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PREAMBLE

Our country is going through a profound transformation at all levels of government and society to ensure the implementation of the RDP.

At the heart of the Government of National Unity is a commitment to effectively address the problems of poverty and the gross inequality evident in almost all aspects of South African society. This can only be possible if the South African economy can be firmly placed on the path of high and sustainable growth.

The interdependence of the objectives of reconstruction and development on the one hand, and growth on the other is now widely accepted, not only within the Government and the Parliament but indeed throughout South African society. Achieving these objectives will require a national effort from all groups, sectors and communities.

This White Paper on the RDP sets out the initial plans of the Government to orientate its activities fully and effectively towards these goals.

The Government is fully committed to macro-economic policies which promote the RDP as an integrated and coherent growth and development strategy.

0 The Government is firmly committed to the gradual reduction in the Fiscal deficit, thereby avoiding the debt trap.

0 To this end, the Government intends to ensure that recurrent government expenditure does not increase in real terms.

0 A further commitment is to reduce government dissaving over time.

0 The Government is committed to changing the ratio of government spending towards increased capital expenditure.

0 The Government is committed to financing the RDP primarily through restructuring the national, provincial and local government budgets to shift spending, programmes and activities to meet RDP priorities.

0 The Government will reorganise and train the Civil service to ensure effective and efficient services to all citizens and progressive cost savings.

0 The Government will develop our human resources, facilitate labour market reform and establish effective collective bargaining-based rights for all.

All the above measures are essential if we are to succeed in attaining the objectives contained in the RDP.

This transformation will permeate every level of government, every department, and every public institution. The Government's RDP activities therefore should not be seen as a new set of projects, but rather as a comprehensive redesign and reconstruction of existing activities. Growth and development are more than interdependent. They are mutually reinforcing. Addressing inequalities will expand markets at home, open markets abroad and create opportunities to promote representative ownership of the economy. The expansion of the South African economy will raise state revenues by expanding the tax base, rather than by permanently raising tax rates.

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This White Paper on the RDP sets out a framework for the renewal of society through the (iovernmentis own RDP-related reforms. It explains not only how the Government is beginning to implement the RDP, but how in so doing it will expand the process of consultation and participation. To illustrate, in response to the invitation of the Minister without Portfolio, scores of submissions on the RDP White Paper were made in the weeks following the election. They came from different ofliees otithe Government, pztrzistztui agencies, multiparty forums, development institutions, organisations of civil society, business organisations and individuals. All were constructive and have been taken into consideration in the drafting of the RDP White Paper,

President Mandela deiined the original RDP document as representing 'the end of one process and the beginning of unotherf The original document is considered the basic starting point for the RDP White Paper: in the text it is referred to us the RDP 'Buse Documenti. The Base Document underpins the approach to reconstruction tmd development of the GNL'.

However, the RDP must now be translated into an atetuul programme of the Government. The White Paper begins this task h) setting out strategies for the implementation of the RDP. It Ltalso makes reference to t1 set of programmes ttdopted by Ministries, departments ilnd l11' levels oligoxei'nment which begin to take the RDP forward.

The RDP White Paper establishes u polieymaking methodology Lind outlines government implementation strategies xxithin the Traiix'ork provided by the Base Document. This allows for 21 coherent zmd considered process to unfold zmd through the proposed reportingy llnd monitoring s) stem provides for a meaningful evaluation of government perioi'munee, us well as oti the performance of all of those ugeneies und organisations from civil societ) invoked in RDP activities.

While the White Paper is u polie) statement of the (imei'nment, it also indicates how businesses, llniOllse community groups and eiVie associations non-gox'ei'nmentul organisations (N(iOs), womenis ziiiti)outh organisations, llnd other groups within civil society Cain participate 2lnd contribute to the realisation of the objectives of th e

RDP Such participation is fundamental to the sueeess of the RDP. To tlteilitute 21 common understanding, the Introduction to the RDP White Paper restates and updates the basic strategic LlitLi programmatic approach oli the RDP.

This RDP White Paper is therefore Ll further contribution to the renewal of our society. It states tiorthrightly what our cotlnti'ys citizens Cl111 expect of their Government in the RDPis implementation. it gixes directives to government officials atntl personnel to follow in :1 Vtirieu of areas crucial to the RDP's successful realisation, It reeommils the (imemment and indeed society as Ll whole to the task of improving the quality oli life otitill South Africans within the shortest possible time. It

does so with at strong sense of lisezt1 responsibility, or u need to pure buck the Government in many areas while redirecting resources into those basic services long neglected In short, it reeommits the Government to people-eentred development.

It is through the RDP White Paper that the Government can now embrace and support so many of the other recent und forthcoming contributions to the RDP process, including otTiei-til provincial government RDP documents, local authority RDP programmes and projects zmd contributions oti resources from neross society.

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The general willingness of society to adopt the RDP is not in question. What is needed now and what the RDP White Paper establishes is a set of strategies so that together, we, the Government and the Citizens of South Africa can renew, reconstruct and develop our great country.

This White Paper will be followed by a second White Paper in March 1995 which -
e evaluates progress with implementation

7 sets out detailed policies for economic growth and other areas of the RDP. This document is Governments White Paper and it reflects Governments policy. However, it has not yet been adopted by Parliament in order to allow further discussion and debate. Public hearings will take place during October and the finalised document will be tabled in Parliament for adoption.

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CHAPTER ONE INTRODUCTION

What is the Reconstruction and Development Programme?

The Reconstruction and Development Programme (RDP) is an integrated.

macro-economic policy framework. It seeks to mobilise all our people and our country's resources towards the long-term eradication of the results of apartheid and the building of a democratic, non-racial and non-sexist future. It is a process: a vision for the long-term development of South Africa. That integrated process of 1994-1995 must ensure that the country develops strong and healthy democratic institutions and practices characterised by respect for human rights and participation.

It is a fully democratic and non-racial society which promotes human development; halving unemployment upon a sustainable and environmentally friendly growth and development of the country's economic, social and moral and ethical development of society.

We pursue these goals because we seek to improve our lives. The RDP is not an end-in-itself. Its purpose and its formulation is to create a people-centred society which measures progress by the extent to which it has succeeded in securing for each citizen a better quality of life and happiness. By its nature, this process is a continuous one. It is the birth of a new nation, one which is a process. The people themselves are the act of creation. As voluntary participants in the development of the country's goals, the RDP's goals are to be achieved through the process of development and joint policy formulation which will ensure that the RDP is developed into a democratic and a people-centred society. Within civil society will be encouraged the role of the individual and responsible leadership of the people.

In this spirit, the RDP has developed through a process of consultation and joint policy formulation which will ensure that the RDP is developed into a democratic and a people-centred society. Within civil society will be encouraged the role of the individual and responsible leadership of the people.

The RDP's unique policy is unique in South Africa's history. It is a process of development and joint policy formulation which will ensure that the RDP is developed into a democratic and a people-centred society. Within civil society will be encouraged the role of the individual and responsible leadership of the people.

Why do we need an RDP?

Our history has been a history of discrimination, racism, apartheid, sexism and repression. The RDP is a process of development and joint policy formulation which will ensure that the RDP is developed into a democratic and a people-centred society. Within civil society will be encouraged the role of the individual and responsible leadership of the people.

As in all the most unequal in the world. Women are still subject to innumerable

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forms of discrimination and bitts. Rural people are marginalised. Throughout. a combination of lavish wealth and abject poverty eharzteterises our society. The economy was built on systematically enforced racial division in every sphere of our society, Rural areas were divided into underdeveloped buntustuns zmd well-developed white-owned commercial lhrming urezis. Towns and cities were divided into townships without bzisie infrastructure for blacks zmd xx'ell-resoureed suburbs for whites. Segregation in education. health. welfare. transport zind employment left deep sears oli inequality und economic inellieieney. Violence has had 21 devastating ellllect on our society Lind the need to restore peace and :1 sense of community security. as well as the prevention of domestic violence. is paramount.

In commerce Lind industry. very large conglomerates dominated by whites control large parts of the economy. Cheap labour policies tmd employment segregation concentrated Skills in white hands. Our workers LIII'C poorly equipped for the rapid changes taking place in the world economy. Small Lind medium-sized enterprises are underdeveloped. while highly protected industries underim'ested in research. development l1nd training. The informal sector Lind iSul'Vlell seetori include many oll South Africa's women workers. Who ure underpaid and exploited. The result is that in every sphere oli our society economic. social. legal. political. moral. cultural. environmental South Africans tire confronted by serious problems.

Against these great odds our people have now uehieved a remarkable politieul transition. All parties in the National Assembly have committed themselves to the RDP objectives. lit 21 common ellliorte we eun begin to rebuild and stabilise our society.

At the same time. the challenges facing South Africa are enormous. Only :1 comprehensive approach to harnessing the resources all our country CLln reverse the crisis created by upurtheid. Only a thorough-going effort to harness the lilie experiences. skills. energies tmd aspirations of the people can lay the basis for a new South Alitieu.

No political democracy eun survive and llourish ill the majority of its people remains in poverty, without l2ml. without their basic needs being met Lllld without tangible prospects for u better life. Attacking poverty and deprivation will therefore be the First priority of the democratic Government.

How etm we do this successfully"? A programme is required that is uehievuble. sustainable and meets the objectives Of freedom. tmd an improved standard of living and quality of me for all South Africans within :1 petieeliul and stable society characterised by equitable economic growth.

The RDP is designed to be such a programme. In struggling to meet the RDPE objectives we face many obstacles. We are setting Ourselves a great challenge. Not every expectation will be realised and not every need will be met immediately. The RDP provides the framework within which choices can be made. l1nd within which needs can be matched with ullkwdubility tmd litetors emistrtiining our ability to supply. The RDP involves both the Government zmd the people in identifying needs and the obstacles to satisfying those needs. and will involve both 'Jl

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in jointly implementing realistic strategies to overcome these obstacles. The RDP is 2111 expression of conlidenee in the wisdom. organisational abilities and determination of our people.

The six basic principles of the RDP

The challenge tiztcing the Government is to l'ueilitztte and give content to the six basic principles ()llthe RDP. It is the combination of these principles that ensures 21 coherent programme.

First. we require an integrated and sustainable programme. The legacy Of apartheid cannot be overcome with piecemeal. uncoordinated policies The RDP brings together strategies to harness ull our resources in a coherent and purposeful effort that can be sustained into the future These strategies will be implemented at national. provincial and local leVel by the Government.

parztstzltals. business and organisations within ClV'll society all working within the framework of the RDP. All levels of government must pay attention to affordability given our commitment to tiscal discipline and to achievable goals.

Second. this programme must become a people-drix'en process Our people. with their aspirations and collective determination. are our most important resource The RDP is focused on peoples immediate needs and it relies. in turn. on their energies. Irrespective of race or sex. or whether they are rural or urban. rich or poor. the people of South Africa must together shape their own future.

Development is not about the deliVery ofgoods to a passive citizenry. It is about active involvement and growing empowerment, In taking this approach the Government will build on the many forums. peace structures and negotiations that our people are involved in through the land. The Government therefore commits itself to maximum transparency and inclusix'ity.

Third. this programme and this people-driven process are closely bound up with peace and security for all. Promoting peace and security will involve all people. It will build on Lind expand the national drive for peace and combat the endemic violence tiztced by communities in South Africa. with special attention to the various forms of violence to which women Ler subjected. To begin the process of reconstruction and development the Government will now establish security forces that retlect the nationul and gender character oti our country. Such forces will be non-pztrtisun. professional. and uphold the Constitution and respect human rights, They will assist our society in developing it different. demilitarised ethic. Thejudiciztl system will retleet societyis racial und gender composition. and provide fairness and equality for all before the law Peace Lind political stability are also central to the (jtweriitttetits efforts to create an enabling environment to encourage investment. The Government also will not tolerate the taking of hostages nor the wilful vzmdttlizution or destruction of property. Decisive action will be taken to eradicate lawlessness drug truttieking. gun running. crime and especially the abuse of women zmd children.

Fourth. its peace and security are established. we will be able to embark upon nation-building. The success of the electoral process and the establishment of the GNU have set us on the mud to nution-building. The commitment ofall parties in the National Assembly to the RDP and the preparedness oti important parties

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that stayed out of the election to begin a dialogue. hand in hand with the consolidation of peace and security. are all contributing to the task of nation-building. We are a single country. with a single economy. functioning within a constitutional framework that establishes provincial and local powers respect and protection for minorities. and a process to accommodate those wishing to retain their cultural identity. It is on the basis of our unity in diversity that we will consolidate our national sovereignty.

Fifth. nation-building links reconstruction and development. The RDP is based on the notion that reconstruction and development are parts of an integrated process. The RDP integrates growth. development. reconstruction. redistribution and reconciliation into a unified programme. The key to this link is an infrastructural programme that will provide access to modern and effective services such as electricity. water. telecommunications. transport. health. education and training for all our people. This programme will both meet basic needs and open up previously suppressed economic and human potential in urban and rural areas. In turn. this will lead to an increased output in all sectors of the economy. and by upgrading our infrastructure and human resource development we will also enhance export capacity. For this process to be effective attention will be paid to those economic factors inhibiting growth and investment and placing obstacles in the way of private sector expansion. Success in linking reconstruction. development and growth is essential if we are to achieve peace and security for all.

Sixth. these first five principles all depend on a thorough-going democratisation of South Africa. Minority control and privilege in every aspect of our society are the main obstruction to developing an integrated programme which will unleash all the resources of our country and fundamentally change the way that policy is made and programmes are implemented. Above all the people affected must participate in decision-making. Democratisation will begin to transform both the State and civil society. Democracy is not confined to periodic elections. It is. rather. an active process enabling everyone to contribute to reconstruction and development. The Government. with its institutions and activities. has to be reviewed and restructured to fit the priorities of the RDP. Here. especially. there is no 'business as usual'.

These principles of the RDP require clearly identified and substantiated integrated goals. They require organised structures which can ensure coordinated action. They require a socially accepted standard of measure by which society can judge whether and what progress is being made towards the phased achievement of the goals. These principles must inspire the whole of society to accept that their individual and collective welfare is best served by enthusiastic pursuit of the goals and programmes of the RDP.

