

NEW AGENDA

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THE SECOND ECONOMY

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ISSUE 15

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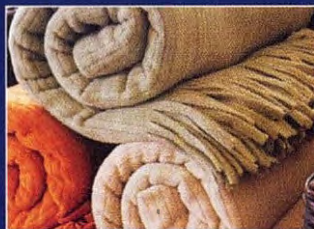
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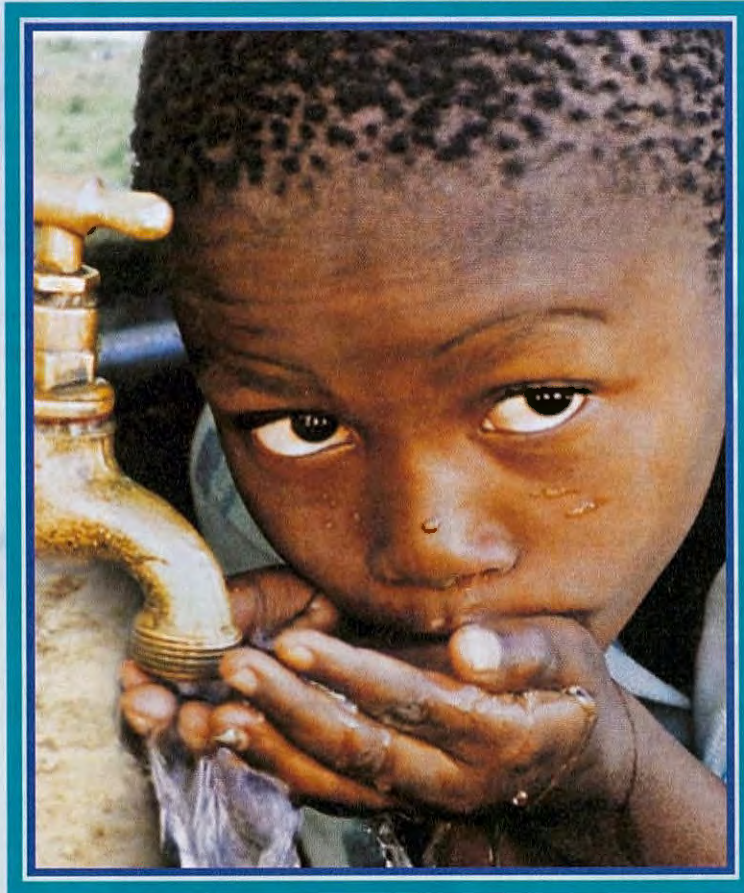
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Winterveldt Water Supply Project in Partnership with Tshwane Metropolitan Council

This project aims to improve access to water for the communities of the arid area of Winterveldt. The aim is to provide at least 25 litres of water per person. This initiative not only led to the employment of 85 people from the community, but also created opportunities for residents through the training and development of local contractors and artisans.

Yet another project in the Winterveldt area aims to achieve health improvements in the community by changing current poor hygiene practices and improving sanitation facilities so that they are sustainable in the long term. Through skills training, facilities can be maintained and improved. The project involves funding of improved sanitation facilities by means of household subsidies.



Alien Vegetation Eradication Project in Partnership with the Department of Agriculture, Conservation, Environmental and Land Affairs

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The Foundation's key objective is to ensure that the majority of South Africans not only know their rights but are also able to access them in order to achieve the quality of life guaranteed in our constitution.

This year South Africa celebrates ten years of democracy. While there is much to celebrate, ten years into our new democracy the structural legacy of apartheid impacts on the majority of black South Africans: economic inequality, poor living conditions, lack of access to services and great difficulty in accessing the justice system.

The Foundation is also committed to ensuring that women and children are able to live out their lives and enjoy their human rights, free of violence and economic deprivation.

Since the advent of our democracy the state and civil society have put in place mechanisms aimed at ensuring that gender equality becomes a reality particularly for the poor rural women, who on a daily basis face challenges to achieving a life free of poverty, unemployment and violence.

While the state has created an enabling environment for the advancement of gender equality and passed laws and made policy to deal with gender violence, a corresponding change in attitude amongst South Africans has not taken place. The challenge of creating a society free of gender violence remains a formidable one. While a great deal of work has taken place within the gender sector to deal with issues of Gender Based Violence, not enough information has been available on the services available to women and men impacted by violence.

The Foundation for Human Rights (FHR) supported by the Development Cooperation Ireland in partnership with the Centre for the Study of Violence and Reconciliation (CSV) recently launched the National Directory of Services Addressing Gender Based Violence. The directory addresses the challenge of ensuring that information of services available as well as the organizations working in this field is accessible to all.

The directory contains a list of services available in each province and contact details and information for more than 200 organisations, countrywide, that assist women who have experienced violence. The directory is extensive and includes contact details for counseling services, shelters, legal services, specialist police units, courts, health services and one-stop centres.

The directory is available in CD form which allows for it to be copied and distributed as broadly as possible. It is also accessible on the internet at www.csvr.org.za/gender/directory/index.html and may be obtained in hard copy format from the Foundation. The Project Officer at the Foundation is Robyn Solomon.

For information on other Human Rights Programmes funded by the Foundation for Human Rights contact us:

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UNIVERSITY OF VENDA



Professor GM Nkondo
Vice-Chancellor and Principal

UNIVERSITY PROFILE

INTRODUCTION

The University of Venda (Univen) is the first institution of higher learning in South Africa to respond to the new South Africa's call for transformation. Univen's educational philosophy is based on a clear understanding of the interests, characteristics, abilities and needs of society. The rationale is that the student becomes a responsible, productive citizen. Students are exposed to an 'imaginative intelligence' curriculum, which encourages them to critically analyse problems, provide creative solutions and engage in entrepreneurial thinking and processes.

VISION

The University of Venda, as a research-orientated and innovative comprehensive university, will be a leader in offering integrated academic and career-focused programmes at undergraduate and postgraduate levels for regional, national and international development.

MISSION

The University of Venda (now a stand-alone comprehensive university), through a problem-orientated, project-designed curriculum, provides quality education and training in its academic and vocational programmes; the human and social sciences provide a social context and an African perspective for the cultivation and empowerment of humanity regionally, nationally and internationally.

- Univen provides education for liberation by transforming inequities in economic, racial and gender power relations. It exists, together with its affiliated components, to empower, through research, the provision of appropriate skills, and the development of a critical consciousness.
- Univen combines the best features of a university, pursuing knowledge production and dissemination in the natural, social and human sciences and technology context towards knowledge application and skills training.
- Univen offers three divergent learning trajectories: traditional academic programmes; applied sciences; vocational training, and integrated

bridging and foundation programmes. Univen strives to adapt theory to practice, while addressing the issue of under-preparedness of many of its students.

The University of Venda has developed a unique niche with emphasis on rural development through:

- broad-based access to education and training through multi-level entries/exits;
- problem-oriented and project-designed education and training;
- focus on sustainable development;
- emphasis on interdisciplinary connections in the Institutes of African, Gender and Youth Studies and the Institute for Entrepreneurship, Innovation and Poverty Eradication;
- integration of knowledge for technological advancement;
- development of indigenous knowledge systems; and
- growth, development and transformation.

MANAGEMENT

Univen has a very strong, dynamic and progressive management structure that integrates academic and administrative structures and functions; a system of administrative and academic boards form the executive management structure.

Univen consists of the following academic entities:

1. The Faculty of Natural Applied Sciences, comprising the following schools: Environmental Sciences and Engineering, Mathematics and Natural Sciences and the School of Postgraduate and Integrated Studies.
2. The Faculty of Health, Agriculture and Rural Development comprises the following schools: Agriculture, Rural Development and Forestry, and Health Sciences.
3. The Faculty of Humanities, Management Sciences and Law comprises the following schools: Management Sciences and Law, and Human and Social Sciences.

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**CONTACT: The Registrar, University of Venda for Science and Technology,
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DERACIALISING THE ECONOMY - BUT WHO BENEFITS?

BY DAVID DLALI M P

The economy inherited by the democratic movement was in deep structural crisis and it needed fundamental restructuring. For many decades forces within the white minority used their exclusive access to political and economic power to promote their own interests at the expense of black people. The system of super-exploitation entrenched one of the world's most unequal patterns in the distribution of income and wealth. This was why the Freedom Charter of 1955 demanded that: "The People Shall Share in the Country's Wealth". It went on to urge that the national wealth should be transferred to the people and that some major industries should be transferred to the ownership of the people as a whole.

We record these messages from the past in order to remind us where we come from. It also helps us to ask whether our present course is correct and in line with that past. Of particular concern is the rapid emergence of millionaires and even billionaires. Also worrying is the fact that the wage gap seems to be widening.

The question can be posed around the issue of deracialising the economy. Is it to benefit everyone or just a few? Is it correct for a few to benefit while the majority of our people remain very poor? How are they benefiting from the government's economic policy? Is it actually leading to the eradication of poverty?

We ask these questions because we were confronted by dramatic headlines in the Sunday Times of 9 May 2004 which screamed, "Big Boom in South Africa's Super Rich - wealth explosion brings more than 500 newcomers into the ultra-elite in 10 years". Clearly, if true, these facts call upon all of us to re-examine where we are headed. Has the structural approach we have taken to deracialisation of the economy to work for a better life for all?

It may be argued that there is nothing wrong with previously disadvantaged people becoming rich in the process of economic transformation, but should this happen at the expense of the poor, and by widening the gap between them?

We also need to examine whether the Black Economic Empowerment programmes are working correctly. Are they enriching the few? And they reinforcing the Two Nations scenario? This is not to say the Black Economic Empowerment is a wrong strategy, but it may be that there



are unintended consequences that are creating undesirable inequalities.

We all accept that the government is committed to the eradication of poverty and underdevelopment. But is sufficient account being taken of the need for wage income as the single most important contribution to poverty eradication?

In his State of the Nation Address on the 21 May 2004, President Comrade Mbeki argued that there are three components to solving our problems: growth and development of the "first economy", confronting the challenges of the "second economy", and, providing a social security net to help where poverty is rampant. These proposals have universal support. But we need to be vigilant to ensure that, as they are implemented, we are not faced with the kind of unintended consequences which would defeat these same policies.

CHRIS HANI DISTRICT MUNICIPALITY



**Executive mayor, councillor
Mafuza Sigabi**

NEW PROJECTS FOR THE CHRIS HANI DISTRICT MUNICIPALITY

The white paper on local government defines developmental local government as a local government that is committed to working with citizens and groups within the community to find sustainable ways to meet their social and economic needs and improve the quality of their lives. To give effect to the above broad statement, the Chris Hani District Municipality, together with the eight local municipalities, has embarked on a programme of interpreting these objectives and channelling them into practical, deliverable actions or projects.

Through the reviewed IDP and aligned budget, the district municipality has set aside funds to kick-start the following projects:

CHEESE FACTORY

Several development projects in the Chris Hani district area will aim to uplift the lives of rural residents. Four projects are in the pipeline for the district municipality. Chris Hani District Municipality has allocated an amount of R2.6-million from equitable share towards the construction of a cheese factory which will be located at Dordrecht. This is a local initiative between established and emerging farmers in that area. The project steering committee has already been established and the site identified; environmental assessment has been conducted and the site is cleared for construction.

FLAX PROJECT

The district municipality has allocated an amount of R1-million from its equitable share towards the establishment of a flax factory at Ezibeleni. This is a CIRS initiative, which also involves transportation of machinery from Brits and Johannesburg to Queenstown at an estimated cost of R3-million. There is currently stakeholder consultation to ensure the project becomes successful. Da Gama Textiles is also showing interest in planting and growing cotton in the irrigation schemes to provide raw material for its textile factory in King William's Town when it is operational. The project steering committee, comprising primary stakeholders, is already established



and operational. The composition of the steering committee includes CHDM, CSIR, the Department of Economic Affairs and Tourism, the Department of Agriculture and some local municipalities.

This project has huge potential to create both temporary and permanent jobs. The irrigation schemes that are currently being revitalised within the Chris Hani District Municipality area have been targeted to provide the necessary raw materials.

The challenge we are facing involves raising the necessary capital to manage the inception and operation of the project.

FRUIT AND DAIRY PROCESSING PROJECT

This project is in the inception stage, though financial commitments have been made by partners of Nyika Investments. The district municipality has provided an amount of R2,5-million for business plan development on a loan basis. The district municipality will liaise with Nyika Investments to ensure proper coordination and alignment of programmes. The business plan is supposed to spell out details of the project; in particular its impact on existing and emerging businesses engaged in similar projects.

BUSINESS ADVICE CENTRE

Chris Hani District Municipality, the Development Bank of South Africa (DBSA) and the Department of Trade and Industry (DTI) are in a process of entering into agreements to partner and establish a business advice centre at Queenstown, with possible satellite offices in local municipalities. This process is managed by the University of Port Elizabeth. The district municipality has allocated an amount of R400 000 this financial year for the centre, and other potential partners have made financial commitments towards the project.

These initiatives are expected to boost the economic development of the district municipality and address the issue of poverty. The district municipality is working hard to ensure that it becomes the hottest economic development prospect.

The executive mayor, councillor Mafuza Sigabi, is appealing to stakeholders for the integration and coordination of government programmes so that we can make an impact on the lives of our communities. It is the belief of the district municipality that we made the correct decision when we identified agriculture as a priority when we first drafted our IDP, as most of these projects centre on agriculture and farming. We are trying to demonstrate our aspiration to address social and economic needs and improve the quality of life of the citizens of this district.



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THE DUAL ECONOMY

BY EDWARD WEBSTER

The author is Professor of Sociology and Director of the Sociology of Work Unit, University of the Witwatersrand

This article is drawn from the introduction to co-edited book of essays, Von Holdt, K. and Webster, E: "Work Restructuring and the Crisis of Social Reproduction and 10 Years of Restructuring Post Apartheid Workplaces by the same authors to be published by the University of Natal Press.

(This important essay distinguishes between wage employment in the formal economy and survivalist income generating activities in the informal sector and how they impact on society. The essay is a valuable contribution to our debate on the dual economy. Editor, New Agenda)

Africa's involvement in the global economy is not new: seven centuries ago gold was mined north and south of the Limpopo River at Thulamela near Polokwane. Gold was traded for vases from the Ming Dynasty in China as well as glass beads from India over seven centuries ago. And, of course, Africa was integrally linked, through the Atlantic slave trade, to the industrialisation of Europe.

But my concern is a more specific one; I want to discuss the findings of on-going research on the impact of the current phase of our involvement in the global economy - what we call globalisation - on the world of work.

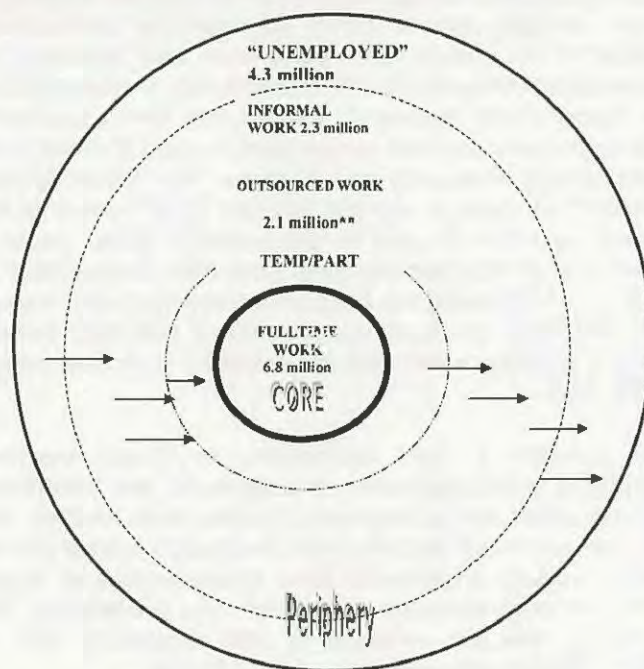
The paper is divided into two parts; first I will examine cases of those in work who are increasingly integrated into the global economy. They are formally employed, whether full-time, part time or sub-contracted. They obtain a regular income; they "earn a living". Then I examine the self-employed in the informal sector and describe the creative livelihood strategies they develop in order to survive at "making a living".

I conclude by challenging the notion of a "dual economy" as consisting of two separate economies suggesting, instead, that formal paid employment and informal sector activities are asymmetrically interdependent. The modern sector depends on the informal and the majority of households combine work in the two sectors. That is, there is a diversity of ways of making a living.

This diversity is shaped, in part, by the intensification of global competition. There are three kinds of "worlds of work": those in the core who benefit from global integration; those pushed into more precarious and intensive working conditions because of global competition, and finally, those who worked in factories that were forced

to close down because of international competition and who are in the periphery and are either in informal work or unemployed.

THE FLEXIBLE WORLDS OF WORK*



EARNING A LIVING: THE NEW ECONOMY

In 1992 key actors in the motor industry openly expressed their concern that "there was a good chance there would not be a local motor industry to speak of by the end of the decade". To support the industry, the Motor Industry Task Group, a tripartite government, employer and union forum, was set up and a process of negotiated reconstruction began. The key institutional innovation, introduced in 1995 through the Motor Industry Development Programme (MIDP), removed local content requirements (although protection of the domestic market remains at 40 percent) and encouraged exports through credited rebates for imports. This not only created new market conditions for South Africa's auto sector; it also resulted in an emphasis on specialisation and a more internationally integrated industry. Tariff protection was reduced from 115 percent in 1994, to 54 percent in 1998 and to 40 percent in 2002.

The impact was dramatic. In 1996 the South African auto industry exported 11 500 vehicles worth R750 million; in

2002 over 130 000 vehicles worth R15 billion were exported. The most advanced example of this "turn-around" is BMW, which has located its global production of the 3-series model in South Africa. In 2001, BMWSA produced 49 553 BMW 3-series vehicles; it exported 36 464 to the United States and Europe. In fact the BMW 3-Series was the second most popular imported luxury car in the United States in 2001.

In the face of intensified international competition, the industry has been forced to reduce production costs and improve product quality. This has led to a shift in the nature of managerial control from the apartheid workplace regime of the past to a more consensus building approach.

This approach, what could be called ideological flexibility, is a managerial strategy aimed at increasing the intensity of work through various forms of employee involvement designed to change the behaviour and attitudes of employees (Masondo, 154-181). Employees, for example, are no longer called "workers": instead they are "associates". The term associate, one worker said, is used to conform to international standards and it shows that South African workers are seen as workers like any other worker in the world, unlike in the past in which South African workers were seen as "lazy and unskilled" (ibid.:168). Furthermore all categories of employees from senior management through to production workers wear standard BMWSA T-shirts during working hours and are called by their first names (ibid.:169).

In addition to these mechanisms to change workers' identities and subjectivity, management has introduced quality circles and a suggestion scheme (ibid.: 306-308). The innovations on the shop floor are designed, a worker said, to solicit workers' expertise to solve problems such as quality and efficiency, eliminate waste and raise productivity. The company has also invested in new technology and an extensive training programme (ibid.:170-171)

However, Masondo emphasises the contradictory aspects of BMWSA's attempt to ideologically adapt to global competition (ibid.:169-170). In order, he says, for BMW to survive it must change workers' identity in relation to the company; at the same time, however, it must raise the level of profitability through retrenchments and the reduction of the strength of labour, thereby diminishing labour's commitment to the company despite this commitment being important for BMWSA's ability to compete. It has also outsourced the production of the leather seats to Ga-Rankuwa, a rural "homeland" (ibid.:162).

As in the case of the auto industry, the domestic appliance industry in the early 1990s was a protected industry with a limited and saturated local market. With liberalisation a process of capital restructuring began; by 2000 there were three large manufacturing firms in the sector, Master Fridge, Defy and Whirlpool. However, unlike the auto industry it has only been partially integrated into the global production chain.

While BMWSA is in a process of decisive transition away from the apartheid workplace regime, Bezuidenhout's account of the domestic appliance sector suggests that the dynamics of race are being reconfigured through the emergence of "informal wage colour bars" and an "upward floating colour bar" (Bezuidenhout, 2004: 76-180). Instead of deracialisation, Bezuidenhout describes a situation where important elements of the apartheid workplace regime persist. While the introduction of a new grading system in one of the factories might seem like a teething problem, he suggests, the 2002 strike over "grade anomalies" and allegations of "favouritism" had an important racial sub-text (ibid: 77).

Bezuidenhout concludes that in spite of attempts to redress the racial legacies, there is a competing logic - a more informal one - that still operates in the workplace (ibid: 84). Furthermore, African workers are steadily promoted to the supervisory level, but do not feel they have real authority. Others feel that they are under-qualified for their jobs, and that was why management was able to undermine their positions. One explained: "I can take you to our department, you can see the top-level management disregarding the supervisor... and going straight to the workforce and saying 'Kom, kom, kom! Work! Do your job! What's wrong?'" (Ibid: 76). He also felt that this bypassing of the African supervisors did not happen in the past with non-Africans.

A similar reconfiguration of the past, Bezuidenhout suggests, is taking place regionally (ibid.:85-86). Whereas the industrial decentralisation zones, through trade union repression, served as a mechanism to discipline labour in the past, this dynamic is now replicated in the Southern African region. In the 1990s a factory was set up in neighbouring Swaziland. Within two years it captured 40 percent of the South African market for their product. Ninety percent of its produce was exported to South Africa. Swaziland is notorious for its labour-repressive regime, and South African management and trade unions alike raised this issue publicly.

How does one explain the limited transformation of the workplace in the domestic appliance sector and significant transformation in the auto industry? The key difference in the two industries is that the South African domestic appliance industry is not yet as integrated into the global production chain as is the auto industry. While liberalisation has subjected the industry to intense global competition, it lacks the financial resources and ability to take advantage of economies of scale to establish itself as a global player. The result is that the industry does not have the managerial and financial depth to successfully pursue innovative strategies of workplace change. For example, roughly one-third of the employees at domestic appliance factories are employed on a monthly or three-monthly renewable contract.

This raises the issue of foreign competition, since it is the scale and efficiency of Korean producers that determines the potential competitiveness of South African producers. As a

potential export producer, South African companies are in List's terms, "infant industries" globally. By opening up the domestic market to competition from the more powerful Korean companies, such as LG, South African companies will either close, or will be forced to dramatically restructure to reduce costs.

The auto industry, on the other hand, is, organisationally, one of the most global of all manufacturing industries. It is an industry of giant corporations, many of which are increasingly organising their production on transnational lines. In the face of Japan's use of alternative methods of "lean" production and intense competition, mergers, acquisitions and strategic alliances, the auto industry has been transformed into a global production chain - and BMWSA has become part of that chain.

THE RETAIL INDUSTRY

The second set of case studies is drawn from the retail sector where Kenny analyses the shift in a large food retail chain, Shoprite, from an apartheid workplace order in the 1980s to what she calls a "market hegemonic order". Market hegemony, she suggests, is a new workplace order "whereby the dictates of competitiveness, growth and cost cutting have restructured workplace relations and have infused the imaginations of workers and managers" (Kenny, 2004: 224-226).

Market hegemony was preceded by the restructuring of the retail sector into four companies - dominated by Shoprite and Pick 'n Pay - which control 95 percent of the market share of formal food retailing in supermarkets. Through this process of concentration shareholder value increased, signifying the rise of finance capital in the sector (ibid.: 221-222). Although strong continuities with the past persist, through a proactive managerial strategy, Shoprite has successfully reconstituted an authoritarian post-apartheid workplace order in which work organisation and worker attitudes are less important than new forms of control and higher workloads (Von Holdt, 2003).

How is this new form of control exercised? Whereas the past workplace order was despotic, discriminatory and arbitrary (individualised), "the new workplace order is", Kenny suggests, "characterised by the centralisation of managerial functions away from personalised relations based at the shop floor" (ibid.:230). At the same time as power has been centralised the company "adapted to standardised fair procedure, guaranteed by the post-apartheid state in fair labour practice". However, within these procedural limits, Shoprite pursued a strategy of "lean" management, emphasising cost control and efficiency over human resource development.

To implement this strategy, Shoprite downsized the professional managerial bureaucracy built up in the 1980s and line managers were forced to carry out orders in which "they quite often did not believe in". In the words of one ex-manager: "In my last two years in the company, there were

more hearings than ever I had in my entire career with the company. It would be demoralising. Colleagues that you worked with for five years would be in the hearing". The tough new managerial style, motivated as it is by fiscal constraints, was implemented through the use of "proper procedure", laid down by the new democratic labour law reforms (ibid.:225).

At the centre of this new form of control was the large-scale introduction of forms of precarious employment that disempowered and divided workers, as well as new forms of technological surveillance, such as closed circuit television, that served to discipline staff. During the 1990s, casualisation and sub-contracting grew in retailing. Additionally, retail companies increased the sub-contracting of labour. This included both the contracting out of so-called non-core services such as cleaning, and the outsourcing of shelf packing to labour broking firms providing merchandising services.

In 1996, Shoprite sub-contracted their directly employed shelf packers to labour brokers. "These workers were employed," Kenny writes, "by many different labour brokers with different conditions of employment, but generally worked full-time hours for low wages and no benefits. Their job security was also tenuous as the labour brokers' service contracts with the retailer frequently changed" (ibid.: 244-246). The result was weaker trade unions and reduced levels of contestation, even quiescence. As Kenny observes: "The market hegemony of these workplaces silenced action: 'permanents' realised we are the lucky ones. The ones with jobs'" (ibid.: 246).

However, in late 2003, the union struck over the degradation of the conditions of part-time employees (formerly casual staff).

The union "won" a return to a guaranteed minimum number of monthly hours (100), reinstatement of the pre-existing hourly rates, the re-assertion that workers have a right to belong to retirement funds of their choice, the re-articulation of the legal right not to have to purchase uniforms, the acceptance that Sunday work will be paid in terms of the industry's sectoral determination, and the prohibition of the already illegal compulsory HIV testing of employees (ibid.: 247).

A key part of this new "market hegemonic" workplace, in the context of an over-traded local market, was Shoprite's expansion beyond South African borders (Miller, 2004: 251-301). While South African retailers have long operated in Southern Africa, liberalisation in the region opened up an opportunity for post-apartheid South Africa to enter this regional space "as the bearer of a new African renaissance". Shoprite began to expand into the rest of Africa in 1992 while it was consolidating its acquisition of the Checkers chain of supermarkets, representing a six-fold increase in its size in South Africa. In 1996, as part of Zambia's privatisation programme, the state-owned wholesale stores were sold off

to Shoprite Holdings. By 2003 Shoprite had expanded from South Africa to 14 countries in Africa with a revenue of over \$3.3 billion.

Miller argues that "the new regional moment" is shaping the workplace experiences of African workers (ibid.: 254). Shoprite, along with other South African multinational companies in the region, have created a dynamic set of contradictions between its self presentation and regional organisation, on one hand, and the regional expectations of workers at these foreign workplaces, on the other. Workers, she argues, claim inclusion into the regional company on an equal basis with South African workers, privileging their ties to South Africa through the company. Workers, she says, attribute uneven standards between themselves and South African workers to the effect of regional discrimination (ibid.: 299-301).

These regional claims led to a strike at Shoprite in Zambia in June 2003. While the strike demands were around workplace issues and wages, these demands were pegged with a South African comparison in mind. The strike was fuelled by the fact that Zambian workers are the lowest paid Shoprite workers in the region. Miller concludes by emphasising that these regional contradictions point to areas of strategic weakness in South African MNCs and are potential sites of new, trans-border solidarities (ibid.: 300).

MAKING A LIVING: THE PERIPHERAL ZONE

The peripheral zone consists of those who have been excluded from the formal economy and engage in informal income-generating activities on its margins. Those who work in this zone are not employed in the same sense as in the core and non-core zones; we conceptualise the difference as the distinction between earning a living and making a living. Conventionally, informal work, unlike formal work, is defined as a situation where contracts are either non-existent or unstable and workers do not receive the non-wage benefits associated with formal sector employment (Unni and Lund, 2002:7). This definition, however, does not enable us to distinguish between those non-core workers, such as homeworkers (or "domestic factories") in clothing and sweatshop workers in footwear, from those who are self-employed and engaged in subsistence activities. Our definition then of informal work places the emphasis on those who are making a living, i.e. the self-employed as well as unpaid activities such as childcare and subsistence farming.

The large-scale shedding of formal sector jobs (two million over the past decade) has, Sitas suggests, led to the proliferation of new forms of informal work: firstly, "new hunter-gatherer type societies" among the urban poor who survive by selling waste products and are often homeless. Secondly, what he calls "new forms of servitude" where individuals are forced to survive by being at the "beck and call of individuals who demand chores, duties, sexual favours, etc". Thirdly, there has been a growth of street traders and hawkers who "sell basic commodities to the

black poor, memorabilia to tourists, and food to urban workers". In 1997 it was estimated that there were 19 000 street traders in the Durban Metro Area. These traders range from selling merchandise through to "bovine head cookers", mainly women informal traders who occupy a stretch of pavement on the busy Warwick Avenue.

This kind of informal work is represented in two case studies: my study of informal street traders and small informal dressmaking, (Webster, 2004: 388-409) and Philip's study of informal rural co-operatives to foster income generating activities for retrenched mineworkers and their families in the countryside (Philip: 2004: 366-387).

While some of those operating in the urban economy, such as street hawkers, are able to secure relatively stable niches in markets created by formal sector economic activity - such as formal sector workers or tourists - others find themselves excluded from such markets altogether and eke out a survival on the endlessly divided and subdivided social grants and pensions, the barter of goods and services, and so on. The brave attempts to establish rural production co-operatives keep foundering on the problem of an absence of viable markets for their goods. It is significant that the only co-operative, which registers a significant success, is one that has the opportunity to sell its goods in Johannesburg. Even this success is precarious because of the difficulty of travelling to the city.

Thus, there are variable patterns of inclusion and exclusion in the peripheral zone. Street hawkers experience a degree of economic inclusion, while being excluded from virtually all other rights that attend economic activity. In contrast, those who live in the poverty-blighted rural areas experience a high degree of economic exclusion. For many, virtually the only access to economic resources is through social grants such as old-age pensions and child support grants.

The erosion of core jobs, the growth of insecure and low wage non-core jobs together with the expansion of the peripheral zone, has generated a widespread increase in poverty. This can best be tracked through the impact on the most basic institution of social organisation, the household. In a groundbreaking recent study, Mosoetsa suggests the household is emerging as a site of "fragile stability" in response to the social crisis generated by unemployment and fuelled by AIDS (2003). The household has become a place that people retreat to. It is the major source for sharing economic resources such as housing and income through state grants such as old-age pensions, child and disability grants and grants to those who have AIDS. Households have become, she suggests, sites of production and reproduction attracting poorer family members in search of security.

But these households are not homogenous, tension-free institutions. Sharp conflicts based on gender and generation emerge around the allocation of household resources. Interviewees, Mosoetsa observes, often cited the loss of income through alcohol abuse by unemployed men in the

household. Young women who receive child grants on behalf of their children are also accused of spending their grants for their benefit only, especially on cellphones, clothes and hairstyles. The power struggles that surround the allocation of resources threaten the potential benefits that these networks have in reducing individual and household insecurities. It also leads to high levels of inter-personal and domestic violence.

Households have also become places to hide your poverty and, through links with rural households, a place to "hide away" those with AIDS. In order to survive, household members extend their networks to include traditional organisations that have a long history in the community such as political parties and trade unions. However these organisations have declined in significance, and, in the case of trade unions, many interviewed feel they had been betrayed and the unions were no longer committed to their members.

The inability of these organisations to deal with the magnitude of the social crisis facing the community has led to religious organisations playing a central role in "healing, community building and teaching". Older women in the churches are central in house visits to care and pray for the sick and offer comfort and support for the bereaved families after funerals. In addition to the established denominations, new religious organisations have emerged over the last decade such as the "Universal Church" and Islam. The benefits for the poor in joining the latter, Mosoetsa argues, are that they provide free funeral costs and schooling for children.

With declining household incomes members are no longer able to make monetary contributions to stokvels and burial societies and are, instead, offering "in-kind help such as cooking and baking and lending the bereaved family dishes and pots during funerals". The nature of such relationships is based on reciprocity "and those households that are known for helping others get more support from the community than those who do not."

ORGANISING FOR SOLUTIONS

How has organised labour responded to the emergence of these new forms of informal work? While some COSATU affiliates are beginning to organise workers in the non-core zone, there has been no attempt to organise those in the periphery. Indeed, there is a strong argument to be made that the organisational terrain in the periphery is so different to the organisational terrain of trade unions that an altogether different form of organisation (and different kind of organiser) is required.

Our case studies identify two distinct organisational projects on the periphery. On the one hand, innovative activists with a trade union background have been building an innovative new form of organisation, the Self-employed Women's Union (SEWU) since the early 1990s based in an "on the ground" response to the changing nature of work.

On the other hand, the National Union of Mineworkers established the Mineworkers Development Agency to support the formation of rural co-operatives in order to generate alternative sources of income for mineworkers who had been retrenched from their jobs in the core economy.

SEWU differs from traditional trade unions in the way it has had to redefine membership solidarity as well as the counterpart to which it has to direct demands and with which it has to negotiate. The organisation has been most successful in its engagement with the local state, negotiating improved conditions and facilities for street traders. In this way, SEWU has been able to circumvent the constraints of exclusion from the employment relationship and the protections of labour legislation, and establish through negotiation a new form of inclusion in terms of local government regulation and resources.

The experience of the MDA has in many ways been the opposite. While the organisation has been successful in providing training and access to the collective provision of infrastructure, resources, discounted supplies and so on, both to co-operatives and individual aspiring entrepreneurs, the lack of viable markets constitutes a fundamental obstacle to this kind of economic activity. In other words, while the MDA has attempted to develop a strategy of economic inclusion for those who are excluded, the strategy has been unable to overcome the constraints of rural poverty. One reason may be the inability of the MDA to define a clear negotiating counterpart - possibly because of the absence of any such institutional force at local level in the rural areas. This suggests that attempts to organise the rural excluded population may need to look elsewhere for an appropriate counterpart - perhaps at the level of the provincial or national state. Indeed, as Philip points out, the strategy adopted by the MDA - as by many other development agencies and, crucially, by the South African state - is based on a false premise: that poverty can be alleviated if not overcome by stimulating and supporting small business activities on the periphery and generating a viable local economy. However, the corollary of poverty is that the poor have no cash and are unable therefore to constitute a market. Philip concludes that effective poverty alleviation is therefore a precondition "for the better survival and growth of local enterprise and opportunity rather than the other way around." (Phillip 2004: 387)

While these two case studies illustrate the different conditions for subsistence activity and organisation between those who are on the margins of the formal economy and those who are effectively excluded from it, they also capture a debate about the class status and trajectory of the self-employed. While SEWU defines its members as workers, and the organisational task as being to construct solidarity amongst its members in addressing demands to a new counterpart, the MDA defines its clients as nascent entrepreneurs. As Kate Philip argues, the self-employed do not sell their labour to an employer for a wage. As a consequence the value of labour does not lie in a transaction

with an employer; it is, "embedded in the product or service that the business supplies, and if that product cannot be sold, then the value cannot be realised and members will earn nothing." (Philip, 2004:367-368).

Whether SEWU is sustainable on its own is unlikely. Unless it is able to form coalitions with other informal sector organisations and, above all, the labour movement, it is likely to stagnate and possibly disappear. In contrast to the attempts at organising the self-employed into a traditional trade union, what responses have there been in the community to the employment crisis? Mosoetsa demonstrates how household responses in Mpumalanga townships include drawing on such social resources as networks, alliances and formal and informal associations.

IMPLICATIONS OF OUR FINDINGS

Liberalisation has polarised the labour market by increasing the resources to those 6.8 million in the "core" (the first economy), while at the same time reducing the resources of those 2.1 million in the intermediate category of the "non-core", or atypical work. Those in the "periphery" (the second economy) consist of the 2.3 million workers in informal work and the 4.3 million "unemployed". The 2 million jobs that government claim has been created between 1995 and 2002 is derived from adding formal work, atypical work to full-time work. In other words street traders, car guards, home workers, and casual workers in retail are all counted as "employed".

Corporate restructuring, the reorganisation of work, and the differentiation of work into three distinct zones is creating new lines of social inclusion and exclusion in post-apartheid South Africa - a process which threatens to generate a new social crisis, what we call a crisis of reproduction. There is a deep connection, in other words, between trends in the restructuring of work and broader questions of social reproduction.

The growth of the peripheral zone pushes growing numbers of workers to the edge of poverty, with a corresponding impact on household sustainability. The growth of the third zone of unemployment and informal subsistence activities places households under even more devastating pressure. For many in this new social group "work" does not involve a regular income: in fact for many there is no income at all, but rather "payment in kind". The result is social crisis, which puts enormous strain on families, households and communities.

To the extent that a new workplace order is secured through shifting core workers into the non-core zone, or severing them from employment altogether and casting them onto the periphery, managers may be resolving the crisis of post-apartheid workplace order by displacing confrontation, antagonism and disorder into the family, the household and the community, generating a broader social crisis whose symptoms are substance abuse, domestic violence, the proliferation of other crimes and the

breakdown of social solidarity. The shrinking of the core and the extension of the non-core and periphery has fractured labour solidarity and weakened the trade unions which are a primary vehicle not only for improving workplace conditions and protecting worker rights, but also for integrating workers into society.

Thus the restructuring of the world of work has implications not only for managers, workers and trade unions, but also for the prospect of broader sustainable social development. The integration of parts of the core workplace into post-apartheid society through dynamic trade unionism, workplace participation, the extension of democratic rights, skills development and employment equity programmes, negotiated measures to reduce racial tension, economic incorporation through wages and various benefits, and so on, and the partial integration of other parts of the core workforce who continue to experience authoritarianism and racial domination, contrasts with the variable socioeconomic exclusion of large sectors of the non-core and peripheral workforce.

In short, the restructuring of work is having a destructive impact on society, on social cohesion, and on the development of social capital, which cannot but have a profound impact on the prospect for social reproduction. The reorganisation of the lines of inclusion and exclusion in South African society may result in an enclave of development in a sea of poverty and social stagnation - but it seems more likely that such an enclave itself would founder in the waves of social crisis whose symptoms even now look increasingly overwhelming, particularly in the form of the HIV/Aids crisis and the high levels of crime. The connection between core and periphery is directly experienced by many core workers, such as the BMW worker who complains that, "whenever my relatives and friends see me, they see money because I work for a company that manufactures luxurious and expensive cars." (Masondo, 2004: 165)

CONCLUSION: THE NEED FOR MORE DECISIVE ACTION TO ALLEVIATE POVERTY

While at a broad level the imperatives of an increasingly global system of accumulation are profoundly changing employment relations, there is no uni-linear response to liberalisation. Instead, we have identified "multiple trajectories" that suggest a more complex outcome than the "radical" notion that the world is moving inexorably towards a utopian vision of a homogenous integrated global economy. However, the intensification of competition is increasingly shaping the worlds of work. There are those workers benefiting from the opportunities of liberalisation such as BMWSA and to some extent the Zambian workers who get better jobs by South African investment.

Then, there are those workers, such as those in casual or outsourced work, those in the domestic appliance sector and Shoprite, who are forced to accept worse working conditions because of intensified competition. Finally, there are those in sectors, such as footwear, whose jobs have

disappeared altogether and who are forced to survive in informal activities.

To understand these multiple trajectories, we need to distinguish between "earning a living" (regular paid employment) and "making a living" (creating your own job as well as unpaid activities such as child care, production of food, either for subsistence or for the market). Importantly, these activities are shaped by gender and generation, as it is women (and old women in particular) who are doing the "unpaid" labour in the household, finding water because of disconnections, and carrying the burden of cutbacks in health expenditure.

How is government responding to the flexible worlds of work? There are significant signs that government is shifting from its narrow focus on global integration and competitiveness to acknowledge that the state will have to redistribute resources actively in an effort to overcome the social crisis caused by poverty. This new thinking is organised around the concept of "two economies". In his February 2003 State of the Nation address, President Thabo Mbeki described the division between these as a "structural fault" (Mbeki 2003): "The one is modern and relatively well developed. The other is characterised by underdevelopment and an entrenched crisis of poverty." The "second economy", he suggested, is structurally disconnected from the "first economy" and is incapable of self-generating growth and development. What is required, the government has proposed, is state intervention through a series of programmes such as microcredit for the poor, agrarian reform, intensified skills development, the extension of public services and a "massive public works programme". In other words, there is a need to transfer resources to the "second economy" and empower the working poor and those in the informal economy. Through these programmes the government believes the "second economy" will end its marginalisation and become part of the "first economy".

This shift in discourse provides an important rationale for shifts in government strategy - the announcement of an expanded public works programme which is intended to create one million temporary jobs over the period of five years, a modestly increased budget deficit and a shift in emphasis from privatisation to the state's role in stimulating economic activity. The idea of "two economies" provides a dramatic and accessible image for describing the deep divisions in our society that are the legacy of apartheid, and for explaining the necessity for large-scale redistribution of resources in order to tackle poverty and inequality. It provides the basis for a substantial discussion of the broad developmental needs of our society, in place of the rather narrow discussion of competitiveness and investor confidence that belonged to the period of GEAR.

However, our case studies of the periphery demonstrate that the discourse of two economies can be misleading. Most of the economic activities in the periphery are highly dependent on markets created by formal economy activities.

It seems likely that such activities will only be able to expand to the extent that the formal economy itself expands. Generally speaking, the "second economy" has very little prospect of expanding independently and thereby stimulating the formal economy - indeed; it can hardly be described as an economy. Thus, although public works programmes have much merit, they are unlikely to provide a new economic momentum in marginalised areas of our society. The short-term nature of the jobs provided means that those who work on them will not form the kind of stable new market which could generate new business activities. Nor is it likely that the infrastructure they create would provide the basis for sustainable new economic activities by overcoming the constraints described above.

Indeed, expansion and diversification of the formal economy is necessary for overcoming the socioeconomic exclusion of masses of citizens, and the role of the state in this will be critical. The project to upgrade the new East London-Umtata railway line provides an example, Von Holdt suggests, of the developmental role the state can play. (Von Holdt, 2004: 419) It is hoped that this railway line will stimulate formal economic activity (for example, forestry in deep rural areas linking to new processing plants in East London) as well as linking informal activity to formal markets (sheep and grain farmers in deep rural areas to markets in East London). This line is highly unlikely to be a profitable investment, which is why state intervention is essential.

In his book "Beyond the Miracle" Allister Sparks suggested the equivalent of Franklin D. Roosevelt's New Deal, a series of big public works projects that employed millions of people and pulled the United States out of the Great Depression of the 1930s (Sparks, 2003:337). The New Deal was not an attempt to overthrow capitalism but it was, as Roosevelt explained, "a reform in order to preserve". "We seek", he said, "to guarantee the survival of private enterprise by guaranteeing conditions under which it can work". (Sparks, 2004:27)

President Mbeki has come back for a second term of office with an increased majority. He has the opportunity to drive a new developmental path and make globalisation a force for good that enriches everyone, particularly the poor. Clearly the government does not have the capacity to drive this path on its own; it is time to draw in all sectors of society - business, unions, the growing number of working poor, the new social movements, the NGOs, and the academic community. The question is how, and by whom, is this long overdue task of reconstruction to be co-ordinated. However, unless the asymmetrically interdependent nature of the South African economy is recognised, such a task will continue to reproduce an enclave of development in a sea of poverty and social stagnation

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BAMBANANI AGAINST CRIME



OFFICIAL it's been a **safer** FESTIVE SEASON



Minister of Community Safety
Leonard Ramatlakane

Our 2003 festive season programme has been a great success. Many communities spent Xmas free of violence and other crimes.

Minister Leonard Ramatlakane and Provincial Commissioner Petros promised in November 2003 that they would work together with communities in bringing peace for all the people of the Western Cape this holiday period. This was achieved.

Our communities in their thousands came out to support crime prevention projects hosted by the Department of Community Safety and the South African Police Service. The projects ensured:

- ▶ safety on trains
- ▶ safety on our roads
- ▶ safety on beaches
- ▶ peace in our communities
- ▶ control of shebeens
- ▶ safety of our children



Provincial Commissioner
Mzwandile Petros

As a result of the community partnership with government, over 2 500 neighbourhood watch volunteers patrolled our trains, our beaches and our communities at large to protect us against crime.

Our joint action has resulted in a decrease in crime this holiday period. All serious violent crimes such as murder, attempted murder, robbery and assault have decreased in all areas. On average, crime has decreased by 18% in our province this festive season

We have shown that through community and police working together we can turn the tide against crime.

Let's celebrate the success and work together towards another 10 years of democracy and peace for all the people of the Western Cape.

**For further information, contact the Department of Community Safety at
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BAMBANANI

against CRIME



Armed with determination and the support of both government and the community, Bambanani has taken strides in addressing one of South Africa's greatest challenges – crime.

THE BAMBANANI SAFER FESTIVE SEASON PROGRAMME has experienced huge success in mobilising communities of the Western Cape for a common cause – to fight crime.

Bambanani has become an active interface between government and communities.

More than 3 467 community volunteers were mobilised, while hundreds of Neighbourhood Watch members were trained by the Department of Community Safety.

The Bambanani programme was divided into seven programmes: community-based activities, safety of children, youth activities, Arrive Alive road-safety operations (roadblocks), safety on trains, monitoring of shebeens, safety on beaches – communities in the Western Cape for the first time enjoyed what has been a safer festive season in a decade.

THE RESULT:

Crime in the Western Cape in related areas dropped by 18% and is continuing to show a downward trend.

SUCCESS STORIES THROUGH BAMBANANI:

Arrive Alive: This campaign, which involved Minister Ramatlakane paying regular visits to the roads, saw road deaths reduced by 32%. The 2004 Easter Weekend Arrive Alive Campaign helped in recording an all-time low of only 27 deaths on the roads this year.

Train safety: This project indicated a decrease of 27.9% in serious violent crime, including fraud and theft.

Bonteheuwel: Known for gang violence, this area reported no cases of serious violent crime on New Year's Eve 2003.

The Safer Festive Season brought together 10 000 people in a non-alcohol celebration of the anti-crime campaign on New Year.

Khayelitsha: Khayelitsha saw a decrease in murder by 35.6% and attempted murder by 13.5%.

Minister Ramatlakane, spearheading this Bambanani initiative,



went to all communities leading from the front in the fight against crime.

Through the Bambanani Against Crime Programme, the Department of Community Safety succeeded in bringing the government closer to the people of the Western Cape.

BAMBANANI - THE WAY FORWARD

Minister Ramatlakane says Bambanani against Crime is continuing.

The war against crime has not yet been won. Criminals are regrouping elsewhere.

It is for this reason that Bambanani has now been extended to Western Cape farms.

At least 300 farmworkers, or people living on farms, have been trained as farm-watch members.

Minister Ramatlakane has paid visits to several farms and spoken to farmers who have expressed their support for the Bambanani farm-watch concept.

Because police stations are, at times, situated kilometres away from farms, police often take time to attend to complaints in farm communities.

Farm-watch will play the role of assisting the police in resolving some of the disputes. Policing matters will be dealt with by the police.

'This concept will help bring about a new environment and turn around the lives of the farming communities,' says Minister Ramatlakane.

Farm-watch members have been trained, and have graduated from the Phillipi College in Cape Town.

Farm-watch volunteers who attended the training come from the Karoo, Beaufort West, Klaarstroom, Prince Albert, Laingsburg, Leeu Gamka, the Boland and the West Coast.

Minister Ramatlakane has approved the continuation of Bambanani Against Crime. Two projects from the Safer Festive Season have been extended – safety on trains and monitoring of shebeens – and another has been launched dealing with safety on farms.

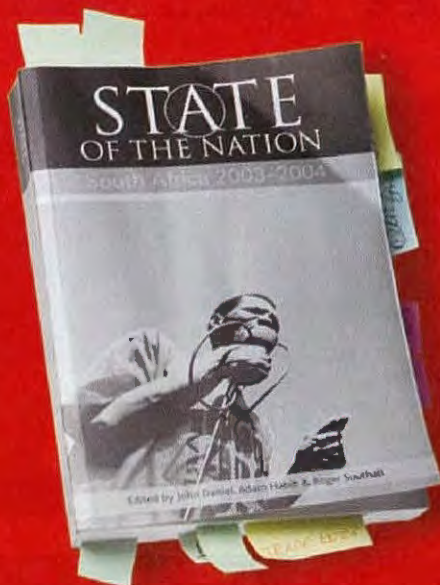
With the latter project, 300 farm workers will be trained to exercise safety measures and control abuse of women and children on farms.

The strategy is to extend the Bambanani Neighbourhood Watch concept and build on the objectives of community policing.



For more information on Bambanani Against Crime: Complaints line: (021) 483-4332
• Information line: (021) 483-5590 • Police emergency: 10111 (toll free)
Department of Community Safety: 15 Wale Street, Cape Town, 8000 • Tel: (021) 483-5590





'This exciting collection recaptures the critical focus of the most progressive writings of the 1980s. It deserves to become an essential port of call for everyone wishing to keep abreast of key developments in South Africa today.'

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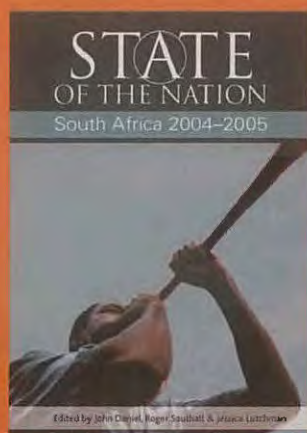
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Edited by John Daniel,
Roger Southall & Jessica
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Published in South Africa
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Forthcoming

State of the Nation: South Africa 2004-2005 provides a comprehensive and frank picture of contemporary South Africa. Recalling the format of the *South African Review* that was edited by Glenn Moss and others in the 1980s, and drawing inspiration from the presidential 'State of the Nation' speeches which have become a feature of our new democracy, these annual *State of the Nation* collections seek to provide empirically-based analysis and assessment of contemporary events and trends from a developmental perspective, reflecting the values that are embedded in the Constitution.

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Author information

Contributors to this volume include prize-winning investigative reporter Sam Sole; former presidential adviser on economics Stephen Gelb; retired SANDF General Len Le Roux; well-known business journalist Reg Rumney; one of Zimbabwe's most eminent social scientists Lloyd Sachikonye; eminent academics and researchers such as Professors Linda Chisholm, John Daniel and Roger Southall, David Hemson and Dr Miriam Altman, all from the HSRC; alongside colleagues from other institutions such as Shamil Jeppie (UCT), Lungisile Ntsebeza (UCT), Luvuyo Wotshela (Fort Hare), Goolam Vahed (UKZN), Shireen Hassim (Wits), and others.

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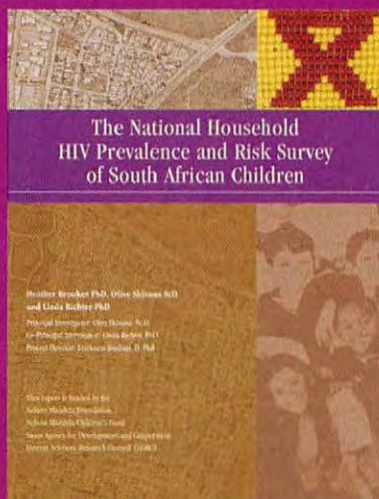
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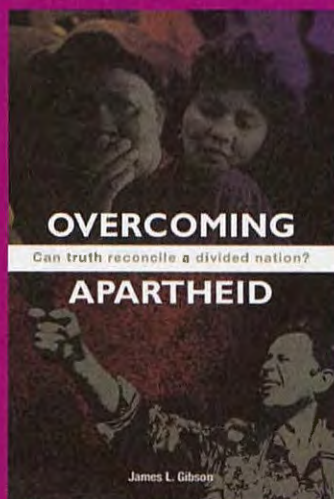
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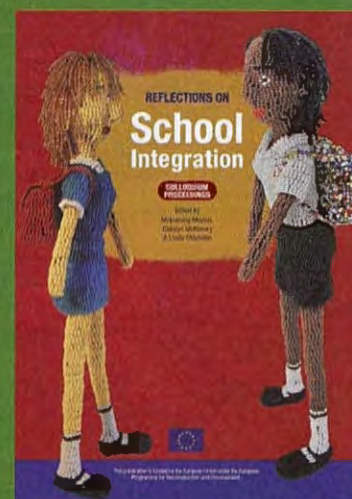
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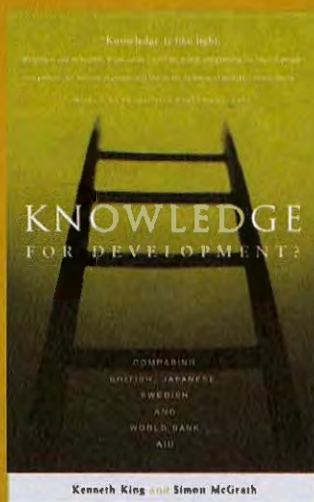
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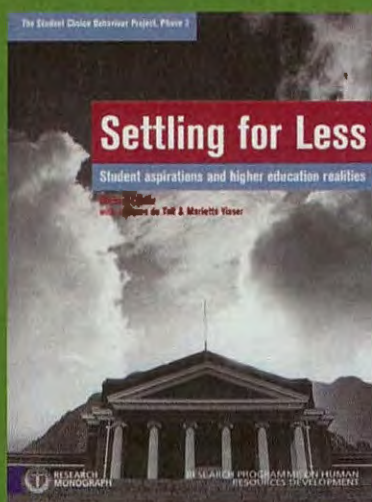
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OBITUARY

VELLA PILLAY

Vella Pillay will be remembered as a man who made a difference. He was the chief architect of the powerful Anti-Apartheid Movement in Britain, and remained its chief mastermind throughout its many years as a leading organ of civil society in that country. He was an example to the whole of Europe. The AAM model was replicated everywhere as a single issue, broad movement, embracing many different tendencies, yet wholly focused on lobbying and protesting in the most vigorous way. And, all this time, it remained wholly at the service of the African National Congress and its President Oliver Tambo, thanks to the commitment and dedication of people like Vella.

Vella Pillay was born and educated in South Africa but went to the UK to further his studies. He obtained a first-class degree in economics and, after several other appointments, became the chief economist at the Bank of China in London and an expert in international finance. He was frequently called to Beijing where he helped draft development policy for government. In another life Pillay would have been an excellent professor and I often felt that if only politics would have given him more space he would have readily moved over into that terrain. But the struggle against apartheid was his life and he could not let go.

Throughout this period he was also the main contact for the underground movement in South Africa, both for the Communist Party and the ANC. Having joined the Communist Party of Great Britain, he soon became the fulcrum for all South African exile activity in the UK as well as being the main mover in the AAM.

Unfortunately the Sino-Soviet dispute found Pillay in the opposite camp to the CP and he distanced himself from the party and its leadership, but he remained firmly attached to the ANC and was a close confidant of Oliver Tambo.

There can be no doubt that Pillay's contribution to swinging British opinion against apartheid and towards the ANC was critical. It was a task that required sustained work and patient building of a support base in the trade union movement, the Labour Party and civil society generally.

