

## 2. THEMES

### 2.1 Governance

A critical focus since 1994 has been to democratise governance and improve the state's capacity to advance the objectives of reconstruction and development. The first 10 years saw significant progress, especially in unifying and rationalising the fragmented Public Service left by apartheid, and putting in place the framework for new structures, systems and ethos.

#### What the *Ten Year Review* said

- Government performed well where it has direct control and influence - less so elsewhere
- Remarkable progress in transforming the state machinery
- Continuing transformation of the civil service resulted in a slow learning curve that impacted on service delivery
- Better policy coordination across spheres
- Capacity and performance should be assessed to see where national or provincial government may need to intervene because of poor performance.

#### Challenges

- Improve service delivery by building, strengthening and reforming state institutions and new initiatives
- Strengthen provincial and local capacity at key technical levels such as financial management
- Use the National Spatial Development Perspective to focus government attention on areas with biggest potential for development and poverty alleviation
- Improve contact with citizens by public representatives and public servants and enhance accountability
- Develop and maintain partnerships with civil society
- Provide leadership to social partners by articulating an encompassing framework for South Africa's development.

#### 2.1.1 Democratic transformation

##### Elections

South Africa has become a well-functioning democracy in a comparatively short time. Two successful national and provincial elections have been held since 1994 and two democratic local elections since 1995/96. Millions of citizens voted in these elections and confidence in the credibility of the elections and their outcomes was virtually universal.

**Table 1: Participation in elections**

Election year	1994	1999	2004
Total valid votes	19,5m	16,0m	15,6m
Registered electorate	No voters' roll	18,2m 79,7% of voting age population	20,7m 75,4% of voting age population
Percentage valid votes	Not applicable	87,1%	75,5% 76,6% inclusive of invalid/spoil votes

Source: Booysen, S. 2008, paper commissioned for the *Fifteen Year Review*

Strong institutions of representative democracy have been built, including Parliament, provincial legislatures and municipal councils. Independent institutions support them, including the Human Rights Commission (HRC); Public Protector; Auditor-General; and Commission on Gender Equality (CGE). A democratic culture prevails in which citizens can articulate and pursue their political views and ideals. Extensive constitutional freedoms of speech and assembly have been exercised without limitation. An independent judiciary has been established – the great majority of citizens trust it as the final arbiter of conflicts and disagreements, and have accepted its decisions as legitimate.

The proportion of women in legislatures and the executive has increased with successive elections. The proportion of female Members of Parliament – 33% after the 2004 elections – is one of the world's highest, as is participation of women in the executive across the three spheres. Of the 30-member Cabinet appointed in 2004, 13 are women; and so are eight out of 21 deputy ministers and four out of nine premiers. The proportion in local government representative bodies has also increased.

The institutions of governance enjoy deeper support and legitimacy among citizens than would have seemed conceivable 15 years ago. As democratisation proceeded, however, new challenges and new arenas of democratic transformation emerged.

### **Deepening participatory democracy**

Successive policies and laws have helped deepen participatory democracy. The mechanisms include mandatory community consultation in formulating municipal integrated development plans (IDPs), izimbizo (executive interaction with communi-

ties around services and development), ward committees, Thusong Service Centres (previously multi-purpose community centres [MPPCs]) and community development workers (CDWs).

Since 2001, izimbizo have been regularly held. Presidential izimbizo involve the President or Deputy President; and national imbizo weeks twice a year involve the executive of all spheres in hundreds of interactions. There are regular provincial executive outreach programmes and, increasingly, imbizo-style interactive communication is being adopted outside of formal campaigns.

Thusong Service Centres (providing access to a range of services and information in areas previously with little or no access) have steadily increased towards the target of one per municipality – the 37 MPCCs established by 2003 had become 125 operational Thusong Service Centres by March 2008. By then, 3 305 CDWs had been trained and deployed in 2 000 wards to help communities access services and development opportunities. Ward committees had been established in 96% of wards.

Layers of institutions and mechanisms have been added to facilitate public participation. Nevertheless, more needs doing.

Questions remain about linkages between such platforms their effectiveness and the extent to which members of representative bodies such as ward committees are linked in practice to the communities they serve. Weaknesses in the interface between communities and the state also reflect weak organisation of communities outside of formal systems. The protests that engulfed some communities in recent years have had a variety of causes. They have been about service delivery and reflected local political dynamics. They have also arisen from failures of public representatives to account or fully involve citizens in decision-making that affects their lives; and failures of communities to exploit the opportunities of representative institutions.

These gaps in institutional infrastructure suggest a need for more effective accountability of public representatives and citizen participation in public affairs, especially between elections. At the same time, the trends in direct protest action do not signify disillusion with representative democracy as such – areas affected by protests before the 2006 local government elections tended to see high levels of voter participation and strong results for the incumbent party of the area.

The institutions of participatory democracy include various forums and processes such as National Economic Development and Labour Council (Nedlac) and the sector education and training authorities (Setas) for skills development, as well as the Presidential Working Groups in which organised sectors interface regularly with the executive. The processes around IDPs and provincial growth and development strategies (PDGS) provide for the engagement of communities, social partners and civil society in formulating and implementing programmes for development.

