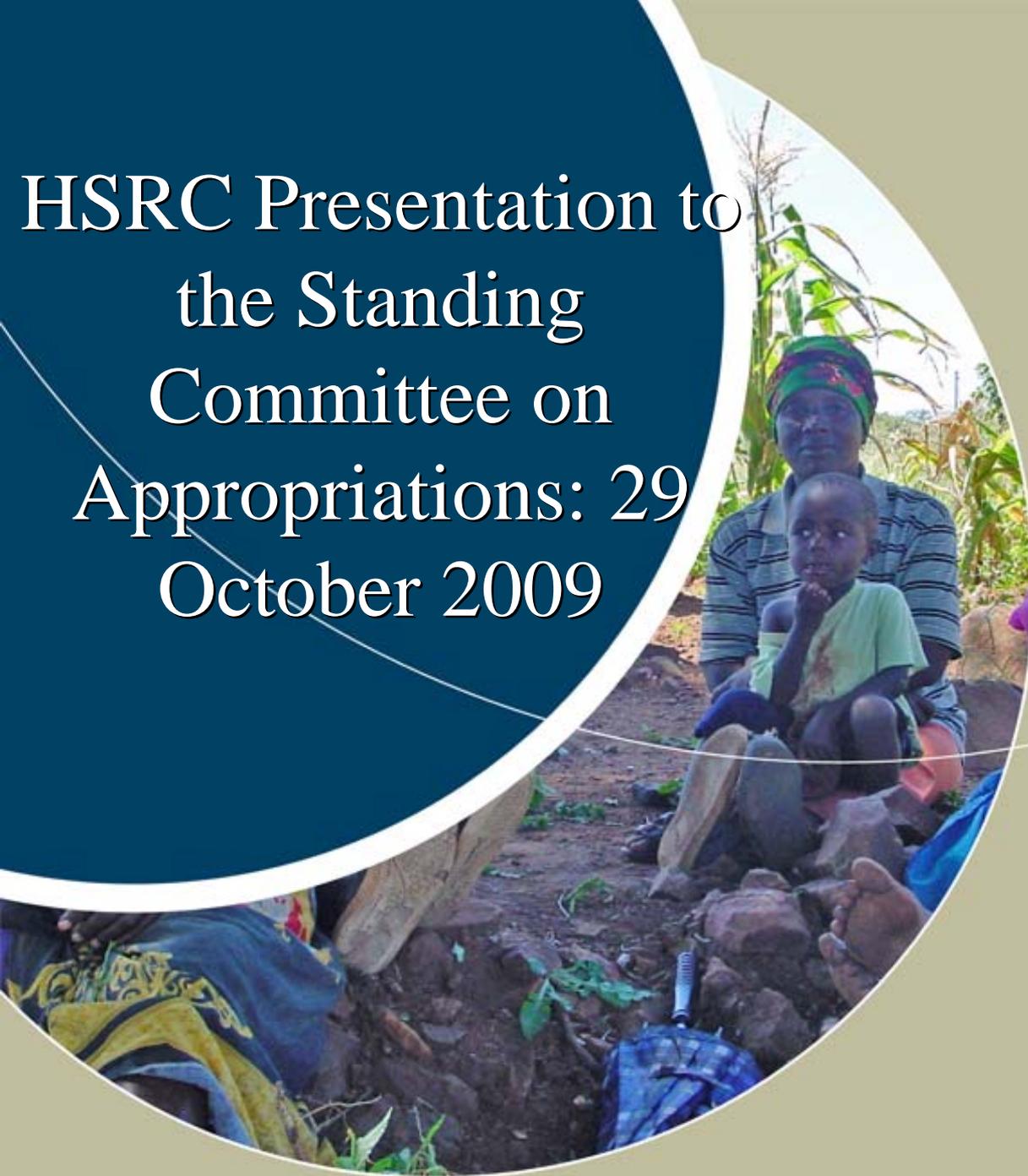


HSRC Presentation to  
the Standing  
Committee on  
Appropriations: 29  
October 2009



