



# HIGHLIGHTS STATE OF THE NATION ADDRESS

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REPUBLIC OF SOUTH AFRICA



## Highlights of the State of the Nation Address (SoNA) 2020 'Year of Inclusive Growth'

President Cyril Ramaphosa delivered the SoNA to a Joint Sitting of the two houses of Parliament – the National Assembly and National Council of Provinces – in Cape Town on Thursday, 13 February 2020.

In his speech, President Ramaphosa mentioned that this government remained irrevocably committed to upholding the covenant announced by former President Nelson Mandela in his inaugural address on 10 May 1994:

**“Today we enter into a covenant that we shall build a society in which all South Africans, both black and white, will be able to walk tall, without fear in their hearts, assured of their inalienable right to human dignity.”**

The President said “it is a covenant that is rooted in the strategic objective of our National Development Plan, which is to **eliminate poverty and reduce inequality by 2030.**”

“Through the Jobs Summit, we brought labour, business, government and communities together to find solutions to the unemployment crisis, and we continue to meet at the beginning of every month, the Deputy President and myself, to remove blockages and drive interventions that will save and create jobs.

“We have come together, as government and civil society, as communities and faith-based groupings, to confront the violence that is perpetrated by men against women.

“We have brought business, labour and government together to craft master plans for those industries that have the greatest potential for growth.

“We have come together as different spheres of government, as different state entities, as business associations and community groups under a new District Development Model (DDM) that is fundamentally changing our approach to local development.

“We have been building social compacts because it is through partnership and cooperation that we progress.

“Together, over these last two years, we have worked to stabilise our economy and build a foundation for growth.

“We have been deliberate in rebuilding institutions and removing impediments to investment. We have acted decisively against state capture and fought back against corruption.

“We have steadily improved the reach of education, improved the quality of healthcare and tended to the basic needs of the poor.

“It has not been enough to free our economy from the grim inheritance of our past, nor from the mistakes that we ourselves have made.

“It has not been enough to spare us from the debilitating effects of load-shedding, nor from an unstable and subdued global economy. And so we find ourselves today at a decisive moment. We have a choice.

“We can succumb to the many and difficult and protracted problems that confront us, or we can confront them, with resolve and determination and with action.

“Because we choose to confront our challenges, our immediate, vital and overarching task is to place our economy on a path of inclusive growth.

“Without growth there will be no jobs, and without jobs there will be no meaningful improvement in the lives of our people. This SoNA is, therefore, about inclusive growth.

“It is about the critical actions we take this year to build a capable state and place our economy on the path to recovery. This year, we fix the fundamentals. We pursue critical areas of growth.

“And we ensure excellence in planning and execution in government. For over a decade, South Africans have had to contend with the effects of a constrained energy supply.

“I have spoken extensively about the critical role that Eskom plays in the economy of our country and in the livelihood of every South African.

“The load-shedding of the last few months has had a debilitating effect on our country. It has severely set back our efforts to rebuild the economy and to create jobs. Every time it occurs, it disrupts people's lives, causing frustration, inconvenience, hardship.

“At its core, load-shedding is the inevitable consequence of Eskom's inability over many years – due to debt, lack of capacity and state capture – to service its power plants.

“The reality that we will need to accept is that in order for Eskom to undertake the fundamental maintenance necessary to improve the reliability of supply, load-shedding will remain a possibility for the immediate future.

“Where load-shedding is unavoidable, it must be undertaken in a manner that is predictable and minimises disruption and the cost to firms and households.” – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

### ENERGY

Over the next few months, as Eskom works to restore its operational capabilities, government will be implementing measures that will fundamentally change the trajectory of energy generation in the country.

**Government is taking the following measures to rapidly and significantly increase generation capacity outside of Eskom:**

- A Section 34 Ministerial Determination will be issued shortly by the Minister of Mineral Resources and Energy to give effect to the Integrated Resource Plan 2019, enabling the development of additional grid capacity from renewable energy, natural gas, hydropower, battery storage and coal.
- Government will initiate the procurement of emergency power from projects that can deliver electricity into the grid within three to 12 months from approval.
- The National Energy Regulator of South Africa (NERSA) will continue to register small-scale distributed generation for own use of under one megawatt (MW), for which no licence is required.
- The NERSA will ensure that all applications by commercial and industrial users to produce electricity for own use above 1MW are processed within the prescribed 120 days. There is now no limit to installed capacity above 1MW.
- Government will open Bid Window 5 of the renewable energy Independent Power Producers (IPPs) and work with producers to accelerate the completion of Window 4 projects.

