



10 *year*

REVIEW OF

**THE NATIONAL
DEVELOPMENT
PLAN**

2012-2022



**national planning
commission**

Department:
The Presidency
REPUBLIC OF SOUTH AFRICA



CONTENTS

List of Figures	IV	4.1 Assessment	17
List of Tables	IV	4.1.1. Competition, concentration, and collusion.....	18
List of Acronyms.....	V	4.1.2. Small business and township economies.....	19
Minister’s Foreword.....	VI	4.1.3. Tourism	20
1. INTRODUCTION.....	1	4.1.4. Infrastructure investment	20
1.1. History of the National Planning Commission.....	1	4.1.5. Integrated and inclusive rural economy	24
1.2 Overview of NDP since its adoption.....	2	4.1.6. Trade and Regional Co-operation	25
1.3 Purpose of the review.....	4	4.2. Proposals	26
1.4 Triple challenges of development	4	5. SOCIAL.....	27
1.4.1 Inequality.....	5	5.1. Assessment.....	27
1.4.2 Poverty.....	5	5.1.1. Children.....	27
1.4.3 Employment	5	5.1.2. Social Assistance.....	29
2. RECENT TRENDS AND CROSSCUTTING ISSUES.....	6	5.1.3. Education: Improving Education, Training, and Innovation	31
2.1. Drivers of Change and Demographic Trends.....	6	5.1.4. Health.....	33
2.2. Covid-19 Pandemic.....	7	5.2. Proposals	37
2.3. Infrastructure Constraints.....	9	6. GOVERNANCE	38
2.4. Russia – Ukraine War	10	6.1. Assessment	38
2.5. Climate Change.....	10	6.1.1. Building a Capable and Developmental State.....	38
2.6. Disability, Women, Youth	13	6.1.2. Institutionalisation of Planning.....	41
2.6.1. Disability: Cross-cutter	13	6.1.3. Spatial Justice, Inequality and Transformation.....	42
2.6.2. Women and Gender: Cross-cutter	14	6.1.4. Social Cohesion and Nation Building	43
2.6.3. Youth Input: Cross-cutter.....	15	6.1.5. Safety and Crime Trends.....	45
3. HIGHLIGHTS OF NDP REVIEW 2020.....	16	6.2. Proposals	47
4. ECONOMY	17	7. CONCLUSION	49
		7.1. Growing an inclusive economy	50
		7.2 State Capacity	51
		7.3. Institutionalisation of Planning	52

7.4. International Partnerships and Trade.....	52
8. REFERENCES	54

List of Figures

FIGURE 1: NDP CORE CHALLENGES	3
FIGURE 2: TOTAL LIFE EXPECTANCY, IMR AND U5MR FOR THE PERIOD 2002 - 2022.....	35
FIGURE 3: PERCENTAGE OF DEATHS DUE TO COMMUNICABLE DISEASES (GROUP I), NON-COMMUNICABLE DISEASES (GROUP II) AND INJURIES (GROUP III) BY YEAR OF DEATH, 1997-2018.....	36

FIGURE 4: SELECTED VIOLENT CRIME TRENDS, 2011/12-2020/21 (TOTAL REPORTED INCIDENTS)	45
--	-----------

FIGURE 6: ANNUAL NUMBER OF RECORDED PUBLIC ORDER POLICING INCIDENTS: 1996/97 - 2019/20.....	45
--	-----------

List of Tables

TABLE 1: NDP TARGETS AND ACTUALS	4
TABLE 2: SOUTH AFRICAN BANKS: TWO DECADES AT A GLANCE	19
TABLE 3: NUMBER OF SOCIAL GRANTS PER GRANT TYPE 2012/13, 2018/19 AND 2021/22	30
TABLE 4: SOCIAL GRANT EXPENDITURE PER GRANT TYPE 2012/13, 2018/19 AND 2021/22 R'000	30

LIST OF ACRONYMS

4IR	Fourth Industrial Revolution	NHI	National Health Insurance
AfCFTA	African Continental Free Trade Area	NIP 2050	National Infrastructure Plan 2050
CCDR	Country Climate and Development Report	NPC	National Planning Commission
CPFs	Community Policing Forums	NSDF	National Spatial Development Framework
CSG	Child Support Grant	NSFAS	National Student Financial Aid Scheme
DBE	Department of Basic Education	NSP	National Strategic Plan
DDM	District Development Model	NYDA	National Youth Development Agency
DoH	Department of Health	PFMA	Public Finance Management Act
DPME	Department of Planning Monitoring and Evaluation	PRASA	Passenger Rail Agency of South Africa
EAF	Energy Availability Factor	QLFS	Quarterly Labour Force Survey
ECD	Early childhood development	SADC	Southern African Development Community
ERRP	Economic Reconstruction and Recovery Plan	SADHS	South African Demographic and Health Survey
FDI	Foreign Direct Investment	SAPS	South African Police Service
GBV	Gender-Based Violence	SARB	South African Reserve Bank
GDP	Gross Domestic Product	SASSA	South African Social Security Agency
IMD	International Institute for Management Development	SMME	Small, Micro and Medium Enterprises
IPCC	Intergovernmental Panel on Climate Change	SOE	State Owned Enterprise
IPG	International Partners Group	TB	Tuberculosis
IUDF	Integrated Urban Development Framework	TFR	Transnet Freight Rail
LBPL	Lower Bound Poverty Line	UHC	Universal Health Coverage
Mt	Million Tonnes	UK	United Kingdom
MTSF	Medium-Term Strategic Framework	UN	United Nations
NCDs	Non-Communicable Diseases	USA	United States of America
NDP	National Development Plan	WHO	World Health Organisation
NEET	Employment, Education or Training		

MINISTER'S FOREWORD



Ms. Maropene Ramokgopa,
the Minister in the Presidency for
Planning, Monitoring and Evaluation,
the Chairperson of the National
Planning Commission

In 2024 South Africa will be celebrating thirty years of democracy. Across the lifespan of our democracy, South Africa has made incredible strides in developing policies and frameworks aimed at driving transformation and development including the Constitution of South Africa. The constitution is the supreme law of the country and provides the legal foundation for the existence of the republic, it sets out the rights and duties of its citizens and defines the structure of the Government. Despite the enabling environment created through the prescripts of the Constitution, the rate of implementation of these policies and frameworks remains low, ultimately compromising the impact of the interventions.

The year 2022 marked ten years since South Africa's National Development Plan (NDP) 2030 was adopted in Parliament as the lodestar to guide the country's development. It was agreed that the objectives of the NDP relating to government action would be incorporated into the Medium-Term Strategic Framework under each administration. Above all, there was a clear understanding that the NDP is not designed for government implementation only, it is to be the Plan for the country.

It is against this backdrop that the Ten-Year Review of South Africa's National Development Plan (NDP)

is both a timely and necessary body of work. The review was compiled by the current National Planning Commission (NPC) of 2021-2026 with the impetus that there is less than a decade remaining for the NDP objectives to be met by 2030. Therefore, the Ten-Year Review is not just a measure and evaluation of the implementation of the NDP, it seeks to propose remedial action in areas where there is marginal or no improvement at all across targets and objectives.

Although this Review provides a comprehensive analysis of the current state of our country, the underlying measurement criteria remained the three overarching challenges that the NDP had identified: inequality, unemployment, and poverty. In short, these challenges remain, and in some cases have gotten worse.

The daunting inequality: The NDP set an objective of reducing the Gini coefficient from 0.69 in 2010 to 0.6 by 2030. However, based on recent assessments, South Africa still holds the unfortunate title of being the most unequal country in the world. The persistence of inequalities is due to income disparities, with the top decile of the population claiming a disproportionate share of the nation's wealth. Therefore, the struggle against inequality requires a more insistent approach in order to see any significant improvement.

Poverty and its mixed narrative: The dawn of democracy saw initial progress in poverty levels. This progress was attributed to varying factors including economic growth, social protection initiatives, and wage increases. However, this promising trajectory declined after the global financial crisis of 2008 when poverty rates fluctuated, and income poverty began to rise. The disparity in poverty levels across racial and gendered lines remains stark, highlighting the need for targeted interventions.

The challenge of unemployment: The NDP set ambitious targets to reduce unemployment from 25.4% in 2010 to 6% by 2030. Unfortunately, unemployment levels have increased significantly from the initial figures on which the NDP had based its projections over the past decade. There are multiple reasons for this increase, including the socioeconomic and health impact of the COVID-19 pandemic, skills deficits in emerging and critical sectors, and lower-than-expected investment. We must concede that unemployment rates have reached disturbing highs, with millions of South Africans left without work, directly impacting the quality of livelihoods.

As we embark on this journey to assess and reflect on the NDP's progress, we must recalibrate our efforts to confront the harsh realities outlined in this

review. Inequality, unemployment, and poverty are not abstract concepts but are lived realities for millions of South Africans. Our collective commitment to realizing the NDP's vision is crucial, for it holds the key to a more just, equitable, and prosperous South Africa.

The path ahead will be challenging, but it is not insurmountable. It calls for innovative policies, coordinated efforts across sectors, and a resounding dedication and commitment to uplifting the lives of all South Africans. The NDP provides us with a blueprint for transformation, but it is up to us, as a nation, to ensure that its goals are not mere aspirations but tangible achievements.

This review serves as a sobering reminder of the work that lies ahead. Let it inspire us to redouble our efforts, harness our collective strength, and work towards a South Africa where inequality, unemployment, and poverty no longer cast shadows over our people's dreams.

It is our future, let us make it work.



2030

OUR FUTURE MAKE IT WORK



**South Africa belongs to all its peoples.
We, the people, belong to one
another.**

**We live the rainbow.
Our homes, neighborhoods, villages,
towns, and cities are safe and filled
with laughter.**

**Through our institutions, we order our
lives.**

**The faces of our children
tell of the future we have crafted.**

1. INTRODUCTION

1.1. History of the National Planning Commission

The National Planning Commission (NPC), according to the Revised Green Paper: National Planning Commission, General Notice 101 of 2010, is an independent think-tank responsible for advising the President and Cabinet on long-term development planning. In addition, the NPC, which is appointed by the President, is expected to assist with rallying the nation around the National Development Plan (NDP): Vision 2030.

The first NPC, which was appointed in 2010, tabled the NDP in Parliament in August 2012, where it was welcomed and adopted by all the political parties represented at the time. This had been preceded by wide-ranging consultation and research that led to the compilation of a diagnostic report in 2011, whose findings form the basis of the NDP. The tenure of the second NPC, which was appointed in September 2015 to March 2021, focused on deepening development planning priorities within government and various sectors of society, analysing the implementation of NDP priorities, and advising on corrective measures to address gaps and blockages.

The third and current NPC's mandate is, inter alia, to:

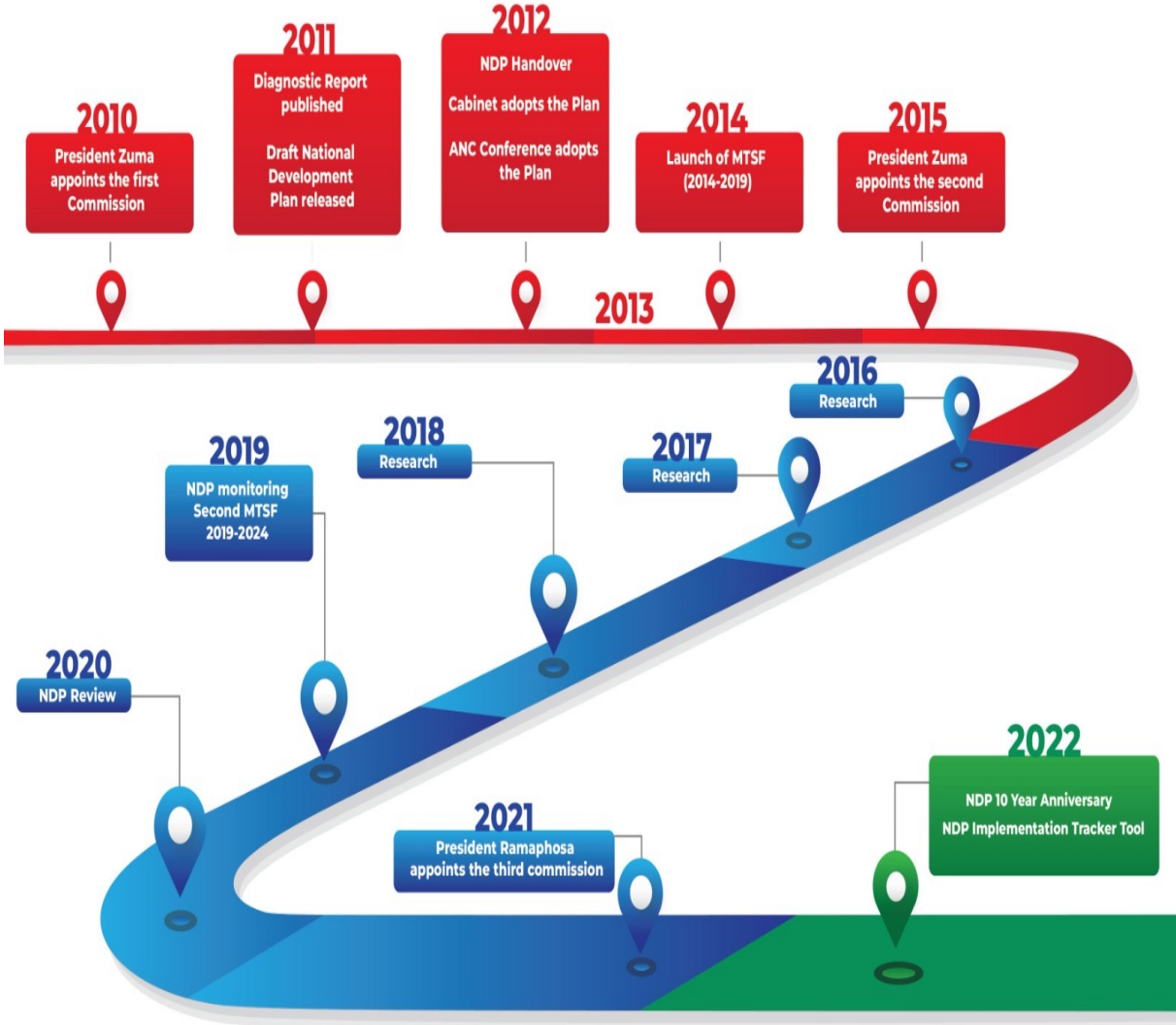
Mobilise society to promote the acceleration in implementing the National Development Plan towards 2030, recognising the changes that have ensued since its initial adoption.

Assist in forging a conversation among key stakeholders, leading to effective and impactful interventions on several key issues facing the country.

Undertake research and build a body of evidence on critical matters for the long-term planning and development of South Africa. Strengthen the use of evidence and the quality of empirical data, generated from impact assessments for national planning.

As more than a decade has elapsed since the diagnostic report was compiled and the NDP tabled, the current NPC undertook a ten-year review of the Plan to measure progress and align it with current circumstances.

HISTORY OF THE COMMISSION



1.2 Overview of NDP since its adoption

This review interrogates the factors that affected the implementation of the NDP since its adoption, including consideration of domestic and international crises such as the Covid-19 pandemic, the civil unrest in Gauteng and KwaZulu-Natal in July 2021, the Russia-Ukraine war, the energy crisis, and the severe flooding and landslides in KwaZulu-Natal and Eastern Cape in April 2022. In particular, the review assesses the

progress made with the key NDP targets of eliminating poverty and reducing inequality and unemployment. The analysis evaluates the extent to which planning has been institutionalised and the reform of the country’s planning system across all spheres of government following the adoption of the NDP.

A Cabinet decision in 2013 on the implementation of the NDP agreed that government’s planning framework, the 2014-19 Medium-Term Strategic Framework (MTSF) should form the first five-year

building block for the implementation of the NDP. This decision continued to inform the current 2019-2024 MTSF and it is envisaged that the 2024-2030 MTSF be the last five-year NDP implementation framework. In addition, it was expected that all other government plans are aligned with the NDP and that non-state actors in the business sector, civil society and the citizenry at large would be activated to support and implement the Plan.

The NDP envisions a South Africa where everyone feels free yet bounded to others, where everyone embraces their full potential, and a country where opportunity is determined not by birth, but by ability, education, and hard work. The Plan, therefore, states that to realise such a society will require the transformation of the economy and decisive efforts to build the country's capabilities. To eradicate poverty and reduce inequality, the economy must grow faster and in ways that benefit all South Africans. In particular, young people deserve better educational and employment opportunities, and focused efforts are required to eliminate gender inequality and other social and economic gaps. Promoting gender equality and greater opportunities for young people are integrated themes that run throughout the Plan.

None of this is possible if our natural resources and climate are degraded over time, which requires a just transition to more sustainable modes of development.

Raising living standards to the minimum level proposed in the Plan involves a combination of increasing employment, higher incomes through productivity growth, a social wage, and good-quality public services. All of these challenges are interlinked. Improved education, for example, will lead to higher employment and earnings conditions, while more rapid economic growth will broaden opportunities for all and generate the resources required to improve education.



Figure 1: NDP Core Challenges

The Plan focuses on the critical capabilities needed to transform the economy and society. Given the complexity of national development, the Plan sets out six interlinked pillars:

- Uniting all South Africans around a common programme to eliminate poverty and reduce inequality.
- Promoting active citizenship to strengthen development, democracy, and accountability.
- Bringing about faster economic growth, higher investment, and greater labour absorption.
- Focusing on key capabilities of people and the state.
- Building a capable and developmental state.
- Encouraging strong leadership throughout society to work together to solve problems.

The NDP review assesses the extent to which this was achieved, the factors that impacted on it, the current opportunities, and challenges, and it concludes with providing clear recommendations.

1.3 Purpose of the review

This review provides an update of the core NDP targets over the last ten years that, in turn, acts as the basis for recommendations for implementation in the remaining eight years. In particular, it focusses on 2018-2022, which covers the period since the previous 2018 NDP Review, which was published in 2020. The review of the NDP was required to determine the progress made with the Plan's goals and targets, as well as to identify course correction measures based on the changed circumstances over the last ten years.

1.4 Triple challenges of development

The three overarching challenges to which the NDP responds - inequality, unemployment, and poverty, currently continues to confront South Africa. As the causes of these challenges are multidimensional, the approach in the NDP to addressing them are multi-sectoral and broad, with targeted interventions where warranted. It is therefore important that these challenges be analysed at the outset prior to addressing the detail of the review of the NDP.

Table 1: NDP targets and actuals

NDP target	Baseline	Target	2018	2021	2022
	2012	2030	Actual	Actual	Actual
GDP growth (average)	3.3% (2011)	5.4%	0.8%	0.9%	1.1%
Reduce income inequality (Gini income measure)	0.69 (2009)	0.60	0.69	0.69	
Eliminate poverty below LBPL	36.4% (2011)		21.7%		
Investment (gross fixed capital formation) as a percentage of GDP	19.3% (2010)	30%	18.2%	13.1%	14.1%
Public sector (state- and state-owned entities) investment as a percentage of GDP	6.8%	10%	5.7%	4.1%	
Labour force participation rate	55.4%	56.6%	59.3	58.6%	59.4%
Reduce unemployment (%)	25.4%	6%	27.7%	33.9%	32.9%
Employment (million)	13.65 million	24 million	16.2 million	15.6 million	16.1 million
Employment ratio (employment/working age population)	41.3%	61%	43.3%	38.7%	39.9%

Source: National Planning Commission - All actual figures, are sourced from the Quarterly Labour Force Survey (QLFS) Q:1 2023 Stats SA and the South African Reserve Bank quarterly review March 2023

1.4.1 Inequality

The NDP's target for the reduction in inequality envisaged the Gini coefficient falling from 0.69 in 2010 to 0.6 in 2030 (see Table 1). A 2018 research publication by the World Bank¹ confirms that South Africa remains the most unequal country in the world with incomes that are highly polarised. Wealth inequality is much larger than consumption expenditure inequality and these inequalities appear to be passed from one generation to the next.² Consequently, inequality remains high. In respect of wealth inequality, the top decile of the South African population is estimated to own between 71% and 95% of the nation's wealth, compared to a global average of 55% to 65%.³

1.4.2 Poverty

The progress made during the initial democratic period prior to the NDP could be attributed to several factors such as, relatively high economic growth rates, the growth of the social protection system, GDP-per-capita growth, above-inflation wage increases, decelerating inflationary pressure, limited but significant financial inclusion, and access to finance for the growing middle class. However, the global financial crisis of 2008 combined with structural factors, such as lack of inclusive growth, skills mismatch, misallocation of capital investments and economic concentration, inhibited this trend from continuing after 2007/8.

The challenge of poverty has not been static at different points over the period under review. While the statistics measuring poverty determined the lower bound poverty line (LBPL) as R647 per person per month in 2015 and the upper bound poverty line as R992, the progress made between 2006 and 2011 when poverty levels fell from 51% of the population to 36.4%, was followed by income poverty rising, which affected 40% of the population by 2016. Approximately 13.3 million people were living below the food poverty line in 2015, with this number increasing to 19.4 million in 2020. This means that almost 32,6% of the population could not afford the minimum required for their daily energy intake.⁴

The depth and extent of poverty differs substantially by race. Between 2006 and 2015, poverty rates for black Africans fell from 60% to 47%, for Coloureds from 36% to 23%, for Indians from 5% to 1.2%, and for Whites from 0.6% to 0.4%. The rate of change varied dramatically as well with black African and Coloured poverty rates falling by 21% and 32%, respectively. In 2015, 49% of black African women lived in poverty compared to 45% of black African men.⁵

1.4.3 Employment

The NDP sets a target of reducing unemployment from 25.4% in 2010 to 6% in 2030, with interim targets of 20% by 2015 and 14% by 2020. It proposes that the employment ratio (the number of people currently employed as a share of the

1 An Incomplete Transition Overcoming the Legacy of Exclusion in South Africa.

2 Orthofer, A, 2016

3 Sulla and Zikhali 2018, Orthofer 2016 - The Sulla and Zikhali (2018) report on four rounds of wealth surveys carried out by the University of South Africa (Unisa) between 2008 and 2015.

4 DPME Development Indicators 2021 (which year)

5 Income and expenditure survey, Stats South Africa 2017

total working-age population) rises from 41.3% in 2010 to 61% by 2030.

