

tives, and indeed the appropriateness of these objectives, we need to take this framework into account – particularly the dual role of the State as an actor in providing services and helping create an appropriate environment for development, and as a leader in forging common cause among the variety of social actors.

3 Themes

This Review has assessed the extent to which the new democratic dispensation since 1994 has redirected the purpose and content of government policy and seeks to describe the impact of these changes on South African society. The work of the Review has been organised in five themes corresponding to the Cabinet clusters although it is evident that there are many cross-cutting issues and each cluster contributes to a number of broad RDP objectives (see Annexure I).

3.1 Governance

Background

Since 1994, government has been

engaged in a vigorous process of transformation that includes a new Constitution, transformation of the State machinery, changes to almost all policy, all geared toward changing the Apartheid State and society into a democratic society based on the principles of non-racialism and non-sexism.

Given that Apartheid sought to systematically exclude the majority from political participation, and given that the Apartheid State had become increasingly isolated, authoritarian and corrupt, and given the high levels of political violence in the decade prior to the first democratic elections, there is no direct comparison between this era and the advent of democracy. There can therefore be no direct comparison to pre-1994 indicators, given the quantum nature of the change in governance. Progress has been registered in the following areas, with regard to the South African polity:

- voice and accountability
- political stability
- government effectiveness
- regulatory quality
- integrity and legitimacy of the State and the rule of law

- efforts to expose and deal with corruption.

A critical element in the first years of the democratic State was the introduction of a new constitutional and legislative framework. This entailed the adoption of the new Constitution in 1996, and the introduction of new legislation at the average rate of about 90 Acts per annum in the first nine years; such that since 1994 over 789 laws or Amendment Acts aimed at reconfiguring South African society were adopted.

The fact that the intensity of such legislative work has diminished in the recent period is a reflection of the progress made in this regard, and of the fact that the emphasis of government work is shifting increasingly from policy formulation towards a much greater focus on implementation.

Transforming the Public Service

Most evidence suggests that government has made remarkable progress in transforming the State machinery to make it more responsive to the needs of citi-

zens and to make it more accountable. The rationalisation and integration of the former fragmented Public Service is almost complete. The integration of the various Bantustan and central government civil services into a coherent single public service has been a success. The implementation of the current Resolution 7 of the Public Service Co-ordinating Bargaining Council (PSCBC) agreement of 2002 seeks to end the process of the restructuring of the Public Service. The present restructuring process involves the identification of skills with job descriptions and the retraining of staff. Institutions are also being restructured to meet the needs of their clients in a more efficient manner.

The Public Service has also come close to meeting the targets set for improving representivity in the Public Service. Although Africans now make up 72% of the Public Service at all levels, government still needs to focus on increasing the number of women in senior positions as well as a more general increase in the number of disabled persons employed in the Public Service. Overall, the num-

bers of civil servants have been decreasing from 1.2 million in 1994 to just over 1 million in 2001. However, capacity constraints have meant that almost 25% of government's procurement budget annually is now spent on consultants primarily providing information technology, policy advice and project management services.

The number of public entities increased during the 1990s (60 created) over the preceding decade (10 created). In addition, public entities receive considerable funding in the form of transfer payments (R10.2 billion in 2000/2001) and they employ 288 983 people.

Public entities were created to allow for flexibility in conditions of service, to retain income from revenue raised, to expedite systems (e.g. procurement), to ensure operational autonomy, and to implement commercial principles and practices. Challenges however remain, around performance, corporate governance and commitment of some of these institutions to the overall development objectives of government.

The introduction of the Senior Management Service improved conditions of service for senior managers with the aim of retaining and attracting skilled personnel in the Public Service. There is more stability at the top echelons of the Public Service although the general lack of technically skilled personnel at all levels is a matter of concern. This problem is particularly acute in provinces and local government. Career-pathing, especially at the highest levels of the Public Service, has yet to be fully developed; and as such, skilled and experienced personnel developed since 1994 are being lost to the private sector. This challenge applies equally to public representatives in various legislatures.

Thirty-seven Multi-Purpose Community Centres (MPCCs) have been set up as providers of information and services to the public. The aim of government is to establish one MPCC per District/Metro by the end of 2004 and to expand these to each municipality in the next decade. This would be complemented by the decision taken in 2003 to employ Community Development

Workers. The e-government programme is also expected to help improve service to citizens. Initial steps to improve service in line with *Batho Pele* have had uneven success. Weaknesses include poor senior management involvement in the monitoring of the implementation of the principles driving *Batho Pele*, and lack of public involvement in the enforcement of these principles. Such public involvement would require a confident citizenry that holds officials to account without fear of reprisals such as the withholding of services and benefits.

Financial management and accountability

The introduction of the Public Finance Management Act, (PFMA) 1999 improved accountability within government and to Parliament. The implementation of the PFMA and the change to a medium-term budget cycle has led to improved budgeting and financial management at national and provincial spheres of government. The challenge remains to include local government within the budgeting and planning cycles of government.

Efforts to improve service

delivery

Government recently introduced a National Planning Framework to enhance integration in the areas of strategic policy prioritisation and to improve the policy decisions of government. This includes the National Spatial Development Perspective which seeks to facilitate dialogue between and within spheres about the country's spatial priorities regarding infrastructure investment and development spending. Local government is not yet included in the planning process but the introduction of Integrated Development Plans (IDPs) is expected to assist in such interaction. The introduction of the IDPs, as well as the cluster approach and the Forum of South African Directors-General, the Presidential Co-ordinating Council, and the restructured Cabinet Committees have all contributed to better co-ordination of policy-making and programme implementation.

Some weaknesses have been identified in these structures. Although the IDPs are a form of local consultation that seeks to involve local communities in identi-

fyng their needs within a given locality, there remains a need to involve communities more in decision-making especially in poor communities. Research suggests that the poor lack formal organised power at local level outside of the formal political processes. It further suggests that where civil society organisations participate more fully, service-delivery gaps are better identified. In such cases, the prioritisation of service-delivery needs is also more appropriate to the needs of communities.

The plan to deploy Community Development Workers is intended to contribute to improved service delivery by taking services directly to the poor, but it is also intended to assist the poor to develop the capacity to organise themselves and participate in decision-making. However, any attempt to improve service delivery must confront the problem that there remain serious capacity shortages at provincial and local government levels of service delivery. Despite the enormous strides made in restructuring both provincial and local government spheres, there remain severe delivery constraints, and significant fiscal risks, especially in the local

sphere. The performance of both provincial and local government however reflects great unevenness, with some leading provinces and municipalities doing exceptionally well, whilst others are still struggling to achieve a basically acceptable level of operational efficiency and effectiveness.

There has been more compliance with government regulations since 1994. Research shows that the culture of compliance is enhanced when there is better information available to citizens, better understanding by authorities of the social attitudes of target groups and a combination of the incentives and disincentives. This applies to such instances as taxation, registration for elections, observance of traffic regulations, and new systems such as credit card drivers' licences.

Fighting corruption

Since 1994, numerous anti-corruption programmes and projects have been put in place by the new Government. In March 1997, the government sectors responsible for the South African National Crime Prevention Strategy (NCPS) estab-

lished a programme committee to work on corruption in the criminal justice system. By June 1997, the Code of Conduct for the Public Service had become part of the regulations for every public servant and was the subject of an ethics promotional campaign by the then Public Service Commission.

The National Anti-Corruption Summit was held in Cape Town in 1999. The purpose of the Summit was to discuss the importance of eliminating corruption in both the public and private sectors and to develop recommendations aimed at improving the investigation and prosecution procedures, implementing effective and co-ordinated anti-corruption structures, reviewing the legislation, and enhancing business' role in the fight against corruption across society.

Involving businesses, organised religious bodies, the NGO sector, donors, the media, organised labour unions, academics, professional bodies and the public sector, the Summit created a powerful platform for the National Campaign Against Corruption through its recognition of the societal nature of corruption, and its

acknowledgement that the fight against corruption requires a national consensus and the co-ordination of activities.

A review and revision of anti-corruption legislation, the establishment of whistle-blowing mechanisms; the speedy enactment of the Open Democracy Bill; the establishment of special courts to adjudicate on corruption cases, and the establishment of sectoral and national co-ordinating structures were recommended and implemented. A new Prevention of Corruption Bill was developed and is currently before Parliament, a Protected Disclosures Act commenced in February 2001, while the Promotion of Access to Information Act came into force in February 2000. The National Anti-Corruption Forum was established in June 2001.

To enhance this, government is introducing new measures such as the blacklisting of individuals and organisations, the establishment of anti-corruption hotlines, the establishment of sectoral and other hotlines, more efficient disciplinary action against corrupt persons, consistent monitoring and report-

ing on corruption, and the promotion and implementation of sound ethical, financial and related management practices. A central database of corrupt businesses has been established. The National Directorate of Public Prosecutions (NDPP) and South African Police Service (SAPS) have taken decisive and visible action against corrupt officials and white collar crime.

Government has in principle approved that corrupt employees be blacklisted from employment in the Public Service. Hotlines have been established in all nine provinces and for specific industries in the business sector. Disciplinary codes have been revised. At the level of government, about 80% of cases reported in the media are in fact discovered by government.

Conclusion

The policies for Governance and Administration were largely the required interventions. Most of the institutions are operating effectively although the process of stabilising the intergovernmental system is still not complete. More flexibility is required in the Public Service to

make it more responsive to the needs of public servants. The democratic State is able to exercise authority across society and it enjoys legitimacy in the eyes of the overwhelming majority. Its capacity to formulate and implement policy, mobilise resources, frame and enforce laws, and the integrity of institutions – all indicate progress in governance. Civil society is vigorous although many formal organisations lack mass involvement of especially the poor and marginalised communities. The capacity of the State to deliver social services requires improvement with greater capacities at national departments and some weaknesses at provincial and local government level. Compliance with regulations is high. However there are some weaknesses with regard to government's capacity to involve the informal sector in adhering to their civic obligations. Success is slow but notable with regard to fighting corruption.

3.2 Social

The central programme of the social sector focuses on poverty alleviation through a range of pro-

grammes that address income, human capital and asset poverty. It is in this intersection between access to services, income and assets that the issue of overall poverty trends since 1994 should be examined.

Inequality as measured by the household level before and after factoring in social spending by the State shows that the impact of social spending (including the tax effect) reduced the Gini coefficient massively due to a redirection of spending to the poor since 1994 (discussed further below).

Income poverty alleviation

According to Statistics South Africa, it is estimated that in 1995 approximately 28% of households and 48% of the population were living below the estimated poverty line – calculated on the basis of expenditure, thus excluding access to services and assets. In 1999, there were 3.7 million such house-

holds out of 11.4 million (just under 33%) living below the poverty line. Of these, most were Africans. Part of this increase in income poverty would be due to large-sized poor households unbundling into smaller households. The unbundling has the effect of removing additional income earners from the household and would therefore reflect an increasing number of households being classified as poor (to be discussed again below). Of female-headed households, 45% were below the poverty line, compared with 26% of male-headed households. On average, the poor were living with incomes about 12% below the poverty line, in line with many comparable developing economies. These figures will be updated once the Census 2001 data has been further analysed.

At least two major programmes of the Government address income poverty in the form of income grants and public works pro-

Social grants	1994	2003
Expenditure	R10b	R34.8b
Beneficiaries	2.6m	6.8m

grammes.

Under Apartheid, social grants were still being allocated on a racial basis. Since then, government has equalised the Old-Age Pensions, and spread the reach of the Child Support Grant (CSG) among all eligible children. There are at least seven types of grants currently administered by the Department of Social Development and these are targeted at pensioners, poor families with children, war veterans, foster care and grants in aid for families taking care of children and people in need. The expenditure on these social grants has increased by 3.5 times between 1994 and 2003 from R10 billion to R34.8 billion. The number of beneficiaries has increased from 2.6 million to 6.8 million.

