



**MEDIUM-TERM  
STRATEGIC FRAMEWORK  
(MTSF)  
2014 - 2019**



**THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA**

**DEPARTMENT: PLANNING, MONITORING AND EVALUATION**



## Table of Contents

1. Introduction.....	4
1.1 Background.....	4
1.2 The purpose of the MTSF .....	4
1.3 How the MTSF was developed .....	5
2. Strategic focus for the next five years .....	5
2.1 Radical economic transformation .....	6
2.2 Improving service delivery.....	11
3. International and local economic context .....	13
4. Implementation of the MTSF .....	14
5. Monitoring implementation of the MTSF.....	15
6. Summary of priorities and actions for the next five years .....	15
6.1 Quality basic education .....	16
6.2 A long and healthy life for all South Africans.....	17
6.3 All people in South Africa are and feel safe .....	19
6.4 Decent employment through inclusive growth .....	20
6.5 A skilled and capable workforce to support an inclusive growth path.....	22
6.6 An efficient, competitive and responsive economic infrastructure network.....	23
6.7 Vibrant, equitable, sustainable rural communities contributing towards food security for all .....	25
6.8 Sustainable human settlements and improved quality of household life .....	26
6.9 Responsive, accountable, effective and efficient local government.....	27
6.10 Protect and enhance our environmental assets and natural resources.....	28
6.11 Create a better South Africa and contribute to a better Africa and a better world... ..	29

6.12	An efficient, effective and development-oriented public service .....	31
6.13	A comprehensive, responsive and sustainable social protection system .....	33
6.14	A diverse, socially cohesive society with a common national identity.....	34
7.	Appendices .....	36

# **1. Introduction**

## **1.1 Background**

South Africa has begun a new phase of its democratic transition. The electoral mandate of the fifth democratic government is to deepen transformation and implement the National Development Plan (NDP). It is to accelerate growth, create decent work and promote investment in a competitive economy. In giving effect to this mandate, we continue to be guided by our Constitutional commitment to “improve the quality of life of all citizens and free the potential of each person”.

Over the last 20 years, the first phase of our democratic transition, the foundations have been laid for a non-racial, non-sexist, united and prosperous South Africa, and for a society based on fundamental human rights, equality and unity in diversity. Our people’s dignity has been restored. Non-racial majority rule based on one-person, one-vote has brought about government based on the will of the people.

At the end of the last administration (2009-2014), the Presidency published a *Twenty Year Review*, outlining progress made since 1994 and identifying the challenges that still need to be overcome. Today, South Africa is a better place in which to live than it was in 1994. Political and social rights are protected, and the lives of millions of South Africans have improved, through new laws, better public services, expansion of economic opportunities and improved living conditions.

However, the challenges still facing our country are immense. As the Twenty Year Review and the National Planning Commission’s 2011 Diagnostic Report highlight – poverty, inequality and unemployment continue to negatively affect the lives of many people. Too few people have work, investment is too slow and education lags behind our requirements. The weak state of the economy impedes our efforts to reach our development goals.

The second phase of our democratic transition calls for bold and decisive steps to place the economy on a qualitatively different path that eliminates poverty, creates jobs and sustainable livelihoods, and substantially reduces inequality. This requires radical economic transformation and a sustained focus on addressing the uneven quality of service delivery.

## **1.2 The purpose of the MTSF**

This Medium Term Strategic Framework (MTSF) is Government’s strategic plan for the 2014-2019 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the NDP. The MTSF sets out the actions Government will take and targets to be achieved. It also provides a framework for the other plans of national, provincial and local government.

The MTSF highlights Government’s support for a competitive economy, creation of decent work opportunities and encouragement of investment. This is the first MTSF to follow the adoption of the NDP in September 2012. The introduction of a long-term plan brings greater coherence and continuity to the planning system and means that the MTSF now becomes a

five year building block towards the achievement of the vision and goals of the country's long-term plan. In the words of President Zuma:

*“The Plan has been adopted as a National Plan for the whole country. It is our roadmap for the next 20 years. All the work we do in government is now part of the comprehensive National Development Plan, including all operational plans, be they social, economic or political.”*

The aim of the MTSF is to ensure policy coherence, alignment and coordination across government plans as well as alignment with budgeting processes. Performance agreements between the President and each Minister will reflect the relevant actions, indicators and targets set out in this MTSF.

Within the NDP vision, key policy instruments developed in the previous term will continue to drive government's policy agenda. These include the New Growth Path, which sets the trajectory of economic development, the National Infrastructure Plan, which guides the roll-out of infrastructure to improve people's lives and enable economic growth, and the Industrial Policy Action Plan, which focuses on promoting investment and competitiveness in leading sectors and industries. Government will also take forward key social development initiatives, including social security and retirement reform, National Health Insurance, improvements in basic education and expansion of technical and vocational education.

### **1.3 How the MTSF was developed**

Following the adoption of the NDP, Cabinet decided in 2013 that the 2014-2019 MTSF should form the first five-year implementation phase of the NDP and mandated work to begin on aligning the plans of national and provincial departments, municipalities and public entities with the NDP vision and goals. Since the May 2014 elections, the MTSF has been aligned to the national governing party's election manifesto. The MTSF is the result of an intensive planning process involving all three spheres of government. It provides a framework for prioritising and sequencing government programmes and development initiatives for the next five years.

## **2. Strategic focus for the next five years**

The NDP provides the framework for achieving the radical socio-economic agenda set out in the governing party's election manifesto. It recognises the need for a capable and developmental state, a thriving business sector and strong civil society institutions with shared and complementary responsibilities. It identifies decent work, education and the capacity of the state as particularly important priorities. It also highlights the need to improve the quality of administration of many government activities.

The 2014-2019 electoral mandate focuses on the following priorities:

- Radical economic transformation, rapid economic growth and job creation
- Rural development, land and agrarian reform and food security
- Ensuring access to adequate human settlements and quality basic services
- Improving the quality of and expanding access to education and training
- Ensuring quality health care and social security for all citizens
- Fighting corruption and crime
- Contributing to a better Africa and a better world
- Social cohesion and nation building.

In its focus on these priorities, and their elaboration into fourteen key outcomes and associated activities and targets, the MTSF has two over-arching strategic themes – radical economic transformation and improving service delivery.

## **2.1 Radical economic transformation**

Government's programme of radical economic transformation is about placing the economy on a qualitatively different path that ensures more rapid, sustainable growth, higher investment, increased employment, reduced inequality and deracialisation of the economy. The NDP sets an annual growth target of above 5% by 2030 and emphasises measures to ensure that the benefits of growth are equitably shared.

Achievement of economic transformation and inclusive growth will not result from a single intervention, but from a range of mutually supporting initiatives. In many cases, this does not require new strategies, but better implementation of existing ones.

The New Growth Path targets five million new jobs from 2010 to 2020. This target will require vigorous action to reduce concentration and diversify the economy, while ensuring adequate infrastructure, skills and appropriate regulatory frameworks. It also requires that the state promotes and supports new and innovative activities that can add value and generate employment on a large scale. We need to ensure growth in the core productive sectors of manufacturing, mining and agriculture and open new areas of economic growth such as the oceans economy, the green economy and shale gas. Small business needs to make a much larger contribution to growth.

More rapid private sector investment is critical for higher growth, as the private sector accounts for 80% of production and employment. The NDP indicates that South Africa needs to increase its level of investment to at least 30% of GDP by 2030. This requires an economic environment that encourages business investment and rewards competitiveness, especially in sectors that can catalyse longer term growth and job creation. Government will increase its engagement with business to unlock private sector initiative, build investor confidence, promote trust and seek long-term commitments to implementation of the NDP. These engagements will be led by the Presidential Business Working Group.

The main pillars for achieving radical economic transformation through rapid and inclusive growth are described below.

### ***Productive investment crowded in through the infrastructure build programme***

Government is addressing infrastructure constraints through the work of the Presidential Infrastructure Coordinating Commission (PICC). The infrastructure investment programme will also provide employment opportunities for women and youth, promote broad-based black economic empowerment and support local procurement. State-owned companies will continue to play a critical role in driving development through building and maintaining economic infrastructure.

A key priority is to expand electricity supply. Power from the new Medupi coal-fired plant will ease the electricity supply constraint from 2015, and long-term energy security will continue to be a strategic focus. Government will pursue a mix of energy options including coal, nuclear, shale gas, off-shore oil and gas and renewables, taking into account environmental, financial, social and other considerations. The Renewable Energy Independent Power Producers (IPP) programme will be continued, and the potential for base-load IPP projects will be explored. Expediting the exploration of alternative energy sources in shale and offshore gas will be a priority, both for energy supply and as a potential major source of economic growth.

Public investments in the transport sector will open up broader growth opportunities, both through improved urban commuter services and a substantial expansion in Transnet's capacity to carry freight by rail.

An additional priority is to expand, modernise and increase the affordability and accessibility of information and communications infrastructure and electronic communication services, including broadband and digital broadcasting. The work of all the state-owned information technology agencies will be aligned towards these objectives.

