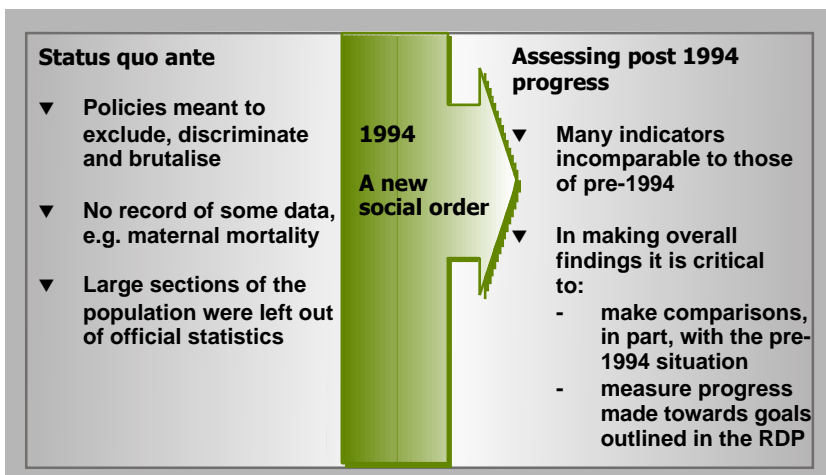


4 impact of policies and programmes of the democratic Government should be an appreciation that 1994 ushered in a new social order, with new objectives and detailed programmes to attain these. As earlier indicated, what characterised the status quo ante were policies meant to exclude, discriminate and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



policy framework for reconstruction and development; the setting up of a new provincial and local government dispensation, and integration of government work within and across all the spheres. Although all aspects of this work continue in the current period, it is apparent that the emphasis is changing decisively towards implementation.

As can be seen from the details in the previous chapter, in a number of critical areas, and in terms of overall balances, government had to make various trade-offs and take deliberate decisions on the course of action that it followed. These trade-offs related to such issues as the allocation of resources amongst competing demands on the fiscus and choices made between ensuring fiscal prudence and providing real increases in expenditure, especially for the social sector. They also concerned the balance in the allocation of resources between social and economic services during various phases of the period under review. Other choices involved actively promoting the modernisation and improvement of productivity of both the public and private sectors even though it was recog-

nised that there would be negative implications for some of the unskilled components of the workforce. All these trade-offs and choices were made in full recognition of the risks involved, but it was the informed assessment of government that there were no viable alternatives. As is evident from the observations contained in this Review, at times government could have acted more quickly or more decisively or with better co-ordination or sequencing, but there is little or no evidence to suggest that it should have made alternative choices.

4.1 Influence of the State

Reviewing the results of the different themes discussed in the previous section, it should be evident that in most instances the Government is making progress in achieving its stated objectives and most of these are the correct objectives. As will be elaborated later, the pursuit of these objectives proceeded from the premise that transformation is a protracted process, and success has, in the detail, given rise to new challenges.

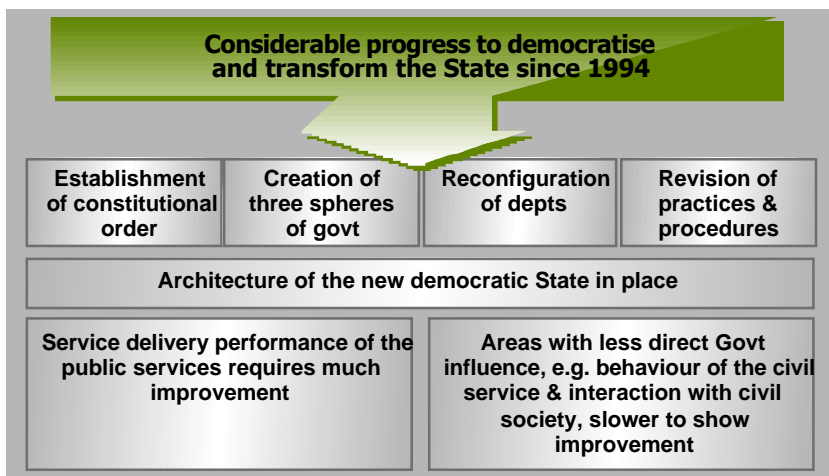
From an assessment of the various themes, it can be seen that the Government's successes occur more often in areas where it has significant control and its lack of immediate success occurs more often in those areas where it may only have indirect influence. However, this distinction is not always consistent across the five themes.

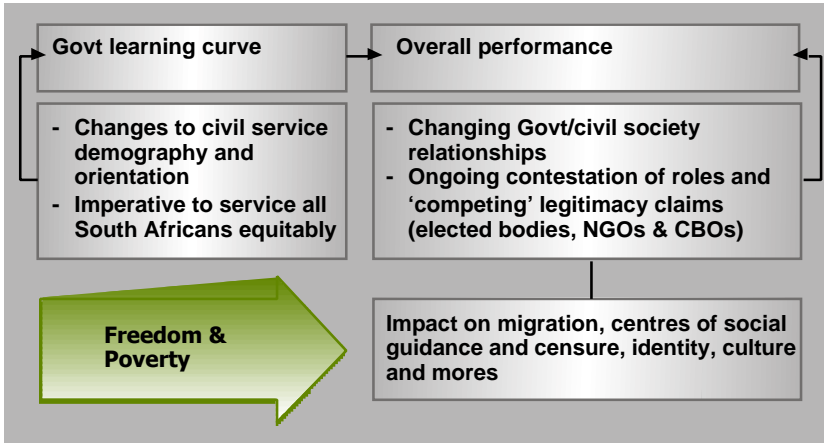
ment of a Constitutional order, the creation of three spheres of government, the reconfiguration of departments and the revision of many practices and procedures. It can be argued that the architecture of the new democratic State is in place, yet in many areas of service delivery the performance of the Public Service requires much improvement.

Governance and administration

In the governance and administration theme, the true dichotomy between power and influence is evident. Since 1994, considerable progress has been made to democratise and transform the State, ranging from the establish-

The dichotomy between power and influence is most profound, because although the elements (the institutions, practices and procedures) over which the Government has control are in place, areas where government has less direct influence, such as with the behaviour of the civil service and interaction with civil soci-





ety, are much slower to show improvement.