However, the employment ratio in 2015 was 43.8%, falling to 43.3% in 2017, and 38.7% in the second quarter of 2022. The unemployment rate, which increased from 25.4 % to 27.7 % from 2012 to 2018, increased substantially over the 2018-2022 period mainly due to measures taken to reduce the impact of the Covid-19 pandemic. The unemployment rate reached a record high of 35.3% in the fourth quarter of 2021, improving slightly to 33.9% in the second quarter of 2022. This translates to 11.6 million unemployed and about 3.6 million discouraged people.

In 2012, the number of people employed was 13.6 million, which rose to 16.2 million by 2018. However, the country lost 2.2 million jobs (Quarter 2 of 2020) during the Covid-19 pandemic lockdown period with 1.5 million jobs being recovered by the second quarter of 2022 resulting in a total of 15.6 million employed.

In race terms, the unemployment rate among the black African population group remains higher than the national average and other population groups at 37.8%. It was 8.6% for the white population group, 15.5% for the Indian population group, and 27.4% for the Coloured population group during the same period.

2. RECENT TRENDS AND CROSSCUTTING ISSUES

Planning and the effective implementation thereof, does not and cannot happen in a vacuum or on paper only. The context within which it takes place and that plays a role in the opportunities and risks that arise as a result are as crucial as the planning itself and the policies that are consequently formed. This varies from domestic risks and challenges that can be foreseen and mitigated to international action and sentiment that, despite being out of South Africa's purview, has a significant impact as the country is a

firm component of the global community. Some of the trends are predictable and longstanding based on complex legacies and decisions while others may be new and transformative, and often the result of technological innovation.

2.1. Drivers of Change and Demographic Trends

Policy making for national development continues to exist in a complex environment. The World Bank predicted that the four main global challenges in 2040 will include financial crises, climate change, technological disruptions, and disease (Broom, 2023). As the world continues to recover from the Covid-19 pandemic in 2022, it is important to consider and mitigate the effects of these possible challenges on South Africa's development planning landscape.

The planning targets in the NDP were predicated on an understanding of global economic relations and power trends in that period that have been overtaken by events. Recent predictive trends about global economic power shifts indicates that the United States of America (USA) will have the largest Gross Domestic Product (GDP) at \$13.8 trillion from 2006 to \$29 trillion in 2026. However, it is expected that China will overtake the USA between 2031-2036. India is expected to be a contender for third place in this period with a GDP of just under \$11 trillion. These predicted economic power shifts have implications for South Africa's trade and bilateral agreements in a future through to 2030.

While South Africa's annual population growth rate appears to have been increasing, structural population changes have occurred over time, with a population bulge occurring in 2002 of individuals below the age of 20 years. While this bulge in South Africa's population pyramid consists of 25 to 39-year-old individuals in 2022, a second bulge of individuals below the age of 14 years seems to be present concurrently in the most recent population pyramid. The benefits of a youthful population must be balanced with opportunities for education and employment.

Access to data relating to the provincial distribution of age groups will assist local government in prioritising adequate services and programmes required to ensure development. The largest percentage (33.6%) of children are in Limpopo, while Gauteng had the greatest percentage (67.8%) of youth and adults, and the Eastern Cape had the largest percentage of elderly at 11.6%. Youth and adults make up the largest proportion of all provinces.

In terms of fertility and mortality rates, South Africa's demographic transition tends toward what is referred to as stage three where these rates are reducing. However, this must be balanced by stability in the overall population's economic, political, and social prospects based on increased access and levels of education for women.

While the dependency ratio research on which the NDP is based identified South Africa as being at that sweet spot where the number of working-age individuals were greater than number of child and elderly dependents, this dividend was dependent on sufficient employment opportunities and good healthcare systems. The majority of African countries, including South Africa, continue to have high dependency ratios ranging from 60% to as high as 100%, while North and South America, Europe and many Asian countries have lower dependency ratios. Africa's potential in the future will be determined by the changes in its dependency ratio over time and this period should be utilised by South Africa to optimise the benefits of the demographic transition and possible dividends. It is important to note that the predictions of dependency rate drops in Africa made in the 1990s did not materialise largely because poverty levels did not drop significantly.

Urbanisation in South Africa has gradually been on the rise to above 60% in 2016. In terms of inward migration, five provinces are estimated to have a positive net migration of people, with Gauteng attracting the most migrants, followed by the Western Cape, North West, Mpumalanga, and Northern Cape. This will have a significant impact on resources and planning systems in future.

2.2. Covid-19 Pandemic

South Africa had the highest number of Covid-19 infections on the African continent. The government's quick response, starting with a month-long lockdown implemented at the end of March 2020, bought it time to prepare for the unfolding health crisis by developing relief measures for vulnerable people and businesses. The Covid-19 response came at a high economic cost with GDP having contracted by 7.0% in 2020. The Covid-19 pandemic put additional pressure on public finances, which had been on a deteriorating trajectory for several years and has made restoring fiscal sustainability more urgent. The deficit is estimated to have reached 12.9 % of GDP resulting in public debt of 78.8% of GDP in 2020.

In addition, the pandemic's social impact on South Africa has been high with approximately 2.2 million South Africans having lost their jobs. It is estimated that an additional 2.8 million people would have been at risk of falling into poverty due to labour market disruptions. However, the Covid-19 social protection response package cushioned two-thirds against this impact, protecting 1.9 million people from falling into poverty. By the end of 2020, less than 40% of these jobs were recovered. This meant a net loss of about 1.4 million jobs and an unemployment rate reaching



32.5%. Covid-19 led to the average South African being 18% worse off at the end of 2020 than at the start of that year, and at an average real income level equivalent to that in 2005. The most vulnerable have been disproportionately affected by the Covid-19 pandemic, resulting in even higher inequality. The number of people living in extreme poverty increased by an estimated 10% in 2020.

During the period under review, the Covid-19 pandemic forced the South African government to make difficult policy choices to restore macroeconomic stability, deal with the health and socioeconomic crises, accelerate growth, and make the economy more inclusive. As a result, in October 2020, the government announced the Economic Reconstruction and Recovery Plan (ERRP). The ERRP aimed to deal with immediate actions toward economic recovery amid Covid-19 and to rebuild and grow the economy to ensure sustainability, resilience, and inclusion. Moreover, the pandemic opened up areas for reforms, which having been identified in the 2018 World Bank report,⁶ had been pending for years, as well as for addressing systemic weaknesses that undermined effective government.

The post-Covid-19 period has seen a partial recovery in economic growth with GDP rebounding and increased exports mainly due to the mining sector. It is important to underscore that the higher global commodity prices resulted in inflated export values, rather than significantly higher production in the mining sector. Stagnant production levels can be attributed mainly due to infrastructure constraints in terms of rail, ports, and energy supply as well as bureaucratic backlogs inhibiting mining expansion.⁷ The emerging trend that commodity prices could be normalising,⁸ leading to reduced export earnings and concomitantly reduced tax revenue poses a future risk.

The restrictions on travel, specifically air travel, affected trade, global supply chains and tourism. Initiatives to increase the value of exports facilitated through the Export Marketing and Investment Assistance fund were hampered as many international shows were cancelled and travel restrictions imposed, impacting export promotion activities. The tourism sector, which has been identified as a government priority as an enabler of development to accelerate transformation and create jobs, was significantly affected. With the subsequent lifting of restrictions, the tourism sector is showing signs of recovery. In contrast, sectors such as the digital economy, global business services and food supply chains experienced a boost as a result of the opportunities that emerged during the pandemic.

A critical factor in bilateral tourism relations is regional air and road linkages. The decline of South African Airway's presence in the region and the rise of cheaper and more efficient continental and international competitors such as Ethiopian Airlines, Kenya Airways, Turkish Airlines, Emirates, and Rwanda Air has had a significantly negative impact on travel between countries in the region and South Africa. Passengers, who previously linked through OR Tambo International Airport, are now travelling through Addis Ababa, Nairobi, Istanbul, Dubai, and Kigali. The possible cooperation between SAA and Kenya Airways to create a Pan African airline can benefit South Africa and the region and the continent in boosting tourism.

In addition, the global economy has experienced several shocks, despite a short rebound after the impact of the Covid-19 pandemic. These include higher-than-expected inflation in Europe and the USA leading to tighter monetary policy, a significant economic slowdown in China, global supply chain disruptions as a result of the continuing zero-Covid-19 policy implemented by China, and higher food and petrol prices.

6 World Bank Group, 2018. An Incomplete Transition: Overcoming the Legacy of Exclusion in South Africa.

7 NPC Annual Report 2022 - NPC engagement with Minerals Council South Africa on 21 June 2022

8 IMF World Economic Outlook 2022, MTBPS October 2022

2.3. Infrastructure Constraints

According to the IMF,⁹ the near-term growth outlook has deteriorated. Real GDP growth is projected to decelerate sharply to 0.1% in 2023, mainly due to a significant increase in the intensity of power cuts, as well as the weaker commodity prices and external global environment. The IMF expects growth to rebound in the medium-term, though only to about 1.5% per year, with income per capita likely to stagnate as a result. While this is due to the global economic slowdown, domestic factors, including those related to energy supply (continuous load-shedding), and inadequate rail and port operations, are constraints. This is exacerbated by tightening monetary policy to deal with rising inflation and fiscal tightening to deal with rising debt levels.

The lack of energy security and, in particular, a reliable electricity supply, which is widely recognised as a major obstacle to growth, has become an increasing concern. This was identified in the NDP Review and it is now abundantly clear that the resolution of the current electricity crisis is a critical precondition for economic recovery. The immediate and longer-term outlook of the critically constrained South African power system is negative, with the possibility of worsening loadshedding in the short-term. The energy crisis will most likely be resolved in the medium- to long term due to the commissioning of large quantities of renewable energy that took place in 2021-2023. The reduced Energy Availability Factor (EAF) and poor performance of Eskom's coal-fired power stations are negatively impacting the delivery of electricity to both industrial and household consumers. The poor performance of power stations is caused in part by poor operations and maintenance of old and relatively new power



stations, widespread corruption,¹⁰ sabotage as well as design and construction defects in Eskom's New Build Programme. These factors have resulted in an EAF that has steadily been on the decline from 71.9% in 2018 to 57.58% in 2022.¹¹

The decline of freight rail operations and port congestion has hindered the possibility of increased economic activity. The poor performance of Transnet Freight Rail (TFR) is evidenced by the declining volumes over the years, which has harmed the country's economic performance. Although the entity carried around 226.30 Million Tonnes (Mt) per annum in 2018, that figure dipped to 173 Mt in 2021, signalling the first time that it dipped below the 180 Mt mark. TFR's busiest corridor, the Central Corridor carried around 7.05 Mt in 2013, which has been reduced to 2.37 Mt in 2021 with a slight rise to 2.46 Mt in 2022.¹² Similarly, over the past five years, South African container terminal performance has, on average, been 20% less than competitors, and up to 35% below their optimal potential.¹³

9 <https://www.imf.org/en/News/Articles/2023/03/21/mcs032223-south-africa-2023-article-iv-mission#:~:text=The%20mission%20recommends%20continued%20efforts,spending%20and%20productive%20public%20investment.>

10 <https://www.statecapture.org.za/site/information/reports>

11 <https://www.csir.co.za/sites/default/files/Documents/Statistics%20of%20power%20in%20SA%202022-CSIR-%5BFINAL%5D.pdf>

12 MTSF Mid-term Review - 2019-2024

13 MTSF Mid-term Review - 2019-2024

A further factor hampering growth prospects has been the rise of criminal syndicates, in particular, in the mining and construction sector.¹⁴ In mining, illegal miners have taken over abandoned mining shafts leading to additional costs for the industry, which poses a threat to mining operations. In the construction industry, since the publication of the thirty percent local requirement provision, the emergence of the so-called “construction mafia”, who demand a share of the contract value for protection, has led not only to delays but in certain cases to cancellation of projects. This is particularly prevalent in KwaZulu-Natal.

2.4. Russia – Ukraine War

Following the Covid-19 pandemic, the changes in global affairs was further affected by Russia’s invasion of Ukraine on 24 February 2022. The uncertainty caused by the war affected the post-Covid-19 global economic recovery as it led to unprecedented disruptions in the global value chains, logistics networks, foreign direct investments, and commodity sectors. These disruptions most sharply affected the trade and investment required for the growth of developing countries.

As Russia dominates the production of several commodities, including oil, natural gas, steel, nickel, and aluminium, the war resulted in the price of these commodities soaring and in the decline in global financial markets. Research¹⁵ shows that approximately a quarter of the world’s wheat exports come from Ukraine and Russia and both countries contributed about 15% of corn and fertilisers to the global economy before the war.

It is predicted that emerging markets and developing economies are likely to experience decreases in economic growth of about 3.4% as a result of the war, which more than offset any near-term boost to some commodity exporters from higher energy prices. Although trade between South Africa, Russia, and Ukraine was minimal, with South Africa exporting less than 1% to Russia and Ukraine and importing less from both countries, its effect on certain sectors in the South African economy, such as agriculture have been more seriously felt. It has



also had spillover effects on South Africa’s exports and imports as a result of global supply chain adjustments. South Africa has consequently witnessed a realignment of global power relations in response to the war, and volatility in the global economy, both of which affected its national interests.

As it remains unclear as to how long this war will last, several risks have been identified such as high commodity prices, and the global economic recovery being disrupted. The prices of basic food products such as cooking oil and wheat are likely to remain high, which is likely to affect inflation and result in interest rate hikes continuing. Ultimately, the poor and marginalised will bear the brunt, which is likely to fuel social unrest in South Africa and around the globe.

2.5. Climate Change

Global growth over the past century together with that continued economic expansion in most developing countries and resource exploitation has resulted in interconnected negative consequences that threatens the stability of its natural environmental systems on which all life depends. While this can be mitigated through national policy interventions, the effects of climate change transcend borders, thus making it imperative that South Africa’s actions are in

14 NPC Annual Report 2022 - NPC engagement with Minerals Council South Africa on 21 June 2022

15 World Bank (2022). The impact of the war in Ukraine on Global Trade and Investment.

concert with the rest of the world. In this context, the inequities between the wealthier and the developing nations are particularly stark in terms of the causes of climate change and the resources to combat the effects. All the key resources for the future are in the global South such as the bulk of the world's metals and minerals required by the transition to renewable energy, nearly all the biodiversity needed to ensure adaptation to climate change, and most of the wind resources and radiation needed to decarbonise the global economy.

The working group reports of the United Nations' Intergovernmental Panel on Climate Change (IPCC) are explicit regarding the increased intensity of climate change impacts and the dangers of not acting fast enough. The consequences of this have been experienced in different parts of the country to varying degrees through either floods, droughts, and changing weather patterns affecting agriculture and daily temperatures. The top four concerns for South African scientists are the possibility of more intense tornados in the Richard's Bay and Limpopo valley areas, a 'day zero' drought event for Gauteng during the next El Nino, longer and more intense heatwaves, and widespread food shortages.

The NDP envisages that by 2030 South Africa will have made headway in transitioning to an environmentally



sustainable, climate change resilient, low-carbon and just society. Since the adoption of the NDP in 2012, South Africa ratified the Paris Agreement in 2016, thereby signalling a continued commitment to playing a leadership role in ensuring the causes and effects of climate change are addressed. The country's Nationally Determined Contribution emissions trajectory that follows a peak, plateau and decline approach was updated in 2021 to targets of 398-510 Mt CO₂-eq by 2025, and 350-420 Mt CO₂-eq by 2030. This was submitted based on an assessment of the latest science, and the Paris Agreement's long-term temperature goal of keeping global warming to below 2 degrees Celsius and making efforts to keep warming within 1.5 degrees.

As indicated in the 2018 NDP Review, the NPC deepened the initial proposals in Chapter 5 of the NDP through engagements and dialogues with social partners on pathways for a just transition to a low-carbon, climate-resilient economy and society by 2050 and to develop proposals for pathways to achieve this vision. The NPC adopted an economy-wide perspective for planning for a just transition by focussing on three key sectors – energy, water, and land-use. This process was taken further by the independent, multi-stakeholder Presidential Climate Commission (PCC) that was established to oversee and facilitate a just and equitable transition towards a low-emissions and climate-resilient economy. The PCC tabled the Just Transition Framework in July 2022

Preceding the Conference of Parties (COP) meeting in Glasgow in November 2021, the South African government announced a historic partnership with the governments of France, Germany, the United Kingdom (UK), the USA, as well as the European Union, (International Partners Group (IPG)) to support a just transition to a low-carbon economy and a climate-resilient society in South Africa through the mobilisation of an initial \$8.5 billion over the next three to five years. The Presidential Climate Finance Task Team, established in February 2022, is responsible for engaging with the IPG to advise Cabinet on the composition, affordability, and alignment with South Africa's regulatory environment, and engage with partner countries. The Cabinet approved the Just Energy Transition – Investment Plan in 2022.

Although South Africa's economic dependence on coal includes high-carbon infrastructure, particularly in the energy sector, it also has abundant renewable energy resources and has developed innovative renewable energy technologies over the last decade. The lower-than-expected Green-House Gas emissions in this period, which are partly from load-shedding and low economic growth are due to increased use of renewable energy technologies and new policy commitments including the IRP 2019¹⁶ that envisages decommissioning of 11 GW of coal-fired power by 2030, the Eskom Roadmap, the Low Emissions Development Strategy, the NDC, Just Energy Transition and the Climate Change Bill.

To give effect to global commitments, policies adopted by South Africa include the introduction of a carbon tax in 2019, which gives effect to the polluter-pays-principle and helps to ensure that businesses and consumers take the negative adverse costs (externalities) of climate change into account in their future production, consumption, and investment decisions.

To align implementation by the state, the Climate Change Bill, which was tabled in Parliament in February 2022, aims to develop, and implement an effective national climate change response. This legislation, which forms part of the National Environmental Management Act, 1998 (Act No. 107 of 1998), places a legal obligation on every organ of the state across all spheres and different sectors to harmonise their policies, plans, and processes to ensure that climate change risks and impacts are considered.

The National Treasury initiated the climate budget tagging (CBT) system in October 2020 to systematically track and monitor climate change-relevant decisions in public budgets by piloting it at 11 selected government sites. The rationale for implementing CBT was that it would contribute to raising awareness about and knowledge of

climate change impacts on service delivery in public institutions and to integrate climate change and the just transition into policy, strategy, and planning, in addition to budgeting. While CBT has the potential to strengthen climate strategies and plans, the administrative burden poses a risk of low institutionalisation and functionality.

Additional policy interventions include accelerated depreciation of allowances for machinery for renewable electricity generation and biofuel production, research and development tax incentives, including for green technologies (150% deduction), tax incentives for biodiversity conservation, an energy efficiency savings tax allowance, fiscal allocations, such as those to the Department of Fisheries, Forestry, and the Environment for risk mitigation and job creation projects such as Working for Water and Working on Fire, motor vehicle emissions tax to promote the sale of vehicles with lower carbon emissions during their operating phase, and incandescent-globe taxes stimulate the uptake of low-energy light bulbs.

The long-term decarbonisation of the South African economy will focus primarily on the electricity sector in the 2020s. A deeper transition will take place in the electricity sector, coupled with a transition in the transport sector towards low-emission vehicles in the 2030s, while the 2040s and beyond will be characterised by the decarbonisation of the hard-to-mitigate sectors. Within South Africa's economic and social context, the transition to net-zero carbon emissions has been based on a consultative social dialogue to reach a consensus on pathways that are just and inclusive¹⁷ as outlined in the NDP and demonstrated by the work undertaken by the second Commission.

The World Bank's 2022 Country Climate and Development Report (CCDR) proposes that the country incorporates three interconnected transitions in its development paradigm, namely the low-carbon energy transition, greater resilience

16 <https://www.energy.gov.za/irp/2019/IRP-2019.pdf>

17 P5, <https://www.dffe.gov.za/sites/default/files/docs/southafricasINDCupdated2021sept.pdf>

through adaptation, and greater social justice. A low-emission growth model will depend on technological innovations while improving the quality of life for vulnerable inhabitants. Resilience must be built in the most vulnerable areas by putting in place protective measures, especially in the water and agriculture sectors, as well as in cities where most people live, and most economic activity is concentrated. To ensure that the transitions are just, the country will need to deliberately integrate those most vulnerable to and affected by climate change as it adopts adaptive measures. The CCDR notes that these transitions will require a combination of structural reforms, and estimates that the financing requirements to be about 4.4% of GDP per year—or R8.5 trillion between 2022 and 2050.

2.5. Disability, Women, Youth

2.5.1. Disability: Cross-cutter

The NDP refers to disability across its chapters on the basis that disability must be integrated into all facets of planning so that it adapts to the specific conditions. In line with the priorities of the Plan, people with disabilities must have enhanced access to quality education and employment. While the White Paper on the Rights of Persons with Disabilities, released in 2015, outlines the requirements to ensure that persons with disabilities enjoy equitable access to socio-economic opportunities, there has been a slow implementation of programmes.

As access to education translates into a successful entry into the labour market, it is crucial that provision is made for people with disabilities. The availability of quality Early Childhood Development (ECD) services for vulnerable children, including those with disabilities, must be addressed in the context of the crucial effect that these formative years have on the subsequent development of individuals. It is important that the responsibilities assigned to the

Departments of Social Development, Basic Education, and Health are co-ordinated and aligned.

By 2017, while the 465 special schools catered for 119 5591 persons with disability, an additional 117 1192 were in ordinary schools. The concern in this regard that requires attention relates to learners with special needs who remain excluded from both special and ordinary schools. For instance, it is estimated that 597,953 children with disabilities were out of school in 2015.¹⁸ Although teachers have been trained in specialised areas, including Braille, South African Sign Language, autism, and inclusive programmes such as Attention Deficit Hyperactivity Disorder, Specific Learning Disabilities, Sensory Integration Disorder, and Augmentative and Alternative Communication, it is not sufficient to address the current requirements.

The social assistance grants available to persons with disability in terms of the Social Assistance Act (No. 13 of 2004) include disability and care dependency grants as well as grant-in-aid. According to the South African Social Security Agency's (SASSA) 2022 Annual Report, while disability grant numbers have declined from 1,1 million in 2012/13 to 1 million in 2021/22, the care dependency grant increased from 120 268 to 153 786 over the same period.



