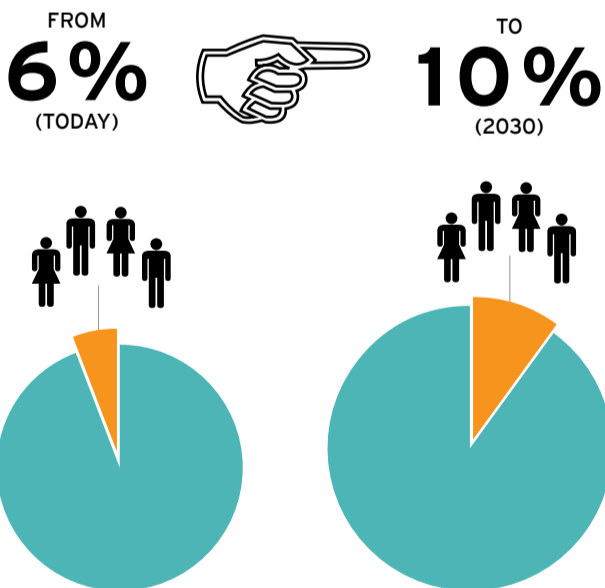
**KEY ELEMENTS FOR EMPLOYMENT CREATION**

- Creating an environment for sustainable employment and economic growth. This will be supported by incremental increases in the investment-to-GDP ratio and improved human development
- Promoting employment in labour-absorbing industries; 90% of new jobs will be created in small and growing firms, rural economic participation will increase and 1-million annual work opportunities will be created
- Promoting exports and competitiveness. Exports as a share of total GDP will increase and there will be greater diversity in the exports themselves and the export markets
- Strengthening the capacity of the government to implement its economic policy

**EMPLOYMENT SCENARIOS**

- The plan aims to create 11-million new jobs by 2030
- There are three scenarios for achieving this job growth: a baseline where the economy continues along the current trajectory, a scenario of improved global growth and solid infrastructure investment in South Africa, and a scenario of diversified, dynamic economic growth
- This third scenario is the targeted plan to create an economy that creates the largest number of sustainable jobs. It will require the full support of all other developmental arms of government (education, health, community safety and so on)

**PROPORTION OF INCOME EARNED BY THE BOTTOM 40% SHOULD INCREASE**



**GROSS FIXED CAPITAL FORMATION RATE TO RISE TO 30%**



**THERE ARE ALSO STRUCTURAL CHALLENGES SPECIFIC TO SOUTH AFRICA:**

- High levels of inequality and a relatively small market
- Skewed ownership and control of the economy
- Insufficient human development in education, health and safety
- Extreme pressure on natural resources
- An energy constraint that limits growth and industrialisation
- Spatial misalignment,
- poor planning of the built environment
- Distance from main markets, limited market access
- Implementation and co-ordination challenges

**AS A RESULT, SA NEEDS TO:**

- Balance its efforts on driving growth (tradable parts of the economy) and employment (non-tradable parts of the economy)
- Develop flexible human settlements
- Increase chances of work through support and access to retraining
- Support those in low-paying jobs (especially in earlier years) by lowering the cost of living
- Create an enabling platform so that people can respond to opportunities
- Grow the economy rapidly and spread opportunities in order to reduce the skewed ownership and control of the economy



NATIONAL DEVELOPMENT PLAN 2030

# ECONOMIC INFRASTRUCTURE

**THIS IS THE** second of the economic chapters and sets out a vision to be led by the large state-owned enterprises to develop infrastructure across the country. Various goals are set, including access to electricity, water, public transport and internet broadband. It also considers ways to manage conservation of these resources.

The plan tackles a number of issues that confront infrastructure development, particularly who should pay for it. The vision here is of the private sector and government working together to invest in infrastructure through private-public partnerships (PPP), a model favoured by business.

It also sees regulators as key roleplayers, where their role needs to

be to stimulate competition rather than suppressing activity. It sets specific objectives, many of them contained in government's special infrastructure programmes, such as massively increasing Durban's container capacity to manage the huge flow of exports envisioned in the plan and building a new coal line to the Waterberg. These projects integrate with increased transport capacity to Durban and increased electricity generation using coal from the Waterberg. The coal line is already being expanded in Lowveld-Mpumalanga, and that was in fact funded through a PPP.

Those and other infrastructure developments are crucial to the country's economic development.

At the moment, South Africa cannot export all the resources produced by mines, for example, because of inadequate rail and port capacity. The NDP says precedence should be given to infrastructure programmes that contribute immediately and practically to greater regional integration.

In terms of adequate energy supply to avoid disruptions to economic activity, transport and welfare, the NDP concedes that electricity prices will be higher in future, though it claims the costs will still be competitive with the country's major trading partners.

The plan envisages local authorities maintaining responsibility for ensuring affordable access to safe water and hygienic sanitation, but regional utilities

will step in where municipalities have inadequate capacity. And to ensure water supply continues to meet demand, it suggests large investments be made by a specialised public agency for water, possibly similar to the South African National Roads Agency.

Reducing demand is also an important aspect: current planning assumes a reduction in demand of 15% below "business as usual" levels in urban areas will be possible.

Some areas of this chapter are also controversial: it encourages the development of fracking to contribute natural gas to the energy mix, but it also strongly pushes for renewable energy investment, something that is already happening. ■

## ENERGY

### PROBLEMS/ CHALLENGES

- Many households cannot afford to pay for basic services (electricity, water, sanitation) and public transport
- Some municipalities are mismanaged or do not have the capacity to deliver services
- Some municipalities do not have adequate bulk infrastructure to supply services to all
- Some households use too much of the basic services, leaving others with little or nothing

### PROPOSALS TO IMPROVE REGULATION

- South Africa is very dependent on coal. Coal provides more than 70% of primary energy, more than 90% of electricity and a third of liquid fuels

- Due to coal dependency and historical underpricing of electricity, SA has a high degree of energy intensity and is a significant emitter of carbon dioxide.
- Adequate supply of electricity is a concern, and currently the reserve margin is very thin
- The quality of market competition and regulation has not been optimal

### THE ENERGY SECTOR: NOW

- Review current regulators to clarify their roles, strengthen accountability, update legislation and reform institutional design
- Explore further consolidation of regulators
- Establish a monitoring and evaluation unit in the Presidency that will undertake regulator impact reviews and provide advice and support to regulatory authorities

### KEY POLICY AND PLANNING PRIORITIES FOR THE ENERGY SECTOR

- Growth in coal exports must be balanced against domestic supply security
- Gas should be explored as an alternative to coal
- There must be a growing diversity

- in the mix of energy sources and the suppliers to the industry
- Municipal distribution must be improved
- Electricity pricing and access must be more in favour of the poor
- The timing and desirability of nuclear power and a new refinery must be considered

## NOW 2015 2020 2030

### INVESTMENT - GAS

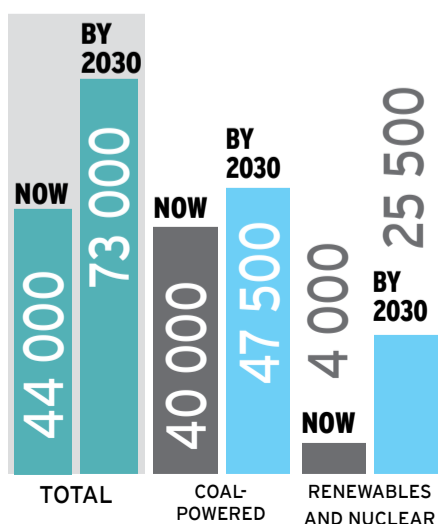
Develop West-Coast offshore gas. Promote investment in liquefied natural gas. Exploratory drilling for shale gas reserves

Liquefied natural gas infrastructure in place to power combined-cycle gas turbines

Extent of shale gas reserves will be understood. A mixture of shale gas and imports will supply a growing share of power production



## ELECTRICITY SUPPLY (IN MEGAWATTS)



### OTHER IMPORTANT FACTS ABOUT RENEWABLES AND THE NEW ENERGY BUILD:

- The NDP emphasizes the need for clear rules and a strong role for independent power producers (IPPs).
- All energy options are on the table, including gas, wind, solar, another nuclear power station and fracking. They have their pros and cons. Nuclear and fracking might be the most politically sensitive.
- The plan has some unknown variables. These include contracting power from southern African neighbours, the size of the contribution from IPPs, environmental concerns about coal, etc.

### ELECTRIFICATION FOR THE POOR

Approximately 80% of all South Africans will have access to electricity. Develop a sustainable national electrification plan. Ring-fence electricity distribution in 12 largest municipalities. Resolve their maintenance and refurbishment backlogs

At least 85% of all South Africans have access, with access to complementary energy sources. Pro-poor electricity tariffs will cater to more customers



At least 90% of all South Africans will have access to electricity

### PLUS

#### NUCLEAR INVESTMENT

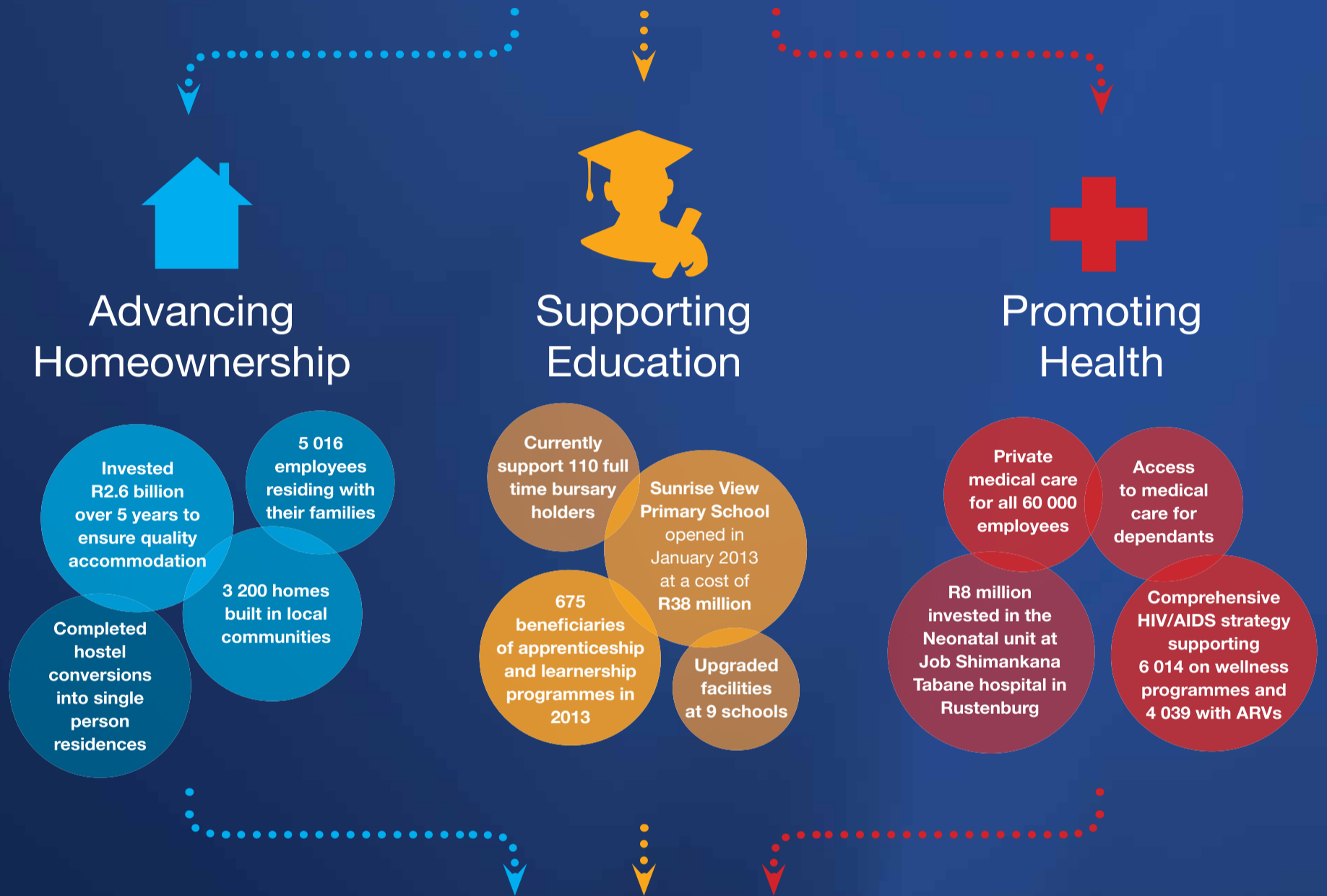
Further investigations into the potential for greater nuclear energy use



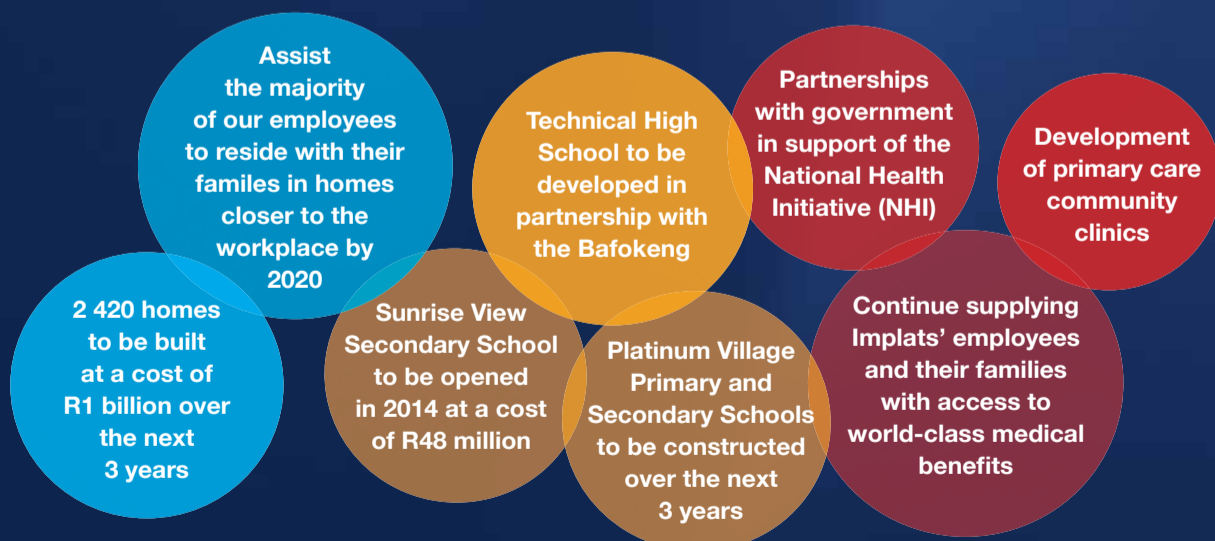
# Enriching Lives

through significant social investments

Implats has invested **R3.1 billion over 5 years** enriching the lives of 100 000 South Africans including 28 000 in our local communities



## Building sustainable communities for the future



Our social investment programmes not only focus on ensuring the viability of our operations, but also constructively contribute toward the long-term sustainability of our communities and the country as a whole. We believe in extending the positive impact of our social upliftment programmes beyond the life of our mining activities and we will continue to build on our relationships with government and our local communities to ensure benefit flows to all our stakeholders.