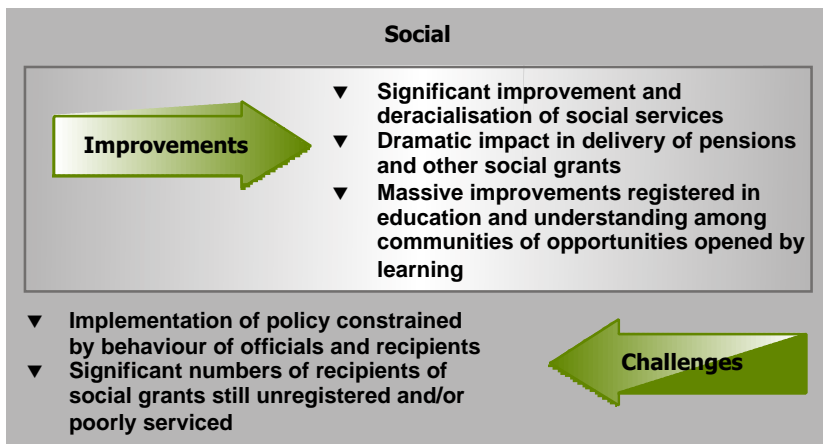
Changes to the demography and orientation of the civil service, and the imperative to service all South Africans in an equitable manner as distinct from the past, has meant that government as an entity has undergone a slow learning curve which has impacted on overall performance.

Related to these behavioural constraints within government are the changing relationships between government and civil society, and the ongoing contestation of roles and "competing" legitimacy claims between elected bodies and NGOs and CBOs. As will be discussed below, the impact of freedom and the provision of improved

services have led to a social transition that has given rise to changes in the centres of social guidance and censure such as the family and the community, and that the fulcrum of identity, culture and mores has shifted in a transforming society and globalising world. These social changes are also impacted upon by poverty, particularly the indignity of unemployment and inability to fend for oneself and family. These issues will be discussed further below.

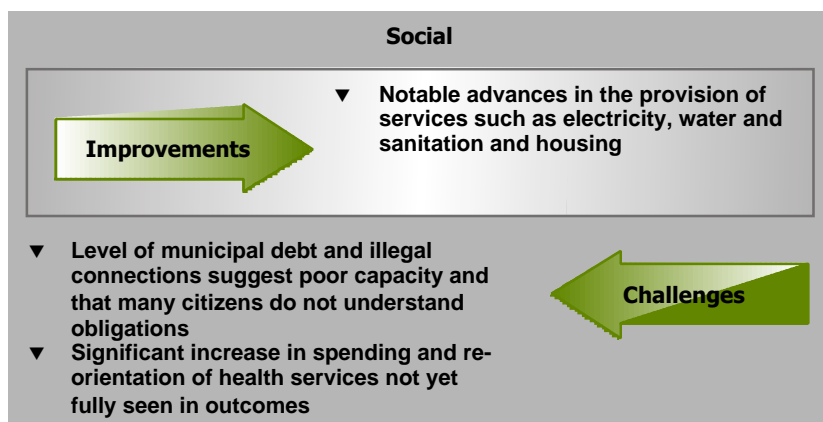
Social

In the social theme, there has been a significant improvement and de-racialisation of social services. The extension of social services, largely a matter of policy, is primarily within the control of



the Government. However, the implementation of that policy is constrained by behaviour of officials and recipients, both of whom are variously not always amenable to effective state influence. In the delivery of pensions and other social grants, the impact of the Government has been dramatic, yet there are still significant numbers of recipients unregistered

and/or poorly serviced. In education, massive improvements have been registered, reflecting also an understanding among communities of the opportunities that are opened up with learning. In health, the main indicators suggest that the impact of a significant increase in spending and a re-orientation of services are not yet fully being seen in outcomes.



Social



Improvements

- ▼ Housing and land reform have made some impact on asset poverty - and women's rights
- ▼ Communal Land Bill will further advance impact

- ▼ Micro-credit for productive purposes and general access to finance remain a major impediment



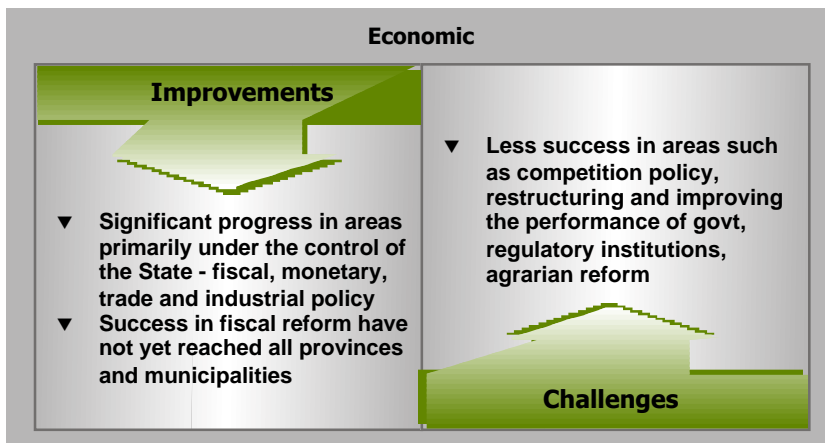
Challenges

There have also been notable advances in the provision of services such as electricity, water and sanitation and housing. However, the level of municipal debt and illegal connections in some areas suggests that many citizens have not yet understood their obligations with respect to paying for such services, besides those who genuinely cannot afford and those engaged in protests linked to poor service delivery. In asset poverty, housing and land reform have made great impact, and it is expected that the Communal Land Bill will also advance this. Also quite striking is the impact this has had on women's rights. However, micro-credit for productive purposes and general access to finance remain a major impediment.

Economic

In the economic theme, it is evident that the Government has made significant progress in the main areas primarily under the control of the State (such as fiscal and monetary policy, trade and industrial policy) but it has had less success in other areas (competition policy, restructuring and improving the performance of government and regulatory institutions and agrarian reform). Even where it has been successful in fiscal reform, these successes have not yet reached a few of the provinces and many municipalities.

