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ANALYSIS OF THE STATE OF THE NATION ADDRESS (SONA) 2021

Department of Home Affairs

Contents

1. INTRODUCTION	1
2. WHAT IS SONA 2021 SAYING ABOUT THE HOME AFFAIRS SECTOR?.....	1
2.1 Accelerate Economic Recovery, Economic Growth and Sustainable Jobs	1
2.3. Combating Corruption and Strengthening the State	3
3. What has changed between SONA 2020 and SONA 2021?	4
4. Are these strategic objectives aligned with the NDP, MTSF (2019-2024), and the 2020 MTBPS?	5
5. What are the implications of these priorities for service delivery in the sector?	6
6. Conclusion	8

1. INTRODUCTION

The 2021 State of the Nation Address (SONA) raised issues that directly and indirectly impact the Department of Home Affairs (DHA/Department) sector. The strategic themes raised by SONA 2021 centred around the fight against COVID-19; economic recovery in order to create sustainable jobs and inclusive growth, addressing corruption and strengthening the state. This analysis will focus on issues pertaining to Home Affairs as a sector; changes between SONA 2020 and 2021; examine the alignment between SONA 2021, the National Development Plan (NDP), and the 2020 Medium Term Budget Policy Statement, if any. Lastly, assess the implications of these priorities on service delivery in the sector.

2. WHAT IS SONA 2021 SAYING ABOUT THE HOME AFFAIRS SECTOR?

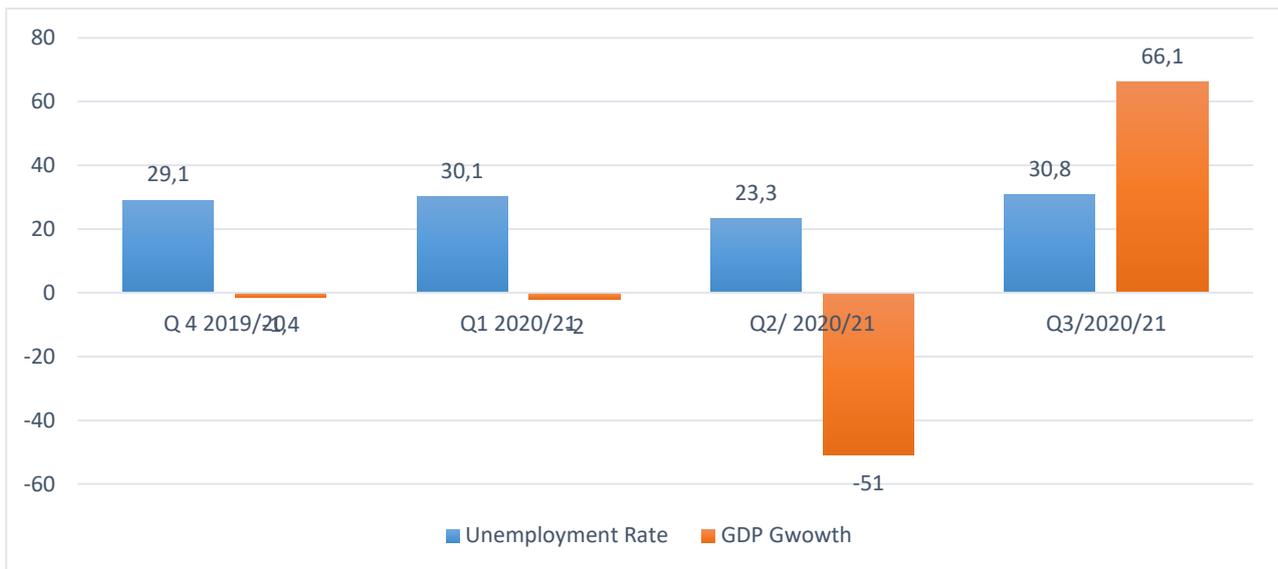
The following strategic themes emerged from SONA 2021 and have both direct and indirect bearings on the sector:

2.1 Accelerate Economic Recovery, Economic Growth and Sustainable Jobs

SONA 2021 identifies economic recovery, economic growth and creation of sustainable jobs as the main priority of government in the 2021/21 financial year and the medium term. The government recognises that COVID-19 has deepened unemployment and further slowed the country's already dire economic performance. To illustrate this point, figure 1 illustrates South Africa's unemployment rate and Gross Domestic Product (GDP) performance in the last 4 Quarters of the COVID-19 era.