### ***Competitiveness enhancement in productive sectors of the economy***

Through the Industrial Policy Action Plan (IPAP), support for agriculture and mining, the local procurement drive and other programmes, Government seeks to strengthen the competitiveness, productivity and trade performance of the core productive sectors of the economy. New opportunities in the green economy, the ocean economy and exports of goods and services to growing African markets will be promoted. Research and technology development will continue to be supported through tax incentives and partnerships between our science councils and the business sector.

Obstacles to the use of our mineral products in manufacturing will be addressed and options to support beneficiation through mining licences will be explored. The Department of Mineral Resources will provide increased support for exploration, development and production in mining in ways that lay the basis for sustained growth in output going forward.

Government departments and regulatory agencies with economic responsibilities will be expected to respond promptly and effectively to the needs of economic stakeholders. Economic expertise within key departments will be strengthened and engagement with representative industry bodies will be given greater impetus.

Procurement reforms will be geared towards broad-based black economic empowerment (BBBEE) and support for local suppliers and smallholders, in addition to obtaining better value for money and reducing corruption. Government aims to procure at least 75% of its goods and services from South African producers. This will build on progress already made in identifying products and components that are currently imported but which could be produced competitively locally if there is predictable demand, such as solar water heaters, power generation equipment and rail locomotives and carriages. By the end of 2014, all strategic infrastructure projects will have plans to crowd in productive investment through supplier development and local procurement or by providing affordable, quality services to investors.

Amendments will be proposed to the Competition Act to prevent monopoly pricing on intermediate inputs such as steel and heavy chemicals, to make local manufacturing more competitive and to support infrastructure investment. The competition authorities will be further strengthened to act against cartels and ensure that the public interest is adequately protected in mergers and acquisitions.

Government will also ensure that affordability for business and households is a key consideration in the management of administered prices.

### ***Addressing spatial imbalances in economic opportunities***

A central legacy of apartheid is the persistence of dense rural settlements with limited economic opportunities in the former “homeland” areas, which have particularly high rates of unemployment. South Africa has a low level of agricultural employment compared both to the size of its rural population and to the norm for middle-income economies. Government recognises the need to improve rural infrastructure and service centres, enhance support for smallholders and rural enterprises and address barriers to agricultural development and better land use.

A further spatial challenge lies in the structure of urban and metropolitan areas, which are characterised by fragmented residential settlement patterns, underdeveloped business areas in townships and long travel times between home and work. This raises the cost of living, limits the scope for shift work and makes it hard for the unemployed to seek work. It also increases service delivery costs and holds back business development.

Government’s approach to urban development is therefore focused on integrated and better located residential development, investment in public transport networks, support for economic development and job creation and stronger collaboration between municipalities, local business chambers and civil society stakeholders.

Recognising the importance of industrial and trade activity in opening up opportunities for investment and growth, special economic zones will be supported through targeted incentives, modern infrastructure and streamlined administrative services.



### ***Elimination of unnecessary regulatory burdens***

Government recognises the need to consider the compliance burden and complexity of laws and regulations, and the need to improve consistency and remove unnecessary obstacles to business development. Capacity is being created in the Presidency to carry out thorough impact assessments of both new and existing legislation and regulations, in order to ensure alignment with the NDP and reduce the risk of unintended consequences.

Government will also streamline and improve the efficiency of regulatory processes, in areas such as building licences, environmental impact assessments, company registration, tax compliance, work permits for scarce skills, mining licences, water licences and access to municipal infrastructure services.

### ***Workers' education and skills development to meet economic needs***

Skills shortages raise economic costs and perpetuate inequalities. The poor quality of education available to many black students has limited their opportunities to obtain employment and thus impeded our progress in creating sufficient skills and transforming the economy.

Government will continue with the steps that have been initiated to improve the quality of education. This includes ensuring good discipline and accountability in schools, including that teachers are in class, on time and teaching, and that learners are in class and learning. Principals will be supported to maintain discipline and high standards of conduct. Government will continue to strengthen the capacity of education district offices so that they are able to oversee and support the running of individual schools. There will also be a focus on upgrading school infrastructure to meet the new norms and standards.

Progress will continue to be made towards ensuring that all children have access to two years of pre-school education, while also expanding access to other early childhood development (ECD) opportunities. This will require improved coordination and funding arrangements between the relevant government departments and other stakeholders in the ECD sector.

Measures in progress to expand access to higher education and training include the establishment of two new universities, increasing enrolment in technical and vocational education and training (TVET) colleges and steps to improve the quality of TVET. Government will develop the links between the different parts of the post-school training and education system (including TVET institutions and the SETAs) and between them and the world of work, in order to ensure that young people have better educational and economic opportunities and that the system produces the skills required by the economy. This will be done in partnership with industry. The efficiency and effectiveness of the administration of post-school institutions will be improved, as well as the quality of their qualifications.

Despite these measures, South Africa faces immediate skills shortages which are constraining investment and growth. While measures are being put in place to develop scarce skills, it is also necessary to encourage in-migration of skills in the short to medium-

term. Steps will be taken to ensure that the regulatory environment makes South Africa an attractive destination for skilled people.

### ***A macroeconomic and financial framework to support employment-creating growth***

Government's counter-cyclical fiscal stance involves saving in periods of strong economic growth while sustaining spending in downturns, in order to support economic growth and employment creation and maintain and expand social services.

The role of the Development Bank of Southern Africa, the Industrial Development Corporation, the Land Bank, the National Housing Finance Corporation and other development finance institutions will be strengthened to complement budgetary resource allocations in financing industry, agriculture, infrastructure investment, diversification of the economy and broad-based black economic empowerment.

Banks will be encouraged to broaden access to financial services to enable people to build up their assets, small businesses to emerge and grow, and to fund growth in existing and new sectors. Measures will be introduced to address the poor lending practices and excessive charges in some parts of the financial sector, and make the financial sector more inclusive and accessible. Government will continue to strengthen the regulation of financial institutions to ensure that savings are protected and customers are treated fairly. The Postbank will play an expanded role in banking services.

### ***Workplace conflict reduction and improved cooperation between government, organised business and organised labour***

High levels of inequality contribute to demands for rapid wage increases, pressures on household incomes due to the rising cost of living, dependence on the wages of those in employment and a rising sense of frustration in communities.

Government will work with organised business and labour to stabilise the labour market by addressing the root causes of workplace conflict in mining and elsewhere through improving the working and living conditions of workers and improving workplace relationships. This will include more rapid transformation of the workplace to eliminate abusive work practices, enhancing career mobility and training, providing for pay progression, and improving communication in the workplace.

Government will also initiate investigations into both the modality of collective bargaining in all sectors of the economy and the introduction of a national minimum wage as a potential mechanism to reduce income inequality. Working with the mining companies, government will accelerate the implementation of plans to improve human settlements and promote economic development in mining areas.

### ***Expanded opportunities for historically excluded and vulnerable groups, small businesses and cooperatives***

We need to ensure that historically excluded and vulnerable groups, in particular youth and black women, have increased access to economic opportunities. Government will continue to broaden the base of black economic empowerment, for example through promoting more employee and community share ownership, with a particular emphasis on empowering youth and women. There will be an emphasis on promoting black industrialists and enterprises in the productive economy.

The new Ministry responsible for small business development will identify the institutional and regulatory changes required to accelerate growth of the small business sector and raise its contribution to job creation. Government will also strengthen support for cooperatives, particularly in marketing and supply activities, to enable small scale producers to enter formal value chains and take advantage of economies of scale.

Youth employment initiatives, including the recently introduced employment tax incentive, will continue to be prioritised as part of a labour activation strategy targeted at vulnerable groups. Local business incubators, industrial and retail sites, marketing agencies, cooperative support programmes and access to finance are amongst the key measures required to promote small enterprise growth, reduce market concentration and expand decent work opportunities.

### ***Public employment schemes to provide relief for the unemployed and build community solidarity***

In the context of the current high levels of unemployment, government will be scaling up the Expanded Public Works Programmes (EPWP), in particular the Community Work Programme (CWP), to generate additional employment opportunities, provide training and work experience and increase social cohesion. The EPWP as a whole will provide 6 million work opportunities by 2019, with 1 million participants reached through the CWP and CWP sites expanded in 234 municipalities by 2019.

## **2.2 Improving service delivery**

Over the past 20 years Government has massively expanded access to basic services, but backlogs remain and the quality of services is uneven. In addition to ensuring universal access, the challenge is therefore to improve the quality and consistency of services, which requires improvements in the performance of the public service, municipalities and service providers.

Measures to improve the capacity and developmental commitment of the state will therefore receive high priority over this MTSF period. Building state capacity is a long-term task and many of the actions will take time to deliver results. Key priorities aimed at improving the quality of service delivery include institutionalising long-term planning; forging a disciplined, people-centred and professional public service; empowering citizens to play a greater role in development; and building an ethical public service. It will also be important to improve the

management of contracts in order to ensure effective relations with non-governmental and private sector service providers.