Research shows that grants are exceptionally well-targeted. The poorest 20% of households receive the largest amount from grants, not just as a proportion of income, but also in absolute terms. Fully two-thirds of the income for the poorest quintile is attributable to state transfers. Simulation studies also show that,

in the absence of any grants, 55.9% of the elderly would be in poverty and 38.2% would be in ultra-poverty. This falls to 22.9% and 2.5% respectively if all recipients get grants. In the absence of the CSG, but after taking account of the Old-Age Pension, 42.7% of children would be in poverty and 13.1% would be in ultra-poverty. Poverty among children (under seven) falls from 42.7% to 34.3% and ultra-poverty falls from 13.1% to 4.2% if all recipients get grants. Overall, social grants have the potential of reducing the number of individuals in poverty from 42% to 24%. Although great progress has been made in registering recipients, the full impact of these grants will only be realised when all eligibles are registered.

Expenditure on public works programme has increased almost tenfold since 1998. As part of the objective of providing employment, the public works programme has employed a total of 124 808 people since 1998. However, most of these jobs were temporary in nature. A total of 3 407 permanent jobs were created in 1999–2002 and a total of 141 permanent jobs were created by

the first half of the 2002/03 financial year. Research indicates that public works programmes vary in their efficiency of transferring income to the poor with the average expenditure per worker varying from between R27 242 in Limpopo to R6 515 in the Eastern Cape. Thus, public works programmes while increasing provision of assets to the community, are not as efficient as income grants in alleviating income poverty. Nonetheless, these programmes have been successful in alleviating the asset poverty of communities. Over R6.5 billion of expenditure on infrastructure has provided 2 182 community assets.

Human Capital Poverty Alleviation

Social services such as education, health, water and sanitation, and electrification are critical to improving the human capital of

the nation.

Education

Expenditure on education remains the largest budgetary item in South Africa. For early childhood development (ECD) there has been a steady, albeit non-linear increase in enrolment in the reception year, with enrolment increasing from approximately 150 000 to 280 000 between 1999 and 2002, suggesting that full enrolment will be reached by 2015. Gross primary school enrolment has remained steady at around 95.5% between 1995 and 2001. Gross secondary enrolment is currently approximately 85%, indicating a 15% increase from 1992. The learner-to-facility ratio has also declined with classroom sizes declining from 43:1 in 1996 to 38:1 in 2001, indicating that learners are getting better access to classroom facilities.

Progress in education is ahead of

Education	Period	Enrolment
Enrolment (early childhood development or ECD)	1999-2002	150 000 - 280 000
Primary school enrolment	1995-2001	95.5%
Secondary school enrolment	1992-2001	85% (+15%)

the Millennium Development Goals and ahead of most comparable developing countries. In addition, the male to female enrolment ratio is greater than one, indicating that slightly more girls are enrolled than boys. This is positively different from other comparable developing countries.

The main outcome indicator for education is the adult literacy rate, the proportion of the population over 15 years that can read and write in one language. General outcomes of the educational programmes indicate that there has been an increase in literacy rates from 83% in 1996 to 89% in 2001 for the general population while the literacy rate for 15–24-year olds has increased from 83% to 96% which is exceptionally high for any nation. These improvements are also reflected by a parallel increase in the matriculation pass rate from 54% in 1996 to

69% in 2002. It should be noted that whilst the proportion of matriculants has increased significantly there has been a decrease in the absolute number of matriculants due to the implementation of tighter progression standards at lower levels and limitations on "repeaters".

Since 1996, there has been an increase of 2% in the number of people completing grade 12 to 5.1 million in 2001 and a further 2.2% increase in the population completing tertiary education to 2.2 million in 2001, suggesting that the skills profile of the country is improving. However, within the population as a whole, approximately 71% of the population over 20 years have not completed secondary schooling. This finding is significant in terms of impact of human capital on employment.

Health

Education	Period	Quantity
Adult literacy rate	1996	83%
	2001	89%
Literacy rate (15-24)	1996	83%
	2001	96%
Matriculation pass rate	1996	54%
	2000	69%

Public healthcare expenditure has increased in the last eight years although real per capita (uninsured) expenditure has remained at between R967 and R907. The main thrust of the Department of Health has been to improve the access of healthcare through the primary healthcare approach (PHC). Major programmes include the Free Healthcare policy for women and children under the age of six. Implementation of this programme has resulted in increased utilisation rates which indicates increased access. However the per capital PHC visits is between 1.3 and 2.7 which is still slightly under that of 3 to 3.5 visits, per capita per annum recommended by the World Health Organisation (WHO) and Department of Health. There are now over 4 350 PHC access points available to the population. In terms of clinics alone this represents an increase of 701 additional clinics nationally from the clinic upgrading and building programme.

The immunisation programme has shown an increase in the rates of immunisation between 1994 and

2002 from 63% to 72% nationally although provincial disparities remain. However, the greatest success of the immunisation programme has been the elimination of deaths due to measles and to reduce the incidence of polio. The Integrated Nutrition Programme has increased from 89% of the targeted learners in 1994 to 94% coverage of eligible and targeted learners and has now reached almost 4.58 million children. Without factoring in the weak statistical base in 1994 which excluded many poor areas, the rates for under-weight children have increased slightly from 9.1% in 1994 to 11.17% in 1999; whilst stunting increased for those aged 6-71 months from 22.9 to 23.8; and wasting has also increased slightly from 2.6% to 3.6% in 1999.

Indicators of health status show that infant mortality has increased from about 40 per 1 000 births to 45 per 1 000 births between 1991 and 1998. Maternal health indicators such as antenatal care utilisation have increased from 89% to 94% between 1994 and 1998, births received with no antenatal care has declined from 12% to 3% and deliveries at healthcare facili-

Life expectancy	Period	Quantity
Life expectancy UNDP	1995	65 years
	2000	52 years
Life expectancy MRC	1995	57 years
	2000	55 years
HDI UNDP	1995	0.72
	2000	0.70
HDI MRC life expectancy	1995	0.63
	2000	0.71

ties has increased from 78% to 83%. Maternal mortality ratios have averaged 150 per 100 000 live births in the South African Demographic Health Survey (SADHS) despite improved service delivery and access. New data will only be available once the 2003 SADHS is completed.

The Human Development Index (HDI) was calculated for purposes of this Review, using the Medical Research Council (MRC) estimates of life expectancy rather than those used by the UNDP to calculate their HDI. The UNDP estimated life expectancy at 65 years in 1995 and 52 years in 2000. The MRC figures were 57 and 55 years respectively. Calculating the HDI using the same UNDP figures for gross enrolment and GDP per capita but the MRC estimates for life

expectancy yields an HDI of 0.63 for 1995 and 0.71 for 2000. The comparable UNDP results were 0.72 in 1995 and 0.70 in 2000. Therefore, the HDI calculated with MRC life expectancy estimates indicates a significant improvement whilst the UNDP HDI shows a decline. These differences reflect the problems with using estimates of life expectancy to assess progress in development.

The prevalence of HIV/AIDS as estimated from public antenatal clinics shows an increase from 0.7% in 1990 to 26.5% in 2002. The HIV prevalence rates seem to be stabilising between 1999 and 2002. The overall prevalence rate was 22.4% in 1999, 24.5% in 2000 and 24.8% in 2001. According to extrapolations used in the Joint Health and Treasury Task Team on Treatment Options

to Enhance Comprehensive Care for HIV/AIDS in the Public Sector, these proportions translate into an estimated 4.7 million South Africans infected with HIV, with about 400 000 at an advanced stage of AIDS.

The stabilisation can be attributed mainly to the prevalence rates in pregnant women under the age of 24 years decreasing consistently for the last few years. In addition the rate of syphilis infections among pregnant women has also declined from 7.3% in 1999 to 2.8% in 2001. At the same time dedicated expenditure (exclusive of programmes) on HIV/ AIDS programmes across national departments has increased from about R30 million in 1994 to R342 million in 2001/02. This excludes allocations from provincial equitable share. Expenditure is further set to increase tenfold to R3,6 billion in 2005/06. This increased expenditure is beginning to have an effect on the knowledge and behaviour of high-risk groups such as young women. Research results indicate that there is increasing condom use among 15–24-year olds. The 1998 SADHS indicates for those aged 15 to 19 years condom

usage was 19% and for those aged 20 to 24 years it was 14.4%. Research indicates that there is a marked improvement in knowledge about HIV, which was at 72% in 2001, and there is increased abstinence among young women aged 15 to 24. Moreover, condom usage by women has increased from 8% in 1998 to 28.6% in 2001. This increased knowledge and expenditure is reflected in the decline in the rate of HIV prevalence in the 15-24 age group.

The TB control programme has seen many modifications in implementation since 1994. Chief amongst these has been the implementation of the Directly Observed Therapy (DOTS). By 2003, DOTS has been implemented in 70% of all health districts. Improvements in case detection, treatment and in cure rates in both DOTS and non-DOTS areas have been seen between 1996 and 1999. Treatment rates have increased from 60% to 65% between 1996 and 1999. High rates of treatment interruptions and transfers however mean that treatment rates remain at below the targeted 85%. This lower cure

rate also indicates the compounding effect of drug-resistant TB, elements of which may be related to HIV and AIDS.

Water and sanitation

Provision of clean water is a major tool for protecting human capital and for reducing social asset poverty. The proportion of households having access to clean water has increased from 60% in 1996 to 85% in 2001. This translates into around 9 million citizens or about 3.7 million additional households gaining access to water between 1995 and 2003. The expenditure for the provision of water was approximately R5 billion in the period under review.

In terms of the urban/rural distribution, in 1994, 4 million households had access to clean water in urban areas, with only 970 000 households having access in rural areas. By 2003, the number of urban households gaining access increased by a further 1.7 million but the greatest gain was in rural areas where an additional 1.6 million households received water between 1994 and 2003.

The proportion of households having access to sanitation has also increased, though at a slower pace. In 1994, 49% percent of households had access to sanitation and this increased to 63% in 2003. The reason for the higher

Services	Period	Quantity
Proportion of households with access to clean water	1996	60%
	2001	85%
Expenditure on water & sanitation	1995-2003	9m citizens/3.7m additional h/holds R5b
Access to sanitation	1994-2003	49%-63%
Increase in electricity connections	1996	32%
	2001	70%
Use of electricity in poor areas for heating		49.1%

backlog in sanitation provision can be attributed to the increase in the number of households and the increased focus on provision of water to households. Thus, up until the recent floods, there was a declining trend in the incidence of cholera. Between 1991 and 1995, 119 cases were reported nationally which decreased to 70 cases in the period between 1996 and 2000.

Electrification

There has been an increase in electricity connections which translates to an increase in the proportion of households with electricity from 32% to 70% by 2001. However, in poor areas in 2001, most of the electricity was still used for lighting and only 49.1% of households used electricity for heating purposes.

Asset Capital Poverty Reduction

The housing and land programmes are the two lead programmes relating to the elimination of asset capital poverty. From these programmes alone, about R50 billion of assets have been

transferred to poor households since 1994.

Housing

Between 1994 and 2003, 1 985 545 subsidies were approved for an expenditure of R24.22 billion. Moreover, 481 373 houses that were built in the Apartheid era were transferred to occupants through the discount benefit scheme. Whilst the cost to government was approximately R3.6 billion, the replacement cost of these houses (that is, the value to occupants) is approximately R24 billion. Thus, about R48 billion of housing assets have been transferred to citizens since 1994.

With respect to improving gender equality in housing ownership, 49% of all subsidies approved were granted to women. The outcomes of providing subsidised housing indicate that a total of over 6 million citizens received housing between 1994 and 2003.

A major challenge for the housing sector will be to meet the increasing demand for housing generated by the decrease in household size

- ▼ Lead programmes: housing and land programmes
- ▼ Since 1994 these programmes transferred R50 billion of assets to poor households
- ▼ Decreased household size (4.5 to 3.8 in 1996-2001)

Housing	Period	Quantity
Subsidies approved	1994 - 2003	1.985m subsidies approved for an expenditure of < R24.22b
Subsidies: women	1994 - 2003	49% of all subsidies
Housing received	1994 - 2003	6m citizens
Transfer of deeds	1994 - 2003	481,373 (Discount Benefit Scheme) with an approximate value R24b

between 1996 and 2001.

Household size decreased from 4.5 to 3.8 in that period and this translates into an increase of two million additional households over and above that generated by population growth. It is expected that demand for housing will double as a result of this phenomenon.