¹⁸ Department of Basic Education (DBE) Annual Report, 2017

An issue that requires attention includes the difficulty persons with disabilities face when applying for disability grants as they are expected to be assessed by state-employed medical professionals, who often lack the skills or experience to evaluate the wide-range of disabilities that they may encounter.¹⁹

Despite the provision in the 1998 Employment Equity Act that sets an employment target that 2% of the workforce should be persons with disabilities, this has hovered at an average of 1%, with the 2021 figure being 1.2%. The most notable barriers for people with disabilities to gain entry to the workforce relate to their ability to develop the requisite skills. In particular, depending on the disability, these include:

- Physical barriers may prevent access to educational facilities.
- Information barriers may result in not being able to use the essential educational materials.
- Communication barriers may prevent access to information and the ability to participate fully in the learning experience.
- The ability to interact fully with their peers who do not have disabilities.
- Attitudinal barriers about the capabilities of persons with disabilities may result in the education provided being substandard or being denied, which tends to affect females to a greater extent.

Although the Department of Employment and Labour provides work opportunities for persons with disabilities and facilitates supported employment through dedicated programmes, it is important that there be societal changes that give effect to the objectives of the NDP. This means that the provision of education from ECD to post-schooling and graduate systems must cater for the range of disabilities found in society by having the requisite support systems. Service provision including ensuring their safety, access, and ability to engage must similarly be designed to be inclusive. The monitoring and advancement of this should remain the responsibility

of the state, both directly by the relevant government departments and through structures such as the Commission on Gender Equality.

2.5.2. Women and Gender: Cross-cutter

As the NDP incorporates proposals to address gender imbalances across its targets, it is crucial to assess this taking a wider societal view of progress, or lack thereof. South Africa is a signatory to the United Nations Committee on the Convention on the Elimination of Discrimination against Women, the Beijing Platform for Action, the Sustainable Development Agenda 2030, and the Maputo Protocol. President Ramaphosa hosted national summits on Gender-Based Violence (GBV) and Femicide in 2018 and 2022 and approved the establishment of a Presidential Review Committee on Women's Emancipation and Gender Equality in 2019.

These initiatives must be assessed in terms of the current conditions that affect gender parity. In terms of employment, while the 2021 unemployment rates for males and females were 31,4% and 34,0%, respectively, black African women were the most vulnerable, with an unemployment rate of 38,3%. Disparities by sex and occupation show that females accounted for 31,2% of those occupying managerial occupations and that more women (56,2%) than men tended to be discouraged from participating in the labour market.²⁰

Poverty and food insecurity are central to women being vulnerable. The 2020 Marginalised Groups Indicator Report²¹ indicated that, on average, 40,6% of female-headed households were without an employed household member and approximately one-tenth of female-headed households (11,1%) reported suffering from hunger compared to 9,7% of male-headed households. Women's vulnerability is exacerbated by the high levels of violence against women and children.

19 Kidd S (et al) 2018

20 QLFS QI: 2021 Stats SA

21 Marginalised Groups Indicator Report 2019, Stats SA

Crime statistics revealed that between January and March 2023, 13205 sexual offences²² cases were opened with the police, of which 10512 were rape cases.²³ The crime statistics report revealed that most rape incidences took place in the residences of perpetrator/victim (including residences known by victims/perpetrator e.g., family/friends/neighbours) followed by public place e.g., street/open field/recreational centre/park/parking area. About 969 women and 245 children were murdered during the same period.

Government policies need to address the burden of unpaid care work on women. While the government has policies and laws to promote, enforce, and monitor gender equality, the implementation of these has been limited. There is a need not to only improve the availability of data and the reliability of available data but also to improve the coordination of the production and use of gender statistics. Implementing the NDP requires a gendered focus if its social and economic objectives of reducing poverty and inequality are to be met.

2.5.3. Youth Input: Cross-cutter

Since the NDP addressed youth development as a cross-cutting issue in the same manner as women and persons with disabilities, the review considered an integrated set of outcomes. As there is generally a focus on education and creating an enabling environment for employment for this group, there will be an overlap with the later sections dealing with education and employment.

The state's targeted approach to this group, in addition to other basic services including education, health, and social assistance, is generally through structures such as the Department of Women, Youth and Persons with Disability (DWYPD), the National Youth Development Agency (NYDA) and the Presidential Youth Employment Intervention (PYEI). The DWYPD's current National Youth Policy 2020-2030,

which as with the previous iteration cites the NDP as an anchor document, is being implemented through the NYDA's 2022 Integrated Youth Development Strategy. The NYDA in partnership with the PYEI is also championing and implementing the proposed NDP intervention of a national youth service, which is a government initiative aimed at engaging youth in community service activities to strengthen service delivery and assist youth to acquire occupational skills.

While state institutions have been required to factor youth development into their planning, very few have done so, which is exacerbated by the lack of effective monitoring systems to hold these organs accountable.

South Africa's youth bulge, referred to above, holds the potential to grow its economy exponentially, however in the absence of employment opportunities, it equally has the potential to become a source of social and political instability and major dependency if work opportunities are not secured. The 2022 first quarter employment statistics²⁴ indicates that 37%, or approximately 4 million, of the 10.2 million young people aged 15-24 are in the Not in Employment, Education or Training (NEET) category.

Youth in South Africa continue to face disadvantages when entering the labour market, with unemployment rates higher than the national average. According to the 2022 figures, the unemployment rate for those aged 15-24 was 63.9% and 42.1% for those aged 25-34 years, while the official national rate is 34.5%. Although South Africa's graduate unemployment rate is still relatively low compared to that of other educational levels at 2.8%, youth unemployment persists as a problem, regardless of educational degree.

As tertiary education continues to be the best route to employment for young people, it is crucial that the quality of the basic education system must be

22 Sexual offences include rape, sexual assault, attempted sexual offences and contact sexual offences.

23 SAPS Crime Statistics January 2023-March 2023.

24 QLFS Q:1 2022 Stats SA

improved to ensure that as many young people as possible are eligible to enter higher education. With the increasing cost of fees, deteriorating infrastructure, teachers who lack requisite support, and a curriculum that is mismatched to the needs of both the local and global economy, the current education system results in poor labour market outcomes for young black people, in particular.

To advance the various youth development goals set out in the NDP, the link between the different institutions in term of their mandate and jurisdiction must be strengthened with clear lines of accountability. The private sector must be encouraged to play a greater role to assist with employment initiatives and skills development. This means that the employment tax incentive, which was introduced in 2014 and that has had mixed results, must be reconsidered so that it is used more effectively. While the constraint of the costs of transport to find a job can be mitigated through the use of subsidised technology-based platforms such as SA Youth Mobi, a component of the PYEI, public and private transport companies should consider forms of support.

Youth sexual and reproductive health, as well as mental health, are key drivers of wellbeing and young people need mechanisms developed that can prioritise their well-being to be active citizens. By strengthening the healthcare system and providing resources to those organisations which provide mental health services, young people can nurture a culture of health-seeking behaviour and address the issues around substance abuse and other prevalent mental health-related issues.

Further, the youth's participation in civil society has been muted, with low voter turnouts and a general sense of despondency, leading to hopelessness and disengagement.

3. HIGHLIGHTS OF NDP REVIEW 2020

The second NPC undertook a review of the implementation of the NDP²⁵ in 2018 for the first eight years since its adoption. The review considered how South Africa performed over that period in relation to the NDP's principle targets of addressing poverty, inequality, and unemployment.

It established that the country had underperformed on key targets in the NDP overall. Among contributing factors was the deterioration of the policy environment, challenges of leadership across society, lack of coherence in executing the NDP, and poor implementation, alongside a turbulent regional and global environment. It found that implementation of the NDP, as set out in the vision and priorities, was not achieved during the interim phase. The following are some of the specific findings of the Review:

- Economic growth had been stagnant and was in recession terrain.
- Poverty was on an upward trend, and inequality was persistent and remained unchanged over time.
- Unemployment had been on the rise, amid the economy's weak performance, and the highest burden is borne by women and youth.
- The record of service delivery had worsened, and coupled with the economy's labour market difficulties, negatively affected the delivery of the social wage to the poorest households.
- Spatial inequality challenges persist.
- However, in the area of social protection, notable progress was achieved, especially in terms of access to social assistance in the form of cash grants, access to health, education and shelter, and the provision of basic services to poor households.

In general, the outcomes and quality of the NDP objectives required significant improvement. The Review highlighted several challenges that pose a risk to the constitutional democracy, to most impoverished people and to a viable functioning state. These include the following:

25 NDP Review

- The weakening of government and key state institutions, poor public service performance, and the erosion of confidence and trust across society.
- There has been a blurring of lines between political and administrative functions.
- Corruption is systemic and prevails in both the public and private sectors.
- The government faces severe and limiting fiscal constraints, and SOEs have become a key contributor to this challenge.
- Crime, including gender-based violence, is persistently high and the types of violence are shocking in their brutality.
- Political leadership did not focus on the NDP after its adoption and was not strong, which consequently meant that the Plan was not effectively championed.

These and other factors, resulted in South Africa not achieving the NDP targets towards 2030, during those eight years of implementation. The next section of this report provides a summary of the challenges faced and advances made in achieving the overarching objectives for the economy, and the social and governance sectors.

4. ECONOMY

For South Africa to achieve the overarching goals of the NDP of eradicating poverty and reducing inequality and unemployment by 2030, it needed to grow its economy by 5.4% per annum over twenty years and create about 11 million new jobs. These goals were based on the all-inclusive approach of achieving positive investor sentiment, better-located and maintained infrastructure, improved educational outcomes, a healthier population, a sound social safety net, much of which would be enabled by a capable state and good governance approaches. Given that much of this was not realised, the economy

has not performed as expected during the period under review. An analysis of the progress made towards achieving the overarching objectives of the NDP reveals that less-than-expected and required outcomes have been achieved since the adoption of the Plan in 2012 as shown in Table 1.

4.1 Assessment

Growth has averaged 0.99 %²⁶ for the period with per capita GDP growth negative in five of the years under review. South Africans are becoming poorer. Unemployment has increased to 33.9%,²⁷ with little improvement in overall employment. The economy remains in a low-growth trap as the average growth rate was below the population growth rate of 1.4%, effectively meaning that South Africans are getting poorer. In addition, average incomes have declined. GDP per capita has declined from a high of R80 191 (in constant 2015 prices) in 2013 to R74 907 in 2021.²⁸

To achieve the target of 5.4% average annual GDP growth, the NDP sets a target of 30% investment as a percentage of GDP by 2030. In the 2012-2019 period, using the measurement of gross fixed capital formation as a percentage of GDP, it averaged 19.6%,²⁹ largely as a result of a decline in private investment, a slowdown in general government spending and reduced capital spending from SOEs. For the 2018-2021 period, this declining trend continued with investment as a percentage of GDP averaging 14.7%.³⁰ In 2021, private investment amounted to 9.9% of GDP, and public-sector investment amounted to 4.1% of GDP.³¹ The slow investment growth can largely be attributed to factors described in the NDP Review of declining investment by the private business due to a deteriorating economic outlook, policy uncertainty, and the slowdown in general government and SOE investment.

Additional factors that have affected the economy include the global response to contain the Covid-19

26 South African Reserve Bank (SARB) Quarterly Bulletin September 2022

27 QLFS, Q2 2022, Stats SA

28 SARB September 2022

29 NDP Review

30 SARB September 2022

31 MTBPS, 2022

pandemic and the adaptations required to address climate change. The response to the Covid-19 pandemic that resulted in lockdowns and other restrictions saw GDP decline sharply by -6.3% in 2020. This rebounded to 4.9% in 2021 as the pandemic restrictions were lifted.

The threat of climate change and the need to deal with it decisively has become clear. The United Nations' IPCC's 1.5°C Special Report released in October 2018 emphasised the need for an accelerated transition to a just, climate-resilient society and economy. The report concludes that the risk to society and economies are irreversible and intolerable at a temperature increase of beyond 1.5 degrees Celsius (it is currently at 1 degree). Exceeding the 1.5 degree Celsius globally could have catastrophic impacts on South Africa, which is physically and economically vulnerable to climate change. Meeting these requirements will result in a reduced threat to imports caused by carbon border taxes, increased energy efficiency, reduced dependence on increasingly expensive fossil fuels, job creation through green industrialisation policies, and improved health because of reduced pollution levels (especially in Mpumalanga).

4.1.1. Competition, concentration, and collusion

The 2020 NDP Review found that high levels of concentration among large firms and barriers to entry of new firms and small, medium, and micro enterprises (SMMEs) are part of the explanation for the economy's slow growth, and lack of employment creation, transformation, innovation, and competitiveness.³² It found that South Africa's business environment is conducive to the establishment of cartels. This is exacerbated due to high barriers to entry, such as regulatory and financing requirements. The effective combating of cartels and high concentration to promote market access for new entrants is, therefore, an important public policy objective.

The Competition Commission found that there have not been any significant new market entrants

in nearly all sectors of the South African economy over the past 30 years.³³ The report found that when SMMEs can gain access to new markets, their revenue increases, leading to growth and expansion. The analysis shows that the top 10% of businesses earn 86% of total income while the bottom 50%, the smaller businesses, earn 1.6% of total income in South Africa across all sectors. The report states that South Africa's highly concentrated markets are becoming even more concentrated.

The South African financial sector is particularly concentrated. It is also one of the most profitable banking sectors in the world. As is clear from the SARB data below, concentration has increased since 2001 with the number of registered banks dropping from 41 to 16, the market share of the top five banks increasing significantly from 74.2% in 2001 to 89.5% in 2019. Although return on equity has declined, this was from a very high base of 29% in 2001 – the highest in the world. Unlike developed countries like Germany or developing countries like Nigeria, South Africa has a negligible community banking sector that re-circulates savings of the poor for the benefit of the poor. Instead, the savings of the poor (e.g., via Stokvels with bank accounts in large commercial banks) are re-invested largely for the benefit of the middle class and the rich (housing loans, credit card overdrafts, retail expansions). The Competition Commission published a report on the banking sector in 2008 that raised the alarm about the levels of concentration and collusion in the financial markets.³⁴

Given the centrality of both private and public banks in allocating capital in South Africa, it is clear that regulatory and institutional changes are needed to enable SMMEs to participate and ensure that capital does get allocated specifically to achieve the goals of the NDP. The reforms to Regulation 28 of the Pension Funds Act are a definite step in the right direction in this regard. Less than 10 % of the funds managed by pension funds is re-invested in the real economy, which means that capital valued at 50% of GDP is not being deployed to achieve NDP goals. This cannot continue, especially in light of fiscal constraints.

³² NDP Review

³³ Competition Commission 2021. Measuring Concentration and Participation in the South African Economy

³⁴ <https://www.compcom.co.za/banking-market-inquiry/>

Table 2: South African Banks: Two decades at a glance

	2001	2019
Bank assets/GDP %	94.1	111.4
Loans and advances as a % of GDP	68.4	83.0
Mortgage assets (household and corporate sector)/total banking sector assets %	54	43
Bank deposits/GDP %	79.5	92.9
Registered banks	41	16
Mutual banks	2	4
Co-operative Banks	2	4
Local branches of foreign banks	14	16
Market share of assets of the 'big five' banks (%)	74.2	89.5
Return on Assets (%)	1.2	1.3
Return on Equity (%)	29	17

Source: South African Reserve Bank: Registrar of Banks, Annual Reports.

This overall decline in competitiveness was also noted in the International Institute for Management Development (IMD) World Competitiveness Ranking, where South Africa's competitiveness dropped from 59th position in 2020 to 62nd out of 64 countries in 2021. This shows a consistent regression from the 37th position that the country held in 2005.³⁵

4.1.2. Small business and township economies

The NDP places the responsibility of creating 90% of new jobs in South Africa on the SMME sector. The small business sector, which had an estimated 2.2 million small businesses in 2019, was most severely affected by the Covid-19 pandemic lockdown. About 1.6 million were informal and 625 000 were formal

sector enterprises. The impact of the lockdown saw informal enterprises decrease by 25% between the first and second quarters of 2020, or from 1.6 million to 1.2 million enterprises. The impact for formal enterprises was delayed with registered small enterprises increasing by 2% (15 000) in the first two quarters of 2020, before declining by 11%.³⁶

Before the Covid-19 lockdown period, SMMEs' contribution to overall employment showed significant improvement, increasing from 54.3% in the first quarter of 2018 to 66.5% in the first quarter of 2019.³⁷ However, the lockdown measures reversed the gains, resulting in a decline in SMME jobs as a percentage of overall employment to 63.5% in the first quarter of 2020.

The Covid-19 response also resulted in black ownership of a formal small business share of formal sector enterprises declining by more than 25% in the

³⁵ IMD World Competitiveness Centre (2022). World Competitive Ranking

³⁶ Tips - The real economy Bulletin November 2021

³⁷ MTSF Mid-term Review - 2019-2024

third quarter of 2020, and by an additional 2% in the fourth quarter of 2020. The number of African-owned enterprises in the formal sector declined from 257 000 in the second quarter of 2020, to 232 000 in the fourth quarter of 2020, 10% below pre-pandemic levels.³⁹

A study by the Department of Planning Monitoring and Evaluation (DPME) in March of 2022⁴⁰ confirmed the outcomes of the 2017 NPC study titled “Research on the Limited Success of Entrepreneurial Activity by Locals in Townships and Rural Areas” that the main challenges for SMME development, particularly for township enterprises, are lack of finance, access to markets, provision of basic infrastructure (water, sanitation and electricity), and regulatory and administrative inefficiencies (red tape).

4.1.3. Tourism

The tourism industry has slowly re-emerged since its collapse during the Covid-19 lockdown. Before this, tourism was one of the fastest-growing sectors of the economy. South Africa experienced a significant increase in international tourist arrivals, peaking at 1.1 million in January 2020, which declined by 72.6% in 2020 due to the Covid-19-induced lockdown measures.

According to the latest report (February 2022) on “Tourism and Migration” by Statistics South Africa (Stats SA), the majority of tourists that visited South Africa were from the following regions: Europe, North America, Asia, Australasia, Central and South America, and the Middle East. Tourist visitors to South Africa mainly originate from the following countries: the USA, the UK, Germany, India, Australia, Switzerland, France, Belgium, the Netherlands, and Canada.

38 Tips - The real economy Bulletin November 2021

39 Tips - The real economy Bulletin November 2021

40 MTSF Mid-term Review - 2019-2024

41 <http://www.statssa.gov.za/publications/P0351/P0351February2022.pdf>

42 NDP Review

43 SARB September 2022

44 MTBPS, 2022

Within the African continent, the majority of tourists to South Africa came from the Southern African Development Community: Mozambique (28,8%), Zimbabwe (22,1%), Lesotho (19,9%), Eswatini (10,1%), Botswana (5,6%), Namibia (4,2%), Zambia (3,5%), Malawi (3,0%), Angola (0,8%) and Tanzania (0,7%).⁴¹

The tourism sector was one of the hardest hit sectors by the Covid-19 pandemic as most businesses, such as hotels, restaurants, entertainment establishments and tour operators, closed in compliance with the government’s lockdown regulations to curb the spread of this virus. The tourism sector began showing some level of recovery in 2021, as the economy started opening up, although the recovery remains slow-paced and the effects of the lockdown linger on.

Core challenges facing the sector include: the failure to implement a functional e-visa system; red tape on tourism operator licences; crime and perceptions about South Africa as a safe destination; and the lack of coordination between various government departments in implementing tourism related interventions.

4.1.4. Infrastructure investment

The NDP’s proposal that South Africa needs to maintain and expand its electricity, water, transport, and telecommunications infrastructure to support the economic growth and social development goals in the medium and long term, targeted a 30% investment-to-GDP ratio, one-third of which should be delivered by the state. For the 2012-2018 period, using the measurement of gross fixed capital formation as % of GDP, it averaged 19.6%⁴² largely as a result of a decline in private investment and slowdown in general government spending and reduced capital spending from SOEs. For the 2018-2021 period, this declining trend continued with investment as a percentage of GDP averaging 14.7%.⁴³ In 2021, private investment amounted to 9.9% of GDP, and public-sector investment amounted to 4.1% of GDP.⁴⁴

Gross fixed capital formation improved marginally by 3.7% in 2022 but remains well below pre-pandemic levels. Investment remains about R62 billion below pre-pandemic levels, with private investment, as the largest component of gross fixed capital formation, accounting for 87.4% of the shortfall.⁴⁵

The National Infrastructure Plan 2050 (NIP 2050) was gazetted in March 2022 to address infrastructure planning and to direct spending.⁴⁶ The NIP 2050 is a strategic plan that will implement key NDP objectives to promote infrastructure delivery as it emphasises the crucial role of the energy, freight, water, and digital infrastructure.

Energy

South Africa's energy challenges are well-known: 85% of South Africa's energy is generated by coal-fired power stations, compared to a global average of 34%. The CO₂ content of South Africa's economic output (i.e., CO₂ tons per Gross Value Added) is the highest globally. As the world transitions to low carbon energy sources (with total investments now over \$500 billion per annum, which is double total investments in fossil fuels and nuclear combined),



45 MTBPS, 2022

46 https://www.gov.za/sites/default/files/gcis_document/202203/46033gon1874.pdf

47 <http://www0.sun.ac.za/cst/news/as-sa-teeters-on-the-brink-of-full-blown-energy-disaster-its-vital-the-right-decisions-are-made-now/>; <https://openknowledge.worldbank.org/server/api/core/bitstreams/52409ffd-96f7-58d4-be7f-c8114abbd4c5/content>; <https://www.nbi.org.za/focus-areas/environmental-sustainability/>

South Africa faces carbon border taxes on its exports, particularly to Europe and increasingly to other countries. Although South Africa's fleet of coal-fired power stations are ageing and needs to be decommissioned, it has the benefit of having access to some of the best solar and wind resources in the world together with the requisite range of minerals and metals for manufacturing renewable energy infrastructures and backup systems.

The Integrated Resource Plan stipulates that 11 000 MW of coal-fired power must be decommissioned by 2030, and 26 000 MW of renewables must be constructed by this date. With seven years to go, it is unlikely that these targets will be achieved if nothing changes. The NPC's 2022 statement on energy called for an accelerated rollout of renewables to end loadshedding in two years. Research teams⁴⁷ analysing investment requirements to achieve net zero by 2050 have determined that the cost is between \$250 and \$950 billion. The bulk of this investment will be from private sector investors, both local and international. At this stage, there is no evidence that additional coal-fired power stations will be fundable from public or private sources, whether local or international. However, a gas-fired backup and storage system will be required to support variable solar and wind generators, but this could be green hydrogen when the cost of hydrogen drops from \$5/kg to around \$1/kg. Nuclear energy remains far too expensive, although, in a decade or so, small modular reactors might become a commercially viable option.