The programmes of the RDP

The five key programmes envisaged in the RDP Base Document , , Meeting Basic Needs, Developing our Human Resources, Building the Economy
Democratising the State and Society and Implementing the RDP will be implemented by the GNU which has a complex division of labour. Both the

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component of developing our human resources. This will assist us in unlocking the creativity of our people allowing for cultural diversity within the project of developing a unifying national culture. rediscovering our historical heritage and assuring that adequate resources are allocated. In these respects. RDP policy will be influenced by institutions such as the ILO and others which represent the cultural interests of our diverse peoples. Because of the shortage of facilities. sport and recreation have been denied to the majority of our people. Yet there can be no real socio-economic development without there being adequate facilities for sport and recreation in all communities. The RDP aims to ensure that all people have access to such facilities. Only in this way can all our people have a chance to represent their villages. towns. cities. provinces or country in the arena of sport and to enjoy a rich diversity of recreational activities.

The problems facing the youth are well known. If we are to develop our human resource potential. then special attention must be paid to the youth. in particular. young women. Our human resource policy should be aimed at reversing youth unemployment by empowering youth and allowing them to reach their full potential. Programmes for training. education and job creation will enable our youth to play its full role in the reconstruction and development of our society. This programme for the development of our human resources underpins the capacity to democratise our society. thus allowing people to participate on the basis of knowledge. skill and creativity.

In Building the Economy. we will identify our strengths and tackle our weaknesses. Mining. manufacturing. agriculture. commerce. financial services and infrastructure are well developed. At present we have a large surplus of electricity-generating capacity. These are strengths upon which we can build. However. so far they have not benefited all our people. A process of reconstruction is proposed to ensure that these strengths now benefit everyone. We will also address serious weaknesses in our economy. There are still very clear racial and gender inequalities in ownership. employment and skills. Past industrial policies were an important factor in developing industry. but were also accompanied by repressive labour practices. neglect of training. isolation from the world economy and excessive concentration of economic power. The result is a low level of investment in research and development. low and inappropriate skill levels. high costs. low productivity and declining employment. The economy also suffers from other barriers to growth and investment. such as government dissaving and a comparatively high proportion of our gross domestic product (GDP) absorbed in government consumption expenditure. Other barriers include low rates of return. capital outflows. low exports and high import propensity. and stagnating productivity. Appropriate tax reforms and a review of exchange controls along with fiscal discipline are all being addressed in order to stimulate growth.

Central to building the economy is the question of worker rights. Past policies of labour exploitation and repression will be redressed and the imbalances of power between employers and workers corrected. The basic rights to organise and to strike will be entrenched. Negotiations and participative structures introduced.

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industry and workplace level will be created to ensure that labour plays an effective role in the reconstruction and development of our country. Negotiations have commenced on reforms in collective bargaining and in the broader labour market to facilitate this

In the world economy, the demand for raw materials including minerals has not grown rapidly and there is intense competition in the production of manufactured goods. The General Agreement on Tariffs and Trade (GATT) was recently updated to achieve substantial adjustments in tariff levels. Our economy must adjust to these pressures if we are to sustain economic growth and continue to develop a large domestic manufacturing sector that makes greater use of our own raw materials and minerals.

A central proposal of the RDP is that we cannot build the South African economy in isolation from its southern African neighbours. Such a policy would benefit nobody in the long run. If South Africa tried to dominate its neighbours, it would restrict their growth, reducing their potential as markets, worsening their unemployment and causing increased migration to South Africa. If it seeks mutual cooperation, it can develop at large, a stable market offering stable employment and common labour standards in all areas. Agreements on the Southern African Power Pool, entrance of South Africa into the SADCC, restructuring the Southern African Customs Union and cooperation on security, lay the basis for strengthening coordination.

The pressures of the world economy and the operations of international organisations such as the International Monetary Fund (IMF), World Bank and GATT, on our neighbours and South Africa in different measures. In the case of our neighbours, they were pressured into implementing programmes with adverse effects on employment and standards of living. It is essential that we combine to develop an effective growth and development strategy for all southern African countries.

Next, if we do not succeed in democratising the State and Society; the resources and potential of our country will not be fully used. In linking democracy development and a people-centred approach to government, we are paving the way for a new democratic order. The establishment of a single Public Service in South Africa enjoying equitable and common conditions of service is a major challenge facing the economy in the GNU. Important progress has already been made in this regard. Increasing the efficiency and productivity, improving management and reducing the size of the public service are crucial in redirecting resources to the RDP priorities.

Finally, implementing the RDP raises many challenges because it involves processes and limits of participation by organisations outside the Government that are very different to the old apartheid order. This White Paper deals mainly with proposals for coordinating and planning the implementation of the RDP.

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The RDP White Paper: a government strategy for fundamental transformation

The structure of the main body of the RDP White Paper is meant to assist both personnel of the GNU Lind all South Africans who are taking an active role in the implementation of the RDP.

The RDP is a vision for the fundamental transformation in our society. It is the duty of the Government to manage this transformation. This is being done by the development of key medium and long-term programmes which incorporate the basic aims of the RDP and which allow for effective management. These programmes have been launched through Presidential Projects announced recently by the President in his speech opening the debate on the President's Budget Vote. The projects kick-start the implementation of the RDP Programmes and provide a useful learning experience to improve the implementation strategies in a dynamic manner.

The White Paper begins by outlining the role of the different levels of government in the RDP (Chapter Two). Next, an overview of government economic policies is provided to illustrate the enabling environment that will link growth, reconstruction and development (Chapter Three) The RDP White Paper then considers fiscal policy and the Budget (Chapter Four). The reorganisation of the public sector, particularly the Public Service and other government personnel, is then taken up (Chapter Five) Reorganisation can be facilitated through the adoption of rigorous planning frameworks (Chapter Six) which will in relation to civil society enhance consultation, popular participation and capacity-building (Chapter Seven). Through implementation of the RDP in this manner, a national consensus will be reached. This consensus is critical to meeting basic needs, developing our human resources, building the economy and democratising the State and society. It is critical to the reconstruction and development of our society at this important point in our transition. Chapter 8 sets out conclusions and poses major challenges to government and civil society. Chapter Nine is an overview of short to medium term programmes of the departments of government. (To be finalised.)

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CHAPTER TWO

THE GOVERNMENT AND THE RDP

Introduction

In implementing the transformation (1994), the Government's first priority is to transform the way the Government itself operates. This lays the groundwork for the involvement of other sectors of society. Coordinated, efficient, transparent and consultative government is a basic premise of the RDP.

The Government will take the lead role in implementing the RDP, but with clear criteria so that all citizens can become involved in implementation and monitor the Government's progress. Together, the Government and the people of South Africa will give renewed priority to the provision of goods and services to meet basic needs, develop our human resources, build the economy, and democratise the State and society.

This chapter of the RDP White Paper outlines the different roles of the Government. The 1993 Constitution provides for different levels of government at national, provincial and local levels, and allocates competencies and powers to each. When the final Constitution is adopted, these competencies and powers will set the parameters for the roles of different tiers of government over the coming years. It is anticipated, however, that every level of government, from the smallest village council to the largest national department, will have to be restructured to take forward the RDP.

The Government, through a process of consultation with all interested stakeholders and the different tiers of government, has identified the following programmes as the key medium and long-term programmes to drive implementation of the RDP: meeting basic needs, rural development

human resource development

land reform and institutional reform

economic restructuring

These programmes relate to the major principles set out in the RDP Base Document. The programmes will include projects that are specifically identified and selected, compilation of project business plans, performance monitoring to support and ensure compliance with project business plans, and reporting of salient information.

National Government RDP structures

The National Government will set the broad objectives of the RDP and together with the Provincial and Local Governments will provide a policy and regulatory framework to facilitate its implementation at provincial and local level. It is setting up RDP funding processes in the context of sound fiscal policies. It will provide research, monitoring, statistical, auditing and performance assessment

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for the RDP. It will facilitate intergovernmental consensus, and will restructure and reorientate the Public Service towards the goals of the RDP. A variety of structures are already being formed to carry out these objectives.

The President is leading the transformation and renewal of our society, and is responsible for the overall coordination of the RDP.

The Special Cabinet Committee on the RDP comprises Ministers from the departments responsible for policy formulation and implementation of the RDP is coordinated by the Minister without Portfolio. The Special Cabinet Committee will

assist in formulating RDP policies and strategies

ensure interdepartmental and intergovernmental cooperation

set goals, targets and priorities

develop an institutional framework and change management strategy

including performance monitoring

7 ensure adequate funding of programmes

monitor and evaluate progress with implementation

7 coordinate the preparation of RDP-related legislation

7 link RDP planning to the Budget process

- establish a poverty-monitoring and information management system.

A Core Committee constituted by the Ministers, Deputy Ministers and Directors-General of Finance and State Expenditure, Public Administration,

Constitutional Development, Public Works and the Office of the President

supports the work of the Special Cabinet Committee.

Within Parliament, the Standing Committee on the RDP will

7 provide input on RDP policy and strategy

7 receive and review reports and plans

7 provide a direct link between the Government and the grassroots in the implementation of the RDP through their constituency work

conduct public hearings on key aspects of the RDP

evaluate progress with implementation, in consultation with the Standing Committees responsible for other departments

7 review and promote RDP-related legislation.

The Minister's Annual Report on the RDP will be submitted to the Standing Committee in conjunction with the Annual Budget Review. The Annual Report will set out RDP programmes and projects, and their successes and failures. It will assist in cementing the relationship between the RDP and the Budget (which is the expression of the Government's priorities and should thus conform to the priorities of the RDP). This review will better enable Parliament and the public to

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ngCnClCS and other institutions in development planning and change management strategiest us well as setting out at drul't urban development policy 2lnd drul't rural development policy. This will occur in consultation with interdepartmentzil RDP task teams. Provincial and Loeul Governments. the civic movement and organised business. The Development Planniniby Brunch will Lllm to hilVC completed 'dn initial draft for submission to the RDP Special Cabinet Committee. the RDP lkirliumentttry Standing Committee und the NEDLC by March 1995. Such policy frameworks are essential contributions to u iititionztl development strategy:

Procedures tire being developed by the Public SerViee Corttinissioii. the Commission on Provincial Government ztnd line l'unetioii departments to ttceess Lind possibly rationalise the policy capacity Ol' purusttlttil institutions. All these agencies will provide support to national line l'tinetion departments zmd to other institutions involved in RDP implementation.

The RDP is implemented through the programmes Ol' the national line l'tlnetion departments 2lnd particularly Ol' Provincial Lind Local Governments. The RDP Ol'liee is not in eompetition with these departmentst The Ol'l'iee ol' the Minister without Portl'olio is not am implementing' agency. nor are RDP coordinatingY structures in Provincial Goi'ei'nment. Without detracting l'l'Om emerging l'orms ol' cooperation zimongst Ministries. the RDP Ol'l'iee will ensure el'l'eetive manage-ment Ol' the trainsl'ormtition process.

To this end. the Intergoi'emmentzil Forum has been established This forum is to proxide an opportunity l'or consultation Llnd joint (leeision-mtiking between Ministers representing the National (ioVernment tintl the Premiers ol' the respective provinces on tiny mutter Ol' mutual interest. iiiieltutling matters pertaining, to the RDP. The forum will meet on 2l monthly bztsis. and is to be uttended twiee annually by the President and the Deputy lixeeutive Presidents. The permanent members Ol' the forum are the provincial Premiers. the Minister l'or Provincial Affairs and Constitutional Development. the Minister without Portfolio. responsible for the RDP illllLl the Ministers of Finance and for the Public Service and Administration. The respective Ministers and Premiers tire catch to be zissisted by their directors-genertil.

The Intergovernmentttl Forum is to be supported by the Intergovei'nmentul Teehnietil Committee. which comprises the Direetors-Generttl ol' the Departments Ol' Constitutional Development (as chairperson). State Expenditure. Finance Ol'l'iee ol' the Minister without Portl'olio. Ol'l'iee ol' the Public Service Commission and Justice. us well as those Ol' the nine Provincial Administrations. This forum will assist the Intergtwernmenttil Forum on technical matters Lind is. like the Intergtwernmentul Forum. Ll ertieiu structure to promote coordinated deeision-muking and cooperation regarding the RDP tit intergovernmentul levels.

A number Ol' Ministerial Forums between national Ministers responsible l'or Schedule 6 l'unetions and their provincial counterparts have zilso been established. These forums. who will also be supported by their i'espeetix'e teechnieztl committees consisting of senior ol'lieials ol' the provincial and national line l'tmetiOn

departments. etm also play a erueizil role with regard to the RDP 21\$ their briefs include cooperation on policy and strategy lormtllution and implementation the coordination 01. legislation the elilieient llnd effective employment of resources the transfer 01 information

national norms and standards governing the performance of these lunetions.

2.2117 The interaction between the Finameiul ztntl Fiseul Commission which advises on the liseul trunslers ttnd linztneiul arrangements to support those strategiex and the Commission on Provincial Gmemment. will be crucial to ensure that 2111 levels of government are working in harmony to implement the RDP.

2.3 The RDP Fund

2.3.1 The RDP Fund is V1IL11 for both the reform of the Government and the implementation of the RDP. It is established in terms of the RDP Fund Act of 1994. llnd is ttdministered by the Ministry of Finance. Alloetition of funds is controlled by the Minister without Portfolio. The goals oli the fund tire to start the key programmes 011 the RDP. to leverage the entire Budget to the new priorities. to encourage institutional reform 21nd to lttclllltltc the restrueturing of the public seetmt ln particular. the RDP Fund will tissist the Government in directing expent'liture away from consumption Lind towards capital investment.

-H ._ There ier several sources lin the RDP Fund. First. the fund will initially draw its resources from money appropriated by Parliament 101' the fund through savings by the depui'tinentx In the 199-1 95 Budget R25 billion was allocated to the RDP Fund This atmotint will inei'euse to R5 billion in 1995 96 and will prog'i'essix'ely inerezts to R10 billion in 1997 98 and R115 billion thereafter. Future decisions on RDP Fund zilloetitions will be made on the hzisis of its elilL-etit'eness us at tool lei RI)P implementation. In ellieet therefore the RDP Fund eonsists oli funds which have been removed llmm departmental allocations and eat it be reassigned to them xtlhjeet to eomplizmee with the new priorities. Leadership of Ministers and proper strategic planning, h), the departmental management will he eneouraged to tlelixier On the ohieetixies within the linmewm'k of the RDP Funds priorities.