# Government priorities

- Create decent work and sustainable livelihoods
- Rural development strategy linked to land and agrarian reform and food security
- Education
- Health
- Crime and corruption

# Decent Work and Sustainable Livelihood



# Decent work & sustainable livelihoods

- HSRC coordinates Employment Scenarios, to draw together vision of how sufficient employment can be created that is sustainable and that enables sufficient earnings
- Key insights: main sources of job creation
  - It is critical that the growth path shift from trade in basic metals and minerals, to one with higher knowledge intensity and value added
  - Increasingly more employment should be sourced from these future industries
  - This will require the continued commitment to achieving world class infrastructure, especially in energy, water, telecoms, commercial transport. The HSRC found that unemployment could have been 25% lower had commercial transport and telecoms been globally competitive.
  - SA cannot compete on cost alone – therefore emphasis on R&D, product development, venture capital, and market access arrangements are essential.
  - Globally, most jobs come from services in urban areas. This depends on crowding in of linkages through business support, appropriate human settlements and functional commuter transport, and human development.

# Decent work

- Challenges

- To date, the majority of employment created in cyclical sectors such as retail, security, cleaning and construction. SA has not convincingly shifted towards value added trade that will enable long term employment and real wage growth
- The market can only expand so fast, in the context of the massive backlog of unemployed. In this context, Government employment schemes essential
- Although SA not very badly hit by the global economic downturn, jobs have been lost (mainly in the informal sector and retail), and few new jobs created. This will hit the youth especially. Already more than half of school leavers are unemployed by age 24.

# Decent work & sustainable livelihoods

- Policy implications
  - In most key areas, spending commitments made. More essential question is whether performance and value for public spending can be achieved.
  - Continued commitment to infrastructure spending is essential. However, discipline needed to review capital expenditure requirements and operational efficiency in the state owned enterprises.
  - In the MTBPS, reducing the cost of doing business emphasizes facilitation of foreign exchange. It is critical that domestic cost of doing business be dramatically reduced also. For example, cost of regulatory compliance could be reduced, with SARS being held up as solid example. Aim is to make compliance easier and simpler. Examples include EIAs, audit requirements of small firms, compliance to BEE, Employment Equity and skills development regulations, or accessing skills levy funding.

# Decent work & sustainable livelihoods

- More dramatic attention to challenge facing youth in accessing post schooling opportunities is needed
  - Financial contribution to culture and recreation. This could be critical pre-labour market intervention in context where youth marginalised from most social organisation
  - Commitment to enlarging FET is limited to 1/3 of the original Dept of Education commitment to doubling FET enrolments. Pulling youth out of the labour market and into learning opportunities especially in the downturn will be critical strategy.
  - While public sector employment expanded in 2007/8 and 2008/9, it is possible that the new salary adjustments will dramatically slow this expansion and promote rising skills intensification. The public sector globally plays an important role as a first employer, but is unlikely to do so in coming years unless explicit strategies are put in place, such as strategies to deepen the job hierarchies to hire more people in lower grades as (for eg) clerks to relieve professionals. In addition, we recommend the introduction of a youth transitional jobs scheme.
  - Continued commitment to EPWP II and the Community Works Programme is welcomed, as put forward in the statement. Serious attention will be needed to ensure these programmes expand.

# Rural Development



# Rural development

- HSRC's research investigates approaches to improving food security and expanding livelihoods especially through small scale agriculture.
- Small % of rural population economically active, and especially not in agriculture
  - More than 40% of population live in rural areas, but less than 10% of economically active are engaged in agriculture
  - Typically closer to 80% of the rural adult population involved in agriculture. Even in developed countries can be approximately 25%
  - Economic participation is generally very low, especially in former bantustans

# Rural development

- **Policy implications:**

- Growing spending on rural development from R 6bn to R 8bn by 2012/3. This is large increase but still very small relative to the challenge and levels of neglect.
- Agricultural support budgets allocated to provinces are also very small. In 2008/9, average agricultural expenditure per landed household was R 3,700.
- Critical attention is required to:
  - Improve water management, water reticulation, water retention schemes
  - Land management and care, and environmental services
  - Agricultural support and extension to both commercial and household production
  - Research and development for both commercial farming and household production
  - Expanded processing nearer to agricultural producers where economically justified
  - Attention to inputs costs, such as fertiliser and equipment
  - More forceful export market development
  - Meaningful expansion of agricultural training colleges
  - Investment in agro-industrial logistics platform – such as rural roads and ability to export time-sensitive products
- Very weak monitoring and evaluation of small holder farming.

