



Overview – 10 years of freedom

Progress in the first decade

Reconstruction and development

Since 1994, in line with the Reconstruction and Development Programme (RDP), government has set out to dismantle apartheid social relations and create a democratic society based on equity, non-racialism and non-sexism. New policies and programmes have been put in place to dramatically improve the quality of life of all South Africans.

The RDP, the core of all post-1994 policies, has as its objectives:

- meeting basic needs
- building the economy
- democratising the State and society
- developing human resources and nation-building.

What the democratic State inherited

Black people were denied the franchise, society was divided along racial lines, and the social exclusion and neglect of the majority was a matter of State policy.

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- ◀ South Africa's first democratic election on 27 April 1994 was a historic culmination of a peaceful transition from the oppressive apartheid regime to a democratic government founded on the fundamental principles of freedom, equality and justice for all, among others.

Economically, the country was isolated and the economy was in crisis. Growth declined to below 1% per annum in the decade before 1994, and by the early 1990s had come to a standstill.

Public-sector debt was ballooning out of control.

The police and justice system violated most human and civil rights and was mainly used to defend apartheid. The South African Defence Force was fighting a low-intensity war against the liberation movement. Until after the 1994 election, parts of the country lived under a state of war, and assassinations and bombings of political opponents were rife.

Governance was largely defined by a national-security doctrine with little respect for the rule of law. The State became more isolated, more corrupt and more dependent on extra-judicial measures to sustain itself. By the late 1980s, the country had become ungovernable, the social fabric torn apart by apartheid and social conflict.

Ten-year review

Government has been assessing how far it has achieved its objectives in the past decade. It has also begun to assess the challenges of the next decade. This review is focused on government's performance. It is expected that organisations in sport, arts

Broadening access to social services

From the Census 2001	1996	2001
Households with access to clean water	80,0%	85,0%
Households using electricity for lighting	57,6%	69,7%
People who have completed Grade 12 schooling	16,3%	20,4%
Households in formal housing	57,5%	63,8%
Households with chemical or flush toilets	50,5%	51,9%

Output of government's social programmes

From department reports		1994 – 1998	1999 – 2002	Since 1994
Water	People gaining access via community programmes	3,0 million	5,4 million	8,4 million
Electricity	Grid connections	2,3 million	1,5 million	3,8 million
Housing	Subsidised houses built or under construction	0,74 million	0,72 million	1,46 million
Land redistribution	Hectares distributed	0,44 million	1,36 million	1,8 million
	Households in transfers	30 061	107 417	137 478
Land restitution	Claims lodged	68 878		68 878
	Claims settled	3 964	32 525	36 489
	Hectares restored	0,23 million	0,27 million	0,57 million

and culture; universities; professionals and the intelligentsia; trade unions; and the private sector will make their own assessments. These, together with government's review will help the nation evaluate itself in the first decade of freedom.

The review is based on research by people inside and outside government. Departments were also asked to assess their own performance. A detailed report is available at *South Africa Government Online* (www.gov.za).

Measuring change

In assessing the change, the review uses the best statistics available. But so great are the differences between the apartheid State and the democratic State that direct comparisons are often impossible. The official statistics of the past also underestimated the impact of apartheid on the majority of South Africans by excluding the so-called 'independent' *Bantustans*.

Governance Cluster

The State has become a people-centred State

New Constitution and laws

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), and over 780 pieces of legislation have created a framework for reshaping South Africa.

Transforming the Public Service

Bantustan and central government civil services have been integrated into a single public service. Representivity targets have almost been met – Africans make up 72% of the Public Service but there should be more women in senior positions and people with disabilities.

The Public Finance Management Act, 1999 (Act 1 of 1999), and a medium-term budget cycle have improved accountability, budgeting and financial management.



Access to services is being improved by Multi-Purpose Community Centres (one per district by the end of 2004 and expanding to each municipality in the next decade), the introduction of Community Development Workers and the e-Government *batho pele* (people first) Gateway.