- Government will negotiate supplementary power purchase agreements to acquire additional capacity from existing wind and solar plants.
- It will also put in place measures to enable municipalities in good financial standing to procure their own power from IPPs.

## Divisionalising Eskom

In line with the roadmap announced last year, Eskom has started with the process of divisionalising its three operating activities – generation, transmission and distribution – each of which will have its own board and management structures.

## Social compact on electricity



The social partners organised under the National Economic Development and Labour Council have been meeting to agree on the principles of a social compact on electricity.

This is a historic and unprecedented development since it demonstrates the commitment of all social partners to take the necessary actions and make the necessary sacrifices to secure energy needs.

Through this compact the social partners seek an efficient, productive and fit-for-purpose Eskom that generates electricity at affordable prices for communities and industries.

This requires both a drastic reduction in costs – including a review of irregular contracts – and measures to mobilise resources that will reduce Eskom's debt and inject fresh capital where needed.

The social partners – trade unions, business, community-based organisations and government – are committed to mobilising funding to address Eskom's financial crisis in a financially sustainable manner.

They would like to do this in a manner that does not put workers' pensions at risk and that does not compromise the integrity of the financial system.

While they work to finalise this agreement, the reality is that the energy system will remain constrained until new energy generation comes on stream.

Through these immediate measures and the work underway to fundamentally restructure the electricity industry, government will achieve a secure supply of reliable, affordable and ultimately, sustainable energy.

## Low-carbon, climate resilient and sustainable society

The Presidential Commission on Climate Change will ensure a move towards a low carbon growth trajectory that leaves no one behind. Government will finalise the Climate Change Bill, which provides

a regulatory framework for the effective management of inevitable climate change impacts by enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change – and identifying new industrial opportunities in the green economy.

## ECONOMY AND FINANCE

Government is engaged with labour and other stakeholders on measures to contain the public wage bill and reduce wastage. Efforts to reduce government spending, prioritise resources more effectively and improve the efficiency of the tax system are important. Government will address structural challenges in the economy that raise the cost of living and doing business.

By working with the Auditor-General to reduce irregular expenditure by shifting government spending from consumption expenditure to investment in infrastructure, government aims to improve the state of public finances.

National Treasury and the South African Reserve Bank are working together to ease pressure on business and consumers.

Government has decided to establish a **sovereign wealth fund** as a means to preserve and grow the national endowment of the nation, giving practical meaning to the injunction that the people shall share in the country's wealth.

Government is also proceeding with the establishment of a **state bank** as part of an effort to extend access to financial services to all South Africans.

Government will be undertaking far-reaching economic reform measures that will include those contained in the paper produced by National Treasury, entitled *Economic Transformation, Inclusive Growth and Competitiveness*.

## State-owned enterprises (SOEs)

In 2020, government is moving from the stabilisation of SOEs to repurposing these strategic companies to support growth and development.

After years of state capture, corruption and mismanagement, government is working to ensure that all SOEs are able to fulfil their developmental mandate and be financially sustainable.

In consultation with the Presidential SOE Council, government will undertake a process of rationalisation of SOEs and ensure that they serve strategic economic or developmental purposes.

## TRANSPORT

The extent of the state capture, corruption and mismanagement in SOEs is best demonstrated at South Africans Airways, which was placed in business rescue late in 2020. The business rescue practitioners are expected to unveil their plans for restructuring the airline in the next few weeks.

In the interests of South Africa's aviation industry and the economy, it is essential that a future restructured airline is commercially and operationally sustainable, and is not dependent on further government funding.

## Commuter rail

A key priority this year is to fix commuter rail, which is vital to the economy and to the quality of life of the people. The rail network daily transports over a million commuters to and from work. Government is modernising the Passenger Rail Agency of South Africa's rail network.

The Central Line in the Western Cape and the Mabopane Line in Pretoria have been closed for essential refurbishment and upgrades.

Government is investing R1.4 billion in each of these lines to provide a safe, reliable and affordable service.