Land

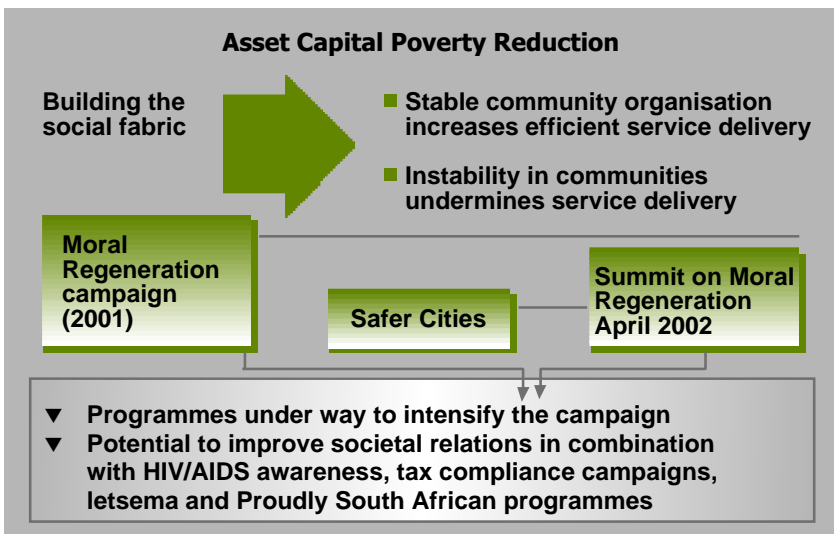
Land restitution, tenure reform and land redistribution are the other major policy instruments used for alleviating asset poverty since 1994. Since 1994, 1.8 million hectares (ha) of land have been transferred under the redistribution programme to about 137 478

households. Approximately 80% of these transfers occurred between 1997 and 2002. By 2002, approximately 68 000 claims had been lodged of which 72% were urban and 28% rural. A total of 36 489 claims have been settled involving about 85 000 households. For urban claims there has mostly been financial compensation for victims of forced removals and the total compensation made by December 2002 was R1.2 billion. For the rural claimants, the restitution mainly takes the form of restoration of land and by December 2002 approximately 571 232 ha been restored at a cost of approximately R442 million.

Maintaining the social fabric

The focus on building the social fabric is crucial for government programmes to succeed. Stable community organisation has been found to increase efficient service delivery as well as improve market performance and economic growth. Research indicates that increased violence in communities, which is a symptom of weakening social fabric, undermines service delivery and therefore impacts on the income, human capital and assets of communities. The studies indicate that housing service delivery is impeded in communities with high violence levels as is the delivery of healthcare and schooling. One of the major mechanisms

that have been implemented to build community-to-community networks and trust is the Moral Regeneration campaign. Since the programme's inception in 2001, a summit on Moral Regeneration took place on 18 April 2002 and programmes are under way to intensify the campaign. A second mechanism to deal with improving the social fabric has been through the Safer Cities initiative of the SAPS and the Department of Education's initiatives to prevent crime in school. Combined with HIV/AIDS awareness, tax compliance campaigns, *letsema* and Proudly South African programmes, these indicate potential to improve socie-



tal relations.

Communication and culture

In terms of providing access to the medium of communication, the number of households with access to cell phones in 2001 was 32%, those with access to land lines 24%, those able to access a radio was 73% and television 54%. The major means of communication however takes place through radio. In terms of access to the official languages, plans are under way to fully implement the constitutional recognition of all 11 languages of South Africa as official languages through the Language Bill.

In addition, the Department of Education is fostering respect for history, language, culture, values and attitudes for enhanced social participation through its new curriculum. Implementation has started of the modernised curricula, which include values and human rights principles, and which will improve teaching and learning practice in schooling as well as the relevance of the competencies gained in the education and training system.

Another means of fostering com-

munity life is through the development of sports and recreational programmes. In the education sector, a 2001 school survey found that 62% from a sample of over 42 000 Grade 3 learners reported that they were involved in sporting and cultural activities in 2001. Outside of the education sector, approximately R500 million worth of facilities have been constructed or upgraded, especially in disadvantaged communities. More than 610 disadvantaged communities have enjoyed the benefit of access to decent sport and recreation facilities and programmes.

Further, a specific programme to test 9 000 pupils for sporting ability was launched, after which the top two per cent were identified for placement in programmes for advanced training and nurturing. As a result of this, the first South African Games were held in 2002 in which approximately 2 500 young athletes from across the country participated as part of a developmental process that will nurture their talents for participation in future international sports events.

There has been an appreciable

resurgence of local self-assertion in the areas of music, the arts, literature, dress and, to a limited extent, film and video. However, while this phenomenon, encouraged by the theme of African renewal, shows some progress, there remains a counter-tendency of creating poor imitations of more generic international styles and expressions.

Addressing social exclusion

In order to alleviate inequality in access to services, human income and asset poverty and to address the social exclusion characteristic of Apartheid, many fundamental changes have been made through legislation and policy.

Many of the instruments used to prevent social exclusion are related to land issues which have been addressed through the Tenure and Land Reform processes.

Gender equality has been promoted, among others, through the recognition of customary marriages, the establishment of the Office of the Status of Women, labour equity, maternity benefits, recognition of surnames, attending

to issues of sexual harassment and affirmative action. Labour protection for domestic and farm workers, employment protection through the Basic Conditions of Employment Act, the Employment Equity Act, Wage Act and the Labour Relations Act have also contributed to normalising social relations. Citizenship protection has been enhanced through the Refugee Act and the Citizens Act. Protection of special groups such as the elderly, the disabled, and vulnerable children has occurred through specially targeted policies and programmes.

In addition, the Department of Education has campaigns to reduce discrimination against poor learners, female learners, pregnant learners, vulnerable learners and learners from certain language, religious or cultural groups. Since March 2003, proposals have been developed for the establishment of a system to monitor anti-discriminatory practices in the education and training system wherever they occur. However, while significant progress has been made, there is evidence that discrimination in employment still exists. Unemployment and other

social ills are still disproportionately higher for blacks and women, and there is still a gender-based premium in earnings.

Preserving the environment

The inclusion of the right to environmentally sustainable development in the Constitution has emphasised the importance of the sustainable use of natural resources in the South African context. The country's natural resources are the nation's natural capital and play a significant role in overall sustainable development and poverty eradication.

The last ten years have seen natural resource management and conservation in South Africa move squarely into an arena concerned with human rights, access to natural resources, equity and environmental sustainability. A number of trends stand out clearly in natural resource management since 1994.

The first is the focus of the Government on the more equitable distribution of rights of access to natural resources. Along with greater equity in

access has come the recognition that many resources can only be sustainably managed through the participation of resource users and beneficiaries in the planning, control and conservation of the resource.

Conservation areas are creating opportunities for local communities to participate in the management of protected areas and in the process share in the benefit of tourism, thereby improving their lives.

The natural resource base provides the basis for substantial economic gains. Millions of rural South Africans depend upon biological resources for their day-to-day survival. Access to this "natural capital" provides a crucial contribution to livelihoods, an important buffer against poverty and an opportunity for self-employment.

As a "hidden economy" it also generates substantial income. For example, in Gauteng alone the informal medicinal plant trade is estimated to total R21 million per annum and in KwaZulu-Natal the trade is worth R60 million a year. Community-Based Natural

Resource Management has been a particular focus for many of the rural development initiatives that put emphasis on community-based nature conservation and ecotourism.

The implementation of the Bioregional Strategy, which entails consolidation and expansion of the current system of protected areas from 6% to 8% is under way. The expansion of such national parks as the Addo Elephant National Park through the acquisition of new land and current initiatives to develop new parks is a good example of the implementation of the Bioregional Strategy. Commercialisation of tourism facilities and services within protected areas is an example of efforts to improve management efficiency and revenue generation from protected areas. Another major achievement over the past few years has been the establishment of Transfrontier Conservation Areas (TFCAs). These cross-border Conservation Areas accord with the vision of the NEPAD, of economic, social and political integration within the continent.

Conclusion

The social cluster deals most directly with the impact of changing circumstances on the lives of the population. Significant progress has been made in de-racialising social services and extending the social safety net to all South Africans. Different programmes which respectively address income, asset and human resource poverty are taking effect and showing improvements in the lives of people. However, the persistence of poverty, arising largely from unemployment and the Apartheid legacy, and the difficulties in health demonstrate the magnitude of the challenge. Whilst service delivery and social grants are reaching an ever-increasing proportion of society, poor people and the social fabric that ensures their survival continue to be vulnerable. Overall, there have been improvements, but the challenge remains daunting.

3.3 Economic

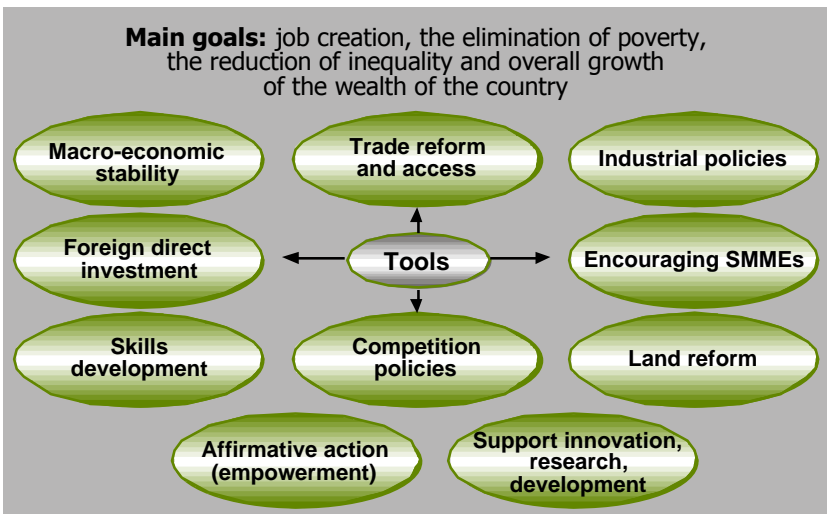
The main goals for economic policy for the last ten years

Government established its economic policies in the Ready to Govern, and the RDP document

and White Paper. Key economic objectives were job creation, the elimination of poverty, the reduction of inequality and the overall growth of the wealth of the country. Key tools were: macro-economic stability; steady trade reform and improved trade access in the context of a strong multilateral system; industrial policies to add domestic value and to increase competitiveness and improve productivity to encourage exports; encouragement of foreign direct investment (FDI); strong competition policies to improve competitiveness and roll-back white minority control of the economy; to encourage Small and Medium Macro Enterprises (SMMEs), especially black-owned

companies; to promote skills development, including occupational skills and adult basic education and training, for affirmative action and employment; to further reduce inequalities through affirmative action (later called empowerment) and land reform; and to support innovation, research and development for competitiveness and social benefit.

Later, in the 1996/97 period, in order to deal with the inherited fiscal crisis as well as new difficulties pertaining to currency volatility and low investor confidence, GEAR elaborated upon the notion of macro-economic stabilisation that was inherent in the RDP. Though it also set out some key



Macro-economic stability	Period	Quantity
Budget deficit	1993	9.5% of GDP
	2003	1% of GDP
Public sector debt	1994	64% of GDP
	2003	50% of GDP
Net open forward position (SARB)	1994	\$25b
	1998	\$22.5b
	2003	\$0
Foreign reserves	-	Risen from 1 month's import cover to 2.5 month's cover

strategies for growth including strategies for tax incentives, small business development, innovation programmes and skills development, the main focus of GEAR was stabilisation of the macro-economy under trying circumstances. It also set out what became known as "targets" for macro-economic policy outcomes, and for growth and employment. Detailed work was also done to elaborate a policy for black economic empowerment (BEE).

Review of the economic sector

Macro-economic stability

The budget deficit has come down from 9.5% of gross domestic product (GDP) (including the deficits of

the Bantustans) in 1993 to fractionally over 1% in 2002/03. Total public-sector debt has fallen from over 60% of GDP in 1994 to barely 50% of GDP in 2002/03. The net open forward position of the Reserve Bank has fallen from \$25 billion in 1994 and \$22.5 billion in 1998 (the highest level since 1994) to zero in 2003, and foreign reserves have risen from one month's import cover to two and half month's import cover. South Africa has achieved a level of macroeconomic stability not seen in the country for 40 years. These advances create opportunities for real increases in expenditure on social services, reduce the costs and risks for all investors, and therefore lay the foundation for increased investment and growth.