# WHAT SOUTH AFRICA

*If we plan and work together*

## THE ECONOMY

THE ECONOMY WILL BE

**3 times**

THE SIZE IT IS NOW

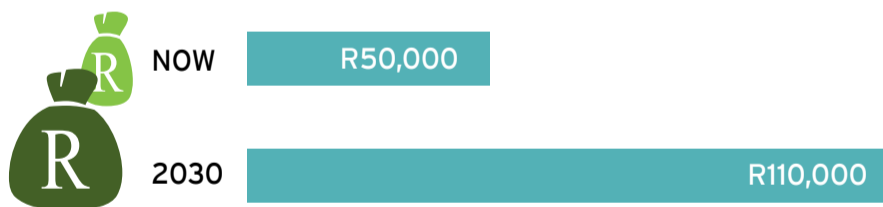


TO GET THERE IT WILL HAVE TO GROW BY AN AVERAGE

**5.4%**

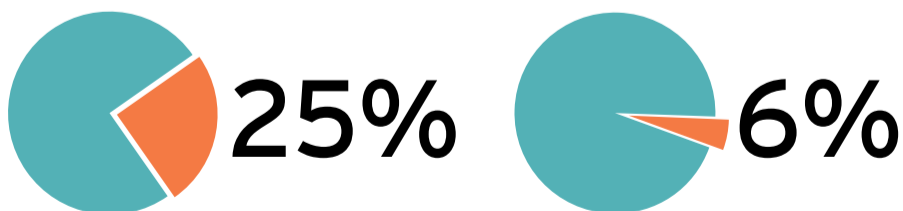
EACH YEAR UNTIL 2030

**EACH SOUTH AFRICAN WILL EARN ON AVERAGE MORE THAN TWICE THE PRESENT LEVEL**



**UNEMPLOYMENT WILL HAVE FALLEN**

FROM TO

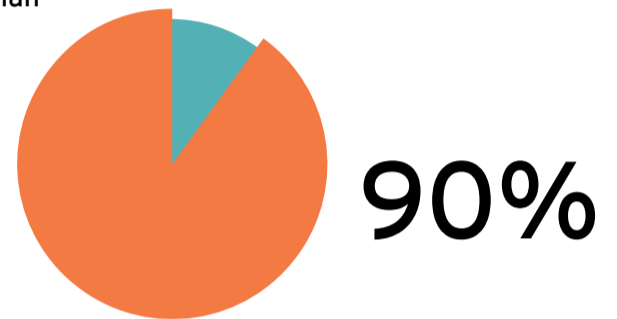


## INFRASTRUCTURE



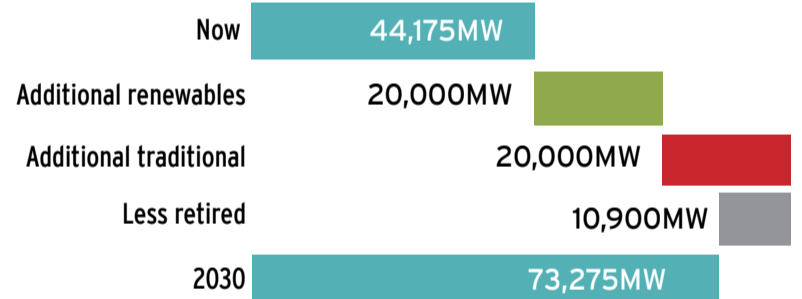
**ELECTRICITY** WILL BE RELIABLE

More than



Of South Africans will have access to electricity (with the rest accessing other power sources)

**INSTALLED GENERATING CAPACITY:**



**100%** BROADBAND PENETRATION

## ENVIRONMENT

SOUTH AFRICA WILL **cut** CARBON EMISSIONS, REMAIN A **net exporter** OF AGRICULTURAL PRODUCE AND MAKE SIGNIFICANT STRIDES TOWARDS BECOMING A ZERO-WASTE SOCIETY



**PLUS: SPACIAL DEVELOPMENT** Upgrade informal settlements, provide better transport and bring jobs and people closer

# WILL BE LIKE IN 2030

*Highlights from the goals of the National Development Plan*

## RURAL ECONOMY

### TOTAL AGRICULTURAL LAND (IN HECTARES)

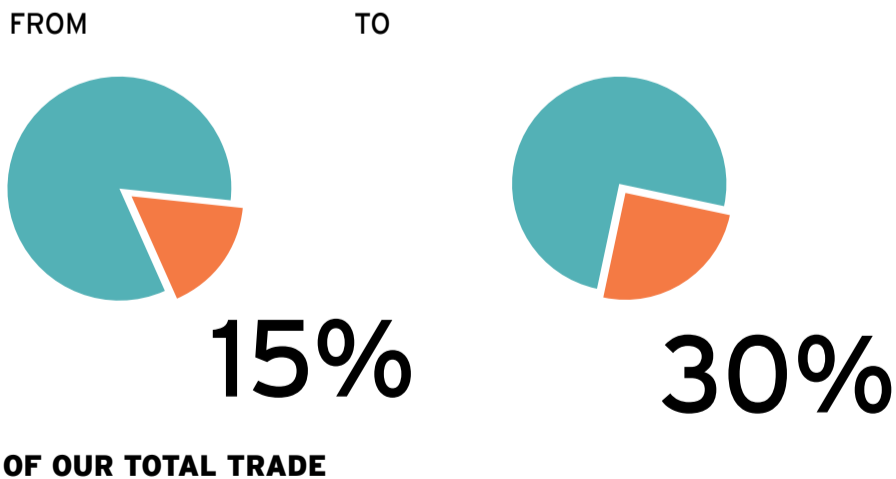


**1-million** NEW JOBS WILL BE CREATED IN AGRICULTURE (OUT OF THE TOTAL 11-MILLION NEW JOBS)

## SOUTH AFRICA AND THE WORLD

### TRADE

WITH OUR REGIONAL NEIGHBOURS WILL INCREASE



## EDUCATION



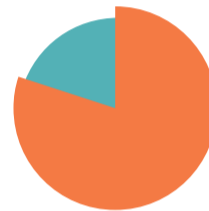
In grades **3** **6** **9**

**90% of learners**

Must score **at least 50%**

In **Literacy** **Maths** **Science**

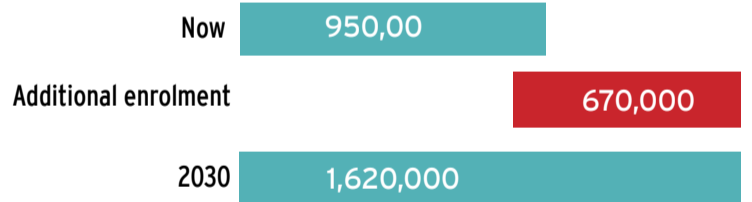
**80%**



Of learners must complete 12 years of schooling

PRODUCE **30,000** ARTISANS A YEAR

UNIVERSITY ENROLMENT MUST INCREASE BY 70%:



## HEALTH

AVERAGE LIFE EXPECTANCY AT BIRTH WILL BE

**70 years**

REDUCE INJURY, ACCIDENTS AND VIOLENCE BY

**50%** FROM 2010 LEVELS



**SOCIAL PROTECTION** No one will live below a poverty line **SAFETY** Everyone will feel safe under an efficient police service

**UNITY** Know the constitution and at least one indigenous language





## Because we know what it means to you, we're here for you to prosper.

People across South Africa have been telling us what to prosper means to them. As you can see, everyone has their own definition. Invariably, it's about more than money. It's about wanting a better life, one that tells a story of substance. We understand. That's why, at Absa, the products we offer, the services we render, the loans we make and the advice we give are not just there to help you live, they're here for you to prosper.

What does 'to prosper' mean to you? Please visit [absa.co.za/prosper](https://absa.co.za/prosper) to let us know.



**ENERGY**

NOW  
**2015 2020 2030**

**POLICIES AND STRATEGIES**

<p>Develop a national coal policy and investment strategy. Pass the Independent System and Market Operator Act. Amend the National Energy Regulation Act and the Electricity Regulation Act</p>	<p>Not determined</p>	<p>Energy sector promotes economic growth and development Social equity with expanded access to energy at affordable tariffs and subsidies for the needy</p>
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**POWER STATIONS AND RENEWABLE ENERGY BUILD**

<p>Medupi (coal), Ingula (pumped storage) and at least 3,725MW of renewables</p>	<p>Kusile (coal) and at least 7,000MW of renewables (mostly from IPPs)</p>	<p>More than 20,000MW of renewable energy will be contracted</p>
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**INVESTMENT - COAL**

<p>New heavy-haul rail corridor to the Waterberg coal fields (Limpopo). Increased investment in the central coal basin and coal line to Richard's Bay. Exploratory drilling for coal</p>	<p>Coal rail capacity to reach 91-million tonnes at Richard's Bay</p>	<p>Further investment in rail and port capacity. Cleaner coal technologies will be promoted. The full extent of economically recoverable coal will be understood</p>
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**TRANSPORT**

NOW  
**2015 2020 2030**

<p>Consolidation and selective expansion</p>	<p>Focus on transit-led growth, establishment of regional transit authorities</p>	<p>Mid-life upgrades and refitting of transport systems</p>
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**ICT**

NOW  
**2015 2020 2030**

<p>Full policy review for the sector. Review should include plans for spectrum allocation, and strategies for universal internet access, e-literacy, skills development and capacity building</p> <p>Develop strategy for local loop</p> <p>Make sure regulators are fully resourced</p> <p>Facilitate development of high-bandwidth backbone networks</p>	<p>Extend broadband penetration - target of 100% by 2020. Minimum connection speed probably 2MB/second</p> <p>Benchmarking SA's performance. SA should aim for the top 25% of middle-income country rankings, also to regain #1 position in Africa in terms of cost and quality of ICT services</p>	<p>Ongoing e-strategy implementation and refinement</p>
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**WATER**

**MANAGING WATER RESOURCES: THE CHALLENGES/CURRENT PICTURE**

- More effective administration is needed. There is a need for strong, coherent policies and legislation, guided by the national department. Proper management at the local level is crucial, however, for effective delivery
- Management of water resources must evolve and adapt to changes in the country's socioeconomic development and in the physical resources themselves
- There is an urgent need to protect certain resources, particularly those in Gauteng and Mpumalanga that face challenges from development and coal mining respectively

**THE SOLUTIONS**

- Establish a national water-resources infrastructure agency to manage large regional investments
- Reduce residential demand by an average of 15% below baseline levels in urban areas by 2030 and manage agricultural use better. The farming sector will have to increase its efficiency in water usage. All demand-reduction programmes (for all categories of users) will be supported by government
- Investigate water reuse and desalination, particularly in municipalities where there is more scope for water recycling

**KEY POLICY ISSUES**

- Enhanced management capacity will be needed for water resources
- Institutional arrangements for water-resource management must be finalised, specifically the number of water-management areas, participation mechanisms for users, and the development of major infrastructure
- A review of water allocations is needed in order to curb the growth of illegal use and eventual abuse of the resource
- Strategic planning for economic and social development is needed in the water management of specific areas in Mpumalanga, Limpopo and Eastern Cape
- The use of water as an economic resource (ie, when sold for cost recovery or profit) must be balanced against ensuring that all people can afford access to basic water services

NOW  
**2015 2020 2030**

**POLICIES AND STRATEGIES**

<p>National water-resource strategy tabled and approved by end-2012.</p> <p>Water-resource management must be defined by end-2012</p>	<p>Rollout of a national water-conservation and demand-management programme</p> <p>Establishment of a national infrastructure agency (both proposed)</p>	<p>All South Africans will have affordable access to sufficient, safe water and hygienic sanitation</p>
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**IMPLEMENTATION**

<p>Water-resource management must be implemented by 2015</p>	<p>Measure of targets for water-conservation and demand-management (2017)</p>	<p>Measure of targets for water-conservation and demand-management (2022)</p>
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**INFRASTRUCTURE**

<p>Regional infrastructure investments and bulk-water supply programmes must be defined by end-2012</p>	<p>Western Cape water re-use/groundwater projects (by 2017) Lesotho Highlands Project Phase 2 (by 2020)</p>	<p>Augmentation of KwaZulu-Natal Midlands projects (by 2022)</p>
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## NATIONAL DEVELOPMENT PLAN 2030

# ENSURING ENVIRONMENTAL SUSTAINABILITY AND AN EQUITABLE TRANSITION TO A LOW-CARBON ECONOMY

## THIS CHAPTER IS

is key to the vision of sustainability development and the drive towards a low-carbon economy. Here specific interventions are considered to ensure that the development of South Africa's natural resources is done in a sustainable way. The chapter also encourages better development of recycling infrastructure with the aim of

South Africa becoming a zero-waste society.

One clear idea is the development of carbon markets and pricing. This has been a major effort in other countries, such as those of the European Union. By putting a price onto carbon emissions, the idea is to encourage efficiency. And the NDP says international best practice shows that adequately pricing greenhouse gas

emissions is one of the most effective ways to get polluters to change their behaviour.

The challenges of South Africa moving to a low carbon economy and society are more severe than most countries. It has an abundance of coal, its mines demand high levels of energy for their mineral production and a key factor will be delinking economic activity from environmental

degradation and carbon-intensive energy. At the same time the country has to remain competitive while reducing unemployment and poverty.

The NDP concedes that more work is needed to achieve an efficient transition to a low-carbon economy, and that new and innovative policy approaches will be required. But it emphasises that the costs of proactively building

a just, low-carbon economy and society will be far lower than the costs of an unplanned response.

