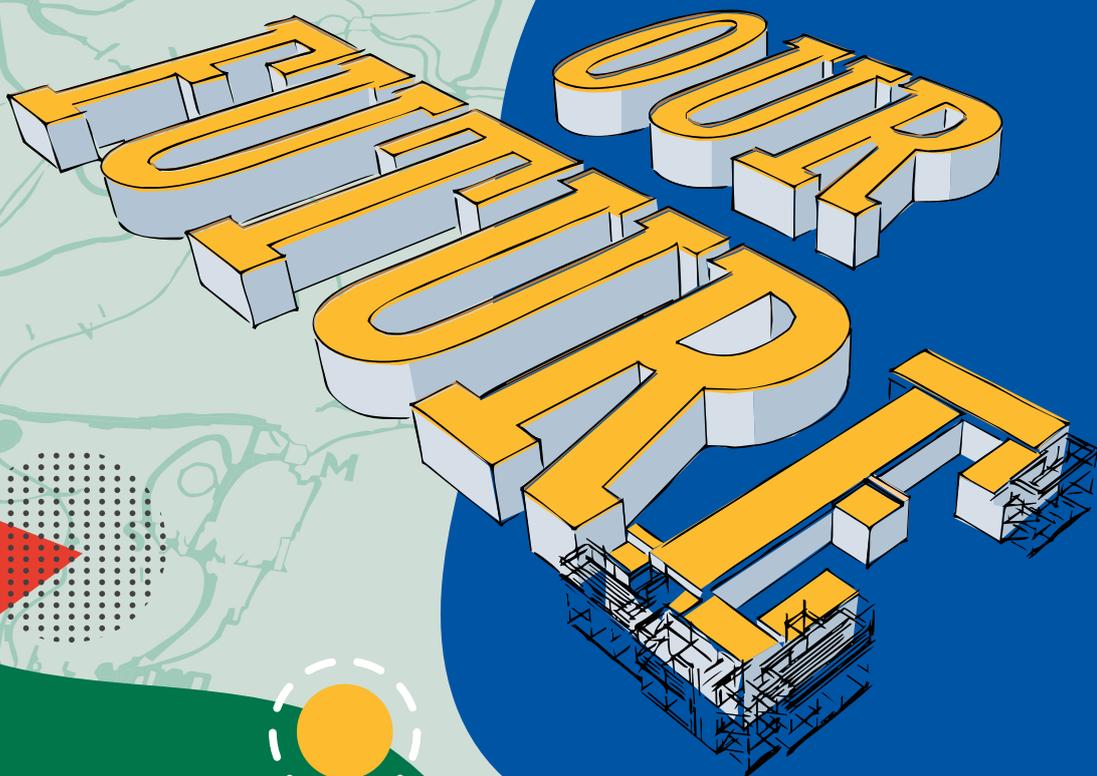


A Review of the

NATIONAL DEVELOPMENT PLAN

2030

Advancing Implementation towards
a more Capable Nation



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EXECUTIVE SUMMARY

The National Development Plan: Vision 2030 (NDP) is South Africa's long-term plan for achieving inclusive growth, prosperity and improvements in the quality of life for the country's citizens. It embodies the letter and spirit of the Constitution and serves as an action plan for securing the future of all South Africans. The Constitution requires that "we must build a united and democratic South Africa, able to take its rightful place as a sovereign state in the family of nations".

Taking this spirit forward, it was envisioned at the point of creation that the NDP would be implemented through the alignment of planning within and beyond government. In addition, the national development blueprint would align the country's planning with our international commitments, such as United Nations' Sustainable Development Goals (SDG) and the African Union's Agenda 2063.

This review in 2020 of the NDP examines progress made on the Plan's critical targets since the NDP was adopted in 2012; it considers the efforts undertaken to achieve those gains, assesses gaps, and recommends course correction to get back to the trajectory envisioned by the NDP. The review has been conducted by the National Planning Commission (NPC), the country's planning think-tank and advisory body that was established in 2010, in accordance with its mandate.

The NDP's apex priorities are the reduction of unemployment, poverty and inequality.



The review has been conducted by **the National Planning Commission (NPC)**, the country's planning think-tank & advisory body established in 2010, in accordance with its mandate.



Achieving this requires inclusive economic growth; the strengthening of human capabilities and social protection; building a capable and developmental state; rallying stakeholders and social partners into a social compact, and strong leadership in the implementation of the Plan.

In the seven years since the NDP was adopted, progress towards achieving the NDP's main goals has been slow compared to what was expected. Against this realisation, the National Planning Commission conducted a deep assessment to understand this poor performance. This document reports on this review, and offers recommendations for improving implementation of the Plan in the final decade leading to the NDP's 2030 horizon. Effective implementation is a central emphasis in the NDP, but this emphasis has not translated into an overwhelmingly positive lived experience.

The NDP did not spell out an implementation plan with sufficient rigour and detail, beyond the broad approach it outlined. This was the case even though the Commission's Diagnostic Report of 2011 assessed the country's achievements and shortcomings since 1994, and identified – then already – that failure to implement policies and the absence of broad partnerships were the main reasons for tardy development in South Africa.

The NDP correctly anticipated that achieving traction and progress would require “doing things differently” (the development cycle paradigm shift), “starting now”. Although the NDP had broad stakeholder and societal support after its adoption, this did not translate into robust implementation, and the envisaged broad social compact behind the Plan did not emerge.

A major challenge has been the inability of various sectors of society to place the broader national interest before their own sectoral interest, and the lack of trust between government, business and labour. Political and ideological contestations in the state and in the governance of the country have shifted the NDP from being the central focus of government. For these and other reasons outlined in this review, the country has underperformed on various interim targets envisioned in the NDP. Unemployment, poverty and inequality remain entrenched, and together with crime and violence, particularly against women and children, fuel social distress and negative national sentiment. The private sector is largely withdrawn and lacks confidence and initiative, with the result that investment, growth and employment are suffocated.

The economic, social and spatial legacy of apartheid continues to undermine both South Africa's competitiveness and the potential and capabilities of its people, depriving the nation of the skills it needs, and resulting in low growth, low productivity, and high unemployment and inequality. The low-hanging fruit identified in the Plan, such as infrastructure, is badly managed and neglected. In the period under review, State-owned Enterprises (SOEs) are weighing the economy down, instead of contributing to driving growth and transformation. Corruption has become systemic, and prevails in the state and the private sector.

The capacity of the state to drive the NDP's development agenda has been eroded through a weakening and looting of key state institutions, poor management in the public service, ineffective support to SMMEs, rising debt and collapsing confidence. The prevalence of poor service delivery, coupled with a slow-growing economy with limited inclusivity, is negatively affecting the social wage and undermining social cohesion.

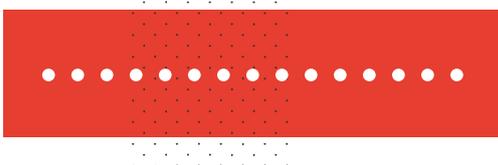
The majority of the population is not participating fully or equitably in the economic mainstream, because of the continuing discriminatory structure of the economy. Inequities in wealth, income and assets have deepened inequality and reinforced social exclusion, especially of women, girls, youth and persons with disabilities. Inadequate distribution of social services, work opportunities and redistribution of assets to the majority of the poorest citizens in townships - in rural and peri-urban areas - are a direct result of a flawed economic model. This is accentuated by implementation weaknesses, maladministration and corruption.

Social welfare services for children, women, persons with disabilities, and youth in trouble with the law, survivors of violence and abuse, and the elderly are inadequate. The country lacks a coordinated impact and results-driven services delivery model for development.

In the face of these challenges, South Africa's social protection system represents a significant intervention to ameliorate poverty and help vulnerable households deal with unforeseen shocks. Social protection in the form of social grants cushions the poorest individuals from absolute poverty and is a lifeline for many households (approximately 40 per cent). However, there are many who do not receive such protection despite extreme poverty and the current fiscal constraints pose a dire limitation to sustaining the progress made thus far. However, the demand for these services has shown such growth that benchmarking is focused on how many more beneficiaries are added to the support databases, rather than on reducing the number of dependent people.

The effective and sustainable reduction of poverty and inequality requires that the extremely high initial income gap be addressed. Since the adoption of the NDP nearly a decade ago, the economy has been on a prolonged slowdown. Unemployment, especially among women and the youth, remains high; and education and skills outcomes need improvement. These challenges are exacerbated by South Africa's vulnerability to external shocks, and by a weak global economic environment, coupled with inefficiencies in the manner that state resources are allocated and spent to deliver basic services. These inefficiencies are partly the consequence of a lack of capacity, as well as the absence of appropriate leadership. Taken together, this is a breeding ground for deep and systemic corruption.

Furthermore, public finances are constrained, limiting government's ability to expand its investment in economic and social development. Poor service delivery and a culture of labour unrest and widespread strikes create ruptures that undermine the growth of the social wage. The economy's debt-to-GDP ratio and progressive downgrades by sovereign ratings agencies inhibit further borrowing to finance government's expenditure.



Debt servicing costs for the 2019/20 budget constitute 11.1 per cent of total government expenditure and are expected to become an increasing share of expenditure. As a share of total revenue, it has increased from 10 percent in the 2011/12 budget to 14 per cent in the 2018/19 budget. This poses a risk to government's ability to prioritise social expenditure and deliver services.



Debt servicing costs for
the 2019/20 budget
constitute **11.1 per cent of
total government expenditure.**



The country's social and economic challenges pose intractable hurdles to the promotion of social cohesion and social compacts as envisaged in the NDP.

The privileges that are attached to race, class, space and gender remain entrenched. Despite the improvements achieved since 1994, race, class and spatial location continue to dictate the quality of public services among citizenry in the country. These challenges are magnified by population growth and migration. And, by all accounts, government's initiatives towards fostering social cohesion in South Africa are inadequate.



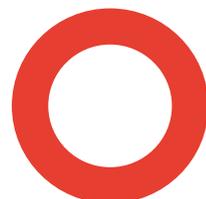
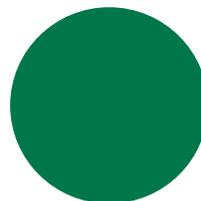
In the period following the adoption of the NDP, strong political will and leadership to rally society and social partners in the implementation of the Plan was lacking. This lack of inspiration and implementation has left the country well short of its 2030 vision and targets. There is thus an urgent need for course correction to get the NDP back on the path envisioned in the NDP to 2030. This entails the crafting of an implementation strategy going forward which focuses on tackling the most pressing issues.

Among these issues are fixing the state and its agencies to restore governance and service delivery; being decisive in professionalising the public service and stabilising management and leadership within the state; pursuing fiscal sustainability, and eliminating corruption. The leadership of the current sixth administration in government has embarked upon addressing these and other issues. This provides a good basis to urgently and decisively re-invigorate implementation of the NDP with strategic coherence, in which roles and responsibilities in the state and among social partners are clearly articulated, and accountability is enhanced.

It is imperative to prioritise vulnerable people, especially those living with high levels of poverty, and to be deliberate in narrowing the gap between the rich and poor. This must build on existing social wage and social protection policies and measures. Renewed consensus is required on how



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the economy can be built to create broader and more inclusive growth. This must confront the deep-seated structural causes of poor growth and job-creation, low inclusivity, low competition and competitiveness, and the inequities in ownership, wealth, and income distribution.

In this regard, the country's economic model needs to change, to enable a more dynamic, higher growth and inclusive trajectory, and a deliberate focus on previously neglected townships, former Bantustans and rural areas, where the majority of the population live. An integral part of a renewed consensus on the economy must of necessity include building and deepening consensus around a common vision for a "just transition" to a low carbon, climate resilient economy and society, and also engage the ongoing transition due to digital and fourth industrial technologies.

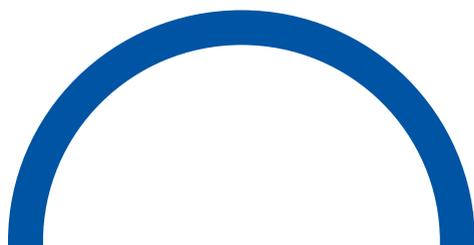
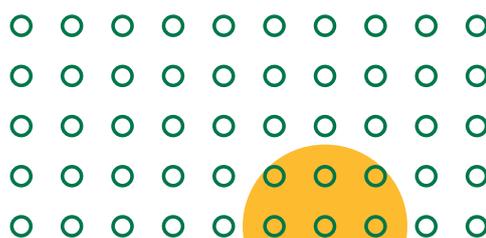
Developing pathways to manage these transitions is crucial.

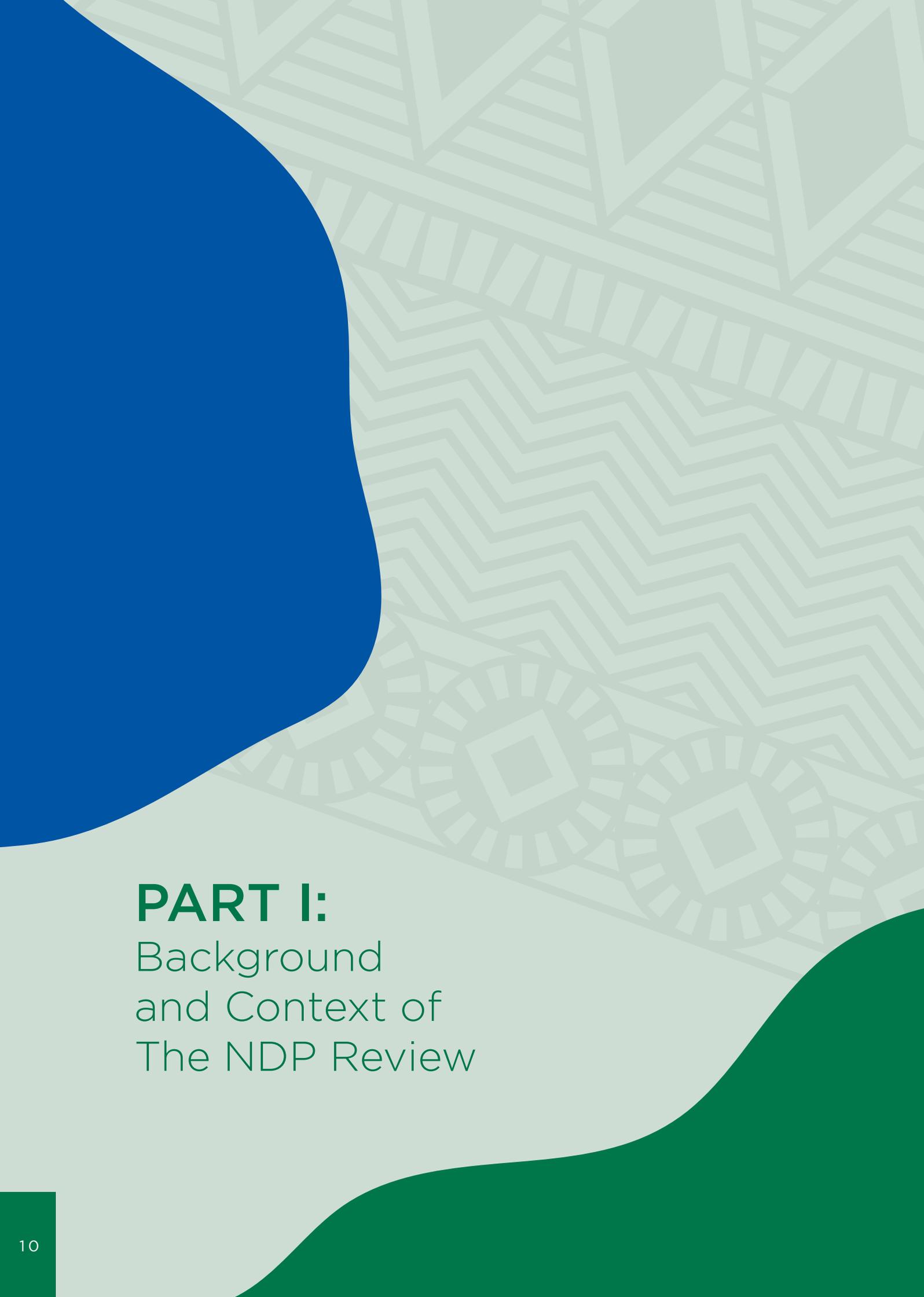
Achieving inclusiveness and resilience on the economy and society is imperative, and must cater for all people through affordable, decentralised, diversely-owned renewable energy systems; as well as conservation of natural resources; equitable access to water resources and sustainable, equitable and inclusive land-use for all, especially for the most vulnerable. The high value placed on healthy ecosystems, land, water and air, underpins the future, and ensures a better life for all who live in South Africa. It is abundantly evident that to deliver on the overarching objectives of the NDP, a step-change is required in how the development of the country is approached and pursued.

An integral part of this renewed consensus on the economy must, of necessity also include building and deepening consensus around a common vision for a "just transition" to a low carbon, climate resilient economy and society. The NPC submits that developing proposals for pathways to achieve this transition is crucial. Whilst recognising that transitions are already underway.

The remainder of the paper is organised as follows:

- Section 1 presents the background and context of the Review.
- Section 2 summarises the progress on the targets of the NDP.
- Section 3 discusses the implementation challenges and priorities for focus during 2020-2030, as well as summarising the main conclusions.





PART I:
Background
and Context of
The NDP Review

1. INTRODUCTION

The National Development Plan (NDP) provides a long-term perspective on the attainment of the democratic, non-racial, non-sexist and prosperous society anticipated in our Constitution.

The NDP is a high-level, visionary plan for all SA's people, and as such should be amplified, communicated and integrated into the activities of all stakeholders and social partners i.e. business, labour, academia, NGOs. Consensual and popular uptake of the Plan must be underpinned by a social compact that gives rise to a renewed national consensus and commitment that engages all sectors and citizens in growing the South Africa we want.

The Plan defines a desired destination and identifies the role different sectors of society need to play in reaching that goal. Government led the process of implementing the NDP through its 2014-2019 Medium Term Strategic Framework (MTSF), as the first five-year building block of the Plan. Ideally, it required all national, provincial and local planning as well as industry/sectoral plans to be aligned. This would have required serious levels of commitment to strengthen planning systems within and across the spheres government.

The NDP was broadly supported by various sectors of the economy and society following its adoption. The Plan envisaged that South Africans from all sectors of the society would be mobilised to work with government to implement the strategic programmes of the NDP to build a prosperous, peaceful, safe and united South Africa. Unemployment was targeted to fall from 27 per cent in 2011, to 14 per cent by 2020 and 6 per cent by 2030. Total employment was targeted to rise from 13 million to 24 million. According to the NDP, by 2030 there should a reduction in the proportion of people living below the lower bound poverty line from 39% of the population to zero. And there would be reduction in inequality as measured by the Gini Coefficient from 0.69 to 0.60.

