



During 2002, President Thabo Mbeki visited the Free State and Gauteng as part of *Imbizo* Focus Weeks. *Imbizo* gives South Africans the opportunity to advise government on the best possible ways to improve the quality of services and accelerate the pace of delivery.

Overview

Building a nation united in action for change

Since the achievement of democracy in 1994, government has made steady progress in addressing apartheid's legacy of inequality and poverty. This has required the development and implementation of concrete programmes for expanding service delivery and eradicating the socio-economic disparities within South African society; ensuring sustained economic growth in a competitive and volatile global setting; consolidating democracy and a culture of human rights; and for South Africa to play its part to the full in promoting development, pursuing peace and democracy in the southern African region, the African continent and the world.

The achievement of these challenging goals requires and further promotes the building of a united nation from a deeply divided South Africa.

This section of the *South Africa Yearbook* is a brief overview of government's Programme of Action for achieving these goals.

The indicators point to steady progress across all sectors. Millions of people have gained access to services of which they were deprived under apartheid; macro-economic stability has been achieved; South Africa's standing in the international community and in particular as a voice for development is acknowledged; two successful rounds of

democratic elections have seen the consolidation of democracy and its extension to the local level; and step by step South Africans are uniting to help eradicate the legacy of racial division and inequality.

The Programme of Action announced by President Thabo Mbeki when he took office in 1999 and elaborated on in successive State of the Nation addresses, builds on the foundation laid in the first years of freedom. It marks the path of more effective and speedier transformation towards development, and an improved quality of life for all South Africans, especially the poor.

By informing the Programme of Action with the call to build unity in action for change, and by affirming that the plight of the poor is at the top of government's agenda, the President reaffirmed the interdependence in South Africa's transformation of reconciliation and reconstruction, nation-building and development. The programmes of government are based on the understanding that there can be no sustained reconciliation if the material conditions of the poor and disadvantaged remain unaltered, and if the country continues to be divided into two worlds: the world of a rich and mostly white minority on the one hand, and the world of a poor and mostly black majority on the other.

The call for unity in action for change and for all South Africans to lend a hand in pushing back the frontiers of poverty is also an affirmation of the importance of lasting

change, of a partnership for the development of government and the people as active participants in improving their own lives.

While significant progress was made in the first years of democratic government, it was also a period in which it was necessary to develop an enabling policy and legislative framework within which departmental programmes could be implemented. It was necessary to reorient State machinery towards meeting the needs of the majority. With these things having been achieved, the emphasis of the current Programme of Action is to ensure greater efficiency in the implementation of policy and the delivery of services.

In this context, the emphasis falls on enhancing capacity and skills within government, and moving away from a situation in which different departments each planned their own programmes in isolation. There is now greater emphasis on integration between various components and departments of government, in both planning and implementation.

Informing all national and provincial departmental programmes are strategic priorities for achieving the goal of a better life for all South Africans, namely:

- building a nation united in action for change
- moving to a faster job-creating economic growth path
- investing in human resources
- more effective, integrated and interactive government
- rural development and urban renewal
- eradicating poverty and expanding access to social services
- fighting crime and corruption
- African recovery.

Moving to a faster job-creating economic growth path

Macro-economic policy

Since 1994, South Africa has enhanced its

status as the most advanced economy on the African continent by consistently pursuing sound and prudent economic policies. While the country is rich in natural resources and has an economy which in many ways displays highly developed features, there are still disparities in the control of wealth, joblessness and poverty, with serious implications for broader socio-political policy directions.

Economic policy is aimed at levels of sustained growth that will result in a lasting reduction in unemployment and poverty, and is underpinned by the macro-economic policy known as Growth, Employment and Redistribution (GEAR). It attempts to strike the necessary relationship between accelerating economic growth on the one hand, and social service delivery and job creation, on the other. It emphasises economic stability as a prerequisite for pursuing micro-economic reforms aimed at fostering a faster job-creating economic path.

In the State of the Nation Address in 2001, President Mbeki summed up South Africa's economic objectives as follows:

'The objectives we seek to achieve are moving the economy onto a high-growth path, increasing its competitiveness and efficiency, raising employment levels, and reducing poverty and persistent inequalities'.

The policy constitutes South Africa's main economic policy framework, combining the goals of deficit reduction, reprioritisation of government expenditure to enhance poverty reduction, and embarking on micro-economic reforms to enhance job creation. This paradigm determines the nature and character of programmes followed by various departments. Good governance as an important component of this framework guides all government departments in their respective projects.

The transition to democracy since 1994 has been accompanied by improved economic performance – sustained economic growth, significant capital inflows, a growing export sector and improved business and consumer confidence. Although a rapid depreciation of the currency was experienced at the end of



2001 and there was also reversal of the consistent decline in inflation as South Africa felt the impact of global economic conditions and regional food shortages, the currency regained much of its value and relative stability within months, and inflation was expected to decline again during 2003 as the effects of depreciation dissipate.

Special attention is paid to supporting small, medium and micro enterprises (SMMEs), which currently employ more than half of those formally employed in the private sector and contribute about 42% of the country's gross domestic product (GDP).