While the responsibility for the transition should be borne by all stakeholders, the state is envisaged to play a key role in managing and facilitating the transition, while it will also have to develop the skills and institutional capacity to support the transition. ■

## THE CURRENT PICTURE/CHALLENGES

- South Africa, as a developing country, is at greater risk of damage to the environment because of resource extraction and the vulnerability of the poor
- Our heavy reliance on coal has resulted in high carbon emissions
- There is great potential for growth in

renewable energy, but solar and wind energy are comparatively expensive

- Past consumption patterns have been at the expense of the poor. Environmentally sustainable development must also be economically and socially sustainable

## VISION 2030

- Co-ordinated planning and investment to provide access to proper housing and basic services
- The development of adaptation strategies, including disaster preparedness, investment in sustainable technologies and conservation and rehabilitation programmes
- Progress to becoming a zero-waste society, through investment in consumer education, green product design, recycling infrastructure and waste-to-energy projects

- Growth in the renewable energy sector
- A greater role for the local manufacturing sector in renewable energy technologies
- A reduction in carbon emissions in line with South Africa's international commitments
- Stronger policy and regulatory frameworks for land use
- Development of new agricultural technologies and support for small-scale and rural farming to ensure that South Africa remains a net exporter of agricultural goods

## STEPS TOWARDS THE VISION

### Sustaining South Africa's ecosystems and using natural resources efficiently

- Reduce the carbon footprint and economic costs of transport for the urban poor
- Encourage a holistic approach to low-cost housing developments

- Ensure compliance with environmental requirements in building regulations
- Implement a waste-management system as per the National Waste Management Strategy
- Implement stepped tariffs for water and electricity so as to promote their conservation

## RECOMMENDATIONS

- The National Treasury, Department of Environmental Affairs and the South African Local Government Association should work together to develop and implement environmental performance indicators for local government
- The Department of Energy and Eskom should work with the South African Local Government

Association, the South African Cities Network, the South African Photovoltaic Industry Association and financial institutions to refine incentives for rooftop solar power

- The Department of Energy should address delivery in rural settlements by expanding the use of renewable energy in off-grid electrification

## RESPONDING EFFECTIVELY TO CLIMATE CHANGE: MITIGATION

- South Africa has recognised the need to reduce carbon emissions and has stated its intentions to move to a low-carbon economy. The National Climate Change Response White Paper clarifies

these ambitions. The government has identified two instruments to be used in this strategy: carbon pricing and the carbon budget approach

## A CARBON BUDGET

A carbon budget sets the amount of carbon that can be emitted in a given amount of time. This is benchmarked against the national greenhouse gas (GHG) trajectory range. The timeframe for such an approach would need to be until 2050



### A carbon budget would be:

- Based on a sector-by-sector analysis that would balance the economic and development needs of the country against the costs of mitigation in the various economic sectors
- Cumulative in nature and subject to regular review, allowing for adjustments
- Implemented incrementally, starting with sectors with the greatest mitigation potential
- Aligned with international standards and supported by adequate government capacity

### CARBON TAXES

Carbon taxes have been accepted in principle as a mechanism for establishing a domestic price for carbon. There are a number of issues to be considered before such a tax can be implemented:

- The impact of a tax on sectors with limited flexibility in their emissions (such as cement and refining) and energy-intensive industries constrained by the national energy mix (mining and minerals)
- The extent to which the impact of a tax will be directly passed on to consumers
- The need for a conditional exemption in the electricity sector that can be phased out
- The cumulative economic impact of such a tax

### PROPOSED INTERVENTIONS AND POLICIES:

- The Department of Energy and the Department of Public Enterprises are to provide leadership in the sector, establishing an independent systems and market operator
- National Treasury will implement a carbon-pricing strategy (in consultation with other stakeholders)
- National Treasury and the Department of Environmental Affairs will develop the regulatory framework for a domestic market in carbon offsets
- National Treasury, the Department of Economic Development and the Department of Energy will facilitate public- and private-sector investment in renewable energy
- National Treasury will use fiscal instruments to subsidise research and development and the Department of Trade and Industry will support product development and marketing
- The Department of Transport will support and incentivise improvements in vehicle efficiency, fuel standards and integrated transport planning



ENVIRONMENTAL SUSTAINABILITY

NOW

2015

2020

2030



*Creation of an evidence base for South Africa's emissions profile*

*South Africa's mitigation commitment is defined*

*Carbon-pricing mechanisms are in place*

*South Africa takes strong action in global negotiations to promote a low-carbon economy*

*Investment and assistance for climate-related research*

*Development of technical skills and policy capacity to support a low-carbon economy*

*National recycling strategy is delivering reductions to total waste volumes*

*Forums for regional co-operation are used to address environmental and climate-change issues*

*Two further integrated resource plans for electricity are complete*

*Land, agriculture and water policies and strategies are regularly reviewed*

*Public investment is channelled into new technologies for commercial farming, and support for small-scale/rural farmers*

*Development and marketing of niche products*

*Comprehensive reporting on carbon emissions and environmental performance*

*Introduction of carbon-pricing has been completed and assessed*

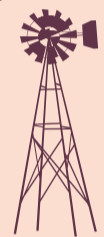
*Medium-term adaptation strategies are being piloted and implemented*

*Carbon-budget approach has evolved, informing ongoing policy development and implementation*

*Culture of energy efficiency in society is well established*

*Regional co-operation frameworks are in place*

*Land-agriculture and water development strategies provide a basis for sustainable rural regeneration*



*The state is well capacitated and able to manage its policy, regulatory and support functions*

*Transition has been aligned with efforts to address poverty and inequality.*

*Various incentives and policies have catalysed private investment in mitigation and adaptation activities*

*Investment in low-carbon, climate-resilient infrastructure has allowed South Africa to export and profit from technologies*

*Review of the roles and institutional arrangements in the Climate Change Response White Paper. Development of the processes and systems needed to fulfil their mandate*

*Establishment of an independent Climate Change Centre*

*A regulatory framework for land use is in place*

NATIONAL DEVELOPMENT PLAN 2030

AN INTEGRATED AND INCLUSIVE RURAL ECONOMY

THIS CHAPTER CONSIDERS

the global urbanisation trend that has affected South Africa just as much as fast-growing countries such as China and India. It also promotes an integrated and inclusive rural economy.

Across Africa there has been major migration into cities where people perceive greater opportunity. It aims to address the "urban bias" that can arise in public policy by ensuring that those who live and work in rural areas are properly included in South Africa's development.

Agriculture, as the primary economic activity in rural areas, is the main focus of the chapter, with an eye on creating opportunities that will address rural poverty. The driving force will be an expansion of irrigated agriculture, supplemented where feasible by dry-land production.

The NDP concedes that a major risk to its rural programme is that tenure

security for black farmers in the communal areas under the land reform programme will not be adequately addressed. It proposes the Land Bank be used to support land purchases as well as provide post-settlement support. A stepped programme of financing, it says, would address most financing problems of land-reform beneficiaries.

A second risk to land reform is that government spending on infrastructure and general farmer support services will not target the small-scale farmer.

Services such as health care and education are key to giving people in rural areas the opportunities to find employment. Land reform can be tied to job creation by making more land productive.

The plan also envisages better interaction from different spheres of government to ensure that public service provision and governance in rural areas is strong. ■

THE CHALLENGES

*The main challenge for rural development has been the marginalisation of the poor. Addressing this has required changes in access to resources and improved rural infrastructure*

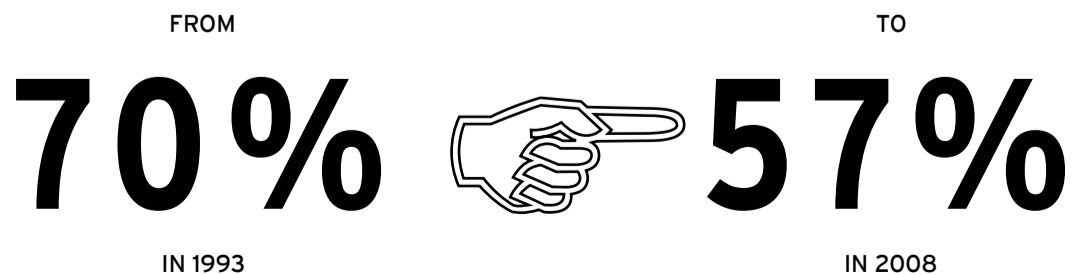
*Access to basic services has increased, but at a slower pace than in urban areas*

*Rural areas are still characterised by great poverty and inequality*

**7.2M**  
*hectares of agricultural land has been redistributed since 1994, and 95% of 79,696 land claims lodged since 1994 have been settled*

PROGRESS HAS BEEN MADE:

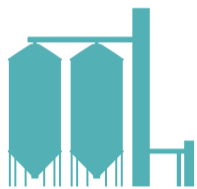
*The rural share of poverty fell*





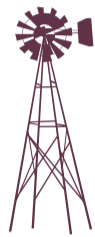
**VISION 2030**

- By 2030, rural communities must have better economic, social and political opportunities
- People should have access to high-quality basic services, and rural economies will be supported by agriculture, mining, tourism, agro-processing and fisheries
- There will be better integration of rural areas, achieved through land reform, infrastructure development, job creation and poverty alleviation
- Access to social and infrastructure services is a high priority. These are addressed in Chapters 8 and 11



**WHAT NEEDS TO BE DONE**

- Agricultural development based on successful land reform, employment creation and strong environmental safeguards. There must be an expansion of irrigated agriculture and dry-land production to achieve this
- Quality basic services, particularly education, health care and public transport, must be a priority
- Where possible, agro-processing, tourism, fisheries and small enterprise development should be developed



**MAKING LAND REFORM WORK**

Land reform will unlock the full potential of the agricultural sector. The NPC's proposed model for land reform is based on the following principles:

- Enable more rapid transfer of land to black beneficiaries without distorting markets or affecting business confidence
- Ensure sustainable production by prioritising skills and capacity before transfer. Incubators, learnerships, mentoring, apprenticeships and accelerated training will all support this
- Establish monitoring institutions to protect land markets
- Align land-transfer targets with fiscal and economic realities to ensure successful transfer
- Offer commercial farmers and organised industry bodies the opportunity to contribute to land reform through mentorships, value-chain integration, preferential procurement and skills transfer

**PROPOSED MODEL OF LAND TRANSFER**

Every district municipality with commercial farming land should convene a committee (the District Lands Committee) with all key stakeholders, including landowners, the private sector, government and government agencies. This committee will be responsible for identifying 20% of the commercial agricultural land in the district and giving commercial farmers the option of assisting its transfer to black farmers. This will be done as follows:

- Identify land readily available that will not result in market distortions, including land in the market, land held by farmers under financial pressure, land held by absentee landlords and land in a deceased estate
- Subsequently, the land would be bought by the state at 50% of market value. The shortfall is to be made up by cash or in-kind contributions from farmers in the area
- In exchange, commercial farmers will have their land protected and will gain black economic empowerment status
- A stepped programme of financing will be created. The cost of land reform will be borne by all stakeholders. There could also be new financial instruments to facilitate land reform

**DEVELOPING NON-AGRICULTURAL ACTIVITIES**

Apart from agriculture, there are a number of industries and sectors that can support rural development. They are not without their limitations

- Mining can contribute strongly to job creation and the development of local economies, but more work is needed to identify mining value chains and spatial development inequality
- There are some opportunities in agro-processing, although the sector is highly centralised and vertically integrated. Most of the value chains exclude small, new or black farmers. One option may be for new farmers to engage with established businesses or to form co-operatives
- The fishing industry is important for subsistence and employment but there is limited scope for growth

# AGRICULTURE

**AGRICULTURE HAS THE POTENTIAL TO CREATE CLOSE TO 1 MILLION NEW JOBS BY 2030**

To achieve this, SA needs to do the following:

Expand irrigated agriculture - the 1,5-million hectares under irrigation could be expanded by at least another

**500,000**  
HECTARES



**TO**  
**2-MILLION**  
HECTARES

- Cultivate underused land in communal areas and land-reform projects for commercial production

- Support commercial agriculture sectors and regions with the highest growth and employment potential

- Support upstream and downstream job creation

- Find creative opportunities for collaboration between commercial farmers,



communal farmers and complementary industries

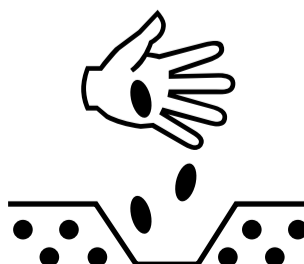
- Develop strategies that give new entrants access to value chains and support

**THE EMPLOYMENT CREATION POTENTIAL OF SOUTH AFRICAN AGRICULTURE**

TARGET GROUP	PRIMARY JOBS CREATED	SECONDARY JOBS CREATED	ASSUMPTIONS
Subsistence farmers (less than 0.5 hectares)	83,000	41,500	The livelihoods of 10% of the farmers in this category are improved
Small-scale farmers (0.5 to 5 hectares)	165,000	82,500	The livelihoods of half the farmers in this category are improved
Small-scale farmers (more than 5 hectares)	75,000	37,500	These farmers employ two additional people
Better use of redistributed land	70,000	35,000	Redistribution beneficiaries employ themselves and two others. 10% of beneficiaries become self-sufficient
Labour-intensive winners	200,000	100,000	This requires investment in irrigation and support to smallholder farmers
Labour-intensive field crops	10,000	5,000	This assumes that the decline in employment in commercial farming is halted
Labour-intensive livestock	40,000	25,000	This assumes that the decline in employment in commercial farming is halted
<b>TOTAL</b>	<b>643,000</b>	<b>326,500</b>	<b>969,000</b>

**RECOMMENDATIONS**

- Develop strategies for economic co-operation to give poor producers more power in the value chain
- Identify potential agro-processing partners to support smallholding development
- Encourage supermarkets to partner with local producers
- Develop niche markets to promote smaller producers
- Allocate economically viable fishing rights
- Review fisheries policies to maximise employment



**RURAL TOWNS**

There is a need to differentiate between different kinds of human settlements in rural areas. Some areas have declining or stagnant economies while others have fast-growing economies with high levels of migrants. Some areas are well-positioned and linked with economic nodes while others are on the margins of the economy

**RECOMMENDATIONS**

- Plans should be developed for each area based on their economic potential
- Provision of services in rural, remote or sparsely populated areas need innovative solutions, such as off-grid electricity, dry sanitation and so on
- Many rural municipalities struggle with water services. A flexible approach is recommended, as long as municipalities retain the political authority needed for proper oversight



- Provide subsidised public transport for easy access to support services, such as public health care and grant support

## RURAL GOVERNANCE

Local government performance has been highly uneven in rural areas and is weakest in historically deprived areas. The following points must be considered:

- Greater differentiation is needed in the allocation of functions to municipalities. There is also the need to build capacity over the long term
- Greater co-ordination is needed between district and local municipalities in the provision of basic services, and between all spheres of government to support agriculture
- The role of traditional leadership must be clearly defined so that traditional authorities do not duplicate or displace the role of the state

## FARMWORKER EMPOWERMENT AND LABOUR RELATIONS

- The relationship between farmers and farm workers is difficult and needs to improve
- In 2009 the Department of Rural Development and Land Reform embarked on a three-year programme to monitor farm evictions, provide legal help to farm workers and mediate solutions
- Labour inspectors cannot monitor all farms and some farmers refuse access to inspectors
- Options should be investigated to empower farmworker organisations
- Government should also look at using proposed wage subsidies to increase farm employment and improve working and living conditions on farms

## HUMAN CAPITAL, SOCIAL SECURITY, FOOD SECURITY AND BASIC SERVICES

- One goal of the rural strategy is to enable the poor to relocate to cities. To do this, attention must be paid to improving the human development of rural

residents

- Household food security is determined by a household's ability to access sufficient, nutritious and safe food. A country may have a trade

surplus from agricultural exports and its poor may still not be able to access food, affecting their nutrition and health.