2,3,3 Second. the (im ernmentk receipt of internutionnl tmd domestic grant aid will be tlireetetl to the l'untl, 'lihe proeess Oldemoerutisution hus normalised relationships with the international community. and allows zieeess to the broadest possible internutiunul l'intineizil hzise. An 1111Cl'LlCPL11'llncnl111 committee l1i1S been established hem the Departments 011 Finunee. State Expenditure Trade and Industry Foreign Alliiirs untl the ()liliee oli the Minister without Portfolio 215 well as the ('EAS to consider the L111L1 tillers olklonor nations and multilateral agencies. The committee will litirthe1' investigate 21nd negotiate with donors on the utilisation 011 itl1L1 1101' the funding 011 RDP programmes. with '4 View to optimising the use oli grunt nid 21nd 011 eoneessionury Finance us part of integrated funding puekuges for each programme. Major sectoral conferenees tire being held with donors to llteililtzte this process. (lurelttl uttention will be given to assessing both

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the appropriate uses and applications of foreign support and conditions which attach to such funds. Where grant aid is utilised, care will be taken that grants used in RDP programmes are for once-off programmes and do not entail carry-through costs to be accommodated in departments budgets in ensuing years. unless this has been included in forward planning. Where concessional loans are granted, care will be taken to assess the effective cost given currency depreciation, Donors have emphasised the need for coordination of aid and for clear priorities from the Government. The arrangements now adopted have been developed in consultation with them. It is expected that all departments and provinces will liaise with the interdepartmental committee in soliciting aid.

Third, the RDP Fund will benefit from interest earned from the investment of money standing to the credit of the fund.

Fourth, the RDP Fund will benefit from proceeds from the sale of state assets. The Government recognises that the location and composition of state assets may not be optimal and has begun an audit to dispose of those assets not relevant to the RDP.

Fifth, the RDP Fund will draw upon other sources of funds, including revenue from lotteries and gambling. These are potentially huge sources of revenue and a very high percentage of earnings should accrue to the programmes of the RDPT. Local Government is in the process of redirecting funds for utilisation within its total area of jurisdiction. The exact value of this redirection is not determinable at present but over a period of years could represent a substantial amount of financial and human resources.

Presidential Projects

The programmes and processes of the RDP must lead to the initiation, management and completion of fundamental change in society. This transformation will happen over a period of time. The goals of the RDP, and the broader purpose of the RDP Fund, are to create and manage institutional reform and changes in the procedures and content of the Budget.

In his State of the Nation Address to Parliament on 24 May 1994 the President set out certain projects which would launch the delivery of the RDP in the first 100 days. The task teams in consultation with national departments and the Provincial Administrations then identified specific projects which could be initiated within the 100 days while at the same time launching the key programmes set out above. The projects chosen were required to conform with the following criteria:

- high impact on the communities they serve
- , empowerment of these communities
- economic and political viability and sustainability
- job creation
- provision of basic needs

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potential to leverage funds from Old priorities to new priorities by requiring departments to provide matching funds from their budgets 21nd lo curry all recurrent costs (other than in very exceptional cases. 110 recurrent costs will be funded)

some existing capacity to xt11rt i111ple111e11tz1tion.

The projects have been apprmed h) the (Tubinet subject to two processes First. there must be analysis oli the c111111)-mell 11nd recurrent costs generated by the projeLL The Department oli State Expenditure 1111s analysed these msts 11nd ensured that they c1111 be 11L'L101111110L111teLl by allocations 110111 the RDP Fund. 111tel1111itiVely the Minister 1111Ll accounting olilicer concerned must undertake in writing 111111 funds will be found in future budgets of the 11lex'11111 department. Such l'orvvzii'd planning will be 11 prerequisite Tor all projects funded wholly or partly 110111 the RDP Fund This process hats initiated L111 11111Lles in the budgeting process. 111 addition. piojeLts must be i111ple111e11teLl1 xxilhou1 i11Lle11sillg stallin g

leVels except in authorised exceptional circumstances.

St1111Ll'1111Ll 11111111111 business pluns 1111e beingy LleVised 11111 each project. This is dealt

with in more detail 111e1111nd is intended to become '11 standard li0111111 pl11Lg111111 11111es

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The focus oll the Presidential Projects is therefore on initiating changes in gmernment spending priorities 11nd utilisation of resources

launchingY long-leim 1111Llg11111111111es

beginning delivery of concrete benelits to disadvantaged L101111111111ities.

The Presidential Projects 1111x'e 1111e11Ll) 11111ng the lb11UlV11lg lesson:

The RDP Fund is not intended to pmVide money for 11 selection of isolated projects While they 11111) be Lleserxing 111 t11e111selVes. projects will only be funded from the RDP Fund iii the) lime long-term i111pliL11itimls lbr

L101111111111ilies. 11nd 11111 the 11'11111s11111t111111011 strateg) 11nd programmes.

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L1LVl1loment Pl'QiCL1s 111e) t11L11elorc LexpeLl the relationship between themselves 1111Ll the Minister xxithout Port1olio 1111Ll th Minister 0! Fil111111Le to be purely related to funding, As 11 result. 1111111) communities 11nd 1111 Provincial

(,iovernments 1111c iii the process of drafting their own RDPs with 11111 external funding orientation in mind. whether from the RDP Fund 011 development ziid.

This is LL1111111e11L111ble in so 1111111s it Lin1OLks L111e1111ilitV 11nd politilul energ y. The

initiatiws t11ke11 around the RDP 111 v111i011s levels 111:: extiemely encouraging.

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However, in view of the very great constraints on the RDP Fund, it will clearly not be possible to finance from this source alone the vast majority of projects set out in local and provincial RDPS. The focus of local community RDPS must therefore focus on, among other things, the reform of local spending priorities, the allocation of resources including staff, the reform of local government practices, increased consultation, transparency and accountability, and improved service quality.

This focus should also be the major concern of provincial RDPS. As a result, those development projects which are solely funded from external sources, whether from the RDP Fund or development aid, will be the exception. Most RDP-related projects will have to be funded either from existing funds of the Local or Provincial Governments or from the line function departments of the National Government. Some can be funded from the R250 million which has been allocated to the National Public Works Programme (NPWP) from the RDP Fund and the discretionary funds of the Local and Provincial Administrations for this purpose from the RDP Fund (in total R100 million). Within its constraints, government will look more closely on community projects to which the community makes significant contributions.

2.4.10 In particular, Provincial and Local Governments should be required to
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implement efficiency programmes, and to review all existing programmes and projects in the same way as is now expected of the National Government. In spite of this reorientation, it is clear that there is still a huge shortfall in the funds which concern the Local and Provincial Governments, and national government departments regard as essential for their high-priority RDP-related programmes,

Transformation plans

All line function departments and provinces have been asked to prepare a 10-year strategy to reorient their programmes, improve their efficiency and enhance their use of resources consistent with the RDP. President Mandela commented in his 100-Days Speech of 18 August 1994:

In line with the objectives of the RDP, we will, by the end of the year, require clear medium and long-term strategies from all departments and parastatal institutions on mechanisms for shifting their operations to meet the requirements of reconstruction and development. Difficult choices will have to be made to close programmes in order to redirect resources and staff to RDP priorities.

He continued, in his speech closing the Presidential Budget Vote debate on 31 August:

'This means a new culture within the Government, a new culture, to ensure hands-on management by the Ministers and the Office of the President. Yet we should constantly improve on this, to ensure that we do not fall into the sense of unguided drift of any level of Government. We must ensure constant monitoring and timely interventions where necessary to reorient all departments to the major national tasks at hand. This includes the system of

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regular reports from Ministries On the basis of guidelines dictated by
development perspectives.

In order to improve efficiency and the effective utilisation of resources.

programmes must be based on clear business plans: These plans must provide
clearly measurable outputs. And not the assessment of performance by
means of selected indicators. The structure and format of business plans as well as
key performance indicators must ensure uniform performance appraisal.

Indicators must be reported at the level of management. to enable management
to ensure compliance with the business plan. Key performance indicators
which determine the output from programmes are required to be reported
regularly to the Minister responsible for each department.

High-level indicators which reflect more general progress of departments and
provinces will be reported regularly to the President and the Cabinet.

An annual evaluation of the RDP and the implementation process will be
reported to Parliament. based on indicators which specify the results of all
programmes funded from the Budget. with indicators of effectiveness and
compliance with stated aims and goals, evaluation will be developed or adapted to
allow, among other things, the reporting of all issues such as transparency,
accountability, democratic action, accelerated development, empowerment of
communities, freedom from fear of crime and repression, recreation, and
cultural development.

Implementation of implementation strategies is an extremely difficult manage-
ment exercise. Departments will have to situate their strategies within short,
medium and long-term goals and priorities. A systematic business planning
exercise for each Ministry, tier of government and provincial institution will be
initiated, if required. In the case of the President's Public enterprises and the
private sector will also be requested to make expertise available to assist. As part
of the preparation of the change strategy, all business planning Ministries and
institutions will be asked to define and agree on key performance indicators and
reporting, procedures to comply with the President's instructions.

An Act, to be called the RDP Act will be tabled in Parliament to set out the
principles which the government and its agencies will follow in complying with
this Report. In particular, the Budget Review will be linked on a programmatic
basis to the annual evaluation of the RDP, and will link RDP categories and
programmes to those in the Budget and the purposes of the review and the
expenditure. The government accounts will also be redrawn to allow evaluation of
the progress of reconstruction and development.

Provincial Government and the RDP

South Africa is characterised by uneven development with extreme poverty in
many parts of the country. Basic infrastructure is lacking in poorer parts of most
provinces. In all provinces the spatial distribution of resources is extremely
uneven. Each province should develop a strategy for implementing the RDP in
the context of its particular circumstances.

Provincial Administrations and Legislatures have been encouraged to establish
Specialised executive structures of Members of Executive Committees (MECs)

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and of members of the Legislatures, and similar task teams to assist in the process of provincial and local delivery. All of the provinces have established responsibility for the RDP either in the Office of the Premier or in the Office of the MEC responsible for economic affairs.

In some provinces, non-statutory regional economic development forums and the statutory Regional Development Advisory Committees have merged. The process the Minister without Portfolio will encourage in all provinces so as to facilitate formal inputs to provincial RDP policy-making involving all stakeholders. These new statutory provincial bodies will be linked to the new statutory National Economic, Development and Labour Council to ensure consistent and coherent national and provincial policy formulation.

Provincial Governments will carry out RDP activities in accordance with their current responsibilities under the Constitution

introduce the necessary reforms to meet the conditions for the implementation and devolution of the RDP programmes

consult with local communities on RDP programmes

distribute untied funds to local communities in accordance with conditions contained in the RDP contract with the National Government

advocate for capital works funding for projects

conduct operations in such a way as to meet the monitoring and auditing requirements of the National Government.

Provincial RDP coordinating mechanisms will be geared strongly towards developmental planning and delivery. Although individual line function departments and the provinces will have LIAISON relationships, it is desirable that overall integrating mechanisms be established. Provincial RDP offices will develop policy advisory capacity, either on a contract basis from other levels of government or from the private sector, universities and civil society. What is most crucial in all of this is that the RDP is not reduced to a collection of projects, but instead becomes an integrated programme to transform all levels of society. Some of the challenges Provincial Governments must address are the restructuring of the provincial budgets to reflect the priorities of the RDP, restructuring of the Public Service at provincial level, development of institutional capacity to implement the RDP, the engagement of civil society (labour, community organisations, business) in a meaningful process to implement the RDP, harnessing and unlocking the political and creative energies of our communities to ensure a truly people-driven process.

2.6.7 These provincial strategies for implementing the RDP should be presented to the Minister without Portfolio, as well as to the Intergovernmental Forum.

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With respect In l'unetiuns. powers and remureex the Constitution implies that Provincial Governments can only receive responsibilities for RDP-related functions when the National Government is satislied that adequate capacity exists to undertake those responsibilitiex The National Government. in consultation with Provincial (imernments. will dram llp a checklist to facilitate the devolution oli R DP programmes to the pi'm'ineex. Negotiations on devolution will take explicit aeount oli several liaetoi'si These include the Provincial Administrationk capacity te implement people-eentred tlexrelopment

major dex'elopment roles liar cmnnitinityhased organisations and NGOS increasing the capacity oli people to wm'k in groups and institutions itlentilication and mobilisation oli local resources maximum local area 21556551116111 oli needs and capacities.

In addition. the Constitution requires that allocations t0 prox'inees out of the National Governments liseal resources he equitable and distributed on the basis oli Financial and Fiscal Commission formulae. Equality also implies that the cost oli service delivery is not excessive Finally the National Gmternment requires that all audit and monitoringy functions he Vested in the appropriate national department or associated structure.

Local Government and the RDP

The National Government wishes to unlock the political and creative energies of the people and bring the (internment closer to the people. In this regard Local Governments have an important role to play The National Gtwernment.

together with the Commission on Prmineial Alll1nn and prmineial governments.

will ensure proper coordination til the tlet'elopment process. maintenance of standards and the coherence of change management strategies. Local

Governments lace critical linuneiu1 problems and will have to lind new linuneing strategies together with the provincial and national government. An ad hoe

committee Oli Parliament. includingY the Departments of Finance. Loeal

(im'erninent llnd the ()lTiee of the Minister without Portfolio has initiated this process already

In general. local authorities are key institutions ll1111 delivering hasie serViees. extending local eontmL managing loeal eeonomie tlet'elopment. and redistribut- ill1:1 puhlie resources, Htmex'el'. Ill1 the lirst time in South Ali'ieak history. emerging democratic local authorities must work with eommunity-based organisations and N(iOs to establish minimum eonditions oli good governance and to implement effective development projects.

Because the RDP depends on democracy and social stability in local communities. the management at institutional change and the tlelit'ery of municipal SCI'VlCCS must occur simultaneously Restoring and upgrading services where they hate eollapsed. and extending services to new areas are Vital preconditions ll11 the continued legitimisint:y oli the new local authorities.

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Improved services must be implemented in a manner which enhances appropriate institutional change within local authorities.

Local authorities must ensure that sufficient resources are made available for the extension and upgrading of municipal services and for capacity-building to permit community-based structures to assist in local planning and implementation of the upgrading. Local Governments will need additional sources of revenue for operating, maintenance and subsidy expenses, as well as staff retraining and 80th new capital expenditure.