Black economic empowerment (BEE) is part of government's endeavours to promote growth and development. Following Cabinet's adoption of the main recommendations of a report in 2001 by the BEE Commission, it was decided to establish a BEE Advisory Council to advise government as it ensures that the legislative framework, procurement policies, and institutions set up to assist SMMEs consistently promote empowerment.

Empowerment in the mining industry is set for a substantial and sustained advance following the passing of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), in September 2002 and the subsequent adoption of the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry.

The South African economy recorded real economic growth during 2001 and 2002 – as it has done since 1994 – mainly due to increases in real output by the secondary and tertiary sectors. Although a weakening of the international economy saw South African growth slow to 2,2% during 2001, it increased again during 2002 and was expected to reach over 3% during 2003.

The impressive recovery in the South African economy from the global financial crisis of 1998 and the global slowdown of 2001 is indicative of a highly resilient economy. The country is internationally respected for its maintenance of sound economic fundamentals.

In its report following Article IV consultations with South Africa, the International Monetary Fund noted in July 2002 'the increased resilience of the economy to external shocks, which has helped South Africa weather the impact of the recent global economic downturn. This resilience reflects an improved macro-economic policy environment, gains in international competitiveness and export diversification, and a further reduction in the central Bank's short-term foreign exposure'.

Many economic indicators point towards further growth acceleration over the next few years. This recovery is a reflection of the sound economic fundamentals of the country and of policies conducive to growth.

Nevertheless, the rate of growth that has been achieved falls short of the economy's potential and of what is needed for a substantial reduction in unemployment and more rapid progress in pushing back the frontiers of poverty. A Growth and Development Summit to be held in early 2003 will bring together government, the private sector and organised labour to promote a more co-ordinated and focused use of the nation's resources in the generation of growth and development.

Industrial policy

The key industrial policies of South Africa centre around a commitment to fostering sustainable industrial development in areas more affected by poverty and unemployment. This is pursued through the Spatial Development Initiatives (SDIs), which focus on areas where socio-economic conditions require concentrated government intervention and where inherent economic potential exists. These programmes focus government's attention on the national, provincial and local government spheres to ensure that investments are fast-tracked and maximum synergy between various types of investments is achieved.

While South Africa's approach to SDIs seeks to grow the economy and enhance job opportunities, it is guided by South Africa's commitment to the African Renaissance, including

the reconstruction and development of South and southern Africa. The KwaZulu-Natal, Fish River, Lubombo and Wild Coast SDIs, and the Maputo Development Corridor all bear testimony to this commitment.

The Coega Industrial Development Zone started its work in February 2001. This project is expected to have a wide impact on industrial and employment activity in the Eastern Cape. Infrastructural investment by the National Ports Authority (NPA), Eskom and Spoornet alone will total some R3 billion. The Special Economic Zone in Gauteng aims to create employment as it focuses on high-technology manufacturing, information technology (IT) and telecommunications.

In keeping with the macro-economic strategy, the budget deficit declined from 4,6% of GDP in 1996/97 to 1,4% in 2001/02 and is expected to reach 2,2% in 2003/04. Debt service costs declined from 5,4% of the GDP in 1999/00, and are expected to be an estimated 4,1% in 2003/04 and 3,9% in 2005/06.

Balance of payments and current account

The impact of global developments is reflected in the current and financial accounts of the balance of payments. South Africa has fared better than most developing economies, primarily due to sound financial regulation and low external borrowing. A significant increase in South Africa's overall competitiveness contributed to a reduction in the current account deficit from 0,4% of GDP in 2000 to 0,2% in 2001. During the first half of 2002, the current account was in surplus.

Emerging market concerns and the possibility of a recession in the United States of America (US), Europe and Japan during the first part of 2001 led to sharp reversals in capital flows and considerable currency volatility in many emerging markets. In South Africa, by contrast, non-residents continued to be substantial buyers of listed shares, although they were net sellers of bonds. Capital flows were strongly positive in the first half of 2002, with

a net capital inflow of R29,8 billion. Net foreign direct investment during that period amounted to R8,3 billion.

Restructuring of State assets

Government's programme of restructuring various State assets is an integral part of the broader reconstruction and development of South African society, including the industrial strategy. It is envisaged that restructuring will improve the overall competitiveness of the country's economy both from a macro and a micro-economic perspective by lowering production input costs in the economy. By lowering costs to consumers it promotes wider access for consumers to affordable services.

The programme is not driven by ideology but comprises case-by-case assessment in terms of the overall objectives. It includes both disposals of assets to focus on core business, and acquisitions or consolidation to strengthen capacity.

The former is expected to contribute substantially to debt reduction. An example of the latter is the creation in October 2002 of PetroSA, combining the State's oil and gas interests into a single company. On the IT front, the IT capabilities of Denel, Transnet and Eskom were merged into a single entity called arivia.com, which started trading in January 2001. It is now the fourth largest IT company in South Africa.

Telkom, like many other parastatals, is involved in numerous projects aimed at job creation and business development through outsourcing and BEE.

Restructuring will serve to integrate the country's public, private and social capital and expertise to maximise South Africa's economic growth. Already this programme has yielded positive results in areas where it has been implemented, e.g. in the transport sector. The restructuring of Transnet led to the parastatal declaring a net profit (R780 million) in March 2000 for the first time in many years despite inheriting a liability of approximately R23 billion in 1994.