## RECOMMENDATIONS

- The national food security goal should be to maintain a positive trade balance in agriculture, not to strive for food self-sufficiency at all costs
- Opportunities for regional food security should be investigated
- Household food security



strategies should include public works programmes, social grants and nutritional services

- Measures to close the urban/rural food-price gap should be investigated. These include improved farming efficiencies; communication between transport and wholesale sectors; packer and retailer education; and cost-effective packaging
- Farm workers should have arrangements for safe pregnancy and child birth
- An effective nutrition programme for health

workers, mothers and other caregivers

- Food fortification should include foods for young children and foods should be widely available
- Stronger links between agriculture and nutrition can be made, particularly around the processing of nutrient-rich foods
- A focus on increased fruit and vegetable production coupled with policies to increase the intake of these foods and reduce the intake of saturated fats, sugar and salt

## NATIONAL DEVELOPMENT PLAN 2030

# POSITIONING SOUTH AFRICA IN THE WORLD

### THIS CHAPTER IS

disarmingly frank about the loss of status South Africa has experienced in its international relations since 1994, when it joined the global community as a paragon of moral foreign policy.

It is clearly pragmatic, calling for international policy that is driven by our national, regional and continental priorities. A vision for South Africa's role in the world over the next 20-30 years has to be developed and should inform all interactions with the international community.

It prioritises the African continent in which it sees great benefit from increasing trade and economic integration with partners. This is particularly the case with the impending Tripartite Free Trade Area which it says should be a priority in South Africa's foreign policies. It calls for regional synergies with neighbours in the South African Development Community and investment in production in specific sectors. It wants the Department of International Relations and Co-operation to become more efficient and effective and for South Africa's business community to be drawn more closely into SA's foreign policy making. ■

### WHAT IS THE TRIPARTITE FREE TRADE AREA?

*The Tripartite Free Trade Area is a proposed Africa-wide free trade area that will link 26 countries.*

*These countries are:*  
*Angola, Botswana, Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe*





# LONG-TERM GOALS

South Africa's foreign relations must be driven by the country's domestic demands as well as by its regional, continental and global obligations. This can be achieved, says the National Planning Commission (NPC), through a clear understanding of global power shifts from west to east; regional formations in Africa; and the emergence of powers such as Mexico, Turkey, Indonesia and Colombia.

## AGAINST THIS BACKDROP, SOUTH AFRICA SHOULD SET THE FOLLOWING GOALS:

- Define national priorities. This will include: articulating national interests and obligations to the global community; building a common understanding of the interests between government and the private sector; reviewing the changing geopolitics; reviewing South Africa's foreign-service resources; and enhancing research capabilities
- Aggressively expand trade and investment. This will require more hard infrastructure (roads and rail) and soft infrastructure (trade systems, supply-chain management)
- Harmonise border policies between South Africa's regional trading partners
- Integrate national institutions responsible for foreign policy, international negotiations and monitoring
- Improve human security through transnational natural-resource management and knowledge-sharing

## SOUTH AFRICA'S STATUS IN THE WORLD

- South Africa is overstretched diplomatically, with more than 150 embassies, consulates and offices around the world. It may be necessary to curtail the drive to open more embassies and even to review existing operations
- The country has lost much of the moral authority it enjoyed from 1994. Foreign relations are becoming increasingly ineffective
- There is a perception that South Africa is acting as a bully within the southern African region
- The country's decline in global standing has led to material losses in regional and continental bargaining power



## SOUTH AFRICA'S ROLE IN THE BRICS (BRAZIL, RUSSIA, INDIA, CHINA, SOUTH AFRICA) GROUP

- South Africa has been admitted as a full member, which is an important opportunity and a recognition of its role in Africa's economic emergence
- Although its economy is smaller than other Brics members, which has led to questions regarding its membership, South Africa can play a leading role in facilitating integration between African states and the rest of the Brics members
- South Africa's foreign relations must reflect its role as a strategic African partner
- South Africa's relations with China and India are particularly important. South Africa can use its national resources, mining expertise and financial systems to help facilitate Asian trade and investment in Africa
- Diplomats, research institutions and business leaders should work together to engage China on mining, research & development, and infrastructure expansion in Africa

## CO-OPERATION AND INTEGRATION IN AFRICA

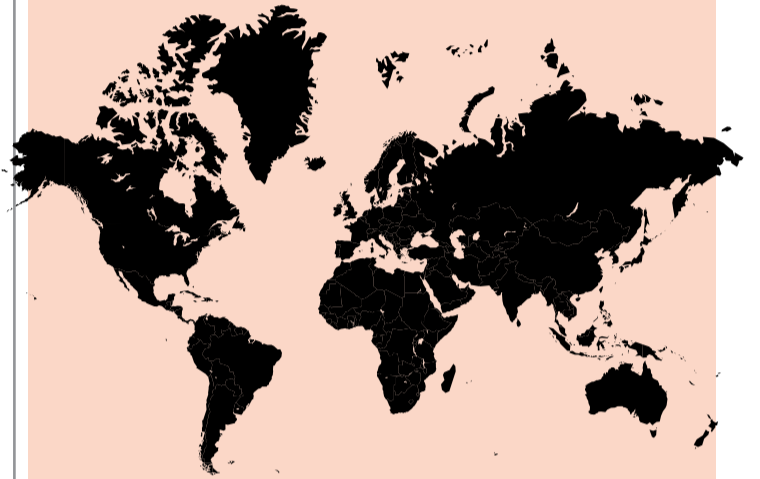
- Apart from the perception of South Africa as a regional bully, there is also the view that policy makers here have a weak grasp of African geopolitics. This has led to tentative foreign relations with neighbouring states
- There is strong growth in many African economies, particularly Nigeria and Kenya
- In the future, sub-Saharan Africa will be more balanced in terms of economic power
- South Africa should take these trends into account and promote growth in other regional nodes, helping to shape the political economy of the continent over the long term

## PROPOSALS TO REPOSITION SOUTH AFRICA IN THE REGION AND THE WORLD AND PROVIDE CLARITY ON NATIONAL INTERESTS

The NPC recommends urgently convening a task team to investigate South Africa's foreign relations. The task team should produce studies on South Africa's national interest, its place in African geopolitics and its role in the world.

### THE STUDIES SHOULD:

- Provide a clear, thorough analysis of South Africa's current role and standing, and its objectives over the short, medium and long term
- Identify the obstacles the country faces and strategies to overcome these obstacles
- Outline an implementation programme to reach these objectives



### THE NPC BELIEVES THE RESEARCH SHOULD BE DIRECTED BY THE FOLLOWING MACRO-STRUCTURAL GUIDELINES:

- A discussion about the national interest that is practical, honest and principled
- A reflection on the country's global position, nested within the structures of southern Africa, Africa, the global south and the world
- Identification of a set of strategic thrusts including: co-operation within Brics; promotion of deeper regional integration in southern Africa; promotion of greater trade integration across Africa; and a strengthening of economic diplomacy and public-private partnerships

### THE STUDIES SHOULD:

- Provide a clear, thorough analysis of South Africa's current role and standing, and its objectives over the short, medium and long term
- Identify the obstacles the country faces and strategies to overcome these obstacles
- Outline an implementation programme to reach these objectives

## EXPAND REGIONAL, AFRICAN AND INTERNATIONAL TRADE

The evidence suggests that growth in trade can dramatically increase prosperity and create wealth. This growth in wealth, in turn, can reduce income inequality and alleviate poverty.

### SOUTH AFRICA NEEDS TO EXPAND TRADE INTO THE SOUTHERN AFRICAN REGION AS A SHORT-TERM PRIORITY. THIS CAN BE DONE BY:

- Reassessing regional co-operation and organisation
- Leading South African business into the region and the continent
- Investing in hard and soft infrastructure
- Expanding and diversifying trade in agriculture





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**MOVE FROM REGIONALISATION TO REGIONALISM**

**In order to advance regional co-operation, South Africa needs to deliberately shift from regionalisation (transnational activity without formal political co-operation) to regionalism (which involves political planning and possibly the creation of formal institutions).**

Where institutions already exist, the NPC recommends a review of standing agreements, particularly with the Southern African Customs Union (SACU) and the Southern African

Development Community (SADC). Such a review should also prioritise southern African integration into the Tripartite Free Trade Area.

**POLICY MAKING SHOULD BE GUIDED BY THE FOLLOWING OBJECTIVES:**

- Reassessing regional co-operation and organisation
- Leading South African business into the region and the continent
- Investing in hard and soft infrastructure
- Expanding, diversifying trade in agriculture

**STEPS TO REPOSITION SOUTH AFRICA IN THE REGION AND THE WORLD**

**THE NPC PROPOSES THAT SOUTH AFRICA'S INTEGRATION IN THE REGION AND CONTINENT BE SHAPED BY THE FOLLOWING STRATEGIC OBJECTIVES:**

- Include civil society in integration planning
- Involve the business community in foreign relations
- Obtain clarity regarding what types of regional agreements are preferable

**BASED ON THESE OBJECTIVES, THREE POLICY PROPOSALS CAN BE IMPLEMENTED. THE NPC PROPOSES THAT TASK TEAMS BE ESTABLISHED TO ADDRESS EACH OF THE ISSUES:**

- The joint/separate futures of SADC and SACU
- The Tripartite Free Trade Area along the eastern seaboard of Africa
- Greater macroeconomic and financial co-ordination in the region and the continent

**SADC AND SACU**

A review of the progress on and effectiveness of SADC policies is needed. The NPC recommends an urgent review of SADC and SACU, including an assessment of whether the two should be collapsed into one. There is also a need to look at the internal organisational structures and cultures of the two organisations.

**THE TRIPARTITE FREE TRADE AREA**

This initiative has gained momentum in technical terms but it will need to be carefully managed from a political point of view. Liberalising trade and opening South Africa's borders may increase the pressure of inward migration. Also, countries that rely heavily on trade

taxes could face significant declines in revenue. Certain industries in these countries could lose market share and employment opportunities to their neighbours.



**TRADE FACILITATION FRAMEWORKS**

Regional trade is enhanced by a framework that includes physical transportation networks and standardised procedures and process of warehousing, customs and transportation safety. Integrating South Africa into regional and global trade includes:

- Creating adequate warehousing and logistics
- More efficient procedures at customs and border posts
- Standardising government policies and regulations

**TRADE FACILITATION NETWORKS NEED TO:**

- Ensure physical capacity to support trade
- Provide appropriate regulations, including customs procedures
- Mitigate business risks through a network of banking, finance, legal and insurance arrangements
- Most importantly, any framework has to be durable and have long-term credibility

**REGIONAL TRADE AGREEMENTS**

Regional agreements are driven by three basic objectives:

- To promote market integration
- To develop regional infrastructure
- To strengthen stability, predictability and transparency in regional governance

Two regional groups have made significant advances in this area: the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of West African States (ECOWAS). Some examples of their progress are:

- The African Union and ECOWAS have provided

- security in the region
- The West Africa Telecommunications Regulatory Agreement has promoted integration of telecommunications in west Africa
- Banks in central and east Africa are providing multi-country central banking
- The Organisation pour l'Harmonisation en Afrique du Droit des Affaires has harmonised business law among member countries in central and west Africa



**TRANSNATIONAL CRIME**

**PIRACY**

- Maritime piracy does not directly affect South Africa to a great degree but may increase in the future
- The NPC recommends that the South African navy be strengthened and that South Africa prioritises the combating of piracy along the east coast of Africa, as part of the Tripartite Free Trade Area negotiations
- South Africa should extend its current military co-operation with Mozambique and Tanzania to include Kenya
- South Africa should insist that its trading partners harmonise their anti-piracy legislation in accordance with global best practice

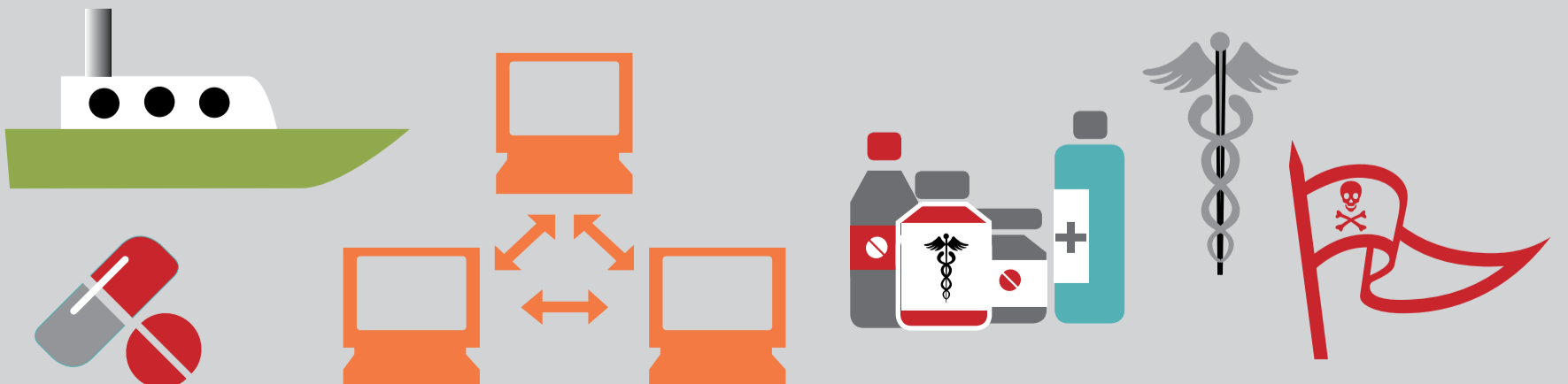
**COUNTERFEIT GOODS**

- Counterfeit goods result in lost tax revenue across Africa
- The sale of counterfeit medicine is a particular problem because of health risks and the damage it does to the market for legitimate products

South Africa should focus on five areas:

- Stronger legislative and regulatory infrastructure for the police, customs officials and judiciary
- Regulatory oversight of pharmaceuticals must be strengthened
- Enforcement, in partnership with regional officials, the

- World Customs Agency and Interpol, must be strengthened
- Technology (hardware and software) must be synchronised between countries in the region
- The risks of counterfeit medicines must be communicated to stakeholders and the public



## NATIONAL DEVELOPMENT PLAN 2030

## HUMAN SETTLEMENT

**THIS CHAPTER IS** focused on housing, though it prefers to use the term “human settlements” to emphasise that housing is part of broader urban development, including the provision of local services.

The focus here is on ensuring that dense populations have access to jobs, so the planning of housing developments must

take into consideration the rest of the plan’s vision for economic development. Simply put, it wants more people to live closer to their place of work, and wants better quality public transport to reduce this gap even further.

Largely this is a co-ordination challenge. Economic and social planning needs to

be done with clear awareness of the other. The plan acknowledges that increased urbanisation is inevitable, and the challenge is to manage it effectively.

Integration is critical: job creation and housing have to go together. There is serious risk in creating jobs out of increased investment in

mining, for example, but then not providing the local services to cater for the increased demand for housing that is bound to go with it. Part of the solution in the view of the plan is to amend the housing subsidy regime so that people have more flexibility over where they can live. People’s individual choices

on where to live are probably a better indication of where economic opportunity lies than government could determine on its own.

This chapter clearly wants much greater citizen involvement in spatial planning, on the view that people make the best choices for themselves. ■

## THE PROBLEM

Apartheid spatial planning has led to the majority of South Africans living far from places of work, with poor access to basic services and low participation in the economy. Progress has been made since 1994, but a fundamental reshaping of colonial and apartheid geography may take decades.