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Work underway on other lines includes station upgrades, parkway replacements, new signalling systems and overhead electrical traction upgrades.

## OPERATING ENVIRONMENT

As government works to fix the capabilities of the State, growth and job creation will in large measure be driven by private enterprise. Government is therefore building an operating environment that is favourable to doing business.

Working together with social partners, government has continued to address several issues that have been barriers to job creation.

### Water use licences (WULs)

WULs, which are so essential to operations on farms, factories and mines, have previously taken an inordinately long time to process, sometimes up to five years. However, WULs will now be issued within 90 days.

### Company registration

While it used to take months to have a company registered, through the Bizportal platform, one can now register a company in one day, register for the Unemployment Insurance Fund and the South African Revenue Service, and even open a bank account.

**Did you know?** BizPortal (<https://bizportal.gov.za>) is a platform developed by the Companies and Intellectual Property Commission to offer company registration and related services in a simple seamless digital way which is completely paperless. It was developed in response to the quest of improving the ease of doing business in South Africa, specifically, starting a business.

### Port of Durban

During the course of 2020, government will undertake a fundamental overhaul of the Port of Durban – the third largest container terminal in the Southern Hemisphere – to reduce delays and costs.

## EDUCATION

The most significant contribution government can make to inclusive economic growth is in the development of appropriate skills and capabilities.

The investments government make now in Early Child Development and early school learning will yield great economic benefits in the next two decades and beyond.

There are immediate interventions that government is making to improve the quality and relevance of educational outcomes. It is making progress with the introduction of the three-stream curriculum model, heralding a fundamental shift in focus towards more vocational and technical education.

Various technical vocational specialisations have already been introduced in 550 schools and 67 schools are now piloting the occupational stream.

Government is building nine new Technical and Vocational Education and Training (TVET) colleges this year in Sterkspruit, Aliwal North, Graaff Reinet and Ngungqushu in the Eastern Cape, and in Umzimkhulu, Greytown, Msinga, Nongoma and Kwaqikazi in KwaZulu-Natal.

Through bilateral student scholarship agreements signed with other countries, government is steadily building a substantial cohort of young people who go overseas each year for training in critical skills.

The Nelson Mandela Fidel Castro Medical Training Programme in Cuba has produced over 1 200 medical doctors and a further 640 students are expected to graduate in December 2020.

The process of distributing tablet computers to school students is underway. Early reading programmes are gathering momentum to ensure every 10-year-old is able to read for meaning.

In 2020, government will be introducing coding and robotics in grades R to 3 in 200 schools, with a plan to implement it fully by 2022.



Government has decided to establish a new University of Science and Innovation in Ekurhuleni, the only metro in the country that does not have a university.

This will enable young people in that metro to be trained in high-impact and cutting-edge technological innovation for current and future industries.

## SAFETY AND SECURITY

Investment and growth require a safe, stable and crime-free environment. More importantly, it is fundamental to the aspirations of all people to live in security, peace and comfort.

Police visibility, effective training and better resourcing of police stations are government's priorities. Government has prioritised its response to the growing problem of criminal groups that extort money from construction and other businesses.

Specialised units – bringing together the South African Police Service (SAPS) and the National Prosecuting Authority – are mandated to combat these crimes of economic disruption.

To support the growth of the tourism industry, the SAPS will increase visibility at identified tourist attraction sites. It is training Tourism Safety Monitors and will establish a reserve police capacity to focus on the policing of tourist attraction areas.

Anti-gang units will be further strengthened, with priority given to the Western Cape, Eastern Cape, Gauteng and the Free State.

Following the graduation of 5 000 police trainees in 2019, 7 000 new police trainees have been enlisted in 2020 to strengthen local policing.

To improve the quality of general and specialised SAPS investigations, government is establishing a Crime Detection University in Hamman-skraal.

### Fighting gender-based violence (GBV)

Over the last six months, the nation has been galvanised – across communities, government, civil society, religious groupings, the

judiciary and Parliament – to end the crisis of violence perpetrated by men against the women of our country. It has been a truly united and determined response from all South Africans.

Through building social compacts across society to fight this scourge, government will be able to achieve much more. Government implemented an emergency action plan and reprioritised R1.6 billion to support this plan until the end of the current financial year.