The National Framework Agreement for the restructuring process was negotiated with organised labour. The programme addresses the fact that restructuring can bring pain for both industries and working people, and in each case the impact on industry and workers is examined in consultation with role-players. The Social Plan Agreement between government, labour and business sets out the processes to be followed in the event of large-scale retrenchment with economic consequences. These include consultation, training and retraining, as well as the search for alternative employment including self-employment.

Addressing unemployment

Unemployment remains one of South Africa's serious challenges, and the creation of work opportunities is at the heart of government's comprehensive approach to poverty eradication.

While unemployment increased from the mid-1970s, job losses recorded in the 1990s resulted from the massive restructuring forced onto the manufacturing sector because of South Africa's entry into the global economy after years of isolation during the apartheid era. Signs at the end of the 1990s indicated that the trend was stabilising, and at the beginning of 2002 manufacturers reported a small increase in the number of factory workers employed for the first time in seven years. Nevertheless, government is concerned about the slow absorption of labour in the formal economy while the labour supply continues to grow.

Job creation is promoted by a number of measures: macro-economic, sectoral and programmatic. Recognition of these imperatives is repeated in government's macro-economic, industrial, labour market and development policies. It is a critical output of government's Integrated Action to Accelerate Growth, Employment and Investment, adopted by Cabinet at the beginning of 2001.

In accordance with resolutions of the Job Summit held in October 1998, a Mining

Sector Summit was held in February 2000 to develop a sector strategy for the mining industry to ensure job creation and job quality. Its Mining Beneficiation Strategy seeks to add value to exports and increase employment levels. Its employment and human resource development (HRD) strategy seeks to ensure investment in people for sustaining and enhancing existing jobs, and protecting vulnerable workers. During 2001, the mining industry directly contributed 7,5% to GDP, up from 6,5% the year before. Due to the strong performance in the platinum-group sector, there has been a reversal of the declining trend in mining that was experienced in the early 1990s.

The Working for Water Programme, spearheaded by the Department of Water Affairs and Forestry, is a multidepartmental initiative, which also involves the departments of Environmental Affairs and Tourism, and of Agriculture. It is a labour-intensive initiative to deal with issues such as alien plant invasion. Its implementation has had a marked influence on employment opportunities, training, capacity-building, community empowerment, social development and the creation of secondary industries. About 250 000 ha was cleared of invasive alien plants during 2000/01.

The Cultural Industries Growth Strategy, spearheaded by the Department of Arts and Culture, is aimed at enhancing the potential of South African cultural industries to contribute to job and wealth creation.

South Africa is a highly attractive tourist destination with the potential to compete with some of the best in the world. Tourism employs an estimated 7% of South Africa's work-force, and is regarded as potentially the largest provider of jobs and earner of foreign exchange. Tourism grew by 7,2% in the first seven months of 2002 and it is projected that in 2010 the South Africa tourism economy will employ more than 1,2 million people.

Agriculture policy seeks to create a sustainable agricultural sector. Primary agriculture contributes about 2,6% to GDP and almost 9% of formal employment. During

2000, the seasonally adjusted real value added by the agriculture, forestry and fishing industry increased by 3,8%. Despite the farming industry's declining share of GDP, it remains critical to South Africa's economy and development, and to the stability of the southern African region. The various sectors of the industry employ almost one million people. For the past five years, agricultural exports have contributed on average approximately 8% (7% in 2001) of the total South African exports.

The labour market

Government has been consolidating its programme of labour market reform, which saw the introduction of new legislation to more appropriately regulate a range of matters including collective bargaining, dispute resolution, skills development, employment services and unemployment insurance.

Government has sought to create a balance between workers' need for protection and employers' need for flexibility.

Infrastructure development

Infrastructure development on a scale that is changing the face of the country is an integral part of South Africa's strategy to meet its developmental challenges. Since 1994, there has been substantial emphasis on re-establishing infrastructure investment to deal with inequalities in service provision and to re-orientate the economy towards regional and international trade.

Vehicles of this transformation include the SDIs, the Consolidated Municipal Infrastructure Programme (CMIP), and the infrastructural investment programmes of parastatals such as Eskom and Telkom, as well as those of government departments.

Significant investments have been registered in areas such as energy, transport, roads, taxi recapitalisation and airports. Infrastructure investments have also been prioritised in the Medium-term Expenditure Framework (MTEF).

The adoption of a port policy by the Department of Transport will lay the basis for increased investment in port infrastructure. The NPA has been established to maintain and development port infrastructure.

The restructuring of Portnet into the NPA and the Port Operations Division (POD) came about after government's realisation of the benefits of public and private partnerships. While government plans to retain ownership of the country's port infrastructure, it is envisioned that individual terminals are ultimately going to be leased or concessioned to private operators.

Investing in human resources

Sustained reduction of South Africa's legacy of socio-economic inequalities requires a strategic investment in the country's human capital. While much progress has been made in the provision of quality education through a relevant curriculum framework, there remain huge gaps in skills development.

The commitment to HRD finds expression in the Constitution and in a range of legislation adopted since 1994, including: the Skills Development Act, 1998 (Act 97 of 1998); the South African Qualifications Authority (SAQA) Act, 1995 (Act 58 of 1995); the Employment Equity Act, 1998 (Act 55 of 1998); the South African Schools Act, 1996 (Act 64 of 1996); and the Skills Development Levies Act, 1999 (Act 9 of 1999).