## PROPOSALS

The NPC proposes a strategy to address this legacy and to create better environments for living and working. The changes will be incremental without some bold measures. By 2030 South Africa should see meaningful progress in reviving rural areas and creating urban settlements that are functionally integrated, balanced and vibrant.

## THE TRANSFORMING NATIONAL SPACE

- South Africa has a dysfunctional and inequitable settlement pattern
- Many people still live in poverty traps with high unemployment, such as the former homelands
- Economic development is occurring along major transport corridors, in developing tourism areas and along national borders
- By 2030, analysis of settlement patterns must consider the relationship between spatial development and natural resources, green technologies and green economies

## DIFFERENCES AND INEQUALITIES WITHIN RURAL AREAS

- Today 40% of the population lives in rural areas that are mostly agricultural and economically dependent. Economic activity has decreased in these areas
- Economic development and poverty levels vary widely across these areas
- The spatial concerns of rural development include:
  - The high costs of infrastructure for basic services
  - Failures in the land-reform programme and weak mediation mechanisms
  - for resolving spatial conflicts
  - The increased densification of rural settlements without the underlying economic, physical and social structures needed to manage this change
  - The underutilisation of land in traditional areas, with related deficiencies in the legal framework governing land use in these areas
  - The damage to agricultural land through mining activities

## URBAN INEFFICIENCIES

- There is a growing trend in the development of city-regions that extend beyond individual municipalities. The Gauteng city-region and the growing economies around port cities are cases in point
- These offer opportunities but also complicate urban planning and management
- 7.8-million more people will be living in cities by 2030 and a further 6-million by 2050. Most of these people will be poor and they will place further pressure on the delivery of services
- There has been densification in some areas, but little progress has been made in reversing apartheid geography. Urban property price increases have made housing unaffordable to many South Africans
- There is growing pressure to produce the energy, water, food and transport infrastructure that future growth will require. Job creation is also not keeping pace with the growth in the number of young, job-seeking in-migrants
- Many of the challenges are due to insufficient institutional capacity and a lack of implementation



**7.8-MILLION MORE PEOPLE WILL BE LIVING IN CITIES BY 2030 AND A FURTHER 6-MILLION BY 2050**

## THE ACCOMMODATION CONUNDRUM

## 1994 - 2004

*In 1994, a new housing policy was launched with the housing capital subsidy scheme as its instrument. 3.2-million subsidised units have been built or are being built. Access to basic services (water, electricity, sanitation) increased over this time*

*In 2004 a revised policy was issued, known as Breaking New Ground. It highlighted a number of problems with the programme. These included:*

- Poor-quality units
- Uniform, monotonous settlements on the urban edge
- Concentration of the very poor in new ghettos and poor-quality environments without the necessary facilities and infrastructure
- An underestimation of the scale of the demand for housing
- The programme was a blunt instrument
- Insufficient attention given to the workings of the market, including the rental market

## 2004 - PRESENT

*Breaking New Ground attempted to address these concerns. It emphasises:*

- The need for better-located mixed-income and mixed-use housing
- More diverse housing forms, including informal settlement upgrading
- Greater attention to social and rental housing
- Accrediting municipalities with the housing delivery function

*In 2009, this approach was reinforced with the creation of the Department of Human Settlements and the 2011 adoption of the president’s delivery agreement on ‘sustainable human settlements and improved quality of household life’. Important elements include:*

- A commitment to upgrade 400,000 households by 2015
- Emphasis on social housing and affordable rental accommodation
- Unlocking well-located land for affordable housing
- Mechanisms to improve performance in the lower end of the property market



## GOING FORWARD

There are a number of challenges to housing delivery:

- Circular migration and households with multiple homes
- A lack of clear policy on home-based income generation
- Delays in issuing title deeds and restrictions on the sale of subsidised houses
- Private investment in the lower end of the market is slow
- A growing 'gap market': houses for people earning more than the subsidised housing threshold but who do not have access to a private bond
- Not enough incentive for investment and insufficient public capacity to manage rental stock
- The focus is on housing rather than developing quality environments for low-income communities
- Growing backlogs in areas of migration and a municipal focus on ownership units rather than affordable inner-city housing

## ADDRESSING THE CHALLENGES

- There is a need to balance property rights of vulnerable individuals against the protection of state investment and a need to integrate state-provided housing into the property market
- Government, the private sector and individual households must decide on their roles in housing provision

**PROBLEM**  
HOUSING BACKLOG:

**± 2.1-MILLION UNITS**



**SOLUTION**  
**R300bn**  
REQUIRED TO ADDRESS  
THE PROBLEM

- The state's role will be to provide public infrastructure while supporting low-income households to acquire adequate shelter
- Provincial and municipal governments have not provided adequate bulk infrastructure, and municipalities are poorly managed

## WEAK CAPABILITIES FOR SPATIAL GOVERNANCE

- Spatial planning has been poorly co-ordinated between national, provincial and local government.
- Co-operation and co-ordination across municipal and provincial borders have been poor
- Legislation for land-use management needs revision, and spatial planning is dispersed across departments
- Integrated development plans in municipalities are not always well-designed or well-implemented. There is a shortage of professional planners in the public sector
- Communities are not empowered to participate in planning and strategy

## CLARIFYING THE VISION

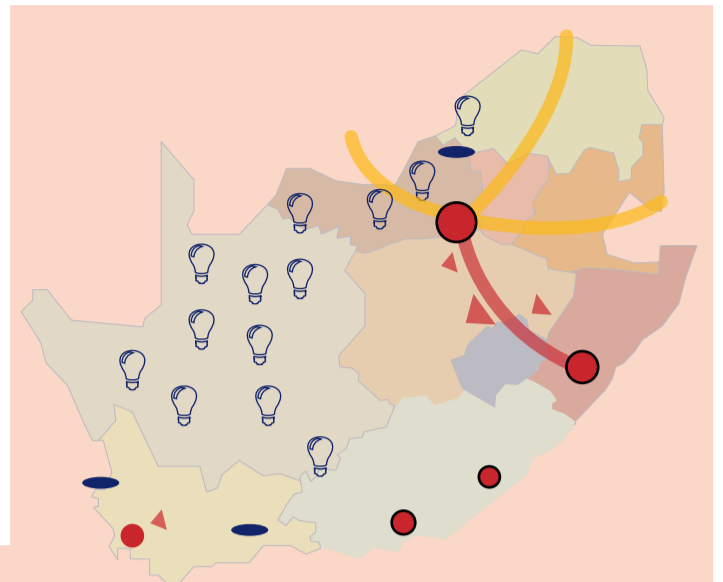
## OVERARCHING PRINCIPLES FOR SPATIAL DEVELOPMENT

- Spatial justice
- Spatial sustainability
- Spatial resilience
- Spatial quality
- Spatial efficiency

## DEVELOP A NATIONAL SPATIAL FRAMEWORK

The proposals for spatial targeting are grouped around the following themes:

- National competitiveness corridor connecting Gauteng and Durban
- Nodes of competitiveness (high-growth areas or areas with at least 5% of national GDP or jobs) which include the Cape metropolitan region, Ethekewini metro. The Nelson Mandela and Buffalo City metro regions could also be included
- Rural restructuring zones such as the more densely populated former homelands
- Resource-critical regions that may require specific policies. These include the platinum belt, areas with important biodiversity and critical water-production areas
- Transnational development corridors such as the corridors between Gauteng and Zimbabwe, Botswana and Mozambique



- Special-intervention areas that need state support for specific periods. These include job-intervention zones, growth-management zones and green economy zones

## RURAL AND URBAN FUTURES

- Rural spaces are highly differentiated, as are towns and cities. Strategies must be tailored to each area.
- Stronger spatial co-ordination, greater clustering of services in

- Stronger governance and management through reformed land management, targeted infrastructure building
- Focus on agriculture and rural enterprise development, and job creation in the cities
- Infrastructure must be extended across the country, and refurbished in urban areas
- Competitiveness corridor connecting Gauteng and Durban

## NATIONAL DEVELOPMENT PLAN 2030

# IMPROVING EDUCATION, TRAINING AND INNOVATION

**EDUCATION IS THE** one thing that has done most to constrain South Africa's economic growth. Education, training and innovation are considered to be core elements in eliminating poverty and reducing inequality.

The NDP says they are the foundations of an equal society, but also the foundation for all economic growth. Naturally, the education chapter is very important for the country's long-term development.

It calls for urgent action over the complete education chain from early childhood development (which includes nutrition) and basic education to further and higher education. It's not just about more schools, but also about making teaching more effective

and addressing the high dropout rate.

The first 1,000 days of a child's life are critically important in its cognitive and emotional development, thus there is a strong focus on providing adequate nutrition at that stage. Various government departments and civil society organisations are given responsibilities in an integrated approach for 0-3-year-olds, while two years of pre-school will be compulsory for 4- and 5-year-olds.

The priorities in basic education are human capacity, school management, district support, infrastructure and results-oriented mutual accountability between schools and communities. That means positioning schools

as institutions for which the whole community takes responsibility.

The importance of being taught in "mother tongue" language is emphasised as being integral to education, science and technology and the preservation of languages.

It envisages a greater role for distance education, aided by information communication technology, both to give new learning opportunities and to promote continuous professional development. It also wants more artisans, which have been in short supply over the past two decades.

The chapter highlights the importance of research and innovation by universities, science councils, departments,

non-governmental organisations and the private sector in order to improve the country's global competitiveness.

More people need to have access to universities and universities of technology where they can pursue qualifications that are needed in the economy. Overall, these must clearly integrate with the rest of the plan.

The plan strongly depends on the right skills being available to support the various interventions.

The NDP points out that many of its proposals are not new and in many areas plans are already in place to tackle the challenges. The NDP aims to build on those and adapt them where necessary. ■

**EARLY CHILDHOOD DEVELOPMENT**

**EARLY CHILDHOOD DEVELOPMENT INCLUDES:**

- Family planning, healthy pregnancies and postnatal care
- Nutrition support for pregnant and breastfeeding women, and for young children
- Birth registration, social security and other state provisions
- Support for parents
- Quality learning by young children
- Preparation for formal schooling

**NUTRITION PROGRAMME FOR MOTHERS AND INFANTS**

- Too many children suffer from stunted growth and are underweight
- The first two years are critical in a child's development. Essential early measures can be delivered that focuses on vulnerable caregivers, adequate nutrition, immunisation, care and stimulation

**UNIVERSAL ACCESS TO EARLY CHILDHOOD DEVELOPMENT**

- 0-3 year olds are best served through clinic, home and community-based programmes
- 4-5 year olds benefit from structured learning in group programmes
- Universal access to early childhood development for children aged 0 to 3 must be made available



**CHALLENGES**

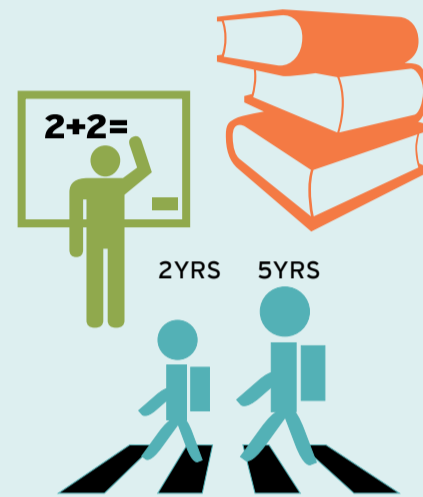
IN **2030**  
THERE WILL BE **7-MILLION** CHILDREN AGED **0-6**

- Funding for infrastructure and staff
- Training for teachers
- Learner support materials and equipment
- Strengthening of support agencies
- Reaching the most vulnerable children and families
- Co-operation between different departments

**PROPOSALS**

- Design and implement a nutrition system for pregnant women to prevent low birth weight
- Implement an 18-month postnatal support programme for vulnerable caregivers to ensure positive

- nutrition, immunisation and care
- Make early childhood development a top priority
- Use a broad definition of early childhood development
- Make compulsory 2 years of preschool for 4 and 5 year-olds
- Address the co-ordination weaknesses between sectors and departments
- Standardise the guidelines, norms and standards for all programmes
- Encourage innovation, including home and community-based interventions



**STUNTING**

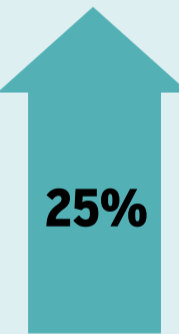
**AFFECTS**

**18%**

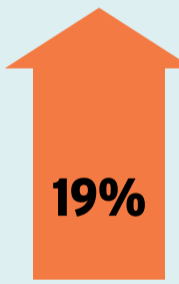
OF ALL CHILDREN IN SA (ALMOST 1 IN 5)



RURAL AREAS

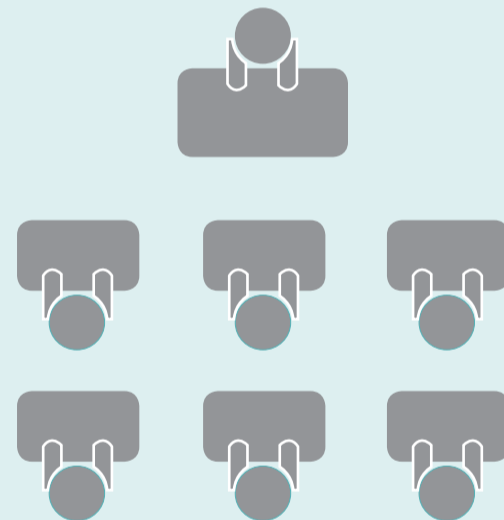


URBAN INFORMAL AREAS



**9.3%**

OF ALL CHILDREN (ALMOST ONE IN 10) ARE UNDERWEIGHT



**BASIC EDUCATION**

- The major shortcoming is the quality of school education outcomes
- Contributing factors include human capacity weakness in teaching; management and school support; the language skills of learners; and the lack of co-operation between stakeholders, particularly unions and the government

**ROLE OF STAKEHOLDERS**

- Educational institutions must be provided with the capacity to implement policy
- Teachers should be recognised for their efforts and teaching should be highly valued
- Attention must be given to the development of teachers and promotion of professionalism
- Principals need to provide leadership on the curriculum, plus administration and management
- District offices can support teaching and ensure communication between authorities and schools
- Top-performing schools must be recognised as national assets and supported

- Parents must be given information and they must be actively involved in holding schools accountable

**SCHOOL INFRASTRUCTURE**

- Ensure all schools meet minimum standards, and progressively upgrade each school to meet optimum standards
- Target no-fee schools when planning infrastructure
- Take learner safety into consideration when planning infrastructure
- High-speed broadband should be incorporated into the design of schools
- Explore the use of mobile devices (phones and tablets) for distributing learning content

**CURRICULUM, INCENTIVES, INCLUSIVITY AND LANGUAGE ISSUES**

- Keep curriculum changes to a minimum to avoid disruptions and enable teachers to develop core skills
- Introduce incentives linked to the