The task of building a capable and developmental state requires a degree of stability in the top levels of the bureaucracy and evidence suggests that many of the state's best-performing institutions are characterized by their stability of leadership. However, in many cases this stability has been undermined by the excessively high turnover of heads of department (HoDs). To bring greater predictability and stability to the management of the political-administrative interface, the role of the administrative head of the public service will be established as one of the functions of the Director-General in the Presidency, with Directors-General in the Offices of the Premiers fulfilling a similar role at provincial level. The responsibilities of the administrative head of the public service will include running standardised administrative-level processes to provide the President and executive authorities with advice on managing the career incidents of heads of department. In addition, the turnover rate of heads of department and other senior officials will be monitored by Cabinet with a view to ensuring greater stability.

The uneven capacity of local government is a major constraint to effective and efficient service delivery. Municipalities operate in varying socioeconomic circumstances and diverse levels of capacity. Measures to address weaknesses in local government have to take account of these variations. A well-considered balance has to be found between local accountability and proactive centralised support measures. Over the MTSF period, national and provincial departments of local government will focus on improving the quality of targeted oversight and support available to municipalities. Local government is intended to be the most participatory sphere of government and measures will be put in place to ensure that communities are empowered to hold public representatives and officials accountable, including through strengthening existing forums of people's participation.

Government is committed to improving access to housing and basic services, including the provision of approximately 1.495 million housing opportunities<sup>1</sup>, the upgrading of informal settlements, and the expansion of access to water, sanitation and electricity. Apartheid spatial patterns impose a major cost on the economy and particularly on the poor who often live far from places of work. There are no quick fixes for spatial transformation but careful consideration of how and where we build infrastructure and housing could change the trajectories of spatial development, and deliver considerable gains for ordinary citizens and the national economy. The number of housing units in better-located mixed income projects will therefore be increased in order to provide housing close to major centres of economic activity. Improvements in public transport will also contribute to narrowing the spatial divisions by making it quicker, safer and more affordable for people to access work opportunities. There will be a focus on ensuring that municipalities provide and properly maintain an adequate core set of basic services including water, sanitation, electricity, municipal roads, refuse removal and traffic lights.

---

<sup>1</sup> "Housing opportunities" include the provision of low-cost houses by government, upgrading of informal settlements by government, and joint projects with the private sector to provide housing in the gap market.

Provinces have a central role to play in improving the quality of service delivery, particularly with regard to education, health and providing effective support to local government. Particular attention will be given to the management of service delivery, human resource management and financial management at provincial level. Where national and provincial or local government have concurrent responsibilities, policy coordination, monitoring and support for service delivery will be strengthened and relations between spheres will be improved.

Corruption impedes service delivery, compromises development and undermines public confidence in the state. To strengthen the fight against corruption, Government will focus on limiting the scope for conflicts of interest by prohibiting public servants and public representatives from doing business with the state as well as ensuring transparency in public expenditure and contractual relations with the business sector. The capacity to investigate and prosecute corruption cases will also be improved, from both a disciplinary and criminal perspective. Anti-corruption legislation will need to be strengthened to provide for stiffer penalties, protect whistle-blowers in both the public and private sector, and insulate anti-corruption agencies from political pressure. Corruption is partly a symptom of a wider problem relating to weak management and operations systems, which create the space for corruption to occur. The improvement of operational management, and especially procurement systems, will therefore play an important role in reducing the scope for corruption.

### **3. International and local economic context**

As we start this term of government, the global economy is slowly recovering from the 2008 financial crisis. The financial sectors in the USA and Europe came close to collapse, and their economies went into recession. Europe, South Africa's largest trading partner, went into a prolonged period of economic stagnation, impacting negatively on South Africa's exports. While South Africa weathered the storm relatively well in maintaining financial and fiscal stability, approximately one million jobs were lost, which were only recovered towards the end of the previous administration.

Alongside challenges of global growth and financial stability, many countries have seen rising inequality in recent decades, contributing to social stresses and questions about economic sustainability. Like South Africa, much of the world is grappling with concerns about environmentally sustainable growth, inequality and decent work opportunities.

The global recovery is still tentative and subject to a number of risks, including geo-political tensions, deflation risks in some economies, banking sector weaknesses in the Euro-zone and the effects of tapering of quantitative easing in the USA. Developed economies are starting to recover but growth in several emerging markets has slowed. These conditions present both risks and opportunities for South Africa. The slowing of the Chinese economy has weakened the outlook for commodity prices and South Africa's export prospects. On the other hand, the recovery of developed markets and the sturdy growth momentum on the African continent present opportunities for the manufacturing and services sectors.

South Africa's relatively low economic growth rate since 2008 and weak export performance have undermined employment creation, weakened fiscal balances and resulted in a growing

current account imbalance. By 2013, some R200 billion of foreign savings was required to fund the current account deficit. This dependence on external financing exposes the economy to financial and exchange rate vulnerability, and signals the importance of an improved trade performance as part of a sustainable growth strategy.

Since the global financial crisis, South Africa has adopted a counter-cyclical stance within a sustainable fiscal framework. Over the longer term the NDP requires both greater competitiveness in mining and manufacturing sectors and a more employment-intensive growth path. This will lead to stronger tax revenues which are required to finance progressive improvements in infrastructure and public services.

#### **4. Implementation of the MTSF**

The MTSF articulates Government's commitment to implementing the NDP and delivering on its electoral mandate as well as its Constitutional and statutory obligations. The priorities identified in the MTSF are being incorporated into the plans and programmes of national and provincial departments, municipalities and public entities.

Many priorities in the NDP are not about new policies and programmes but rather about giving effect to existing laws and policies and improving their implementation. In these areas, the NDP identifies the need for key stakeholders to work together to identify and overcome the obstacles to improving performance. Policy uncertainty and organisational instability have sometimes impeded progress. The policy consistency provided by the NDP, and taken forward through the election manifesto of the governing party and the MTSF, allows greater impetus to be given to implementation. It also allows new programmes, legislation and regulations to be assessed against long-term goals and priorities.

Building the capacity of the state is a prerequisite for successful implementation of government policies. The MTSF therefore includes measures to strengthen coordination, accountability and performance management. It also includes measures to improve recruitment and skills development, strengthen supply chain management and reduce the risk of corruption.

Planning will be institutionalised in government and there will be an enhanced focus on programme implementation, problem-solving, and continuous improvement. Innovative approaches will be adopted where progress needs to be made to overcome obstacles and achieve better results. For example, Government has recently started to implement Operation Phakisa, based on the Malaysian "Big Fast Results" methodology, which involves bringing those responsible for implementation together to carry out detailed and practical planning, followed by disciplined and rigorous monitoring.

The NDP is not just a plan for government, but for the whole country. Effective implementation of both the MTSF and the NDP requires the involvement of all sectors of society and an active citizenry. It also requires increased levels of communication and trust between different sectors of society, and Government will play a facilitating role in this regard.

## **5. Monitoring implementation of the MTSF**

The focus of the previous administration on improving the performance of government through monitoring and evaluation will be continued and broadened in the current term. Cabinet will closely monitor the implementation of the NDP and the election manifesto, through the detailed actions, indicators and targets contained in the annexures to the MTSF. The MTSF also contains high-level development indicators for each outcome. These are designed to enable Cabinet, Parliament, provincial legislatures and the public to monitor the overall impact on society. Progress updates will be made public by the Presidency at least three times per year.

The President will enter into a performance agreement with each Minister. These will contain key indicators and targets from the MTSF. Regular assessments of progress, including through performance assessments of Ministers, will be used to identify and tackle obstacles to implementation.

Systems for performance management in the public service will be improved, including through strengthening the human resource management function in departments, clearer delegations and the introduction of standard administrative-level processes to provide advice to executive authorities on the performance assessment of heads of department.

The annual performance plans of national and provincial departments for 2014-15 already include key elements of the NDP. National and provincial departments will submit strategic plans for the period 2015-2020 to Parliament and provincial legislatures by February 2015. These will incorporate the relevant actions and targets in the MTSF, which will subsequently be incorporated into future annual performance plans, which provide the vehicle for identifying and responding to any challenges that arise during implementation. One of the aims of this alignment of indicators and targets is to reduce the reporting burden on government institutions.

Greater levels of operational detail, together with other areas of work that are not covered in the MTSF, are included in the strategic plans, annual performance plans, integrated development plans, operational plans, and programme plans of individual institutions. Government institutions publish annual reports which provide detailed performance information.

## **6. Summary of priorities and actions for the next five years**

The MTSF is structured around 14 priority outcomes which cover the focus areas identified in the NDP and Government's electoral mandate. These are made up of the 12 outcomes which were the focus of the 2009-2014 administration, as well as two new outcomes (social protection, nation-building and social cohesion). A summary of each of these 14 outcomes is provided below. Further details of the actions and targets are set out in an appendix for each outcome.

## 6.1 Quality basic education

Education plays an important role in equalising individuals' life chances, promoting economic mobility, advancing economic growth, creating employment, eradicating poverty and reducing inequality. Improving the quality of education requires further improvements in early childhood development, investment in school infrastructure and facilities, effective school management and substantial improvements in literacy and numeracy.