The SAQA Act seeks to redress the unfair practices and inequalities of the past. It promotes training opportunities for sections of the population that were excluded on the basis of either race or sex. Both the SAQA Act and the Skills Development Act seek to ensure a skilled and competent South African work-force responsive to the changing nature of the economy. The Employment Equity Act aims to prohibit discrimination and promote affirmative action in the workplace.

Government has also developed a comprehensive HRD Strategy, launched in April



2001. It envisages an accelerated skills development programme that will maximise the potential of people in South Africa, through the acquisition of knowledge and skills; to work productively and competitively to achieve a rising quality of life for all; and to set in place an operational plan, together with the necessary institutional arrangements to achieve this.

While the Strategy sets its targets over the next five to 10 years, it will at the outset ensure integrated HRD planning and implementation, and will be monitored on a national, regional and sectoral level. Its implementation involves all departments and spheres of government, and will serve to enhance economic growth and employment creation, improve the quality of life for all, broaden participation in the labour market, and produce a better-skilled citizenry.

In May 2002, the Minister of Labour, Mr Membathisi Mdladlana, launched 18 projects to be funded by the National Skills Fund. A sum of about R1,1 billion was allocated to these projects.

The Department of Public Service and Administration, in charge of State administration, leads in the development of better ways of human resource management in the Public Service. It seeks a strategic and integrated approach to HRD, which incorporates employment equity and affirmative action. The Department has set itself the task of raising the skills levels of managers in the Public Service and improving the performance of State machinery in the next few years.

The departments of Education, Health and Labour have combined their efforts to deal with the challenge of HRD. All other government departments have also adopted programmes to enhance and develop their skills base and that of the country in general.

The Skills Development Act set up Sector Education and Training Authorities (SETAs), which are responsible for ensuring that all workers in each sector have relevant training. Among the more dynamic SETAs is the one in the tourism sector, identified as one of the

country's strategic growth sectors, and where special efforts are being made to recruit and train large numbers of young people for employment or self-employment in the sector.

Over 87% of the funds allocated to the 25 SETAs established in 2000 has either been paid out or allocated to firms and projects. The target of having 3 000 young learners by March 2002 was surpassed and by May 2002 some 7 700 were enrolled in learnerships.

More effective, integrated and interactive government

If government is to succeed in achieving its electoral mandate for the reconstruction and development of South African society, then it must also complete the transformation of the State from an oppressive instrument serving the interests of a minority into one that is people-centred and structured for integrated, effective and efficient implementation of programmes and policies in the interests of all South Africans.

Sustained improvement in people's lives requires their active participation. Emphasis is therefore being put on interactive governance involving two-way communication between the executive and the public. In particular, the *Imbizo* campaign launched in 2000 sees government in all its spheres – national, provincial and local – in a programme of direct communication with communities and sectors of society.

The Department of Public Service and Administration is the central point for the transformation of the Public Service to meet the challenges of the new State.

Evaluation of the first-generation reforms of rationalisation and integration has assisted government to focus on specific areas of transformation of the State machinery and its management. There is greater focus on improving co-ordination of the efforts to transform the Public Service and on improving the monitoring and evaluation of programmes of all

spheres of government. There is better co-ordination among central co-ordinating departments, in particular the Department of Public Service and Administration, Public Service Commission, National Treasury, provincial and local government, and the Presidency.

Because the nature of the civil service and its co-ordination has a profound impact on the pace of delivery of improvement in people's living conditions, the re-engineering of government has been pursued as a high priority.

To give effect to the objective of integrated governance, the programmes of government's departments are grouped into clusters dealing with similar sectoral challenges. The Ministers who constitute the five Cabinet Clusters provide oversight of the clustered activities. These Clusters are: Social Sector; Economy, Investment and Employment; International Relations, Peace and Security; Justice, Crime Prevention and Security; and Governance and Administration. They are, in turn, supported by corresponding clusters of Directors-General who work closely with the Policy Co-ordination and Advisory Services in the Presidency.

In addition, there are integrated programmes, which cut across departments and clusters, in particular the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Strategy (URS).

The departments represent government's human capital, and together constitute the machinery for executing government's political mandate. The integrated manner in which programmes are pursued reflects the interconnectedness of the challenges, facing the South African government and society.

The introduction of the Planning Framework for Government is designed to integrate and synchronise strategic and policy processes with the budget cycle. Supporting it are a number of efforts to enhance the monitoring and evaluation of government programmes – of a kind that goes beyond merely financial information to include social impact and outcomes, output against set targets, extent of equitable delivery and accessibility of services.

The three-year MTEF is a critical tool for planning and aligning it with available budgets. The Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), which came into effect on 1 April 2000, requires all State departments to adhere to norms of strategic and transparent management and utilisation of State finances. The PFMA, also serves to strengthen the management capacity of the Public Service.