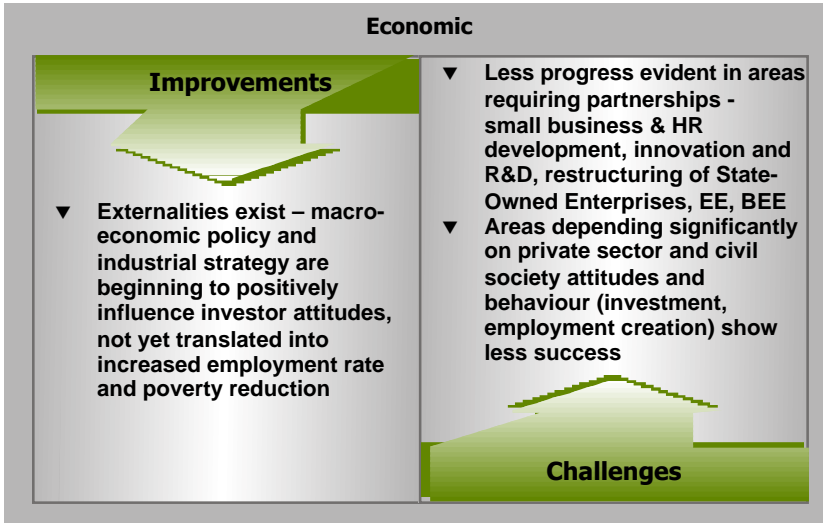
The Government has made less immediate progress in a significant number of areas that require partnership with others (small business development, HRD,



innovation and R&D, restructuring of SOEs and BEE). In those areas that depend significantly on private sector and civil society attitudes and behaviour and are only indirectly influenced by the State (investment and employment creation) it has had even less success.

There are, of course, externalities between these areas. For instance, over the past couple of years it is evident that the soundness of the macro-economic policy and industrial strategy is beginning to positively influence investor attitudes. Unfortunately, this change in attitude has yet to translate into significantly increased employment and consequent poverty reduction.

Though economic policy processes have been sound, one of the key limitations in the implementation of economic policy has been the cost of institution-building. Institutions such as some of the small business agencies, the National Empowerment Fund, the National Development Agency, the Umsobomvu Fund, some of the SETAs, and many local government level economic agencies have taken a great deal of time to become effective. Some key lessons are that the cost of institution building should not be underestimated, and that, where possible, new tasks should be incorporated into the work of existing successful agencies. In addition, some rationalisation of existing institutions



might lead to medium-term gains, though these will have to be weighed against the costs of rationalisation.

JCPS

In the JCPS theme, significant progress has been achieved in improving national security, establishing rule of law and transforming the large institutions that were previously the frontline in the defence of Apartheid. Due to the social transition, and the growth of new forms of organised crime in the post-Apartheid era, the gains in crime prevention and combating have not been as impressive.

In areas where the Government has greater control, such as the upholding of the rule of law (in the political, social and economic arenas), it has made it major gains. In some areas under its control, such as the ICJ system, progress has been slow. Despite significant efforts to ensure greater integration of the crime prevention and criminal justice system, the practices, attitudes and behaviour of particular components of the system have meant that the overall impact on crime requires improvement. Some new initiatives, which seek to bolster the social fabric and involve civil society more directly in addressing the causes of crime, show promise.

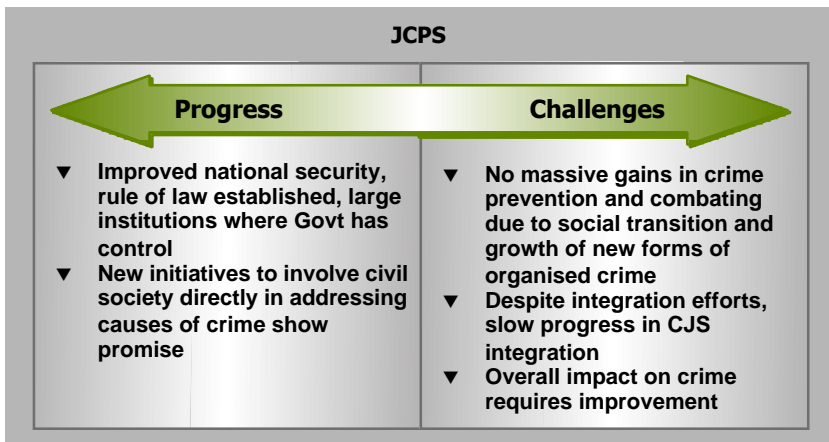
IRPS

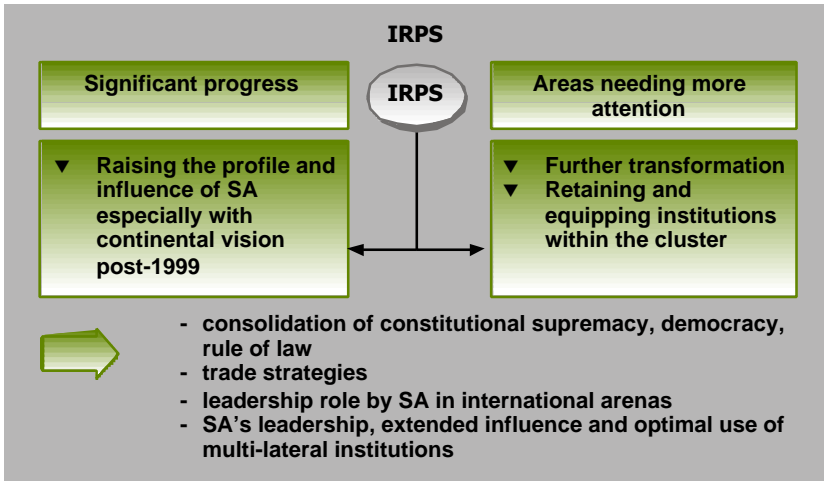
In the IRPS theme, by contrast, most of the achievements reflect that government has made significant progress in raising the profile and influence of the nation in the international and regional environment, perhaps far beyond the capabilities and resources of the country. Part of this success can be attributed to externalities flowing from other clusters, the consolidation of the Constitutional supremacy, democracy and the rule of law, the success of trade strategies and the leadership role played by South Africans in certain international arenas. Part of this success must also be due to the experience of South Africa's

leadership of extending the country's influence and making the most of multilateral institutions. However, it should be acknowledged that there is a greater emphasis of a unipolar world order which has adversely affected developing countries; and successes in this theme should be weighed up against the difficulties the Government has had to face in operating in this milieu.

Ironically, the areas that need more attention in this cluster generally involve the further transformation, retraining and equipping of the institutions within the cluster, all areas that should be in the control of government.

Targeted groups





The Review also sought to understand the impact of government on the targeted groups – children, youth, women, people with disabilities and the aged.

In the discussion of different themes, there was evidence that government was beginning to have an impact on the targeted groups. One of the most significant changes since 1994 is the increased participation of women in governance. South Africa has ensured that close to one third of political representatives in all spheres are women, ahead of the Millennium Development Targets for Correcting Gender Discrimination. The Public Service

also demonstrates an improvement in the participation of women in management although the State has yet to achieve its targets for women and people with disabilities. In the economic theme, it was evident that women were making progress in the professional and technical categories but were still lagging when it came to senior management.