However, such funding will be conditional upon a set of criteria which demonstrate local authorities' good faith in moving to democracy as rapidly as possible. RDP funding will be made available only if implementation of different jurisdictions proceeds effectively, if single budgets are adopted for a single municipal area and if the local government electoral process is under way. The transitional local authority will gain access to increased resources only if it becomes developmental in its orientation, proactive in winning the trust of local residents, sensitive to issues of affordability, creative about financing and more efficient in delivery of services. Local authorities must demonstrate that they are ready, in the transitional phase, to release resources (staff, equipment, skills), switching their spending priorities, freezing clearly inappropriate projects and engaging in consultation with community groups. Through such means, it will be feasible to build new local institutions which will take the RDP to the people.

In sum, the establishment of democratic developmental processes in Local Governments are vital. In most rural areas, where the third tier of government does not exist, Provincial Government will be encouraged to initiate a process of building local government. This process should be driven by local communities themselves. In addition, where there are interminable delays in implementing the Local Government Transition Act, where interim councils are not being appointed, where boundary disputes are debilitating and where preparation for the 1995 Local Government Elections is not proceeding effectively, the Provincial Government will use its power to impose solutions.

The principle of payments for services is fundamental to the implementation of the RDP with due recognition of indigence, administrative constraints and an equitable and fair default procedure.

Programme review: redirecting resources

There will be a tendency for inertia when existing programmes of the Government at all levels are reviewed for the purpose of redirecting expenditure and resources. In the planning and budgeting process, it is therefore essential that departments and tiers of government place all programmes on an equal footing in allocating funds and staff resources. Programmes should not be preferentially funded and staffed purely because they have been previously established.

Similarly, a programme should not be prejudiced simply because it is new. It is only if this process of review at all levels takes place that significant redirection of resources can occur. Otherwise, most RDP programmes will remain as 'add-ons'.

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CHAPTER THREE
THE ECONOMIC POLICY FRAMEWORK

Introduction

The GNU inherited an economy characterised by a number of structural problems. These are fully set out in the Base Document and will not be repeated here. The challenge is to correct those problems and regenerate economic growth and a more equitable distribution of the benefits of such growth.

The role of the Government and the public sector in general within the broader economy has to be redefined so that reconstruction and development are facilitated. In a wide range of areas the GNU will take the lead to bring about reform and redress structural problems. However, in doing so its guidelines will remain the basic principles of the RDP, namely a people-driven approach, reconciliation, democratisation and creating an enabling environment for the private sector to grow and increase the level of participation in viable economic activity by all people.

Employment creation is the central priority. We have to reverse the low levels of investment and saving, the outward flow of capital and generally improve the environment for productive investment. In addition the GNU will utilise labour intensive methods in the public sector through the National Public Works Programme administered by the Department of Public Works.

It is essential that there is greater participation in the economy and that existing membership patterns become less concentrated and more inclusively inclusive and that small, medium and micro enterprises be encouraged for substantially larger participation of economic activity. These programmes will require that we address the discriminatory practices of the past that have left a legacy of inequality.

In the labour market discriminatory practices of the past have distorted collective bargaining and left our workforce with a distorted and inadequate skill base. In both these respects substantial progress has been made in recent years and we will now build on and accelerate these developments.

Economic policy goals and objectives

The RDP provides a strategy framework to address these problems in that it recognises the interrelatedness and the necessity of meeting basic needs, developing human resources, building the economy and democratising the State and society. In implementing these programmes, changes are necessary in institutional arrangements as well as in the orientation of policy. Reconstruction and development will be achieved through the leading and controlling role of the State in driving private sector and active involvement by all sectors of civil society.

The Government's central goal for reconstruction and development is to meet the social and economic needs of the people and to create a strong, dynamic and balanced economy which will

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create jobs that are sustainable and increase the ability of the economy to absorb new Job-seekers in both the formal and less formal sectors alleviate the poverty. low wages and extreme inequalities in wages and wealth generated by the apartheid system. meet basic needs. and thus ensure that every South African has a decent living standard and economic security

7 address economic imbalances and structural problems in industry. trade. commerce. mining agriculture. finance and labour markets integrate into the world economy utilising the growing home base in a manner that sustains a viable and efficient domestic manufacturing capacity. and increases the country's potential to export manufactured products address economic imbalances and uneven development within and between South African regions

, ensure that no one suffers discrimination in hiring. promotion or training on the basis of race or gender

develop the human resource capacity of all South Africans so the economy achieves high skills and wages

democratise the economy and empower the historically oppressed.

particularly the workers and their organisations. by encouraging broader participation in decisions about the economy in both the private and public sector

, create productive employment opportunities at a living wage for all South Africans

, develop a prosperous and balanced regional economy in southern Africa based on the principle of equity and mutual benefit.

The RDP will foster a new and constructive relationship between the people. their organisations in civil society. key constituencies such as the trade unions and organised business. the Government. and the workings of the market.

The Government can only achieve its economic objectives if it establishes transparent. participatory and accountable policy-making procedures in both the public and private sectors. The Government. the trade union and civic movements. business associations and other relevant organisations and civil society must cooperate in formulating economic policy. The Government will review the inherited economic departments and agencies to streamline policy-making and implementation. and to define appropriate relationships with forums and the various tiers of government. The National Economic. Development and Labour Council will extend and enhance the work of the National Economic Forum as a consultative structure.

Economic growth is critical for sustainable improvements in services and incomes. We must shape the expansion of the social and economic infrastructure to stimulate industry and agriculture. These policies must be coordinated with the development. on a cooperative basis. of the southern African region as a whole.

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'Ihhc (iovcnmcnllk economic policies require human resource development on 21 nmssivc sculc. Improved training Lmd education are fundamental to higher employman lhc imruduction of more advanced technologies. zmd reduced incquulilics. Higher labour productivity will be lhc result of new attitudes towards work and especially new skills in the conlcxl of overall economic reconstruction and dcvclopmcm. New and better munugcmcm skills are urgently rcquircd.

Basic lo the consultative and interactive approach to economic policy are the protection of worker rights and labour standards. and proactive labour market policicx The RDP makes :1 decisive break with the cxploilulivc cheap labour policies of apartheid and moves toward cducauion. training. skills. :1 living wage and collective bargaining us the basis for enhanced productixily in lhc economy. (jcndcr cquulil) is also a major ohicclixc olhccconomic policy Market failure often exacerbates discmnimuion which already exists within the Government zmd the wider society. leading. among olhcr thinvs. IO urlihcial notions of onmcn's work and mcnk work": employment discrimimuion in public xxorks projects: unpaid labour by women: credit constraints for women with limited collateral: insufficient resource allocation 10 curl) child cure and educulion: poor nutrition: gender discrimination in lam enforcement and treatment Of perpetrators of domestic Violence; discriminator) treatment on the basis of marital status or pregnancy. and insultliem public health services. Objectives include identifying and addressing gcnder-hiuscd aspects of gox'cmment practice and economic management. and in particular increasing training opportunities for women. establishing purcnlul rights. imprmhing credit subsidies and innox'zllix'c credit schemes. ensuring lhc public prOVision of child cure. and improxcd compclilion poliq lo bcncclil xmmcn.

An economic policy strategy

To lhcsc cnds. economic policy 111L151 spccilicull) uddrcss South Africuk' problems On the basis 0!. its slrcngthx Thu GNU draws on the following basic strategy 10 nchicw its uhicclivcs:

Financial and mnnclur) discipline in order lo quncc lhc RDP. repriorilisc public sccmr uclix'il). L1nd 111cililulc industrial restructuring and the cs1zlhshhmcm 01h lklir and equitable user charges lhc establishment 01' an cconomic environment conducive lo cconomic uowllh

lmdc zmd industry politics dcsigned to foster :1 gl'culcr outward orientation so as 10 suslmn high employment levels and levels of participation in lhc econ omy

21 modernisation 0Hlumun resource programmes to mccl the challenges of changing production pmccsscs

u rclorm of labour market institutions in order to facilitate effective 21nd cqulluhle collccuve bargaining and restructuring of emplovment patterns.

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These areas are interrelated and are designed to bring about structural changes in the economy that will achieve sustainable growth. VlltblC employment creation and a movement to full employment, greater participation in the economy leading to reduced income disparities, and a labour market characterised by effective collective bargaining, an equitable system of rights, active policies to address employment patterns and stability.

The Government has already acted decisively to bring about a structured change in fiscal policy and this will begin to have the desired macro-economic effects. The immediate challenge facing the Government was the need to finance and stall the RDP without exacerbating the unacceptably high government debt. In particular, consumption expenditure has risen to more than 20 per cent of GDP and interest repayment is absorbing more than 17 per cent of the Budget. Increasingly, the market evaluation of such a situation was that the Government could not curb expenditure, dissaving would continue, the balance of payments would be adversely affected and that inflation would rise. As a result, interest rates subsequently rose which, in turn, increased the government debt burden. In the context of macro-economic instability, other structural objectives would be undermined.

Therefore, not only has the RDP Fund financed with these constraints in mind, the overall process for taking forward the RDP, it is geared to cutting government expenditure wherever possible. Certain problems faced the Government in achieving this objective in the 1994/95 Budget. These were the additional transition costs and the incorporation of debt incurred by the former Transkei-Bophuthatswana-Venda-Ciskei (TBVC) territories. This raised the stock of debt and interest payments that were previously accounted for as intergovernmental transfers. For the first time an overall National Revenue Fund indicating revenue and expenditure by National and Regional Government within South Africa was set out, thereby increasing transparency.

A substantial part of the additional transitional costs was paid for by a one-off levy. Stringent steps are being taken to curb actual expenditure and no additional expenditure is authorised unless it passes the rigorous tests of the Treasury Committee.

Guideline Figures for the 1995/96 Budget have already been circulated and they again reflect no real increase in consumption expenditure. The guideline figures also achieved no real increase in the deficit before borrowing as a percentage of GDP. It should also be borne in mind that in 1995/96 an amount of R5 billion was allocated to the RDP Fund. This effectively imposes lower real expenditure on departments which can be corrected by recourse to the RDP Fund, a process set out in more detail in the next chapter,

A process of coordinating and identifying all development assistance has been decided upon. This ensures that the Government will not incur further debt through such assistance and that it is utilised in the most effective manner. By acting with the requisite fiscal and monetary discipline, and reorganising the financial relations of National, Provincial and Local Governments, we will ensure that the public sector's impact on the macro-economy will be positive. The public sector will better utilise its resources, increase capital expenditure, have relatively

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more resources for meeting needs rather than paying interest and facilitate private sector investment.

In addition, a stable price environment will assist in the restructuring of industry and collective bargaining structures. Improvements in social wages on a viable basis will also be facilitated by stable prices. Since a collective user Charge system has been developed.

A combination of factors therefore demonstrates the Government's commitment to reducing consumption expenditure. These include:

forcing the Government to reprioritise its expenditure rather than seeking new sources of income

the redirection of consumption expenditure to capital expenditure through the RDP Fund

an additional decrease in consumption expenditure in the Public Service by not filling all vacancies created by natural turnover

a systematic change management programme linked to performance assessment

required forward planning on all projects and programmes

the introduction of systematic business plans for all projects and programmes of the Government.

Economic growth prospects

The levels of net domestic saving and net domestic investment have declined to alarmingly low levels. This must be addressed urgently. The first steps begun with the election of the GNU and the remarkable political transition the country has experienced.

In the previous section of this document, some of the steps the Government has taken to consolidate economic recovery were set out. However, a number of other policy areas must be addressed to improve the overall environment for investment and saving.

In the 1994/95 Budget, corporate taxation was addressed. The lowering of corporate tax combined with the increase on secondary tax on companies income will reinvest and grow. There were, however, limits to the extent to which other adjustments could be made because of other major issues such as tax on married women, the value-added tax (VAT) on basics were also under consideration. It was decided to refer this to the Tax Commission in order to take a considered, coherent approach to the problem.

However, the President has made a clear commitment to not increasing the general level of tax. What is being considered is the specific composition of the tax system.

The fundamental goal of the RDI is to create employment, labour-absorbing economy which will ultimately lead to full employment. Secondly, redistribution must occur to alleviate poverty in the process of meeting basic needs. The RDP

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takes the view that neither economic growth by itself or redistribution on its own will resolve the serious crisis in which South Africa finds itself. Therefore, to achieve a successful economy the Government will adopt an integrated approach to reconstruction and development. This will involve the promotion of a more equitable pattern of growth, an equitable distribution of assets, services and access to markets, and the maintenance of macro-economic stability.

In addition to the series of immediate measures undertaken by the Government to begin to address the structural deficiencies in the South African economy, the RDP provides a consistent, coherent framework within which several key economic initiatives including those involving investment, trade, industrial strategy, competition, small business and labour markets, can be applied simultaneously and in a mutually reinforcing manner. Such an interlinked approach is the only means of overcoming structural barriers to growth, including high unemployment, poor social infrastructure, inequitable income distribution, primary product export dependence and excessive protection. The next sections of this document describe policy initiatives in this spirit.

Investment policy

The Government will make substantial public investments so as to meet the basic needs of all citizens and in particular the disadvantaged. The Government will also encourage private investment in areas not previously explored. A successful growth strategy depends critically on an increase in productive investment from both public and private sources. Public investment in sectors of the economy aimed at alleviating poverty such as construction and building materials, communication, health and human resource development would logically also attract private investment once they are developed as more active markets. The Government is committed to creating an enabling environment that will encourage private investment by eliminating inefficient markets and by redressing the distortions of the past. The private sector will be encouraged to enhance its competitive edge in producing new product lines that not only serve the domestic market, but also gain access to the international markets.

The Government welcomes foreign investment in accordance with its objectives for growth and development. The RDP accepts that the route to attracting foreign investment is by establishing a climate of political stability, economic growth, and transparent, stable and consistent policies. The implementation of the entire RDP is the surest guarantee to attract investment from both domestic and foreign direct investors.

The principle of national treatment will apply to foreign investors, who would enjoy the same treatment as domestic investors and would be obliged to abide by South African laws. Subject to regulations administered by the South African Reserve Bank, foreign investors will have access to foreign exchange for the purpose of remitting after-tax profits and debt service, or approved loans, purchasing inputs and repatriating proceeds on the sale of assets.