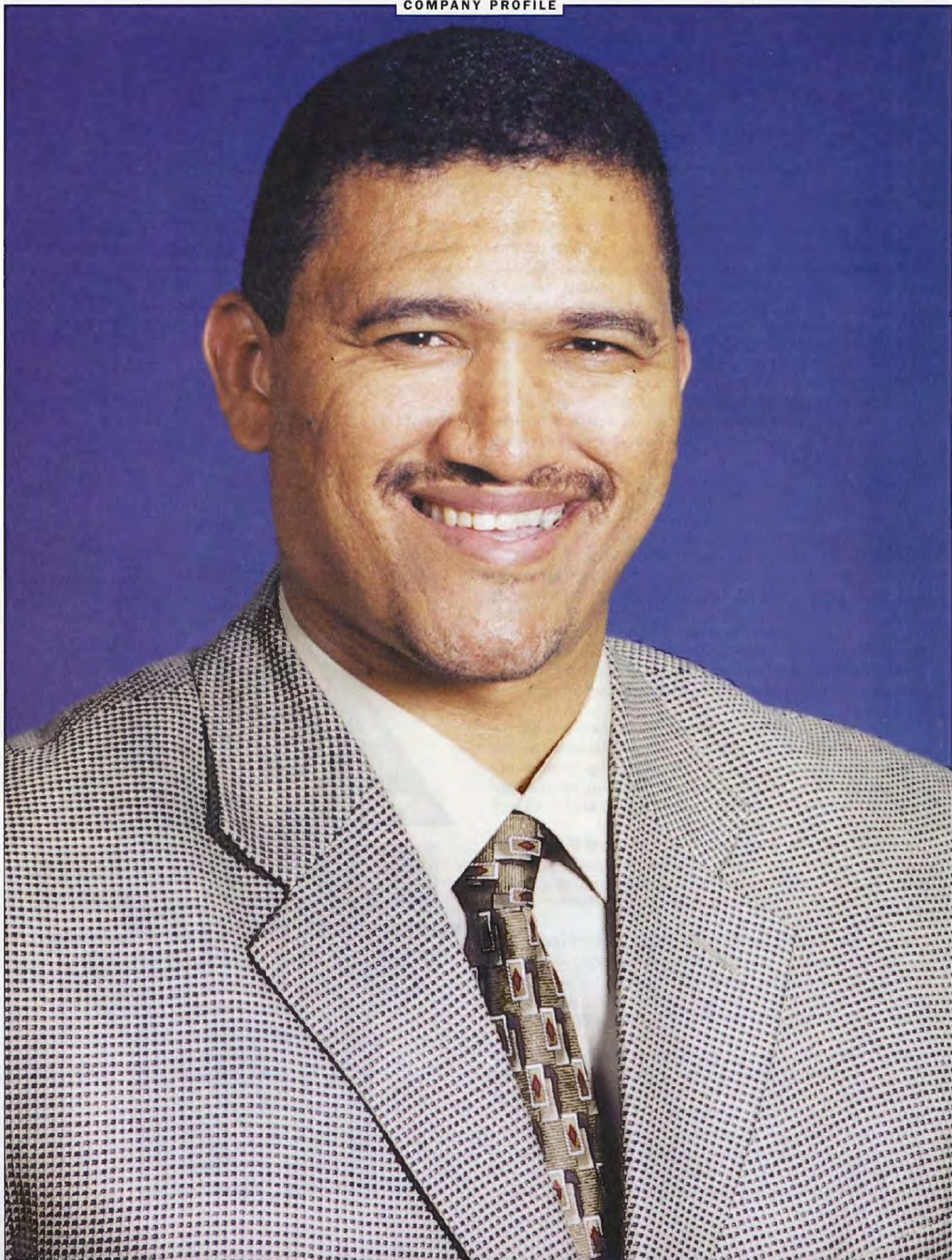
After 1990, Pillay set up the Macro-economic Research Group (MERG), consisting of some of the brightest progressive economists in the UK, to assist the ANC to develop its economic programme for the transition. Differences soon arose between MERG and the ANC's economic desk at Shell House and the group departed for the UK without making much impact. Pillay was deeply disappointed and became increasingly critical of the ANC's economic policies.

He leaves behind him Patsy, his lifelong wife, and two distinguished sons, Professor Arnand Pillay, and Professor Deenan Pillay.

In honour of a great South African, who made a huge contribution in the fight against apartheid worldwide, we print one of his speeches which to our knowledge has not appeared before.

Ben Turok





HOME COMFORTS

Marius Fransman has a lot on his plate, such as streamlining the bureaucracy in his Department of Local Government and Housing, but he is determined to fulfil his office's mission of successfully delivering houses to the Western Cape's underprivileged. He spoke to SIVUYILE MANGXAMBA.



Marius Fransman is set to embark on a big shake-up of the civil service in his department as part of a strategy to ensure effective delivery in the Western Cape. Only a few months in office, Fransman, the provincial minister for local government and housing, has seen that the bureaucracy needs to be changed.

'I am looking for a new person, a new culture within the bureaucracy,' says Fransman, who sees his ministry as having a historic role in reducing poverty for thousands of people in the Western Cape. With his call for a 'new man' within the service, he is not looking at replacing the administrators with new cadres, but rather wants the incumbents to embrace change.

He is aware about the task ahead of him in introducing a new culture of service delivery. Says Fransman: 'There are too many officials who are not doing their work – we need a change of mindset. They must become agents of change.'

He understands the importance of the bureaucracy to his delivery plan, but is still determined to ensure there is a new ethos in the department. And he is prepared to use the stick to rid the department of its culture of 'just pushing the pen'.

'If things are not working, I have to push them and adopt a no-nonsense approach,' he says.

Fransman understands that within the bureaucracy there are

workers who are not motivated, but he is determined to foster a common vision. 'That will lead to improved knowledge within the bureaucracy and improved action,' he says.

Fransman is also determined to deliver more houses to those who do not have them. In fact, he does not want to just give houses – but homes. The Western Cape has a housing backlog of 320 000 units, and with 48 000 people entering the province each year, the housing backlog is climbing. He is also aware that houses need to be delivered through local government, and his ministry is well placed to deliver on these promises. 'We have declared war on informal settlements, which should see more homes being built,' he says.

Two thousand houses, in various areas across the province, including Lwandle, Saldanha and Oudtshoorn, have already been built in the past months. 'With this massive backlog in housing development, the ministry is also looking at the quality of houses,' he says.

Having been in office since April this year, Fransman has since identified the problems that have plagued his department – and he is determined to ensure such problems do not occur again.

'We have always had a problem of under-spending – now we need to create systems where we can monitor our implementation plans.'



The minister is also prepared to adopt an inclusive approach within his department so that other role players can come into play. 'There is a bigger issue within the department; the department must reposition itself and start to interact with the private developers and housing finance institutions.'

Their involvement would help solve the province's housing problems and, says Fransman, 'there is a special place for private developers of low-cost housing in our plans'.

The housing development has a special place in the minister's heart, especially given his background of having lived in the Western Cape's rural parts for a few years.

Formerly a teacher in Vredendal, Fransman developed a liking for the area's downtrodden such as fishermen or farmworkers. 'There is nothing wrong with staying in a farm or village. What we need to do is to make life easy for them. We need to provide proper sanitation, water, and electricity. We also need to create projects that can sustain them.'

As a teacher in the early 1990s, Fransman says it was then that he saw racism in its most dehumanising form. 'There was racism and poverty – the most real form of poverty I've ever seen.'

Prior to 1985, Fransman gravitated to politics in a form he describes as 'a natural progression'. Born in Blackheath, Fransman says his political consciousness grew out of the social and political order of the time.

'In Blackheath there was an informal settlement close to where I lived with my family. I started asking myself why some people lived in poverty while others were rich. This kind of questioning led to a political question, and we realised the only way to change it was if apartheid was eradicated as a political system.'

Fransman joined the ANC in 1990 and after finishing his

studies at the University of the Western Cape, he taught in Vredendal where he was also an ANC organiser. 'We were dealing with people who saw the ANC as a monster. They were surprised to see that teachers, who were held in high esteem, could be members of this organisation.'

After endearing himself to the rural folk by convincing them that the ANC was not so bad after all, his political career took off and he was elected first deputy mayor, and then mayor, of Vredendal.

Fransman says if rural development is not addressed, the migration of thousands from the Eastern Cape, Northern Cape, or the rural parts of the Western Cape into the metropolitan centre will continue unabated.

In terms of social integration and delivery, Fransman rates the Western Cape far behind other provinces as this is the first time the ANC is in full control of the province.

While Fransman is not a stranger to holding a public office – he was the Minister of Social Welfare in the province's last coalition government – he is determined to make this portfolio work.

'The local government is the nucleus of change, but there is incapacity in most municipalities. We need to change this,' he says.

He also feels farmworkers should have a bigger say in the activities of municipalities in their area, and his ministry wants to introduce the ward system to ensure proper representation. Land tenure issues and restitution will play an important role in his term of office, he says.

But though he has several tasks and demands, Fransman's main goal is still to deliver houses as that is what he was placed in office to do.

THE BUDGET, "GEAR" AND THE EMASCULATION OF THE ROLE OF THE STATE IN THE NATIONAL ECONOMY

Vella Pillay - Address to the International Conference of the Department of Economics,
University of Durban - Westville
April 24-25, 1997

INTRODUCTION

The March 1997 budget is the first produced within the terms and structure of the macro-economic framework going under the title of Growth, Employment and Redistribution or "Gear". The budget has been well received, indeed with adulation from the business community and the international financial institutions. This certainly results from perceptions that the Gear framework and its recommendations, in their essentials, are little different from the macro-economic policy proposals of the South African Foundation in its "Growth for All" report of early last year. For, underlying both these documents is a substantial shift of emphasis from one reality of the South African economic situation to a substantially different one, namely that as proclaimed by finance minister Trevor Manuel in his budget speech of March 1996. As he put it: "It is imperative we take stock of the disciplines of the global economy and the need to examine continually how we integrate it into that economy without sacrificing our fundamental and implacable commitment to social transformation". Given what he claimed as the country's low savings ratio, he concluded that South Africa "needs to compete to attract savings from elsewhere in the world".

The London Financial Times in a survey of the South African economy quotes these words of our Finance Minister and pointedly declares: "No statement better illustrates the transformation of the African National Congress policy, not just in this decade, but particularly since it came into government in May 1994". That constitutes the basis of what I suggest is the new reality in our government's position on economic policy - a position which I feel has begun to take the shape of a biblical tenet, and hence beyond question.

The source of this new reality is a particular theoretical construct whose function is to broadly legitimise much that constitutes the present status quo in the distribution and ownership of income and wealth, as a necessary foundation for "competing to attract savings from elsewhere in the world" and our economy being integrated into that of the

global economy. From this follows the tendency towards the reduction of the role of the state in the economy. This, indeed, is suggested by the step by step moves towards the privatisation or what is called the "restructuring" of public assets, coupled with the stabilisation of industrial relations and the creation of an investor-friendly labour market. Further moves towards the liquidation of exchange controls and for a tighter rein on government spending and the reduction of the state budget deficit as a proportion of GDP. These and other developments in economic policy formation suggest a growing predilection on the part of the authorities to refrain from deploying those more robust instruments and resources available to the state for promoting both the scale and the content of economic growth, as well as those social and distributive dimensions of economic policy which have sufficient force to enhance the possibilities of that growth.

My strictures of the official policy approach arise from the seeming evidence that our authorities have succumbed to the view that the so-called new global order, and the neo-liberal economic regime it enshrines, can neither be challenged nor circumvented whatever the expectations of the people for job creation and an improvement in their living conditions, and for which a start was originally deemed necessary at the moment of victory in May 1994. That start was indeed predicated on the publication of the Reconstruction and Development Programme as the manifesto of the ANC and its allies. The RDP, itself based on the MERG report of 1993, advanced a number of key initiatives in support of economic and social transformation with the state playing a major initiating and interventionist role in the economy. Today, I would suggest, the RDP has been reduced to something close to a mantra, with the role of state in the economy more or less limited to the management of the severely restrictive injunctions of the GEAR programme.

GLOBALISATION AND DEVELOPMENT

I would like to nail, if I may, some of the dangers and myths generated by the notion of the "globalisation" of the world

economy, given how important this concept has become among our policy-makers. I refer in particular to its claims that nations and economies have largely lost their autonomy and independence in the wake of the massive flows of capital and finance in cross-border transactions. And next, to the corresponding role of transnational corporations (or TNCs) as organisers of a broad range of multinational economic assets and activities, becoming increasingly free from their national setting, and with a fully internalised governance structure, these firms are able to pursue global strategies in production, marketing and profit-seeking. This, it claims, represents the end of the national economic sovereignty and the ability of the nation state to manage its economic affairs except with due deference to the interests of such TNCs.

It is of course true that the more open an economy, the smaller is the impact of national economy instruments on national policy objectives. With large-scale flows of capital and finance across frontiers, domestic finance and credit aggregates become extremely difficult to define in a meaningful and useful way such as to provide reliable guidance to the conduct of monetary policy. In these circumstances the uncertainty and associated costs of loss of control of national economies can only be reduced by either limiting the degree of economic openness or collective action between states to counter the power of the TNCs.

The latter was the basis for the creation of the Group of Seven Industrial Nations (the G7) as a vehicle to co-ordinate the management of the global economy, protect the US dollar as the undisputed reserve asset of the international system and otherwise act as a collective force to limit the disruptive effects of transnational production and finance. However, as the Mexican peso crisis revealed, the G7 arrangement over recent years has itself lost much of its effectiveness in ensuring stability. And this has resulted in a generalised acceptance of the fatalist arguments of central bankers and financial markets that international capital flows are now too big for politicians to manage, that markets are always right and hence effective co-ordination is beyond them. The prestigious Institute of International Economics in Washington warned last year that unless the G7 is revitalised and the politicians give fresh direction and policy co-ordination, including stable exchange rates, existing mechanisms to handle sudden lurches like the Mexican peso collapse, the global economy could be confronted by an uncontrollable crisis more comprehensive and devastating than that of the 1930s.

Hence, for developing economies, of which South Africa is one, financial openness brings an even greater loss of policy autonomy. In this context, our country's exposure to short-term speculative capital flows tends to be much greater than the developed countries because our ability to influence capital flows through monetary policy is much more limited. This was illustrated in the capital outflows which led to the sudden fall in the exchange value of the rand a year ago, and

the resulting severity of the problems of macro-economic management the authorities have had to face at the time. Given our inherited weaknesses, in particular the low foreign exchange reserve level and dependence on heavy capital goods imports, the country's problem at the strategic level resolves into securing for itself the maximum feasible autonomy. This implies giving serious consideration to possible ways and means of managing the scope available to markets without totally removing its influence in facilitating the proper allocation of investment and sustaining social and developmental programmes.

The alternative to such a course, and which underlies much of the analysis and proposals of the GEAR document, is the standard orthodox position that as long as we pursue policies of non-inflationary growth, emphasising price stability and fiscal equilibrium, turmoil in foreign exchange markets could be avoided and that investor confidence would lead to long-term capital inflows. This kind of thinking underlies the convergence indicators set by the Maastricht Treaty for the transition of the European Union into a single currency union. What is evident is that this and other convergence arrangements, including those calling for policy interdependence between countries, have all proved to be inherently deflationary in the sense that they require countries with excessive fiscal deficits to cut back without obliging other countries to pursue expansionary budgetary and monetary policies.

Next, there also exists within this orthodoxy the illusion that what is good for the TNCs is also good for the national and regional economies and ultimately the world. Globalisation here implies the pursuit of corporate goals unhindered by discontinuous boundaries and organised national interests and that TNCs are the most efficient allocators of global resources. This is supported by the assumption that geography and history are increasingly irrelevant as determinants of economic performance and hence the nation state is at best of only marginal importance in the contemporary world economy.

There exists, however, another reality. The tendency for business corporations to expand across boundaries is part of a dynamic but also of an uneven and contesting process of international production and competition in which large firms extend corporate rivalry to the regional and international arena in a constant search for market leadership and economic rents. In a seminal study written in the 1970s, Stephen Hymer and Bob Rowthorn had questioned the globalisation thesis and in particular its technological determinism, and argued that the TNCs are more likely to exaggerate differences and inequalities within and between regions than the opposite. In their view, the full benefits of international integration can only be achieved through a complementary and robust framework of social agreements and constraints, including the existence of strong nation states, to resolve problems generated in production and to manage distributional conflicts, within and among nations.

Hence, the issue our country faces is not so much the unquestioned compliance with and acceptance of what Trevor Manuel calls the "disciplines of the global economy" but to appreciate that what emerge as permanent in global economics are the constant rivalries which mark the behaviour of TNCs in their search for market leadership and surplus profits. This is what explains the increase in inequalities within and between regions. In such circumstances countries like ours can only escape from these outcomes by the pursuit of policies which carefully manage the inward flow of foreign capital and its disposition through what I have suggested as a robust framework of social obligations and technology transfer agreements and constraints. In this sense, a significant role for the state in the national economy is critical.

THE GEAR STRATEGY

I have already indicated that the Gear document and the budgetary proposals represents a marked shift of policy by the government. Indeed, it represents a seemingly different paradigm, breaking away from that on which the RDP was constructed. This not only relates to the pace of RDP deliveries but in large measure to the contrived analysis and the largely flawed modelling exercise on which the Gear proposals are based. In the current issue of the journal *Transformation* (No. 31 1996) my colleague Asghar Adelzadeh mounts a systematic and devastating critique of Gear - its questionable methodology, its contradictions and its loaded conclusions. As it is, I still find it difficult to believe that our government chose to base its economic policies and strategy, as indeed the latest budget, on so tenuous and questionable a foundation. But there you have it!

The Gear proposals derive from what is claimed to be an econometric modelling analysis based on the model constructed by the South African Reserve Bank - a model which no one has seen and which nobody outside the bank has rigorously tested to assess its underlying assumptions and the nature of its framework. More important, we do not know whether this model is that which is based on the relationships describing the economy under the apartheid regime or whether it has been substantially revised to account for the new circumstances and the policy goals of the RDP and the new democratic regime. Next, the results of the Gear modelling exercise are claimed to be broadly consistent with those derived from the models of the Development Bank of South Africa and the World Bank, despite the fact that each of these latter models is structured on very different theoretical assumptions and approaches. It is also apparent that several results of the model are not subjected to the necessary econometric tests to assess their statistical significance.

What is equally evident is the ideological bias of the key assumptions of the model, and hence its policy proposals. The model's key forces of economic growth are essentially private investment and exports. From this flows the injunction for a fiscal strategy based on rapid reductions in the budget deficit towards the targeted 3 percent of GDP - a

target apparently made respectable and to be adhered to under the Maastricht requirements for the European monetary union. As Asghar Adelzadeh's analysis shows on the central issue of whether or not the proposed framework leads to a substantial growth rate of the economy, reversing the unemployment crisis and reducing the unemployment rate significantly, or of producing meaningful progress in the redistribution of income and wealth, the Gear document is disconcertingly ambiguous. The model suggests that at some stage 400 000 new jobs are expected to be created by the year 2000, but this includes what is called "informal employment" - an unquantifiable category of labour absorption. What we do know is that there are between 300 000 and 400 000 new entrants coming into the labour market each year. In this context then, the current rate of unemployment of anything between 30 and 40 percent is unlikely to fall over the next three years under the policy prescriptions flowing out of the Gear model.

In these circumstances, ill-defined claims for achieving what are called "sustainable growth" and "transformation towards a competitive outward-orientated economy" amount to little more than what Adelzadeh calls "empty posturing which bears neither justification nor meaning" to the conclusions of the model.

The other major assumption of the model and the realisation of its projected average target growth rate of 4.2 percent over the period to the year 2000 rests almost entirely on two outcomes.

The first is the growth of exports. The problem here is that the potential for export expansion is not examined in view of the fact that aggregate current exports already amount to 25 percent of GDP and of the non-gold export level amount to 21 percent of GDP or almost equal that of South Korea and Hong Kong.

Indeed, with the best will in the world the possibility of pushing the export level higher than this ratio can only be reached by virtually holding consumption growth at zero. This flows from the fact that increased export growth can only come from higher manufacturing activity. However, this will in turn call for substantial increases in capital goods imports to sustain that activity.

The second problem relates to the heavy dependence of the 4.2 percent average annual growth rate on an expected positive relationship between a declining fiscal deficit and a rising level of private domestic investment. That expectation is based on what is known as the "crowding-out thesis" derived from the largely arbitrary notion that too much government damages the market economy and kills off the desire and resources available to private investors to invest - a notion that has been comprehensively falsified by the East Asian economies.

The Gear document further holds that a declining fiscal deficit will lead to falling rates of interest which in turn could

sustain the expected rise in private investment. This thesis too has been shown to be wanting, lacking the necessary supporting empirical evidence in this country and abroad.

In South Africa, where mining investment accounts for over 10 percent of total private investment, and which is largely determined by international market prices for primary mining products and the continuous need to replace depreciating capital, the impact of the fiscal deficit can be expected to be no more than of marginal interest to the mining industry. However, Gear's base scenario produces an average rate of interest of 5.2 percent (in real terms), with which is associated a private investment growth rate of 5.6 percent a year. In the integrated scenario, with an average growth rate of 4.2 percent and a fiscal deficit declining from 4 percent to 3.7 percent of GDP on average, the predicted outcome is reckoned to be a 4.4 percent average bank rate over the period and 3 percent in the year 2000. This interest rate decline is then expected to produce a miracle expansion in the rate of private investment, reaching 11.7 percent a year on average and 17 percent in the year 2000. This, I suggest represents a uniquely high level of responsiveness of private investment growth to the rate of interest that is almost beyond belief.

If this is not enough, let us look at the Gear estimation of the resulting trends on the current account of the balance of payments. The deficit is expected to amount to 2 percent of GDP this year, rising to 3.1 percent in the year 2000. Given this estimate, it would be logical to anticipate that downward pressure on the rand exchange rate will follow and inevitably provoke a rise in the rate of interest. The Gear scenario hopes that this may be avoided by a predicted increase in the flow of foreign direct investment averaging \$509 million a year. In this sense then much of Gear emerges as an exercise in hope and hence hardly forms a confident basis for a strategy of growth, employment and redistribution.

THE 1997 BUDGET

My friend, Edward Osborn of the stockbrokers firm of Edey, Rogers & Co. aptly describes the budget of March 12 as "Procrustean" - an illusion to enforcing uniformity by violent and ruthless methods. Revenues are being stretched and expenditures chopped with almost gay abandon in order to deliver the Gear requirement of a 4 percent deficit of GDP in the current financial year.

With government revenues based on the prospect of a 2.5 percent GDP growth, and inflation running at around 8.5 percent, the scope for expenditure initiatives and tax cuts remains rather limited given the planned reduction in the fiscal deficit to 4 percent. However, improvements in tax collections amounting to some R2.2 billion are predicted. Some R 1.5 billion of similar one-off improved revenues was budgeted for in the past financial year, apparently with some success. However, this is a rather perilous method of revenue planning, given the known force of Murphy's Law that "if anything can go wrong it will go wrong" in matters of this kind.

However, it is on the expenditure side of the budget that several major questions arise. The increase of 6.1 percent includes debt-servicing costs which are estimated to be growing at over 8 percent a year. Excluding these debt servicing costs, nominal expenditure will rise by 5.3 percent. This amounts to a fall of 3.2 percent in real terms which can of course be accounted for what the minister has termed "reprioritisation" in and cutbacks in the votes for defence, health and constitutional development, perhaps in education and in the cost improvements in government service conditions. The achievement of these cuts constitutes a real challenge to the minister, since any leakages on the revenue side or expenditure or higher inflation will put in peril the Gear requirement for a fiscal deficit of 4 percent this year.

I would suggest that budget holds the potential for further deflationary outcomes in its impact on the economy, given the impression that tax revenues are more or less unchanged and expenditure declines in real terms. Further, a reduction in the national debt is being planned as a proportion of GDP. The total debt is put at R309.5 billion or some 55 percent of GDP. The funding of the budget deficit is expected to lead to a R27 billion increase in that debt which is less than the 11 percent growth of the nominal GDP as predicted in the budget estimates. This means that the debt to GDP ratio will decline to around 52 percent, putting the country's finances on the path of a declining national debt and perhaps the beginnings of an escape route out of the "debt trap". On financial grounds this would be welcome, but clearly, in economic terms, this could be deflationary unless revenue from the privatisation of state assets accrues to meet the retiring of parts of the national debt.

The Reserve Bank remains bent on maintaining market interest rates well above the rate of inflation (by as much as 6 percent). Bank overdraft rates exceed the inflation rate by more than 10 percent. With M3 and credit creation rising by 1.7 percent a month on average the prospect for a downward movement in interest rates remains dim indeed. This implies that the government cannot expect any help from the Reserve Bank. New approaches in dealing with the cost of managing the national debt need to be explored. The techniques that have been employed elsewhere, such as the "corset", need to be considered. The latter involved imposing an obligation on commercial banks to make supplementary deposits with the Reserve Bank in order to reduce the scale of credit without having to increase interest rates. Possibilities also exist for temporary periods of interest rate cuts, during which the proceeds of fresh issues of government stock could serve to finance repurchases or retirement of some of the existing high-interest bearing stock.

Given the deflationary influence of the Gear strategy, the budget will do very little to attend to the unemployment crisis. Nor will there be any noticeable amelioration in the poverty conditions ruling for the greater majority of our

people. The housing programme with budgeted expenditures of some R4 billion largely represents rollover funds from previous years - a reflection of the scale of non-delivery of promised social supports under the RDP programme. The increased allocations for social security this financial year will, in real terms, be almost zero. Some 67 percent of tax revenue will take the form of indirect taxes of which over one-third represents value added tax (VAT). The system of taxation is now exceptionally regressive. In a word, very little in the nature of a movement towards income redistribution in favour of the greater majority of the people is evident from this budget.

Finally, in this context, the government has succumbed to pressures for a relaxation of exchange controls. The relaxations are of course marginal, but nevertheless sufficient to open the gates for a measure of capital flight by richer sections of the population, and will allow institutional investors to hold up to 3 percent of their assets in foreign investments. The general scope for the diversification of share portfolios into foreign assets has also been enlarged, at a time when the rand remains vulnerable to speculative attacks. Given the miserably low level of the central bank's foreign exchange reserves, the chronic deficit on the current account of the balance of payments, the domestic social instabilities wrought by the seemingly unrelieved crime wave - in these conditions the relaxation of exchange controls on capital account for domestic residents, no matter how limited, must be regarded as a foolhardy act.

In general then, the problem of the budget, as indeed much else in the Gear documents, is the failure to recognise that the country is in a structural crisis of both un- and under-employment and at a stage in a long economic cycle where the co-existence of low real investment, little if any economic growth and very high unemployment mutually reinforce in a condition of low-level equilibrium. To move out of that crisis does not call for further deflationary measures such as the scheduled reductions in the fiscal deficit. On the contrary, as we are bound to learn in time, the cost to the government, the taxpayer and the country at large of a person remaining unemployed or unoccupied will grow inordinately and serve to prolong and deepen the crisis. On the other hand, the costs of a net increase in government spending financed in part by higher taxation could over time prove to be considerably less than the gains obtained from a determined job creation strategy - a strategy which shifts segments of household incomes from the rich to the poor and is accompanied by a supporting national minimum wage policy. Further, the combined impact of such a jobs creation programme will lead to a significant reduction in income inequality in the country. On the other hand, the balance of payments impact of such a policy may be managed through foreign borrowings which could be easily undertaken given the country's under-borrowed position as at present. The 1997 budget proposals already indicate a small foreign loans programme of R4 billion or less than \$1 billion.

CONCLUSION

The Gear documents raise a larger problem. This concerns my anxieties about the government's economic strategy being made dependent almost entirely on the formalistic theoretical and empirically-based forecasting model as used by the Gear team to derive their policy recommendations. It can be said in general that models of this kind do not forecast accurately. Moreover, there are significant disparities between their methodologies and the actual practice of economics. This has resulted in unhappy compromises among economists, and above all in the widespread discouragement of both criticism and alternative approaches not favoured by the mainstream economic viewpoint.

Some 15 years ago the distinguished economist and Nobel Prize winner Wassily Leontief made an assessment of this modelling base for economic forecasting which I may say is as relevant today as then. He wrote:

"Year after year economic theorists continue to produce scores of theoretical models and explore in great detail their formal properties; and the econometricians fit algebraic functions and relationships of all possible shapes to the same data without being able to advance, in any perceptible way, a systematic understanding of the structure and the operations of the real economic system".

This of course relates to the standard procedures in econometrics which assume regularities of the type "whenever x, then y". This assumption is rarely questioned despite limited success in uncovering enduring regularities in economic relationships of this sort. Most such regularities may occur in astronomy; they hardly or do not exist in any permanent form in the social realm. The late Lord Keynes also said as much: "I want to emphasise strongly the point about economics being a moral science. It deals with introspection and values. One has to be on guard against treating the material as constant and homogenous". He went on to state that "econometricians... tended to freeze models by filling in figures which one can be quite sure will not apply next time". Given these warnings it would really be sad if our government now finds itself irretrievably committed to the Gear targets.

Perhaps I should repeat here the statement I made at the conference of the South African Institute of International Affairs in September last year. The role of the state in the management of our economy urgently needs to be enhanced. This view derives not from any centralist approach to economic organisation, but from the fact our country requires the highest level and the most detailed co-ordination of economic policy - covering fiscal, monetary, industrial, labour markets, and much else - to serve a common set of objectives focused on employment creation and the reduction of poverty. It goes without saying that and that alone is the key to our country's long-term social and political stability and the creation of a flourishing economy.



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RHLF's founding principles are:

- To serve as a fund-provider to retail lenders and intermediaries who work with people in non-metropolitan areas, primarily in small towns, villages, agricultural areas and rural settlements, regardless of land tenure.
- To reach households earning less than twice the minimum household living level (currently R4 678 per month for a household of six or less, determined by UNISA's Bureau of Market Research and adjusted from time to time).
- To assist rural households to build or extend a house (for residential or productive purposes); put up fences (security); link to water, sewerage and electricity; purchase land; or make any other fixed improvement to fixed property.
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Performance and results

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RHLF is attempting to extend the reach of sustainable financial services (credit, savings and insurance) and new loan collection methodologies to rural households with very low but regular incomes (formal, informal and/or pensions). In this context, RHLF is playing an important role in an equitable, growth-oriented rural development programme.

RHLF's greatest impact on rural shelter improvements and rural poverty reduction will occur with the continued empowerment of the target groups through their repeated access to financial services over many years, as a complement to the government's subsidy inputs.

Furthermore, RHLF had, at the end of June 2004, disbursed loans valued at over R265-million to housing finance intermediaries in all nine provinces, which resulted in over 53 000 housing loans to end-user borrowers. Of the end-user borrowers who have taken loans from RHLF-accredited intermediaries, 44% are female, thus making RHLF a major player in addressing gender equity and the empowerment of women. About 67% of borrowers earn a monthly income of R2 500 or less. Seventy-two percent of RHLF borrowers are employed either in the private sector or public sector. RHLF is indeed an organisation that targets the working poor.

Contact the RHLF:
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POVERTY AND INEQUALITY IN SOUTH AFRICA 2004-2014

REPORT FOR ECUMENICAL FOUNDATION OF SOUTH AFRICA

BY J P LANDMAN

INTRODUCTION

The single most important issue facing South Africa 10 years after the transition to democracy is breaking the grip of poverty on a substantial portion of its citizens. There is a consensus amongst most economic and political analysts that approximately 40 percent of South Africans are living in poverty - with the poorest 15 percent in a desperate struggle to survive. This means that approximately 18 million out of 45 million people have not experienced the benefits of our new-found freedom. This poses a moral challenge to all South Africans - to work together towards the economic and social integration of the poorer section of our fellow citizens. The debate on poverty could be approached from different perspectives and on different levels. The earlier ideological debate between capitalism or socialism, or a possible "Third Way", has subsided since the democratisation process in Eastern Europe gained momentum. Even with regard to the current dominant model of a liberal free market economy in the world, one could follow alternative routes: on the one hand, the fundamental principles of the current macro-economic model could be questioned and rejected as such. On the other hand, even if the reality of the current dominant model is accepted in a more pragmatic approach, critical challenges and questions could be raised with regard to the complexities, the contradictions and side effects of this model.

This report represents an executive summary of three longer research papers by our task team and several colloquiums where the findings of the research were discussed with independent panelists. The integration of different research fields (demography, macro-economics, labour market and poverty) strives to create a common understanding of the problems and the challenge we face. Although the report is founded on solid and comprehensive academic research, it provides an intelligible analysis of economic trends and some of the complex choices (with far-reaching consequences) that decision-makers have to make:

"High growth will certainly help to roll back poverty...but it might exacerbate inequality...which one gets the priority?", or "In the struggle against poverty, the needs will always be more than the available resources". This explains the intensity of the political debate on priorities within state expenditure.

This not only raises the temperature in the public debate with regard to the priorities of the state's budget, but it also challenges all sectors (state, business, churches, NGOs, etc.) on the quality and the efficiency of their social programmes to combat poverty. The task team has underlined the importance of public-private-partnerships to enhance both the efficiency and quality of public spending, but also to combine limited resources from different sectors for a greater focus and social impact.

One of the sobering findings is, that even if we accept a higher growth path as an important instrument to eradicate poverty, a large portion of our citizens would need the support of special programmes to alleviate the worst poverty - to help them to survive.

The report does not give a full analysis of macro-economic models, nor does it give all the answers to the complex challenges we face with regard to poverty. It strives to give an intelligible, reliable and realistic picture on the economic trends over the past years, as well as some of the complexities and tough choices that decision-makers are facing in shaping our future. In this sense we hope that this report could contribute towards a common understanding of the problem.

The report is an important building block in the three discourses that the EFSA Institute is currently facilitating in the public debate on combating poverty:

Firstly, what is the role of the church, as well as other religious communities, in social welfare and developmental

programmes? This includes theological reflection on the identity, the calling and the role of the church in society. The prophetic witness of the church on issues of social justice, as being the church for the poor, is part of this discourse.

It also includes empirical research on the capacity, the contribution and effectiveness of intermediary networks that implement programmes. What are the best practice models and how does one measure the impact of these programmes?

Secondly, what is the best model of partnership between religious communities and the different levels of the state? What policy frameworks are necessary to provide equal access to public funds and stability in social services rendered by religious communities? What guidelines and conditions are necessary to ensure consistency and the responsible utilisation of public funds, as well as efficiency in the implementation of programmes? How does one protect the identity of religious networks from political co-option, but ensure concrete co-operation? What incentives (e.g. tax deductions) would promote a culture of giving, of solidarity with the poor and the creation of a caring community?

Thirdly, what models of partnership between religious communities and the business sector could enhance the impact and the effectiveness of social programmes? Both sectors have unique networks, capacities and considerable resources available. Would co-ordination and the sharing of resources not enhance the impact and the sustainability of social services?

An important element in all three discourses is the quality of social spending: how does one ensure that limited resources are used in the most efficient and effective way to benefit the large number of poor citizens?

Renier Koegelenberg

EFSA REPORT ON POVERTY & INEQUALITY IN SOUTH AFRICA

1. PROBLEM STATEMENT(S)

Two distinct problems characterise South Africa 10 years after democracy: poverty and inequality.

In public discourse the two (poverty and inequality) are normally linked and treated as an expression of the same problem.

In reality, they are very different. These differences have important public policy consequences.

1.1 Inequality

Inequality is measured by the Gini coefficient, which can vary between "0" and "1". The closer to 1, the more unequal a society, and the closer to 0 the more equal a society.

The Gini coefficient measures the distribution of the national income. In a perfectly equal society 10 percent of

the population will receive 10 percent of the income; 20 percent of the population will receive 20 percent of income and so on. For such a society the Gini coefficient will be zero.

If, say, 10 percent of society receives 30 percent of the income, or 20 percent receives 50 percent of the income, the distribution is more unequal and the Gini coefficient higher. At 1, being the highest possible score, 1 percent of the population would receive 100 percent of the income.

The Gini score for South Africa is about 0.6. With Brazil, South Africa has one of the most unequal income distributions in the world. This overall figure, however, hides a particular aspect: the Gini is higher amongst African households than amongst non-African households (Bhorat, 2003: 4; also Van der Berg & Louw, 2003: Table 3). This is the result of some African households improving their position - a process that started in the 1990s, but accelerated after 1994.

It is important to note that a society with low levels of poverty may still be unequal. Low poverty and inequality may co-exist. That is one of the reasons inequality cannot simply be equated with poverty. They are different phenomena.

But although separate, the two phenomena are obviously linked. Turkey has about the same per capita income as South Africa, yet poverty levels in Turkey are only about half those of South Africa. Some 18 percent of Turks live in poverty versus about 38 percent in South Africa (Van der Berg, 2003: 2). It is clearly possible to combat poverty by reducing inequality.

1.2 Poverty

Measuring poverty is not a straightforward matter, as it depends on a critical assumption: what level of income constitutes the poverty line?

In public discourse the \$1-a-day-level has gained a lot of prominence. Whilst acceptance of that level helps to popularise notions and keep public debate intense, it is not necessarily an accurate indicator.

Firstly, \$1 in the US is not the same as \$1 in Tanzania. It buys very different quantities of goods and services in those two countries. Secondly, now that the dollar has depreciated by more than 40 percent, does it mean that poverty levels have also declined by more than 40 percent? That can hardly be the case. Applied to South Africa, the \$1-a-day-argument would mean that at R8 to \$1 the poverty level in South Africa would be R8 x 30 days = R240 p.m. At R7 to \$1 it would come to R210 a month. The stronger the rand, the lower the level of poverty. That is hardly possible.

So the \$1-a-day standard is not really useful.

For South African purposes we would take the

minimum living level (MLL) as the cut-off point, below which people live in poverty. In March 2003 this was taken as R1 871 for a household of 4.7 people as determined by the Bureau of Marketing Research in March 2003 (BMR, Report 3/19). Adjusted to rand values for 2000 that would imply an income of R1 489 per month per household of 4.7 people.

Using this level as the benchmark, 46 percent of South Africans live in poverty - meaning 20.5 million people in 2000, according to research done by Servaas van der Berg and Megan Louw at the University of Stellenbosch (2003).

This compares to Prof. Sampie Terreblanche's estimate of about 18 million people - about 40 percent of the SA population in 2002 (Terreblanche, 2002).

It is thus possible to refer to South Africa as a "45/55" society. About 45 percent of the population live in poverty and 55 percent do not.

Whilst this figure is high, it is (unlike SA's Gini coefficient) not one of the highest in the world. Comparisons on poverty levels are risky, but several countries have higher percentages of the population living in poverty than South Africa has (World Bank Global Poverty Monitor).

1.3 Differences between poverty and inequality

What are the differences between these two issues?

Firstly, even a society with a low level of poverty may still be a society with a high level of inequality. The United States clearly has a lower level of poverty than Tanzania, but it also has inequality.

Secondly, a fairly equal society may still have a high level of poverty. Many developing countries would have a lower Gini coefficient than South Africa, thus a lower level of inequality, but poverty is much worse. This will partly explain why citizens from those countries migrate to South Africa, some legally and others illegally. Judging by the way that people vote with their feet, inequality with less poverty is more attractive than equality in poverty.

Thirdly, a society in economic take-off will, whilst in the transition from poor to less poor, experiences rising inequality. Whilst progress is being made with poverty reduction, inequality may be worsening.

Fourthly, the goal of transforming the ownership and composition of the economy to reflect the country's demographics more accurately will inevitably entail a worsening of the Gini coefficient within the black community itself. This is discussed in paragraphs 2.7 to 2.9 below.

Fifthly, poverty and inequality will respond differently to growth. High growth will certainly help to roll back poverty, but it might exacerbate inequality. This confronts policy makers with a brutal choice: which one gets the priority?

Under socialism the priority was equality. Examples would include Nyerere's African socialism, the Soviet Union and countries in Eastern Europe. Under rampant growth philosophies, combating poverty is the priority. The best example of that would be present-day China, Korea, Taiwan and Malaysia.

2. TRENDS AROUND THESE TWO PROBLEM AREAS

POVERTY

2.1 Taking the long view, which provides a better overall understanding, the proportion of people living in poverty has declined between 1970 and 2000 (Van der Berg & Louw, 2003). However, as a result of growing population numbers, more people (individuals) are now living in poverty.

THIS IS SUMMARISED IN TABLE 1.

Table 1:

Population	Proportion in Poverty		
1970	22 mil	11 mil	50 percent
2000	44.6 mil	17 mil	38 percent
Change	+ 22.6 mil	+ 6 mil	12 percent

2.2 In a population that has doubled, the number of poor has not doubled; and the proportion of people living in poverty has actually declined.

2.3 The influence of demography is clear from these data. As the United Nations World Population Report for 2002 states: "Actions by governments to lower population growth would help to promote economic growth and reduce poverty. High (population growth rates) increase poverty." As the French philosopher Comte wrote in the 19th century: "Demography is destiny". Maybe it is not quite so definitive, but it is certainly important.

2.4 The importance of demographics is also underscored by what is happening in the labour market. See paragraph 3.

2.5 Demographics leaves policy makers with very little choice: more wealth has to be created to roll back poverty and inequality. Anti-growth policies will not do the trick. Neither will growth-neutral policies. Reality dictates the creation of new resources to meet growing demands.

2.6 A second reason, apart from demography, for the lack of progress in reducing poverty is simply poor economic growth. For about a decade and a half South Africa's average economic growth was about 1.5 percent p.a. - considerably lower than the population growth rate. Thanks to concentrated efforts, growth has now doubled to about 3 percent p.a. - more than the population growth rate. A low growth rate cannot remedy poverty.

2.7 The main driver of inequality currently in SA is no longer the black/white divide, but rather the intra-group divide between rich blacks and poor blacks (page 2 above). The national Gini figure is 0.6 (Bhorat, 2003: 4). However,

amongst black households it moved decisively up from 0.49 in 1970 to 0.59 in 2000 (Van der Berg & Louw, 2003: Table 3). Amongst whites it moved from 0.43 to 0.49; Indians from 0.42 to 0.51 and coloureds from 0.53 to 0.55.

2.8 This intra-black move is understandable, given the concerted efforts to transform the ownership and personnel structures of the economy. The EFSA colloquium discussed the contradiction between poverty and inequality and came to the conclusion that, through a period of economic take-off, rising inequality might be an inevitable consequence - poverty may be rolled back, but not necessarily inequality at the same time.

2.9 It should be noted, however, that the intra-black divide had already started to open up before 1995 (van der Berg, 2003: 5). That gives credence to the conclusion that economic take-off will leave some inequality in its wake.

3. IMPORTANCE OF THE LABOUR MARKET

The director-general of the International Labour Organisation (ILO), Juan Somavia, stated in a report to the ILO's annual conference: "Job creation should be put at the centre of global efforts to halve extreme poverty by 2015" (Financial Times, 9 June 2003). The only way to counter poverty and inequality trends is to create more jobs, and they need to be sustainable. Cosatu general secretary, Zwelinzima Vavi, emphasises the same point in the context of service delivery: "Everything starts with a quality job..." (Business Day, 2 December 2003).

Thus, without an expanding labour market, progress cannot be made.

Other measures like public works programmes, anti-poverty support programmes and social safety-net arrangements may indeed help, but less so than an expanding labour market.

What then is the state of the South African labour market and its contribution to the reduction of poverty and inequality?

3.1 Taking a long view, the labour market moves in tandem with the economy. It is not really possible to have an expanding labour market in a shrinking economy. And an ever-expanding economy will definitely create more jobs - even if one allows for the normal lags between growth and job creation. This is borne out by South Africa's own experience over the past 30 years.

3.2 Between the mid-1970s and the beginning of the 1990s, the economy grew at about 1.5 percent p.a. This was about a third of the more than 4.5 percent achieved in the years between the Second World War and the beginning of the 1970s. Since 1993 growth has slowly recovered to reach an average of 3 percent over the past few years. South Africa has thus doubled its sustainable economic growth rate from 1.5 percent to 3 percent since 1993 (SARB data).

3.3 2003 will be a "bad" year with growth of only about 2.2 percent, but a return to 3 percent + growth is expected in 2004 and beyond. There is not really an argument that South Africa is now a 3 percent economy.

3.4 And, indeed, the labour market followed this improvement in the economy. Between 1995 and 2002 about 1.6 million net new jobs were created in the South African labour market. That is an average growth rate of about 2.1 percent p.a. in the number of jobs (Bhorat, 2003). These numbers include both the formal and informal economy. Given the structural changes in the economy, the growth of the informal sector cannot be ignored in evaluating the size of the labour market.

3.5 The conclusion is clear - the SA economy did not experience jobless growth over the past 10 years. This is a myth that needs to be debunked. What is needed is more growth to create even more jobs.

3.6 In this sense, "size counts". In order to sustain more jobs, the economy must be considerably bigger. Demographics force this reality. To think only in redistributionist terms will not do the trick.

3.7 The 1.6 million sustainable jobs created between 1995 and 2002 must be compared with the 1 million temporary and intermittent jobs that the government wants to create with its Expanded Public Works Programme over the next five years at a total cost of about R15.5 billion (CDE, 2003).

3.8 The conclusion is clear - there is room for support measures like a public works programme, but it cannot replace or be pursued at the cost of economic growth (and a bigger labour market). This has important policy consequences. It forces policy makers to make the growth of the economy and the expansion of the labour market their top priority.

3.9 This need to make growth the top priority is reinforced by demographics. Over the same period that 1.6 million jobs were created, more than five million people entered the labour market (Bhorat, 2003). That resulted in an increase in the number of unemployed of more than three million - meaning South Africa now has an unemployment rate (on the expanded definition) of about 40 percent. This is the result of too little growth relative to what population growth requires.

3.10 Quite often in public discourse, lip service is paid to the need for more growth, but then policy positions are proposed which, if implemented, would in effect reduce growth and the creation of new jobs.

3.11 A particularly important feature of the labour market is the relentless drive to higher skills levels required by employers (Bhorat, 2003: 12-14). Whilst this is wonderful for productivity and competitiveness, it does have the effect of putting formal employment beyond the reach of many who

are not suitably qualified. It places the issues of education and skills development firmly on the agenda of labour market strategies.

4. The role of redistribution (or more state spending)

In paragraph 1.1 on page 2 above the point is made that there is room to reduce poverty by addressing inequality. This is done through state expenditure, financed through taxes and some borrowing.

There is evidence that social grants like the old-age pension and the children's grant all help to reduce poverty to some extent (Van der Berg, 2003: 10). These, linked to more and better quality social services, constitute what has become known as the "social wage".

The social wage is in essence redistribution and is dependent on higher expenditure by the state.

The state has to balance spending on the social wage with other competing priorities like fighting crime, providing education, developing infrastructure, dealing with HIV/Aids and, above all else, the priority of growing the economy. Growing the economy also requires expenditure, primarily on infrastructure and an enabling environment - lower taxes, lower interest rates, more skills training and the like. These all "cost money", either directly or in tax income sacrificed and borrowings not made.

Precisely how these different priorities should be balanced is a matter of intense political debate, quite often fuelled not by what is possible, but by what is needed. And one thing is for certain, what is needed is always more than what is available.

It is the opinion of the task team that a ceiling is being approached as to how much social spending can be undertaken by the state. The mini-budget presented in November 2003 with its three-year spending forecasts reinforce this tentative judgement.

THE QUALITY OF STATE SPENDING

The fact that needs always exceed resources brings another issue to the fore: how efficient is state spending and can available resources be stretched further through enhanced efficiencies? Specifically, to what extent can churches, NGOs, development organisations and the like be used to enhance the quality of state spending. The task team is of the opinion that there is considerable scope for private-public-partnerships to enhance the efficiency of public spending.

This is part of an international trend, where more and more public funds are being channeled to the not-for-profit private sector to help the poor and fight poverty (Koegelenberg, 2003).

One plus one is more than two

More importantly, these public-private-partnerships may leverage the money currently being spent by private sector

sources (the corporate sector, private individuals, churches and the like). If public and private spending are linked, this can leverage existing resources and help to enhance efficiencies.

There are examples of schools being built by corporations, whilst the same money put into existing church schools would probably have rendered a better return for everybody concerned. There are other examples of private networks which can be used to spend public money efficiently and quickly, thus stretching limited resources further.

5. WHAT NEEDS TO BE ACHIEVED

5.1 To roll poverty back from its current 55/45 level to 70/30 by 2014 (both the level of 30 percent and the date of 2014 are arbitrary choices) will require about three million jobs by 2014. Currently the labour market consists of some 11.8 million jobs. Thus, creating an additional three million jobs will require the labour market to be about 25 percent bigger. Allowing for the productivity increases needed to enhance competitiveness, the economy will in fact have to be approximately 48 percent bigger than it is now. That means a consistent growth rate of about 4.0 percent p.a. over the next 10 years.

5.2 This need for 4 percent growth is considerable, if one bears in mind that the average growth rate of the economy over the past few years has been about 3 percent p.a. and 2003 will deliver only about 2.2 percent. Clearly much more effort will have to go into generating the required 4 percent.

5.3 Such economic growth will not just happen of its own accord. It will need careful management of the macro variables as well as growth-inducing measures. This will have to include fiscal discipline; monetary stability; enhanced productivity; restructuring to remove obstacles to investment and growth; reduced transaction costs and many other measures. These will not always be compatible with more popular policy demands, such as the "Basic Income Grant" [BIG] or a bigger tax load on the economy.

5.4 Realistically, the task team accepts that not all of the poor will be absorbed into the formal or even the informal economy. The notion of "two economies" is very real. This necessitates the need for a safety net to alleviate the worst poverty. And it is, in fact, being implemented systematically with the children's grant and increased old-age pensions, school feeding programmes and extended health services. Naturally, this should be done in a manner consistent with the macro-constraints and multiple priorities of our society.

6. CONCLUSION

The quest to roll back poverty and inequality requires multi-dimensional analysis and thinking from all. Dealing with complexity is the name of the game. The enormous moral capital of the church should not be squandered on one-dimensional analysis and thinking. Preferably, it should be used to push the debate forward towards a more holistic approach.

Demography is important, but so is growth, sustainable redistribution, a leverage of private and public resources off each other, and improved efficiencies in spending by both sectors. All these elements need to be integrated into a holistic approach that will grow the economy sustainably, create jobs and ensure a safety net for the poor. And this, as paragraph 5 indicates, will still be a gigantic task.

At the same time, however, progress with poverty relief might not decrease inequality. As growth improves and more people are absorbed into the economy and living standards for many are improving, the "poor will still be with us", resulting in inequality. An effective safety net is needed to protect the poor. This requires a more efficient application of all existing resources.

The time has come to replace the adversarial debate around economic and redistributionist policy options with a common approach to progress over the next 10 years to 2014.

NOTES:

1. The mini-budget in early 2004 shows that the proposed increases in state spending will increase government dissaving - from about 0.2 percent of GDP to probably more than 1 percent of GDP (MTBP, 2003). More concretely, that is about R1.33 million per hour, every hour of the 365 days in a year. That is the amount of money taken out of the national savings pool, thus reducing the money available for investment. And the less investment, the less growth.

2. Investment and saving are merely the opposite sides of the same coin: a nation can only invest what it saves, except when additional investment is financed by foreigners. Low savers like South Africa thus need foreign investment to overcome the shortage of local saving. If a nation can attract that money from foreigners, good and well; if not, the country is forced to use its own saving very prudently. In a country with insufficient saving like South Africa, government dissaving is - even if understandable - not necessarily desirable. The government has over the past number of years reduced dissaving. The 2003 mini-budget reverses that trend, although the medium-term forecasts are that the government wants to try and eliminate dissaving again.

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INDIA, BRAZIL AND SOUTH AFRICA DIALOGUE FORUM: NEW SOUTH-SOUTH CO-OPERATION INITIATIVE

BRASILIA DECLARATION

The following declaration was issued by the Foreign Ministers of Brazil, South Africa and India, following their meeting in Brasilia on June 6 2003. Now named the "India, Brazil and South Africa Dialogue Forum" (IBSA), the group will meet again in New Delhi, India within twelve months

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1. The foreign ministers of Brazil, Celso Amorim, of South Africa, Nkosazana Dlamini-Zuma, and of India, Yashwant Sinha, met in Brasilia on June 6, 2003, following ongoing consultations and after the respective heads of state and/or government of their countries held conversations during the G8 meeting, in Evian.

2. This was a pioneer meeting of the three countries with vibrant democracies, from three regions of the developing world, active on a global scale, with the aim of examining themes on the international agenda and those of mutual interest. In the past few years, the importance and necessity of a process of dialogue amongst developing nations and countries of the south has emerged.

3. The foreign ministers of Brazil, South Africa and India gave special consideration to the importance of respecting the rule of international law, strengthening the United Nations and its security council and prioritising the exercise of diplomacy as a means to maintain international peace and security. They reaffirmed the need to combat threats to international peace and security in accordance with the charter of the United Nations and with the legal instruments to which Brazil, India and South Africa are parties.

4. They agreed on the need to reform the United Nations, in particular the security council. In this regard, they stressed the necessity of expanding the security council in both permanent and non-permanent member categories, with the participation of developing countries in both categories. They agreed to combine efforts in order to enhance the effectiveness of the general assembly and the economic and social council of the United Nations.

5. They noted that new threats to security - such as terrorism, in all its forms and manifestations, drugs and drug-related crimes, transnational organised crime, illegal weapons traffic, threats to public health, in particular

HIV/AIDS, natural disasters, and the maritime transit of toxic chemicals and radioactive waste - must be handled with effective, co-ordinated and solid international co-operation in the concerned organisations based on respect for the sovereignty of states and for international law.

6. The ministers highlighted the priority placed by the three governments on the promotion of social equity and inclusion, by implementing effective policies to fight hunger and poverty, to support family-run farms, and to promote food security, health, social assistance, employment, education, human rights and environmental protection. They recalled that social empowerment makes better use of human potential, contributing to economic development in a significant manner. The ministers recommended that the exchange of experiences in combating poverty, hunger and disease in the three countries would be of immense use to all of them. They recognised the importance of international effort to combat hunger. The three countries recognised and undertook to explore a trilateral food assistance programme.

7. The foreign ministers stressed the importance, for equity reasons as well as for development goals, to address issues related to the elimination of all kinds of racial discrimination and to promote gender equality and mainstreaming a gender perspective in public policies.

8. The three foreign ministers expressed their satisfaction with the approval of the Convention on Tobacco Control, in the 56th Health World Assembly, and committed themselves to make every effort to ratify the convention in the shortest period of time. They also committed themselves to promote the main objective of the convention - to protect present and future generations against the devastating consequences of the consumption of tobacco and against exposure to tobacco smoke.

9. The foreign ministers identified the trilateral co-

operation among themselves as an important tool for achieving the promotion of social and economic development and they emphasised their intention to give greater impetus to co-operation among their countries. While noting that their societies have diverse areas of excellence in science and technology and offer a broad range of potential opportunities for trade, investment, travel and tourism, they stressed that the appropriate combination of their best resources will generate the desired synergy. Amongst the scientific and technological areas in which co-operation can be developed are biotechnology, alternative energy sources, outer space, aeronautics, information technology and agriculture. Avenues for greater co-operation in defence matters should also be explored. The ministers agreed upon putting forward to their respective governments that the authorities in charge of the portfolios for science and technology, defence, transportation and civil aviation, among others, also hold trilateral meetings, aiming at the creation of concrete co-operation projects.

10. The ministers noted that the new information and communication technologies are transforming the world at a rapid speed, and in a fundamental way. At the same time, a vast digital divide exists between the developed and developing countries, which is adversely affecting the capacity of developing countries to derive optimum benefits from the globalisation process. They agreed to intensify their co-operation in ICT, including international efforts and initiatives towards narrowing the digital divide.