South Africa's electricity infrastructure has been degrading and load-shedding has been a feature of South African life since 2007. Eskom estimates that the electricity supply shortfall has risen to between 4 000 and 6 000 megawatts (MW), limiting its ability to adequately service electricity demand and undertake required maintenance. To address this challenge, Eskom estimates that an additional capacity of between 2000-3000MW will be required between

2022 and 2024. Furthermore, it is projected that by 2030, an additional 25GW of renewable energy capacity must be installed to meet energy demands.⁴⁸ Given that climate change concerns have resulted in the drying up funding for coal-fired power and given that the IRP envisages the decommissioning of nearly a third of existing capacity by 2030, it follows that South Africa's energy future will be based on renewables. During the course of 2022-23, according to the Energy Action Plan, 30 GW of renewables has been determined via Ministerial proclamation and/or commissioned. This excludes the 7.5 GW of rooftop that is likely to have been constructed by households and businesses by the end 2024. The NIP 2050 estimates that the cost of the energy transition will be around R3.7 trillion. The Cabinet-approved Just Energy Transition – Investment Plan estimates that R1.5 trillion is required for 2023-2027 period.

For decades, governments across the globe have collectively committed to multi-national agreements, promulgated laws, and developed national strategies to reduce greenhouse gas emissions (UNFCCC, 2016, 2021). South Africa, along with many other countries, is a signatory of the Paris Accord of 2015 (UNFCCC, 2020). Domestically, South Africa's Constitution recognises the need to prevent air pollution and ecological degradation as a basic human right. This results in a collection of national strategies on how air pollution could be reduced to prevent further climate change. These commitments and strategies contradict South Africa's ever-rising carbon emissions, thus, disregarding its own climate pledges.

South Africa's particular challenge is not simply about adhering to global climate commitments for the sake of protecting the environment, which is secondary to the energy security challenge. Significantly, achieving energy security in the fastest and cheapest way also results in the decarbonisation of the economy. The reason for this is that renewables in addition to battery and gas

backup are now a cheaper way to ensure energy security than depending on coal-fired and nuclear power. Public and, more especially, private finance is essential to achieve the net-zero goal.

Water

Historically, increases in water use have tracked economic growth rates. However, there is a physical limit to the availability of water. The result is that many policy frameworks since 1994 have emphasised the need for greater water efficiency to decouple economic growth rates from rates of water use over time, which has been achieved in several global jurisdictions.⁴⁹ However, as the impacts of climate change become more pronounced and severe, the need for this kind of decoupling has become more urgent.⁵⁰ The 'Day Zero' drought event in Cape Town in 2018 brought this challenge clearly into focus.⁵¹ Preliminary research reveals that there is a huge gap between current levels of investment in water and sanitation services and what would be required to achieve "universal access to individual services on the property", which is a standard consistent with Sustainable Development Goals 6.1 and 6.2, and the NDP goals. Current levels of investment are between



48 MTSF Mid-term Review - 2019-2024

49 https://wedocs.unep.org/bitstream/handle/20.500.11822/7539/Decoupling_Options_SPM_EN.pdf?sequence=1&isAllowed=y

50 UNEP 2015; IRP 2019

51 Simpson N., Shearing C. & Dupont B. (2020) 'Gated Adaptation during the Cape Town Drought: Mentalities, Transitions and Pathways to Partial Nodes of Water Security' *Society & Natural Resources An International Journal* 1-9.

R34 and R38 billion per annum, which is roughly a quarter of the required levels of investment. To achieve universal access, annual investment levels in water and sanitation services would need to be between 2.3% and 2.7% of GDP, which is the equivalent of between R121 billion to R131 billion per annum. The preliminary research suggests that the large current investment gap results in the declining quality of existing infrastructure due primarily to management deficiencies and the weakening of local government capacity to manage networked infrastructures. No matter the combination of public and private sector investments that arise, ultimately, the revenues to ensure financial viability and sustainability will have to come from either increased tariffs or increased allocations from the fiscus, or both. How different financial flows are blended will affect risk, cost of capital and time frames. Reducing the cost of non-revenue water from the current 41% to 20% and counteracting invasive alien plant infestation can offset the rising costs of water security.

Rail transport

Both freight and commuter rail has been in decline over the 2018-2022 period. In terms of passenger rail, Stats SA's National Household Travel Survey estimates a decline of 80% in 2020 with 150 000 workers relying on trains as compared to 700 000 commuters in 2013 (representing 13% of the employed population). The main reason for the decline is the unavailability of trains. The response to Covid-19 coupled with internal failures within the Passenger Rail Agency of South Africa (PRASA), such as the refusal of security services along rail corridors during a hard lockdown, led to exacerbated vandalism of rail infrastructure, including the stripping of fencing and buildings, cutting off and stealing of actual rails and associated infrastructure as well as damaging of signalling infrastructure. This has forced commuters to use alternative transport, such as taxis, which are more expensive and has led to the poor spending almost 60% of their salaries on transportation.⁵²

Transnet has experienced significant challenges in the recent past. The poor performance of Transnet Freight Rail (TFR) is evidenced by the declining volumes over the years which has harmed the country's economic performance. As noted, above the load that the entity carried dipped 2021 to 173 Mt in 2021, with this evident in its busiest corridor, the Central Corridor as well. According to Transnet, theft and vandalism is the biggest issue that hampers operations. They estimate that between 50 and 70 km of overhead copper cables are stolen from the tracks weekly. Upwards of 6 500 Mt of cargo and R1.7 billion of revenue have been lost in totality due primarily to cable theft.⁵³

Similarly, as a result of the decline in port operations, noted above, roads have become the default transport mode for freight. However, according to the MTSF Review, 80% of the national road network is past its 20-year design life due to a maintenance backlog requiring R75 billion.



52 MTSF Mid-term review -2019-2024
 53 MTSF Mid-term review -2019-2024

Communication and Digitisation

The 2020 NDP Review highlighted numerous costs associated with the failure of the government to free up the spectrum for mobile internet services and the high-demand spectrum for 4G GSM services, which contributed to the high prices of data in the country. The Review recommended that South Africa must clear the regulatory backlogs that have resulted in a lack of competition in the communications sector while simultaneously devising alternative access and strategies that those who remain unconnected can use.

Progress made includes the finalisation of the high-demand spectrum allocation, and the conclusion of the spectrum auction that involved six qualified bidders: Cell C, Liquid Intelligent Technologies, MTN, Rain Networks, Telkom, and Vodacom despite ongoing litigation. The licensing of the spectrum will improve the ability of mobile telecommunications operators to build robust telecommunications with better penetration and reach, and the impact will be realised through reduced costs of data and voice communication.

Under Phase 1 of the South Africa Connect programme, 970 government facilities have been connected and sustained. A revised model and implementation plan for South Africa Connect Phase 2 was approved by Cabinet in January 2022. The Presidential Commission on the Fourth Industrial Revolution (4IR) Report was approved by Cabinet on 23 September 2020 and a strategic implementation plan was finalised in March 2022.

Another key challenge has been the deployment of broadband infrastructure, particularly to underserved areas. Standard bylaws were adopted in February 2023 to speed up municipal processes in this regard, however much more can be done to provide access to digital communication services through incentivising rollout. The sector has also identified digital skills as a key constraint and are

working with government to bring together demand and supply interventions for digital skills.

Some challenges highlighted in the NDP Review still hamper public sector infrastructure outcomes, including inadequate public finances, deteriorating SOE balance sheets, and decreasing public sector investment. There is a need to leverage private sector investment as well as through private-public sector arrangements.

4.1.5. Integrated and inclusive rural economy

The NDP states that the agricultural sector has the potential to create close to one million new jobs by 2030. As the primary economic activity in rural areas, agriculture employed around 829 000 people in 2021, contributing 2.7% to the total GDP.⁵⁴

The agriculture sector proved relatively resilient during the Covid-19 lockdown, contributing 0.3 percentage points to real GDP growth in 2020. The sector grew by an impressive 14.9% in 2020 following a decline of 6.4% in 2019. This reflected the bumper maize and citrus harvests, increased foreign demand, and its role as an essential goods provider. Real economic activity in the sector grew by 8.8% during 2021, following an expansion of 14.9% in 2020. The real output of the agricultural sector decreased by 7.7% in the second quarter of 2022, contributing -0.2 of a percentage point to GDP growth. The decrease in output in the agricultural sector emanated mainly from the lower production of animal products on the back of the outbreak of foot-and-mouth disease, and the sharp increase in input costs.⁵⁵

As Russia and Ukraine are prominent players in the global trade of food and agricultural products, the conflict between the two countries has sparked sharp increases in prices for most staple foods such as maize, wheat and animal proteins, which resulted in annual consumer price inflation of 7.5% in September 2022.⁵⁶

54 Agbiz, 2021

55 GDP Quarter 3 2022 Stats South Africa, 2022

56 GDP Quarter 3, 2022 Stats SA, 2022

The NDP proposes the redistribution and restitution of approximately 20% of private commercial farmland by 2030. Of the 23.5 million hectares committed to land reform in the NDP, South Africa has achieved 16.07 million hectares or 69.1% (67% in Sep 2020) by August 2021, which includes restitution and redistribution.⁵⁷ Government redistribution of land to black South Africans amounts to 4.98 million hectares. The number of claims for restitutions that were settled increased to 3.87 million hectares by the end of August 2021. The farmland acquired by the state amounted to 2.46 million hectares.

Progress with the inclusion of black farmers remains slow due to factors such as the failures in land reform delivery and the government's reluctance to transfer land rights to beneficiaries, limited access to finance, inefficiencies in state administration and capacity to support farmers, and lack of infrastructure in former homelands. The Agriculture and Agro-processing Master Plan is being negotiated to address the issue of inclusion and transformation of the sector and aligns with the ERRP priority to strengthen agriculture and food security.

The government is addressing the following recommendations, which were raised during the 2020 NDP review:

- Ensure programmes and legislation governing rural reform and rural development are effectively implemented to cater to farmer development methods and land-holding.
- Strengthen land administration systems by adequately decentralising decision-making to local government as well as building capacity.
- Provide comprehensive support to smallholders to ensure increased productivity and expansion of production and invest in agro-processing.
- Ensure that land reform and development programmes emphasise climate adaptation and innovation.
- Promote the development of smallholders and SMMEs and facilitate access to both domestic and global value chains and markets.

57 BER Assessment Report (2021)

58 <https://www.sars.gov.za/customs-and-excise/trade-statistics/reports/>

59 <https://www.sars.gov.za/customs-and-excise/trade-statistics/reports/>

60 <http://www.thedtic.gov.za/historic-moment-for-african-trade-south-africa-readies-for-exports-under-new-trade-agreements-with-african-union-countries-and-with-the-uk-implemented-from-1-january-2021/?hilite=Exports+and+Imports>

- Improve the provision of rural infrastructure, access to finance and skills, access to inputs and capital equipment, and marketing and transport infrastructure with rural development and land reform being the core of agrarian reform and economic development.

These recommendations remain relevant and are being addressed through the Department of Land Reform and Rural Development to accelerate land redistribution, expand agricultural production, and transform the industry.

4.1.6. Trade and Regional Co-operation

During the period under review, China remained South Africa's main trading partner according to the latest trade statistics numbers for September 2022, with the Asian region as the top trading partner since 2014, followed by the African continent and Europe. Imports to South Africa during 2014-2022, mainly came from the Asian region followed by Europe and then from the African continent.⁵⁸

South Africa's global export trade stood at R816 billion in 2012 and R2 trillion by September 2022.⁵⁹ Although diplomatic presence in the Americas grew with new missions in Venezuela and Uruguay, the trading trend with the Americas remained worrying low. Trade with Europe, though not a new priority in NDP, has remained relatively static and despite there being 23 diplomatic missions, it has only grown in Germany, France, and the UK.

The total trade with Africa remained high and sturdy with small increases throughout the period to 2018. South Africa instituted legal and administrative processes from January 2021 for the start of trade under the African Continental Free Trade Area (AfCFTA) following a decision made during the 13th Extra-ordinary Session of the African Union Assembly. South Africa was expected to start trading

under the AfCFTA based on legally implementable and reciprocal Tariff Schedules and Concessions with agreed Rules of Origin.⁶⁰

South Africa has been playing a leading role in infrastructure development on the continent including its leadership role relating to the African Union's Presidential Infrastructure Championing Initiative to accelerate and deepen regional integration, and its work on the North-South Road and Rail Corridor. To promote regional and continental trade, border posts have had to be transformed into One-Stop Border Posts to facilitate trade traffic flows while restricting the opportunity for corruption.

In terms of foreign direct investment (FDI), factors such as domestic market size, macroeconomic stability, a favourable exchange rate, labour force quality, skills, infrastructure provision, and the prevailing political and regulatory environment have a direct impact on investor risk-return calculations. A constant and concerted effort must be made to enhance the country's institutional environment and investment landscape.⁶¹ Globally, FDI has decreased dramatically with advanced countries contracting the most.⁶² The Covid-19 pandemic and the global slowdown in commodity prices were projected to exacerbate Africa's declining FDI trend.⁶³

According to the UNCTAD projection, the worst affected industries remain aviation, hospitality, tourism, and leisure, in addition to the adverse effects on the global manufacturing value chains. This signals important considerations for Africa's desired industrialisation efforts.⁶⁴

FDI inflows shows Southern Africa's increase of up to \$42 billion. This is due to a large corporate reconfiguration in the third quarter of 2021 in South Africa where a share exchange took place between Naspers and Prosus. The new project announcements included a \$4.6 billion clean energy project finance

deal that was sponsored by Hive Energy (UK) and a \$1 billion greenfield project sponsored by Vantage Data Centers (USA).

4.2. Proposals

To realise the goals of the NDP, the Commission has consistently highlighted the importance of a growing and inclusive economy. The outcomes of the NDP are ultimately intended to be financed by South Africa achieving an economic growth rate of 5,4% from 2012-2030. Even where state funding may be a key catalyst, such fiscal resources are derived from the proceeds of economic growth. Economic growth, in turn, requires effective partnerships and collaboration between government and stakeholders in general and the private sector in particular.

The Commission thus recommends that South Africa must make every effort to increase its levels of economic growth and particularly such measures that can promote and incentivise economic inclusion and labour absorption. In all scenarios, this remains the most plausible route to drive the implementation of the NDP on a sustainable basis.

A critical pre-requisite for achieving a significantly higher rate of economic growth is a well-coordinated economic strategy with an accompanying implementation plan. This is essentially an economy roadmap that will serve to put South Africa on the path to fundamentally addressing the challenges of unemployment, poverty, and inequality.

This economy roadmap would need to be a shared effort by government, the private sector, and relevant social partners. This would include a shared understanding of the most pressing economic priorities and agreement on the measures to increase levels of policy certainty and confidence in the capacity to implement.

61 Gonzalez, Qiang, and Kusek (2018)

62 Gauteng Growth and Development Agency 2021 Annual Report

63 World Investment Report UNCTAD, 2020

64 Ibid

The key elements of this roadmap should include:

1. Implement the Energy Action Plan, including fixing those power stations that can be fixed, decommissioning those power stations in accordance with IRP 2019, commissioning 30 GW of renewables, fostering energy efficiency and massively upscaling investment in the transmission grid starting with the establishment of the National Transmission Company of South Africa.
2. Implement a programme of strengthening SOEs and state infrastructure capacities in line with the Energy Action Plan and logistics plan developed under National Energy Committee (NECOM) and the National Logistics Crisis Committee (NLCC).
3. Implement practical partnerships between the state and sector-focused private sector bodies to promote investment, exports, and job creation in future-facing sectors where South Africa retains strong opportunities. These include sectors, sub-sectors and Special Economic Zones related to ICT/global business services, renewable energy, tourism, mining, construction, and agriculture. These partnerships must focus on reducing inhibitors and unlocking opportunities through accelerated implementation and capacitation of sector initiatives.
4. Take decisive action to significantly reduce red-tape and increase affordable financing for small business. Small businesses and micro-enterprises must be allowed a special dispensation to reduce their compliance burdens and incentivise them to create employment. The Commission reiterates that the NDP anticipated most new jobs in South Africa being generated by small businesses.
5. Develop digital infrastructure (with particular focus on townships and schools), which will significantly benefit faster adoption of new technologies and integration of 4IR-related education opportunities.
6. Unlock the potential of the agriculture sector by dealing with financing challenges, land reform, logistical constraints, and administration of irrigation rights, including long-term water uses and availability.
7. Deal more decisively with economic crimes, particularly, theft and vandalism of infrastructure, extortion in the construction sector, and illegal mining, through strengthening confidence in the adherence to the rule of law and the capacity of the criminal justice system.
8. Re-build state capacity and confidence in a sustainable fiscal pathway. In the medium-term this will require the professionalisation of the state and rebuilding of state institutions and administrative apparatus. In the near-term, this will require specific reforms and partnerships that can draw in resources and capacities of relevant stakeholders in a manner that serves to strengthen immediate implementation capacity, good governance, and greater levels of confidence in the delivery arrangements of the state.
9. Give particular attention to the promotion of youth employment. This must centre on ensuring there is a coordinated and targeted youth employment strategy, bolstering an eco-system of public and private sector interventions such as those under the Jobs Fund, the Youth Employment Service, the President's Youth Employment Intervention, and Public Employment Stimulus.
10. Create a regular and collaborative process of economic policy review, where government, the private sector, and other stakeholders, can undertake an ongoing and evidence-based review of the country's economic strategy and the outcomes achieved, the inhibitors to be reduced, future scenarios, and the emerging opportunities to decisively address inclusive growth, empowerment, concentration, and the space economy. While there are many further strategic requirements and potential interventions, it is clear that there is limited technical and financial capacity to optimally pursue multiple objectives in the short-term. Hence an ongoing review process will enable the most impactful and plausible interventions to be identified and supported for the purposes of achieving the NDP goals.

5. SOCIAL

The NDP draws extensively on the concept of capabilities and takes an approach to change that views developing human capabilities through education, skills, innovation, and social protection as a key element of overall development. Together with raising employment through faster economic growth and building the capability of the state, these elements will transform the economy and society. These capabilities are underpinned by a social protection floor that includes social assistance, housing, public transport, and basic services, amongst others.

This review finds that while there has been progress in several areas in the social sector, it has been too slow, and with regression in some cases, which could result in some of the 2030 targets not being met. The key challenges have been the effect of the Covid-19 pandemic, the inability to prioritise, poor sequencing of programme interventions and limited coordination and collaboration between government departments and; between civil society and government. The recommendations in this section, if implemented over the short to medium term, could result in improved social, educational and health outcomes over the medium term and change the trajectory of development in South Africa over the long term. Indeed, social support components are necessarily related and interlinked, operating in an economic and governance context.

5.1. Assessment

5.1.1. Children

The comprehensive proposals in the NDP related to children cover the nutritional requirements prior to and after birth, mortality, and social support in the form of assistance, healthcare, and education, which starts from the formative 1000 days after birth to secondary education.

The infant mortality risk is highest in the first month of life and South Africa continues to struggle with a high neonatal mortality rate of 12 deaths per 1000 live births. Amongst the causes of neonatal mortality is prematurity, which is a poor birth outcome related to maternal health and nutrition status. In terms the NDP target of reducing under-five child mortality from 56 to below 30 per 1 000 live births, this had fallen to 30.7 per 1000 live births in 2022.⁶⁵

Although the Integrated Nutrition Programme, led by the Department of Health (DoH) was in place before the NDP, its recognition by the Plan has ensured that its components have played a vital role in child nutrition since 2012. It achieves this by focusing on children under six years, and pregnant and breastfeeding women, and in addition to micronutrient supplements and the fortification of foods, it provides support to promote optimal feeding practices such as exclusive breastfeeding for the first six months and appropriate complementary feeding and growth monitoring.

Although the prevalence of vitamin A deficiency among South African children under the age of five years has declined, it remains severe according to the World Health Organisation (WHO) criteria, contributing up to 23% of childhood mortality. While there are many reasons for this situation, the lack of exclusive breastfeeding during the first six months following birth is a contributing factor. The recent South African Demographic and Health Survey (SADHS) reported that just 32% of infants below the age of six months were exclusively breastfed in 2016. Exclusive breastfeeding is terminated as a result of food insecurity, home and work environments that are inimical to breastfeeding, and inadequate support from family, workplaces, and the health care system.

Although the NDP promotes the establishment of improved nutrition, it does not specify targets. The 2016 SADHS found that under-five stunting has remained stubbornly high at 27%. However, more recent data from the Thrive by Five Study (2022),

65 <https://data.unicef.org/country/zaf/>

which was triangulated with the National Income Dynamics Study, has shown that stunting rates for 4 to 5-year-olds are around 6%. Low birth weight (below 2.5kg), which is a predictor of malnutrition in childhood and has long-term impacts including impaired cognitive ability and increased vulnerability to various illnesses, remains a concern and has been estimated to affect 15% of births nationally.⁶⁶

Stunting in childhood creates a predisposition for adolescence and adult obesity, which in addition to the immediate health and well-being concerns, increases the risk of developing non-communicable diseases (NCDs) and may compromise the conception of health and nutrition of the next generation of children. The 2016 SADHS found that 13% of children under-five were overweight or obese and that overnutrition increased with age with a strong gender bias emerging in late teens – where 8.6% of young men and 26.8% of young women were overweight or obese.

The two interventions that have contributed to the decline in child hunger rates by 20 percentage points between 2002 and 2020 are the Child Support Grant (CSG) and the National School Nutrition Programme.⁶⁷ Access to the CSG increased during the first decade of the NDP to reach nearly 13 million children and by 2019, the nutrition programme reached over 9 million learners in approximately 20,000 schools. In addition to food, the nutrition programme provides nutrition education, and deworming and micronutrient supplementation to learners attending schools in quintiles 1 – 3.

Although social grants provide an essential safety net for many households, a challenge has been that the value of the CSG falls well below the food poverty line and it has not been sufficient to reduce the burden of stunting. South Africa's high rate of unemployment also means that the social grants

money is shared by other household members. A further challenge is that South Africa's children are disproportionately concentrated in the deep rural areas and in poor households in informal settlements with high levels of overcrowding and limited access to basic services: 30% of children live in households without access to adequate water, and 21% are without adequate sanitation, increasing the risk of infections such as diarrhoea and pneumonia, which further compromises children's nutritional status.⁶⁸ A final cross-cutting challenge is that the NDP does not identify institutional champions for many of the recommendations that are made concerning the governance of the food system, including the critical roadmap for the food and nutrition security of children and mothers.