Investment would be attracted into areas which stimulate the long-term competitiveness of the South African economy. The Government is committed

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to creating an enabling environment that will encourage investment by
facilitating incentives and by correcting the distortions of the past.
Industrial policy

The objectives of the (improvement of industrial policy) are employment generation,
increased investments, improved trade performance and enhanced productivity.
Attaining these goals will require focus on both the restructuring of existing
industries and the creation of new areas of industrial development.
Specifically in ways which will encourage the adding of maximum value to the
country's natural resource endowment. A new approach to industrial policy will
require its commitment from the Government, including tripartite decision-
making which draws contributions from the Government, labour and business.
Reconstruction of the economy must be linked to development. In the process, a
more dynamic manufacturing sector will emerge as a growing source of
productive and well-paid employment opportunities and industrial learning.
The present weakness of the manufacturing sector must be judged in terms of the
global trend, in which markets for manufactured commodities are growing more
rapidly than those for natural resources.

Investments that follow the logic of the RDP offer tremendous opportunities for
South African industry. In particular, major investments will be made in
electricity, health, housing, education, telecommunications and the information
infrastructure, transport, and public works such as roads, water and sanitation.
This expenditure will take place in order to provide for basic needs and
infrastructure. Manufacturers of exportable goods and services will therefore have
opportunities to design competitive products and processes, which are
appropriate for local conditions and could become important export niches.
In this respect, the RDP presents a challenge to design products and processes
which will be competitive in the export market in areas such as South America, Africa,
Asia and the Pacific Rim. (Ahead), products designed for
community telecommunications facilities for electrification have proved
extremely successful in the export market. The RDP creates a large local market
for industry which allows it to design and develop products with a stable home
market. This also permits the possibility to allow the country's restructuring
which is needed to make the country's industries more competitive and effective. For
instance, the domestic appliance industry expects its local market to increase by
millions of units now consumers, and is thus restructuring itself and designing new
products. K k k

The Government should facilitate the response to this challenge.
Rather than the Government's policy incentives, support should be directed to those sectors
which will respond to RDP investment and growth areas. This support will take
the form of, among other things, the provision of training, research and
(extension, design, technology acquisition and export marketing).

In addition to direct local linkages between manufacturing and the RDP, sectoral
policies will be needed to achieve objectives which will create sustainable employment
and growth in the future. First, the Government will aim to extend the
manufacturing sector to selected industries. Second, light manufacturing-

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ingy subsectors will receive support if they show the potential to emerge from existing protection. Third, the void between primary commodity industries and manufacturing industries will be filled through government encouragement of forward linkages and minerals beneficiation. Fourth, the Government will support manufacturing sectors which are less capital-intensive and labour-intensive directly and indirectly create employment. Fifth, the Government will drive industrialisation towards higher value-added activities, and to raise productivity through human resource development, work reorganisation, democratisation of the workplace, technological development.

In the highly concentrated domestic market, the Government will pursue a competition policy designed to re-form those market structures that underpin high prices and complacency, and that constitute major entry barriers to small and medium-sized enterprise. Market forces alone will, however, not be sufficient to revitalise the manufacturing sector. Policy and resources will be redirected to strengthening human resources and technological capacities, including those relating to smaller enterprises.

In general, industrial policy-making is a process that relies upon comprehensive commitment by the nation. The Government fully endorses those tripartite processes already contributing to industrial policy formulation. These processes will be strengthened and institutionalised. Similarly, the Government will restructure and refocus those major institutions of industrial policy, including the Board of Tariffs and Trade and the Industrial Development Corporation (IDC), Small Business Development Corporation (SBDC), the SA Bureau of Standards (SABS), the Agriculture Research Council (ARC), Council for Scientific and Industrial Research (CSIR), and other relevant institutions that have hitherto served sectional interests.

Trade policy

The objective of trade policy reform is to ensure that South Africa's trading patterns contribute as much as possible to the Government's overall RDP objectives, including broader reconstruction and development of the southern African region. Trade policy reform, including improving productivity and competitiveness, will be integrated into the overall restructuring of the country's economy.

The democratisation of South Africa resulted in new markets being opened for South African goods and services under the Generalised System of Preferences and the granting of the Most Favoured Nation status.

Trade policy must ensure a greater quantity of manufactured exports from South Africa, a process largely dependent upon the application of an effective industrial policy. South Africa will continue to participate in multilateral bodies which regulate trade. Such participation will be characterised by a linkage with other developing economies.

With regard to protection, this would mean continuing the firm commitment to gradual but steady trade liberalisation in all sectors of the economy, as espoused in the GATT agreement. The Government will nevertheless make use of socially responsible supply side measures to assist sensitive industries in adapting, in

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order to meet the stronger international competition. Such measures include the retraining of workers, the enhancement of better utilisation of technology. Anti-dumping measures and other countervailing strategies will also be introduced to protect local manufacturers from unfair foreign trade practices. Other elements of the new trade policy include programmes designed to realise the exporting potential of small and medium-sized enterprises which tend to be more labour-absorbing. This will assist new enterprises, especially state-owned businesses in their attempts to enter international markets.

Trade policy and foreign policy need to be integrated and seen as part of a broader strategy to strengthen South-South relations, to democratise international institutions, and thereby to ensure a better deal for developing countries. South Africa will seek new trade relationships with countries and regional associations which may be important partners in this process. The extension of the Generalised System of Preferences to South Africa by several countries and the Most Favoured Nation trade agreement with India, bode well for local exports.

Competition policy

The South African economy must be opened to greater ownership participation by a greater number of its people. The Government will introduce strict anti-trust legislation to create a more competitive and dynamic business environment. The main objectives of such legislation are to discourage systematically the system of pyramids where it leads to concentration of economic power and interlocking directorships, to abolish numerous anti-competitive practices such as market domination and abuse, to prevent the exploitation of consumers. Existing government institutions and regulations concerned with competition policy will be reviewed in accordance with the new anti-trust policy. The Government will establish a commission to review the structure of control and competition in the economy and to develop effective legislative solutions. To that end, it will examine changes in regulation or management in addition to anti-trust measures.

A credible competition policy is crucial to the proper functioning of the economy. The objectives of this policy are to remove or reduce the distorting effects of excessive economic concentration, to promote competition, collusive practices and the abuse of economic power by enterprises in a dominant position. In addition, the policy will ensure that participation of small and medium-sized enterprises in the economy is not jeopardised by anti-competitive structures and practices.

The Government will also seek to increase the competitive nature of domestic markets and to influence the behaviour of the lead participants in highly concentrated markets in a socially desirable manner which does not prejudice the interests of workers. The Government will identify and eliminate practices that restrict entry of effective and competitive new businesses into certain industries, seek to eliminate illegal practices such as the maintenance of resale prices, collusion between companies in market distribution, and horizontal collusion in respect of supply and tendering. The Competition Board will be restructured and strengthened.

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Monetary and financial policy

The Constitution asserts the need for the independence of the South African Reserve Bank, so as to ensure that it is insulated from partisan interference and is accountable to the broader goals of reconstruction and development. The main functions of the Reserve Bank are to maintain the value of the currency, to keep inflation relatively low, and to ensure the safety and soundness of the financial system.

The Government will support innovative financial institutions and instruments which promote domestic savings and extend financial services to those who do not have adequate access to these services. In particular, housing and for small and medium-sized enterprises will be mobilised. The Government will discourage financial institutions from discriminating on the grounds of race and gender.

Small and medium-sized enterprises

In line with the objectives of economic policy, growth in employment can be enhanced through government support to small and medium-sized enterprises. The institutional framework of support for such enterprises will be fundamentally restructured. The Government will determine appropriate support policies which will be both focused and sectorally differentiated. Support to this sector will best be decided by the Government, the private sector and NGOs acting in concert. The key areas of support to small and medium-sized enterprises will include access to advice

- , favourable amendments to legislative and regulatory conditions

- , access to marketing and procurement

- access to finance

- , access to infrastructure and premises

- access to training

- , access to appropriate technology

encouragement of inter-firm linkages.

Women, in particular, are involved in micro-enterprises which will receive increased government assistance. Discussion is needed on the problems of credit and venture capital, access to finance, research and development,

simplification (not elimination) of the regulatory environment and improved competition policy. Non-traditional enterprises which allow women to develop,

especially in the rural areas, will be encouraged. These include stokvels, informal producer co-operatives, electricity and water co-operatives.

In recognising the value of this sector in the generation of new employment and competitiveness, the Government will endeavour to bring small and medium-enterprises into the regulatory framework for labour standards.

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3.1.5 The Government and especially public enterprises will facilitate the entry of entrepreneurs into opportunities which arise from the RDP investments. These include especially the sale, installation and servicing of all domestic appliances and wiring, construction and related manufacturing and service activities such as masonry. The Government will encourage entrepreneurs to move into the manufacturing sector since the restriction of all small and medium enterprises to retailing and distribution will severely inhibit the growth and viability of this sector. The Government will therefore encourage entrepreneurs to seek technical training and joint ventures with the formal sector.

3.1.1 Labour market and human resource development

3.1.1.1 Given the extremely high unemployment rate, economic growth strategies must focus on improving labour absorption. While specific technical and institutional needs limit labour absorption possibilities (due to the general labour market conditions), the Government has helped to consolidate the Labour Relations Act to this end.

3.1.1.3 Government labour policies will be formulated to assist the most vulnerable among the unemployed, particularly rural women and the youth. The Government will also promote techniques such as skills audits in local communities. Other means of unblocking log-jams which prevent effective operation of the labour market will be supported. Accredited training programmes will be established in the context of all the National Qualifications Framework. The NPWP, using intensive methods of delivery, training and socially determined wages, will increase employment associated with the creation of infrastructure. The Framework Agreement on Labour-Intensive Construction offers an important tripartite cooperation in this regard.

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The RDP will also build on and extend the gains that workers have already won. There will be equal rights for all workers, the right to strike and the right to information about employers. All workers should be entitled to a living wage and humane conditions of employment (in health and safety environment). All forms of discrimination will be used to end discrimination on the grounds of race, gender, 11ml to address the disparity of power between workers and employers, as well as between urban and rural areas. The Government will protect the integrity of the collective bargaining system. Parties to the collective bargaining process will be encouraged to settle disputes amicably, without prejudice to their rights under the Constitution or any law. National industrial bargaining forums will play an important role, namely to negotiate industrial policy, training and education programmes, job placement and job creation programmes. And the like

3.1.4 Industrial democracy will lead to greater worker participation and decision-making in the workplace. The empowerment of workers will be enhanced through access to company information. Human resource development, and education and training are key inputs into policies aimed at higher employment. The introduction of more advanced technologies, and reduced inequalities. Discrimination on the grounds of race and gender must end, Parties to collective

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bargaining will be encouraged to negotiate alternative action policies to address discrimination and the disparities of power between workers and employers.

3.12 Welfare

3.12.1 It is unfortunately true that many communities and families depend almost entirely on the cash and pensions and disability grants. Even though there has been a high level of dependency upon these services, many who are entitled to grants or pensions do not receive them. Old people in rural areas and the mentally ill are particularly vulnerable in this respect.

3.12.2 The effective delivery of welfare to those who have entitlement will be improved. The Government will act decisively against corruption.

3.12.3 Technology and the creativity of local and provincial authorities will be harnessed to ensure pensions and grants reach the people where they live. In order to eliminate excessive travel and long waiting periods, and corruption is eliminated, it is possible by incorporating audit trails.

3.12.4 The Government will consult with civil society to enhance governments ability to target subsidies. This is especially important to ensure that tariffs for services which in general must be cost-related sustainability are made affordable to those with limited incomes.

3.13 Science and technology policy

3.13.1 Science and technology have served the interests of the minority and the political goals of apartheid. This sector must confront the following problems:

lack of research and poor infrastructure of the science and technology system lack of coordination between science councils, government, tertiary institutions and industry

lack of an effective consultative process in determining national priorities skewed allocation of funds.

Science and technology have an important role to play in the development of all sectors of our society. South African economy is characterised by extremely unequal distribution of resources. Therefore, technology policy must address this duality. It must also address both the development of indigenous and exogenous science and technology, in order to meet the challenges of South African people.

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3.13.3 The public sector, in partnership with the private sector, will play a dispensable role

to play in technology development

3.13.4 The Government will implement a programme to prioritise key performance areas; identify legislation requiring amendment to achieve the integration of science councils, and establish linkages between the scientific and technical priorities and RDP objectives.

3.13.5 Institutional changes will be introduced to ensure
independence of all scientific boards
and integration of all scientific councils through appropriate enabling
legislation
coordination between the Science and Technology Ministry and other
Ministries,
3.13.6 A national campaign for scientific and technological education and training is
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essential. together with measures aimed at improving the status of technical and
technological careers.

Tourism

The percentage of GDP generated by tourism must increase the Government. in
consultation with the industry and unions will establish a policy to achieve
growth as rapidly as possible. building on previous initiatives.

Corruption

Legislation is currently before Parliament which will introduce a Public Protector
to give the public recourse to deal with corruption and maladministration.

Public Enterprises

These play a major role in the economy. They are being made to be highly
efficient; this process should continue. Effective use of these major public
resources to provide cheap and efficient services and to lead in human resource
development. selected development programmes and Other innovations will be
of major benefit to the economy.

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CHAPTER FOUR

FISCAL POLICY AND THE BUDGET

Introduction

Understandably, the first questions asked regarding the implementation of the RDP concern cost and, in particular, who will pay for the RDP. In developing a programme to finance the RDP, certain key points are taken into account. First, most of the expenditure on the RDP is not in itself new rather, it is the better organisation and rationalisation of existing structures that will unlock resources. Second the Government at all levels will improve the capacity of the financial sector to mobilise more resources and to direct these to activities set out in the RDP. Third the Government will ensure that some public utilities, such as electrification and telecommunications, are self-financing. Fourth, improved and reformed tax systems will collect more tax without having to raise tax levels (as the RDP succeeds more taxpayers will be able to contribute to government revenues). Finally new funds will be raised from a number of sources, such as donor aid, interest on investments, and sales of state assets.