Better service delivery

Policy and implementation are more integrated thanks to government's Cluster approach, provincial co-ordination, Integrated Development Plans in local government and the recently introduced National Planning Framework. There are still serious capacity problems affecting especially provincial and local service delivery and in central government middle management.

Fighting corruption

A Code of Conduct for the Public Service is now part of the regulations for every public servant. The 1999 National Anti-Corruption Summit created a powerful platform for the National Campaign Against Corruption and helped establish whistle-blowing mechanisms, special corruption courts and the National Anti-Corruption Forum. New laws to fight corruption include the Promotion of Access to Information Act, 2000 (Act 2 of 2000), and the recent Prevention of Corruption Bill.

The National Directorate of Public Prosecutions and South African Police Service (SAPS) have acted against corrupt officials and white-collar crime. About 80% of corruption cases in government reported in the media are discovered by government.

Social Cluster

Programmes to alleviate poverty have improved the lives of millions.

Boosting the income of the poor

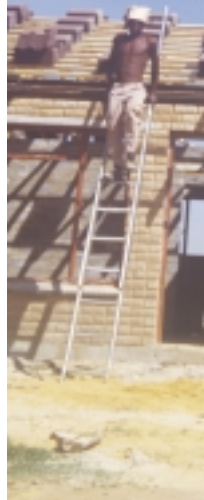
Social grants, formerly allocated on a racial

basis, have been equalised and extended to all who are in need and eligible. Beneficiaries have increased from 2,6 million in 1994 to 5,1 million in 2003. The poorest 20% of households receive the largest amount from grants. However, the full impact will only be realised when all those who are eligible are registered.

Broadening access to social services

Programmes to broaden access to services have improved the lives of millions of South Africans:

- Electricity, water and sanitation – As the table on page 52 shows, many more people have access to these basic services.
- Education – Adult literacy is up from 83% in 1996 to 89% in 2001, and for 15- to 24-year-olds from 83% to 96%. The matric pass rate rose from 54% in 1996 to 69% in 2002.
- Health
 - Primary healthcare has expanded, with free healthcare for women and children under six. Upgrading and building new clinics have resulted in 701 additional clinics.
 - The integrated nutrition programme, which reached 89% of the targeted learners in 1994, now reaches 94% or 4,58 million children.
 - Government's comprehensive response to HIV and AIDS has expanded rapidly. Expenditure increased tenfold from R30 million in 1994 to R342 million in 2001/02, and is set to increase tenfold again to R3,6 billion in 2005/06. HIV infection, after rapidly increasing in the 1990s, stabilised after 1999 – 22,4% in 1999, 24,5% in 2000, 24,8% in 2001 and 26,5 in 2002. For pregnant women under 20 years, the infection rate has decreased consistently for the last few years.
 - The tuberculosis-control programme increased treatment rates from 60%





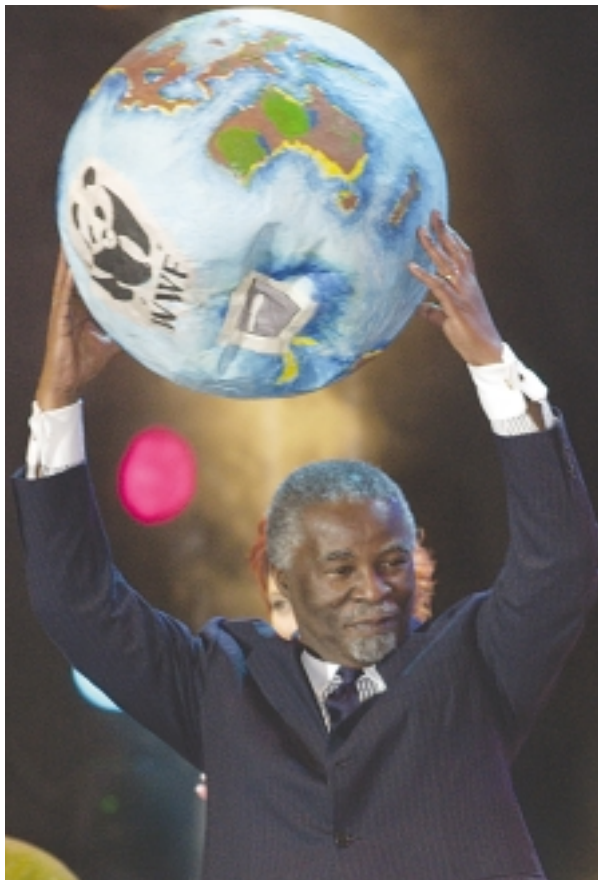
'Never, never and never again shall it be that this beautiful land will again experience the oppression of one by another and suffer the indignity of being the skunk of the world.'