The NDP's vision for 2030 is that South Africans should have access to education and training of the highest quality, characterised by significantly improved learning outcomes. The NDP incorporates key targets set out in the Basic Education sector plan (Towards the Realisation of Schooling 2025). Targets for 2030 include improved retention of learners and improved learning outcomes. All children between ages 7 and 15 should be in school and 65% of learners should be in class groups appropriate to their age by 2019.

Currently, Grade R enrolment has reached near universal enrolment and more than 90% of learners aged between 7 and 15 are enrolled in school. However, many learners from poor communities drop-out of school after grade 9 and leave without a senior certificate or alternative qualification. By 2019, 80% of each age cohort should receive either a National Senior Certificate or an alternative vocational or further education and training qualification.

While improvements in enrolment and school completion are important, the key measures relate to quality and learning achievements. The target for 2019 is that 75% of learners tested through the Annual National Assessments (ANA) in Grades 3, 6 and 9 should achieve above 50% in both literacy and numeracy. This would be a major improvement from current ANA scores. The ANA system will also have to be improved to allow for technically sound comparison across years. International benchmarks will continue to be used (including the Southern and Eastern African Consortium for Monitoring Educational Quality (SACMEQ) and the Trends in International Mathematics and Science Study (TIMSS)).

These targets are set against the background of some signs of a turnaround in the basic education system. For example, retention to Grade 9 improved from 80% in 2002 to 85% in 2011 and South Africa's performance scores in TIMSS improved from 285 to 352 over this period (the international benchmark for learners at an intermediate level is 550 points). At the Grade 12 level, the number qualifying for university entrance increased from 110 000 in 2009 to 172 000 in 2013. The target for 2019 is 250 000.

Initiatives to sustain and accelerate improvements in school performance include the following:

- Measures to improve school governance, leadership and accountability, including competency criteria and management support for principals and district officials, to ensure that teachers are on time, teaching and cover the whole curriculum
- Investment in school buildings and maintenance, to address backlogs, replace inappropriate buildings, and meet minimum standards for sanitation and school facilities
- Support for teacher development and improved training of future teachers, building on the Funza Lushaka bursary scheme



- Assurance that 95% of the learners have access to the required textbooks in every learning area and grade
- Strengthen the quality of the current provision of Grade R while ensuring that adequate planning is undertaken to expand provision to pre-Grade R
- Further expansion of early childhood development programmes, driven by the social development sector, contributing to improved school readiness of 5-6 year-olds
- Implementation of school safety programmes to ensure learner well-being, including zero-tolerance of bullying and abuse of learners
- To support social cohesion, introducing African languages to schools in a phased approach.

## **6.2A long and healthy life for all South Africans**

The estimated average life expectancy of South Africans increased from 51.6 years in 2005 to 61 years in 2012. Advances in public health services have contributed to this progress, including the following:

- Improved access to primary health care services, measured in terms of visits per year, which increased from 67 million in 1998 to 128 million in March 2013
- An increase in the number of people receiving anti-retrovirals (ART) in the public sector, from 47 000 in 2004 to over 2.4 million in 2013
- A decrease in the Mother-to-Child Transmission (MTCT) of HIV from 8.5% in 2008 to 2.7% in 2011
- A decrease in the infant and child mortality rates by an average annual rate of 10.3% between 2006 and 2011
- An increase in the tuberculosis (TB) cure rate from 57.7% in 2006 to 73.8% in 2011, together with a decrease in the proportion of people defaulting on their TB treatment from 9% to 6.1%.

Notwithstanding these achievements, there are immense challenges ahead in transforming the health system. Management and standards of care fall short of expectations in many health facilities; social determinants of health are not adequately addressed; maternal mortality remains high; there is a rising burden of non-communicable diseases; and there are rising cost pressures in both the public and private health sectors. South Africa has a dual health system, in which expenditure and resources are divided approximately equally between public services and private health care, but over 80% of the population relies mainly on public facilities.

The vision of the NDP is a health system that works for everyone, comprising an appropriate balance between preventative, health promotion and curative services that are affordable and accessible to all. The NDP suggests that, by 2030, it is possible for South Africa to:

- Raise life expectancy to at least 70 years
- Ensure that the generation of under-20s is largely free of HIV
- Significantly reduce the burden of disease
- Achieve an infant mortality rate of less than 20 deaths per 1 000 live births, and an under-5 mortality rate of less than 30 per 1 000.

The strategy for achieving better health outcomes is based on progressively improving the quality and accessibility of health services through the phasing in of National Health Insurance. The NHI funding model will give effect to three key principles: universal provision of quality health care, social solidarity through cross-subsidisation and equity in access through free health care at the point of delivery. Over the MTSF 2014-2019 period, key components of this reform path will include:

- Improved quality of health care and reduced waiting times in the public sector, supported through the newly established Office of Health Standards Compliance and adherence to a Patients' Charter
- Expanded and re-engineered primary health care, including municipal Ward-based Outreach Teams and school health services
- Expanded district-based piloting of NHI services
- Promotion of healthy lifestyles and encouragement of regular screening for non-communicable diseases
- Reduced health care costs
- Improved human resources for health, revitalisation of nursing colleges and expanded professional health training
- Investment in health management improvements and leadership, including reform of the governance, funding and management of central hospitals as national referral facilities
- Improved health facility planning and accelerated infrastructure delivery
- Strengthened implementation of HIV/AIDS and tuberculosis prevention and management programmes
- Expanded access to sexual and reproductive health by improving the availability of diverse contraception methods
- Reduced unwanted pregnancies with a special focus on teenage pregnancies
- Implementation of the African Union-inspired Campaign on Accelerated Reduction of Maternal and Child Mortality in Africa (CARMMA).

Targets for the MTSF period include the following:

- Construction of 213 clinics and community health centres and 43 hospitals, and refurbishment of over 870 health facilities in 11 NHI pilot districts
- Doubling of the annual training of doctors locally and abroad to 2 000 a year
- Doubling of the number of people on anti-retrovirals from the present 2.4 million to a projected 5.1 million
- Intensified TB screening and treatment programmes for vulnerable groups, including 150 000 inmates of correctional services facilities, 500 000 mineworkers and an estimated 600 000 people living in mining communities
- Human Papilloma Virus Vaccine coverage of 90% amongst 9 and 10 year old girls, to significantly reduce their risk of acquiring cervical cancer in future.

Actions by other sectors to address the social determinants of health, such as poverty, inequality, unemployment and malnutrition, will also contribute significantly towards improved health outcomes.

The goals for 2019 of these health interventions include raising life expectancy at birth to 63 years, decreasing the under-5 mortality rate from 41 in 2012 to 23 per 1 000 live births; decreasing the infant mortality rate from 27 in 2012 to 18 per 1 000 live births in 2019 and lowering the maternal mortality rate from 269 to below 100 per 100 000 live births.

### **6.3 All people in South Africa are and feel safe**

South Africa has unacceptably high levels of crime, especially serious and violent crime. Many people live in fear and feel unsafe, especially vulnerable groups such as women, children, older persons and persons with disabilities. Crime also impacts negatively on economic development and undermines people's well-being and their ability to achieve their potential.

Some progress has been made over the past five years in reducing serious crime rates. But weaknesses in forensic, detective, investigation and prosecution services hamper the government's efforts to reduce the overall levels of crime, particularly contact crimes.

The NDP vision is to ensure that, by 2030, people living in South Africa feel safe at home, at school and at work, and enjoy a community life free of fear. Women should be able to walk freely in the street and children should be able to play safely outside. Businesses should be able to invest confidently and create jobs without the threat of livelihoods being undermined by crime.

Key targets for the MTSF include:

- A reduction in the number of reported contact crimes
- An increased proportion of citizens feel safe walking alone, during the day or at night, as measured in official surveys
- An increase in the proportion of households that are satisfied with police services in their area, and with the way courts deal with the perpetrators of crime
- Improvements in citizens' perceptions of levels of crime and progress in reducing crime, as measured in official surveys
- An improvement in South Africa's ranking on the Transparency International Corruption Perception Index.

Achieving these targets will require reducing levels of contact crime, ensuring an efficient and effective criminal justice system, ensuring that South Africa's borders are effectively defended and secured, tackling cyber-crime, ensuring domestic stability and securing the identity of all persons in South Africa.

Special attention will be paid to improving capacity in the areas of forensics, crime investigations, and preventing crimes against women and children, including efforts to meet competency standards for all trainees in these areas. Government will seek to ensure that repeat-offending or re-offending is reduced by increasing and improving rehabilitation programmes for offenders, improving the integration of parolees into communities and ensuring fewer parolee or probationer violations. Coordinated initiatives to make the criminal justice system more efficient and effective will continue to be prioritised. South African Police Service responses to reported crime incidents will be enhanced by improving reaction times,

investigations, pre-trial processes and case cycle times. South Africa's borders will be more effectively defended, protected, secured and well-managed through, among other things, taking measures to reduce illegal cross-border activities.

The country faces high levels of corruption within the public and private sectors which undermine the rule of law and impede government's efforts to achieve its socio-economic development and service delivery objectives. The targets for 2014-2019 focus on improving conviction rates for serious corruption cases. Anti-corruption legislation will need to be revised to provide for more stringent penalties, to protect whistle blowers including those in the private sector, and to strengthen the independence of anti-corruption agencies to insulate them from political pressure.