The deficit has reached disturbingly high levels in recent years and any future borrowing strategy will be based on caution, particularly with respect to foreign loans. The Government is committed to the progressive reduction of the overall deficit. The Government's commitment to maintaining fiscal discipline rests on the belief that the sustainability of the RDP will be at risk if discipline is not maintained. Excessive government deficits will result in higher inflation, higher real interest rates, balance of payments problems and lower economic growth, thereby undermining the RDP. Given the inherited pressure on balance of payments, the impact of such deficits becomes more immediate, reducing the flexibility to redirect expenditure to priority areas. The Government's borrowing strategy will consciously avoid taking on debt for development projects that do not generate short-term surpluses. Borrowing will be increased and rationalised for projects (such as housing, electrification, water and others) for which full or partial cost-recovery can be generated. With this in mind, the Government intends to ensure the effective management of resources, achieve rapid improvements in the quality of services, and redistribute and redirect government spending in line with the new priorities of the RDP.

The budgetary process

The budgetary process will be transparent in a manner consistent with RDP commitments to transparency and a people-centred society. Local, provincial and national RDP structures, including representatives of civil society, will be invited to examine the budgetary process and to make recommendations on spending shifts, inefficiency, waste and corruption. Certain changes are envisaged which will enhance this process.

At present the Budget is drawn up on a incremental basis. In other words, allocations to the different national line function departments are decided on the

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During 1991, with the recommendations were in the previous year. In time, the Government will introduce its enhanced budgetary process, by which national line function departments, provinces and other institutions of government will motivate their programmes to on this basis determine their budgetary requirements. In addition, the Government will introduce its multi-year budgeting process, by which budgets are drawn up for a period of three years on the basis of ongoing programmes. Line departments will participate in the Function Committee which determines the budgetary allocations for each particular institution. The relevant Parliamentary Standing Committees are entitled to be represented on the Finance Committee.

There are particular aspects of the Budget process during the transitional period which have implications for the RDP. Firstly, the Prime Minister's Budget for the 1995-96 financial year, the Budget year begun in November 1993. Inputs based on old structures were received by the Department of State Expenditure in April 1994. Guideline allocations for 1995-96 were therefore presented to the Cabinet in August 1994. Provincial governments will gain access to the budgets of the former TBVC territories, former self-governing territories, and former Provincial Administrations.

New Provincial Administrations will compile draft estimates according to guideline allocations during October 1994. When the Cabinet approves final allocations for 1995-96, departments of the National Government will then divide the funds for those Schedule 6 institutions that potentially will be claimed by the Provincial Governments. The 1995-96 will therefore include potential Provincial Government functions and services, although Provincial Government funding systems will not be fully developed before April 1995. The total allocations to Provincial governments will nevertheless be voted as both emulations and transfers, Provincial Administrations will have to compile their own estimates for presentation to their legislative bodies and the Provincial Administrations will also have limited powers to adopt their own tax policies.

Taxation

A Tax Commission has been appointed to advise the Minister of Finance. The Smith Alletti tax system will be reviewed to ensure that it supports and facilitates the aims of the RDP. In particular, equity, efficiency, The general income tax (the proportion of income) is in line with international standards. However, the present tax burden on the income group RZU (the lowest) 1100 per year, who now pay 711 per cent of total personal tax. This group consists mainly of wage earners and those with private sector pensions. In addition, regressive forms of taxation such as the unequal treatment of married women and excessive indirect taxation. Support will be given to the Commissioner of Internal Revenue to increase the efficiency of collection, to bring down on evasion and tax leakage. All tax incentives and exemptions should be listed and a cost-benefit analysis carried out. Incentives should comply with the government's development, industrial, investment, and resource development and social policies should be subject to cost-benefit analysis and the explicit political decision should then be taken on

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each. All other incentives should be terminated. Additional tax collected should
as far as possible not be directed to consumption expenditure.

Intergovernmental fiscal relations

An important challenge facing the Government is the establishment of the new
Provincial Administrative Regions. In particular, it must ensure effective control over
current expenditure during the transition and establish a more viable
intergovernmental fiscal relationship.

With regard to the former issue, the National Government's approach has been
to assist provinces with administrative functions through the previous
structures, whilst allowing the new Provincial Administrative Regions to be established
unencumbered by the financial problems of those previous structures. This has
required continuous interaction and the rapid identification of problems and
their correction.

The previous complex government structure, and the de jure independence of the
TBVC states, led to a complex and unsatisfactory intergovernmental financial
situation. It was possible for self-governing territories and the TBVC states to
incur debt and liabilities that eventually fell to the National Government. This was
the basis for ad hoc transfers and thus increasing loss of control.

The 1993 Constitution corrects this state of affairs by

establishing a levelled-subsidy principle

establishing a stable, transparent and more objective system of intergov-
ernmental grants

establishing the revenue sources and levels of government

regulating borrowing and guarantees by different levels of government.

The Financial and Fiscal Commission will begin to translate these principles into
more detailed concrete recommendations which will result in a structural
reorganisation of the public sector which will result in a structural
reorganisation of the public sector. Close cooperation must be
built up between the Financial and Fiscal Commission and the Commission of

Provincial Administrations, the Public Service Commission and the RDP Committee
to achieve a coherent strategy for national relations with the RDP.

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CHAPTER FIVE

PUBLIC SECTOR RESTRUCTURING

Introduction

(One of the objectives of the RDP is to rebuild a Public Service that will provide an excellent quality of service. The Public Service is the servant of the people, and must be accessible, transparent, accountable, efficient and free of corruption. All departments will undertake reviews in order to discontinue policies, programmes or projects that stand against the spirit of the RDP and the Constitution. Public employees will be redeployed in terms of RDP programmes, as new staffing plans are submitted to correspond to the RDPK programmes.

In general, the Government at all levels will take steps to reduce consumption expenditure while increasing capital expenditure. Today, as a result of past policies, 60 per cent of consumption expenditure is for remuneration. Initially, the Government will keep the size of the Public Service constant (or at worst growth will be contained to one per cent in 1994/95), but without compromising development goals. At present, the turnover of employees is about eight per cent per annum. It is the intention of the Government not to recruit new employees for positions that become vacant. It is anticipated that only about five per cent of vacant positions should be filled.

The problem of disparity and the need for restructuring must be dealt with urgently through a holistic approach. The present grading structures are very complex and there are many allowances at present. This must be rationalised to be simple, flat-based structure based on competency rather than qualifications and it must allow for career paths and lifetime training.

The existing disparities should then be dealt with in the context of restructuring, establishment of career paths, recognition of prior competency, accelerated development and redeployment to new priorities and enhanced training programmes that are consistent with the National Training Strategy and the National Qualifications Framework. In addition, the improvement of efficiency especially in the management of expenditure and the utilisation of resources must be linked to the restructuring of disparities.

Creating a broadly representative Public Service

The Government aims not only to address disparities inherited by apartheid, but also to establish a proactive programme which will seek to stamp out racism, gender inequality and other forms of inequalities wherever they manifest themselves. The first programme will be implemented within the framework of the Constitution to meet the need to empower the disadvantaged communities, with the result that a broadly representative Public Service will be established. All levels of government will be expected to implement a policy that will ensure that the Public Service is representative of all people of South Africa, in racial, gender and geographical terms. Hence it is the duty of the State to create a representative Public Service, the implementation thereof will be effected in

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cooperation with the trade union representatives within the public sector. This will require fair and equitable conditions of employment to regulate conduct at the workplace.

Special programmes will be designed to address the under-representation of specific categories of persons at different levels of the Public Service. This process will be supplemented by the promotion of the Public Service as a career amongst the under-represented groups.

All unions in the Public Service have expressed a strong support for these constitutional demands.

The RDP Fund and public sector restructuring

The major focus of the RDP Fund is to reorientate the budgets of all departments and institutions of the State to the new priorities of the RDP. Departments negotiate with the RDP Office for funding of programmes and projects in line with the objectives of the RDP. This will require an assessment of the departments capacity to absorb new recurrent costs associated with these programmes. In general, the total staff complements in departments will not be adjusted upwards. Therefore, departments will redeploy personnel to meet the staffing requirements of RDP programmes. A continuous process to evaluate the need for every post is required, and posts which are not consistent with the new priorities should be removed. The restructuring of the Public Service, including the Office of the Public Service Commission, is also a fundamental aim of the RDP Fund.

Rationalisation in the Public Service

There is a need for the rationalisation of the Public Service to reflect a unified country. The fragmentation of the Public Service into racial entities and the many occupational categories continue to create disparities which conflict with the Constitution and the realisation of the RDP as advanced by the GNU. This will require the implementation of policies to achieve cost-effective departments at national and provincial levels of government to serve the government of the day and the people of South Africa effectively. The provision of uniform service dispensations for the entire Public Service in terms of salaries and benefits is therefore necessary.

Revision of existing legislation and regulations

The Public Service Act of 1994 brought the 11 different administrations under one fold and established 27 national departments. A new Act is required which will rationalise the various administrations. Moreover, the 1994 Labour Relations Act merely consolidated the existing arrangements and a new Act will be required. While the long-term goal is a single unified Labour Relations Act, in the interim a Public Service Labour Relations Act will be established to cover the entire Public Service. Such an Act will also provide for a Public Service Bargaining Chamber for negotiations over wages and conditions.

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Public Service Regulations and the Public Service Statute (code set the terms and conditions of service. However, the 1994 revisions still contain anomalies between (different categories of personnel, and between civilian and security personnel, which must be rationalised.

The Public Service Commission Act is being considered for revision. The Public Protector until implementation functions will be separated. And the Department of Public Administration will report directly to the Minister. Provinces are being encouraged to establish Public Service Commissions, which will be important vehicles in the rationalisation of administration. However, collective bargaining and the setting of conditions of employment will remain subject to national regulation. A mechanism will be created whereby the national Public Service Commission can meet provincial commissions in order to harmonise the establishment of a coherent restructured Public Service.

Affirmative action

The GNLP aims not only to stamp out racism wherever it persists, but to establish a more sensible affirmative action programme. All levels of government will be expected to implement a policy of affirmative action to ensure that the Public Service is representative of all the people of South Africa, in racial, gender and geographical terms. Such a policy will be negotiated with trade union representatives of public sector employees. Employment conditions codes of conduct, and prohibition on racism and sexism in the workplace. The CIO also CITV SilgCLI Allirmutix ilCLIOT txill on) be eliminated in the present rules governing

qualifications for positions and lot sultir) notches LCI'C reviewed. The present rules, which require minimum qualifications and penalise applicants who have not previously had access to the Public Service, have the effect of perpetuating discrimination. Rules must be set on competence and integrity.

An all-embracing integrated labour market for all is also being established so as to assist both public and private sector (organisations. This approach will extend the employment opportunities into many other aspects of socio-economic life including gender and geographical inequalities. There are still present very many opportunities for women in the Public Service, Very few in senior positions. 'The promotion histories must be reviewed and measures implemented to end discrimination based on gender.

The Public Service Training Institute

The Public Service Commission is restructuring the Training Institute, focusing on research and development, training and international comparative programmes. Modules will be developed to meet the needs of both the Public Service and the wider society. Critical to this will be the introduction of educational programmes in project management, and the introduction of administrative and human rights law. So as to enhance implementation and management of the RDP. This will entail widening the availability of Institute training facilities so as to extend into civil society, and also extending the

skills taught so that they become transferable between the Government and civil

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society. Accreditation of Institute training programmes will occur within the context of the National Qualifications Framework.

It is, furthermore, essential that the training and retraining of personnel as well as at contemporary bursary policy for the longer term, receive priority attention. This is not only necessary to identify and address the training needs of individuals in order to internalise the concept of serving the people, but also to unlock the creativity of all.

The Training Board for Local Government Bodies has an equally important role to play in respect of all the training and retraining of local government personnel and councillors.

Productivity gains

Substantial productivity gains are envisaged, which will be achieved through the introduction of a system of performance measurements. The public sector unions will be consulted upon a range of performance enhancing methods such as work reorganisation, more efficient work practices, simplification of reporting structures, removal of duplication and greater use of modern technology. Each department will be required to prepare a report on the productivity gains that can be made, to be submitted to the Department for Public Administration.

Freedom of information

The Constitution guarantees the right to this information, which is a major departure from past practice. Precise guidelines are therefore required. Information will be available unless there is a good reason to withhold it. Information collected by government departments is generally fragmented and not adequate for the performance assessment and monitoring, nor for effective integrated planning. The Government's information management is currently under review.

Industrial relations

Sound industrial relations require strong trade unions that have the confidence of their members. The Government will encourage the extension of basic trade union rights to all its employees. Procedures will be negotiated to enhance workplace democracy and collective bargaining.

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CHAPTER SIX

CONSULTATIVE PLANNING FRAMEWORKS

Introduction

In order to align public sector programmes with the goals of the RDP, the Government will develop a ten-year Vision embodied in 21 National Strategic Frameworks. The Government will do this in part by developing three-year rolling national action plans through a bottom-up process of planning. Departments will be requested to produce national sectoral policies and plans, and provinces will also generate provincial policies and plans. A major strength of the RDP is that it promotes integrated development. Effective implementation therefore requires greater coordination in economic, physical and social planning, both within the Government and with key role-players outside the Government. In order to ensure broad alignment of all public sector programmes with the goals of the RDP, an effective strategic and business planning process must be established. Although there are dangers inherent in producing inflexible long-term plans, the National Government must provide a medium-term framework to guide annual planning and budgetary processes. It is essential that this planning process regularly reviews and revises the goals and priorities of the RDP. The strategic and business planning process will comprise an interactive cycle. In this cycle

national strategic priorities will be determined upon through a consultative process

national strategic priorities will guide the production of all public sector business plans

monitoring mechanisms will be established

National Action Plans will be produced through a bottom-up process.

consolidating local, provincial, departmental and municipal plans.

National Strategic Framework for the RDP and the Budget

The National Strategic Framework will be an inclusive process in which everyone in society has a role. The Government will coordinate the development of the Strategic Framework for the 1995-2004 period. The Framework will set parameters on what must be done, define intergovernmental relationships, and establish the utilisation of government resources. Key elements of the National Strategic Framework will include

a high-level policy framework for the RDP

a ten-year vision comprising strategic goals and critical success factors

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macro-economic and expenditure guidelines

priority focus areas for the coming budgetary allocation.

A full consultative process both inside and outside the Government will be used to mobilise all sectors in the formulation of the strategic framework. Drafting of this framework will be coordinated through the Minister without Portfolio. in close liaison with the Departments of Finance and State Expenditure. The Minister will consolidate input from departments, parastatals, Provincial and Local Governmentst the private sector and civil society.