President Nelson Mandela, 10 May 1994, Inauguration address



**THE ROAD TO
RECONCILIATION.**





'We have no doubt that our policies have been and are a correct response to the practical reality we inherited. The changes taking place in our country attest to this. The lives of our people are changing for the better.'

President Thabo Mbeki, 14 February 2003 State of the Nation Address





to 65% between 1996 and 1999, but treatment interruptions and transfers have kept cure rates below the targeted 85%.

Boosting ownership of assets and access to opportunities

Housing

Over 1,9 million subsidies have been approved for new houses, and 480 000 houses built in the apartheid era have been transferred to occupants under the discount benefit scheme.

Land reform

Between 1994 and 2002, some 0,5 million hectares (ha) were restored through land restitution while 1,8 million ha were distributed.

Communications and culture

Access to means of communication has grown rapidly – by 2001, 32% of households had cellphones, 42% access to land lines, 73% had radios in the home, and 54% television sets. Plans are under way to fully implement the constitutional recognition of all 11 languages of South Africa as official languages.

Addressing social exclusion

Discriminatory laws have been repealed. New measures to prevent social exclusion include tenure and land reform; steps towards gender equality, including recognition of customary marriages; employment equity; maternity benefits; recognition of surnames; attending to sexual harassment; and affirmative action. Specially targeted programmes protect the elderly, people with disabilities and children, as well as vulnerable workers such as domestic and farm workers.

Preserving the environment

Government has focused on fairer distribution of rights of access to natural resources and benefits of conservation areas.

Economy Cluster

Government's economic policies have turned around an economy that was in crisis. Almost continuous growth since 1994 has created jobs, but not enough to keep up with the increasing number of people looking for employment.

Performance of the economy

- **Stability** – Government's policies have freed resources for social expenditure by reducing the interest it has to pay on debt. The Budget deficit fell from 9,5% in 1993 to 1% in 2002/03, and public-sector debt fell from 60% to 50%.
- **Investment** – Investment has been low (16 – 17% of Gross Domestic Product) compared with successful developing countries, but has begun to improve in the last three years.
- **Growth** – Negative per-capita growth in the decade before 1994 has changed to average growth of 2,8% a year since then. Real growth per person in South Africa has increased just over 1% per year since 1994.
- **Employment** – Between 1995 and 2002, the number of people employed grew by 1,6 million from 9,6 million to 11,2 million. However, the number of people unemployed also grew by 2,4 million because many more people were seeking work. While many unskilled workers are unemployed, there are also shortages of skilled workers in many sectors.
- **Trade reform and industrial restructuring** – Government's industrial policy and efforts to promote an international trade environment that favours development have improved the balance of trade and brought a shift to higher valued-added exports.
- **Labour legislation** – Great progress in labour relations laws has given employers and employees more certainty and security in their relationship. This is reflected in the huge fall in person-strike-days per year.



State-enterprise restructuring

Restructuring has focused mainly on telecommunications, energy, defence and transport. The aim has been to broaden access to services; reduce costs and raise revenue to reduce public debt, at the same time minimising the impact on employment; and promote Black Economic Empowerment. In the process, R24 billion has been raised to reduce public debt, and share-ownership has been widened. Lowering costs and improving service quality will require further improvement in the regulatory environment.