Government will amend the Domestic Violence Act, 1998 (Act 116 of 1998) to better protect victims in violent domestic relationships and the Sexual Offences Act to broaden the categories of sex offenders whose names must be included in the National Register for Sex Offenders, and it will pass a law to tighten bail and sentencing condition in cases that involve GBV.

“We will not let up in the fight against corruption and state capture.

“We need to work together to root out corruption and strengthen the rule of law.

“We should not solicit or pay bribes or engage in corrupt acts.

“We should upgrade our culture of reporting crime when we see it being committed.

“This battle can only succeed if it is taken on by the whole of society, if we build a formidable social compact of all formations.

“We therefore welcome the work of the joint government and civil society working group charged with developing a National Anti-Corruption Strategy and implementation plan, which is close to completion of this phase of its work. We plan to launch the strategy by mid-year.” – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

## Commissions of inquiry

The Zondo Commission of Inquiry into State Capture continues with its critical work with the full support of government and other institutions.

The President has received a detailed and voluminous report on the Commission of Inquiry into the Public Investment Corporation and will make it available to the public together with a plan on taking the findings and recommendations forward.

## INFRASTRUCTURE

The Infrastructure Fund implementation team has finalised the list of shovel-ready projects and has begun work to expand private investment into public infrastructure sectors with revenue streams.

These include areas like student accommodation, social housing, independent water production, rail freight branch lines, embedded electricity generation, municipal bulk infrastructure and broadband roll-out.

The team has a project pipeline with potential investments of over R700 billion over the next 10 years, including both government and governmental contributions.

The Social Housing Programme to build rental housing for low-income families is at implementation stage, which could leverage as much as R9 billion of private investment in the construction of 37 000 rental apartments.

“The young people who are at university and TVET colleges face serious accommodation challenges. Some do not even have places to sleep after lectures and resort to sleeping in libraries.” – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

Government will spend R64 billion over the next years in student accommodation and will leverage at least another R64 billion in private investment.

“Government has been speaking about the Umzimvubu Dam in the Eastern Cape for almost a decade, with little to show on the ground. We are determined to overcome the financial and other challenges that have held back progress and denied the people of this area such a vital resource. Road construction on the site has commenced and I will soon be visiting the site to ensure that we take this work forward.” – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

## New smart-city

Government is launching a Tourism Equity Fund this year to stimulate transformation in tourism.

A new smart-city is taking shape in Lanseria, which 350 000 to 500 000 people will call home within the next decade.

The process is being led by the Investment and Infrastructure Office in The Presidency alongside the provincial governments of Gauteng and North West, working together with the cities of Johannesburg, Tshwane and Madibeng.

Working with development finance institutions, government has put together an innovative process that will fund the bulk sewerage, electricity, water, digital infrastructure and roads that will be the foundation of the new city.

It will not only be smart and 5G ready, but will be a leading benchmark for green infrastructure continentally and internationally.

## Roads programme

Government will be piloting an alternative township and rural roads programme during which four experimental road stretches of 50 km each will be constructed in various parts of the country.

This initiative will ensure cost-effective solutions for the State, meaningful skills transfer and higher potential for labour intensive job creation than conventional roads construction methods.

## YOUTH EMPLOYMENT

“We are confronted by the crisis of youth unemployment. Of the 1.2 million young people who enter the labour market each year, approximately two thirds remain outside of employment, education and training. More than half of all young people are unemployed. This is a crisis. We need to make this country work for young people, so that they can work for our country. The solution to this crisis must be two-pronged – we must all create opportunities for youth employment and self-employment.” – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

On youth employment, government has implemented the Presidential Youth Employment Intervention – six priority actions over the next five years to reduce youth unemployment. Government is creating pathways for young people into the economy.

It is building cutting-edge solutions to reach young people where they are – online, on the phone and in person.

Starting in February 2020, government is launching five prototype sites in five provinces that will grow to a national network reaching three million young people through multiple channels.

This will allow youth to receive active support, information and work-readiness training to increase their employability and match themselves to opportunities.

Secondly, government is fundamentally changing how it prepares young people for the future of work, providing shorter, more flexible courses in specific skills that employers in fast-growing sectors need.

Thirdly, government is developing new and innovative ways to support youth entrepreneurship and self-employment.