Figure 1: Unemployment rate and GDP growth



Source, Trading Economics (Adapted by Research Unit)

As illustrated in the figure above, South Africa’s unemployment rate has increased from 29,1 percent from the 4th Quarter of 2019/20 to 31,8 percent in 3rd Quarter of 2020/21. This means that unemployment has increased by 1.9 percent or a further 1.7 million people lost their jobs since COVID-19 arrived on the country's shores.¹ In addition, South Africa’s economy only grew by 0,5 percent in 2019, contrasted by minus 8 percent during 2020, and it is expected to grow by 3 percent during 2021.²

In order to reduce the unemployment rate and grow the economy, SONA 2021 identified Operation Vulindlela, which is a joint initiative of the National Treasury and the President’s office to unlock economic growth and transformation. Operation Vulindlela is focusing on reforms in the electricity, water, telecommunications and transport sectors, as well as South Africa’s visa and immigration regime.³

The DHA has a significant role in South Africa’s economic recovery plan and reducing unemployment by efficiently managing identity information and international migration. Efficient management of identity information plays a significant role in allowing stable and secure flows of skills, capital and goods. This will attract investments, support industrialisation, assist planning, encourage infrastructure building, and grow intra-Africa trade.

¹ Ramaphosa (2021).

² Statista (2021).

³ Ramaphosa (2021).



With the African Continental Free Trade Area (ACFTA) that has come into effect on 1 January 2021, the DHA has to ensure that the Visa Waiver signed by government with various partner countries is implemented as per signed agreements⁴. These agreements support South Africa's commitment to attract investment and facilitate intra-Africa trade by incrementally relaxing travel regulations. The Department should ensure that the new Electronic Visa (E Visa) regime with Kenya, Nigeria, China and India, which was supposed to have been implemented in the 2020/21 financial year but disturbed by COVID-19, is efficiently implemented to accelerate the flow of people and goods from these regional powerhouses⁵.

For Parliament, this means staying abreast of the latest developments in this regard, as well as regular briefings by the DHA on the future agreements of this nature.

2.3. Combating Corruption and Strengthening the State

SONA 2021 identifies corruption and general weakening state apparatus as a barrier to economic growth in South Africa. In his 2021 SONA address, President Ramaphosa emphasised the need to address corruption.

“Corruption is one of the greatest impediments to the country’s growth and development. The revelations from the Zondo Commission of Inquiry laid bare the extent of State capture and related corruption.”⁶

In this regard, all Government departments and entities, together with the private sector, should step up the fight against corruption and reverse the wheels of state capture and endeavours to strengthen the rule of law. The President's assertion is supported by empirical data from the 2020 Corruption Perception Index (CPI). The 2020 CPI ranks South Africa at number 69 out of 180 countries in the world⁷. This is a decline from the 2019 CPI, where it was ranked at number 44. This indicator, among others, is crucial for investor confidence required to boost foreign direct investments required to improve South Africa's economy.

In recent years, the DHA launched Operation *Bvisa Massine*, which seeks to intensify the fight against fraud and corruption. The Department also have a toll free Report Corruption Hotline aimed at curtailing corruption by the department officials. In addition, the DHA Modernisation Programme, whose pillars include the live capture system for identity documents, should assist the department in making it more difficult for corrupt officials to commit fraud⁸.

⁴ Home Affairs (2019).

⁵ Tec point (2019).

⁶ Ramaphosa (2021).

⁷ Transparency International (2021).

⁸ Gibaba (2016).



3. What has changed between SONA 2020 and SONA 2021?

The African Continental Free Trade Area (ACFTA), which was a priority for government in the 2020 SONA, has now come into effect on 1 January 2020. The SONA 2021 reemphasised the importance of the AFTA for South Africa and the continent at large. The AFTA is envisaged to accelerate the movements of goods and people throughout the continent. Through the AFTA, South Africa's business should be able to expand their trade into the rest of the African continent.⁹ If South Africa embraces the AFTA, it will positively impact the increased volumes, the value of goods and services traded in the continent¹⁰. South Africa should embrace these developments, as it will contribute to job creation and economic growth¹¹. The Departments role in this regard will be to endure smooth cross border movements and efficient issuance of travel documents.