Expanding economic opportunities

Small-business development

Initiatives such as the Small Business Council, Khula Enterprise Finance Corporation and Ntsika Enterprise Promotion Agency have made some impact, but not enough.

Skills development

Government has directed resources towards education and skills training and set up Sector Education and Training Authorities (SETAs) for each sector of the economy, financed by a skills levy on the pay roll. Although the SETAs have been slow in meeting their objectives and employers slow to take advantage of them, performance is improving.

Empowerment

Empowerment in the workplace is continuing, albeit slowly. Black people in top management grew from 12% to 13% between 2000 and 2001; and in senior management, from 15% to 16%. Black ownership of public companies was 9,4% in 2002 compared with 3,9% in 1997 (and was virtually non-existent before 1994). The figures for women in the workplace are not much different.

Justice, crime prevention and security

Transformation and integration of a crime prevention system that once focused on shoring up apartheid has helped to all but end political violence, deal with terrorism and stabilise crime. But better service delivery needs more capacity-building, citizen involvement and eradication of corruption. Moral regeneration and nation-building are also essential for effective crime prevention.

National Crime Prevention Strategy (NCPS)

The NCPS has several elements:

- The National Crime Combating Strategy ('Operation Crackdown') is beginning to make an impact. Serious crime levels in South Africa are continuing to come down or stabilise.
- Except for robbery and malicious damage to property, most of the 20 categories of serious crime have either stabilised or decreased since 1994.
- Since 1994, murder has decreased by 30,7%.
- Though the trend of robberies has continued to increase, almost 50% of robberies now relate to cellphone theft or misplacement, with high reporting rates for insurance purposes.
- High-profile robberies (vehicle hijacking, hijacking of trucks, cash-in-transit robbery and bank robbery) have come down significantly since they were first recorded in 1996.
- The Integrated Justice System has brought about shorter cases, better-quality dockets and higher conviction rates (up from 78% in 1999 to 81% in 2002). The introduction of Saturday and additional courts has helped.
- Attacking the causes of crime is part of the national strategy requiring further implementation, including the social crime-prevention initiatives that are part of Integrated Rural Development, Urban Renewal and Moral Regeneration.

- Community policing has made policing more effective. Community Police Forums and the partnership with Business Against Crime have reduced street crime by 80% in targeted city centres.
- Prison overcrowding is being relieved by opening new prisons, alternative sentencing, correctional supervision, an awaiting-trial prisoner project, parole, and an improved rehabilitation programme. Escapes were reduced from 1 244 in 1996 to 325 in 2002.

High-priority crimes

Sexual-assault crimes

The incidence of rape increased by 10% after 1994, then stabilised for some years and in 1999 began to decline once more to 1994 levels.

Organised crime and corruption

Action against criminal syndicates helped to bring down vehicle hijacking by 33,7% and bank-related crimes by 52,2% since 1996 – and white-collar crime by 24% since 1994. Over 200 syndicates were neutralised out of the 300 that were identified and investigated.

Border control

The South African National Defence Force has assisted the SAPS in controlling borders, resulting in the deportation of thousands of illegal immigrants and the confiscation of stolen vehicles and illegal firearms. New controls and upgrading of infrastructure at ports of entry will combat cross-border crime and other threats to national security.

Taxi violence

Violence in the taxi industry has been curbed by more effective regulation and prosecution of perpetrators, though sporadic attacks and extortion of funds from members of taxi associations continue.

Illegal firearms

Over 80 000 illegal firearms have been

destroyed. New measures include regulating ownership of legal firearms and reducing the number of illegal firearms.

Terrorism

Urban terrorism in the Western Cape was ended by co-ordinated operations and the conviction of perpetrators, but socio-economic factors that sustain gangsterism and violence still need attention. Right-wing terrorist plans were uncovered in 2002, leading to the confiscation of weapons, prevention of assassination plans, and more than 20 prosecutions. The Government is implementing United Nations (UN) resolutions relating to international terrorism.