#### **6.4 Decent employment through inclusive growth**

Since 1994, the South African economy has grown at the average for middle-income economies excluding China, after a period of extremely slow growth from 1976 to 1984. Moreover, since 1994 employment creation has picked up, so that the share of working age adults with employment stabilised at just over 40% (after falling from the late 1970s through to 1994). However the global norm is around 60%, and employment growth has not been strong enough to raise the level of employment significantly from the low levels inherited in 1994.

Investment rose from 13% of GDP in 1994 to around 20% in 2012. While exports climbed from 15% of GDP to 18%, imports also increased, funded largely by short-run capital inflows into equity and bonds. The result has been a relatively large trade deficit, especially from the mid 2000's.

Despite these gains, the structure of the economy has not changed sufficiently and appropriately. In addition, the economy continues largely to reflect distorted patterns of ownership and exclusion shaped by decades of apartheid laws and policies.

The NDP provides a long-term vision through to 2030 towards dealing with the challenges of unemployment, inequality and creating a more inclusive society. Central to meeting the vision enshrined in the NDP is the implementation of the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and the National Infrastructure Plan. These short and medium-term plans provide a more detailed programme of action for the next five years within the context of the NDP.

Key targets for the MTSF include:

- An increase in the GDP growth rate from 2.5% in 2012 to 5% in 2019
- An increase in the rate of investment to 25% of GDP in 2019
- The share in household income of the poorest 60% of households rising from 5.6% in 2011/12 to 10% in 2019
- A decrease in the official unemployment rate from 25% in the first quarter of 2013 to 14% in 2020.

The MTSF identifies a range of actions to achieve these targets. The actions are aimed at achieving a step-change in the inclusive economic growth rate to above 5%, much higher levels of employment creation, and more rapid reduction of inequality. In many cases, this does not require new policies, but better implementation of our existing ones.

Government will ensure sufficient energy supply for economic growth and address other infrastructural constraints to growth through the work of the Presidential Infrastructure Coordinating Commission (PICC) in coordinating and monitoring the implementation of the strategic infrastructure projects.

Government will increase its engagement with business to better understand what is required to unlock private sector investment and to ensure that the necessary actions are implemented, to build investor confidence and to build trust between business and government. Government will also encourage business to make more progress with implementing employment equity, skills development and broad-based black economic empowerment. Business will be encouraged to target youth for employment and business opportunities and to make use of the employment incentive scheme. Government will work with organised business and labour to stabilise the labour market by addressing the root causes of workplace conflict in mining and elsewhere through improving the working and living conditions of workers and improving workplace relationships.

Through the Industrial Policy Action Plan (IPAP), the local procurement drive, and other programmes government will improve the performance of sectors which are potential major employment generators, such as mining, agriculture and manufacturing, and promote minerals beneficiation. Government will continue to implement the New Growth Path to grow economic sectors with potential for large-scale employment creation, such as the green economy, exports of goods and services to African markets, and shale and offshore oil and gas.

Government will continue to vigorously implement its BBBEE policy in order to broaden the base of black economic empowerment. The new Ministry responsible for small business development will focus on the changes required to achieve a marked increase in the growth of the small business sector, as well as to sustain existing small businesses, which must be one of the largest contributors to job creation. Government will also strengthen its support for cooperatives, particularly in marketing and supply activities to enable small scale producers to enter formal value chains and take advantage of economies of scale.

Promoting BBBEE and local procurement are key objectives of the major revamp of government's procurement systems which is now under way, in addition to obtaining better value for money and reducing corruption. The procurement reforms will be geared towards achieving a target of 75% local procurement.

It will be necessary to amend the Competition Act to prevent monopoly pricing on intermediate inputs such as steel and heavy chemicals and wage goods, to make local manufacturing more competitive, and to support infrastructure investment. Affordability for business and households will be a key consideration in the management of administered prices. Government will implement measures to reduce the cost of financial services and investment financing.

In the context of the current high levels of unemployment, government will be scaling up the Expanded Public Works Programmes, in particular the Community Work Programme (CWP), to generate additional employment opportunities, provide training and work experience, and increase social cohesion. The EPWP as a whole will provide 6 million work opportunities by 2019 and the CWP will be expanded to provide one million work opportunities and CWP sites expanded in 234 municipalities by the end of 2019.

### **6.5A skilled and capable workforce to support an inclusive growth path**

The NDP envisages that by 2030, South Africans should have access to education and training of the highest quality. The education, training and innovation system should cater for different needs and produce highly skilled individuals. The graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

Research and development will be expanded to contribute towards building an inclusive society and to support a growing and competitive economy, as well as to provide equal opportunities to all South Africans to realize their full potential, in particular those previously disadvantaged by apartheid policies. The articulation between higher and further education institutions and skills development programmes will be improved and education and training institutions will be better connected to the world of work. At the same time, the efficiency and effectiveness of the administration of post-school institutions will be improved, as well as the quality of their outputs.

South Africa needs engineering skills to deliver an expanding infrastructure investment programme and to lead advances in mining, industry and logistics. The country also needs sufficient doctors, nurses and health professionals in different occupational classes to deliver quality healthcare. The pool of researchers needs to expand and their productivity needs to increase significantly. Innovators are going to play a critical role in creating new products and new ways of producing existing products cheaply and more efficiently, including the delivery of public services. Research institutions and the national science and innovation system must be coordinated and collaborative.

To deliver the skills needed by the economy, one of the key actions is to put in place a post-school articulation policy to ensure greater articulation between the different components of post-school education and training, and to ensure that students never gain a terminal qualification that prevents them from gaining further training in other institutions. The policy will require an improved interface between SETAs, workplaces and education and training institutions (TVETs, universities and adult education institutions). The interface will support greater opportunities for work-based training and experience, with 140 000 work based learning opportunities planned for 2019. Partnerships between SETAs and employers for placement will be increased.

To ensure more students have access to post-school education and training, there is a need to provide more places, such as new TVET college campuses and student accommodation. The number of students enrolled at universities will increase from 950 000 in 2013 to 1.07 million in 2018, and the number enrolled in TVET colleges will increase from 670 455 in 2013 to 1.238 million in 2018. However, access is not enough if the probability of completing

the qualifications is not increased. The MTSF also includes actions to increase the number of students enrolled in foundation programmes which provide enrichment for students who are not adequately prepared for post-school training. It is envisaged that university enrollment in foundation programmes will increase from 16 300 students in 2013 to 36 000 in 2019. To reduce financial barriers to accessing post school training, there will be an evaluation of the current financial aid system to improve how the funding is disbursed by 2015.

The number of artisans produced every year will increase from 18 110 in 2013 to 24 000 per annum by 2019, to meet the needs of a growing economy. To support the knowledge economy the number of PhD graduates will increase from 1 870 per year in 2013 to 2 400 per year by 2019. This will be accompanied by increased graduate numbers in engineering science (57 000 over the five year period – 9 974 were produced in 2012), human and animal health (45 000 over the five year period – 8 015 were produced in 2012), natural and physical sciences (36 000 over the five year period – 6 366 were produced in 2012). To support basic education, universities will produce 20 000 teacher graduates per year by 2019, an increase from 13 740 in 2012.

There are problems with the quality and reputation of many post-school institutions. If these problems are not addressed, options for improving human capital will remain limited and this will adversely affect the competitiveness of the county's economy, while increasing the premium for skilled labour. One of the goals is therefore to improve the quality of TVET colleges by ensuring that the number of qualified lecturers is increased and administration is improved. To support the quality of lecturing, 10 universities will offer TVET lecturing qualifications by 2017 (currently only one offers such qualifications), and 30% of TVET college lecturers should have work-place exposure every year by 2019.

For the university sector, the focus is on increasing the number of lecturers with PhDs while reducing the student dropout rate. An additional area of focus is on producing the next generation of lecturers by increasing the pool of post-graduate students and by increasing research output. The number of entry level academic staff receiving teaching and research development opportunities from the Teaching and Research Development Grant will increase from 50 academics in 2012 to 400 academics by 2019. To transform the historical and social composition of the academic work force, by 2019, the number of new black entrants will have to increase by at least 100 per annum by 2019, The number of postgraduate students awarded bursaries and fellowships by the National Research Foundation will increase to 27 411 cumulatively over the five year period for masters students (3 704 in 2012), and 15 209 cumulatively over the five year period for doctoral students (2 265 in 2012). Work placements will be increased by encouraging closer relations between industry and institutions of learning.

## **6.6 An efficient, competitive and responsive economic infrastructure network**

While South Africa has a relatively good core national network of economic infrastructure, the challenge is to maintain and expand it to address the demands of a growing economy. The economy has already been constrained by inadequate investment and ineffective operation and maintenance of existing infrastructure. Given the government's limited finances, private funding will need to be sourced for some of these investments, and policy

planning and decision-making will require trade-offs between competing national goals. Government needs not only to better coordinate collaborative investment by businesses and provincial and local government into key infrastructure projects, but to shape its institutional, policy and regulatory environment in order to enable investment, realise the desired efficiencies, improve infrastructure delivery, and contribute to economic growth and employment creation.