### **Democratising traditional leadership**

The Constitution provides for recognition of traditional leadership in the democratic dispensation. Several pieces of national and provincial legislation give effect to this provision, establishing a house of traditional leaders, defining the relationship to local government and specifying powers in the allocation of communal land.

#### **Legislation giving effect to the recognition of traditional leadership**

1997 - National House of Traditional Leaders Act, 1997

1998 - Municipal Structures Act, 1998

2003 - *White Paper on Traditional Leadership and Governance (2003)*

2003 - Traditional Leadership and Governance Framework Act, 2003

2004 - Communal Land Rights Act, 2004

There is a programme of support to traditional institutions and a national department is being established to deal with traditional affairs.

It is too early to judge the success of these measures. Issues that require continuing assessment include whether the exercise of traditional power and authority reflects the spirit and letter of the Constitution, without the emergence of two classes of citizens: those ruled by democratically elected institutions and those ruled by unelected traditional leaders.

### **2.1.2 Promoting good governance**

#### **Towards an open and transparent state**

The Constitution enjoins state institutions to be guided by the principles of openness and transparency and to provide citizens with information that is accessible, accurate and timely.

The Promotion of Access to Information Act (PAIA), 2000 creates a framework for citizens to access information primarily in possession of the state. A 2007 Public Service Commission report shows that some national and provincial departments lack deputy information officers and that where they exist they seem not to understand their responsibilities. Some departments have not produced mandatory PAIA manuals, undercutting the objectives of an instrument for citizens to exercise their right to information.

Other studies show that a significant number of national and provincial departments are not complying with the Batho Pele principle of Openness and Transparency, which requires that they publish annual reports to citizens.

Nevertheless, there are pockets of excellence. The 2006 Open Budget Index ranks countries according to how transparent their budgetary processes are – it puts South Africa in the top six.

The shortcomings in realising citizens' right of access to information call for redress. That would include building required capacity in all relevant institutions, and ensuring that they comply with relevant laws and regulations about public access to information.

### **Better public management**

A further indicator of good governance is how public resources are managed by those entrusted with that responsibility. The key laws governing financial management are the Public Finance Management Act (PFMA), 1999 for national and provincial government and the Municipal Finance Management Act, 2003 for the local government sphere. There has been a general overall improvement in financial management of state institutions. However, the record is uneven at a more detailed level. For example, unauthorised expenditure increased from R30 million in 2004 to R103 million in 2006 and a third of departments received qualified audits in 2006. On the other hand, national departments have been doing slightly better in executing budgets.

Although Matters of Emphasis in audit opinions on national departments have increased in the last four years, the trend results from more rigorous reporting requirements, including the transition to accrual accounting.

While financial management in provinces has improved over the past decade and a half, there are still some serious challenges. For example, the percentage of unqualified audit opinions in 2005/06 dropped to 55%, from 67% the previous financial year.

So, while the PFMA has improved public financial management, challenges remain.

### **Fighting public-sector corruption**

Fighting corruption has preoccupied successive democratic governments. The 1994 *White Paper on Reconstruction and Development* declared that government would act decisively against corruption in the welfare system through a system of audit trails. It noted that legislation was being prepared to introduce a Public Protector so that the public would have recourse to deal with corruption and maladministration. Over the following 10 years, a variety of measures were put in place to fight corruption in the public sector. The establishment of a National Anti-Corruption Forum in 2001 and subsequent anti-corruption summits have mobilised social partners in a national multisectoral anti-corruption effort.

#### **Measures to fight corruption in the public sector in the first 10 years**

1996 - Special Investigating Units and Special Tribunals Act, 1996 is adopted, mandating the President to establish structures to investigate and adjudicate cases of serious malpractice or maladministration in state institutions

2001 - National Anti-Corruption Forum launched

2002 - Public Service Anti-Corruption Strategy

2004 - Prevention and Combating of Corrupt Activities Act, 2004 adopted

2005 - Second Anti-Corruption Summit

2008 - Third Anti-Corruption Summit

The Prevention and Combating of Corrupt Activities Act, 2004 opened the way for further measures within the framework of the Public Service Anti-Corruption Strategy. Specialised courts to prosecute acts of corruption were created and have yielded some successes. For instance, in 2005/06 over 900 commercial crime trials were finalised with a conviction rate of over 94%. Other measures included sector coordinating structures, blacklisting of individuals and businesses engaging in corrupt activities, and a National Anti-Corruption Hotline. Ten agencies have an anti-corruption mandate, although debates continue about their individual capacity and collective coordination.

Despite this considerable effort, surveys show that public perception of corruption in government has remained widespread, although experience of actual corruption is substantially lower.

There is evidence to suggest that the measures are beginning to yield results. For instance, more citizens are reporting suspected corruption to the National Anti Corruption Hotline. Those found to have acted corruptly are brought before disciplinary and judicial institutions.