Fourthly, government is scaling up the Youth Employment Service and working with TVET colleges and the private sector to ensure that more

learners receive practical experience in the workplace to complete their training.



Fifthly, government is establishing the first cohort of a Presidential Youth Service Programme that will unlock the agency of young people and provide opportunities for them to earn an income while contributing to nation-building.

Finally, government will lead a youth employment initiative which will be funded by setting aside 1% of the budget to deal with the high levels of youth unemployment. This will be through top slicing from the budget, which will require belt-tightening and redirecting resources to address the national crisis of youth unemployment.

The Minister of Finance will prioritise this initiative and give specific details when he delivers the Medium Term Budget Policy Statement later this year.

These six actions will together ensure that every young person in this country has a place to go, that their energy and capabilities are harnessed, and that they can contribute to the growth of their communities and their country.

As part of this intervention, the National Youth Development Agency and the Department of Small Business Development will provide grant funding and business support to 1 000 young entrepreneurs in the next 100 days.

There is a larger and more ambitious programme to assist 100 000 young entrepreneurs over the next three years to access business skills training, funding and market facilitation.

## WOMEN EMPOWERMENT

The empowerment of women is critical to inclusive economic growth. Government is introducing the SheTradesZA platform to assist women-owned businesses to participate in global value chains and markets.

Over the next five years, the Industrial Development Corporation is targeting R10 billion of own and partner funding for women-empowered businesses.

## BUSINESS DEVELOPMENT

To create a larger market for small businesses, government plans to designate 1 000 locally produced products that must be procured from small, medium and micro enterprises.

The Procurement Bill will soon be presented to Parliament as part of efforts to empower black and emerging businesses, and advance radical economic transformation.

In 2020, government will intensify its investment drive with the establishment of an integrated investment promotion and facilitation capability coordinated from The Presidency.

Government will hold its third South Africa Investment Conference (SAIC) in November 2020 to review the implementation of previous commitments and to generate new investment into the economy.

At the second SAIC last year, over 70 companies made investment commitments of R364 billion in industries as diverse as advanced manufacturing, agro-processing, infrastructure, mining, services, tourism and hospitality.

In the first two years of the ambitious investment drive, government has raised a total of R664 billion in investment commitments, which is more than half of the five-year target of R1.2 trillion.

Projects with an investment value of R9 billion have been completed and 27 projects worth just over R250 billion are in implementation phases, with more coming on-stream this year.

"I have visited newly built factories that make smartphones and plants expanded to produce more cars, and walked through the dust on construction sites at supplier parks.

"We have been to the opening of facilities producing goods ranging from power cables to sanitary products, from tyres to food.

"We have made important progress in finalising and implementing master plans in vital parts of our economy.

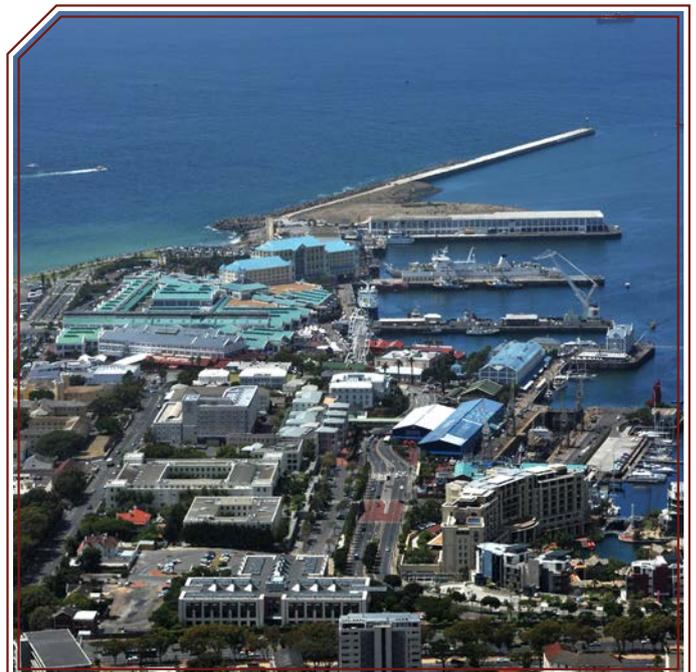
"These master plans bring government, labour and business together to develop practical measures to spur growth at sector level and each partner contributes to making it work.