The NDP 2030 vision is for investment in a strong network of economic infrastructure designed to support the country's medium- and long-term economic and social objectives. This economic infrastructure is a precondition for providing basic services such as electricity, water, sanitation, telecommunications and public transport, and it needs to be robust and extensive enough to meet industrial, commercial and household needs.

In the first five years (2014-2019), movement towards an inclusive and dynamic economy requires that the country should launch the virtuous cycle that allows it to move to a new growth trajectory. There is an urgent need to invest in rail, water and energy infrastructure to enable growth and investment, alongside regulatory reforms that provide policy certainty. At the same time, the private sector should commit more investments to supplier industries for the infrastructure programme, and in economic capacity in general. Government will commit to ensuring the supply of energy and water is reliable and sufficient for a growing economy, and that the responsibilities for maintenance of municipal distribution systems are appropriately allocated and funded.

Key targets for the MTSF include:

- Increasing the electricity generation reserve margin from 1% currently to 19% in 2019
- A 5% increase in bulk water resources commissioned in comparison to 2014
- An increase in broadband penetration from 33.7% in 2013 to 80% at 5Mbps; 50% at 50Mbps in 2019
- Increasing the tonnage moved on rail from 207 million tonnes (Mt) in 2013 to 330 Mt by 2019
- Improving the operational performance of sea ports and inland terminals from 28 to 35 average crane moves per hour by 2019.

In order to achieve these targets, government will improve regulation, funding and investment related to economic infrastructure. It will focus on ensuring reliable generation, transmission and distribution of energy, including electricity, liquid fuels, coal and gas. The maintenance, strategic expansion, operational efficiency, capacity and competitiveness of our logistics and transport infrastructure will be a priority, including logistics hubs, road, rail and public transport infrastructure and systems. Similarly, there will be a focus on the maintenance and supply availability of our bulk water resources infrastructure, including dams and inter-basin transfers, bulk water reticulation and wastewater systems. We will expand and modernise and increase the affordability and accessibility of our information and communications infrastructure and electronic communication services, including broadband and digital broadcasting.



The Presidential Infrastructure Coordinating Commission will continue to ensure that infrastructure is adequately planned and coordinated and to monitor the implementation of the 18 Strategic Integrated Projects in the National Infrastructure Plan.

### **6.7 Vibrant, equitable, sustainable rural communities contributing towards food security for all**

South Africa's rural strategy aims to strengthen food security and agricultural competitiveness, while lifting marginalised rural households, especially in former homeland areas, out of poverty. Chronic underdevelopment with its social, economic and cultural dimensions still continues in many rural areas. To transform the rural economy, investment is required in infrastructure, services, skills and productivity. By 2030 the rural economy (agriculture) should create close to 1 million new jobs, contributing significantly to reducing overall unemployment.

Government aims to achieve the following over the next five years:

- Increase the percentage of productive land owned by previously disadvantaged individuals from 11.5% in 2013 to 20%
- Ensure that, by 2019, there is a 20% (or 16.2 m ha) increase in percentage ownership of productive land by previously disadvantaged individuals
- Reduce the percentage of households who are vulnerable to hunger from 11.4% in 2013 to less than 9.5%
- Reduce the percentage of the population living below the lower bound poverty line (R443 in 2011 prices) from 32.3% to below 22 %
- Reduce rural unemployment from the current 49% to less than 40%.

The main policy imperatives are:

- Improved land administration and spatial planning for integrated development in rural areas
- Sustainable land reform for agrarian transformation
- Improved food security
- Smallholder farmer development and support (technical, financial and infrastructure) for agrarian transformation
- Increased access to quality basic infrastructure and services, particularly education, healthcare and public transport in rural areas
- Support for sustainable rural enterprises and industries characterised by strong rural-urban linkages
- Increased investment in agro-processing, trade development and improved access to markets and financial services resulting in rural job creation.

Achieving this vision and these targets will require improved coordination between land reform and land use, provision of communal tenure security, increased financial and technical support to farmers, and the provision of improved social and physical infrastructure. It will also require capacity building to enable state institutions and private industries to implement these interventions. Improved coordination and integration in the

planning and implementation of area-based and differentiated rural development plans will be needed to achieve the vision of an inclusive rural economy.

## **6.8 Sustainable human settlements and improved quality of household life**

South Africa's towns and cities are divided and inefficient, imposing high costs on households and the economy. The delivery of approximately 3.8 million subsidised houses has expanded access to secure shelter for many poor households, and there has been growth in property markets in townships and broadening of home ownership. But progress up the property ladder for many is hindered by steep price cliffs, and residential construction has not yet recovered from its sharp decline during the 2008-2009 recession.

There are formidable challenges confronting sustainable human settlement development. Settlement patterns across the country are dysfunctional, well-located land is expensive and urban planning and approval processes are slow. Limited middle-income housing stock and credit constraints contribute to the so-called "gap market" – households with incomes that are above the thresholds for subsidised housing but insufficient to be able to access commercial bank home loans.

Some 2 700 informal settlements accommodate 1.2 million households, and 713 000 households were living in backyard shacks in 2012. Many communities in former homeland areas lack both economic development prospects and effective municipal service delivery.

To address these challenges, the NDP proposes an urban development strategy comprising both economic and institutional reforms. Progress needs to be made towards breaking apartheid spatial patterns and integrating residential and commercial hubs in our cities and towns. To achieve the vision of sustainable human settlements and an improved quality of household life, the priorities for 2014-2019 include:

- Adequate housing and improved quality living environments, with 1.495 million more households living in new or improved housing conditions by 2019
- A functional and equitable residential property market with a target of 110 000 new housing units delivered in the affordable gap market by 2019
- Enhanced institutional capabilities for effective coordination of spatial investment decisions, with a target of 49 municipalities assigned or accredited with the housing function
- The title deeds for all 563 000 new subsidy units as well the backlog of 900 000 title deeds in the integrated residential housing programme will be transferred over the next five years
- Informal settlement upgrading will be expanded to cover 750 000 households, ensuring basic services and infrastructure in some 2 200 informal settlements.

The existing housing subsidy instruments will be reviewed, to improve targeting, combine programmes and encourage more efficient spatial development patterns. Public transport planning and alignment with residential development is a key element in achieving social and economic transformation in urban areas. A multi-segmented social-rental housing programme is envisaged, which includes backyard rentals. In tackling the challenges of the affordable housing market, barriers to more rapid residential construction will be addressed,

together with support for broadening access to housing credit, particularly for first-time home-buyers. In mining communities, housing solutions will be sought through partnership between the state, municipalities, employers and financial institutions. Within the public service and in the private sector, improved access to affordable housing could be supported through remuneration allowances or credit enhancement.

These steps depend on significant institutional reforms to improve the coordination of housing and human settlement development. These include strengthening the role and capacity of metropolitan and larger urban municipalities to integrate the housing and human settlement grants. Provincial human settlement departments will improve their support for secondary cities and smaller towns and settlements. Improved linkages are needed between human settlements planning, economic and commercial development and spatial planning frameworks to guide investment decisions and promote more integrated and better located human settlements. Residential development accompanied by local economic development and job creation will contribute to growth in property markets and more equitable distribution of its benefits.

## **6.9 Responsive, accountable, effective and efficient local government**

Municipalities are governed through a robust legislative and regulatory framework. There are strategies, policies, guidelines and programmes available for supporting, monitoring and, where necessary, intervening within the local government sphere. More than R1 billion per year is spent on municipal support and capacity building.

Basic services have been extended to millions of households. Yet municipal performance is far from optimal. Neglect of routine maintenance threatens the sustainability of services. Additionally, whilst the metropolitan municipalities have made significant progress in addressing service delivery backlogs, even these advances are obscured by overwhelming challenges related to the fast pace of urbanisation and in-migration. There has been a decline in public trust in municipalities, which have sometimes failed to manage resources efficiently, maintain basic municipal services and collect revenue. Causes include weak leadership or political interference in operations, vacancies in critical posts, poor financial management, lack of transparency and accountability, and weak and ineffective platforms for public participation and communication with communities.

The Constitution provides for a developmental role for local government, at the forefront of participatory democracy, responsive to citizens' priorities, with employees who are skilled, competent and committed to delivering quality services, operating within a supportive and empowering intergovernmental system. The NDP cautions that the capacity to fulfil this role has to be consciously built and sustained. Municipalities operate in a challenging and complex environment with citizens demanding quality services, value for money and social justice. Each municipality is also unique in terms of its socio-economic, cultural and political environment. The intergovernmental system needs to be managed proactively to address specific weaknesses in coordination as well as to provide differentiated support to address the specific needs of individual municipalities.

The central focus of the 2014-2019 MTSF is on ensuring sustainable and reliable access to basic services, particularly in weaker municipalities which have the highest unmet demand

for basic services. The NDP proposes that by 2030 the proportion of people with access to the electricity grid should rise to at least 90%, with non-grid options available for the remainder of households. Full access to affordable and reliable water and sanitation is envisaged before 2030. Where municipalities lack technical capacity, regional utilities or alternative institutional mechanisms should be used so that basic services are not compromised.