There are, however, weaknesses in implementation. Audits and surveys show a steady but uneven increase since 2002 in capacity to fight corruption. Some departments are still struggling to investigate alleged cases of corruption – of 2 590 allegations received by departments between 2003/04 and 2006/07, they only reported 754 as having been dealt with by disciplinary processes or referred to law-enforcing agencies. Awareness of the Hotline among officials and business remains below 50%. Provincial and national departments provided feedback in less than half the cases referred to them from the Hotline.

A Third Anti-Corruption Summit was held in August 2008 to consolidate the national effort.

### **Legitimacy and confidence**

Trust and confidence in public institutions have ebbed and flowed. For instance, confidence in national and provincial government tends to increase during election periods and decline between them. However, research discussed in more detail in the section, *Public Perceptions*, points to some decline of trust in the past two years or so beyond what would be expected only as an effect of the cycle of electoral politics. It affects national and provincial government, political parties, The Presidency and Parliament. Particularly troubling are pointers to reduced public confidence in the judicial system.

Further research would be needed to determine the causes. However, increasing public confidence during election periods suggests that more sustained interaction between public representatives and the public would strengthen legitimacy. More regular availability of information about services and implementation of government's mandate would do likewise. At the same time, any decline in confidence in public institutions, especially judicial institutions, calls for a concerted programmatic response not just from government, but from all sectors of society.

### 2.1.3 Macro-organisation of the state

The permutation of national ministries and departments, with minor adjustments, was inherited from the pre-1994 administration. Over the years, a number of structures have emerged to promote integration and cooperation:

- clusters of ministers along the lines of Cabinet committees
- corresponding clusters of directors-general (DGs) and the Forum of South African Directors-General (FOSAD), including provincial DGs and heads of departments
- MinMECs of ministers and provincial MECs, dealing with concurrent functions
- the Presidential Coordinating Council, bringing together the President, premiers and relevant ministers/MECs.

These forums have brought a fair degree of coordination within and across the spheres. Yet the advances have themselves exposed new issues.

There are issues about the role, functions and powers of each sphere. As conditions and the policy environment change, there is a need to ensure that all spheres have the capacity to meet the demands of the time. This includes the need to examine the major role of provincial government in social functions compared to economic functions and funding for such. Questions have also been raised about the number of provinces; and about the two-tier system of local government.

Notwithstanding the progress made as a result of the new coordinating structures, there are challenges of integration and coordination across the three spheres. Problems are particularly acute where national and provincial government spheres hold concurrent authority, or where a function is allocated to all spheres or both tiers of local government.

Challenges of national coordination were addressed in a report on the *Capacity and Organisation of the State*, prepared by The Presidency and FOSAD, which served before Cabinet in 2005. Cabinet committees and DG clusters have not always brought better coordination. In most instances, interdepartmental project teams of officials exist only in name, and relate to one another only when updates have to be provided. DG cluster meeting agendas do not effectively provide for ongoing monitoring and evaluation (M&E) of implementation of projects.

Among other things, the report recommended the development of planning capacity and the harmonisation of M&E among coordinating departments. The government-wide M&E System has been developed and a programme introduced to strengthen the capacity of M&E units in departments. Elements of medium-term planning and oversight are in place and The Presidency is exploring the establishment of institutional capacity to conduct long-term development planning.

Provincial and local aspects of coordination challenges are included in a review currently being conducted (*see below*).

#### **2.1.4 Public service and local government capacity**

##### **Transforming the Public Service**

The state machinery and Public Service inherited in 1994 were geared to serving white minority interests and controlling and repressing the black majority. The challenge was to establish new, accountable institutions and to transform existing ones. The goal was a public service capable of extending services to the majority who had been receiving inadequate services or none at all.

As noted, the first 10 years saw remarkable progress in unifying separate civil services into an integrated public service for the whole country. Public-service employment declined from 1,2 million in 1994 to about one million in 2001, during the period of rationalisation and integration, but increased again from around 2002. By 2007, it had increased to about 1,1 million.

Major strides in changing the demographic composition of the Public Service had brought it close to representivity targets by 2003. Africans were 72% of the service at all levels, but there was a need for more women in senior positions and more disabled persons. Since then, it has become still more representative. Women now occupy 34% of all senior positions. The proportion of white public servants has declined by 2% and those of Asian and coloured public servants have remained largely constant. On the other hand, at the present pace of employment of persons with disability, it is unlikely that government will reach the target of 2% by March 2010.

However, the culture and orientation of the Public Service need further improvement. Too often public servants have been found falling short in service to the public. Managers tend to show less appreciation and recognition to subordinates than they

should. Standards of recruitment and promotion are not always what they should be. This next frontier of public-service transformation requires urgent attention.

### **Public-service capacity**

The challenges of service provision arise not fundamentally from a shortage of people, but from problems of skills and systems to deploy its human and financial resources.

The report on the *Capacity and Organisation of the State* included several proposals in this direction. Most have been or are being implemented. Apart from the development of M&E and planning capacity, they include policy on a revolving door with the private sector; performance-based security of tenure for senior management service (SMS) members; a public-service skills audit; recruitment of retirees; re-invigoration of Batho Pele and tilting the balance towards career progression and away from lateral entry.

