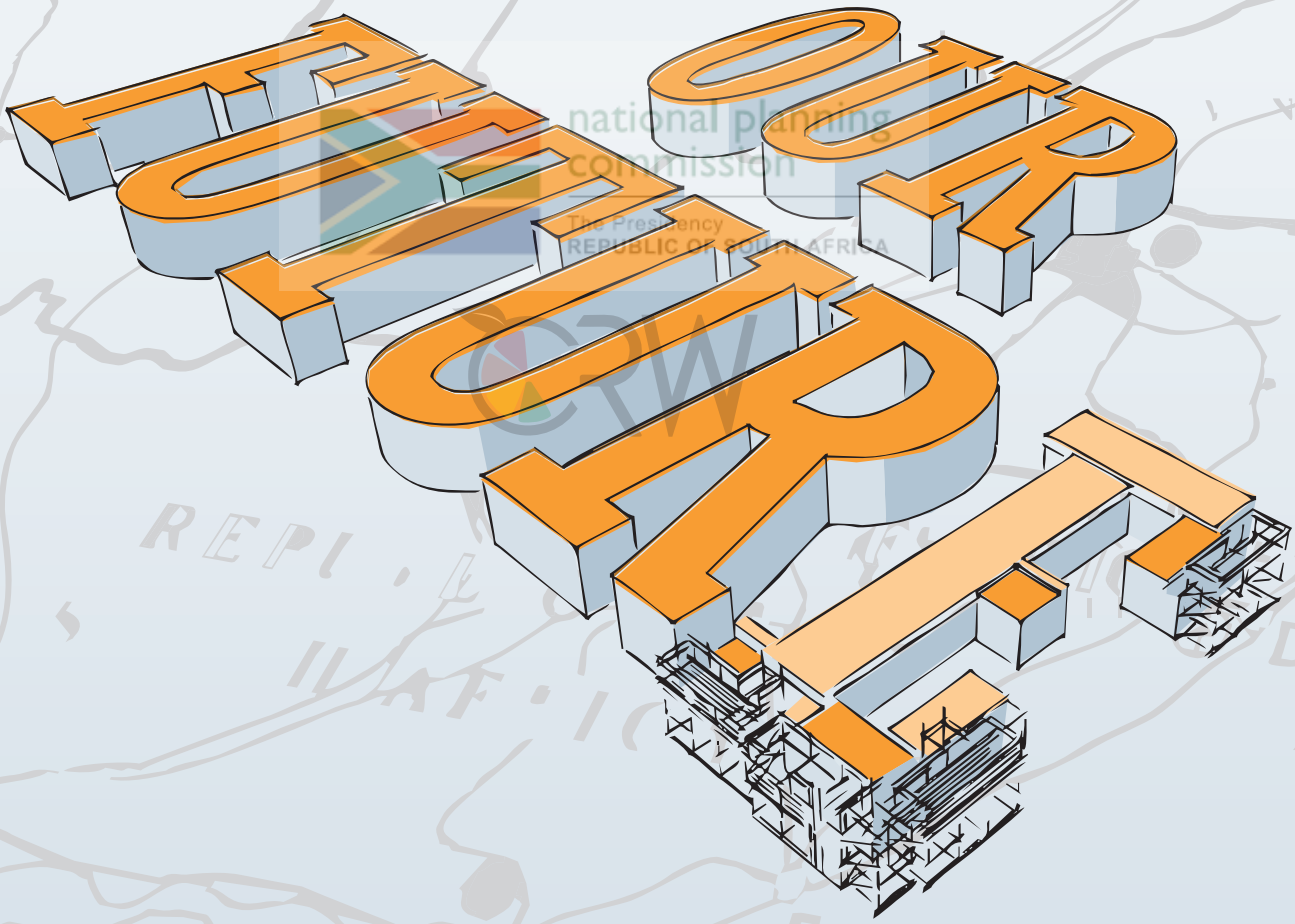
NATIONAL DEVELOPMENT PLAN 2030

Our future - make it work

EXECUTIVE SUMMARY



national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

national planning commission
Department:
The Presidency
REPUBLIC OF SOUTH AFRICA

NATIONAL PLANNING COMMISSION

Our future - make it work

NATIONAL DEVELOPMENT PLAN 2030

EXECUTIVE SUMMARY

national planning
commission
The Presidency
REPUBLIC OF SOUTH AFRICA

CRW

Vision Statement

We, the people of South Africa, have journeyed far since the long lines of our first democratic election on 27 April 1994, when we elected a government for us all.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

We began to tell a new story then. We have lived and renewed that story along the way.

Now in 2030 we live in a country which we have remade.

We have created a home where everybody feels free yet bounded to others; where everyone embraces their full potential. We are proud to be a community that cares.

We have received the mixed legacy of inequalities in opportunity and in where we have lived, but we have agreed to change our narrative of conquest, oppression, resistance,

We felt our way towards a new sense of ourselves:

- Trying, succeeding and making mistakes
- Proclaiming success and closing our minds to failure
- Feeling orientated and disorientated through our own actions
- Affirming some realities and denying others
- Proclaiming openness to the world, yet courting insularity
- Eager to live together, yet finding it difficult to recognise shared burdens
- Learning to recognise and acknowledge shared successes.

Our new story is open ended with temporary destinations, only for new paths to open up once more.

It is a story of unfolding learning.
Even when we flounder, we remain hopeful.
In this story, we always arrive and depart.

We have come some way.

We know:
What we do, and how we do it, is as important as what we want to achieve.
What we are, is because of who we have been and what we want to become.
We will continue to make it to make us, because we are happy with being who we are.

Who are we?
We are Africans.
We are an African country.
We are part of our multi-national region.
We are an essential part of our continent.
Being Africans, we are acutely aware of the wider world, deeply implicated in our past and present.
That wider world carries some of our inheritance.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

We have learned a great deal from our complex past; adding continuously to our experience of being African.

Therefore, in 2030, we experience daily how: We participate fully in efforts to liberate ourselves from conditions that hinder the flowering of our talents.

We feel loved, respected and cared for at home, in community and the public institutions we have created.
We feel understood.
We feel needed.
We feel trustful.
We feel trusted.
We feel accommodative.
We feel accommodated.
We feel informed.
We feel healthy.
We feel safe.
We feel resourceful and inventive.
We learn together.
We talk to each other.
We share our work.
We play.
We worship.
We ponder and laugh.

We are energised by sharing our resourcefulness.
We are resilient.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

We love reading.
All our citizens read, write, converse, and value ideas and thought.
We are fascinated by scientific invention and its use in the enhancement of our lives.
We live the joy of speaking many of our languages.
We know our history and that of other peoples.
We have clear values.

We create rather than eliminate; value arises from improving through creativity that which we inherited.

I have a space that I can call my own.
This space I share.
This space I cherish with others.
I maintain it with others.

I am not self-sufficient alone.
We are self-sufficient in community.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

We all see to it and assist so that all life's enablers are available in a humane way.

Through our service we show our solidarity.
We enjoy the same quality of service.
We are connected through our caring.
The beating heart of our country is a community that has all the enablers of modern life:

- We have water.
- We use a toilet.
- We have food on the table.
- We fall asleep without fear.
- We listen to the rain on the roof.
- We gather together in front of heat.

What we contribute in our taxes, we get back through the high quality of our public services.

That is why we have:

- Good clinics and hospitals with well trained, caring doctors, administrators, nurses who rush to our aid with empathy and expertise
- Affordable effective medicines, because they were made for all of us
- Good schools with well educated, trained and caring teachers.

Each community has:

- A school
- Teachers who love teaching and learning
- A local library filled with a wealth of knowledge
- A librarian
- A police station with respected and upright police
- A clinic with nurses who love caring for people.

In our well-designed community surroundings we feel safe everywhere.
There, we enjoy meeting one another.
We find so much pleasure in one another's company.
Everywhere we go in our country, we hear the laughter of our children.

We all have actively set out to change our lives in ways which also benefit the broader

We are a people at work.
We work to create plenty.

Our work brings us ever closer to our dreams.
Work grounds our dreams even the more fantastic they are.
The reality of work connects us to our dreams.

We work towards goals with patience invested in actual effort.
We invest in our efforts and are not waiting in disengaged expectation.
Because we are impatient to succeed, we work with painstaking rigour.

Our efforts, not so much those of others, make us stronger.
Then we are patient for the results of our efforts.
This kind of patience, gives birth to our new work ethic.

In this work ethic we ground our dreams.
We have built our own houses.
We are confident and self-sufficient.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

We are traders.
We are inventors.
We are workers.
We create companies.
We set up stalls.
We are studious.
We are gardeners.
We feel a call to serve.

We make things.

Out of our homes we create objects of value.
We invest and reap good returns for our efforts.
We travel to trade beyond our borders, carrying our values with us.

As artists we express and celebrate, we expose and nurture, we explore, shift and change frontiers.
Through sports of all kinds, we push the limits of our possibilities.
Our philosophies and stories have enriched the world.

We respect ability, competence and talent.
Now our economy is growing.
Our prosperity is increasing.
We are energised by our resourcefulness.

We are connected by the sounds we hear, the sights we see, the scents we smell, the objects we touch, the food we eat, the liquids we drink, the thoughts we think, the emotions we feel, the dreams we imagine. We are a web of relationships, fashioned in a web of histories, the stories of our lives inescapably shaped by stories of others.

We love sharing our stories in our schools, places of worship, libraries, in the variety of media whatever they may be.

We are inevitably and intimately implicated in one another.

We all assist the institutions we have creatively redesigned to meet our varied needs; we reach out across communities to strengthen our resolve to live with honesty, to be set against corruption and dehumanising actions.

We have made the rules by which we want ourselves to live:

- We hold the Constitution of our country as the covenant guide to a fair society
- Since 1994 we've changed our laws to obey our Constitution
- Now we live it: justice rules us, because just laws make community possible
- The law enables us to live together fulfilling our mutual obligations and responsibilities in the shared public spaces of our mutual affiliation.

We know that those to whom we have given the privilege to govern our land, do so on our behalf and for the benefit of all the people.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Government begins in the home, grows into the community, expands towards the city, flares toward the province, and engulfs the entire land.

We know our leaders as we have elected them and pledged them into office:

- They are wise in the use of our wealth
- Wise in knowing and understanding our wishes and needs
- Wise in expecting us to express ourselves to them in any appropriate manner we have agreed to be allowable
- Wise in not silencing those who criticise, but enable them, through our rules of engagement, to be even more rigorous in supporting a just society.

Our leaders' wisdom is ours, because we sense our wisdom in theirs.

- They do more than respond to us:
- They bring new thoughts and ideas
- They share with us what they think
- They inspire us, because we then seek to aspire with them
- With them we renew our world continuously.

But our gift of leaders extends far beyond politics.
We have them in abundance in every avenue of life.
We have come far with our cultural, religious, and ancestral traditions.
Contemporary citizens that we are, we are conscious of the intimate relationships between tradition and change.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

We say to one another: I cannot be without you, without you this South African community is an incomplete community, without one single person, without one single group, without the region or the continent, we are not the best that we can be..

We love the land.
We greet one another again.
We enjoy being visited.
We are courteous and curious.

We love arguing, we debate fiercely, we contest ceaselessly.
We solve our differences through discussion.
We refrain from being cruel, demeaning or hurtful in disagreement.
We feel we belong.
We celebrate all the differences among us.
We are not imprisoned by the roles ascribed to us.

Our family life strengthens the women, men and children who live in it.
The older share their wisdom with the young.
The young invigorate us with their energy, openness, optimism, and questioning minds.

The welfare of each of us is the welfare of all.
Everybody lives longer.
We experience fulfilment in life, living it in the successful society we are creating.
We feel prosperous.

Our connectedness across time and distance is the central principle of our nationhood.

We are a people, who have come together and shared extraordinarily to remake our society.

We ply between our cities and our ancestral origins.
Others' ancestral origins are beyond our country.
Where they go, from time to time, is a piece of our home too.

We discover the country and the world.
We live peacefully with neighbours.
We have good friends in other societies.

We have welcomed people from distant lands, who have chosen to live among us.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

We value interdependence and reciprocity.
We feel hospitable.
We are a community of multiple, overlapping identities, cosmopolitan in our nationhood.

Our multiculturalism is a defining element of our indigeneity.
We are, because we are so many.
Our many-ness is our strength – we carry it in us throughout our lives.

We are safe, not so much because we are guarded, but because of the strength of our belonging.

We acknowledge that each and every one of us is intimately and inextricably of this earth with its beauty and life-giving sources; that our lives on earth are both enriched and complicated by what we have contributed to its condition..

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

South Africa, our country, is our land. Our land is our home.
We sweep and keep clean our yard.
We travel through it. We enjoy its varied climate, landscape, and vegetation.
It is as diverse as we are.

We live and work in it, on it with care, preserving it for future generations. We discover it all the time. As it gives life to us, we honour the life in it.

From time to time it reminds us of its enormous, infinite power.
When rain and floods overwhelm, winds buffet, seas rage, and the sun beats unrelentingly in drought.
In humility, we learn of our limitations.

To create living spaces within this beautiful land is to commensurate with our desired values.

South Africa belongs to all its peoples.

Now, in 2030, our story keeps growing as if spring is always with us.

national planning commission
THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

Once, we uttered the dream of a rainbow. Now we see it, living it. It does not curve over the sky.

It is refracted in each one of us at home, in the community, in the city, and across the land, in an abundance of colour.

When we see it in the faces of our children, we know: there will always be, for us, a worthy future.

Our future - make it work

South African belongs to all its peoples.

We, the people, belong to one another.

We live the rainbow.

Our homes, neighbourhoods, villages, towns, and cities are safe and filled with laughter.

Through our institutions, we order our lives.

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

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

INTRODUCTION

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

> "No political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life. Attacking poverty and deprivation must therefore be the first priority of a democratic government."
>
> *The Reconstruction and Development Programme, 1994*

South Africa has made remarkable progress in the transition from apartheid to democracy. This transition has been peaceful despite the country's history of violent conflict and dispossession.

In nearly every facet of life, advances are being made in building an inclusive society, rolling back the shadow of history and broadening opportunities for all. South Africa has been able to build the institutions necessary for a democratic and transformative state. The Constitution enshrines a rights-based approach and envisions a prosperous, non-racial, non-sexist democracy that belongs to all its people. Healing the wounds of the past and redressing the inequities caused by centuries of racial exclusion are constitutional imperatives. Access to services has been broadened, the economy has been stabilised and a non-racial society has begun to emerge. Millions who were previously excluded have access to education, water, electricity, health care, housing and social security. About 3 million more people are working today than in 1994, the poverty rate has declined and average incomes have grown steadily in real terms.

Eighteen years into democracy, South Africa remains a highly unequal society where too many people live in poverty and too few work. The quality of school education for most black learners is poor. The apartheid spatial divide continues to dominate the landscape. A large proportion of young people feel that the odds are stacked against them. And the legacy of apartheid continues to determine the life opportunities for the vast majority. These immense challenges can only be addressed through a step change in the country's performance.

To accelerate progress, deepen democracy and build a more inclusive society, South Africa must translate political emancipation into economic wellbeing for all. It is up to all South Africans to fix the future, starting today.

This plan envisions a South Africa where everyone feels free yet bounded to others; where everyone embraces their full potential, a country where opportunity is determined not by birth, but by ability, education and hard work. Realising such a society will require transformation of the economy and focused efforts to build the country's capabilities. To eliminate poverty and reduce inequality, the economy must grow faster and in ways that benefit all South Africans.

In particular, young people deserve better educational and economic opportunities, and focused efforts are required to eliminate gender inequality. Promoting gender equality and greater opportunities for young people are integrated themes that run throughout this plan.

national planning commission
REPUBLIC OF SOUTH AFRICA

BACKGROUND

President Jacob Zuma appointed the National Planning Commission in May 2010 to draft a vision and national development plan. The Commission is an advisory body consisting of 26 people drawn largely from outside government, chosen for their expertise in key areas.

The Commission's *Diagnostic Report*, released in June 2011, set out South Africa's achievements and shortcomings since 1994. It identified a failure to implement policies and an absence of broad partnerships as the main reasons for slow progress, and set out nine primary challenges:

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.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

South Africans from all walks of life welcomed the diagnostic as a frank, constructive assessment. This led to the development of the draft national plan, released in November 2011. Building on the diagnostic, the plan added four thematic areas: rural economy, social protection, regional and world affairs, and community safety.

The Commission consulted widely on the draft plan. Our public forums drew in thousands of people; we met with parliament, the judiciary, national departments, provincial governments, development finance institutions, state-owned entities and local government formations; and we held talks with unions, business, religious leaders and non-profit organisations.

South Africans have broadly supported the draft plan, proposing modifications and making suggestions to implement it effectively. Their input has informed this plan.