In the social theme, evidence was presented to show the dramatic improvements that had come to the aged and to children from social grants, and with the latter, significant improvements in education and health. There is also evidence from research that whilst there were 13 disability grants per

1 000 in 1993, there are now 29 per 1 000. The racial bias that existed in 1993 no longer applies. Other evidence from the social theme indicates that health and education services are now strongly focused on women and children. Indeed, South Africa has already surpassed the Millennium Development Goals for Gender in Education.

Housing, land redistribution and other services also show significant improvements in gender bias, although the majority still go to male-headed households.

Progress has been made with regard to the employment of women in the Public Service. The most recent reports on the representivity targets indicate that the percentage of women in the public service now stands at 24%, whilst the number of employees with disabilities in the Public Service is 0.012%. However, more needs to be done to attract and retain people with disabilities in the Public Service.

It is also evident that the focus on sexual crimes and the institution of special courts will ensure that women and children receive better treatment by the criminal justice

system. Although the levels of such crimes has stabilised, they remain unacceptably high by international standards. In other words, there are promising trends in this regard, though the ideals of thorough-going equity are still to be attained.

To get a more precise understanding of the impact of government on the targeted groups, the results of Censuses 1996 and 2001 were analysed. Some preliminary analysis follows. All targeted groups would have benefited from the improvement in household services to the poor as described above. Women and youth primarily should have been affected by education, income and employment, whilst the aged would have been affected primarily by income due to the extension of social grants. Children would primarily show improvements in education as well as the CGS for poor households.

Analysis for children was calculated for data falling between 0 and 19 years of age. The primary effect on children is the improvements in education. Nationally, the

highest level of education of members of this group underwent a significant improvement between 1996 and 2001. The clearest indication of this is the sharp decline of 14.4% in the percentage of the group that had no schooling, as well as the double-digit increase of 11.9% in the section of the group that has some primary education.

The African population benefited most from this change with the proportion with no primary education falling from 28% in 1996 to 13% in 2001. The proportion of those with some primary education increased similarly from 42% in 1996 to 55% in 2001.

The main areas where we would expect impact on the youth is education and employment. The analysis of the two Censuses shows that there have been

remarkable improvements in education. Nationally, the highest educational level of youth increased significantly between 1996 and 2001, with especially the percentage of youth in the previously disadvantaged groups with a matric or a post-matric qualification as their highest qualification showing a strong improvement. In the case of African males, those with matric as highest qualification increased by 6.3% from 1996 to 2001 and those with a post-matric qualification by 8.3%.

While African females showed a very similar increase in the case of matric (5.9%), the percentage increase in the segment with a post-matric qualification (2.8%) was far below the male percentage figure. In the case of coloured males, those with matric as their highest qualification

Category	Males %		Females %		Total %	
	1996	2001	1996	2001	1996	2001
No schooling	28.00	12.53	25.35	11.93	26.67	12.23
Some primary	42.89	55.79	40.65	51.65	41.76	53.71
Complete primary	7.35	7.82	7.97	8.11	7.66	7.96
Some secondary	19.68	21.25	23.36	24.77	21.53	23.02
Std 10 / Grade 12	2.01	2.39	2.57	3.25	2.3	2.83
Higher	0.07	0.21	0.1	0.28	0.09	0.25

increased by 8.3% and the portion of coloured males with a post-matric qualification increased by 0.7%. Coloured females with a matric experienced a slightly higher increase at 10.0%, while females with a post-matric increased by 2.0%, again slightly higher than the coloured males. The percentage of those youth with no schooling underwent a decline between 1996 and 2001.

As noted by the Statistics Council, the employment and income figures given in the Census should be read in light of the data provided in the various Income and Expenditure Surveys (discussed further below). But, general trends seem to indicate that the positive effects of education have not yet made an impression on the labour market for youth. The main impact of education for women is recorded above (for children and youth). In terms of employment, women have seen some slight gains although the changes have not yet changed the structural gender legacies of Apartheid.

The primary impact of government programmes for the aged

will be in the area of income due to the provision of social grants. In particular, it can be seen that the proportion of women over 60 with no income has declined by almost 5% from 20% to 15%, and the proportion of women over 65 with no income has declined by almost 4% from 16% to 12% largely due to the increased provision of social grants. It is also noticeable that this improvement is also more pronounced for African women. However, whilst government has made great progress in extending social grants, it is evident from these figures that there remains a significant proportion of people outside the social safety net.

As should be evident from the above data analysis, the targeted groups have benefited primarily from government programmes that provide services (household services, education and social grants) but that their position still remains precarious because of the high levels of unemployment.

4.2 Understanding the performance of government

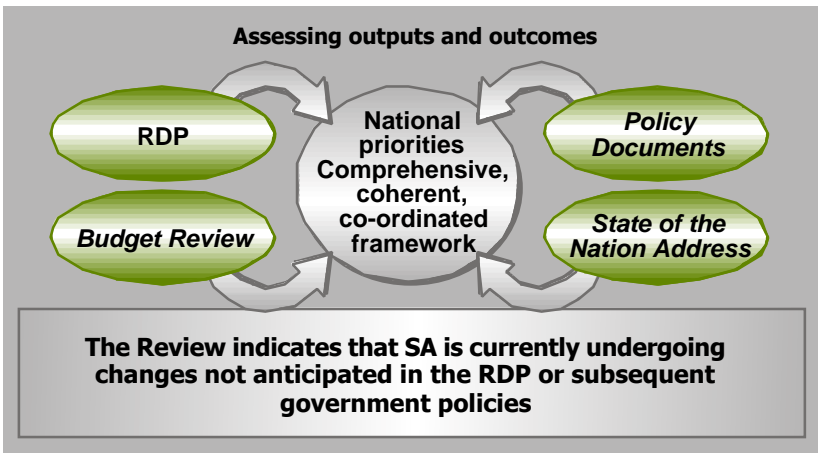
In the above discussion on the

nature of the State, government's performance was interpreted in terms of a framework that sought to highlight the parameters of direct state power. As far as was possible, the themes have sought to provide this assessment and link this to the relationship between outputs (policies and programmes) and outcomes.

How can these outcomes be assessed?