- annual national assessments to reward well-performing schools
- Ensure that people with disabilities can participate and have access to quality education
- Learners' home language should be used as a medium of instruction for longer and English should be introduced earlier in the foundation phase
- Introduce career guidance at the senior phase of primary school

**SPORTS, ARTS AND CULTURE**

- Encourage sports and physical education
- Expose learners to history, heritage and culture



**LONG-TERM GOALS**

- Improve literacy, numeracy and science outcomes
- Be eligible to study maths and science
- Improve performance in international comparative studies
- Retain more learners

**LITERACY AND NUMERACY TARGETS:**

**90%**

OF LEARNERS IN GRADES 3.6 AND 9 WILL ACHIEVE A MINIMUM OF

**50%**

IN LANGUAGE AND NUMERACY BY

**2030**



## LONG-TERM GOALS

NOW 2020 2030

Participation rate for 7 to 15 year-olds	97%		
Participation rate for 16 to 18 year-olds	83%		
Annual number of students eligible to study maths and science at university	121,000	300,000 (by 2024)	450,000
Learner retention (% of grade 1s who finish matric/complete 12 years)	50%		80-90%
Teacher-to-learner ratio	1:33		1:22
School infrastructure		Eradicate backlogs (by 2016)	High-quality infrastructure for all schools

## IMPROVING TEACHERS AND SCHOOLS

- Produce more teachers
- Produce more qualified teachers: recruit foreign teachers in the short to medium term
- Create an environment allowing private educators to move back into the state system
- Expand the Funza Lushaka bursary scheme for teachers, and proactively deploy graduates from the scheme
- Develop teachers' skills and commitment by structuring teacher development programmes, expose teachers to technology, introduce professional certification for teachers
- Professional associations for teachers should be supported and established where needed
- Look at ways of working with teacher unions to reach members, sponsor advanced studies for union leaders and help unions develop capacity for continuous professional development
- Change the flat wage gradient to attract highly skilled teachers and make salaries more competitive
- Reward schools that show improvements in annual national assessments. Ensure improvements are sustainable by measuring improvements over three years

## SCHOOL MANAGEMENT

- Refine the appointment process for principals. Candidates should undergo a competency test
- Eliminate union influence in promoting or appointing teachers
- Implement an entry qualification for principals
- Introduce performance contracts for principals and deputy principals: replace principals who repeatedly fail to meet performance targets
- Gradually give principals more administrative powers, including procurement and human resources management
- Create capacity in school districts in order to provide better support to schools

## PROPOSALS FOR RESULTS-ORIENTED MUTUAL ACCOUNTABILITY

Parents often feel ill-equipped to engage with school management: there are no accessible performance indicators and little feedback, making it hard for parents to monitor performance. Proposals include:

- Construct a framework of mutual accountability between districts, schools and parents
- Provide stakeholders with clear information on accountability

- Each school should have a plan to map out its goals for the academic year. The annual national assessment (ANA) results should be made accessible to parents and the community
- Externally administer and mark the ANAs for at least one primary school grade
- Give additional support to school governing bodies
- Develop a strong sense of community ownership

## IMPROVING SCHOOL INFRASTRUCTURE

- In addition to suitable buildings, schools need access to basic services (water, sanitation and electricity)
- Infrastructure shortages are worst in poor communities. No-fee schools should be targeted for significant upgrading
- The key goals are to eradicate infrastructure backlogs, with all schools meeting minimum requirements by 2016 and all schools having high-quality infrastructure by 2030
- Develop measures to build cheap, quality schools and expand infrastructure capacity
- Reverse the decision to centralise the delivery of infrastructure
- Plan new schools according to population trends and settlement patterns

## THE EDUCATION PACT

- There is a level of consensus among stakeholders and a will to work together, but leaders must engage with each other repeatedly and build their commitment to the pact
- The pact must be monitored at the school level, and the community must receive regular information
- The Commission proposes a national initiative to improve learning outcomes
- Districts must help to develop the leadership and management capacity of principals
- Teacher development must include training on curriculum pacing. ICT should be used to assist teacher development
- Communities must be partnered to address socioeconomic factors like nutrition and safety



## POST-SCHOOL

## THE CURRENT POST-SCHOOL SYSTEM CONSISTS OF:

- Further education and training colleges (FETs)
- Universities
- Adult education institutions
- Private providers at colleges and universities
- Sectoral education and training authorities (Setas), called the skills development sector
- The regulator and quality assurance framework

## VISION FOR THE POST-SCHOOL SYSTEM

- The Commission supports the vision set out in the Green Paper for Post-School Education and Training, and would like to add the need to build national institutions for science, technology and innovation
- It should contribute to quality learning and teaching in the entire education system
- Develop partnerships to support national and regional initiatives
- Conduct and disseminate research, promote technology transfer through public-private research partnerships and enhance research infrastructure

## PROPOSALS FOR UNIVERSITIES

- Improve qualifications for higher education staff and improve the quality of teaching
- Increase the participation rate at universities
- Increase the number of Masters and PhD students, and the number of doctoral graduates
- Expand university infrastructure and develop uniform standards
- Strengthen universities that have a culture of research and development. They should be supported in partnerships with the private sector and should support post-graduates in turn
- Expand the use of distance education
- Private providers will be important partners

## UNIVERSITIES

- Universities are mid-level performers with low participation, high attrition rates and insufficient capacity
- There is a low conversion rate from graduation to professional status in engineering and law

## COLLEGES, ADULT EDUCATION AND SETAS



- About 65% of college students are unable to find work experience. The sector is associated with a low rate of employment of graduates
- The sector needs to be expanded, and its role and vision must be clarified
- The throughput rate of colleges must be improved to 75% by 2030
- 30,000 artisans per year must be produced by 2030
- Provide funding certainty so that staff at colleges have job security. This will help colleges to attract and retain skilled staff
- Building quality in the sector will attract more learners. If 25% of graduates attend colleges the number of enrolments would rise from 300,000 now to 1.15-million
- Build a strong relationship between the college sector and industry. This will enhance absorption of graduates into jobs
- Develop and support a co-ordinated system of providers, focusing initially on the college sector, public adult learning centres and technical high schools
- The adult education sector is underdeveloped and operates on a limited budget.
- It is proposed that Community Education and Training Centres be established which incorporate and transform the current adult learning centres
- Setas have suffered from poor governance, inadequate human resources, poor administration and management, poor linkages to the post-school sector and poor monitoring and evaluation
- Setas have a role in building relationships between institutions and employers. The role of the skills development levy must be resolved

NOW 2030

Students enrolled in universities	950,000	1,620,000
Students enrolled in colleges	300,000	1,250,000
Number of university graduates	2.6-million (in 2001)	Over 10-million
Percentage of university staff with PhD qualification	34%	75%
Number of doctoral graduates per million people	28	100
Number of doctoral graduates in South Africa	1,420	5,000

NATIONAL DEVELOPMENT PLAN 2030

# PROMOTING HEALTH

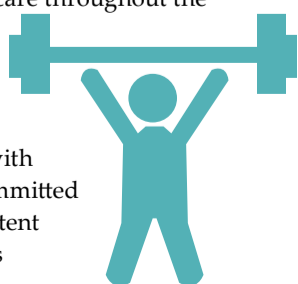
**HEALTH IS A** critical area where the basic human rights of individuals are most directly affected. A healthy population is a goal in its own right, but also because the other ambitions of the plan depend on it. Health is not just a medical issue.

The social determinants of health need to be addressed, including the promotion of healthy behaviour and lifestyles, such as being more active. But everything from lower accident rates linked to drunk driving, to managing tuberculosis better, is covered by the plan.

One area addressed by the plan is the national health insurance scheme, the idea of which predates the plan. The NDP calls for it to be implemented in phases and complemented by cheaper private medical care. It must be supported by better human capacity and systems in the public health sector. Health care lends itself to evidence-based policy quite clearly.

## HEALTH GOALS, INDICATORS AND ACTION POINTS

- Average life expectancy at birth increases to 70 years. This will be driven by the National Strategic Plan on HIV, STIs and TB 2012 to 2016. This should reduce mother-to-child HIV transmission to zero and new HIV infections by half for women aged 15 to 24 years.
- Progressively improve TB prevention and cure
- Reduce maternal, infant and child mortality – reduce under-five mortality from 56 to below 30 per 1,000 live births
- Significantly reduce prevalence of non-communicable chronic diseases. These ‘lifestyle’ diseases are linked to certain diet changes in the population
- Reduce injury, accidents and violence by 50% from 2010 levels
- Complete health systems reforms, including better integration of the health system; decentralised authority and administration; and address infrastructure backlogs
- Establish primary healthcare teams providing care throughout the country
- Universal healthcare coverage
- Fill posts with skilled, committed and competent individuals



VISION 2030

0

25

50

75

INFANTS

LESS THAN 20 DEATHS

PER 1,000 LIVE BIRTHS

- Raise the life expectancy of South Africans to at least 70 years
- Ensure that the generation younger than 20 years old is largely HIV-free

TODDLERS

LESS THAN 30 DEATHS

PER 1,000

- Significantly reduce the burden of disease
- Achieve an infant mortality rate of less than 20 deaths per 1,000 live births, and an under-5 mortality rate of less than 30 per 1,000

**CURRENT CHALLENGES**

- The South African health system is underpinned by the principles of primary health care and the district health system
- Primary health care emphasises universal access, equity, participation and an integrated approach. It also focuses on better access to first-contact care, a patient-based approach, a long-term perspective and home-based care where necessary
- The district health system is identified by six important elements: service delivery; the health workforce; health information; medical products and technologies; sound health financing; and good leadership and governance

## THE HEALTH SYSTEM

- The performance since 1994 has been poor, despite good policy and relatively high spending
- The public health sector serves about 83% of the population, the private sector 17%
- The ineffective functioning of primary health care and the district health system has contributed significantly to the failure of the health system
- Communities are not always valued and management is centralised and top-down
- Spending on health has been erratic in all provinces for some time

## DEMOGRAPHICS AND HEALTH TRENDS

### The country faces a quadruple burden of disease:

- HIV/Aids and related diseases such as tuberculosis (TB) and sexually transmitted infections (STIs)
- Maternal and child morbidity and mortality
- Non-communicable diseases, mainly related to lifestyle
- Violence, injuries and trauma

- The leading causes of death have been HIV/Aids, followed by interpersonal violence, TB, road traffic injuries and diarrhoeal diseases
- The leading risk factors are unsafe sex, followed by interpersonal violence, alcohol abuse, tobacco and excess body weight

## PRIORITIES TO ACHIEVE THE 2030 VISION GOALS

- **Address the social determinants that affect health and disease**
  - o Collaborate across sectors, particularly with those departments that have a direct impact on poverty alleviation
  - o Promote healthy diets and physical activity, particularly in schools, at work and in communities
- **Strengthen the health system**
  - o Improve leadership and management
  - o Make the system more accountable to users
  - o Provide additional capacity and expertise
- **Improve health information systems**
  - o Prioritise the development and management of data systems
  - o Integrate national, provincial,

- o district, facility and community-based information systems
- o Develop human resources for health information
- **Prevent and reduce the disease burden and promote health**
  - o Prevent and control epidemic burdens by treating HIV, new epidemics and alcohol abuse

- **Financing universal health care coverage**
  - o Although the private sector serves 17% of the population it is responsible for 50% of total spending
  - o Implement proposals for a

*continued on page 40*

## 2007 NOW 2025

Public health spending as a % of GDP	3,5%	4,2%	6,2%
High-income countries as % of GDP	6,9%		
Government health spending as a % of total health spending in SA	41%		
Government health spending as a % of total health spending in upper-middle income countries	55%		
Public-health spending (in billions of rands, real)		R135	R255



continued from page 39

- national health insurance system
- **Improve human resources in the health sector**
  - o SA is likely to need more than 700,000 community health workers if community-based health care is extended to everyone. This would mean one worker for 500 families
  - o Many more trained nurses, family physicians and community specialists are needed
  - o Increase investment in health personnel development
- **Review management positions and appointments and strengthen accountability mechanisms**
  - o Public health employment has been steady for the past 15 years but the number of people in management positions has grown
  - o Health personnel must lead intersectoral action, working with NGOs and sectors such as safety and security, trade, water affairs and education
- o Human resources need to be strengthened by regularly reviewing accreditation and remuneration
- **Improve quality by using evidence**
  - o Health plans and targets must be based on empirical evidence collected from current programmes
- **Meaningful public-private partnerships**
  - o Public and private sector partnerships in the health sector are important
  - o Various stakeholders must co-operate, and debate legal and governance frameworks; public-sector capacity; the policy environment and the financial implications of implementation

## NATIONAL DEVELOPMENT PLAN 2030

# SOCIAL PROTECTION

**SOCIAL PROTECTION** is a major area that helps deal with inequality and poverty. It aims mainly to ensure that no South African is forced to live below a certain poverty level.

While most of the plan is focused on improving the opportunities for individuals to build good lives for themselves, the plan recognises that some vulnerable people, such as the young, disabled and the old, will not be fully protected in such a society. Even those who do have jobs can be vulnerable if they happen to work in industries whose fortunes are highly volatile or are marginal. Social protection is a right afforded everyone by the South African constitution. While the social programmes of the post 1994 government now provide

some form of grant to over 12-million people, this can be suboptimal in enabling people to escape poverty.

All strategies need to be focused on ensuring that people are able to live better lives than the poverty level, by addressing problems such as poverty-induced hunger, malnutrition and micronutrient deficiencies. This must start at conception, ensuring mothers have adequate nutrition to support their foetuses right through to alleviating old age poverty. The vulnerable need to be protected at the same time that economic opportunity and inclusion is provided to all of society. Even the better able are at risk throughout their lives of being struck by disability or other misfortune and social protection needs to be able to

support them.

Government support should not function on its own. It must build on and use the capabilities of individuals, households, communities and NGOs in order to promote self-reliant development. This links back to the employment ambitions of the plan ensuring that skills development helps individuals become more employable. Social protection needs to be something that all South Africans see value in, to ensure that social cohesion is maintained. It also has to be sustainable and affordable to government without putting other development objectives at risk.

Social protection is also seen as a bridge to elevate people out of the lingering poverty traps created

by apartheid and equip them to participate in the formal economy. The plan recognises that the economic objectives will take time, but serious deprivation has to be tackled immediately. For the unemployed, social protection should aim to create incentives to work and to ensure the labour market is able to absorb them.