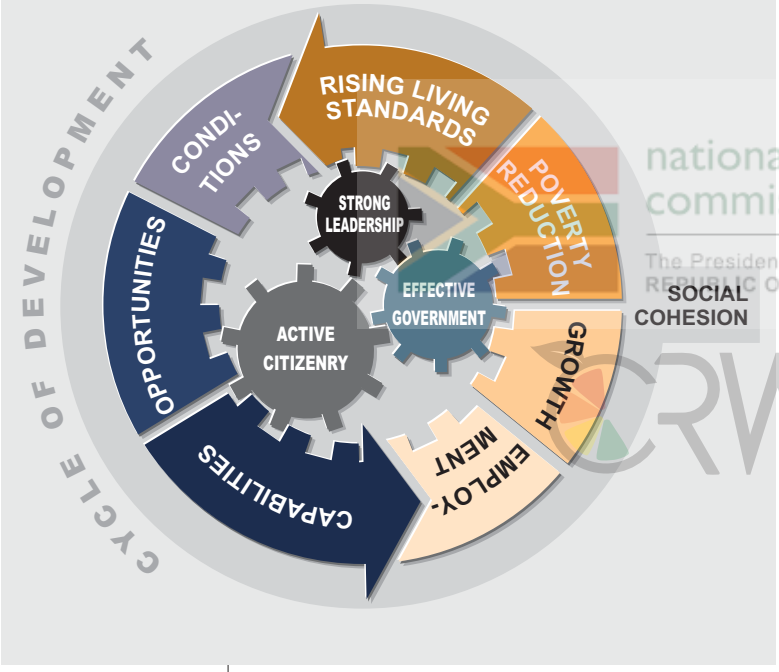
National development has never been a linear process, nor can a development plan proceed in a straight line. Accordingly, we propose a multidimensional framework to bring about a virtuous cycle of development, with progress in one area supporting advances in others.

How will this work in practice? South Africa's principal challenge is to roll back poverty and inequality. Raising living standards to the minimum level proposed in the plan will involve a combination of increasing employment, higher incomes through productivity growth, a social wage[1] and

good-quality public services. All of these challenges are interlinked. Improved education, for example, will lead to higher employment and earnings, while more rapid economic growth will broaden opportunities for all and generate the resources required to improve education.

The graphic below demonstrates the close link between capabilities, opportunities and employment on social and living conditions. It shows how leadership, an active citizenry and effective government can help drive development in a socially cohesive environment.

FIG 1.1 AN APPROACH TO CHANGE



The plan focuses on the critical *capabilities* needed to transform the economy and society. Achieving these capabilities is not automatic, nor will they emerge if the country continues on its present trajectory. Rising levels of frustration and impatience suggest that time is of the essence: failure to act will threaten democratic gains. In particular, South Africa must find ways to urgently reduce alarming levels of youth unemployment and to provide young people with broader opportunities.

Progress over the next two decades means doing things differently. Given the complexity of national development, the plan sets out six interlinked priorities:

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

Moving ahead with the plan

This is a plan for South Africa. It provides a broad strategic framework to guide key choices and actions. Its success will depend on all South Africans taking responsibility for the plan, led by the President and Cabinet.

This overview is a high-level summary of the plan. The 15 chapters address the major thematic areas in detail, providing evidence, recommendations and clear implementation frameworks.

Following publication of the plan, the Commission will focus on:

- Mobilising society to support the plan, and exploring a social compact to reduce poverty and inequality through investment and employment.
- Conducting research on critical issues affecting long-term development.
- Advising government and social partners on implementing the plan.
- Working with relevant state agencies to report on the progress of the objectives.

national planning commission
The Presidency REPUBLIC OF SOUTH AFRICA

The Commission believes that to build a better South Africa, we must start today.

Growth and jobs, education and skills, and a capable and developmental state

While the achievement of the objectives of the National Development Plan requires progress on a broad front, three priorities stand out:

- Raising employment through faster economic growth
- Improving the quality of education, skills development and innovation
- Building the capability of the state to play a developmental, transformative role.

A sustainable increase in employment will require a faster-growing economy and the removal of structural impediments, such as poor-quality education or spatial settlement patterns that exclude the majority. These are essential to achieving higher rates of investment and competitiveness, and expanding production and exports. Business, labour, communities and government will need to work together to achieve faster economic growth.

Social cohesion needs to anchor the strategy. If South Africa registers progress in deracialising ownership and control of the economy without reducing poverty and inequality, transformation will be superficial. Similarly, if poverty and inequality are reduced without demonstrably changed ownership patterns, the country's progress will be turbulent and tenuous.

AN APPROACH TO CHANGE: ENHANCED CAPABILITIES AND ACTIVE CITIZENRY

The plan draws extensively on the notion of capabilities.

Key capabilities that emerge from development literature include:

- Political freedoms and human rights
- Social opportunities arising from education, health care, public transport and other public services
- Social security and safety nets
- An open society, transparency, disclosures and a culture of accountability
- Economic facilities, work, consumption, exchange, investment and production.

Alongside hard work and effort, capabilities and the opportunities that flow from development enable individuals to live the lives to which they aspire. A developmental state builds the capabilities of people to improve their own lives, while intervening to correct historical inequalities. Neither government nor the market can develop the necessary capabilities on their own.

Citizens have the right to expect government to deliver certain basic services, and to hold leaders accountable for their actions. They also have responsibilities to other citizens, including mutual respect, tolerance and abiding by the laws of the land. Leaders throughout society have to balance the power they hold with responsibility, including listening to and tolerating different and diverse views, promoting social cohesion and working together to resolve problems.

Making the plan work will require a complex interplay of actors and actions, and progress in any one area is almost always dependent on progress in another. The plan will provide a common focus for action across all sectors and sections of South African society.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

To accelerate development, South Africa needs the active support of all citizens, leadership in all sectors that puts the country's collective interests ahead of narrow, short-term goals, and radically improved government performance. In some instances, policy change may be necessary, but in most areas it is about getting the basics right, implementing government programmes, holding people accountable for their actions and finding innovative solutions to complex challenges.

Direct and immediate measures to attack poverty

The plan presents a long-term strategy to increase employment and broaden opportunities through education, vocational training and work experience, public employment programmes, health and nutrition, public transport and access to information. While there are "quick wins" to be achieved in each of these areas, the strategies will take time to have a large-scale effect on poverty. To reduce the acute effects of poverty on millions of South Africans over the short term, the plan proposes to:

- Introduce active labour market policies and incentives to grow employment, particularly for young people and in sectors employing relatively low-skilled people.
- Expand public employment programmes to 1 million participants by 2015 and 2 million by 2020. As the number of formal- and informal-sector jobs expands, public work programmes can be scaled down.
- Strengthen primary health-care services and broaden district-based health programmes, such as the community health worker and midwife programmes, and health education.
- Expand welfare services and public employment schemes, enabling the state to service and support poor communities, particularly those with high levels of crime and violence.
- Introduce a nutrition programme for pregnant women and young children and extend early childhood development services for children under five.
- Improve the quality of education in underperforming schools and further education and training colleges.
- Promote mixed housing strategies and more compact urban development to help people access public spaces and facilities, state agencies, and work and business opportunities.
- Invest in public transport, which will benefit low-income households by facilitating mobility.

DEMOGRAPHIC TRENDS AND EXTERNAL DRIVERS OF CHANGE

South Africa's development is affected by what happens in the region and the world. Success will depend on the country's understanding and response to such developments. In addition to a detailed scan of demographic projections, the plan discusses five notable trends: global economic shifts, technology, globalisation, climate change and African economic growth.

Demographic trends

What will South Africa look like in 2030? The country has reached a stage in its demographic transition where birth rates are falling and the population is stabilising. This transition has profound implications for population structure, the rate of growth of the labour force, and demand for services such as education and health.

Today the labour force (those aged 15 to 64) makes up 64 percent of the population, with the proportion of children and the elderly comprising smaller shares. Internationally, demographic profiles such as these are often associated with rising incomes, faster productivity growth, higher savings and rising living standards. Alternatively, they can lead to a

national planning commission
REPUBLIC OF SOUTH AFRICA

frustrating and destabilising environment where young people cannot get work, contributing to violence, crime, alcohol abuse and other social ills. The determinant of success is whether a country can harness the advantage of having a large number of young people who are able and willing to work. To do so means providing them with education and skills, and helping school leavers find work that is stimulating and through which they can fulfil their aspirations.

Birth rates for white South Africans began to fall in the 1950s and 1960s, while birth rates for Africans began falling in the late 1970s and early 1980s. In both cases, rising urbanisation and better educational standards were decisive factors. Today, South Africa's population is growing at 1 percent a year and by 2030, it is projected to grow by 0.5 percent a year.

Our observations include the following:

- The proportion of South Africans living in rural areas has fallen by about 10 percentage points since 1994. Today, about 60 percent of the population lives in urban areas. In line with global trends, the movement of people from the countryside to the cities is expected to continue, and by 2030 about 70 percent of the population will live in urban areas. Gauteng and the cities of eThekwini and Cape Town are the fastest-growing city-regions, with implications for planning and delivery of basic services.
- Immigration is projected to add between 0.1 percent and 0.2 percent a year to the rate of population growth in the period to 2030.
- HIV/AIDS has had a profound effect on the population, raising overall deaths significantly since 2000 and reducing the proportion of women of child-bearing age. There are signs that the country has begun to turn the corner in response to an effective education and treatment campaign. The HIV infection rate has stabilised at about 10 percent. New infections among young people have fallen and life expectancy is rising. Despite these gains, there will still be a sizeable number of AIDS orphans and children requiring concerted support from the state and communities for decades to come.

To maximise the benefits of this "demographic dividend" the country requires better nutrition and health care, improved educational standards, increased access to further and higher education, easier entry into the labour market and greater labour mobility (the ability to move to where jobs are on offer). All of these factors need to be taken into account in national planning.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

BUILDING A FUTURE FOR SOUTH AFRICA'S YOUTH

South Africa has an urbanising, youthful population. This presents an opportunity to boost economic growth, increase employment and reduce poverty. The Commission, recognising that young people bear the brunt of unemployment, adopted a "youth lens" in preparing its proposals, which include:

- A nutrition intervention for pregnant women and young children.
- Universal access to two years of early childhood development.
- Improve the school system, including increasing the number of students achieving above 50 percent in literacy and mathematics, increasing learner retention rates to 90 percent and bolstering teacher training.
- Strengthen youth service programmes and introduce new, community-based programmes to offer young people life-skills training, entrepreneurship training and opportunities to participate in community development programmes.
- Strengthen and expand the number of FET colleges to increase the participation rate to 25 percent.
- Increase the graduation rate of FET colleges to 75 percent.
- Provide full funding assistance covering tuition, books, accommodation and living allowance to students from poor families.
- Develop community safety centres to prevent crime and include youth in these initiatives.
- A tax incentive to employers to reduce the initial cost of hiring young labour-market entrants.
- A subsidy to the placement sector to identify, prepare and place matric graduates into work. The subsidy will be paid upon successful placement.
- Expand learnerships and make training vouchers directly available to job seekers.
- A formalised graduate recruitment scheme for the public service to attract highly skilled people.
- Expand the role of state-owned enterprises in training artisans and technical professionals.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Policy in a dynamic global environment

International and regional developments affect South Africa in complex ways. Our view is that on balance, global trends can have positive implications for South Africa's development, notwithstanding several notable risks. Understanding and responding appropriately to complex global challenges is the first task of planning.

A changing global economy

Long-term shifts in global trade and investment are reshaping the world economy and international politics. Chief among these developments is the emergence of rapidly growing economies, particularly China, India and Brazil. After nearly three centuries of divergence, inequality between nations is decreasing. Urbanisation and industrialisation in China and India are likely to keep demand

for natural resources relatively high for a decade or more. The emergence of more consumers in developing countries will broaden opportunities for all economies.

In decades to come, as emerging economies increase their share of world trade and investment, the relative decline in the economic weight of the United States, Europe and Japan will have concomitant effects on their political and military influence. This could lead to a reorganisation of the international diplomatic and governance architecture, reflecting new centres of influence.

South Africa can benefit from rapid growth in developing countries that leads to increased demand for commodities and expanding consumer markets. At the same time, these trends pose challenges for middle-income countries as a result of greater competition in manufacturing and certain information technology-enabled services. The rise of emerging markets also increases international competition, placing downward pressure on the wages of low-skilled workers in tradable sectors.

Over the past five years, South Africa's exports to advanced economies have slowed in response to lower demand. This decline has been offset by increased demand from Asia and higher prices for commodities. While South Africa has maintained a reasonably sound trade balance, owing largely to high commodity prices, it is of concern that high value-added and labour-intensive exports are slowing.

In the medium term, South Africa has to respond to this trend by bolstering competitiveness and investment in high value-added industries and increasing the volume of mineral exports. Over the longer term, South Africa has to do more to enhance competitiveness in areas of comparative advantage that can draw more people into work. By improving the skills base and increasing competitiveness, the economy can diversify, offsetting the distorting effects of elevated commodity prices on the rand.

It is likely that world economic growth over the next decade will be lower than it was during the previous one. This will require greater policy focus, effective implementation of industrial policies and improved skills development.

Globalisation

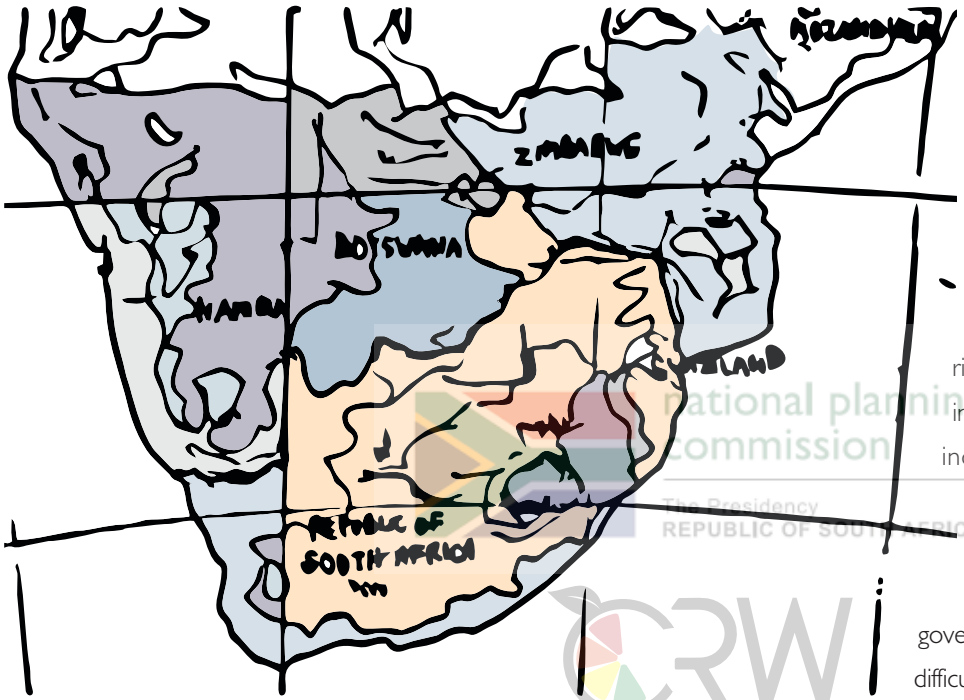
Globalisation broadly refers to rising global trade and increased flows of people, capital, ideas and technologies across borders in recent decades. These trends have generally supported the development of poor and middle-income countries, enabling them to access markets, goods, services, capital, technology and skills. Globalisation has also contributed to a growing "interconnectedness" that has lowered barriers to entry and expanded the reach of knowledge.

national planning commission
THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

Yet globalisation has also contributed to heightened risk and complexity in world affairs – from financial market volatility, to the migration of skilled people from developing countries, to changing power relations between states and capital. As a result of these patterns, the current economic slowdown in developed countries poses a significant risk to developing countries.

South Africa's experience of globalisation includes tangible benefits and increased complexity. The challenge is to take advantage of opportunities while protecting South Africans – especially the poor – from the risks associated with new trade and investment patterns. For example, South Africa has a low level of savings and relies on foreign capital to finance its investments. Dependence on external capital flows increases the risk of volatility in the domestic economy. Slower growth in developed

countries has been accompanied by strong demand from developing countries, contributing to a welcome rebalancing of the country's exports. Yet this trend also poses a challenge for policy makers and manufacturers, because present demand from emerging markets is weighted towards commodities and raw materials, rather than a more diversified basket of products required by developed countries.



national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Africa's development

The economies of many African countries have grown more rapidly over the past decade, significantly reducing extreme poverty for the first time in about half a century, and the continent has carved out a greater voice in global institutions.

On the political front, democracy has made uneven headway. The recent uprisings in North Africa are a stark reminder of the risks of poor governance and weak institutions that allow elites to accumulate wealth at the expense of the people.

Strong African growth also provides opportunities for South African firms and industries, which have contributed to development by investing in telecommunications, banking, mining, construction and retail. Closer partnership between countries, firms and people would deepen economic and social integration, contributing to higher rates of growth and development.

Several structural weaknesses must be overcome if Africa is to translate rapid growth and higher demand for commodities into rising employment and living standards. Crucially, poor transport links and infrastructure networks, as well as tariff and non-tariff barriers, raise the cost of doing business and hobble both investment and internal trade. Weak legal institutions and, in some cases, poor governance heighten the risks of investing. The picture is improving steadily, but challenges remain, including in the Southern African Development Community (SADC), which faces hurdles related to infrastructure, trade barriers and governance. While South Africa will find it difficult to compete in low-skills manufacturing because of its high cost structure, many countries on the continent can compete as production costs rise in East Asia.