Starting in 2005, the Governance and Administration (G&A) Cluster undertook capacity assessments covering the health, education, justice and economic departments. The findings, presented to the July 2007 Cabinet Lekgotla, identified various weaknesses. Among them were weaknesses in data systems to support management functions and in organisational structures. Remuneration was a key factor in almost half of terminations; and professionals in particular were found to be inadequately remunerated. Management was the focus of much discontent. Recruitment and selection processes were often ineffective; and red tape, especially in procurement and human resource processes, was seen as a major obstacle. Weaknesses were found in overall coordination between departments and across spheres, especially in planning.

In addition to measures to strengthen planning, monitoring and evaluation, described elsewhere in this review, a number of “second-generation” public-service reforms are dealing with some of these problems. They include a host of reform initiatives to improve the human resource function in departments, and the Bill to create a single public service. The Public Administration Leadership and Management Academy (successor to the South African Management Development Institute) was inaugurated in August 2008, with a programme to bring about a large boost in public-service training in cooperation with other training institutions.

The local government reforms leading to the country's first democratic local government in 2000, yielded mixed results. Service delivery was intensified, but not commensurate with increasing financial resources. For example, the Auditor-General found substantial underspending by municipalities of the Municipal Infrastructure Grant over the period 2004-07. Capacity constraints stemmed from a general scarcity of technical skills in the country and inability to recruit and retain the requisite staff, especially in small and rural-based municipalities. This led to many staff vacancies in technical, professional, senior management and leadership positions. For example in June 2008, municipalities reported an average 22% vacancy rate (for municipal managers and those reporting directly to them).

Among weaknesses in the founding legislation for the local government system is an element of "self-supervision", with members of the executive chairing committees meant to exercise oversight of them.

Project Consolidate was launched in 2004 as a two-year hands-on intervention in 136 municipalities, especially in relation to specialised areas. It mobilised service-delivery facilitators and deployed them with the immediate task of diagnosing the challenges confronting municipalities. In January 2006, the approach was incorporated in the Five-Year Local Government Strategic Agenda.

By August 2008, 1 134 experts had been deployed to 268 municipalities (including the Project Consolidate municipalities). Key partners, such as the Siyenza Manje initiative of the Development Bank of Southern Africa, played a valuable role. Deployed experts provide technical assistance in areas such as engineering, finance, town planning, project management and human resource development. The involvement of national and provincial sector departments in supporting local government has improved. However, professional vacancy rates remain relatively high. Compliance with corporate governance basics such as the signing of performance agreements remains low. Improved submission of financial statements on time for the most part is not matched by improvement in financial management as the number of qualified audits and disclaimers remains high – in 2006/07, only 25% of local governments received unqualified audits.

The January 2007 Cabinet Lekgotla mandated the Department of Provincial and Local Government to initiate a process to develop a *White Paper on Provincial Government* and review the 1998 *White Paper on Local Government*. Included in the task will be an assessment of existing structures of governance.

## 2.1.5 Conclusion

### Key issues for further attention in *FINDINGS*

- Progress in consolidating democratic institutions and administration committed to good governance
- Public participation, access to information, accountability and trust are areas for attention
- State capacity challenges relate mainly to skills, systems and institutional arrangements
- Advances in coordination achieved but not yet enough
- Planning capacity needs further developing
- Public Service ethos uneven
- Anti-corruption fight limited by implementation capacity.

## 2.2 Social sector

The social programmes of government are critical to alleviating poverty and reducing inequality, as elements of the broader objective of promoting development. Poverty reduction focuses on the three key dimensions: income poverty, human capital poverty and asset poverty.

### What the *Ten Year Review* said

- Significant improvement and deracialisation of social services
- Dramatic impact in delivery of pension and other social grants
- Great improvements in education and community understanding of opportunities opened by learning
- Notable advances in delivery of services such as electricity, water, sanitation and housing
- Housing and land reform made some impact on asset poverty and women's rights.

### Challenges

- Implementation of policy constrained by behaviour of officials and recipients
- Significant numbers of eligible social grant candidates still unregistered and/or poorly serviced
- Level of municipal debt and illegal connections suggest poor state capacity and lack of citizen understanding of obligations
- Enhanced health service spending and reorientation not yet fully seen in outcomes
- Micro-credit for productive purposes and access to finance still a major impediment.

## 2.2.1 Income poverty alleviation

### Poverty trends

In the absence of an official poverty line, two lines were used in research for the review: a lower poverty line of R174 per person per month; and an upper line of R322 per person per month, in 2000 prices.


There was reduction in both absolute income poverty (the income of poor people) and relative income poverty (the poverty gap, that is, the gap between the average income of poor people and the poverty line).