# Food security



# Food security - status

- The HSRC has recently completed overview of available evidence on household food security. We support the Integrated Food Security Strategy, and are establishing policy, strategy, monitoring and evaluation systems
- The available evidence points to very high levels of food insecurity.
  - The social grants have had a dramatic effect in reducing severe hunger. In 2007, 12% of children sometimes or always experienced hunger, down from 20% in 2002.
  - Under-nourishment is however widespread:
    - Approx 50% of households experience hunger and under-nutrition (i.e. they have insufficient energy intake and inadequate intake of several micronutrients (iron, vitamin A, zinc); an additional 25% of households are at risk of hunger (NFSC 2005)
    - Child stunting has fallen from 24% in 1999, to 21% in 2005. This is still unacceptably high
    - Our review of official data shows that 50 to 80% of households could not afford minimum nutrition at current prices and levels of fortification. It is cheaper to consume a high calorie, low nutrient food basket than it is to fill up on a high nutrient one
  - Rural households spend 9% to 15% more than urban ones for the same basic food basket
  - Hunger is not a “rural challenge” alone, instead it is a national one: the biggest concentrations of severe hunger are found in 4 metros – CT, Ekurhuleni, Joburg and OR

# Food security – policy challenges

- Nutrition in the context of unemployment
  - 51% of all severely hungry households qualify for grants but do not receive them
  - Policy implication:
    - Urgent that grants be more fully rolled out, especially to young children
    - Recent approval to raise the eligibility age of CSG should help
    - Expansion of household food production to widen food groups consumed

# Food security

- Combination of policies – impact not sufficient
  - Policy complements include: nutrition programmes (fortification, school feeding schemes, National Nutrition Supplementation programme); competition policy; support for household production, etc
  - Currently not possible to extract a ‘food security budget’ that can be monitored
  - Most funding targeted at nutrition allocated through provinces, with great uncertainty about whether spent as intended by national policy.
  - Policy implication:
    - Urgent attention to complement of policies to improve nutrition status and food security
    - Affordable nutritious food must be made available on a regular basis – this will involve attending to food price levels and stability, as well as strengthening nutrient supplementation and food fortification
    - Budgets aimed at improving food security should be ring-fenced and monitored
    - Reliable, nationally representative and regular monitoring and evaluation systems of household food security nationally are urgent and essential