The *Batho Pele* (People First) Campaign is pursued to inculcate among public servants the spirit of people-centred quality service. It ensures that the notion of a caring government finds expression in the manner in which public servants interact with the public, and that services are oriented to the needs of the people. Central to this Campaign is the inculcation of a culture of accountability to citizens. There is a focus on soliciting feedback. There will be an identification of services that can be made more accessible through partnerships with the private sector and other organs of the State. Greater use of IT is a crucial element in the effort to enhance the quality and pace of service delivery. The accessibility of government services is being enhanced by establishing call centres, one-stop shops and Multi-purpose Community Centres (MPCCs), among other initiatives. By mid-2002, there were 18 MPCCs in operation out of 60 that are to be established by the end of 2003/04, one in every district of the country.

The strengthening of The Presidency as a central point of political management is under way. The formerly separate offices of the President and Deputy President have been brought together. This enhances co-ordination in areas of policy analysis, decision-making, political management, and the evaluation of government performance with regard to its strategic priorities and mandate.

Co-ordination at the centre of government has been enhanced through the co-operation of co-ordinating departments, namely The Presidency, the National Treasury, Public Service and Administration, Provincial and



Local Government, and the Government Communication and Information System. They work together to ensure co-ordination and enhance the State's ability to monitor performance and develop early warning systems with regard to risks and failures of government programmes.

Various steps have been taken to improve intergovernmental relations and co-operative governance. To do this, there has been a concerted effort to strengthen the provincial and local spheres of government.

The new structure of local government, introduced in the country's first fully democratic and non-racial local government elections in December 2000, is central to the co-ordinated implementation of government's programmes. Municipalities have been reduced in number but enlarged to increase their capacity to meet the needs of the people. The further strengthening of the capacity of local government is one of government's priorities.

To ensure better service to the people, and to deal squarely with the poverty facing the most disadvantaged areas, local government structures are required to develop Integrated Development Plans (IDPs). Most municipalities had completed their IDPs by mid-2002.

Rural development and urban renewal

The Department of Provincial and Local Government is also responsible for the co-ordination required for the successful implementation of the ISRDP and the URS.

The CMIP has been established to mobilise and facilitate investment for rural and urban development initiatives. The Programme has facilitated investment totalling more than R4,3 billion. In line with government's commitment to rural and urban development, 56% of this investment was spent in rural areas and 44% in urban areas.

The implementation of the ISRDP and URS will focus on nodal points to ensure sufficient

concentration of co-ordinated efforts to make an impact and at the same time to act as points of leverage for development in further areas. Thirteen rural nodes and eight urban nodes were announced by the President in 2001. By mid-2002 all the anchor projects in the rural nodes and half of those in the urban nodes were being implemented. New nodes are being identified for integrated projects to be launched.

To accelerate development, government has set aside an additional R6 billion for the next three years for investment in economic infrastructure to support high-growth areas and the ISRDP and URS.

The Department of Land Affairs has revised its Land Reform Programme to support rural development and help eradicate rural poverty and landlessness. The Programme provides grants to disadvantaged people to access land for agricultural purposes. The Programme's strategic objectives include facilitating the transfer of 30% of the country's agricultural land over 15 years, improving the nutrition and income of the rural poor intending to farm, and expanding opportunities for women and youths in rural areas. The Department's Land Redistribution Programme seeks to provide previously disadvantaged citizens with access to land for residential and productive purposes. It assists the poor, labour tenants, farm workers, women, emergent farmers and commercial farmers. Substantial progress is being made in this area.

The pace of land redistribution has dramatically increased. Only 48 claims had been settled by the end of 1998. By March 2002, the Commission on the Restitution of Land Rights had settled 29 877 claims out of 68 878 lodged. The target for the completion of this process has been reduced from five years to three years. Altogether, 332 243 individuals representing 62 245 households had received 430 988 ha. In support of the URS, the Department of Land Affairs delivered 20 154 ha of land to vulnerable communities and individuals, including women and farm workers.

Eradicating poverty and broadening access to social services

The programme to push back the frontiers of poverty requires an integrated and comprehensive approach to poverty eradication. Alongside the primary emphasis of ensuring that as many South Africans as possible have work, there is a targeted programme of action focused on the social upliftment of especially the most disadvantaged in the South African society. It combines direct poverty-alleviation programmes with the broadening of access to social services and infrastructure: housing, electrification, social development, health, education, water, telecommunications, and sport and recreational facilities.

The eradication of poverty is fundamental to the restoration of the dignity of the majority of South Africa's people and a better life for all citizens. All government departments in their respective delivery areas execute their tasks with this objective as one of their central points of reference.

Context of comprehensive approach to poverty eradication

The priorities identified by the Department of Social Development include the development and implementation of an integrated poverty-eradication strategy that provides direct benefits for those who are in need, within a sustainable development approach. It prioritises the most vulnerable households. The manner in which poverty relief is pursued emphasises people's participation in developing sustainable solutions to poverty.

The budget allocation for the payment of social assistance by the provincial departments of social development was R21,4 billion for 2001/02 and was expected to reach R25,2 billion in 2002/03. During 2002, a campaign to increase registrations for social grants, especially the Child Support Grant, was implemented.

More than four million social grants were paid in March 2002 to older persons, persons with disabilities and families with children.