**Table 2: Income poverty trends**

	Headcount rate		Poverty gap ratio	
	1995	2005	1995	2005
	<b>R322 a month poverty line</b>			
African	63,04%	56,34%	31,86%	24,44%
Coloured	39,00%	34,19%	14,66%	12,98%
Asian	4,71%	8,43%	1,03%	2,17%
White	0,53%	0,38%	0,22%	0,11%
<b>Total</b>	<b>52,54%</b>	<b>47,99%</b>	<b>26,04%</b>	<b>20,61%</b>
	<b>R174 a month poverty line</b>			
African	38,18%	27,15%	14,71%	8,55%
Coloured	14,62%	12,30%	4,09%	3,88%
Asian	0,82%	1,60%	0,14%	1,07%
White	0,23%	0,01%	0,09%	0,00%
<b>Total</b>	<b>30,92%</b>	<b>22,68%</b>	<b>11,77%</b>	<b>7,15%</b>

Source: H Bhorat *et al*, 2008, paper commissioned for the *Fifteen Year Review*, analysing Statistics SA's *Income & Expenditure Surveys*

Asian poverty increased although the numbers are small. Africans and coloureds saw a significant and appreciable decline in mean poverty gap levels. For Africans, relative poverty levels declined by six to seven percentage points for both poverty lines. Africans, however, also account for a disproportionate share of poverty – although 77% of the population in 1995, and 79% in 2005, in both years they accounted for 93% of those living on less than R322 a month.



There are great differences in provincial levels of poverty as well as different rates of change between 1995 and 2005. In both years, Western Cape and Gauteng headcount rates were lower than the national averages. Gauteng and KwaZulu-Natal experienced significant increases in both poverty headcount levels and the poverty gap, and there was a small increase in Limpopo. All other provinces experienced a decline in poverty headcount rates with Free State experiencing the largest decline of more than 23%.

Although female-headed households experienced a decline in both poverty levels and poverty gap, poverty continues to be disproportionately female. In 2005, more than half of those considered poor by both poverty lines lived in female-headed households. In contrast, only 43% of the population lived in female-headed households.

### **Key drivers of decline in poverty**

The single most important driver of the decline in poverty is government's social security assistance programme. From 2,5 million beneficiaries in 1999 to just over 12 million in 2007, the social grant system is the largest form of government support for the poor. Most by far is in the form of the Child Support Grant (CSG), which reached 7,8 million beneficiaries in 2007 compared to 34 000 in 1999. The rapid expansion of the social security system lies at the heart of the growth in expenditure levels of the poor. By 2005, social grants contributed up to 90% of the income of individuals in the first two deciles and more than 50% in the fifth decile.

Various studies have confirmed that this support is well targeted and contributes considerably to poverty reduction. Of social grants, 62% of the total went to the poorest 40% of households and 82% to the poorest 60%.

Provincial take-up rates for old-age pensions are uniformly close to the national average take-up rate, except in Gauteng, which is below average. However, provincial take-up rates for the CSG vary. For poor households in Limpopo, it reached 71,4%, compared to only half the households in the least poor provinces – Western Cape and Gauteng. However, one province with a particularly high child poverty rate – the North West – had a surprisingly low take-up rate for this grant.

The expansion of social grants has slowed down as most of those who are entitled are being reached. However, it will be sustained as new categories become eligible,

with the threshold for men to receive pensions being lowered and the age for the CSG being progressively raised.

The Unemployment Insurance Fund (UIF) and the Compensation Fund – for occupational injuries and diseases – have also contributed to alleviating income poverty. From 2004 to 2008, the UIF paid out R11 billion to 2,2 million beneficiaries and the Compensation Fund paid R7,4 billion in benefits.

### **Income inequality**

The growth in per capita income has come both from wages, through increased employment, and social grants. Not only did individuals across the whole spectrum experience positive income growth between 1995 and 2005, but those at the very bottom of the distribution experienced a greater increase than those from the 60th to the 70th percentile. On the other hand, except for part of the period among Africans, income growth for the poor was not in general greater than that for the non-poor. In other words, overall, those at the top of the income distribution on average benefitted more than those at the bottom.

These trends are analysed in more detail in *New Dynamics* below. Of particular relevance in reviewing the impact of social sector programmes is the fact that the pro-poor bias of per capita income growth stemmed mainly from government's social security programme (enhanced in recent years by growing employment income).

Overall, persisting inequality is largely the result of the reproduction of existing disparities in ownership, income, resources, skills and other determinants of people's capacity to take advantage of opportunities. Comparative studies show that inequalities reduce the redistributive effects of economic growth, skewing benefits of growth towards those who are already better off. This applies both to income from economic activity and to the take-up of available social services, which are more easily accessible to those among the poor who are less disadvantaged rather than those who most strongly need them. Countering these factors will require more concerted interventions to enhance provision of information to the poorest of the poor. Affirmative action, employment equity legislation, Broad-Based Economic Empowerment and minimum wage determinations in sectors employing vulnerable workers have had significant impact. But lasting improvement requires interventions to improve the human capital of those who are currently disadvantaged or marginalised from economic activity and the labour market.

## 2.2.2 Human capital poverty alleviation

Social services are critical to improving the nation's human capital, that is the capacity of its people to engage in activities that produce wealth and improve their own lives.