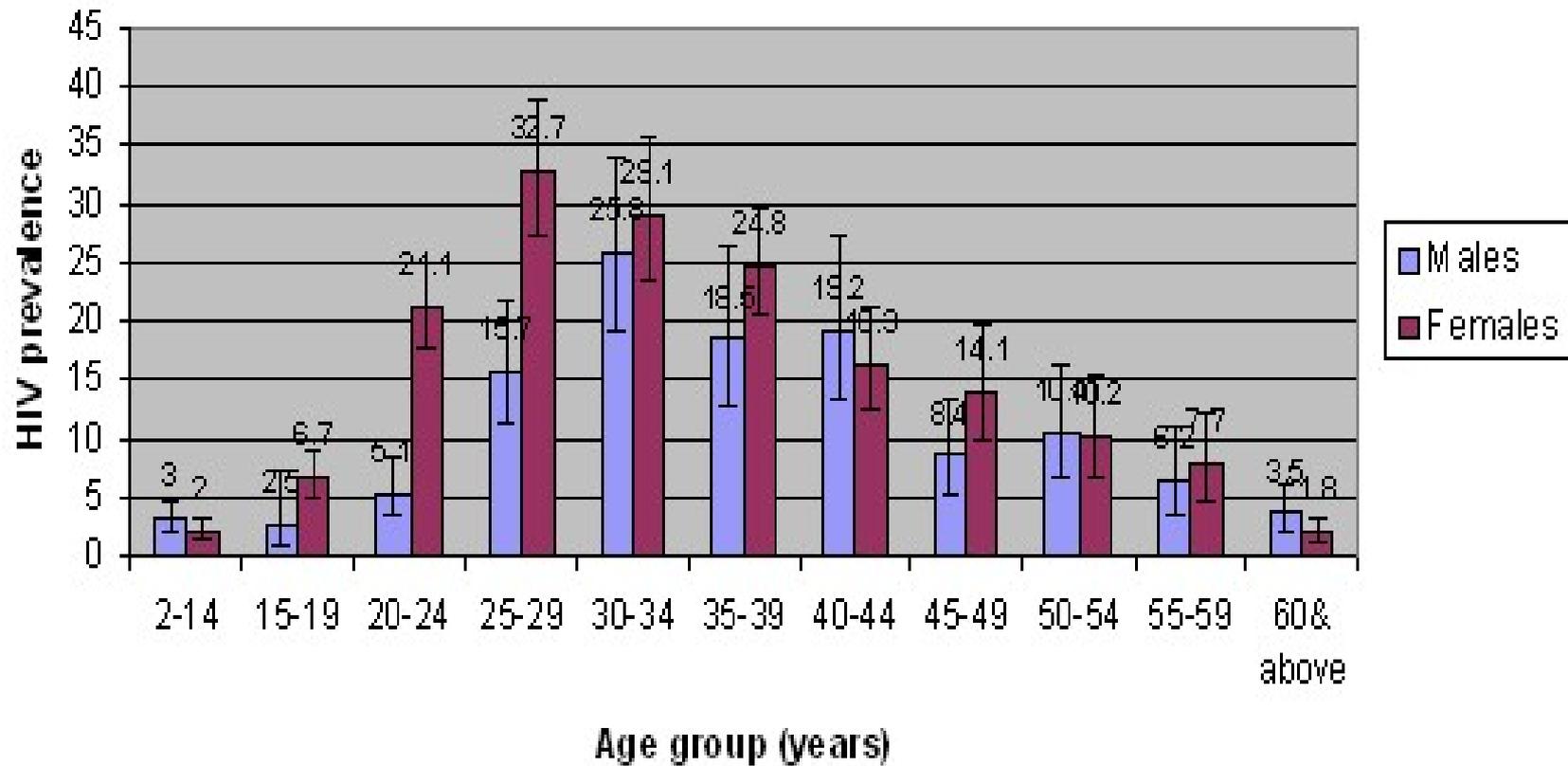
Improve  
health care  
and health of  
the  
population