As well as providing social assistance, the Poverty-relief Programme is funded through a special allocation from the Poverty Relief, Infrastructure and Job Creation Fund of the National Treasury, and aims to assist communities in a range of developmental projects. In 2001/02, some 365 new poverty-relief projects were established around the country in addition to projects continuing to receive support from previous years. In 2002/03, the poverty-relief allocation will double to R100 million.

About R130 million has been committed towards tourism development projects aimed at alleviating poverty and creating jobs in South Africa.

Concerned at the impact of rising food prices during 2002, especially on the poor, government instituted an urgent inquiry into the causes and in October 2002 introduced a series of measures to bring immediate relief to the poor and to ensure greater price stability and food security in future.

Direct relief measures, complementing the intensified campaign to register everyone eligible for social security grants, included immediate increases in the old-age pension by R20 from R620 to R640 and in the Child Support Grant by R10 from R130 to R140 along with similar increases in other social grants.

It was also decided to investigate the efficacy of food stamps/vouchers and to step up campaigns to provide food parcels to the most vulnerable households and to encourage schools, communities and households to start food gardens through the supply of Food Garden Production Starter Packs.

Agreement was reached with private-sector companies, as part of an effort to reduce the cost of food for the poor, to introduce a short-term targeted programme to provide and distribute non-branded maize meal at a subsidised price.

The Food Pricing Monitoring Committee is to be set up to monitor the food production and supply chain and ensure public aware-



ness of the relation between retail prices and actual costs.

Other interventions of a medium to long-term nature are aimed at promoting greater price stability and food security.

Housing problems are mainly a result of skewed land ownership patterns and unemployment. Government policy takes into account that home ownership is affected by the fact that most people have no access to finance. Since the launch of the *White Paper on Housing* in December 1994, housing delivery has undergone substantial changes. Well over a million housing opportunities have been created, providing more than six million poor people with secure tenure and safe homes.

By March 2002, some 1,3 million houses were completed or were under construction as part of government's subsidised housing programme, under which 1,45 million subsidies had been allocated.

The Housing Strategy of 2000 is another effort to promote equitable access to housing opportunities for poor and previously disadvantaged persons, including the restructuring of land release and development to relieve urbanisation pressures, a balance in urban and rural development, and the countering of housing fraud. It also facilitates urban renewal, especially in inner cities.

The impact of government's programmes for broadening access to services was reflected in the report published in July 2001 by Statistics South Africa, based on household surveys between 1995 and 1999. The period covered by these Surveys was one in which programmes of reconstruction and development were beginning to get off the ground after the initial phase of developing policy and establishing the legal and institutional framework for implementation. Since then, the pace of implementation has been sustained or increased.

The proportion of households having access to clean water rose from 78,5% in 1995 to 83,4% in 1999. This was largely due to the Community Water Supply Programme (CWSP), which by April 2002 had brought access to clean water to over seven million mainly rural

people who previously had no access.

At the current rate of spending, the infrastructure backlog for basic water supply will be wiped out by 2008 and sanitation by 2010, thereby matching the United Nations (UN) Millennium Declaration target of reducing the proportion of the world's population without access to water and sanitation by 50% by 2015.

As a result of over 2,5 million connections to the electricity grid, the proportion of households with access to electricity increased from 63,5% in 1995 to 69,8% in 1999. By 2002, the number of connections had risen to 3,5 million.

In mid-2001, government began the phased implementation through the new local government structures, of a policy of providing free basic services to the poor – 6 000 litres of water and 50 kWh of electricity per month. By July 2002, an estimated 27 million South Africans enjoyed a basic amount of free water per household per month.

The sanitation programme, which had got off to a slow start, was accelerated during 2001 to ensure that communities are in a better position to deal with such public health issues as cholera, which affected especially KwaZulu-Natal. The *White Paper on Sanitation Strategy* adopted in mid-2001 reflected an integrated effort by the interdepartmental task team.

To address poverty, the Department of Water Affairs and Forestry continued to make inroads into the infrastructure backlog for basic water supply and sanitation by providing basic water supply infrastructure for 1,22 million people and improving sanitation for 49 535 households.

This pace of delivery was internationally recognised when the CWSP was chosen as the best programme at the Globe Awards for Sustainable Development in Water.

Educating the nation

Various changes have been made in the education system to bring greater access and equality in education, though there is still some way to go in eradicating historical imbalances. The system teaches almost a

third of the total population at any given time and employs a large number of civil servants.

The *Tirisano* Campaign launched in 1999 is proceeding with great success. Its six programmes, reflecting the integration of government programmes, are concerned with school effectiveness and educator professionalism, HIV/AIDS, literacy, further and higher education (HE), organisational effectiveness of the national and provincial departments and race and values in education.

The process of curriculum reform, known as Curriculum 2005, has been undertaken to streamline and strengthen the curriculum. Progress is being made in fostering the culture of learning and teaching in South African schools, and this has been reflected in steadily increasing pass rates in the final school examinations. The matric pass rate, below 50% only four years ago, was over 60% in 2001 for the first time and the number of schools which recorded a 0–20% pass rate decreased from 1 000 to under 500 in one year.

The restructuring of the HE system will allow for the expansion of the system and orient it towards facing current challenges, facilitating an increase in participation in HE of 20 to 24-year-olds from the current 15% to 20% over the next 10 years.

Improving the nation's health

Government takes a comprehensive approach to the health challenges facing South Africa to ensure an effective response to all infectious diseases and an effective impact on the general health of the nation.