"Thanks in large measure to the Auto Master Plan, we sold more cars to the rest of the world last year than ever before, providing jobs for young people in the Eastern Cape and KwaZulu-Natal." – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

Government has launched a new auto special economic zone hub in Tshwane, which will expand production and local manufacture of components.

The Clothing and Textiles Master Plan, which was signed last year, aims to create 121 000 new jobs in the retail-clothing textile and footwear sector over the decade.

It involves commitments by retailers to buy goods locally, by manufacturers to invest and support transformation, and by labour to develop bargaining structures that promote agile manufacturing.



Government has already begun to act vigorously against illegal imports, seizing almost 400 containers with under-invoiced products in the last quarter of 2019.

Government has completed the Poultry Master Plan to support chicken farmers and processors and save 54 000 jobs while creating new jobs. The industry is now focused on growth, greater production and more investment. Government will set a new poultry import tariff adjustment to support the local industry.

Government has developed a plan with farmers and industrial users to save jobs in the sugar industry and will finalise a Sugar Master Plan within the next six weeks; and expect a new Steel Master Plan to be finalised in the coming six months.

New regulations published in the *Government Gazette* will enable investigation and action against abuse of buyer power and price discrimination. This will help even the playing field for small businesses and emerging entrepreneurs.

Market inquiries into data services, the grocery retail market and healthcare have provided the basis for measures to reduce costs to consumers and make these sectors more competitive.

## Data prices

The competition authorities are now working towards a resolution with the large mobile operators to secure deep cuts to data prices across pre-paid monthly bundles, additional discounts targeted at low income households, a free daily allocation of data and free access to educational and other public interest websites.

This is an important step to improve lives, bring people into the digital economy and stimulate online businesses.

## Digital economy

The digital economy will increasingly become a driver of growth and a creator of employment. The Presidential Commission on the Fourth Industrial Revolution has made far-reaching recommendations that impact on nearly every aspect of the economy and in many areas of our lives.

The commission's report provides government with the tools to ensure that government extracts the greatest benefit of these revolutionary technological changes.

An important condition for the success of the digital economy is the availability of high demand spectrum to expand broadband access and reliability.

The Independent Communications Authority of South Africa has undertaken to conclude the licensing of high demand spectrum for industry via auction before the end of 2020. The licensing of the Wireless Open Access Network is expected to be completed next year.

## AGRICULTURE

In 2020, government implemented key recommendations of the Presidential Advisory Panel on Land Reform and Agriculture to accelerate land redistribution, expand agricultural production and transform the industry.

Government stands ready – following the completion of the parliamentary process to amend Section 25 of the Constitution of the Republic of South Africa of 1996 – to table an Expropriation Bill that outlines the circumstances under which expropriation of land without compensation would be permissible.

By mid-February 2020, government had released 44 000 hectares of state land for the settlement of land restitution claims and will this year release round 700 000 hectares of state land for agricultural production.

Government is prioritising youth, women, people with disabilities and those who have been farming on communal land, and is ready to expand their operations for training and allocation of land.



A new beneficiary selection policy includes compulsory training for potential beneficiaries before land can be allocated to them.

## Dealing with drought

Working with the Agricultural Research Council and other scientific and agricultural bodies, government has developed drought mitigation strategies that focus on developing drought-resistant seeds, planting and storing fodder, removing of invasive plants and management strategies to prevent soil degradation.

In 2020, government will open up and regulate the commercial use of hemp products, providing opportunities for small-scale farmers and formulate policy on the use of cannabis products for medicinal purposes, to build this industry in line with global trends.

## HEALTH

“A fundamental condition for growth and development is a healthy and productive population, with access to quality, affordable healthcare. We have noted the enthusiastic support from South Africans during public hearings on the National Health Insurance (NHI), and are putting in place mechanisms for its implementation following conclusion of the Parliamentary process.” – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

In preparation for the NHI, government has already registered more than 44 million people at over 3 000 clinics in the electronic Health Patient Registration System, and is now implementing this system in hospitals.

The Presidential Working Group on Disability has been established to advise The Presidency on measures to advance the empowerment of persons with disabilities as government plans, budgets and implements its programmes.