One approach to assessing the performance of government that has been used by the Human Rights Commission (HRC) and the Constitutional Court is based on a notion of 'progressive realisation'. The Constitutional Court in a number of cases has sought to inter-

pret the Government's Constitutional obligations to progressively realise the socio-economic rights contained in sections 24, 26, 27 and 29 (1) of the Constitution (Act 108, 1996). In their comment, the Court sought to recognise that whilst the Government has these obligations, resource constraints do exist and that the Government cannot do more than the available resources permit. The Government is, however, obliged to promote the progressive realisation of these rights through the effective and efficient use of available resources. Whilst the Court has provided some light on what a progressive realisation of such rights would require, it has stopped short of assessing the performance of gov-



ernment. The HRC, in its 4th Economic and Social Rights Report, 2000/01, has used these interpretations to suggest that government may be falling short of its Constitutional obligations to progressively realise socio-economic rights. Unfortunately, the HRC has failed to indicate what an adequate rate of progress may have been, thus obviating much of its valuable assessment of delivery constraints. Much of the problem of defining progress does not lie with the HRC or Courts, but with government itself, and ultimately with the public.

Although the RDP and subsequent policy documents, Budget Reviews, and State of the Nation Addresses have attempted to set out the nation's changing priorities, these pronouncements need to be integrated and distilled into a comprehensive, coherent and co-ordinated framework. In the absence of such a framework, the Review has used composite impact indicators, and these largely present a positive picture though they also reflect weaknesses in a few areas.

In most cases, government has

shown itself capable of adapting to changing circumstances and its progress has been reflected accordingly. However, in the process of conducting the Review, it became evident that South Africa is currently undergoing changes that were not anticipated in the RDP or subsequent government policies. In the next sections, the Review will discuss a social transition that, it is believed, is more profound than any other in South Africa's history.

4.3 Measuring impact

Composite indicators are used in this section to assess progress in various categories of human development. For reasons explained earlier, in most instances the base year used is 1995. As such, what is being measured is primarily the progress in meeting government objectives within the democratic order, rather than what in effect would be a quantum leap between the Apartheid order and the current situation.

The first composite indicator used is the infrastructure index which

Indicator	Period	Index
Infrastructural services: access to housing, water and sanitation, electricity and telephones	1995-2002	0.46 - 0.60
Quality of life: access to basic services, access to health, adult functional literacy, environmental quality	1995-2002	0.52-0.67
Political participation: political and union participation and social trust of Government	1995-2002	0.37-0.47
Social Inclusion: household stability, inclusion in society, participation in cultural organisations	1995-2002	0.27-0.36

seeks to assess the direct impact of the services that government has delivered in the past nine years. This index aims to capture the changing environment in which households find themselves in terms of their ability to access basic infrastructural services (housing, water and sanitation, electricity and telephones). Given the extent of service delivery over the past nine years, this index improved approximately 24 percentage points from 0.46 to 0.60 between 1995 and 2002. The actual value of the index is less important than the direction and magnitude of change although complete service delivery would yield an index of 1. This improvement is remarkable given the fact, as discussed further below, that the expected number

of unserved households increased threefold due to the increase in number of households in this period.

Because the infrastructure index focuses primarily on hard services, a quality of life index was created which also reflects the impact of social services. Quality of life is a broader concept which needs to capture physical well-being and environmental conditions. This index includes access to health, adult functional literacy and environmental quality. Again, the index shows a positive improvement from 0.52 to 0.67, a 25 percentage point improvement. A political participation index, which measures political and union participation and social trust in the institutions of the State, shows an improve-

ment from 0.37 to 0.47 between 1995 and 2002. A social inclusion index, which measures household stability, people's inclusion in society, and participation in cultural organisations shows an improvement from 0.27 to 0.36 between 1995 and 2002. These indexes suggest that the legitimacy of the polity and the social fabric are improving, especially in formal institutions.

All these indices show that the Government has made a positive impact on the lives of people over the past nine years. Not only have they greater levels of services, but their broader social and environmental conditions and democratic participation have also shown a significant change for the better. However, a related index, safety and security, which compares serious crime, prosecution and resolu-

tion rates between 1997 and 2002 shows a slight decline from 0.53 to 0.49 (different years are used in this index relative to the others due to the availability of credible data). It is worth noting however, that the trend since 1999 (reflected in the 2000 statistics) is positive with an increase from 0.41 to 0.49, which suggests that the crime prevention initiatives described in the previous chapter are beginning to take effect.

The economic picture is also not so positive. Economic participation and preparedness show negative trends. Economic participation, which measures employment, the proportion of non-poor and earnings, shows a slight decline from 0.63 to 0.60. The economic preparedness index, which relates economic participation to education levels (including maths and

Indicator	Period	Index
Safety and security: compares serious crime, prosecution and resolution rates	1995-2002 but 1999-2002	0.53-0.49 but 0.41-0.49
Economic participation: measures employment, the proportion of non-poor and earnings	1995-2002	0.63-0.60
Economic preparedness: relates economic participation to education levels (including maths and science education)	1995-2002	0.52 - 0.49

science education) shows a small decline from 0.52 to 0.49. These two indexes suggest that the labour force is less successful in gaining employment at present, and is not yet equipped to find jobs in the future. As discussed below, given the dramatic increase in the economically active, it is to be expected that these indexes would not show an improvement. A more precise measure of the impact of government spending is the fiscal incidence analysis of social expenditure. Research has shown that spending incidence in South Africa is indeed redistributive to poorer groups and has become considerably more redistributive since the political transition. Three Lorenz curves put this into better perspective. These Lorenz curves are used to calculate a Gini coefficient (that for pre-transfer income minus taxes plus social spending):

1. The Lorenz curve for pre-trans-

fer income (in order to exclude the impact of social transfers received from the Government) has an associated Gini coefficient of 0.68.

2. The Lorenz curve for pre-transfer income after incorporating the effect of taxes (personal income tax, value added tax and customs and excise duties) reflects a not much lower Gini coefficient of 0.6.
3. The Lorenz curve for pre-transfer income minus taxes (as above) plus the value of benefits received from social spending, reflects a much decreased Gini coefficient of 0.44.

A comparison with 1993 data shows that social spending in 1993 had virtually no impact on the Gini, suggesting that this change is due to post-1994 redistributive policies. Comparisons between social spending between 1993 and 1997 suggests that

Indicator	1997	2000
Gini coefficient excluding social transfers	0.68	0.59
Gini coefficient including social transfers	0.44	0.35
Percentage change	33%	41%

there was already a significant shift in social spending to the poor. Social spending increased to R2 514, R1 947 and R1 786 respectively for quintiles one to three whilst it was reduced to R1 661 and R1 253 for quintiles four and five. Social spending increased by R573 for Africans and declined absolutely for other races. Likewise, since 1993, the increase in social spending in rural areas is three times the increase of the metropolises and double the increase of other urban areas.