### Universal access to basic services

Government is committed to providing access to electricity, water and sanitation as basic services. A further commitment is to ensure that access to these basic services is not solely determined by the ability to pay. Consequently, government provides free basic services to poor households: 6 000 litres of water a month and electricity worth 50kwh per month.

Access to basic services has improved substantially.

**Table 3: Access to basic services**

Households	1996	2001	2007
<b>Using electricity</b>			
for lighting	58%	70%	80%
for cooking	47%	51%	67%
for heating	45%	49%	59%
<b>Water</b>			
Equivalent to or above RDP standard (200 m to communal tap)*	62%	74%	88%
Tap in dwelling or on site		61%	70%
<b>Sanitation</b>			
Equivalent to or above RDP standard*	52%	59%	73%
Flush toilet		52%	60%

Source: Census and 2007 Community Survey; department reports for items marked \*

Although the December 2007 target for completely eradicating the bucket sanitation system in established settlements was missed, there was notable progress: between 1994 and 2007, households using the bucket system in all areas decreased from 609 675 to 113 085; and in established settlements to 14 812 by June 2008.

Programmes to expand access to basic services have been well-targeted towards the poor. Access to piped water increased by 187% in decile one and 31% in decile four; and access to electricity for lighting grew by a phenomenal 578% for those in decile one.

While the advance towards universal access has been remarkable, there has been less progress in providing these services at higher standards such as water inside a dwelling and flush toilets. While free basic services have provided relief to poor households, many complain that they are insufficient. There are significant challenges in upgrading standards of services, and maintenance of infrastructure which impacts negatively on quality. Overall, the quality of the country's drinking water is of a high standard but slippages in terms of waste water services has prompted the Department of Water Affairs and Forestry to implement measures to improve effluent control and raw water treatment in those municipalities which may not meet all of the rigorous standards.

Success in expanding access also exposes challenges of affordability. For example, affordability explains much of the gap between the use of electricity for lighting on the one hand and for cooking and heating on the other.

## **Education**

Progress has been made in deracialising the funding for education and its prioritisation in the national budget.

Expenditure for education in 2005 constituted 5,59% of gross national product (GNP), within the norm of developed countries' expenditure of between 5% and 6% of GNP. It grew from R30 billion to R101 billion between 1994/95 and 2007/08. A decline in real expenditure from the late 1990s to 2003/04 was followed by a recovery and by 2007/08, it was 20% higher in real terms than in 1996/97.

However, with the exception of the Free State and Northern Cape, the proportion of provincial budgets expended on education has fallen. In the case of North West, the education budget as a proportion of the budget went from a high of 48% in 2002/03 to just over 40% in 2008/09.

Expenditure on all education programmes has expanded rapidly, even if it has been off a low base for programmes such as Early Childhood Development, Adult Basic Education and Training (ABET) and Further Education and Training (FET).

Public schooling has the largest share. Next is expenditure on FET colleges, which rose sharply from 2006/07 to recapitalise the colleges. Real expenditure on higher education (HE) increased from R6, 055 billion to R7, 448 billion between 1998/99 and 2007/08 (in constant 1998 rands).

As a result of measures to promote access, the education participation rate is high. It is particularly high at primary level and has increased at secondary level as shown by the figures for Gross Enrolment Rate. (GER is the ratio of enrolled pupils to the number of children of the relevant age for that stage of education. It is above 100 if children are enrolled below or over the relevant age, because of early or late entrance or repetition.)

**Table 4a: Gross Enrolment Ratio (GER) by level of education**

	Primary	Secondary
1994	122	84
1997	125	90
2002	105	81
2005	103	89

Source: Taylor, N. *et al*, 2008, paper commissioned for the *Fifteen Year Review*

Participation has increased for each age cohort between seven and 15 years of age.

**Table 4b: Enrolment in school by age**

	2002	2007
Five-year olds	40%	60%
Six-year olds	70%	88%
Seven- to 15-year olds	96%	98%

Source: Statistics SA *General Household Survey 2007*

Participation in school education is virtually equal between males and females. There are more males in the primary phase, but the situation is reversed in secondary schooling.

Enrolments at HE level grew rapidly over the past two decades from roughly 300 000 in 1986 to 750 000 in 2005. The proportion of African students in HE has doubled, but from a low base. While white participation has since 1986 held steady at 60% (of

white 20- to 24-year olds in the population) and Indian participation grew from 32% in 1986 to 50% in 2005, African and coloured students remained underrepresented at 12% and 13% of their respective 20- to 24-year old populations in 2005.

FET college enrolments increased by 34% from 302 550 in 1998 to 406 143 in 2002, with a particularly fast growth in part-time enrolment.


The principal challenge is to improve the quality of education. South Africa participates in three cross-country comparative studies which all point to poor performance compared with several of our less well-resourced neighbours. The studies are: *Trends in Mathematics and Science Studies*; *Progress in International Reading Literacy*; and *Southern and Eastern Africa Consortium for Monitoring Education Quality* (testing Grades 8 Mathematics and Science; Grade 4 and 5 Reading and Grade 6 Reading and Mathematics respectively). This poor performance of the schooling system affects in turn the secondary phase, HE results, and ultimately people's access to the labour market and the possibility for the marginalised to break out of the cycle of reproduction of poverty and disadvantage.