Investment

Investment as a percentage of GDP has averaged around 16 – 17%, which is low by the standards of successful developing countries. In the 1960s, South Africa reached a level of 27% and higher in some years. It is now at its lowest-ever levels.

There are three investor groups in the South African economy: the private sector, government and the parastatals. The investment performance of all three has been lower than required, and government-sector investment reached historically low levels in the late 1990s.

This trend reflects an extended period of public-sector transformation when methodologies of public-sector investment were being reviewed. Government investment was constrained by the tight fiscal policy in pursuit of macro-economic stability whilst parastatal investment was constrained by the restructuring of the State-owned enterprises. Since 1999, government investment expenditure has begun to grow, with the allocation to capital expenditure rising from 5.3% to 9.3% of total

government expenditure. This trend is expected to continue as the investment capabilities of provincial and local government are strengthened.

The relatively low level of private-sector investment seems to derive from general concerns about the direction of government policy (more an expression of mistrust than reality), mediocre growth expectations, perceived costs of crime, elements of labour legislation and high interest rates. For small firms, access to capital is a major constraint. Concern for the credibility of macro-economic reforms resulted in strongly risk averse behaviour, especially in respect of the rate of inflation, and hence to tight monetary conditions. Several of these factors have eased, and the country has entered a period of higher private-sector investment.

Since the immediate pre-1994 period, the country's net FDI has been positive on balance, which is a turnaround from the massive outflows of the 1980s and early 1990s. Significant foreign investments have been seen in such sectors as the motor industry, the

chemicals sector, mining, and dairy products, but relatively little of this is green-field investment, that is, investments into major new projects or plants. There are two main reasons for this trend. The market in South Africa and southern Africa is not very large and is not growing fast enough. Foreign direct investors are making long-term calculations, and their poor understanding of democratic South Africa has been a significant constraint. This is the result of poor information, and the inclination of the media to portray the South African story as a confusing drama, rather than a saga of steady improvement. Nevertheless, since the beginning of 2000 there has been an improvement in net FDI, including green-field investments.

On average, per capita growth was negative in the decade before 1994. Since then, the economy has grown at a rate of 2.8% per annum, on average. If the Asian crisis years of 1998 and 1999 are ignored, the average growth rate was 3.25%. Either number is a considerable improvement on the two decades before 1994. Real per capita growth has been a little over 1% per year since the beginning of 1994. In other words, on average South Africans grew wealthier at a rate slightly faster than 1% per year since 1994. In comparison to strong growing economies, this is a mediocre performance, although it is steady but an unspectacular performance compared with most developing economies.

Growth/Wealth

Employment

Growth / Wealth

Negative per capita growth in decade before 1994

Since 1994:

- ▼ economic growth rate: 2.8% per annum
- ▼ average growth rate: 3.25% (excl. 1998/99)
- ▼ South Africans grew wealthier (real per capita) at a rate slightly faster than 1% per year
- ▼ a steady but unspectacular performance compared with most developing economies

Between 1995 and 2002, the number of people employed in South Africa grew from 9 557 185 to 11 157 818. This represents 1 600 633 net new jobs. These are net new jobs because this is increase in jobs after accounting for many jobs lost in some sectors. However, during the same period, the number of unemployed people grew from 1 909 468 to 4 271 302, an increase of 2 361 834 according to the strict definition. This includes an increase in the base numbers of those seeking work, which, now includes a greater proportion of women from rural areas. 2002 figures show that out of a total of 8.9 million workers (i.e. excluding employers, self-employed and those working without pay) 1 115 000 were temporary (12.5%), 567 000 were 'casu-

al' (6.4%), 365 000 had fixed term contracts (4.1%) and 62 000 were seasonal (0.7%).

A key point to note regarding the job market is that while many unskilled workers are unemployed, there is a shortage of suitably skilled workers which is a constraint on expansion. Skill sets often identified as those in short supply are financial service and information and communication technology skills. These include mid-level skills accessible to matriculants and diplomates.

Trade reform, industrial restructuring and industrial policy

Reshaping of trade and industrial policies is reflected in an improved balance of trade and a shift from

Employment	Period	Quantity
Employed people	1995-2002	9 557 185 – 11 157 818: 1 600 633 net new jobs
Unemployed people (incl women from rural areas)	1995-2002	1909 468 - 4 271 302: an increase of 2 361 834
Temporary workers (out of 8.9m workers)	2002	1 115 000 (12.5 %)
Casual workers		567 000 (6.4%)
Contract workers		365 000
Seasonal workers		62 000 (0.7 %)

primary exports to higher valued-added secondary and tertiary sector exports. These achievements are due to the Government's success in supporting and promoting multilateral rules-based global trading regimes (see IRPS) and the use of general and targeted supply-side measures.

Key initiatives included the renegotiation of the Southern African Customs Union (SACU) Agreement; the negotiation of a Southern African Development Community (SADC) free trade agreement; and the negotiation of a bilateral trade and aid agreement with the European Union (EU). The unilateral American African Growth and Opportunity Act provision has also aided South Africa's exports. These agreements are contributing to new trade activity and to new FDI into South Africa. Currently, South Africa is a leading developing country participant in the Doha Round of the World Trade Organisation WTO; it has entered free trade talks with the USA; it is pursuing a free trade agreement with the Latin American members of the Mercosur; and it is discussing the possibility of a bilater-

al trade agreement with India.

In terms of trade policy, the main programme has been the implementation of tariff reform in line with South Africa's WTO commitments, combined with modernisation of industry. In the late 1990s, in the course of the development of the Integrated Manufacturing Strategy and the Micro-economic Reform Strategy, government's view shifted in two main respects: firstly incentive programmes were extended beyond traditional manufacturing sectors; and secondly key industries were targeted for special attention. These included growth sectors like autos and tourism, and cross-cutting sectors like information and communications technology. The sectors are now becoming a focus for the allocation of industrial development resources, including science and technology, and Human Resource Development (HRD) funds.

State enterprise restructuring

A coherent policy framework was put in place which focused primarily on the key economic sectors of telecommunications, energy, defence and transport. The reasons

for reforming State-Owned Enterprises (SOEs) included improving the access of the historically disadvantaged to services such as telecommunications and electricity; increasing efficiencies, and hence reducing costs; and using the revenues earned through the disposal of state assets to reduce public debt. One major constraint was that restructuring had to be carefully managed as the SOEs employed tens of thousands of workers. Another consideration was that in restructuring corporations, BEE would be encouraged.

Of these objectives, the one achieved unambiguously was the reduction of public debt by R24 billion. Other consequences include the creation of a more entrepreneurial class of those interested in restructuring activities, the advancement of regulation, the opening up of some industries to competition and the widening of share-ownership. Commercialisation and/or partial privatisation has led to the reduction in public debt by raising funds from the private sector, thereby reducing pressure on the fiscus, and creating an environment for

competition. The creation of greater competition still has to be achieved in some sectors. Greater competition and further improvements to the regulatory environment should ensure that certain nationally strategic services such as energy, transportation and telecommunications are provided at low cost and high quality. As in the rest of the economy, there has been a shedding of jobs mainly from "modernisation" (improvement of business processes and the introduction of new technology). There has been a strategic shift in recent years to tighten oversight over financial, economic and socio-developmental activities of SOEs to ensure that they are aligned to the objectives of the developmental state.

Regulatory quality, labour legislation and taxation

In the process of restructuring state assets and liberalising markets previously controlled by state monopolies, new systems of regulation have been established. These include a range of new regulators in the transport sector, in the telecommunications sector and in the energy sector. Though

South African regulators are relatively well-endowed by developing -country standards, they are generally weak in relation to the corporations they are regulating. In addition, relations between the regulators, their boards/councils, and government vary considerably, even in relation to regulators that have similar functions.

South Africa has made great progress in introducing and amending labour laws that give employers and employees certainty and security in their employment relationship. The huge fall in person-strike-days per year bears testimony to the success of the policy. The balance between the degree of job security and the kind of labour market flexibility that encourages employers to take on new employees is still being negotiated amongst the economic role-players.

The basic level of company taxation meets South Africa's needs and is consistent with international practice. However, there are concerns raised about the system from two contrasting perspectives. On the one hand, there are concerns that "creeping" forms of tax-

ation are clouding the clarity of the basic system. For example, the skills levy on wages, the obligations of empowerment programmes, and municipal rates and levies are seen to be unpredictable additions to the tax burden of firms. On the other hand, given the current levels of social inequality and the low rate of commitment of capital to productive investment, it has been argued that further qualitative reductions in corporate tax in the current period may generate further social polarisation. There is also a question of whether there is scope for the design of the tax system further to support developmental objectives, for example, through tax rebates or allowances investment in activities like research and development, employment creation and investment in targeted industries and geographical areas.

Competition

The new competition authorities, established under the Competition Act of 1998, have established a reputation for sound performance, much greater than their predecessor, the Competition Board. However, there is concern that the

competition authorities have not been as effective in the field of combating prohibited practices, except where those practices are specifically outlawed, such as in merger control. Industry concentration remains high in South Africa, with sprawling conglomerates of the 1980s having given way to industry-focused powerhouses. As a result, price mark-ups in South Africa are high by international standards, especially in certain key intermediate product groups such as beverages, paper and paper products, coke and petroleum products, basic chemicals, basic non-ferrous metals, and, to a lesser extent, ferrous metals.

Small business development

The experience with regard to small business creation is reflected in the Small Business Council, Khula Enterprise Finance Corporation and Ntsika Enterprise Promotion Agency having made modest impact, though some agencies such as the Manufacturing Advisory Centre programme are considered to be world-class. Small business strategy is currently under review. It

remains important to clarify the focus of strategies with regard to distinctively different sectors of the SMME community, i.e. micro businesses (often informal), small businesses, small technology start-ups and medium businesses.

In trying to measure the impact of small and micro businesses on the economy, it was found that in 2001 there were 2.3 million people who owned at least one Value Added Tax (VAT) unregistered company. Of these, only 338 000 owners had employees, a total of 734 000. While this may raise the question of the job creation potential of these enterprises, it also demonstrates the level of self-employment, a large part of which may be survivalist. The contribution of this sector to GDP and employment however bears testimony to a fundamental role that this sector is playing in the South African economy. Data on small and medium enterprises suggests that these enterprises contribute about half of total employment, more than 30% of total GDP; and one out of five units exported is produced in the small and medium sector in South Africa.

Skills development

It remains the case that large numbers of unskilled workers are unemployed, while employers cite a shortage of semi and skilled workers as a constraint on expansion. A significant amount of resources have been directed towards both general education and skills training and has also focused considerable attention on restructuring the institutions that deliver HRD and skills. The target of 3 000 completed learnerships was exceeded in 2001, although, institutionally, the Sector Education Authorities and Training (SETAs) have been slow in meeting their objectives. Both public and private-sector employers have been slow in taking advantage of the training opportunities available despite the skills shortage being cited as one of their major constraints. However, performance is improving, and the focus on the performance of the SETAs should yield better results.

There is a relatively large reservoir of young unemployed matriculants and even graduates of technikons and universities. The percentage of unemployed graduates of tertiary institutions grew

from 6% in 1995 to 15% in 2002. For Africans, the percentage of unemployed graduates rose from 10% in 1995 to 26% in 2002. Many of these unemployed people have earned degrees and diplomas that have not sufficiently prepared them for the labour market. Two messages come out of the data. The first is that school, technikon and university programmes are not always effectively geared towards employability. The second is that school-goers and school-leavers do not have sufficient guidance regarding practical study and career paths.

Empowerment

The proportion of top managers who are black grew from 12% to 13% between 2000 and 2001, while the number of senior managers grew from 15 to 16%. The proportion of skilled professionals and middle managers grew even more slowly, by 0.2%. This shows that empowerment in the workplace is continuing, but very slowly. Progress was slow in extending black ownership, with a recent estimate of black equity in public companies indicating 9.4% in 2002, compared with 3.9% in

Changes in black representation 1996 - 2001

Occupation	Black				White			
	1996		2001		1996		2001	
	Nr	%	Nr	%	Nr	%	Nr	%
Managers, senior officials, legislators	155062	43	228302	44.3	205652	56.4	287087	55.7
Professionals, associate professionals, technicians	814428	58	974662	61.4	583232	41.3	613575	38.6

1997, from being virtually non-existent before 1994. The number of Previously Disadvantaged Individual (PDI) directors of public companies drew from 14 (1.2%) in 1992 to 438 (13%) in 2002, but the proportion of PDI executive directors remained very small. These trends are expected to improve with the implementation of the broad-based empowerment programme of government.