Several of South Africa's challenges can only be addressed through regional cooperation. While South Africa is a water-scarce country, several neighbouring countries have abundant supply. There are other areas in which complementary national endowments offer opportunities for mutually beneficial cooperation. For example, South Africa should invest in and help exploit the wide range of opportunities for low-carbon energy from hydroelectric and other clean energy sources in southern Africa.

Climate change

Emissions of carbon dioxide and other greenhouse gases are changing the earth's climate, potentially imposing a significant global cost that will fall disproportionately on the poor. Rising temperatures, more erratic rainfall and extreme weather events are likely to take a heavy toll on Africa, with an increased spread of tropical diseases and growing losses (human and financial) from droughts and flooding. Climate change has the potential to reduce food production and the availability of potable water, with consequences for migration patterns and levels of conflict.

South Africa is not only a contributor to greenhouse gas emissions – it is also particularly vulnerable to the effects of climate change on health, livelihoods, water and food, with a disproportionate impact on the poor, especially women and children. While adapting to these changes, industries and households have to reduce their negative impact on the environment. This will require far-reaching changes to the way people live and work.

The impact of climate change is global in scope and global solutions must be found, with due consideration to regional and national conditions.

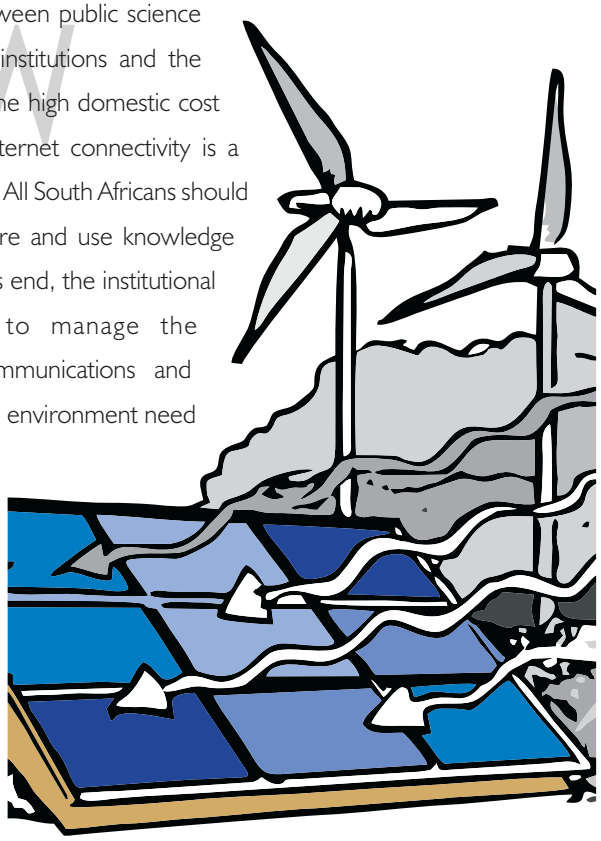
Technological change

Science and technology continue to revolutionise the way goods and services are produced and traded. As a middle-income country, South Africa needs to use its knowledge and innovative products to compete. On its own, a more competitive cost of production will not be sufficient to expand the global presence of South African industry. This applies to both new industries and traditional sectors, such as mining. Innovation is necessary for a middle-income country to develop.

Science and technology can also be leveraged to solve some of the biggest challenges in education and health. Many parts of Africa that have never enjoyed fixed-line telephony are widely served by efficient cellular phone networks that provide a range of services. Educational materials can be delivered electronically to remote villages. Science is breaking new frontiers in fighting diseases and lowering the cost of water purification.

Today, about 17 percent of South Africa's population is able to access the internet – a number that is rising by about 20 percent a year. The use of digital communications has changed society in ways that are not yet fully understood. It is clear, however, that young people have embraced the new media, and this represents a potentially powerful means of fostering social inclusion.

South Africa needs to sharpen its innovative edge and continue contributing to global scientific and technological advancement. This requires greater investment in research and development, better use of existing resources, and more nimble institutions that facilitate innovation and enhanced cooperation between public science and technology institutions and the private sector. The high domestic cost of broadband internet connectivity is a major hindrance. All South Africans should be able to acquire and use knowledge effectively. To this end, the institutional arrangements to manage the information, communications and technology (ICT) environment need to be better structured to ensure that South Africa does not fall victim to a "digital divide".



national planning commission
REPUBLIC OF SOUTH AFRICA

By 2030

- Eliminate income poverty – Reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39 percent to zero.
- Reduce inequality – The Gini coefficient should fall from 0.69 to 0.6.

Enabling milestones

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Raise per capita income from R50 000 in 2010 to R120 000 by 2030.
- Increase the share of national income of the bottom 40 percent from 6 percent to 10 percent.
- Establish a competitive base of infrastructure, human resources and regulatory frameworks.
- Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- Broaden ownership of assets to historically disadvantaged groups.
- Increase the quality of education so that all children have at least two years of preschool education and all children in grade 3 can read and write.
- Provide affordable access to quality health care while promoting health and wellbeing.
- Establish effective, safe and affordable public transport.
- Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third.
- Ensure that all South Africans have access to clean running water in their homes.
- Make high-speed broadband internet universally available at competitive prices.
- Realise a food trade surplus, with one-third produced by small-scale farmers or households.
- Ensure household food and nutrition security.
- Entrench a social security system covering all working people, with social protection for the poor and other groups in need, such as children and people with disabilities.
- Realise a developmental, capable and ethical state that treats citizens with dignity.
- Ensure that all people live safely, with an independent and fair criminal justice system.
- Broaden social cohesion and unity while redressing the inequities of the past.
- Play a leading role in continental development, economic integration and human rights.

Critical actions

1. A social compact to reduce poverty and inequality, and raise employment and investment.
2. A strategy to address poverty and its impacts by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes.
3. Steps by the state to professionalise the public service, strengthen accountability, improve coordination and prosecute corruption.
4. Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers.
5. An education accountability chain, with lines of responsibility from state to classroom.
6. Phase in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care.
7. Public infrastructure investment at 10 percent of gross domestic product (GDP), financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water.
8. Interventions to ensure environmental sustainability and resilience to future shocks.
9. New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.
10. Reduce crime by strengthening criminal justice and improving community environments.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

THE PLAN IN MORE DETAIL

The National Development Plan is a broad strategic framework. It sets out a coherent and holistic approach to confronting poverty and inequality based on the six focused, interlinked priorities summarised below.

Uniting South Africans around a common programme

The Constitution provides a vision of a united, prosperous, non-racial and non-sexist society; a country that belongs to all who live in it, united in its diversity. The Constitution also obliges the country to heal the divisions of the past, recognising that South Africa emerged from a system where the majority of its citizens were robbed of opportunity.

These dual imperatives are prerequisites for successful national development. Uniting South Africa is both an essential input into the process of reducing poverty and inequality and a direct outcome of successful poverty reduction. To build a socially cohesive society, South Africa needs to reduce poverty and inequality by broadening opportunity and employment through economic inclusion, education and skills, and specific redress measures; promote mutual respect and inclusiveness by acting on the constitutional imperative that South Africa belongs to all who live in it, and that all are equal before the law; and deepen the appreciation of citizens' responsibilities and obligations towards one another.

The struggle against apartheid was first and foremost about the construction of a non-racial and non-sexist democratic society, in which all people have equal rights. Despite consistent progress since 1994, South Africa remains a divided society, with race still forming the main divide. Individual stereotyping of race and ethnicity is widespread and discrimination persists. The country's institutional framework and its broad economic and social trends have contributed to gradual deracialisation, but progress is not sufficient or deep enough. Although progress has been made to improve the lives of women; discrimination, patriarchal attitudes and poor access to quality education persists. The plan deals with these factors holistically, recognising that key priorities such as education or rural development will have the biggest impact on poor women.

South Africa's own history and the experiences of other countries show that unity and social cohesion are necessary to meet social and economic objectives. The preamble to the Constitution captures this balance best. It recognises the obligation of the state to reverse the effects of apartheid, in a context where all citizens feel part of the country and its programmes.

Achieving and maintaining this balance requires the confluence of several factors, not all of which are under government's control. A growing economy, rising employment and incomes, falling inequality, an improving education system, fertile conditions for entrepreneurship and career mobility will contribute significantly to uniting South Africa's people. Programmes such as affirmative action, black economic empowerment and land reform are most effective when the economy is growing and the education system is improving. Without such an environment, these measures can raise the level of social tension. This plan makes several proposals to improve the efficacy of redress programmes, especially those relating to broadening economic opportunities for the historically disadvantaged.

Our nation building effort has been more difficult in periods of slower economic growth. South Africa cannot afford a downward spiral that sharpens social tensions. Strong leadership is needed to promote the vision of the Constitution. A formal social compact may help to strengthen the alignment between growth, development and nation building, generating a virtuous circle.

national planning commission
REPUBLIC OF SOUTH AFRICA

ARTS, CULTURE, ECONOMY AND SOCIETY

Arts and culture open powerful spaces for debate about where a society finds itself and where it is going. Promoted effectively, the creative and cultural industries can contribute substantially to small business development, job creation, and urban development and renewal.

South Africa's music industry was worth R2.2 billion in sales in 2011; the craft sector contributed R3.3 billion to GDP in 2010 and employs more than 273 000 people; and the visual arts sector has a turnover of nearly R2 billion. The country's rich cultural legacy and the creativity of its people mean that South Africa can offer unique stories, voices and products to the world. In addition, artistic endeavour and expression can foster values, facilitate healing and restore national pride.

Effective measures to promote the arts include:

- Providing financial and ICT support to artists to enable the creation of works expressing national creativity, while opening space for vibrant debate.
- Strengthening the Independent Communications Authority of South Africa's mandate for nation building and value inculcation.
- Incentivising commercial distribution networks to distribute and/or host art.
- Developing and implementing plans for a more effective arts and culture curriculum in schools with appropriate educator support.
- Supporting income-smoothing for artists in a special unemployment insurance scheme and evaluating funding models for such initiatives.
- Developing sectoral determination legislation frameworks to protect arts-sector employees.

In addition to measures that promote social equity outlined elsewhere, we propose the following:

- The Bill of Responsibilities, developed by the Department of Basic Education and others, should be popularised, encouraging everyone to live the values of the Constitution.
- A pledge based on the Constitution's preamble should be developed and used in school assemblies. The preamble should be displayed in all workplaces.
- All South Africans should be encouraged to learn an African language and government programmes should work to make this a reality.
- The Commission on Gender Equality and the Ministry for Women, Children and People with Disabilities should jointly set clear targets for the advancement of women's rights and report on progress annually.
- Employment equity and other redress measures should be made more effective by focusing on the environment in which capabilities are developed.
- The country should continuously seek to improve the efficacy of black economic empowerment models.
- Redress measures in the workplace should focus on enterprise development, access to training, career mobility and mentoring.

Citizens active in their own development

In many respects, South Africa has an active and vocal citizenry, but an unintended outcome of government actions has been to reduce the incentive for citizens to be direct participants in their own development. To prevent this practice from being entrenched, the state must actively support and incentivise citizen engagement and citizens should:

- Actively seek opportunities for advancement, learning, experience and opportunity.
- Work together with others in the community to advance development, resolve problems and raise the concerns of the voiceless and marginalised.
- Hold government, business and all leaders in society accountable for their actions.

Active citizenry and social activism is necessary for democracy and development to flourish. The state cannot merely act on behalf of the people – it has to act with the people, working together with other institutions to provide opportunities for the advancement of all communities.

All sectors of society, including the legislatures and judiciary, have to ensure that the fruits of development accrue to the poorest and most marginalised, offsetting possible attempts by elites to protect their own interests at the expense of less-powerful communities.

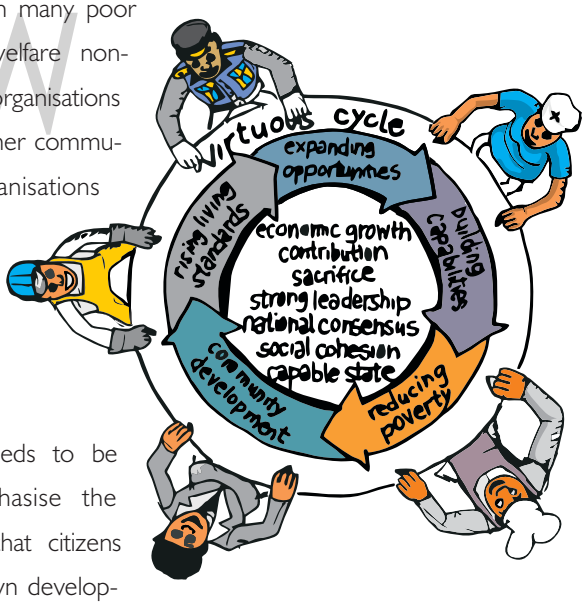
Legislation provides numerous avenues for citizens to participate in governance beyond elections. Forums such as school governing bodies, ward committees, community policing forums and clinic committees provide voice to citizens and opportunities to shape the institutions closest to them. Communities can also participate in drafting local government plans. Despite these avenues, there is growing distance between citizens and the government. Outbreaks of violence in some community protests reflect frustration not only over the pace of service delivery, but also concerns that communities are not being listened to sincerely.

Better communication, more honesty and a greater degree of humility by those in power would go a long way towards building a society that can solve problems collectively and peacefully.

Citizens have a responsibility to dissuade leaders from taking narrow, short-sighted and populist positions. Robust public discourse and a culture of peaceful protest will contribute to a deeper understanding of the challenges facing communities and reinforce accountability among elected officials. For example, if learning outcomes in a school are below their legitimate expectations, a community can help to remedy the situation by strengthening school governance, ensuring that learners and teachers are punctual, and that the support structures from public officials are effective.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Civil society promotes development and community cohesion. In many poor communities, welfare non-governmental organisations (NGOs) and other community-based organisations deliver vital social and employment programmes.



More work needs to be done to emphasise the responsibilities that citizens have in their own development and in working with others in society to resolve tensions and challenges. The refrain, "sit back and the state will deliver" must be challenged – it is neither realistic nor is it in keeping with South Africa's system of government.

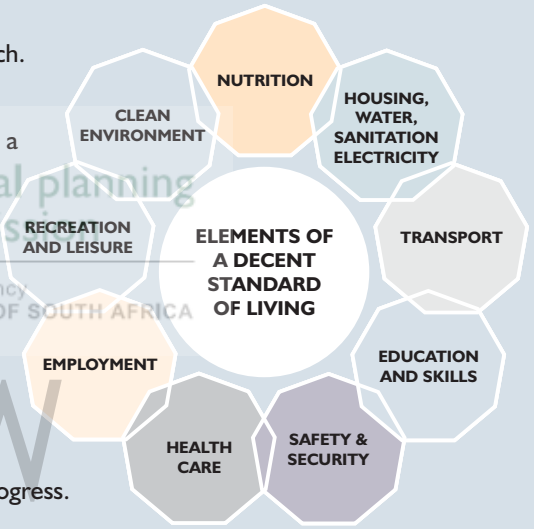
ELEMENTS OF A DECENT STANDARD OF LIVING

Income, through employment or social security, is critical to defining living standards, but human beings need more than income. They need adequate nutrition, they need transport to get to work, and they desire safe communities and clean neighbourhoods. These elements require action either from individuals, government, communities or the private sector.

The National Development Plan makes a firm commitment to achieving a minimum standard of living which can be progressively realised through a multi-pronged strategy. In this plan, we do not define that minimum standard of living but we do provide a framework for the adoption of a minimum standard of living by society. This approach is consistent with the Commission's view that the achievement of such a floor would require support and participation from all social partners and hence its definition is left for ongoing work of the Commission.

The following picture illustrates the approach.

This approach to defining living standards in a holistic way is consistent with the capabilities approach advanced by the Commission. The approach focuses on the key capabilities that individuals need to live the life that they desire. Of these capabilities, education and skills, and the opportunity to work are the elements where South Africa most needs to make progress.



Faster and more inclusive economic growth

An economy that will create more jobs

South Africa needs an economy that is more inclusive, more dynamic and in which the fruits of growth are shared equitably. In 2030, the economy should be close to full employment, equip people with the skills they need, ensure that ownership of production is more diverse and able to grow rapidly, and provide the resources to pay for investment in human and physical capital.

South Africa displays features of a low-growth, middle-income trap, characterised by lack of competition, large numbers of work seekers who cannot enter the labour market, low savings (hence a reliance on foreign capital inflows) and a poor skills profile. Many of these features are rooted in the evolution of the economy over the past 150 years. The net effect is a high levels of unemployment and inequality, and low levels of investment.

Transforming this economy is a challenging, long-term project. In summary, we propose to enhance

human capital, productive capacity and infrastructure to raise exports, which will increase resources for investment and reduce reliance on capital inflows. Higher investment, supported by better public infrastructure and skills, will enable the economy to grow faster and become more productive. Rising employment and productivity will lead to rising incomes and living standards and less inequality. Shifting the economy towards more investment and lower consumption is necessary for long-term economic prosperity.