The achievement gap between children in advantaged and disadvantaged schools needs to be closed. This requires focus on improving quality and efficiency at all levels. It implies attention to reducing the rate of repeaters and drop-outs. It requires recognising that socio-economic constraints in our society put education in competition with many priorities in poor households. Low levels of education will continue to relegate the majority to low living standards and limit their capacity to generate decent income which will free them from dependency on state support.

The key challenge is to ensure that schools in previously disadvantaged areas are improved to make them welcoming for young people. There will be the added advantage that education will more effectively play a key role in the development of young people.

## Health

The increase in per capita health spend was 22% in real terms over the 10-year period from 1996 to 2006, according to figures from National Treasury, or 2% per annum compound growth. The increases in real expenditure are reflected in expanded infrastructure, upgrading of facilities and broadening the available package of health services.



Apart from clinics built by provinces, around 1 600 clinics and healthcare centres were built between 1994 and 2000 under the national Clinic Upgrading and Building Programme. As a result of such programmes, 95% of South Africans live within a 5-km radius of a health facility. From 1997 to 2006/07, access to primary health-care, measured by visits, increased from 67 021 961 to 101 644 080. Utilisation rates by the public, represented as the average number of visits per person per year, increased from just over 1,5 to 2,2 between 2000 and 2006. South Africa now has the largest number of people enrolled on antiretroviral therapy (ART) in the world (see Table 5 for South Africa's ART numbers).

In 2006, a strategic framework for human resources planning was adopted to address a growing shortage of health professionals. This will reinforce the trend, where the number of professional nurses in the public sector has improved since 2003 with a reasonably uniform provincial distribution. However, there are provincial disparities in the number of doctors per 100 000 persons.

The percentage of children under one year who complete their primary course of immunisation has been increasing at an annualised rate of 5% per year. Coverage is now 88%, within reach of the 90% national target.

Expanded health infrastructure, enhanced access and increased usage should translate into improved health outcomes for the population. This is, however, inhibited on the one hand by environmental factors such as epidemics, socio-economic conditions and access to other services affecting health; and on the other hand by issues of management of the centres of delivery such as hospitals and clinics.

An area of improvement in health status is a decline in severe malnutrition among children under five years old, from 88 971 cases in 2001 to 28 165 in 2007. The Integrated Nutrition Programme has consistently reached over four million children for some years. Recent studies have shown an improvement in the nutritional status of children when their caregiver receives the CSG.

Over the period 1997 to 2004, adult mortality rates between the ages 25 and 45 years increased markedly.

The infant mortality rate appears to have remained fairly constant, with some improvement in recent years, but consistent data across the whole period is not available. Department of Health figures for 1998 and 2003, based on *SA Demographic*

*Health Survey*, show an improvement from 45 per 1 000 live births to 43. Medical Research Council figures show deterioration from 1998 to 2000 but are stable thereafter. StatsSA and Actuarial Society (ASSA) figures show steady improvement from 2001 to 2007/08, to around 45.

The mortality rate for children under five remained close to 60 to 70 deaths per 1 000 between 1998 and 2005/06 according to StatsSA and ASSA. Department of Health figures for 1998 and 2003 show an improvement from 61 deaths per 1 000 live births to 58. Life expectancy has been declining – from about 56 years in 1996 to about 50 in 2007. Female life expectancy dropped from about 59 years in 2000 to 51,6 years in 2007 and for males from about 52 years to about 48,4 years.

In dealing with the range of diseases affecting the South African population, there have been some big successes. Malaria cases, for example, declined from over 50 000 in the late 1990s to about 5 000 in 2007. A decline in smoking among men – from 42% in 1998 to 35% in 2003 – represents a significant decline, brought about in part by government measures, in a risk factor for chronic diseases. Within the context of the whole range of diseases being tackled, including non-communicable diseases, tuberculosis (TB) and HIV stand out as particular challenges.

Government has declared TB a top national health priority. Its reported incidence almost doubled from 1999 to 2006. Treatment success rates dropped between 1999 and 2000 and picked up thereafter, remaining relatively stable at around 70%. Average defaulter rates, however, improved from 10% in 2005/06 to 9% the following year.

Co-infection with HIV compounds the severity of TB and makes its prophylactic and curative treatment more costly and problematic. This has been compounded by the emergence of multidrug resistant (MDR) and extreme drug resistant (XDR) strains, which are more costly to treat and have a longer duration.

Modelling by various agencies project the number of infected South Africans around five and a half million, after steep increases in infection rates in the 1990s. However, the annual HIV antenatal survey trends suggest a stabilisation of prevalence among pregnant women who access public-sector antenatal care services. There is a particularly encouraging trend of a decline of prevalence among women younger than 20 years old: from 16% in 2004 to 13,5% in 2006. Prevalence levels vary considerably between provinces.