11. With respect to environmental issues and sustainable development, they recognised that the Rio Conference and its Agenda 21, the Millennium Summit and the Monterrey and Johannesburg Summits, and the Programme for the Implementation of Agenda 21, contained fundamental guidelines to orient the action of their governments and co-operation initiatives. They reaffirmed that Agenda 21 identified the major causes of continuing deterioration of the global environment as unsustainable patterns of consumption and production and called for the necessary action as contained in the Johannesburg Programme of Implementation. They highlighted their concern over the results of atmospheric warming due to the emission of greenhouse gases and encouraged countries having emission reduction goals in the Kyoto Protocol to work to bring them into force and fully implement them, and urged the countries which had not signed or ratified the Protocol to do so.

12. They also reiterated their efforts for the effective implementation of the Convention on Biological Diversity, especially the rights of countries of origin over their own genetic resources, as well as the protection of associated traditional knowledge. The fair and equitable sharing of benefits arising from the access to, use and management of genetic resources and associated traditional knowledge must be assured as a way to stimulate social and economic development, as well as the adding of value and the processing of biodiversity-based resources in megadiverse countries. In this context, they placed special significance on the negotiation of an international instrument on

benefit-sharing under the auspices of the Convention on Biological Diversity, as agreed at the Johannesburg Summit. They thus expressed their agreement that the activities of the Group of Like-minded Megadiverse Countries, of which Brazil, South Africa and India are founding members, should gain even greater importance. They also emphasised the need to render the relevant parts of the TRIPS Agreement compatible with the Biological Diversity Convention.

13. While welcoming the expansion of economic growth, employment, social development and the accompanying rise in standards of living in several developing countries as a result of freer movements of trade, capital, and technology, the foreign ministers of Brazil, India and South Africa expressed their concern that large parts of the world had not benefited from globalisation. They agreed that globalisation had to become a positive force for change for all peoples, and should benefit the largest number of countries. In this context, they affirmed their commitment to pursuing policies, programmes and initiatives in different international forums, to make the diverse processes of globalisation inclusive, integrative, humane and equitable.

14. The ministers regretted that major trading partners were still moved by protectionist concerns in their countries' less competitive sectors. They stressed the need to fully carry out the Doha Development Programme and emphasised how important it was that the results of the current round of trade negotiations provided especially for the reversal of protectionist policies and trade-distorting practices, by improving the rules of the multilateral trade system. They reiterated their expectation that negotiations would gain new political impetus and that it would be possible to overcome deadlocks on issues of fundamental interest to developing countries, before the Fifth Ministerial Conference in Cancun. Furthermore, Brazil, India and South Africa decided to articulate their initiatives of trade liberalisation.

15. The foreign ministers noted with concern the increased economic vulnerability of developing countries to fluctuations in global prices of commodities. They affirmed the importance of a predictable, rule-based, and transparent international trading system, to enable the developing countries to maximise their development, through gains from enhanced exports of goods and services.

16. They drew attention to the economic and social impact suffered by many developing countries in recent years, as a result of volatile global financial flows. They agreed to strengthen their co-operation towards making the international financial architecture responsive to development, and towards increasing its effectiveness in preventing and addressing national and regional financial crises.

17. They reiterated their belief that success in globalisation with equity required good governance, both at the national and in particular at the international levels, in recognition of the fact that, as a result of globalisation, external factors had become critical in determining the success or failure of achieving sustainable development.

18. The ministers recommended to their respective chiefs of state and/or government the convening of a summit meeting of the three countries. They also decided to further intensify dialogue at all levels, when needed, to organise meetings of top officials and experts responsible for issues of mutual interest.

19. They decided to hold regular political consultations on international agenda items, as well as to exchange information on areas of mutual co-operation in order to co-

ordinate their positions on issues of common interest. To give expression to issues discussed and all other matters emerging out of consultations, the ministers further agreed to establish a Trilateral Joint Commission. The foreign ministries would be the focal points of the Trilateral Joint Commission and the meetings would be co-chaired by the three foreign ministers. The secretariat facilities will be co-ordinated by the secretary in charge of this area in the foreign ministry of the host country.

THE YOUTH OF JUNE 1976 UPRISING

BY C DANNY KEKANA MP

Speech in the National Assembly

The author is a Member of Parliament and the former Mayor of Soweto

We celebrate and pay tribute to the youth of South Africa led by fearless fighters like Tsietshi Mashinini, Dan Montsisi, Murphy Morobe and a world-known hero, Hector Peterson. Tribute is due to the youth of June 16, 1976 - year of fire and year of ash. The youth, through burning, were expressing black anger against white domination, in the form of political hegemony, economic exploitation, social segregation and brutal force.

Soweto, a town not appearing on most maps at that time, was to find itself the focus of international media. Its then population of 1.3 million served the half million whites in nearby towns as labourers in their homes, shops and factories. The youth's revolt was ventilated in terms of black anger, against a South Africa where capital and finance were exclusively under white control. Industry and commerce were almost entirely owned and managed by whites. Parliament and its institutions were reserved for whites and all major bodies of the state were either exclusively managed or controlled by white personnel.

Ever since the Soweto youth revolt our society has undergone some of the most profound changes. The ushering in of the new democracy in 1994 and the transformation of the state and its apparatus is such a change in the political system. The future challenges of our youth are in ways completely foreign to their predecessors. Yet it is the responsibility of the adult society - us who govern and are the emerging establishment - to assist youth to respond positively to the challenges of the future. Youth faces an uncharted terrain and adults have to provide the trail maps.

In 1976 South Africa's youth took the centre stage and remained there throughout the unrest and strife of the 1980s. Many youth who belonged to the 1976 uprising went underground due to state suppression, only to resurface in

the gallant organisation of the people, the ANC and its military wing Umkhonto weSizwe. Solomon Mahlangu was one of these young people.

The youth uprising of 1976 and its offshoots into the 1980s resulted in a range of socio-political activities. The activities had at least two major effects on the South Africans society. Positively, by helping to engineer socio-political transformation through contributing in the liberation struggle and, yet, negatively, by creating a lost generation which has been unruly, ill-disciplined and involved in crime such as drugs, car hijacking, juvenile delinquency and many other social maladjustments.

Today we celebrate a decade of liberation and the youth can seize opportunities in the president's state of the nation address that has provided for various youth developmental avenues, such as the National Learnership Project and the Umsobomvu Youth Fund (UYF). We once more pay tribute to the youth that contributed positively to socio-political transformation and we trust the economic transformation will take place in terms of black empowerment - black ownership and job creation.

As we celebrate the Soweto youth uprising, we are reminded of history that repeats itself. The ANC Youth League was formed in 1944 under the leadership of its first president Anton Lembede and the participation of great names such as comrades Nelson Mandela and Oliver Tambo. This formation of the youth league, similar to the Soweto youth uprising, revitalised and militarised the ANC in the 1950s with the defiance campaign and even more so in the 1960s with the taking up of armed struggle and the formation of Umkhonto weSizwe. This is an illustration of the role of the youth in different epochs of a bitter struggle that reached its militant climax in the 1976 student uprising. This is an account of a rich history of our youth that we celebrate with pride today.

DEPARTMENT OF HEALTH WESTERN CAPE

NEW REHABILITATION CENTRE OF EXCELLENCE TO OPEN IN SEPTEMBER



For the past year a section of the premises of Lentegeur Psychiatric Hospital in Mitchells Plain has been a buzzing hive of building activity. Now there's a new buzz – a buzz of anticipation and excitement, because the new facility for the Western Cape Rehabilitation Centre (WCRC) is about to open its doors to the public. Formed from the amalgamation of the Conradie Spinal and Comprehensive Rehabilitation Unit and the Karl Bremer Rehabilitation Unit, the new WCRC promises to be the best rehabilitation centre in Africa, write Health Western Cape's Heidi Bartis and Vernon de Vries.

During a presentation of the Healthcare 2010 framework to a group of stakeholders in November 2002, Head of Health Western Cape Professor Craig Househam said that 'tough decisions now will yield positive results later'. One of those tough decisions had been taken in March 2002 by the Western Cape Cabinet, when it decided to relocate the Conradie Rehabilitation Hospital from Pinelands, its home for nearly 40 years, to Mitchells Plain.

'... the approach of fierce resistance has changed to a spirit of mutual cooperation and enthusiasm'



Understandably, the decision met with fierce resistance from several stakeholder groups, particularly the Disability Sector.

Now, nearly two-and-a-half years and over R90-million later, the approach of fierce resistance has changed to a spirit of mutual cooperation and enthusiasm.

'2002 was not the easiest of years,' admits Jenny Hendry, deputy director in charge of the WCRC. 'I felt caught between two poles of thought, and I could identify with both! At the one end were the decision-makers in Health, who shared my vision of a centre of excellence, but who seemed to spring the relocation decision upon us rather suddenly; and, at the other end, were the NGOs and the Disability Sector who argued that they had not been consulted properly and consequently felt very uncertain about the future direction of the rehabilitation service. Fortunately, we were all committed to doing what was best for the patients – to make the new Western Cape Rehabilitation Centre a place of excellence!'

The WCRC's mission statement:

The Western Cape Rehabilitation Centre is committed to the efficient and effective rehabilitation of people with physical disabilities by:

- providing innovative, high-intensity, outcome-based rehabilitation programmes within a safe and supportive environment;
- following an interdisciplinary team approach;
- having skilled and dedicated staff;
- empowering and building partnerships with the broader community; and
- promoting research and training initiatives.

The WCRC's services

The WCRC provides specialised, high-intensity rehabilitation and community-reintegration programmes to people who have permanently disabling sequelae of injuries or diseases. It has a capacity of 240 beds, and its rehabilitation services are focused primarily on four key problem areas:

- communicable diseases, particularly TB and HIV/AIDS;
- chronic lifestyle-related diseases, particularly hypertension (which can cause strokes) and diabetes (which can result in limb amputation);
- unintentional injuries, particularly motor-vehicle accidents, occupational injuries and sports injuries, especially from rugby and diving; and
- intentional injuries, particularly gunshot and stab wounds from interpersonal violence and self-inflicted injuries.

In terms of population needs, the WCRC will make provision for a total user population of 485 950. This translates into one bed per 3 115 of the user population in the Western Cape.

The WCRC offers a unique research and training platform for a variety of professional and non-professional health workers, including doctors, nurses, and allied health professionals such as physiotherapists, social workers and home-based carers.

Additional facilities at the new WCRC

The Lodge: for boarders or caregivers who are undergoing training, support or counselling; and for rural in-patients following completion of their rehabilitation programme.



Many of Conradie's staff members and long-term patients had favourite trees. These were carefully uprooted and transplanted at the WCRC

Stepping Stones: a transitional living area for clients in the final phase of rehabilitation.

Sporting and related facilities: indoor hydrotherapy area with adjoining indoor gymnasium, basketball court, wheelchair obstacle course, wheelchair time-trial course, feng shui meditation garden, and wheelchair repair workshop.

Three large therapy areas, each with gymnasiums, counselling areas and ADL areas comprising kitchen, bathroom, dining room and bedroom.

Daily Outpatient Department (OPD) for disability assessment, screening, pharmacy and radiology services.

Specialist OPD clinics, eg scoliosis, hand and shoulder, plastic surgery, amputation, and specialised wheelchair/buggy seating.

Positive spin-offs of the WCRC project

- Disabled people were appointed to the engineering consulting team to ensure that the special needs of disabled consumers are met.
- Design of the upgrading of Mandalay and Lentegeur stations was awarded to an architectural firm run by a disabled person to ensure that universal accessibility standards were adhered to.
- The infrastructure of the surrounding urban area was made disability-friendly (pavements, pathways in parks, access to shopping centres), and traffic-calming measures were introduced to facilitate movement of, and ensure the safety of, disabled clients.
- Public-service professionals showed a marked increase in awareness of the special needs of disabled people.

HEALTH WESTERN CAPE
Bringing healing with its
warm and solid presence

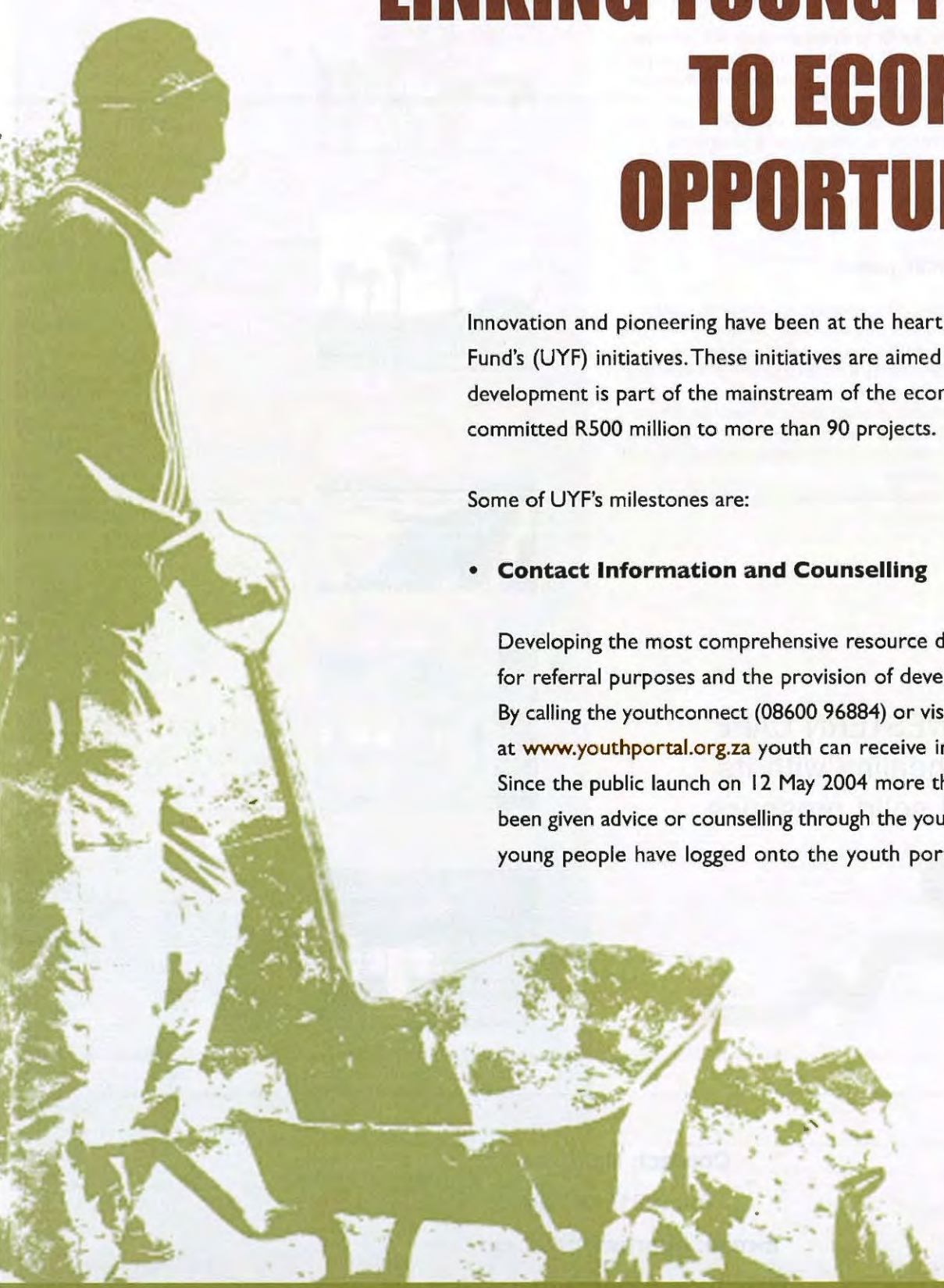


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LINKING YOUNG PEOPLE TO ECONOMIC OPPORTUNITIES

Innovation and pioneering have been at the heart of Umsobomvu Youth Fund's (UYF) initiatives. These initiatives are aimed at ensuring that youth development is part of the mainstream of the economy. To date UYF has committed R500 million to more than 90 projects.

Some of UYF's milestones are:

- **Contact Information and Counselling**

Developing the most comprehensive resource database in South Africa for referral purposes and the provision of developmental information. By calling the youthconnect (08600 96884) or visiting the internet portal at www.youthportal.org.za youth can receive information and advice. Since the public launch on 12 May 2004 more than 4000 of youth have been given advice or counselling through the youthconnect and 525 000 young people have logged onto the youth portal. A partnership with

the GCIS and the Department of Labour will allow UYF to expand its 12 Youth Advisory Centres through the Multi Purpose Community Centres and Labour Centres for youth to get one-on-one support throughout South Africa. Young people can look forward to a Youth Card which will allow them discounts from various merchants and also link them up with UYF and other services for their own development.

- **Skills Development and Transfer**

Youth Service Projects have enabled young people to serve their communities and acquire skills in Conservation, Construction, Health Care (including home based care), and Horticulture. The roll-out of the National Youth Service Programme led by the Minister in the Presidency is an exciting development that will take the pilot programmes to scale. School to Work projects have focused on the development of scarce skills in ICT, Accounting, Agriculture, Banking and Finance, Sports and Entertainment, and Engineering. An agreement with the Department of Education allows the School to Work programme to train youth in scarce skills at Further Education and Training Colleges.

- **Youth Entrepreneurship**

UYF has established a world-first electronic Business Development Support Voucher Programme and has given more than 3000 youth the necessary business support for services such as business planning, contracting, and marketing. The programme is now being expanded to the remaining four provinces where it was not piloted (Mpumalanga, Free State, Northern Cape and North West). The Entrepreneurship Education programme will see 20 000 youth receive training on enterprise development matters. The Entrepreneurship Finance programme using Public Private Partnerships has provided business finance to 800 young entrepreneurs. The growth of the Cooperatives programme will see an increase of the existing 10 pilot programmes.



To learn more about
Umsobomvu Youth Fund:
Call youthconnect: 08600 YOUTH (96884)
www.youthportal.org.za

UMSOBOMVU YOUTH FUND IS A GOVERNMENT INITIATIVE

08600 YOUTH (96884)

BLACK BOX MANUFACTURERS SOAR WITH UMSOBOMVU YOUTH FUND FUNDING

Two local entrepreneurs are flying high after securing a contract to help manufacture black boxes for South Africa's Hawk training aircraft.

The pair, Caswell Mkansi and Eric Mathebula of Electronic Technical System (ETS) Holdings expect their electronic manufacturing business to take off with a 60% increase in turnover within two years, thanks to funding from Umsobomvu Youth Fund's (UYF) General Fund.

The General Fund is a private equity fund which, along with two other UYF SME financing programmes (Progress Fund and Franchise Fund), finances youth-owned and managed SMEs in this country.

Mkansi says the finance from UYF will allow ETS to purchase additional machinery, employ more production staff and expand their manufacturing and preventative maintenance and repair infrastructure. "With the augmented infrastructure we will be in a position to take on more work, up production and increase our turnover by more than 60% over the next two years," he says.

Mkansi says ETS was jointly awarded the contract to supply black boxes with Aerospace Monitoring Systems (AMS), formerly British Aerospace. "AMS produces the logic section of the black box and we manufacture the data acquisition unit (DAU) for lead-in trainer Hawk aircraft," he says.

To date, ETS has produced 50 DAUs as part of government's Defence Industrial Participation (DIP) initiative where purchases of the Department of Defence are used as a leverage to oblige foreign sellers of defence commodities or services to do defence-related business in South Africa on a reciprocal basis.

"When AMS was awarded the contract to supply the South African Defence Force with 24 Hawks, they had to place a certain amount (50%) of the production business with South African companies as part of the DIP programme," says Mkansi.

Now Mkansi and ETS chairman, Eric Mathebula, are expecting orders for supply power units from the Royal Air Force and the Bahrain, Canadian and Indian governments. They have also approached the automotive and telecoms industries with a view to supplying their power supply units.

Mkansi says ETS employs historically disadvantaged electronics graduates. "Five years ago we made the decision to employ graduates straight out of college and then train them over the period of a year. With training support from Denel, AMS, Siemens and Ericsson, we have developed a highly professional team of technicians," he says.

Mkansi says the idea for an electronics business was formed while he was studying electronics. "Eric and I have known each other for many years. Our combined vision and experience in the electronics field resulted in the formal establishment of ETS in 2000.

Mathebula was a service engineer for UNISYS before starting his own company in 1999 with UNISYS as his first customer.



AN INCOMPLETE FREEDOM

BY FERAL HAJFEE

An edited version of the Harold Wolpe lecture

May 27, 2004

The author is the editor of the Mail and Guardian

I've rather enjoyed telling my mum (and everybody else who will listen) that I am to deliver the Harold Wolpe lecture tonight. It's got rather a nice tone to it - quite erudite, I thought, not one I know in my cut and thrust world of deadlines, chasing scoops, editing pages - all that is the business of putting newspapers to bed.

But as the date's grown closer, I've gotten a little bit nervous at this "lecture" business. It's quite forbidding, actually, so I'd prefer to consider it a chat.

Thank you to the Centre for Civil Society for inviting me - your think tank has quickly earned itself a place as a true THINK tank. Many don't deserve the title.

Would that I could stand here with the 10-year media dream delivered and speak to you of an institution wholly transformed. Of an institution rooted where you are - in the community, reflecting your daily struggles. One that understood unemployment as more than just an economic slogan - that investigated its causes and its fallout. Of an institution that held to account those in power and empowered those that were not.

Would that I could stand here and tell you about a thousand flowers blooming. About a public broadcaster that we all felt we owned - where you could go and learn the community broadcasting skills that would enable you to take your struggles out beyond the confines of a few streets, a couple of extensions.

Would that I could, or you could, show me examples of street newspapers stuck up on corners that you could savour over a morning coffee break.

But I can't tell you such a story 10 years into our freedom. Like all of the country, nothing has turned out quite as planned. Freedom rarely turns out so - and that truth holds good for the media as much as for your lives.

But neither do I come to talk to you and beat my chest to tell a tale of woe and of hopelessness. It is instead my understanding of a journey to an incomplete freedom that I hope to share.

Let's start by declaring that it is a better world and that goes for 10 years of media freedom too.

I began my working life as a journalist just as apartheid

breathed its last and the state tightened its grip before loosening it. I remember poring over the state of emergency regulations to work out what could be said and what not; what could be reported to keep my young newspaper (then the Weekly Mail where I worked as a cadet) just above the parapet of a constrained legality while trying to sate a deep thirst for truth and perspective.

It was hell, as was trying to get any information from surly and recalcitrant authorities who make Minister in the Presidency Essop Pahad seem like a paragon of open communication.

The Mail & Guardian some 13 years ago was only a little more cash-strapped than it is today. So it ran on the steam of us young trainees who were sent every day to cover marches in what were then the hot spots. We were regularly chased and "moored" (hit with sjamboks) with the marchers - the authorities had no sense of the role and rights of a free press.

It is a different world today. There is nothing we can't write and little media regulation to speak of. Whether we write all we can write is a matter for later, but media freedom I would argue is well and truly entrenched.

There is more information than any of us know what to do with and a degree of transparency that we've not yet managed to exploit properly. That said, we need to avoid getting comfortable in freedom and plump with the assumption that it will always be there.

There is much still to be fought for. Section 205 of the Criminal Procedure Act provides that journalists can be subpoenaed to give information to the police to assist in prosecution - it has a chilling effect on media freedom.

As have the criminal defamation laws. In my first week as editor, I received a lawsuit from the ANC suing reporters Sam Sole and Stefaans Brummer, myself and the company for R4 million. I can tell you, it had a very chilling effect on me, but luckily the newspaper's ballier than its editor.

In the subsequent months, I've learnt to roll with the millions. Lawsuits are now up to R23 million, the stakes raised by a corrupt (former) provincial minister who has sued for R18 million. He got caught when a local businessman who happened to win a multimillion-rand tender from his department transferred money into his bank

account, gave him a house and car.

Such suits can cripple a small newspaper and my feeling is that politicians are becoming litigious precisely as a way of trying to erode our freedom.

But the biggest threat to our freedom comes from within - it is not a popular thing to say, but an unpalatable truth we often ignore. Consider this: of all the complaints made to the Press Ombudsman, over 70 percent are simple acts of inaccuracy.

We get the basics wrong all the time. The media's credibility lies only in its adherence to the code of ethics and accuracy is number one. We are failing and flailing about. Last year was our *annus horribilis* - several instances of plagiarism, of what the Sunday Times columnist David Bullard called "word burglary", surfaced.

The Hefer Commission was founded on the foibles of journalists who forgot their ethics - the off the record briefing stays off the record. We act independently, not as the lapdogs of some faction in power.

What are the roots of such failings? Individual responsibility is of course one. But there are other problems that are institutional.

The past 10 years has also witnessed an unprecedented under-resourcing and under-investment in journalism. Ownership at the major groups changed hands just as advertising revenues began to decline. The bean-counters took over - there are exceptions as there always are - but the bottom line became paramount.

Synergies were the order of the day as individual titles were robbed of their individuality, their journalists compacted into content provider newsrooms that serve an entire group. That's why I could get onto a flight in Johannesburg with a newspaper and get off in Durban to read exactly the same news in your titles.

Most training budgets were cut just as a new generation of journalists hit the newsrooms. What is regarded as news has quickly become closely welded to what is news for the living standard measure (LSM) you are targeting. Every newspaper now identifies itself by the LSM it attracts, shaping a news agenda round the foibles and fancies of its LSM. It's not really working because newspaper circulation is only stable or inching up.

I hope we get some mould-breakers in this era who will say damn the LSM, let's just do journalism that changes the world for if it's not about that, then what is it about?

In a country where the largest circulation newspaper reaches just 3.5 million people, the possibilities of print changing the world are quite, quite limited. In such an atmosphere, it is the broadcasters who are king. With

limited time, let's look only at the SABC and see how it has fared.

The verdict can only be "not that great" and while it is a broadcaster far removed from its propagandist era symbolised by former news reporter Cliff Saunders, its road has not been a smooth one.

Every two years since the early 1990s, a new news boss has taken over because the SABC is such contested terrain. It's never been allowed to test its mettle as a proper public broadcaster in a developing country - where are the unionists on its board; and the civil society representatives? I'd like to see, for example, an Ashwin Desai on its board - a maverick who will make it serve its many publics.

But who is on the board? Eddie Funde chairs it - he is little-known in broadcasting, but he does sit on the ruling party's election committee. There is Christine Qunta, a demigod of a new bourgeoisie and Cecil Msomi whose company counts the ANC as a client and a man who is not well-known in the slim pickings that is South Africa's journalistic community.

There is a lot of work to do to bolster this media freedom we often take for granted. The SABC is, in my opinion, on a sorry path and as the public we must set it straight.

We need to use our freedom and test it - use the open information laws, seek out the whistle-blowers, watch the cancer of corruption. Moreover, we need to embed ourselves among the poor and write their lives, not about their lives, but document their lives.

Too often, our accounts of media freedom amount to a headcount - so many blacks, so many women, a blind sub-editor is an equity dream. It has to be more than that in this, the second decade of freedom.

May I turn now as I wind up to civil society's relations with the media and tell you a story. As a lefty, somewhat lapsed but certainly in the camp, I hang out with activists.

To my great dismay, I was recently called a "sell-out" because the Mail & Guardian refused to brand as "repression" the detention of Landless Peoples Movement activists. I hate what happened to the activists, but I refuse to play it as one long tale of repression from Abu Ghraib to Protea South.

The label was also used because the newspaper covers the ANC with some attention - and because we carried a cover story titled "How the ANC won the election" a week before the election was won.

As an editor with a penchant for social movements and the intellectuals who support them, I must admit to be tiring quite quickly of rhetoric and of labels, of easy victories and magnified import (of occasion, impact and size of this new

left), of predictable arguments and sketchy research that often emanates from the sector.

It is with my heart in my mouth that I stand and say that the accounts I have read of social movements in general and of South African politics in particular, from Naomi Klein to Arundhati Roy, from Patrick Bond to Dale McKinley and other radical intellectuals, exhibit a sameness that falls short of the rigours that the times demand.

Their various writings come to sound like a set piece. This is how it goes:

Ten years on, the revolution's been sold down the river. The ANC is a neo-liberal shadow of its former self - it has implemented a Thatcherite economic policy and left its comrades out to dry as it has supplicated before a wealthy coterie of elites.

Usually, the research then cuts to a quote from finance minister Trevor Manuel or the former president Nelson Mandela declaring that "Gear is non-negotiable".

No reference is made to Manuel's subsequent statements that the Growth Employment and Redistribution Strategy (Gear) was a "necessary but not a sufficient" condition for growth and poverty eradication, or to the more expansive path the country is now on. This, despite the fact that the old left organised in the Congress of SA Trade Unions and the Peoples' Budget have said so numerous times. These are organisations and individuals of the left who know how to claim a victory when they see one - the same is not true among those of the new left.

But back to the narrative. It then usually goes on to an account of how much better things were under apartheid. Just look, say the writers, even Stats SA says so.

They haul out the Stats SA "Earning and Spending" report of 2003 and quote from its findings that South Africans were generally poorer in income terms in 2000 than they were in 1995. That fact is devastating, but it must be matched with other Stats SA research which reveals that the havoc wrought by unemployment and its associated drop in incomes was somewhat assuaged by R53-billion pumped into poor communities in the form of housing, electricity and water. In other words, asset poverty declined while income poverty increased. To use one without the other is selective research at its most disingenuous. It's as bad when the presidency only uses the positive and dismisses the income report, but that's another story.

The narratives then usually make use of research gleaned from a quick visit to the Soweto Electricity Crisis Committee or to Chatsworth (the epicentres of civic social movements) where invariably you will find somebody who says the ANC has made things worse. This is, usually, in response to the very leading question: "are things worse now than they were under apartheid?" The research takes very little account of the impact of globalisation where tariffs have

come down and jobs been lost; of the fact that an apartheid era welfare and housing pie had to be cut much thinner in 1994 and so the welfare payments of many poor people did come down.

Inevitable comparisons are made to how much the movement's campaigns looks like the anti-apartheid struggle, on the same songs being sung, on the reconnections of electricity campaign being a latter-day defiance campaign.

The conclusion is usually this: that another revolution is imminent here - just as it is in the United States, in India, in Europe - another world is possible. Viva and Amandla! Trevor Ngwane (the leader of the Soweto Electricity Crisis Campaign) will free us all; Patrick Bond for finance minister and Dennis Brutus will be our arts minister - this time, the people shall govern...for real.

I bought into this narrative for a while because it is so sexy and I penned quite a few articles that followed exactly the same narratives. I do not pen the narrative now because it is too easy a way out of our interminable interregnum - because it doesn't require grappling with the difficulties of transition; with the nuts and bolts of local government finance; with the technicalities and policies required for extending a water connection and keeping it running.

And it is because I spend hours pouring over the budget and recognise that public expenditure is actually not the problem anymore. We are beyond the tight Gear belt and now the debate is about a skilled and committed civil service that can deliver; about whether we need the provinces and whether they hinder or help a better life; about the growing social distance between the government and the governed.

If we have learnt anything from the past 10 years it's probably that struggle, as tough and soul-sapping, as brutal and as violent as it was, was probably easier to do than freedom.

To adopt the narrative means to be in a perpetual state of struggle, of war, to oppose and not to propose. It makes, frankly, for rather boring reading. This is not to say that community struggle is not necessary - it must always be an integral part of democratic life. Already Ngwane and his comrades have made an impact, forcing Eskom to write off the accumulated electricity debts of poor Gauteng communities. In Durban, the Concerned Citizens Forum is expanding the narrow notions of citizenship and service beyond the managerialist straitjacket of "the culture of non-payment", of "cost-containment". But the debate must be more honest if it is to be even more effective.

For me, Arundhati Roy provided answers to a world gone crazy in 2001 when her algebra of infinite justice added it all up. She became my god of big things, a writer whose every utterance I would squeeze into the newspaper, tossing aside lesser scribes like John Pilger and George Monbiot.

I'm not so sure that she's got things quite right on South Africa, though. Here's what Roy wrote about South Africa:

"South Africans say that the only miracle they know of is how quickly the rainbow has been privatised, sectioned off and auctioned to the highest bidders. Within two years of taking office in 1994, the African National Congress genuflected with hardly a caveat to the Market God. In its rush to replace Argentina as neo-liberalism's poster boy, it has instituted a massive programme of privatisation and structural adjustment..."

Really? Ask the markets and the massive flood of privatisation has in fact been a trickle. Yes, a third of Telkom's been listed, but the important ones like Eskom and Transnet are still wholly state-owned.

"Structural adjustment" - sure, that's what Gear was, but I've yet to hear a left economist argue coherently about what we were to do with the inherited debt that the high-living, free-spending Nats bequeathed to us. And don't say, "We should have reneged on it", because most of the debt is owed to my mother and your father - it is pension fund debt.

Another hero is Naomi Klein who made me wear Woolies with her searing indictment of consumer culture and the sweatshops they engender. "No Logo" is a great work but I am less impressed with her impressions of my country.

Here's Klein doing SA: There's a huge amount of struggle going on in this country. There are movements exploding. They are resisting privatisation of water and electricity, resisting eviction, and demanding land reform. They are reacting against all the broken promises of the ANC.

"This is a security state. It spends three times as much on private security as it does on affordable housing - just to keep the rich from the poor. This level of inequality is dangerous."

Security state? More like melodrama if you ask me. There is a view among social movements and the intelligentsia linked to them that SA has undergone a massive exercise in water and electricity privatisation.

It is plain wrong, yet is repeated over and over again - as if repeating it often enough will make it true. Only four of 288 municipalities and relatively small ones at that have contracted out the management of water. It may be and probably is four too many, but it is hardly the large-scale sell-off touted in the media. As for electricity - none, none, of it has been privatised.

There's another statistic quoted again and again by left intellectuals and it is the David McDonald and John Pape study which found that 10 million people had their electricity cut off and 10 million more had their water pipes staunched. The study's been withdrawn by the Human Sciences Research Council because its methodology is faulty.

The HSRC's Mark Orkin had this to say: "The HSRC has clarified that the figure is an extrapolation by an independent, external researcher in an HSRC survey of three months' duration, and considerably overestimates the phenomenon. However, the extent and consequences of these disconnections by local authorities remains a serious matter of concern."

Other research shows that 133 000 households had their water disconnected - it's 133 000 too many, but, the gap between 10 million cut-offs and 400 000 (extrapolated at three people per household - the size of a household determined in the Census 2001) is enormous.

In the media, we often joke that we don't let the facts get in the way of a good story - and the same goes for the new left it seems. Though Orkin's disclaimer came out in June last year, I've seen McDonald and Pape's figures used again and again and again without qualification or limitation noted.

If indeed it is the case that the research overstates the problem, then the challenges and the lobbies lie elsewhere. It is for bigger local government budgets, for sharper municipal managers with hearts, for policies that bar disconnections, for socio-economic rights cases in the Constitutional Court.

The answers are not as simple or as complex as is often suggested. They are not simply about an anti-privatisation campaign; and not as complex as staging another revolution.

The international anti-globalisation movement has been an exciting development - a response to those who declare that there is no other alternative is their clarion call that another world is possible. But social movements are so keen to make South Africa a node on the global map of anti-globalisation resistance, that often it seems they try to fit a square peg into a round hole.

Of course we should be vigilant of national intelligence's interest in the social movement; of course we should expose the arrest and harsh treatment of activists aligned to the Landless Peoples Movement but is it fair to compare it with Abu Ghraib, the Iraqi prison where torture was widespread?

Is it really honest to compare the arrest of 87 activists outside the Johannesburg mayor's house with the killing and arrests in Genoa in 2002?

And, finally, to brand Cosatu a "US-style corporatist trade union" as Bond did in a recent paper and as many activists of the new left do, is beyond the pale. If President Mbeki and his lieutenants' use of the "ultra-left" label infuriated so many of us, then why is labelling OK when it comes from within the left?

Where is the humility in this? Surely 1.8 million workers who pay their subs every month would recognise a US-style corporatist trade union when they see one? Surely, it is worth finding out why the compradorist ANC still attracts a

rump of black working-class support. There is some evidence of an apathy setting in, but to disaggregate the figures is to see where it is setting in - among the traditional middle classes, not the very poor.

I was dismayed recently to be called a "sell-out" because I lived long ago enough to know the opportunism, the dangers and the self-concern of true sell-outs, but also because it was as if a preordained left is the only one that counts. All else and you are a sell-out.

The movements are an exciting political form which can be very powerful as the Treatment Action Campaign has

shown, but it must also be acknowledged that they are a nascent bloc.

The movements speak a more relevant truth to power than to any formal political parties, but there must also be truth about the disempowered and the processes of disempowerment. There are many truths and many layers of complexity in building something new. There have never been easy answers as there are never easy victories.

* This is an edited version of the Harry Wolpe lecture Ferial Haffajee delivered at the Centre for Civil Society at the University of KwaZulu-Natal on May 27

SA LAND RESTITUTION PROGRAMME

BY MARINDA WEIDEMAN

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The land restitution programme is one of the three pillars of the National Land Reform Programme. The Restitution of Land Rights Act 22 of 1994 entitles communities and individuals to restitution if: (a) a person/community (or direct descendant) was dispossessed of land rights; and (b) dispossession was effected to further the object of any law, which would have been inconsistent with the prohibition of racial discrimination contained in section 8(2) of the Constitution, had that section been in operation at the time of dispossession. The legal parameters for restitution are contained in section 25(7) of the 1996 Constitution, which states that, "A person or community dispossessed of property after June 19, 1913, as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to restitution of that property or to equitable redress". The Restitution Act includes five types of restitution; restoration of original land, provision of alternative land, financial compensation, provision of alternative relief and/or priority access to other government programmes.

Section 4 of the Act and Section 123 of the Interim Constitution provided the legislation for the establishment of the Commission on the Restitution of Land Rights and the Land Claims Court (both established in 1995). The commission, which is an independent body that reports directly to parliament, consists of a chief and deputy land claims commissioner, regional commissioners and other members appointed by the Minister of Land Affairs.

a) Claims for restitution are lodged with the commission, which has the responsibility to publicise the process, provide information, investigate and mediate claims, settle claims through negotiations and to assist communities or individuals to lodge claims.

The commission has wide-ranging investigative powers, but refers claims to the Land Claims Court in cases where claims generate conflict, or have the potential to do so. In addition, the commission acts in an advisory capacity to the Minister of Land Affairs.

The Land Claims Court is responsible for adjudicating land claims and determining compensation. In terms of Section 22(2), the Court has jurisdiction throughout the country and has all the ancillary powers necessary for the performance of its functions, including the power to grant interlocutory orders and interdicts. Affected parties may appeal against Land Court decisions at the Constitutional Court or the Appellate Division of the Supreme Court.

The initial cut-off date for the submission of land claims was April 1998, but following widespread calls for an extension, the Department of Land Affairs (DLA) changed the cut-off date to December 31, 1998 and embarked on an awareness campaign to promote the lodging of claims. There was an increase in the number claims lodged in the period before the final cut-off date. (Some regional DLA offices were receiving as many as 1 000 calls per day).

PERFORMANCE

The restitution process was extremely slow between 1994 and 1998 - by December 1998, the number of claims submitted stood at 40 000 with only 27 claims settled. The process did accelerate and, by November 2001, 68 878 claims had been received and 12 863 claims settled. The majority of finalised claims were from the Western Cape and KwaZulu-Natal. Although approximately 80 percent of the claims received were for land in urban areas, urban claimants represented only 10 percent of the potential beneficiaries. By March 2002, 50 percent of the 60 000 claims lodged (final figures were less than the earlier estimates) had been settled. By June 2003, 36 488 claims had been settled, covering 590 112 hectares, with 83 661 beneficiary households and 444 002 beneficiaries. The DLA estimated, in mid-2002, that the majority of land claims would be settled by 2005.

The restitution programme has generally been perceived as slow and ineffective. This is the result of a wide range of problems. Policy related problems include expropriation and compensation, the emotional nature of the process, the exclusion of large groups from the programme, the 1913 cut-off date and the legalistic nature of the programme. Problems arising from implementation include lack of community participation and cohesion, lack of accountability in community leadership structures, management and administrative issues in the Land Claims Commission, capacity constraints, the resuscitation of the chieftancy and the complex nature of claims, the lack of post-settlement development and a perceived urban bias.

EXCLUSIONS

The victims of betterment planning were initially excluded from the restitution programme, because betterment policies were not considered racist legislation. Since the inception of the programme, the NLC and its affiliates have lobbied for the inclusion of betterment victims. In July 1998, policy changed and the Commission was allowed to receive claims for betterment removals. Although welcome, the policy development did not address the fact that many communities had missed out on the opportunity to claim restitution. In March 1999, the Chatha agreement in the Keiskammahoek (former Ciskei) became the first betterment claim favourably settled by the DLA. The Chatha settlement amounted to R10.5 million (R31 679 per claimant) and additional financial assistance for fencing and upgrading of tenure rights.

Certain categories of labour tenants are also excluded, namely those who were evicted by landowners, not in terms of explicitly racial laws, but through common law actions or extra-legal means, and those who experienced a protracted process of dispossession.

THE CUT-OFF DATE

The purpose of the restitution programme is to promote reconciliation and justice by restoring land (or paying compensation) to persons/communities dispossessed after

June 19, 1913 (the date on which the land Act was promulgated). Although the 1997 White Paper states that claims for land lost prior to 1913 may, in some cases, be accommodated by the minister in "terms of preferential status" in the redistribution or tenure reform programmes, the cut-off date probably excluded the vast majority of affected land in South Africa. Indigenous South Africans had already lost most of their land by the time the 1913 Land Act came into effect.

NGOs affected communities and Cosatu have questioned the applicability of the 1913 cut-off date. Critics have argued that aboriginal title (used in Australia, Canada, New Zealand and certain West African countries) should be used to address pre-1913 claims. On the other hand, the government has argued that "it is not possible to address the pre-1913 claims through a judicial process such as Aboriginal Title Claim" because in South Africa, it could renew or prolong ethnic and racial politics, claimant communities and their descendants have increased more than eight times and are scattered and, because large areas could be subject to overlapping claims. The government's argument is not particularly convincing, as these problems have emerged in the context of post-1913 claims as well. A better argument might be that programmes based on Aboriginal Title have not been particularly successful.

It was only in 1992, for example, that the Australian High Court recognised Aboriginal land rights. Consequently, the 1994 Native Title Act was passed, stipulating that if indigenous Australians could "prove continuous and traditional occupation" of a piece of land, they could claim it. Since then, only two claims have been settled. The Wik community in northern Queensland were granted permanent title to over 110 000 hectares in December 1997, and the Dughuttii in New South Wales received financial compensation.

Article 27 of the 1917 Constitution of Mexico also contained legislation for the restitution of "land, which had been unjustly and illegally alienated from the Mexican people" during the period of Spanish colonisation (16th century). The article required that applicants provide "proper titles" for the land claimed. Since colonial land transfers were generally semi-legal, many claimants lacked title deeds. Consequently, restitution was extremely limited.

There has only been one South African claim based on Aboriginal title. The Richtersveld community, near the Namibian border, instituted an action in the Land Court against the state and the diamond company Alexkor, based on Aboriginal title. The community claimed 84 964 hectares on which their ancestors had lived. The judge in the case ruled that the Court did not have the jurisdiction to decide on the rights of the Richtersveld people to land in terms of indigenous or Aboriginal title and recommended that the DLA Minister provide alternative relief for the community. The community finally obtained legal title to their land in

mid-2002, through the redistribution (not the restitution) programme. The community also took their case to the Supreme Court of Appeal, which ruled in February 2003, that the community is entitled to the mineral and mining rights on the land.

It has also been argued that the restitution programme fails to take adequate account of the emotional nature of dispossession. The land question remains a powerful emotional and material issue. The property clause in the 1996 Constitution, that legislates compensation for current land owners, and the 1913 cut-off date have convinced many protractors of the programme that no serious commitment to meeting the objectives of justice and reconciliation exists.

LEGALISTIC PROCESS

There are two reasons why the restitution programme was developed and operated as a judicial system. Firstly, the assumption that there would be intense conflict between landowners and claimants and secondly, that the programme needed powerful legal backing for the expropriation of land in indomitable cases. Thus far, the expected conflict has not materialised. At the same time, the legalistic and bureaucratic nature of the programme is generally viewed as one of the main reasons for the slow pace at which claims were settled. "It was like a Ping-Pong game, there were 16 processes each one needing a decision before you could proceed". Policy developers had underestimated the complexity of a court-based land reform process.

The Restitution of Land Rights Amendment Bill of 1997 was introduced to speed up the process. Following the 1998 Restitution Review, further attempts were made to create a more administrative restitution process. Regional commissioners were given the power to resolve uncontroversial claims without Land Court involvement. There is also a renewed emphasis on commercially sustainable results. These changes contributed to the increase in the claim settlement process from 1999 onwards.

Others have argued that the legal nature of the process has not been a major factor in the slow process of settlement. "Taking the court out of the process is not going to make it any faster. The real problems include a lack of government capacity and complex group dynamics". Furthermore, a legal approach "undermines formal commitments to popular participatory reconstruction and development" because complicated legal procedures limit the ability of marginalised people to participate in the process. Evidence from Mexico supports this argument. The Mexican government of Alvaro Obregon, for example, managed to redistribute more land than the preceding government of President Carranza, despite having a similarly complicated court-based procedure.

Legal proceedings also provide landowners with the

opportunity to contest claims and can, therefore, limit land reform. Legal loopholes are particularly dangerous in situations where the former land-owning class has been able to retain political and economic power or, where the power relations in rural areas have not been significantly transformed. In Peru, for example, landowners were able to effect changes in the Agrarian Reform Law of 1964. In Mexico in 1917, landowners used the court procedure to circumvent land reform laws and consequently only 0.3 percent of agricultural land was redistributed in three years. Under Cardenas' land reform programme, Mexican landowners evaded legislated land ceilings by dividing their properties into smaller units and registering these in the names of family members or friends. Landowners also used their power to obtain certificates of exclusion from expropriation from local government offices. In Brazil, landowners have been able to influence the judiciary and to overturn legislation. In Chile (1970-1973), the legalistic nature of inherited land reform legislation contributed to a slow and ineffective process, as complex litigation created administrative bottlenecks. In turn, this slow and legally contested process contributed to rural polarisation and the environment that facilitated the 1973 military coup (supported by former landowners) and, the reversal of the land reform programme under the leadership of Augusto Pinochet.

Interestingly, farmers in particular regions of South Africa have established trusts to collectively dispute claims against farmland.

EXPROPRIATION

In the pre-1994 land policy formulation process there was heated debate within the ANC, around expropriation and compensation. Proponents for wide-ranging expropriation and limited compensation argued that; it was not just to compensate the beneficiaries of apartheid, it would reduce the fiscal burden on the state and the market-based system would not make sufficient land available. Others argued for partial expropriation - expropriation with limited compensation of certain categories of land, i.e. foreign-owned, under-utilised, indebted and marginal land. Partial expropriation has been used in, for example, Brazil and Peru. Some arguments against expropriation were that it would result in a complicated court process and that it could generate political opposition. World Bank representatives argued for expropriation with compensation at market prices.

The compromise that was reached is reflected in the 1996 Constitution (Section 2.4.7), which stipulated that land could only be expropriated in terms of a law of general application, for a public purpose, and subject to the payment of "just and fair" compensation. According to the 1997 White Paper on land reform "just and equitable" compensation would be determined by:

- the price that was paid by the present owner/s at the time of acquisition
- the market value of the land including improvements at

the time of acquisition

- the current market value of the land, excluding improvements made by the owner/s.
- the value of improvements made by the owner/s since the time of acquisition.
- the value of any special benefits which the owner/s received from the state.

The issue of compensation continues to be contentious. Critics, including NGOs, have questioned the commitment to market value in determining compensation and have argued that the productive value of the land would be a better criterion for compensation. There are some interesting international criteria for compensation that, it seems, have not been considered in the South African context. In Peru, compensation was based on the amount former landowners had declared for tax purposes. Under the Frei administration in Chile, landowners who willingly sold their land were paid higher compensation than those whose land was acquired through expropriation. This encouraged the sale of rural land and increased the availability of land for redistribution. Together with excess land, voluntary transfer accounted for approximately 70 percent of the land redistributed under the Frei administration.

Market-based compensation places an enormous financial burden on the state, which can be reduced by engaging alternative methods of payment, such as compensation paid in instalments or via stocks in government owned enterprises. In Chile (1967), landowners were compensated in instalments over a period of 10 years. In Taiwan, former landowners were compensated at market value in the following way: 70 percent of the compensation in two annual payments over a period of 20 years and 30 percent in the form of stocks in government enterprises. In South Korea, the purchase price was paid in government bonds and many landowners were thus encouraged to sell their land on the free market out to avoid compensation in government bonds.

The DLA has made only one attempt to expropriate farmland. The Dinkwanyane community was forcibly removed between 1951-61 from their farm, Boomplaats near Lydenburg in Mpumalanga. The community lodged a restitution claim in 1995. The owner of the farm, Willem Pretorius, rejected the state's R1.472 million offer to purchase the farm. Pretorius was consequently served with an expropriation order on March 13, 2000. Pretorius took the matter to the Land Court and was supported by the conservative Transvaal Agricultural Union, who accused the DLA Minister of "theft" and called on "businesses and landowners not to invest in South Africa". On March 21, 2001, the DLA had to withdraw the expropriation order because the Constitution was inconsistent with the Land Expropriation Act of 1975, which precludes expropriation of land unless it is in the public interest and, public interest does not include land reform according to the 1975 law. Boomplaats was eventually sold in early 2002.

COMPLEX CLAIMS

Policy developers have underestimated the complex and overlapping nature of claims. It soon became apparent that claims were "mind boggling" in terms of complexity, the protracted nature of the process of dispossession, the destruction of community cohesion and cases that involved multiple claimants dating back over a century. The following case studies illustrate the point.

The Dunn family's case is a good example of the complex and overlapping nature of land claims and the potential for conflict. Scottish trader, John Dunn, was granted chieftanship over large tract of Zululand after the Anglo-Boer war in return for his contribution to the battle of Isandlwana. He married 48 Zulu wives and set up a homestead at Mangete. Following an 83-year battle, title deeds to the land were given to Dunn's descendants in the early 1990s. In 1996, the Macambini community lodged a claim against part of the land restored to the Dunn family, arguing that they were forcibly removed from the land in 1976. Approximately 1 000 members of the Macambini community subsequently settled on the land and, by February 2001, the police had to be deployed to deal with conflict in the area. The Dunn family applied to the Land Court to have the "squatters" evicted. The court tried to settle what it called a "volatile" matter through negotiations. During this time, none of the farmers could obtain credit or make improvements to their properties and no "squatters" could be evicted. After a decade of conflict (that included destruction of property and arson), the Mangete claim was settled in December 2002. The court ordered the eviction of "illegal squatters" and also purchased an adjacent farm for the resettlement of the Macambini community. The court did not stipulate who would pay for the evictions or clarify which 199 families were the legitimate claimants and which of the remaining 800 were not.

The Makuleke claim highlights problems around power, vested interests and the overlapping nature of claims. The Makuleke claim, submitted in December 1995, included all land in the Pafuri triangle, a small section of the Makuya Park (to which the Mutele community also claimed rights) and some 300 hectares inside the Madimbo Corridor (that also overlapped with the Mutele land claim). In 1997, three other communities indicated their intentions to submit claims on the Madimbo Corridor and the Pafuri area - the Menenshe, Mphaphuli and the Mhinga tribal authorities. Agreements were reached in most cases, but chief Mhinga "had a negative influence on the Makuleke claim for years".

The Mojabelo case demonstrates the protracted nature of dispossession - i.e. that forced removals were often a process and not an event. The Mojabelo community were forced to "move around the broad areas of the Mojabelo tribal lands in an attempt to cling" to land. In addition, the Mojabelo land claim overlaps with the land claims of at least three other communities, the Mothiba, Mothapo and Molepo.

The Tenbosh land claim illustrates the possible extent of rural claims. The Tenbosh Claims Committee represents 7 000 people, laying claim to approximately 115 000 hectares of some of the most valuable farmland in South Africa (Nkomazi in eastern Mpumalanga). The area includes about 50km of the Maputo Corridor and three towns - Hectorspruit, Marloth Park and Komatipoort.

COMMUNITY COHESION

Communities not torn apart by the process of dispossession often disintegrated once resettlement took place (examples include the Elandskloof community, the Bakwena Ba Mogopa and the Riemvasmaak community in the Northern Cape). Age, gender, history, identities and authority all contributed to divisions among the beneficiaries of the restitution programme. In many cases, older men wanted to return to the land, while women and the younger generation wanted employment creation, development and provision of services at current locations. Such divisions have hampered development in restitution projects.

LEADERSHIP

Disputes around unaccountable leadership structures have also hampered development in restitution projects. Two South African restitution projects illustrate the point - Doornkop and Barolong. An estimated 20 000 people were forcibly removed from Doornkop in 1974, when the area was declared a "slum". Sections of the community returned to the land in 1995. By 1997, however, there was virtually no development at Doornkop, partly because the Doornkop Management Committee was neither broadly representative nor legally constituted. This has made it difficult for the government and NGOs to establish development programmes since it was unclear what the real community needs and perceptions were.

The Barolong were forcibly removed from their land near Potchefstroom in 1974. The community returned to their land in 1995, but by 1998 very little development had taken place and the community had still not received title deeds to the land. Leadership disputes and consequent divisions in the community have undermined the process.

THE CHIEFTANCY

Levin argues that the process of restitution is biased towards the submission of unitary claims and favours communities that can be represented by a single institution or organisation. The role of chiefs has, thus, been strengthened because chiefs are often in the position to lodge claims on behalf of communities. Levin's findings are based on a case study conducted in Mmaboi among the Mojapelo community, but evidence from other restitution projects also support his argument. As a former Commissioner said, "we dealt with a number of claims where the chiefs were just trying to muscle in".

The Mhinga Tribal Authority's counter claim in the Makuleke case, for example, emerged out of a historic

conflict between chief Mhinga and chief Makuleke. In terms of the Black Administration Act, chief Makuleke became a headman under the Mhinga chieftancy. The two land claims reflect both the Makuleke community's fight for independence and chief Mhinga's attempts to expand his authority. "The Makuleke featured as part of an ambitious plan to re-establish Mhinga's ascendancy as the paramount in the far north. Mhinga wanted to gain control of the Pafuri area through the Makuleke". As Levin points out, one of the unintended consequences of restitution appears to be the revival of "tribal identities and conflicts through the central role chiefs play in land claims". The resuscitation of the chieftancy also raises questions around democratic process and community participation.

CAPACITY

The DLA did not have the financial or human resources required to effectively implement the programme. The slow process of restitution ensured that the budgetary constraints on the process were not really publicly recognised but, estimates are that at an annual budget of R100 million the programme will only be completed in 2190. In 2002, researchers at PLAAS estimated that a six-fold increase in the restitution budget was required to finalise the programme by December 2004. The PLAAS researchers calculated that it would cost R28.8 billion just to settle the rural claims. The total budget for the restitution programme has, however, increased in recent years and stood at R189 456 000 for the 2001/02 financial year. The Minister of Finance, Trevor Manuel, announced in March 2003 that an additional R1.9 million would be allocated to the programme. The budget for restitution will thus more than double in 2003. (Critics have pointed out that the allocation is for a period of two years, which means that the allocation drops dramatically for the remainder of the Medium Term Expenditure Framework. In 2004/05 the restitution budget would increase by only 9 percent and drop to an increase of 1 percent in 2005/06.)