International relations

South Africa's post-1994 success in defining its place in the world is remarkable given its size. This required thoroughly revising the mission of national security and the principles underpinning the country's international relations, as well as transforming South Africa's institutions to align them with the new democracy.

Diplomatic normalisation

South Africa has normalised its relations with the world and is actively promoting its own interests and those of the South in all significant regional, continental and multilateral institutions.

The country has hosted many international conferences and events since 1994. These include the Non-Aligned Movement (NAM) Summit (1998), Commonwealth Heads of Government Meeting (1999), UN AIDS Conference (2000), UN World Conference Against Racism (2001), World Summit on Sustainable Development (2002), and the African Union (AU) Summit (2002).

Marketing and branding South Africa

The Government has, since the late 1990s,



been actively imaging, branding and marketing South Africa, both directly and by supporting initiatives like Proudly South African, hosting hallmark events, and creating the International Investment Council, Inter-national Marketing Council and International Task Force on Information Society and Development.

Tourism has surged – from 5,7 million international tourist arrivals in South Africa in 1998 to 6,4 million in 2002.

International relations for growth and development

Trade

Trading networks and markets have been expanded and diversified through, among others, bilateral and multilateral negotiations and expanding relations with South America, Asia and Africa.

Regional integration in southern Africa

A democratic South Africa has promoted regional integration in the context of the Southern African Development Community (SADC) and the New Partnership for Africa's Development (NEPAD). The restructuring of SADC will provide member states with a comprehensive development agenda.

Continental affairs

South Africa played an active role in reconstituting the Organisation of African Unity (OAU) into the AU as a more effective continental body, and developing NEPAD as the AU's socio-economic programme. The African Peer Review Mechanism has been established as a voluntary mechanism to ensure that policies and practices of participating states conform to the Declaration on Democracy, Political, Economic and Corporate Governance.

Global affairs

Since 2001, South Africa has worked to keep Africa and the South on the G8 agenda, and engaged with international financial institu-

tions to promote a global financial system more favourable to developing countries.

Science and technology (S&T)

Some 30 bilateral agreements have been signed for S&T in the past nine years. There are several major S&T initiatives in South Africa with strong international participation, including the HIV/AIDS Vaccine Initiative.

Promoting human rights, peace, security and stability

South Africa works with other African states and multilateral organisations like the UN, OAU/AU and SADC to promote international respect for human rights, democracy and good governance. South Africa has been part of regional and continental initiatives to assist the Zimbabwean people to resolve their problems, and has assisted with peace-keeping in Ethiopia/Eritrea, the Democratic Republic of the Congo and Burundi.

Strengthening multilateralism and co-operation

In order to advance the interests of developing countries, South Africa has worked to promote a rules-bound international political and economic order; and to transform North-South relations through dialogue while consolidating South-South collaboration by participation in groupings like the NAM, United Nations Conference on Trade and Development, SADC and the AU.

Challenges of the next decade

The next decade's challenges arise from lessons learnt in the first decade of freedom and new challenges created by the first stage of transformation.

Influence of the State

The record of implementation shows that government's successes have often, though

not always, been in areas in which it has had significant control and less so where its influence has been indirect:

- There has been considerable progress in building a new constitutional order, three spheres of government and more integrated administration – but many areas of service delivery require much improved performance by the Public Service.
- There has been great extension and deracialisation of social services, with striking impact on women's rights. However, many people entitled to grants are still unregistered or poorly serviced.
- Good progress in economic areas under government control (fiscal and monetary policy, and trade and industrial policy) has not been matched where new agencies or partnerships are involved – small business,

human resource development, restructuring of State-owned enterprises, equity and empowerment. Government has had even less success in areas depending significantly on private-sector and civil-society investment and employment creation.