As far as women are concerned, their progress in the workplace has been equally slow. Just 13% of top managers in 2001 were women, only 1% better than 2000. Women in senior management grew a little faster, by 1.7% to 17.7%.

Evidence from the Census 2001 suggests that the proportion of black managers and professionals has increased relative to their

white counterparts although the rate of change is still very slow with the proportion of black managers, senior officials and legislators rising from 42.5% in 1996 to 44.3% in 2001. Progress in professional, associated professional and technicians shows that blacks now comprise 61.4% of these groupings in 2001, up from 57.6% in 1996.

Innovation and Research and Development (R&D)

The progress in industrial policy has not yet had significant payoffs in the form of greater levels of domestic innovation and R&D. Government has set up an effective system of national innovation with a number of imaginative innovation support programmes. Innovation levels would have fallen further had these measures not

been introduced. The 2002 R&D Strategy established new, relevant missions for the national system of innovation, of which the first example to be operationalised is the Biotechnology Strategy. Expenditure on R&D averaged around 0.75% of GDP for most of the 1990s, and is currently estimated at about 0.8%.

Country economic competitiveness

By most international benchmarking measures the competitiveness of the South African economy has improved since the early 1990s. Two key indicators are the improvement and diversification of exports, and the significant improvement in labour productivity. However, most measures still indicate that the availability of skilled labour remains a key weakness. Other concerns are the cost of transport and telecommunications, which are key factors in an economy at such great distance from major world markets. Hence the focus of the microeconomic reform strategy on input costs and skills. A great deal remains to be done in respect of these factors.

Conclusion

The Government has been successful in ensuring macro-economic stability, improving the trade regime, and taking advantage of the country's natural resources and financial and physical infrastructure. Unfortunately, the country's skills base, the volatility of the exchange rate and the interest rate, the cost of inputs such as transport and telecommunications, lack of competition in the domestic market, and poor perceptions of Africa and southern Africa are holding back higher rates of investment. There is an opportunity to better use the infrastructure to provide low-cost services, to continue to add more value to the processing and manufacturing sectors and to reduce South Africa's risk rating through better marketing. However, competition from Asia and other parts of Africa, slow improvements in skills and input costs, and weaknesses in implementation continue to hold back such progress. The global economy will continue to have implications for the domestic economy.

3.4 Justice, Crime

Prevention and Security

Transformation of the cluster departments

There are many factors that bedevilled an efficient and effective functioning of the JCPS departments before 1994: they broadly lacked integrity and legitimacy; their mandates and functions were vague and ambiguous and largely directed at shoring up an illegitimate system; they often functioned in an unco-ordinated manner; they were not subject to any effective and credible oversight and control mechanism; they were characterised by an uneven distribution of resources between the traditional white and black areas; and the approach to fighting crime did not include addressing the main causes thereof.

Transformation of the security and criminal justice functions was therefore essential in bringing about legitimacy, accountability and effectiveness, while at the same time striving to reduce the levels of crime and enhance stability and security. The transformation process has resulted in the departments being subject to effective, credible and yet

uneven oversight and control mechanisms. Further, the departments have played a critical role in reducing political violence and securing the various electoral processes.

Outside the country, the security services are no longer involved in destabilisation activities but instead involved in peace support and disaster-relief operations.

As a result of the integration process, the composition of the cluster departments is representative of the South African population – in respect of gender, disability and race. The integration process has also enabled the Government to develop and implement uniform rules for these departments throughout the country. This has been particularly important in respect of the courts, the intelligence, police and defence functions.

Efforts directed at enhancing the capacity of the justice and security departments constituted an important element of the transformation process. These interventions have yielded results in certain instances, for instance the Automated Fingerprint Identification System (AFIS) is helping the police process

investigations more quickly and efficiently. The equipment that has been purchased for the South African National Defence Force (SANDF) is expected to enable it to effectively patrol South Africa's Exclusive Economic Zone and thereby protect international maritime traffic, combat transnational organised crime, including sea piracy and the illegal exploitation of South Africa's maritime resources. Owing to its enhanced capacity, the SAPS is involved in capacity-building programmes in several countries: Mozambique, Sierra Leone, Burundi, Tanzania, Uganda and Kenya.

There remains a need for the justice and security departments and agencies to improve their functioning, and to this extent, they need to further improve co-ordination and, in respect of the police in particular, it would be important to further pursue optimal resource utilisation.

Transformation of the judiciary

Foremost in respect of transforming the judiciary has been the notion of substituting the suprema-

cy of Parliament with that of the Constitution. This shift has repositioned and redefined the independence of the judiciary. The Judicial Services Commission and the Magistrates Commission have made important progress regarding the appointment of members of the judiciary and this has led to an evolution of a singular judiciary that is increasingly representative of South African society. Certain challenges still persist in this regard: the shortage of skilled and experienced black lawyers who can be considered for appointment to the Bench; the orientation of training and outlook in the country's law schools and consequently the judiciary itself; and the conditions of service which are not attractive enough to some lawyers who could be considered for appointment to the Bench.

Over the past few years, many in the judiciary have shown a profound understanding of constitutional imperatives and set out to defend the basic law of the land. This includes many judgments particularly by the Constitutional Court which have reflected progressive interpretation of the Constitution and social rights in

particular. Government's response to court judgments has been respectful and helped reinforce the legitimacy of the courts.

Yet in an evolving polity, the issue of the appropriate balance among the three centres – the judiciary, the executive and Parliament – is one that will continually be contested.

At the extreme end of the scale, there have been few instances where individual judges have sought to make patent political statements contesting details of government policy. On the other hand, there have been debates about judgments that are perceived to reflect the racial stereotypes of the past, as well as about a tendency among some to show fixed positions against the Government.

Overall, the debate about the balance among the three centres of the State arises in part from the question whether the judiciary may be tempted to position itself as a "meta-state", above the other centres – a contestation that has arisen in other polities around the issue of "judicial activism". This

does raise fundamental questions about the value of the democratic mandate and electoral process within parameters of the Constitution, and the policy choices and trade-offs in the detail of policy-making.

Reducing crime and enhancing stability

The strategy and plans of the Government in this regard have been anchored within the National Crime Prevention Strategy (NCPS). The two elements of the NCPS that have borne visible results have been the National Crime Combating Strategy (NCCS) and the Integrated Justice System (IJS).

There is evidence that the Government is beginning to make an impact on the crime situation. Serious crime levels in South Africa are continuing to come down or stabilise. Data shows that, with the exception of "common assault" and "other theft", all 20 serious crime trends and the four sub-trends of robbery with aggravating circumstances have recently either stabilised or are decreasing compared to the fig-

ures since 1994. It should also be noted that the system of gathering and processing statistical data has had to be massively improved.

The increase in common assault does not represent a real increase, but is the result of specific definitions of crime and of counting rules that were implemented during the optimisation of crime statistics that were in effect from July 2000 to May 2001. The increase in "other theft" was insignificant (0.7%). Internationally it is accepted that murder is the one crime trend which is not significantly influenced by over-reporting or underreporting. Data indicates a very constant and significant decrease in murder between 1994 and 2002. The total decrease between 1994 to 2003 was 30.7%. Aggravated robbery has persist-

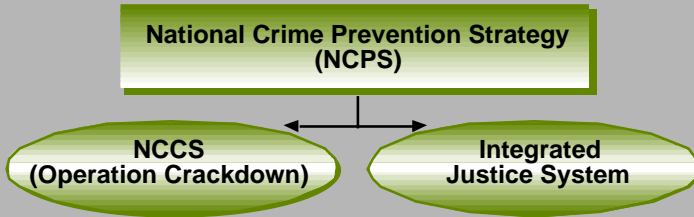
ently increased since 1996 while other types of robbery have gone up since 1994. It should also be emphasised that close on to 50% of all robberies relate to cellphone theft or misplacement, with high reporting rates for insurance purposes. The so-called high-profile robberies, namely vehicle hijacking and bank-related robbery have gone down 33.7% and 52.2% since data was first recorded in 1996. Whereas these robberies accounted for a quarter (26.6%) of all aggravated robberies reported since 1996, they accounted for 12.8% of all such robberies during the last year.

These trends were achieved within two years since the implementation of the NCCS (better known as Operation Crackdown). An analysis of all the stabilising trends indicates that significant decreases were actually achieved over the

Reducing crime and enhancing stability

Crime incidence	Period	Quantity
Murder	1994 - 2003	30.7% decline
Vehicle hijacking	1996 - 2003	33.7% decline
Bank related crime	1996 - 2003	52.2% decline
Cell-phone theft	1994 - 2003	50% of all robberies

- ▼ **Stabilising trends achieved within two years since implementing the NCCS**
- ▼ **Analysis indicates some cases of stabilisation can easily turn to decreases if a little more effort is spent**



short term (2001 – 2002) in most cases. Some cases of stabilisation can easily turn to decreases if a little more effort is spent.

The IJS, on the other hand, through its three sub-programmes (the awaiting trial prisoner project; the reception, channelisation and trial readiness programme; and the pre-trial services programme), has resulted in the speedy finalisation of cases; an improvement in the quality of dockets; and an increase in conviction rates.

Evidence of these improvements are reflected in conviction rates which increased from about 78% in 1999 to 81% in 2002. Statistics from a few sampled IJS court centres illustrate that in April 2003, the average case preparation

cycle time had reduced from 110 days to 71 days, an improvement of 39 days. In April 2003, there was also an increase in the time of court activity by 29 minutes. In respect of trial readiness of cases, the percentage of cases on the court roll that were ready for trial decreased on average from 39.9% to 35.7% (an improvement of 10,5%) in April 2003 and from 39.9% to 36,7% (an improvement of 8%) in May 2003.

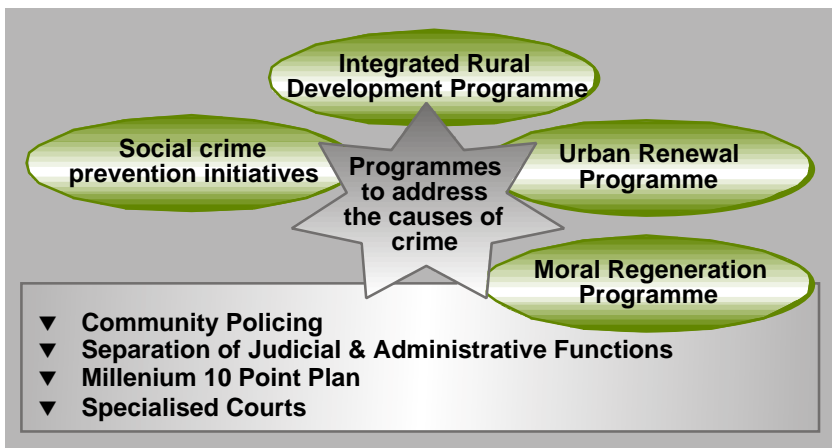
The elements of the NCPS that require further implementation relate to the need to address the causes of crime. Important programmes in this regard are the social crime prevention initiatives, the Integrated Rural Development Programme, Urban Renewal

Programme and select elements of the Moral Regeneration Initiative. The cluster has implemented various other initiatives (that complement some of the outcomes referred to above) that are designed to improve its effectiveness and efficiency. These have been Community Policing; the Separation of Judicial and Administrative Functions; the Millennium 10 Point Plan; and the Specialised Courts.

Research reveals that the Community Policing Policy Framework had the most impact in the police service in terms of the manner in which members approached and interacted with those they served. The Community Police Forums (CPF's) have improved the relationship between

the police and communities and have led to a relationship of trust between the two. The partnership with Business Against Crime has led to an 80% decline in street crime in targeted city centres and has increased the response time to crime scenes by the police. The implementation of the social crime prevention however, remains uneven and this is largely due to poor co-operation and co-ordination between government departments and across the different clusters and spheres of government.