Meeting financial constraints, however, is only part of the solution. What is needed is a workable and well-planned process with emphasis on skills-development among DLA staff. Administrative skills were particularly lacking in the initial stages and were left to "old-guard" officials. Allegations have been made that individuals used such positions to slow down the restitution process. As Derek Hanekom explains: "I don't think that realistically the restitution programme could have been implemented any faster. The initial slowness was inescapable. First we had to prepare legislation, appoint a commission and establish a court. There were many cumbersome bureaucratic procedures and many people had never worked in a government department before".

THE LAND CLAIMS COURT AND COMMISSION

In September 1996, when no claims had yet been settled, former Chief Land Claims Commissioner, Joe Seremane, said that it would take 20 years to complete the restitution

process. At this stage the commission's performance was marred by personality and racial tensions, lack of procedure and administrative capacity and weak management. Other problems included tensions between the commission and the DLA, having a commission external to the DLA, the lengthy and bureaucratic process for accepting claims and human resource capacity constraints.

With regard to administration a former regional commissioner explained, "there was no coherent plan, we did not know how many claims there were. There was no process and no order, and we just did what we could". Human resource capacity constraints contributed to conflict between the commission and the DLA and hampered the performance of the commission. This issue was partly addressed in 1998, when the DLA created 30 new posts within the commission and obtained foreign funding to employ a further 50 people.

The strained relationship between the commission and the DLA came to light in October 1998, when Seremane attacked the DLA in the South African press. Seremane said that he was "embarrassed and frustrated", that the budget allocations made to the commission reduced it to a "Cinderella organisation" and made the commission "dependent on the mercy of veto powers of the DLA". Seremane also argued that the slow restitution process was due to racism in the commission. This set in motion a series of counter-attacks between members of the DLA in the press. Hanekom dismissed the racism charges and responded by saying: "the fact that all five of Seremane's commissioners, three of whom were black, have requested the minister to intervene because their relationship with him was becoming unworkable . . . suggests that the problem is not racism and lies elsewhere". Former Director General Geoff Budlender pointed out: "that in 1996/7 the Commission spent R7.7 million of the money allocated to it and, in 1997/8 it spent R18.6 million and this year it has been allocated R30.1 million. The fact is, that at current spending rates, the Commission will not spend more than 70 percent of the budget allocated for this year". In November 1998, the five regional commissioners cast a vote of no confidence in Seremane, and Budlender wrote to Hanekom recommending Seremane's dismissal.

Following the 1998 Restitution Review, which identified "lack of leadership" as one of the four biggest problems in the commission, Seremane was relieved of his duties and the Land Court and the DLA became a single institution. Other changes included a greater utilisation of the option to pay financial compensation. A claims validation process was introduced in June 2001. This will hopefully help to prioritise claims and provide beneficiaries with information on the status of their claims. These changes contributed to the faster pace of claim settlement that became apparent from 2000 onwards.

Financial compensation and post-restitution development

Land Affairs Minister, Thoko Didiza, has questioned the rationality of spending large amounts of money on restitution without integrating these efforts into a broader development process. The restitution programme has been designed without links to planning or development processes and rarely addresses livelihood creation. In some cases, beneficiaries of the programme are as impoverished as they were before they obtained land. For example, the Bakubung Ba Ratheo community returned to their land in the North West province in 1994, but by 1996, still had no formal housing, electricity or water supply and required financial aid to start farming. It is therefore necessary that restitution planners place greater emphasis on development and livelihood creation.

NGOs have argued that what appears to be a faster restitution process is merely the result of increasingly using the option to pay financial compensation. The argument is that land reform should address the spatial legacy of apartheid (restitution is uniquely capable in this regard) and that financial compensation will not bring about a significant transformation of space, nor is it likely to contribute to sustainable development.

However, the concern that financial compensation is not likely to contribute to spatial transformation and sustainable development may have been premature. Several urban cases have been settled primarily through financial compensation but, have nevertheless, contributed to development, spatial transformation and community cohesion.

For example, the parishioners of the Christ the King Anglican Church in Sophiatown received R1.4 million in compensation for land lost during the forced removals in the mid 1950s. The money will be used to restore the church and improve community services. Attempts will also be made to gather together the parishioners who are currently scattered between Sophiatown and Soweto. This could contribute to social regeneration and community cohesion.

The Bakgaga Bakopa community was forcibly removed from Maleoskop (Mpumalanga) in July 1962. The property was thereafter used by the South African security forces and is littered with unexploded mines and munitions. The community's claim was settled in February 1998. In terms of a post-settlement agreement the community will stay in their current settlement Tafelkop (twice the size of Maleoskop) and rent Maleoskop to the South African Police Services. Income from rent will be set aside for bursaries and used for development at Tafelkop.

Between 1966 and 1984, at least 60 000 people were forcibly removed from District Six. Since then, more than half the land has been sold or developed. Accordingly (of the claims lodged by September 1998) 28 percent were for land under existing roads, 18 percent for land developed by the Cape Technikon, 13 percent for land that lies under

homes erected after the forced removals, and 41 percent for vacant land owned by the Western Cape government. Of the 2 400 District Six claims, one third would have their land restored (8 000 people) while two thirds would receive financial compensation (R20 000) and/or access to government housing schemes elsewhere. This project does address the spatial legacy of apartheid, and in terms of development, former residents and local black businesses will be involved in the construction of the new houses.

A similar compromise was reached with the Tramway community, removed from Cape Town's inner city under the Group Areas Act in 1961. Thirty-nine families will resettle in the inner city, while 70 families opted for financial compensation. The first land claim, involving urban land in Port Elizabeth, was settled in February 2000. Four thousand people will receive land (minimum 200 square metres) near the inner city. The DLA will provide a

further R42 million for residential development in the area.

The real issue is that the restitution settlement figures are not reflecting the profound differences between urban and rural claims. Rural claims are generally far more complex and involve larger numbers of people (the Makuleke case involved 10 000 beneficiaries, the Tenbush claim in Mpumalanga involves 7 000 beneficiaries and 115 000 hectares and the median number of people in an average rural claim is about 600). Urban claims are normally lodged by an individual/ family. In total, rural claimants number about 3.6 million and urban claimants 300 000. It follows that, once the emphasis shifts to the settlement of rural claims, the restitution programme will slow down again. At the same time, the actual number of beneficiaries should increase. It is, therefore, more useful to evaluate the restitution programme in terms of the number of beneficiaries instead of the number of claims settled.

MONITORING PROVINCIAL BUDGETS

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EXECUTIVE SUMMARY

During the last week of February and the first week of March, South Africa's nine provinces tabled their 2004 provincial budgets. This took place without the media and public attention that accompanied the tabling of the national budget. Provincial budgets, however, contain crucial information on the financing and delivery of social services which are important for the eradication of poverty and the realisation of the socio-economic rights.

THE AIM OF THIS BRIEF IS THREE-FOLD:

- to highlight the role of provinces in financing and implementing programmes aimed at the eradication of poverty and the realisation of socio-economic rights of the poor.
- to provide an overview of the type of information that can be obtained from provincial budgets and how it has improved over time.
- to provide some tips on how to conduct basic analysis of the information in provincial budgets from a pro-poor perspective.

1. WHY IS IT IMPORTANT TO MONITOR PROVINCIAL BUDGETS FOR THE POOR?

1.1 Provincial Governments' Responsibility for Financing and Implementing Social Services

The Constitution allocates responsibilities to the three spheres of government. Schedule 4 sets out the

responsibilities shared by national government and provincial governments. These include the key social service functions of health services, education at all levels (excluding tertiary) and social development, as well as housing. These functions are also referred to as concurrent functions of national government and provincial governments. Schedule 5 of the Constitution sets out the exclusive responsibilities of provinces, which include provincial roads and traffic.

The national departments of social development, education, health and housing are responsible for policy-making and determining the regulatory framework, including setting minimum norms and standards and monitoring the implementation of policies by provinces. National departments responsible for these sectors are left with relatively small budgets after transfers to provinces and in the case of education, transfers to universities and technikons, have been excluded.

Provinces are responsible, amongst other things, for the implementation of social services programmes, including school education, health (primary health care, regional and academic hospitals) social grants and welfare services. This is reflected in the composition of their budgets. In 2003/04 social services spending (spending on health, education and welfare) accounted for more than 80 percent of provincial spending. Education's share in total provincial spending

was 38 percent, with spending on health and social development accounting for 23 percent and 22 percent respectively. The monitoring of expenditure on education, health and welfare by provincial departments is crucial as these departments are responsible for the financing and implementing of the majority of government's key poverty alleviation programmes. The importance of analysing provincial budgets for the poor, focusing on the above three sectors, is reflected in a recent comment of the Financial and Fiscal Commission that social assistance grants are the most important means of income poverty reduction, while health and education programmes are crucial for capability poverty reduction.

Provincial education departments are responsible for all aspects of school education, including primary and secondary public ordinary schools as well as special school education. They are also responsible for the implementation of important education programmes such as adult education, early childhood development and further education and training at public and youth colleges.

Provincial health departments are responsible for the delivery of public health care in the form of primary health care services, hospital services and emergency medical services. Primary health care services include clinics, community health services, community-based services, HIV/Aids and nutrition. Hospital services include district, provincial, psychiatric and tuberculosis hospitals, while emergency health services include emergency transport and planned patient transport. Other responsibilities include the rendering of all health care support services (e.g. laundry) and the training of personnel within the department of health.

Currently, the main responsibility of the provincial departments of Social Development is the payment of the social grants, namely the child support grant, state old age pension, disability grant, care dependency grant, foster care grant, war veteran's pension and grant-in-aid. These payments account for more than 85 percent of provincial social development expenditure. When the planned National Social Security Agency is established, the responsibility for financing and paying grants will be shifted away from provinces, resulting in a massive decline in provinces' social development budgets. Together with non-governmental organisations, provincial departments are also responsible for the provision of welfare services such as probation and adoption services, child and family counselling, as well as homes and secure centres for children and the elderly.

The provision of housing and infrastructure also plays a key role in addressing poverty. While these two functions command a much smaller share of provincial budgets, it is still important to monitor them for the poor.

- The provision of low-cost housing is one of the government's core pro-poor programmes adopted in

1994. Provincial governments co-ordinate and implement national and provincial housing programmes. Their main responsibility is the approval of housing subsidies and projects. Provincial departments responsible for housing are organised in different ways, making analysis (especially comparisons across provinces) difficult. One programme which can be monitored on provincial level is the housing subsidy scheme, which provides low cost housing to poor households.

- Provinces are responsible for provincial road infrastructure, which comprises the construction and maintenance of roads. Although accounting for a very small share of provincial expenditure (3.3 percent in 2003/04), it is important to monitor infrastructure spending, as transport infrastructure facilitates the movement of people, resources and goods and enables people to access social services.

1.2 Funding of provinces

To enable provinces (and local government) to perform the functions allocated to them, the Constitution (Section 227) obliges the national government to allocate an equitable share of the nationally collected revenue to these spheres of government. The division of nationally collected revenue takes place in three stages. First, the "top slice" (consisting of the contingency reserve and debt service cost) is subtracted from the total amount. The remaining amount is divided vertically between the three spheres of government (vertical division of revenue). This division is the outcome of a consultative process among the spheres, which takes into account the responsibilities of each sphere, its capacity to raise own revenue as well as national government's policy priorities.

In 2003/04 provincial governments received the largest share at 56.8 percent of the total revenue to be shared, with 39 percent going to national government and just over 4 percent going to local government. The provincial share includes the equitable share block grant and conditional grants. Conditional grants to provinces provide them with funds for particular priorities or interventions identified by national government. These grants involve strict conditions and monitoring requirements. Examples are the grants for the primary school feeding scheme and the child support extension grant. The equitable share and conditional grants account for the bulk of provincial government revenue. Provinces have very limited revenue raising powers and only raise about 4-5 percent of their own revenue.

The last stage of the division of revenue process is the horizontal split of the provincial share between the nine different provinces and the local government share between the 284 local authorities. The size of the share going to each province is determined by the equitable share formula. The formula consists of seven components, each of which is given a specific weight and takes into account the specific circumstances of each province. The

components are education, health, social security, basic population, backlogs, economic output and an institutional component. The formula is redistributive, meaning the poorer provinces benefit more from the split of revenue. Although the components are weighted broadly in line with expected expenditure on health, education and social security, they are not indications of how much money provinces are going to allocate to these functions in their budgets. Provinces compile their budgets independently and allocate money to social services based on their own needs and constraints. This strengthens the case for monitoring provincial budgets from a pro-poor perspective.

2. OVERVIEW OF PROVINCIAL BUDGETS

2.1 Provincial Budget Reform

Provinces received a share of nationally collected revenue to allocate according to their priorities for the first time in 1997/98. Provincial departments started to compete for funding, with provincial treasuries taking over the provincial co-ordination, monitoring and expenditure control functions.

Budget reform has been taking place at the provincial level, with medium-term and performance based budgeting for provinces introduced in 1999. Medium-term budgeting means that planning takes place over a longer term than the upcoming fiscal year and provincial budgets include three-year spending plans. This has been accompanied by a shift towards greater emphasis on outputs and service delivery to ensure effective performance management and analysis of service delivery.

The Public Finance Management Act (PFMA) was introduced in 1999 to transform financial management in both national and provincial governments, as well as other public sector entities. The aim of the PFMA is to promote good financial management in order to maximise service delivery. The PFMA promotes budget transparency and accountability, by setting stringent financial reporting and information requirements. The Act changes the focus from inputs into the budgeting process to the monitoring of performance or results. This facilitates the monitoring and evaluating of public service delivery, including the delivery of social services to the poor.

An important reform introduced in 2003/04 was the tabling of strategic plans by provincial departments to serve as input into the 2004 Budget. These plans were piloted in the social services sectors (education, health and social development) and were to be based on uniform budget formats for each of the sectors. They were also to attempt to set uniform measurable objectives and performance targets and indicators for each budget programme and sub-programme. There has to be a close relationship between these strategic plans and budget allocations to allow provincial departments to report on what they have delivered with the resources allocated to them. Strategic plans and annual reports will also help national government to assess provinces' progress with the

implementation of national policies and compare the different provinces' performances, while enhancing provinces' accountability in terms of the realisation of socio-economic rights.

2.2. INFORMATION IN THE PROVINCIAL BUDGETS

The budget document of each of the nine provinces follows roughly the same framework/outline, albeit with huge variations in the quality and comprehensiveness of the information across provinces. Each provincial budget is divided into two budget statements:

- The first budget statement provides a budget overview.
- The second budget statement contains the budget estimates (and other information) for each provincial department.

The Budget Overview usually provides the following categories of information.

Budget Strategy and Aggregates: This provides information on the province's key strategic priorities underlying the budget, as well as a summary of projected provincial budget aggregates (expenditure, revenue, and deficit) for the upcoming fiscal year and the medium term, as well as actual outcomes for previous years. This section also includes comments on the financing of possible deficits.

Budget Process and Medium Term Expenditure Framework: This explains the process of compiling the budget within the medium term expenditure framework.

Socio-Economic Information: This describes the state of the provincial economy and economic indicators such as regional GDP, GDP growth rates and sectoral composition of the provincial economy, employment figures, income distribution data, and inflation. It also includes demographic indicators (population figures and the distribution of population between rural and urban areas).

Revenue: This provides data as well as a description of trends on the provincial sources of revenue, consisting of the equitable share, conditional grants and provincial own revenue. Data includes estimates for the upcoming three fiscal years as well as actual and estimated outcomes for previous years. Some provinces supply more detail than others on the conditional grants, comparing budgeted amounts with the actual transfers by national government and the actual expenditure by the province.

Expenditure: This starts off with a summary of provincial expenditure by vote (or department). The rest of the section gives various breakdowns of expenditure, by policy area and economic classification. Infrastructure expenditure is specifically highlighted. This section also includes transfers to local authorities and public entities. Again, not only the estimates for the upcoming fiscal year and the following two years are presented, but also actual and estimated outcomes.

Other: Some provinces include non-financial indicators for the social sectors (health, education and social development) in the first budget statement, for example health indicators, grade 12 pass rates and number of social grant beneficiaries.

The Second Budget Statement in each provincial budget contains estimates of expenditure for each provincial department. Again the comprehensiveness and quality of provincial departments' budgets vary considerably across provinces. The following information is included in a provincial departmental estimate, drawing on the most comprehensive provincial budgets:

- The total amount to be appropriated by the provincial legislature and an overview of the core functions and responsibilities of the department, including the main services it is responsible for delivering.
- A review of the projects and achievements of the previous fiscal year, followed by an outlook for the coming year.
- A summary of departmental revenue (including equitable share, conditional grants and own revenue) consisting of estimates for the medium term period and actual and estimated outcomes for the three previous fiscal years.
- A summary of departmental expenditure, by programme and by standard item. Again estimates for the medium term are given as well as actual and estimated outcomes for previous years.
- For every programme, a breakdown of estimated and actual expenditure by sub-programme and also economic classification. The section on every programme also includes a description of the programme. In line with the requirements of the PFMA, some provinces include information on service delivery measures, setting out each programme/sub-programme's measurable objectives, the activity aimed at achieving the objective and the performance measures. This can also be set out in the format of a key objective and an output. If a department pays transfer payments, the details of these are also presented here.

2.3 INFORMATION IN THE INTERGOVERNMENTAL FISCAL REVIEW

Government published the first Intergovernmental Fiscal Review (IGFR) in 1999 in an attempt to improve transparency and accountability in provincial budgeting. The review gave an overview of the development of provincial budgeting and provided historical data on provincial revenue and expenditure, as well as projections of future revenue and expenditure. Specific chapters focused on the social functions - education, health and welfare - reviewing expenditure and also providing inter-provincial comparisons. No information

on outputs was given.

The information contained in successive Intergovernmental Fiscal Reviews has evolved over time, with more data being added in each version. In 2000 the IGFR was expanded to include information on local governments. In 2001 IGFR non-financial data was included for the first time in an attempt to offer some insight into provinces' service delivery progress.

The format of the 2004 IGFR was similar to the 2003 IGFR, with more information on local government. Specific chapters covered important sectors of service delivery. In addition to education, health and social development, chapters were devoted to agriculture and land, roads and transport and housing. It presented total provincial expenditure by function and programme for all nine provinces. In addition, output data for programmes, that aims to shed light on progress in service delivery, was included.

In practice, not every provincial department is yet able to comply with all the requirements of the PFMA. This is because strategic and budget documentation differs widely between provinces, even on aspects that are supposed to be standardised.

The IGFR presents an easy way to access information, which is presumed to be more accurate as it has been compiled by National Treasury. It is government's own overview of provincial (and local) government spending, with specific focus on the spending on social services. It is a useful tool to use to monitor and analyse spending on social services as well as outcomes of spending (non-financial indicators). It not only gives a picture of total spending of provincial government, but also allows us to compare provinces and comment on how their spending reflects national priorities.

In spite of the merits of using information in the IGFR to gain insight into provincial spending for the poor, there is still a need to consider provincial budgets because:

- the IGFR is normally tabled only about a month after all the provincial budgets have been tabled. This presents a problem if the aim is to respond quickly to provincial budgets.
- the IGFR also does not include all the information contained in provincial budgets, for example:
 - provinces' specific policy priorities which shapes the distribution of their spending.
 - provincial departments' strategic objectives and performance indicators are not included.
 - socio-economic indicators which set a specific context (of poverty and economic performance) in which spending priorities and plans can be evaluated are supplied in the provincial budgets, but not in the IGFR.

3. CONDUCTING BASIC BUDGET ANALYSIS USING PROVINCIAL BUDGETS

There are a variety of ways in which budget information can be used to shed light on government's programme conceptualisation and implementation, including budget allocation and expenditure, for the poor. Below are descriptions of three very basic ways in which the information in provincial budgets can be analysed/monitored from a pro-poor perspective.

3.1 Acquiring a Bird's Eye View of a Provincial Budget

This provides the following information:

- an overview of total revenue, expenditure and the deficit
- an indication of how the distribution of spending prioritises expenditure on social services which are particularly important for the poor.

To produce an overview of total revenue, expenditure and the deficit, the steps below can be followed:

1. First, find total revenue and expenditure estimates for the upcoming medium term as well as for the past two fiscal years, from the Budget Summary. It is useful to put these in a table, as shown below.

TABLE 1: PROVINCIAL BUDGET SUMMARY ANALYSIS OF TOTAL EXPENDITURE

R'000	2002/03 Actual	2003/04 Estimated Actual	Medium Term		
			2004/05 Estimate	2005/06 Estimate	2006/07 Estimate
Total Revenue					
Total Expenditure					
Deficit/Surplus					
Real Expenditure					
Per Capita Expenditure					
Real Per Capita Expenditure					

2. Use the data to calculate the deficit/surplus. This will provide an indication how much room there is to increase spending, if any.

3. Use the data to calculate the following: real expenditure, i.e. expenditure adjusted for inflation, per capita expenditure and real per capita expenditure. Also calculate the real growth rate in expenditure and per capita expenditure for the past as well as the medium term and put it in a table (see table 2).

TABLE 2: REAL GROWTH IN TOTAL PROVINCIAL EXPENDITURE AND PROVINCIAL PER CAPITA EXPENDITURE

	2002/03 – 2003/04 real growth	2003/04 – 2004/05 real growth	2004/05 – 2005/06 real growth	2005/06 – 2006/07 real growth
Expenditure				
Per capita expenditure				

To gain insight into the extent to which services particularly important for the poor (such as health, welfare and education) are prioritised in the distribution of spending, the following steps can be followed:

1. Identify the provincial policy priorities and socio-economic challenges facing the province by reading the Budget Strategy and Socio-economic Outlook. This information will provide the context in which the provincial budget is set, and against which pro-poor spending has to be prioritised.

2. Find the summary of expenditure by department from the section in the Budget Statement on expenditure and list the spending information in a table (for both the two past fiscal years and the upcoming medium term period).

3. Calculate the share of each department in total spending. Highlight the departments responsible for social service delivery and determine if there are any changes in their share of total provincial expenditure from the previous fiscal year and over the medium term. Calculate the real growth rates in expenditure by department for the past fiscal year as well as the upcoming medium term.

The section below describes how to obtain a more detailed insight into planned and actual spending in departments identified by analysts as critical in delivering service for the poor.

3.2 BASIC ANALYSIS OF THE BUDGET OF A PROVINCIAL DEPARTMENT

Examples of provincial departments responsible for delivering key services to the poor are education, health and social development. A basic analysis of the budgets of these departments can be conducted by following the steps described below.

1. Read the departmental overview to get an indication of its objectives, core functions and responsibilities. Also read the different programme and sub-programme descriptions. Identify those programmes or sub-programmes which are responsible for service delivery. Identify the key objectives of those programmes.

2. Find the summary of expenditure and estimates by programme and put the information in a table (see example below).

3. It is useful to compare the estimated actual expenditure in the previous fiscal year by programme and for the department with the amounts allocated in the previous year's budget. If the estimated actual expenditure is less than the allocated amount, it means that under-spending has occurred and this can be due to lack of capacity in the department.

TABLE 3: SUMMARY OF EXPENDITURE AND ESTIMATES

R' 000 Programmes	2002/03 Actual	Medium Term			
		2003/04 Estimated Actual	2004/05 Estimate	2005/06 Estimate	2006/07 Estimate
1.					
2.					
Departmental Total					

4. Use the information in the table to calculate the growth rates for each programme as well as for the department. Declining growth rates can imply that increased efficiency is expected to enhance service delivery. Adjust the programme expenditure for inflation and calculate real growth rates. This will give an indication if spending will keep up with expected inflation. Compare past actual and estimated future growth rates. Using the information in the table, per capita and real per capita expenditure per programme and for the department can also be calculated.

5. If information on outputs is provided, analyse this as a means to shed light on the extent to which expenditure has been used to improve service delivery.

6. A comparative analysis between provinces can be conducted, by following the steps above for analysis of the relevant department for each province and presenting the results broken down by province for every department, programme and sub-programme.

Finally, the section below describes how planned and recent past spending for a particular vulnerable group, e.g. children or an issue, such as HIV/Aids can be analysed.

3.3 BASIC BUDGET ANALYSIS FOR A PARTICULAR GROUP OR ISSUE

A third basic way to analyse information in provincial budgets is by focusing on a particular vulnerable group or issue. Examples of particular groups are children, women and people with disabilities, while HIV/Aids is an example of an issue, which particularly affects poor people.

1. Identify the programme or sub-programme responsible for expenditure on that population group or issue.

2. Conduct a basic analysis of spending by following the steps described in 3.2, paying particular attention to the share of total spending on the programme in total provincial spending and total government spending (use main budget expenditure as presented in the National Budget Review). The results will provide an indication of how spending on this programme is prioritised on provincial level and in the total national budget and if it will be awarded increasing or declining priority over the medium term.

3. Calculate the real growth rates of actual and estimated spending on the programme. Compare results across provinces.

4. If data on eligible beneficiaries for a programme is available, for example the number of poor children eligible for the child support grant, it is extremely useful to compare a province's share in total beneficiaries with its share of total spending on that programme. This will give an indication if a province's share in spending is in line with its share of intended beneficiaries.

4. CONCLUSION

This brief highlighted the importance of monitoring provincial budgets from a pro-poor perspective. Provinces are responsible for the financing and implementing of social service delivery programmes and this is reflected in the composition of their budgets.

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LIMPOPO CHAMPIONS FOR THE POOR

Limpopo's Department of Agriculture is working to bring economic stability to the province and fighting poverty where it matters – in the homes of the people it affects

The MEC for the Department of Agriculture in Limpopo, Doctor Phakishe Aaron Motsoaledi was born at the Phokoane Village in the Northern Province. After obtaining his matric at Setotolwane High School in 1976, he completed his MBCHB at the University of Natal seven years later.

He later worked as a teacher, medical intern, medical officer, general practitioner and sessional doctor until 1994, and was elected as a member of the provincial legislature in the Northern Province following the first South African democratic elections.

For the next three years he served as the MEC for Education, Arts, Sports and Culture, before being appointed as the MEC for Transport.

Dr Motsoaledi was appointed the MEC for Agriculture and Environment in 1999 and now, into his second term, he is still passionate about his portfolio.

'We've been working around the clock since 1999 to turn agriculture around,' says Dr Motsoaledi, expressing his belief that agriculture, alongside mining and tourism, are the cornerstones of Limpopo's economy. 'When we say that agriculture is a cornerstone, we mean it must bring in jobs, create lots of food and bring a lot of money into the economy,' he says.

Nevertheless, agriculture had failed to live up to these expectations. Thus, the Limpopo government devised a five-programme strategy that was put into action last year in order to optimise all agricultural operations in the province, create jobs and better the economy.

The five key focal points of the strategy were: restructuring of state assets, land reform, livestock production and animal health, human resources development, and poverty relief.

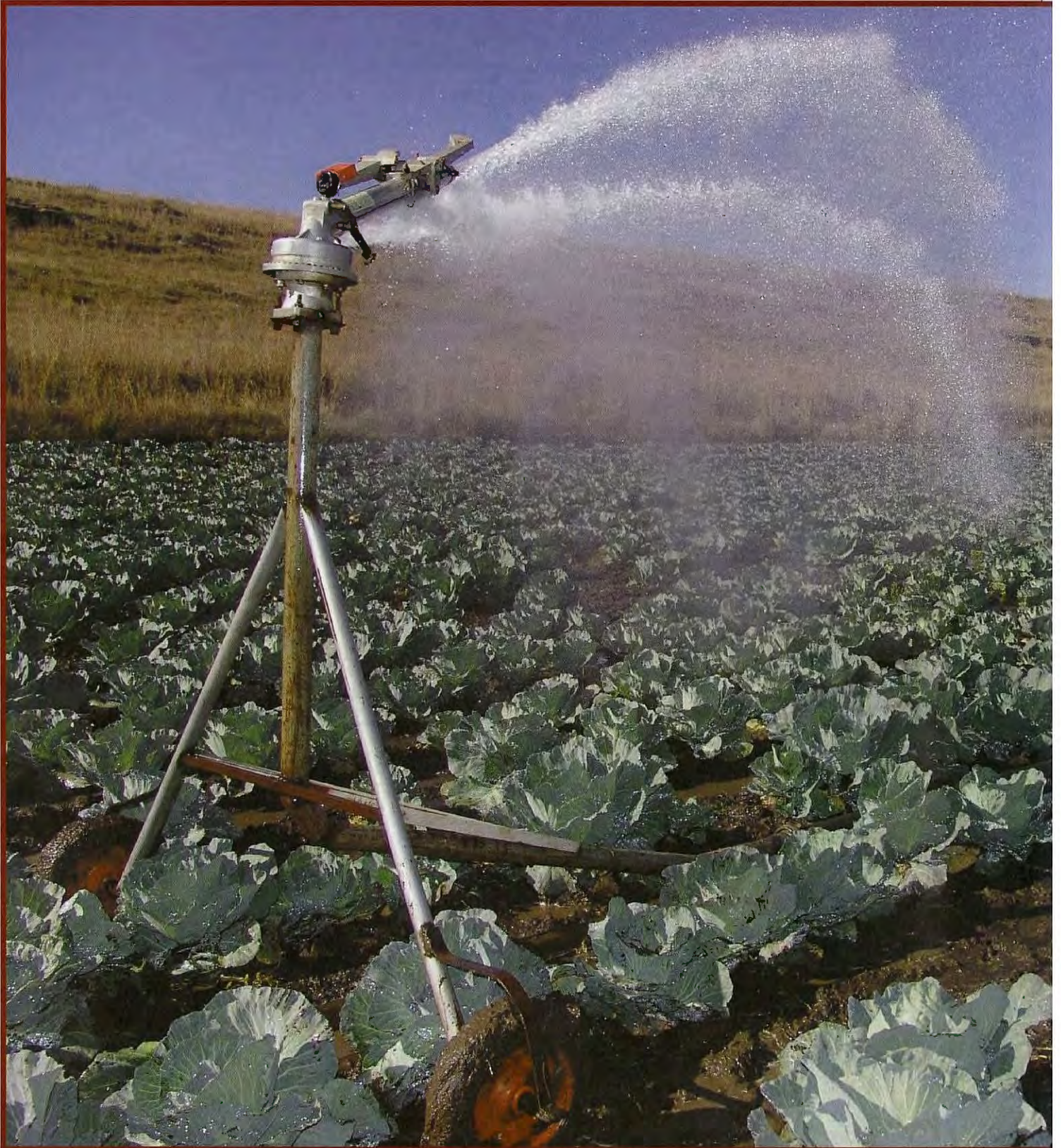
Dr Motsoaledi reported on the progress of this strategy in his 2004 budget speech. Although he announced the strategy was successful in all its objectives, he added there could be



improvement in the areas of livestock and poverty alleviation. Dr Motsoaledi also told the assembly of his new strategy, explaining how he planned to overcome the 'trouble spots' within Limpopo's agricultural landscape.

Firstly, he feels the problem regarding livestock improvement, which last year was referred to as statutory or veterinary services, was that owners weren't farming with their cattle. Rather than increase what they already owned, the farmers held onto them, saving them for a celebration, wedding or funeral for which they might slaughter a cow. Also, they didn't have very good breeding material, and the fact that a breeding bull cost R10 000 upwards, this wasn't likely to change. However, after hearing this, the Department of Agriculture solved the problem by working with the private sector and National Emerging

'Setting up these projects in families will get right into the heart of the poverty situation'



Redmeat Producing Organisation to donate a large area of grazing land and purchase R300 000's worth of 30 top-quality bulls. Now all a communal or emerging farmer needs to do is bring in two heifers they no longer need and exchange them for the bulls.

Another challenge facing livestock improvement was last year's drought that gripped several parts of the province, resulting in the loss of 16 000 cattle. The drought was so severe the government declared the area a disaster area. Fortunately, the department was able to help by contributing R6-million and subsidising the cost of cattle feed by 75%.

As for poverty alleviation, Dr Motsoaledi is concerned with bringing economic stability to his province. 'This year, we will be focusing on poverty alleviation,' he says.

It was discovered, after a thorough audit, that there were 1 300 poverty relief projects operating within the province. 'Most of the projects started by churches, industry, public works and foreign embassies weren't working. The people were given things, but no training,' he says.

The projects ranged from piggeries and poultry to vegetable gardens, and had varying degrees of success – however, some weren't even functioning. In fact, some of these projects saw communal participants taking home as little as R10 a month.

A task team was formed and given the responsibility of visiting each initiative to see which of these were functioning, and which were not. It was decided that a project would only be seen as worthwhile if it could provide its beneficiaries a minimum income of R650 per month.

'The Minister of Labour declared that wages of workers cannot be lower than R600 per month,' says Dr Motsoaledi. 'If a project can generate that money, surely it can improve the lives of the families?'

The Department of Welfare identified 51 000 families within the Limpopo province who fell into the category of earning less than R200 per month. These families would benefit from a food parcel programme and government's new poverty alleviation initiatives. These new projects are referred to as home-based food production projects and serve as a permanent alternative solution as opposed to the food parcels that were more of a temporary solution.

These new projects consist of an egg, milk, vegetable and fish production scheme, and involve providing poor families with the means and training to sustain themselves. This emphasis on educating these families who will benefit from these schemes makes these new projects viable.

An example is the milk production scheme, adopted from Heifer International, in which a family is given a pregnant dairy cow with a starter amount of feed. After the cow gives birth, it can deliver up to 20 litres of milk per day, enabling the family to keep some for its own use and sell the rest. Already, there is a family under the scheme which is receiving 28 litres of milk every day and the department now hopes to place a further 200 families under this scheme before the end of the year. So far, it has purchased 82 dairy cows.

Dr Motsoaledi believes that by setting up these projects in families, as opposed to the community, it will 'get right into the heart of' the poverty situation and enable people to sustain themselves on a long-term basis, with the potential to expand and grow.

He is thus positive about the future of agriculture in Limpopo and is dedicated to making a difference, even if it is one step at a time.





MEC for Public Works Mr Collins Chabane



Vision

Adequate and reliable integrated public infrastructure for growth, development and a prosperous provincial economy.

Mission

To facilitate the development of sustainable integrated provincial infrastructure by providing leadership in the management and implementation of plans through optimal utilisation of resources, accountability and customer-oriented service delivery.

Expanded Public Works Programme

The Limpopo Provincial Department of Public Works is tasked to coordinate the implementation of the Expanded Public Works Programme (EPWP). In his budget speech of 2004/5 the MEC for Public Works Mr Collins Chabane emphasised that his department will continue to utilise its expenditure to achieve government's goals for the EPWP as the leading programme for skills development. Broad-based black economic empowerment will be pursued as a strategic area where the department's efforts will be expanded.

The EPWP involves creating temporary work opportunities for the unemployed using public-sector expenditure. It builds on existing best practice government infrastructure and social programmes that are known to be successful, by either deepening their labour absorption or by extending them. The programme also targets the provincial state-owned enterprises that are being encouraged to design programmes in line with the directives. In this regard a programme of action will be put in place to encourage the private sector to adopt principles that subscribe to the objectives of the EPWP.

In addition to the Gundo Lashu and Sakhasonke programmes, the department has identified the following as potential projects for implementation under the EPWP:

- electromechanical contractor development programme;
- mechanical maintenance mobile units;
- labour-intensive road maintenance programme;
- alternative building materials;
- carpentry and plumbing contractor development;
- learnerships;
- partnerships with municipalities;
- World Cup bid;
- government accommodation; and
- broad-based black economic empowerment.

LEARNERSHIPS:

The following are current learnerships that exist in the department:

1. BE A SHOMA ROADWORKS LEARNERSHIP NQF LEVEL 1

Duration: October 2003-November 2004

- Total number of learners: 69
- males: 45
- females: 24

- unemployed youth: 52
- public works: 17

Entry requirements:

- A minimum of ABET level 4/grade 8 with maths and English
- Employees with relevant experience

2. AIR CONDITIONING AND REFRIGERATION LEARNERSHIP NQF LEVEL 2

Duration: April 2004-March 2005

- Total number of learners: 48
- males: 36
- females: 12
- unemployed youth: 30

Entry requirements:

- A minimum of ABET level 4 qualification with maths and English
- Relevant experience in the specified fields
- Grade 12 with maths and English
- N6 in electrical engineering/mechanical engineering

A. SIX LEARNERSHIPS TO BE IMPLEMENTED

The department intends to have an intake of 400 learners in the 2004/2005 financial year. A total of 310 unemployed youth, which constitutes 77% of the above-mentioned number, will be included in the learnerships.

- Construction plumber – NQF level 3
- Construction carpenter – NQF level 3
- Construction painter – NQF level 3
- Construction mason (bricklayer) – NQF level 3
- Construction plasterer – NQF level 3
- Electrical engineering – NQF level 3

Entry requirements:

- At least grade 12 or equivalent with maths and English
- Relevant experience in the field of interest

B. BURSARIES

The Limpopo Province needs to attend to shortages of qualified engineers, technicians and other scarce skills to establish, maintain and manage a sound and safe provincial road network and government office buildings.

Targeted areas:

Civil engineering, electrical engineering, quantity surveying and architectural science.

Requirements:

- Grade 12 with mathematics and science or NTC3 (National Technical Certificate)
- Must be a South African citizen
- Previously disadvantaged individuals are given preference

APPLICATIONS ARE OPEN UNTIL 31 OCTOBER EVERY YEAR

C. INTERNSHIP

Fields covered: civil engineering, electrical engineering, quantity surveying, mechanical engineering, architectural science and human resource management.



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PRIVATE BAG X9490
POLOKWANE 0700
LIMPOPO
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US FOREIGN POLICY TOWARD AFRICA

BY F.S. MUFAMADI

The Author is the Minister of Provincial and Local Government

CLINTON AND BUSH COMPARED

In the Cold War era, Africa did not feature in US foreign policy considerations as a continent in its own right. Yet, US national interests in Africa are grounded in historical linkages between the continent and America's 36 million African Americans. These interests inspired the Clinton administration's multiple policy initiatives, as well as those of its successor administration under Bush. They are also tied to the bipartisan congressional coalitions and diverse interest groups that have endorsed new trade and investment policies, strengthening African peacekeeping capacities, promotion of democracy and humanitarian interventions.

Chester A. Crocker said that in the 1990s, there was a gap between US policy pronouncements and actual US engagement on the African "ground". "For decades US policies toward the region have oscillated between poles of engagement and neglect, of romantic embrace and dismissive aloofness, of wide-eyed and one-sided hopefulness and an overwhelming urge to keep African mud off US boots," he said.

I want to compare Clinton and Bush and to assess whether what Crocker said about the Clinton era is accurate and whether there are continuities and discontinuities between Clinton and Bush in this regard. I will then proceed to determine whether ideology has any role in this and also to discuss the process by which US foreign policy is formulated.

Clinton is widely described as a Democrat and a liberal. He has an individualist ontology of the socio-world. The underlying assumption of his approach is the intrinsic value of individuals as the primary actors in the international system. His approach is thus permeated with a concern for enhancing the freedom and welfare of individuals. He is of the school of thought which has, as a goal, the harmonisation of conceptions of self-interest through political action. In the international sphere, this goal is realised through the promotion of liberal democracy, through international co-operation, law, institutions and through social integration and technological development.

As a multilateralist, Clinton believes in the collective organisation of states under American hegemony as the best way to guarantee American hegemony. In short, he has a collective, collaborative, multilateral approach to the hegemonic project. This approach is broadly captured in the seminal works of Joseph Nye and Robert Keohane.

According to Clinton's Assistant Secretary of State for Africa, Dr Susan Rice, it matters to the US that Africa is part of the expanding community of peaceful, democratic and market oriented countries. She asserts that in the second term of the Clinton administration, the US articulated its policy as having the primary goal of accelerating Africa's integration into the global economy through aid, trade and investment.

Indeed the Clinton administration moved to advertise its aims aggressively to the American people and strongly emphasised important new policy paradigms - most conspicuously, global market integration through the African Growth and Opportunity Act (AGOA). It systematically enlarged the incorporation of US business perspectives into policy deliberations and in recognition of rising US energy stakes in Africa began to formulate new energy policies. In this regard, contributors to a book edited by Morrison and Cooke noted that more than 15 percent of America's oil came from Central and West Africa and that already, this non-Gulf source of oil was expected to exceed 20 percent and US investment in the energy sector was expected to be more than double.

These trends continued to tie US interests (under Clinton), ever more tightly to Angola, Nigeria, Chad and Equatorial Guinea and are consistent with an ideological shift from Keynesianism to neo-liberalism. The shift entails a structural adjustment whose aim was to shatter the dominant, post-war, state-led development paradigm and overcome the problems of development stagnation by promoting open and free competitive market economies, supervised by minimal states.

The Bretton Woods institutions (the International Monetary Fund and the World Bank) also acted as accessories to US foreign policy aims by profoundly reorganising production and trade in the periphery (including Africa) to the benefit of the core of the world capitalist system. Official and commercial credit flows could only be released if they had a seal of approval of the IMF/World Bank as expressed in official memoranda of agreement and letters of exchange between them and the debtor countries.

The inventory of IMF/World Bank prescriptions included currency devaluation, deregulation of prices and wages, regulation of public spending on social programmes and state bureaucracies, removal of food subsidies and others on

basic necessities, trade liberalisation, privatisation of parastatal enterprises, and the expansion of the export sector; the latter - in the case of agriculture - often at the expense of food production.

The exclusionary logic of Clinton's globalised world order was most dramatically attested in foreign direct investment (FDI) flows. Africa's share of all FDI flows to developing countries dropped from 13 percent in 1980 to less than 5 percent in the late 1990s. Indeed, in the last two decades of the 20th century, the continent suffered a calamitous reversal of economic conditions. To all intents and purposes it seemed that Africa had become structurally irrelevant to the global economic order which the US was the leading force in shaping.

Even so, Sub-Saharan Africa's foreign debt remained its foremost intractable problem, and the noose that kept it articulated to the global capitalist system. It gave the international community enormous leverage over the political and economic trajectories of the inflicted countries. And eligibility for debt forgiveness criteria were linked, and continue to be linked, to the acceptance by the candidate countries, of "sound policies" dictated by the international community.

POLICIES OF BUSH

The Bush administration has a different view as to how the US should approach the task of maximising its economic interests. As they took office, Bush's hardliners (neo-conservatives) wanted to roll back what they saw as the globalism of the Clinton years; they deplored how this globalised society sought to influence the issues that they wanted to reserve for US sovereignty - and this includes taxes. However, by the time they took office, the reality of globalisation and the world of complex interdependence had rendered many of their arguments moot.

US business had already set up transnational production networks that left them vulnerable both to the desires of overseas governments and to the whims of transnational actors such as non-governmental organisations.

The US economy meanwhile, had become addicted to the Wall Street-centered international financial system. America had become a net user of other nations' capital, enabling Americans to habitually buy more goods from abroad than they sell to others. By Bush's inauguration, American dependence on the international system had gone beyond savings and investment, jobs and markets.

Condoleezza Rice wrote in 2000 that the (new) Bush administration would "proceed from the firm ground of the national interest and not from the interest of an illusory international community". Yet the behaviour of the administration, once in office, showed that conservatives did not find it difficult to acknowledge the importance of the international economy. It was not difficult to see that the international community did not exist in a vacuum; that

there is a growing nexus of markets, governments and peoples that share common interests and values, and that this nexus in turn deepens the international economy.

Addressing the Inter-American Development Bank, President George W. Bush said that the Millennium Challenge Account (MCA) which his administration had introduced, is aimed at "providing people in developing nations the tools they need to seize the opportunities of the global economy".

According to Secretary of State, Colin Powell, development assistance in terms of the MCA will be invested in countries that "embrace reforms" and "empower their citizens". It will target only countries that "govern justly", "invest in their people" and "encourage economic freedom". MCA would, according to Powell, act as an incentive for countries to improve their policies and practices.

Both the Clinton and the Bush administrations positioned the state such that it could play the role of integrating the wealth of Third World countries, including that of Africa, into the global economy.

The American state, under globalisation, leads the process of internationalisation to increase the potential economic instability in the world economy at the same time as decreasing the power of national governments to control economic activity within their own borders. Liberalisation emphasises the separation of the economic and political domains, each with their own laws and dynamics. The separation of markets from politics is premised on the assumption that the market is a natural phenomenon resulting from spontaneous interactions among individuals.

From liberalism, it was postulated that an international market economy, institutionalised in international economic regimes, characterised by liberal norms and rules, would constitute a public good for all nations in the system because it ensured the greatest economic benefit for the greatest number. From realist assumptions, it was recognised that in an international setting characterised by anarchy, liberal economic regimes are open to "free-riding". In other words, while the greatest good of the greatest number can be ensured by the liberal character of international economic regimes, even greater benefit can be gained by individual states that "cheat", protecting their own markets while indulging in open access to everyone else's.

Although, the Clinton administration's rhetoric stressed the significant US commitment to Africa, the foreign policy record toward Africa was characterised by a non-engaged president whose administration, despite good intentions, initially placed foreign policy on the back burner, supported cuts in financial assistance to Africa, was more cautious concerning US involvement in multilateral military operations, and has been more reactive than proactive in terms of conflict resolution.

Although established bureaucratic missions and the perceived threat of Islamic fundamentalism served as important constraints on the further deterioration of US ties with the African continent, low levels of the economic and military aid and a desire to have regional and international organisations take the lead in conflict resolution suggest Africa's potential marginalisation within the policy-making establishment.

In a positive sense, the decline of the Cold War suggested decreasing amounts of US covert and military intervention on the African continent, as well as less foreign assistance for authoritarian clients who used the threat of Soviet expansionism to attract White House attention and support.

IMPOSITION OF NEO-LIBERALISM

In many African countries, the imposition of a neo-liberal orthodoxy, including privatisation of the public sector, the emasculation of the state apparatus, and the insistence on electoral reform, contributed directly to the descent into anarchy, and civil wars in Angola, Sudan, Sierra Leone, Liberia, Somalia, Rwanda, the Democratic Republic of Congo, Ethiopia and Eritrea were raging during Clinton's time. Neo-liberal reforms dissolve the patrimonial state form that emerged and encouraged disaffected elites to strike out on their own. The reforms, coupled with military coercion, are calculated at breaking Third World Countries' defences against the socially and economically polarising consequences of globalisation.

One of the Clinton administration's defining moments was the 1993 "Operation Restore Hope" - a mission organised under the auspices of the United Nations but led by the US - whose purpose was to go into Somalia to create a secure environment enabling humanitarian relief organisation to deliver food and other assistance to a stricken population. Clinton decided to upgrade the mission to include brokering a solution to Somalia's long-running civil war and to rebuild Somali civic and political institutions.

But the expanded mission put both the UN and the US (especially the latter), at cross-purposes with tribal factions vying for control of Somali's carcasses. A series of clashes ensued in Mogadishu between the militiamen and the UN forces causing escalating casualties on both sides. Mogadishu therefore, showed that in situations in which vital national interests were not at stake, US casualties were unacceptable. There emerged a distinctive new approach to employing US military power. The new doctrine accepted the reality that globalisation had rendered war as such pointless and obsolete. By the end of the 1990s, what started as mere preferences and habits hardened into a de facto doctrine for how the United States would fulfil its self-assigned responsibilities as star-spangled global enforcer.

The decision to disengage from Somalia in 1993 explains the April 1994 decision not to mobilise a major

international peacekeeping operation against the Rwandan genocide, the halting response to the collapse of the Lome Accord in Sierra Leone, as well as the debate over the administration's approach to the Eritrea-Ethiopia border war.

Michael J. Mazarr characterises the US National Security Strategy as a document which is largely reflective of the Bush Administration's attitude towards terrorism. In reality, the document enunciates the goals of American foreign policy which go well beyond a narrow, too-literal definition of national security. It speaks to the global aspirations of a world power.

The National Security Strategy document signals the rise of the Bush doctrine in the aftermath of September 11 2001. The doctrine is seen by some scholars as representing "the heaviest blow to date against sovereignty in the developing world".

The view regarding state sovereignty and conditions under which it can be forfeited was articulated by Richard Haas, director of policy planning in the Bush State Department. Haas holds the view that the world is split into two camps: the "Functioning Core" closely tied to globalisation; and the "Non-Integrating Gap". When governments of the latter fail to meet their obligations, other governments, including the United States, gain the right to intervene. The obligations to be met by all states include commitment to oppose terrorism and weapons of mass destruction.

The Bush administration does not believe that international institutions can yet tackle security problems on their own, or that leading powers have to abide by the majority votes of such institutions. Consequently, ideologues such as Defence Secretary Donald Rumsfeld stress the need for individual nations to provide for their own defence, to rely on unilateral strength rather than multilateral commitments or treaties as the foundation of their security. Rumsfeld sees the main failings of the Clinton foreign policy as weakness.

Condoleezza Rice's prescription for tackling the security problem is an initiative in terms of which the United States assembles "coalitions of the willing" to support its actions, rather than feel it has to work within the existing infrastructure of international treaties and organisations.

The Cheney-Rumsfeld axis within the Bush administration advocate a strident internationalism that seeks to reorder the world for "freedom". The faction holds that unilateral assertion of America's unrivalled power will be the primary means not only of winning the war on terror, but of preserving American dominance indefinitely, uncompromised for the most part by the international system or the diplomatic demands of other nations.

Bush's message to the world, first delivered on September

20, 2001 was this: "Either you are with us, or you are with the terrorists". But the Bush administration's unilateralism has created foreign resentment. The US has become malodorous because of the vast disparity in power between it and the rest of the world.

The United States cannot fail to display some measure of interest in the maintenance of order and stability in the periphery of the world system. Whilst it may avoid direct involvement with its attendant likelihood of casualties, it has to find other ways of helping to provide state elites with some muscle. The muscle is indispensable to the process of enforcing compliance with the exigencies of a globalising world economy.

In the final analysis, the main points of discontinuities between Clinton and Bush are that the former avoided toughness. For instance, his response to the 1998 bombings of US embassies in both Kenya and Tanzania were judged to have been rather feeble. For his part, Bush's undoing has been the tendency to underplay the need for multilateralism and restraint. His obsession with pre-emptive action is establishing a dangerous precedent for international behaviour.

The primary problem with the Clinton administration's policy was that it undermined the developmental thrust of post-colonial policies by creating a false dichotomy between states and the societies they represent. The Clinton administration placed emphasis on the need to democratise the state so that the people could constrain the elite. This meant in practice, the disempowering of the "historic bloc" which should be the natural driver of Africa's "second liberation".

However, the administration contributed significantly to the consolidation of the South African, Nigerian and Mozambican transitions. These transitions were intended to produce political regimes in which the strong populist and demagogic discourse used in the past by liberation movements and anti-colonial movements would have been replaced by a technocratic approach in which the search for "rational" solutions for the social and economic problems of the countries was stressed.

Among Bush's key policy advisors, Condoleezza Rice, Richard Cheney, Donald Rumsfeld, Colin Powell who is also a member of Bush's foreign policy team, is an exception. He is an ardent disciple of multilateralism. Although his policy prescription is not necessarily one of promoting democracy, he believes in cultivating a relationship of amity with state elites, and in the process, empowering them to impose order and achieve predictability.

But the approaches of the two administrations reflect a difference of style rather than of substance. They do not project competing sets of normative ideas about the goals to which state policy should be directed. They are both committed to defending and extending a liberal imperium

at whose apex stands the US.

All the members of the US foreign policy establishment have shown that the US foreign policymaking process is tightly controlled by an inner circle of political, business and intellectual elites, scattered throughout the organs of the state, the corporate echelons and a handful of policy planning elites.

Among the interested parties who contribute to the process of shaping US foreign policy toward Africa are such lobby-groups as African Americans (especially the Black Caucus in Congress), Oil Companies, faith-based organisations, human rights organisations and the US Corporate Council (i.e. trade groups and industry).

What accounts for the gap between Clinton's policy rhetoric toward Africa and the actual activities on the ground is the fact that in 1994, he lost the support of the organ of state which allocates resources without which policy cannot be operationalised: Congress.

By contrast, Bush has majority support in Congress. Even in the midst of a serious economic deficit and rising expenditure because of commitments in Afghanistan and Iraq, he is so far able to maintain and even increase, budget commitments to Africa.

CONCLUSION

The neo-conservatives who shape the Bush Administration's foreign policy share with their liberal Clintonian predecessors, a commitment to spread the American model of liberal democracy around the globe. They seek to reorganise the balance of power and expand American hegemony in the post-colonial world. Manifest in the Bush Administration's foreign policy is the view that justice is merely the interest of the stronger; that those in power make the rules in their own interest and call it justice.

In their own assessment of their plight, African governments have correctly laid the blame for their insecurity under globalisation at the door of the rise of neo-liberal economics. It is, they claim, the adoption of neo-liberal policy prescriptions by the Bretton Woods international finance institutions that has weakened their sovereignty and reduced their ability to influence their own societies.

African governments' diagnosis of their problem obliges them to conceptualise (independently from the prescripts of the hegemon), their own vision about the goals to which state policy should be directed. Above all, their developmental vision enjoins them to prioritise building institutions which approximate ideal developmental states: states which have the infrastructural and mobilisation capacity to lead other social forces in the developmental effort. Such states must have the efficacy and the legitimacy to meet the challenges posed by the dynamics of globalisation.

VUKUZAKHE ROAD MAINTENANCE PROGRAMME

'PEOPLE AT WORK - BREAKING THE BACK OF POVERTY'

The Eastern Cape is the poorest Province in the Country with more than 70% of its people living in rural areas. Underdevelopment and absolute poverty are the defining features of the Province.

The National Government, through the President, has committed itself to reversing this situation wherever it exists in the country and in particular, the Eastern Cape.

One Government programme geared to achieve this, which is managed and implemented by the National Public Works Department, is the Public Works Programme that has been identified as a vehicle through which Government can create jobs, alleviate poverty and build capacity within communities through the implementation of a variety of projects.

It is against this background that the Department of Roads and Public Works in the Eastern Cape has initiated a programme aimed at maintaining road infrastructure using labour intensive methods. The programme affords households in identified communities an opportunity to maintain their local roads themselves. In return the department rewards them by providing a monthly stipend for each household involved in the programme. The programme is called VUKUZAKHE, which roughly translated means "wake up and build them" (roads).

WHAT IS VUKUZAKHE?

Vukuzakhe is a name given to a system of road maintenance called the "Lengthmen". The lengthmen system is a road maintenance programme in terms of which communities maintain the gravel roads in their neighbourhood. Each household is given a kilometre of road to look after and in turn receives a monthly stipend of R400.00.

Vukuzakhe therefore has two main strategic thrusts - poverty alleviation and road maintenance. From the poverty alleviation perspective the programme ensures that a sizeable number of households have some measure of income every month (however meagre it may be) thus contributing to broader economic activity. From the road maintenance point of view it halts the rapid deterioration of gravel roads.

The programme that specifically targets poor households and those headed by women, has other social benefits that include:

- The lengthmen are encouraged to establish savings clubs to which they contribute R40.00 a month
- Communities are provided with skills through training
- The programme instils a sense of ownership and pride in communities, and
- Lengthmen who have no identity documents are assisted in obtaining them

Ultimately, the programme assists in the restoration of human dignity and respect. Parents are accorded respect because they are able to provide for their families

From its inception in the second half of 2001 the programme has been extended to five District Municipalities with selected B-municipalities as pilot projects and now employs a contingent of 1900 lengthmen (households) maintaining 152 roads throughout the province. In other words, under this programme there are now 1900 households each receiving R400.00 every month.