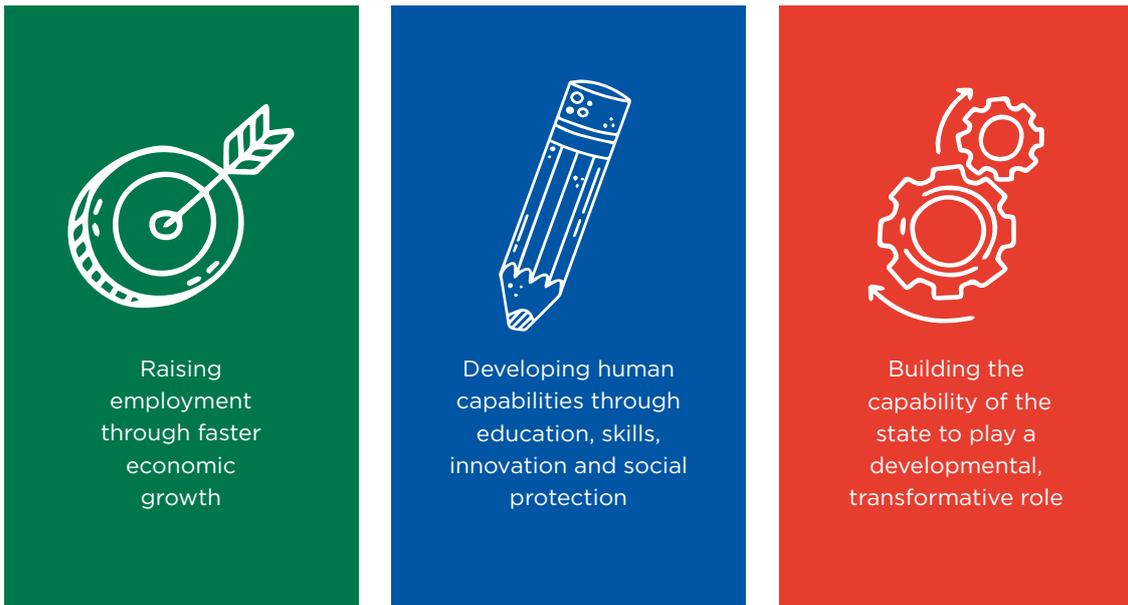
The pathway set out by the NDP to achieve this result was identified through an assessment of the causes of high unemployment, poverty and inequality, as part of the NPC's 2011 Diagnostic Report.

The Diagnostic Report identified 9 critical challenges, namely:

1. Too few people work;
2. The quality of school education for black people is poor;
3. Infrastructure is poorly located, inadequate and under-maintained;
4. Spatial divides hobble inclusive development;
5. The economy is unsustainably resource-intensive;
6. The public health system cannot meet demand or sustain quality;
7. Public services are uneven and often of poor quality;
8. Corruption levels are high;
9. South Africa remains a divided society.

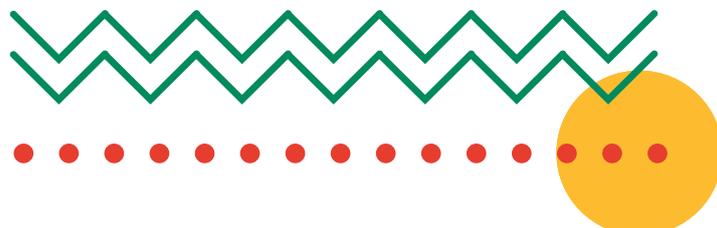
Some progress was made since the NDP's adoption.

Yet, the NPC finds in 2019 and 2020 that these central challenges remain unmoved. Not enough progress has been made towards our Constitutional commitment to unravel the legacy of apartheid and create a new, prosperous inclusive society. In some instances, there are indications of having regressed. Poverty and inequality are at the heart of these problems, and the NDP proposes the following broad apex priorities and measures to address them:



It is necessary to assess the country's performance relative to the trajectory envisioned in the NDP during the seven-year implementation phase of the Plan since 2012. The analysis will consider performance on key NDP goals and targets over this period, such as poverty, inequality and unemployment. It should be stated upfront that this NDP review does not revise the Plan. The NPC recognises that the seven years since the NDP was adopted amounts to a third of the period to 2030, and as such, there are still 10 years ahead for the plan to be implemented. The NPC takes cognisance of the changes and conditions that took place since the NDP was adopted and these include updated demographic trends, domestic and global politics and emergent new challenges. These developments have a bearing on the substance and prospects of the Plan.

Since the adoption of the NDP, there has been a rapid rise of digital technological disruptors, and global political-economy shifts which have manifested in the rise of inward-looking policies in major developed countries, and the protracted US-China trade war, all of which impinge on the national development prospects. The human and environmental damage of climate change is palpable and will potentially increase; and Fourth Industrial Revolution (4IR) changes pose both socio-economic threats and opportunities.



2. THE NDP'S APPROACH TO CHANGE: THE PARADIGM SHIFT

The philosophy and strategy of the NDP is founded on the notion of capabilities that a nation must foster to achieve human development and inclusive prosperity.

This review seeks to refocus the overall objective of the NDP as a plan to create a 'Capable Nation': a nation investing in, leveraging and coordinating its human, physical, institutional and financial resources to make South Africa work with and for its people. Building a Capable Nation requires a shared understanding of development.

All stakeholders and sectors of society must be enabled to participate and deliver on their unique contribution to the national development project. Crucial to the success of the implementation of the NDP, is a truly collaborative effort.

In the spirit of the consultative process that led to the drafting of the NDP and of its adoption in Parliament as the representative of the people of South Africa, the NDP must be seen as a plan that all the people of South Africa can use to guide, inspire and enable their developmental efforts. The critical capacities that the country's efforts must develop are: Human Capabilities (education, skills and health); Physical Capabilities (in particular social and economic infrastructure); Institutional Capabilities (relating to the functioning and effectiveness of government and its agencies, including state-owned enterprises), including Financial Capabilities (as an enabler of economic participation and inequality and poverty reduction).

The NDP is therefore a multidimensional framework designed to bring about a virtuous cycle of development, with progress in one area supporting advances in others, as illustrated in figure 1 below.

Figure 1: Developmental cycle: an approach to change

Source: National Planning Commission (2011)



Rolling back South Africa's principal challenges of poverty and inequality requires raising living standards to the minimum level proposed in the Plan, through policy, legislative and institutional interventions, as well as physical environments. All of these create enabling conditions for people to pursue a broad range of social and economic opportunities. These opportunities must be met with an investment in human capabilities through an effective social wage that provides access to education, skills, healthcare and social protection.

These institutional, physical and human capabilities will lead to higher employment and earnings, while more rapid economic growth will broaden opportunities for all and generate the required resources. To foster this cycle of development, the NDP calls for a paradigm shift that sees an intentional linkage between institutional, social and economic reforms.

A model of development was proposed that is integrated and acknowledges the roles, responsibilities and actions by various actors, at the centre of which is strong leadership, an effective government, and active citizenry. It is envisioned that the Plan would provide a common focus for action across all sectors and sections of South African society.



3. METHODOLOGY AND PROCESS FOR THE NDP REVIEW 2019

The following questions, among others, have guided the review:



This review is evidence-based and draws on research by the NPC and other external sources, including Statistics South Africa (StatsSA) official data, Towards a 25 Year Review: 1994-2019 (DPME, 2020), stakeholder engagements and observations of the NPC during the tenure of the current Commission since September 2015.

4. DEMOGRAPHIC TRENDS AND CROSS CUTTING ISSUES

The approach in this section entails revisiting the conceptualisation of specific demographic groups in the NDP. The NDP integrated the issues of children, persons with disabilities, youth and gender across the chapters of the NDP and therefore did not deal with these issues in depth. Future planning must deal with these cross-cutting issues more comprehensively. The NDP has been critiqued for not sufficiently addressing the rights of key sectors of the population such as children, youth, women, persons with disability. The NPC has sought to address these critical gaps by focusing on these issues through commissioning research and consultative processes with affected key populations.

While many of the issues are substantively covered in relevant sections of this Review, this section turns a lens on these sectors of the population. In addition, issues related to gender non-conforming persons and members of the LGBTI community are also addressed. While there has been significant progress with regard to legislation, policy development in respect of women's right to gender equality, and the rights of youth and persons with disabilities, there are many challenges in planning and programme implementation at provincial and local spheres of government.

Demographic trends

The NDP postulates that good planning is highly dependent on data on demographic trends, in order to, understand trends and changes over time. This information is important to enable policy-makers to make informed decisions. Reliable estimates of the population allow policy-makers to ensure that programmes are appropriately budgeted for and that services reach people.

The NDP indicated that South Africa was about two-thirds through what demographers refer to as a demographic transition. This is characterised by falling death rates, a growing population, followed by falling birth rates before the population stabilises. The demographic transition has profound effects on the population structure, the rate of growth of the labour force and the demand for services such as education and health.

The NDP showed that South Africa's population growth had slowed to just under 1 percent a year, the population continued to urbanise and the country was likely to have fewer young people as a share of the population by 2030. The Plan also foresaw that HIV infections were likely to remain relatively high, even though the improved treatment regimens meant lower social and economic impacts of the disease. The NDP projected the population to rise from 50.6 to 58.5 million by 2030 if the economy continued to decline and the fertility rate decreased at the rate realised in 2012.

The South African population is currently at 58.78 million and the rate of population growth has increased between 2002 and 2019 (Stats SA, 2019). Most population projections in the early 2000s projected a decline in the country's population due to a decline in fertility and an increase in mortality induced by Acquired Immuno Deficiency Syndrome (AIDS). However, the successful rollout of the anti-retroviral programme in South Africa turned this negative dynamic around. The elderly (aged 60 years and older) are estimated to constitute 9,0% of the population. This is indicative of the estimated overall population growth rate of about 1.1% in 2002 to 1.4% in 2019.

Currently, migration in South Africa is set to rise. For instance, in 2019 net migration has been estimated to have increased from 422 887 during the period 1985–2000 to 1 039 749 during 2016–2021. Overall, this points to a faster than expected population growth rate for the country. (Stats SA, 2019). Most importantly, age distribution depicts South Africa as having a youthful population with 28,8% aged between 0 and 14 years. Those aged 15–34 and 35–44 year constitute 38% and 13% of the country's population respectively. This skews the country towards a young working-age population (Stats SA, 2019).



Of concern is that while the young working-age population continues to expand, the country's opportunity to take advantage of the expanding working-age population through employment is slowly fading, as unemployment, poverty and inequality levels continue to rise. Furthermore, 40,1% of young people aged 15-34, were not in employment, education or training (NEET) in the last quarter of 2019 (Stats SA Quarterly Labour Forces Survey, 2020).

The developmental potential of a demographic dividend can only be realised if adequate job opportunities are created, quality health and education infrastructure is accessible and good governance is produce the job opportunities.

The inability to integrate the youth meaningfully into the society and the economy could precipitate high unemployment, increased crime and other social ills, which could culminate in political instability. The changing age structure will present major challenges to the income insecurity, lack of specialised health care, lack of housing and infrastructure to support the aging population. One of the challenges of an aging population compounded by high youth and adult unemployment is inter-generational transfers. The challenges presented by inter-generational transfers impact on household structure and food security. This has an impact on the health and economic wellbeing of older persons.

Population dynamics must be taken into account when planning for education, health and sanitation interventions which have to be prioritised in order to build the human capabilities to transform South African society. Reliable and accurate future projections should be made available to enable the development of programs that meet the present and future needs of different segments of the population. Furthermore, since population growth exceeds economic growth, there is a need for the growth rates to keep pace with the needs of the people. This demands that priority be attached to factors that impact on population trends such as education, primary health care, economic development and housing.

Developing human capital through investments in social infrastructure (e.g. schools and hospitals) can significantly enhance the demographic dividend. Investment in human capital is critical to harnessing



Age distribution depicts South Africa as having a **youthful population** with 28,8% aged between 0 and 14 years.



the demographic dividend. Countries with higher education levels benefit the most, as evidenced by the role of demographic variables and the contribution of education in the Asian miracle. It remains critical for government to invest in the health sector as successful education outcomes are strengthened by successful health care outcomes. The prospects for a demographic dividend are lowered if there is limited access to good health care. To achieve a declining trend of fertility, there is need for the roll-out of more information on reproductive health and access to contraceptives.

Government needs to support more labour-intensive rural economic development initiatives such as agro-processing, furniture, clothing and textiles to unlock economic and trade opportunities in rural areas. This will assist to minimise rural-urban migration. Furthermore, there is need to develop programmes that meet the present and future needs of the youth population, reduce the dependency ratio and youth unemployment, and suppress social ills that might arise due to youth unemployment.

Persons with disabilities

South Africa has a framework of legislation, policies and programmes that support persons with disabilities. Among these are social assistance provision viz. disability grants and care dependency grants; education policies that are inclusive. While many of these policies are commendable, there are numerous challenges with regard to implementation. The NDP stated that disability must be integrated into all facets of planning, recognising that there is no one-size-fits-all approach. In line with the priorities of the plan, people with disabilities must have enhanced access to quality education and employment.

Efforts to ensure relevant and accessible skills development programmes for people with disabilities, coupled with equal opportunities for their productive and gainful employment, must be prioritised. Access to quality early childhood development (ECD), basic and secondary education is a pathway to post-school education, which in turn could lead to positive labour market outcomes. Hence, access to education is key for persons with disabilities. Access to basic education has improved for learners with disabilities. However, the protocols for placement should be improved to ensure that those learners with disabilities, who can be included in mainstream schools, should be.



This will open up spaces in Special Schools for those learners with more severe disabilities. With regard to disability grants, there has been a declining trend in disability grant numbers between 2012/13 to 2017/18 period, which may be due to the barriers in application and approval processes. Estimates are that 3.5% of South Africa's population experience severe functional limitations while 12.2% have at least a moderate disability (Kidd et al, 2018). Furthermore, around 28% of households have a member with a moderate disability while 9.5% of households include someone with a severe functional limitation.

In absolute terms, the largest numbers of persons with disabilities are found between the ages of 50-64 years. Persons with mental disabilities and those who experience psychological trauma are not always captured in statistics. Critical interventions are required in schools and society to improve the quality of life and livelihoods of persons with disability.



Children

South Africa has a youthful population with approximately 28,8% of the population aged 15 and younger. When children up to 18 years are included, the proportion of children increases to 34% of the total population. Gauteng Province at 21% and KZN Province at 21% each has the largest proportion of children residing in each province. What is striking though is that the child population has grown by 42% in Gauteng since 2002. The number of children living in the Western Cape Province has risen by 22% since 2002.

In contrast, the number of children living in the Eastern Cape has decreased by 14%. This gives an indication of the high rates of inward and outgoing migration within South Africa. Building human capability begins in childhood. Nurturing care and good nutrition is the basis for good health and the ability to learn. However, as shown by the South African Demographic and Health Survey (SADHS, 2016), the rate of stunted growth remains stubbornly high at 27% for children under five years old.

The stunting rate has remained at this level for the last two decades. Stunting is the most common manifestation of malnutrition and is the result of deficiencies in nutrition, environment and care. Addressing stunting requires a multifaceted approach and while South Africa has many laudable policies and programmatic interventions, these usually operate in silos and have limited impact. While policies and programmes for nutrition and ECD abound, with varied success, early language development and reading have had less of a policy focus.

Increasingly, academic literature is pointing out that the assumption that learning to read starts at school is fallacious. The building blocks for language development is through reading and story-telling by parents and caregivers in the early years.

Violence against children remains widespread in South Africa. The 2016 Optimus study on child abuse, violence and neglect in South Africa found that 42% of children had experienced some form of violence and that there was no gender difference in reported experiences of sexual abuse. A study



(UN 2015) on the determinants of violence against children in South Africa found that children are at greater risk of experiencing or perpetrating violence when one or both parents are absent, when they are exposed to domestic violence, and when they are exposed to alcohol, drugs or crime in their households and community. Violence and trauma have long-term impacts on mental and physical health. The Diagnostic Review of Violence Prevention Against Women and Children (DPME 2016) found that there was an ‘implementation gap’ and that there was a need for better alignment and coordination.

The NPC undertook an initiative, The Children’s NDP, to engage children on their vision for a future South Africa as well their views on their lived experiences. This initiative took a children’s rights approach to development planning which recognises that children need to be provided with services to grow and develop optimally; they need to be protected from harm, and they need to participate in decisions that affect their lives. Participation rights, in particular, were promoted in a Children’s NDP initiative which engaged with groups of children, mostly living in marginalised communities in the nine provinces of South Africa during 2017 and 2018 to listen to their views on Vision 2030.

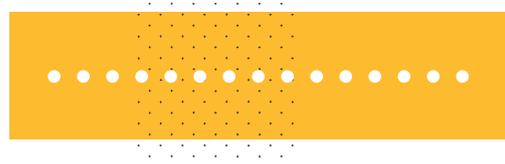
The initiative provided an opportunity for children to communicate with Commissioners of the National Planning Commission about their lived experiences. The purpose of these inputs is to inform development planning.



Recommendations

Develop a set of national priorities for children (vision) and an integrated strategy that addresses the challenges of vertical and horizontal coordination across different sectors, e.g. child health and nutrition, ECD, violence against children.

- Address capacity constraints to improve implementation
- Increase resources across the children’s sector



Youth Development

The NDP recognises that South Africa has a relatively large youth population and as such the development of young people's human capabilities must be central to the realisation of the goals of the Plan. The NDP states that young people should be involved in building a transformative and capable state in order to eliminate poverty, unemployment and reduce inequality in South Africa (NDP, 2012:61).

The plan proposes that greater educational, entrepreneurship and economic opportunities need to be generated for young people as a way to redress the inequalities of the past (NDP, 2012:24). Aspirations for a better future for young people is a theme that runs throughout the NDP Vision 2030. The transition from childhood to adolescence and from youth to adulthood is a time of tremendous growth and potential; however, it is also a time of considerable risk (WHO, 2015). Hence, the development from childhood to adulthood is characterised by change, uncertainty, mobility, and adaptation. Young people's capabilities, time and efforts must be channelled into productive work if South Africa's development is to be realised.

The Plan adopted a youth lens and made a number of proposals in respect of education and active labour market policies to address youth unemployment.

Among these were the improvement of the school system, increased learner retention rates to 90%; expansion of FET colleges and increasing the graduation rate to 75%.

With regard to youth employment, a tax incentive to employers was proposed, expansion of learnerships and subsidised placement programmes for matriculants, among others.

To meet this commitment all stakeholders seeking to implement the NDP proposals should keep in mind that all aspects of a young person's life must be taken into consideration. These proposals have been implemented to varying degrees of success since the adoption of the NDP.

In the post-apartheid period, youth development has been a key priority for the democratic government. The South African government uses a broad age range in its definition of youth 14-35 years. Those aged 15 -34 years constitute 38% of the country's population respectively. The international definition of 'youth' is between the ages of 14-24 years. This broader definition of youth impacts on the policy choices that are made as the needs of a 15-year old is very different to that of a 35-year-old. This has led to the policy discourse in South Africa focusing narrowly on youth unemployment. Whilst the unemployment rate for young people is a cause for concern, young people also have health needs, in particular reproductive health services and access to mental health services. While some of these services are available, they are not always "youth-friendly". Moreover, youth service provision is often fragmented and poorly coordinated.

Economic inclusion of South African youth is one of the challenges the country has continued to face in the post-apartheid era. The National Development Plan sets an ambitious goal to have unemployment at 14% by 2020 and 6 by 2030. Much of this success is dependent on the harnessing of the "youth bulge" as discussed in the NDP. In the aftermath of the financial crisis of 2008 almost 1.3 million jobs were created. Those aged 15 to 24 lost 335 000 jobs between 2008 and 2012, with no recovery subsequently.

Those between the ages of 25 and 34 lost 187 000 jobs in the first period, and just barely recovered by 2016. Over this period, the labour force of 15-34-year-olds expanded by 1.2 million, so youth unemployment rose significantly. All net job creation went to those over the age of 35, with about 1.57 million jobs created, compared to labour force growth of 2.9 million for 35 to 64-year-olds. Young people who are not in any kind of employment, education or training are referred to as NEET. In South Africa, there are more than three million youth between the ages of 15-24 who are NEET.

The NPC commissioned research into youth unemployment and proposes a framework to assist us in facilitating labour market transitions for different youth cohorts. The framework categorises youth cohorts into four distinct categories, namely: 'fine', 'at risk', 'marginalised' and 'dangerously disengaged', based on a range of factors such as race, gender, educational level etc.