In terms of education (addressed in detail below), the National Integrated Early Childhood Development Policy (NIECD) of 2015, which provides an overarching multi-sectoral enabling framework for early childhood development services across all spheres of government that includes identifying the relevant role players and their roles and responsibilities and establishing a national integrated ECD leadership and coordinating structure, has been taken forward in the function shift of ECD to the Department of Basic Education (DBE) in 2022. The NPC will encourage the relevant entities to monitor the progress in the implementation of this policy.

Research⁶⁹ on basic education using data from international tests shows that although the quality of South African schooling has improved when compared with other middle-income countries, it is off a low base. Some of these gains may have been reversed due to the effects of Covid-19. Concerning Bachelor level passes, the sector had already surpassed the NDP target of 190 000 set for 2024 by 2021 with 256 031 (36,4%) learners obtaining a Bachelor level pass.⁷⁰

66 SADHS, 2016

67 Tomlinson M, Kleintjes S & Lake L (eds) (2022) South African Child Gauge 2021/2022. Cape Town: Children's Institute, University of Cape Town.

68 General Household Survey, Stats SA, 2022

69 Van den Berg, Gustaffson and Malindi (2020) 70 Education and Skills for the Economy and Links to the Labour Market, NPC Report

70 DBE NSC Report, 2015-2021

5.1.2. Social Assistance

South Africa's non-contributory social assistance targets vulnerable groups across their lifecycle and spends 3.31% of the country's GDP on reducing both poverty and inequality.⁷¹ South Africa provides seven social grants viz. the Older Persons Grant (previously called the Old Age Grant), War Veterans Grant, Disability Grant, Grants-in-Aid, Foster Care Grant, Care Dependency Grant, and the CSG.

Changes in demographic trends (addressed in Chapter Two) have resulted in the growth the CSG has slowing down over the period under review, even before the impact of Covid-19 lockdown, and the concomitant growth in the older persons grants. The increase in old age grants currently cover 70% of the over-60-year-old population. Given this trend, the NDP target of universal access to social old-age grants is expected to be reached by 2030 and will exert upward pressure on the social assistance budget up to 2030 and beyond.

In May 2020, the Covid-19 Social Relief of Distress Grant was introduced as an ad hoc intervention to address the economic consequences of the national lockdown policies in response to the Covid-19 pandemic. Initially the eligibility criteria were quite broad and was aimed at individuals aged between 18 and 59 who are unemployed and have no income. This temporary grant, initially introduced for a six-month period from May to October 2020, been extended to March 2024 and has reached approximately 5,5 million individuals monthly from May 2020 to February 2021.⁷²

In absolute terms, the number of grant beneficiaries has grown from 16,1 million in 2012/13 to 18,6 million in 2021/22. These numbers exclude the temporary social relief of distress grant, which when included increased grant beneficiaries by an additional 10 million to 29 million by the end of December 2021.⁷³ Table 3 reflects the growth in absolute numbers of social grants with the disability and foster care grant numbers declining over the period.

Table 3: Number of social grants per grant type 2012/13, 2018/19 and 2021/22

Grant type	2012/13	2018/19	2021/22
Old Age grant	2 873 197	3 553 317	3 774 604
Disability grant	1 164 192	1 048 255	1 004 798
Care Dependency grant	120 268	150 001	153 786
Foster Care grant	532 159	386 019	294 031
Child Support grant	11 341 988	12 452 072	13 166 342
Total	16 106 110	17 811 745	18 677 339

Source: SASSA Annual Report 2021

Table 4 shows that total grant expenditure grew in nominal terms from R103 billion in 2012/13 to 170

billion in 2021/22 (excluding the Covid-19 grant expenditure). The expenditure on the old age grant doubled from R40 billion in 2012/13 to R84 billion in 2021/22

71 World Bank Group 2018

72 SASSA Annual Report 2021

73 Ibid

Table 4: Social grant expenditure per grant type 2012/13, 2018/19 and 2021/22 R'000

Grant type	2012/13	2018/19	2021/22
Old Age grant	40 475 021	70 635 272	84 102 284
Disability grant	17 636 570	22 021 155	24 081 504
Care Dependency grant	1 877 412	3 068 028	3 492 803
Foster Care grant	5 335 049	5 114 211	4 373 497
Child Support grant	38 087 990	60 611 568	72 666743
Covid grant	-	-	19 543 008 (2020/21)
Total	103 898 845	162 709 839	190 247 407

Source: SASSA Annual Report 2021

The CSG comprises the largest proportion (70%) of the total grant beneficiaries with 82.6% of eligible children receiving it in 2021. The low uptake of children under one year of age⁷⁴ is a concern as research⁷⁵ indicates that the early receipt is crucial for the development of children, in particular for their cognitive development. It has the culminative explanation for poor educational and labour market outcomes, which reproduces intergenerational poverty. The following were identified⁷⁶ as possible reasons for this: lack documentation, misunderstanding the eligibility criteria, and physical or time barriers. To improve development outcomes for children in the long term, these service delivery constraints must be addressed in the short-term through collaboration between the departments of Home Affairs, Health, and Social Development in partnership with the Government Communication and Information System.

A challenge identified during the 2014-2018 period related to the administration of grant payments, which had potential negative consequences for the poorest and most vulnerable citizens in the country. It was found that the private sector service provider,

Cash Paymaster Services who had been contracted to administer grant payments, had been illegally appointed and had, through its fintech systems, abused its access to beneficiary data by selling financial products to them, causing further poverty and indebtedness.

5.1.3. Education: - Improving Education, Training, and Innovation

The National Development Plan is unequivocal in its assertion of the central role of education, training, and innovation in the country's future. As Chapter 9 of the NDP addresses a wide range of educational sectors such as ECD, basic education, and post-school education and training as well as the systemic challenges, it is important that the assessment considers the contextual challenges as well as how they are linked.

With regard to the improvement in education referred to above, the DBE attributed this to better access to books among learners, a strong focus on assessing learners such as through the Annual

74 Unicef - An Update Study on the Exclusion Error rate for children who are eligible to receive the Child Support Grant, UNICEF, 2022

75 Agüero, J.M. Carter, M.R. Woolard, I. 2006

76 Unicef - An Update Study on the Exclusion Error rate for children who are eligible to receive the Child Support Grant, UNICEF, 2022

National Assessments programme, and clearer pedagogical instructions to teachers in the form of the new Curriculum and Assessment Policy Statement documentation.⁷⁷ Of concern is that this progress was not sustained in subsequent performance in international benchmarking initiatives, for example, the Trends in International Mathematics and Science Study Grade 5, for which tests were first administered in 2015, displays no progress in mathematics between 2015 and 2019.⁷⁸ While the absence of a rigorous systemic analysis of the drivers of the quality improvement and the subsequent stalling of progress was a missed opportunity, it indicates that improvement is possible. It also suggests that we need more comprehensive systems of monitoring and tracking performance so that theories of change and improvement are strengthened to guide subsequent action.

In terms of funding for the various components of the education sector, the funding for ECD is spread across the budgets for the departments of Education, Social Development, and Health. This includes maternal and child health services, nutrition, centre and non-centre based ECD as well as child protection. In addition, the sector has a complex set of institutional arrangements and public and private contributions. Investment in ECD has multiple positive consequences for development, equity, establishing a fair chance for learning in the early grades of schooling, and brings multiple benefits to women, particularly black women, by providing decent jobs, advancing gender equity, and stimulating the local economy.

Over the last decade, the basic education budget has seen a decline in real terms from R20 000 spent per learner in 2009 to R16 500 by 2021⁷⁹ and is set to continue in terms of the Medium-Term Expenditure Framework. This decline in expenditure will impact on employee compensation and its potential implications

are that it will result in a reduced number of teachers, which will in turn impact on the learner-educator ratio as well as on the goods and services budget, which could translate into fewer learning materials such as textbooks, and school infrastructure.⁸⁰ The learner-educator ratio has worsened between 2012 and 2021 from (an average) of 27.4 in 2012 to 29.8 in 2021. This has resulted in a larger percentage of children in over-sized classes. A further issue identified by the Financial and Fiscal Commission pointed out that some provinces have been consistently funding schools below the national threshold, which impacts education outcomes negatively.⁸¹

In respect of post-school education and training, the budget for the National Student Financial Aid Scheme (NSFAS) which grew from R10 billion in 2017 and is projected to grow to R52 billion in 2024, puts significant pressure on the overall higher education budget. However, while direct support for students grows dramatically, core funding for both universities and colleges is being cut in real terms, and grants for higher education infrastructure are dwindling. A further challenge is that NSFAS funding does not prioritise the skills that are currently in demand in the economy, nor does it signal which skills will be required in the future.

With respect to skills, a massively complicated system has resulted driven by multiple new policies. The highly complex skills system and regulatory model, which is perceived to be muddled, contradictory, expensive, is not realising the intended goals and is instead generating perverse outcomes as it has not considered implementation challenges, and underestimated the resource that would be required. This is in the context that as many as 57% or 3.7 million young people between the ages of 15 and 24 years are in the NEET category.⁸²

77 NPC. 2020. Education and Skills for the Economy and Links to Labour Markets in South Africa. Drafted by Van der Berg, S. Gustafsson, M and Malindi, K. 2020. Resep, Stellenbosch University

78 Gustafsson, M. and Taylor, N. 2022. The Politics of Improving Learning Outcomes in South Africa. Research on Improving Systems of Education. PE03. <https://doi.org/10.35489/BSG-RISE-2022/PE03>

79 Southern Centre for Inequality Studies, 2022

80 Ibid

81 FFC 2022

82 QLFS Q:1 2023 Stats SA

The skills challenge cannot be solved without a comprehensive strategy integrated across the departments of Basic and Higher Education based on a comprehensive review, re-alignment, and rigorous learning from practice. This must include community colleges where progress has been slow and enrolment targets not been met and address the challenge that 45.3% of TVET graduates not being absorbed into the labour market.⁸³ Planning in the education and training sector requires that these constraints across education and training components are engaged and that decisions made are examined in terms of explicit policy choices and 'trade-offs', with due consideration of maximising efficiencies and consequences of choices rather than simple 'across-the-board' cuts. It is evident that increased efficiency must be pursued in multiple ways, including improved planning, and implementation in the sector must be strategic and focused on priorities such as early reading and numeracy. There must be an increased focus on quality, with clear indicators across components to monitor progress timeously. Systemic inequalities that reproduce social inequality must be identified and programmatic steps are taken to address these inefficiencies including wasteful duplication and lack of coordination across departments.

While the NDP emphasises the importance of high-speed broadband for all schools to promote digital inclusion, the mechanisms to expand on technology and innovation in schools, as well as preparing young people for the world of work, and increasing the possibility of distance education in the university and college education and training sectors, are not in place. This challenge is part of the broader challenge in the country where there has been a failure to conclude enabling strategic programmes such as the broadband connectivity, SA Connect, the broadcasting digital migration, and the lowering of communication costs in the country.⁸⁴ This enabling infrastructure is beyond the scope of the education and training system.

Research during the Covid-19 pandemic lockdown, which necessitated the use of technology to facilitate remote learning, underscored the limited and unequal access to remote learning. In 2020, only 11,7% of national schools offered remote learning options with most schools offering rotational options instead. More than two-thirds (66,8%) of households with individuals 5-24 years were likely to access the internet through mobile phones. About half (50,4%) of white-headed households with individuals 5-24 years had internet connectivity at home compared to about 3,6% of black African-headed households.⁸⁵ As current models of provision exacerbate rather than reduce inequality, an assessment of access to computers and Wi-Fi across all public education institutions should be undertaken.

In terms of education for persons with disability, one of the challenges of early childhood care and education is that children living in poverty, disadvantaged societies and those with living disabilities remain with limited access to ECD centres and are deprived of quality ECD facilities. While indications are that similar challenges exist for children in basic education,⁸⁶ further detail is required in this regard. The lack of provision of basic reasonable accommodation facilities such as wheelchair ramps and accessible toilets for those children with physical disabilities leads to many children with disabilities not attending school, or being accommodated in special schools when they could attend mainstream schools with minor infrastructural modifications. Research⁸⁷ shows general neglect and discrimination against children with visual impairment, such as inadequate learning materials or teachers who are not appropriately trained. Issues related to infrastructure, access to learning materials, post-provisioning, dangers of violence, and lack of transport intensify the vulnerability of children with disabilities.

83 Post-School Education and Training Monitor, 2021, DHET

84 DPME MTSF Mid-Year Report April- September 2021

85 Covid-19 and Barriers to Participation in Education 2020, Stats SA

86 General Household Survey, Stats SA, 2018

The NPC will publish a diagnostic document in 2023, which will focus on key areas across the components of ECD, basic education, and post-school education and training (including the skills sector, Technical and Vocational Education and Training (TVET) and community colleges, and higher education institutions), and youth that are Not in Employment, Education, or Training (NEET), after consultation with the Departments of Basic Education and Higher Education and Training and key stakeholders. The areas have been identified on the basis that addressing these could accelerate implementation of the goals of NDP 2030, maximise system efficiency in a resource constrained environment, and improve quality in order to improve efficiency and address pervasive inequality. The diagnostic document will be submitted to Cabinet by the NPC as an advisory note.

The diagnostic document will be the first step in developing a 2024/5 - 2029/30 sector strategy for the education and training sector which will be submitted as an advisory note to Cabinet at the start of the next term of government.



5.1.4. Health

Of the nine health goals in the NDP, five relate to the wellbeing of the population, while the other four describe the required systems based on the WHO criteria, which advocates for Universal Health Coverage (UHC) where everyone receives the health services that they need without suffering financial hardship. The UHC approach protects the population from the financial consequences of paying for health services out of their own pockets, which reduces the associated risk of people being pushed into poverty because of unexpected illness.

South Africa has a dualistic health system consisting of a public and a private health sector. The public sector serves the majority of the population (84%), which includes the poor and unemployed, while the private health sector serves a smaller proportion of the population (16%) consisting of members and dependents of various medical aid schemes. This dual health system is characterised by inequities in quality, efficiency, and effectiveness. The public health system faces multi-layered challenges ranging from the limited workforce, infrastructure, inadequate financial resources, weak health information systems, and high cost of medical care including increasing costs of medicines. Additional challenges to the country's health system, include an increasing population, unhealthy lifestyles, and the social determinants of health, which contribute to the poor health of a large proportion of the population.

South Africa faces the quadruple burden of diseases of HIV/AIDS, tuberculosis (TB), sexually transmitted infections, maternal and child morbidity and mortality, NCDs, violence, injuries, and trauma. The key policy issues and health trends over the last ten years include the National Health Insurance (NHI) Bill, 2017, the National Food and Nutrition Security

87 <https://section27.org.za/wp-content/uploads/2016/08/Umkhanyakude-Report-Final-08082016-1.pdf>

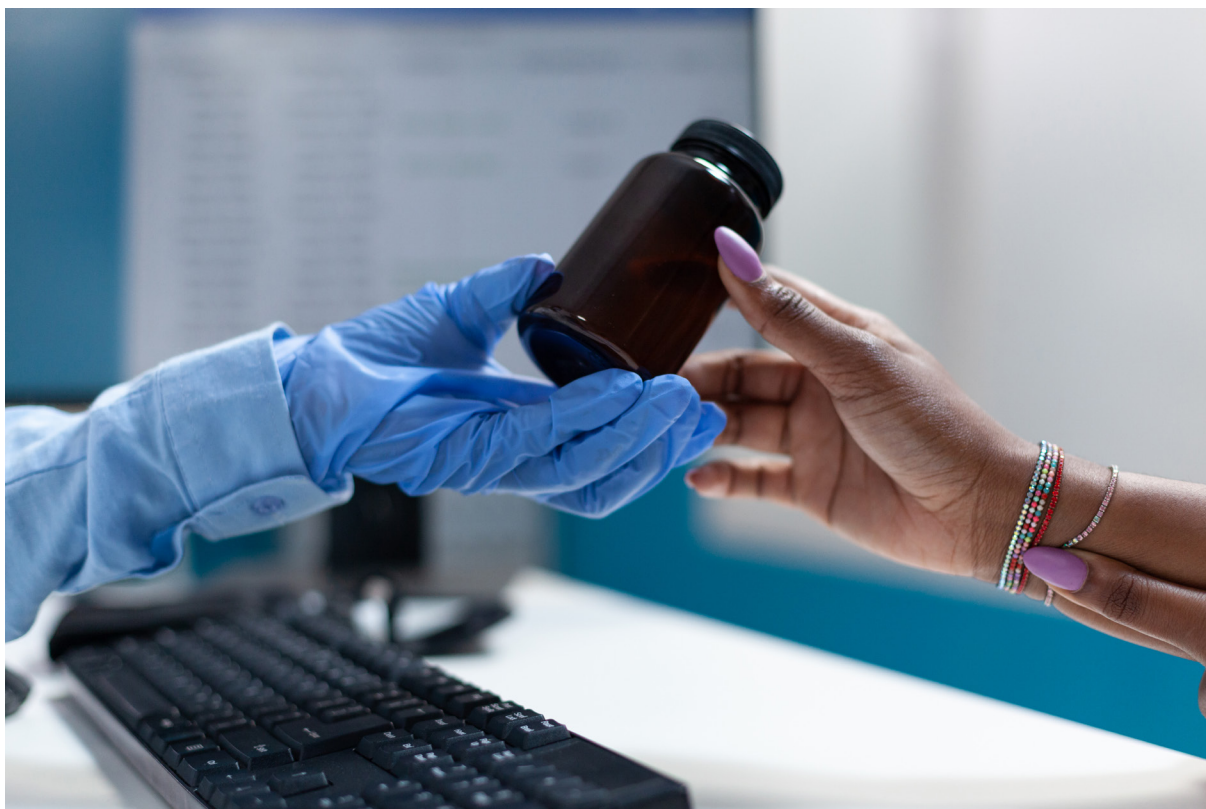
Plan (2017), and the National Strategic Plan on the Prevention and Control of NCDs (2022 - 2027).

The NDP health proposals relate to extending life expectancy through healthy lifestyles and a reduced burden of disease. The decline in life expectancy in the pre-2004 period due mainly to the impact of the HIV/AIDS epidemic and TB, among other disease burdens, was being reversed by 2013⁸⁸ when none out of ten TB patients tested were reportedly also aware of their HIV status. The behavioural change that resulted in the drop in TB-HIV coinfection from 70% to 63% occurred in the period where routine HIV testing of TB patients increased.

While TB treatment outcomes are improving in most districts, the proportion of patients not being evaluated remains high. The physical environment such as, the availability of safe and secure housing with good ventilation, the number of people in the household, the spatial location and distribution of health services, and access to and type of

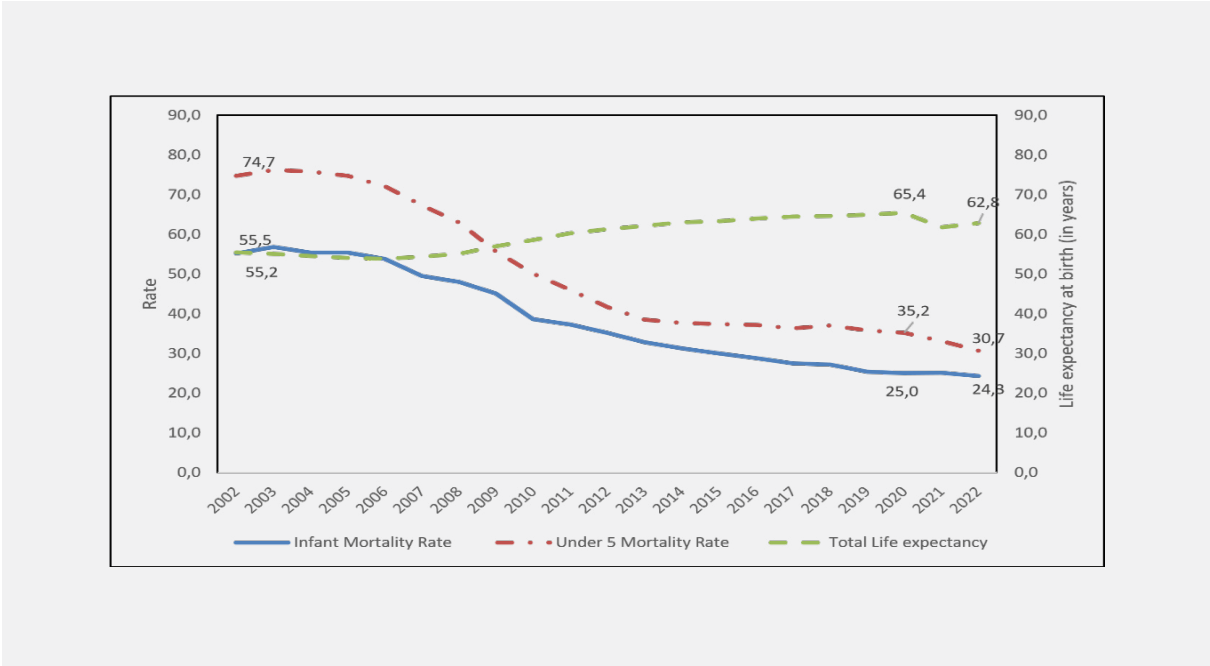
transportation has a direct impact on the risks of disease acquisition or transmission, as well as on access to health services.⁸⁹

Despite these HIV- and TB- related challenges, the country's estimated life expectancy increased to 64.6 years by 2019, from 62.5 years in 2014. Infant mortality decreased from 39 per 1 000 in 2014 to 23 per 1 000 in 2017 and slightly increased to 24,3 in 2022, while under-five mortality declined from 56 per 1 000 in 2009 to 30,7 per 1000 in 2022, as shown in Figure 2. Although life expectancy dropped by about 3,5 years between 2020 and 2021 due to Covid-19, that temporary trend started reversing in 2022 as indicated by Figure 2. In relation to life expectancy, the population-based maternal mortality ratio (MMR) decreased from a high of 302 per 100 000 in 2009 to a low of 134 per 100 000 in 2016. According to the 2019 and 2020 Rapid Mortality Surveillance Report, the MMR is estimated at 109, which is a further improvement.