With that kind of progress, the department is confident that it can make a significant contribution to pushing back the frontiers of poverty in the Eastern Cape.

PROVINCE OF THE EASTERN CAPE
DEPARTMENT OF ROADS AND PUBLIC WORKS



US TROUBLED ROAD TO EMPIRE

BY GIOVANNI ARRIGHI

(This article is an abridged version of a paper that will appear in Faruk Tabak, ed., *Triadic competition? US, Europe and Japan*. Boulder, Colorado: Paradigm Press, forthcoming)

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DOMINATION WITHOUT HEGEMONY

It is now clear that the US belle époque of the 1990s has ended. First, the US-centered "new economy" bubble burst. Shortly afterwards came the shock of 9/11. For a brief moment, through the war on Afghanistan, it seemed that the US could strengthen its global hegemonic role by mobilising a vast array of governmental and non-governmental forces in the "War on Terrorism". Within another year, however, the US found itself almost completely isolated in waging a war on Iraq that was generally perceived to have little to do with the war on terrorism and to defy generally accepted rules and norms of interstate relations. What is the meaning of this sequence of events and what is the new condition of the global political economy?

Almost daily the media provide evidence that we may indeed be witnessing the terminal crisis of US hegemony. One of the most telling pieces of evidence is a report in *The New York Times* on the eve of the Asia-Pacific Economic Cooperation (APEC) meeting in Bangkok. According to the report, political and business leaders in Asia see US hegemony "subtly but unmistakably eroding as Asian countries look toward China as the increasingly vital regional power." Although the US remains the region's biggest trading partner, China is rapidly catching up, especially vis-a-vis the US' two most important strategic allies, Japan and South Korea. More important, over the last year the politics of the situation has experienced a radical turnabout. As an illustration, the report quotes the assessment of a prominent Singaporean businessman, who a year earlier gave speeches in Hong Kong and London accusing China of being a juggernaut poised to smother the weaker economies of Southeast Asia. Now he draws an altogether different picture: "The perception is that China is trying its best to please, assist, accommodate its neighbours while the US is perceived as a country involved more and more in its own foreign policy, and strong-arming everyone onto that agenda" (Perlez 2003a: 1).

This perception of the US is not limited to Asian countries. In the US itself, prominent foreign policy scholars and analysts across the political spectrum see the doctrine underpinning the invasion of Iraq as having backfired. Inspired by "The Project for the New American Century" of

1997 and officially adopted by the Bush administration with the National Security Strategy document issued in September 2002, the doctrine rests on and propagates the belief that the US can retain its predominant position in the world, and that it should do so virtually at all costs and by any means. These include pre-emptive wars waged against would-be rivals and the reshaping of world regions to fit US interests and values. Moreover, the doctrine maintains that the more uncompromisingly the US pursues these policies, the greater the chances that the rest of the world will follow along. As it turns out, one year after the doctrine became official policy, far from following along, the rest of the world rejected US leadership to an extent that has no precedent in the annals of US hegemony. In the words of Scott McConnell, chief editor of "The American Conservative" magazine: "We are more isolated from general opinions of mankind than at any time in history".

This may well be an exaggeration. But it is probably true that at this time the US is exercising, not hegemony, but what Ranajit Guha (1992: 231-2) has called "domination without hegemony" - a domination, that is based primarily on force rather than persuasion and consent. If this is indeed the case, have we entered the worse case scenario, of increasing systemic chaos typical of past hegemonic transitions? US policies since 9/11 certainly constitute an extreme form of the resistance to adjustment and accommodation that in the past have plunged the world into systemic chaos. But it is not yet clear whether the plunge is irreversible.

Two related considerations may help in clarifying the issues involved. The first is that, as William Raspberry (2003) has put it: "the president's mind has been the battleground for the fighting between pragmatists and ideologues - between those who see America's interests in more or less traditional terms...and those who see America's unchallenged power as a heaven-sent opportunity to reorder the world." Although the ideologues have managed to drag Bush into a mess the pragmatists had warned him about, the pragmatists may still convince him to do what it takes to get out of it.

The second consideration is that the adventurism of the ideologues on the West Asian front has strengthened the

hand of the pragmatists on the East Asian front. On his way to and from the 2003 APEC meeting in Bangkok, geographically and rhetorically Bush skirted the country that once was at the centre of his administration's national security policy, China. This is "a significant shift," note James Harding and Peter Spiegel, "for a president who came into office touting his break from Clintonian policies of engagement with China, insisting in the first weeks of his presidency that China was a 'strategic competitor' to the US." Thus, while before 9/11 the Bush administration stepped up overtures to India in an attempt to create a counterweight to China, after 9/11 balance-of-power politics took a back seat to the war on terrorism. And the more security issues in Afghanistan, Iraq and West Asia in general weighed down the US government, the more warnings of the Chinese threat gave way to an even greater engagement with China than under Clinton. Indeed, the turnabout has been so complete that the Bush administration now boasts that it has better relations with China than any administration since Richard Nixon resumed relations with the PRC (Harding and Spiegel 2003).

Be that as it may, in order to assess the likely trajectory of US policies in the longer run, we must situate the struggle between pragmatists and ideologues and the present truce in US-Chinese rivalry in the broader context of the contradictions that underlay the crisis of US hegemony before and after 9/11 and the Wall Street crash of 2000-1. This brings us to the growing dependence of the US on foreign capital. In spite of persistent recession in Japan and economic revival in the US, the reversal of positions between the two countries in the international credit system continued unabated throughout the 1990s. Writing in the midst of the Wall Street crash, but before 9/11, Eamonn Fingleton (2001: 6) underscored how Japan was then exporting "more capital in real terms than any nation since America's days of global economic dominance in the 1950's" As a result, "in the first nine years of the 1990's Japan's net external assets jumped from \$294 billion to \$1,153 billion. Meanwhile, US net external liabilities rocketed from \$49 billion to \$1,537 billion. In the long run this changing balance of financial power will be about the only thing that historians will remember about US - Japanese economic rivalry in the last decade."

Two years later, as US troops were invading Iraq, the historian Niall Ferguson (2003) pointed out a fundamental difference between the financial position of the US today and that of Britain a century ago. In Britain's case, hegemony "also meant hegemony." As the world's banker, during its imperial heyday Britain "never had to worry about a run on the pound." The US, in contrast, as it "overthrows 'rogue regimes,' first in Afghanistan and now in Iraq, is the world's biggest debtor...Foreign investors now have claims on the US amounting to about \$8 trillion of its financial assets." This staggering indebtedness is the result of ever-larger deficits in the current account of the US balance of payments, totaling nearly \$3 trillion since 1982 and now surpassing \$1.5 billion a day.

The main financiers of the huge US current account deficit are not the Europeans, let alone "the much reviled French," as Ferguson claims. European private investment did play a major role in financing the US deficit in the closing years of the new economy financial bubble. But before and after the bubble, by far the most important financiers of the US current account deficits have been East Asian governments engaged in massive purchases of US government securities and in building up dollar-denominated foreign exchange reserves - first and foremost the Japanese but to an increasingly significant extent also the Chinese and other "China Circle" governments. Suffice it to mention that, in the first half of 2003 Japan and China alone bought \$95 billion worth of US treasuries. According to one estimate, between them, China and Japan now hold more than \$1 trillion in US Treasury bonds. Moreover, of the \$870 billion increase in world foreign exchange reserves between December 1999 and June 2003, \$665 billion was in Asia alone. And in the second half of 2003, China is said to be adding \$10 billion a month to its huge dollar reserves of \$346 billion.

The main motivations of the governmental institutions that finance the escalating US current account deficit are not strictly economic but political. Ferguson quotes the chief economist of the IMF, Kenneth S. Rogoff, to the effect that he would be "pretty concerned" about "a developing country that had gaping current account deficits year after year, as far as the eye can see, of 5 percent or more [of GDP], with budget ink spinning from black into red." Of course, as Rogoff hastened to add, the US is not a "developing" country. However, the US is no ordinary "developed" country either. It is a country that expects and obtains from other governments and intergovernmental institutions - first and foremost the IMF - a preferential treatment in the handling of its finances that no other state, no matter how "developed," either expects or would obtain if it did. And this preferential treatment is expected and granted primarily because of the declining but still unparalleled weight and centrality of the US in the global economy and of the quasi-monopoly over means of mass destruction of the US military apparatus.

The single most important reason why the financial position of the US today is fundamentally different from that of Britain one century ago is that Britain had a territorial empire from which it could extract financial and military resources almost at will, whereas the US has no such thing. Suffice it to mention that India was, in Lord Salisbury's words, "an English barrack in the Oriental Seas from which we may draw any number of troops without paying for them". The US has become the world's leading debtor nation without fighting a single war against actual or potential "strategic competitors" (as Britain did in the First and Second World Wars), because it has no "barrack in the Oriental Seas" from which to draw, without paying for them, all the troops it needs to wage in the global South as endless a series of wars as Britain did during its own hegemony. The US has to pay for those troops and their

highly capital-intensive weaponry. In addition, instead of extracting tribute from an overseas empire, it has to compete aggressively in world financial markets to attract the capital needed to balance the explosive growth of its current account deficit. Although the US has been extremely successful in this competition, the capital it has attracted has not come for free, as Indian contributions to the British balance of payments did. On the contrary, it has generated a self-expanding flow of incomes to foreign residents that makes the US current account deficit increasingly hard to balance, and the more so because the inflow of capital has financed primarily government and private consumption rather than investment.

It follows that the US has plunged into a protracted and costly war on multiple fronts under financial constraints far greater than those faced by Britain on the eve of the First World War. How does the US expect to pay for this protracted and costly war? And how realistic are these expectations in light of the present situation of US domination with neither hegemony nor hegemony?

THE POLITICAL ECONOMY OF US FINANCIAL IRRESPONSIBILITY

There are two possible answers to these questions. One is that US policy makers, like many of their critics, believe that seigniorage privileges - due to the generalised acceptance of the US dollar as international currency - set the US free from financial constraints. And the other is that they expect the war on terrorism itself to generate the financial resources needed to reestablish US world hegemony on new foundations.

Writing in the columns of the Financial Times, Wolf provides a good illustration of the first answer. After noticing how foreign countries have provided the US with goods, services, and assets in return for overpriced pieces of paper, thereby enabling it to consume far beyond its means, he points out that a cynic might view what is happening "as a brilliant US conspiracy."

"In the 1980s and 1990s, its policymakers persuaded a host of economies to liberalise their financial markets. Such liberalisations generally ended with financial crises, currency crises, or a combination of the two. These disasters lowered domestic investment in the afflicted countries, instilled deep fear of current account deficits and engendered a strong desire to accumulate foreign exchange reserves. The safest way was to invest surplus funds in the country with the world's biggest economy and most liquid capital markets. When gullible foreigners can no longer be persuaded to finance the US, the dollar will decline. Since US liabilities are dollar-denominated, the bigger the decline, the smaller net US liabilities to the rest of the world will then turn out to be. In this way, the last stage of the 'conspiracy' will be partial default through dollar depreciation." (Wolf 2003)

In a letter to the Financial Times of October 10, 2003, John Incledon echoes this view and reckons that a 10 percent

devaluation of the US dollar - which is roughly what has occurred in 2003 - reduces the real value of the total external obligations of the US by \$500-700 billion. "The Bush administration," he goes on to claim, "looks at this decline as the contribution to the defense of the free world from terrorism; as a fair contribution to be made by the coalition of the unwilling." Leaving aside the fact that the main victim of the "conspiracy" would be Japan (a member of the "coalition of the willing"), US exploitation of its seigniorage privileges in order to consume both guns and butter far beyond its means, can postpone but not avoid indefinitely a fundamental structural adjustment of the US to the new realities of the global economy. As Wolf himself underscores, the question is not whether but when and how the adjustment will occur.

Adjustment will involve some combination of further depreciation of the US dollar, appreciation of the currencies of the countries with the largest current account surpluses, and a rerouting of these surpluses from the financing of US deficits to the creation of demand elsewhere, especially in East Asia. As Wolf (2003) suggests, this eventual adjustment may be "brutal," through a dollar rout, or "smooth." The greater the US exploitation of seigniorage privileges, we may add, the greater the chances that the adjustment will be brutal and that the US will lose those privileges earlier than might otherwise be the case. But whether brutal or smooth, the adjustment will further decrease US command over world economic resources and undermine both the centrality of the US market in the global economy and the role of the US dollar as international means of payment and reserve currency.

In short, the freedom from financial constraints that the US derives from seigniorage privileges has limits; and the more that freedom is abused, the greater the chances that those privileges will be lost. The Bush administration has shown some awareness of the risks involved in relying too heavily on a depreciating dollar to buttress US competitiveness at home and abroad and to default on US liabilities to foreigners. Thus, at the Doha meeting in June 2003, US treasury secretary John Snow persuaded the finance ministers of the other G7 countries to sign a joint statement arguing that the determination of exchange rates should be left to the market. The statement was taken as a signal that Washington was officially abandoning its strong dollar policy, and the dollar promptly dived against all major currencies.

In light of these considerations, it is plausible to suppose that the Bush administration is willing to take quite a few risks in exploiting US seigniorage privileges as a partial and temporary solution to the economic problems involved in recasting the world by military force to suit US interests and values. But for "The Project for the New American Century" and the National Security Strategy of 2002 to make any economic sense at all, their promoters must assume that the open-ended war on terrorism can itself generate the financial resources needed to re-establish US world

hegemony on new foundations. From this standpoint, the conquest and remaking of Iraq promised to be an ideal starting point. Politically and militarily, Afghanistan had to come first. But even before invading Afghanistan, the Bush administration had put coercive regime change in Iraq at the top of its priorities. As a tactical move in the war of terrorism, war on Iraq made no sense at all. But as a tactical move in a longer-term strategy of using military might to recoup economic might, it had some plausibility. As David Harvey has argued, if the US could install a friendly regime in Iraq; move on to do the same in Iran; consolidate its strategic presence in Central Asia, and so dominate Caspian Basin oil reserves - "then it might, through control of the global oil spigot, hope to keep effective control over the global economy for the next fifty years." Since all the economic competitors of the US, both in Europe and in East Asia, are heavily dependent on West Asian Oil: "What better way for the US to ward off that competition and secure its own hegemonic position than to control the price, conditions, and distribution of the key economic resource upon which those competitors rely? And what better way to do that than to use the one line of force where the US still remains all-powerful - military might?" (Harvey 2003)

There can be little doubt that in deciding to wage war on Iraq virtually alone and in defiance of the express will of the UN Security Council, the Bush administration was thinking along these lines. In doing so, however, it may have disregarded other, less rhetorical questions that are nonetheless crucial in determining the viability of the emerging US strategy. There is a synergy among state making, war making and extraction activities in ensuring governmental success in monopolising concentrated means of violence at the national level. Current US attempts to monopolise concentrated means of violence at the world level blurs the distinction between state making and war making, as witnessed by the anomalous nature of the war on terrorism and by the war on Iraq (which was ostensibly undertaken as a first step in the remaking of the entire West Asian region to suit the interests and values of the US).

US capabilities in state making and war making as distinct activities at the national level may be seriously impaired when deployed as indistinct activities at the world level. A good illustration of this possibility is the contrast between the ease with which the US has formally won the wars on the Taliban and Hussein regimes, and the difficulties it is encountering in attaining the substantive objectives for which the wars were fought. This problem is compounded by a second: the difficulty of carrying out extraction activities minimally commensurate to the scale and scope of the state-and-war-making activities involved in monopolising concentrated means of violence on a world scale. As we have seen, the inadequacy of the US extractive apparatus is the single most important reason why the US position in the international credit system has deteriorated far more rapidly than that of Britain at a comparable stage of hegemonic decline. Moreover, anticipations that the stepped up deployment of US military power would solve

this problem by generating a net surplus of resources has not materialised. Indeed, judging from the first two main engagements of the war on terrorism - the wars on Afghanistan and Iraq - the chances are that it will generate a huge net deficit, as witnessed, among other things, by the \$87.5 billion that the Bush administration had to request in October 2003 over and above the \$65 billion originally authorised by Congress.

In short, no matter how unparalleled and unprecedented US military power is, it may not be up to the task of establishing US control over global oil supplies, as opposed to scoring victories that take control out of some hands without putting it in US hands. And even if it is up to that task, it may be able to do so only by further increasing US dependence on the financial support of the very competitors against whom control over global oil supplies is directed. Would not that heightened dependence seriously limit US capacity to close the oil spigot on these competitors-financiers lest they close the money spigot on the US?

THE PROTECTION THAT FEW WOULD BUY

This brings us to the issue of the legitimacy of US efforts to recast the world by military force to suit US interests. The decisions of a challenged authority that controls substantial force are influenced by a desire to maintain a stable environment. This general rule applies with even greater force in a social system divided into multiple political jurisdictions, each controlled by a formally sovereign governmental authority. In such a system the importance of the assent of the governed for the legitimacy of governmental actions is limited and mediated by interstate relations. And these relations, in turn, are thoroughly shaped by fears of retaliation and of systemic instability.

This double fear plays a major role in shaping relations between the US and its competitors-financiers. In part, US powers of retaliation and systemic de-stabilisation have to do with the power to default on its colossal debt. For the most part, however, they have to do with the issue of "protection". Interestingly, US Secretary of State Colin Powell himself evoked the ominous image of protection when he said that the US ought "to be the bully on the block." The rest of the world would happily accept this role - he went on to assert, calling up the comforting image of protection - because the US "can be trusted not to abuse that power."

Trust is a highly elusive entity. We do not know on what grounds Powell based his belief that the rest of the world trusted the US not to abuse its power as "the bully on the block." But if the reports from Bangkok cited earlier are at all accurate, less than a year after Powell professed this belief, even in the friendly environment of APEC, the comforting image of US protection against a real or imaginary Chinese threat had given way to the ominous image of a US strong-arming everyone onto its own foreign policy agenda. Whatever the extent and immediate reasons of the change, the massive swing of governmental

dispositions toward US policies from assent to resistance since the promulgation of the National Security Strategy of September 2002 has little to do with whether or not other governments trust the US not to abuse its power. Rather, it has to do with two related but distinct perceptions. One is the generalised perception that the deployment of US military might along the lines envisaged by the National Security Strategy is likely to produce, directly or indirectly, far greater dangers for the rest of the world than the terrorist threat against which it is ostensibly directed. This is the perception that the US government is behaving like a global racketeer who is producing both the danger and, at a price, the shield against it. Equally important is the other, less general, but quite widespread perception that the costs and risks of supporting US policies are greater than the costs and risks of not supporting it. This is the perception that the shielding from local racketeers that the US offers worldwide is neither reliable nor low-priced.

The vicissitudes of the war on terrorism have validated these perceptions much faster than any government might have feared or hoped. As events are showing daily, the most technologically sophisticated and destructive war machine in history is not fit to provide minimal protection "on the block." Local bullies wielding comparatively primitive means of violence, but a better sociological understanding of the block, seem capable of holding in check the global bully's pretensions to be in a position to offer superior protection on their turf. Indeed, they seem capable of forcing him to concentrate his energies on protecting himself, starkly revealing his incapacity of protecting anybody else. The global bully can, of course, subcontract protection to local bullies. But this would reduce the resources that the global bully can extract locally or undermine the credibility of his claims to be able to provide protection anywhere he chooses to.

In Iraq - where the need to extract resources to sustain the strategy to stave off economic decline through the use of military might make the effective provision of protection far more imperative than in Afghanistan - the situation is evolving in the same direction or worse. As a UK official told *The Observer*, the US-led coalition no longer faces a "monolithic organisation with a clear command, [which] would be far easier... to deal with." Instead, it faces "lots of different groups with different agendas." According to a former colonel in the Iraqi security services, some of the people involved "are criminals, who under other circumstances few people would have anything to do with." But most are involved "for religious and nationalist reasons." This facilitates recruitment and the mobilisation of support not just locally but also among foreign Muslims.

Although Iraq is not Vietnam, and 2003 is not 1968, the ever more frequent use of images like "quagmire," "attrition," "credibility gap," "Iraqification" and so on makes "parts of the current debate seem to be almost as much about Vietnam as about Iraq" (Whitney 2003). As Senator John McCain has pointed out, contrary to what many

thought, victory in the first Gulf war "did not end the hold of the Vietnam syndrome over [the American] national consciousness." In his view, the reason is that Saddam Hussein was not removed from power (quoted in Whitney 2003). And yet, the ousting of Hussein from power is now making the Vietnam syndrome more visible than it had been in the preceding 20 years. This is probably the reason why in November 2003 the Bush administration suddenly revised its original plan to keep control of post-Hussein Iraq firmly in US hands. Commenting on this change, an editorial of *The New York Times* stated the "grim truth" that there are no attractive options for the US in Iraq: "The Bush Administration would clearly love to be able to remove American troops from the line of fire... Yet a rushed American withdrawal without an orderly handoff to the United Nations would leave Iraq open to just the kind of mixture of misgovernment and terrorism that the White House waged this war to prevent" (*The New York Times* 2003).

The "orderly handoff to the United Nations" advocated by *The New York Times* is not easy to achieve either. From the standpoint of the Bush administration, it would involve a more or less open recognition of the political failure of *The Project for the New American Century*, of the National Security Strategy of 2002, and of the assumption underlying both that the US could effectively use its military might to stave off economic decline. It would also involve a fundamental adjustment to a less exalted position in world politics, something that at the moment seems to be entirely beyond the horizon not just of the ideologues but also of the pragmatists within the administration.

This problem is compounded by the widespread reluctance of other governments - including Japan, Germany and Saudi Arabia, which among them paid for most of the costs of the 1991 Gulf War - to put up the resources needed to bail the US out of the Iraqi quagmire. In part, this reluctance is due to the perception that US protection has become counterproductive, either because the US squeezes some of its clients dry and then leaves them exposed to even greater dangers than the ones from which they have been protected - as in the case of Saudi Arabia; or because US actions are projected to create greater long-term dangers than the present dangers against which it offers protection - as has probably been the case with Germany. In part, however, the sharp contraction in the price that even the best clients are willing to pay for US protection is due to a perception that the need to pay tribute to the US is less compelling than it was 12 years ago. This perception is far more widespread than the ritualistic respect still paid to US power lets on. But it is probably most important in the case of Japan and other US clients in the East Asian region.

For up to very recently many states in the region still perceived US protection as essential for countering the real or imagined threat that the PRC posed to their security. Today, in contrast, the PRC is no longer perceived as a

serious threat, and even if such a threat were to re-emerge, US protection is perceived as unreliable. Moreover, the capacity of the US to extract protection payments from its East Asian clients has been curtailed by the combination of growing US dependence on East Asian money to finance its huge current account deficit and the reduced dependence of East Asian countries on the US market. Not only is China perceived to be less of a threat to the security of its neighbours. Equally important, it is increasingly perceived as an alternative to excessive dependence on the US market.

TIPPING THE SCALES OF GLOBAL TURBULENCE

So, while US world hegemony has probably experienced its terminal crisis, it does remain by far the most powerful state. But its relationship to the rest of the world is best described as one of domination without hegemony. This has been brought about not by the emergence of aggressive new powers, but by US resistance to adjustment and accommodation. Indeed, the terminal crisis of US hegemony may well be described as a case of great power (attempted) "suicide." There are also plenty of signs that the emergent situation is one of systemic chaos. It is nonetheless not at all clear whether this emergent situation is going to be as long and destructive as in the past hegemonic transitions.

Particularly significant in countering systemic chaos is the consolidation of the East Asian economic renaissance through the emergence of China as its most dynamic centre - a tendency that has been strengthened rather than weakened by US resistance to adjustment and accommodation. While a Western dominated universal empire remains an historical possibility, an East Asian-centred world market society appears today a far more likely outcome of ongoing transformations of the global political economy than it did 10 years ago.

The most important change is the stunning economic expansion of China through the East Asian crisis of 1997-98, the bursting of the new economy bubble, and the crisis of the unilateral US imperial project. Such a rapid economic expansion is bound to be punctuated by one or more of those crises that are typical of emerging economic centers. Whether such a crisis (or crises) will undermine or eventually consolidate the regional economic expansion remains an open question. Moreover, there are still few signs that East Asian elites, the Chinese included, are up to the task of opening a path of regional and global development that would be ecologically less destructive and sociologically more sustainable than the US-sponsored path that is now at a dead-end.

These reservations notwithstanding, China already appears to be a potential substitute for the US as the central market of the regional East Asian economy and beyond. It is rapidly catching up with the US as the biggest trading partner of the East Asian region. But its importance relative to the US is growing rapidly even outside the East Asian region. The European Union, for example, forecasts that by

2010 China will probably overtake the US as its biggest trade partner. A former Merrill Lynch chief economist sees China already playing the role of "global locomotive" along with the US. Similarly, Nicholas Lardy sees no one else coming close to the Chinese as "global customers." "They've been a big driver of global trade expansion and a significant force in promoting the recovery" (Pine 2003).

Equally important, China has begun to overshadow the US in the promotion of multilateral trade liberalisation. Regionally, it has sought integration with ASEAN by agreeing to a Treaty of Amity and Cooperation, while simultaneously seeking economic ties with Japan, South Korea and India. Globally, it joined Brazil and India in leading the global South's attack at the 2003 WTO meeting in Cancun against the Northern practice of imposing market opening on the South, while remaining fiercely protectionist in lines of production where the South has the greatest comparative advantage, mainly in agriculture. China's stance contrasts sharply with the US abandonment of multilateral trade negotiations in favor of bilateral free trade agreements aimed at breaking up the Southern alliance that emerged at Cancun, or at gaining support for the Bush administration's war on terrorism (Smith and Cooper 2003).

An East Asian-centred world market society thus appears today a far more likely post-US hegemony scenario than it did 10 or even five years ago. The very success of East Asia under Chinese leadership to re-centre upon itself the global political economy, and to provide the global South with a more equitable alternative to continuing Western domination, may well become the catalyst of renewed Western cohesion in the pursuit of a Western-dominated universal empire. And this reaction, in turn, may succeed or may end up in plunging the world into a period of protracted and severe systemic chaos with or without a light at the end of the tunnel.

Eventually, the outcome of the unfolding hegemonic transition depends on social forces. The massive anti-war protests of February 2003 - "The biggest demonstrations in world history," according to some observers - appear "as an almost intuitive recognition by people around the world (including many in the US) that what amounts to a new US imperial project, risks precipitating major worldwide chaos" (Silver 2004). This unprecedented transnational demonstration of popular antiwar sentiment failed in its immediate objective of stopping the war on Iraq. And yet, it had a lasting impact on how the world's elites and governments themselves came to perceive the war and its aftermath. Moreover, the anti-war movement's perception about the war on terrorism has proved correct. It claimed that "the bombing would not stamp out terrorism - the atrocities in Bali, Jakarta and Mombasa show it hasn't - but fuel resentment that would create more terrorists; and Iraq is a far greater threat to global security than six months ago." It claimed that "the war was a bad idea, even if Saddam did have weapons of mass destruction - given enough time the inspectors would have found them. News

that he didn't have them blows away the final fig leaf and leaves the emperors naked." Not one national poll, including in the US, supported a US-led war without UN support. That it happened "exposed the global crisis in democratic legitimacy" (Younge 2003).

In short, even at the level of the global system, the legitimacy of power holders depends not just on the assent of other power holders, but also on the assent of those on whom power is exercised. True, the impact of the assent or dissent of the governed is mediated and filtered by the perceptions and actions of power holders. But at least in the case under examination, the mediation and the filtering have not prevented the dissent of the governed from making it much harder for the US to embark on new wars as means of staving off economic decline. Indeed the mass anti-war protests of 2003 augur well for the possibility that social movements will pre-emptively work toward containing systemic chaos, rather than largely following and being shaped by the escalation of violence as was the case in past hegemonic transitions.

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THE "RULES OF THE GAME" FOR BUILDING GLOBALLY COMPETITIVE INDUSTRIES

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 This article is written in her personal capacity and does not in any way reflect the views of the ILO

In 1994, South Africa again took up its rightful place as a member of the global economy. Having been out of the game for many years, it returned as a global player but had clearly incurred some injuries during its absence. Industrial policies had supported and strengthened the role of the mining, mineral processing, chemicals and energy sectors and precluded the diversification of South Africa's resource base. As a result, capital intensive industries were the first to benefit from trade liberalisation, while the millions of unemployed and working poor waited in vain to see long-term benefits. Domestically, there was an urgent need to redress the havoc that apartheid policies had wrought on the society and the economy. At the same time the government needed a stable macroeconomic

framework to win back the confidence of the international community and international investors.

Since that watershed date, South Africa has become a real team player in the global economy. For the most part it has played by the rules, briefly receiving a yellow card for some of its export incentive schemes. But it pointed out to the referee that the tactics of some of the other players were not in the spirit of the rules of the new WTO agreement on trade and intellectual property rights (TRIPS) and that their actions had made HIV/AIDS drugs unaffordable. It was able to do this in part because it had been a good sport in assuming full and immediate obligations under the TRIPS Agreement. It already had relatively well developed

intellectual property laws and had been signatory to the international treaties that covered TRIPS. The matter was quickly sorted out amongst the players before the referee sent the other side off the field.

Since South Africa was a relative latecomer to the game of globalisation, it has had to play by rules that were largely set by others, irrespective of whether these were fair or rigged in favor of the stronger players. For the most part, it has had to accept a level playing field, despite the fact that its own capabilities were not on par with the other players. Some injury time has been granted through transitional arrangements allowing for a delay in implementing some WTO agreements, but it does not benefit from the limited special treatment extended to less developed countries (LDCs).

This article looks at the rules of the global economy relevant to developing countries such as South Africa trying to devise industry policy instruments that will help them become globally competitive players. It begins by looking at the types of industry policies that were used by some of the more successful competitors today. It then turns to consider the extent to which the "rules of the game" enable or constrain potential competitors from emulating these successful role models. Finally it considers the agenda for global rule-making in respect of some of the outstanding rules on competition policy and investment. These are all important considerations since South Africa's policy makers along with other developing countries, are currently involved in revisiting or devising new global rules, both at the WTO and other international fora. Given the unequal economic and political power and lack of transparency in some of these processes it would be naïve to believe that they can determine the "rules of the game" for building globally competitive industries. At best, they may be able to shape the rules. At worst they could point out the systemic imbalances that exist in the "rules of the game" and make it clear that these rigged rules will continue to deliver unequal outcomes and undermine the credibility of globalisation.

This article does not address some other imbalances that exist, such as tariff escalation for processed goods, a lack of market access in agriculture and textiles, and rising non-tariff barriers (e.g. product standards), but all are equally important if this series is to be associated with development.

Industry policies used by the successful industrialisers

In practice, countries may use a wide range of interventions to change the industrial structure of the economy and promote productivity-based growth. These include: interventions in the external market using tariffs and local content programmes and other instruments to protect domestic industries from imports and export promotion measures such as export subsidies; interventions in product market including competition policy to ensure domestic markets are contestable; and interventions in factor market such as investment policies aimed at attracting foreign direct investment (FDI) through various

incentives and the use of performance requirements to get the most out of FDI, interventions in the capital market and financial sector - such as fast track access to subsidised credit or, the setting up of development finance institutions to promote industrial development, and interventions in the labour market - such as skills policies to, in the case of some export processing zones, dubious practices to suppress worker rights.

History shows that many of the advanced industrial countries including Britain, the US, Germany, France, Sweden and more recently Japan, all used tariff protection and a range of other policy tools to protect infant industries at crucial stages in their industrialisation. They had extensive controls on FDI in terms of entry (e.g. requirements for joint ventures, ceilings on foreign ownership) and imposed extensive performance requirements post-establishment.

It is important to note that the approach to industrial development has also evolved over time as strategies based on import substitution gave way to export orientated strategies. This was in part the result of growing consensus at the World Bank, IMF and elsewhere, about what type of development policy could best spur growth and alleviate poverty. Import substitution policies were widely criticised for having led to a misallocation of resources and inefficient industries that could only survive behind high tariff walls. Drawing on endogenous growth theories, the new paradigm for development posits that technological knowledge, embodied in imported goods and FDI, engenders positive "spillover" effects and promotes productivity based growth. Industrial diversification and technological development are a natural result of more open economies. Thus industry policy needs to be more comprehensive using more generic policy instruments, rather than targeting specific industries through specific policy instruments. It does not eliminate the role of government, but shifts its intervention toward the supply side. This is obviously an over-simplification, but it marks a significant shift away from infant industry arguments that have always characterised an understanding of the formation of industry and development.

TABLE 1: MIDDLE-INCOME COUNTRY CHARACTERISTICS

	GDP per capita (current PPP\$), 2002	FDI inflows in % of GDP, 1998-2002	Manufactures Exports in % of GDP, 1997-1999	R&D (%GDP) mid-1990's
Late-Industrializers				
Korea, Rep. Of	16465	1.41	30.11	2.82
Taiwan	-	-	-	1.80
Malaysia	8922	3.33	73.85	-
Mexico	8707	2.89	23.40	0.33
Brazil	7516	4.48	3.81	0.81
India	2571	0.60	6.29	0.73
Potentials				
South Africa	10132	1.72	*10.97	0.70

Tunisia	6579	3.08	22.88	0.30
Egypt	3701	0.99	1.70	0.22
Nigeria	851	2.73	0.64	-
Costa Rica	8470	3.46	20.26	0.21
Peru	4924	2.71	1.88	-
Guatemala	3927	1.61	4.31	-
Ecuador	3357	2.23	0.40	0.02
Iran	6339	0.04	1.58	0.48
China	4475	4.14	17.22	0.06
Pakistan	2014	0.85	11.73	-

Sources: GDP: World Development Indicators 2003

FDI: UNCTAD World Investment Report 2003.

Manufactures Exports: UNCTAD Handbook of Statistics 2002, *South Africa figure for 2000 only.

R&D: See Amsden, A. & DiCaprio, A. 2003 op.cit.

South Africa is like other middle-income, mid-technology countries which all have some manufacturing experience, and need to build the technical and skills capabilities to become competitive global players. This team of "potentials" compare favourably to another team, the "late-industrialisers" including the Republic of Korea, Brazil and Thailand, Taiwan (China) and India in terms of exports, FDI and R&D, suggesting that if they are able to employ the policies needed to reap the benefits from trade and FDI they may be able to kick-start dynamic trajectories of industrial growth (see table 1).

These countries may wish to look to the strategies pursued by the most recent set of industrialisers. Here, industrial policy consisted of export promotion, conditional subsidies and protected domestic industries. Many had pre-war manufacturing experience or technological know-how and a relatively well educated population. Trade policies were part of a home-grown industry strategy within which the state worked together with business to strengthen domestic industry. Many combined export promotion with measures to promote import substitution until, based on a new development consensus, they abandoned the latter and tariffs were reduced. State-owned banks lent money to domestic firms at subsidised rates so that they could buy capital equipment and technology. The state played a central role in mobilising domestic investment and influencing its location, and imposed prohibitive performance standards on foreign firm to discourage their operations in key sectors so that national firms could get a head-start. State support to business was often tied to performance standards and monitored. They developed technological capabilities through pure learning, involving and the indigenous adaptation of imported technology and investment in formal education.

The stars of this team, the Republic of Korea and Taiwan (China) made very effective use of minimum local content, export and technology transfer requirements to promote industrialisation and growth. From the mid-1980s through

the 1990s, they became world innovators of technology through heavy investment in R&D, focusing their efforts on knowledge-based asset formation in national lead firms. In this way, they were able to develop the competitive skills, capabilities and knowledge-based assets which distinguished them from other late-industrialisers and made them the only countries that managed to catch up to industrialised countries in terms of income levels in recent times.

GLOBAL RULES THAT DISCIPLINE THE USE OF INDUSTRIAL POLICY INSTRUMENTS

Many of the instruments used by both advanced industrialised countries and the late-industrialisers would not be permissible under multilateral trade rules or many of the Bilateral Investment Treaties (BITs) and Regional Agreements (e.g. NAFTA) that exist today.

MULTILATERAL TRADE RULES

The conclusion of the latest round of negotiations on multilateral rules on trade, the Uruguay Round, significantly restricted the scope that countries have to emulate successful role models. The Agreement on Subsidies and Countervailing Measures (SCM) prohibits subsidies based on exports and those that encourage the use of domestic rather than imported inputs. They rule out the type of targeted subsidies that were used by the Republic of Korea to induce firms to become more export-oriented. The SCM agreement also sets out rules for the use of countervailing measures to offset injury to domestic industries caused by a set of "actionable" foreign production subsidies. The list includes precisely those that were used by the advanced industrialised countries and, more recently, by the late-industrialisers. A list of non-actionable subsidies include: those provided to support research and development to aid disadvantaged regions; and to facilitate the adaptation of plants to new environmental regulations. The late-industrialisers have been proactively working for extensions to come in line with this agreement. Many countries cannot yet afford to use this instrument.

Another of the Uruguay Round agreements, the agreement on trade related investment measures (TRIMs) requires the elimination of a number of trade-related investment measures such as local content and trade balancing requirements. All the late-industrialisers used instruments that are now illegal under the TRIMs. These were predominantly focused on the automobile industry, designed to induce automobile assemblers to source parts and components locally. The learning effects of these instruments appear to have been significant and an important factor in the development of technologically advanced small- and medium-size enterprises.

Whereas the SCM and TRIMs restrict government intervention through certain policies, the trade-related aspects of intellectual property rights (TRIPS) requires government intervention to meet minimum standards to protect intellectual property rights (IPRS). An immediate

effect of the TRIPS agreement has been to raise the cost of technology, the benefits of which accrue immediately to developing countries. One of the most important strategies of the late-industrialisers was the procurement of proprietary knowledge. This happened in different ways, ranging from learning from skilled Italian immigrants in Brazil, to buying technological products and reverse engineering them in the Republic of Korea. The TRIPS agreement has made reverse engineering and imitation less feasible and there are concerns that it may limit the development of technological capacity in developing countries. It also requires institutional capacity which many developing countries simply do not have. Establishing this institutional capacity is costly and diverts resources from meeting other priority objectives. In addition, the potentials may be ill equipped to counter the monopoly effects of strong IPRs which could impede the development of domestic industry.

There are "special and differential" (S&D) treatment provisions for developing countries. These tend to be based on longer time periods for implementing agreements and commitments (after which countries are expected to play on level playing field), support to countries to comply with WTO agreements (e.g. the implementation of technical standards) and to handle disputes, and some special provisions for LDCs. While allowing for some "injury time" they do not adequately address the unbalanced outcomes that are bound to arise from competing on a level playing field with asymmetrical structural abilities.

Countries can still protect their industries from foreign import competition. The GATT Article XVIII continues to allow some infant industry protection and from aggregate imports that can destabilise balance of payments. Countries can also use temporary safeguards (Article XIX) when there is an import surge or antidumping disciplines (Article VI) and when there is an unfair trade practice to protect their industries. These measures have been widely used by advanced industrial countries to protect declining industries, although there has been a recent and dramatic rise in the use of antidumping measures by developing countries. Prior to 1995, when developing countries were not yet making extensive use of these measures there was no time limit on the use of safeguards. The Uruguay Round limited their duration to eight years.

Developing countries have not made much use of the provisions in Article XVIII that allow them to use trade barriers to protect domestic industries in their "early stages of development", largely because part of the provision requires the payment of compensation and because these countries bound tariffs at a high level and still had space to raise tariff levels to protect industries rather than use Article XVIII or safeguard measures. But these safeguards could, in theory, be used to protect an infant industry and eight years of protection are guaranteed.

One of the problems with the disciplining of trade or

"trade-related" policies that have traditionally been instruments in industry policies is that these instruments are seldom used in isolation. In notifying the WTO of a dispute under the TRIMS agreement, complainants have generally listed other policies in addition to those that are claimed to be inconsistent with the TRIMS agreement. Similarly, in implementing the TRIMS agreement, a number of countries requesting extensions of transitional periods cited that the reforms needed to comply would exacerbate structural adjustment problems stemming from the recent financial crises. Some have also pointed out that TRIMS have been used in conjunction with other policies (local content schemes are usually combined with a subsidy) leading to questions regarding the timing and sequencing of reforms. This highlights the point that multiple instruments often form part of "home-grown" strategies of industrial development.

While multilateral trade rules certainly curtail industry policy instruments, countries have found ways to either work around these or circumvent them. For example, countries are still able to maintain 100 percent export requirements such as those used in export processing zones to promote export orientation. In 1995 Brazil negotiated an agreement between all countries representing its major automobile assemblers to export cars, the value of which equaled the imports of parts and components assemblers were bringing into Brazil. In another example of working around WTO rules, Ecuador used its membership of the Andean Pact to maintain local content requirements on automobile production, shifting them to regional content requirements. And even countries with limited capabilities could still nurture domestic industries by exercising discretion over the initial extent, pace and sequencing of trade liberalisation measures.

RULES FOR INVESTMENT

Apart from multilateral rules for trade, the growing number of international investment agreements (IIAs) including bilateral investment treaties (BITs) and regional agreements (e.g. NAFTA) also place limits on the instruments that have traditionally been used to gain the maximum benefits from FDI. These benefits relate to the transfer of technology and the building of local capabilities by using local suppliers, upgrading local skills and infrastructure. The main instruments have been incentives tied to performance requirements. NAFTA, MERCOSUR and BITs or free trade agreements involving Canada and the US place limitations on performance requirements that go well beyond those contained in the TRIMS.

Countries have also used instruments to regulate the entry of FDI, either with the objective of directing it into certain industries, or to prevent new domestic industries from being "crowded out" by foreign firms. While the majority of IIAs preserve this control over admission and establishment, many extend "national treatment" (treating foreign firms in the same way as domestic firms) post-establishment. However, an increasing number of regional

agreements (e.g. MERCOSUR, ASEAN and NAFTA) and BITS extend this right of establishment, with a "negative list" of industries where this right to establishment does not apply.

POLICY SPACE AND FLEXIBILITY TO BUILD GLOBALLY COMPETITIVE INDUSTRIES

We see then that the present set of multilateral trading rules and IIA's significantly restrict policy space for government intervention in support of the learning process and industry formation. They determine "best industry development practice" by placing limits on certain instruments. The irony is that what is determined to be "best practice" is not based on the past behaviour of other industrialised members or partners to IIA's. Late-industrialisers have been very proactive in extending transitional arrangements to comply with agreements, but as many of the potentials are not at present using these instruments, the door will be shut by the time they may wish to enter through it. These countries are limited in the extent to which they are able to emulate successful role models, unless they learn to "re-engineer" some of the provisions in global rules.

Of course industrial policies employed by the potentials today will need to recognise and respond to the changing basis for international competitiveness, particularly the central role of knowledge and technological change in industrial growth. This may call for a different set of instruments than those used in the past. Just as the success of the more interventionist strategies in East Asia has been demonstrated, so too have the dangers involved in "picking winners" - particularly where the conditions of a strong state and efficient administration cannot be met. Industrial policies today require a set of instruments targeted at creating dynamic industrial sectors along with the technological and social capabilities needed to shift into higher value-added activities. However, the question is not "whether or not to intervene?" but "how to intervene?" - what set of policy instruments can facilitate the type of industrial development (and not just poverty alleviation) that has been so synonymous with development?

Since WTO rules approach the issue from a "trade" lens rather than an industry development lens, and non-discrimination is the cornerstone of the WTO, any non-border policy that affects trade and results in discrimination is subject to discipline. Thus multilateral rules for trade encroach more and more, in an inconsistent way, on the space for industry policy. The approach to industry development right up to the mid-1990s, and for each member of the WTO that had successfully industrialised by that time, was always to see trade policy as one of a number of industry policy instruments that might be used to build globally competitive industries.

More importantly for the potential countries is that there are intentions to encroach even further on this policy space. For example the most recently the proposals at the WTO are to bring competition and investment policies within the

WTO remit, in exchange for concessions on markets access in industrialised countries under a "single undertaking" in the negotiations. There appears to be no substantive reason to bring these under the remit of the WTO, and even less to have binding rules linked to WTO dispute machinery. That is not to say that there are not certain "externalities" related to these policies that require some form of global action, but this is no reason to set yet another agreement at the WTO.

WHAT ARE THE ALTERNATIVES FOR GLOBAL RULES ON INVESTMENT AND COMPETITION?

As we have seen, competition policy forms part of industry policy aimed at keeping markets competitive. However, in open economies, national competition policies may no longer be sufficient to deal with the range of cross-border effects of anticompetitive behaviour. Private barriers and restraints on international competition might arise from a number of sources:

- a single firm may abuse of its dominant position. The wave of cross-border merger activity in the 1990s led to concerns over industrial concentration and the exercise of monopoly power in global markets.
- private cartels fix prices, allocate markets and restrain competition, and by so doing raise the cost for consumers. The total overcharge to developing countries for imported products sold by cartels prosecuted during the 1990s for price fixing would have been an estimated \$2 billion for 2000.
- officially sanctioned export cartels emerge when governments legally permit domestic firms to fix prices in export markets to the detriment of overseas consumers in general and developing countries in particular.
- vertical constraints such as exclusive distribution agreements, exclusive purchasing agreements and selective distribution systems may restrict market entry.

The advanced industrialised countries were the first to adopt competition laws and set up regulatory agencies. These evolved according to their own market conditions. By 1980, fewer than 40 countries had competition laws (mostly industrialised). Since then more developing countries have been adopting competition laws and setting up agencies to administer them. By the first half of 2003, 93 countries had adopted competition laws and set up competition agencies to administer them. However these competition institutions differ. The reason is that countries with different institutional capabilities and different levels of development require different competition institutions. A "one size fits all" competition policy is neither desirable nor advisable. While international co-operation is needed to address the growing number of cross-border competition issues, any emerging global competition regime will need to be built on different national institutions with perhaps varying capabilities for enforcement.

Rather than a WTO-type agreement, such as the TRIPS agreement that sets minimum standards for laws and institutions, what is needed is more dialogue and co-operation on substantive and procedural aspects of

competition policy so as to develop best practice, facilitate the "soft harmonisation" of anti-trust disciplines in terms of agreement on the interpretation of concepts, and encourage the exchange of information and co-operation in respect of the extra-territorial enforcement of antitrust. Fora such as the such as the International Competition Network, the OECD Global Forum on Competition and the WTO working group on trade and competition policy provide important opportunities to discuss these issues.

There is limited information on concentration in global markets and thus the importance of some global authority is growing. Over the longer term, there may be a need to establish an international agency on competition policy that monitors concentration in global markets, facilitates national competition policy reviews, provides technical assistance to developing countries and international dispute resolution in the event of contradictory interpretations by national authorities on cross-border anti-trust issues. The environment may not yet be ripe for a new institution of this type, but it could emerge from the platforms for dialogue and co-operation.

Another area where greater international effort is needed concerns FDI and investment policy. Multilateral rulemaking in the area of investment, and specifically FDI, has a troubled history. The attempt to negotiate a multilateral agreement on investment (MAI) in the OECD met with particularly strong opposition from trade unions, NGOs and other groups and was finally abandoned in 1998. The site of controversy over multilateral rules for investment has now shifted to the WTO. It is important to note that the controversy over multilateral rules for investment is not so much over whether or not a regulatory framework is needed to govern the liberalisation of FDI, but rather over what those rules should consist of (e.g. whether or not to include provisions that place certain obligations on investors) and where and how they should be negotiated. Opponents of a WTO investment agreement argue that the WTO should concentrate on trade and not deal with investment. Both attempts in the OECD and WTO have been widely criticised as seeking to privilege foreign private interests over domestic public and private interests, including the environment and labour.

In the absence of coherent multilateral rules, the present framework for FDI regulates this domain in a piecemeal and fragmented way through BITS, regional agreements and other agreements in the WTO (SCM, TRIMS and GATS). The recent surge in the number BITS shows that the desire to protect and promote FDI is strong, regardless of whether or not consensus can be reached on a multilateral framework.

There are a number of issues which suggest that there is a need for international co-operation on investment policy and rules for FDI. First, there are concerns that developing countries may be accepting unfavourable terms in BITS and regional agreements as a result of unbalanced negotiations

with stronger developed-country partners. In these instances, the regulatory environment set in place for FDI tends to be overwhelmingly geared toward protecting private interests, which in turn bear few, if any, obligations toward public interests and development concerns. There has also been concern over the manner in which investor-state disputes are sometimes resolved in BITS and regional agreements - in commercial arbitration processes behind closed doors.

Second, some developing countries are increasingly caught in a process of "beggar-thy-neighbour" investment policy competition, particularly in respect of investment incentives. While developed countries tend to use financial incentives (e.g. subsidies), developing countries that do not have resources to offer financial incentives tend to prefer fiscal measures (tax concessions). These may induce multinational enterprises to use transfer pricing to shift profits to locations with the most generous tax conditions, eroding the tax base in other countries. As these types of incentives tend to be less transparent, the benefits in terms of development are difficult to assess. In addition, the revenues forgone by the government could have been used for developmental purposes. They may be distorting the flow of FDI away from locations where there are better returns for host and home countries. Developing countries realise that these instruments are costly, but in the absence of international co-operation on location, they would rather offer the incentive than forgo the investment. As a result developing countries tend to be worse off, while multinational companies benefit from the lack of co-operation.

It is increasingly clear that the present patchwork quilt of rules for FDI does little to support developing country efforts to ensure that FDI contributes to their development objectives and, by pitting developing countries against each other in competition to attract investment, is even undermining development objectives. While objections to the current process underway in the WTO are understandable, it is self-defeating for developing countries to ignore the issue any further.

As a first step, developing countries need to address the issue of incentive-competition. One option would be to make locational incentives more transparent and understand which contribute to development objectives and which do not. But while all may benefit from a more transparent system, no country or investor would want to act alone and place itself at a competitive disadvantage, requiring transparency while others did not. Thus developing countries could do this collectively and develop agreed disciplines, and since incentive-bidding is typically regional, this could begin at a regional level. It would also be a valuable means to define their collective interests on other issues, such as national treatment in the pre- and post-establishment phase, dispute settlement procedures, expropriation and compensation provisions, balance-of-payments safeguards, performance requirements and other

measures to balance private and public interests. It would have the added advantage of enhancing their negotiating capabilities in bilateral negotiations.

Developing countries could then consider a collective response to put in place a development framework for FDI. Any such framework should be negotiated as a separate and coherent entity, and not be tied to concessions on the trade negotiating agenda at the WTO. It should balance private and public interests, right and obligations - both foreign and domestic, and ensure a fair and transparent framework with appropriate dispute-resolution procedures. It would need to permit policy space and thus policy flexibility for countries to manage investment so that the positive benefits can be derived, and the adverse effects minimised or controlled.

CONCLUSION

The systemic "rules of the game" for building competitive industries prevent them from emulating successful role models. Many developing countries claim that the rules are biased and unfair, and amount to "kicking away the ladder" or "do as we say, not as we did". In addition, they are all expected to play on a level playing field despite different structural capabilities and institutional capacities. Although there are still options and "loopholes" that can be exploited, it is critical to ensure sufficient policy space exists and that countries have the flexibility they need to devise

homegrown strategies to meet their own industry policy objectives.

A key challenge for global rule-making concerns the "rules of the game" for building globally competitive industries. If the Doha Development Round is to live up to its name, then these "rules of the game" need to include concrete measures that address asymmetrical capabilities of the players, rather than offer some injury time after which all players are expected to play on a level playing field. This means that development objectives, including industry development and not just poverty alleviation, need to be part of any agreement. It will mean that the rules need to allow more policy space for countries to put in place a sustainable industrial policy in which trade liberalisation is understood as just one of the many instruments used to facilitate structural change and create dynamic industries, and not as an end in itself. More policy space and thus policy flexibility needs to be built into the system, recognising the benefits of different degrees of government intervention at different levels of development, possibly with the use of a "development box" for specific policies, a concept mooted in other negotiations. The emerging global frameworks for competition and investment also need to preserve the policy space to exercise discretion over industry policy instruments and develop market institutions appropriate to a country's development objectives.

GEORGE BUSH'S FOREIGN POLICY AND HIS ROLE IN INTERNATIONAL POLITICS

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May I preface my discussion with a quote from Robert Kirby in (Schechter, 2001:25): "Those guilty of Tuesday's attack should pay. But hunting monsters is risky business. The danger is not that the monster will catch you, but that you would not know when you have become one yourself."

This argument holds true for the United States President George Bush's belligerent and aggressive role in international political affairs. Schechter, (2001:60) quotes Uri Avnery, an Israeli, about war on terrorism: "After the smoke has cleared, the dust has settled down and the initial fury blown over, humankind will wake up and realise a new fact: there is no safe place on earth."

After 9/11, it became crystal clear that as long as the Bush government continued to threaten and destabilise certain nations of the world to reshape it for its own myopic interests and to combat global terrorism, human kind will know no peace. The US's unilateral attack against Iraq is a living example of things to come. What about Iran, Syria, North Korea, Pakistan, Columbia, Venezuela, Brazil or Zimbabwe?

Surely, there are few mourners for the death of the Iraq regime, but the means do not at all justify the end. In the eyes of the people, of the world including Americans, Bush has become a merciless monster that threatens the survival of planet earth. The Iraq war undoubtedly bred more

terrorist groups who are ready to attack America in defence of their fatherland against foreign invasion and eventual domination by Bush.

Schwartz, (2003:21) agrees: "The Iraqi people certainly deserve a shot at building a democratic society, but it is unlikely that this will be achieved under the occupying aegis of a mistrusted, even despised, imperial occupying power. ...any domestic forces that appear to be pliant to US interests will inevitably be rejected by any democratic Iraqi voice."

Bush accused the now defunct Iraqi regime under Saddam Hussein of being in possession of weapons of mass destruction (WMD) and having some connections with Osama bin Laden's Al-Qaeda movement. Subsequently, he made a U-turn and talked about regime change. All the peace loving people of the world asked: WHY?

The United Nation's Security Council had sent its chief weapons inspectors Hans Blix and Mohammed Albaradei to try and locate these WMD. The two inspectors had asked for more time, but Bush insisted that a deadline be set for Hussein to comply or face military onslaught. Surprisingly, Bush and Ariel Sharon of Israel both are holding tight onto their WMD.

Ankomah, (2003:8), asks: "...how could they (America) pontificate about the wisdom of depriving others of their 'weapons of mass destruction' while they cling tightly to theirs."

He blatantly defied the UN thus rendering it irrelevant, ineffective, useless and a powerless and toothless bulldog. As a permanent member of the UN, Bush knew that any action against Iraq without the approval of the UN was illegal and as such would damage the stature of the UN for many more years to come. This he engineered with the backing of Britain, Spain and Australia and Turkey amongst other countries.

In March, Bush pulled the trigger, which fired the first salvo leading to the demise of the Iraqi regime. The same Bush on May 1 declared that combat operations had been halted. What has he left behind? Death and destruction of innocent civilians, men, women and children is evidence for the world to see. As if the bomb attacks were not enough, Iraqis continue die.

Alex Perry reporting from Iraq said in April, the "rough accounts" of the dead from the Pentagon stood at 2 000 civilians. Perry, (2003:35) adds that Lieutenant Colonel Chris Holden of the US army concurred: "We shot and killed children. But I accept full responsibility for that. That is the kind of fight it was. It was the kind of ugly, house to house bloodbath the US had feared most, especially in Baghdad."

Weisskopt, (2003:26) adds: "American soldiers dropped some 1 500 cluster bombs which are continuing their deadly work among innocent civilians all over Iraq. Some remain,

like left over landmines, as a deadly post-war risk to civilians,"

Hussein is gone. But, where are the WMD he was accused of hiding? Nothing has been discovered or unearthed so far by the Bush army. The nations of the world looked up to the UN to create peace, democracy and prosperity for the peoples of the world by halting the war on Iraq. The talk of international law and collective security through the UN has now been thrown out of the window.