This research is based on the 1997 Household Survey and has not been replicated for later years because of data problems with subsequent surveys. The PCAS has extrapolated these research

findings using the 2000 Income and Expenditure Survey (IES) to make a number of simplifying assumptions. Firstly, it was assumed that household income shares per decile as reported in the 2000 IES was a fair reflection of the pre-transfer income giving a Gini of 0.57 (see table below). If the same incidence of the 1997 study is used, the 2000 household income shares are adjusted by the same percentage difference to give the pre-transfer income shares (row 2). This would then give a Gini of 0.59. Post-transfer Gini for 2002 would then be 0.35. The overall impact of social spending in 2000 is that it reduces inequality by 41%.

The importance of these findings

Decile	1	2	3	4	5	6	7	8	9	10	Gini
2000 h/h income share IES	0.42	1.21	1.85	2.6	3.64	5.29	7.96	12.16	19.72	45.2	0.57
Pre-transfer income share	0.19	1.21	1.95	2.84	4.05	6.08	9.36	13.38	20.2	40.74	
Pre-transfer income share (cumulative)	0.19	1.4	3.35	6.19	10.24	16.32	22.68	39.06	59.26	100	0.59
Income after social spending	4.7	5.4	4.8	5.4	5.9	7.3	9.2	11.9	15.6	29.8	
Income share after social spending (cumulative)	4.7	10.1	14.9	20.3	26.2	33.5	42.7	54.6	70.2	100	0.35

is that government interventions such as the provision of social services have significantly improved the quality of life of the population. These interventions have ameliorated structural changes of the social transition which have had a negative impact.

4.4 The views of the public

In the preceding discussion, the impact of government policies and programmes was measured using objective indices. A complementary approach is to assess the subjective views of the public. It is therefore instructive to examine some of this public opinion in light of the discussion that preceded above. The Institute for Democracy in South Africa's Afrobarometer (which measured public concerns between 1994 and 2002) and Markinor (which measures people's approval of government activities between 1996 and 2003) surveys show consistency with objective data.

The opinion survey on social services shows high levels of approval for most and generally reflect an overall improvement for the

1999–2003 period. Public approval for welfare grants is highest at 78%, basic service delivery rates a 75% approval, access to land rates at 63% and HIV/AIDS policies rates at 61% in 2003. For other social services, surveys show that people's approval for education and health policies have been fairly consistent around the 65% mark for a number of years, although there were declines in 1996, 1998/99 and 2001 in these sectors. Health policies have recently seen a slight drop in approval to 61% in 2003. Interestingly, public approval for housing intervention of the State has improved from a low of 30% in 1996 to a high of about 64% in 2003.

These trends are also reflected in the decline of public concern since 1994 about certain Public Services. Education was a concern of 34% in 1994, but it was a concern to only 15% in 2002. Health was a concern of only 2% in 1994, and increased to 10% in 2002. This may reflect the success of recent policies. Similarly, housing has dropped as a concern from 46% to 22% over the 1994–2002 period. These trends for social services reflect the

Public Opinion

Job creation

Most important problem	1994	67% respondents
	2002	84%
Approval of policies	1996	35%
	2003	26%

Approval of social delivery 2003

Housing	62%
Welfare grants	78%
Land	63%
Rate of basic service delivery	75%
HIV/AIDS	61%

Concern about...

Poverty	1994	9%
	2002	28%
Crime	1994	6%
	1999	65%
	2002	35%
Education	1994	34%
	2002	15%
Health	1994	2%
	1999	18%
	2002	10%

quantitative and qualitative assessments of impact discussed above.

On the other hand, job creation that was considered the most important problem by 67% of the respondents in 1994 and was still considered the most important by 84% in 2002. Likewise, concerns about poverty increased from 9% in 1994 to 28% in 2002. There is an obvious connection between this and job creation. As can be seen from the quantitative data, this issue has become even more salient over time.

It can be seen that concern about crime and security started very low (at 6% in 1994), increased dramatically (to 65% in 1999), but

seems to be in decline (35% in 2002). Other survey data seems to confirm this interpretation, showing that although people's approval of the Government's efforts at crime prevention declined to a low in 1999 (about 25%) there had been a significant increase in approval by May 2003 (to 41%). By contrast, violence that was a major concern in 1994 (49%) declined to insignificance by 2002. Correspondingly, people's approval of government's efforts to control political violence rates at 67% in 2003.

These citizen perceptions, although subjective in origin and reflective of people's moods and opinion, confirm the analysis of

the impact discussed above. It also suggests the idea that government approval is higher where it has greater control (delivery of social goods and services) and less approval in those aspects where it requires a relationship of influence with civil society (as in crime, which is dependent on social behaviour). This interpretation is supported by the public opinion on economic factors that reside largely outside of government's direct control.

Approval of government policies for managing the economy has been increasing from around 45% since 1999 to 53% in 2003 but public approval for job creation policies has declined from a high of 35% in 1996 to around 26% in 2003. Since job creation in particular is largely a responsibility of the private sector, it is not surprising that government's efforts in this regard are seen in such dismal light. Interestingly, concerns about the general economy have declined from 21% in 1994 to about 7% in 2002, reflecting the success of the policies for achieving macro-economic stability.

These perceptions would support

the contention that government has been making a positive impact on the lives of the South African population, particularly in areas where it has a greater degree of control. Unfortunately, not all areas have seen a positive change. As noted above, job creation, which is largely beyond the control of the State, has increased and it remains the most pressing concern of the public.

Interesting new public opinion survey material on people's assessment of government performance over the past nine years since 1994, reflects public perceptions that the top two areas where government has been successful have been in creating unity amongst South Africans and in providing access to basic services. Government is perceived as having been less successful in improving the state of the economy in relation to raising the standard of living. In particular, the same respondents indicated that the overwhelming majority felt that unemployment was the major challenge for the next decade, followed by addressing health and crime problems. Significantly, poverty and the provision of ser-

vices were ranked as lesser challenges in the next decade.

4.5 The social transition

What are the broader social trends that South Africa has been subjected to over the past decade?

The **first and most obvious social trend concerns the changes in South Africa's demography**. During the period 1996 to 2001 the population of the country grew by approximately 2% per annum. This corresponds to an increase in the number of people from 40.4 million to 44.8 million, an increase of 4.4 million or 11%.