88 Department of Health 2017 - 2022 National Strategic Plan
89 SANAC, 2012-2016.

Figure 2: Total Life Expectancy, IMR and U5MR for the period 2002 - 2022



Source: Statistics South Africa, Mid-Year Estimates, 2022

This progress can be attributed to combined interventions by government and its social partners to reduce the burden of disease and strengthen the health system, as well as providing social benefits to the most deprived to eliminate poverty and reduce unemployment and inequality, such as increasing access to antiretroviral therapy in the public health sector from reaching 3.9 million people in 2015 to over 4.74 million in 2019.⁹⁰

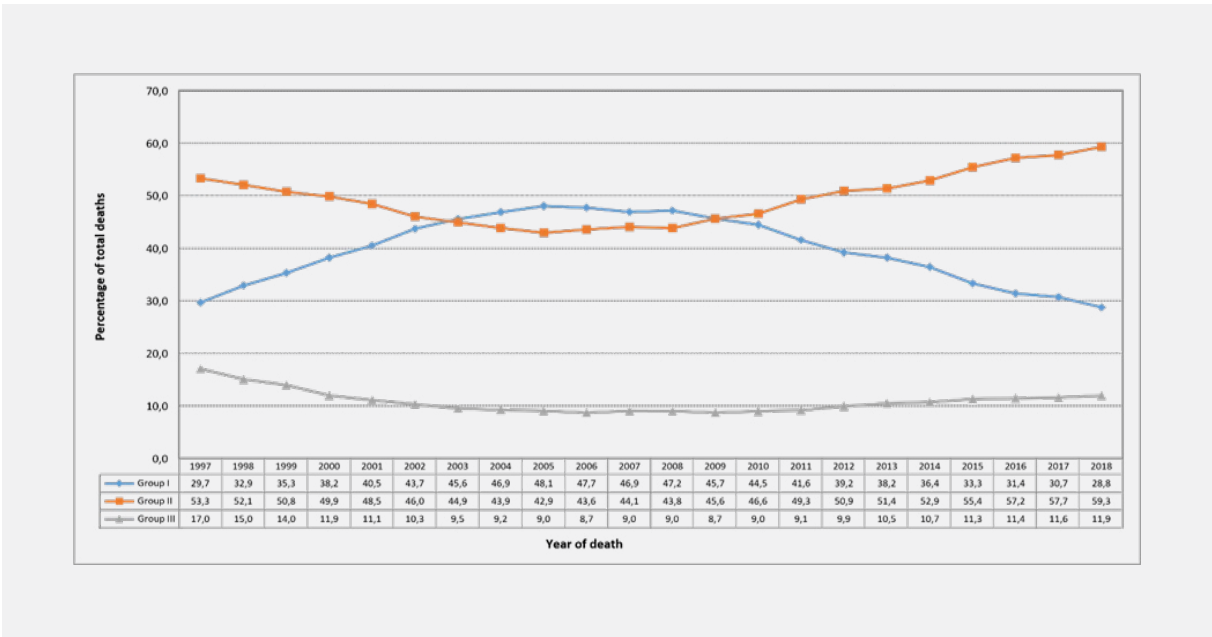
The increase in the prevalence of NCDs accounts for a growing proportion of mortality in the country resulting in an epidemiological shift in the main causes of death and disease.⁹¹ The percentage of NCD-related deaths increased from 50,9 in 2012 to 59,3% in 2018, while communicable diseases decreased from 39,2 to 28,8% in the same period as indicated in Figure 3.⁹²

90 Medium Term Strategic Framework, 2019-2024, 2019 and 2020 Rapid Mortality Surveillance Reports, and Mid-Year Population Estimates, 2022, Stats South Africa

91 Mortality and causes of death in South Africa, 2018: Findings from death notification, June 2021, Stats SA

92 Mid-Year Population Estimates, 2021, Stats SA.

Figure 3: Percentage of deaths due to communicable diseases (Group I), non-communicable diseases (Group II) and injuries (Group III) by year of death, 1997–2018



Source: Statistics SA Mid-Year Estimates, 2021

The DoH’s National Strategic Plan for the Prevention and Control of Non-Communicable Diseases, launched in June 2022, is aligned to the UN’s Sustainable Development Goal 3.4, which targets to reduce premature mortality from NCDs by one-third. It focuses on addressing risk factors and managing NCDs such as diabetes and hypertension and deals with NCDs comprehensively by including mental health and disability. The prevalence of hypertension in South Africa remains high when compared with most African countries, and the current rate of decrease is unlikely to be able to compensate for the increased number of hypertensive persons due to population growth, urbanisation, and ageing. The spread of urban, westernised lifestyles in rural areas is bound to increase hypertension prevalence as well as the number of persons with diabetes and related pathologies. The commercialisation of NCDs by multinational food companies is another related risk in this area.

Despite these achievements, further action is required to meet the NDP health-related goals of increasing life expectancy, reducing the infant, child, and maternal mortality rates, reducing the burden of disease, and producing an HIV free generation of under-20s. The implementation of the NHI, which is a financial strategy to achieve UHC for all citizens in the country may have unintended outcomes related to governance issues, the status of medical aid schemes, and the potential for corruption as a result of one large fund. To achieve UHC, the country needs to address the poor governance structures, inequitable funding, human resource maldistribution and shortage, inappropriate skill-mix, inadequate management capacity, and administrative systems that fail to provide effective oversight for implementation of national policies, strategies and regulations, inadequate and poorly maintained infrastructure, and equipment, among others. While the UHC is expected to address inequalities in access to health for the majority of the country’s poor, the dual and unsustainable health system, remains a risk.⁹³

93 MTSF Review

Covid-19 Pandemic

While this review addresses the Covid-19 pandemic as a factor that impacted on the NDP outcomes over the past decade, it was fundamentally a health challenge. The declaration of it as a pandemic by the WHO on 11 March 2020 was preceded by the first case reported in South Africa on 5 March 2020. Between May 2020 and November 2021, about 3,7 million positive cases were reported and just over 100 000 lives were lost to Covid-19.⁹⁴ The positive unintended consequence of the Covid-19 lockdown was that it accelerated technological advancements, both in the health sector and elsewhere such as the electronic vaccination data system that has been adopted for implementation by both the public and private sectors. While it had a negative effect on the gains made in life expectancy at birth and slow downward maternal, child and infant mortality trends, this has since recovered.

5.2. Proposals

- South Africa should draw on international experience to formulate context-specific policies aimed at reducing maternal, foetal and child food and nutrition insecurity. This should be co-ordinated through collaborative efforts by the DoH's antenatal and postnatal services, and Department of Social Development through its home and community-based services. Co-ordination of stakeholders from government, the private sector, and civil society could be assigned to the Food Council identified in the National Policy on Food and Nutrition Security for South Africa.
- More resources need to be directed towards achieving universal access to quality ECD for children aged 0 -- 3 years and these should have a strong nutrition and educational focus. ECD should be embedded in the planning of local food environments across all spheres of government and the model should include community participation in provision of ECD.
- Alternative operational and funding models are needed that cover the comprehensive package of ECD services that includes ensuring that the real value of the CSG does not continue to be eroded due to insufficient annual increases that do not consider the increasing cost of food and ensuring that those under the age of one year are included.
- Capacity should be secured at both national and provincial levels in both DBE DoH and COGTA to implement the ECD policy.
- The ECD strategy should identify programme gaps for example, in mothers' mental health, nutrition, education, and support to parents.
- While the advances in fintech and artificial intelligence should be used to assist with forecasting and planning exercises related to grant disbursement, it must adhere to the requirements of the Protection of Personal Information Act. state capacity to enforce regulation, manage procurement processes, and to write and manage contracts is crucial.
- A detailed analysis and disaggregation of the current learner-educator ratio should be undertaken to understand how this manifest in different provinces, and across different phases.
- All provincial education departments should strive to meet the minimum national threshold for educational funding.
- Given the significant growth in NSFAS funding over the last five years, a study should be commissioned to examine the impact of the increased funding, how has impacted on the through-put rate, and, more broadly, on inequity across the education system.
- The implementation of the 2018 Policy Framework for Disability in the Post-school Education and Training System should be monitored to inform planning.
- Mechanisms for monitoring progress in the implementation of the NDP by the education departments must be reviewed and strengthened.
- Alignment between the departments of Basic Education and Higher Education and Training

⁹⁴ Department of Health 2021/2022 Annual Report

must be improved, especially concerning the Further Education and Training phase, and the shared responsibility for the supply and utilisation of teachers, including pre-service teachers by provincial education departments.

- The DBE and DoH should undertake a skills audit to identify the skills gap between the old and new curricula to identify the number of teachers and medical professionals who need to be re-trained and the funding requirements for the training programme.
- Based on the highlighted associated risks, government needs to strengthen specific health programmes mainly intended to address the burden of disease and identified socioeconomic and health inequalities.
- Government needs to consider governance limitations of the NHI Bill prior to its enactment.
- The DoH should explore interventions to further reduce maternal deaths.
- The DoH should increase investment in training and improve management of Community Health Care professionals in South Africa's public hospitals as well as of Community Health Workers to improve preventative care in communities.
- The DoH should implement the legislative and regulatory interventions recommended by the Strategic Plan for the Prevention and Control of Non-Communicable Diseases.
- The DoH must develop a strategy to decrease the proportion of TB patients who are not evaluated.
- The DoH should increase the rate of conversion and construction of Ideal Clinics enhance primary care services, especially in underserved areas throughout the country.
- The departments of Health and Social Development need to strengthen integration between health and social services.



6. GOVERNANCE

Governance of the country encompasses the functioning of the state, issues in building a developmental state' leadership at all levels, the role of an active citizenry, institutional planning, crime and corruption, social cohesion and nation-building, spatial justice, inequality, and transformation.

6.1. Assessment

6.1.1. Building a Capable and Developmental State.

The NDP articulates a vision of a developmental state capable of driving the country's development. It focuses on the following overarching actions towards building a capable and developmental state: stabilising the political-administrative interface, making the public service and local government administration careers of choice, developing technical and specialist professional skills, strengthening delegation, accountability and oversight, improving interdepartmental coordination, taking a proactive approach to improve relations between national, provincial, and local government, strengthening local government, and clarifying the governance of SOEs. While the implementation of these actions has been slow, a key milestone towards building a capable and developmental state is the National Framework Towards the Professionalisation of the Public Sector (the Framework) which was approved by Cabinet in October 2022. The Framework provides insight into the preconditions to achieve efficiency, improve performance and accountability, and improve service delivery. These preconditions require that the public service be staffed by professional, skilled, competent, and selfless public servants whose interest is to serve the people. Ultimately, this institutionalises meritocracy in the state's human resources practices by giving effect to the NDP's recommendations about the type of public sector required to drive a developmental state agenda in a democratic system of government. Countries that have institutionalised professionalism in their public service system, especially those that are part of the Organisation for

Economic Co-operation and Development such as Australia and Estonia, and in Asia such as China and Singapore, are making significant progress in their development commitments.

Progress has also been made towards the finalisation of the following pieces of legislation: the Public Service Amendment Bill (2023), the Public Administration Management Amendment Bill (2023) and the Public Service Commission Bill (2022), which legislates the recommendations of the NDP and give effect to the professionalisation of the public service for an effective state across all spheres of government. The amendments to the Municipal Systems Act (32 of 2000), which the President signed into law in October 2022, set the trend by, among others, barring municipal officials from holding party political office. This should go a long way towards improving the local sphere of government where the state is at its weakest.

The amendments to the Public Service Act are of particular importance as they devolve administrative powers to Heads of Departments thereby aligning them to their financial responsibility as prescribed in the Public Finance Management Act (PFMA) (1 of 1999). This frees Ministers to focus on strategic policy issues. They are framed in a way that seeks to empower the Presidency to play a key role in managing the career incidents of Heads of Department, including their appointment. The Act currently assigns final accountability and authority on human resources and organisational establishment to Ministers while the PFMA assigns the powers to manage public resources to Heads of Departments. The tenures of Directors-General, who are the administrative heads of government departments, had been tied to that of the Ministers, who are their political heads. Role confusion and lack of role clarification have contributed to the challenge. A recent study shows that “the average tenure of a head of a department in government most frequently lasts for a period of between 24 months and 48 months”.⁹⁵

The decisions to designate the Director-General in the Presidency as the Head of Public Administration, nationally, and Directors-General in the offices of the Premiers, provincially, and the extension of tenures to ten years, subject to performance, are additional positive measures. Expediting the legislative amendments to, among others, make this possible is therefore important towards stabilising the political-administrative interface.

Similarly, SOEs remain the Achilles heel of the post-apartheid state as revealed in the Report of the Commission of Inquiry into Allegations of State Capture (the Zondo Commission – see below). The Auditor-General’s audit findings for the 2021/2022 financial year painted a gloomy picture, particularly in relation to Eskom, South African Airways, Denel and Alexkor, noting that, “only two of 20 key state-owned enterprises received clean audits”. The Presidential State-Owned Enterprises Council, one of many advisory bodies established to mobilise expert knowledge on how to overhaul the SOEs, is expected to contribute towards turning around these as agents of development. The AG’s Report and the Framework’s recommendations, which states that the process of appointing members of the boards of SOEs should be depoliticised to ensure that only those who are properly qualified are appointed based on merit, is aligned to the NDP.

According to Auditor-General’s report on the audit outcomes of local government, of the 257 municipalities, only 38 received a clean audit, 104 have credible financial statements, 78 received a qualified audit, six received adverse findings, 15 have disclaimers and 16 have outstanding audit outcomes due to late submission of financial statements, with the overall standard of financial management having regressed in the past five years. This decline in local government has led to numerous service delivery protests. Communities have taken municipalities and provincial governments to court to force them to provide services and fulfil their obligations and there

95 NDP Review

have been damaging effects on local economies. Municipalities that have received clean audits should share their learning experiences to assist others.

As building state capacity is key to addressing unemployment, poverty, and inequality, the implementation of the Framework should be expedited, especially since some of its proposals do not require legislative amendments, new policies, regulations, or ministerial directives. If the state's capacity and institutional capability are inadequate, even the best-designed policies and interventions are unlikely to succeed, failing to meet social and economic objectives. Poor productivity, corruption, wastage, sabotage, and leakage, coupled with a lack of accountability have all undermined efforts to build state capacity and service delivery.

These negative factors were starkly outlined in the work of the Zondo Commission, which was established to investigate allegations of corruption and fraud at government at national, provincial, and local government, as well as at state-owned entities and organs of state. The Zondo Commission's focus included investigations of irregular public appointments, improper conduct by the national executive and public officials, the concerted efforts and activities of a particular family, the Guptas, in controlling the governance and procurement at SOEs and in government agencies, and general corruption (including money laundering, racketeering and various other illegal activities) in public entities.

The report concluded that state capture in the South African context evolved as a project by which a relatively small group of actors, together with their network of collaborators inside and outside of the state, conspired to systematically and criminally redirect resources from the state for their own gain. This was facilitated by a deliberate effort to exploit or weaken key state institutions and public entities, including law enforcement institutions and the intelligence services largely through strategic appointments and dismissals and a reorganisation of procurement processes.

The Zondo Commission report, submitted to the President in June 2022, recommended that various implicated individuals be investigated and possibly prosecuted for their involvement in state capture specifically through charges that included fraud, corruption, money laundering, racketeering, and the contravention of the PFMA, the Prevention and Combating of Corrupt Activities Act (PRECCA), and the Prevention of Organised Crime Act (POCA). It also recommended that the implicated SOEs and the National Prosecuting Authority's Asset Forfeiture Unit take steps to recover amounts paid as part of irregular and unlawful contracts. The report proposed reforms in public procurement, including the publication of a national charter against corruption in procurement, with a binding code of conduct, the creation of an independent agency against corruption in procurement, and the creation of a procurement officer professional body, among other changes to public procurement legislation and regulations. In addition, the Zondo Commission recommended enhancing transparency and strengthening protection for whistle-blowers.

These recommendations require urgent responses and coordination of efforts from the law enforcement agencies to expedite the investigations and prosecutions, where required. The challenges of corruption and lack of accountability in society requires a resilient system consisting of political will, sound institutions, a solid legal foundation and an active citizenry that is empowered to hold public officials accountable.

The unevenness in state capacity leading to an uneven performance in local, provincial, and national government remains a challenge. While the goal of building a capable state must remain the overriding priority during the post-state capture period, this does not mean waiting for a capable developmental state to be built before proceeding to implement developmental policies such as ending load-shedding, expanding the SMME sector, ending nutritional poverty, and restoring water supply infrastructure. In every case it is possible to conceive of and establish centres of excellence that are protected by strong

agreements between politicians and administrators so that progress is made. Examples of this include Operation Vulindlela at national level, the Western Cape’s Economic Development Partnership at provincial level, and the DBSA’s D-Labs initiative at local government level. Like elsewhere across Africa where there are systemic governance challenges, these centres of excellence have the potential to become animators of effective action and models of strategic governance staffed by competent people and protected by political agreements so that they are trailblazers of inspiring governance reforms.

In addition, for professionalisation to succeed, the synergy of efforts between government, higher education institutions, and professional bodies is important to consolidate pre-entry interventions and the talent pipeline, including optimising opportunities for continuous and professional development. Forging partnerships with higher education and professional bodies is therefore a strategic necessity as the professionalisation of public service is a shared responsibility.

6.1.2. Institutionalisation of Planning

Several interventions have taken place over the past years to streamline, align, and codify South Africa’s planning system, including:

- The adoption of the NDP in 2012, which marked a shift in national planning by introducing a commitment to a long-term vision and planning for South Africa⁹⁶,
- The release of a discussion document by the NPC in 2015, titled: ‘Reforming the South African Government Planning System’, and a concept note on the institutionalisation of planning in South Africa in 2018,⁹⁷
- Legislating the Spatial Planning and Land Use Management Act of 2013 to deal with the legacy of apartheid planning.
- The adoption of the National Spatial Development Framework (NSDF) by Cabinet in March 2022, which builds on the efforts of the NDP and provides

an instrument to guide spatial development planning from a national perspective,

- The introduction of the District Development Model (DDM) to ensure that service delivery is refocused and implementation is strengthened through well-coordinated and coherent One Plans that bring together planning across the three spheres of government,
- The introduction of the new MTSF 2019-2024 that outlined the seven priorities of government towards the achievement of the goals outlined in the NDP and the electoral mandate,
- The Integrated Planning Policy Framework, 2022, and
- The draft National Development Planning Framework Bill, which aims to institutionalise planning in the country. It is envisaged that the Bill will be tabled in Parliament in the latter half of 2023.

These reforms are aimed at creating a coherent planning system, aligned to long term developmental objectives, and to ensure that government plans are integrated and coordinated to achieve better outcomes for the delivery of services to its citizens. They further seek to ensure that government institutions are coordinated and prioritised in a manner that facilitates the achievement of the developmental goals of the NDP. This is interlinked with the imperative of a capable state.

Despite incremental improvements in the planning framework and functions, development has been well below expectations. This can be attributed to a wide range of factors including policy and institutional incoherence, lack of capacity within the state to prioritise, sequence and execute plans, state capture and corruption, inadequate alignment, coordination, and partnerships with partners outside of the state, as well as international and local shocks. Weaknesses as noted in various reports⁹⁸ include the:

- Lack of adequate alignment between the planning and budgeting cycles and processes,

96 Revised Green Paper: National Planning Commission, Government Gazette Notice 101 of 2010

97 National Planning Commission: Reforming the South African Government Planning System, 2015

98 MTSF Mid-term Review 2019-2024

- Lack of legislation that would properly institutionalise the emergent planning system and formally clarify the roles and functions of different planning bodies and plans,
- Continued incoherence in the spatial planning system within the national government with the resultant confusion of spatial priorities across sectors,
- Misalignment of planning cycles and planning horizons across the three spheres of government,
- Complexity of planning that is overly focused on compliance and is not fully serving its developmental objectives, concerning (a) the societal reach and ethos of planning, (b) technical deficiencies, and (c) deficiencies in the technical capacity, and.
- An over-emphasis on the plans as outcomes, rather than the process of facilitated co-planning between stakeholders who have agreed to partner to create and implement transformative plans.

6.1.3. Spatial Justice, Inequality and Transformation

A number of policy frameworks have been introduced in South Africa since in 1994 that all indicated the urgent need to transform the spatial composition of both rural and urban areas. The analysis in the NDP in this regard offers a strategy to respond systematically, and over time, to entrenched spatial patterns across all geographic scales that exacerbate social inequality and spatial inefficiency. The key policy and legislative initiatives since the release of the NDP include the Spatial Planning and Land Use Management Act of 2013, the Integrated Urban Development Framework (IUDF), and the National Spatial Development Framework. Notwithstanding these initiatives, housing subsidy policies that include payments for the cost of land has forced new housing developments to the peripheries thus continuing and exacerbating the apartheid spatial footprint. Recent housing subsidies incentive densification.

The Spatial Planning and Land Use Management Act aims to address the need for spatial transformation and to address past spatial and regulatory

imbalances amongst other issues. Its objectives include ensuring that the system of spatial planning and land use management promotes social and economic inclusion, redressing the imbalances of the past, and ensuring that there is equity in the application of spatial development planning and land use management systems. The NSDF developed by the Department of Agriculture, Land Reform and Rural Development in terms of the Spatial Planning and Land Use Management Act aims to counter the segregated spatial patterns established during colonial and apartheid times, and address and alter the inefficiencies, injustices, and inequalities in access to opportunities resulting from these patterns. The IUDF was developed to ensure targeted investments into integrated human settlements as integrated urban planning forms the basis for achieving integrated urban development. At the centre of the IUDF was the call for integrated infrastructure plans at the local government level, including energy, water, sanitation, and waste.