"Truly, America and Britain have committed infanticide. For they have murdered the UN child that they were themselves so instrumental in spawning. History shall not forgive them," said Duodo, (2003:19)

I align myself with the school of thought that Bush invaded Hussein under false pretences to gain access to Iraq's massive oil fields. The Iraqi oil has been a national asset for a long time and now the Bush government proposes it to be sold to transnational oil companies.

Mohammed al-Jibouri, director-general of State Oil Marketing Organisation (SOMO), Iraq's state oil marketing company has awarded its first post-war crude contract to six companies for 10 million barrels of oil held in storage. The companies are Repsol and Cepsa of Spain, Tupras of Turkey, ENI of Italy, Total of France and ChevronTexaco from the US.

"Of the 10 million barrels, 5.5 million will go to the European market and four million to the US, the remainder left for tolerance. Total and Chevron together were awarded the four million barrels for the US market, with Chevron taking the entire Basra light volume of two million barrels." (al-Jibouri, 2003)

The secretary-general of the South African Communist Party, Blade Nzimande, points out that the Bush administration seems primarily concerned with securing oil installations and other assets important to (its) imperialist designs, and leaving the rest to be policed by the army, principally through repression.

"This in fact sets the scene for a very long struggle between the US and the Iraqi people, whose outcome may in the end not favour the imperialist agenda, unless the US embarks on even more severe repression, thus pre-empting any emergence of a democratic order," he said.

The war against Iraq already threatens international peace and has created an atmosphere of insecurity all over the globe. All human kind is no longer safe. The countries of the world must rebel against Bush to stop him from marginalising the UN or undermining it. All weapons of mass destruction must be destroyed, whether they are in Pakistan, North Korea, Israel, Iraq or the US. Such a call should be made for the sake of the innocent civilians who bear the brunt of Bush's senseless and brutish wars.

In his spirit of freedom tribute to the victims of the gruesome 9/11 attack, Bush, said; "Our deepest national conviction is that every life is precious, because every life is the gift of a Creator who intended us to live in liberty and equality...We value life, our enemies value none...And we seek the freedom and opportunity that give meaning and value to life."

The ugly events unfolding in Iraq immediately contradicts this statement by Bush. All our lives should be regarded as precious including those of Iraqi people and not only the victims of 9/11 attacks. The American policy to "seek the freedom and opportunity that give meaning and value to life" is doomed.

It is high time that the countries of the world learn a thing or two from the Iraqi experience and begin to revamp the UN and give it more power. It should be made extremely difficult for member countries to take any form of action without the sanction of the UN.

Another issue worthy of mention is the walk-out by the US delegation from the world conference against racism that was held in Durban. The conference was a UN project to trash out racist attitudes and stereotypes in the world. Again the Bush delegation showed abject disrespect to the UN. This was bad publicity for the Bush administration, which strongly believes in diplomacy to sort out problem areas, but employs spoiler tactics when it suits its country and people.

Former UN secretary general Boutros Boutros Ghali warned: "I fear that unilateralism may destroy the UN if current events are anything to go by. To a certain extent, the UN plays the role of scapegoat in the world today. But the problem is that the UN is not able to speak up. Unable to defend itself, the UN then becomes the scapegoat." (Guardian, 2003)

Jules, (2003:6) writes in Time Magazine: "The UN is our best hope for a humane and peaceful world. We must believe in it as work in progress and strive in good faith to keep it relevant."

The Bush government is failing to impose its own model of democracy on the troubled Middle East areas and instead it accuses it of fomenting violence. The Israel-Palestine question is a case in point. Bush finances and oils the killing machinery of the Ariel Sharon regime. His roadmap to peace in the area has been rejected by Hamas. Palestinians cannot negotiate with the barrel of a gun to their heads. They cannot negotiate when helicopter bombs, which leave behind death and mayhem, bombard their homes. Even here, Bush is a monster who kills innocent Palestinians because he supports and keeps the Sharon government in power.

The Cuban leader Fidel Castro led an anti US rally in Havana to underscore Castro's growing unhappiness over

European and US support for the island's dissidents, and what he says are increased US efforts to control the world with its "neofascist policies." (CNN.international.com)

The US is on record as having refused to accept the International Criminal Court, rejected the attempts of the Kyoto Protocol to achieve global environmental consensus and undermined in its totality the prospects of the Doha development on multilateral trade negotiations.

In Liberia, the CIA in the 1980s made the American-founded country its staging ground for anti-Libyan activities. Liberia became Africa's largest per capita recipient of US aid. Libya countered by backing the overthrow of Liberia's US supported government, training and arming the guerrilla leader Charles Taylor who launched Liberia into war in 1989. (CNN.international.com)

Since the Cold War, Africa has enjoyed less aid and patchy development. Of all risk factors for war, the World Bank study says, it has one in abundance: poverty. Poverty prevails, often in the midst of great natural resources frequently cornered by a corrupt few, with no public benefit. (CNN.international.com/world)

Bush stated that North Korea posed a threat to the region and could not be trusted to honour agreements. In October 2001, North Korea postponed plans to hold reunions of families separated since the Korean War, citing a "warlike situation" in Seoul since the terrorist attacks in the United States. (CNN.international.com/world)

In January 2002, in his state of union address, Bush named Iran, Iraq and North Korea as states promoting terrorist activity, calling them "an axis of evil." He reminded terrorists and rogue nations that they will face massive retaliation and possibly nuclear strikes if weapons of mass destruction were used against the United States or its allies. (CNN.international.com/world)

North Korea is warning that any US led blockade against it could spark an "all out" war that would engulf much of the surrounding region, including Japan. The North warned that retaliation could include all possible means and ways a sovereign state can take, adding that any such action would be "limitless." The stark warning came after the United States and its allies started cracking down on an alleged North Korean trade in illicit drugs and weapons. (CNN.international.com/world)

North Korea accused Washington of "laying an international siege to the North and putting a blockade against it as a premeditated scheme to start a new war on the Korean peninsula." (CNN.international.com/world)

The above observations clearly demonstrate that the Bush administration is on a collision course with many countries of the world.

Ankomah, (2003:8) argues: "If the current antics of Bush and Blair are any guide, there is a dangerous future for all of us, a future where might is king, bullying is queen and conscience has no place." I cannot agree more.

THE US MEDIA

The Bush government is amongst the nations of the world which subscribe to the freedom of the press. The famous First Amendment of the US Constitution reads: "Congress shall make no law...abridging the freedom of speech, or of the press...." (Stevenson, 2003:75-76).

Michael Moran of the MSNBC argues that for the past 10 years, the language of marketing has entered the American newsrooms "like a badly targeted cruise missile." He adds: "Celebrity journalists interview celebrity dimwits about their sex lives, while American foreign policy is left running on auto-pilot." (Moran, 2003:6)

In effect, this translates into a media that deliberately does not question and interrogate government policy to inform and educate the American people. As a result, the Americans are surprised by the attacks of 9/11. The US media fails to tell Americans that Bush is at war with countries of the world whom he regards as "an axis of evil" and that he is a monster and warmonger who wants to conquer and annex the whole world, unilaterally.

Remember the 57 journalists from 31 news organisations who were embedded by attending a five-day safety and combat readiness course sponsored by the Pentagon in preparation for the Iraq war? During the Iraq war, these journalists and cameramen were transported, clothed, fed and even used equipment from the US army to feed news stories to their main offices.

Schechter adds that Victoria Clarke, the Media Relations Manager of the Pentagon "boasted about how successful she had been in embedding journalists along the US military." Clarke even praised the media "as responsible and supportive."

Nzimande, (2003:4) thinks: "The aim of capitalist and imperialist media...is nothing but a vehicle for the dominant ideology whose purpose is to conceal the contradictions of contemporary global society, and produce capitalist hegemony."

Schechter, (2002:39) adds: "The White House and the Pentagon have successfully framed their (Vietnam war) coverage and worked hard to influence coverage. The spin machine worked overtime and the media visibly pulled its horns." I argue that truth was the casualty as news was reported from the biased perspective of the Pentagon.

The application of the First Amendment is less important when compared with its violation, as the American government does not hesitate to act against certain people despite its commitment to press freedom. "During

Operation Desert Storm Noam Chomsky and writers like Sontag became targets of abuse and press baiting. Their voices were quickly marginalised," said Schechter, (2002: 41)

This is a vivid indication that no matter how democratic a country is, it will continue one way or the other to censor and gag the media either by hook or by crook.

"Limiting access, limiting information to cover the backsides of those who are in charge of the war, is extremely dangerous and cannot be and should not be accepted. And I am sorry to say that...overwhelmingly it has been accepted by the American people. And the current administration revels in that, they relish that and they take refuge in that," said CBS news anchor Dan Rather in (Schechter, 2002:25).

After the 9/11 attacks the media tried to protect the Bush administration from accusations about his foreign policy. The focus was slanted more on the heartless, merciless terrorists who had no purpose in life. The US media forgot that one's terrorist is another person's freedom fighter. The media failed dismally as the watchdog to remind the American public that bin Laden and Hussein of Iraq are both products of the US government. What went wrong?

"All major US news networks are refusing to air footage of captured and killed US troops. The US Defense Department had initially denied the capture or killing of US troops but later confirmed the reports after the Al-Jazeera network aired Iraqi television interviews with Americans POWs as well as images of dead American soldiers near the Iraqi city of Al Nasiriyah." (Al-Jazeera, 2003)

As Moran puts it, the hard truth is that the US media left America unprepared for these terrorist attacks... "As we (America) dropped bombs on Iraq 10 years running, justified or not, the US media failed to report on it."

Schechter says after 9/11, there were confusing explanations of Islam on many TV outlets with little attention paid to the history of the US's support for fundamentalist forces in Afghanistan or why Washington's alignments in the Middle East stirred so much opposition. Few voices from the region itself were heard.

Critical and robust debate on the reasons for the war on Iraq, North Korea, Afghanistan, etc should be trashed out debated publicly by an informed electorate who voted Bush into office. That does not in any way make one less of an American or unpatriotic. Rather, it influences Bush's foreign policies, which at the moment are out of line with the rest of the world.

CONCLUSION

Bush is at war with invisible crocodiles inside a big river. Wisdom has it that one does not fight crocodiles inside the river, it is a dangerous and risky exercise to undertake.

Al-Bassam, (2003) warns, "Terrorism will not be defeated

with drones, F-16s and smart weapons. It will be defeated with justice, humility, honesty, truth, compassion, friendships, trust, respect for cultural diversity, reverence for world faiths and love for humanity and international law. Our knowledge and our experience should be a torch lighting the way in the long tunnel which the world entered on 11 September 2001."

Bush creates fertile ground for more terrorist groups to emerge while at the same time threatening to attack other smaller yet dangerous countries like North Korea. This is a dangerous game. Bush is playing with a fire that he will not be able to put out as it has a possibility to engulf the whole of mankind. He did not learn a lesson from the horrendous 9/11 catastrophe.

Schechter adds: "No fighting underground can operate without popular roots and a supportive environment that is ready to supply new recruits, assistance, hiding places, money and means of propaganda. The initiators of the (9/11) attacks decided to implement their plan after America has provoked immense hatred throughout the world, not because of its might, but because of the way it uses its might."

The American people have a mammoth challenge on their hands. As Schwartz, (2003:21) puts it: "We (Americans) must focus the nation's attention on the dangerous and insecure world that Bush's broader National Security Doctrine of pre-emptive wars will bring to the world scene. Only by defeating Bush and electing many anti-war Democrats and independents, can we force the imperial adventures to pay a price that even they will recognise: their own electoral defeat."

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PLANNING A WAY TO A BETTER FUTURE

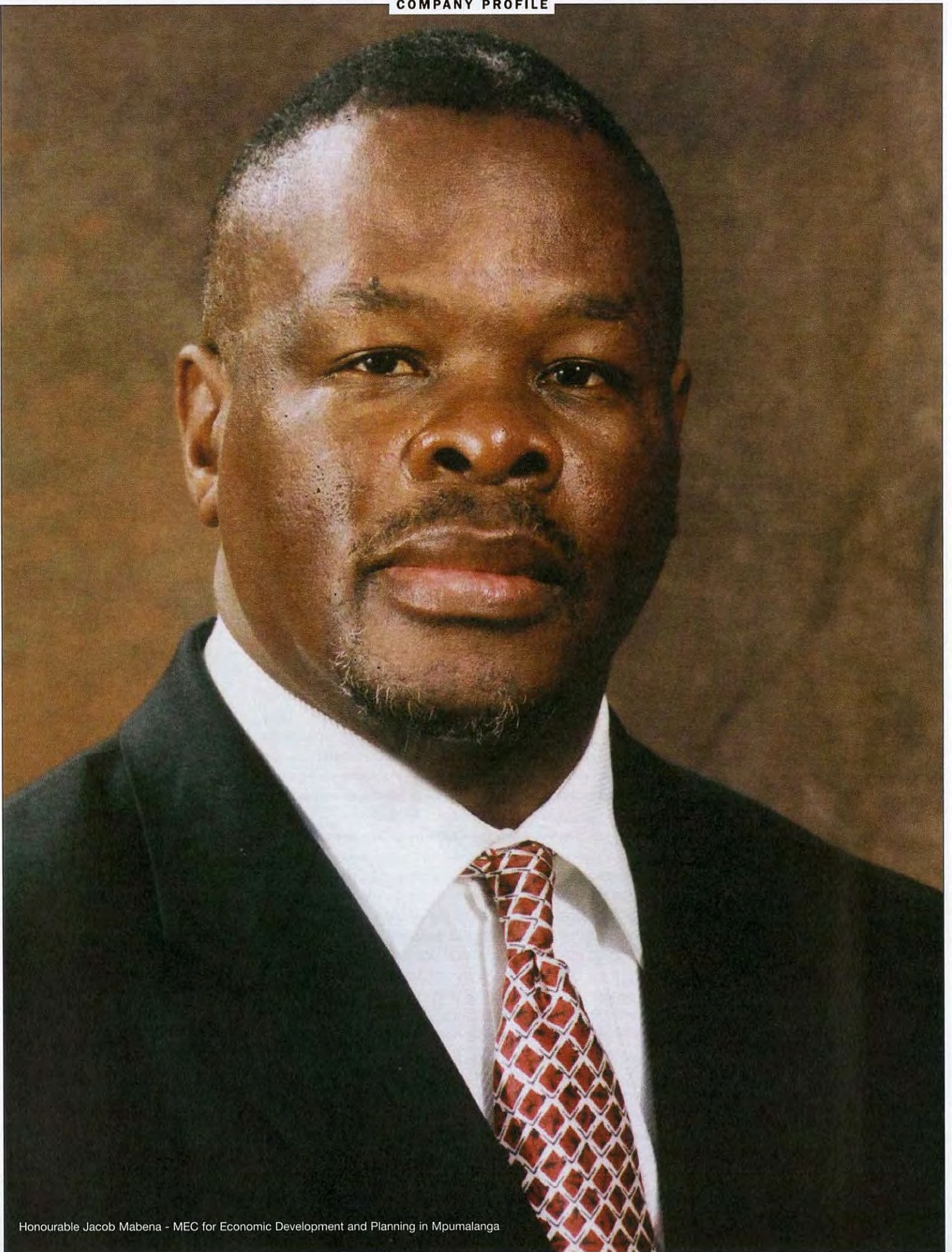
The Mpumalanga Department of Economic Development and Planning is creating a better future for the province's citizens through its ongoing efforts at creating work and fighting poverty and inequality in society. By JEANINE GOMES

In the decade since democracy, government has made admirable strides in building the economy and meeting the basic needs of its people. Programmes to alleviate poverty have brought improvement to the lives of many. Incomes of the poor have been boosted, access to services has been broadened and ownership of assets improved dramatically. The government has turned an economy around that was in a crisis and geared it for sustainable economic growth. However, there is still much work to be done.

'While we appreciate the gains, the legacy of apartheid is still with us,' says Mpumalanga Department of Economic Development and Planning MEC Jacob Mabena. 'The challenges of unemployment, inequality, poverty and low levels of economic growth still persist. We need to speed up the process of integrating the first and second economy. We must work towards building an economy that is adaptive, competitive and reliant on the potential of all South Africans.'

Mpumalanga Department of Economic Development and Planning is a department with a new name and a new mandate. It is an independent department that endeavours to understand the character of the provincial economy. The department's vision is: 'A competitive and adaptive economy that improves the quality of life of all people in the province'. The department plays a central role in creating work and fighting poverty and inequality in society. 'We aim specifically to come up with income-generating programmes that will improve economic growth and enhance access to funds,' says Mabena.

It has set about increasing its interaction with sister departments, both at national and provincial level, with a view to mobilising resources and maximising output. 'We look forward to improved coordination with local government in crafting trade and investment plans, and are considering a balanced geographical spread throughout the province with parastatals playing a visible role in unblocking bottlenecks,' he says. MEC Mabena is also leading the Economy, Investment and Employment Cluster which is made up of five departments: Agriculture and Land Administration; Economic Development



Honourable Jacob Mabena - MEC for Economic Development and Planning in Mpumalanga

The Department of Economic Development and Planning aims to ensure its economy grows to generate the resources needed to reduce the levels of unemployment and poverty

and Planning; Finance; Public Works; and Roads and Transport. He also has the following four Public Entities reporting to him: Mpumalanga Economic Empowerment Corporation (MEEC); Mpumalanga Investment Initiative (MII); Mpumalanga Gaming Board (MGB); and Mpumalanga Tourism Authority (MTA). All these he does through the able assistance of the Head of Department (HOD) Mr Rabeng Tshukudu. In order to tackle the challenges successfully, the department has outlined a number of priorities for the year ahead.

Firstly, the department aims to ensure that the provincial economy grows to generate the resources needed to reduce the levels of unemployment and poverty and to improve its knowledge of the different sectors of the provincial economy. To facilitate this, the department will form partnerships with other economic stakeholders and improve its knowledge of economic sectors of the provincial economy. It has also implemented plans to expand opportunities for people in the province to enable them to create new businesses and economic opportunities in their communities.

Secondly, it is working towards attracting new local and foreign investment, the promotion of export, and the enhancement of industrial development. In addition, there is heightened focus on accelerating the growth, development and transformation of the tourism industry with special emphasis on domestic tourism.

Skills development will also be a key area that will see the department working in partnership with the Department of Labour, and Further Education and Training Colleges on programmes relevant to the needs of provincial government. An important goal is enhancing infrastructure development to unlock untapped economic opportunities. Finally, the department is charged with the responsibility of conducting economic planning and making continuous research a central focus.

The Department of Economic Development and Planning can look back with pride on a string of successes over the past 10 years.

Under the Investment and Industry Promotion Directorate, Mpumalanga attracted over R1-billion in foreign direct investment which created an estimated 5 500 jobs. Two petrochemicals projects were completed which created jobs for 100 people. A wood and forestry project was completed which created a further 100 jobs. A mining project was also completed that saw 100 jobs created. The Carolina strawberry project reached completion and eight manufacturing businesses were established. It obtained over R1-million for five wool-related projects and established the stainless steel incubator in Middelburg and wool cluster in Ermelo. In addition, it facilitated the transfer of unused mining sites to a group of miners in the

Barberton area; established numerous industrial clusters in wool, wood and stainless steel, and facilitated the establishment of a jewellery manufacturing centre in Barberton, with a first intake of 20 trainees.

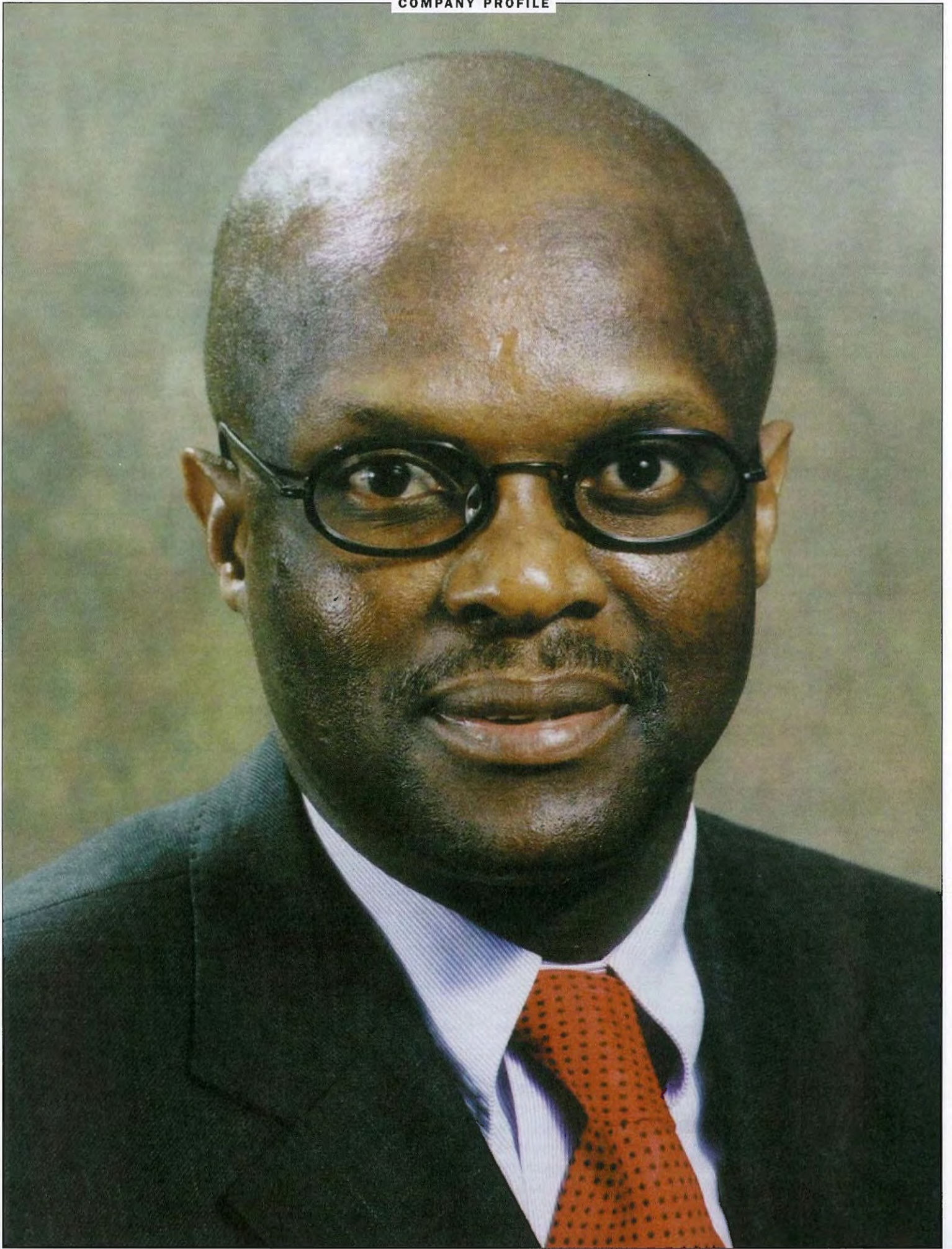
Under the Gambling, Trade and Commerce Directorate, consumer protection was established in 1994 and covered the province through consumer education and consumer advisory services. It also enacted two pieces of legislation to regulate trading and appointed municipalities as licensing authorities in terms of section 2 of the Mpumalanga Business Act of 1996. It enacted the Mpumalanga Gaming Act of 1996 and appointed the Mpumalanga Gaming Board. Three operational casinos were started and created 660 jobs. The Mpumalanga Liquor Board approved 1 671 applications.

Small, Medium and Micro Enterprises (SMME) Directorate facilitated the training of 80 youths in Vlaklaagte in bricklaying, carpentry and motor mechanics. The LBSC Association trained 2 000 entrepreneurs in various skills and was supported by Ntsika Enterprise Promotion Agency. The Highveld Entrepreneurial Development Centre's Finance Scheme, called Khula Start, was launched, targeting women. Ten women entrepreneurs participated in the Technology for Women in Business programme organised by Ntsika Enterprise Promotion Agency. Twenty young entrepreneurs were trained in the SA Breweries Youth Programme. Four finalists from Mpumalanga participated and won prizes at the Innovative Disabled Entrepreneurial Awards Scheme.

Mpumalanga Tourism Growth Plan (MTGP) was launched under the Tourism Directorate, identifying areas with potential for tourism development. Over 20 new tourism projects were initiated and developed, including tour operating businesses, guest houses and tourism routes. Over 100 youths were recruited, trained and deployed as tourism monitors in prime tourist areas in aid of crime prevention support. A Tourism Safety Programme was implemented enlisting the partnership of Police and Traffic Officers to support tourists in distress. Priority Committees for Tourism Safety were established with law enforcement agencies to support tourism crime prevention initiatives. The Tourism Second Amendment Act was passed, priding transformation within the industry.

MEC Mabena echoes President Thabo Mbeki's sentiments in asserting that South Africans must commit themselves to do everything possible to push back the frontiers of poverty and expand access to a better life for all.

'As the Department of Economic Development and Planning, the coming decade is not going to be business as usual, we commit ourselves to a people's contract to build a better South Africa and a better world,' concluded MEC Mabena.



MPUMALANGA – WHERE THE SUN RISES ON OPPORTUNITY

TO ENSURE THE CONTINUED VIABILITY AND GROWTH OF THE PROVINCE, THE MPUMALANGA GOVERNMENT HAS ADOPTED A NUMBER OF PROGRESSIVE AND ENLIGHTENED POLICIES AND INITIATIVES. By ROBBIE VERMONT

Fact and fable merge into folklore where the Highveld escarpment plunges down to the Lowveld region of the Mpumalanga province. The tumultuous history of the region could overshadow the American Wild West. Gold rushes and gunfights, heroes and villains, beauty and cruelty all played their part in forging the strength of the region.

In addition to its dramatic history, Mpumalanga – meaning 'place of the rising sun' – is world-renowned for its natural beauty. Tourist attractions such as God's Window and the Blyde River Canyon bring visitors from everywhere.

As a microcosm of the broader South Africa, Mpumalanga reflects much of the country's overall make-up. It is dynamic and diverse. It incorporates a combination of first- and third-world economies, representing both a large informal sector as well as a sophisticated formal business community.

Governing the region is the Mpumalanga provincial legislature. This body is constituted of 30 members who are elected for a five-year period through a proportional

representational system.

Members of the Provincial Legislature (MPLs) meet twice a week to discuss and debate some of the issues during the 'sitting of the house'. The legislature has three main functions:

Law-making: MPLs discuss, debate, amend and vote on laws for the province and initiate or prepare legislation, except money Bills.

Oversight: Maintain oversight on the exercise of provincial executive authority in the province, including the implementation of legislation and any provincial organ of state; approve budgets for provincial government departments; question government officials about their work; and seek explanations of how government departments spent their previous budgets and how they will spend their new budgets.

Public participation and education: Conduct public hearings on laws that are envisaged and educate the public on the law-making processes.

The legislature may appoint committees to carry out particular

assignments specified by a resolution of the legislature. The Mpumalanga provincial legislature has Select Committees and Portfolio Committees whose meetings are open to the public.

Select Committees are largely responsible for the management and operations of the legislature or any matter assigned to these by the Speaker.

Portfolio Committees ensure all provincial executive organs of state in the province are accountable to them.

The province is administered by an Executive Council under the Office of the Premier. Nine provincial departments take care of the day-to-day running of the province. These are: Culture and Recreation, Education, Economic Development and Planning, Finance, Health and Social Services, Local Government and Housing, Public Works, Roads and Transport, and Safety and Security.

The province derives its original economic development strategy from the national government framework.

Within the economic framework there are a number of incentive programmes designed to attract business to the

province and stimulate economic development. These include: the Strategic Investment Programme, the Small and Medium Enterprise Development Programme, and a Foreign Investment Grant.

In facilitating these programmes, the province has established the Mpumalanga Investment Initiative (MII) under the Department of Finance and Economic Affairs. It is based in Nelspruit, with offices in Witbank and Johannesburg and offers a one-stop service to potential investors and exporters.

Mpumalanga welcomes new, local and foreign investment, and virtually all business sectors are open to potential investors. All the national investment incentives, as well as provincially negotiated incentives apply. Statutory regulations governing environmental issues also apply.

The Mpumalanga Provincial Government can be contacted at the following: Mpumalanga Provincial Government, Private Bag 11291, Nelspruit, 1200, South Africa.

Tel: +27-13-766-4000

Website: <http://www.mpumalanga.gov.za>

PROFILE OF MPUMALANGA

Mpumalanga is one of nine provinces in the Republic of South Africa. Situated in the north-east of the country, it is serviced by a network of excellent roads and railway connections and, due to its popularity as a tourist destination, is also home to several small airports.

Much of Mpumalanga falls in the Lowveld area where Nelspruit, the provincial capital lies, close to the western border of the Kruger National Park. Nelspruit is also the administrative and business centre of the province.

Witbank is the hub of the coal mining industry; Standerton in the south is renowned for its dairy industry; Mkhondo (Piet Retief) in the south-east is a large producer of tropical fruit and sugar, while a large sugar industry is also found at Malelane in the east. Ermelo is the district which produces the most wool in South Africa; Barberton is one of the oldest gold mining towns in the country and Sabie is situated in the forestry heartland of South Africa.

Sabie and nearby Graskop provide a large part of the country's total needs for forestry products. The plantations provide an ideal backdrop for ecotourism opportunities with a wide variety of popular hiking trails, a myriad of waterfalls, areas of indigenous forest and several nature reserves.

Lake Chrissie, near the Swaziland border, is the largest natural freshwater lake in South Africa. It is famous for its range of aquatic and wading birds, especially flamingoes.

Agricultural products grown in Mpumalanga include avocado pears, litchis, bananas, pawpaws, grenadillas and guavas, as well as nuts and a variety of vegetables. Nelspruit is the second-largest citrus-producing area in South Africa and is responsible for a third of the country's export oranges. Other products include cotton, tobacco, wheat, sunflower, seeds, maize and peanuts.

Mpumalanga is rich in coal reserves and is home to the country's biggest coal-based power stations, three of which are

the largest in the southern hemisphere. Secunda, the fuel-from-coal operation, is located nearby.

One of the country's largest paper mills is situated at Ngodwana in the timber growing area, and steel and vanadium are produced at Middelburg.

A major road called the Maputo Corridor is currently under construction. This will link Gauteng province with Maputo harbour in Mozambique and pass through Mpumalanga. This development is expected to open new trade and tourism opportunities for the province.

Origin of the name

Following South Africa's first democratic elections in 1994, the province made a break from its colonial past by changing its name from Eastern Transvaal province to Mpumalanga.

To bring about the change, the Provincial Legislature established a multi-party ad hoc committee in June 1995 to solicit public opinion on the change in name, which was associated with the former apartheid province, Transvaal, and a history of colonial conquest.

The committee placed advertisements in the media – both print and radio – calling for submissions from members of the public. From 52 submissions, the committee decided on a shortlist of four names: Mpumalanga, Simunye, Bohlabele, and Eastern Province.

Members of the Legislature then solicited public opinion on the shortlist within their constituencies. These were also published in newspapers and aired on radio in the province.

The name 'Mpumalanga Province' was most popular and, based on the recommendations of the ad hoc committee, the Legislature, at its sitting on 24 August 1995, unanimously adopted Mpumalanga as the new name of the province.

Mpumalanga means 'the place of the rising sun'.

THE WORLD BANK AND ACCOUNTABILITY

A RESPONSE TO BEN TUROK

We want to apologise for the delay in answering your question which was partly addressed at the Parliamentary Network on the World Bank (PNoWB) conference, and we thank you for your interest in this matter. You will also find below more comments from the disclosure unit:

Q: African parliamentarians believe that "good governance" is not merely a matter of administrative efficiency but includes accountability and transparency by all institutions. Does the World Bank agree?

A: Yes, as a matter of principle the bank agrees, which is why it has a disclosure policy. However, the issue of transparency and accountability by all institutions within countries may be different as the laws differ. The bank tries to encourage accountability and transparency in several areas such as freedom of information laws, fiscal transparency, public accounts committees etc. In many cases we try to lead by example, by training and best practice. The bank's ability to enforce beyond our direct relations with governments through our investment operations, though, is limited. (A best practice example of public finance transparency in World Bank-funded projects is the "Uganda Primary Education project", a summary of which follows: in the early 1990s the Ugandan government dramatically increased spending on primary education, but school enrolments stagnated. After conducting a public expenditure tracking survey on government transfers to schools in 1996, it found that 87 percent of the non-wage resources for the schools were diverted for other purposes. The information was made public and a strong information campaign, publishing data on monthly transfers to local governments and demanding that schools post notices on receipts of funds, was also conducted, which brought large improvements in the following years.

Q: Concerning the full disclosure to the public of financial allocations by the bank, and if this includes the active participation of your parliaments:

A: Full disclosure of bank allocations is made through news releases whenever a loan or an investment is signed - in every case this is done jointly with governments and follow-up reviews by the bank are also public. Actual allocations for line items are subject to government decision and practices vary on how much of this is made public. Active participation of parliaments also varies. In many cases (about 75 percent) loans actually have to be approved by parliaments so at least at the committee level there is

usually some sort of review as the legislation for the loan moves through parliament. Where there are PRSPs they often also move through this process. On the larger strategic level (government development priorities and policies), governments have differing practices in terms of parliamentary involvement.

Q: Concerning negotiations belonging to the sphere of the executive and about disclosure and participation in policy discussions:

A: It varies, but again the bank tries to encourage where it has leverage (e.g. IDA countries for PRSPs). In terms of investment loans, almost all of them have some form of consultation process (extensive public consultation processes are implemented with respect to CASs, lending, PRSPs, and various operational policies). To answer this question you would have to look at what government rules are for its own internal policy-setting practices and then what the practices are as they relate to the IFIs. These may not be the same or consistent. In most bank practices, disclosure and participation are encouraged and in many cases actually written into the policy but these are often subject to the governing rules of the countries themselves. Over this area we can only encourage and show the value of transparency and participation but cannot dictate it.

Finally, on the disclosure policy itself, pursuant to the bank's current policy on disclosure of information (published as a booklet in 2002), the bank discloses a wide array of documents related to its lending operations - from project information documents which are released at the conceptual stage of an operation, to appraisal documents which are disclosed after an operation has been approved by the board, to implementation completion reports after the completion of an operation. In addition, the bank discloses documents that deal with environmental and social safeguard policies of the bank, economic and sector reports, factual technical documents related to lending, and loan and credit agreements.

The 2002 disclosure policy can be accessed at <http://www1.worldbank.org/operations/disclosure>. This policy has been under review recently, and a board paper planned to be discussed by the executive directors in May proposes measures to expand the disclosure policy to additional areas.

World Bank Public Information Centre in Europe (on behalf of PNoWB Q&A)

EDUCATING MPUMALANGA

The MEC for the Mpumalanga Department of Education, Siphosezwe Masango, is determined in his quest to improve the quality of education in his province.

Moses Siphosezwe Amos Masango, the MEC for the Department of Education in Mpumalanga, has never been afraid to speak his mind. In fact, it is this characteristic that's got him where he is today – but not before getting him expelled, demoted, fired and even arrested. However, never one to sit back and accept injustice of any kind, Masango has always stood up for what he believes in.

Born on 2 February 1955 near Carolina in then-Eastern Transvaal (now Mpumalanga), Masango was introduced to politics by one of his teachers in junior school. He was later elected chairperson of the Maitjha High School debating team to lead a protest against Afrikaans tutoring in 1977. As a result, he, along with several others, was arrested, expelled and banned from the KwaNdebele schools.

He taught as an unqualified teacher in 1979, but left after a few months to take up a clerical job at the PUTCO bus company. It was there he encountered racism within the workplace as the company insisted on having separate toilets for non-whites. Incensed, Masango was elected to represent his fellow clerks in the Workers' Liaison Committee to challenge this segregation – but was dismissed for his efforts.

In 1982, he registered at the University of the North for a BA (Paed) degree and joined the student organisation AZASO (predecessor of SASCO). While there he took part in a number of



'I love the fact that education is a very important enterprise. All your premiers, presidents, top lawyers and academics come from the same factory called education'

student campaigns such as the UDF's One Million Signature Campaign, as well as protesting against the introduction of a Tricameral Parliament.

After qualifying as a teacher in 1986, he was promoted to the post of principal at Makhosana High School a year later. Unfortunately, he was then demoted to teaching and transferred to another school in 1991 because of his membership and involvement with the South African Democratic Teachers' Union (SADTU) and the African National Congress (ANC). However, angry learners, their parents and teachers went on strike until he was reinstated.

As a member of SADTU, Masango participated and sometimes lead protest marches for the improvement of education and the official recognition of the union, often negotiating with the Department of Education.

In 1994 he was seconded to the Strategic Management Team (SMT) in the Department of Education. Here, he helped integrate the homeland education departments as well as the House of Representatives, House of Delegates Departments into a single education department for Mpumalanga. Shortly after, in 1996, he was promoted to District Head of Moretele II Region, a position he held for three years before being deployed by the ANC into the Mpumalanga Provincial Legislature as a member.

Following the 1999 general elections, he was appointed the MEC for Sport, Recreation, Arts and Culture. Later, after the Premier reshuffled the Executive Council, Masango was made the MEC for the Department of Social Services, Population and Development.

It was only after the 2004 general elections that the current Premier made him MEC for the Department of Education, a position about which he is passionate.

'I love the fact that education is a very important enterprise,' says Masango. 'All your premiers, presidents, top lawyers and academics come from the same factory called education, and for me to be deployed in a factory like that, to manage a factory that contributes to the production of people who will assist in South Africa as well as the whole continent in the various endeavours of life, is quite exciting.

'I feel privileged to be engaged in such an activity,' he enthuses, and says being involved with teachers – 'learned people in their own right' – allows for an exchange of 'robust ideas that sharpens one's views on a wide range of things'.

Masango feels the most pressing challenge facing education in Mpumalanga today is the apathetic attitude of some parents, and refers to this as the 'powerlessness of some parents'.

'Our parents must reclaim the schools, and support the learners and teachers,' he says. 'It seems as though some parents are afraid of taking control and disciplining their children, and our biggest challenge is to get the parents involved.'

Masango plans to do this by making it compulsory for the principals to arrange a parents' meeting at least twice a year to give them an official report on the goings on in the school. At this meeting, important things such as future goals, the pass rate and the school budget should be discussed, which will give the parents a sense of involvement regarding their child's education. 'The first time some parents come to the school is to pay their childrens school fees for Grade 8, for instance, and by Grade 12 they've yet to return, having not even met the teachers, let alone the principal,' says Masango.

'We also need to ensure that all our schools are functioning and delivering a quality education' he says.

Masango would also like to see 'the creation of a cadre of a new learner leadership within the high schools in the province,' adding, 'we must have the kind of learner leaders who are aware of the new challenges of South Africa, so that they are able to lead their own peers, as they are the future leaders of South Africa, a new breed of thinkers, a truly new intelligencia'.

Masango plans to make this happen by participating in a provincial roadshow, visiting schools in Mpumalanga and meeting with the the representative council of learners (RCL) members.

Another challenge facing the province is that they don't have enough qualified teachers but, says Masango, 'they are working really hard to fill the gaps in some of the schools'. He does point out, however, that the retraining of teachers will be an ongoing process as many attended universities and colleges that did not acquaint them with the new curriculum.

Asked about the future of education in Mpumalanga, Masango says he is positive about achieving his goal of improving the overall quality, starting from Grade R right up to Grade 12.

'My vision is that, by 2006, we'll see a quantum leap in the improvement of education in Mpumalanga.'

With such a dynamic man as the spearhead, this is not a lofty goal.

PRO-POOR STRATEGIES TO MEET BASIC NEEDS THE CASE OF WOMEN AND RAINWATER HARVESTING IN KAJIADO

DISTRICT, KENYA

Mildred Mkandla

This article appeared in the African Water Journal, December 2003

Introduction

This paper presents the experience of a pilot project to empower women in rainwater harvesting. The experience is used to illustrate how gender mainstreaming and pro-poor strategies can effectively contribute to more efficient water resource management and broader social goals.

The EarthCare Africa Policy Monitoring Institute (ECAf), on behalf of the United Nations Environment Programme (UNEP), carried out this project over a two-year period. Among the issues considered in the paper were gender inequalities in water management, gender integration in the design of the project, outcomes and implications for policy and practice and for gender theory.

One of the central ideas behind the project was that the basic needs of poor rural and peri-urban communities could only be met by focusing on pro-poor strategies. For any pro-poor strategy to work, it must address the role of women who are key managers of resources at the household level. This is more so in the case of water, with its critical importance around the home for drinking, cooking, washing, cleaning and sanitation. These basic and essential uses for health and well-being are largely the responsibility of women. In pastoralist communities such as the Masaai of Kajiado District in the Rift Valley Province of Kenya, women also have the added responsibility of watering livestock.

The role of women and gender inequalities in water management

Although women's knowledge and management of water resources is well known in every society, their role as efficient carriers, users and even managers of water scarcity was, for many years, unrecognised, denigrated or simply ignored. It was not until the early 1980s that women's critical role in the management of water resources was given some attention. During the International Decade for Drinking

Water Supply and Sanitation (1981-90), it was recognised that most of the successful water projects were those run by women.

In many societies, especially in Africa, women are responsible for collecting water, its allocation and sustainable use. They are knowledgeable about its sources and its quality as well as how long different sources last. It is therefore critical to involve women in policy-making and planning on water management.

In rural communities, especially in the driest parts of Africa, women struggle daily to source water to satisfy basic needs. The Masaai women in Kajiado District are a case in point. Faced with persistent droughts and an encroaching desertification process, they routinely walk long distances every day.

The case study being described concentrates on the pilot project in Kisamese in Kajiado District. The others were Kangemi, a high-density suburb of Nairobi, and Ilmarba, a rural setting near the Kenyan border with Tanzania. The three sites exhibited some location-specific differences: the residents in the urban area get their water from the city council and from vendors; those in the peri-urban area depend on springs, vendors and silting dams; while the rural population depend mainly on traditional wells and river sources. Kisamese is chosen as a point of focus for the case study because the area has a mix of urban and rural characteristics and it is in this area that a wide range of rainwater harvesting technologies was concentrated.

Kajiado District, covering 21 903 square kilometres, is arid and semi-arid. This condition is aggravated by long periods of drought. The inhabitants of this area are predominantly the Masaai, the mainstay of whose economy is livestock. Traditional livelihoods are often inadequate and unsustainable because of droughts and, to a great extent,

due to unsustainable pasture and livestock management. This inevitably results in ecosystem destruction and environmental degradation as well as high livestock deaths, especially during severe droughts. Food, fodder and water scarcity therefore become the most felt and most common phenomena in this district.

Kisamese is a small settlement of a few shops and a basic health facility. It is in the middle of the Rift Valley and is surrounded by many hills and experiences strong winds and scorching sun. Olepolos Primary School of 300 pupils, a ministry of education post, chief's camp and six churches are dotted around the settlement. Two to seven kilometres away, lie around 60 homesteads of modern and traditional buildings. The main sources of water are two faraway springs, two seasonal rivers and a silted dam. (This was the situation before the rainwater harvesting project started). Faced with the need to meet basic needs, women have to walk long distances every day in search of water whose quality is suspect and whose reliability cannot be guaranteed. Women with 20 litre, plastic jerry cans of water attached to a rope across their heads, struggling up steep hills are a common sight. Occasionally, the jerry cans are placed in hessian or canvas bags that are slung across donkeys' backs. At the centre of town, a few vendors make good business selling water.

On the small and winding footpaths leading to the school are many schoolchildren, each carrying a litre or two of brown-tinted water to school for cooking and cleaning. At the school itself, the teachers are frantically trying to ensure that the two ramshackle structures used by the schoolchildren as latrines are kept as decent as possible. Piles of ash barely cover what is obviously human excreta perhaps left behind by the younger children who are either too scared to aim for the dark squat hole or unable to use it altogether. There is no water in sight for the children to wash their hands after using the latrine. Neither is there any evidence of items such as newspaper to use as toilet paper. No wonder the women expressed concern about the high incidence of diarrhoeal diseases.

It was against this background that the women in Kisamese were chosen to participate in the pilot project on empowering women in rainwater harvesting in Kenya.

Failure of previous efforts to provide water to the Kisamese community

Previous efforts to supply water to the Kajiado communities were hampered by the way in which the water resources were provided. External efforts were based on perceived, rather than expressed, needs. As a result, needs were not identified in collaboration with the communities. Neither were the communities involved in the solutions to their problems. Huge external resources were invested in dams, wells and pumps but this was done without the participation of the intended beneficiaries. There was no sense of ownership and the dams, wells and pumps, therefore, became the "donors' dams, wells and pumps".

The case study

For six years, the women in Kajiado had been making efforts to secure water closer to their homesteads. For the women in Kisamese, the nearest dam had silted and the little water left was shared with livestock. Springs around them were drying up and those that still had water in them were a long distance away.

In Kisamese, between 100 and 150 people participated in the pilot project on empowering women in rainwater harvesting. Three quarters of these were women whose ages were estimated as being between 18 and 65 years.

From the outset, the communities, particularly women, were involved. By 1996, they had approached various donors and agencies, including the ECAf, for funding for a water project. When UNEP, through its Division of Environmental Policy Implementation (DEPI), sought partners to work with on the pilot project, it was easy to identify the Kajiado women as potential participants.

Expected results

In a series of meetings and discussions, the expectations of women were that the project would:

- reduce the competition for water between livestock and humans
- reduce the distances the women walked everyday in search of water and would in turn leave women with more time to carry out other activities in and outside the home
- enable those interested in kitchen gardens to start them so as to earn a little income or improve the nutritional status of their families
- promote cleanliness and hygiene and thus reduce the incidence of diarrhoea or other diseases related to water scarcity, and
- reduce the risk of women being attacked by wild animals as they trekked long distances in the dark, early mornings or evenings in search of water.

On the part of the school, the availability of latrines and water meant that girls would no longer stay away from school each time they had a monthly period. Finally, the children would no longer carry the limited and dirty water to school every day.

Needs identification and priority setting

The women in Kisamese had met on many occasions to articulate their needs and discuss strategies for meeting their water needs. These meetings continued and became more frequent when ECAf started meeting with the communities. The main concern expressed was the need for water at the local schools and nearer the homesteads. It was stated that water in the dams, even if available, tended to be used for livestock rather than for domestic use. The women needed smaller and closer sources that they could control and which were separate from the sources used for livestock.

The community explored possibilities of piped borehole

water but realised that although this source could be reliable, it could also be expensive to construct and maintain. ECAf discussed other possible sources of water with the women, including sand abstraction, dams, rainwater harvesting and its various technologies. A lot of interest was shown in rainwater harvesting and many of the women said that they were doing this in small ways and they thought that it was an easier and cheaper way of collecting water at home. It could also be better and more easily managed and controlled by the women themselves.

Once the availability of funding was confirmed, the ministry of environment and natural resources was informed about the intended project and permission was sought through the Kajiado district development office to carry it out.

ECAf intensified its meetings with the communities and a few men started attending the meetings at the invitation of the women, and participating in the needs assessment. Initially, the men almost always took over the meetings, while the women, who had been vocal during earlier women-only meetings, would simply sit and listen to the men. The men wanted more water for livestock and markets for their animals. This prompted the need for more meetings with both women and men, sometimes in separate groups, and other times, together. The sensitisation and women's empowerment processes had started in a community that is male dominated and deeply rooted in its patriarchal culture with roles clearly demarcated along gender lines. The women's choice of rainwater harvesting was adopted and the men were convinced that the whole community would benefit from the project.

Gender sensitisation and awareness creation

The gender sensitisation, awareness raising on rainwater harvesting and women's empowerment processes took place simultaneously. These were done through discussions, role-play and exchange visits. Visits were made to Kola in Machakos District, where rainwater harvesting was practised. Women and men went on these visits, together with representatives of local government, sector ministries and women's groups. These visits were extremely useful and yielded first-hand information on various technologies used for rainwater harvesting. The groups were able to discuss with the owners of the project (the majority of whom were women) the advantages and disadvantages of rainwater harvesting and its various technologies. The visitors even participated in the activities of the day, which included the elevation of a sand dam wall and the construction of a ferro-cement tank.

Discussions between the groups touched on how new groups are formed and how groups can stay together, conflict management, acceptance of women as leaders and project sustainability.

On returning to their project areas, the groups that had gone on the visit were able to talk to their members about

the project that they had seen. They were encouraged that the group comprising mainly of women was able to manage such a water project. They were also impressed that water was closer to the homesteads for domestic use where some people even had small kitchen gardens. There were even separate water facilities for domestic and livestock use. They spoke to their male counterparts about the project and how women and men worked together in a project headed by women. The men who had gone on the visit were very supportive of a women's water project because they had seen a very successful one managed and run by women.

Building of rainwater harvesting and sanitation facilities

There was a lot of enthusiasm, especially on the part of women, when the pilot project began. The women chose the technologies they wanted to use and identified the sites for water collection points. These points were close to the homesteads and concentrated on the local school and churches to ensure easier access. Groups were mobilised and responsibilities were shared with the assistance of the water engineer, technical expert and the implementing agencies. Women would clear the sites, fetch water and collect hardcore (boulders) for the first demonstration ferro-cement tank. Men would dig the foundation, help in offloading supplies and in the digging latrine pits. Together, the communities would identify the sources of materials such as cement, timber and roofing sheets and would also mix the mortar and concrete and construct the tanks. The community provided most of the tools that included wheelbarrows, picks, shovels and hoes, drums for storing water as well as some tools for construction. Except for a few people who were subcontracted because of their expertise, such as stonemasons, the community provided unpaid labour.

Work started very well with the participation of the community, but halfway through the construction of the demonstration tank the pace slowed down. Two reasons were given for the slow-down: firstly, in their homes, the women were still expected to carry out the responsibilities of watering the animals in addition to their other domestic work. Secondly, many women made their livelihoods from selling beadwork in nearby small towns. This often took the whole day. Although rainwater harvesting had potential advantages, the benefits could not be immediately realised in the same way as would the returns from selling beadwork. The women had then given priority to the latter.

At a planning workshop held two weeks after the pilot project began, the issues of non-participation were raised and discussed and possible solutions were suggested. The women would divide themselves into groups so that they did not all attend the market on the same day. That would ensure that there would be some women on the project every day. This solution worked for some time. The construction of ferro-cement tanks at the school and at the women's shed was quick and efficient. Similarly, the whole community participated in the construction of school latrines, especially after authorities threatened to close the

school because of unsanitary conditions.

The involvement of men and local tradition overlooked

Work on individual and church facilities also progressed well but problems arose in the construction of the earth pan, demonstration rock catchment and the facilities at the chief's camp. Women again showed less interest in participating. Several meetings held with them yielded no improvement. Further enquiry showed that women were less interested because their men had complained that they had been left out of consultation on the participation of their women, as was the norm in this community. Finally, a community-wide meeting was held to which elders and influential members of the community and local administration were invited to correct the mistakes and appeal to the societal hierarchy. It was clarified that although the project focused on women to enhance their skills in water resource management, it was for the benefit of the whole community. All those with know-how and other means were asked to support the women to ensure that the project was a success.

From then on, women's participation increased and the men provided security for the facilities and made sure that the women were not disturbed. The last facility built was an earth pan. Women and men selected the site in consultation with the water engineer. An earthmover was hired to widen an existing pit, scoop out excess soil, cut out the spillway and build the embankment. A water filter was constructed with piping going under the embankment to a ferro-cement tank on the other side of the embankment. The women and a few men participated in the laying of the pipes, construction of the tank, a standpipe for water for domestic use and a cattle trough. The competing needs for domestic and livestock water use was reduced. The women put a barbed wire fence around the earth pan and planted indigenous and exotic trees to protect the water catchment.

Although many women participated in the project at different times, there was a group of 25 volunteer women who devoted a lot of their time to the project, undeterred by discouragement from others. They learnt every aspect of the project, getting involved in the activities that are usually carried out by men, such as the actual construction and climbing on rooftops to fix gutters and the tank's roof.

They also formed the majority on the water management committee, occupying all the executive positions. As an incentive, a small market was established for the women for their beadwork. Once a week, one or two people were invited from Nairobi to buy some of the beadwork. The women arranged themselves into smaller groups and sold their wares in turns.

Project sustainability

A small percentage of the sales from the beadwork was pooled and put aside for maintenance and repair of water facilities. In addition, the women contributed five Kenya shillings each week, which was also put aside to sustain the

project. Once a month, each woman contributed 200 shillings towards a revolving fund from which roofing sheets were purchased for three women every month. The women used iron roofing to make rainwater easier to collect and to improve their homes.

Empowering women in rainwater harvesting and capacity building

In empowering women in rainwater harvesting, the focus was on:

- building the confidence and self-esteem of women. They were encouraged to speak up and express their views, even in the presence of men
- appreciation of the complementarity of gender roles
- leadership, formation and role of water committees
- water management, water by laws and formation of groups
- communication, group management, conflict prevention and resolution
- conservation, management and sustainable use of water
- catchment protection
- skills in the construction of ferro-cement tanks, rock catchment, earth pan and adaptation of rooftop catchment for traditional dwellings
- sanitation and hygiene
- financial management, budgeting and record keeping
- operation, maintenance and project sustainability, and
- monitoring and evaluation of projects.

Outputs

By the end of the project, the women and a few men had put up the following facilities in Kisumee:

- 18 ferro-cement tanks with volumes ranging from 5 000 to 46 000 litres
- 1 reinforced 4 600 litre tank (mortar on chicken wire used to protect the plastic tank from puncturing)
- 10 plastic tanks of 460 litre capacity
- 25 latrines
- 1 earth pan of 80 000 cubic litre capacity. The water from the earth pan is filtered and goes by gradient to a 46 000-litre tank. A cattle trough and standpipe are also located close by
- 1 demonstration rock catchment
- 1 women's shed
- 1 manyatta (Masai traditional house) demonstration roof catchment
- 150 exotic and indigenous trees for catchment protection, including fruit trees, and
- embankment grass to prevent soil erosion.

Other outputs of the project were:

- a video on the project execution
- a project report with guidelines on empowering women in rainwater harvesting
- a training manual on water management and other development initiatives, and
- materials used for training.

Many people have visited the project and the women are proud to show it off. During the 22nd Session of UNEP's

Governing Council in February 2003, delegates visited the project and the women explained the project confidently. They told the visitors that their spouses were proud of them and were encouraging them. To one group, Jane Minisa said: "When we started this project, my husband resented my coming here and was suspicious when I attended workshops where I would spend a night out. Now, if I do not come to the project he asks me why and whether I have fallen out with my group".

Project outcomes included:

- women's skills in water management improved
- improvement in the quality and quantity of water used
- women travel shorter distances to fetch water
- high demand for rainwater harvesting especially from rooftop catchments
- improved sanitation, and
- water conservation and ecosystem management being practised.

From ECAf's point of view, the greatest achievement of the pilot project, apart from the tangible outputs, was the independence and confidence gained by women in managing their water. This was particularly evident in their participation in decision-making, ownership and control of the water facilities, and management of the whole project. The women were not only empowered on rainwater harvesting but were able to apply what they learnt to other activities, such as improving their home situations. They were also eager to share their experiences with other women within the country and outside Kenya. Hygiene and cleanliness improved markedly and there were fewer reports of diarrhoeal diseases.