The National Strategic Framework will be tabled in Parliament and will be revised annually to reflect weaknesses in implementation or changes in the external environment. The Minister without Portfolio will perform an annual review of progress. On the basis of gaps identified. priority focus areas for the annual planning and budgetary process will include sectoral priorities. geographic priorities in consultation with the Financial and Fiscal Commission. gender and demographic priorities, and institutional illld organisational priorities.

Business planning process

On an annual basis. a hierarchy of plans will be produced through 21 bottom-up process of planning from line function departments. parastatals and provinces. and coordinated during the budgetary allocation process into three-year programmes tied to multi-year budgets. These will be consolidated into a three-year, rolling national action plan for the RDP.

The terms of the Constitution provide for development planning to fall within the competency of the Provincial Governments. Provinces will, on an annual basis. for the 1996/97 Financial year onwards. develop provincial action plans in consultation with civil society structures. Provincial action plans will detail 21 rolling. three-year programme and an annual business and spatial plan. and cover all functions within the constitutional competence of provinces and local authorities. To ensure structured plans aimed at equitable delivery across the country. line function departments will be responsible for reaching agreement with provinces on overall targets in each sector and the division of these targets between provinces.

The provincial action plans should comprise an analysis of

7 the external environment and development context

7 development strategies and sectoral policies

7 provincial priorities and delivery targets

7 budgets and funding mechanisms

7 responsibilities allocated to provincial/metro/local authorities

the impact of proposed strategies on other provinces.

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Provincial plan should

be compatible with provincial legislative capacity

be consistent with national minimum standards for service provision

be guided by national development strategies

support local, district and metro action plans

Local government constitutes the most concrete level of planning. Annual action plans will be formulated by the local, and district metro areas in terms of the Physical Planning Act of 1991, which will be broadened to include all aspects of integrated development.

With respect to departmental and metropolitan planning, the National Strategic Framework will provide broad guidelines. Business plans will - comprise the rolling three-year programme

clarify funding strategies, financial flows and audit trails

describe sectoral and sub-national programmes and action plans

establish key performance indicators for monitoring progress.

Indicators including appropriate modifications of the United Nations

Development Programme Human Development Index (HDI) to local

conditions. The other suitable indicators will be measured and reported

regularly: The CSRS acting together with the Human Sciences Research Council

(HSRC), will be directed to develop an HDI for South Africa, based on longevity,

knowledge and standard of living, adjusted to address both racial and gender

discrimination. Many indicators still to be developed. The higher

priority concrete goals and upgrading of existing measures for

indicators such as child mortality, reduction in epidemic rates and adult literacy,

provision of low-income housing, employment equity in both public and private

sectors, incidents of family violence, provision of child care services and the

provision of infrastructure, among other things. Performance assessment will be

applied to the Government until its institutions at all levels to ensure efficiency

and effectiveness of development of the RDP priority projects

Inter-governmental consultation processes will ensure that national, provincial

and local plans are consistent. Participation by civil society will be facilitated

through sectoral forums and other structures.

National sectoral and provincial policy-making

In line with constitutional principles, clear distinctions must be drawn between

national policy-making powers and provincial policy-making. The main

objectives of national policy-making are to ensure that national minimum

standards are maintained and to provide the framework for the provision of services.

Cost-effective, high-quality services consistent with those of the Government

commitment to in the RDP Business Document. Each Ministry and

department, in conjunction with the intergovernmental committees and in

consultation with sectoral forums will

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generate guidelines on minimum standards for service provision

design programme targets and priority focus areas

7 develop budgets and financing mechanisms

, formulate programme implementation and delivery strategies.

Each province, in conjunction with intergovernmental committees and in consultation with Provincial RDP Councils, will produce more detailed policy guidelines appropriate to local conditions. Provincial policy will be generated through a consultation process designed to ensure equitable high-quality and cost-effective RDP implementation. The Minister without Portfolio will also be responsible for interacting with departments and provinces to facilitate effective and timely sectoral and provincial policy-making.

Projects which are wholly or partly funded from the RDP Fund will have to comply with strict controls. An implementing agency (at line department or the Government or province, a local authority, a development trust) must be appointed and it must appoint a Project Manager. Each project will require a business plan which conforms to a standardised format. The business plan must set out agreed key performance indicators. Procedures have been established to facilitate the drawing up of business plans in order to avoid delaying projects. Assistance with human resource and capacity development will be coordinated from central and provincial government level and will utilise a network formed by existing educational and technical institutions. These procedures drawn up for the RDP projects will be amended if experience shows the need to do so and will then be required for all programmes of government.

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CHAPTER SEVEN

CONSULTATION, PARTICIPATION AND CAPACITY-BUILDING

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Introduction

'lihc RDP will be implemented by the line liLlnCilOI1 departments (ill the National (imcrnmt. b) Pt'minciztl and Local (itwcrnmnts. and by pzti'ztstutuls. but through the widest possible cmisultzition with and participation ol'thc citizenry of South Aliiczii Structural consultation processes 'dl ztll lcX'cls oligovcrnmt will be introduced to cnsurc participation in puliQ-mztking 2lnd planning. as well as pmicct implemntutimi. Thu cmpowcrmt all institutions all civil socict) is 'd fundamental uim oli the (itwcrnmctitk Ltppmuch to building national consensus. 'lihi'ough this pmccss the (imcmmt Ltims to draw on the Cl'CLtIlVC energy of communitics To lltcilittttc clilbctit'c imoltemnt. the Gtwcrnmt will introduce progmmms that will cnhatncc the catpucit) tilkOiiihUiiit) organisations.

RDP task teams

l'ntlcr the superx'ision oli the Minister without Portfolio. The tusk teams will have at key advisory role in poliQ -m;tkin:_Y mcthmolog). This methodology will draw on project expcriencc to it latrgc extnt. and hence will engage in extensiw local-lecl cnnsultztion and participation, For cutmplc. Presidential Projects initiated in the lll'hilll chcwzt1. Rut'ul Dux'clompmt and Human Rcsnurcc Development ngmmus oli The RDP will pnwidc cssential learning and pilot studies lbr the tlclination oli clout urban. llllllll and human rcsotii'cc dcvelopment policies.

Although the technical :ispccs oli programme iiziliztgcmt will bc supervised by the RDP Programmc StipCi'Visioii (itimittcc. the tlcx'clompmt und socio-economic :ispccs will be (lCHll with b) the l'rbzm Dowlopmt Tusk Tcum.

Rural Dcwlopmt Tusk 'licum. llml the Human Rcsourcc Development Task

'licum. 'lihc tusk tcums consist ol' senior rcprcsmtttix'cs oli rclcvunt departments ttltitl pi'minccs. with sonic expcrtS l'rom civil SOClCl). lixpertisc lbr this purpose is broadly tlclinctl to ensure proper rcprcsentulimi of the iitcicists olidisudx'untugcd gi'utips :tntl communitics.

The National limnomic Development and Labour Council

'lihc ('ttbiiict hus lukcn tlte decision to cstziblish the NEDLC us :1 mechanism oli consultation COORllllltlllUll. cngugcmnt. 2lnd negotiation by key stakeholders.

'l'hc structii'c ml the Nlil)l,(l will include labour. business. (lix'ics and the (itwcrnman while :tlso makingy mom lhr the participation ollzt broudcr group Oli intercsts and organisations. The Nlil)L(' will include Ll Development Chamber which will bring together participants from different levels oli government. institutions and organisations oli cix'il society. orguiiscd labour llnd organised btisincss The lhi'cc other ('hztmbcrs Lttrc l'iinzincc und Monctatrv. Trade and Industry. and Labour. v

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Elective representation by disadvantaged groups such as women and rural people will require the encouragement of non-traditional organisations such as stokvels, producer co-operatives, housing and electricity co-operatives. Sectoral forums

A variety of sectoral negotiating forums has developed a participatory approach to policy formulation. National line function departments will be encouraged, where appropriate, to continue ongoing policy interaction with sectoral forums, which comprise key sectoral stakeholders and technical experts. Forums will advise Ministers either on request or proactively.

Provincial and local consultation

To facilitate local and sub-regional consultation and participation, Provincial Governments should encourage the establishment of sub-regional and/or local forums which will consist of representatives of all the stakeholders in the areas. Provincial Governments will agree on the boundaries of these sub-regional forums. In consultation with these forums, local authorities will promote the development of their local areas. At provincial level, consultative councils should be established which consist of representatives of both stakeholders and sub-regional forums. Their function will be to ensure broad consultation, coordination, engagement and negotiation. Structures which in the past performed such functions will be reintegrated or rationalised.

Capacity-building for effective participation

Capacity-building is required in civil society to ensure effective participation in RDP implementation. Through initiatives such as Presidential Projects, path-breaking approaches to consultation, participation and local control will be explored. The Government will cooperate with civil organisation and other community-based organisations, to develop capacity during the course of an RDP campaign to establish local government legitimacy and hence improve both service delivery and user payments. Development projects such as those funded through the NPWP (with 21 business-labour-community commitment to labour-based construction methods) will also contain a further greater training and capacity-building component, with women targeted as beneficiaries. The Public Service Training Institute will make its resources available to civil society in addition to the Public Service. Increasingly, organisations of civil society will be involved in planning and policy-making through a variety of boards, commissions, forums and other venues by which experience is gained and skills are acquired. The new approach to freedom of public information will also play an enhancing role in capacity-building.

The particular roles of NGOs are worth more detailed consideration. NGOs proliferated during the years of apartheid, when they took over many roles of planning, education, policy development and support which a democratic government would normally have played. In addition, they provided support for the democratic forces when resources of the apartheid state were denied to

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them. Since zimmt ztll governmnl relusct to supply aid to the ztpztrthcitr state, must :iitl was chunnclld through N(iOx 'l'hc (itn'crnment. cspccially ztt local and provincial levcls. must now carry out thexc lunctitms us purt ol' its normal tipcrzttimix 'l'his includes the normalisation ul' lhc tlcvcclupmcnl linzmcc I'Cltl'llltulhlllp 2h primarily an inti'zt-govcmmentztll lillltclltm, l'tirthcr. the rcwtii'ccx ol' the (iowi'nmcnl (cspccittlly in lhc urea Ol' rcxcztrch) must hc mztllc zuztilzthlc tn ntilxx organisations as they arc to business :ititl nlher cnnxtitticncicx.

A human rcxnurcc tttitl capacity tlcwlnpmcnt hux hccn estatblixhcd by the Ntttinntil (inwrnment 10 liucilitute until courtlinute RDP clilorls. Provincial 2lnd Local (itn'cmcnls ztrc the lx'C) tti'cztx ol'tlcclixu) ol the RDP. Thu task lcums will thcrclim'c 16cm initially on the (lcxcclnmcnt ol' the ability Oli the Public Service illltl uli cummuniticx ill pi'minciul and local letcl to tlrix'c lhc pmgrumme planning. implmiicnlation until munugcmnl required lor the RDP programmes clil'cctixtclly. As lltr :h ptwssihlc. cxixting institutions iiill hc utilised, A nation-wide

nctwoi'k Ol. institutionst including tinixcrx'iticx. lochnikonx tccchnicztll ztnd teacher-lmining collugcs. pi'uite and public xcctor trainingy lltcilitics. the Public Service ilii'ztining lnxtitulc llitll SUIHC N(iOx ix cmixugctll. Thix network will be challenged to Pl'tiVlth the ncccxsur) training. in modular lhrm ztntl cottnistcnt with the National Qttttliliculationx l-immcxmik and the National 'lirztining Strztlcg); In order to respond to lhx chttllngc. institutions iiill hc encourugcnl t0 bgin the process oli I'clhrming llicmsclwx Provincial ttntl local task teams will hc cssentiztl in order t0 slimululc :lilll tlccxclop intcgrtitinn Lllltl CUOI'LllllLtlloii oli the institutions. rcspnscst

l'ttlurc gm'crnment support lint N(iOx uill hc huscd on their mlc in taking lioi'ixzirtl lhc RDI). ti pi'cccx that am hc ztssislcnl until cxttlutcul through some l'orm oli accreditation tor illl such N005 xthich rcccx'c gmcrnment liundst Rtttiunztlisutinn nl' scmicc thllVCl') 10 cmunitics is :t general gttitlcclinc for tlmors. lltmcwr. it is huth HCCSNII') tmd tlcsirtthlc lior hcztlh); clilicicnl Lind cl'l'cctix'c communit)-htt.xcd tlcwlnpmcnt organisations and N(iOs to exist. The (itwcrniiicnt should not have u monopol) nl rcmurccs in this ztrczti Organisations UliclVll societ) xhoultl cmitinuc to httw the choicc nlittcccx t0 ultcmaitixc suttrccs til SCH'lCCS such tlc polic) i'cxcm'ch m that it is not complclcl) tlcpntlcnt on the (imcmcnl. In addition. commttitit)thuscd Llcx'clupmcnt organisations Will i'cccx'c more mtensixc linuncinl and logistical support once rcpi'cxntutix'cnccs. :iccutiitaihiliu ttntl clibctnccxs :ii'c cunlirmul

'lihc (iuvcmcnl must cnsurc lhztt its scri'icc arms uic :tccssihlc to civil society. cxpcctittly muss organisations with limited resources. and that they arc able to prmitlc tin unhittscd scrx'icc mm in arms (such us industrial strategy. tlcc'clupmcnl planning or titlicr tircus nli mullipurtitc ncgutiution) where interests mzty hc tipposcd lo CLIIITCHI gm crnmcttt policics. N(i().x' um and should thcrclbrc DFOVlth :l crucial hcnchmttrk lot quality ttgttinst which the Government Ol' pttusltttttl institutions um hc mcsttti'ctl. 'lihc (im'crnment strongly liztvours the cstuhlishmcnt 01llcoordinating body lbr N(iOs. This budy should be constituted as l'atr as possible l'mm the rationalisation of cxixting bodies. and should be substantially independent oli the (iuvcmmenti 'lihc (itwct'nntcnt should be

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sympathetic to it and should not interfere in its activities except through regular consultation in order to facilitate coherent development policies.

With respect to mass-based organisations of civil society especially the labour movement and the Civics their role in the establishment of political democracy was central. They have also won very substantial improvements in the social and economic lives of their constituentst A vibrant and independent civil society is essential to the democratisation of our society which is envisaged by the RDP. Mass-bztssed organisations will exercise essential checks and balances on the power of the Government to act unilaterally, without transparency. corruptly. or inefficiently.