Employment scenarios prepared by the Commission suggest that most new jobs are likely to be sourced in domestic-orientated businesses, and in growing small- and medium-sized firms. While most jobs are not created directly in exporting firms, the sectors that are globally traded tend to have more potential to stimulate domestic spin-offs. Given South Africa's low savings rate and the need to invest at a higher rate, it is important to grow exports and expand output in those sectors. South Africa's trade profile has not fulfilled either of these objectives over the past 15 years. Making progress will mean intensifying the country's global presence in areas of competitive advantage, while building the necessary infrastructure and skills.

Economic growth needs to accelerate in a more inclusive manner. These are twin imperatives. Government's New Growth Path aims to create 5 million new jobs between 2010 and 2020. It seeks to do so by providing a supportive environment for growth and development, while promoting a more labour-absorbing economy. Its proposals are intended to lower the cost of living for poor households and for businesses through targeted microeconomic reforms, especially in transport, public services, telecommunications and food. Lowering the cost of living is a necessary adjunct to raising the *standard* of living and encouraging investment; it will also facilitate the call for wage moderation at both the middle and top end of the income spectrum.

The Commission believes that the country can create 11 million jobs by 2030 by:

- Improving economic policy coordination and implementation
- Building partnerships between the public sector, business and labour to facilitate, direct and promote investment in labour-intensive areas
- Raising competitiveness and export earnings through better infrastructure and public services, lowering the costs of doing business, improving skills and innovation, and targeting state support to specific sectors
- Strengthening the functioning of the labour market to improve skills acquisition, match job seekers and job openings, and reduce conflict.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Meeting the objectives of the plan requires leadership to drive implementation, and to convince South Africans of the need to make mutual sacrifices for longer-term benefits. It will also require a change in the structure of the economy and the pace at which it grows. The crisp question is how. Transforming the economy and creating sustainable expansion for job creation means that the rate of economic growth needs to exceed 5 percent a year on average. To bring this about we propose:

- **Increasing exports,** focusing on those areas where South Africa already has endowments and comparative advantage, such as mining, construction, mid-skill manufacturing, agriculture and agro-processing, higher education, tourism and business services.
- **A more efficient and competitive infrastructure.** Infrastructure to facilitate economic activity that is conducive to growth and job creation. An approach will be developed to strengthen key services such as

commercial transport, energy, telecommunications and water, while ensuring their long-term affordability and sustainability.

- **Reducing the cost of living for low-income and working-class households.** Inequality and poverty can be addressed by raising incomes through productivity growth and reducing the cost of living. A commitment to a minimum living standard will ensure that all households can meaningfully participate in the economy. The costs of food, commuter transport and housing must be reduced, while raising the quality of free or low-cost education and health care.
- **Reduced cost of regulatory compliance,** especially for small- and medium-sized firms.
- **A larger, more effective innovation system,** closely aligned with firms that operate in sectors consistent with the growth strategy.
- **Support for small businesses** through better coordination of relevant agencies, development finance institutions, and public and private incubators.
- **An expanded skills base** through better education and vocational training.
- **Strengthened financial services** to bring down their cost and improve access for small- and medium-sized businesses.
- **A commitment to public and private procurement** approaches that stimulate domestic industry and job creation.
- **A higher rate of investment,** with public-sector investment crowding in private investment. This will depend on partnerships with the private sector, policy certainty and building confidence in the long-term growth of the economy.
- **A labour market that is more responsive to economic opportunity.** This requires lifelong learning and career advancement; stabilising the labour environment; strengthening dispute resolution institutions; reviewing regulations and standards for small and medium enterprises; addressing public sector labour relations; strengthening the application of minimum standards among employers, recruitment agencies and brokers; strengthening active labour market policies and labour matching; and enabling skilled immigration.
- **Enhanced commercial diplomatic services** to support the expansion of South Africa's global market share.

These objectives complement the goals set out in the New Growth Path.

Increasing economic growth to above 5 percent a year will require business and labour to endorse a shared vision.

South Africa has to act on the fact that millions of able-bodied people want to work. In the short term, the economy needs to create jobs for unemployed South Africans, many of whom are young and low-skilled, while upgrading skills and knowledge for a different economy in future. Raising employment levels will have benefits beyond the empowering experience of having a job. It will help people invest in their children's education, upgrade their homes and manage life's risks. Work and education will enable citizens to improve their own lives.

It is essential to lower the cost of living for poor households. Some elements of the plan will have a cost-raising effect on the economy. In particular, modernising infrastructure after decades of underinvestment may require higher tariffs. To offset these increases, policy should focus on increasing competitiveness and investing in new infrastructure in areas that directly affect the poor, such as the food value chain, public transport,

national planning commission
REPUBLIC OF SOUTH AFRICA

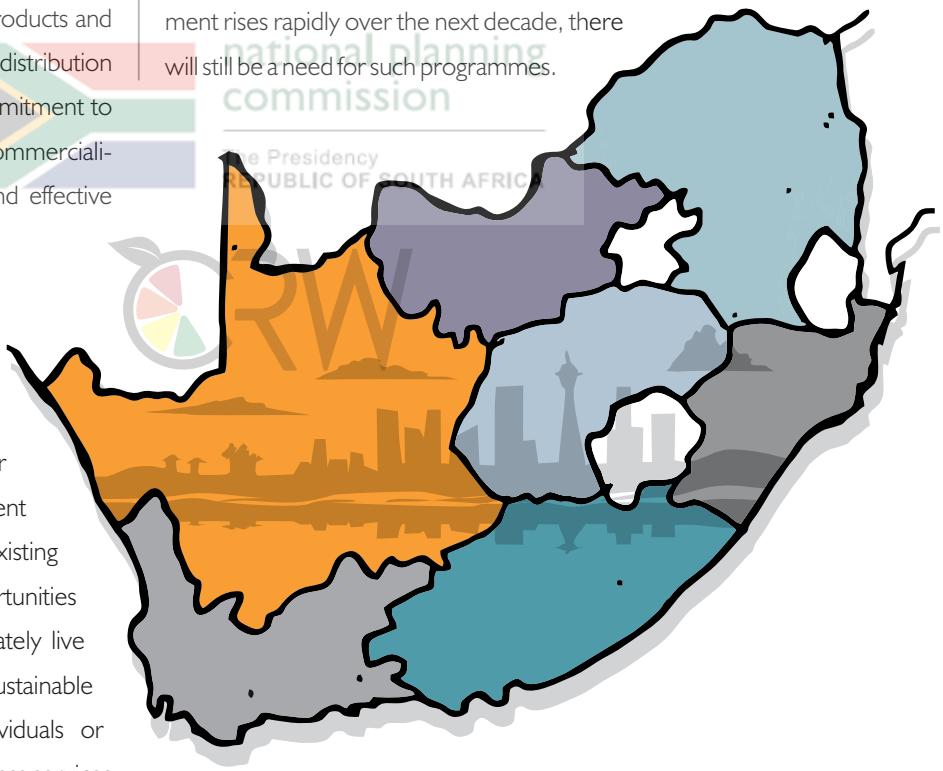
education and health, and telecommunications. Greater public-sector efficiency will also lead to a lower cost structure for the economy.

A contentious issue is whether South Africa can mobilise unemployed people into production for export markets. Some argue that the economy is not competitive in labour-intensive manufacturing because the cost structure is too high, the exchange rate is too volatile, infrastructure is inadequate and the skills base is too limited. Yet South Africa could compete in a range of categories should these concerns be addressed – and in large part, they can be addressed. Exchange-rate volatility creates a barrier to success and the plan proposes that resolving domestic resource costs and skills availability would have a more sustained impact on costs. As a middle-income country, South Africa has to compete on the basis of excellent products and brands, and effective entry into global distribution channels. This will require greater commitment to research and development and its commercialisation, an efficient logistics platform and effective economic diplomacy.

In moving towards decent work for all, the short-term priority must be to raise employment and incentivise the entry of young people into the labour market, while taking due care to prevent substitution or the diminution of existing working conditions. Some work opportunities may not enable individuals to immediately live the lives that they desire. To promote sustainable livelihoods, it is important that individuals or families, irrespective of income, can access services such as quality education, health care or public transport. It is also important for a person who loses their job to be able to access work from public works programmes or community-based employment schemes. In these ways, public policy and public action complements individual effort in the labour market, providing sustainable livelihoods to the working poor.

Difficult choices will have to be made. To promote large-scale job creation, the functioning of the labour market will have to improve. The Commission makes proposals aimed at helping young people get into the labour market, easing rules for small businesses, reducing tension and conflict, and clarifying dismissal and misconduct procedures. More attention also needs to be given to continuous training for existing workers and to providing career paths for all workers.

The role of public employment initiatives, such as the expanded public works programme, should also be considered. Even if South Africa achieves GDP growth above 5 percent a year and employment rises rapidly over the next decade, there will still be a need for such programmes.

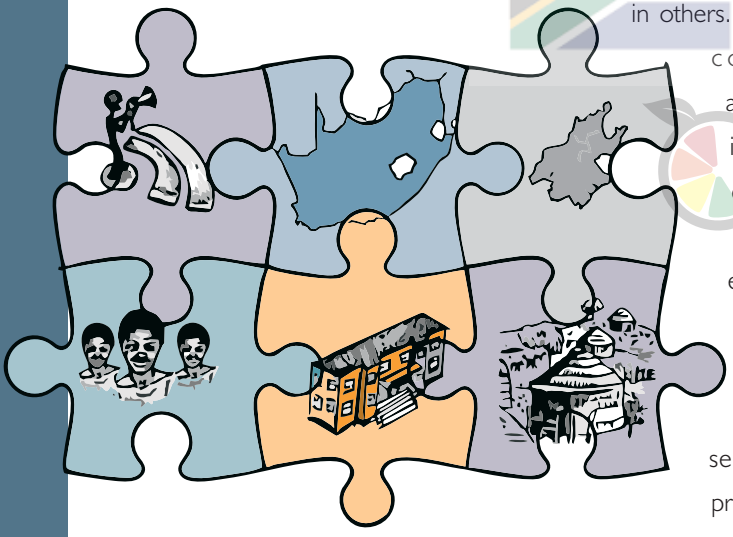


Transforming the economy also means changing patterns of ownership and control. To date, efforts to transfer ownership of productive assets have not yielded the desired results, with employee share ownership schemes playing a less significant role. A bolder approach and clearer targets are required.

Policy instruments to encourage the private sector to change ownership patterns include voluntary scorecards, procurement regulations, licensing arrangements (such as in telecommunications and mining) and development finance.

There is a need to improve the effectiveness of the instruments mentioned above, with an understanding of the trade-offs that exist. In addition, more emphasis is needed to support small businesses, encourage government and the private sector to procure from small firms, and to enhance the development of black and female managers and professionals. A rapidly growing economy that is diversifying into new sectors will open up opportunities for black-owned firms and smaller businesses, promoting inclusive growth.

South Africa has to exploit its strengths to increase exports. If the economy is less competitive in one area, it will have to do better in others. The country's comparative advantages include its mineral and natural resource endowments, a sophisticated financial and business services sector, proximity to fast-growing African markets, high-quality universities and a modern, productive agricultural sector. South Africa also has companies that are global leaders in sectors like civil construction.



South Africa holds large global shares in platinum group metals, gold, diamonds, manganese, coal, iron ore and uranium. Yet over the past decade, domestic mining has failed to match the global growth trend in mineral exports due to poor infrastructure, alongside regulatory and policy frameworks that hinder investment. South Africa can benefit greatly from Asia's growing demand for commodities. To do so means improving water, transport and energy infrastructure, and providing greater policy and regulatory certainty to investors. This will enable the mining sector to deploy the skills, resources, know-how and capital that are available, and allow government to raise much more tax revenue than it does at present.

There are important trade-offs to be considered in mineral beneficiation. South Africa is losing global market share in products such as ferrochrome. How-ever, first-stage processing or smelting is highly energy and capital intensive, potentially drawing energy and capital away from other sectors. South Africa should be selective about the areas in which it intends to support first-stage beneficiation. Priority areas should include those where suitable capacity already exists, or where beneficiation is likely to lead to downstream manufacturing. Beneficiating all of the country's minerals is neither feasible nor is it essential for developing a larger manufacturing sector.

Over the next several years the world economy is expected to grow at a modest pace. In these circumstances, South African businesses need to think carefully about what they produce, for which markets, using what capabilities. As a small open economy, South Africa can develop niche products. Capturing a small share of global demand in areas where local firms can compete can have a big impact. For example, South Africa could be a global leader in manufactured goods and services for the mining industry, where it has substantial know-how. This would make an important contribution to industrialisation in a global niche market.

national planning commission
REPUBLIC OF SOUTH AFRICA

Regional economic integration can boost economic growth in all countries in southern Africa. The region has grown rapidly over the past decade, with strong performances in minerals, agriculture, telecommunications and tourism. Achieving economic integration requires identifying practical opportunities where cooperation can offer mutual benefits; investment in infrastructure; strengthening regional trade-blocs; lowering tariffs; and addressing non-tariff barriers, such as inefficient border posts.

South Africa needs to implement its economic policy priorities effectively. Coordination failures, split accountability and overlapping mandates hinder the implementation of existing policies.

Long-term growth and investment requires a shared vision, trust and cooperation between business, labour and government. Today, the level of trust is low, and labour relations have become unduly tense (and sometimes violent). It is inconceivable that the economy will evolve in a more labour-intensive manner if these conditions persist. Promoting more rapid, job-creating growth means tackling these tensions in an honest and open manner.

WOMEN AND THE PLAN

Women make up a large percentage of the poor, particularly in rural areas. The plan takes gender – along with race and geographic location – into account, proposing a range of measures to advance women's equality. In summary, our recommendations along these lines are as follows:

- Public employment should be expanded to provide work for the unemployed, with a specific focus on youth and women.
- The transformation of the economy should involve the active participation and empowerment of women.
- The role of women as leaders in all sectors of society should be actively supported.
- Social, cultural, religious and educational barriers to women entering the job market should be addressed. Concrete measures should be put in place and the results should be evaluated over time. Access to safe drinking water, electricity and quality early childhood education, for example, could free women from doing unpaid work and help them seek jobs.
- By 2030, people living in South Africa should have no fear of crime. Women, children and those who are vulnerable should feel protected.
- Security of tenure should be created for communal farmers, especially women.
- The Department of Health should design and pilot a nutrition intervention programme for pregnant women and young children.
- Coverage of antiretroviral treatment to all HIV-positive persons requiring such drugs should be expanded, alongside treatment of high-risk HIV-negative persons. Effective microbicides should be offered routinely to all women 16 years and older.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

An inclusive and integrated rural economy

South Africa's rural communities should have greater opportunities to participate fully in the economic, social and political life of the country, supported by good-quality education, health care, transport and other basic services. Successful land reform, job creation and rising agricultural production will contribute to the development of an inclusive rural economy.

South Africa's hinterland is marked by high levels of poverty and joblessness, with limited employment in agriculture. The apartheid system forced much of the African population into barren rural reserves. The result was an advanced and diversified commercial farming sector relying on poorly paid farm labour, and impoverished, densely populated communities with limited economic opportunities and minimal government services.

To change this, we propose a multifaceted approach:

- Creating more jobs through agricultural development, based on effective land reform and the growth of irrigated agriculture and land production.
- Providing basic services that enable people to develop capabilities to take advantage of opportunities around the country, enabling them to contribute to their communities through remittances and skills transfer.
- Developing industries such as agro-processing, tourism, fisheries and small enterprises where potential exists.

Institutional capacity is integral to the success of this approach, including reforms to address contested relationships between traditional and constitutional bodies.

Building capabilities

At a country level, critical capabilities include legal and other institutions, infrastructure (telecommunications, water, energy and transport), the education and training system, sustainable management of the environment, systems of innovation and patterns of spatial development. Human capabilities include education, health, social protection and community safety.

Improving infrastructure

Infrastructure is not just essential for faster economic growth and higher employment. It also promotes inclusive growth, providing citizens with the means to improve their own lives and boost their incomes. Infrastructure is essential to development.

Investment spending in South Africa fell from an average of almost 30 percent of GDP in the early 1980s to about 16 percent of GDP by the early 2000s. Public infrastructure spending is also at low levels by historical standards. In effect, South Africa has missed a generation of capital investment in roads, rail, ports, electricity, water, sanitation, public transport and housing. To grow faster and in a more inclusive manner, the country needs a higher level of capital spending. Gross fixed capital formation needs to reach about 30 percent of GDP by 2030, with public sector investment reaching 10 percent of GDP, to realise a sustained impact on growth and household services.

Both the public and private sectors can play important roles in building infrastructure, including bulk infrastructure. In the wake of the 2009 recession, the private sector has been reluctant to invest its healthy levels of retained earnings in productive capacity. At the same time, the public sector has favoured consumption over investment. Acknowledging this, the government has announced a shift in the composition of expenditure towards investment, a necessary precondition to breaking the stalemate. Over time, public-sector

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

investment can help crowd in private investment.

The Commission's recommendations on economic infrastructure cover financing, planning and maintenance.

Who pays for economic infrastructure? Some types of infrastructure provide broad social and economic benefits. But playing catch-up means that charges have to increase in the short to medium term to make services financially viable. The fact that one new power station (producing 4 800MW of electricity) costs about twice the entire depreciated capital stock of existing power stations (producing 40 000MW) illustrates the challenge. Moreover, high levels of joblessness and inequality make some of these services unaffordable for most people unless they are subsidised.