Partnerships

The project was supported through many international partnerships. The government of Sweden, through UNEP, which also provided guidance and administrative support, provided financial support of US\$110 000. The government of Kenya was the host and it provided advice and technical support by way of seconding water officers to the project and other administrative support. The community input was estimated at nearly 50 percent of the project costs. The community did not only provide labour but also most of the tools and equipment. ECAf provided the day-to-day co-ordination and management of the project, provided volunteers and bore the extra cost of transportation, video shoots and communication.

Global processes

The pilot project on empowering women in rainwater harvesting demonstrates the importance and role of pro-poor strategies, especially the contribution of women in meeting basic water needs. This is in line with the ministerial declaration on water security in the 21st Century and the related Water Supply and Sanitation Collaborative Council's Vision 21 and the Millennium Development Goals (MDGs). Although rainwater harvesting cannot solve all the water problems that developing countries face, it can at least

provide a stopgap and augment existing interventions.

Lessons learnt and the implications of the Kajiado experience for policy and practice

The Kajiado experience may be just one case but it confirms generally accepted principles and methodologies for gender mainstreaming and meeting basic needs. There are many observations and recommendations that can be made on the basis of this experience, including:

- women's empowerment takes a long time and it requires commitment and patience
- participation of both women and men at every level of the project execution is key to its success and sustainability
- women's role and knowledge in water management needs to be recognised and used to ensure water security especially at the household and community levels
- pastoralist women are very knowledgeable about water resources, the management and sustainable use and they are keen to improve their lives
- water development initiatives do not always benefit women as it does men. This has to be consciously redressed
- the disadvantaged positions of women are exacerbated by poverty
- where communities depend on water vendors, poor women often have no adequate water supply to meet basic needs
- gaining the trust and confidence of all the stakeholders, especially the recipient communities, is of great importance. They must not be taken for granted and promises made to them must be kept
- community participation at every level of the project is crucial to ensure ownership and sustainability of the project
- to ensure water security, a gender sensitive approach is essential
- people-friendly water technologies are better understood and can be better utilised to meet basic needs
- rainwater harvesting is a reliable, relatively inexpensive and manageable technology for harnessing water to meet basic needs. It is amenable to exploitation and management by women. It can be carried out anywhere as long as it rains
- rainwater is a source of good quality water needing no treatment and therefore an important resource for poor communities
- to avoid conflicts and ensure successful water projects managed by women, it is useful to involve men and influential community leaders
- it is very important to respect the culture of the communities and not to impose foreign values. Tact is very useful when dealing with sensitive and negative aspects of a culture. Once the communities understand the negative aspects, they are likely to be more willing to change or modify their practices
- a lot of women are intimidated by the presence of men and find it difficult to express themselves in their presence
- women's confidence in their abilities and self-esteem needs to be built and maintained. This can be done by the

enhancement of their skills and promotion of their participation in decision-making and in controlling their lives

- training and capacity building of women to manage the resources and water technologies are crucial if they are to be confident in water management
- empowering women economically can promote and increase their participation in water management and other development initiatives. The sources of the livelihoods should not be disrupted to make way for the project unless measures are taken to provide for livelihoods
- redefining gender relations without explicitly saying so is more likely to achieve intended results. Expectations are switched as benefits are seen. The traditional division of labour can then be easily reversed as stereotypical norms are broken
- cost sharing in the project can ensure project ownership, its protection and sustainability because resources have been invested in it, and
- women's status can improve upon society's appreciation of their contribution to development.

The positive changes that took place were facilitated by the project's neutral venue - such as schools and churches - away from traditional structures. Closely related to this was that the external agent, ECAf, was not under the control of cultural authority, structure or local administration. Neither was it constrained by local expectations. It was therefore able to channel resources through women without a lot of opposition.

In retrospect, it must have been significant that most of the people involved in the facilitation of the project were women. The programme officer from UNEP was a woman and a trained water engineer. One water officer was a woman and so were the project co-ordinator, agriculturalist and workshop facilitators. They were seen as role models and it was easier to discuss a lot of issues with other women that would have been difficult to discuss with men. This should be taken into consideration in women's empowerment efforts.

The experience of Kajiado confirms some of the observations made in the literature on gender that gender mainstreaming is possible if it is introduced in a non-threatening way. It confirms that people's ability to change springs from a single idea. A gradual change that arises from seeing the benefits of women's participation is likely to have positive and more lasting results. However, negative traditional attitudes must not be allowed to stand in the way of clear benefits to the community.

The involvement of both women and men in water resource management can ensure project success and sustainability. It can highlight the importance of the role played by each group. Women and men often have different and competing uses for water. Projects or programmes aimed at providing water to communities

should ensure that there is a separation of water points for domestic use and for irrigation, small industry and livestock. Women's needs tend to be catered for last. Priorities must be negotiated. In the project, although men preferred to use water for livestock, they agreed to divert most of the water to domestic use and for school after negotiating with the women. It was also agreed that livestock would be provided with water from the cattle trough and that women would draw water from a standpipe that was constructed. Competing needs were thus addressed.

Change came from practical experience. There was a change in the way things were done arising from the tangible benefits that were accruing. Practical requirements necessitated change. The power of the women to manage and control the resources for the improvement of the community water situation changed the way things were normally done in that community. This was accepted because it was clearly beneficial and showed the potential of women to lead and make decisions on water management. This changed the power balance in the management of water resources in women's favour.

Implications for policy

Unique experiences of projects such as the one in Kajiado provide lessons for policy-makers and implementing agencies. These experiences can be used to generate guidelines and principles to help in developing appropriate policy frameworks. There is a need for adequate and gender-sensitive water policies and legislation for fair allocation and utilisation of water sources especially between competing needs. To be fair, these policies must be formulated with the input of the end users, especially women.

Involving women in decision-making on water-related issues forms a very important part of their empowerment and must therefore be provided for in a policy on rainwater harvesting and water management. The specific needs of poor women must be taken into consideration when planning for water and sanitation provision is done. Pro-poor strategies must be clear, simple and should address the needs of women. They should be linked to resources and should target, in particular, poor women while blending with the local culture. African governments should include rainwater harvesting in their water policies and plans. Rural water management should be devolved to the communities where women should play a significant role. Development agencies should be requested to support the training in rainwater harvesting as well as in its implementation. Civil society organisations should endeavour to raise awareness and sensitise communities to rainwater harvesting and conservation and the role of women in it should be promoted. Information on new technologies should be accessible in terms of physical availability and produced in user-friendly formats.

Women play a critical role in water resource management. This role should be recognised and enhanced by improving their capacity. The burden of water is not to meet the women's needs only, and addressing the water needs of women in the project meant addressing the needs of school children and of the entire family. There were spin-offs for the whole community as well. If the pro-poor strategies are used to address the needs of women, they have a better chance of reaching out to the community's health and well-being.

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THE YOUNG FACE OF NEPAD: CHILDREN AND YOUNG PEOPLE IN THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT

A PAPER BY UNICEF
September 2002

"In fulfilling its promise, the New Partnership for Africa's Development must give hope to the emaciated African child that the 21st century is Africa's century"
NEPAD Framework Document, Paragraph 207

"We recognise that the future of Africa lies with the well being of its children and youth. The prospect for socio-economic transformation of the continent rests with investing in the young people of the continent. Today's investment in children is tomorrow's peace, stability, security, democracy and sustainable development."
'Africa Fit for Children': The African Common Position, Paragraph 6

This paper is intended as a contribution to the NEPAD process. It is founded on the belief that the New Partnership for Africa's Development reflects the aspirations of African families and communities and the promise of its young people, children and grandchildren - girls and boys alike. It is also based on the conviction that radical action is needed to avert the loss - in terms of human survival as well as human capacity - of much of the potential of today's generation of African children. Improvements in

the situation of a country's children are good indicators of the quality of its governance - and it is clear that determined action and leadership are needed to grasp the fruits for the survival, growth and development of these children.

The time is right to ensure that NEPAD is built around the obligations already assumed by African leaders and their governments to children and young people. As the NEPAD document's concluding words proclaim, this new process

must give hope to the African child that the 21st century will be Africa's century.

However, without sustained and dramatic efforts by African leaders and their civil society and international partners to ensure the rights and well being of African children, and to mobilise the contributions of young Africans, this hope will remain a dim one - if not an impossible dream.

This paper seeks to contribute to Africa's fulfilment of this hope. We believe that NEPAD can be energised by a common global and continental concern for children, and by the recognition that human capacity - the foundation for sustained development - is best achieved through investing in children and young people and realising their rights. The proposal is to sharpen the focus on children and young people in NEPAD - to give it a "young face". We review what has worked and what has not worked for children in the last decades; propose strategies for human development within the framework of NEPAD, the Millennium Development Goals and national poverty reduction strategies; and identify priority actions for and with children and young people which - in the favourable macro- economic and institutional climate sought by NEPAD and the African Union - will help ensure sustained progress.

A set of potential priority actions is laid out - a "fast track" upon which African leaders could demonstrate and accelerate their commitments to improve the lives of children. These proposals could build on African experience and available delivery systems, and could form a key part of national development strategies within the NEPAD framework:

Possible Fast-Track Areas to make a difference for Africa's Children - an Outline

- Bold political leadership against HIV/AIDS and the prevention of HIV transmission among young people, especially girls and infants - including explicit recognition that HIV/AIDS is the biggest single threat to economic survival, social stability and young people in Africa, and acting on this recognition through massive mobilisation, tested medical interventions such as provision of Nevirapine, and by placing life-saving information in every home and school
- Realising the rights of orphans and other vulnerable children to a decent standard of living, health care and schooling - including the removal of barriers and reducing the costs of schooling and health care to affordable levels and channelling available welfare benefits directly to these children and their caregivers
- Bringing malaria, measles and malnutrition rapidly and decisively under control - using approaches such as

treated bed nets, diarrhoeal disease control and accelerated immunisation, micro-nutrient supplementation, communication with families about good nutritional practices, coupled with nutritional support to households affected by HIV/AIDS and emergencies

- Moving to capture the goals of universal access to basic health services and universal primary education - including revitalised sector reforms, budget reallocations and practical administrative steps that put children's interests first - above all, the learning of girls; plus specific supporting measures such as ensuring clean water and sanitary facilities in every school, and helping students to avoid pregnancy or resume their education thereafter
- A decisive move to give children better protection against all forms of violence, discrimination, abuse and exploitation - through a combination of legislation and legal review, conflict resolution initiatives, raising of public awareness, bold efforts by political leaders and civil society actors to change attitudes and expose abuses and local monitoring and care for the most vulnerable

Among these urgent actions, two are of special priority. As put by the UN secretary-general in his statement to the UN General Assembly's September 2002 meeting on NEPAD: "combating HIV/AIDS and promoting girls' education are particularly central to achieving the Millennium Development Goals and realising the promise NEPAD holds for all of Africa ... besides being key MDGs in their own right, promotion of girls' education and control of HIV/AIDS would be the most powerful enablers for the achievement of all the other MDGs in Africa".

OVERVIEW: CHILDREN AS THE CORNERSTONE FOR AFRICA'S NEW PARTNERSHIP

"Africa's development begins with the quality of its human resources"

NEPAD Declaration on Democracy, Political, Economic and Corporate Governance, Para 21

Many promises have been made and obligations assumed to Africa's children. The obligations are reflected in the almost-universally ratified Convention on the Rights of the Child (CRC) and in the African Charter on the Rights and Welfare of the Child (ACRWC). The promises are found in national policies - including National Plans of Action for Children - and in the Declarations of the 1990 World Summit for Children, the 1992 OAU International Conference on Assistance to African Children (ICAAC), the 2000 Millennium Summit, the 2002 United Nations Special Session on Children and the African Common Position which preceded it. The promises - and the country goals and targets which took them further - have been largely consistent for the last 12 years. There is little argument about what needs to be done. It is also clear, from the best

examples, what can be achieved. But to actually meet these obligations and achieve these goals, we cannot afford to continue with "business as usual". As recognised by NEPAD: "unless something new and radical is done, Africa will not achieve the International Development Goals" - goals which focus largely on children and youth.

Reaching the development goals in Africa will be extremely difficult: Business as usual - and the absence of bold leadership and new partnerships for children - would mean that:

The goal of reducing child mortality by two-thirds by 2015 would not be reached until 2140 at the earliest. In fact, we have already seen some worsening of mortality rates in 13 African countries in the 1990s. This is due to the stagnation or decline of health care for childhood diseases and the aggravation caused by conflict, failure to uproot poverty, massive under-nutrition and the explosion of HIV/AIDS. A number of African countries have registered significant falls in child mortality rates, but most of these are now being halted or reversed.

The destruction caused by HIV/AIDS would continue relentlessly. The situation in large parts of the continent is truly catastrophic. Tomorrow's probable trends - without leadership, determined partnerships and massive levels of mobilisation - are even worse. Some 28.5 million Africans alive today are HIV-positive, including approximately three million infants and very young children, plus many teenagers, mostly girls. All are likely to die if nothing changes fast. Among the child survivors, over 10 million have already lost one or both parents to the effects of HIV and AIDS, and this number will multiply. Seven African countries now record adult HIV prevalence rates above 25 percent. And already in over a dozen countries, the impact of the pandemic has led to plunging life expectancy. The staffing of schools, health facilities and workplaces is becoming ever more difficult. All this is directly undermining the economic security of both households and nations and threatens Africa's social stability. It is relentlessly tearing to shreds the gains of African independence and is forcing family after family, village after village, city after city, far deeper into poverty. Africa has little hope for the future if the AIDS pandemic is not halted and reversed. But there is an opportunity: almost all 5 - 10 year- old African children are free of HIV today. The need is overwhelming to keep this generation free from AIDS so that they can reach their most productive years alive and healthy. The pandemic must be confronted head-on by Africa and its partners - with young people themselves as key partners for change.

The goal of universal primary education by 2015 would not be achieved until 2100: At present, only seven countries, notably in North Africa, are on track to achieve this basic education goal (UNDP/UNICEF, 2002). These countries have managed to improve the coverage and efficiency of their education system and to raise domestic public resources to invest in the minds and skills of their children, improving

access and increasing quality. But the majority of African countries are either moderately or seriously off track - including in educating their girls. Even those which have registered strong results at primary level see a rapid drop-off in schooling as children enter into early adolescence - leaving these young citizens poorly prepared for adulthood. It is feared that by 2015, more than half of the world's out-of-school youth and children will be Africans. And without wide-scale success in meeting basic education goals, the gains for family health, nutrition, productivity and citizenship that flow from human learning will not be realised for Africa's youngest and future generations.

The goal of reducing by half the proportion of people without access to safe drinking water would also not be achieved. The costs in deaths, illness and time and energy devoted to lifting and carrying dirty water over long distances would continue to mount - and Africa cannot afford them. Deaths and illness - cholera, diarrhoea - related to unsafe water and poor sanitation will also continue to blight the lives of people who are poor. Africa cannot afford this either. The current rate of progress must be quadrupled - this can be done, drawing from the successful experiences on the continent.

The goal of reducing poverty by half would not be achieved. Low-income poverty is the single greatest contributor to Africa's failure to realise the rights of its children. Africa needs to treble its average economic growth rates to achieve the target of halving poverty. Its recent performance, notwithstanding some outstanding success stories, indicates that the number of Africans struggling to live on the equivalent of one dollar a day or less will remain unchanged by 2015. The majority of people who are poor - and the vast majority of the poorest - are children and women.

But real progress is possible ...

Despite slow progress only in halting not the spread of HIV/AIDS, but also in dealing with the overhang of near-worthless debt and the growth of population, there have been successes in some countries, some sectors and in many communities. The near- eradication of polio and guinea worm disease, the widespread iodisation of salt, the improvement of child-related laws and juvenile justice systems, reforms to health and education systems, sustainable approaches to local clean water management, initiatives to expand access to primary education and dynamic post-conflict recovery - these are all areas where success stories can be found in Africa and around which momentum and future growth can be built. The central factor in virtually all of these cases has not been the arrival of special funds so much as the presence of strong political leadership, linked to the mobilisation of families and civil society.

...starting with children

It is worth recalling that the achievement of these goals is important not just because they are good in themselves and

will help the children concerned. Advances for Africa's children - as part of a comprehensive effort by society to realise their rights - are a "public good" for Africa and the world. A healthy and well-educated population is the foundation for rapid and sustained development, because people living to their full potential are the only actors who can raise productivity, make use of new technologies, ensure that Africa plays a more central role in international trade and the global economy - mounting, in the process, a serious assault on poverty. And a population will not become healthy and well-educated if its children are not.

Women, men, young people and societies which remain poor in health and education will be unable to play their part in NEPAD. For Africa to unlock the future, NEPAD's initiative must emphasise the central place of a process of human development which starts with children - the rapid improvement and expansion of social services, quality learning opportunities, child care and protection and the participation of young people, all within a context of peace, security and political and macro-economic stability.

If Africa is to make a breakthrough for children on these fronts, exceptional efforts for human development are required of Africa's leaders. NEPAD provides a platform and a process for changing past patterns and priorities. NEPAD makes it clear that development overall - including a quantum leap in aggregate economic growth rates and thereby the continent's escape from low-income poverty - is only possible by taking a path that builds the capacities and transforms the productivity of Africa's human resources. These Africans will then build and improve their institutions and the systems with which they operate. The place to start is with priority to children and youth - in programmes and policies, as in families and communities - and with children's rights, which encompass their survival, growth, development, protection and participation. The mobilisation of young people for their own development and for creative contributions to Africa's development is a further hidden resource for NEPAD to tap.

"We know more clearly now than ever before that if development is to be sustained and poverty to be reduced, it will require the strong and active participation of children, women and men in the decisions that affect them. People must be empowered to be key actors in their development. This applies equally to children, whose participation and self-expression - based on their evolving capacities and with respect for parental guidance - should be valued by adults." (United Nations secretary-general: "We, the Children")

The rights of Africa's children, a global public good

The idea that the rights and well being of Africa's children are a public goods with a global scope, provides an argument that Africa can make to the world: the future of Africa's children is in fact a matter of global concern. In this era of globalisation and interdependence, the poverty, conflicts and disease that engulf large numbers of people in a whole continent are bound to affect people everywhere.

The world cannot develop in security and prosperity while a major region is mired in poverty and suffering.

Global achievement of the Millennium Development Goals is highly dependent on Africa's progress. As put by the UN secretary-general, "NEPAD will not be a success if Africa fails to achieve the MDGs - and the world as a whole cannot achieve the MDGs unless they are achieved in Africa". To illustrate this: Sub-Saharan Africa today has some 10 percent of the world's population, 70 percent of the world's HIV/AIDS cases, 80 percent of AIDS deaths and 90 percent of AIDS orphans. In stark contrast to trends in other regions, today's Southern African children can expect to live shorter lives than their grandparents. The situation is better in North Africa, but there is a dearth of reliable data on HIV infection which limits the ability of policy makers there to generate a broad momentum for preventive action.

For Africa as a whole, there has been some improvement in preventing young children from dying during the 1990s: under-five mortality across the continent is estimated at around 12 percent of newborns (ADB, estimate for 2000). But Sub-Saharan Africa is still the part of the world with the highest child death rates - 17 percent of its newborns do not live to the age of five - and it contains nine of the 14 countries in the world where child mortality has actually increased in recent years. Its share of young child mortality in the world has risen from around 14 percent in the 1960s to 43 percent in the year 2000. In the coming decade, Africa's share of global under-five mortality will probably exceed that of the rest of the world combined, as shown below:

While modest gains have been made in expanding access to improved water sources, less than two-thirds of all Africans (about 62 percent, ADB) are estimated to have access to an improved water source. Families in sub-Saharan Africa in particular have the poorest access to safe drinking water in the world, while access to sanitation has remained static at about 54 percent. Meanwhile, the weakness of public health systems is reflected in the resurgence of major child-killers, such as malaria and cholera.

Maternal mortality is highest in Africa: some 52 percent of humankind's maternal deaths occur in Africa, which has an overall maternal mortality rate of about 640 deaths for every 100 000 live births (ADB). Women south of the Sahara in particular face a very high one in 13 lifetime risk of dying in pregnancy or childbirth. Persistent patterns of gender discrimination, coupled with poverty and lack of investment in essential obstetric services, are among the contributing factors.

The net primary school enrolment rate rose from 54 percent in 1990 to 60 percent in 1998; however, this rate is still the lowest of any region. Sub-Saharan Africa accounts for nearly 40 percent of the world's children out of school, and no progress overall has been made in closing Africa's

gender gap in education. This seriously jeopardises the worldwide achievement of major development goals. And children out of school are especially vulnerable to exploitative labour and other forms of abuse.

There are further reasons why investment in the well being of Africa's children should be considered a global public good and a priority for national and international public policy. Firstly, market-driven actions alone cannot deliver health, education and security. Realising these rights demands public action. As African governments at present do not have all the resources and capacities needed to deliver these goods, it also demands partnerships - with civil society, with the private sector and with the international community.

Second, the benefits are not only individual, for the children and families directly concerned: they flow to a whole society and to succeeding generations. Children and young people who become familiar with democratic and tolerant behaviour are the bedrock of a peaceful society. Children who are healthy, well-educated and optimistic about the future will themselves bring up the next generation to be more healthy, better educated and better national and world citizens. In this respect, realising the rights of children is an inter-generational public good.

Third, the rights of African children are of worldwide concern and benefit. In a globalised world, no country can be considered remote or isolated from any other. The whole world has reason to be concerned about the poorest and most unstable regions of the globe. If the collective conscience of the wealthy corners of the world is not powerful enough, their reasons for concern should be evident from the flows of refugees, the incubation of terrorism, the spread of anger and despair, the loss of environmental assets and the emergence of new diseases and disease strains. Africa's problems affect the world: solutions to those problems benefit the world.

The idea of the health, security and education of Africa's children as a global public good allows us to think differently about international co-operation for children. Instead of "aid programmes" aimed at delivering specific benefits to a targeted population, international development co-operation becomes a joint, mutually-accountable effort to provide the common good of healthier, better educated, better protected global citizens for the next generation.

Priority to children - the economic basis, and why poverty reduction starts with children

"While growth rates are important, they are not by themselves sufficient to enable African countries achieve the goal of poverty reduction. The challenge for Africa, therefore, is to develop the capacity to sustain growth at levels required to achieve poverty reduction and sustainable development. This, in turn depends on other factors such as infrastructure, capital accumulation, human capital,

institutions, structural diversification, competitiveness, health and good stewardship of the environment" - NEPAD Framework document, para 64

Empirical evidence shows that a strong base of social development - including widespread access to good quality basic services and the education of girls - is key to reducing income-poverty in a sustained manner (UNICEF, "Development with a Human Face"). Effective policies for income-poverty reduction, fiscal stability and macro-economic growth are essential - but they must go hand-in-hand with policies and priority actions for social development, including investments in children, if economic growth is to be sustained and poverty levels decisively reduced.

Investing in Africa's children provides a strong starting point for human capital development and for new, higher levels of economic growth that will lead to exponential progress. An effective way to break the relentless toll of poverty which is transmitted from generation to generation is to start with the youngest cohort: poverty reduction starts with children.

The reasons why children are at the core of poverty-reducing economic progress start with the nature of childhood. The physical, cognitive and social development of children, particularly at a very young age, determines to a large extent the capabilities of adults. These are the adults whose work, enterprise and decisions can win the long struggle against poverty. Early childhood care for survival, growth and development is therefore not just an obvious humanitarian action, but an action at the centre of the long-term development and evolution of society.

Secondly, children are numbered disproportionately among those who are poor, since families in poverty tend to have more children and other dependents than families who are not. In Africa, furthermore, children and young people make up more than half of the population.

Third, children are also the human beings most vulnerable to the effects of poverty - their bodies and brains are those most damaged by malnutrition, disease, abuse and violence. This damage carries forward into adulthood: malnourished girls are more likely to grow up to be malnourished mothers, who give birth to underweight babies; and parents who could not obtain good quality education during childhood are more likely to have to see their own children die. If we are to break the transmission of widespread poverty from one generation to the next, it is essential that all young people have a good start to life, have access to good quality basic health care, go through a decent education, and grow up free from violence and disease.

STRATEGIES FOR EFFECTIVE INVESTMENT FOR CHILDREN

Experience in Africa and beyond since the 1990 World Summit for Children has shown that a focus on all children's rights is essential for sustained human development. This

calls for political and financial commitment and the necessary resources. At the same time, there is compelling evidence in African countries that decentralised and local approaches work with and support people as agents and innovators in their own development. These strategies recognise that human development takes place in families and communities, supported by the wider society and the public sector - and that community action provides the source of many if not all solutions.

The starting point for programmes and strategies that emphasise broad-based human capacity development is quite naturally the rights and well being of children. The CRC has therefore generated a global principle of "first call for children" as a guide to policy, resource allocation and planning. In the 1990s, it also became increasingly clear and accepted that women's rights and well-being are central both to human development and to the realisation of children's rights.

Lessons of public policy

Countries that have achieved significant human development progress in the span of one generation did recognise the essential role of economic growth, but did not simply wait for growth to occur. These countries also took deliberate action to make social investments a priority and spent proportionally more on basic services, viewing investments in their peoples' education and health as a foundation for sustained development. They spent relatively efficiently and protected these allocations in times of economic setback. Over time, they also recognised that special attention had to be paid to the poorest and most vulnerable.

During the last decade, it has also become clear that children's rights are best pursued within the broader framework of human rights. The persistence of grossly unequal gender relations and wide gaps between ethnic groups, has not only been a denial of individual human rights, but has reduced human capabilities and threatened social cohesion. Development, democracy and human rights are closely interrelated and mutually reinforcing - and accountable government is an essential condition for all three.

Related to this has been the need to move away from the view that children who do not succeed are "to blame". The failures of earlier programmes which "targeted" children as "problem individuals" show that the causes of violations of children's rights and lack of education success do not lie essentially with boys and girls themselves, but are found in the wider environment of society. Policy efforts should focus on addressing not only the immediate factors affecting groups of children in difficult circumstances, but also the wider causes of exclusion.

The central feature of an approach to Africa's development which focuses on children should be to break the cycle of poverty which creates and re-creates undernourished

infants, poorly educated young children, marginalised girls and adolescents, unsafe and premature motherhood - and which fundamentally undermines the fulfillment of human rights. By confronting this cycle at strategic points in the evolution of the parent and child - particularly in maternity, early childhood, the school years and adolescence - Africa can create a dynamic, through which each generation can realise improvements in the situation of children and achieve sustained progress in human development. The same strategies and principles can underpin interventions to confront the greatest single threat to the success of the NEPAD vision, the HIV/AIDS epidemic.

Main elements of a strategy - a summary

Coherent strategies for investment in children and young people, and for realising their rights, should be incorporated in both national and local planning and implementation frameworks. The major elements would include:

Strengthening of the capacity of families and communities for children: the responsibilities and positive frontline role of families and communities in nurturing, protecting and supporting the survival, development, learning and self-expression of children should be reinforced as a priority strategy. This will need to take account of the diversity of family and community structures and take a holistic view of children's care and protection needs. Participatory assessment and analysis with families and communities provide a way of identifying gaps in capacities and designing strategies for support. These may include: parental education and advice; building on local initiatives for children, including the support given by extended families to orphans and displaced children; participation in local decision-making for basic services; assisting older relatives and - as seen in recent "better parenting" initiatives in Egypt - reinforcing a positive role for fathers as caregivers for children.

Focusing on basic services and taking proven interventions to a comprehensive scale: there is now a wide set of tested approaches for the design and delivery of basic services which have shown their effectiveness in the developing world and have contributed to improved health status, good nutrition and dynamic learning among children and their families. The evidence for many of these has been detailed in the 1993 World Bank Report "Investing in Health" and by the more recent Commission on Macroeconomics and Health. Measures on a national scale to raise basic education, improve education system efficiency, increase participation in the learning process and ensure family access to basic clean water and sanitation facilities have also been successful in a number of countries.

Addressing Gender Inequality and Discrimination: NEPAD explicitly recognises the lesson that a society cannot make progress when it fails to develop the capacities of half of its citizens - those, who, in addition to many other roles,

are on the front-line of child-rearing and safeguarding the nation's future. Around the world, countries with the greatest levels of inequality between males and females - whether in literacy, access to credit or land, in political participation or in the legal system - are prominent among those whose development has been hamstrung.

Leveraging of resources for children: a key strategy for achieving Africa's goals for children and the MDGs will be the promotion of additional investments - of finances, information, skills, leadership, organisational capacity - in children's rights and priority needs. This will involve working with governments, international development partners, the business sector and civil society to increase and sustain their resource commitments in key areas. It will also involve processes through which families, local interest groups and communities increase the efficiency of their own resource use, including the funds and time invested in their children. The resource challenge should be tackled both through improved decision-making for existing resources, and increasing the scale of resources available to families, through short-term transfers and inter-generational increases in knowledge, skills and physical capacities. It will also require better opportunities for poor families to market and trade the goods and services they produce. Participatory development plans, broad-based partnerships and PRSPs will be important instruments for leveraging resources in favour of children.

Using the legal framework now in place to promote rights and development: numerous widely-ratified international organisations provide tools and opportunities for advocacy and to promote reforms of national legislation, policies and administrative practice which will have positive impact for children and women. The reporting systems in place for these and other international human rights obligations also provide opportunities to identify and promote key actions and to support monitoring of human development by Africa's institutions.

Harnessing the power of mass communications and information technology: this will promote the democratisation of information and expand learning opportunities arising from technological innovation. It will build upon accumulated experience in communication, IT and social mobilisation - in areas such as immunisation, health education and participatory learning in the classroom.

Innovation, learning and knowledge networking: A major emphasis should be on supporting families and community groups to find local solutions to local issues - ranging from the organisation of quality daycare to school-community partnerships. This should be complemented by national activity to identify promising innovations and to scale them up. Meanwhile, child-focused research - including family care practices, community management of diseases, effectiveness in service delivery and the participation of young people - is key to more effective interventions.

Participation in development: policies and programmes which fully incorporate the participation of those whom they are meant to serve, and which build in mechanisms for the accountability of those providing services and managing public resources - are likely to be the most effective and sustained. Africa has demonstrated this in many public health programmes, in clean water management and in conservation initiatives, and negatively in some other areas. Where communities, service users and young people have not participated, even well-financed efforts have run into the ground. The same is now clearly seen with HIV/AIDS, where a lack of reliance on mass mobilisation and on participatory approaches to communication has aided the spread of infection; and where solutions lie not only in the health field, but also in empowering people - especially the young - to make informed decisions about their own lives.

Enabling the participation of children and youth: support and recognition of the participation and self-expression of children, based on age and capacity, and that of young people, will support the overriding aim of African human capacity development. The genuine and regular participation of children, adolescents and young people will also directly promote capacity development and responsible citizenship. Participation by children - through families, schools, clubs and decentralised government agencies - contributes to learning by development partners about youth perspectives.

Children and the African Peer Review Mechanism

One of the most innovative dimensions of NEPAD is the commitment of heads of state to periodically monitor and assess progress made by African countries in meeting commitments towards achieving good governance and reforms. The system will use an independent body of experts and will be based on voluntary accession as well as mutually-agreed codes and standards (NEPAD, June 2002).

The system of "peer review" also provides a platform for countries to share experience to foster good governance and the democratic process. The involvement of top leadership is a critical factor in the success of public action for children.

Improving the difficult situation of Africa's children must be a key dimension of good governance. UNICEF has long urged that nations "be judged not by their military or economic strength, nor by the splendour of their capital cities and public buildings, but by the well-being of their peoples: by their levels of health, nutrition and education; by their opportunities to earn a fair reward for their labours; by the respect that is shown for their civil and political liberties; by the provision that is made for those that are disadvantaged and vulnerable; and by the protection that is afforded to the growing minds and bodies of their children". The quality of governance will be mirrored in the results that countries achieve, over time, for their children.

An effective peer review system requires clear goals, targets and standards against which progress can be assessed - plus a credible and transparent mechanism for measuring progress. NEPAD responds to this with the commitment to carry out each review exercise on the basis of technical competence and freedom from political interference. Provision is made in the design of the first stages of the review for participation by civil society and international partners.

Financing the investments needed - mobilising resources for children

The resources mobilised in support of the achievement of the international development targets in Africa, including specific goals for children, must come from a range of sources - existing and additional; local, national and international. As discussed in NEPAD, the main options (without significant consideration of private investment, which will be central to some areas but is unlikely to be substantial for core human development programmes) are:

- reallocation of existing domestic spending
- additional domestic revenue - the gains from growth
- community voluntary contributions; and particularly
- reallocation and expansion of aid.

Partnerships for mobilising resources for children's priority agenda

To drive a priority action agenda for Africa's children, initiatives at the local level will need to be supported by expanded partnerships of non-governmental and civil society organisations. These can help to generate the additional resources needed for realising children's rights. In this information-rich age, partnerships can be formed "horizontally", across districts, provinces and municipal borders, and also regionally and globally. They can include

coalitions among initiators at the grassroots level, as well as advocacy groups, NGOs and policymakers in government.

The need for child-focused alliances of civil society, NGOs, religious organisations and committed individuals - such as artists, young people, parliamentarians, journalists, professional and intellectual leaders - has long been foreseen. The approach was used quite effectively during the 1990s in areas such as the campaigns for immunisation and guinea worm eradication and, in a few countries, AIDS awareness. Energy, skills, political commitment and finance were among the resources generated by these coalitions. An action agenda for the new decade, however, must view such alliances as a more fundamental resource and as a central part of the enabling environment. It must also capitalise on new communication opportunities to form such partnerships, sustain them and broaden them to include young people themselves.

CONCLUSION

The central idea of this paper is that the aspirations of NEPAD's initiators, partners and stakeholders for progress, peace and poverty-reducing growth are founded in Africa's human capacity development - which in turn must start with and remain focused on Africa's children. Children and young people represent more than half of Africa's population. Substantial and sustained programmes in health, nutrition, basic education, clean water and social protection are essential investments in the development and protection of these young citizens. Turning the tide on HIV/AIDS and making decisive progress on girls' education are especially crucial for progress. Africa's future will undoubtedly, like the present, be full of difficult challenges - but it will be significantly less difficult if these investments are put in place now.

LIVING FEMINIST POLITICS

AFRICAN GENDER INSTITUTE PANEL DISCUSSION ON INTERNATIONAL WOMEN'S DAY, MARCH 8, 2004

INTERVENTION BY WINNIE BYANYIMA MP (UGANDA)

This panel has been organised by the African Gender Institute (UCT) to mark International Women's Day. But, why should there be an International Women's Day? That is the first question I would like to address.

All over the world, communities of people interpret biological differences between women and men to create a set of social expectations that define the behaviours that are appropriate for women and men and that determine women's and men's differential access to rights, resources and power in society. Although the specific nature and degree of these differences vary from one society to the

next, they typically favour men, creating an imbalance in power and gender inequalities in all countries.

There are some instances in which boys and men, because of the influence of existing gender norms, have less access than women to certain resources. For example, in Lesotho the current gender gap in secondary school enrolment rates is because there are fewer boys than girls at that level of education. This reverse gender gap is attributed to the apartheid system of exploiting cheap male labour from the region to the South African minerals sector. Despite such examples of reverse gender gaps, overall, the evidence

shows that women and girls still continue to suffer a greater disadvantage in access to resources and power than men and boys.

The international community has on numerous occasions affirmed that women have a right to equality. Over the past two decades, governments have made commitments towards achieving gender equality and women's empowerment at a wide variety of conferences.

At each of these international conferences, governments agreed to a number of time-bound targets, with 1990 as the base year, to serve as benchmarks of progress. While most of these targets focus on education and health, the Beijing Platform for Action includes a target for increasing the representation of women in positions of power and decision-making.

On International Women's Day we recognise the contributions that women make to all aspects of development and the costs to societies of persistent inequalities between women and men. We recognise that inequalities compromise women's human rights and disadvantage women from fully developing their potential. We assess the progress made in our countries towards achieving the goal of gender equality and women's empowerment and take stock of the challenges ahead. It is a privilege to share a platform today with a distinguished African feminist activist, a friend who has been a great inspiration to me, Pregs Govender, and share my perspective on the perils and promises, challenges and prospects for advancing a feminist agenda in politics on our continent. My presentation is based on my experience and observation of the Ugandan political context.

In the majority of countries in Sub-Saharan Africa women hold fewer than 20 percent of seats in their national parliaments. However, women in seven countries; Rwanda, South Africa, Mozambique, Namibia, Seychelles, Tanzania and Uganda have made major political gains. Currently, women in Uganda hold about 25 percent of the total seats in parliament, more than 33 percent of local government seats and about 30 percent of cabinet positions. Ours is one of the first countries on the continent to use quotas and constitutional reservations to increase the number of women in politics. In fact, the affirmative action provision is a widely debated subject in the on-going constitutional review process. The debate is about whether or not reserving seats for women in parliament and local governments has had any positive impact on the lives of women and society in general. Those who think it has had no effect conclude that the provision should be deleted from the constitution. This is in spite of the fact that the constitution clearly and explicitly states that "women have a right to affirmative action" as a means of redressing historical imbalances. The constitution does not condition affirmative action to the performance of women politicians. In other words, the only situation envisaged by the constitution for removing the provision is when there is a

clear possibility of achieving gender parity without affirmative action. Despite more than 17 years of promoting women in politics through affirmative action policies, there is still broad resistance in society against women in politics.

This then is the background against which women in politics have to operate. On the one hand, a "progressive" leadership has responded to women's demands and created a space in the political process thus providing a powerful opportunity for challenging patriarchy and women's subordination and oppression, but on the other hand a predominantly rural and patriarchal society resists change and creates ambivalence among the "progressive" leaders. The result is that women are able to take their place in the representative bodies but they receive little support from "progressive" male colleagues and meet societal resistance in gender equality advocacy. Many women politicians choose the easier way out of moving with the majority and sticking to the safer issues that do not rock the boat. But feminists want to change the world. They therefore have to hold hands and navigate a political terrain, where opportunity and constraint, promise and peril are never far from each other. I have found this struggle challenging, risky but greatly fulfilling. The bonds I have built with other feminists have enriched my life and shaped me to be the person that I am, warts and all!

Being a feminist in African politics, as elsewhere, requires having a vision of an alternative world, a realistic, do-able agenda of issues, a clear plan of how they can be achieved and a good sense of the political environment. It requires forging many alliances, some of them temporary and others more enduring. It is important to understand the extent to which a party in power is ready to prioritise gender issues and not to underestimate the patriarchal attitudes of individual leaders but which can be camouflaged by politically correct feminist rhetoric. The work of an African feminist politician consists of selecting battles carefully, choosing the right language and tactics to fight and fighting them with just enough force to survive and fight again. It consists of taking some steps forward and painfully holding back one's fire, as some gains are rolled back sometimes by allies. It involves refusing to compromise on a matter of principle and risking being abandoned on the floor of parliament and suffering public humiliation. It is about winning the trust of poor women and men, and other marginalised people being accused by colleagues of being populist. It requires that one knows oneself well enough to withstand the pressure from political opponents as well as party colleagues. A feminist politician has to be ready to pay a high price for being a voice of conscience especially when operating in an environment where politics of defending the status quo are dominant. But a lone voice, or a few voices, if honest, realistic, clear and consistent can be powerful and can drive change. It is important to build and work in coalitions although sometimes one has to stand alone to make an important point. Limited opportunities can be used to achieve unexpected gains. Indeed it is as much a perilous as it is a promising journey.

During Idi Amin's rule, I left Uganda and went to exile in the UK and have since been a political activist - 26 years now. For 19 years, I have been appointed or elected to work in the political arena. It is my mother who first made me a feminist by her own example of how she made her choices and exercised her rights and by taking us, her daughters, to the village women's clubs which she led. This is way back in the 60s. I would like to use a few examples to illustrate the challenges and prospects of taking forward a feminist agenda in Uganda's politics.

Following a controversial election in December 1980, a young radical called Yoweri Museveni declared a protracted people's war on the civilian government of the Uganda People's Congress (UPC), which many viewed as having rigged the election. Being a youth activist in the Democratic Party at that time, I was angry at the regime in power and like many other Ugandans I felt that the option of a peaceful return to democracy after Amin's reign of terror had been lost. Only another war would disarm the group in power and restore the opportunity for establishing genuine democracy. So, when Museveni contacted me in London in June 1981 and invited me to join the National Resistance Movement (NRM) armed struggle that he had launched in February the same year, I was more than ready for the challenge. For six months, I worked closely with him and a few other NRM cadres and then it was time to return to the bush. Although I was ready to join the guerrilla army, Museveni's view was that the conditions at that time were too harsh for a woman to bear. After considering sending me to Zimbabwe, he finally decided to send me back to Uganda to wait for a deployment outside the war zones. We had a long debate about my suitability for the guerrilla war or otherwise. His argument was that as an African, he "idolised" (his word) women and could not deploy a woman under certain harsh conditions of war if he could avoid it. If the conditions improved he could foresee the need and the possibility of recruiting women in the war zones.

I tried to interrogate this view that he seemed to hold so firmly. I questioned what this implied for equality of women and men in a new Uganda that we were trying to create through the armed struggle. Would women in future be equal to men as citizens if, at this critical stage of deconstruction and constructing new politics, we are not able to contribute as men? He dismissed my misgivings as the result of "Western confusion" in African minds and argued that women and men did not have to engage in the same activities to have equal value. He argued further that Africans considered motherhood sacred (hence the idolisation of mothers) and that women's value derived mainly from that function. He did not offer any explanation why if women had such a high social value bordering on the sacred, the majority of them were subordinate to men and suffered discrimination and oppression. (He did not deny that gender inequalities and women's oppression existed).

I found this explanation inadequate. Surely not all women would want to be defined or valued as mothers, irrespective

of whether they had mothered or nurtured children. It is not my intention to discuss the merits and demerits of the motherhood paradigm. My point is that right from the early days of the NRM, there was a willingness to have intellectual discussions about gender issues although the male leadership was initially reluctant to allow women into the bush and there were very few educated women recruited in the struggle. It is also not by accident that under the NRM, most women politicians have usually used motherhood to claim rights for women. While this instrumentalist approach is a powerful strategy in terms of achieving results in the African context, it is limiting because gender equality is only accepted as a means for achieving other ends but not as a right in itself.

Yoweri Museveni and his comrades who founded the NRM/NRA were shaped politically by the African liberation movements while they were university students at the University of Dar es Salaam. They were associated with radical left-wing politics and Museveni had undertaken military training and spent time as a guerrilla volunteer with FRELIMO. With such a liberation background, it was not surprising to find that in a very general way there was acceptance of gender equality and women's empowerment as a principle but apart from the appointment of two women to the National Resistance Council (NRC), the supreme decision-making body of the NRM, and two others to the peace negotiations, there was no other specific action to promote women's participation. It was often explained that the struggle for equality and against patriarchy was a secondary one to the one we were directly engaged in and that pushing gender equality very hard would alienate peasants. That was termed "obscurantism" and was considered a serious political error in struggle. Many years on, sometimes I have heard the same argument being made but using different words to postpone women's rights during debates on vital legislation. The Land Bill is a case in point. In the initial years of the NRM government, the opportunity to discuss and convince some comrades was always inviting but there also always seemed to be a ready excuse for delaying action. This proved to be a perennial problem, working in what appeared to be a democratic and progressive political and policy environment but not being able to change very much in the lives of poor women. Pushing the envelope as far as possible without causing rapture and losing everything. Gradually the progressive trend disappeared and it was replaced by a pro status-quo patronage politics. In this changed context, there is no space for debates on feminism and its place in the main political agenda. Colleagues can only talk about accommodation of this or that issue and senior women in government are often heard cautioning backbenchers to abandon a gender issue because "it might rock the boat".

The NRM came to power in 1986 after a five-year civil war. To mobilise the population for development and against existing political forces, grassroots committees called resistance committees were formed throughout the country, and these later formed the basis of the local government

structure. On these committees of nine, one position secretary for women, was reserved for a woman and all others were open to men and women. In 1989, a policy of affirmative action was introduced to bring more women to parliament (NRC). However, unlike the other special interest seats in local governments and parliament that are elected by the organisations of the interest groups, women's seats are not directly elected by women's organisations. Women representatives are elected through special district colleges consisting of mostly male local government officials. Whereas representatives of the youth, workers and people with disabilities are described as representatives "of" those groups, women MPs are not called representatives "of" women. The constitution describes them as "district women representatives". On numerous occasions it has officially been explained that affirmative action women MPs do not represent women but everybody in the district. The purpose of the measure is explained as "to increase the woman's voice" in parliament but not to create special representation for them. This has meant that women elected through affirmative action do not see themselves as representatives of women's interests and are not accountable to women. Indeed sometimes, being feminist can be politically costly since these colleges are made up of conservative pro-establishment men and women. To strengthen the gender accountability link, we successfully moved an amendment introducing universal adult suffrage for women's seats. The president, realising that women representatives would find a new political independence and switch loyalty from the colleges of NRM officials to grassroots women and men, rejected the amendment and used his powers to send the bill back to parliament for re-consideration. This happened just before elections and not many MPs were eager to earn the wrath of the most powerful politician. So the amendment was dropped.

POLITICAL DEPENDENCE

The method of creating seats for women and reserving them constitutionally has increased the numbers of women in parliament and local councils. This has made women more visible at the decision-making level and given them a chance to learn how to work in the political arena. However, the possibilities of pushing for gender equality legislation are limited by the allegiance women have to show to the narrow constituencies of mostly male officials that vote for them and by a political environment that is restrictive. No better example can be cited than the fate of the "spousal co-ownership" clause in the Land Act. After a long and arduous lobbying campaign, women's organisations, pro-poor CSOs and women parliamentarians pushed through a land law that strengthened poor rural women's land rights. One particular clause guaranteed that a woman would own together with her husband the piece of land on which she subsisted. We considered this a landmark in our struggle for property rights. However, soon after the passing of the bill, a cabinet meeting was called and despite having a 30 percent representation in cabinet, we learnt that only two women defended the amendment in that body. Cabinet resolved to oppose the clause on the grounds that it would

cause paralysis and tension among peasants. All the research that women's organisations had done showing that food security, children's livelihoods and women's security would improve as a result of the clause was ignored. Women ministers who had earlier expressed support for the clause, either fell silent after that meeting or started to speak against the clause. Eventually the co-ownership clause was knocked out of the law technically and shelved permanently.

During debate of the 1995 constitution, the NRM was pre-occupied with entrenching itself in power by restricting the operations of political parties using constitutional limitations on freedom of association and assembly. It was also opposed to federalist demands from the central region of Buganda. The constituent assembly women's caucus which I led met the chair of the NRM and promised to support the NRM's positions in exchange for a one-third reservation of seats for women on all local government councils. The NRM won on both issues. There were other factors that contributed to the success of NRM in the constitution-making process but the women's caucus had a role it played too. History will judge whether this was too high a price to pay for women's local representation. Political parties have continued to challenge the constitution arguing that the rights of assembly and association are like other human rights inherent and inalienable. Without active political parties, women have had to plead with the NRM rather than negotiate for their interests. We are constantly reminded that we were brought to the decision-making table by the NRM and must first tow the line and consult carefully before making any demands. Women's organisations and other CSOs have learnt the art of self-censorship to be able to exist in the ever-narrowing political space.

Many years of pleading have left the women's movement with a culture of political dependence. Women's organisations and women politicians are finding it difficult to break out of the movement's confines and assert themselves, despite the fact that a consensus has already emerged that Uganda will transit to multipartyism in 2006. An erroneous perception has been created that women's empowerment came from the NRM as a "gift" and many grassroots women see it as betrayal to oppose the NRM or President Museveni who has, in their opinion, done so much for women. Meanwhile, the NRM projects feminist women as ungrateful, privileged, elite, urban women who are flirting with multipartyism because the risks for them are few, if any. We made our bed and we have to lie in it! This is a challenge feminists must face by going down to the grassroots and explaining ourselves, clarifying the link between full democracy, women's autonomous organising and women's rights. Multipartyism presents a new opening for negotiation but feminist activists; politicians and feminist women in the academy have to learn new ways of engaging in a changed political process. We have to be ready to learn quickly in order not to lose what we have gained. The most difficult challenge might be that of working together in pursuance of a feminist agenda across party lines.

One morning in 1995, the country was surprised by news on the radio that the relatively powerless minister of women in development had been appointed vice-president. The movement political system on the surface appears rather like a feminist structure, horizontal and inclusive. But underneath the surface, it operates like any party. It has its founders, elders (better known as historicals), funders, mobilisers and each activist/functionary has a fair idea where in the hierarchy she/he belongs. By becoming vice-president, Dr Wandira Kazibwe had on the surface become the second most senior politician in the country but she, like most other Ugandans knew that real power lay elsewhere. Her appointment led to what I can only call the "deputy factor". It became a norm for almost every local government to have a male chairperson and a female deputy, most ministries had male heads and women were appointed junior ministers, parliament would continue to have a male speaker and a deputy speaker, committees, independent commissions and other state institutions all tended to follow the same pattern. Some researchers found that in local governments women deputies hardly ever chaired sessions as the substantive chair always made sure meetings took place when he was present. They had almost no responsibilities, although later on, they were encouraged to take on children's issues in councils. The post of deputy was like a glorified ghetto for women, a token and nothing more. Despite this general trend, when given a chance, some women deputies have seized the opportunity to demonstrate their capacities, and have moved on to more powerful posts. Some local government deputy speakers moved up to become speakers after one term in office. From a feminist standpoint, tokenism can sometimes be transformed into an empowering opportunity.

In the case of Dr Kazibwe, the gap between her apparent power and the real power she wielded was so great that she was never able to settle down in a political role. She became known for making controversial and usually embarrassing statements and much was made of the fact that she was a woman without the adequate "preparation" for office. Faced with the possibility of parliamentary censure, she was stripped of her responsibility for the agriculture ministry and remained without any portfolio for the rest of her term as vice-president. In my opinion, Dr Wandira Kazibwe reacted to her strange and difficult situation in a particular way that is typical of an insecure and isolated person. A gendered interpretation of Kazibwe's weaknesses may have cost women in politics something although it is too early to tell. Eventually, she resigned her post to pursue further studies. There are many women in cabinet but the majority are junior ministers. Their posts were created when we agitated for more cabinet posts for women. They often complain about lack of responsibilities and power. As always peril and promise come together. These relatively powerless positions are exposing women to executive work and in time some of them will be able to wield power and to rise to more powerful posts.

One example I would like to share on the possibilities and constraints for feminist activism concerns my personal experience in the crusade against corruption. We chose to fight corruption as an end in itself but also as a means of challenging the movement to democratise internally and to open up the political space for parties to compete with it. In my opinion this was a fundamental battle for feminists to create an open democratic and inclusive space for all. Besides we could not hope to survive as critics of patriarchy in an environment that was dominated by a few men who managed through patronage. Unfortunately feminists in civil society did not see it that way. They wanted us to focus on specific gender issues and could not see the connection between fighting corruption and promoting equality and women's empowerment. So we received little support from the women's movement. There was strong support from the grassroots especially when we exposed and censured corrupt officials. Sometimes it was difficult for some colleagues to carry on against so much pressure from the government. I once challenged a minister accused of corruption to declare his wealth and explain the sources, and to put him on the spot, I took a decision to go it alone and declare my assets before parliament. Following my voluntary declaration, parliament passed a law requiring senior public officials and politicians to publicly declare their assets by submitting their lists to the inspector general of government annually. I have looked back and felt happy about that achievement even though the period was sometimes very lonely and trying.

Feminist agendas are not constrained by the national context alone. Let me share with you these experiences.

I was walking out of a radio studio after my Saturday chat show when three women of Asian origin approached me. They wanted me to help them stop a cremation of a woman they believed had been murdered by her violent husband on Christmas eve and launch an enquiry into the cause of her death. To cut a very long story short, I went to a feminist organisation I was a member of and we quickly organised a broad coalition of women's organisations. We stopped the cremation and got the enquiry which led to the successful prosecution and sentencing of the husband of Renu Joshi. After that very public, powerful and spontaneous confrontation with violence against women, a UN agency became interested in supporting our coalition. However, it moved in such a way that our initiative was taken out of our hands and brought in to the agency's control. Each organisation was assigned a particular role to play for a specific amount of money and that was the end of our momentum. Today we have a domestic relations bill before parliament that is silent on issues of domestic violence, thanks to an international intervention.

As we struggle to be heard and to be taken seriously by our government on issues of resource allocation and economic policy, we discover that actually our governments have little say on the adopted macro-economic framework and on external issues such as trade policy and debt

repayment strategy. The sea of foreign technical advisers who work on PRSP, MTEF, agriculture health education transport and other sectors, are even less sensitive to questions of gender justice than our own government officials. We have found it useful to make alliances with our civil servants and to seek to empower them with gender analytical skills while we also learn from them more about how the economy works and how best to influence economic decision-makers. We are critical of the FRS process and find that it is not what it is claimed to be - broad-based, country-owned, participatory and bringing the voices of the poor themselves in the policy making process. However it has opened up to us opportunities to explore with other pro-poor and pro-human rights groups the links between poverty, globalisation, governance, social justice and women's empowerment and to build synergies for social transformation. We are strengthening our voices through collective action at the local, national, East African and global levels.

In conclusion, to be an African feminist working in the political arena is exciting, risky, problematic, enriching, challenging and fulfilling all at once. In Uganda, a progressive force that led an armed struggle against dictatorship has been in power for 18 years and gradually its

political orientation has changed. This has implications for feminist political activism and for individual feminists. We need to be strategic as well as tactical. We must navigate the terrain carefully, looking out for opportunities to exploit and obstacles to avoid. Sometimes we have compromised a lot in order to make some gains. We need to evaluate ourselves critically and learn from the past. We have to work with others, especially pro-poor, pro-democracy and pro-human rights groups, to recover progressive politics, to expand and deepen the democratisation process in order to secure safe spaces for feminist struggles. But a single voice of conscience can also trigger positive change. In this respect, a feminist is like a prophet or visionary, pointing to a future world where there is justice, equality and all people live dignified lives. It requires courage and conviction and willingness to strike out alone sometimes.

National agendas are not entirely shaped by national leaders. Increasingly feminists have to engage with powerful decision-makers at various levels, local, national, regional and international to have an impact. Neo liberal economics are driven externally. We must understand the decisions of politicians in this context and endeavour to influence what is decided beyond our borders. As we say in my language, you do not kick a man who is already down.

A DIVIDED COUNTRY UNDER GLOBALISATION – CHALLENGES AND POSSIBILITIES

INPUT TO THE HSRC CONFERENCE, KLEINMOND, 4 MAY 2003-06-20
TREVOR MANUEL, MINISTER OF FINANCE

Countries, which are entirely dependent in the Bretton-Woods Institutions for finance, would have their policy limitations imposed through the Washington Consensus or its derivatives. This is quite a formal limitation.

In the South African experience, we found that whilst there was a verbal enthusiasm for the termination of apartheid and the establishment of democracy, this did not translate into huge flows of donor aid. Which may be just as well – it provided us with a bit of additional policy room.

Here, the horrors that people have lived through and the collective experience of the long struggle against apartheid meant, and indeed still means, that there is a premium attached to sovereignty. It has been possible to persuade all South Africans that there are resource constraints, which require careful choice. It is in this area where all the discourse occurs – from macro-economic choices to spending priorities.