A new conceptual lens which addresses youth unemployment by focusing different paths of youth transitions into the labour market. The proposed three models of youth employment are: enterprise development, accessing the formal sector and supporting the social economy.

Prolonged periods of unemployment among young people have profoundly negative effects on their physical and mental well-being and feed the vicious cycle of exclusion and poverty (De Lannoy, Graham, Patel and Leibbrandt, 2018).

It is argued also that the increasing number of unemployed educated young people could potentially lead to social instability. To this end, if youth development and youth unemployment are not addressed, the country will fail to reap the benefits of a demographic dividend. The youth of the country are faced with many challenges such as unemployment; poverty; lack of skills to access the job market; limited access to education and social challenges related to HIV/AIDS; according to the NDP (2012), the highest levels of HIV/AIDS infections are among youth: an estimated 16.6% of those aged between 15 and 49 are HIV positive. Of particular concern is the incidence among young women. Teenage pregnancies, substance abuse and crime, and gender-based violence are among some of the challenges faced by young people.



Recommendations

- Make mental health service more widely available
- Address the co-ordination challenges in youth service provision and the multiple interventions that seek to address youth unemployment.
- Address the challenges in schooling system to increase retention.



Gender

The NDP Vision 2030 includes aspects that would promote the transformation of the socio-economic lives of women. The Plan takes gender – along with race and geographic location – into account, and proposed a range of measures to advance women's equality. Among these are that the role of women as leaders in all sectors of society should be actively supported; that the transformation of the economy should involve the active participation and empowerment of women; furthermore, that social, cultural, religious and educational barriers to women entering the job market should be addressed.

Since the launch of the National Development Plan in 2012 there has been some progress in women's political participation and the conditions that shape and influence women's emancipation. The human development of women continues to intersect with social, economic, political and cultural factors in multiple ways. Although significant progress in advancing women's rights has been made since 1994, women and girls continue to suffer the negative impacts of persistent patriarchy, gender inequality, discrimination and a pandemic of gender-based violence.

The Poverty Trends Report (Statistics South Africa, 2017) and other research reflect that black African females are disproportionately affected by poverty. Black African females, children (17 years and younger), people from rural areas, and those with no education suffer the most. The findings show that in 2015 a higher proportion of females (41.7%) were living below the Lower Bound Poverty Line compared to males (38.2%).

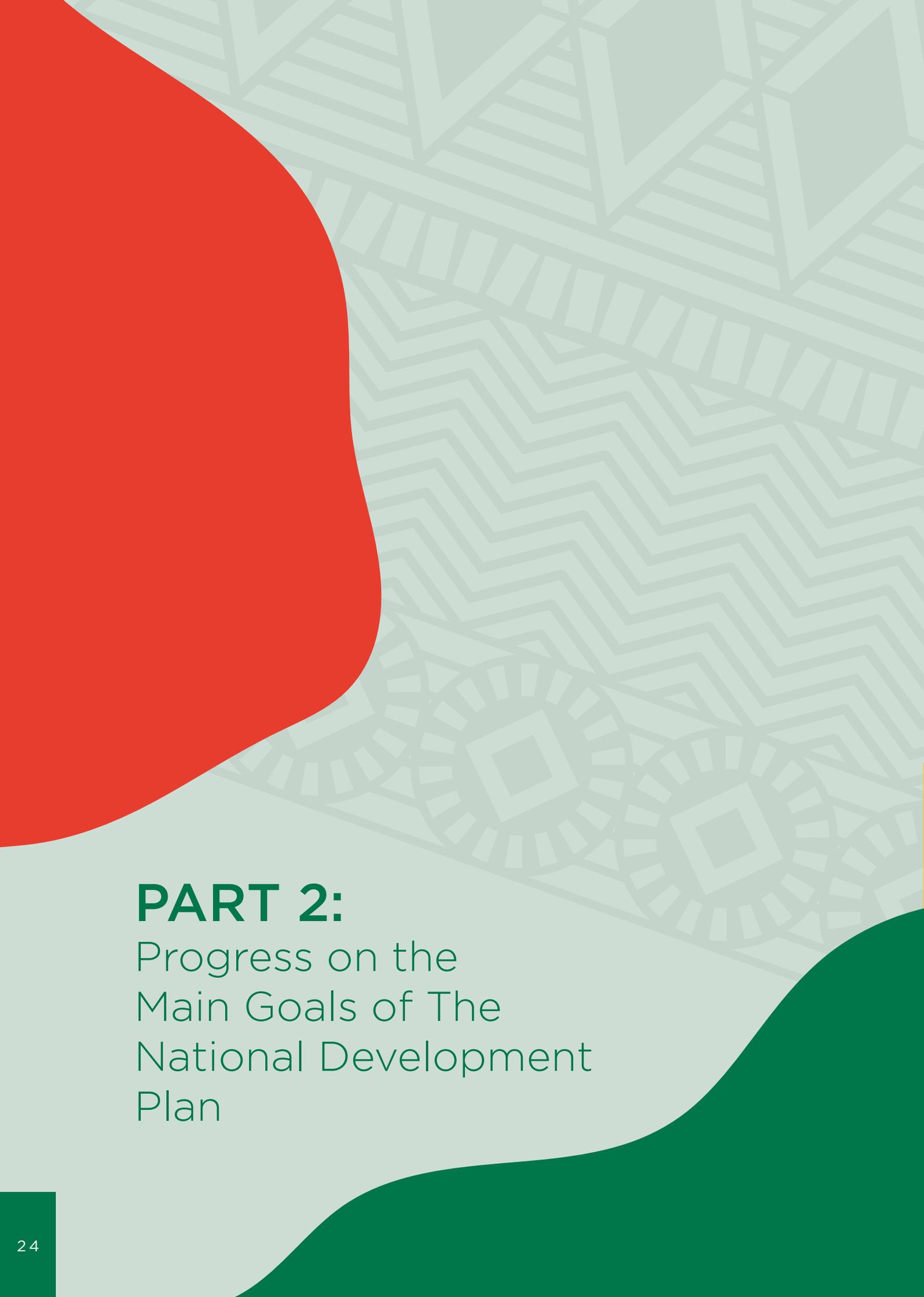
Women's poverty levels are higher than the national or country level. Individuals living in female-headed households also continue to account for shares in poverty that are larger than their shares in the population. A household headed by a female has a 48% probability of being poor compared to a 28% probability for a household headed by a male. Violence against women remains a major problem in South Africa. The number of cases is still under-reported, although several studies that have been undertaken provide some sense of the extent of the problem. A KPMG Study (2014) found that more than half of all women had experienced gender-based violence at some point in their lives. Bodily integrity, sexual and reproductive health rights are protected and ought to be upheld.

The Thuthuzela Care Centres constitute one of government's key interventions in respect of violence against women. The centres fall under the jurisdiction of the National Prosecuting Authority (NPA) in the Department of Justice. By late 2015, 55 were operational, with a further four in the process of being established. Although managed by the NPA, the centres are in public hospitals where they offer a 24-hour service. In several provinces, participants noted that the provision of 'women' services had diminished with most of these service points being closed due to a lack of funding.

Recommendations

- Interventions that address gender-based violence should be strengthened
- Barriers to accessing the labour market should be dealt with.

The protection and promotion of Lesbian, Gay, Bisexual, and Transgender (LGBTQI) plus rights are among the critical gaps in the NDP. Members of the LGBTQI plus community face severe prejudice and discrimination that have led to hate crimes and the isolation of people based on their sexual orientation.



PART 2:

Progress on the
Main Goals of The
National Development
Plan

This section reviews the progress on the goals and targets of the NDP. It highlights achievements and challenges, and makes recommendations for course correction to improve progress in implementing the NDP.

5. POVERTY, INEQUALITY AND UNEMPLOYMENT

Poverty eradication

The NDP seeks to eliminate poverty by 2030, building on improvements achieved in the 2000s. Substantial progress was made between 2006 and 2011, with poverty falling from 51 per cent of the population to 36.4 percent.

However, this progress stalled with income poverty rising to 40 percent by 2016, which makes income poverty far too high in South Africa. In 2006, 30.1% of the population fell below the food poverty line (FPL), which means they could not afford a basic basket of food. There was a significant improvement by 2011, falling to 22.6%, but bouncing back to 26.5% in 2015. The social wage as a part of social protection plays an important role in reducing poverty. The extent and depth of poverty differs substantially by race and gender. Between 2006 and 2015, poverty rates for black Africans fell from 60% to 47%, from 36% to 23% for Coloureds, from 5% to 1.2% for Indians and 0.6% to 0.4% for Whites. The rates of change varied dramatically also, where black African and Coloured poverty rates fell by 21% and 32% respectively. In 2015, 49% of black African women lived in poverty as compared to 45% of black African men (Stats SA 2017).

Overall, government has made progress in reducing asset poverty and improving the living standards of ordinary South Africans because of a basket of social services. There is evidence that the social wage has made a significant impact on quality of life, with the multidimensional poverty headcount falling from 17.9 per cent in 2001 to 8.0 per cent in 2011, and then a bit further to 7 per cent in 2016. One-third of urban households fall into the poorest 40% of households as compared to 57% in former homelands. Urban migration has gone some way to reducing poverty. By moving from rural to urban areas, an estimated 385 000 citizens were raised above the poverty line between 2008 and 2014 (Turok and Visagie, 2017). However, migration has resulted in a significantly larger number of poor people living in urban areas.

The relative availability of services and employment opportunities is a key contributor to reducing poverty. It is more effective and efficient to provide services in urban areas. Areas of urban agglomeration are important for employment creation, as they bring business, workers, and services closer together and allow for more efficient provision of infrastructure. The eight metropolitan municipalities account for 57% of the national economy, half of all formal and informal employment, and 40% of the total population. Almost 60% of jobs created between 2015 and 2017 were found in metropolitan areas. There is therefore also significant in-migration into the metropolitan areas.

Typically, few wage earners in low-income communities tend to support a larger number of dependents and their earnings are spread very thinly. Reducing the cost of living for low-income households is an important factor in poverty eradication. Most critically, food accounts for 30% of expenditure in the poorest 40% of households. Poor food production relative to demand has hampered efforts to eradicate poverty as food prices rose by 35% in real terms over the period from 1999 and 2015.

The country lacks a comprehensive anti-poverty strategy, though there have been measures put in place to deal with poverty. While there are different programmes impacting poverty, these must be consolidated into a deliberate anti-poverty strategy. Hence, integration of various initiatives (i.e. social wages) into a social protection system can help to reduce poverty as well as employment. Focus areas must be actions that actively contribute towards reducing poverty, inequality and unemployment, as follows:

- Reducing poverty through improved coverage and quality of basic service provision, including improved provision of basic service infrastructure.
- Improve the supply and choice of housing and accommodation options, including access to well-located land.
- Reducing Inequality through improving the quality of the physical environment within which people live and work. This includes improving access to social infrastructure, economic opportunities and creating safer, more liveable and integrated living environments.
- Attention should be on former township and homeland areas, although former white, Indian and coloured suburbs also provide opportunities for both densification as well as improving the social wage as health, education, living standards and access to economic opportunities are higher in such areas.
- Reducing unemployment through increasing access to opportunity through ensuring that people live in well-located areas, and can access work or business opportunities.
- To supplement social protection, government in partnership with the private sector must continue to create poverty-reducing job opportunities and programmes such as the Expanded Public Works Programmes and Community Works Programmes; as well as the promotion and support of SMMEs and improving access to skill-enhancing education and training.
- Fill the gaps in coverage in the social protection system for those who are without food and income support.



Poverty-reduction prospects by 2030 will depend on GDP growth and the reduction of income inequalities, with key strategies being increased access of the poorest to economic opportunities, and fiscal redistribution. The country requires integrated anti-poverty strategies that must also address complex structural factors, such as, among others, the enduring effects of the apartheid system; spatial inequities; skills constraints; the capacity of the state; the high wealth and income inequality gap; inadequate economic growth that benefits the few; and the high disease burden of the poor, in particular HIV and Aids.

Countries with significantly lower per capita incomes, like Indonesia or Vietnam, had poverty rates in 1994 that were far higher than South Africa, but by 2014 they were either similar or significantly lower. Lessons must be drawn from them to understand how they made such significant progress in improving the quality of life for their people.



Reducing Inequality

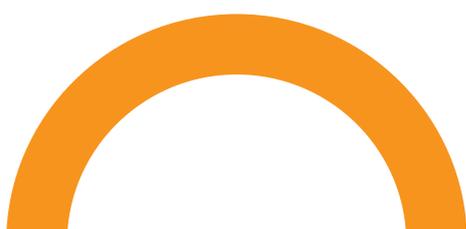
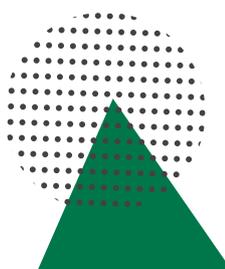
South Africa has the highest rate of income inequality in the world, according to the World Bank and the United Nations Development Programme (UNDP). The NDP target for income inequality is a reduction in the Gini coefficient (measured by income) from 0.69 in 2010 to 0.60 by 2030. The Gini coefficient is an indicator that shifts slowly. Inequality rose substantially between 1994 and 2006, with the Gini coefficient rising by about 0.05 points. While millions were lifted out of abject poverty between 2006 and 2015, higher income groups (those with skills and assets) benefitted relatively more.

Inequality fell between 2006 and 2009, but it has not improved further since. The NDP also targeted a growing share of income to accrue to the bottom 40%, rising from 6% to 10% between 2010 and 2030 respectively, but by 2015, it had reached 8.3%. Recent Stats SA data confirms that South Africa remains one of the most unequal countries in the world, with highly polarised incomes. South Africa has not done well in reducing income inequality and building human capabilities.

By global comparison, South African income inequality is most extreme in relation to income accruing to the top 10% (or top decile) and that going to the bottom 60%. In 2005, the share of about 37% going to deciles 7, 8 and 9 was in line with the global average. The global average income going to the top decile was 32% as compared to 45% in South Africa. The global average income accruing to decile 5 and 6 and to deciles 1 to 4 were 15.4% and 16.6% respectively, as compared to about 10% for the former and less than 10% for the latter in South Africa (Palma 2011).

The NDP did not set targets for wealth inequality. South Africa should nevertheless begin to reflect and act on this. The top decile of the South African population is estimated to own between 71% and 95% of the nation's wealth, as compared to a global average of 55% to 65% (Sulla and Zikhali 2018; Orthofer 2015). Piketty (in Orthofer 2015) had shown that even in rich countries, the wealth share owned by the bottom half is generally 5% of the total. The very small share of wealth owned by the middle class in South Africa represents a significant difference to other countries, even highly unequal ones. It raises concerns for charting a sustainable pathway to intergenerational class mobility.

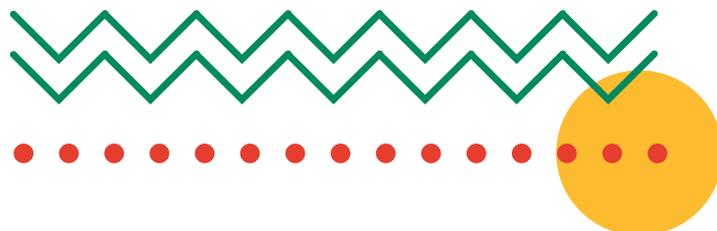
Clearer policy and strategy will be required to address the development of a middle class in South Africa.



Research studies show that in terms of offsetting existing inequalities, progressive taxation and social transfers play an important role even though they cannot address inequality if isolated from other levers.

- A set of policies can be implemented to address the deeper structural challenges such as the redistribution of productive assets and wealth in order to increase the participation of the previously marginalised people into the main stream economy.
- Improving the tenure security and capacity for land reform allows people to use these assets as collateral to access finance. Furthermore, small-scale and emerging farmers can benefit from the strengthening of extension services, financing, training, access to inputs and capital equipment, and marketing and transport infrastructure.
- Government needs to promote labour-intensive sectors that are able to absorb the unemployed people in the medium and long term.
- Expand the roll-out of various programmes meant to enable the marginalised into meaningful economic activity such as youth employment incentive and business set-asides for youth and women.
- Promoting education and skills development remain critical as it is regarded as one of the most effective measures to tackle inequality.
- Companies need to develop employee stock ownership plans that will facilitate employee share-ownership in sectors where they work, thus enabling employees to share the benefits of company's performance and becoming partners in building and sustaining the underlying corporate strategies and impact on society.
- Promoting competition between existing firms through regulation and encouraging new firms to enter the market, as well as encouraging innovation and dynamism assists to address market concentration and dominance within various sectors of the economy.
- Companies need to develop employee stock ownership plans that will facilitate employee share-ownership in sectors where they work, thus enabling employees to share the benefits of company's performance and becoming partners in building and sustaining the underlying corporate strategies and impact on society.
- Promoting competition between existing firms through regulation and encouraging new firms to enter the market, as well as encouraging innovation and dynamism assists to address market concentration and dominance within various sectors of the economy.
- Consolidate existing programmes (the social wage as part of the social protection floor is a priority for implementation) into a streamlined and efficient system.

¹ Leibbrandt and Shipp, 2018. Reducing inequalities in South Africa, policy brief 2/2019, UNU-WIDER



Reducing Unemployment

The NDP sets a target of reducing unemployment from 25.4% in 2010 to 20% by 2015, 14% by 2020 and 6.0% by 2030.

The path to achieving the 2015 goal would have entailed the creation of 2.2 million jobs between 2010 and 2015, or 436 000 annually. This would have relied on an average GDP growth rate of about 4.6% per annum. Between 2015 and 2020, the average rate of job creation should then rise to 505 000 per annum so that 2.5 million jobs are created. Over the period from 2020 to 2030, 6.3 million jobs should be created at an average GDP growth rate of 5.3% per annum (or 11 million jobs created between 2010 and 2030). If an additional 100 000 Expanded Public Works Programme (EPWP) and state-funded community care jobs had been created annually over the five-year period, reliance on the market would have diminished, and a GDP growth rate of about 3.6% could have been sufficient. The NDP's targets to cut unemployment are unlikely to be met given low and slow growth.

The rate of job creation between 2010 and 2015 was robust and created the required 2.2 million jobs, or about 436 000 per annum. This is despite the lack of improvement in unemployment rates and reflects that although about 1.1 million jobs were lost in 2009 and 2010, employment bounced back. Employment reached a high of 14.8 million by the fourth quarter of 2008 and only returned to the same level by the second quarter of 2013. In the context of low GDP growth, a downward trend in employment growth followed.

In the 2015–2017 period, only 364 000 jobs (or an average of 182 000 per annum) were created, which is only 41% of the annual target. Employment stagnated in 2018/19, and formal employment shrank by about 150,000. Total employment should have risen to 16.8 million to meet the NDP's interim milestones, but instead, only reached 16.2 million. In the 2008 to 2017 period, the average annual job creation was 141 000, which is only 30% of what is needed.

The employment ratio, an important measure of welfare, which measures the number employed in the working age population, was meant to rise from 41.3% in 2010 to 43.8% by 2015 and 46.9% by 2020. It rose to 43.8% in 2015, and so achieved its target, but subsequently fell to 43.3%. In terms of composition of employment, over the past decade, the country has regressed on some significant goals.