Key targets for the MTSF include:

- Increase in the percentage of households with access to a functional water service from 85% in 2013 to 90% by 2019.
- Increase in the percentage of households with access to a functional sanitation service from 84% in 2013 to 90% by 2019, including elimination of bucket sanitation in the formal areas.
- 1.4 million additional households to be connected to the grid between 2014 and 2019, and 105 000 additional non-grid connections.
- Income support to the unemployed through expansion of the Community Work Programme to reach 1 million participants in 2019.
- An increase in the level of public trust and confidence in local government from 51% in 2012 to 65% in 2019, as measured by the IPSOS survey.
- An improvement in overall municipal audit outcomes, with at least 75% of municipalities receiving unqualified audits by 2019.

Citizen participation in local government processes will continue to be promoted. Cooperative governance arrangements will be strengthened to better support and empower municipalities. A long-term approach will be taken to skills development and capacity building for the local government sector. Institutional problems will be addressed to improve the quality of municipal administrative and management practices including human resources and recruitment practices, supply chain and financial management, and anti-corruption initiatives.

## **6.10 Protect and enhance our environmental assets and natural resources**

South Africa has rich natural and environmental resources. These have to be protected, and their degradation reversed, if development is to be sustained and environmental diversity preserved. South Africa is water-stressed and faces weather variability with cycles of droughts and sudden excessive rains, and the quality of aquatic ecosystems is declining. South Africa is also a significant contributor to greenhouse gas emissions and is vulnerable to the impacts of climate change on the economy, water, food security, health and natural resources.

Our environmental governance regime is sound and is supported by an excellent science base, but there are capacity constraints in compliance monitoring and enforcement. Information management systems are still inadequate. If the current challenges are not effectively addressed, environmental degradation will put the achievement of our development goals at risk, threatening food security, mining, tourism, water supply and public health.

The NDP vision is that South Africa's transition to an environmentally sustainable, climate-change resilient, low-carbon economy and just society will be well under way by 2030. The main focus for the MTSF period will be on planning, piloting and investing in the creation of a framework for implementing the transition to an environmentally sustainable and low-carbon economy in South Africa. This phase will include unblocking regulatory constraints, data collection, establishment of baseline information, and testing key strategies for change, to determine if these can be scaled up.

Targets for the MTSF period include:

- Stabilisation and reduction of CO<sub>2</sub> (a 34% reduction in emissions of CO<sub>2</sub> from “business as usual” by 2020 (42% by 2025))
- Implementation of climate change responses in five critical sectors
- Increasing the percentage of the coastline with at least partial protection from 22.5% in 2013 to 27% in 2019
- Increasing the compliance of mines with the National Water Act from 35% in 2013 to 60% in 2019.

In order to achieve these targets, we need to improve decision-making and governance, and harness research and information management capacity to identify, develop and maintain datasets to generate policy-relevant statistics, indicators and indices.

To address climate change, market-based instruments such as a carbon tax, carbon budgets and support for low-carbon technologies will be employed, together with measures to enhance the resilience of communities and the economy to changing climate conditions.

A key focus is addressing natural resource degradation and depletion of ecological infrastructure. An Environmental Management Framework will be put in place to ensure that policies and programmes address long-term needs, and that unavoidable environmental losses are offset by investments in related areas. The framework will also ensure that appropriately targeted land, estuaries, coastal areas and oceans are protected. Legislation to address air pollution has been passed, and measures to ensure water security and healthy catchments, rivers and wetlands will be reinforced.

Improved management of waste (including hazardous waste, healthcare waste, mine dumps, leachate/sludge and general/solid waste) is a shared responsibility of government, the business sector and all stakeholders. Investment in recycling infrastructure and services will be supported.

## **6.11 Create a better South Africa and contribute to a better Africa and a better world**

Apartheid South Africa was a pariah state, described by the late President Nelson Mandela as the “skunk of the world”, that was diplomatically, economically and culturally isolated. Since 1994, South Africa has taken its rightful place as an independent, sovereign state in the family of nations. It has repositioned itself in the region, on the continent and in the world, and has become a respected and active member of the international community, and has

enjoyed successes in furthering its own interests as well as those of the African continent and the SADC region.

One of the key challenges is to increase foreign direct investment into South Africa as well as to increase South Africa's exports. There is also a need to further regional integration to enable increased regional growth and intra-regional trade. Despite some improvements in recent decades, peace and stability remain challenges on the African continent. Inequities remain in the global system of governance.

To create a better South Africa and to contribute to a better and safer Africa in a better world, the vision we aspire to is one where South Africa, informed by its national interests, is a globally competitive economy and an influential and leading member of the international community. South Africa should be a key promoter and contributor to sustainable development, democracy, the rule of law, human rights, and peace and security, within a safe, peaceful and prosperous Southern African Region and Africa, as well as a fair and just world.

To this end South Africa will continue to support regional and continental processes to respond to and resolve crises, promote peace and security, strengthen regional integration, significantly increase intra-African trade and champion sustainable development in Africa. In this regard, we will advance South Africa's national priorities through bilateral engagements, ensure FDI inflows by maintaining the investment project pipeline of at least R50 billion, facilitate manufactured value-added exports from IPAP priority sectors to emerging and traditional markets to R5 billion, increase the number of foreign visitor arrivals to close to 44 million by 2016/17, and increase the tourism foreign direct spend (excluding capital expenditure) to R372.1 billion by 2017.

Government will also advance developmental co-operation and integration to achieve industrial development, as well as infrastructure development and market integration through contribution to the revision of the SADC Regional Integrated Strategic Development Plan (RISDP). The foregoing will also require that we ensure that the Draft Phase 1 Trilateral Free Trade Agreement is successfully concluded to enable greater intra-African trade, industrialization and infrastructure development. We will also contribute to the review of the role and functioning of the Southern African Customs Union.

South Africa will continue to contribute to the creation and maintenance of peace and stability in the region and on the continent. This will entail supporting and executing decisions of the African Union and its structures including the African Court for Human and People's Rights. In this regard we will also contribute to strengthening of AU institutions by increasing the uptake of South Africa's quotas in the African Union Commission and African Union Structures. Another area of focus for South Africa will be the operationalization of the AU peace and security architecture.

Government will continue to promote sustainable development and continental integration by implementing and contributing to the implementation of NEPAD programmes and plans. In addition government will ensure that key South African positions are reflected in the processes leading up to the establishment of the Continental Free Trade Agreement.

To advance a just and equitable global system of governance government will endeavor to ensure that most targeted resolutions of institutions of global governance reflect South Africa's positions and that the decisions of these institutions are aligned to Africa's development agenda.

To advance South Africa's foreign policy objectives, government will also continue to promote mutually beneficial South-South cooperation by utilising membership of and engagements with formations and groupings of the South. To this end government will review and develop country strategies for identified multilateral formations of the South. Government will aim to harness the economic strength of countries and groupings of the South by increasing the number of South Africa's bilateral economic cooperation agreements from 49 to 59. Similarly it will continue to promote mutually beneficial relations with countries of the North.

## **6.12 An efficient, effective and development-oriented public service**

The state has undergone substantial transformation in the last 20 years, in keeping with the Constitutional imperative to establish a non-racial, non-sexist democratic state, answerable to and representative of all South Africans. However, more needs to be done to improve capacity, accountability and service delivery. The NDP therefore prioritises building the capacity and developmental commitment of the state.

Key actions for the 2014-2019 administration include institutionalising long-term planning, forging a disciplined, people-centred and professional public service, empowering citizens to play a greater role in development and building an ethical public service. The actions build on progress achieved in the first 20 years of democracy and steps taken during 2009-2014.

Significant progress has been made in making some public services more efficient. This includes reducing waiting times for identity documents and passports and turnaround times for social grant applications, as well as improvements in tax collection and tax administration systems. Building on these examples will require a higher degree of policy and organisational stability as well as targeted mechanisms to support departments in developing their capacity and improving performance.

The preparation of the National Development Plan was a major achievement of the previous term. To take the NDP forward, the current cycle requires a greater focus on implementation-level planning including making better use of the role planning can play in improving problem-solving and coordination. Long-term planning capacity also needs to be deepened in order to anticipate and shape the country's development trajectory, both within government and through engagement with the private sector and civil society. Institutional mechanisms will be established within the state to undertake long term planning, drawing where necessary on the expertise that exists within wider society.

Coordination will also be improved through steps to advance the NDP's recommendations relating to the need for a less hierarchical approach to coordination with greater emphasis on day-to-day interaction between mid-level officials, and strengthening the Presidency's role in providing technical support to the main coordinating structures, particularly the cluster system.

The public service has to play a proactive role in developing the skills it needs. This requires a more long term approach to developing skills and a professional ethos of public service by turning every workplace into a training space so that learning can take place on-the-job and public servants are adequately supported in order to develop the skills they need during the course of their career. Steps will also be taken to improve the quality and relevance of training by making better use of the expertise that already exists in the public service. The National School of Government will draw on experienced public servants in other departments to provide training in priority areas of public administration. Targeted measures will also be put in place to support departments in attracting and developing the skills they need. The Department of Public Service and Administration will pilot a mentoring scheme for new managers, and a graduate recruitment scheme to help departments attract and develop talented graduates with a passion for public service.