However, recent data suggests that there are 11.8 million households, up from 9.1 million in 1996. The 2001 Census data reflects a drop from an average household size of 4.5 in 1996 to an average

size of 3.8 in 2001. That is, a 30% increase in the number of households, almost three times the rate of the population increase. Taking the drop in household size as given, the impact on service delivery is clear. Instead of having to provide housing and services for only one million households, government has found itself having to assist almost three million households. The implications on service delivery are even more critical in some provinces such as Gauteng, with an average of 3.1 persons per household, and less critical for others such as Eastern Cape, KwaZulu-Natal and Limpopo, with an average of about 4.2, above the national average of 3.8. The reasons for the drop in household size are varied and include a decline in fertility rates and family size, the affect of new government policy on how citizens try to access services, encouraging "unbundling", as well as freedom and improvement in

Population	Period	Quantity
Population growth	1996-2001	2% p.a.; 40.4m - 44.8m
Population increase	1996-2001	increase of 4.4m or 11%
Number of households	1996	9.7m
	2001	11.8m (30% increase)
Average household size	1996	4.5
	2001	3.8

quality of life, resulting in fewer extended families.

The second major social trend that has been affecting these indexes is the dramatic increase in the economically active population.

As noted in the economic theme, between 1995 and 2002, the number of people employed in South Africa grew by 1 600 633 net new jobs. However, during the same period, the number of unemployed people grew by 2 361 834 according to the strict definition of unemployment. This was because the number of economically active people increased from 11 466 653 to 15 429 120, or by 3 962 467 people. There is some discrepancy between the Census data and the Labour Force Survey (LFS) measure, but Statistics SA suggests that the LFS measure be used.

force grew by about 4% per year although the population growth rate was around 2%. This suggests that new job seekers were not only young adults reaching the job market, but were also older adults who had not previously considered themselves part of the labour market. Evidence from the qualitative case-studies indicates that many of these are African women, and, of these, many are recent migrants from the rural areas.

Despite other causes of employment loss, such as industrial restructuring due to the reintegration of the South African economy into the world economy, 12% more jobs were created between 1995 and 2002. However, the economically active population has increased at 35%, almost three times the rate of jobs created.

The economically active labour

The third major trend is the

Employment	Period	Quantity
Change in number of people employed	1995-2002	1 600 633 net new jobs
Number of unemployed people	1995-2002	2 361 834
Economically active people	1995 2002	11 466 653 15 429 120 (3 962 467 increase)

changing structure of the economy. An analysis of sectoral employment patterns showed that in absolute employment all main sectors of the economy witnessed increased employment between 1995 and 2002. However, there were noticeable shifts in the sectoral allocation of employment. While most sectors showed unchanging shares of employment between 1995 and 2002, there was a clear shift of employment away from Public Services, construction, and mining and quarrying towards internal trade and finance, real estate and business-service sectors.

In terms of Public Services and mining and quarrying, the restructuring exercise within the public sector as well as the continued pressure on the viability of mining enterprises, contributed to this declining contribution to aggregate employment. What the data also showed was that the economy's long-run prospects for expansion were in the services sector. This was particularly clear in that employment doubled over the seven-year period in the finance, real estate and business sector. This differential growth in the dif-

ferent sectors of the economy contributed to the uneven growth of employment.

One of the major consequences of the change in the structure of the economy is that "two economies" persist in one country. The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalised, unskilled economy, populated by the unemployed and those unemployable in the formal sector. Despite the impressive gains made in the first economy, the benefits of growth have yet to reach the second economy, and with the enormity of the challenges arising from the social transition, the second economy risks falling further behind if there is no decisive government intervention.

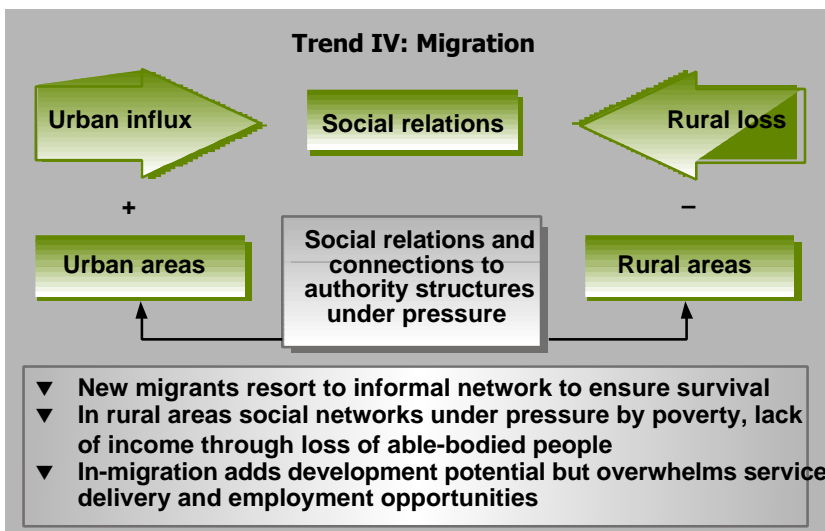
The fourth major trend is migration. Census data shows that in the major metropolitan areas, and in some of the regional centres and small towns, more than 20% of the population are new migrants. This has impacted on the major urban centres of Gauteng and the Western Cape, and

inversely rural provinces such as the Northern Cape, the Eastern Cape and Limpopo. Along with these changes is the emergence of mainly informal settlements around major cities and towns. This has implications not only for fiscal allocations but also on the approach to spatial development: including identification of areas of potential, concentrations of absolute poverty, interventions required in "migration feeder" communities and so on.

Furthermore, not only does this mean that at least a fifth of the population of these centres are relative newcomers with few social connections to the established population, but that there must also be a net loss in the mainly

rural areas from whence the migrants have come. Given the recent receipt of the Census data, it is difficult to provide a more in-depth analysis at this stage.

Both the urban influx and rural loss of migrants would have had a major impact on social relations in these areas as shown in the qualitative studies. These studies show that whilst some services are fairing better than others, particularly social grants, education and housing, the social transition under way is affecting communities differently. The rural areas and many small towns are experiencing a rapid loss of people and economic opportunities and the urban areas are experiencing significant gains



in population from these areas.

In both areas, social relations and connections to authority structures are under pressure and as a result, the ability of people to interact on a collective basis has been weakened. In rural areas, social capabilities are undermined by the loss of able-bodied and relatively skilled people, and existing social networks are put under pressure by poverty and a lack of income.

In urban areas, although in-migration may add to development potential, through the importation of economically active people, this migration risks overwhelming service delivery and employment opportunities. The new migrants do not have the same social connections and are increasingly resorting to informal networks to ensure their survival. Some rural-traditional forms of collective organisation and exercise of authority are gaining ground, and a number of them seek to co-opt the democratic process to perpetuate these organisations.