- The period over the downturn accelerated de-industrialisation. Prior to this period, manufacturing employment had grown, but the proportion of people working in that sector was falling. In 2008, 14% of employment was in manufacturing. By 2017, this had fallen to 11%. Over this same period, manufacturing employment fell by 306 000, in line with poor output performance.
- The main sources of employment growth were financial services and community, social and personal services. Between 2008 and 2015, manufacturing output grew by an average of 0.5% per annum, as compared to Malaysia (2.7%), Turkey (5.6%), Egypt (3.3%), Thailand (2.0%) and Mexico (2.0%) or Brazil, whose manufacturing sector contracted by -1% per annum.
- Small business accounts for a smaller share of total employment, falling from 64% in 2008 to 55% in 2015 (Trade & Industrial Policy Strategies 2016).
- Employment continues to have a gendered and generational distribution. Women have far lower employment prospects than men at around 37 percent of women of working age in employment compared to 50 percent of men. Youth (15-24 years) unemployment is persistently much higher than all the older age groups and has been consistently at around 50 percent.

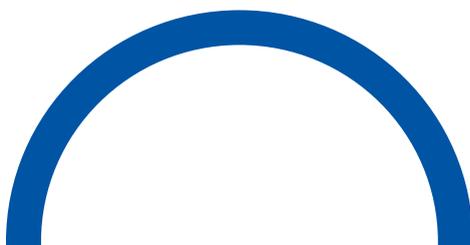
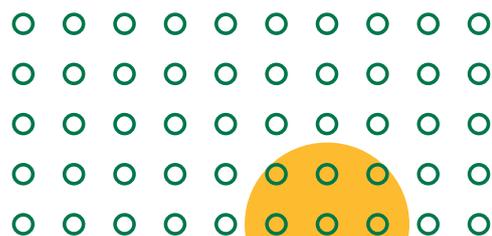


The current pattern of economic growth will not generate jobs at the required scale to address unemployment and poverty, in a context where jobs are critical to overcoming exclusion in South Africa. Significant skills mismatches compound the jobs challenge. South Africa is a capital-intensive, high-skill economy with a largely low-skilled labour force. A growing economy will absorb a more qualified and capable labour force which in turn also creates greater incentive for firms to invest in labour-absorbing activities. In this regard, government has placed significant emphasis on vocational training with Technical and Vocational Education and Training (TVET) enrolments increasing over the review period. There are challenges with TVET graduation rates due to the scarcity of finding work-place-based opportunities.

The CEO's Initiative Youth Employment Service (YES) programme aims to create one million internships over three years. It is proposed that this private sector initiative be used to create work-based opportunities that meets the needs of these students, raising the Post-School Education and Training (PSET) graduation rate and strengthening real employment prospects. Public employment programmes and related community work programmes need to be expanded. In 2017/18, 825 000 people worked in public employment programmes. By 2023/24, the number should expand to 1 325 000. This would start to bring the scale of special employment programmes in line with the NDP's targets.



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6. ECONOMIC DEVELOPMENT

After the democratic transition, and mostly during a period of global growth, South Africa under-performed compared to upper middle-income country peers. The NDP argues that South Africa is typical of middle-income minerals exporting economies in being highly unequal, high cost, low competition, slow growing, with weak investment in people. South Africa is an especially stark example, due to its apartheid history, which put in place rules, regulations, spatial planning, barriers to entry, a closed economy and inequitable investment in people, which militated against sustained inclusive growth.

For the period under review (2012–2019), the economy remained in a low-growth trap, with GDP growing by 1.3 % a year. This was below the NDP target of growing at 5.4% on average per annum by 2030. The NDP targets 30% investment as a percentage of GDP by 2030. Investment as a percentage of GDP averaged 19.6% for the period under review. The slow growth in investment can largely be attributed to declining investment by private business.

Some explanations for poor economic and employment performance are found in a deteriorating macro-economic stance, falling global market shares, industrial concentration that constrains entry, weak investment, and insufficient progress in building human capabilities. Part of these shortfalls are explained by a deterioration in state capability.

Table 1: NDP targets and outcomes – GDP, investment and exports

NDP target	Baseline	2015		2017	2020	2030
	(2011)	Target	Actual	Actual	Target	Target
GDP growth	3.3%	4.6% ²	2.2% ³	0.9% ⁴	4.6% ⁵	5.0%
Investment (gross fixed capital formation) as a percentage of GDP	19.3% (2010)	25%	20.9%		30%	30%
Public sector (state and state-owned entities investment as a percentage of GDP	6.8%		7.8%		10%	10%
Exports growth (constant rand)	6.6% (2010–13)		1.6% (2014–16)	0.6%	6%	6%
Non-traditional exports growth (non-mining based)	7.6% (2010–13)		4.0% (2014–16)	-0.8%	10%	10%
Mining/metals exports	5.9%		-0.7%	1.9%		

² If employment grows by an average of 3.2% per annum, GDP must grow by between 4.6% and 5.3% per annum, depending on the elasticities (0.7 falling to 0.6) and the extent that productivity is a growth driver over the 20-year period.

³ Average growth rate 2011–2015 (2011 is the closest year to the employment figures of Quarter 3 of 2010 to Quarter 3 of 2011).

⁴ Average growth rate 2016–2017.



Macro-economic stance: South Africa walks a macro-economic tightrope. Unlike many other developing economies, South Africa has a strong fiscal system in relation to tax collection, debt management and resource allocation through the budget. This is a central instrument for driving economic development and redistribution. However, South Africa's macro policy is constrained by extremely low saving rates, a small base of tax payers, low growth rates, an anaemic export profile and a minerals economy dynamic that induces volatility. This constrains the present ability to raise the level of debt, and limits the availability of discretionary expenditure. This need not be true forever. Sustained commitment to structural improvements that encourage business entry and expansion, rising exports and more employment will ultimately create more macro-economic space.

The NDP states that structural improvements at the sector level will create more space for macro-economic policy. For instance, if supply constraints are reduced (mineral and agricultural property rights are certain, water is available, skills supply is as needed, commuter and commercial transport is efficient), and there is investment, then macro stimuli will lead to economic expansion and not just inflation.

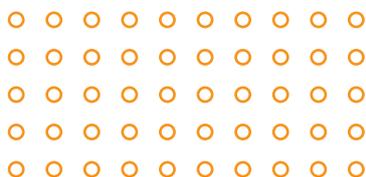
The pathway to that future would require a sustainable macro-economic policy that creates a stable environment for investors and consumers. It should be orchestrated to enable both micro-economic and social transformation.

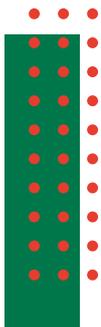
Trade and regional integration: South Africa is still very inward-looking, a feature inherited from the isolation of apartheid, which limits growth for a small, open, mineral economy. South Africa's export profile has diminished, resulting in under-achievement in expanding demand for South African goods and services. South Africa has underperformed relative to peer countries in expanding non-minerals merchandise and services exports. The profile of exporters has remained highly concentrated, with 80% of total exports accounted for by the top 1% of exporters, compared to an international average of 55% (World Bank 2014). There has been very limited entry of new exporters since 2001. Even so, the very large exporters are becoming less dynamic.

There is a great diversity of exports, where 20 000 exporters sell 5 000 products, covering 90% of goods classified for trade. Non-mineral exports are sophisticated relative to peer countries, especially in industrial machinery and transport equipment, competing on quality and not price (World Bank 2014). This demonstrates a nascent capability that is not yet being realised. These companies tend to export only a small percentage of output, and toggle between export and domestic markets depending on exchange rates and market demand.

Much has been done to strengthen South Africa's position in the world, particularly in relation to Brazil, Russia, India, China and South Africa (BRICS) and our home continent. However, two indicators give us some initial explanation as to why we fare poorly in our main markets. The NDP advocated that economic diplomacy efforts be expanded and focused on key growing markets, especially in Africa and Asia, and government seems to have taken this to heart. However, South Africa has about an average spending per capita on export promotion agency activity, but delivers well below the average in stimulating exports (Lederman et al. 2006).

A second indication is that the domestic cost to export merchandise is higher and rising relative to a selection of middle-income economies. As an example, the domestic cost of exporting is about 3.6 times higher in South Africa than in Malaysia, and 20% more than for Mexico. The cost of exporting rose by 64% between 2006 and 2013 (World Bank 2017c). Limited regional integration and growth play a role in this long-term trajectory.





South Africa's per capita income rose by about 65% over the past half a century, and that of Sub-Saharan Africa rose by 51%. One would expect faster growth in lower-income economies.

South Africa has formally engaged with the region since the political transition in the mid-1990s, so these relationships are still evolving. The NDP vision is that South Africa must take a more proactive stance to stimulate regional development, being the country with the strongest industrial and financial capability. Instead, South Africa may well be dragging down regional growth potential, and inadvertently its own potential.

The recently concluded African Continental Free Trade Agreement presents South Africa with a massive opportunity and the country has to play a deliberate leadership role in bringing the agreement to fruition with particular focus to speedily resolving outstanding issues, such as rules of origin. In support of this, it is also critical to advance the infrastructure development agenda in the region and the continent under the auspices of the SADC and the African Union.

Competition, concentration and collusion: High levels of concentration and barriers to entry of new firms and SMEs, are part of the explanation of the economy's slow growth, employment creation, transformation, innovation and competitiveness (Makhaya and Roberts (2014), Mondliwa and Roberts (2018) and World Bank (2017b)). There has been significant action to attend to anti-competitive behaviour or abuse of dominance in South Africa. In particular, there has been substantial progress in attending to collusive behaviour, with less attention to policies that induce more competitive industries. Yet, evidence from recent competition cases in South Africa, as well as in other jurisdictions such as the European Union, shows that cartels can and still persist in this context.

South Africa has a business environment that is conducive to cartels, dominated by industries with characteristics such as high concentration, companies that were historically tightly regulated and protected oligopolies or monopolies, product homogeneity, products where a change in price does not affect demand and where there is a lack of buyer power. Trade associations are an important service, yet have also been an unfortunate location for collusive behaviour (World Bank 2016). Effectively combating cartels and high concentration to promote market access for new entrants is an important public policy objective in a country with our legacy of exclusion.

Cartels also disproportionately impact the poor, relative to the rich, as they are mostly found in certain markets, such as basic foodstuffs, cement, fertilizer, steel, energy or telecommunications (NPC, 2017, Cost of Living Study). Furthermore, industries that source inputs from the upstream among these industries (e.g fertilizer and agriculture; cement and construction, and broadband) are made less dynamic, partly explaining slow industrial diversification. Further policy development in this area requires that the constraint of data availability on industry structure be addressed, including by StatsSA and further research.

Small business and township economies: Black ownership of formal small- and micro-enterprises expanded dramatically, rising from 38% in 2002 to 49% in 2015. Women own only 24% of formal small businesses, but 40% of all informal businesses (Trade & Industrial Policy Strategies 2017). Employment in formal small businesses declined after the global economic crisis, with limited recovery. The share of total employment fell from 64% in 2008 to 55% in 2015. The number of formal self-employed and active in informal businesses stagnated over this period. The increase in employment was mostly found in medium and large firms.

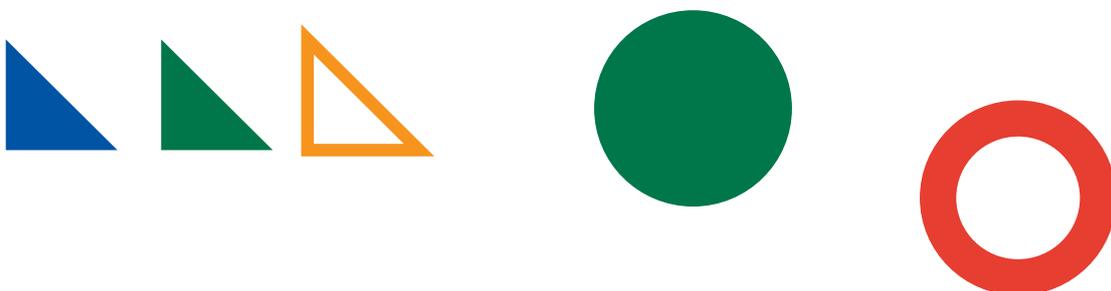
The NPC's research into townships, rural areas and informal settlements has found that lack of access to finance remains an especially critical barrier for entrepreneurs. Even when finance can be accessed from Development Finance Institutions (DFIs), it is often unaffordable to small businesses. Instead, DFIs operate like traditional financial institutions, which they argue is due to the unfunded mandates they have assumed. About 90% of respondents said government support for SMMEs was poor or non-existent. Other barriers identified were lack of access to markets and the regulatory burden (NPC 2017a).

The historical inequities in the economy enables barriers to entry to thrive. The legacy of exclusion of the black population from the mainstream of the economy and business means that blacks do not have this starting foundation. This requires that the state provides strong support including effective access to opportunities, finance, procurement and supply value chains. This also requires addressing the regulatory burden which constrains the informal sector.

Infrastructure investment: The NDP articulates South Africa needs to maintain and expand its electricity, water, transport and telecommunications infrastructure in order to support economic growth and social development goals in the medium and long term. Given the government's limited finances, the NDP recognises that private funding will need to be sourced for some of these investments, makes reference to investment strategies in the public environment and expresses the need to create the necessary conditions to attract and secure private investment in public infrastructure (Phillips & Watermeyer, 2020). Public-sector infrastructure expenditure has been adjusted downwards every year since 2017. The total reduction in infrastructure spending over the 5-year period is R303 bn.

To original trajectory requires infrastructure investment to increase by 28% year-on-year until 2022. Underspending has also occurred during this period. On average, over the 2015/16, 2016/17 and 2017/18 financial years state-owned enterprises and public entities have spent not more than 75% and 65% of their respective budgeted amounts while the state as a whole spent not more than 85% of the available budget. The underspend over this period increased during a time when National Treasury supply chain management (SCM) instructions became applicable to major public entities and national and provincial business enterprises.

The latest industry data suggest that the private sector, due to the faltering growth in the public sector, has now become the biggest investor in the civil construction industry surpassing general government and public entity investments for the first time ever. The South African Institution of Civil Engineering (SAICE) produced an Infrastructure Report Card (IRC) in 2017 that shows there has been no significant improvement or deterioration in the state of South Africa's infrastructure. It remains on average at risk of failure. The lack of attention to infrastructure poses a serious problem to the economy.



An example of a successful recent infrastructure programme is Renewable Energy Independent Power Producers Procurement Programme (REIPP). However, the time and cost-over-runs on the Kusile and Medupi coal power plants provide an indication of the degree to which mismanaged mega-projects can damage the economy (Phillips & Watermeyer, 2020).

The NDP proposes that gross fixed capital formation needs to reach about 30 percent of GDP by 2030 to realise a sustained impact on growth and household services. The NDP set a target for public infrastructure investment at 10 percent of gross domestic product (GDP), financed through tariffs, public private partnerships, taxes and loans, focusing on transport, energy and water. The target for public infrastructure investment is unlikely to be achieved as currently public infrastructure investment is below the target value.

For the 2012-2019 period, South Africa's gross fixed capital formation as a percentage to GDP averaged 19.6%. In response to the 2008 global financial crisis, fixed investment rates declined, particularly from private business. Government's contribution through increased counter-cyclical capital spending to boost growth from 2011 through to 2015 served to cushion the economy and maintain real, although slow, expansion of the country's capital stock. From 2015, the gross domestic fixed investment has stagnated in real terms. General government spending has slowed in real terms as fiscal constraints trimmed capital budgets to keep pace with inflation and SOEs slowed down their capital projects. Private business enterprises fixed investment declined by 6% from 2015 to 2018.

The role of the ICT sector as a critical aspect of the country's economic infrastructure has been reviewed since 2012. This sector forms part of the economic infrastructures required to operate an industrial and increasingly services-based economy effectively. It is evident that the poor performance of the economy has compounded sectoral uncertainties created by a lack of continuity in policy formulation and leadership in the communications sector. There have been enormous costs associated with failure by government to free up spectrum for mobile Internet services, high-demand spectrum for 4G GSM services and this has also contributed to the high prices of data in the country.

In this sector there has been lack of leveraging of public and private investments to connect public buildings in underserved areas, through smart public procurement and the provision of anchor tenancies that would drive services into these areas (NPC 2019) . To prepare for the inevitable global digital developments of the Fourth Industrial Revolution, South Africa must clear then regulatory backlogs that have resulted in a lack of effective competition in the communications sector while simultaneously devising alternative access and use strategies to getting those who remain unconnected, online (NPC 2019).

In South Africa, infrastructure investment is highly dependent on SOEs which tend to be monopolies in the provision of network services such as energy, transport and water. Inefficiencies in the sector as well as the reduced ability of the SOEs to invest have negatively impacted the economy. This has manifested itself in capacity shortages in the freight sector, water security, energy generation (load shedding). Among the key challenges facing South Africa`s network industries are (i) the absence of efficient economic regulation, which can lead to inefficient investments and high prices; (ii) old and inadequately maintained infrastructure; and (iii) leadership and management instability, and (iv) severe governance challenges that pose a significant risk to the fiscus.

Not only is it much more costly to build new infrastructure, but dilapidated infrastructure hampers South Africa's economic growth potential. What is of concern is that the infrastructure which is most at risk of failure falls within the priority infrastructure focus areas on the NDP, namely energy, water and transportation which are required to support economic growth and to reduce poverty and inequality. Disappointing public sector infrastructure outcomes following the adoption of the NDP could be attributed to a number of factors. These include the deterioration of government finances, deteriorating state-owned enterprise balance sheets and decreasing public sector investment in infrastructure, compounded by a lack of private sector investment in infrastructure (Phillips & Watermeyer, 2020). Corruption and state capture have also had an impact on public infrastructure delivery and on the construction industry. It is clear that a renewed approach to infrastructure investment is required, which will more effectively leverage the private sector as well as public private partnership models.

Course correction is needed.

Such correction should be framed around the building of appropriate public sector capabilities to perform client functions (strategic planning resulting in the business case for a project and delivery management which results in the conversion of a business case into project outcomes) and to create the necessary conditions to attract and secure private sector participation and investment in public infrastructure at scale. There is a need for private capital investment to boost economic infrastructure. This may include making a commitment to public consultation and collaboration between all levels of government and between them and SOEs, but the potential of the private sector needs more considered assessment.



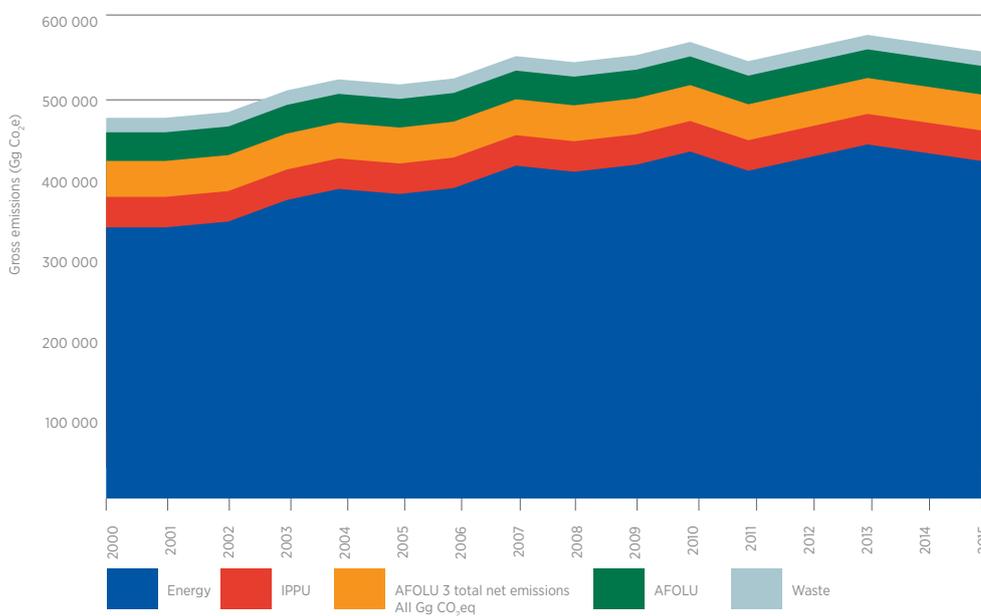
Environmental sustainability: The NDP envisages that, by 2030, South Africa will have made headway in transitioning to an environmentally sustainable, climate change resilient, low-carbon and just society. This will be done by promoting efforts to reduce pollution and emissions and adapt and mitigate the effects of climate change. 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.