To bring greater predictability and stability to the management of the political-administrative interface, as well as to ensure improved management of the performance of heads of department, the role of administrative head of the public service will be established as one of the functions of the Director-General in the Presidency, with Directors-General in the Offices of the Premiers fulfilling a similar role at provincial level. The responsibilities of the administrative head of the public service will include running standardised administrative-level processes to provide the President and executive authorities with consistent advice on managing the career incidents of heads of department. The turnover of heads of department and other senior managers will be monitored by Cabinet with a view to ensuring greater stability in administrative leadership. Government will closely examine the experiences of other countries which have had an administrative head of the public service to determine whether elements of these experiences could be introduced in South Africa, with the aim of improving the quality of administration.

The Office of the Chief Procurement Officer in National Treasury will continue to strengthen oversight of procurement processes and pricing, to ensure cost effectiveness and transparency, better value for money, and adherence to procedures and fairness. As part of these activities, a centre-led process, with stakeholder representation, will be established to adjudicate on major tenders. Measures to improve the capacity of the state will help to reduce areas of over-reliance on outsourcing.

It is important for small businesses that government pays its suppliers promptly (within 30 days). National Treasury and the Department of Planning, Monitoring and Evaluation have put in place a system to monitor the payment of suppliers by national and provincial departments. Departments with large numbers of invoices that are paid late will be provided with assistance to put in place improved business processes drawing on case studies of the best performing departments.

Information technology (IT) is an important tool for improving service delivery. For example, IT can be used to make services more accessible, reduce the cost of accessing services, streamline administrative processes and improve turnaround times, and strengthen accountability and responsiveness. It is important that IT systems are customised and adapted to specific areas of service delivery. Government will therefore identify and prioritise those areas where IT has the greatest potential to improve access to services.



As part of steps to promote an ethical public service, measures will be introduced to prevent public servants and public representatives from doing business with the state, as set out in the election manifesto. These will be supported by improved implementation of the Financial Disclosure Framework, strengthened protection of whistle-blowers, and the provision of technical assistance to departments for the effective management of discipline.

Improvements in service delivery have to be complemented by effective accountability to citizens. The responsiveness of the public service to citizens and stakeholders will be improved through revitalisation of the Batho Pele programme and implementation of the Public Service Charter. Systems for overseeing and inspecting service delivery sites and for using citizen participation and feedback to drive improvements in service delivery will be strengthened.

### **6.13 A comprehensive, responsive and sustainable social protection system**

A major achievement since the advent of democracy has been the social protection system which has been introduced or expanded, with social assistance provided to over 16 million beneficiaries including vulnerable children; access to free basic services such as housing, water and sanitation and energy for poor households; free education in 60% of schools in poor communities; a school nutrition and transport programme; free health care for pregnant women and children under six; statutory social insurance arrangements; voluntary social security arrangements for those formally employed; active labour market policies to facilitate labour market entry and income support for the working-age poor through the public works programme. These achievements demonstrate the existence of a comprehensive and advanced social protection system. Despite this, the system is still fragmented and plagued by administrative bottlenecks and implementation inefficiencies.

The NDP envisages further broadening of social protection, so that, by 2030, a defined social floor provides a diversity of guarantees to citizens, and is also sustainable. There must be basic social protection guarantees aimed at preventing or alleviating poverty and protecting against vulnerability. These guarantees should be easily accessible and available to those who need them most. The social protection system envisaged for 2030 must be responsive to the needs and realities of those who the system is intended to benefit; be based on a principle of building and utilising the capabilities of individuals, households and communities and avoiding the creation of dependency and stigma and be flexible and capable of responding to rapidly changing scenarios and the changing needs of individuals across the life cycle.

The MTSF builds on the significant achievements achieved in the first two decades of democracy. The key targets that the MTSF seeks to achieve include:

- By 2024, an essential age- and developmentally stage-appropriate package of quality early childhood development (ECD) services is available and accessible to all young children and their caregivers
- Universal access (at least 95% of eligible people) to social assistance benefits by 2019, notably the child support grant, disability grant and old age pension.

The strategic approach for attaining the 2030 vision and MTSF include: improving efficiency in the delivery of services; addressing exclusions by identifying and reaching all those who are entitled to the existing benefits of social protection and reducing the administrative bottlenecks that prevent people from accessing benefits.

The social welfare system will be reformed to deliver better results for vulnerable groups, including ensuring universal access to old age, disability and child support grants. The role of NGOs in the social welfare system will be clarified, as well as consolidating the different community-based services through which many social services are provided. The funding model for social services will be reviewed.

A comprehensive package of ECD services will be provided for children from conception to age 4, focusing in particular on the poorest, and also considering home-based provision.

The work on community development will be strengthened, emphasising the roles of community-based planning and community profiling, in the process identifying vulnerable households. Support will be provided to establish community-based structures including cooperatives.

Social assistance will be deepened and access to social security expanded so that the child support grant, disability grant and old-age grant are universal with an improved grant administration, and at least 95% of potential applicants receive them. The potential of social insurance will be investigated, and food provided to particularly vulnerable households.

The coordination, integration, planning, monitoring and evaluation of social protection services will be strengthened. A key component is improving the information system, as well as having defined outcomes and indicators which can be used for monitoring and performance management.

#### **6.14 A diverse, socially cohesive society with a common national identity**

Despite progress since 1994, South African society remains divided. The privilege attached to race, class, space and gender has not yet been fully reversed, and the quality of services continues to be affected by who you are and where you live. Life expectancy at birth for white women is still 20 years more than for black women. African graduates find it harder to be absorbed into the labour market even with engineering degrees from the former white university institutions than their white counterparts. Attitudinal, physical and communication barriers continue to exclude and marginalize persons with disabilities.

The social, psychological and geographic elements of apartheid continue to shape the lives and outlook of many South Africans. It is this inherited psyche of racial, gender and sexual orientation prejudices and stereotypes, breakdown in values, inequality of opportunity and massive poverty, as well as competition for scarce resources, which helps fuel racism, xenophobia and gender-based violence. Part of the apartheid inheritance psyche is a tendency for the populace to abdicate responsibility for their wellbeing to the government. Open displays of opulence are offensive in the context of South Africa's high levels of inequality and unemployment.

Apartheid spatial patterns mean limited opportunity for sharing of space across race and class and thus there is still limited interaction across race. Another legacy of apartheid spatial logic is that the poor often live far from places of work. This makes it harder to find work and raises the cost of transport.

The NDP envisions a society where South Africans will be more conscious of the things they have in common than their differences. Their lived experiences will progressively undermine and cut across the divisions of race, gender, disability, space and class. The nation will be more accepting of people's multiple identities. In this South Africa there will be broad-based knowledge about and support for a set of values shared by all South Africans including the values contained in the Constitution. The factors that sustain inequality of opportunity and outcomes will be tackled by building capabilities, removing barriers to participation and redressing the wrongs of the past. There will be increased interaction between South Africans from different social and racial groups and a mobilised, active and responsible citizenry.

Specific targets in the MTSF are:

- The proportion of people of the opinion that race relations are improving rises from 40% in 2011 to 65% in 2019
- The social cohesion index rises from 80.4% in 2011 to 90% in 2019
- The active citizenship index rises from 79% in 2011 to 85% in 2019
- The number of people over 18 that belong to a charitable organization rises from 5% in 2011 to 10% in 2019.

The constitutional values and ethos embodied in the Constitution will be emphasised, thus building a culture that protects and promotes human rights, respect and dignity of all citizens. The usage and knowledge of national symbols will be enhanced.

Work will proceed to progressively reduce differences in access to quality health care, education and training, clean water and adequate sanitation, as well as in reversing apartheid geography and strengthening the social wage. Initiatives that will enable societal engagement to improve service delivery will include promoting citizen-based monitoring of government service delivery and programmes that aim to increase parent participation in school governing bodies.

There will be better implementation of the Employment Equity Act, land restitution and redistribution, and other forms of empowerment. Cultural redress will entail the production of stories that facilitate healing, social cohesion, nation building, dialogue and trust. The utilisation of currently marginalised languages will be increased. The broadcast media, especially the national broadcaster, will air programmes that popularise narratives and visions of a non-sexist, non-racial, equal and democratic South Africa.

The sharing of common space across race, space and class will be enabled through instituting sustained community dialogues, improving public spaces and services and elevating sports at both community and school levels.

For the promise of a non-racial, non-sexist, equal and prosperous society to be realised, all of society must come together to craft and implement social compacts that will help propel South Africa onto a higher developmental trajectory, as well as build a more cohesive and equitable society, with high levels of trust among the population.

## **7. Appendices**

Fourteen appendices to the MTSF contain detailed plans for the next five years for each of the outcome areas. They set out the core objectives, the major challenges that have been identified and programmes and actions to be implemented during the 2014-2019 period. Each outcome is broken down into sub-outcomes containing a set of actions together with indicators for measuring progress, targets and timeframes.