The separation of judicial and administrative functions involved the freeing of judicial officers of their administrative tasks thereby enabling them to spend more time in court. This initiative has been



successful in some courts because it allowed productivity by presiding officers to increase. This has led to a reduction in case backlogs, as well as a reduction in the number of postponed cases. The Millennium 10 Point Plan, in part, has introduced the Saturday and Additional Courts, which have contributed to a finalisation of cases and a reduction in the backlog of cases pending trial. In respect of the Sexual Offences Courts, the personnel are better trained regarding how to deal with victims and witnesses and specialised training has been provided for the prosecutors. A combination of the above and other factors has resulted in improved effectiveness.

The final component of the criminal justice system is Correctional Services. The challenge for this component is to deal with overcrowding, develop and implement an effective rehabilitation programme, fight corruption in prisons and within the ranks of officials, improve prison conditions and maintain the safe custody of prisoners. Various initiatives have been implemented in order to alleviate the problem of overcrowding in prisons. Among others, these

have been the building of new prisons; the introduction of alternative sentences; the promotion of correctional supervision; the awaiting trial prisoner project and the parole system – inclusive of Presidential pardons. In terms of security in prisons, escapes had been reduced from 1 244 in 1996 to 325 in 2002. These include escapes from prison, court, work teams, public hospitals and during transportation.

The above initiatives have only yielded limited results. It is evident that improved efficiencies in the police and the justice system (as a result of the training of detectives, the AFIS, the IJS initiatives, to name a few examples) are going to compound the problem of overcrowding.

Correctional Services have indicated that with a 60% repeat offender rate it has not been implementing an effective rehabilitation programme (and programmes that would be employed to re-integrate prisoners into families, communities and society at large) for its various categories of prisoners but this is currently receiving urgent attention. Furthermore, it is estab-

lishing an effective investigative capacity to deal with corruption and other misdemeanours.

It is clear that the cluster requires increased capacities, particularly in respect of the challenge of reducing the backlog of cases pending trial; overcrowding in prisons; developing and implementing an effective rehabilitation programme, among others.

Furthermore, it needs to continue reducing the levels of crime, improve the effectiveness of partnerships with organs of civil society, and enhance co-ordination within itself and with other clusters, notably the social and economic clusters.

High-priority crimes

Sexual assault crimes

Rape levels increased by about 10% after 1994, then remained stable until returning to 1994 levels in the last year. Government has implemented several measures, among which have been an audit of resources that are available to state departments; the segmenting of victims, notably children, for the purposes of deter-

mining risk factors; the revision of the definition of and the requirements for the crime of rape; the establishment of Sexual Offences Courts throughout the country; empowering prosecutors, police, magistrates and doctors with specialised skills; ensuring that dangerous sexual offenders are kept under long-term supervision upon release from prison; the creation of a new crime in respect of child prostitution; the establishment of Specialised Family Violence, Child Abuse and Sexual Assault Units in the SAPS; the implementation of measures that enable victims to co-operate better; and the implementation of minimum sentences in respect of convicted persons.

As a result of the above measures, the capacity of the relevant State institutions to effectively deal with sexual assault crimes has been enhanced. This has led to a high conviction rate of suspects. The challenge remains that rape remains a difficult crime to prevent, particularly from the perspective of state departments. This matter requires partnerships with communities and structures of civil society, inclusive of the media, in order to enhance public aware-

ness and the implementation of preventative measures.

An area of concern in this regard relates to the number of cases that remain unfinalised – either with an acquittal, a conviction or a decision not to prosecute. The number of finalised cases went down from 1998 and this is chiefly caused by withdrawals of cases. For instance, of the cases that were referred to court in 2000, 53% of them were withdrawn.

Organised crime and corruption

As noted above, vehicle hijackings decreased 34% whilst bank-related crime decreased 52% since 1996. White-collar crime has reduced about 24% since 1994 and drug-related crime has remained stable. Various measures have been implemented to help the Government fight criminal syndicates: the creation of the Directorate of Special Operations (DSO), the enactment of the Protected Disclosures Act, the Prevention of Organised Crime Act and the Financial Intelligence Act. The above measures facilitate easy detection of criminal activities, in part because they protect whistle blowers (Protected

Disclosures Act), enable the Government to confiscate benefits accruing from criminal activities and create an intelligence organisation that co-ordinates efforts of the private and public sectors, particularly against money laundering. The Interception and Monitoring Bill will enable the intelligence and law enforcement agencies to monitor communication over cellular phones.

The fight against organised crime has also been pursued in partnership with multilateral organisations and regional countries. This co-operation has yielded good results: significant arms caches have been identified and destroyed in Mozambique and approximately 741 stolen vehicles were recovered by January 2002. The cluster has registered significant gains against organised crime syndicates. For example, more than 200 syndicates had been neutralised out of 300 that were identified and investigated.

The Specialised Commercial Crime Courts have recorded high productivity (an average 4.5 and 4.67 hours per day) and conviction rates. Regarding the latter, the

conviction rate in 2001 was 86%. In 2002 it was 96.2% and by mid-2003 it stood at 93.54%. The DSO on the other hand achieved an 85% conviction rate in the years 2001 and 2002. This was accompanied by an increase in the number of arrests in 2002 and 2003. The Criminal Assets Recovery Unit won more than 129 forfeiture orders involving R76 million and frozen assets worth more than R500 million. The police have arrested more than 2 000 syndicate members during the period under review and seized illicit assets worth more than R4 billion.

Border control

With regard to borderline control, the South African National Defence Force has been assisting the SAPS execute this function. The deployment of the SANDF has resulted in the arrest and deportation of thousands of illegal immigrants, the confiscation of stolen vehicles and illegal firearms, and the confiscation of fraudulent and illegal Identification Documents and Passports, to name but a few. In respect of control in ports of entry, the cluster has developed a system that will

facilitate trade and commercial activities and enable the relevant departments to combat cross-border crime and other threats to national security. This has entailed upgrading the infrastructure, including ICT in select and priority ports of entry, rationalising responsibilities among the relevant departments and entering into agreements with the neighbouring countries, particularly in respect of operating procedures, amongst others.

Border control, however, continues to have serious challenges – the absence of an overarching strategy, inadequate infrastructure, particularly information and communication technology, inadequate resources, and uneven security standards across the relevant facilities (airports, harbours and land ports of entry).

Taxi violence

Various initiatives have been implemented to reduce and eradicate this phenomenon such as the development and implementation of guidelines and regulations in respect to access to ranking facilities and routes. Other operations

were instituted with a view to investigating, arresting and prosecuting the perpetrators of taxi violence. These operations have resulted in a number of people being convicted for various transgressions. Furthermore, several illegal firearms and stolen vehicles were confiscated. These interventions have arguably reduced the incidents of taxi violence but it has not been eradicated. Sporadic attacks continue to take place as well as the extortion of funds from members of taxi associations.

Illegal firearms

The cluster has implemented various initiatives geared at regulating ownership of legal firearms and reducing the number of illegal firearms: the campaign that called on people to voluntarily hand over their firearms; the destruction of redundant fire-arms that were in the possession of the SAPS; the auditing of firearms that were in the possession of various government departments; operations that were launched in order to trace and recover illegal firearms in high-crime areas; joint operations with the Mozambican authorities to investigate and destroy caches of

weapons, and participation by the cluster in the development of the UN Protocol against Illicit Manufacturing of and Trafficking in Firearms. As a result of the above operations and interventions, the cluster has destroyed in excess of 80 000 firearms.

The cluster has further implemented other measures: new control measures have been implemented in ports of entry; the harmonisation of permits for firearms and ammunition; the standardisation of firearms that are used for policing purposes and measures that are intended to further regulate the continued ownership of firearms that would have belonged to deceased persons. However, indications are that these measures have not as yet totally stemmed circulation of illegal weapons.

As a result of Operation Rachel, which is conducted in co-operation with the Mozambican authorities, the police realised the following gains between 1995 and 2003. They destroyed 25 838 rifles; 4 786 sub-machine guns; 13 798 106 small-arms ammunition; 13 503 grenades; 12 448 mortar bombs; 2 040 light and heavy

machine guns; 13 057 projectiles/ rockets/ missiles, to cite a few examples. The impact firearms have on serious and violent crimes suggests that more work is required in this regard.

Security

Several challenges have been dealt with in this regard: improving security in government, seeking to end political violence and bringing to an end the spectre of urban terrorism.

The security of government

Notwithstanding the various initiatives that have been implemented, the security of government remains inadequate. This is particularly the case in respect of the state of protection accorded to Very Important Persons and their residences; the security of government information (which is compounded by the absence of an enabling policy regarding vetting); and the general uncertainty that attends the state of readiness of security-related disaster management systems.

Political violence

The political interventions that were implemented have evidently reduced the levels of political intolerance and violence particularly in KwaZulu-Natal, and some areas of the Eastern Cape and Gauteng where some incidents persisted after 1994. Parties now tend to use Constitutional and legal means to settle disputes and achieve their objectives, though isolated incidents do occur. As a result of the operations, several suspects were convicted, though not all cases have been fully pursued.

The Truth and Reconciliation Commission process has run its course and has in many respects been commendable in identifying the root causes of political violence, but also broadly matters pertaining to gross human rights violations. Work continues to implement its recommendations and take forward the objectives of national reconciliation and restoring the dignity of victims.

Terrorism

During the period under review, the Government dealt effectively with the spectre of terrorism, predominantly in three respects:

urban terrorism, right-wing extremism and international terrorism. The Government sought to bring the phenomenon of urban terrorism to an end, in part, through investigating and prosecuting the people who were responsible for terror. On account of co-ordinated operations between intelligence and law enforcement agencies, the Government was able to convict the perpetrators. This success led to an almost complete end to this phenomenon in the Western Cape in particular.

Lately, white right-wing terrorist groups have sought to challenge the legitimacy of the democratic State and perpetrated acts of terror. On the basis of co-ordinated investigations, the law enforcement authorities uncovered the plans of the affected people, confiscated large amounts of firearms, ammunition and explosives, prevented some assassination plans and arrested and are prosecuting more than 20 suspects. The law enforcement authorities have been in liaison with their counterparts abroad with respect to international terrorism. Furthermore, the Government is implementing the relevant resolutions of the UN in

this regard.

Conclusion

In broad terms, the policy framework and the priorities that the cluster has implemented continue to be valid. What is evident is that the capacity of the justice and security departments requires to be systematically enhanced in order to accelerate service delivery. This requirement is urgent in respect of the criminal justice system – particularly the need to sustain the interventions that have been implemented with a view to alleviating the backlog of cases pending trial. A corresponding initiative will have to be implemented in Correctional Services, particularly the urgent need to develop and implement an effective rehabilitation programme. Evidence from the JCPS and Social clusters however indicate that crime will not be significantly reduced without the involvement of ordinary citizens and systematic efforts to deal with the corrupt fifth column in security-related departments. Although government has been building effective crime prevention partnerships with civil society, it also needs to focus on moral regeneration and

nation-building in order to improve the overall environment and to promote crime prevention.

3.5 International Relations, Peace and Security (IRPS)

Policies and objectives

Some of the most significant changes in government policy since the inception of democracy in 1994 have occurred in the IRPS functions of the State. In 1994, the new Government set out to achieve the following broad objectives through the functions and activities of various departments:

- transform the foreign, defence and intelligence organisations and functionaries, including appropriately training and equipping South Africa's diplomats to promote the country's IRPS priorities
- ensure South Africa's acceptance into the community of nations and establish relations with other countries
- image, brand and market South Africa
- expand and diversify trade relations, and attract FDI

- promote and deepen international co-operation in S&T
- promote international respect for human rights and democracy
- promote international peace, security and stability (including international crime prevention and management)
- prioritise commitment to the interests and development of Africa
- promote South-South co-operation and the transformation of North-South relations
- reform and strengthen the multilateral rules-bound political, economic, security and environmental organisations in order to advance the interests of developing countries.