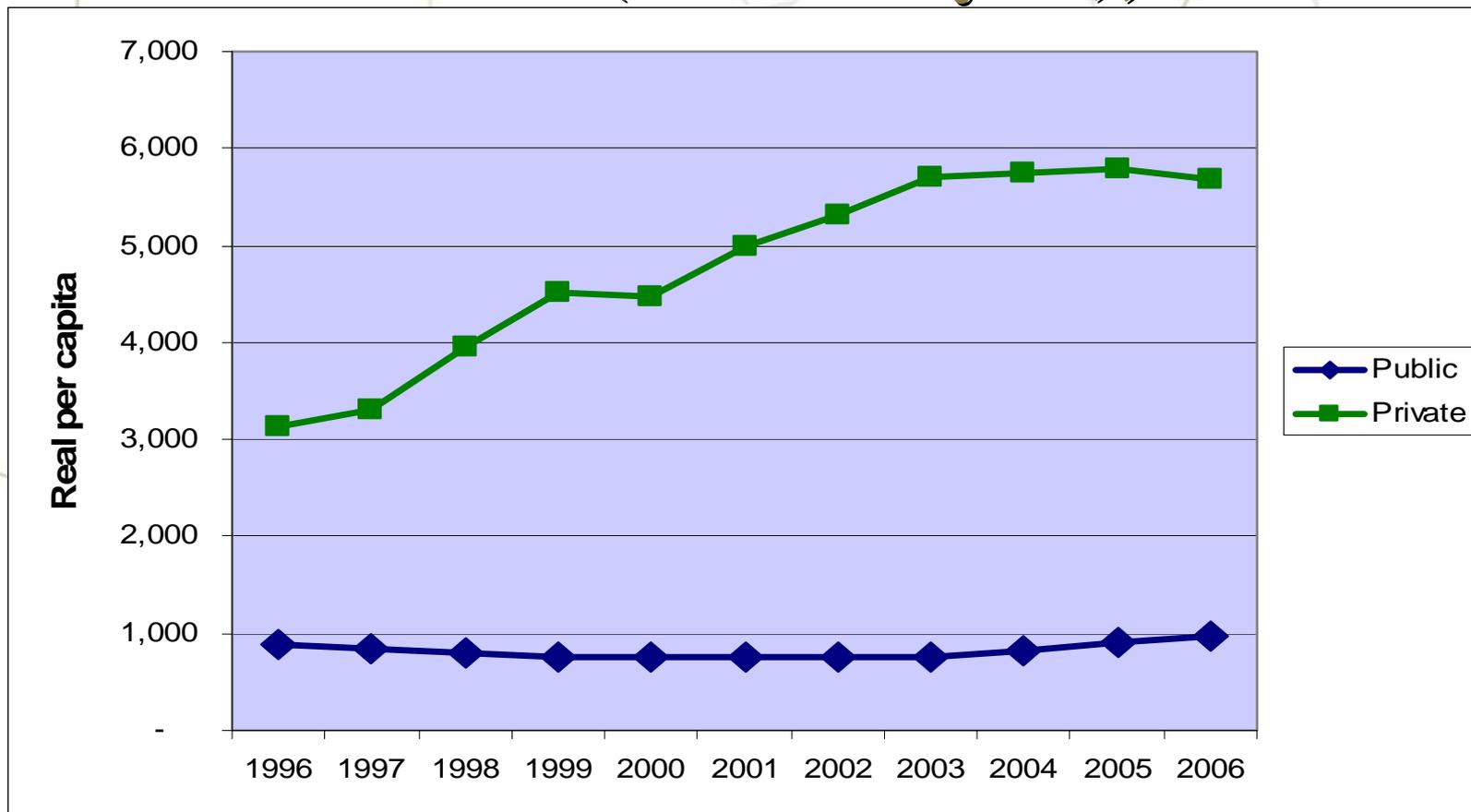
# Ten point plan

- 1. Provide strategic leadership and creation of social compact for better health outcomes**
- 2. Implement national health insurance plan**
- 3. Improve quality of health services**
- 4. Improve human resource management**
- 5. Overhaul the health care system and improve its management**
- 6. Revitalize of physical infrastructure**
- 7. Accelerated implementation of HIV and AIDS plan and reduction of mortality due to TB and associated diseases**
- 8. Mobilise masses for better health for the population**
- 9. Review drug policy**
- 10. Research and development**

HIV prevalence by sex and age group, S.A. 2008



# Trends in real per capita health care expenditure in public sector and medical schemes (2000 base year); 1996-2006



Source: McIntyre et al. (2007)

# Public support for NHI

- 76% :“I would agree to pay a small amount each month so that if I get sick, health care will be free, even if I am not sick now”.
- 67%: “I would join a publicly supported health insurance scheme if my monthly contribution was less than for current medical schemes”.
- 71% of medical scheme members agreed with this statement,
- 73% of South Africans: “I would join a publicly supported health insurance scheme if I could use public health services for free”

□(McIntyre et al. 2008).

**National Health and Nutrition Examination Survey**

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# Service Delivery



# Status of Service Delivery

- The Centre for Service Delivery (CSD) has undertaken numerous studies in the local government sphere, especially challenges in the delivery of basic services.
- Studies indicate general levels of municipal underperformance and institutional backlogs
- New wave of service delivery protests brought into sharp focus problems of local government
- While the system on the whole is viable, local government is under distress.