Job creation and reducing unemployment, especially amongst the youth, was placed at the centre of the national agenda for both 2020 and 2021 SONAs. To create sustainable quality jobs and grow the economy, SONA has again noted the lack of relevant skills required by the job market, particularly amongst the youth. As such, SONA 2021 announced that DHA would soon publish the revised list of critical skills for public comment within one week SONA to ensure that the final version reflects the skill needed by the economy.¹² It should be noted that the DHA has already published the critical skills list on 18 February 2021 for public comment. The closing date for public comments is 31 March 2021.¹³

Corruption remains one of the main stumbling blocks of South Africa's progress, as pointed out in both 2020 and 2021 SONA's. In one of its many attempts to fight corruption, the 2020 SONA set up a government and civil society working group to develop a strategy on an anti-corruption plan and an implementation plan which was to be launched by mid-year 2020. SONA 2021 continued around the same theme, with the President announcing that government has already started implementing the National Anti-Corruption Strategy, which lays the basis for a comprehensive and integrated society-wide response to corruption. In addition, government will soon make appointments for the Anti-Corruption Advisory Council that will report to Parliament.¹⁴ In this regard, the DHA should ensure that preventative mechanisms to combat corruption are put in place and those who are caught of the wrong side of the law should face consequences.

⁹ Ibid

¹⁰ Hartzeberg (2019).

¹¹ Ramaphosa (2020).

¹² Ibid

¹³ Department of Home Affairs (2021b)

¹⁴ Ibid



4. Are these strategic objectives aligned with the NDP, MTSF (2019-2024), and the 2020 MTBPS?

The SONA 2021 strategic objectives are aligned with the National Development Plan (NDP) vision 2030, the Medium Term Strategic Framework (MTSF) 2019 – 2024, and the 2020 Medium Term Budget Policy Statement (MTBPS).

The NDP is explicit that one of the critical actions required to achieve the desired economic growth level is through building and sustaining social compacts. Social compacts are enabling mechanisms to help in fighting the triple challenges of poverty, inequality and unemployment¹⁵. Government will continue to mobilise labour, business, civil society and other relevant stakeholders to support its plans to create an enabling environment for investment and productive labour. The formal social compact may help to strengthen the alignment between growth, development and nation building. The NDP envisages that unemployment will drop to 6.5 percent by 2030, which requires an average economic growth of 5 percent. These NDP indicators clearly illustrate that government has to work extra hard to achieve these targets in the next nine years. The unemployment rate currently stands at 30.8 percent while the economy grew by just 0,15 percent in 2019 and contrasted to minus 8 percent during 2020.¹⁶

SONA 2021 reports that work is underway to reform South Africa's visa and immigration regimen to attract skills and grow the tourism sector. The government intends to significantly increase the number of tourists from 10 million during 2018 to 21 million by 2030. In line with Operation Vulindlela, the Department had already started with a new electronic visa regime with India, China, Nigeria, Kenya¹⁷. Tourism remains key to South Africa's economic development strategy, and it is in line with the NDP, which envisions tourism as a significant source of revenue and employment through investment in infrastructure, product and service development. The NDP further sees the tourism sector playing a role in rising employment, productivity and incomes. It would also ensure a long-term solution to reduce inequality, improve living standards, and ensure a dignified existence for all South Africans.¹⁸

SONA 2021 reaffirms the fight against corruption. The NDP envisages, by 2030, a South Africa, which has zero tolerance for corruption, in which an empowered citizenry has the confidence and knowledge to hold public and private officials to account, and in which leaders hold themselves to high ethical standards and act with integrity¹⁹. It also envisages a South Africa that has a resilient anti-corruption system in which anti-corruption agencies have the resources, credibility and powers to investigate corruption, and their investigations are acted upon. The NDP highlights the need to address crime, and the MTSF contains a range of actions and targets in this regard. As stated earlier in this paper, South Africa's corruption indicators

¹⁵ National Planning Commission (2011).

¹⁶ Statista (2021).

¹⁷ Parliament Communication Services (2019).

¹⁸ National Planning Commission (2011)

¹⁹ National Planning Commission (2011).



do not inspire confidence; therefore, 2021 SONA's prioritisation of addressing corruption is one of the ingredients to grow the country's economy. In this regard, the government's effort to appoint an Anti-Corruption Advisory Council that will report to Parliament should be supported as, together with other law enforcement agencies, they have a critical role in combating corruption.