South African communities are plagued by inequality, exclusion, and injustice. The inequities in the distribution of resources, their accessibility, and utilisation raise issues of social and spatial (in)justice and spatial transformation, as does the administration of justice, decision-making, governance, and governmental practices. The continued inequality attributed to the apartheid planning era left a legacy of spatial inequality that, in many places, has worsened as social inequality has risen. This situation poses a great challenge to the intention and the ability of government through its municipalities to effect meaningful spatial transformation and foster economic integration and inclusive development. The South African Cities Network argues that spatial transformation entails the overhaul of an inherited segregation spatial dispensation and preventing it from re-establishing itself in new forms of post-apartheid class and income-based spatial segregation and spatial inequality. The following issues are among some major issues that continue bedevilling South Africans:

- The majority of South Africans are located far from employment and economic opportunities, and as a result, travel great distances to places of work, which in turn, is costly for the economy (due to

increasing bus subsidies) and unmanageable for the poorest households. There is overwhelming evidence that most of them use close to 40% of their monthly income on transport to work a factor that warrants urgent attention.⁹⁹

- While the country has made great strides in the construction of subsidised housing to redress the spatial imbalances of the past, there have been few advances towards a more sustainable and permanent approach to curbing the phenomenon of informal settlements. There is no coherent strategy to appropriately manage the mushrooming of informal settlements by supporting, for example, in situ upgrading on a massive scale.
- The available spatial policy reform is proving inadequate to alleviate the plight of the spatially and economically marginalised communities. To some degree, this can be attributed to the fact that strategically located land is still largely and disproportionately owned by the state and private-owners.
- Based on information from pilot sites like, OR Tambo, Waterberg and Ethekwini, where the DDM was implemented as a vehicle aimed to take the whole of government closer to the people at a district level, this strategy does not appear to have been geared to respond adequately to the key problems facing local government. The problems that it was envisaged to address can be summarised as (a) a lack of skilled capacity, (b) poor financial control and management, (c) the inability to collect revenue and manage expenditure (d) a lack of clarity on roles and responsibilities and the blurring of the administrative-political interface, (e) corruption, and (f) a lack of accountability. While some of the DDM goals have recognised these problems, it has not provided workable mechanisms to address them. What was missing was the kind of statecraft that could have resulted in centres of excellence capable of implementing a well-intentioned idea. Instead, the architects of the strategy insisted everyone was responsible for

making it work and as a result no-one emerges as the driver committed to ensuring that it works.

6.1.4. Social Cohesion and Nation Building

The NDP envisages that by 2030 South Africa will have made significant progress towards achieving social cohesion, through the lens of reduced inequalities, greater integration of living spaces between citizen groups, enhanced inter-group interactions and greater employment. However, a decline in three areas impacting social cohesion since 2019 includes a decline in national pride, which was down to 69.9% in 2021 from 82% in 2019, social cohesion, which was down to 62.9% from 80% in 2019, and active citizenship was 58.8% in 2021 compared to 79% in 2019.¹⁰⁰

Trust in nearly all institutions is low and declining. According to the 2021 Afrobarometer survey, only media broadcasters, both privately owned (63%) and public (61%), and the Department of Health (56%) enjoy the trust of a majority of citizens. A minority of South Africans say they trust the President (38%) and Parliament (27%) and only 43% express trust in courts of law. Only about one in three citizens (36%) trust the Electoral Commission of South Africa, with trust levels particularly low among younger respondents.

According to the Social Cohesion Index of the Inclusive Society of South Africa carried out after the July 2021 uprisings, almost half of the respondents felt that it was not possible to form one nation out of all the different groups in South Africa.¹⁰¹ About 32% believed it was possible with the remainder not having an opinion either way. About 30% believed that race relations were getting worse, with 70% saying they had remained the same, and 22% saying it had improved. The high level of respondents feeling it had remained the same is reflective of the parlous state of race relations in the recent past. About 49% of black South Africans felt it had remained the same, while 22% saw it as improving.

99 State of South African Cities Report, 2016

100 MTSF Mid-term Review 2019-2024

101 Swanepoel, D (2022)

The Indlulamithi Scenarios of 2018 identified three key drivers impacting social cohesion: social inequality, societal leadership, and capacity, and what it refers to as the Triple R of resentment, resistance, and reconciliation. The Social Cohesion Index points out that South Africa has a long way to go to achieve racial reconciliation, with about 33% saying they do not like associating with other races. Engagements with social partners point out that race, class, gender, and spatial divisions are deeply embedded and persistent.

The 2020 NDP Review further highlights that the government's initiatives towards achieving social cohesion are piecemeal, under-resourced and without demonstrable impact and as such, the country is unlikely to achieve the NDP targets on social cohesion and nation-building. It also noted that in many instances, discussions on social cohesion and nation-building are fragmented and lack coordination as well as integration and do not address developmental challenges like poverty alleviation, and income inequality, amongst others. There is also a lack of coordination between social dialogue processes at different levels i.e., national, provincial, and local, plus sectoral considerations.

Transforming society and uniting the country remain a challenge despite several endeavours, including, the tabling of the Prevention and Combating of Hate Crimes and Hate Speech Bill, promoting the Constitution and its values in schools, awareness campaigns, public engagements and dialogues, promoting equal opportunities, inclusion, and redress through the passing of the Employment Equity Act in March 2020, the drafting of a National Action Plan against all forms of discrimination, and the encouragement of the use of South Africa's indigenous languages as part of promoting all the official languages.

Consultations with various stakeholders in the sector reaffirmed the point that social cohesion must be a cross-cutting aspect of development around which an inclusive economy, the country's social policies and the capacity of the state can orbit. Increasing

attention is, therefore, required for social cohesion and nation-building as enablers for achieving a just and equal society, quelling xenophobic sentiment and violence, and building national unity.

Transparent, accountable, and collaborative governance is key to the creation of trust and the building of a more cohesive society, and it can help reduce poverty by improving service delivery. Social dialogue has specific features and tools that have proved useful in advancing key goals of Vision 2030, most notably, but not exclusively, in the areas of poverty reduction, equality, health, education, sound institutions and social cohesion. Dialogue that encourages open and frank discussions is crucial to ensure that the groups take ownership of the issues at stake and that decision-making is transparent.

Social integration must focus on increasing the cultural, political, and socio-economic coherence of the South Africa society. The process of integration must be characterised by the development of knowledge, skills, and values, contributing to the development of society through practical cooperation and mutual openness. The integration enables the development of a joint shared national identity, increases the feeling of affiliation towards the state and other members of society, supporting the growth potential of the economy and the stability of the state.

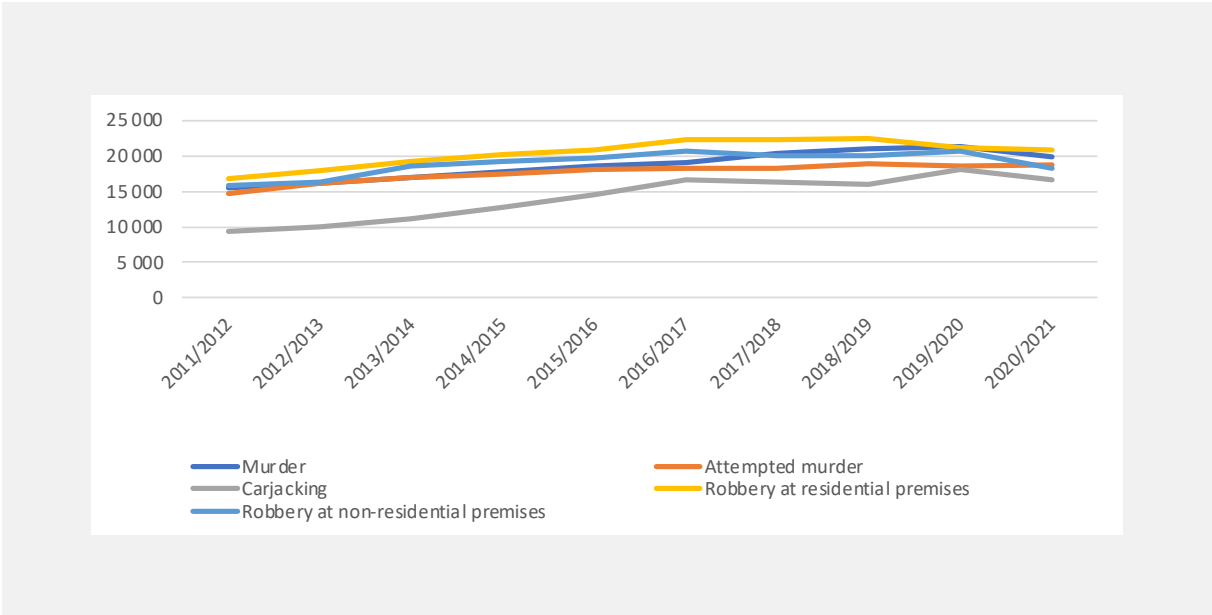


6.1.5. Safety and Crime Trends

The NDP envisages people living in South Africa to feel safe and have no fear of crime by 2030. According to the Institute of Security Studies, South Africa has the second-highest murder rate in the world with “50% of all murders occur in fewer than 170 police station areas, predominantly over weekends, in particular hotspots and within specific social networks”.¹⁰⁰ While the South African government has developed various measures to combat crime, including increased police presence, community policing initiatives, and investment in technology for surveillance and evidence collection, crime remains. A trend analysis of safety and crime is provided in this section.

Many South Africans, irrespective of age, gender, or race, have been affected by crime, although it is not possible to accurately track trends in all crime categories due to substantial and persistent under-reporting for certain crime categories, particularly robbery and assault¹⁰¹ as well as sexual crimes¹⁰². This may be due to a combination of factors, such as a lack of trust in the police, the inaccessibility of police stations (particularly in underdeveloped rural areas), adverse notions of the utility of reporting criminal incidents to the SAPS, concerns about being stigmatised, and fears about being further victimised by the perpetrator of the original crime (especially in the case of domestic violence and rape).¹⁰³ Murder (or homicide), is widely regarded as one of the most statistically reliable crime categories internationally, and can be used as a proxy variable for trends in violent crime.¹⁰⁴

Figure 4: Selected violent crime trends, 2011/12-2020/21 (total reported incidents)



Source: SAPS crime data

103 Institute of Security Studies, March 2023: Reducing murder must be a top SA government priority.
 104 Bruce, 2010
 105 Jewkes & Abrahams, 2002, Governance, Public Safety, and Justice Survey 2021/22 Stats SA
 106 Lancaster, 2013, Public Safety, and Justice Survey 2021/22 Stats SA
 107 Marshall & Block, 2004, UN Office on Drugs and Crime, 2019

Despite the reliability problems with many categories of violence crime data, the SAPS data from 2011/12 to 2019/20 (Figure 4) has shown significant increases in the annual recorded cases of other types of violent crime, especially in poorer areas. There were slight declines in most categories of violent crime between 2019/20 and 2020/21, which has been attributed to the enforcement of the Covid-19 lockdown in 2020.¹⁰⁵ The South African Cities Network has demonstrated that these escalations in violent crime have taken place within several larger metros, especially Cape Town, Nelson Mandela Bay, Mduduzi and eThekweni.¹⁰⁶

Domestic violence, which are suspected to be much higher than reported owing to high levels of under-reporting, exposes women and children to physical violence, corporal punishment, sexual abuse and rape, emotional abuse, neglect, intimate partner violence, bullying and gang violence. Such violence is perpetrated by men, women, and children. South Africa has one of the highest reported rates of violence against women and girls in the world.¹⁰⁷

SAPS annual crime data has consistently shown that there appear to be some connections between violent crime and poorer areas that are affected by high levels of unemployment and very limited access to government services and resources. While there is no clear evidence to suggest a direct link, it appears that such inequality can result in a series of intervening variables that increase the probability of violence perpetration. The frustrations as a result of socio-economic disadvantage and unemployment can lead to heightened tensions, lower self-esteem, substance abuse and an increased risk of aggression and violence,¹⁰⁸ which may be exacerbated amongst men, who have had a personal history of violence victimisation and abuse.¹⁰⁹ The research on violence in South Africa also indicates that the relationship

between poverty and violence is bi-directional, where violence may also contribute towards greater inequality. For example, children's experience of violence negatively affects their educational outcomes, which likely further entrenches inequalities in the labour market.¹¹⁰

The heightened levels of protest violence experienced by the country since 2010 has been related to dysfunctionality in local government such as delayed and inadequate delivery of basic services, poor relationships with communities, corruption and financial management, insufficient municipal capacity and expertise, and political rivalries and interference.¹¹¹ Some violent community protests have also been xenophobic in nature, with 529 xenophobic attacks being recorded between 1994 and 2018.¹¹²

Government's policy response since the 1990s included the National Crime Prevention Strategy (1996), the White Paper on Safety and Security (1998), the Integrated Social Crime Prevention Strategy (2011), and the chapter on 'Building Safer Communities' in the National Development Plan (2012) as well as strategies and plans focused on specific sectors or activities, such as schools, policing, firearms control, urban upgrading, substance abuse, violence against women and children, and community-based employment creation. As a result of the upswing in violent crime from 2012, government developed additional integrated crime prevention strategies, policies, and plans, such as the White Paper on Safety and Security (2016), the White Paper on Policing (2016), the IUDF (2016), the Anti-Gangsterism Strategy (2016), and more recently the National Gender-Based Violence (GBV) and Femicide Strategic Plan (2020) and the Integrated Crime and Violence Prevention Strategy. Some provincial governments and city authorities have

107 Lamb, 2022

108 South African Cities Network, 2022

109 Hsiao et al., 2018, Mathews et al., 2017

110 Department of Social Development, Department of Women, & United Nations Children's Fund, 2012, Gawryszewski & Costa, 2005, Pinheiro, 2006, Wilkinson, Kawachi, & Kennedy, 1998

111 Gilligan (1996) Mathews, Jewkes, and Abrahams (2015) and Gould (2015)

112 Herrero Romero et al., 2021

113 Department of Cooperative Governance and Traditional Affairs, 2009:4

114 Mliloand & Misago, 2019

also adopted an integrated approach to improving community safety in recent years, with the Western Cape provincial government, for example, having produced one of the most comprehensive provincial-level safety plans (2019).

Although the SAPS has undertaken various efforts to build legitimacy in South Africa since 1994, the quality and consistency of police work have varied considerably across precincts, with residents in poorer areas generally being discriminated against in terms of the allocation of police resources. While the 2012 Stats SA Victims of Crime Survey indicated that 64.2% of households reported that the police were trustworthy, public trust in the police declined significantly between 2012 and 2017/18.

Police legitimacy suffered considerable damage during the July 2021 'riots' as the SAPS appeared largely powerless to contain the violence and looting, which was reinforced by the fact that SAPS Crime Intelligence had failed to detect the July 2021 unrest before it began due to infighting, ineptitude, and corruption.¹¹³ The SAPS has also become beset by endemic corruption, which appeared to have accelerated from 2011, with anti-corruption strategies generally being regarded as ineffective.¹¹⁴ Corruption has been diverse in nature and has affected all levels of police work from bribes to beat cops to police collusion with organised criminal groups as well as affecting the upper echelons of the SAPS leadership with four SAPS National Commissioners and at least three provincial commissioners having been removed from public office due to alleged corrupt and improper behaviour since 2012. In 2018, the Independent Police Investigative Directorate stated that corruption within the SAPS had become the 'biggest threat to national security'¹¹⁵ while the 2019 Global Corruption Barometer reported that the SAPS was the most corrupt government institution in South Africa¹¹⁶.

In terms of police violence, despite a 2011 Public Order Police policy, 34 striking mine workers were fatally shot and 78 were wounded by a large contingent of well-armed police personnel during an unprotected strike in Marikana, North-West Province in August 2012. Although a revised National Instruction on Crowd Management during Public Gatherings and Demonstrations was introduced in 2014, excessive use of force by police was still evident in the years thereafter. The excessive use of force by SAPS members in crowd contexts took place in the context of growing levels of unrest between 2012 and 2020. Although the SAPS Act of 1995 requires that the police establish Community Policing Forums (CPFs) in all policing precincts, there are significant variations and disparities where some communities have established organisations and structures that play prominent roles in improving safety and others have been dysfunctional. The more functional community safety groups and organisations have tended to be concentrated in wealthier areas where safety resources are more readily available, and there are working relationships between such groups and the SAPS. In poorer, high-crime areas, relations between local government, the police and community members are often strained, which is compounded by the delays and shortcomings in police work, the investigation of crime and the court system. In such areas, vigilante groups often emerge from within these communities or residents embark on violent protest actions to demonstrate their dissatisfaction with the level of services (including safety and policing).

6.2. Proposals

- The state should take advantage of the enthusiasm to implement the National Framework for the Professionalisation of the Public Sector to underscore the importance and urgency of this initiative and the need for it to be properly coordinated.

¹¹⁵ AmaShabalala, 2022, Nair, 2021

¹¹⁶ Kutnjak Ivković & Sauerma, 2015, Newham & Faull, 2011

¹¹⁷ McBride, 2018

¹¹⁸ AfroBarometer & Transparency International, 2019

- Attention should be paid to issues of administrative incapacity, inefficient delivery, under spending and corruption, poor responsiveness, and lack of accountability at the local sphere of government. The adoption of a statecraft that creates protected centres of excellence comprising competent officials as a model to revive and activate local sphere of government is imperative. This model warrants local government to be the engine of advancing development, expediting service delivery, and promoting local citizen participation.
- Strengthen the role of the SOEs through improved governance arrangements can potentially lead to better economic and social outcomes.
- The Presidential State-Owned Enterprises Council's work on turning around SOEs should be implemented and synchronised in a coherent way by implementing the recommendations of the Zondo Commission to craft a clearly articulated plan to overhaul this sector.
- The process of appointing members of the public sector and boards, executive and operational staff of SOEs should be depoliticised so that only properly qualified candidates are appointed based on merit.
- Planning should be institutionalised across the three spheres of government by embedding coordinated planning processes, monitoring and evaluation, with the requisite public participation.
- The National Development Planning Framework Bill should be finalised and adopted to guide developmental planning and the institutional structure thereof.
- Government plans, performance objectives and budgets (short and medium-term, across the three spheres of government and sectors) should be aligned to the overall objectives of the NDP.
- The NSDF should be implemented to significantly enhance spatial planning and ensure efficiency in the investment made by different sectors of the economy.
- The DDM should be reviewed, restructured, and implemented in a way that incentivises the formation of centres of excellence at the local government for formulating and implementing actional developmental plans rather than large complex 'one plans' written mainly by consultants so that it enhances intergovernmental relations and the coordination of plans across the spheres of government
- Government should prioritise the provision of reliable quality housing and basic services (electricity, water, sanitation, and refuse removal) in low income areas as vital factors impacting the health, social welfare, and economic development of both rural and urban areas. This includes prioritising access to and proximity of transport to employment and economic opportunities, including freeing up space for a wide range of private operators both large and small-scale.
- Land reform policies and programs need to respond to the needs of the poor taking into consideration the availability and strategic location of the land, as well as the capabilities of rural farmers who have the skills but lack market access.
- The quality and safety of living environments requires urgent attention from all stakeholders to ensure everyone feels safe. Evidence shows that many lower-income households inhabit residential structures that may not be sufficiently robust to stand up to rain or flooding.
- The current approaches to addressing social cohesion should be reconsidered so that it includes a set of interventions based on a whole-of-society approach, such as effective and capacitated leadership, clear institutional arrangements, and coordination and dialogues amongst the various role players in society.
- Consideration should be given to the proposal that a Council of Elders drawn from retired business, trade unions, religious, community and political/governmental leaders act as the custodians of social cohesion in South Africa.
- There is a need to promote civic virtues for the attainment of social cohesion and nation-building. These include respect for the rule of law, active citizenry, cooperative economic development, and the capacity to form and express opinions on issues of common interest e.g., government's performance, crime, and corruption.
- Social compacts for partnerships with civil

society, the private sector and citizens should be fostered for a more democratic, equal, and prosperous society. All sectors of society must coalesce around an integrated, clearly articulated and understood vision for a future South Africa and all strategies, plans, talents, and social infrastructure should be directed towards achieving this.

- Increase police visibility in community areas identified as crime hotspots. Police in high-violence areas must develop clear, realistic, targeted plans based on an analysis of local violence patterns. Multi-sectoral violence-prevention partnerships will be necessary including through encouraging public participation in fighting crime through re-establishing, training and resourcing CPFs.
- The government, and society, must prioritise murder reduction while upholding human rights with sufficient resources being allocated to this goal.
- Professionalise the police and address the SAPS' lack of efficient recruitment methods, which is a blockage in appointing ethical and skilled law enforcement officials.
- Partner with private security companies to tackle high crime areas characterised by gangsterism and illegal substances.
- Study and apply international best practices for the protection of whistle-blowers.
- Promote the implementation of the GBVF strategy holistically in all spheres of government and create safer spaces for victims.
- Strengthen legislation on human trafficking, organised crimes, counterfeit goods coming through ports, money laundering, and amend immigration laws.



7. CONCLUSION

Currently, the economy still is not inclusive of all South Africans, and poverty and inequality remain extremely high and persistent as a result of the continued unequal economic power relations. The economic, social, and spatial legacies of apartheid, inappropriate economic and social policies that prevent inclusive growth, demand-led skilling and employment, and the hollowing out of state capacity during the state capture years continues to undermine both South Africa's competitiveness and the potential of its people. This deprives South Africa of the skills it needs, and resulting in low growth, low productivity, and hence high unemployment and inequality.

In 2020, the NPC released the NDP Review, which interrogated the progress, challenges, and impact of implementation to date. The NDP Review shows that while important achievements have been attained and headway made on key aspects of the NDP's policy goals and projections, such as education, health, social protection and the social wage, the required changes are slow and limited. Economic growth has been stagnating, investment restrained, employment declining relative to a growing population, and poverty and inequality consequently remaining entrenched. There is a greater need for the state to work closer with the private sector and civil society to support sector investment and innovation.

While this document tends to be state-centric, it is important to note that the NDP assumed a capable and development state that would ensure its objectives were met. As indicated in this review, that has not been established. Notwithstanding this shortcoming, it is important to reiterate the role of the private sector and civil society by recognising initiatives underway that are not dependent on the state, for example the rooftop solar revolution, the development impact of corporate philanthropy, the slow but gradual increase in financial flows into SMMEs, the re-emergence of civil society solidarity around health during the Covid-19 pandemic with the formation of hundreds of Community Action

Networks (CANS), the continued growth of the ECD movement, and the slow but solid expansion of the small-scale black farmer movement.

7.1. Growing an inclusive economy

The NDP provides an agenda up until 2030, which entails dealing with the triple challenges of poverty, inequality, and unemployment. Urgent and coordinated interventions to get back on track are required as the country is significantly off course with all targets having been missed. The economy urgently needs to be taken to a higher inclusive growth trajectory, which requires growing investment. However, this can only happen if structural economic challenges are addressed, such as issues of energy, logistics, skills shortages, economic concentration, inappropriate regulation.

South Africa retains many opportunities for economic growth. The economy has shown signs of resilience, with several quarters of positive albeit limited employment increases, despite low levels of economic growth. The massive investments needed in energy, water, transport, and digital infrastructure offer opportunities to attract public-private collaborations. Several sectors, such as tourism, have potential to significantly increase employment, and can do much more if offered the right regulatory support (such as visa regimes and public safety). Any failure to achieve this will be a serious indictment on our resolve to eradicate poverty and inequality.

To get the NDP firmly back on track requires focused and committed leadership across society. Ultimately, a partnership-based approach to implementation must be established by augmenting trust and co-operation amongst and between social partners. The NDP should be used as a basis for such functional social compacts, the core of which would require government and the private sector actively collaborating in the critical sectors.