The vulnerability of young women is particularly disturbing. HIV prevalence increases dramatically among young females, peaking at 33,3% in the 25 to 29 age group. In males, prevalence peaks at a lower level (23,3%) in age groups 30 to 39, indicating that younger women are more vulnerable to HIV than their male counterparts.

The pace of the roll-out of the treatment programme is evident in the statistics.

**Table 5: Expansion of the antiretroviral treatment programme**

	2006	2007
Estimated to need treatment (children/adults at WHO Stage 4)	764 000	889 000
Enrolled into the ART programme	353 945 (46%)	488 739 (55%)
Initiated on ART (i.e. began receiving antiretroviral medicine)	273 400 (36%)	371 731 (42%)

Source: *UNGASS Report*

Most of those enrolled were in the public sector (78%), as were 72% of those initiated in 2006. Around 76 000 (22%) received treatment funded through medical schemes, the private sector and development partners in 2006; and 28% in 2007. By mid-2008, more than 480 000 people had been initiated on ART.

### Challenges in health

The key concern is how to use health resources to achieve better health outcomes, taking into account the impact of the socio-economic environment both on health and on implementation.

Greater efforts should be made to provide quality care with human dignity. This includes improving clinical management of care at all levels of the healthcare delivery system. Treatment of TB and implementation of the Comprehensive Plan for the Treatment, Management and Care of HIV and AIDS are among the major challenges, along with a range of non-communicable diseases, injuries and trauma.

#### 2.2.3 Asset poverty alleviation

Two programmes lead government's efforts to alleviate asset poverty: land and housing.

From 1994 to 2008, 3 132 769 housing subsidies were approved, and 2 358 667 units were completed as a result of expenditure of R48,5 billion. This brought housing to 9,9 million citizens who could access state-subsidised housing opportunities. Of the subsidies, 53% went to women-headed households. Given the increase in the total number of households (from just over nine million in 1996 to 12,5 million in 2007), this is a major achievement. By 2006, however, the programme was barely keeping pace with the expanding number of households. The programme is well-targeted – between 1993 and 2004, access to formal housing grew by 42% and 34% for income deciles one and two respectively and 21% and 16% for deciles three and four.

Difficulties in obtaining the release for housing development of strategic land, often state-owned, that is well located in urban areas constitutes a major challenge with significant implications. Municipal sale of land for short-term financial gain has contributed to this problem. Many new housing settlements are located far from work opportunities, perpetuating urban sprawl and a mismatch between the location of accommodation and economic activity. Insufficient spatial concentration in urban areas brings added costs, in terms of infrastructure provision and labour, because of the expense of commuting to workplaces. To address these and other challenges such as rising costs and capacity limitations in some provinces, the planned housing development agency will help consolidate and rationalise housing development functions and institutional arrangements. The Land Use Management Bill, currently before Parliament, should also help in this regard.

The combined effect of government and private-sector housing saw the proportion of households in traditional dwellings decline from 18,2% to 11,7% between 1996 and 2007 and those in formal dwellings increase from 64,4% to 70,5%. By 2008, the number of registered African home-owners exceeded that of white home-owners for the first time. On the other hand, residential segregation in practice was still largely in place.

Through the land restitution programme, assets worth R12,5 billion were transferred to 1,4 million beneficiaries between 1994 and 2007. Recognising that land is an important asset for livelihood development, beneficiaries of land restitution who wish to engage in farming activity can access financial support of between R20 000 and R100 000 depending on their contribution – the total amount of grants provided was R15,2 billion. Although most land restitution cases have been settled, the remaining 5 000 cases are mainly rural and are moving slowly due to their complexity.

The Government set a target of transferring 30% of white-owned agricultural land through restitution, redistribution and tenure reform by 2014, which amounts to 24,9 million hectares. The total transferred by 2008 amounted to 4,8 million hectares, indicating that the land reform programme would have to be stepped up considerably to meet the 2014 target.

A serious shortcoming in the land programme is the weakness of after-settlement support and the consequent failure of many transfers to result in sustainable use of the land, impacting on the country's overall agricultural productive capacity.

Overall, since 1994, government transferred R61 billion worth of assets in the form of housing and land to the poor – excluding millions of deeds transfers of most township houses and grants to beneficiaries of restitution.

#### 2.2.4 Social cohesion

Social cohesion has assumed greater focus since 2004, particularly since changes in family size and structure, migration and other recent social trends have contributed to a growing number of people in depressed situations. A key factor in what seems an erosion of social cohesion is the persistence of income inequality. The benefits of democracy have accrued unevenly to different sectors of society, weakening the sense of togetherness, which is a basis of cohesion. These trends and the challenges that arise are further discussed in the later section on new dynamics in South African society.

#### 2.2.5 Conclusion

##### **Key issues for further attention in FINDINGS**

- Lives of many poor people improved through well-targeted programmes broadening access to services and social grants
- Poverty remains a major challenge
- Cycle of poverty and dependency is being reproduced by continuing weaknesses and inequalities in human social capital
- Quality of services an issue
- Institutional arrangements affecting service delivery.