5. What are the implications of these priorities for service delivery in the sector?

Economic Recovery and development

SONA 2021 asserted that of the past year and going forward, government will focus its efforts on accelerating economic recovery and inclusive growth. Operation Vulindlela would be central in achieving increased levels of investments and job creation. In this regard, the DHA's role is to facilitate the streamlined provision of corporate and business permits for companies and individuals wishing to expand or establish ventures in the country. The DHA has already put measures in place through premium Visa and Permit Services Centres by *Visa Facilitation Service (VFS)* in Johannesburg, Durban and Cape Town for Corporate Clients and their dependents. VFS accepts Visa and Permit applications from corporate clients and submit these to the DHA for assessment and decision²⁰. Therefore, all this initiative falls within the Operation Vulindlela's framework to reignite South Africa's economy.

On 11 February 2020, the Minister of Home Affairs announced six major infrastructure developments, starting with the Beitbridge Border Post connecting South Africa and the rest of the African continent through Zimbabwe²¹. Unfortunately, due to COVID-19, these projects were postponed to 2021/22 financial year. These port of entry infrastructure developments will be undertaken in partnership with the private sector through public-private partnerships and with the concerned neighbouring countries, and the process of appointing service providers is underway²². The One-Stop Border Post (OSBP) model will process people and trucks by both neighbouring countries under one roof. The OSBP model will improve efficiency in processing people and goods, thereby reducing delays at the borders. Traders demand high performing corridors that reduce cost and time spent on transport and logistics and increase the corridors' reliability and predictability and the OSBP should address congestion at the ports of entry.²³

With the African Continental Free Trade having come to an effect on 1 January 2021, the DHA has to ensure that the Visa Waiver signed by government with various partner countries is implemented as per the signed agreements.²⁴ The success of the Africa Free Trade Zone will depend on partner countries to ensure that in terms of this agreement, diplomatic and official

²⁰ PC on Home Affairs BRRR (2018).

²¹ Times Live (2020).

²² SA Government News Agency (2020).

²³ African Union (2020).

²⁴ Home Affairs (2019).



passport holders no longer need a Visa to enter the country and can remain in the country for a period of up to 90 days²⁵. The agreement supports South Africa's commitment to attract investment and facilitate Intra Africa trade by incrementally relaxing travel regulations. For Parliament, this means staying abreast of the latest developments in this regard, as well as regular briefings by the DHA on future agreements of this nature.

Strengthening tourism

Although the DHA is not the primary custodian of tourism in the country, it plays a critical role by issuing travel documents and safeguarding South African ports of entry. South Africa strives to attract tourists, business travellers, skilled workers and investors. SONA 2021 raised the need for strengthening tourism in the country. The tourism sector contributed to at least 1.5 million jobs and R425.8 billion into the economy in 2018, thus responsible for 8.6 percent of all economic activity in the country²⁶. The tourism sector has been severely impacted by COVID-19 due to travel restrictions around the world; however, the DHA should remain ready to play its role when tourism activities resume.

The DHA should strive to ensure that challenges regarding the movement of people and trucks experienced at the land ports of entry during the December 2020 and January 2021 holidays should be speedily resolved and be an experience of the past if South Africa wants to attract tourists and encourage cross border trade.²⁷ The One-Stop Border Post initiative mentioned above should help the DHA in easing congestions along its port of entry.

Combating Corruption and Strengthening the State

The Presidency has set up a government and civil society-working group tasked to develop a national strategy and implementation plan on anti-corruption.²⁸ All government departments, including the DHA, are encouraged to support this initiative. It is imperative for the DHA to align itself with the national strategy on anti-corruption in all its operations. As things stand, the DHA is investigating alleged corruption on its Auto Biometric Identification System (ABIS) project issued to an entity known as EOH Mthobo to the value of R 450 million. Moreover, the DHA reported to Parliament during January 2021 that at least 24 of its officials have been charged with corruption/ fraudulent activities in the current financial year.²⁹

In light of the above, Parliament should continue to play its oversight role to ensure that the Executive is held accountable for all the alleged corrupt activities in the DHA and ensure that consequence management is applied. Almost all government diagnostics, including the National Planning Commission reports, point to corruption as a barrier to economic growth.

²⁵ Hartzenburg (2020).

²⁶ Smith (2019).

²⁷ Hlungwani, P. (2021).

²⁸ Ramaphosa (2019).

²⁹ Department of Home Affairs (2021).



6. Conclusion

Within the context and the focus of SONA 2021, economic growth, attracting foreign investments and job creation, combating corruption and strengthening the state, the contribution of the Home Affairs portfolios, while not always explicit, is key for achieving some of the commitment set.

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