# Key issues

- **Protests are typically urban based:** anomaly of better resourced municipalities
  - While urban based municipalities on the whole deliver more services, they however have been the site of most of the protests.
  - Migration key factor: in some cases municipalities are resourced and are delivering but the pace of delivery not in step with migration – this makes reducing backlogs difficult.
  - Migration has spatial implications vis a vis available resources.
  - This dynamic needs to be unpacked and understood better.
- **Very weak intergovernmental relations:**
  - Protests targeted at local government because of proximity when in some cases provincial government or SOEs responsible for service delivery in that sector. For example, bulk water and electricity, housing and mining.
  - Provincial and national government owe large sums to local government – implications for service delivery and financial viability.
  - Need for greater nuance in the analysis of intergovernmental relations and local government failures.
- **Structures of participation very dysfunctional or not working:**
  - Disconnect between municipalities and citizens.
  - Problems and tensions around roles of ward committees, community development workers and ward councillors.
  - Ward committees are not nationally active across all SA localities.
  - Need to review various roles and links of local democracy: may need to dispense with certain structures if need be.

# Key issues cont ...

- **Lack of support and continual monitoring of municipalities by provinces and national departments:**
  - In some cases as little as 3% of budgets are dedicated to this role
  - Very little oversight and support.
- **Lack of professional systems of local government:**
  - How do you create stable and continuous systems within the context of deployment?
  - Need to create a skilled pool of local government servants.
- **How do we get uniform systems of accountability across different categories of municipalities?**
- **Public works regional offices add little value to municipalities in terms of support on a daily basis:**
  - Can only render support after approval from the national department.
  - Improved support of public works regional offices to municipalities should be reviewed.
- **Criteria for the accreditation of municipalities to perform housing function is unclear.**

# Policy implications

- Need to review and strengthen provincial and national support mechanisms for municipalities.
- Need to review the systems of continuity and predictability within the professional service.
- Need to review local democratic structures – their funding, capacity, functionality and credibility.
- Need to review some of the demarcation systems since some municipalities are not viable.
- Need to promote good governance practices in terms of financial and performance management.
- Integrated human settlements mandate: how can municipalities account for housing delivery when they have such limited control over the process.
- Need a nuanced monitoring and review process of the implications of uniform compliance, reporting mechanisms and delivery expectations across different categories of municipalities.
- Need to explore best practice from within South Africa and outside to other countries of similar levels of development.
- Need to start to look for elements for a new local government model.
- Need to support the CoGTA turnaround strategy.

# Governance and Society





**Synthesizing priorities of Government and examining how  
the Departments have planned to deliver on them.**

HSRC

# **(i) Rural Development and Land Reform**

- A conceptual and strategic framework for a Comprehensive Rural Development Program (CRDP) done, June 09
- The strategy has outlined and clarified the following issues:
  - The Mandate for Rural Development and Land Reform
  - 3 pronged strategy for CRDP which includes”
    - Agrarian Transformation; Rural Development & Land Reform

- Policy & capacity issues which include:
  - The development of a White Paper on Agrarian Transformation, Rural Development & Land Reform
- The Green Paper is due by November 2009
  - Rural Development Agency (RDA) to co-ordinate implementation
- But the strategy is weak on partnership management and co-ordination with other government departments and non-state role players.
- The controversy around the role of traditional leadership in land reform and development is not adequately addressed.
- How to fix collapsing land reform projects - critical

# Fight against crime

- Democratic South Africa's first attempt to take lessons from the emerging body of international work on crime prevention and apply them to our particular context was the NCPS.
- **In the implementation of the NCPS there has been an emphasis on deterrence through the use of force, and the criminal justice system, and less emphasis on the other three pillars identified in the NCPS as necessary to effectively reduce crime.**

Working with the Dept. of Community Safety in the Western Cape to pilot a proposed Community Safety Barometer in order to track perceptions of community safety over time. In this way the effectiveness of interventions can be better assessed. A successful pilot of the instrument could be up-scaled nationally.

# Education