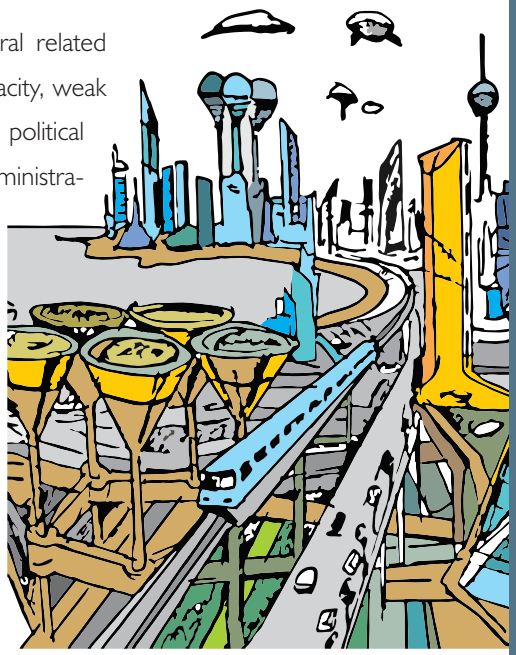
The Commission's view is that in the long term, users must pay the bulk of the costs for economic infrastructure, with due protection for poor households. The role of government and the fiscus is to provide the requisite guarantees so that the costs can be amortised over time, thereby smoothing the price path. The state must also put in place appropriate regulatory and governance frameworks so that the infrastructure is operated efficiently and tariffs can be set at appropriate levels. For infrastructure that generates financial returns, debt raised to build facilities should be on the balance sheets of state-owned enterprises or private companies that do the work. Guarantees should be used selectively to lower the cost of capital and to secure long-term finance. Subsidies to poor households should be as direct and as transparent as possible. Social infrastructure that does not generate financial returns – such as schools or hospitals – should be financed from the budget.

The electricity crisis of 2008 and other recent developments have exposed institutional weaknesses related to state-owned companies responsible for network infrastructure. Averting such problems requires clear institutional arrangements, transparent shareholder compacts, clean lines of accountability and sound financial models to ensure sustainability. We make recommendations in each of these areas. Laws that govern regulation are often confusing, conflating policy with regulation. We propose ways to fix this.

For infrastructure that supports human settlements (housing, water, sanitation, roads, parks and so on) the picture is unnecessarily complicated. The planning function is located at local level, the housing function is at provincial level, and the responsibility for water and electricity provision is split between those responsible for bulk services and reticulation. In practice, these arrangements do not work. In general, human settlements are badly planned, with little coordination between those installing water reticulation infrastructure and those responsible for providing bulk infrastructure. Responsibility for housing should shift to the level at which planning is executed: the municipal level. The plan sets out recommendations for effective urban development.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Local government faces several related challenges, including poor capacity, weak administrative systems, undue political interference in technical and administrative decision-making, and uneven fiscal capacity. The Commission believes that within the framework of the Constitution, there is more room for the asymmetric allocation of powers and functions and for more diversity in how developmental priorities are implemented. To achieve



this, longer-term strategies are needed, including addressing capacity constraints, allowing more experimentation in institutional forms and working collaboratively with national and provincial government.

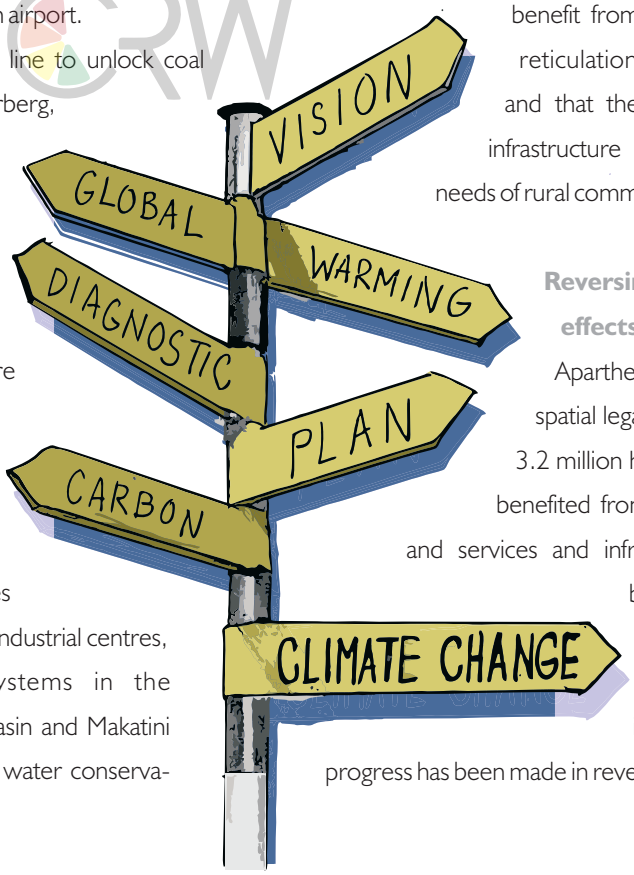
Compared with the best international standards, South Africa's ICT infrastructure is abysmal. Efficient information infrastructure that promotes economic growth and greater inclusion requires a stronger broadband and telecommunications network, and lower prices. The economic and employment benefits outweigh the costs.

The following infrastructure investments should be prioritised:

- Upgrading informal settlements on suitably located land.
- Public transport infrastructure and systems, including the renewal of the commuter rail fleet, supported by enhanced links with road-based services.
- Developing the Durban-Gauteng freight corridor, including a new dug-out port on the site of the old Durban airport.
- Building a new coal line to unlock coal deposits in the Waterberg, extending existing coal lines in the central basin and upgrading the coal line to Richards Bay and the iron ore line to Saldanha.
- Developing, in a timely manner, several new water schemes to supply urban and industrial centres, new irrigation systems in the Umzimvubu river basin and Makatini Flats, and a national water conservation programme to improve water use and efficiency.
- Constructing infrastructure to import liquefied natural gas and increasing exploration to find domestic gas feedstock (including investigating shale and coal bed methane reserves) to diversify the energy mix and reduce carbon emissions.
- Procuring at least 20 000MW of renewable electricity by 2030, importing electricity from the region, decommissioning 11 000MW of ageing coal-fired power stations and stepping up investments in energy-efficiency.
- Establishing national, regional and municipal fibre-optic networks to provide the backbone for broadband access. Private investment needs to lead the way in this area, complemented by public funds required to meet social objectives. Effective policies, regulation and institutional arrangements to achieve this are urgently required.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

In implementing these infrastructure priorities, it is important to ensure that rural communities can benefit from both bulk and reticulation infrastructure and that the pricing of this infrastructure is sensitive the needs of rural communities.



Reversing the spatial effects of apartheid

Apartheid left a terrible spatial legacy. While about 3.2 million households have benefited from new housing, and services and infrastructure have been provided to many communities, limited progress has been made in reversing

entrenched spatial inequities. In some instances, post-1994 policies have reinforced the spatial divides by placing low-income housing on the periphery of cities.

Reshaping South Africa's cities, towns and rural settlements is a complex, long-term project, requiring major reforms and political will. It is, however, a necessary project given the enormous social, environmental and financial costs imposed by existing spatial divides.

The Commission proposes a national focus on spatial transformation across all geographic scales. Policies, plans and instruments are needed to reduce travel distances and costs, especially for poor households. By 2030, a larger proportion of the population should live closer to places of work, and the transport they use to commute should be safe, reliable and energy efficient. This requires:

- Strong measures to prevent further development of housing in marginal places
- Increased urban densities to support public transport and reduce sprawl
- More reliable and affordable public transport and better coordination between various modes of transport
- Incentives and programmes to shift jobs and investments towards the dense townships on the urban edge
- Focused partnerships with the private sector to bridge the housing gap market.[3]

Rural areas present particular challenges. Over one-third of South Africa's population live in the former "homelands", and a large proportion of this group is economically marginalised. Policies are required to bring households in these areas into the mainstream economy. There are rural areas, however, where transport links are good and where densification is taking place in the absence of effective land-use management and urban governance. These require urgent interventions.

Our proposals to create vibrant urban settlements and revive rural areas include:

- Establishing new norms and a national spatial framework.
- Integrating diffuse funding flows into a single fund for spatial restructuring.
- Reviewing the housing grant and subsidy regime to ensure that the instruments used are aligned with positive changes in human settlement policy.
- Reforming the planning system to resolve fragmented responsibility for planning in national government, poorly coordinated intergovernmental planning, disconnects across municipal boundaries and the limitations of integrated development plans.
- Strengthening government's planning capabilities.
- Developing neighbourhood spatial compacts to bring civil society, business and the state together to solve problems.
- Enabling citizens to participate in spatial visioning and planning processes.

national planning commission
REPUBLIC OF SOUTH AFRICA

Building environmental sustainability and resilience

Since the late 19th century, South Africa has exploited its mineral wealth with little or no regard for the environment. Changes are needed to protect the natural environment while allowing the country to benefit from its mineral deposits. In addition to significant non-renewable mineral wealth, the country's natural resources include its adjacent oceans, soil, water, biodiversity, sunshine and a long coastline.

From an environmental perspective South Africa faces several related challenges, some of which are in conflict. The country needs to:

- Protect the natural environment in all

respects, leaving subsequent generations with at least an endowment of at least equal value.

- Enhance the resilience of people and the economy to climate change.
- Extract mineral wealth to generate the resources to raise living standards, skills and infrastructure in a sustainable manner.
- Reduce greenhouse gas emissions and improve energy efficiency.

We propose three measures to protect the country's natural resources:

- An environmental management framework. Developments that have serious environmental or social effects need to be offset by support for improvements in related areas.
- A target for the amount of land and oceans under protection (presently about 7.9 million hectares of land, 848km of coastline and 4 172km2 of ocean are protected).
- A set of indicators for natural resources, accompanied by publication of annual reports on the health of identified resources to inform policy.[4]

Climate change is already having an impact on South Africa, with marked temperature and rainfall variations and rising sea levels.

Research suggests that it is possible to both reduce greenhouse gas emissions from electricity production and still grow the minerals and mineral processing sectors. The general approach is based on the following key proposals:

- Implement the 2010 Integrated Resource Plan (procuring at least 20 000MW of electricity from renewables) to reduce carbon emissions from the electricity industry from 0.9kg per kilowatt-hour to 0.6kg per kilowatt-hour.
- Improve the energy efficiency of mining and mineral processing by 15 percent by 2030. This might include closing down the most energy-inefficient plants.

The Integrated Resource Plan imposes an effective shadow price on carbon. Complementary fiscal reforms are needed to broaden the price on carbon to encourage economy-wide efficiency and investment in greener technologies.

Over the short term, policy needs to respond quickly and effectively to protect the natural environment and mitigate the effects of climate change. Over the long term, with realistic, bold strategies and global partnerships, South Africa can manage the transition to a low-carbon economy at a pace consistent with government's public pledges, without harming jobs or competitiveness.

Improving the quality of education

The quality of education for most black children is poor. This denies many learners access to employment. It also reduces the earnings potential and career mobility of those who do get jobs – and limits the potential dynamism of South African businesses.

By 2030, South Africa needs an education system with the following attributes:

- High-quality, universal early childhood education
- Quality school education, with globally competitive literacy and numeracy standards
- Further and higher education and training that enables people to fulfil their potential
- An expanding higher-education sector that can contribute to rising incomes, higher productivity and the shift to a more knowledge-intensive economy
- A wider system of innovation that links universities, science councils and other research and development role players with priority areas of the economy.

national planning commission
REPUBLIC OF SOUTH AFRICA

SPORT AND HEALTHY LIVING

Sport plays an important role in promoting wellness and social cohesion. The plan treats sport as a cross-cutting issue, with related proposals in the chapters on education, health and nation building.

Sport and physical education are an integral part of a child's development. The Department of Basic Education and the Department of Sports and Recreation have taken important steps to reintroduce sport in schools. This should be expanded so that all schools develop and maintain infrastructure for at least two sports.

All communities should have access to sports facilities and encourage the formation of amateur leagues. The outdoor gym in Soweto is an innovative initiative that could be replicated in many communities. Local authorities can also promote exercise by ensuring that urban roads have proper pavements, developing cycle lanes and installing traffic-calming measures.

The plan proposes an initiative to encourage South Africans to walk, run, cycle or play team games on the second Saturday of every month. The extensive network of formal and informal sporting clubs can be mobilised to organise these events.

Expanding opportunities for participation in sports will help to ensure sports teams represent all sectors of society. It will also ensure that South Africa produces results that match its passion for sport.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Improving the quality of education requires careful management, support from all interested parties and time. According to a 2010 study of reform in 20 education systems around the world, sound approaches begin to produce results about six years after reforms are initiated, with sustained dividends emerging over the long term.

There has been significant progress in education since 1994. Before 1990, less than a quarter of black learners completed matric. In 2012, this figure is close to two thirds. South Africa has made rapid progress in broadening preschool education and almost 8 million children receive a meal at school. School funding is pro-poor, with falling class sizes in each province. Yet despite reforms introduced since 2009, especially those relating to testing learners and supporting teacher development, challenges still remain. Urgent action is required on several fronts:

- **Households and communities.** Proper nutrition and diet, especially for children under three, are essential for sound physical and mental development. The Commission makes recommendations on child nutrition, helping parents and families to break the cycle of poverty, and providing the best preparation for young children – including a proposal that every child should have at least two years of preschool education.

- **Management of the education system.** Reducing layers of bureaucracy would make more resources available to support schools and teachers. The general rule of thumb is that interventions, both supportive and corrective, need to be inversely proportional to school performance. In this way, better-performing schools can be given the freedom to get on with the job, as long as there is measurable improvement. We make specific recommendations focused on better support to schools, delivering the basic necessities for a good education and measuring the right things. We propose a campaign to improve infrastructure in poor schools, especially in rural areas.

- **Competence and capacity of school principals.** The common feature of all well-run schools is leadership. The Department of Basic Education has recently launched a programme to measure the competencies of principals and deputy principals. This survey will also help identify weak performers, based on learner scores, and allow for appropriate support for principals and teachers. Principals should be selected purely on merit, be given greater powers over school management and be held accountable for performance.

- **Teacher performance.** Our proposals cover training, remuneration, incentives, time on task, performance measurement, and content and pedagogical support. Professionalism and the conditions that enhance professional conduct must be rebuilt, and accountability for performance needs to be enhanced. This means that professional development, peer review, school infrastructure, the provision of learner support materials and teacher support systems need to be strengthened. Teachers, both individually and at school level, should be held accountable for learner performance, with due recognition of the learning environment.

- **Further education and training (FET).** The FET system is not effective. It is too small and the output quality is poor. Continuous quality improvement is needed as the system expands. The quality and relevance of courses needs urgent attention. When quality starts to improve and the employability of graduates begins to increase, demand for FET services will rise automatically. Simply growing the sector without focusing on quality is likely to be expensive and demoralising for young people, further stigmatising the system. By 2030, the FET sector should cover about 25 percent of the age-relevant cohort, implying an increase from about 300 000 today to 1.25 million by 2030.

- **Higher education.** The performance of existing institutions ranges from world-class to mediocre. Continuous quality improvement is needed as the system expands at a moderate pace. A major challenge is that poor school education increases the cost of producing graduates, and a relatively small number of black students graduate from universities. Increasing participation and graduation rates, with the option of a four-year university degree, combined with bridging courses and more support for universities to help black students from disadvantaged backgrounds, is likely to yield higher returns.

- **Research and development (R&D).** A simultaneous focus on R&D and on the calibre of teaching would improve the quality of higher education, but without attention, inadequate human capacity will constrain knowledge production and innovation. Universities need to become centres of excellence at the cutting edge of technology. By attracting students from abroad, universities can generate revenue and increase the skills pool. Students from abroad who graduate from South African universities should qualify for a seven-year work permit to encourage them to stay and work here. While South Africa needs to spend

national planning commission
REPUBLIC OF SOUTH AFRICA

more on R&D in general, the institutional setup also needs to improve the link between innovation and business requirements. Government should partner with the private sector to raise the level of R&D, with resources targeted towards building the research infrastructure required by a modern economy.