The chapter also tackles other areas of social protection such as retirement savings, overall savings rates, and also the more controversial area of the casualisation of labour. The plan accepts this as an inevitable part of the global trend towards self-employment, temporary and part-time work and calls for social protection mechanisms that manage the risks associated with this trend. ■

### FIVE FUNCTIONS OF SOCIAL PROTECTION

- Protective – to save lives and reduce levels of deprivation
- Preventive – helps people avoid falling into deeper poverty, reduces vulnerability
- Promotive – enhances the capabilities of individuals, communities and institutions
- Transformative – tackles inequities through changes in policies, laws and budgets
- Developmental and generative – increases consumption of the poor, promoting local economic development

### EVOLUTION OF SOCIAL PROTECTION POST-1994

- South Africa adopted a comprehensive social protection system and established minimum standards linked to a social wage
- The system includes non-income transfers and a set of basic services
- These include social assistance grants; access to free basic services; free education in 60% of schools; public works programmes and free health care for pregnant women and children under six

### THE CHALLENGE

- The current system is advanced and comprehensive but is still fragmented, plagued by bottlenecks and inefficiencies
- The administrative burdens on the poor mean that approximately 2.1-million children are eligible for the child support grant but do not receive it. The foster child grant can also be complicated and delayed, because it

### 2.1-MILLION CHILDREN ARE ELIGIBLE FOR THE CHILD SUPPORT GRANT BUT DO NOT RECEIVE IT



- is linked to the judicial system
- There has been progress in providing basic services, but this is still a challenge for many of the poorest parts of society. This has adversely affected the social wage for these groups
- The social security system is biased

towards formal sector workers, with limited coverage of those working informally

- There is no special grant for the unemployed, but there are various labour market activation schemes. These include public works programmes and training and skills development programmes. Their scope is, however, limited
- Social protection extends to adequate food security. This includes maternal

health care and under-nutrition across rural and urban areas

### SCOPE AND OBJECTIVES OF SOCIAL PROTECTION

- Social protection is broader than social security. It includes private measures, labour market policies and social insurance
- A human rights approach requires an

continued on page 41

### TOWARDS A BROADER SOCIAL PROTECTION AGENDA

- By 2030 a social floor should be defined based on the following guarantees:
  - o All children should have access to nutrition, health care, education, social care and safety
  - o Vulnerable groups should receive full assistance, and cash grants to ensure an income above the poverty line
  - o All South Africans should have access to shelter and basic services
  - o No one should suffer poverty-induced hunger
  - o There should be active labour market initiatives for the unemployed
- o There should be universal access to basic health care
- o Individuals should provide for retirement through mandated savings and pensions should be made safe and sustainable
- The system must be financially sustainable, and evolve with changes in the economy. Government must pursue policies that increase job creation
- Over the short to medium term there is a need to balance the levels of retirement (including early retirement) with maintaining the funding base of the system

continued from page 40

understanding of the 'social floor' – the minimum social protection that everyone should have. This includes basic services, health care and education

- Social protection is designed to lift people out of poverty, not to meet the total needs of individuals
- A balance needs to be struck between supporting the vulnerable and encouraging economic participation
- Social partners include NGOs, communities and the private sector

### SOCIAL ASSISTANCE - GRANTS

- Social grants have been extended to children up to age 18 and adults over 60 who pass a means test
- There is a debate over whether the child support grant should be conditional on attending school or accessing basic health care
- Conditionality was previously considered unnecessary, but the high dropout rates among youths aged 15 to 18 have led the Commission to reconsider the question. Only 67% of 15-year-olds attend school.



# 33%

OF 15 YEAR-OLDS ATTEND SCHOOL



ONLY

# 67%

OF 15 YEAR-OLDS ATTEND SCHOOL

### SOCIAL SECURITY

- Private insurance schemes provide adequate pensions and loss-of-income benefits, but many who are unemployed or at high risk of unemployment are not covered

- The Commission supports the proposals made by the government task team on retirement reforms:
  - o Improving governance of retirement funds
  - o Harmonising contributions and benefits across retirement funds
  - o Phasing in preservation requirements for improved retirement security
  - o Reforming the annuities market
- There is support for proposals to provide a contribution subsidy for low-wage workers in the formal sector

### UNEMPLOYMENT INSURANCE

- The national unemployment insurance fund assists those who lose their jobs and those who stop receiving a salary for a period of time due to child care or illness
- The fund covers less than 5% of the unemployed at any time. 55% of the unemployed have never worked (and therefore have not contributed to the fund) and 44% have been unemployed for more than a year
- The fund has a growing surplus. In light of this and the high levels of unemployment, there are proposals to extend the period of benefit payments or increase the amount of benefits
- The alternative to increased benefits could be to use the UIF in creative ways, including:
  - o Improve assistance for work-seekers
  - o Create an unemployment assistance fund with a portion of the UIF which could be accessible to the informal sector and contract/temporary workers
  - o Increasing the period of benefits payments could also lead to deskilling and have unintended negative consequences
- Another option is to create a job investment fund targeted at SMME development

### COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASE

- The Compensation Fund caters to those in formal employment. Those without formal contracts and the informal sector do not have much support in the event of work-related injuries and occupational diseases
- Policy proposals include:
  - o The establishment of industry-based funds or group insurance where possible to cover those in

the informal sector

- o Improving the quality of data on hazards and injuries in the informal sector
- o Local government should play a role in the management of occupational health and safety for the informal sector

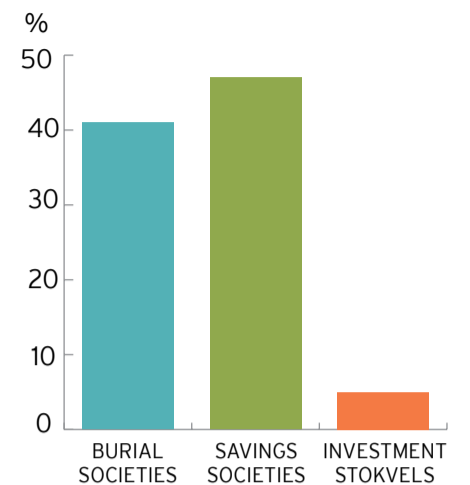
### SOCIAL PROTECTION OUTSIDE THE STATE - COVERING THE INFORMAL SECTOR

- There is a growing trend of under-employment, informal employment and casualisation of labour. People outside of formal employment do not have sufficient savings and contributions
- There needs to be a mixture of financing and institutional frameworks to bridge the gap between the formal and informal sectors
- Proposals include
  - o Encourage voluntary participation in social insurance and social protection schemes
  - o Use the existing infrastructure and expertise in stokvels to help develop schemes
  - o Encourage private sector participation and voluntary contributions through incentives
  - o Explore the use of incentives to increase investment in private sector banking and medical insurance products that cater to the informal economy
  - o Trade unions can assist members with social protection if they lose their jobs



OVER  
**800,000**  
STOKVELS AND  
**11.4-MILLION**  
STOKVEL MEMBERS WITH A  
TOTAL ESTIMATED VALUE OF  
**R44bn**

### STOKVELS



### 2030 VISION FOR SOCIAL PROTECTION

We should build a social protection system which:

- Has a defined social floor
- Is responsive to the needs of those who the system is intended to benefit
- Avoids the creation of dependency and stigma
- Is flexible and can respond to changing scenarios

### DEVELOPMENTAL SOCIAL WELFARE SERVICES

- Over the medium to long term government should improve accountability and ensure funding for the delivery of welfare services
- Policy proposals include
  - o Reorganise the state-civil society model for delivering welfare services
  - o Address the skills deficit in the social welfare sector. It is estimated that the country needs about 55,000 social service professionals against a current total of about 15,000
  - o The state should play a much larger role in the provision of social welfare services
  - o Increase efforts to integrate issues of disability into society and ensure service provision for people with disabilities
  - o Improve the safety of women, children and people with disabilities

### HOUSEHOLD FOOD AND NUTRITION SECURITY

- Addressing food and nutrition security will help bring down costs of future health care and improve educational outcomes
- Policy proposals include
  - o A household food and nutrition roadmap, including elements such as food grants, fortification, pricing, and home gardens
  - o A campaign and roadmap for promoting household food and nutrition



### LABOUR MARKET POLICIES

- Employment is the best form of social protection
- Proposals should focus on building strong incentives and systems, including incentives for older workers to stay in employment and not take early retirement
- Public employment programmes create jobs through the expanded

- public works programme. The employment advocated by the Commission would empower people to contribute to their communities
- Employment services should assist the unemployed in finding work and skills development
- Training and skills development

- programmes can be important for increasing access to the labour market. More than 50% of young people who completed a training programme moved into full-time employment
- Employment incentives can be very effective but must be well designed



## NATIONAL DEVELOPMENT PLAN 2030

# BUILDING SAFER COMMUNITIES

**CRIME IS AN** issue that affects all South Africans. The plan is explicit in tackling the problem in this chapter on building safer communities.

It envisages a situation in 2030 in which no South African needs to fear

crime, certainly an ambitious target.

The chapter does not develop its ideas as much as other ones. It clearly sees the need to build the criminal justice system and police force. It also wants an integrated approach that incorporates

other departments, the private sector and community bodies.

For the judicial system, it argues for greater independence and says transformational appointments are needed.

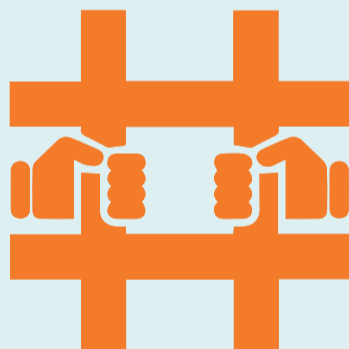
Ultimately, all vulnerable groups should enjoy equal protection and their fear of crime should be eradicated through the co-ordinated responses of the police, business, community and civil society. ■

## VISION 2030



- Strengthen the criminal justice system through co-operation among all departments in the justice, crime prevention and security cluster
- Make the police service professional by linking the police code of conduct and a code of professional police practice to promotion and disciplinary regulations
- Demilitarise the police and review the culture of the police
- Increase rehabilitation of prisoners and reduce recidivism to prevent prisoners from relapsing into criminal activity
- Build safety using an integrated approach, tackling the fundamental causes of criminality
- Increase community participation in safety by establishing community safety centres in vulnerable communities

- Strengthen the criminal justice system with the seven-point plan recommended in the *2007 Review of the South African Criminal Justice System*:
  - Adopt a single vision and mission for the JCPS cluster
  - Establish a new and realigned single co-ordinating and management structure
  - Make substantial changes to the present court process
  - Put into operation priorities that affect the new court process
  - Establish an integrated information and technology database
  - Modernise all aspects of systems and equipment
  - Involve the public in the fight against crime
- A national policing board should



be established, setting standards for recruiting, selecting, appointing and promoting police officials and officers

- Provision can be made for a two-stream system of recruitment into the police service, creating a basic police stream and an officers' stream
- Strengthen the capacity and training of detectives and specialised investigators
- There needs to be a holistic view of safety and security, taking into account the following:
  - Underlying root causes of crime such as poverty, inequality and unemployment
  - The lack of social cohesion and inadequate care of children
  - The opportunities and motives for crime

## Recommendations

- More work must be done by the Youth Commission, government departments, civil society and the private sector to develop an integrated plan
- There should be linkages between youth mobilisation and social cohesion

## Rural safety

- Access to justice and the safety of rural and farming communities demand special attention
- Farming communities and rural areas are often far from resources, police stations and infrastructure

## Recommendations

- The National Rural Safety Strategy should be implemented in its totality
- Communication tools and early warning systems should be prioritised
- Farm-watch structures should be strengthened and supported by local police

## Improving rehabilitation, reducing recidivism and prison overcrowding

- Recidivism is the relapse into criminal activity and is measured by a former prisoner's return to prison for a new offence.
- Recidivism rates reflect the success of rehabilitating inmates
  - Overcrowding in prisons increases inmate violence and recidivism
  - Recidivism is driven by the barriers faced by ex-prisoners upon release, including unstable communities and poor support
  - The prison population has exploded since 1994, which has had an adverse effect on crime management

## Recommendations

- Substance-abuse treatment during imprisonment should be stepped up
- Extend education and training programmes to increase the chances of employment for ex-prisoners
- Increase the capacity of community organisations to assist with rehabilitation
- Overcrowding should be addressed through placement of prisoners in appropriate 'out of prison sentence' programmes
- The population of awaiting-trial prisoners must be reduced drastically
- Youths in prison should be a priority focus for rehabilitation

## SAFETY OF WOMEN, THE GIRL-CHILD, CHILDREN AND THE YOUTH

### Safety of women

- Gender-based violence in South Africa is unacceptably high
- Gender-based violence includes violence against gay, lesbian and transgendered communities
- Cultural and religious practices which condone inequality of the sexes should be addressed by society as a whole

### Safety of children

- Infrastructure at schools should be designed with the safety of girls in mind
- The state's duty of care for child-headed households and Aids orphans stretches to the monitoring of and support to surrogate parents

### School safety

- Drugs, alcohol abuse and gang activities are among the main reasons for high school dropout rates
- School authorities, local government

and school governing bodies are responsible for the safety of learners

- A monitoring and evaluation system for school-management accountability should be developed

### Recommendations

- Local government should have a safety budget and an annual plan to address the impact of environmental design on the safety of vulnerable groups
- Support should be increased to NGOs which engage in citizen safety
- Local government and the Department of Social Development should establish safe shelters for women and children at risk of domestic violence

### Safety of youth

- In South Africa the youth are often the main victims and perpetrators of crime

- In 49% of murder victims aged between 11 and 20 years, the offender was an acquaintance or person known to the victim

**28%**  
OF VICTIMS  
USED  
ALCOHOL  
OR DRUGS  
PRIOR  
TO THE  
INCIDENT





# My granddaughter, my hero

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## NATIONAL DEVELOPMENT PLAN 2030

# BUILDING A CAPABLE AND DEVELOPMENTAL STATE

**THE PLAN DEPENDS** substantially on the capabilities of government. South Africa needs to build a state that can play a developmental and transformative role.

The public service needs to be

immersed in the development agenda but protected from undue political interference. Staff must have the authority, experience and support that they need to do their jobs. This requires a long-term approach to skills

development within the civil service and a recruitment strategy that makes the civil service an attractive place to work. There also needs to be a proactive approach to improving relations between the different spheres of government,

from national to provincial to local.