These challenges are likely to become more daunting in future depending on the trajectory of the HIV/AIDS pandemic and other

demographic changes such as declining fertility. The composition of the population is expected to change with the percentage of young people (0 to 19 cohorts) declining whilst the percentage of 60 and older age cohorts increases. The social, economic and political consequences of this social transition need to be fully understood and built into long-term planning.

These major social and economic changes help explain some of the negative trends reflected in the theme discussions. Because of the dramatic social transition, unemployment, and consequently poverty, have not declined significantly despite substantial government intervention. In the face of these social transformations, social cohesion and community life are adversely affected, undermining the development potential of some areas and giving rise to increased criminality in others. These problems are then reflected in lower levels of service delivery and increasing problems in governance.

In light of the magnitude of social changes brought about by the fundamental re-ordering of South African society, it should not be

surprising that there has been this volatility in the social structure. Evidence from this research indicates that notwithstanding the significance of these social and economic changes, government has made significant progress towards addressing their negative effects.

4.6 The global setting

We enter the Second Decade of Freedom in an uncertain global environment. This environment is characterised by a growing tendency towards global tension and unilateralism, in a world that was inching in the opposite direction. Uncertainty around issues of global terrorism and the tensions in the Middle East and the Korean Peninsula are the most immediate manifestations of the global political environment, which threaten to persist. The international outlook remains fragile, reinforced by lingering concerns around geopolitical tensions, unresolved international trade issues and the overhang of the immense US balance of payments and fiscal deficits. The global environment thus holds little immediate prospect of relief for the South African economy.

This global setting is a consequence of a unipolar world, and the fact that the expected "post-Cold War dividend" has not materialised for the majority of humanity. The period under review saw the consolidation of globalisation, reflected in the integration of financial markets, a revolution in information and communications technology, integration of production in developed regions of the world, and massive growth in global trade and migration. Along with these developments has been the tendency to impose approaches that favour industrialised nations in terms of, among others, macro-economic policies and trade issues.

However, at the beginning of the new millennium, some shifts in the discourse on development issues amongst the major multilateral institutions and greater popular interaction with global issues have created new opportunities for developing countries to assert their interests. Yet, even these positive trends have recently been undermined by the emergence of global tension and a tendency towards unilateralism.

Whilst many of these develop-

ments contain seeds of Africa's continued marginalisation, opportunities do exist for the continent to mobilise within itself and across the globe for a more humane approach to its plight and that of other poor regions of the world.

Among governments and citizens of developed countries, there is potential to focus attention on common objectives of humanity as outlined in the UN Millennium Declaration. South Africa, by dint of its history, its location, size of its economy on the continent, current endeavours and outlook is poised to play a critical role in this regard.

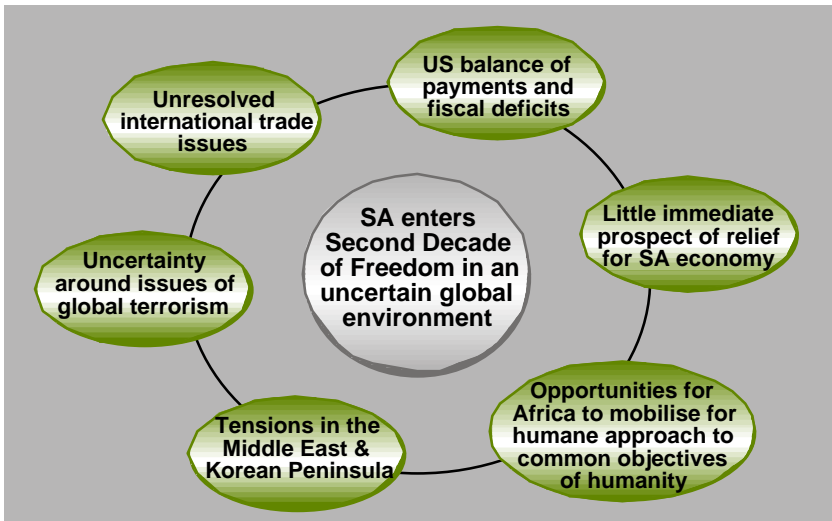
4.7 Main conclusion

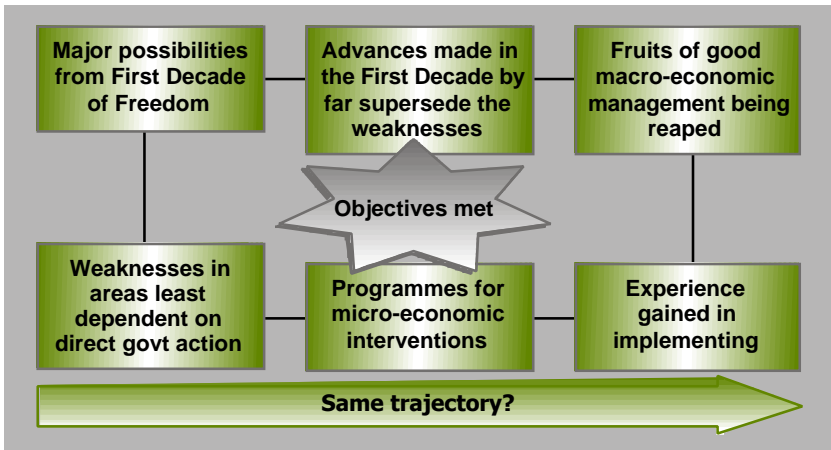
All the evidence from research suggests that government has

adequately met its objectives.

Given all the issues raised in the preceding sections, what is the major conclusion that can be made? This can be summarised as follows:

South Africa is at the confluence of major possibilities arising out of progress that has been made in the First Decade of Freedom. The fruits of good macro-economic management are being reaped in social services; programmes for micro-economic interventions have been developed, and experience has been gained in implementing government programmes, including crime prevention and improving the global positioning of the country.





There are weaknesses in those areas that are least dependent on direct government action, at the coalface of interaction with the public and in the supervision and management of implementation. The advances made in the First Decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives. This could precipitate a vicious cycle of decline in all spheres. Required are both focus and decisiveness on the part of government, the will to weigh trade-offs and make choices, as well as

strategies to inspire all of society to proceed along a new trail. If decisive action is taken on a number of focused areas, the confluence of possibilities is such that the country would enter a road of faster economic growth and job creation, faster and more efficient provision of quality services, increased social cohesion and reduction of the paradigm of exclusion prevalent among sections of society.

Challenges and opportunities