In 2015, South Africa, through the Intended Nationally Determined Contribution, communicated a peak, plateau and decline in Green House Gas emission trajectory, with emissions peaking by 2025 and 2030 in a range of 398 and 614 Mt CO₂-eq. This was later converted to Nationally Determined Contributions to limit warming to well below 2 degrees Celsius with efforts to stay below 1.5 degree Celsius. South Africa's carbon budgets allocation pilot project is currently underway with the compulsory system to take effect in 2020 in line with the Paris Agreement that defines a tolerable quantity of GHG emissions to be emitted in total over a specified time. A carbon tax has also been implemented from June 2019 which puts a price on GHG emissions, and incentivises people, businesses, and governments to reduce emissions. The objectives are to develop a low-carbon economy and make polluters accountable for their negligence in this regard.

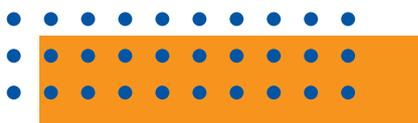
Although actual emission data currently available only captures information to 2015, the Department of Environmental Affairs (DEA) is updating data up to 2018. Noticeably, the available data shows our emissions have increased and are following a peak trajectory since the year 2000 across most sectors with a total increase of 23.1% (DEA GHG Inventory,). Although the waste sector shows biggest jump in emissions, the energy sector remains the highest emitter of GHG in South Africa. See figure 2 below.



Sectoral contribution to the trends on the gross emissions for South Africa 2000-2015 (reproduced from GHG National Inventory Report SA 2000-2015)



Source: GHG National Inventory Report SA 2000-2015



Just Transition to low-carbon, resilient economy and society

The Plan sets out steps that aim to ensure that, in 20 years, South Africa's transition to an environmentally sustainable, climate-resilient, low-carbon economy and just society will be well under way and that the country's energy system looks very different to the current situation: coal will contribute proportionately less to primary-energy needs, while gas and renewable energy resources – especially wind, solar and imported hydroelectricity – will play a much larger role.

Public transport will be highly developed, and imported hybrid and electric vehicles will be more widely used. Thus, overall, the link can be broken between economic activity on one hand and environmental degradation and carbon-intensive consumption and production patterns on the other; and the country will remain competitive within the global economy. The NPC has embarked on a process to deepen the initial work in Chapter 5 of the NDP, through engagements and dialogues with the Social Partner on Pathways for a Just Transition.

The aim was to build consensus on a common vision for a Just Transition to a low-carbon, climate resilient economy and society by 2050 and develop proposals for pathways to achieve this vision. Key to the process, while recognising that transitions are already in motion in various sectors was to address the “how” to ensure that these transitions are in fact Just and the NPC believes the Just Transition to a lower-carbon future can be done in a way that creates a growth spurt through new investments in energy and supplier industries.

The process has involved a series of dialogues, with civil society, business, government, labour, communities and experts. The process began with a high-level social partner dialogue and progressed to workshops in each province, as well as engagements with various constituencies, such as the Youth, Labour and Business, through bilateral meetings and roundtables convened with partners. The NPC adopted an economy-wide perspective for planning for a Just Transition in South Africa, with a nexus of 3 key sectors - Energy, Water and Land-use - being prioritised not only as an energy transition, since these continue to underpin the contribution, impact and vulnerability of South Africa to climate change as well as poverty and inequality.

Integrated and inclusive rural economy: The NDP states that better integration of the country's rural areas is achieved through successful land reform, infrastructure development, job creation and poverty alleviation. An expansion of irrigated agriculture, supplemented by dry-land production where feasible will be key in enabling rural communities to have better opportunities to participate fully in the economic, social and political life of the country.

The NDP targeted the redistribution and restitution of 20% of private commercial agricultural land by 2030 . The target was meant to build on the 2011 baseline of 6.2 million hectares already transferred through government programmes (about 7.5% of this land) and another amount through private transactions (PLAAS 2016a). The 2030 NDP target would see 22.8 million hectares in black hands by 2030. An additional 20% would result in the transfer of a further 14 million hectares.

It should be noted that while there are 82.7 million hectares of private commercial agricultural land, equivalent to 68% of South Africa's land mass, only 13% is arable and one-third is located in the Northern Cape Province where 4% of the population live (PLAAS 2016).

Land redistribution in the rural development environment has been slowing down from 2012, due in part to current legislation as well as pending legislative changes.

While the slow pace of land reform is associated with challenges in ownership, transfer, value and pricing and the administration, the continuous challenges are manifestation of the structural challenge relating to weaknesses in land administration systems; inadequate decentralisation

⁷ This refers to freehold farmland in former White areas

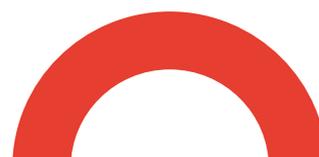


of decision making or local government capacity; legal and administrative challenges such as burden of proof for restitution, price setting and multiple claims. This is important because, if the market price and limited budget constraints mentioned were addressed, these other causes are likely to continue to cause slow land reform.

To date, the quality and viability of land tenure reform, land restitution and land redistribution continues to face challenges. There is a lack of support services for new emerging farmers and insufficient incentives by government to encourage the private sector to provide these services. Government has not made progress in developing agricultural value chains identified in the NDP specifically the labour-intensive value chain and export-intensive value chain. Water licensing and pricing remain a challenge, in particular, for emerging farmers.

The following issues need to be addressed going forward:

- Ensure programmes and legislation governing the rural reform and rural development are effectively implemented to cater farmer development methods and land holding
- Strengthen land administration systems by adequate decentralising decision making to local government as well as building capacity.
- Provide comprehensive support to smallholders to ensure increased productivity and expansion of production. Investment in agro-processing.
- Ensure that land reform and development programmes emphasis climate adaptation and innovation (fourth industrial revolution).
- Promote the development of smallholders, SMMEs and facilitate access to both domestic and global value chains and markets
- Improve provision of rural infrastructure, access to finance, 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.



RECOMMENDATIONS FOR REVITALISING THE ECONOMY

The recommendations set out below seek to achieve course correction to get the NDP back on track, focusing first on immediate to medium-term issues, and on long-term structural challenges, and the need to rethink the country's economic strategy.

- Re-build state capacity and confidence in a sustainable fiscal pathway.
- In a constrained environment, ensure efficiencies and pursue effectiveness in fiscal expenditure, not necessarily cost-cutting but improving in quality of expenditure and oversight.
- A sustainable path to the public sector wage bill must be established, ridding the fiscus of avoidable and non-critical positions.
- Deal with infrastructure bottle necks and policy uncertainty challenges which are low hanging fruits that will enable the country to re-establish the long-term path of the NDP.
- Promote access to value chains by SMMEs and leverage on procurement in both the public and private sectors as key drivers.
- Focus and innovate in unlocking labour absorbing sectors to stimulate tourism, mining, agriculture and construction.
- Improve the performance of EPWP and CWP as well crowd-in private sector investment to finance various infrastructure projects.
- Faster implementation towards digital readiness for 4IR is a priority. The sector must ensure digital migration (spectrum auction, based on agreed competitive result) and, fast track the programme to e-government buildings and make Wi-Fi universally accessible.
- Ensure for stronger labour market stability, productivity, mobility and a positive contribution to the social wage and economy.
- Develop pathways for key transitions (climate and digital transition)
- For the medium to long term, review the country's economic strategy to decisively address inclusive growth, empowerment, concentration, space economy, which are major issues of concern.



7. DEVELOPING HUMAN CAPABILITIES AND ENHANCING SOCIAL PROTECTION

The NDP draws extensively on the notion of capabilities and therefore takes an approach to change that view developing human capabilities through education, skills, innovation and social protection as a key element of overall development. Together with raising employment through faster growth and building the capability of the state, these three elements will transform the economy and society. This section provides an overview on the progress towards developing human capabilities and focuses on Early Childhood Development (ECD), Basic Education, Post-School Education and Training (PSET), Health, Social Protection and Human Settlements.

The NDP targets for education put South Africa in line with other middle-income economies. The NDP proposes that basic education until 2030 should focus on improving literacy, numeracy/mathematics and science outcomes, increasing the number of learners eligible to study mathematics and science-based degrees at university, improving performance in international comparative studies and retaining more learners. Education is the most critical asset that can be obtained by low-income families to escape poverty.

Early Childhood Development (ECD): Since 2012 there has been some progress on ECD, the National Integrated Early Childhood Development Policy (NIECD) was adopted by Cabinet in 2015. This policy adopts a developmental approach, which views ECD as comprehensive and includes a prioritisation of services to mothers and children in the ‘first 1 000 days’ after conception. The ‘first 1000 days’ of life, which includes pregnancy and the first two years of life, is a special window of opportunity in child development.

This period of a child’s life has life-long effects. Hence, there should be a focus on developing comprehensive services during this period. Critical elements of support during this period are nutrition, early stimulation, health checks for pregnant mothers and immunisation for babies, access to social grants, and parenting support programmes. The ECD policy provides for the incremental provision of comprehensive services. However, the progress in implementing the NDP Vision and the NIECD policy ECD has been slow.

This has largely been due to poor leadership and ineffective coordination within and across the Departments of Social Development, Health, and Basic Education. This slow progress will impact negatively on achieving the NDP target that by 2030, every child should receive two years of pre-school education. The ECD function shift as proposed in the NDP from the Department of Social Development to the Department of Basic Education provides an opportunity to reform the ECD system, as the implementation of comprehensive ECD requires a well-functioning co-ordination structure with the requisite capacity and technical expertise.





The proposed pre-grade R presents a potential risk as the Department of Basic Education may view ECD narrowly and focus only on early learning programmes for 4 to 5-year-old children and not support child development holistically. The Department of Social Development remains the lead department for ECD until the function shift is promulgated by proclamation and is responsible for overall coordination and for service provision to 3 to 4-year-olds, which is mainly the registration and provision of subsidies for ECD centres. The focus of service provision remains largely on the ECD centers, usually registered as Non-Profit Organisations (NPOs) that are subsidised by government.

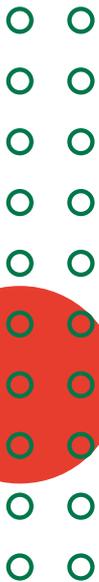
A large NGO sector provides support to ECD centers and provides training for practitioners. While the coverage of all these interventions has expanded and the subsidy amount has increased, the quality of service provision remains poor. In addition, very poor children remain excluded because of the model of delivery. An NPO has to be set up, then an ECD centre has to be registered by meeting a set of norms and standards and then the subsidy must be applied. This onerous and costly process is beyond the reach of very poor people and reflects inequity in the system. There is however good quality private provision for those who can afford to pay. The limited provision for very poor children and the poor quality of ECD for those children who do have access impacts on inequality over the longer term.

With regard to the reception year (Grade R) there has been progress in access to ECD for children aged 5 to 6 years old. Learner numbers in Grade R have increased from 241 525 in 2001 to 839 515 in 2017, which reflects near universal coverage, however research has shown that the quality remains poor.

Basic Education: In 2014, South Africa was close to achieving universal basic education access for learners within the compulsory category. Enrolment increased from 97.8% in 2005 to 99% in 2014 and has sustained this level throughout. There was improvement in Mathematics performance between 2008 and 2015. The average increase in the number of learners achieving 50%, 60%, and 70% in Mathematics matric exams respectively rose by 4.3%, 4.5% and 3.4% annually. The 2017 Progress in International Reading Literacy Study shows that 78% of Grade 4 learners cannot read for meaning in any language. This is concentrated in the poorest 80% of schools where the majority are at least two grade levels behind in the curriculum.

This is consistent with the 2013 Annual National Assessment, where only 37% of Grade 3 children in quintiles 1, 2 and 3 schools achieved at least 50% in their home language. Moreover, the country has not met the 2015 target regarding the percentage of Grade 3 learners with acceptable literacy levels.

The education system has significantly improved the distribution of outcomes. For example, the proportion of matric bachelor passes in quintile 1, 2 and 3 schools rose from 35.2 per cent in 2008 to 57.1 per cent in 2016. The education system has numerous challenges, among which are the overcrowded classes, high teacher workloads, teacher shortages, poorly qualified teachers and lack of facilities such as libraries and laboratories. Given the high levels of poverty and inequality so-



cial-economic background is still a predictor of student performance in the schooling system and poor-quality schooling exacerbates inequality.

Infrastructure backlogs are another major challenge. Backlogs inherited mainly due to the apartheid legacy, affect public schools in quintile 1 and 2. The Schools Sanitation Facilities audit revealed that 3 898 of the 23 700 public schools still rely on pit latrines. While an additional 3 040 schools have been provided with proper sanitation, the pit latrines at those schools have not been demolished. A further challenge is the prevalence of violence, addiction, and sexual abuse in schools has negative impacts on the schooling environment for both learners and teachers. Violence in schools occurs in different forms and often compounds violence occurring in learners' homes and in the broader community.

The DBE has made some progress regarding increasing access for learners with disabilities, but challenges remain with regard to developing fully inclusive schools and special schools as resource centres. Special Needs Education learners are often sent to special schools far from their homes where they have to live in hostels. There are not enough numbers of hostels and there is insufficient space in the hostels.

This is partly due to a problematic referrals system, as some learners could be accommodated in a mainstream school. Because the referral system does not work well, this results in long waiting lists. This often results in learners with special needs having to travel long distances. Furthermore, the failure to integrate learners with barriers in mainstream schools through clear protocols remains a challenge.



Special Needs Education learners are often sent to special schools far from their homes where they have to live in hostels. There are not enough numbers of hostels and there is insufficient space in the hostels.





Post-School Education and Training: Technical and Vocational Education and Training (TVET) enrolments almost doubled from 358 393 in 2010 to 737 880 in 2015. The National Certificate Vocational (NCV) Level 4 completion rate was 41.5% in 2016. Part of the challenge of the relatively low through-put and graduation rates is due to not finding workplace-based opportunities to undertake the practical work experience component. Government met its artisan training targets of 16 114 in 2015, but only 54% qualified partly due to not completing the practical experience component. There are 50 registered TVET colleges, with seven examination cycles. The total enrolment in TVET colleges for the 2017/18 financial year was 710 535.

Between 2015 and 2017, audited national artisan production numbers have steadily increased from 14 389 to 21 188 artisans. Should this trajectory indeed be sustained, the country will be able to meet the National Development Plan target of producing 30 000 artisans per annum by 2030. The main challenges in TVET colleges include poor leadership and management skills, and capacity and weak teaching skills of lecturers. University enrolment at public institutions has increased from 495 356 in 1994 to 1 036 984 in 2017 indicating that the country is on course to reach the NDP target of 1,6 million enrolments by 2030. The NDP target of 1,07 million students by 2017 was marginally exceeded. The enrolments in science, engineering and technology (SET) has increased with an average annual growth rate of 4,3% in 2017. The number of students graduating has been increasing over the years.

In 2016 the proportion of South Africans with a post-school qualification has increased to 5,8%. The number of students receiving funding from the state has increased significantly. Persistent challenges in the higher education sector are the low throughput and high dropout rates. Responding to the challenge of funding for poorer students, government set up the National Student Financial Aid Scheme (NSFAS) in 1999. The state allocation to NSFAS increased from R7.7 billion in 2016 to R14.9 billion in 2018/19. The large increase is due to the introduction of

a national bursary scheme for poor and working-class students in 2018, in response to the #FeesMustFall campaign, with which government associated itself supportively.

In 2017, NSFAS disbursed an amount of R14.1 billion in student financial aid. TVET colleges had a share of R2.0 billion and universities R12.1 billion. The number of students assisted in 26 public universities amounts to 260 002 and the number of students assisted at the 50 TVET colleges, make up 200 339. The challenges faced by NSFAS include the collapse in governance and system instability.

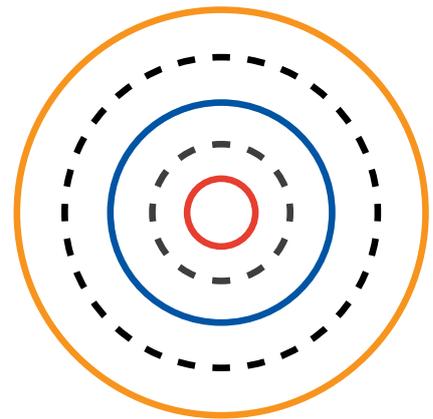
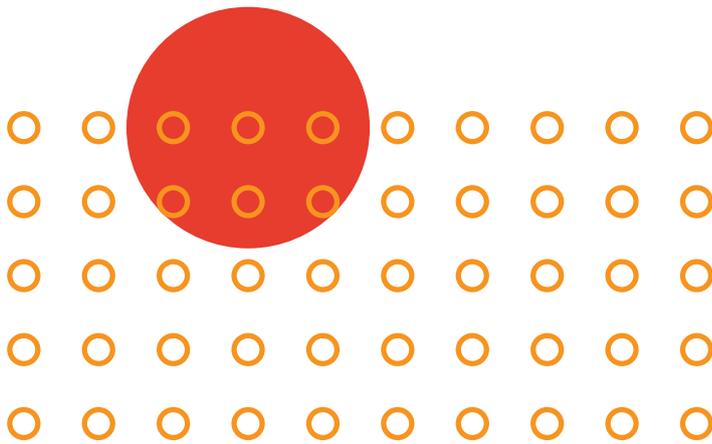


Table 2: NDP and related targets and outcomes: education

NDP target	Baseline	2015		2020	2030
	(2010)	Target	Actual	Target	Target
TIMSS Grade 8 score ⁹ Mathematics Science	352 (2011) 332 (2011)		372	420 (2023)	500
SACMEQ (Grade 6 language and Mathematics score) ¹⁰	495(2007)		552 (2013)	550 (2019) 600 (2022)	640 (2029 DBE target)
Percentage of Grade 3 learners with acceptable literacy ¹¹ PIRLS score	24% (2011) 302 (2006) 323 (2011)	50%	22% (2016) 320 (2016)	75% (2019)	90%
Percentage of learners in grades 3, 6 and 9 who achieved 50% or more in the new National Assessment in Literacy, Numeracy/ Mathematics and Science	Grade 3 (2012) Language 56.6% Numeracy 36.6%	60%	ANA stopped	75%	90%
	Grade 6 (2012) Mathematics 10.6% Home Language 38.7%				
	Grade 9 Mathematics 2.3% Home Language 38.9%				
Number of matric pass Mathematics above 50%	50 195	198 000	53 588	270 000	No target developed
Number of matric pass Science above 50%	37 853	186 000	42 433	270 000	No target developed
Completion rate of youth for any qualification equivalent to Senior Certificate ¹²	47% (2014)		50.1%		80-90%
Learners eligible for a bachelor's programme	126 371	205 000	162 374 (2016)	270 000 300 000 (2024)	450 000 (2030)
University graduates, including all degrees and diplomas ¹³	153 325 ¹⁴	181 616	191 524	217 022	425 000
Artisans trained ¹⁵	23 517	22 119	28 640	34 000	34 000
Artisans qualified per annum ¹⁶	11 778	20 110	16 114	24 000 (2018/19)	30 000
Trade test pass rate (percentage)	45%	56%	54%	65%	
TVET enrolments ¹⁷	358 393	1 000 000	737 880	1 238 000 (2018/19)	
TVET (NCV)Level 4 completion rates	NCV - L4 - 42%	NCV - L4 - 42%	41.5%	65%	75%
Workplace based learning opportunities (DHET target) ¹⁸	62 215	45 000	107 504 (2015/16)	140 000 (2018/19)	



NDP target	Baseline	2015		2020	2030
	(2010)	Target	Actual	Target	Target
Workplace based learning opportunities (DHET target)	62 215	45 000	107 504 (2015/16)	140 000 (2018/19)	
University enrolments ¹⁹	837 776 (2009)	1 020 190	985 212	1 070 000 (2019)	1.62 million
Contact Distance	521 427 316 349	607 691 412 499	605 480 379 732	672 017 409 073	
University contact throughput rate ²⁰	53%		61%		75%
Engineering university graduates ²¹	10 201	10 000	14 648	57 000 (cumulative 2014–2018)	No target yet. Skill forecasting is needed

Promoting health: The The NDP 2030 vision for health is a system that works for everyone, produces positive health outcomes, and is accessible to all. The country faces a quadruple burden of disease: HIV/AIDS and related diseases such as tuberculosis (TB), and sexually transmitted infections (STI), maternal and child morbidity and mortality, non-communicable diseases (mainly related to lifestyle), and violence, injuries and trauma.