The chapter also addresses the governance structures of state-owned enterprises which it wants simplified to ensure accountability and stable leadership. ■

## VISION 2030

- The state needs to play a transformative and developmental role, which requires a capable and developmental state
- A capable state is one with the capacity to create and implement policies, a developmental state is one that creates policies focused on

- overcoming poverty and inequality
- A robust democracy is an essential prerequisite for the sort of developmental state needed in South Africa
- There are eight areas where targeted action is important:
  - o Stabilising the political-

- administrative interface
- o Making the public service and local government administration careers of choice
- o Developing technical and specialist skills
- o Strengthening delegation, accountability and oversight

- o Improving interdepartmental co-ordination
- o Taking a proactive approach to improving relations across government
- o Strengthening local government
- o Clarifying the governance of SOEs

## STABILISING THE POLITICAL-ADMINISTRATIVE INTERFACE

- The relationship between public servants and the government of the day needs to find a healthy balance
- If the public service is distant from politics, there can be concerns that it is not serving the interests of government
- If the public service is too close to government, public servants can be recruited on the basis of political connections rather than skills or expertise
- The Commission proposes the following:
  - o Strengthen the role of the Public Service Commission (PSC) in driving norms and standards, and monitoring recruitment processes
  - o Create an administrative head of the public service that manages the career progressions of department heads
  - o Use a hybrid approach for top appointments to reconcile administrative and political priorities
  - o Use a purely administrative approach for lower-level appointments, giving senior officials full authority over staff appointments

## FIVE AREAS OF FOCUS FOR DESIGNING A BETTER PROCUREMENT SYSTEM

- Differentiate between different forms of procurement, ie, between goods, services and infrastructure
- Strategise by elevating trade-offs above the project level, for example by including local content and lower prices for longer-term projects
- Build enabling support structures, including a database of registered managers
- Ensure effective and transparent oversight
- Build relationships of trust and understanding with private contractors

## INTERDEPARTMENTAL CO-ORDINATION

- Often departments pursue competing objectives and there are gaps where no department takes responsibility
- The Commission proposes a two-pronged approach that distinguishes between routine and strategic co-ordination
- Routine co-ordination is relevant where there are implementation problems. It can be dealt with through horizontal co-ordination between branches and directorates in different departments
- Strategic co-ordination is appropriate for high-level strategy discussions between departments
- The Presidency has a role to play in bringing different departments together when issues remain unresolved

## A PLAN TO STRENGTHEN LOCAL GOVERNMENT

- Municipalities have often found that expectations exceed their administrative and financial capabilities, leading to a loss of confidence
- Overcoming these issues can be achieved through a shift in four critical areas:
  - o An enabling framework for local government that focuses on developing systems to strengthen local government, rather than just issuing more regulations and legislation
  - o A proactive approach to improving intergovernmental relations, including mediating agreements between district and local municipalities
  - o A long-term approach to building capacity through measures such as a local government graduate recruitment scheme
  - o Mainstreaming citizen participation by ensuring real involvement in the integrated development plans (IDPs) and by government officials going to community organisations, rather than waiting to be approached by civil society

## IMPROVE RELATIONS BETWEEN NATIONAL, PROVINCIAL AND LOCAL GOVERNMENT

- South Africa's intergovernmental framework is relatively new and the challenge is to ensure that the decentralised structures deliver for all
- There has been distrust and conflict between the different spheres of government, for example, the debate on whether to transfer electricity distribution functions from municipalities to regional distributors
- There are five issues that need to be addressed if intergovernmental relations are to be more constructive:
  - o Improve clarity in a differentiated system, by advancing the work done in the funding and planning for different types of municipalities
  - o Considering regionalism as a response to uneven capacity: district municipalities have different levels of capacity and there is often tension between local and district municipalities. Regional service providers could support weak municipal capacity
  - o A coherent set of powers for metropolitan municipalities, including more control over the core built-environment factors. This will require a transfer of housing, land and transport functions to metro municipalities
  - o A more focused role for provinces, which have suffered from uncertainty and insecurity around their roles
  - o Identifying and resolving problems which will require leadership from several national government departments

## THE DEVELOPMENTAL POTENTIAL OF STATE-OWNED ENTERPRISES

- State-owned enterprises (SOEs) are central to providing economic and social infrastructure
- SOEs will need clear mandates and their tasks need to be simplified. Three broad sets of reforms will ensure improvements in SOE performance:
  - o Each SOE needs a clear mandate as their roles may have changed, and also to hold SOEs more accountable
  - o Governance structures need to be clarified and simplified. There is no one model for all SOEs. The powers and resources for independent regulators of SOEs must also be clearly defined
  - o Capacity constraints must be addressed by clear strategies for skills development and a reliable funding model

## NATIONAL DEVELOPMENT PLAN 2030

# PROMOTING ACCOUNTABILITY AND FIGHTING CORRUPTION

**CORRUPTION GETS A** lot of headlines, and the plan explicitly aims to address the problem. It undermines good governance, which is required for the plan to be implemented. It needs sound institutions and the effective operation of government.

The plan demands an anti-corruption system that makes public servants accountable, protects whistle-blowers and closely monitors procurement. Efforts to eradicate corruption must include the private sector and individuals by increasing public awareness and improving access to information.

Part of the solution is a strategy to strengthen the independence of the judiciary by improving the quality of judges and scaling up judicial training. ■

## STRENGTHENING ACCOUNTABILITY AND RESPONSIBILITY OF PUBLIC SERVANTS

- South Africa has developed mechanisms to manage integrity and promote ethical conduct in the public service
- These include the public service code of conduct and the Financial Disclosure Framework
- The implementation of these measures has been poor, however. There is endemic non-compliance with the financial disclosure framework
- The Commission recommends the following:
  - o An accountability framework should link the liability of public servants to their responsibilities
  - o Rules restricting the business interests of public servants should be more specific and clearer
  - o Restraint-of-trade agreements should be considered for senior civil servants
  - o Corrupt officials should be made individually liable for losses

## ACHIEVEMENTS SINCE 1994

- Steps have been taken to counter corrupt practices and put accountability mechanisms in place
- The Bill of Rights includes access to information and administrative justice
- The following legislation was passed to provide a foundation for open, transparent and accountable government:
  - o The Public Finance Management Act (1999)
  - o The Promotion of Access to Information Act (2000)
  - o The Promotion of Access to Justice Act (2000)
  - o The Municipal Finance Management Act (2003)
  - o The Prevention and Combating of Corrupt Activities Act (2004)
- South Africa has also created institutions to deal with corruption and hold public officials to account, including the offices of the Auditor-General and Public Protector



## VISION 2030

The vision for 2030 is a South Africa that has zero tolerance for corruption. South Africa will achieve Vision 2030 by implementing the following:

- Building a resilient anti-corruption system where designated agencies have the resources to investigate corruption and all members of society resist corrupt practices
- Strengthening accountability and responsibility of public

- servants
- Creating a transparent, responsive and accountable public service where procurement details are openly available to citizens
- Strengthening judicial governance and the rule of law by increasing judicial training and extending community service to law graduates

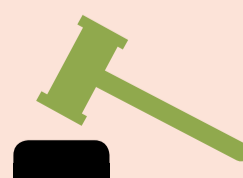


## CREATE AN OPEN, RESPONSIVE AND ACCOUNTABLE PUBLIC SERVICE

- Transparency is an important element of public accountability
- In practice, the state has been poor at making information available timeously and in an accessible form to all. There is poor compliance with the Promotion of Access to Information Act
- The Commission proposes that an information regulator be established in line with the Protection of Personal Information Bill. It also proposes more 'open data' be made available, such as tender information, environmental impact assessments and mineral licences

## STRENGTHEN JUDICIAL GOVERNANCE AND THE RULE OF LAW

- Judicial governance concerns the independence and accountability of the judiciary. South Africa's rule of law is generally sound but could be further improved
- There is no consensus in the Judicial Service Commission about the selection and appointment of judges. The JSC can elaborate further guiding principles for choosing the 'ideal South African judge'
- The training of judges also requires attention, as does the composition of the JSC itself
- The Commission recommends the following:
  - o Accelerate reforms to implement a judiciary-led independent court administration
  - o Establish clear criteria for appointing judges, with emphasis on progressive credentials and transformative philosophy
  - o More resources must be allocated to the training of judges
  - o The current structure of the JSC must be considered and reviewed
  - o Extend compulsory community service to law graduates



## BUILDING A RESILIENT ANTI-CORRUPTION SYSTEM

There are four proposals by the Commission to create a strong anti-corruption system

1. Strengthen the multi-agency anti-corruption system by:
  - o Increasing specialist resources to anti-corruption agencies
  - o Conduct awareness campaigns about the effects of corruption
  - o Strengthen the National Anti-Corruption Forum
2. Take a societal approach to combating corruption:
  - a. The private sector should be obligated to use the criminal justice system to deal with corrupt activity
  - b. Increase anti-corruption initiatives such as integrity pacts between government and private contractors



- c. Citizens and companies must stop offering bribes to government officials
- d. An independent media, and initiatives like Corruption Watch increase public awareness



3. Strengthen protection of whistle-blowers:
  - a. Protection for whistle-blowers creates a culture of exposing wrongdoing
  - b. The scope of protection under the law is too narrow, restricting whistle-blowing to formal employment relationships
  - c. The Protected Disclosures Act does not guarantee immunity against civil or criminal liability, which can discourage people from making disclosures
  - d. The Commission recommends reviewing the Protected Disclosures Act and developing regulations that strengthen support for whistle-blowers
4. Improve oversight over procurement procedures:
  - a. Chapter 13 contains a number of proposals on designing better procurement systems
  - b. A tiered system of tender review should be considered, with large tenders automatically reviewed by the auditor-general and the Parliamentary standing committee on public accounts
  - c. The tender compliance monitoring office should be empowered to investigate corruption and whether tenders are delivering value for money



## NATIONAL DEVELOPMENT PLAN 2030

# TRANSFORMING SOCIETY AND UNITING THE COUNTRY

## THIS LAST CHAPTER

assesses our divided past and paints a picture of our shared future. It describes the themes of transformation and unity, looking at their role in the national development plan.

On one level, transforming society and uniting the country are pretty ephemeral things compared with other targets in the NDP. It's not as easy to measure progress in achieving transformation as it is to calculate unemployment, and growth in national unity

can't be plotted against the matric pass rate. How do you prioritise a goal that is difficult to measure or compare?

And yet, on another level, the call to create a social compact and for all South Africans to work towards the common good is a critical factor to the overall success of the plan. To seriously tackle unemployment there needs to be compromise and trust between government, labour and business.

Recommendations

aimed at building social cohesion include a Bill of Responsibilities for young people; a media-sponsored Constitutional Friday once a month; and learning at least one official African language.

The Commission knows that a social compact is an enormous challenge. It also knows how important such a compact is to the overall success of the national development plan. It is now up to the rest of us to create and sustain it. ■



## VISION 2030

- In the South Africa of 2030 there will be more acceptance of people's multiple identities
- There will be broad-based knowledge about and support for a shared set of values
- Our society and economy will be inclusive, and we will have redressed many of the wrongs of the past
- There will be increased interaction between people from different social and racial groups
- We will have strong leadership across society and a mobilised, active and responsible citizenry

## FOSTERING CONSTITUTIONAL VALUES

- The Constitution is the supreme law of the land, aimed at creating a more equitable, integrated and just society
- The values of the Constitution cannot be achieved through legislation alone, but must be supported and respected by broader society
- The Department of Basic Education and Lead SA have produced the Bill of Responsibilities, which lists responsibilities that come with our constitutional rights
- The Commission suggests further analysis of the challenges facing the South African family, which would point to appropriate policy interventions
- Schools have an important role to play in building social cohesion. All schools should use the Constitution and Bill of Responsibilities to develop and implement a school value policy
- The media has an impact on the values that people hold, and it plays a critical role in nation building

## PROMOTING SOCIAL COHESION ACROSS SOCIETY



- The transformation vision for sports in 2030 is that participation becomes more closely aligned with the country's demographics
- For this to happen, school sports must be adequately resourced
- Cultural activities and art can also play a major role in promoting social cohesion. The creative arts sector should be supported by both the public and private sectors

## ACTIVE CITIZENRY AND LEADERSHIP

- All South Africans must contribute and work towards realising the vision of a cohesive society
- Participatory governance is a central tenet of local governance. Chapter 13 suggests that the state should proactively engage with communities in their own forums
- Community leaders and public figures should demonstrate the following leadership qualities:
  - o The ability to lead by example
  - o Honesty, integrity and trustworthiness
  - o The capacity to innovate, manage change and communicate with people
  - o The ability to listen and to tolerate different opinions
  - o The ability to promote meaningful inclusion and to empower the powerless

## FOSTERING A SOCIAL COMPACT

- At the core of all social contracts is an agreement among individuals or between groups that outlines the rights and duties of each party
- There is an urgent need to craft a social contract that will enable South Africa to achieve higher growth and employment
- There is insufficient trust between parties to ensure that the compact works; between workers and business, between business and government and between government and labour
- Leadership from all parties may not be prepared to take risks, which is related to the general lack of trust
- Nonetheless, a social contract would contribute greatly to long-term development

## EQUAL OPPORTUNITIES, INCLUSION AND REDRESS

- Success in life should depend on people's choices, efforts and talents, not on their circumstances at birth
- Proposals in the NDP to increase inclusion include:
  - o Reversing apartheid geography by establishing new spatial norms and standards
  - o Strengthening the social wage and social security
  - o Growing the economy and employment to create 11 million jobs by 2030
  - o Implementing a rural development strategy to ensure job creation in agriculture, effective land reform and improved basic services in rural areas
  - o Creating equal opportunities must begin with ensuring universal access to basic services, health care and education
  - o Effective redress can be advanced through employment equity and workplace opportunity
  - o The present model of black economic empowerment (BEE) has not succeeded in transforming ownership of the economy to the degree that it was intended. Proposals for transforming ownership include:
    - o Creating an enabling environment for small businesses and entrepreneurs
    - o Ensuring alignment among all broad-based BEE legislation, codes and charters
    - o Mandatory targets for socioeconomic development and job creation
  - o Progress in land reform has been slow. Chapter 6 provides specific proposals to raise agricultural production and accelerate land reform
  - o Gender discrimination remains a major problem
  - o Despite a number of activist organisations and state institutions promoting gender equality
  - o The Commission has the following recommendations:
    - o Sustained campaigns focusing on changing racist, homophobic and xenophobic attitudes
    - o Targets, indicators and timelines for monitoring and evaluating progress towards gender equality
    - o Local government to include more women at representative level
    - o All vulnerable groups should enjoy equal protection, as outlined in Chapter 12
    - o Public employment should have a specific focus on women
    - o Learning one another's languages can play a profound role in promoting understanding and developing social cohesion. The Commission proposes that every South African should study at least one official African language at school
    - o In order to create equality before the law, the Commission suggests extending community service to law graduates

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## Renewable Energy Projects



**KAXU  
SOLAR CSP**  
100MW



**LESEDI  
SOLAR PV**  
75MW



**LETSATSI  
SOLAR PV**  
75MW



**KATHU  
SOLAR PV**  
81MW



**UMOYA  
WIND**  
67MW



**VREDENDAL  
SOLAR PV**  
10MW



**AURORA  
SOLAR PV**  
10MW



**JASPER  
SOLAR PV**  
96MW



**GOUDA  
WIND**  
138MW

**A BRIGHTER FUTURE FOR  
SOUTH AFRICA'S ENERGY LANDSCAPE**



**THINK  
RENEWABLE  
ENERGY.  
THINK RMB.**

**RMB leads the financing for some of the world's largest renewable energy projects - valued at more than R23-billion**  
Rand Merchant Bank led the financing of five renewable energy projects, procured under the first round of the Department of Energy's Renewable Energy Programme – and another four projects under the second round. These solar PV, solar CSP and wind energy projects will provide more than 650MW to the national grid. RMB's innovative financing solutions included inflation-linked senior debt, mezzanine finance and preference share funding. For more information, contact Dario Musso on +27 11 282-4443, email [dario.musso@rmb.co.za](mailto:dario.musso@rmb.co.za) or Daniel Zinman on +27 11 282-4271, email [daniel.zinman@rmb.co.za](mailto:daniel.zinman@rmb.co.za)

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