The accountability chain needs to be tightened in government and across society with all leaders

being accountable for their conduct. Specifically, inadequate legislative oversight and the long history of blurring the lines between party and state must be addressed and be avoided in the future.

Government must prioritise and make difficult trade-offs. Getting the Plan back on track will require some tough, potentially unpopular decisions. It has to improve the quality of its spending through better planning, sound procurement systems aimed at securing quality goods and services as well as greater competition and productivity in the economy. There is a need for greater efficiency in all areas of government expenditure because the overall envelope is likely to grow relatively slowly over the medium term. This means reliance on fiscal policy alone will not mobilise the levels of investment required, which underscores the importance of mobilising private capital to achieve public goals. The reforms to Regulation 28 of the Pension Funds Act, including enabling asset managers to increasingly support infrastructure investments, are a definite step in the right direction in this regard.

The core overall economic agenda needs to be focused on the implementation of the economy roadmap (as noted above) as the basis for the country to re-establish the long-term path of the NDP.

The fundamental imperatives of addressing poverty, inequality, and unemployment, must be pursued in a decisive and transformative manner so that the economy changes in future. This requires addressing the current challenges of policy implementation because only a growing, transformed, inclusive, and fairer economy can address the NDP priorities and objectives.

In the short-term, particular emphasis should be given to the following:

- Restore confidence and trust in the economy.
- Ensure improved oversight, credible capability and independent state-owned entity boards, and the predictable and transparent appointment of non-conflicted and appropriately experienced CEOs and top executives.

- Reinforce procurement transparency.
 - Maintain a commitment to sustainable business and financial models.
 - Ensure clarity on and funding of mandates in support of delivering on the NDP including decisions on envisioned market structure and regulatory approach
- Implement the energy action plan and the national logistics crisis plan, in a collaborative manner between government, business, and other relevant stakeholders.
 - Accelerate the implementation of sector masterplans:
 - Ensure actionable co-created plans.
 - Make provision for governance structures that include core sector stakeholders.
 - Capacitate masterplans for programmatic delivery.
 - Monitor and evaluate delivery of plans.
 - Stimulating labour-absorbing activities in general and the employment of youth in particular by reducing disincentives to employ and, insofar as potential high growth sectors are concerned, offering further incentives to employ.
 - Promote SMMEs, township and rural businesses through financial support (and access to affordable finance), regulatory amendments to cut red tape, and leveraging local corporate, public sector, and state-owned entity procurement for localisation, enterprise development, and supplier development.

In the immediate term, we need to:

- Restore confidence and trust in the economy.
- Deal with policy uncertainty, and significantly enhance policy co-ordination and coherence.
- Have consistency in government policy communication and engagement with stakeholders.
- Address governance, service delivery and corruption issues decisively within and outside government.
- Ensure fiscal sustainability to deliver on long-term goals while at the same time mobilising private capital to invest in public interest programmes such as energy, water, digitisation, and transport.

- Increase productivity, service, and professionalism in the public sector.
- Augment infrastructure through targeted action plans to address infrastructure constraints especially electricity, water, digital and rail.
- Adopt a mix of fiscal and monetary policies that prioritise investment, growth, and climate resilience.

7.2 State Capacity

The 2020 review of the NDP found that while the policy basis for a capable state have been laid, there has been slow progress in implementing the NDP's recommendations. This was, of course mainly due to the negative impact of state capture. Reduction of unemployment, poverty, and inequality is dependent on a state that constantly delivers quality services to its citizens. With the capability of the state at the centre of building a developmental state, poor productivity, corruption, state capture, wastage, and a lack of accountability have all undermined its efforts to build state capacity. In the context of recovering from the effects of the Covid-19 pandemic, and amid surging socioeconomic challenges, building state capacity requires political will. In this regard, the following actions must be implemented in the short-term:

- The implementation of the National Framework Towards the Professionalisation of the State must be expedited. The Framework gives effect to the NDP's recommendations related specifically to the type of public service required to drive a developmental state agenda in a democratic system of governance with meritocracy as the cross-cutting principle.
- The Public Service Act Amendment Bill, which aims to harmonise the contradictions in the existing legislative framework by devolving administrative powers to the DGs for alignment with their financial responsibility as prescribed in the PFMA, should be finalised, and implemented. The political-administrative tension will be further resolved through the legislative amendment that assigns responsibility for the recruitment for senior positions in the public service to the and insulating it from partisan influence.
- Statecraft that results in the creation of centres of excellence staffed by capable people will be

essential. Unless these centres are protected in terms of specific political settlements between policy and bureaucratic elites, very little will be achieved.

7.3. Institutionalisation of Planning

The initiatives over the past years in streamlining, aligning and codifying South Africa's planning system include the adoption of the NDP in 2012, which introduced a commitment to long-term planning for South Africa, addressing the legacy of apartheid planning through the Spatial Planning and Land Use Management Act of 2013 and the adoption of the NSDF by Cabinet in March 2022, the introduction of the DDM to ensure that service delivery is refocused and implementation strengthened, outlining government's seven priorities in the 2019-2024 MTSF, and the Integrated Planning Policy Framework, 2022. Despite great strides in the planning landscape, the socioeconomic transformation has been well below expectations. This can be attributed to a wide range of factors, including policy incoherence, deep-seated structural challenges facing the economy, unequal and inadequate social development, lack of capacity within the state to execute plans, corruption as well as international and local shocks. These are some of the factors that have contributed to the country's inadequate progress towards development results.

A critical part of institutionalising planning to achieve the developmental aspirations of the NDP will be to embed principles within the planning system that ensure that planning is coherent within government, as well as targeted, prioritised, and pragmatic with the requisite capacity allocated to execute the Plan.

7.4. International Partnerships and Trade

The NDP recognises that South Africa's development is interlinked with what happens in the region and the world. South Africa is shaped by both positive and negative trends in the regional and global environment.

The success of the country's development, therefore, depends on the understanding and response to such developments. Long-term shifts in global trade and investment are reshaping the world economy and international politics.

The 2020 NDP Review indicated that a rapid rise of digital technological disruptors, and global political-economy shifts, which have manifested in the rise of inward-looking policies in developed countries, and the protracted USA-China trade war, were all likely to impinge on the national development prospects. The Review further indicated that human and environmental damage from climate change is palpable and will potentially increase, and 4IR changes pose both socio-economic threats and opportunities.

In the period since the NDP Review was undertaken, external challenges included, amongst others, the Covid-19 pandemic lockdown, the Russia-Ukraine war, and the effects of climate change in KwaZulu-Natal. The planning targets in the NDP were predicated on an understanding of global economic relations and power trends in that period. Recent predictive trends about global economic power shifts indicates that the USA will have the largest GDP at \$13.8 trillion from 2006 to \$29 trillion in 2026. However, it is expected that China will overtake the USA between 2031-2036. India is expected to be a contender for third place in this period with a GDP of just under \$11 trillion. South Africa must consider these economic power shifts as bilateral agreements are sought, forged, or expanded over the next eight years and into the future, towards 2030.

The inability to attract investments due to the economic downturn, the decline in growth in developed economies, volatility of the Rand, energy and water supply shortages, and the negative impact of the Covid-19 pandemic are some of the challenges experienced in the conduct of international affairs. Despite the adoption of several initiatives to promote industrialisation and diversify trade, South Africa's basket of value-added exports is small and its exports are overwhelmingly commodity intensive. This raises the need to understand how policies, programmes, and plans in the areas of industrial development, trade and investment are assisting us to meet our trade and

investment goals. In particular, the following should be implemented in the short-term:

- Speed up the process of engagement on the National Interest Framework so that a common understanding can be established between key government and private sector actors, as well as with wider society.
- While the establishment of the AfCFTA is an opportunity for South Africa to improve in this area, it needs to assess how the current policies, programmes, and plans in the area of industrial development, trade and investment are helping the country in achieving its trade and investment goals.
- South Africa's reviews of foreign policy, foreign representation, and of the training of Foreign Service officers should be speedily finalised as they will determine the efficacy and efficiency of the country's foreign representation, including on trade.
- The harmonisation of border policies is a process that must be intensified as it has a bearing on access to regional and continental markets as well as responding to domestic challenges arising from poorly handled immigration.
- The Border Management Authority Bill should be finalised.
- The SADC protocol on the free movement of persons (migration) be implemented.
- The enhancement of research capability and cooperation among vital state institutions that deal with cross-border issues must receive attention to enhance the implementation of NDP recommendations related to trade and investment.
- Despite the good progress the country has made towards achieving 100% compliance with international protocols and commitments, the constitutional procedures for the agreements to take effect still lags. More effort is needed to speed up the process.
- While South Africa has chaired regional bodies, such the SADC Organ on Politics, and Defence, and Security Cooperation, and its appointment to the AU Peace and Security Council for a second consecutive year, how these were used to strengthen economic and social relations remains unclear. The role of diplomatic missions in turning

these investment, such as peace and security into social and economic capital needs strengthening.

South Africa has accomplished significant diplomatic successes on the African continent. While South Africa's diplomatic presence in different countries offers significant potential for developmental cooperation and trade relations, the popular belief is that expansion of this is related to the number of missions. Adding more diplomatic missions without a clear strategy, however, has unnecessary resource implications that should be avoided.

South Africa has made it clear that it will remain neutral in the ongoing war between Russia and Ukraine. The country is committed to promoting a peaceful resolution through dialogue and negotiation, rather than getting involved in any confrontational or aggressive actions. The country's stance, however, poses the risk that this could be perceived as supporting the war and result in other countries distancing themselves from South Africa.



8. REFERENCES

- AfroBarometer, & Transparency International. 2019. 2019 Global Corruption Barometer. Retrieved from https://images.transparencycdn.org/images/2019_GCB_Africa3.pdf
- Agüero, J.M. Carter, M.R. Woolard, I. (2006) The Impact of Unconditional Cash Transfers on Nutrition: The South African Child Support Grant. Southern Africa Labour and Development Research Unit Working Paper Number 06/08. Cape Town: SALDRU, University of Cape Town.
- Berg, J., Cartwright, J., Howell, S., Lamb, G., & Shearing, C. 2016. Research Report on Standard Operating Procedures and Models for Community Police Forums and Neighbourhood Watch Organisations in the Western Cape. Cape Town: Department of Community Safety.
- Bruce, D. 2010. The Ones in the Pile Were the One's Going Down. The Reliability of Violent Crime Statistics. SA Crime Quarterly (31), 9-17.
- Competition Commission 2021. Measuring Concentration and Participation in the South African Economy November
- Department of Social Development, Department of Women, C. a. P. w. D., & United Nations Children's Fund. 2012. Violence against Children in South Africa. Pretoria: Department of Social Development/Department of Women, Children and People with Disabilities/ UNICEF.
- DPME (2022) Diagnostic Assessment on the State of Planning in National and Provincial Spheres of Government
- DPME (2022) Policy Framework for Integrated Planning
- Gawryszewski, V. P., & Costa, L. S. 2005. Social inequality and homicide rates in Sao Paulo City, Brazil. *Revista de saude publica*, 39, 191-197.
- Gilligan, J. 1996. *Violence: Reflections on a national epidemic*: Vintage Books New York.
- Gould, C. 2015. Beaten bad-the life stories of violent offenders. Institute for Security Studies Monographs, 2015(192), 1-144.
- Herrero Romero, R., Hall, J., Cluver, L., Meinck, F., & Hinde, E. 2021. How Does Exposure to Violence Affect School Delay and Academic Motivation for Adolescents Living in Socioeconomically Disadvantaged Communities in South Africa? *Journal of Interpersonal Violence*, 36(7-8), NP3661-NP3694.
- Hsiao, C., Fry, D., Ward, C. L., Ganz, G., Casey, T., Zheng, X., & Fang, X. 2018. Violence against children in South Africa: the cost of inaction to society and the economy. *BMJ global health*, 3(1), e000573.
- Human Science Research Council, 2022. Synthesis Evaluation of State Capacity with a Special Focus on Directors-General and Heads of Department
- IPSOS. 2021. IPSOS Government Performance Barometer.
- Jewkes, R., & Abrahams, N. 2002. The Epidemiology of Rape and Sexual Coercion in South Africa: An Overview. *Social science & medicine*, 55(7)(7), 1231-1244.
- Kidd S, Wapling L, Schjoedt R, Gelders B, Bailey-Athias D, Tran A and Salomon H. 2019. Leaving No-one Behind: Building Inclusive Social Protection Systems for Persons with Disabilities. Development Pathways. UKAid.
- Kutnjak Ivković, S., & Sauerman, A. 2015. Threading the thin blue line: transition towards democratic policing and the integrity of the South African police service. *Policing and Society*, 25(1), 25-52.
- Lamb, G. 2022. *Policing and Boundaries in a Violent Society: A South African Case Study*: Routledge.

- Lancaster, L. 2013. The Blurred Crime Picture – The Impact of Under-reporting. Africa Check Report. Retrieved from <https://africacheck.org/2013/09/20/the-blurred-crime-picture-the-impact-of-under-reporting/>
- Marshall, I. H., & Block, C. R. 2004. Maximizing the Availability of Cross-National Data on Homicide. *Homicide Studies*, 8(3)(3), 267-310.
- Mathews, S., Govender, R., Lamb, G., & et al. 2017. Towards a more comprehensive understanding of the direct and indirect determinants of violence against women and children in South Africa with a view to enhancing violence prevention. Cape Town: Safety and Violence Initiative.
- Mathews, S., Jewkes, R., & Abrahams, N. 2015. 'So now I'm the man': Intimate partner femicide and its interconnections with expressions of masculinities in South Africa. *British Journal of Criminology*, 55(1), 107-124.
- McBride, R. 2018. IPID Briefing to the Parliamentary Portfolio Committee on Police. 29 March. Retrieved from <https://pmg.org.za/committee-meeting/26095/>
- Mliloand, S., & Misago, J. P. 2019. Xenophobic Violence in South Africa: 1994-2018 An Overview (Vol. March). Braamfontein: Xenowatch/African Centre for Migration and Society.
- MunicipallQ. 2020. An encouraging end to 2019 service delivery protests. Press Release, 30 January 2020. Retrieved from https://www.municipalq.co.za/index.php?site_page=press.php
- Nair, N. 2021. SAPS had no intelligence of July unrest before violence erupted: Sitole. HeraldLive, 30 November 2021. Retrieved from <https://www.heraldlive.co.za/news/2021-11-30-saps-had-no-intelligence-of-july-unrest-before-violence-erupted-sitole/>
- National Planning Commission: Reforming the South African Government Planning System, Discussion Document on the Role and Effectiveness of Planning and Implications for the Institutionalisation of Planning
- National Treasury. 2022. Medium-Term Budget Policy Statement
- Newham, G., & Faull, A. 2011. Protector or predator? Tackling police corruption in South Africa. Institute for Security Studies Monographs, 182.
- NPC (2018) A concept note on the Institutionalisation of Planning in South Africa
- Orthofer, A, 2016. Wealth Inequality in South Africa: Evidence from Survey and Tax Data. Redi3x3 Working Paper 15
- Pinheiro, P. S. 2006. World report on violence against children. Geneva: United Nations.
- Revised Green Paper: National Planning Commission, Government Gazette Notice 101 of 2010.
- SANAC, 2012-2016. (National-Strategic-Plan-for-HIV-STIs-and-TB-2012-2016 by South African National AIDS Council (SANAC)
- Simpson N., Shearing C. & Dupont B. (2020) 'Gated Adaptation during the Cape Town Drought: Mentalities, Transitions and Pathways to Partial Nodes of Water Security' *Society & Natural Resources An International Journal* 1-9.
- South African Cities Network. 2019. State of Urban Safety in South Africa Report 2018/19. Johannesburg: South African Cities Network.
- South African Police service. 2020. Annual Crime Report 2019/20. Pretoria: South African Police Service.
- South African Police Service. 2021. Briefing on the extent of the recent civil unrest in South Africa and efforts to mitigate the impact of the Covid-19 pandemic within the Department to the Select Committee on Security and Justice, 13 August 2021.
- South African Reserve Bank. September 2022. Quarterly Bulletin Pretoria
- Statistics South Africa. 2015. Victims of Crime Survey 2014/15. Pretoria:

- Statistics South Africa. 2018 General Household Survey. P0318. Pretoria
- Statistics South Africa. 2020. Statistical Release. P0341 Victims of Crime. Pretoria:
- Statistics South Africa. 2021 Quarterly Labour Force Survey. P0211. Pretoria
- Statistics South Africa. 2022 General Household Survey. P0318. Pretoria
- Statistics South Africa. 2022 Quarterly Labour Force Survey. P0211. Pretoria
- Statistics South Africa. 2022. Governance, Public Safety, and Justice Survey, GPSJS 2021/22. Pretoria.
- Statistics South Africa. 2023 Quarterly Labour Force Survey. P0211. Pretoria
- Sulla, Victor, Precious Zikhali, and Facundo Cuevas. 2022. Inequality in Southern Africa: an Assessment of the Southern African Customs Union. Washington, D.C: International Bank for Reconstruction and Development/The World Bank.
- Swanepoel, D. (2022) Measuring Social Cohesion in South Africa: Results from the Inclusive Society's 2021 GovDem survey, Inclusive Society of South Africa
- The University of Johannesburg, & Human Sciences Research Council. 2020. UJ-HSRC Covid-19 Democracy Survey Summary Findings Wave 2, 19 August. Retrieved from <https://www.uj.ac.za/newandevents/Documents/2020-08-19%201300pm%20Coronavirus%20Impact%20Survey%20Round%202%20summary%20national%20results%20v4.pdf>
- Tomlinson M, Kleintjes S & Lake L (eds) (2022) South African Child Gauge 2021/2022. Cape Town: Children's Institute, University of Cape Town.
- UN Office on Drugs and Crime. 2019. Global Study on Homicide 2019. Vienna: UNODC.
- Unicef – An Update Study on the Exclusion Error rate for children who are eligible to receive the Child Support Grant, UNICEF, 2022
- Wilkinson, R. G., Kawachi, I., & Kennedy, B. P. 1998. Mortality, the social environment, crime, and violence. *Sociology of Health & Illness*, 20(5), 578-597.
- World Bank (2022). The impact of the war in Ukraine on Global Trade and Investment.
- World Bank Group. 2018. An Incomplete Transition: Overcoming the Legacy of Exclusion in South Africa. World Bank, Washington, DC.
- <http://sasenarios2030.co.za/wp-content/uploads/2018/09/SA-Scenarios-2030.pdf>
- http://www.statssa.gov.za/publications/Report-92-01-08/Final_Final_COVID-19%20and%20barriers%20to%20participation%20in%20education%20in%20South%20Africa,%202020_23Feb2022.pdf
- <http://www0.sun.ac.za/cst/news/as-sa-teeters-on-the-brink-of-full-blown-energy-disaster-its-vital-the-right-decisions-are-made-now/>
- <https://agbiz.co.za/content/open/13-december-2021-agri-market-viewpoint>
- <https://data.unicef.org/country/zaf/>
- <https://openknowledge.worldbank.org/server/api/core/bitstreams/52409ffd-96f7-58d4-be7f-c8114abbd4c5/content>
- <https://sdgs.un.org/>
- <https://section27.org.za/wp-content/uploads/2016/08/Umkhanyakude-Report-Final-08082016-1.pdf>
- https://unfccc.int/documents?gclid=Cj0KCQjw756lBhDMARIsAEIOAgkom1-AmqV00ug9s4Piy8waN1VTsYlQs4_JW5_ok2MoiF1rowRfObgaAjUBEALw_wcB
- https://wedocs.unep.org/bitstream/handle/20.500.11822/7539/Decoupling_Options_SPM_EN.pdf?sequence=1&isAllowed=y

- https://www.afrobarometer.org/wp-content/uploads/2022/02/summary_of_results-south_africa_r8_26nov21.pdf
- <https://www.ber.ac.za/BER%20Documents/NDP-Assessment-Report/?doctypeid=1135>
- <https://www.compcom.co.za/banking-market-inquiry/>
- <https://www.csir.co.za/sites/default/files/Documents/Statistics%20of%20power%20in%20SA%202022-CSIR-%5BFINAL%5D.pdf>
- <https://www.defenceweb.co.za/security/civil-security/iss-reducing-murder-must-be-a-top-sa-government-priority/>
- <https://www.dffe.gov.za/sites/default/files/docs/southafricasINDCupdated2021sept.pdf>
- <https://www.dhet.gov.za/Planning%20Monitoring%20and%20Evaluation%20Coordination/Post-School%20Education%20and%20Training%20Monitor%20-%20Macro-Indicator%20Trends%20-%20March%202021.pdf>
- <https://www.dpme.gov.za/keyfocusareas/outcomesSite/Pages/MidtermReview.aspx>
- <https://www.education.gov.za/Resources/Reports.aspx>
- <https://www.energy.gov.za/irp/2019/IRP-2019.pdf>
- https://www.ffc.co.za/_files/ugd/b8806ad8a9384ad5ed4c9cae75a69b1dc92c7b.pdf
- https://www.gov.za/sites/default/files/gcis_document/202203/46033gon1874.pdf
- <https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-competitiveness-ranking/>
- <https://www.imf.org/en/News/Articles/2023/03/21/mcs032223-south-africa-2023-article-iv-mission#:~:text=The%20mission%20recommends%20continued%20efforts,spending%20and%20productive%20public%20investment.>
- <https://www.nationalplanningcommission.org.za/assets/Documents/NDP%20REVIEW.pdf>
- <https://www.nbi.org.za/focus-areas/environmental-sustainability/>
- <https://www.sacities.net/the-state-of-south-african-cities-report-2016/>
- <https://www.samrc.ac.za/research-reports/rapid-mortality-surveillance-reports>
- <https://www.saps.gov.za/services/crimestats.php>
- <https://www.sars.gov.za/customs-and-excise/trade-statistics/reports/>
- <https://www.sassa.gov.za/annual%20reports/Documents/SASSA%20Annual%20Report%20-%202020-21.pdf>
- <https://www.statecapture.org.za/site/information/reports>
- <https://www.statssa.gov.za/?s=mid-year+population+estimates&sitem=publications>
- <https://www.tips.org.za/manufacturing-data/the-real-economy-bulletin>
- <https://www.wits.ac.za/news/sources/scis-news-and-opinion-pieces/south-africas-public-service-real-spending-is-falling-but-demand-is-growing.html>