Following the recognition by the Department of Basic Education in 2018 of South African Sign Language as a home language and the recommendation by the Parliamentary Constitutional Review Committee that it be the 12th official language, government is now poised to finalise the matter.

## AFRICA

The African Continental Free Trade Area (AfCFTA) will come into effect in 2020.

South Africa will host an Extraordinary African Union (AU) Summit in May 2020 to finalise the modalities of the Free Trade Agreement before its implementation on 1 July 2020.

"Here we will finalise the rules that define what is a 'Made in Africa' product, the tariff lines that will be reduced to zero over the next five years, and the services sectors that will be opened up across the continent.

"Allow me to take this opportunity to congratulate our compatriot, Mr Wamkele Mene, who was this past weekend elected as the first Secretary-General of the AfCFTA, and assure him of our full support as he assumes this historic and challenging responsibility." – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

South Africa has prioritised the economic empowerment of Africa's women during its term as AU Chair, working with all member states on measures to promote financial inclusion, preferential procurement and preferential trade arrangements for women.

The AU Heads of State have pledged their support for measures to end GBV on the continent, and will work towards the adoption of an AU Convention on Violence against Women during the course of this year.

Through the African Peer Review Mechanism, South Africa will work with other countries to advance good governance and democracy.

The country will use all the means at its disposal – including its membership of the UN Security Council – to promote peace and security on the continent.

## LOCAL AND PROVINCIAL GOVERNMENT

The DDM is a unique form of social compacting that involves key role players in every district to unlock development and economic opportunities. It builds the capability of the State where it has been most broken.

A broad range of critical work is being done across government to strengthen the capacity of local government, as the sphere of government closest to the people, to achieve its developmental mandate of finding sustainable ways to meet the social, economic and material needs of communities and improve the quality of their lives.

Provincial and national government will redouble their efforts to support and strengthen the capacity of municipalities as required by Section 154 of the Constitution of the Republic of South Africa of 1996, and provide for the monitoring and support of municipalities.



It is only when the structured support has failed that the provincial executive or national government will invoke a Section 139 intervention in strengthening local government. Currently, there are 40 municipalities in the country subjected to such intervention.

Residents of the Mamusa Municipality in North West have already seen this approach in action, where the DDM was effectively used to clear illegal dumping sites, refurbish pump stations to stop sewage spilling in the streets, build roads and lay water pipes, and provide water and toilets to local schools.

In 2020, government plans to expand the DDM to 23 new districts, drawing on lessons from the three pilot districts – OR Tambo District Municipality, Ethekwini and Waterberg District Municipality.

"To strengthen the capacity of the State and increase accountability, I will be signing performance agreements with all Ministers before the end of this month. These agreements – which are based on the targets contained in the Medium Term Strategic Framework – will be made public so that the people of South Africa can hold those who they elected into office to account.

"We see these performance agreements as the cornerstone of a new culture of transparency and accountability, where those who are given the responsibility to serve – whether as elected office-bearers or public servants – do what is expected of them.

"It is a culture where corruption, nepotism and patronage are not tolerated, and action is taken against those who abuse their power or steal public money.

"Since I took office, we have built capacity in The Presidency and elsewhere in the State to fast-track progress on a clear list of urgent reforms." – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**

Government has established the Project Management Office, the Infrastructure and Investment Unit and the Policy and Research Services to address obstacles to reform and improve government delivery.

These units are working closely with the Presidential Infrastructure Coordinating Commission, InvestSA and the Ease of Doing Business Task Team to remove impediments to investment and growth, and ensure that government demonstrates visible progress quickly.

With an efficient and capable machinery now in place at the centre, government will focus on the most urgent reforms and intervene where necessary to ensure implementation.

"We find ourselves at a decisive moment in our history. It is a time of great difficulty and doubt, but also a time laden with great opportunities.

"Over the last two years, we have worked together to build a foundation for progress. Now is the time for us to build on that foundation, to unite, to work, to persevere.

"We will not surrender our future to doubt, despair, or division or to those who are permanently negative to the work that is being done to improve the lives of our people.

"We will continue our onward march to improve the lives of our people. We will embrace change. We will cherish life. We will fear nothing." – **President Cyril Ramaphosa, SoNA, 13 February 2020, Parliament, Cape Town.**