The current trajectory suggests that the 2030 target of life expectancy at birth of 70 years may be achievable, if collaboration between the health and other sectors tasked with addressing social determinants of health improves. The number of persons living with HIV increased from an estimated 4,25 million in 2002 to 7,52 million by 2018. According to Stats SA, TB accounted for 6.5% (29 513 deaths) of all natural deaths in 2016, which was a slight decrease from 7.2% (39 042 death) in 2015.

The national treatment success rate has been improving steadily, from 68.8% in 2007 to 77.2% in 2014. More than 3.7 million HIV-positive people are receiving lifelong antiretroviral therapy. In order to meet the Sustainable Development Goals and End TB Strategy targets, South Africa has adopted the 90:90:90 strategies for TB.

The early introduction of “Gene Xpert” technology for diagnosis has contributed to the decline.

9 The targeted score for 2023 is proposed by the Department of Basic Education (DBE). The NDP proposes a target for the TIMSS study closest to 2030.

10 These are DBE targets aligned to the NDP.

11 The actual figure is sourced from the PIRLS 2016 test, which finds that 22% of Grade 4 learners reached the “low international benchmark” in mother tongue reading.

Metropolitan, suburban and urban schools performed significantly better than township and rural schools. The 2015 ANA found that 67% of Grade 3 learners had an acceptable level of literacy, defined as achieving 50% in the ANA (South African Qualifications Authority 2014). This significant discrepancy indicates that greater care is needed in aligning domestic and global standards. There is currently no target in respect of PIRLS. The scores for PIRLS in 2006 are for Grade 5s, and in 2011 and 2016 they are for Grade 4s. A score below 400 indicates that learners cannot read for meaning in their home language. Fifty countries are tested and only have an average score below 400. While the majority of countries tested are high-income countries, reading for meaning is a foundational goal for economic participation in any context (Howie, Combrinck, Roux, Tshele, Mokoena and McLeod 2017).

12 The 2030 target is defined by the NDP. The rest is according to the Medium-term Strategic Framework (MTSF), as reported by the General Household Survey (Statistics South Africa 2015) and provided by the Outcomes Facilitator of the Department of Planning Monitoring and Evaluation (DPME). The target for 2030 includes both matriculants and those completing their qualifications through a vocational channel such as a TVET college.

13 The NDP aims for an increase in the proportion of the population with a minimum bachelor’s degree rising from 2.6 million in total or one in 17 of the population in 2001, to 10 million in total or one in six of the population by 2030. The figures in this row refer to both degrees and diplomas awarded at universities. The figures for the 2015 and 2020 targets are provided by DHET. See DHET (2018). Also see POA 2017.

14 Centre for Higher Education Trust (2009)

15 National Artisan Development Support Centre

16 The target for 2019 is the DBE’s MTSF target (DHET 2018). The target for 2030 is proposed by the NDP.

17 See DHET (2018).

18 This refers to registrations for learnerships and internships (DHET 2018).

19 The targets for 2015 and 2019 are provided by DHET (2018). The target for 2030 is proposed by the NDP.

20 The figure for 2010 refers to the students who entered university for a three- to four-year degree in 2004 and graduated within six years (DHET 2017). The figure for 2015 refers to the students who entered university for a three- to four-year degree in 2009 and graduated within six years, while the figure for 2016 refers to the students who entered university for a three- to four-year degree in 2010 and graduated within six years (2000 to 2015 first time entering undergraduate cohort studies for public Higher Education Institutions, DHET 2018).

21 Statistics for PSET sourced from Higher Education Management Information System (DHET, 2018).



The successful implementation of the maternal, neonatal and child health programmes continue to reduce maternal and child mortality. Key interventions include the expansion of access to antiretroviral treatment (ART) for pregnant women, expansion of the prevention of mother-to-child transmission (PMTCT) programme and the introduction of two new vaccines, Rotavirus and Pneumococcal Conjugate Vaccine.

Although the Millennium Development Goals targets of reducing maternal mortality by three-quarters and child mortality by two-thirds between 1990 and 2015 were missed, there is optimism that Sustainable Development Goals and and NDP targets will be achieved by 2030.

The prevalence of non-communicable diseases has increased and accounts for a growing proportion of mortality in the country.

According to Stats SA's Mortality and Causes of Death in South Africa Report 2016, released in March 2018, Diabetes Mellitus ranked as second leading cause of non-natural deaths in 2016, accounting for 5.5% of all deaths (i.e. 25 255 deaths), whilst hypertension ranked sixth, and was responsible for 4.4% of all deaths (19 960 deaths). South Africa's planned National Health Insurance (NHI) system seeks to transform and integrate public and private healthcare financing and provision of services, as part of wider efforts to realise universal health coverage.

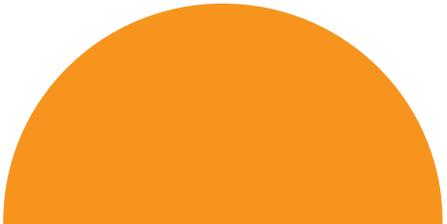
Planning for Universal Health Coverage is advancing, and key milestones have been achieved, including the passing of Green and White Papers. The latest milestone was the tabling of the NHI Bill in Parliament in August 2019 for further debate and public comments.

Violence against women and children remains an intractable problem in South Africa. Research from three provinces undertaken by the Medical Research Council shows that 25% of women had experienced physical violence at some point in their lives. No data exists on women with disabilities who experience gender-based violence. Violence against children is high with 45 230 contact crimes against children, including 22 781 sexual offences reported to SAPS in 2013/14 (DPME, 2016). Sexual and reproductive health for young people is another area that requires a special focus.

Stunting appears to be on the rise again and is highest in Gauteng estimated at 34.2%, followed by the Free State at 33.5%. Stunting has many causes and leads to poor outcomes in later years.

Social Protection:

The first NPC proposed a social protection floor whose elements include a combination of social assistance grants, minimum wages (in the private sector) and the social wage (education, health care, free basic services, RDP houses, transport subsidies, school feeding schemes etc.). All these elements make a significant impact on poverty and inequality, and reduce the cost of living for the poorest households, especially the 17 million people who receive social grants. Research on reducing the cost of living for the poor, commissioned by the NPC, found that many of the poorest households are not benefitting from the full range of available funded provisions.



The costs of food, commuter transport and housing must be reduced, while raising the quality of free or low-cost education and health care. Some of the findings are show that:

- In 2015, nine out of 10 of the poorest 80% of households had electricity for lighting, but only two-thirds had piped water. While the cost of utilities taken together constituted about 4% of the budgets of the poor, their costs increased at a much faster rate than inflation from 2008.
- The time and money spent on commuter transport remains a major factor in constraining the standard of living for poor households.
- The cost of university education accounted for the bulk of education costs at all income levels
- In health, as with education, marginalised households typically relied on free public services, so their costs were relatively low. In contrast, formal-sector workers often had health insurance and turned to the private sector. As a result, health costs were a significant cost driver for formal semi-skilled and skilled workers.
- Poor households were heavily over-represented in the former apartheid 'homeland' regions. In 2015, these areas held 28% of all households but 40% of those in the poorest two quintiles and only 9% of the most prosperous quintile. Urban areas housed 70% of all households but 90% of those in the richest quintile.
- Low household incomes resulted largely from low employment levels. In the poorest 20% of households, only one in four adults had employment, compared to over two-thirds in the richest 20%.
- Less than 40% of all households in the poorest two quintiles earned an income from salaries or wages. If remittances and business income are included, around 70% of these households had an income, but it was typically precarious and low.

Social security (social assistance and social insurance) provision in South Africa is a de facto response to poverty, inequality and the multiple deprivations experienced by close to 40% of South Africa's population. As a result of structural unemployment, poverty and inequality, the majority of South Africans are outside of the social insurance net and rely on social assistance in the form of grants for income support. The South African government has expanded the social grant system to cover close to 30% of the population over the last two decades. The social grant system has been one of the successes of the South African social protection floor. Currently South Africa provides seven social grants viz.:

- the Older Persons Grant (previously called the Old Age Grant),
- War Veterans Grant (WVG),
- Disability Grant (DG),
- Grants-in- Aid (GA),
- Foster Care Grants (FCG),
- Care Dependency Grant (CDG), and the
- Child Support Grant (CSG).

At the end of December 2018, there were 17 731 402 social grant recipients (absolute number of grants paid out) and 11 030 665 beneficiaries (care-givers who receive the grants on behalf of the children). The grant recipient numbers grew between the 2012/13 and 2017/18 financial years from 16,1 million to 17,5 million. The CSG makes up 70 percent of the total grant recipients and therefore impacts on growth in grant numbers over time. Growth in absolute grant numbers has slowed between 2015/16 to 2017/18, which points to a declining trend over time. The CSG grew from 11,3 million to 12,2 million between 2012/13 to 2017/18. The National Treasury (2014) undertook a modelling exercise and projects that this decline in CSG recipients is expected to continue over the next two decades. The NDP review finds that many poor infants ranging in age from one day to two years are excluded from the CSG. Exclusions from the CSG for eligible infants under one year were as high as 43% in 2014 (South African Child Gauge, 2018). These exclusions undermine child development, especially cognitive development.

Early receipt of the CSG and other social provisions such as nutrition and health care have a significant impact on the development and life chances of children (Coetzee, 2014). Such exclusions highlight the reasons for deepening poverty and increasing inequalities. It also provides explanations for poor educational outcomes and the intergenerational reproduction of poverty. The Foster Care Grant (FCG) numbers grew rapidly in the 2000s as a response to the HIV/AIDS pandemic. However, between 2012/13 to 2017/18 there was a decline in FCG numbers. This is due to many grants being allowed to lapse due to backlogs in the extensions of court orders partly as a result of the limited capacity of social workers as well as a concern regarding the growth in foster care grant numbers. The policy question for children in need of care and those who have been orphaned as a result of the HIV/AIDS pandemic must be addressed.

The number of disability grants has also been declining over the 2012/13 to 2017/18 period, which may be due to the onerous application and approval processes. Over the 2012/13-2017/18 period, the social grant expenditure remained fairly constant in real terms at 3.2 % of GDP. The largest proportion of the social grant expenditure at 42% was on the Old Age Pension (OAP). There is a large body of evidence indicating the poverty-reducing effect of social grants, including a 2018 study by the World Bank. The study estimated that social assistance transfers have reduced the poverty headcount rate in 2015 by 8 per cent and that social assistance reduces the poverty gap (distance from the poverty line) by 32 percent.

These findings suggest that the social grants are well targeted. Social insurance programs enacted include the Unemployment Insurance Fund, Compensation for Occupational Injuries and Diseases Act, and the Road



The social wage and raising standards of living

In a context of high unemployment and a global trend to low-paid precarious services jobs, the NDP emphasises a commitment to strengthening the social wage. A decent standard of living will be achieved through rising incomes, interventions to ensure that wage goods are affordable and through the provision of a platform of high-quality, accessible basic services. The slowing contribution of the social wage is cause for concern. As the social wage may sometimes seem to be an abstract idea, a few examples are highlighted below.

The delivery of municipal services and housing to poor communities is a feature of the new democratic era. Municipal service delivery rolled out at a fast pace in areas such as electricity, piped water, flush toilets and refuse removal until 2011. Except for electricity, the pace of provision of other services slowed between 2011 and 2016. There has been an extensive programme of home building for low-income households, focusing primarily on stand-alone houses, and a smaller component of social housing. The share of families living in formal housing rose from 65% in 1996 to 79% in 2015. This translated into 5.8 million households in formal housing rising to 13.4 million over this period.

A recent study shows that 71% of dwellings in urban areas, covering 84% of the population, are “adequate in the sense that they have services, are not structurally weak, and are not overcrowded” (HSF 2018). By 2016, 2.2 million households were living in urban informal residences such as backyard shacks and informal settlements (up from 1.5 million in 1996), with limited access to basic services such as water, electricity or sanitation (CSP 2018; NPC 2017). The shortage of subsidised public transport further hampers economic participation and increases the cost of living. Significant vulnerability and constrained intergenerational class mobility is the result of increasing inequality.

Several challenges arise out of insecure tenure and low levels of land ownership in rural, township and urban areas. These have a significant impact on the poor, and women in particular, and mean that households cannot access asset-backed finance. Progress in improving land and home ownership and the formal title for these has been slow and frustrations from this are understandably high.

Transforming human settlements and space economy: Both Both legislation and policy has been developed in line with the requirements of NDP. The Spatial Planning and Land Use Management Act (SPLUMA) was passed shortly after the NDP was released and incorporates the Plan’s spatial principles into guidelines for municipal planning, with an emphasis on the need for spatial transformation.

The Integrated Urban Development Framework (IUDF) arose from the proposals in the NDP, and is a significant achievement. However, practical implementation of the IUDF has been limited, and very little on-the-ground progress has resulted from the policy. The poor are being increasingly marginalised in many areas. There is a need to ensure that municipal Integrated Development Programmes and Spatial Development Frameworks are aligned in their focus around NDP and IUDF principles. Municipalities should be given practical advice on how this could be can be achieved and supported in their initiatives.

Some progress has been made in institutionalising an approach to informal settlement upgrades, but this still lags in relation to other forms of human settlement interventions. Greater clarity and agreement are required (at a government and citizens' level) on how informal settlement upgrading should be undertaken and what the desired outcomes should be. There should be a minimum set of standards, which addresses health and safety issues and provide basic services for all such settlements, rather than the focus on upgrading and the provision of top structures.

Although government delivered more than 4.5 million housing opportunities in the democratic period, the demand for housing closer to economic opportunities continues to be the main problem facing the country. The demand for housing has been influenced by increased urbanisation, which has inadvertently resulted in an increase in informal dwellings, putting pressure on the country's existing infrastructure. Stats SA estimates that by 2020 there will be about 3.6 million new household formations of which more than 2 million will be in the income category earning less than R 3 500 per month, which will contribute to increasing demand for housing.

Currently, the demand for adequate housing is estimated at about 2.2 million households, which includes households in informal settlements and backyard shacks. Of these, about 1.7 million are registered on the Department of Human Settlements' Housing Needs database. A National Spatial Development Framework (NSDF) as required by the NDP and SPLUMA is currently being prepared the DRDLR. The NPC have made formal input on the first draft of this plan, raising some concerns that its proposals are not sufficiently directed to address the spatial legacy of apartheid. A key proposal in the NDP was to create a National Spatial Fund that would direct funding in an integrated way in terms of the NSDF, but this has not yet been achieved.

In summary, whilst great achievements have been made in the period since the NDP was published, these have been insufficient to break down the spatial inequalities and divisions left by apartheid. This will require a dedicated and coordinated approach by all spheres of government, and the support and active participation of civil society and the private sector.

RECOMMENDATIONS FOR BUILDING HUMAN CAPABILITIES

- Develop a comprehensive programme for the first 1 000 days of a child's life, which includes routine health checks for the child and mother, psycho-social support to pregnant women, education component (early stimulation) for the child, nutrition and improved access to child support grants.
- Create safe learning environments and address the current situation by appointing youth-care workers, psychologists and social workers as part of school's human resources.
- Designate teaching as an essential service.
- Build inclusive and special schools that accommodate learners with a wide range of disabilities.
- Increase the number of adequately qualified staff to teach the curriculum at TVET colleges and improve funding and infrastructure in the sector.
- Improve learning and on addressing funding constraints (NSFAS, fees, private sector, etc.).
- Explore targeted interventions to further reduce maternal deaths and child mortality through increased investment as well as better management of resources such as Community Health Care professionals in South Africa's public hospitals and clinics.
- Consolidate existing social wage measures and social security into a social protection floor below which no one falls.
- Improve the management and training of Community Health Workers to improve preventative care in communities.
- Increase the rate of conversion and construction of Ideal Clinics to enhance primary care services, especially in underserved areas throughout the country.
- Undertake corrective measures to address exclusion errors for 0-2 year olds in the MTSF to achieve the NDP targets by working with the Departments of Health and Home Affairs.
- Investigate the sufficiency of the Child Support Grant amount and address the policy question on the Foster Care Grant.
- Implement the comprehensive social security and retirement reform system to ensure that it is affordable, sustainable and appropriate for South Africans by 2021 including the Establish the National Social Security Fund.
- NEDLAC and all social partners should explore the mechanisms for social insurance, which extends coverage to workers in the informal sector.
- The National Treasury should introduce pension reform, in particular, reduce the high cost and fees structures of pension funds should
- Establish effective partnerships, systems, regulatory environment and oversight for the private and not-for-profit sectors.
- Identify linkages between cash and in-kind transfers by integrating issues of disability and ensure equitable service provision for people with disabilities.



- Finalise the NSDF, ensuring close alignment with the NDP requirements and provide clear actionable measures for its implementation to all who have a role in implementing it.
- At a national level there is a need to align the work of different role players to ensure policy coherence to achieve NDP goals in urban development, human settlements, land use and infrastructure provision.

8. BUILDING A CAPABLE STATE

Building a capable state: The NDP envisages a state that is capable of playing a transformative and developmental role, requiring well-run and effectively coordinated state institutions, staffed by skilled public servants who are committed to the public good and capable of delivering consistently high-quality services for all South Africans, while prioritizing the nation's developmental objectives. The NDP's goals for a Capable and Developmental State are as follows:

- Stabilise the political-administrative interface
- Make the public service and local government administration careers of choice
- Develop technical and specialist professional skills
- Strengthen delegation, accountability and oversight in government
- Improve interdepartmental coordination
- Support and strengthen local government
- Achieve the developmental potential of state-owned enterprises (SOEs)

With regards to stabilising the political-administrative interface, the Department of Public Service and Administration (DPSA) issued amended delegation templates in April 2019. These align delegations in departments with the President's powers with regard to the appointment and career incidents of Heads of Department, which are not delegated as well as the latest amendments to the 2016 Public Service Regulations (regulations 58 and 66). The NDP proposes the establishment of the role of Head of the Public Administration, which was not created during the MTSF 2014-2019. The creation of this role was deferred after written representations by the Presidency that the issue be postponed for later implementation during the sixth (6th) administration.



A recent research project conducted by the DPME shows that the average tenure of a Head of Department in government most frequently lasts for a period of between 24 months and 48 months. This imposes great sustainability challenges and should be addressed. The public sector is comprised of administrative leadership who should work cooperatively and mutually with the political heads towards the promotion of common good for all citizens. The NDP identifies actions that, if implemented, will result in the creation of a professional Public service and a transformative and developmental state.