- National security has been enhanced, the rule of law established, and institutions transformed. However, due to aspects of the social transition, insufficient civil-society involvement, and new forms of organised crime, the gains in crime prevention could have been better.
- Internationally, government has made progress beyond its limited resources as the country has reintegrated in the international arena.

The social transition

Four social trends in the first decade of freedom shape the challenges ahead.

- Households – From 1996 to 2001, the South African population grew 11% from 40,4 million to 44,8 million. The number of households grew by 30% from 9,7 million to 11,8 million, as households became smaller. 'Unbundling' of households, together with freedom and improvement in the quality of life, are resulting in fewer extended families.
- Economically active population – The population grew by about 2% a year from 1995 to 2002 but the economically active population grew by about 4% a year – from 11,5 million to 15,4 million. The number of jobs grew by 12% (after accounting for jobs lost) but the economically active population grew by 35%. New job seekers are not only young adults but also older people who in the old order did not consider themselves part of the labour market, many of them African women from rural areas.
- Economy – While all the main sectors grew between 1995 and 2002, there was a shift from public services, construction and mining to financial and business-service sectors (where employment doubled). This is



Pushing back the frontiers of poverty

What difference are government interventions making in the lives of the poor?

People's means of living depend on income from wages and other economic activity together with the 'social wage' (the impact of social spending including social grants and access to social services – education, healthcare, water, sanitation, electricity, etc.).

Since 1993, government's social spending has shifted to the poor. Between 1993 and 1997, social spending increased for the poorest 60% of households – especially the poorest 20% – and decreased for the 40% who are better off. It increased for Africans and decreased for others. It increased three times more in rural areas than metropolitan areas, and doubled in other urban areas.

To see the impact of social spending, look first at distribution of income alone and then add the value of benefits from social spending.

The Gini coefficient measures income inequality – 1,0 for extreme inequality and 0,0 for complete equality. In 1993, social spending made almost no difference to the Gini coefficient (it was 0,68). In 2000, it was 0,57 for income alone, but became 0,35 when social spending was included.

Social services are improving the quality of life of the poor and reducing inequality.



consolidating 'two economies' in one country. One is advanced and skilled, becoming more globally competitive. The second is mainly informal, marginalised and unskilled. Despite impressive gains in the first economy, the benefits have yet to reach the second economy, which could fall even further behind without decisive government intervention.

- Migration – There has been a shift from rural to big urban areas. Twenty per cent of people in the main urban areas are new migrants. This adds pressure on urban service delivery and economic opportunities, and causes loss of people and opportunities in rural areas. It affects social relations and links to authority structures, reducing the potential for people to interact on a collective basis.

The impact of these trends is likely to be compounded depending on what happens with HIV/AIDS and other demographic factors.

These social trends, added to the apartheid backlog, help to explain the scale of the past decade's challenges and some of the limitations in progress, for example in unemployment, poverty alleviation and combating crime. Nevertheless, there has been significant progress in dealing with these problems.

The global setting

As South Africans enter the second decade of freedom, the global environment is uncertain, with increasing tension, unilateralism and unresolved international trade issues. But despite this, there are also new opportunities

for developing countries to assert their interests.

While many current developments contain seeds for Africa's marginalisation, there are opportunities for the continent to mobilise support for its plight and that of the other poor regions. Among governments and citizens of developed countries there is potential to focus attention on the common objectives of humanity contained in the UN Millennium Declaration. South Africa's history, its location, the size of its economy in the continent, and its current endeavours and outlook equip it to play a critical role in this regard.

Challenges and opportunities

The experience of a decade of reconstruction and development, social trends and the global context point to some major challenges as the country enters the second decade of freedom.

If South Africans are to make continued progress towards the fundamental objective of a united, non-racial, non-sexist and democratic society – then they need a major intervention to reinforce the consolidation of democracy with measures aimed at integrating society into a growing economy from which they can benefit. This requires:

- a framework defining a shared destiny, as a basis for social partnership
- better performance by the State
- addressing consequences of the social transition
- improving the southern African environment and implementing NEPAD.