Quality health care for all

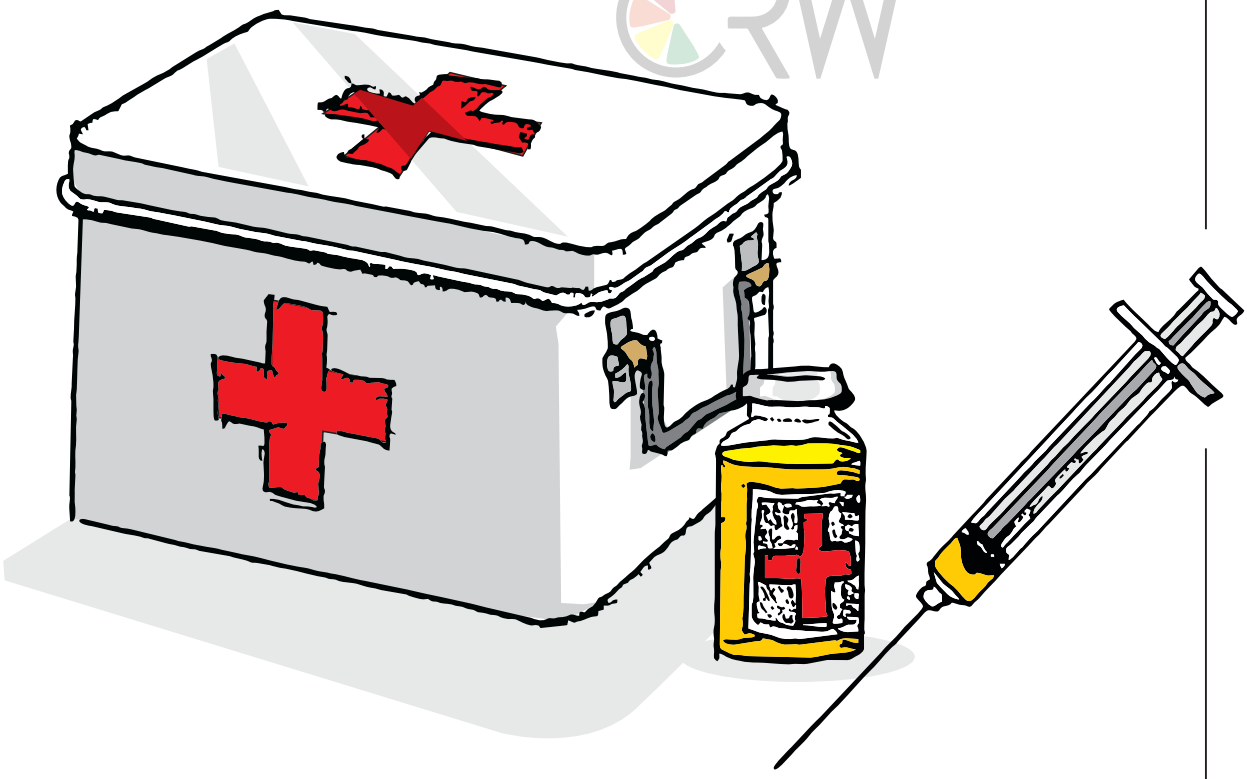
Long-term health outcomes are shaped by factors largely outside the health system: lifestyle, diet and nutritional levels, education, sexual behaviour, exercise, road accidents and the level of violence. The Commission makes recommendations in each of these areas. Priority areas include sex education, nutrition, exercise, and combating smoking and alcohol abuse. These are social responsibilities that deserve to be taken seriously by every citizen, and promoted by families and institutions.

Good health is essential for a productive and fulfilling life. *The Diagnostic Report* demonstrates the starkly interrelated challenges posed by a crumbling health system and a rising disease burden. South Africa's broken public health system must be fixed. While greater use of private care, paid for either by users or health insurance, is part of the solution, it is no substitute for improving public health care. A root-and-branch effort to improve the quality of care is needed, especially at primary level.

By 2030, the health system should provide quality care to all, free at the point of service, or paid for by publicly provided or privately funded insurance. The primary and district health system should provide universal access, with a focus on prevention, education, disease management and treatment. Hospitals should be effective and efficient, providing quality secondary and tertiary care for those who need it. More health professionals should be on hand, especially in poorer communities.

Reform of the public health system should focus on:

- Improved management, especially at institutional level
- More and better-trained health professionals
- Greater discretion over clinical and administrative matters at facility level, combined with



national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

effective accountability

- Better patient information systems supporting more decentralised and home-based care models
- A focus on maternal and infant health care.

At institutional level, health-care management is in crisis. The Department of Health has recently launched a programme to evaluate management competence. Complementary reforms should include greater delegation of authority over staffing, shift structures and routine procurement.

A district-based approach to primary health care is part of the pilot phase of national health insurance. For this approach to be successful, the health system needs more personnel (including professionals and paramedics), new forms of management authority, and strengthened statutory structures for community representation.

The HIV/AIDS epidemic has illustrated South Africa's ability to make monumental social and political mistakes – as well as its ability to correct them and implement a complex programme effectively. The health system's success in managing the epidemic over the past five years is commendable. Yet there is no room for complacency. There is a continuing need for education, prevention, testing and treatment. Lowering the rate of new infections will reduce the demand on the public health system. Yet even if there are no new infections, there will still be a sizeable number of HIV-positive people requiring treatment, posing continuing challenges for the tuberculosis infection rate and the risk of drug-resistant HIV strains developing. The epidemic and its implications for public policy are likely to persist for at least another generation – possibly two.

Building a national health insurance system is an important objective. There are four prerequisites to its success: improving the quality of public health care, lowering the relative cost of private care, recruiting more professionals in both the public and private sectors, and developing a health information system that spans public and private health providers. These reforms will take time, require cooperation between the public and private sectors, and demand significant resources.

national planning commission
REPUBLIC OF SOUTH AFRICA

PEOPLE WITH DISABILITIES

Disability and poverty operate in a vicious circle. Disability often leads to poverty and poverty, in turn, often results in disability. People with disabilities face multiple discriminatory barriers.

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.

Social protection

Social protection brings social solidarity to life and ensures a basic standard of living. It also plays an important role in helping households and families manage life's risks, and eases labour market transitions, contributing to a more flexible economy.

By 2030, South Africa should have a comprehensive system of social protection that includes social security grants, mandatory retirement savings, risk benefits (such as unemployment, death and disability benefits) and voluntary retirement savings.

Part of our approach to social protection is through a social wage, which includes no-fee schools, free basic services and subsidised public transport. In addition to creating more jobs in the private sector, a significant broadening of public employment programmes will also help to ensure that fewer households live below a determined income level.

To achieve the objectives of broader social security coverage, we propose the following:

- An acceptable minimum standard of living must be defined, including what is needed to enable people to develop their capabilities.
- The retirement savings and risk benefit gap should be closed through reforms, including mandatory contributions, with consideration given to subsidising these contributions for low-income or periodic workers.
- Social welfare services should be expanded, with more education and training for social work practitioners and a review of funding for non-profit organisations.
- Public employment should expand, with a focus on youth and women. It is expected that public employment will provide the equivalent of 2 million full-time jobs by 2020.
- A commitment to household food and nutrition security involving public- and private-sector action.

Building safer communities

By 2030, people living in South Africa should feel safe and have no fear of crime. Women, children and vulnerable groups should feel protected. They should have confidence in the criminal justice system to effectively apprehend and prosecute criminals who violate individual and community safety. The South African Police Service and metro police should be professional institutions staffed by skilled, disciplined, ethical individuals who value their work and serve the community.

Achieving this vision requires targeted action in five key areas:

- **Strengthening the criminal justice system.** This requires cooperation between all departments in the government's justice, crime prevention and security cluster. The recommendations in the Review of the South African Criminal Justice System will go a long way in addressing the system's current weaknesses.
- **Making the police service professional.** The police code of conduct and code of professionalism should be linked to promotion and

national planning commission
THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

discipline in the service. Recruitment should attract competent, skilled professionals through a two-track system; one for commissioned officers and one for non-commissioned officers.

- **Demilitarising the police service.** The decision to demilitarise the police force, moving away from its history of brutality, was a key goal of transformation after 1994. The remilitarisation of the police in recent years has not garnered greater respect for the police or higher conviction rates. If anything, it has contributed to violence. The police should be demilitarised and managed towards a professional civilian service.
- Adopting an integrated approach. Achieving a safe society means tackling the fundamental causes of criminality, which requires a wide range of state and community resources.
- Building community participation. Civil society organisations and civic participation are needed to establish safe communities. Community safety centres should be considered.

The Commission endorses the seven-point plan put forward by the criminal justice system, which is discussed in detail in chapter 12.

r

A capable and Developmental state

Towards better governance

A plan is only as credible as its delivery mechanism is viable. There is a real risk that South Africa's developmental agenda could fail because the state is incapable of implementing it. The Commission makes far-reaching institutional reform proposals to remedy the uneven and often poor performance of the public service and local government.

A developmental state tackles the root causes of poverty and inequality. A South African developmental state will intervene to support and guide development so that benefits accrue across society (especially to the poor), and build consensus so that long-term national interest trumps short-term, sectional concerns.

A developmental state needs to be capable, but a capable state does not materialise by decree, nor can it be legislated or waved into existence by declarations. It has to be built, brick by brick, institution by institution, and sustained and rejuvenated over time. It requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules.

Policy instability is a concern. While there are cases where policy must change, government often underestimates the disruptive effect of major policy adjustments on service delivery. A balance has to be struck and at present that balance is missing.

To achieve the aspiration of a capable and developmental state, the country needs to enhance Parliament's oversight role, stabilise the political-administrative interface, professionalise the public service, upgrade skills and improve coordination. It also needs a more pragmatic and proactive approach to managing the intergovernmental

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

system to ensure a better fit between responsibility and capacity. Equally, the state needs to be prepared to experiment, to learn from experience and to adopt diverse approaches to reach common objectives.

To professionalise the public service, we propose that:

- An administrative head of the public service should be created, with responsibility for managing the career progression of heads of department, including convening panels for recruitment, performance assessment and disciplinary procedures.
- A hybrid system for appointing heads of departments should be introduced, incorporating both political and administrative elements.
- A graduate recruitment programme and a local government skills development strategy should be introduced to attract high-quality candidates.
- The role of the Public Service Commission in championing norms and standards, and monitoring recruitment processes should be strengthened.
- A purely administrative approach should be adopted for lower-level appointments, with senior officials given full authority to appoint staff in their departments.

The skills profile of the public service mirrors the national skills profile. There are critical shortages of good-quality doctors, engineers, information technology professionals, forensic specialists, detectives, planners, accountants, prosecutors, curriculum advisors and so on. In addition, the management ability of senior staff operating in a complex organisational, political and social context requires greater attention. To solve both the technical and managerial skills shortages, government has to take a long-term perspective on developing the skills it needs through career-pathing, mentoring, and closer partnerships with universities and schools of management.

Accountability is essential to democracy. There are several weaknesses in the accountability chain, with a general culture of blame-shifting. The accountability chain has to be strengthened from top to bottom. To begin with, parliamentary accountability is weak, with Parliament failing to fulfil its most basic oversight role. Education outcomes cannot improve unless accountability is reinforced throughout the system, from learner results to the delivery of text books. The rising number of service delivery protests indicates that the state also needs to make it easier for citizens to raise concerns. When entering a public building, citizens should be able to see what service they can expect, and where to go and who to talk to if they are not satisfied.

Accountability in state-owned enterprises has been blurred through a complex, unclear appointment process and, at times, undue political interference. We recommend clarifying lines of accountability by developing public-interest mandates that set out how each state-owned enterprise serves the public interest, ensuring appointment processes are meritocratic and transparent, and improving coordination between the policy and shareholder departments.

Improvements have been achieved in the efficiency of service delivery in pockets of government, notably the South African Revenue Service and pilot projects in the Departments of Home Affairs, Health and Justice. Operations management and system improvements have been at the heart of these reforms, and these successes need to be replicated in more areas of government. These experiences show what can be achieved when leaders and staff are committed to working together to improve performance.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

The efficacy of the intergovernmental system is a hotly debated subject. The different spheres of government are interdependent and we need to find ways of ensuring they work together more effectively. The plan proposes a change of approach away from trying to find new structural arrangements, which is destabilising, towards identifying and resolving specific weaknesses in coordination and capacity. The state needs to improve its management of the system, including mediating agreements between district and local municipalities where there is duplication or conflict over the allocation of responsibilities and resources. Provinces should focus on their core functions and develop their capacity to support and oversee local government.

The constitutional framework allows for more differentiation in the allocation of powers and functions, and this should be used to ensure a better fit between the capacity and responsibilities of provinces and municipalities. The existing system can be improved, with clarification of responsibilities in the areas of housing, water, sanitation, electricity and public transport. Large cities should be given greater fiscal and political powers to coordinate human settlement upgrading, transport and spatial planning. In other areas, regional utilities could provide services on behalf of less well resourced municipalities, but this must be led by municipalities to avoid undermining democratic accountability for service delivery.

Fighting corruption

High corruption levels frustrate society's ability to operate fairly and efficiently, and the state's ability to deliver on its development mandate. According to Transparency International's global corruption survey, between 2001 and 2010, the level of corruption increased. Corruption often involves both public- and private-sector participants. The perception of high levels of malfeasance at senior levels of government makes the fight against corruption that much harder.

Strong social factors play a contributing role. Perceptions that the structure of the economy is unjust, historical inequities and new forms of empowerment that have benefited politically connected individuals fuel a culture in which corruption thrives, both in government and in business. These underlying social phenomena must be addressed as part of the fight against corruption.

Political will is essential to combat this scourge. Political will is measured by assessing the amount of money spent fighting corruption, the legal arsenal that corruption-busting institutions have at their disposal, the independence of anti-corruption authorities from political interference and the consistency with which the law is applied. Being soft on smaller cases, or unusually tough on corruption involving political opponents, implies inconsistency.

In addition to political will, corruption has to be fought on three fronts: deterrence, prevention and education. Deterrence helps people understand that they are likely to get caught and punished. Prevention is about systems (information, audit and so on) that make it hard to engage in corrupt acts. The social dimensions of corruption need to be tackled by focusing on values, through education.

national planning commission
REPUBLIC OF SOUTH AFRICA

We propose several measures to strengthen South Africa's anti-corruption arsenal:

- Competent, skilled institutions like the Public Protector and Special Investigating Unit need to be adequately funded and staffed and free from external interference.
- While thousands of cases are investigated, few get to court. Specialised teams of prosecutors and special courts should be established.
- Government's procurement policies blur the line in matters of corruption, and the state procurement system has become overly bureaucratised. The emphasis on compliance by box-ticking makes the system costly, burdensome, ineffective and prone to fraud. We propose greater central oversight over large and long-term tenders, making it illegal for public servants to operate certain types of businesses and making individuals liable for losses in proven cases of corruption.
- The country has barely begun to tackle societal factors that contribute to corruption. South Africa's history of state-sponsored patronage further blurs ethical standards. International experience shows that with political will and sustained application of the right strategies, corruption can be significantly reduced and public trust restored.

Leadership and responsibility throughout society

The successful implementation of this plan requires strong leadership from government, business, labour and civil society.

South Africa needs leaders throughout society to work together. Just as the transition from apartheid was a win-win solution rather than a short-sighted power struggle, the fight against poverty and inequality will have benefits for all – black and white, rich and poor. Given the country's divided past, leaders sometimes advocate positions that serve narrow, short-term interests at the expense of a broader, long-term agenda. It is essential to break out of this cycle, with leaders that are willing and able to take on greater responsibility to address South Africa's challenges.

To successfully implement this plan, the country needs partnerships across society working together towards a common purpose. At present, South Africa has high levels of mistrust between major social partners. A virtuous cycle of building trust and engaging in discussion to confront the most pressing challenges is needed – one that takes a long term view.

The government will be responsible for a large share of the recommendations in the plan. To implement these recommendations, it will need to strengthen its accountability chain, improve its capacity, be prepared to make difficult decisions and work with others in society to solve challenges. This means communicating honestly and sincerely with the public, while holding citizens accountable for their actions. Leaders, especially in government, must also face up to difficult decisions and trade-offs. Strong leadership is about making such decisions and effectively persuading society that the best path is being pursued.

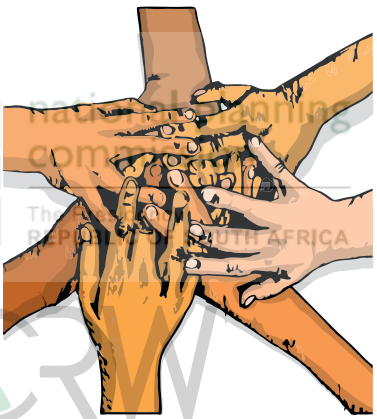
The state sets the ethical bar for society as a whole. If corruption is seen as acceptable in government, it will affect the way society conducts itself. This makes it even more important that government acts to address the high levels of corruption in its ranks.

The private sector employs about three-quarters of South Africa's workers and accounts for over two-thirds of investment and R&D expenditure. South Africa needs a thriving private sector that is investing in productive capacity. While the profit motive drives business, companies cannot grow unless

national planning commission
THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

they operate in an environment where employment and income levels are rising. Legislation requires business to consider employment equity, black economic empowerment, the environment, skills development, local content, small-business development, community social responsibility and several location-specific imperatives, such as mining area development strategies. In this complex context, it is in the long-term interests of all businesses for the country to grow faster and for more people to be employed.

It is also in the interests of business that the level of inequality be reduced. Inequality raises the cost of doing business, skews market structure and ultimately limits growth opportunities. It also breeds mistrust and tension. Excessive executive remuneration does little to build a more inclusive society where everyone feels that they share in the fruits of development. While legislating salaries is impractical, leadership is required to ensure that businesses act more responsibly.