Staff at all levels of the government bureaucracy should have the authority, experience, competence and support needed to do their jobs. A significant challenge and contradiction that goes against the developmental state aspiration of South Africa identified is the rejection of meritocracy in the country's public service. Persons are appointed to jobs in State-Owned Entities (SOEs) and the public service without the requisite experience, skills or gravitas as a result of inappropriate political involvement in selection and performance management.

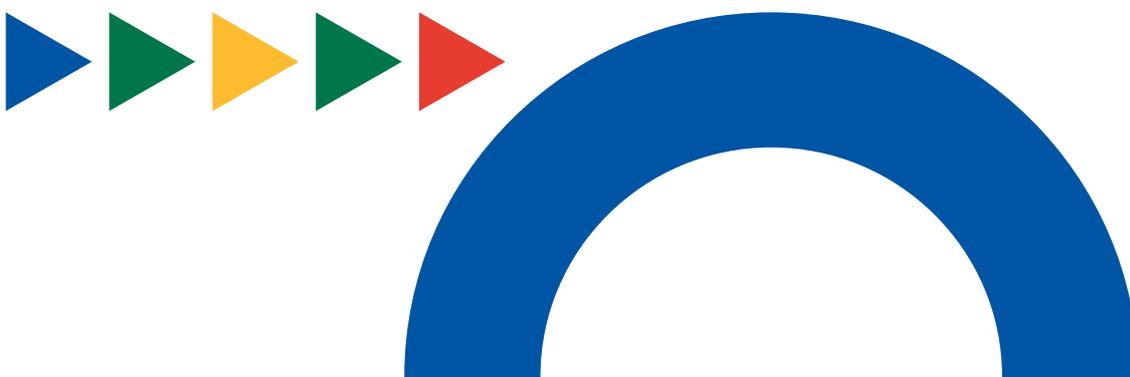
This interference with recruitment processes is a major contributor to the poor institutional performance of the state in South Africa at all spheres of government. The lack of a professional public service, with no clear career path for officials within the service, nor clear determinations of competencies, e.g. widespread political appointments at administrative levels at local government, has contributed to poor service delivery outcomes. The NDP further states that an effective and capable state in South Africa can be achieved through greater interdepartmental coordination between the three constitutional spheres of government—local, provincial and national.

In this regard, the key piece of legislation passed pursuant to the Constitution was the Intergovernmental Relations Framework Act no. 13 of 2005. The objective of this Act was to achieve the 'better provision of services by the state' and to 'monitor implementation of policies', among others. In the area of Local government, the Municipal Systems Act 32 of 2000 (MSA) was passed. The Act established a modern local government system with clear developmental objectives. Most notably, the Act made provision for the implementation of an integrated system of development that requires municipalities to adopt Integrated Development Plans (IDPs).

However, the inability to delineate and manage responsibilities assigned to the three (3) spheres of government in the "powers and functions" design of the Constitution has impaired the performance of government. Intergovernmental coordination around planning, budgets and the implementation of programmes is poor, resulting in sub-par programme outcomes.

To promote active citizenry, legislation was passed such as the Promotion of Access to Information Act of 2000 (PAIA) and the Promotion of Administrative Justice Act of 2000 (PAJA). These two laws were designed to enable citizens to access state information and guarantee just administrative action based on reasonableness. The Batho Pele Principles were introduced in 1997 by the first democratic government to allow citizens to hold public servants accountable for the quality of service they delivered and the performance of duties.

However, the NDP's ideal of an active citizenry in a developmental state has remained largely unmet. The 20 Year Review report noted that turning formal participatory structures into dynamic mechanisms that elicited meaningful community engagement has remained a challenge, partly due to the lack of credibility of the processes. South Africa requires a developmental state that is capable of supporting and guiding development which benefits citizens across society, especially to the poor; that tackles the root causes of poverty and inequality, and ensures that long-term broader interests are put above short-term, sectional concerns.



This includes taking account of the ramifications of the political and economic history of the country, spatial planning, strengthening institutional architecture, and a proper social compact and robust social and economic policies (NPC Paper, South Africa as a Democratic Developmental State (2019). For course correction, a number of interrelated actions need to be taken in order for South Africa to make real progress towards becoming a Capable State. Key among these actions will be the removal of political influence in the appointment of public servants. Therefore, an office for an Administrative Head of the Public Service (AHPS) regulating the appointment and performance evaluation of top-level public servants should be created.

Such a reform would eliminate the high turnover of Heads of Departments (HODs) in the three spheres of government. It is also necessary to amend the Public Service Act and the Public Finance Management Act (PFMA) in order to align financial delegations with human resource delegations and vest these in HODs. This will reduce the ability of Ministers, who are political appointees, to intervene inappropriately in the functioning of government departments authority derives from the Constitution.

There is a need to focus on intergovernmental planning, budgeting and collaboration. Much of the legislation and policy to guide Intergovernmental Relations (IGR) already exists, but implementation is weak. The leadership and institutional resources to guide it are critical. All spheres of government, including entities, must be enjoined to participate actively in municipal IDP and Spatial Development Framework (SDF) forums, not just to align plans but also to develop clear implementation protocols to improve the quality of implementation.

The national budget process needs to be aligned with priorities identified in the implementation of the NDP, especially over the 5-year medium term. The organisation, delivery models and systems of government need to be overhauled in order to allow them to become strategic partners in meeting national planning objectives of the country. A reorientation of mindset is also required of the state to fully embrace its constitutional mandate of enabling a participatory democracy. Finally, the interface across the departments at the center of government needs to be strengthened in order that these departments can ensure delivery on the NDP's objectives of a capable state.

Fighting corruption: The NDP vision for 2030 is a South Africa which has zero tolerance for corruption and in which an empowered citizenry has the confidence and knowledge to hold public and private officials to account and in which leaders hold themselves to high ethical standards and act with integrity. According to the Plan, this could be achieved by strengthening the multi-agency anti-corruption system; protecting whistleblowers; centralising the awarding of large tenders, and giving teeth to the tender compliance monitoring office to investigate both corruption and the value for money aspect of tenders.

Prior to the NDP, South Africa created a number of corruption-fighting institutions, including the Office of the Public Protector, the Special Investigations Unit, the National Prosecution Authority, the Asset Forfeiture Unit, and the Public Service Commission (PSC). Strengthening this multi-agency system was identified by the NDP as a key factor in combatting corruption, and could be achieved by increasing specialist resources allocated to them, as well as increasing co-operation and co-ordination between them, while each maintains its independence.

In addition, several laws passed since 1994 serve as tools for combating corruption. These include the Prevention and Combating of Corrupt Activities Act (2004); Public Finance Management Act (1999); and the Municipal Finance Management Act (2003).



The NDP proposed strengthening the protection available to whistleblowers, in light of the falling percentage of the number of government officials willing to report corruption. Centralising the awarding of large tenders is an additional intervention proposed in the NDP, and the subsequent creation of the Office of the Chief Procurement Officer was a major step in this direction.

However, under the sixth administration, a succession of commissions of inquiry has been probing evidence of pervasive and systemic corruption in the country, both within and outside the state, with the phenomenon of “state capture” currently foremost in the national consciousness.

Anti-corruption efforts have remained poorly coordinated and underfunded, and lack a national plan with clarity of roles and responsibilities. This is the greatest impediment to achieving meaningful progress in fighting corruption.

Various research findings indicate that corruption has escalated in the private and public sectors, including SOEs. Transparency International Corruption Perceptions Index (2019), ranked South Africa the 70th most corrupt country out of 180 countries globally, while the Global Corruption Barometer Africa (2019) reported that 70% of South Africans believed government was not doing well enough to tackle corruption. This has inspired the concept of “state capture” in South Africa.

In addition, Statistics South Africa’s 2018/19 Victims of Crime Survey reported an increase in incidences of crime in the country. It further published a report focusing on crime against women in South Africa, and the report revealed alarming high levels of gender-based violence and sexual offences and assaults. Critically, corruption has destroyed the trust on which social cohesion and national involvement are built. Without social cohesion and trust the NDP cannot be implemented; and no nation-building can take place.

During the 4th and 5th Administrations, there was a pronounced absence of political will by government to prioritise sanctions against Cabinet ministers and high-ranking public servants embroiled in corruption, resulting in low conviction rates. This lack of political will extended to non-action by government on the use of Executive Authority to influence the unlawful awarding of multi-million rand contracts by State-Owned Enterprises; on conflicts of interest in the awarding of mineral rights, and on breaches of the Executive Ethics Code, among others.

Following extensive consultations on a national anti-corruption strategy, the proposed interventions from a policy perspective include having a designation agency or department in government to take ownership of the National Anti-Corruption Strategy (NACS), given the idea of the fragmentation of responsibilities under the NACS; establishing a centralised procurement system; developing and implementing appropriate data platforms to manage the contracting of service providers and conducting random lifestyle audits; and formulation of compliance system across the government.

The compliance systems in government and its state entities is highly fragmented and in order to curb uncoordinated compliance, the areas of focus should be continuous monitoring and auditing; automated test procedures, and exception reporting. The NPC has critically explored the issues relating to illicit financial flows, tax evasion, money laundering and trade mis-invoicing, which are all key towards combating corruption.

It is imperative to further explore and interrogate some of the areas that contribute to the high levels of corruption and crime in the broad sectors, not only limited to the public sector or government, but to focus on the role of the private sector, State Owned Enterprises, the banking industries, internal audit and accounting sectors, professional councils, among others.



Building Safer Communities: It is widely accepted that the levels of both violent crime and corruption remain unacceptably high in South Africa. The country's high levels of crime at the time of adoption of the NDP in 2012 have remained high. Estimates indicate that over 1.5 million incidences of household crime occurred in South Africa in 2017/18, an increase of 5% compared to the previous year. Incidences of crime on individuals are estimated to be over 1.6 million, an increase of 5% from the previous year (Victims of Crime Survey). These high levels of crime in society have a specific South African character accounted for by, among others, drugs and substance abuse. The brunt of this crime is disproportionately borne by vulnerable groups, in particular, women and children. Crimes against the latter categories show increases of 5.41% and 5.16% respectively, for 2014-2015 to 2017-2018.

The inadequacy of physical safety for women and children, in particular, the girl-child, is a national crisis, as reflected by increasingly frequent reports of violence against them, which include child kidnapping, trafficking and rape. The lack of safety in schools and lack of safe environments for youth because of drugs, alcohol abuse and gangsterism are regularly reported in the media. During the NPC's interactions with SAPS in 2019, the leadership of the organisation stated that the greatest contributors to the high crime levels in the country are the socio-economic conditions, in particular poverty, inequality, unemployment.

One of the critical objectives of the NDP is strengthening the criminal justice system. The adoption of a Seven-Point Plan in 2007 aimed to transform the criminal justice system from being fragmented and unfocused, to the one that is well-managed and addresses community needs. The Plan included setting up a new coordinating and management structure at every level, from national to local; greater cooperation between the judiciary and the magistracy, the police, prosecutors, correctional services and the Legal Aid Board; and other initiatives such as empowering community police forums. Implementation of the Seven-Point Plan is however not sufficiently prioritised, funded and monitored.



This is due in part to the fragmentation of policies, and to the lack of clear roles and authority across different government bodies. For the plan to be effective and efficient, it requires coherence, coordination and dedicated budgets coupled with an implementation plan involving all departments in the Justice, Crime Prevention and Security cluster.

One of the critical components of the plan is the establishment of an electronic case management system to ensure better management of crime information across various criminal justice departments. It is doubtful that the system is ready. This is based on the report that the Portfolio Committee on Police in Parliament received on 20 April 2013 from SAPS officials. It points out that, despite the fact that 11 years had elapsed since the intervention was agreed to, the system was still being developed, and that it would take 10 more years to be fully operational. The World Bank (2019) points out that the police use different software than the courts, which prohibits data sharing of data and case tracking from arrest through prosecution.

The police service's internal performance management system has arrest quotas, but with no measures to improve the processing of crimes. A recent report by the South African Medical Research Council revealed that arrests are made in just over half of all cases of reported rape, and a guilty verdict is secured in less than 10 percent of reported cases (Machisa et al. 2017 in World Bank, 2019).

The NDP also called for strengthening Community Policing Forums as a means of increasing community participation in public safety. However, many local governments have struggled carry out their mandates for community safety due to inadequate resourcing. In ensuring the sustainability of violence and crime prevention strategies, it is critical to bring together actors from all spheres of government, academia, the private sector, non-profit and community organisations, to ensure coordinated efforts. International best practices consistently indicate that local governments are best equipped to understand risk factors and be able to target them effectively, ultimately ensuring the sustainability of violence reduction. One remaining challenge will be to support leadership within the national government to direct this multisector and multi-stakeholder agenda.

22 Background note: crime, violence, & exclusion in South Africa: society, overcoming the legacy of exclusion in South Africa, Republic of South Africa systematic country diagnostic



Transforming Society and Uniting the Country: 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. Many features of modern-day South Africa depict a society which lacks equity and fairness in opportunities available to citizens. Unemployment is high, particularly among black youth. Women continue to suffer discrimination in both the education system and the labour market.

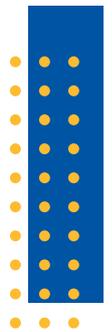
Many rural households are trapped in poverty. The relative decline in agriculture and the consequent fall in agricultural employment have reduced earnings capacity in rural areas.

Consequently, there is an increasing need for social cohesion and nation-building as enablers for achieving a just and equal society, quelling xenophobic sentiment or violence, and building national unity. Government's initiatives towards achieving social cohesion are piecemeal, under-resourced and without demonstrable impact. The Department of Arts and Culture (DAC) has recently convened government and non-state actors to discuss a plan toward building social cohesion.

In line with the NDP, this consultation reaffirmed 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. There is a need to drive the promotion of greater social cohesion by addressing the challenge of a divided society. A recommitment to mutual interest and a social contract is essential to achieving the goals of the NDP. There must be a sense of ownership and responsibility across sections of society. A clear hierarchy of interests and non-negotiables will underpin institutional transformation.

The NPC recommends a reconsideration of the leadership and institutional arrangements of the function of driving forward social cohesion. As a cross-cutting issue it must be clear whether the DAC is empowered to convene other government departments in order to coordinate the various necessary interventions. If not, the NPC proposes that Presidency directs an Inter-Ministerial Committee that can ensure greater interdepartmental work and coordination toward social cohesion.

In many instances, discussions on social cohesion and nation building are fragmented and lack coordination with other spaces addressing development policies, poverty alleviation 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. Experience shows that



when dialogue spaces are interconnected and coordinated, they are much more effective in contributing to equitable and sustainable development. Social dialogue provides a method for promoting social justice and a means to achieve social and economic progress. It also embodies the basic democratic principle that people affected by decisions should have a voice in the decision-making process.

Transparent, accountable and collaborative governance is key to the creation of trust and the building of more cohesive societies, 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. Social dialogue is crucial to ensuring that the groups involved take ownership of the issues at stake and that decision-making is transparent. This is the only way to build the social consensus required for the implementation of Social Cohesion and Nation Building policies and measures.

Social integration must focus on increasing the cultural, political and socioeconomic coherence of the SA 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. As a result, differences relating to the linguistic and cultural background and ethnicity/racial of the members of society in participating in society decreases. 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.

All of the aforementioned demands that all sectors of society coalesce around an integrated, clearly articulated and clearly understood vision of the South Africa of the future and that all strategies, plans, talents and social infrastructure are directed towards achieving Our Future.



RECOMMENDATIONS FOR BUILDING A CAPABLE STATE

- Rebuild state capacity, strengthen governance and recruiting key expertise in critical institutions
- Decisively address the political-administrative interface to ensure the stability of management and leadership in government. Professionalise the public service and make it a career of choice.
- Revamp delivery models in government and enhance performance in the public service including service delivery as well as making the state accountable.
- Promote a strong community empowerment and improve citizen engagement.
- Incorporate crime and violence prevention into municipal development projects by including capacity building
- Reduce levels of serious crime including crimes against women and children with particular focus, on training in areas of forensics, crime investigations and public-order policing.
- Implement the anti-corruption strategy
- Reinvigorate social cohesion initiatives to build and unite the nation.

9. CONCLUSIONS OF THE NDP REVIEW

The foregoing review points out that, following the adoption of the Plan in 2012, several initiatives ostensibly aligned to the NDP have been undertaken, notably in government, through its Medium-term Strategic Framework (MTSF).

In many respects, these initiatives have built on existing policies and programmes. However, this performance is not on course to achieving the outcomes envisioned in the NDP, as regards reducing poverty, inequality, and unemployment, as well as strengthening social protection, building an inclusive growing economy, and a capable and developmental state.

The progress achieved in poverty reduction in earlier years is not being sustained; the success of social protection and the social wage to cushion vast numbers of vulnerable people and communities against poverty is under threat, and the state capacity to lead implementation and rally stakeholders and society has weakened.

The country is therefore not on course to achieve the NDP's 2030 targets, given the performance thus far.

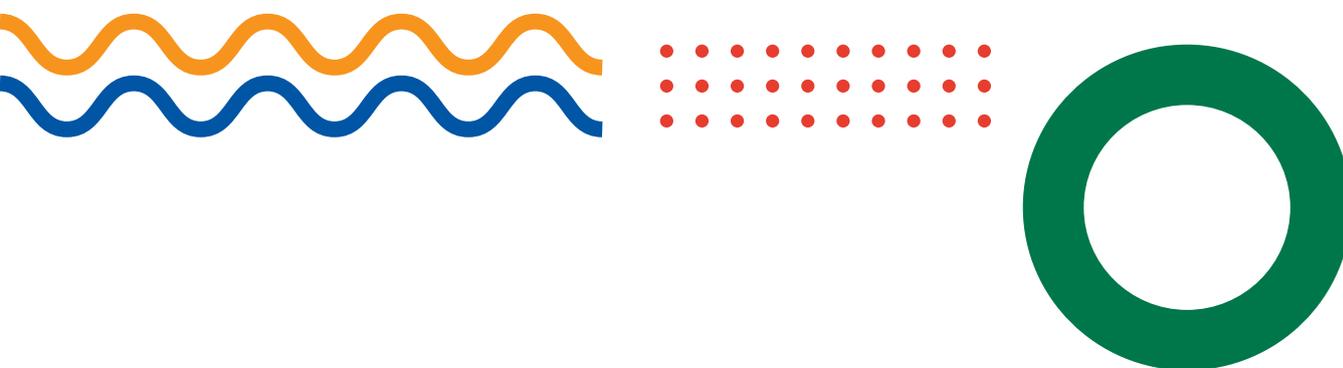
The hard truth is that the challenges that were identified in the NDP are still as relevant and applicable now in 2020 as they were in 2012: too few people work; the quality of school education for black people is poor; infrastructure is poorly located, inadequate and under maintained; spatial divides hobble inclusive development; the economy is unsustainably resource-intensive; the public health system cannot meet demand or sustain quality; public services are uneven and often of poor quality; corruption levels are high; and South Africa remains a divided society.

While there has been progress in many of the NDP's goals, it has not been nearly sufficient to lift any of the identified binding constraints.

For this very reason, the NDP remains as relevant today as when it was adopted in 2012. And the solutions it offered are as clear and feasible as when first proposed and little of what has been attempted since 2012 has produced the force of impact that would justify the shelving of the NDP.

The Plan therefore remains the country's lodestar, as the President has reiterated in the State of the Nation Address in 2020 and the Commission submits the country does not need a "re-write" of the NDP.

Instead, deep consideration is required of why so little progress has been made in seven years.



The background features a light green field with a complex, repeating geometric pattern of overlapping lines and shapes. On the left, a large, solid orange shape curves into the frame. At the bottom, a dark green shape curves upwards from the right side.