While South Africa has made significant progress in international relations since 1994, some objectives have been difficult to promote, while others need greater effort if they are to be fully realised. The performance and success of a country's international relations policies are contingent upon a range of other actors and variables in the international arena, including states and non-state organisations, of which the latter are often better

IRPS functions seek to advance SA's domestic priorities

- ▼ **Nation-building**
 - ▼ **Security**
 - ▼ **Distributive wealth creation**
 - ▼ **Employment**
 - ▼ **Trade creation and diversification**
 - ▼ **FDI**
 - ▼ **Security interests: military, economic, social, environmental**
- ▼ **Integrated policy-making in area of mutual vulnerabilities and plethora of 'new' security threats:**
 - **Illegal migrants**
 - **Refugees**
 - **Illicit small and light arms**
 - **Narcotics trafficking**
 - **Communicable diseases**
 - **Terrorism, trans-border crime**

resourced than smaller countries. Unlike many domestic policies under the direct control of government, external issues, particularly peace and security, are complex as its dynamics are determined by many international, regional and local variables. There is, however, a general agreement that South Africa is playing a leading role, especially in advancing the interests of developing countries. This derives from, among other factors, the geographic location of the country, the policy challenges facing South Africa at the confluence of global socio-economic challenges, the nature of our history and transition to democracy, and the quality of the country's leadership. The challenge is thus to use this influence to promote South

Africa's international relations and domestic objectives.

The IRPS functions seek to advance South Africa's national interests, particularly as these relate to nation-building, the promotion of human rights, security, distributive wealth creation, employment creation, trade creation and diversification, and inflows of FDI. South Africa's security interests have been broadly conceptualised to incorporate military, economic, social and environmental issues. This is important for integrated policy-making, particularly in an era of mutual vulnerabilities and a plethora of "new" security challenges, including terrorism, flows of illegal migrants and refugees, illicit small and light arms

trade, international crime syndicates, money laundering schemes, narcotics trafficking, environmental degradation, the spread of communicable diseases (such as HIV/AIDS), and trans-border crime. South Africa has also sought to focus the international agenda on addressing poverty and the underdevelopment of the South.

Transformation and restructuring of IRPS functions

All government departments have had to transform and restructure since 1994. This has been a particularly important task for those departments mandated with formulating and implementing South Africa's IRPS priorities, as these departments represent and project the 'face' of South Africa internationally but were in the past complicit in preserving the old Apartheid order.

The Defence component of the cluster has its own values and culture. It was created through the successful integration of former members of statutory and non-statutory forces from seven different military backgrounds and cultures. Legitimacy in the eyes of the

population has been achieved by a number of means, such as adopting a new security doctrine and ethos, becoming more representative of the South Africa population; rigorously applying affirmative action; successfully adjusting to being an all-volunteer force; successfully implementing civil oversight and adopting new symbols. Defence has faced, and continues to confront, numerous departmental challenges, including aligning regional expectations, the force design and the defence budget; introducing new weapon systems to modernise the South Africa Air Force and South Africa Navy; implementing a human resource strategy to rejuvenate the SANDF and to feed the Reserve Force; creating a smaller but more effective SANDF with increasing responsibilities; building an effective Early Warning Capability through increased intelligence and defence foreign relations capacity; and developing a unique defence culture for South Africa, particularly under the impetus of operational deployments for peace missions. By the end of the first decade of freedom, most of these departmental challenges have been successfully met, managed or resolved.

The Foreign Affairs component of the cluster started off after 1994 with a highly fragmented and ideologically polarised staff, and the integration of the old bureaucracy with the new corps of officials was not always a smooth process. Related problems have been insufficient capacity, human resource development and performance management. The transformation and the alignment of Foreign Affairs with South Africa's foreign policy principles occurred in three phases. The first was a critical assessment in 1996 of the key global challenges facing South Africa's emergent foreign policy. The outcomes of the process was a focus on protecting and promoting South Africa's national interests and values, the re-positioning of South Africa in the global environment, and the recognition of the interdependence of foreign policy with economic and security issues. A second significant development identified two broad but mutually interdependent categories, namely wealth creation and security. The third phase, commencing during 2000, included as a central priority the vision of the renewal of Africa, the eradication of poverty and

underdevelopment, and the development of a just and equitable world. As an extension of this phase, during 2001, Foreign Affairs undertook an assessment of its capacity requirements which indicated that it was not adequately capacitated to fulfil its mandate and to achieve its vision.

The intelligence services jointly and separately provide information on internal and external security and related matters. Official National Intelligence Priorities were defined in terms of broad categories, such as economic and crime intelligence or intelligence related to political developments in the region, continent and in a global context. These priorities formed the basis of their programme of work and services to key clients. Since then, Intelligence has prioritised and honed its functions and delivery system (particularly its geographical and thematic focus), and equipped and positioned the services' human, technical and other resources to efficiently and successfully fulfil its intelligence production requirements. Some progress in all dimensions of the transformation imperative has been recorded.

foreign commercial representation.

Diplomatic normalisation

South Africa has successfully normalised its relations with the world. The country has joined all significant regional, continental and multilateral institutions, and is actively promoting its own interests (political and, economic) as well as that of Africa and the South. South Africa has built bilateral relations with Africa, the South, and strengthened relations with the North. The indicator for this is the significant level of formal diplomatic representation abroad, which includes increased defence and

A second indicator is the number of multilateral conferences and major events which the country has hosted since 1994. These include: the United Nations Conference on Trade and Development (UNCTAD) IX Summit (1996), Non-Aligned Movement Summit (NAM) (1998), Commonwealth Heads of Government Meeting (1999), World AIDS Conference (2000), UN World Conference Against Racism, Xenophobia and Related Discrimination (2001), World Summit on Sustainable

		Growth in diplomatic relations by number of states at selected intervals			
		Sep 1989	Mar 1993	Mar 1994	Jul 1995
SA's representation abroad		44	68	107	118
Foreign representation in SA		41	57	80	102
South African Representation Abroad		Foreign Representation in South Africa			
Embassies/High Commissions	76	Embassies/High Commissions		107	
Consulates/Consulates General	12	Consulates/Consulates General		53	
Honorary Consulates	54	Honorary Consulates		7	
Other (e.g. Liaison Office)	4	Other (e.g. Liaison Office)		4	
Non-resident Accreditations	101	Non-resident Accreditations		15	
International Organisations	7	International Organisations		23	

Conferences and/or Events	Date
UNCTAD IX Summit	1996
Non-Aligned Movement Summit	1998
Commonwealth Heads of Government Meeting	1999
World AIDS Conference	2000
African Union Summit	2002
UN World Conference Against Racism	2001
World Summit on Sustainable Development	2002
African Ministers of Finance, Econ. Dev. & Planning	2002
Rugby World Cup	1995
African Cup of Nations	1996
Athletics World Cup	1998
All Africa Games	1999
Cricket World Cup	2003

Development (WSSD) (2002), and the African Union (AU) Summit (2002). South Africa has also hosted a number of hallmark sports tournaments, including: the Rugby World Cup (1995), African Cup of Nations (1996), Athletics World Cup (1998), All Africa Games (1999) and the Cricket World Cup (2003). These events have raised South Africa's international profile, and have generally had a positive impact on the South African economy.

South Africa's re-entry into the international arena in 1994 required that the country expand its foreign representation to countries that had no previous relations with South Africa. This necessitated recruitment, capacity-building,

training and transforming of South Africa's diplomatic corps. The current racial demographics at foreign missions abroad has greatly improved since 1994 to reflect South Africa's diversity, namely African (50%), white (37%), Indian (8%) and coloured (5%). Research reveals that South Africa's diplomats, given their limited resources, are functioning effectively. It is, however suggested, in light of the multifaceted and complex nature of international relations, that the work and programmes of government's various training institutions (e.g. Justice College, South African Management and Development Institute, NIA, Migration Training Unit in DHA, and the Foreign Service Institute) should be co-

ordinated and integrated more effectively.

Image, brand and market South Africa

Since the late-1990s, government has embarked on an active imaging, branding and marketing campaign of South Africa. This includes government initiatives, support for non-governmental initiatives (e.g. Proudly South African campaign), hosting a number of hallmark events (major sports festivals and UN conferences), and the creation of the International Investment Council (IIC), the International Marketing Council (IMC), and the International Task Force on Information Society and Development.

These events appear to have been instrumental in accounting for the upsurge in tourism to South Africa, in addition to an attractive exchange rate for tourists and perceptions of the country as being relatively safe from extremist acts. Government

has also promoted new forms of tourism (eco-tourism, cultural tourism, adventure tourism, World Heritage Site tourism, conference tourism and sports tourism). Three Transfrontier Parks have also been established: the Kgalagadi Transfrontier Park (South Africa and Botswana) launched in May 2000; the Great Limpopo National Park (South Africa, Zimbabwe and Mozambique) launched in December 2002, and the !Ai-!Ais/Richtersveld Transfrontier Park between South Africa and Namibia, launched in July 2003. The increase in tourism, described below, is also reflected in the fact that the number of international airlines servicing South Africa has increased from 53 in 1994 to 64 in 2003 with many more flights now being scheduled than in the pre-1994 period.

In terms of marketing strategies, South Africa has actively and creatively moved towards the development of a brand identity for South Africa that is decidedly less

International Tourist Arrivals

1998	1999	2000	2001	2002
5 731 424	5 890 514	5 872 254	5 787 370	6 429 583

centred upon personal iconography, critical though this may be during particular stages in the evolution of a polity. The challenge is to move towards a cultural marketing policy as the basis for projecting South Africa as more than just a tourist destination, but as a provider of a host of other goods, services and high-tech industries.

Economic relations and international trade: Expand and deepen economic ties with Africa and internationally

Trade diversification and negotiations

South Africa has demonstrated a strong commitment to promoting the interests of the African continent. Government has successfully diversified and expanded South Africa's trading networks and export markets. Apart from the country's traditional trading partners, South Africa has developed more extensive relations with South America, Asia and Africa. As part of its trade strategy, the Government has identified a number of "strategic partner" countries with which to develop economic relations through bilateral Free

Trade Agreements (FTAs), although it is not seeking FTA negotiations with all of them at this stage. South Africa has also successfully concluded, or is currently engaged, in a number of multilateral trade negotiations:

- The WTO: SA played an important role in the launch of the new WTO Doha Round (which emerged with a developmental agenda).
- The Trade and Development Co-operation Agreement (TDCA) with the European Union, which came into effect on 1 January 2000 (with the Wine and Spirits Agreement not yet ratified, and no agreement on Fisheries).
- The SADC Trade Protocol was signed in 1996, and subsequently there were negotiations around revised rules of origin.
- The new SACU Agreement was concluded in October 2002.
- SACU-EFTA negotiations to establish a Free Trade Area (FTA) were held in May 2003 (to be concluded in January 2005).
- SACU-US FTA negotiations started in May 2003 (to be concluded in January 2005).

- Substantive FTA negotiations with China, India and Mercosur are due to begin as soon as the exploratory phase underway is concluded (26.4%) and tertiary sector (45.5%).

FDI inflows

South Africa's investment climate and regime have undergone significant transformation and liberalisation since 1994. A number of policies and interventions have been implemented to significantly increase South Africa's attractiveness to foreign investors. Since 1994, South Africa has recorded net positive FDI inflows, although, as can be seen from the table below, foreign investment has remained relatively low and has fluctuated. FDI stock as a percentage of GDP in 2000 was distributed as follows: primary sector (28.9%), secondary sector

Most FDI inflows have entered South Africa through state-leveraged deals and the privatisation of state assets. Export-oriented efficiency-seeking manufacturing investment has been actively promoted in order to generate employment, transfer skills, and stimulate innovation and exports in local firms (e.g. the automobile and components industries). South Africa is also a capital exporter as domestic companies internationalise by investing in Africa (southern Africa in particular) and offshore. Government has encouraged investment in Africa through the phased liberalisation of capital controls.