Despite healthy balance sheets, many South African corporations are not investing because the global economy remains weak. Businesses are also concerned about changes in the policy and regulatory environment that may raise costs. To some extent, low investment is also the result of inadequate infrastructure provided by state-owned enterprises. South Africa needs to break this cycle of low growth and low investment. Government has an important role to play in building trust and confidence to encourage long-term investment. Business also has a role to play – if everyone invests more, the economic gains will accrue to the private sector.

South Africa has a well-developed and vibrant trade-union movement. Historically, trade unions have played a role in politics, understanding that the issues pertinent to its members do not stop at the factory gate. Unions advance the interests of their members and give voice to vulnerable workers, such as farm workers, domestic workers or casual workers. The rights and benefits afforded to workers and increases in living standards that most workers have seen since 1994 constitute a significant gain for the country.

To continue to make progress in raising incomes and living standards, productivity must also increase. South Africa's labour market is often characterised by contestation between profitable firms and reasonably well-paid employees. Outcomes determined in bargaining processes leave little room for new entrants to enter the workplace. To address high levels of unemployment, particularly among youth, extraordinary measures will be required. Union leadership is critical to ensuring that gains by members are sustainable in the long term. To achieve this, productivity and employment have to rise continuously.

In a developmental state, unions share responsibility for the quality of services delivered, for improving the performance of government, and for fighting corruption and inefficiency.

Civil society leaders represent citizens on issues closest to their hearts and must be taken seriously. These leaders are responsible for ensuring that that criticism and protest are conducted with dignity and maturity. Although civil society leaders sometimes only represent narrow interests in a broad and diverse society, they form an integral part of a vibrant democracy that involves people in their own development.

r

CRITICAL SUCCESS FACTORS FOR THE PLAN

The role of the National Planning Commission is to advise government and the country on issues affecting the country's long-term development. This is a plan for the entire country, and all sections of society need to take responsibility for making it a reality. To successfully implement the plan, the Commission identifies a series of critical success factors.

Focused leadership

Because the plan is designed to bring about fundamental change over a period of nearly two decades, it requires a degree of policy consistency that straddles changes in leadership in government, business and labour. Many aspects of the plan will require years of effort to deliver results. For example, the transition to a low-carbon economy will need long-term policies and spatial planning regulations will take decades to overcome the geographic divisions of apartheid. Policy changes should be approached cautiously based on experience and evidence so that the country does not lose sight of its long-term objectives.

A plan for all

Broad support across society is needed for the successful implementation of the plan. In a vibrant democracy this support will not be uncritical. Vigorous debate is essential for building consensus and broad-based ownership of the plan. Constructive debate also contributes to nation building by enabling South Africans to develop a better understanding and to take ownership of priorities. Different parts of the plan require buy-in and sacrifice from different sectors. When differences occur, it is important that the reasons for disagreement are debated and clearly explained, so that there can be broad consensus on the way forward. The National Planning Commission can use its convening power to bring stakeholders together to facilitate dialogue and develop solutions.

Institutional capability

Much of the plan deals with the institutional reforms required to overcome weaknesses in the public sector, particularly where public agencies are unable to meet their responsibilities to poor communities. These proposals are about developing the attributes necessary to support the plan. Building institutional capability takes time and effort. The chapter on building a capable and developmental state provides pointers on the approach to be pursued. Institutions improve through continuous learning and incremental steps; tackling the most serious problem, resolving it and moving to the next priority. This requires good management, a commitment to high performance, an uncompromising focus on ethics and a willingness to learn from experience.

Several challenges require attention, including a critical shortage of skills, a complex intergovernmental system, high levels of corruption, weak lines of accountability, inadequate legislative oversight and a long history of blurring the lines between party and state. These are difficult issues, requiring honest reflection, careful planning and decisive leadership.

national planning commission
THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

Resource mobilisation and agreement on trade-offs

The National Development Plan will shape resource allocations over the next two decades, but it will not determine annual budgets. The best way to generate resources to implement the plan is to grow the economy faster. If the economy grows by more than 5 percent a year, government revenue and the profits of private firms will more than double over the next 20 years.

The plan supports government's intention to gradually shift state resources towards investments that reshape the economy, broaden opportunities and enhance capabilities. As a result, other parts of the national budget will need to grow more slowly.

Spending more on investment is only the first step. South Africa also has to improve the quality of this spending through better planning, sound procurement systems and greater competition in the economy. There is a need for greater efficiency in all areas of government expenditure, because the overall envelope is likely to grow relatively slowly over the medium term. Particular attention needs to be given to managing the government wage bill, 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 plan proposes a three-pronged human-resources strategy involving a long-term training strategy, better outputs from the higher-education sector and strategic allocation of scarce resources.

Sequencing and willingness to prioritise

Government has to be willing to prioritise. Cabinet and senior public officials should focus most of their attention on a few strategic priorities. This plan provides such a strategic framework. It identifies high-level priorities and, in some areas, a specific sequencing. For example, it highlights the need to raise the quality of FET colleges before rapidly expanding capacity. Implementing this plan will require some tough, potentially unpopular decisions.

Clarity on responsibility

A recurring theme in the plan is that the accountability chain needs to be tightened. The public needs a clearer sense of who is accountable for what. There need to be systems to hold all leaders in society accountable for their conduct.

Weak, poorly performing systems make it hard to attribute responsibility, with the frequent result that no one is accountable. The plan cites the example of what happens when the water in a town is found to be undrinkable. The media blame the Minister of Water Affairs. The community blames the mayor. The mayor blames the head of the water utility. The head of the water utility blames the technical engineer. The engineer says that the maintenance budget has been cut for the past three years and now the water is undrinkable. The head of finance in the municipality says that the budget was cut because personnel costs have crowded out maintenance expendi-

national planning commission
REPUBLIC OF SOUTH AFRICA

ture. The mayor argues that the salary structure is negotiated at a national level by the South African Local Government Association. The association says that municipalities can opt out of these agreements if they are unaffordable. And so on.

South Africa's intergovernmental system is complex, but this challenge is not an excuse for blurring lines of responsibility. The establishment of the Department of Performance Monitoring and Evaluation is a positive step to tighten the accountability chain. The Commission also calls for shareholder compacts with state-owned enterprises and performance agreements with Cabinet ministers to be made public.

It needs to be clear when parties outside government are responsible for implementing parts of the plan. Business, labour and civil society are diverse groupings and rarely speak with a common voice. Nevertheless, clear responsibilities and accountability chains, including with social partners, are essential for the success of the plan. In many areas, business, labour and civil society can identify how they can contribute to the plan's priorities. However, in some cases this role will need to be formalised. Working together to realise particular objectives in the plan will help to build trust both within and between sectors.

CONCLUSION

To make meaningful, rapid and sustained progress in reducing poverty and inequality over the next two decades, South Africa needs to fix the future, starting today. This plan outlines a new development approach that seeks to involve communities, youth, workers, the unemployed and business in partnership with a capable state. The aim is to develop the capabilities of individuals and of the country, creating opportunities for all. Critically, the plan emphasises the urgent need to make faster progress on several fronts to sustainably reduce poverty and inequality.

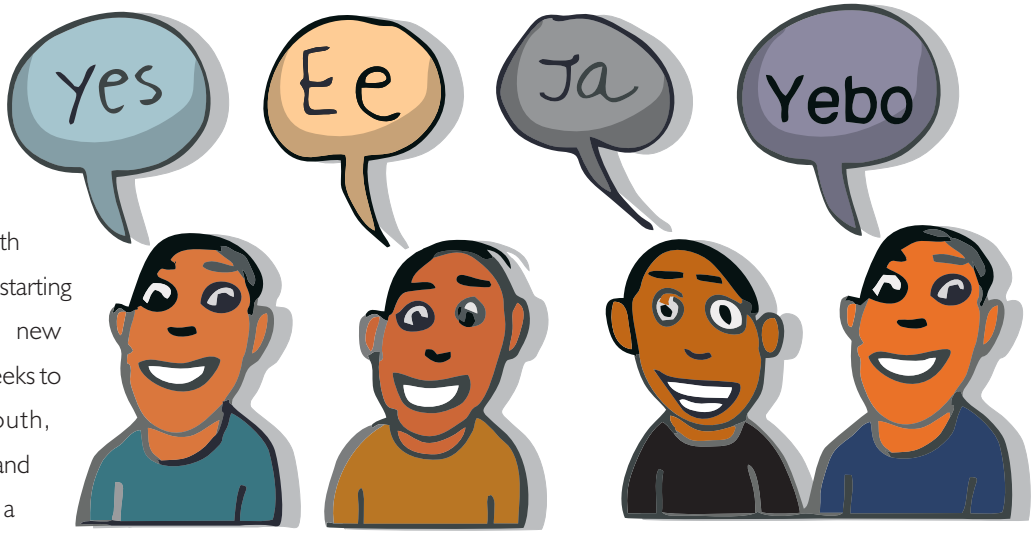
The National Development Plan is based on extensive research, consultation and engagement. While it is neither perfect nor complete, it sets out firm proposals to solve the country's problems, and to deepen the engagement of South Africans from all walks of life in building our future.

The country we seek to build by 2030 is just, fair, prosperous and equitable. Most of all, it is a country that each and every South African can proudly call home. It is up to all South Africans to play a role in fixing the future.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

NOTES

1. Social wage refers to amenities provided to society through public funds. These include social grants, free basic electricity and water, and no-fee schooling.
2. The Presidency (2011). Development Indicators.
3. The "gap market" refers to people earning above the level required to receive a state-subsidised house, but below the level required to obtain a bond from a commercial bank.
4. For example, the Department of Environmental Affairs is defining a standard for soil quality and plans to report annually on the state of this resource.
5. McKinsey (2010). How the world's most improved schooling systems keep getting better.



national planning
commission
The Presidency
REPUBLIC OF SOUTH AFRICA

CRW

Summary of objectives and actions

Chapter 3

Economy and Employment

Chapter 4

Economic infrastructure

Chapter 5

Environmental sustainability and resilience

Chapter 6

Inclusive rural economy

Chapter 7

South Africa in the region and the world

Chapter 8

Transforming Human Settlements

Chapter 9

Improving education, training and innovation

Chapter 10

Health care for all

Chapter 11

Social protection

Chapter 12

Building Safer Communities

Chapter 13

Building a capable and developmental state

Chapter 14

Fighting corruption

Chapter 15

Nation building and social cohesion

national planning commission
REPUBLIC OF SOUTH AFRICA

CHAPTER 3:
ECONOMY AND EMPLOYMENT

Objectives

- The unemployment rate should fall from 24.9 percent in June 2012 to 14 percent by 2020 and to 6 percent by 2030. This requires an additional 11 million jobs. Total employment should rise from 13 million to 24 million.

- The proportion of adults working should increase from 41 percent to 61 percent.

- The proportion of adults in rural areas working should rise from 29 percent to 40 percent.

- The labour force participation rate should rise from 54 percent to 65 percent.

- Gross Domestic Product (GDP) should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4 percent over the period. GDP per capita should increase from about from about R50 000 per person in 2010 to R110 000 per person in 2030 in constant prices.

- The proportion of national income earned by the bottom 40 percent should rise from about 6 percent today to 10 percent in 2030.

- Broaden ownership of assets to historically disadvantaged groups.
  - Exports (as measured in volume terms) should grow by 6 percent a year to 2030 with non-traditional exports growing by 10 percent a year.
  - Increase national savings from 16 percent of GDP to 25 percent.
  - The level of gross fixed capital formation should rise from 17 percent to 30 percent, with public sector fixed investment rising to 10 percent of GDP by 2030.
  - Public employment programmes should reach 1 million by 2015 and 2 million people by 2030.

Actions

1. Reduce the cost of living for poor households and costs of doing business through microeconomic reforms.

2. Develop proposals for an acceptable minimum standard of living and proposals on how to achieve this over time.

3. Remove the most pressing constraints on growth, investment and job creation, including energy generation and distribution, urban planning etc.

4. Position South Africa to attract offshore business services, and build on the advantage provided by its telecommunications, banking and retail firms operating in other countries.

5. Increase the benefit to the country of our mineral resources by:
   - Giving clear certainty over property rights (the right to mine)
   - Increasing rail, water and energy infrastructure
   - Structure a taxation regime that is fair, equitable and predictable and that recognises the non-renewable nature of mineral resources.

6. Broaden the expanded public works programme to cover 2 million fulltime equivalent jobs by 2020.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

7. Offer a tax incentive to employers to reduce the initial cost of hiring young labour market entrants. Facilitate agreement between employers and unions on entry-level wages.

8. Give a subsidy to the placement sector to identify, prepare and place matric graduates into jobs.

9. Business and labour to develop their own proposals to reduce youth unemployment.

10. Adopt a more open immigration approach to expand supply of high-level skills.

11. Adopt an approach to handling probationary periods that reflects the intention of probation.

12. Simplifies dismissal procedures for non-performance or misconduct, especially for smaller firms.

13. Strengthen dispute resolutions mechanisms in the labour market with a view to reducing tension and violence.

CHAPTER 4: ECONOMIC INFRASTRUCTURE

Objectives

- The proportion of people with access to the electricity grid should rise to at least 90 percent by 2030, with non-grid options available for the rest.

- The country would need an additional 29 000MW of electricity by 2030. About 10 900MW of existing capacity is to be retired, implying new build of more than 40 000MW.

- At least 20 000MW of this capacity should come from renewable sources.

- Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognising the trade-offs in the use of water.

- Reduce water demand in urban areas to 15 percent below the business-as-usual scenario by 2030.

- The proportion of people who use public transport for regular commutes will expand significantly. By 2030, public transport will be user-friendly, less environmentally damaging, cheaper and integrated or seamless

- Durban port capacity should increase from 3 million containers a year to 20 million by 2040.

- Competitively priced and widely available broadband.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Actions

Coal

14. Ensure domestic security of coal supply for existing power stations through industry compact, more comprehensive coal field planning and opening up the Waterberg for coal mining.

15. Invest in a new heavy-haul rail corridor to the Waterberg coal field, upgrade the central basin coal network and expand export capacity in the line to Richards Bay.

Gas

16. Enable exploratory drilling to identify economically recoverable coal seam and shale gas reserves, while environmental investigations will continue to ascertain whether sustainable exploitation of these resources is possible. If gas reserves are proven and environmental concerns alleviated, then development of these resources

and gas-to-power projects should be fast-tracked.

17. Incorporate a greater share of gas in the energy mix, both through importing liquefied natural gas and if reserves prove commercial, using shale gas. Develop infrastructure for the import of liquefied natural gas, mainly for power production, over the short to medium term.

Electricity

18. Move to less carbon-intensive electricity production through procuring at least 20 000MW of renewable energy, increased hydro-imports from the region and increased demand-side measures, including solar water heating.

19. Move Eskom's system operator, planning, power procurement, power purchasing and power contracting functions to the independent system and market operator and accelerated procurement of independent power producers.

20. Ring-fence the electricity distribution businesses of the 12 largest municipalities (which account for 80 percent of supply), resolve maintenance and refurbishment backlogs and develop a financing plan, alongside investment in human capital.

21. Revise national electrification plan and ensure 90 percent grid access by 2030 (with balance met through off-grid technologies).

Liquid fuels

22. Upgrade fuel refineries to ensure they meet new fuel quality standards and insist on larger strategic fuel stocks to ensure security of supply.

23. Continue to import refined fuels, ensuring that the growing deficit in petroleum products is met, and defer decision on a new refinery to 2017.

Water resources

24. A comprehensive management strategy including an investment programme for water resource development, bulk water supply and wastewater management for major centres by 2012, with reviews every five years.

25. Complete phase 2 of the Lesotho Highlands water project by 2020.

26. Timely development of several new water schemes to supply urban and industrial centres, new irrigation systems in the Umzimvubu river basin and Makhathini Flats, and a national water conservation programme to improve water use and efficiency

27. Create regional water and wastewater utilities, and expand mandates of the existing water boards (between 2012 and 2017).

national planning commission
The Presidency REPUBLIC OF SOUTH AFRICA

Transport

28. Consolidate and selectively expand transport and logistics infrastructure, with key focus areas being:

- Upgrading the Durban-Gauteng freight corridor, including a new port at the old Durban airport site.
- Expanding capacity of the coal, iron ore and manganese lines, with consideration given to concessioning parts of this network.
- Building the N2 road through the Eastern Cape.
- Public transport infrastructure and systems, including the renewal of the commuter rail fleet, supported by enhanced links with road-based services.

Information and communications infrastructure

29. Establishing a national, regional and municipal fibre-optic network to provide the backbone

for broadband access; driven by private investment, complemented by public funds required to meet social objectives.

30. Change the regulatory framework to ensure that Internet broadband capacity improves, prices fall significantly and access improves.

CHAPTER 5: ENVIRONMENTAL SUSTAINABILITY AND RESILIENCE

Objectives

- A set of indicators for natural resources, accompanied by publication of annual reports on the health of identified resources to inform policy.

- A target for the amount of land and oceans under protection (presently about 7.9 million hectares of land, 848kms of coastline and 4 172 square kilometres of ocean are protected).

- Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being reached around 2025.

- By 2030, an economy-wide carbon price should be entrenched.

- Zero emission building standards by 2030.

- Absolute reductions in the total volume of waste disposed to landfill each year.

- At least 20 000MW of renewable energy should be contracted by 2030.

- Improved disaster preparedness for extreme climate events.