PART 3:

Addressing
Implementation
Challenges

There are several complex factors that account for insufficient progress and diversion from the trajectory envisioned in the NDP. The key overarching factor is in how and to what extent the Plan has been implemented following its adoption. The NPC's 2011 Diagnostic Report on which the NDP is based identified failure to implement policies and the absence of broad partnerships among the main reasons for the slow progress of South Africa's development, notwithstanding the country's achievements since 1994.

It is clear from the current review that the paradigm shift the NDP called for, and the development cycle (theory of change) it proposed, did not fully manifest in the implementation of the Plan. The NDP had strongly advocated "doing things differently" from the beginning, and in particular the following:

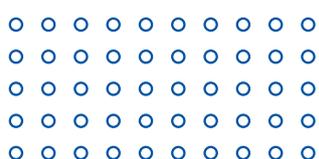
- Mobilising society to support the Plan, exploring a social compact to reduce poverty and inequality through investment and employment;
- Promoting active citizenry in implementation; and
- Encouraging strong leadership throughout society to work together to solve problems.

In the period under review, the NDP's key implementation prerequisites were not met, inter alia: focused leadership; the NDP as a Plan for all, not just government; institutional capability; resource mobilisation, and agreement on trade-offs as well as a social compact.. In addition the economy's slow recovery from the 2008 global financial crisis, factors accounting for under- or non-performance include: the limited ability of government to redirect fiscal resources from consumption to investment; heightened political contestation which did not allow the required policy trade-offs to be made; government's inability to prioritise, despite tighter fiscal constraints; the weakening of government's institutions, in particular SOEs, due to the blurring of lines between political and administrative functions, which led to deepening mismanagement and corruption; and institutional challenges that required attention were not addressed.

While these are difficult issues that required honest reflection and careful planning, the political will to address them was lacking in the years covered by this review. While the NDP had broad societal support after its adoption, this momentum was not sustained due to inability to build agreement on a broad social compact. The inability of various sectors of society to place the broader national interest before their own sectoral interest, and the lack of trust between government, business and labour, as well as citizens' distrust of the state, have collectively constrained the implementation and progress of the NDP.

Also, political and ideological contestations in the state and the governance of the country have made it difficult to achieve the unity of purpose and focus required to undertake and sustain implementation of the Plan.

In the period following the adoption of the NDP, strong political will and leadership to rally society and social partners behind the implementation of the Plan was lacking. Implementation of the NDP may have offset the challenges posed by the multiple fault lines and divisions underlying society and political-economy in South Africa, the associated lack of trust among different groups and constituencies, as well as the complexity for coordinating planning and implementation posed by silos within and across the country's three spheres of government.



In view of these challenges, the key guidance from this review is the need for course-correction: getting the NDP back on track and, through that, getting the country's trajectory to a better life back on track.

Course-correction entails self-critical reflection on what transpired in the policy, planning, institutional and political environment for implementing the Plan; identifying fault-lines, and resetting objectives, priorities and specific measures required for the period ahead. Part of this reset of the coordinates to the future entails more strategic collaboration with the private sector and all social partners who command significant material and social capital that can aid realisation of the South Africa we want.

More pointedly, course-correction entails prioritising the building of requisite capacity and capability of the state, in particular implementation capacity (inclusive of policy and planning).

The capacity and capability to drive a national development agenda (and therefore to intervene, implement, and learn from experience) is among key defining attributes of developmental states with which South Africa identifies. The first NPC thus advised effective implementation to achieve the NDP's vision 2030 is the shared responsibility of government, the private sector, civil society, and individual citizens, and depends on the country's ability to adapt and learn during this process (NPC (2015), Handover Report, 2010-2015).

Fixing implementation as part of building the capacity and capability of the state should be approached as a seamless value-chain that encompasses policy and planning, strategy and related theories of change, to ensure improved coordination, execution and impacts of actions.

It is imperative to undertake an honest and fundamental diagnosis of the malaise in implementation, and address the issues of capacity and capability in a direct way.

This should inform a revamped implementation strategy and streamlined institutional modus operandi that should be elevated above the existing highly bureaucratised and lethargic structures and processes that characterise how government works across all levels. There should be clear line of sight of implementation for leadership at the centre of government, and accountability by all role-players. A more focused and cohesive strategy is required to draw the private sector, organised labour, civil society, and citizenry into the implementation of the NDP. This is a political responsibility (of the leadership in government). In addition, the NPC had undertaken to play a facilitative role in bringing social partners and stakeholders together in this way, but has so far not been effective in this regard.

The introduction of the NDP was meant to change the country's planning landscape. However, institutionalising the NDP into planning in all three spheres of government, its agencies and SOE's, has been poor. The alignment of planning in government with the NDP is largely nominal, and the alignment of budgets and broader macro-economic policy with the Plan is unclear. Upon the adoption of the NDP, the national government incorporated the goals and targets of the Plan into its five-yearly planning and monitoring framework, the Medium-Term Strategic Framework (MTSF) for the period 2014-2019, as the initial building block for the implementing the NDP.

While the first NPC supported this step, the MTSF has not been rigorous and robust enough as a planning, implementation and monitoring tool for the purpose of driving the NDP, and strengthening accountability. In its Handover report in 2015, the NPC observed that “Many actions in the MTSF relate to developing strategies, legislation, and policies, with insufficient attention to actions that will immediately affect the delivery of programmes, in particular make an impact on poverty and inequality.

An evaluation of the MTSF by the Department of Planning of Planning, Monitoring and Evaluation, which is the custodian of the tool, concludes among others that it included too many government priorities which were accorded equal weighting and status, and thus slowed the implementation and progress of the NDP. Also, NDP actions which require cooperation across multiple departments, spheres of government or non-governmental stakeholders, showed poor implementation. In addition, resources were thinly spread given the obtaining economic environment. Last but not least, there were inadequate information systems in government to track progress towards the NDP’s 2030 goals.

The current NPC’s assessment of the 2014-2019 MTSF concludes that its use of 1151 indicators render the tool unwieldy, and conflates activities, outputs and impact in a manner that makes measuring implementation and progress difficult (NPC (2018), Implementation and Measurement Report, unpublished). The report emphasised the importance of focusing on a few key priorities, objectives and indicators to ensure that these are tracked and measured accurately.

It remains to be assessed if and how the 2019-2024 MTSF has addressed these shortcomings. The NPC has expended considerable attention to how South Africa’s planning system can further develop to advance the NDP and long-term development planning. An NPC 2015 planning discussion paper acknowledges the substantial progress made over the past 20 years to establish a planning system in the country, which comprises medium-term strategic plans, annual plans, medium-term expenditure plans, provincial development plans, and local governments’ integrated development plans. The study concluded, nevertheless, that the planning system is not fully serving developmental objectives, a key concern being that much planning has become a compliance exercise that occupies large quantities of time but delivers limited developmental impact.

The paper identified the need to build a planning system that is state-led, but that is also truly societal, bringing together the different segments of society in a genuinely participatory and collaborative process. It also identified persistent technical weaknesses in the system, including weak alignment to the NDP; lack of legislation to integrate different plans across the three spheres; incoherence in spatial planning; misalignment of planning cycles and planning horizons across the spheres, and weak capacity for undertaking planning, analysis and required participatory processes.

The 2015 discussion paper recommends, among others, the need to ensure that existing structures and systems serve developmental objectives, and that planning not be confined to setting indicators and targets, but to also focus on trends and recognise progress, even where targets are not fully met. Consistent with this analysis, a few important initiatives have been undertaken in recent years to address gaps in the planning system, some of which have been sponsored by the NPC. These include the initiation of legislation to provide for long-term development planning, and clarify roles and responsibilities in an integrated system; a process to align the national budget to the NDP; and the development of a National Spatial Development Framework.



Some of these initiatives have stalled, such as on the legislation and on the alignment of the budget, in part due to changes associated with the current sixth administration in government. These initiatives need to be brought back into the focus on strengthening planning and implementation, and need to be addressed in a strategic holistic manner, as part of building a capable and developmental state. A related new initiative sponsored by President Cyril Ramaphosa at the onset of the current sixth administration is the District Development Model, which seeks to address weaknesses in inter-sphere planning and implementation coordination.

As part of stimulating implementation of the NDP, the NPC had advocated and sponsored the piloting of innovative delivery mechanisms involving collaboration between government and key stakeholders. One such initiative is Operation Phakisa, which is modelled on Malaysia's Big Fast Results method of implementing plans based on collaboration between government and stakeholders to solve problems with enhanced supervision, accountability and speed. After the launch of a few such pilots in South Africa since 2014, the initiative has lost traction, and appears to have petered out.

As the custodian of the Operation Phakisa methodology, the DPME conducted an evaluation of the pilots. Among the key challenges accounting for the loss of traction of the initiative, the evaluation found the following: lack of political will and ownership; bureaucratic blockages and lack of alignment of the pilots to government's planning processes; insufficient budgetary allocations for the pilots. The solutions suggested by the evaluation include: that the President assume full ownership and leadership for the Phakisa project, and enforce delivery and accountability.

This will prevent the slide of the pilots to business-as-usual operating culture in government. Significant resources have been invested in the Operation Phakisa project, and important lessons have been learnt. Whether it is possible to turn around the trajectory of the project to ensure that it achieves the originally envisaged impact, requires careful assessment. The lessons learnt from Operation Phakisa need to be taken on board in the yet new innovations introduced to improve government's performance and its interface with external stakeholders, such as those sponsored by President Ramaphosa, namely the Thuma Mina/Khawuleza campaign and the District-based Development Model, and the Public-Private Growth Initiative sponsored by CEOs of major companies.



10. TOWARDS THE NDP'S 2030 GOALS - WHAT MUST BE DONE IN THE PERIOD 2020-2030?

This review concludes that advancing the NDP does not require substantial amendments to the Plan.

The course-correction called for entails drawing lessons from missteps since the country embarked on the Plan. A re-invigorated implementation strategy is required going forward, at the core of which must be credible delivery mechanisms and prioritisation. It may entail a Presidential assertion of a renewed consensus and subsequent compacting around big themes with defined implementation schedules.

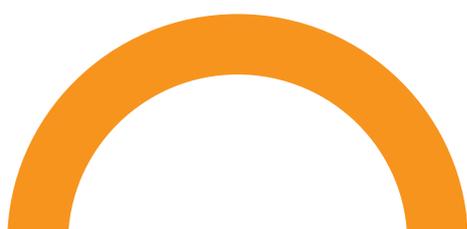
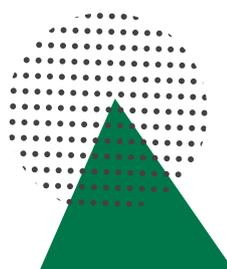
Focused and committed leadership across society is required, as well as a stronger role by the private sector and other social partners.

In the absence of a social compact around advancing the NDP, or at least a shared implementation and monitoring framework, it is difficult to account for the contribution (or lack thereof) of the private sector, organised labour, or civil society. A broad and functional social compact must be established, based on trust and a strong accountability chain in government and across society, with all leader being held accountable. Specifically, inadequate legislative oversight and a long history of blurred lines between party and state must be addressed.

The overall impact of the state needs to be maximised, and state power more effectively leveraged – for the good of all society. Above all, there is a need to facilitate community participation in reclaiming their dignity from the dehumanising scourge of poverty and inequality. Among the themes around which to build a renewed consensus and social compact on the NDP are the fixing of the state and its agencies to restore governance and service delivery, being decisive in professionalising the public service and stabilising management and leadership within the state, pursuing fiscal sustainability, and eliminating corruption.

The leadership of the current sixth administration in government has embarked upon addressing these and other issues. This provides a good basis to build on, to clarify the roles and responsibilities of actors in the state and among social partners, and thereby enhance accountability. In this context, it is imperative to prioritise vulnerable people living with high levels of poverty, in particular women, children and those living with disability, and to be deliberate in narrowing the gap between the rich and poor, building on existing social wage policies and measures. Government must improve the quality and efficiency of its spending through better planning, streamlining the institution of government, sound procurement systems, as well as greater competition and productivity in the economy, considering that the overall national budget envelope is likely to grow relatively slowly over the medium term.

Particular attention needs to be given to managing the government wage bill and making resources available for other priorities. This will involve balancing competing pressures such as increasing staff numbers, adequately remunerating skilled professionals and improving benefit coverage. The focus must be on actions that actively contribute towards reducing poverty, inequality, and unemployment through, for example, improved coverage and quality of basic service provision, including improved provision of basic service infrastructure. Improving the quality of the physical environment within which people live and work will help reduce inequality. This includes improving access to social infrastructure, economic opportunities and creating safer, more liveable and integrated living environments.



To supplement social safety nets, government in partnership with the private sector must continue to create poverty-reducing job opportunities and programmes such as the Expanded Public Works Programmes as well as promote and support SMMEs, and improve access to skill-enhancing education and training. The NDP's recommendations for the immediate attack of poverty remain valid, and need to be prioritised in implementation.

Poverty reduction prospects by 2030 will depend to a large extent on GDP growth and reduction of income inequality, with access of the poorest to services, economic opportunities, and fiscal redistribution as key strategies. The country also requires integrated anti-poverty strategies that must also address complex structural factors, such as, among others, the enduring effects of the apartheid system; skills constraints; the capacity of the state; the high wealth and income inequality gap; inadequate economic growth that benefits the few; the high disease burden of the poor, in particular HIV/Aids.

Renewed consensus is required on how the economy can be built to create broader and more inclusive growth. This must confront the deep-seated structural causes of poor growth and job-creation, low inclusivity, low competition and competitiveness, and the inequities in ownership, wealth, and income distribution. In this regard, the country's economic strategy needs to change, to enable a more dynamic, higher growth and inclusive trajectory, and a deliberate focus on previously neglected townships, former Bantustans and rural areas, where the majority of the population live.

There should also be a focus on areas that provide opportunities for both densification, such as former white, Indian and coloured suburbs, and for improving the social wage such as health, education, living standards and access to economic opportunities. Reducing unemployment through increasing access to opportunity and ensuring that people live in well-located areas, and are able to access work and business opportunities should receive attention.

An integral part of a renewed consensus on the economy must include building and deepening consensus around a common vision for a "just transition" to a low-carbon, climate-resilient economy and society, and also engage the ongoing transition due to digital and Fourth Industrial Revolution technologies. Developing pathways to manage these transitions is crucial.

South Africa will need to achieve a zero-carbon economy by putting people, especially those living in poverty and the vulnerable at the forefront.

The Commission proposes that the country builds the resilience of our economy and our people through affordable, decentralised, diversely-owned renewable energy systems; conservation of our natural resources; equitable access of our water resources and sustainable, equitable and inclusive land-use for all, especially for the most vulnerable.

The high value placed on healthy ecosystems, land, water and air, underpins our future, and ensures a better life for all who live in South Africa.

The NPC submits that South Africa must now, more urgently than ever, decisively confront developmental challenges and arrive at a renewed consensus around the economy. To achieve such a new consensus around the economy, the NPC recommends that Chapter 3 of the NDP be revised and updated. The task should include convening all stakeholders and social partners to engage on an



inclusive economic growth strategy for South Africa.

The NPC further submits that implementation of the NDP be focused on a few and clear overarching priorities, framed by the goals to build an inclusive economy, a capable nation and a capable state.

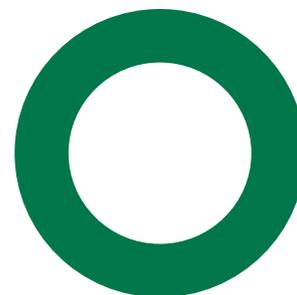
All efforts in implementing the NDP must be assessed and measured against the impact they make in obliterating poverty, unemployment and inequality. The seven priorities of the sixth administration as announced by the President in the 2020 State of the Nation Address are fully aligned with the NDP and supported as a foundation.

It is critical that implementation of the NDP be monitored and measured through a well-designed tool. Recognising the flaws of government's MTSF, the NPC initiated a process to develop a framework that more directly and sharply represents NDP proposals and the impact they seek to achieve, and how they should be measured.

This work should be taken forward to support a broader, strengthened social partnership-based approach to implementing the NDP.

In this connection, appropriate mechanisms are required for stronger and clearer line of sight of implementation in the Presidency, which will also act as the overarching NDP champion.

This will bring new energy, vigour and focus to the task of NDP implementation. A key area is how relevant monitoring data will be collected and maintained across all implementing actors within and outside the state. These are critical imperatives in institutionalising planning, and include further developing the role of the NPC as an independent advisory think tank.



11. CONCLUSION

The NDP has been reinforced as South Africa's lodestar by the President in his leadership of the state and the nation. This review has sought to reassert the Plan, renew the nation's understanding of its promise, assess the implementation progress and challenges and re-energise all stakeholders toward the realisation of a better South Africa.

The review provides a prioritisation and focus lens that organises the Plan into apex priorities that reflect the country's key challenges, assesses implementation and makes recommendations in each priority area that if acted on can fast-track progress.

Improving the implementation of the NDP requires a new approach in the Plans last 10 years to 2030.

While government must be the champion of the Plan and lead implementation, all of society must see themselves stakeholders in the implementation of the NDP.

One of the NDP's greatest strengths is its ability to speak to the aspirations of South Africans across sectors, industries and communities. What has been missing is the popularisation of the NDP beyond the confines of the state.

Simple ways of communicating the Plan are required, to ensure it becomes accessible and understood. Citizens must feel like it is a plan that they can coalesce around for action in all spheres of life.

While many NDP goals are not on track to be achieved by 2030, the review calls on the nation to work together to achieve as many of these goals as possible.

With the exception of the Chapter 3 which the NDP review recommends be rewritten, there are many goals that remain achievable and should not be abandoned. This review emphasises that South Africa must prioritise the biggest drivers of change if we are to realise progress to achieving the NDP's 2030 goals.

Building a capable nation is at the centre of the vision of the National Development Plan 2030. Capable people, capable institutions and an economy fueled by the participation of all people is the shared vision for development that is sustainable, inclusive and responsive to the needs and aspirations of all South Africans.

The advent of the COVID-19 pandemic serves as a post-script to the NPC review which was in its closing stages as the pandemic took hold globally and nationally.

The pandemic has reinforced our understanding of the many weaknesses in the public sector and the ravages of inequality in our society.

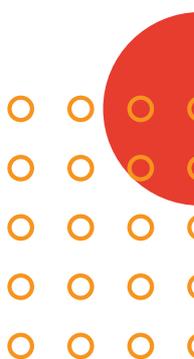
But the pandemic has also revealed what we are capable of when we have our backs to the wall and government is forced to organise itself better internally and to collaborate urgently and innovatively with civil society.

The pandemic has confronted us with the legacy of under-delivery and inefficiency in recent years, as well as the new inheritance of profound damage to the economy and the national psyche at this time of great personal and institutional insecurity.

South Africa, like many other nations, finds itself at the bottom of a deep crater from which a nation has to excavate itself and herein lies the opportunity for mobilising the nation around a reconstruction effort.

The horizon for this effort should not be a revert to the South Africa we had in December 2019, but a surge towards the South Africa we want in 2030.

It is indeed an opportunity to break with our past and to embrace Our Future.



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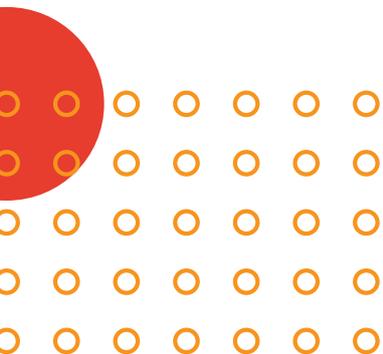
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