Basic health care is a fundamental right and government's health policy seeks to provide health care that is affordable and accessible to all. One central component of the national health-care plan is the provision of free health services at public primary health-care (PHC) facilities such as clinics and community health-care centres.

The Department of Health's strategic framework, published in 1999, guides government in tackling health issues. Some of its main

areas of focus are the following:

- improving the quality of care
- revitalising public hospitals
- further implementing the district health system and the PHC
- a decrease in the incidence of HIV/AIDS, sexually-transmitted diseases (STDs) and tuberculosis
- resource mobilisation and allocation.

Government's policy on HIV/AIDS, which starts from the premises that HIV causes AIDS and that there is no known cure, is set out in the five-year *HIV/AIDS/STD Strategic Plan for South Africa for 2000 – 2005*. It is the basis of a comprehensive government campaign to combat HIV/AIDS. Government has mobilised substantial resources for this many-sided effort, which is beginning to make an impact.

Government's special HIV/AIDS budget increased from R350 million in 2001/02 to R1 billion in 2002/03 and will reach R1,8 billion in 2004/05.

Central to the campaign, which places special emphasis on prevention and awareness alongside care and treatment, is the Partnership Against AIDS in which representatives of all sectors of society are joined by government, and which is now embodied in the South African National Council Against AIDS.

On 17 April 2002, government launched the *Campaign of Hope*, calling on all sectors of society to join hands in the Campaign to prevent HIV-infection and deal with its consequences. Cabinet also announced a number of decisions regarding the development and intensified implementation of the comprehensive programme. On the fourth anniversary of the Partnership in October 2002, government received a report on progress being made. Among other things, this included:

- the launch in September 2002 of a new phase of the awareness campaign, which had already achieved over 90% awareness. The new phase, joining government with partners such as loveLife, received R98-million government funding.
- expansion of the free supply of condoms to 350 million during 2002, including through



- non-traditional outlets such as clubs, she-beens and spaza shops.
- implementation of a programme to provide a comprehensive package of support for survivors of sexual assault.
 - continuation of the Prevention of Mother-to-Child Transmission of HIV Programme at research sites throughout the country. By June 2002, over 100 000 women had visited these sites. Care includes voluntary counselling and testing, and the use of Nevirapine.
 - treatment for opportunistic infections at public health facilities.
 - work by government to address the challenges that must be overcome for effective use of anti-retrovirals for general treatment in the public health sector.
 - enhanced support for families affected by the epidemic, including a programme for home-based and community-based care with a budget that will increase from R25 million in 2001/02 to R138 million in 2004/05.
 - continuing government support for vaccine development.

Fighting crime and corruption

Government prioritises safety and security as a fundamental right of citizens. The National Crime Prevention Strategy (NCPS) is the framework for South Africa's domestic and transnational fight against crime. The Strategy focuses on areas with high levels of crime, organised crime syndicates, urban terrorism, corruption, crimes against women and children, transnational/cross-border crime, and social crime prevention.

Through its Crime Prevention and Justice Cluster, government seeks to achieve a sustainable relationship between crime prevention and law enforcement. The collaboration between the departments of Safety and Security, Justice and Constitutional Development, Correctional Services, Defence and the National Directorate of Public Prosecutions (NDPP) is aimed at ensuring that the prevention and combating of

crime are tackled in an efficient, effective and holistic manner. It also ensures that a more accessible and effective criminal justice system is matched with medium to long-term investment in initiatives to deal with the root causes of crime in society.

The National Crime Combating Strategy, initiated in 2000, is showing clear signs of success. Though crime levels are still at an unacceptable level, progress is being made in the fight against crime.

When the Strategy was initiated, the aim was to stabilise crime over a period of three years, namely 2001–2003, to be followed by the next phase aimed at drastically decreasing crime.

By December 2001, the aim of the first phase had already been achieved. Statistics released then showed that 17 out of 20 priority serious crimes had either decreased or stabilised during the first 18 months of the implementation of the Strategy. Central to the Strategy is a focus on 145 identified high-crime areas, which account for more than half of the country's crime. By December 2001, crime had stabilised in 100 of those areas.

Other elements of the Strategy include the building of co-operative relations between police and communities, through Community Police Forums. This process has been strengthened by the President's call for volunteers to come forward and work with government and, in particular, the South African Police Service, in securing a better life.

Since its establishment in 1998, the National Prosecuting Authority has made itself known as an effective crime buster. It unified the prosecution service under the umbrella of the NDPP, which has achieved significant success in reducing the number of cases that had been delayed due to a lack of capacity.

Together, these agencies have contributed to impressive breakthroughs in the fight against organised crime, whether in the commercial field, drug-dealing, urban terrorism or taxi-related violence. During 2001/02, some 100 crime syndicate leaders were arrested and 230 organised crime groupings were broken.

All the components of the Department of Safety and Security have been strengthened through capacity-building and their co-ordination improved, including the detective services, intelligence academy, management, and crime prevention to ensure the success of the NCPS.

Several agencies specifically combat corruption or maladministration. They include the Public Protector, the Office for Serious Economic Offences, the Auditor-General and the Special Investigation Unit.