Regional integration in southern Africa

Capital movements in SA (R mn), 1994 – 2002

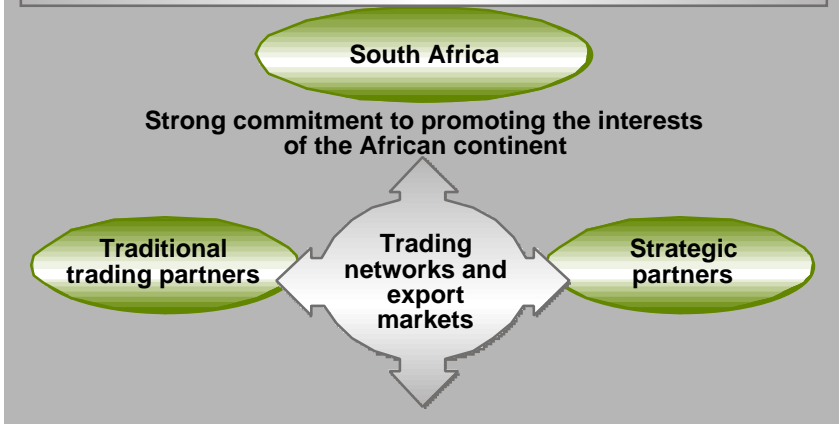
Foreign liabilities	1994	1995	1996	1997	1998	1999	2000	2001	2002
Direct investment	1348	4502	3515	17 587	3104	9184	6158	58 404	7929
Portfolio investment	10 298	10651	17983	51 563	50 452	83 883	11 793	-24 000	5348
Other investment			7492	-1330	6534	-9322	10 828	-18 121	-1162
Foreign assets									
Direct investment	-4388	-9059	-4485	-10 831	-9841	-9659	-1878	27 359	4216
Portfolio investment	-290	-1631	-8407	-20 983	-30 077	-31 537	-25 628	-43 626	-9619
Other investment			-2704	-8957	-2872	-10 034	947	-12 324	12016

In the past ten years, South Africa has promoted regional integration predominantly within the context of the SADC, the SACU and the Common Monetary Area. The launch of NEPAD has provided much-needed long-term political direction to South Africa's regional integration efforts in Africa. In line with the decisions taken at the SADC Summit in Mozambique in August 1999, South Africa has supported the restructuring of SADC. The Regional Indicative Strategic Development Programme (RISDP), one of the products of restructuring, is intended to provide SADC member states with a coherent and comprehensive development agenda on social and economic policies over the next decade, with clear targets and time frames. The challenge is to ensure that the RISDP is aligned with the NEPAD vision, and to build sufficient capacity within the SADC Secretariat to make it an effective implementation agent for NEPAD and the AU. Furthermore, South Africa has driven and provided technical input to establish a framework for macro-economic convergence in the region. South Africa also co-operates with SADC in the Regional Energy Planning Network.

Continental affairs

South Africa played a leading role in reconstituting the Organisation of African Unity (OAU) into the AU as a more effective pan-African continental body, and in crafting and promoting the Millennium Development Plan, and the New Africa Initiative, which came together with the OMEGA Plan to make up NEPAD. NEPAD was launched as the socio-economic programme of the AU at the Durban Summit in July 2001, at which South Africa became the first Chair of the new organisation. One of the most important challenges for the AU's future will be to ensure that the integral organs of the new AU system, particularly the Commission; the Pan-African Parliament; the Peace and Security Council; the Economic, Social and Cultural Council, and the African Central Bank, are put into effect, and that an institutional culture is encouraged whereby the rule-bound structures are effectively used by African states to advance the development of the continent. The African Peer Review Mechanism has been established as a voluntary mechanism with the

Economic diplomacy: Expanding & deepening economic ties with Africa and internationally



mandate to ensure that the policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and standards contained in the Declaration on Democracy, Political, Economic and Corporate Governance. It is envisaged to be a system of self-assessment, constructive peer dialogue and persuasion, as well as the sharing of experiences among members.

Global affairs

South Africa has since 2001 sought a sustained engagement with the G8 to keep Africa and the concerns of the South on the agenda of the annual G8 delibera-

tions. South Africa's efforts at the continental and regional level are supported by engagements with international financial institutions to shape the international financial and development architecture to become more favourable to African countries and the South. South Africa has promoted the understanding that the International Financial Architecture should promote economic advancement of developing countries, not impede it. Appropriate domestic regulation and institution-building, alongside large-scale technical and financial assistance are critical elements of ensuring net benefits from financial flows. In its capacity as Chair of the Development Committee of the

World Bank, South Africa has made an important contribution to translating the Monterrey Consensus on Financing for Development and the WSSD Declaration into an international implementation framework based on constructive co-operation and mutual accountability between developing and developed countries.

Science and technology

Over the past decade, nearly 30 bilateral agreements have been signed with countries worldwide which provide for co-operation in the fields of materials science, manufacturing technology, biotechnology, sustainable management of the environment, exploitation of natural resources and minerals, astronomy, engineering science and advancement of technologies, medical science and public health, and mathematics and science education. During this period, South Africa also significantly leveraged its position in the multi-lateral S&T arena. In this regard, South Africa has played an important role in raising the profile of S&T on the SADC agenda, particularly developing the S&T compo-

nent of the RISDP; developing a S&T framework for NEPAD; providing leadership in terms of integrating S&T into the agenda of the Africa, Caribbean and Pacific Group of States; and consolidating co-operation and interaction with multilateral S&T bodies. A number of important facilities/initiatives have been established or are in the process of being established with strong international participation, amongst others: the Satellite Laser Ranging System; the Southern African Large Telescope; the High-Energy Stereoscopic System Project; the HIV/AIDS Vaccine Initiative; the Technology Diffusion Programme; the Biotechnology Programme; the Square Kilometre Array Radio Telescope Initiative and the Pebble Bed Modular Reactor.

Promoting international respect for human rights and democracy

It is on the basis of its democratic system and emergent culture of human rights that South Africa has sought to promote international respect for human rights, democracy, and good governance. Government has approached

issues of human rights in concert with other African states and through multilateral mechanisms such as the UN, OAU/AU and SADC. It has also played a meaningful role in the promotion and protection of human rights on the African continent through the guidance of the African Charter on Human and Peoples' Rights. This strategy has been largely successful, although the Government has not yet ratified the International Covenant on Economic, Social and Cultural Rights, and is well overdue with the submission of reports on certain human rights agreements, including the African Charter.

Promoting international peace, security and stability

Bilateral and multilateral initiatives

Since 1994, South Africa has consistently placed a premium on promoting peace, stability and security (including crime management and prevention) in Africa and the rest of the world. The country has actively supported the UN and sought to strengthen its multilateral processes and mandate (e.g. implementing UN Security Council sanctions regimes and resolutions on the

combating of terrorism, reform of peace support operations, and upholding the UN Charter). South Africa has made a number of interventions that have generally contributed to peace, stability and security in several countries on the continent and beyond. These include Angola, Comoros, the Democratic Republic of the Congo (DRC), Lesotho (1994 and 1998), Rwanda, Burundi, Madagascar, Ivory Coast, Ethiopia/Eritrea, Sudan, and East Timor. South Africa was involved in the diplomatic resolution of the Lockerbie case, and has assisted in a number of humanitarian and relief operations in the southern African region.

Within southern Africa, the Government has sought to promote the development of neighbouring countries, so as to consolidate and promote the comparative advantages that each country possesses. This has included active promotion of investment projects and assistance of various kinds. Further South Africa has also, within its means, put into actual practice the principle of debt forgiveness and provided various forms of aid across the

region. It has also taken part in regional and continental initiatives to try and assist in resolving political problems.

At multilateral level, South Africa has been actively involved in the formulation of the Protocol on Politics, Defence and Security Co-operation, which envisages the collective defence and security of the region. In this regard, the Strategic Indicative Plan for the Operationalisation of the Organ on Politics, Defence and Security Co-operation has been drafted. South Africa has also been instrumental in the drafting and finalisation of the SADC Mutual Defence Pact. The South Africa intelligence community is involved in the SADC Early Warning processes, and specifically in the establishment of a SADC Regional Early Warning Centre and national centres in all member countries. During May 2003, impetus was given to the creation of an African Standby Force and Military Staff Committee. South Africa also made significant contributions to the drafting of the framework for the Common African Defence and Security Policy and participated in drafting the AU Convention on the

Prevention and Combating of Terrorism. At global level, South Africa played an important role in the establishment of the International Criminal Court.

Within southern Africa, the Southern African Police Chiefs Co-operation Organisation utilised its Constitution and the Multilateral Police Co-operation Agreement to execute and sustain a number of cross-border operations. In respect of firearms, South Africa played a major role in the development of the SADC Protocol on Firearms and an implementation plan is being effected.

South Africa has contributed to the development of a legal framework in respect of international co-operation to combat crime, domestically, regionally and internationally. Police co-operation agreements have been concluded with countries in southern Africa and beyond.

Peace support operations

South Africa has, since 1999, assisted with post-conflict peace-keeping and has participated in peacekeeping missions in three African countries, namely in

Ethiopia/Eritrea, the DRC, and Burundi. The peace mission to Burundi was undertaken without a comprehensive ceasefire agreement in place. This initiated a new approach to peace support operations. These peacekeeping missions have positively supported the political processes that are still ongoing. It is believed that the likely future areas of involvement on the continent will be in the arena of peace support operations, the enhancement of regional security arrangements, disaster relief and humanitarian assistance. South Africa's ability to contribute to these initiatives is limited by resource constraints, particularly weaknesses in strategic lift capability, availability of the optimum number of helicopters and logistical reach. Research indicates that this will not be fully remedied by the Strategic Defence Procurement Programme.

Reforming and strengthening multilateralism

South Africa has, since 1994, sought to contribute towards the strengthening of a democratic, transparent and rules-bound international political and economic order to advance the interests of

developing countries. This has informed South Africa's position on issues of international security, the environment and trade.

Multilateralism has also provided South Africa with a vehicle through which to advance a number of its IRPS priorities, including human rights, democracy, debt relief, peace and stability, an equitable global trading system, sustainable development, and an enhanced international response to issues of poverty, health and HIV/AIDS.

South Africa has used its position within sub-global 'blocs' and 'alliances' – such as the NAM and the Commonwealth – as a vehicle through which to push for the reform of bodies such as the UN, International Monetary Fund (IMF), World Bank and WTO.

South-South co-operation and the transformation of North-South relations

South Africa has consistently sought the transformation of North-South relations (particularly on security, the environment, debt relief, market access and fairer terms of trade), while consolidating South-South collaboration and solidarity. Its strategy in transform-

ing North-South relations has included an ongoing and meaningful dialogue with the North through bilateral meetings, binational commissions, engagement with the G8 countries, and a series of conferences examining mutual issues of concern such as sustainable development, AIDS and racism. South Africa has been elected to chair various South groupings, such as the NAM, UNCTAD, SADC and AU. South Africa and partner countries still face the challenge of unifying the South behind a common agenda for the reform of international organisations and improving in a meaningful way South-South co-operation.

A new alignment of co-operation between SA, Brazil and India has evolved. A Trilateral Commission between the three countries has been established. South-South relations are not, however, simply about “high politics”. South Africa should also seek to solicit support from its Southern partners for NEPAD projects, particularly where the countries of the South have unique contributions to make.

Conclusion

The challenges facing the depart-

ments in the IRPS were significant given how closely they were aligned to maintaining the old Apartheid order. By thoroughly revising the mission of national security and the principles underpinning the country’s international relations, and by fundamentally transforming the national institutions internally to ensure their alignment with the policies and procedures of the new democratic regime, these institutions have addressed some of the most obvious challenges.

However, like many other large institutions, they are now faced with similar challenges of improving governance, performance and accountability. The post-1994 success of the country in defining its place in the world is remarkable given the resources and capabilities available to it. The IRPS function provides evidence that the Government is able to successfully influence others in an environment where it does not have direct control.

Findings

The starting point in assessing the

4 impact of policies and programmes of the democratic Government should be an appreciation that 1994 ushered in a new social order, with new objectives and detailed programmes to attain these. As earlier indicated, what characterised the status quo ante were policies meant to exclude, discriminate and brutalise.

In many instances, indicators used to assess progress post-1994 would be completely incomparable to those of pre-1994. For instance, because black people had no legitimate form of political participation before 1994, no measure of political participation would capture the quantum change post 1994. In other instances, such as with maternal mortality, the previ-

ous regime did not record data, yet in others, such as with urbanisation, large sections of the population were left out of official statistics. What would therefore be critical in making overall findings is only in part a comparison with the pre-1994 situation, but primarily the measure of progress or otherwise being made towards the goals outlined in the RDP.

In pursuing these goals, the State went through a number of interrelated and intersecting phases. These included the setting up viable state structures including the merger of disparate entities and the protracted process to restructure the Public Service and various public entities; the formalisation of the overall legislative and