- Increased investment in new agricultural technologies, research and the development of adaptation strategies for the protection of rural livelihoods and expansion of commercial agriculture.

Actions

31. An independent Climate Change Centre, in partnership with academic and other appropriate institutions, is established by government to support the actions of government, business and civil society.

32. Put in place a regulatory framework for land use, to ensure the conservation and restoration of protected areas

33. Carbon price, building standards, vehicle emission standards and municipal regulations to achieve scale in stimulating renewable energy, waste recycling and in retrofitting buildings.

34. Carbon-pricing mechanisms, supported by a wider suite of mitigation policy instruments to drive energy efficiency.

35. All new buildings to meet the energy-efficiency criteria set out in South African National Standard 204.

36. Channel public investment into research, new agricultural technologies for commercial farming, as well as for the development of adaptation strategies and support services for small-scale and rural farmers.

CHAPTER 6: INCLUSIVE RURAL ECONOMY

Objectives

- An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro-processing and related sectors by 2030.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

- Maintain a positive trade balance for primary and processed agricultural products.

Actions

37. Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, service to small and micro farmers, a review of mining industry commitments to social investment, and tourism investments

38. Substantially increase investment in irrigation infrastructure in Makhathini Flats and Umzimvubu River Basin.

39. Create tenure security for communal farmers, especially women, investigate different forms of financing and vesting of private property rights to land reform beneficiaries that does not hamper beneficiaries with a high debt burden.

CHAPTER 7: SOUTH AFRICA IN THE REGION AND THE WORLD

Objectives

- Intra-regional trade in Southern Africa should increase from 7 percent of trade to 25 percent of trade by 2030.

- South Africa's trade with regional neighbours should increase from 15 percent of our trade to 30 percent.

Actions

40. Focus trade penetration and diplomatic presence in fast-growing markets (Asia, Brazil and Africa).

41. Implement a focused regional integration strategy with emphasis on:

- Road, rail and port infrastructure in the region
- Reducing red tape, corruption and delays at border posts
- Using financial institutions to partner with businesses wanting to expand on the continent
- Strengthening regional cooperation in food and energy markets and water management.
- Identifying and promoting practical opportunities for cooperation based on complementary national endowments.

CHAPTER 8: TRANSFORMING HUMAN SETTLEMENTS

Objectives

- Strong and efficient spatial planning system, well integrated across the spheres of government.

- Upgrade all informal settlements on suitable, well located land by 2030.

- More people living closer to their places of work.

- Better quality public transport.

- More jobs in or close to dense, urban townships.

Actions

42. Reforms to the current planning system for improved coordination.

43. Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements.

44. Substantial investment to ensure safe, reliable and affordable public transport.

national planning commission
The Presidency REPUBLIC OF SOUTH AFRICA

45. Introduce spatial development framework and norms, including improving the balance between location of jobs and people.

46. Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. This should include a focused strategy on the housing gap market, involving banks, subsidies and employer housing schemes.

47. National spatial restructuring fund, integrating currently defused funding.

48. Establish a national observatory for spatial data and analysis.

49. Provide incentives for citizen activity for local planning and development of spatial compacts.

50. Introduce mechanisms that would make land markets work more effectively for the poor and support rural and urban livelihoods.

CHAPTER 9: IMPROVING EDUCATION, TRAINING AND INNOVATION

Objectives

- Make early childhood development a top priority among the measures to improve the quality of education and long-term prospects of future generations. Dedicated resources should be channelled towards ensuring that all children are well cared for from an early age and receive appropriate emotional, cognitive and physical development stimulation.

- All children should have at least 2 years of pre-school education.

- About 90 percent of learners in grades 3, 6 and 9 must achieve 50 percent or more in the annual national assessments in literacy, maths and science.

- Between 80 – 90 percent of learners should complete 12 years of schooling and or vocational education with at least 80 percent successfully passing the exit exams

- Eradicate infrastructure backlogs and ensure that all schools meet the minimum standards by 2016.

- Expand the college system with a focus on improving quality. Better quality will build confidence in the college sector and attract more learners. The recommended participation rate of 25 percent would accommodate about 1.25 million enrolments.

- Provide 1 million learning opportunities through Community Education and Training Centres

- Improve the throughput rate to 80 percent by 2030.

- Produce 30 000 artisans per year.

- Increase enrolment at universities by at least 70 percent by 2030 so that enrolments increase to about 1.62 million from 950 000 in 2010.

- Increase the number of students eligible to study towards maths and science based degrees to 450 000 by 2030.

- Increase the percentage of PhD qualified staff in the higher education sector from the current 34 percent to over 75 percent by 2030.

- Produce more than 100 doctoral graduates

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

per million per year by 2030. That implies an increase from 1420 in 2010 to well over 5 000 a year.

- Expand science, technology and innovation outputs by increasing research and development spending by government and through encouraging industry to do so.

Actions

Early childhood development

51. Design and implement a nutrition programme for pregnant women and young children, followed by a childhood development and care programme for all children under the age of 3

52. Increase state funding and support to ensure universal access to two years of early childhood development exposure before grade 1.

53. Strengthen coordination between departments, as well as the private and non-profit sectors. Focus should be on routine day-to-day coordination between units of departments that do similar work.

Schooling

54. The interests of all stakeholders should be aligned to support the common goal of achieving good educational outcomes that are responsive to community needs and economic development.

- Educational institutions should be provided with the capacity to implement policy. Where capacity is lacking, this should be addressed as an urgent priority.
- Teachers should be recognised for their efforts and professionalism. Teaching should be a highly valued profession.

55. Introduce incentive schemes linked to the annual national assessments to reward schools for consistent improvements.

56. Top performing schools in the public and private sectors must be recognised as national assets. They should be supported and not saddled with unnecessary burdens.

57. Strengthen and expand Funza Lushaka and ensure that graduates of the programme are immediately absorbed into schools. It should not be left to graduates to find placements in schools.

58. Investigate introducing professional certification. Newly qualified teachers would need to demonstrate certain competencies before they are employed in schools, and after that they would be offered preliminary or probationary certification, to be finalised based on demonstrated competence. The professional certification of all teachers would need to be renewed periodically.

59. Change the appointment process to ensure that competent individuals are attracted to become school principals.

- Candidates should undergo a competency assessment to determine their suitability and identify the areas in which they would need development and support.
- Eliminate union influence in promoting or appointing principals. The Department of Basic Education and provincial departments of education must ensure that human resources management capacity is improved and recruitment undertaken correctly.
- Implement an entry level qualification for principals.

Further education and training

60. Support the development of specialised programmes in universities focusing on training college lecturers and provide funding for universities to conduct research on the vocational

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

education sector.

61. Build the capacity of FET institutions to become the preferred institutions for vocational education and training. Learners should be able to choose the vocational pathway before completing Grade 12. Expand the geographical spread of FET institutions.

62. Build a strong relationship between the college sector and industry. SETAs have a crucial role in building relationships between education institutions and the employers.

Higher education

63. Implement a National Programme to develop the Next Generation of Academics for South African Higher Education.

64. Complete the construction of two new universities in Mpumalanga and the Northern Cape; new medical schools in Limpopo and a number of academic hospitals; expand the infrastructure of existing institutions and allow all universities to use of distance education to reach more learners.

65. Provide an option of a four-year university degree, combined with bridging courses and more support for universities to help students from disadvantaged backgrounds.

66. Provide all students who qualify for the National Student Financial Aid Scheme with access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses. Students who do not qualify should have access to bank loans, backed by state sureties. Both the National Student Financial Aid Scheme and bank loans should be recovered through arrangements with the South African Revenue Service. Service-linked scholarships should be available in areas such as nursing, teaching and social work.

67. Relax immigration requirements for highly skilled science and mathematics teachers, technicians and researchers. All graduates from foreign countries should be granted 7-year work permits.

CHAPTER 10
HEALTH CARE FOR ALL

Objectives

- Increase average male and female life expectancy at birth to 70 years.
- Progressively improve TB prevention and cure.
- Reduce maternal, infant and child mortality.
- Significantly reduce prevalence of non-communicable chronic diseases.
- Reduce injury, accidents and violence by 50 percent from 2010 levels.
- Deploy primary healthcare teams provide care to families and communities.
- Everyone must have access to an equal standard of care, regardless of their income.
- Fill posts with skilled, committed and competent individuals.

Actions

Address the social determinants that affect health and disease

68. Promote healthy diets and physical activity.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Strengthen the health system

69. Bring in additional capacity and expertise to strengthen health system at the district level; implement a national health information system to ensure that all parts of the system have the required information to effectively achieve their responsibilities; put in place a human resource strategy with national norms and standards for staffing, linked to a package of care; determine minimum qualifications for hospital managers.

Prevent and reduce the disease burden and promote health

70. Prevent and control epidemic burdens through deterring and treating HIV/AIDS, new epidemics and alcohol abuse; improve the allocation of resources and the availability of health personnel in the public sector; and improve the quality of care, operational efficiency, health worker morale and leadership and innovation.

Implement National Health Insurance

71. Implement the scheme in a phased manner, focusing on:

- Improving quality of care in public facilities
- Reducing the relative cost of private medical care
- Increasing the number of medical professionals
- Introducing a patient record system and supporting information technology systems.

Build human resources in the health sector

72. Accelerate the production of community health specialist in the five main specialist areas (medicine, surgery, including anaesthetics, obstetrics, paediatrics, and psychiatry) and train more nurses.

73. Recruit, train and deploy 700 000 community health workers to implement community-based primary health care.

CHAPTER 11: SOCIAL PROTECTION

Objectives

- Ensure progressively and through multiple avenues that no one lives below a defined minimum social floor.

- All children should enjoy services and benefits aimed at facilitating access to nutrition, health care, education, social care and safety.

- Address problems such as hunger, malnutrition and micronutrient deficiencies that affect physical growth and cognitive development, especially among children.

- Address the skills deficit in the social welfare sector.

- Provide income support to the unemployed through various active labour market initiatives such as public works programmes, training and skills development, and other labour market related incentives.

- All working individuals should make adequate provision for retirement through mandated savings. The state should provide measures to make pensions safe and sustainable.

- Social protection systems must respond to the growth of temporary and part-time contracts, and the increasing importance of self-employment and establish mechanisms to cover the risks associated with such.

- Create an effective social welfare system that delivers better results for vulnerable groups, with

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

the state playing a larger role compared to now. Civil society should complement government initiatives.

Actions

74. Together with social partners, determine a social floor that can be progressively realised through rising employment, higher earnings and social grants and other aspects of the social wage.

75. Increase the supply of four categories of social service professionals to 55 000, to respond to the demand for appropriate basic social welfare services, i.e. social workers, auxiliary or assistant social workers, community development workers, and child and youth care workers.

76. Identify the main elements of a comprehensive food security and nutrition strategy and launch a campaign.

77. Create incentives that encourage a culture of individual saving for risks and loss of income due to old age, illness, injury or loss of work for workers in both the formal and informal sectors.

78. Explore designs of a mixture of financing and institutional frameworks that enables those in the informal economy to participate in contributory social insurance schemes.

79. Pilot mechanisms and incentives to assist the unemployed to access the labour market.

80. Expand existing public employment initiatives to create opportunities for the unemployed.

81. Develop a consolidated institutional framework that supports coherent policy implementation, integrated social security administration, and effective regulation and oversight of the system.

CHAPTER 12: BUILDING SAFER COMMUNITIES

Objectives

In 2030 people living in South Africa feel safe and have no fear of crime. They feel safe at home, at school and at work, and they enjoy an active community life free of fear. Women can walk freely in the street and the children can play safely outside. The police service is a well-resourced professional institution staffed by highly skilled officers who value their works, serve the community, safeguard lives and property without discrimination, protect the peaceful against violence, and respect the rights of all to equality and justice.

Actions

82. Safety audits done in all communities focussing on crime and safety conditions of the most vulnerable in the community.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

83. All schools should have learner safety plans.

84. Demilitarise the police force and train all police personnel in professional police ethics and practice.

85. Increase community participation in crime prevention and safety initiatives.

86. The National Rural Safety Strategy Plan must be implemented in high risk areas involving all role-players and stakeholders.

87. Mobilise youth for inner city safety to secure safe places and spaces for young people.

88. A judiciary-led independent court administration must be developed.

89. Clear criteria for appointment of judges must

be put in place. (With emphasis on the candidates' progressive credentials and transformative judicial philosophy and expertise).

90. Compulsory community service must be extended to all law graduates to enhance access to justice and provide work opportunities for graduate lawyers.

CHAPTER 13: BUILDING A CAPABLE AND DEVELOPMENTAL STATE

Objectives

- A state that is capable of playing a developmental and transformative role.

- A public service immersed in the development agenda but insulated from undue political interference.

- Staff at all levels have the authority, experience, competence and support they need to do their jobs.

- Relations between national, provincial and local government are improved through a more proactive approach to managing the intergovernmental system.

- Clear governance structures and stable leadership enable state-owned enterprises (SOEs) to achieve their developmental potential.

Actions

Stabilise the political-administrative interface

91. Create an administrative head of the public service with responsibility for managing the career progression of heads of department. Put in place a hybrid approach to top appointments that allows for the reconciliation of administrative and political priorities.

92. Enhance the role of the Public Service Commission to champion and monitor norms and standards to ensure that only competent and suitably experienced people are appointed to senior positions

93. Amend the Public Service Act to locate responsibility for human-resources management with the head of department.

Make the public service and local government careers of choice

94. Establish a formal graduate recruitment scheme for the public service with provision for mentoring, training and reflection. Formulate long-term skills development strategies for senior managers, technical professionals and local government staff.

95. Use assessment mechanisms such as exams, group exercises and competency tests to build confidence in recruitment systems.

96. Use placements and secondments to enable staff to develop experience of working in other spheres of government.

Improve relations between national, provincial and local government

97. Use differentiation to ensure a better fit between the capacity and responsibilities of provinces and municipalities. Take a more proactive approach to resolving coordination problems and a more long-term approach to building capacity.

98. Develop regional utilities to deliver some local government services on an agency basis, where municipalities or districts lack capacity.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

99. Adopt a less hierarchical approach to coordination so that routine issues can be dealt with on a day-to-day basis between mid-level officials. Use the cluster system to focus on strategic cross-cutting issues and the Presidency to bring different parties together when coordination breaks down.

Achieve the developmental potential of state-owned enterprises

100. Develop public interest mandates for SOEs. Improve coordination between policy and shareholder ministries by making them jointly responsible for appointing the board. Ensure appointment processes are credible and that there is greater stability in appointments.

CHAPTER 14: FIGHTING CORRUPTION

Objective

A corruption-free society, a high adherence to ethics throughout society and a government that is accountable to its people.

Actions

101. The capacity of corruption fighting agencies should be enhanced and public education should be part of the mandate of the anti-corruption agencies.

102. The National Anti-Corruption Forum should be strengthened and resourced.

103. Expand the scope of whistle-blower protection to include disclosure to bodies other than the Public Protector and the Auditor-General. Strengthen measures to ensure the security of whistle-blowers.

104. Centralise oversight of tenders of long duration or above a certain amount.

105. An accountability framework should be developed linking the liability of individual public servants to their responsibilities in proportion to their seniority.

106. Clear rules restricting business interests of public servants should be developed.

107. Corruption in the private sector is reported on and monitored by an agency similar to the Public Protector.

108. Restraint-of-trade agreements for senior civil servants and politicians at all levels of government.

109. All corrupt officials should be made individually liable for all losses incurred as a result of their corrupt actions.

CHAPTER 15: NATION BUILDING AND SOCIAL COHESION

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Target

Our vision is a society where opportunity is not determined by race or birthright; where citizens accept that they have both rights and responsibilities. Most critically, we seek a united, prosperous, non-racial, non-sexist and democratic South Africa.

Actions

110. At school assembly the Preamble of the Constitution to be read in language of choice.

111. Bill of responsibilities to be used at schools and prominently displayed in each work place.

112. Sustained campaigns against racism, sexism, homophobia and xenophobia.

113. The Commission of Gender Equality and

the ministry should audit and deal with gaps in legislation and develop joint targets, indicators and timelines for monitoring and evaluating progress towards gender equality.

114. Employment Equity to continue and new models of BEE to de explored to improve the efficacy of the programme. Clear targets should be set for broadening economic participation, enhancing predictability for economic actors.

115. Improving public services and spaces as well as building integrated housing and sport facilities in communities to ensure sharing of common spaces across race and class.

116. Incentivising the production and distribution of all art forms that facilitate healing, nation building and dialogue.

117. All South Africans to learn at least one indigenous language, business to encourage and reward employees who do so.

118. Promote citizen participation in forums such as Integrated Development Plans, Ward Committees, School Governing Boards and Community Policing Forums.

119. Work towards a social compact for growth, employment and equity.

national planning commission
The Presidency
REPUBLIC OF SOUTH AFRICA

Notes

1. These priorities draw heavily on the World Health Organisation's seminal 2008 report. (World Health Organisation Commission on Social Determinants of Health (2008).Closing the Gap in a Generation: Health Equity through Action on the Social Determinants of Health.Geneva: World Health Organisation.)

national planning
commission
The Presidency
REPUBLIC OF SOUTH AFRICA