The Department of Social Development has played a significant advocacy role in the area of crime prevention, with programmes designed to deal with both root causes and manifestations of crime. Examples of crime prevention through social development programmes are the Poverty-alleviation Fund, early childhood development, family preservation, economic empowerment, youth development, substance abuse, child protection awareness and the Victim Empowerment Programme.

African recovery in a better world

While South Africa seeks to deal with its domestic challenges, it remains involved in matters relating to the development of Africa, the southern African region and the world, recognising that no country can solve its own problems or achieve lasting prosperity in isolation.

The country's international relations policy takes into account the advent of globalisation as a force for the greater integration of national systems of production and the structure of global finance. It engages with the world mindful of the unevenness of the effects of globalisation within and between nations, and with the intention of reducing the polarisation that may result from this phenomenon.

The foreign policy of South Africa reflects the principles that guide its own domestic developments. These policy objectives are the

promotion of democracy and respect for human rights, prevention of conflict, the promotion of peaceful resolution of disputes, the advancement of sustainable development and poverty alleviation. South Africa's own domestic challenges are inextricably bound to these foreign policy values

Government is firmly convinced of the need for African recovery as a prerequisite for the reconstruction and development of South Africa. South Africa's commitment to doing whatever it can within its capacity to promote this is reflected in its efforts around the New Partnership for Africa's Development (NEPAD) and in the mobilisation of support within the industrialised world for a partnership for African recovery.

The world has responded to the challenge of joining Africa in its reconstruction, which also advances the aims contained in the UN Millennium Development Goals. But this international response also happened during a period that has seen acts of international terrorism, including the attack on the US on 11 September 2001. South Africa and Africa are joined with the international community in united resolve to create a world free of the fear of terrorism, through multilateralism and co-operation among the peoples of the world aimed at creating the conditions for peace and stability, democracy and human rights, and a better life for the poor.

The primary objective of NEPAD is to eradicate poverty in Africa and to place African countries on a path of sustainable growth and development to halt the marginalisation of Africa in the globalisation process. At the core of NEPAD is its African ownership, and a partnership with the rest of the world based on mutual respect, dignity, shared responsibility and mutual accountability.

At the launch of the African Union (AU) in Durban in July 2002 as successor to the Organisation of African Unity, NEPAD was endorsed as an AU programme. For the first year South Africa, through the President, will chair the AU.

To promote an effective contribution by



South Africa to ensure that the AU and NEPAD succeed in meeting the objectives it has set itself, the South African Government is strengthening the infrastructure in The Presidency and across government to implement decisions on both the structures of the AU and the concrete projects that NEPAD is envisaging. A critical element of this is speeding up the restructuring of the Southern African Development Community (SADC), so that it can play its role not only in the region but also in the AU.

Government's vision for the southern African region involves the highest possible degree of economic co-operation, mutual assistance and joint planning consistent with socio-economic, environmental and political realities. South Africa strives to achieve regional economic development through the SADC, a structure that seeks to promote conditions for regional peace and security, sectoral co-operation and an integrated regional economy. South Africa is a proud member of SADC, and its foreign policy, with regard to the region, reflects a commitment to close diplomatic, economic and security co-operation and integration, adherence to human rights, the promotion of democracy, and the preservation of regional solidarity, peace and stability.

The SADC is currently restructuring itself in a process that will complete its transformation from the development co-ordination mechanism that it was when founded into a community of nations working together for development through structures rooted in national partnerships of government, private sector and the rest of civil society.

South Africa is committed to building peace in the region and has participated in efforts to promote peace in Angola, the Democratic Republic of the Congo, Lesotho and Burundi. The South African Government is committed to working, as part of an international effort, to assist Zimbabwe in finding a lasting solution to the problems it is facing in the interests of all Zimbabweans.

Development co-operation with countries in Africa is integral to South Africa's foreign

policy. Technical and financial assistance, with a view to capacity-building, especially to SADC countries, is regarded as a major instrument for promoting economic development, peace and stability, democracy and the African Renaissance on a regional scale.

During 2002, South Africa also hosted the World Summit on Sustainable Development (WSSD) in Johannesburg.

Representatives of nearly 200 countries attended the WSSD, and despite the widely divergent positions with which they came, agreement was achieved on a new agenda for practical action: to end poverty and protect the environment.

The agreements reached in Johannesburg set minimum tasks for all governments and peoples in building a better world. They are a guide to action that will take forward the UN Millennium Summit Declaration's goal of halving world poverty by 2015, and decisions of world bodies taken since the Rio Earth Summit in 1992.

The Summit focused on the most marginalised sectors of society, including women, the youth, indigenous people and people with disabilities. Its biggest success was to get the world to turn the UN Millennium Declaration into a concrete set of programmes and to mobilise funds for these programmes.

Mindful of how globalisation is affecting nations, politics and trade, South Africa engages with the world, like all countries of the South, to influence its impact in a way that maximises benefits and minimises negative effects.

South Africa therefore participates in international trade agreements and co-operates with countries of the entire globe to create a better world.

South Africa's commitment to playing its part in working for a better world is reflected in the role it has been accorded in recent international and multilateral developments. This included the successful hosting in 2001 of the UN World Conference Against Racism, held for the first time on the African continent, and of the WSSD in 2002.