The RDP envisages a social partnership and the Government should therefore provide services and support to all sectors. especially organised labour. the civics. business. womeifs groups and the religious and cultural bodies. Moreover. the Government has a duty in terms of the RDP to encourage independent organisation where they do not exist. such as rural areas. Strong consumer zmd environmental movements are essential in :1 modern industrial society and should be facilitated by the Government.

The Government must therefore provide resources in an open and transparent manner, and in compliance with clear and explicit criteria to mass organisations to ensure that they are able to develop or maintain the ability to participate effectively as negotiating partners of the Government. The social partnership envisaged by the RDP does not, however. imply that mass organisations do not retain the right to their own interpretation of and their own goals for the RDP. It does imply that there is agreement to find solutions to constraints which will emerge in the RDP's implementation. For example. if construction industry bottlenecks are identified as constraints to government efforts to reach housing targets, the relevant organisations and institutions will be encouraged to reach consensus on solutions to address the specific bottlenecks 0r shortages that are identified. Thus a series of agreements or accords will be negotiated to facilitate the full participation of Civil society. together with the Government. in order to find ways to take down the barriers which emerge during the course of the RDP.

Empowerment of women, youth, rural and disabled people

The Government has completed a report on women in South Africa in preparation for the United Nations conference in Beijing on the status 01 women next year. The RDP office has been mandated to spearhead a broader empowerment programme for women. taking into account that women often represent the poorest. most exploited and most marginalised sector oi our society. As described elsewhere in this document. the Government will formulate an integrated and sustainable rural development policy in consultation with rural people. their organisations and stakeholders. In particular. attention will be given to broaden access to services and support to small-scztle agricultural producers by ensuring access to land. appropriate markets. credit facilities. training and support.

The capacity to implement development programmes in rural areas is a serious bottleneck, which will be addressed as a priority.

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'l'hc (lm'crnmcnl will Llcsign. in cnnsullulinn with disabled people. a mmprchcmiw programme lbr llic clisuhled which will enhancc their mobility in xncicly and rcmm'c discrimiimlury prucliccs against Ihcm. especially in the work plucc. (invmmcnl will also discuss mcum IO rcinlcgrulc disabled people into llicir cnmmunilicx. cspcciuilly lhmc who urc mcnlzllly disabled. thrc pccple arc cnlilled IO disability grunts. llicxc xlmuld be paid to them. Special ullcnlion will lac gixcn lo mcnlul illncxs arising from lruumu 2nd violencc. which can clisuhlc people l'mm lwcing ublc to function normally in socicly, illic yuulh all our land plzlycd :1 major role in the zichicvcmcnl 01' lirccdom. The (iowrmcnl uill mxiiler cxluhlisling spccial programmes uimcd ul addressing lhe needs nliyuung pcuplc. in particular. IO zuldrcss lhe huckling in education and training job crculion zlml rccrculinn. Young people arc our country's most impnrlunl rcsourcci lill'orl will be i'quired Io cnsurc than they arc equipped to play :i mujm' mlc in llic rccnslrucliun uml Llcvclopmcnl ()lVSOUill Africa.

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CHAPTER EIGHT

CONCLUSION: A NATIONAL CONSENSUS

This first White Paper on Reconstruction and Development has set out key change management strategies for transformation, particular of government at all levels. It also sets out guidelines on areas of importance for change. This is the first in a series.

The second will be published for comment in March 1995 and will set out in more detail specific policies, together with an evaluation of the process.

Daunting challenges face government in implementing the programme set out in this paper. Perhaps the most crucial is the establishment of credible and effective Local Government, in both urban and rural areas. Without this, implementation of development programmes will be seriously hindered. It will require a sustained and intensive campaign which brings

together Central Government, Provincial Governments, existing local authorities, civil service, trade unions, business and other community organisations. Local Government development will also require a huge effort in human resource and capacity development. Existing institutions will be challenged to provide this input in an integrated manner.

The stability of Local Government services depends on the regular payment of user charges. The first step in achieving this is to make all aspects of Local Government functioning

completely open and transparent. This must be done also with the finances and cost structures of both municipal and national utilities.

Further planning of a campaign to restore stability to local authority finances must be done

together with mass organisations and especially with trade unions active in Local Government.

The campaign will only be successful if the government at all levels is prepared to go out to the

people, to talk, clarify and explain, and to answer questions.

The issue of affordable tariffs, targeted subsidies and targeted welfare delivery must be resolved as a matter of urgency.

Communities must be prepared to commit themselves to partnership contracts in terms of which they undertake to participate in the planning, management and protection of development programmes.

There is a second major challenge in implementing the Government's programme. For the RDP to be people-driven there must be a vibrant civil society. However, there is a tendency at present to believe that the Government will deliver on its own. This has the potential to disempower the organisations of civil society. Communities and organisations are listing projects and expecting the Government to pass over a cheque. Rather, organisations and communities should themselves set up projects and expect the Government to cooperate, not to finance. The Government must proactively assist civil society to gain access to information and to participate effectively in the consultations required for a people-driven RDP. Equally, civil society must ensure that the resources of

Local and Provincial Governments are rapidly re-organised and redirected.

The third major challenge is to ensure that the change management process in government moves sufficiently rapidly to allow significant changes in the deployment of staff and

expenditure before the Budget in March 1995. This must include Changes in budgeting procedures. control and management of programmes and asset policies.

The responsibility for the renewal and transformation of our nation is. however. not the responsibility only of the Government nor of particular elected officials. It is a joint responsibility of all sections of our nation. and calls on all to put their energy and creativity

into finding ways of doing things better and differently. The constraints and obstacles which can prevent delivery of a better life for all of our people can be solved if those constituencies most involved in the sector apply their minds to the problem jointly.

This partnership and national consensus does not mean that different constituencies and organisations of civil society cannot or should not have their own aims and goals. It does

however. mean that they should attempt to make those aims and goals consistent with the aims of the RDP and of renewal of our society. in a conscious and honest process. It is essential that organisations of civil society do. in fact. have clear goals which reflect the real

interests of their members. but they should lead their members in attempting to align those goals with the RDP.

In this way the energy of the nation can be harnessed for the good of all.

LEAD PROJECTS ANNEXURE ONE
PRIMARY SCHOOL NUTRITION SCHEME

Aim

Scope

Output

RDP

To contribute to the improvement of education quality by enhancing primary school pupils' learning capacity, school attendance and punctuality and contribute to general health development by alleviating hunger. Educating pupils on nutrition and improving nutritional status through micro-nutrition supplementation. Parasite eradication where indicated. To develop the nutrition component of the general education curriculum.

Provision of early snack, meeting 300/0 of the energy requirement, to 3.6 million children (50% of primary school children), in areas targeted on the basis of poverty criteria, particularly rural areas and peri-urban informal settlements. Project committees in identified schools will submit proposals to provincial teams for appraisal and approval. Training and capacity-building are included to ensure effective implementation, and to link to other education quality improvement and community development initiatives to incorporate it into national nutrition scheme.

Scheme implemented in 50 schools per province September 1994

Fund R4718 m 1994/95

RURAL WATER PROVISION

Aim

Scope

Output

RDP Fund

To support the provision of water and sanitation to rural areas, particularly the needs of communities in ex-TBVC States and SGTB. To develop local Water Boards as institutions for Local Government.

Twelve (12) projects in seven (7) provinces for supply, extension of services, small project support and to bolster rural economic activity: Northern Cape, Northern Free State, Free State, Eastern Cape, KwaZulu Natal, Western Cape, Western Free State.

Kutlwalongwane (N Free State), Bushbuckridge (E Cape):

Vukhukuma (KwaZulu Natal), Truncheon (EC), Winterveld, Moretele

(Pretoria); Supply (NW); Kutlwalongwane (OFS).

These are to start immediately

Y

R 59,511 1994/95

R135,4m 1995/96

R 87,811 1996/97

LAND REFORM PILOTS

Aim

Scope

To develop and support integrated sustainable rural development through rural local government models through land restitution, redistribution, tenure reform and settlement support to kick-start the wider land reform process. Linked with other land programmes

One Pilot District per province.

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NATIONAL LITERACY PROGRAMME

Aim

Scope

Output

RDP Fund

To launch 21 National Adult Basic Education 21nd Training Programme through line dcpznlmenls and institutions 10 21ddless the lilel2lcy and numeracy gap in the country.

Identification 01 2lppr0pii21lc mechanisms 1012112211'1lcssl1lg1 ICSOUFCCS 21nd skills for the provision of lilemcy and training. Mechanisms should 0011101111 10 the L21"iteii21 01 11211i011211 acceptability inclusiveness integration with the RDP be 21CIi011-01'ieil12116d and b6 cost effective Oerules piim211ily 1h10ugh existing capacity

Planning for i111pic111ei112111011 September December 1994.

I111plcmcnl2111011 phase J2111u211'y 1995-1999.

None Donor funded to 1997

SMALL-SCALE FARMER DEVELOPMENT

Aim

Scope

RDP Fund

To respond to demands of 12111d-b2ised COIDINUIIiIiCS 101' small11-sculc agricultural production training 21nd support. Also. development of appropriate training modules. development of mobile training units. Building capacityofexislinginstitutions101122111111221111ei2510scrvc1hc sector. 111 all provinces in consultation with MECS and Provincial Dcpunmants.

R4m 1994395

CULTURE OF LEARNING

Aim

Scope

Output

RDP Fund

The aim 011116 pl'0gl'21ml1le is to restore 221 culture 01162112111115y in education institutions. The programme caters for physical i111pl20venlent of school buildings 215 well 215 quality 01'lc211'1ling by targeting i111pl20vc1116111 015L211001 guidance.

Rehabilitation ofschools damaged during 1116 past 2111dL'011511'uL211011 01116112 schools.

Planning phase September December 1994

Implementation phase November 1994 1999

RIOOm 1994/95

PUBLIC WORKS PROGRAMME

Aim

Maximise job creation potential 0li2111 capital projectx

Scope/Output Ali infrastructure projects funded by RDP Fund are linked to Public

RDP Fund

Works Programme RZSOm allocated for special 0011111111111in based programmes Training 21nd capacity building 10 provide long term job prospects

R250m

FREE HEALTH CARE

Aim Provide free health care for under-sixes and mothers pre- and post-natal at State facilities

RDP Fund Under negotiation

CLINIC BUILDING

Aim To provide clinics especially in rural areas and informal settlements to ensure availability of free health services

Scope To be done with Public Works Programme

Erection and upgrading of clinic facilities.

RDP Fund R25m 1994 95

R65m 1995 96

R65m 1996 97

AIDS AWARENESS AND PREVENTION CAMPAIGN

Aim Campaign to promote awareness and prevention to ensure effective national and provincial responses

Scope Promotion of safer sexual behaviour: condoms and control of STDs.

Counselling care and social support. Mobilise and unify resources.

RDP Fund Dependent on funding

PROVINCIAL PROJECT PREPARATIONS FACILITIES

Aim (i) increase provinces capacity to plan projects with community involvement.

Scope Supports development of projects through:

consultation

feasibility study

preliminary design

business planning

establishment costs

Does not include detailed design or implementation.

RDP Fund R10m 1994 95

PROVINCIAL PROJECTS

Aim Discretionary allocations to 10 provinces

Scope To be drawn for projects conforming to the criteria established by the Cabinet. primarily community projects.

RDP Fund R10m 1994 95

EXTENSION OF MUNICIPAL SERVICES

Aim To ensure a rapid and visible improvement in the provision of municipal service. facilitate the democratisation of Local Government. Lay the basis for the sustained payment of rent and services by local communities. Scope Rehabilitation of collapsed infrastructure. system and facilities for providing basic municipal services. Extension of infrastructures. systems and facilities for providing basic municipal services to new areas. Creation of institutional and linzmcial capacity to operate and maintain new and restored services. Implementation of the Local Government Transition Act. and associated Changes at local level.

Applications to the RDP fund should meet the following prerequisites:

7 Funds should only be paid out in respect of each local area once u Transitional Council has been established in terms of section 7 0f the Local Government Transition Actt

Applications must be supported by agreements on how operations and maintenance of new and rehabilitated infrastructure will be financed and sustained.

7 The applications must demonstrate that budgeting and planning for the amalgamated local authority area is being managed in :1 integrated manner.

Projects should be directed at improving the quality oflife ofthe poorest section 01" the community.

Output Consultation with organised Local Government and Civics underway

Department Of Constitutional Development planning a summit for

Reconstruction and Development at Local Government level.

7 Department of Environment Affairs launching 21 township clean-up campaign.

Decentralised system of decision making on funds. under direction of Local Government. MEC's Forums. to be established.

RDP Fund R500m 1994/95

R350m 1995/96

URBAN RENEWAL PROJECTS

Aim To kiCk-start development in major urban areas. focusing on violence-torn communities and communities in crisist

Scope Integrated provision of infrastructure. housing. community facilities. job creation. environment and recreation facilities. in communltles selected according to national criteria.

7 Facilitation of non-ruciztl and democratic Local Government.

l'thls areas

:1 KATOR US. E2151 Rand

repair ol' damaged houses. upgrading of hostels. repair of infrastructure.
improved service provision. new housing development. provision of community
facilities

; KWAZULU-NATAL

rebuilding and upgrading of 19 Urban Communities affected by Violence.

DUNCAN VILLAGE. E2151 London

Integrated development of greater Duncan Village area including land servicing
and housing programmes.

IBHAYI. Port Elizabeth

Provision of infrastructure. community facilities and housing for Ibhayi and
Soweto-on-Sea community.

OFS

Integrated development and upgrading of Botshabelo and Thabong commu-
nities.

SERVICED LAND PROJECTS

Focus on Cape Flats townships and communities with upgrading of
infrastructure. land servicing. job creation. housing and provision of
community facilities.

Output

Preliminary identification of 7 lead urban projects.

(a steering committee established. consisting of

National Housing

Provincial Affairs

Local Expenditure

Public Works

Provincial RDP (Vooruitnemings)

Chairs of regional Housing Boards.

1 Detailed technical evaluation of projects underway

3 Business plan to be formulated with each project implementing agency.

RDP Fund R304V6m 1994/95

R486.5m 1995/96

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