The quality and resolve of leadership will be repeatedly tested – a unipolar world is also an intolerant world. This needs to be borne in mind because of the reality that globalisation, taken at the full, fetters domestic decision-making. The focus has to be on developing a transformation programme, which is both deepening and sustainable. This demands leadership capable of understanding the domestic and international demands simultaneously and then taking the correct decisions. (No prospect of "might is right" for the political leadership of developing countries!) If the leadership is incapable of withstanding these stress tests, the "golden straightjacket" could easily become a whalebone corset, designed and fitted by outsiders. South Africa has not had this problem.

We have to push hard for policy room and democracy against the mediocrity and risk of "one-size-fits-all" globalisation.

AFRICA AND THE WASHINGTON CONSENSUS

FINDING THE RIGHT PATH

BY TREVOR A. MANUEL

The author is the Minister of Finance of the Republic of South Africa

As many interpretations of the Washington Consensus exist as there are regions in the world.

For Africa the panoply of reforms subsumed under the term has been useful as a guide to economic policymaking - with the main focus on fiscal discipline and privatisation - even though it has proved difficult for most African countries to pursue all of them. Few countries anywhere have applied the reforms of the Washington Consensus completely, not least because some of them are culturally and historically sensitive. A larger difficulty however, is that the reform agenda only partially addresses the growth constraints faced by many developing countries. Macro-economic stabilisation is critical for growth, but it is not clear that privatisation is. Moreover privatisation and deregulation simply do not apply to African countries in the same way that they may in Latin American countries.

Nevertheless, most African states have made strong progress with many of the reforms which helps explain in part, the continent's improved economic performance in recent years. Economic growth in Africa is expected to average 3.1 percent this year and 4.2 percent next year - more than twice the average in 1984-93 and marginally higher than the average for all developing countries. Macro-economic stability is being consolidated with average consumer price inflation at 9.7 percent in 2002 down from 13.2 percent in 2001 and 54.6 percent in 1994. Underpinning the better inflation picture are lower fiscal deficits, which have declined from an average 5.2 percent of GDP in 1994 to 2.1 percent in 2001.

Of course, to reduce poverty more consistent and rapid economic growth is required. One of the most important drawbacks of the Washington Consensus was that while it provided a good mixture of reforms to both stabilise the economy and encourage private sector activity it did very little to help resolve structural and institutional constraints on growth. John Williamson pointed this out in his 2002 speech at the Centre for Strategic and International Studies, "Did the Washington Consensus Fail?", when he asked why so little of development economics had made its way into Washington thinking.

Three aspects of development economics are particularly relevant to African economies and their growth problem: the "dual" economy, the creation of social capital, and the role of the state. But before turning to those issues, it is worth discussing the role of external factors in African development, among them, trade and development assistance. The Washington Consensus implicitly assumed that there was nothing wrong with the development assistance relationship: but certainly, from an African perspective, development assistance has tended to undermine growth prospects, even if it has helped fill the investment-savings gap.

Adapting the global environment

Part of Africa's growth problem is due to the incentives and disincentives embedded in the global environment. All African economies, even those of South Africa, Nigeria and Egypt are small. Thus, the whole global environment - trade, international finance, and development aid - needs to be supportive of growth and to provide the right incentives for small African states to pursue reform.

Much of the literature on small economies focuses on the problems presented by the volatility of capital flows, but a larger problem for African economies is that their growth potential is directly affected by their ability to export and use export revenue to diversify production. Their ability to do so is constrained by a global trade regime inimical to the full development of African countries' comparative advantage. Limited market access for low-cost textiles, cotton and agricultural products and competition from heavily subsidised industrial economy exports effectively prevent growth. The current proposal for a Common Agricultural Policy-type organisation of global agricultural markets is, from an African perspective, bad economics and, probably, an attempt to spoil any progress at the Doha world trade negotiations.

At the same time, Africa has not developed a continental trading system with low transaction costs. Regional trade arrangements are fragmented and complex, resulting in relatively limited trade between African economies. A good example is the overlapping and inconsistent regional schemes in sub-Saharan Africa. Regional trade agreements

are as important as multilateral liberalisation. They are needed to provide incentives to diversify production within African economies, while multilateral reductions in barriers would enable countries to maximise revenue from exports of goods in which they have a comparative advantage.

Moreover, the international financial system and prevailing aid practices cause periodic disruptions to economic activity. Development assistance continues to be crucial in supporting poverty reduction and economic development in poor countries, but there needs to be more than the recent slight reversal of the trend of declining aid levels. The recently mooted International Finance Facility holds promise for increasing aid levels. Accelerated progress also requires more and better-targeted financial support for poverty reduction, particularly in policy areas important for achieving the Millennium Development Goals (MDGs) - education, health, clean water, and sanitation.

It is important to recognise, however, that the recent swing in thinking about development assistance has come about as a critique of the Washington Consensus. The 2002 Monterrey Consensus, the 2002 Johannesburg World Summit on Sustainable Development, and the creation of the New Partnership for Africa's Development (NEPAD) a year earlier are deliberate attempts to change the donor-recipient relationship from aid as welfare to aid through partnerships. Without this continued shift away from tied, politically driven, and welfare-based aid, Africa will continue to be faced with what Ethiopian Prime Minister Meles Zenawi calls the "syndrome of the long-term unemployed."

Two further adjustment mechanisms are needed to assist African economies to reap net benefits from trade liberalisation, globally and regionally. The first adjustment mechanism is really a set of internal changes meant to ease the shifting of capital and labour in the domestic economy to take advantage of new economic opportunities.

The second mechanism would be multilateral - a financial facility designed to help low-income countries weather exogenous shocks to the prices of key commodities. The benefits of such a mechanism, if sufficiently funded, would be to make it possible for African (and other low-income) countries to adjust to commodity price shocks without derailing economic reform programs and fiscal plans. For heavily indebted poor countries (known as HIPC), the facility might also ensure debt sustainability.

In summary, the external problem is that the global economic environment makes it less likely that internal reforms will be either initiated or sustained. For example, reliance on exporting a single commodity partly reflects inadequate external incentives to diversify production. Reform of revenue management (broadening the tax base and lowering marginal rates) becomes difficult because there is a heavy dependence on a few sources of tax revenue, such as export and import tariffs. This makes it

more difficult and much more important to reform the public sector and public expenditure management or to agree to sweeping trade liberalisation.

Uneven consensus

From a domestic perspective, the consensus does not address three aspects of African economic development that I believe are critical to making sustained growth a reality.

Dual economy. African countries tend to exhibit severe economic and social imbalances, particularly between the urban formal and the rural informal sectors. Unemployment and poverty levels are normally much higher in the rural sector, exacerbated by insecure or nonexistent land ownership. This results in rural dependence on fiscal transfers and employed workers in urban areas. Household income is shared among family members, raising relative poverty levels and creating disincentives to finding a job.

Social capital. Critical to spreading economic activity is not to choose between developing formal or informal sectors but to ensure that the regulatory environment is supportive of economic activity in both sectors. A trickle-down development strategy is insufficient, particularly where there are large poor populations reliant on the informal sector and few low-cost, effective public services. Human capital creation, through informal or formal employment and rapid advances in public services, needs to be a key plank of African development strategies.

The NEPAD proposals seek to strengthen ties further between rural and urban sectors and the expanding formal and informal economies, through, among other things, improved transport and communications networks. Other methods might include further development of specialist financial services. Agriculture, as the main form of rural production and income, requires special attention - particularly in terms of land redistribution and reform and strengthening property rights for smallholders.

Role of the state. The problem in Africa is that most states are weak and limited, not that states try to do everything and account for 50 percent or so of national income, as in other regions. This means that, while there have often been problems with privatisation, they normally have more to do with flawed processes (non transparent, discretionary) than with the extent of privatisation. Most African states need to expand, not contract, their public sector - and dramatically improve its efficiency in delivering quality public services. This demands institutional capacity, especially in areas of regulation, service delivery and social spending.

Economics as a discipline long ago recognised the need for adjustment, particularly where price signals are not strong or labour is not able to move to different sectors because of skills constraints and mismatches. Capable states are required to ensure not only that prices fulfil their signalling role (a regulatory function) but also that populations are able to respond to them (a public service

function). Some of the more important requirements are:

- effective regulation of key sectors such as transport, communication, and finance
- policies that encourage new entrants, enterprise, innovation, and the development of social capital
- labour markets that allow for reabsorption of labour
- public services and institutions that lower supply-side costs of changing from one type of economic activity to another.

Public institutions must be capable of achieving the balance between private and social costs and benefits, which requires a minimum level of democratic accountability in those institutions. Technical capacity needs to be combined with transparency and representation in public institutions. The IMF and the World Bank have made strides in recognising these issues and incorporating them in their programs. The Poverty Reduction Strategy Paper process should be continuously reviewed to ensure its relevance to African development challenges.

Conclusions

It is not clear that rigorous pursuit of the Washington Consensus reforms in African countries would have delivered the outcomes expected from their application in Latin America. A number of key assumptions do not apply, and it has never been proved that privatisation is the best approach to all of the problems of public sector inefficiency. At the same time, African economies suffer from a variety of constraints to growth that the consensus reforms may have indirectly eased but would have done little or nothing to resolve directly.

Nonetheless, the Washington Consensus did impart new, if not always unflinching, direction to reform efforts throughout the developed and developing world. This in itself provided guidance to those seeking more rapid growth, economic development and poverty reduction. Perhaps most usefully, the consensus emphasised the importance of maintaining prudent macroeconomic policies and balances - a lesson taken to heart by most of the developing world but neglected by the developed.

Since 1994, Africa's development has received three major boosts, including the re-entry of South Africa into the world economy, the agreement to establish NEPAD and the decision to pursue economic and political integration through the creation of the African Union. A wide variety of other significant developments have also contributed to improved prospects for Africa's development, including the Southern African Development Community free trade zone and initiative on macroeconomic convergence, and the Africa Growth and Opportunity Act.

The NEPAD programme sets out a critical set of actions to speed up African economic development through integration of trade, finance, labour and infrastructure between individual African economies. Deeper integration gives rise to a number of direct and indirect benefits, including, but not limited to, lower transaction costs (tariffs

and exchange rates); increased flows of goods, services, capital, and people; expansion of economic opportunities; increased public revenues and greater means for social development; broader transfers of knowledge and technology; greater regional political stability; and fewer asymmetric exogenous and endogenous shocks and, hence, fewer negative spillovers.

Large investment-savings gaps in African countries mean that sustained official and private financing is required. This is being addressed in the NEPAD capital flows initiative through efforts to institute best-practice investment rules, improve public expenditure management and revenue administration, and develop financial markets.

The global community has made significant progress with the Monterrey Consensus, the MDGs, and the Johannesburg sustainable development goals in defining additions and pragmatic adjustments to the Washington Consensus, most notably in a redefinition of useful development assistance that emphasises partnership. State-focused reform efforts are under way in African economies. An external environment conducive to increasing African exports and economic opportunities must match these reform efforts.



SENTECH

Limited

Quietly and without much fuss, Sentech, while embracing the spirit of NEPAD, is busy performing little miracles, such as connecting you to colleagues and loved ones

Sentech is an independent and fully commercial state-owned enterprise. The company's signal distribution network forms the backbone of broadcasting in South Africa. In May 2002, the company was awarded two additional licences allowing it to provide international telephony and broadband wireless services, since then it has become a major force in the telecommunications and multimedia industries.

Sentech offers a range of high-end services such as Business Communications solutions, Data and Multicasting to corporations, small and medium enterprises (SMEs), small or home offices (SOHOs), organisations in Africa and telecommunications operators globally.

Sentech's corporate reinvention has evolved at a scale and pace unprecedented in the local information technology and communication (ITC) sector, and the company is now not only a distributor of signals for broadcasters via terrestrial and satellite links, but also a provider of broadband wireless services.

Being Africa's largest broadcasting signal distributor, the company operates a large number of terrestrial broadcasting transmitter sites. These carry short wave, medium wave, FM, television and microwave frequencies and serve most public, private and community broadcasters in South Africa, as well as international broadcasters wishing to access African audiences.

Sentech operates a broadband network business accommodating narrowband functionality on a common platform, supplying communications solutions and services to wholesale and retail customers in a chosen market in South Africa and the rest of the continent.

The company aims to be a leader in providing world-class broadband communications solutions and services to its customers. Sentech also wants to define market niches in which it will be recognised as the brand leader, creating innovative, value-adding products that satisfy the need of customers.

The company is also aligning its internal processes and systems to enable it to be customer-centric, taking cognisance of regulatory boundaries and fair accounting practices as well as encouraging innovation, superior performance and self development of its staff who should be shareholders in a learning and caring company. Ultimately, Sentech would like to earn market-related returns and attract additional shareholders and investors for a capital investment to grow the business.

Sentech offers terrestrial broadcasting coverage in analogue format to 98% of South African broadcasters; C-band capacity linking radio and TV transmissions as well as business broadcasting, datacasting and interactive distance learning. The company also introduced the first suite of broadband wireless services to South Africa – and this is all delivered via satellite or high-powered radio frequency with no need for a fixed phone line.

To date, Sentech's impressive inventory of technology includes 211 transmission high sites, 598 TV transmitters, 730 FM radio transmitters, as well as a number of satellite services. The company also operates medium-wave and short-wave transmitters ranging from 1 to 500 kilowatts and offers a full array of signal distribution technologies through these satellite and terrestrial systems.



MyWireless Modem & Accessories



VSTAR Satellite Dish

The first multimedia offering, VSTAR, based on VSAT technology, was launched in August 2003, creating a stir in the marketplace. There are more VSTAR products in the process of development and release, and the sales pipeline continues to grow.

In January 2004, Sentech launched the first portable, always-on internet access product, MyWireless, offering consumers an alternative to traditional dial-up internet access.

A new IP network was also designed, together with the necessary operating and business support system's specifications and requirements, to deliver on the additional licences awarded to Sentech.

Sentech believes in practising integrity, honesty and fairness in its dealings with its stakeholders. Quality customer service is the cornerstone of the success of the company as it endeavours to make every customer contact a pleasant experience. The company provides its people with opportunities to develop to their fullest potential by ensuring quality leadership, rewarding excellent performance and encouraging innovation. Sentech values diversity in its people and runs its business with a commercial and customer-centric orientation.

The empowerment process has been fully embraced by Sentech's executive management who are committed to the success of this initiative. In real terms, affirmative procurement accounts for 30% of total national procurement expenditure. The number of BEE companies who were awarded tenders also showed an increase, and Sentech aims to continue to encourage such companies to do business with them.



Dr Sebiletsa Mokone-Matabane, CEO, Sentech Ltd.

Sentech's new business directions place great emphasis on customer satisfaction, as well as delivering new and innovative products to serve different target markets

Social investment is also important to Sentech and it supports projects aimed at improving access to educational opportunities using ICT. The company also aims to develop and enhance historically disadvantaged individuals and communities in the ICT sector, contribute to the challenge of HIV/AIDS through strategic partnerships and facilitate a common response.

Sentech also runs an Advanced School of Technology to create an adequate skills pool in the ICT sector. In an effort to draw young people to the ICT sector, Sentech runs career conventions each year, aimed at creating awareness about career opportunities available in the sector. Sentech is also a founder member of Mindset, an initiative that was created by several organisations, including the Nelson Mandela Foundation and the Liberty Foundation. Mindset produces educational content in line with schools' curricula, which is broadcast to schools throughout the country.

Sentech provides an annual allocation of funds to cater for the educational needs of employees and their children. Bursaries are awarded for studying at universities, technikons and technical colleges in the fields of Electronic Engineering, Telecommunications Technologies, Information Technology, Human Resources and Financial/Management Accounting.

Sentech has partnered with SMEs for the distribution of its broadband services and will be creating more indirect

employment in the value-added services that have been created with the extension of its services into ISP and broadband services.

Two years ago, Sentech served less than 200 customers – by the end of 2004 it could have thousands. Says Sentech CEO, Dr Sebiletsa Mokone-Matabane: 'Provision of broadband services on this scale to consumers and business is without precedent. We are inventing new businesses while re-inventing ourselves. It's a great challenge. Thankfully, Sentech has shown a huge appetite for challenge and change. We're excited by the opportunities rather than daunted by them. It is a privilege to touch so many lives and have the chance to improve the prospects of many.'

Sentech's philosophical outlook is based on embracing the spirit of the New Economic Programme for Africa Development (NEPAD). This is an initiative for Africa to take ownership and responsibility for its sustainable economic development. Through its current operations in regard to infrastructure and expertise, Sentech is poised to play a significant role in linking the African continent to the global ICT revolution by connecting under-resourced African ICT operators and providing affordable services to the continent.

www.sentech.co.za

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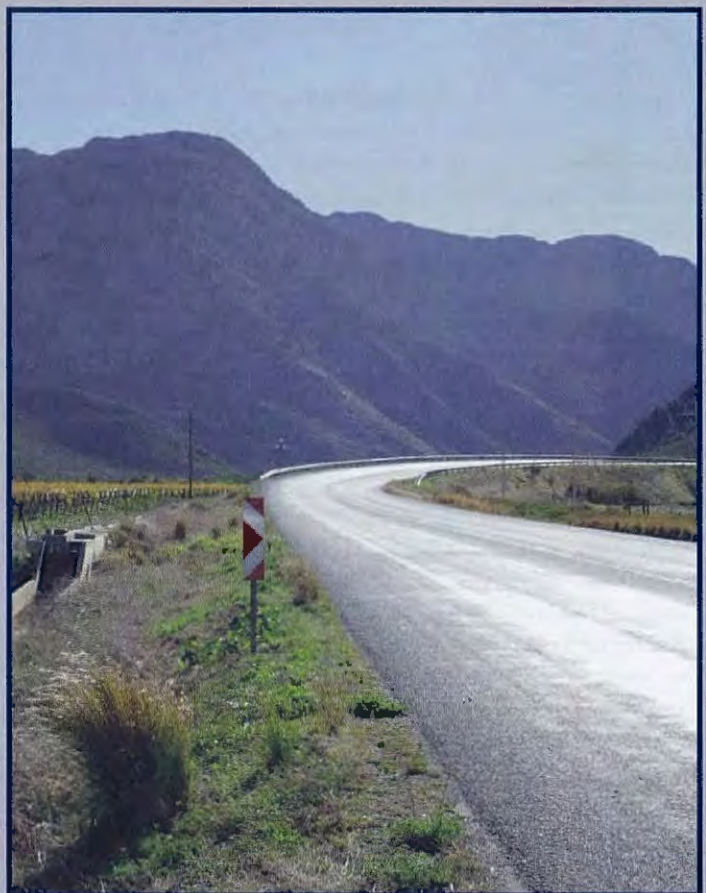
ALL ROADS LEAD TO SANRAL

The South African National Roads Agency Ltd is paving the way towards a better driving experience for road users, whilst also focusing on job creation and the preservation of our environment, writes LEIGH VAN DEN BERG.

Established in 1998 as part of the newly elected democratic government's reorganisation of the transport sector, The South African National Roads Agency Limited (SANRAL) was entrusted with the mission to provide and manage a superior primary road network at optimum cost and efficiency.

Recognising the enormity of the many demands on the fiscus and the advantage of constructive engagement with the private sector, SANRAL has since pro-actively sought alternative sources of finance for road infrastructure and opportunities to reduce dependence on tax-based revenues. Public/Private Partnerships provided such an opportunity and SANRAL is now able to negotiate investments in the improvement and preservation of the country's road infrastructure well beyond Government's three-year expenditure plan.

In celebrating 10 years of democracy, SANRAL was involved in a number of industrial ventures that were either shaped by,





or contributed to our democracy.

SANRAL has, for instance, been instrumental in developing three of these projects, namely the N4 Platinum Highway, the N4 Maputo Development Corridor and the landmark Nelson Mandela Bridge in Newtown, Johannesburg.

The Nelson Mandela Bridge, a 284-metre cable-stayed structure, has enabled SANRAL to increase its technical competence in modern bridge design, comparable to some of the most well-known bridges in the world. On selecting the design of the bridge, SANRAL looked beyond the mere functionality of the structure. The bridge needed to make an architectural statement, which would essentially add value to its urban environment.

The symbolism that the bridge evokes has far greater meaning, given the life of the man it honours. The fact that this landmark was completed within 28 months, from inception to handover, with no disruption to rail traffic, bears testimony to the skills of the engineering profession. The co-operation between the different spheres of government in completing the project is a living example of co-operative governance.

'SANRAL believes that good corporate citizenship shouldn't have to end within the company's working arena'

The construction of the N4 Platinum Highway, together with the Maputo Development Corridor (MDC), has realised SANRAL's vision of a coast-to-coast link (linking Mozambique to Namibia via South Africa and Botswana) and is regarded as a forerunner to the fulfilment of NEPAD objectives. The MDC has proved that road infrastructure does promote peaceful regional co-operation and good neighbourly relations.

At present, SANRAL is co-operating with its colleagues from the other provinces as well as the public sector to overcome the major problem of overloading on our national roads. Working together with sufficient law enforcement, SANRAL is providing the necessary infrastructure for traffic control centres on major arteries, which has contributed to a reduction in overloading in the last year. They are also investigating new methods of overload control in Gauteng, Limpopo, North West and the Free State, and have started to refurbish the Mantsole Traffic Control Centre in a bid to improve its efficiency.

Being at the forefront of job creation, SANRAL has been able to show a consistent record of job creation through innovative



contractual obligations and maximising the advantage of the multiplier effect of roads construction and maintenance. In line with the principles of Black Economic Empowerment, SANRAL continues to raise the bar.

SANRAL's projects are all aimed at the eradication of poverty. The aims are to assist in human development and capacity building, the provision of jobs and to make projects sustainable in the long term.

In addition, SANRAL has always been mindful of the fact that environmental management is a key component of road infrastructure development. In providing a sustainable road network that meets the requirements of both people and the environment, SANRAL continuously strives to find a balance between the economic and social benefits of road-based transport on the one hand, and the protection of the environment on the other.

One of its recent programmes involved moving giant baobabs along the N1 near Musina, as well as the section along the main route between South Africa and Zimbabwe. As heavy amounts of traffic and a fair amount of surface deterioration on a 20km stretch of the road had made it dangerous to use, it required extensive reconstruction that involved road widening and realignment.

Unfortunately, this section of road was also close to several large baobab trees, some of which were more than 4 000 years old and weighing in at over 100 tons. SANRAL's first challenge was to attempt to reconstruct the road in such a way that only the minimal number of trees would be affected. After several

brainstorming sessions, the design team came up with a creative solution that reduced the number of potentially affected trees from 53 to nine.

Next, they had to figure out a way to move the remaining trees. Initially, the plan was to relocate six of them to the Baobab Toll Plaza and then relocate the remaining three.

Due to the excessive cost of moving the last three trees, this plan was put on the backburner – SANRAL was even given a permit to destroy them. The company, however, did not entertain this thought and continued to search for a viable way to save the trees, which are an important part of our natural heritage.

Fortunately, the problem was solved with the help of a local farmer who offered to create a custom-made sledge, which proved to be a far less invasive and cost-effective solution. As a result, all three of the baobabs were safely moved and the other six were relocated to the Baobab Plaza where they continue to thrive.

In future, SANRAL aims to continue its support of co-operative government and socio-economic initiatives, as well as to consolidate the primary network and to secure the condition of national routes, especially in view of South Africa hosting the Soccer World Cup in 2010. Upcoming projects include developing the N1-N2 Winelands Toll Highway, N2 Wild Coast Highway and R300 Cape Town Ring Road.

Finally, SANRAL will continue with its performance based maintenance and development programmes for entrepreneurs, creating more employment opportunities in its fight against the scourge of poverty.

LIFE UNDER THE IMF'S MAGNIFYING GLASS

AN ANONYMOUS ZAMBIAN CIVIL SERVANT CHAFES AT THE COLLAR

Published in the Bretton Woods Update, Number 39 – March/April 2004

Zambia entered the enhanced Heavily Indebted Poor Country (HIPC) initiative in November 2000. According to the agreement with the IMF and World Bank, the country was supposed to have reached the "completion point" - the point at which debt relief would actually be delivered - in December 2003. This would have meant Zambia being relieved of about half of its huge external debt of \$6.8 billion.

Despite its good track record for the first two years (according to the fund and the bank), Zambia was removed from the fund's credit line in April 2003 after it was discovered that the country was not meeting limitations on public sector salaries set by the fund. Consequently Zambia has been put on a staff monitored programme (SMP) until June 2004, instead of the conventional poverty reduction and growth facility (PRGF). During this period, should Zambia fail to satisfy the conditions of the IMF/World Bank, the country will not reach the completion point. This means it would have to pay close to \$300 million in debt servicing from domestic resources in 2004, with that figure rising in subsequent years.

Breaking the agreement. The Zambian Government is the country's biggest employer. However, remuneration in the civil service cannot be compared to what persons with similar qualifications in the private sector earn, or even what is earned by civil servants in neighbouring countries. Many professionals have been leaving the civil service to go and work elsewhere. In the hope of retaining its professional staff, the government introduced a housing allowance system. As a result, the ratio

of public sector wages to GDP reached 9 percent, exceeding the 8 percent agreed with the fund in the budget: Zambia was removed from the PRGF and put on a staff monitored programme.

To meet the 8 percent agreement, in this year's budget there is no salary increment for any civil servant despite rising price levels linked to increased value-added taxes and import duties. Housing allowances have been reduced to unacceptable levels. No new civil servants are to be

employed for the next one and half years despite a shortage of doctors and teachers in government-run institutions. These new measures are supposed to be operational by April 1.

Life under the Staff Monitored Programme. The Zambian SMP started in July 2003 and runs to June 2004. The fund has assigned six economists to monitor the Zambian economy. Each one is an "expert" in the real, fiscal, monetary or external sectors. Some of these "experts" are recent college graduates with little or no knowledge of the Zambian economy.

Under a PRGF arrangement, the fund only makes at most two visits in a year. Under the SMP this increases to at least four visits. Progress in implementing the SMP is monitored monthly. Targets are defined in a technical memorandum of understanding. Under the arrangement the government has to justify all its expenditures.

A committee chaired by the minister of finance meets once every two weeks. The IMF resident representative attends these meetings as an observer. Also, once a country is on a SMP, it is the IMF staff assigned to monitor that country who represent it on the IMF board.

To graduate out of the SMP Zambia has to meet certain conditions. The main ones are reducing the budget deficit to the agreed upon target of not more than 3 percent of GDP and maintaining a public sector wage to GDP ratio of not more than 8 percent. Additionally Zambia is expected to privatise the remaining public utilities in the energy and telecommunications sectors. To make matters worse, the monies realised from the sale of the parastatals must be used for debt servicing and not for investment or consumption purposes.

The Zambian government is at a crossroads. If it pleases the IMF/World Bank by going along with the proposed measures in the letter of intent, it is likely to cause industrial unrest. If it goes with the will of the people, the country will have to pay hundreds of millions of dollars more in debt servicing.

TO SERVE AND PROTECT

MEC Pogisho Pasha is steadily winning the war on crime to ensure the safety and security of those in Mpumalanga – and he has the statistics to prove it.

Pogisho Edwin Pasha, 43, has held many positions in his lifetime, but none have been more important than his current one as MEC of Safety and Security in Mpumalanga.

His first jobs included working as a student nurse at Pelonomi in 1984, followed as a general worker at Sasol Explosives in 1987. He was then elected shop steward of the Chemical Workers' Industrial Union (CWIU), an affiliate of Cosatu – an organisation with which he would have a long association.

Despite a setback in 1989 when he was arrested in Winburg because of his political involvement (he was later released due to pressure from the union), Pasha rose through the ranks and, following his election as the CWIU deputy chairperson, he became the deputy secretary of Cosatu in Secunda in 1990. Later, he joined the ANC after its unbanning and the South African Communist Party (SACP) where Cosatu entrusted him with the re-organising of its structures in Mpumalanga.

A year later, in 1991, Cosatu employed him on a full-time basis as their regional educator and he became a member of the National Education Committee (NEC).

Five years later, Pasha joined the South African Municipality Workers' Union (SAMWA), a Cosatu affiliate, as a provincial educator, followed by provincial secretary. In 1996, he had a busy year, being elected as chairperson of the ANC branch in Secunda. He also served on the ANC's Witbank Branch Executive Committee for a year from 1998 and became the chairperson of the portfolio committee for Public Works, Roads and Transport, Safety and Security in 1999. He then chaired the Premier's office, Finance and Safety and Security Committee in 2001 and is the ex-officio member of the Provincial Executive Committee (PEC) in Mpumalanga (ANC). Later, he was deployed to the Mpumalanga Provincial Legislature. It was there that he became the ex-officio member of the Regional Executive Committee in the Nkangala region before being appointed to his present job.

Asked what he sees as his biggest challenge regarding safety and security in Mpumalanga, Pasha says his short-term goal is to consolidate the gains made by his predecessor and the South African Police Service (SAPS). He also wants to 'ensure the programmes implemented are sustained in order to meet the expectations of our people with regard to effective policing service delivery'.

Pasha adds: 'The challenges must be understood in the context of our mandate as a civilian secretariat to monitor and evaluate the SAPS and facilitate the implementation of sound crime prevention programmes.'

He also promises to 'ensure that all the stakeholders from the community police forums (CPFs), community organisations, business, faith-based organisations, allied departments in the criminal justice cluster and labour unions are consulted in order to solicit their support in all the initiatives of the Department of Safety and Security'.

Being a man of action, there are many things Pasha would like

to achieve in his capacity as MEC, but he feels it's important to enhance the public's awareness of what his department is doing, and encourage their participation in creating a secure environment. That is why he wants to monitor and analyse policing policies in order to improve the development of local, provincial and national policing policies, as well as improve relations between the police, local municipalities and the communities by establishing active CPFs.

Pasha also wants to provide adequate and reliable security to government assets, enhance tourism safety and improve the relationships between stakeholders in the farming community. Finally, he plans to facilitate and monitor the implementation of the Presidential Lead Project at KaNyamazane and the Provincial Priority Projects in Vosman, Embalehle and Driefontein.

'I hope to ensure that these objectives are attained in order to contribute to the safety and security of our people,' he says.

Pasha feels, despite a negative public perception, that crime levels in Mpumalanga are not as bleak as one might think. With regards to South Africa having enjoyed 10 years of political freedom and its influence on crime, he says: 'If this is analysed objectively and critically in context, we see most crimes prior to 1994 were prevalent in previously disadvantaged areas as urban areas were providing better policing services in order to protect the interests of the minority.'

'Despite that, we are in the first decade of freedom and there has been a tangible decrease in crime, as mentioned in this year's budget speech, nationally.'

The murder rate experienced a decrease of 1.7% but, since 1994, murder has decreased by 30.7% and rape by 5.7% between 2001/02 and 2002/03. Also, the rape ratio is at its lowest level since the establishment of the SAPS in 1994/5, which is due to the national anti-rape strategy of the Inter-Departmental Management Team (IDMT) of the National Prosecuting Authority (NPA) and other interventions.

Another encouraging statistic was the significant decrease in aggravated robbery. For example, the hijacking of cars decreased by 20.2%, and bank and cash in-transit robberies by 15.4%, pushing both these crime categories to the lowest levels recorded since 1996/97.

'Despite the constraints of resources, the majority of the officers in the SAPS have managed to maintain an acceptable level of morale in order to provide effective policing services,' says Pasha. He believes, despite the fact his task is a daunting one, he will, with the full support of his colleagues in the Executive Council, the provincial management of the SAPS, his department and community organisations, triumph. 'I have no doubt that the challenges are not insurmountable,' he says.

Pasha made his stance on crime clear: 'We must rebel against the ordinary criminals who murder, rape and rob, and conduct a war against poverty, ignorance and the backwardness of the children of Africa.'



The African Renaissance sun

risers in the Mpumalanga Province and this is why ...

Due to our massive coal-production capacity, we remain the largest electricity-generating province in the country.

By converting natural gas to liquids, we are at the cutting edge of South Africa's production in alternative energy sources.

The Maputo Development Corridor in Mpumalanga provides the shortest route from the industrial hub to the markets and ports to the east of South Africa.

Our pulp and paper industry is the largest in the southern hemisphere and Mpumalanga is a breadbasket of agricultural production and food security.

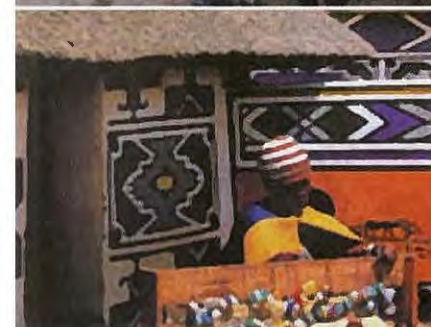
We are called the Cultural Heartland of South Africa because out of the eleven official languages in our country, we speak eight of them in Mpumalanga.

The Kruger National Park, the Blyde River Canyon, the Three Rondavels, God's Window and the Sudwala Caves are a few attractions that make Mpumalanga a premier destination for national and global tourists.

ALISHONT' LANGA
- where the sun never sets.



MPUMALANGA
PROVINCIAL
GOVERNMENT



SEE what we've done!



MPUMALANGA PROVINCIAL
GOVERNMENT

- ❶ We made Izimbizo a tool of grassroot goverance.
- ❷ Engaged in an R18.8-million initiative with a prominent company in Denmark.
- ❸ Through careful planning, the number of social grant beneficiaries has grown rapidly to 395 722.
- ❹ Our primary school feeding programme has surpassed our 350 000 mark to 460 000, comprising 1325 schools.
- ❺ We made it possible for more than 2-million people to receive clean running water.



IMPLEMENTATION REPORT ON THE G8 AFRICA ACTION PLAN

1. At Kananaskis in 2002 the G8 adopted an African Africa Plan (AAP) in response to the New Partnership for Africa's Development (NEPAD). The G8 shares the fundamental objectives of NEPAD. The AAP sets out how each of the G8 partners, together or individually, will enhance their engagement with African countries in support of NEPAD. The G8 agreed to review, at their next summit, progress made in the implementation of the commitments they made in the AAP. The following implementation report illustrates the thrust of the G8 response and outlines efforts for implementation in the next years.

I. GENERAL REMARKS

2. In the AAP, G8 partners reaffirmed a broad partnership with countries throughout Africa based on the commitments of G8 members to address core issues of human dignity and development. They also undertook to enter into enhanced partnerships with African countries whose performance reflects NEPAD commitments, including a political and financial commitment to good governance and the rule of law, investing in their people and pursuing policies that spur economic growth and alleviate poverty. They stated that the results of the African peer-review process would inform their future decisions in this regard.

3. NEPAD presents a bold and clear-sighted African vision of how Africa is assuming responsibility for its development and full integration into the world economy. The G8 countries encourage and support this important endeavour and therefore fully commit themselves to strengthening their partnership with Africa. The United Nations and the Organisation for Economic Co-operation and Development have adopted NEPAD as the basis upon which to build future relations with Africa. We particularly welcome the UN General Assembly resolution adopting NEPAD as the general framework around which the international community including the United Nations system (A/RES/57/2) should concentrate its efforts for Africa's development.

4. NEPAD and the AAP are interlinked; progress in the implementation of one stands to improve the prospects for the other. Partnership based on African priorities is replacing assistance based on donor assumption of Africa's requirements. This process is beginning to deliver results.

5. We welcome the important progress made by African partners in acting upon the values and principles contained in NEPAD, for example:

- in launching the African Union, which underscores the will of African leaders to assume joint responsibility for democracy, human rights, peace and stability and good governance throughout the continent;
- in achieving and consolidating an end to armed conflicts in Angola, between Eritrea and Ethiopia and in Sierra Leone; in making progress in peace processes in Burundi, the Democratic Republic of the Congo and the Sudan; and in working together, with the support of ECOWAS, in helping the return to political stability in Côte d'Ivoire;
- in consolidating democracy through the holding of free and fair elections in a number of African countries;
- in adopting the African Peer Review Mechanism (APRM) which gives powerful expression to the acknowledgement in NEPAD that sound political, economic and corporate governance is integral to sustainable development in Africa. Fifteen African countries have signed a Memorandum of Understanding to accede to the APRM process as of May 31, 2003. The entry-into-operation of the APRM marks a major event in the development of governance in Africa; and,
- in recognising the need to improve communication on the principles and values of NEPAD and to promote further the participation of civil society.

6. It is to be recognised, however, that the aspiration of the people of Africa to enjoy the fundamental human rights, economic opportunities and political freedoms enunciated in NEPAD is, in some instances, still being thwarted, and that the progress towards reaching the Millennium Development Goals (MDGs) is not sufficient in many countries.

7. For their part, each G8 partner has begun to implement programmes which reinforce the commitments contained in the AAP. Major initiatives are being undertaken in this regard, as indicated in this report which is complemented by the national reports that some G8 partners are preparing or have prepared on their implementation of the AAP.

8. Accountability is central to NEPAD and the AAP: the accountability of African leaders to their people and to

each other as well as the determination of developed partners to match that commitment. Individually, G8 partners have begun to give practical expression to that - for example, in the decision of some G8 partners to include African participation in the OECD Development Assistance Committee (DAC) peer-review process.

9. If Africa is to develop in a sustainable manner, additional resources from both domestic and external sources, public and private, will be needed. At Monterrey in March 2002, important commitments of new development assistance were announced. At Kananaskis, it was specified that half or more of the new resources provided by G8 partners could go to African countries that govern justly, invest in their own people and promote economic freedom. By 2006, estimated additional resources stand to increase G8 development assistance to Africa by a total of US\$6 billion per year, in addition to the three-quarters of ODA to Africa that the G8 already provides. In 2002, G8 development assistance to Africa is estimated to have reached US\$10 billion. Additional resources becoming available include, in particular:

- in ratifying the Cotonou Agreement that came into force on 1 April 2003, the EU and its member states made available €13.5 billion of additional grant resources to the European Development Fund (9th EDF), 80 percent of which will go to Africa over the next five years.
- in addition, despite a difficult budgetary background, EU member states are making progress towards achieving the commitments made in Monterrey. In particular, as far as G8 EU members are concerned:
- France, whose direct bilateral assistance to Africa was estimated €2.340 billion in 2002, has pledged to increase its ODA from 0.32 percent of its GDP in 2001 to 0.50 percent in 2007 and 0.70 percent in 2012 with 50 percent of additional aid targeting Africa; in that context ODA for Africa is expected to reach €3 billion in 2003;
- The United Kingdom has published plans showing how it will reach the announced target of £1 billion per year direct bilateral assistance to Africa by 2006 and the increase in ODA from 0.32 percent of GNI in 2001 to 0.4 percent in 2005/6;
- Italy has pledged to increase ODA from 0.20 percent of GDP in 2002 to 0.33 percent in 2006; and
- Germany has pledged to increase ODA from 0.27 percent of GDP in 2002 to 0.33 percent in 2006. Roughly 33 percent of German ODA is allotted to Africa.
- The United States has announced the Millennium Challenge Account (MCA) as a new assistance programme focused on countries that demonstrate their ability to use aid effectively. The administration's budget requests US\$1.3 billion in new money for FY04, which will ramp up to US\$5 billion in FY06 - roughly a 50 percent increase in current United States development assistance.
- The first instalment of the eight percent annual increase in international assistance committed by Canada, which is intended to double Canadian ODA by 2010, was included in Canada's February 2003 budget

- Japan has already implemented ODA amounting to around US\$700 million for basic human needs, sector based on the commitment at the 2nd Tokyo International Conference on African Development (TICAD) in 1998. Japan will hold the TICAD III at the end of September 2003 to support NEPAD by mobilising international resources and expanding global partnership.

2. BUILDING ON AFRICAN PRIORITIES

10. The sections that follow provide examples of the actions that G8 partners are taking to implement the commitments contained in the AAP and on which discussion with NEPAD partners have concentrated. These examples do not include detailed references to the following issues being addressed by the G8 at Evian, many of which will yield real benefits for Africa: famine, water, health, trade, debt, aid effectiveness, corruption, transparency and sustainable development.

Promoting peace and security

11. The G8 has actively supported African efforts to achieve and consolidate peace and security throughout Africa but particularly in Angola, the Democratic Republic of the Congo, Sierra Leone, Sudan and in other countries such as Burundi, the Central African Republic and Côte d'Ivoire. We are committed to continue supporting these efforts and urge the international community to improve its collective ability to support the consolidation of peace and post-conflict reconstruction in African countries emerging from armed conflict. In particular, we invite the international financial institutions to significantly strengthen their instruments for the consolidation of peace and post-conflict reconstruction and work to this end in their governing bodies.

12. To develop African capacity for promoting peace and security, the following actions are representative of steps taken by the G8:

- a Joint Africa/G8 Plan to enhance African capabilities to undertake peace support operations, developed through the Berlin Process, that aims to mobilise technical and financial assistance so that, by 2010, African partners are able to engage more effectively to prevent and resolve violent conflict on the continent and undertake peace support operations in accordance with the United Nations Charter. In this joint plan we recognise that the African vision for its peace and security infrastructure is a work in progress and commit to working with African partners, step by step, to develop key building blocks that will help to channel existing resources more effectively. Early building blocks that have been identified include:
 - the establishment, equipping and training by 2010 of coherent, multinational, multi-disciplinary standby brigade capabilities, including civilian components, at the AU and regional level, in particular integrated mission planning capability, mission field headquarters and strategic headquarters which would be available for UN-endorsed missions undertaken under the auspices of

the UN, AU or an African regional organisation;

- the development of capacities to provide humanitarian, security and reconstruction support in the context of complex peace support operations; and,
- the development of institutional capacities at the continental and sub-regional levels to prevent conflict through mediation, facilitation, observation and other strategies.

This plan is annexed to this report and will be submitted to leaders at Evian for endorsement.

- substantial support - both funding and technical assistance - has been contributed by G8 partners towards institutional capacity-building for peace and security, the development of capacity for peacekeeping operations and of an effective network in Africa of peace training centres for military and civilian personnel involved in peace support operations. Of note is the joint support of Germany, the UK, the United States and Canada provided to the Kofi Annan International Peace Training Centre in Ghana and to the Peace Support Training Centre in Kenya and French support for the Koulikoro Peace Training Centre in Mali, as well as EC, UK and Canadian support to the peace and security agenda of the African Union.

13. Effective mine action is an essential element of confidence-building to promote peace and stability in a post-conflict situation. G8 countries have begun to work more closely together, committed over US\$35 million in 2002 towards mine action in Africa and have agreed to strengthen their commitment. They remain committed to ensuring that mine action in Africa reflects the needs and priorities of the governments and people in countries where landmines present an obstacle to development.

14. G8 partners have assisted in establishing continental, regional and sub-regional/national capacities for the implementation of the UN Programme of Action on Small Arms and Light Weapons (SALW) and regional action plans in particular in East Africa and supported the ECOWAS moratorium on the import of SALW. Export criteria and control of brokering activities remain high on the agenda.

15. Human security, in particular in war-affected areas is a common concern of the G8 partners. Japan intends to give greater priority to Africa in initiatives supported by the Trust Fund for Human Security (US\$203 million). Canada's five foreign policy programme priorities for advancing human security - support for public safety, protection of civilians, conflict prevention, governance and accountability and peace support operations also retain a significant focus on Africa.

Strengthening institutions and governance

16. In strengthening institutions, governance and promoting human rights, the following are representative of the actions that are being taken:

- substantial new funding and assistance has been provided for governance-related capacity building, including for public sector reform, the strengthening of parliaments and judicial systems and promoting the freedom of the press. For example, Canada has provided over C\$40 million for such capacity-building at the national and municipal levels and for parliaments. Among other G8 initiatives, Italy has organised a triennial conference with the chairmen of African parliaments;
- the EU provides substantial support to strengthening governance and institutional capacities in Africa, in particular through its European Initiative for Democracy and Human Rights (EIDHR), that has approved new projects worth €17 million in 2002 and programmed an additional amount of €30 million in 2003 for Africa;
- Germany and the UK have encouraged African governments to accelerate the pending ratification of the African Court of Human and People's Rights. Germany and France are ready to provide support to the court's establishment once it is ratified;
- we are highly appreciative of NEPAD efforts against corruption and intend to support them. As an example, the United States has initiated an Africa Anti-Corruption Initiative, budgeted at the level of US\$36 millions over five years. And the UK is supporting the development of the Eastern and Southern Africa Anti-Money-Laundering group (ESAAMLG);
- France supports OHADA, the association for harmonisation of business law in Africa, which promotes the introduction and application of OHADA uniform law in 16 countries and intends to facilitate its progress;
- we support the priority given by NEPAD to the integration of women and girls into the social, political and economic sectors of society in an equitable way. Specific examples of types of programmes supported by the G8 are: girls' scholarship programmes across the continent; women's peace centres in Burundi; finance programmes for the rural women of Rwanda; initiatives on equity in education in Ethiopia; and programmes to increase women's participation in grassroots development activities in Benin;
- the G8 is providing additional support to programmes against female genital mutilation in West Africa.

Fostering trade, investment, economic growth and sustainable development

17. Economic growth is an essential precondition for the reduction of poverty. In fostering trade, investment, economic growth and sustainable development, the following are representative of the actions taken by G8 partners.

Trade

18. A number of significant trade initiatives have been taken including the European Union's Everything But

Arms; the United States' African Growth and Opportunity Act (AGOA); Canada's opening of its markets, tariff- and quota-free, to almost all imports from the Least Developed Countries (LDCs) effective January 1 2003; Japan's improved duty- and quota-free treatment for almost all imports from LDCs by expanding the coverage on agricultural and fishery products; and the granting by Russia of extensive tariff preferences to developing countries including LDCs.

19. In addition, the G8 gives significant support for trade-related capacity building in Africa including US\$345 million by the US and €373 million by the EU alone within the last two years. These programmes are complemented by support for sub-regional activities in trade facilitation (customs modernisation, norms and standards...), such as the €293 million provided by the European Union alone earmarked for regional trade and integration for sub-Saharan Africa under the 9th EDF. G8 countries intend to pursue these initiatives and to take steps to harmonise and co-ordinate them with a view to increasing their effectiveness.

20. G8 leaders reiterate their commitment to the objective of duty-free, quota-free market access for products originating from LDCs, most of which are located on the African continent. They further reiterate their commitment to improve the effectiveness and ease of use of their respective trade preference programmes. They instruct their trade officials to explore how to implement this objective in practice.

21. Recognising that commodity market and weather-related shocks are a challenge for the poorest countries generally, especially in Africa, G8 leaders welcome the efforts underway by the World Bank group to examine the potential for effective market-based mechanisms to help mitigate weather and commodity shocks in these countries. G8 leaders look forward to the results of the World Bank group's study of market-based mechanisms to mitigate the impact of these shocks, including pilot projects.

Investment

22. Various initiatives have been launched to encourage private sector investment in Africa, such as: the European Union's €110 million investment promotion scheme (Proinvest) and its €2.2 billion investment facility managed by the European Investment Bank (EIB), the bulk of which will go to Africa; the Franco-British initiative aimed at fostering private investment in developing countries, particularly African countries, announced at the World Summit for Sustainable Development with a joint financing of €200 million; Canada's establishment of a Canada Investment Fund for Africa with C\$100 million in government funding to be matched by the private sector; the provision by Japan of overseas investment loans in Africa, with a target amount of approximately US\$300 million in five years for overseas investment loans in

Africa; the support provided by the US Overseas Private Investment Corporation to more than US\$700 million in investment in sub-Saharan Africa since 2001 and Italy's opening of a €50 million fund to support joint ventures between the Italian and African private sectors.

23. Investment in infrastructure, including through private-sector engagement, has been encouraged through, for example: the establishment of an infrastructure-related project-preparation facility within the African Development Bank, initially with Canadian support; Japan's commitment of more than US\$1 billion earmarked for infrastructure development in Africa beginning 2003; the United Kingdom's support of US\$100 million to the Emerging Africa Infrastructure Fund which has already attracted US\$205 million of increased private sector investment for Africa's infrastructure; and the European Union's support to sub-Saharan Africa of over €500 million per year, which is increasingly guided by a regional approach.

24. To increase the quality and effectiveness of aid, the G8 agreed to key principles and actions in the following four areas: a) to improve the quality of poverty reduction strategies, particularly the need to better reflect a credible plan to achieve lasting growth; b) to take further steps to improve harmonisation, building on the February 2003 Rome Declaration; c) to focus development assistance on measurable results; and, d) to send a clear signal on the importance they attach to good governance in considering the allocation of international assistance.

Implementing debt relief

25. Debt relief remains a priority on the G8 agenda. Since Kananaskis, 22 of the poorest countries in Africa have benefited from US\$32 billion in debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative, excluding additional bilateral efforts. Significant progress has been achieved to fill the estimated financing gap facing the HIPC Trust Fund through pledges of US\$ 850 million.

26. Individual debt relief efforts include:

- the cancellation by the Russian Federation in 1998-2002 of US\$11.2 billion of African countries' debt, of which US\$3.4 billion in 2002;
- Japan's commitment to cancel approximately US\$4.9 billion official debts of African HIPCs under the Enhanced HIPC Initiative. Japan has also recently changed its method of debt relief measures concerning ODA debts of HIPCs and other eligible countries owed to Japan Bank for International Co-operation with a view to achieving an earlier solution to the debt problems and reducing the burden on debtor countries;
- on top of the €10 billion in debt cancellation implemented before the Cologne summit, France's commitment to cancel around €10 billion for HIPC African countries. Nearly half of this amount is related to additional bilateral debt forgiveness beyond the

initiative's requisites that partly takes the form of debt swaps as a source of financing in support of PRSPs (the debt is cancelled to free up resources for the financing of development programmes);

- the cancellation by the United States of 100 percent of the debts contracted prior to the June 1999 Cologne Economic Summit for qualified HIPC countries. By 2004, the US estimates that it will forgive nearly \$4.2 billion in debt for African countries;
- \$1.5 billion by Italy;
- on top of €3.5 billion cancelled before the Cologne summit, the cancellation by Germany of €2.5 billion for HIPC African countries;
- Canada's debt service moratorium for six African HIPCs and its agreement to forgive all debts once countries reach their completion point, as it has done recently for Tanzania and Benin. This implies the forgiveness of over C\$1.1 billion in debts owed to Canada by 14 African HIPCs; and,
- the United Kingdom's commitment to providing 100 percent debt relief on both aid and non-aid debts for qualifying HIPC countries and its readiness to cancel around £2 billion in debts owed to the UK by African HIPCs.

27. Agreements on a new Paris Club approach for non-HIPC low- and middle-income countries, adopted by finance ministers in Deauville on 17 May 2003, open the perspective of additional progress towards lasting debt sustainability, while ensuring that debt restructuring remains the last resort.

Expanding knowledge, improving and promoting education and expanding digital opportunities

28. G8 countries are providing significant additional funding for basic education, including the Education-for-All Fast Track Initiative of the World Bank which involves 13 African countries, of which six have been selected for financing and capacity-building. For example:

- the United States has increased its annual funding (US\$114 million) for education by a total of US\$200 million over five years for basic education, including girls' scholarships, teacher training, textbooks and education system reform;
- the United Kingdom has increased its aid to education in Africa from £105 million in 2002 to an estimated £175 million in 2003;
- Canada is doubling its support for basic education in Africa to C\$100 million per year by 2005. An additional C\$50 million each for basic education is being provided to Mozambique and Tanzania over the next five years; France announced after Kananaskis a significant increase in its effort and will provide €65 million over three years for four African countries selected by the fast track initiative (Burkina Faso, Guinea, Mauritania and Niger);
- based on the initiative launched last year, Japan provided US\$51 million to Africa for basic education, particularly for school construction and distribution of

textbooks in 2002. It is estimated that about 220 000 children benefited from this aid;

- in 2002, Germany made new commitments in support of basic education and technical and vocational training amounting to €135 million. In 2003, new commitments of approximately €150 million are planned for both areas, of which approximately 30 percent will be directed to Africa; and
- Italy provided €25 million for primary education in Ethiopia over the 2003-2005 period.

29. G8 countries have provided support for information-technology-based distance-learning initiatives in Africa, including the African Virtual University and have supported the promotion of connectivity and e-governance in Africa, including the setting-up of the Global ePolicy Response Network (ePolINET), Connectivity Africa and the Enablis private-sector initiative in support of small- and medium-sized enterprises. In addition, Italy and the Russian Federation are jointly promoting the use of communication technologies for medical treatment and Italy is promoting, with Canada, e-governance initiatives in Mozambique and Nigeria.

30. G8 partners welcome the World Summit for the Information Society as a forum to discuss the ICT-for-Development agenda and help to increase recognition of the role of ICT as a catalyst for sustainable social and economic development around the world and in Africa in particular.

Improving health and confronting HIV/AIDS

31. G8 countries are providing additional support for African efforts to combat the effects of HIV/AIDS, build sustainable health systems and support health research. Since its inception at the Genoa Summit, G8 countries have pledged US\$3.2 billion to the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria over a five-year period. Of the US\$1.5 billion already committed, 60 percent is targeted to Africa and 60 percent to HIV/AIDS. Germany has sought to enhance the use made by African countries of the Global Fund through the development of training programmes and measures to improve process control, evaluation and the stronger involvement of civil society and the private sector in the fight against HIV/AIDS.

32. The United States has announced US\$15 billion over five years (of which almost US\$10 billion is new funds) towards the prevention and treatment of HIV/AIDS. Of the 14 countries to receive this money, 12 are in Africa. The Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria will receive US\$1 billion, conditional upon no United States contribution to the Global Fund causing the total US contributions to exceed 33 percent of the total amount of funds added to the Global Fund from all other sources.

33. In keeping with our pledge at Kananaskis to provide, on a fair and equitable basis, sufficient resources to

eradicate polio by 2005, we have pledged an additional US\$486 million and remain committed to playing our full part to ensure that the remaining funding gap is closed.

34. G8 partners are providing additional support towards the development and improvement of sustainable health systems in Africa. For example, the EC, the UK and Canada continue to give substantial support to health system strengthening with a shift from projects towards sector wide approaches and budget support; the EC made additional commitments in 2002 of €117 million and the UK increased health expenditure to an estimated £153 million in 2003. Italy is developing the Africa Network of Hospital Centres of Excellence. Through the ESTHER initiative, France, Italy and other developed countries are implementing the north-south twinning of hospitals to increase the capacity of southern hospitals to treat HIV/AIDS patients, financing more than 50 partnerships in 14 countries.

35. G8 countries continue working with a view to stepping up their research and development effort for neglected diseases that particularly affect developing countries in Africa. As an example, France is providing ongoing support for such research in a network of institutions both in Africa (e.g. the Muraz Centre in Bobo Dioulasso, Burkina Faso) and in France (e.g. Institut Pasteur). Japan has established two centres for International Parasite Control in Kenya and Ghana for research and human resources development in the fields of parasitic diseases control.

Increasing agricultural productivity and protecting biodiversity

36. Over 40 million people in Africa are at risk of starvation. This situation derives not only from climatic conditions and natural disasters but from more structural causes, such as chronic poverty, lack of infrastructure, appropriate support and an enabling environment for agriculture, together with HIV/AIDS prevalence, increasing number of conflicts, poor governance and economic management and trade-related issues. Since Kananaskis, we have committed the following amounts to address these needs: US\$1.7 billion in humanitarian emergency aid and US\$1.4 billion in long-term agriculture and food security assistance for sub-Saharan Africa.

37. While taking immediate action to avert the present peril of humanitarian crises, the G8 countries recognise the strong need for a long-term solution to food insecurity and are committed to working in partnership with countries in Africa, the United Nations and other international bodies to address this issue particularly highlighted by African partners. In this regard, G8 countries undertake to work towards reversing the decline, over the past decade, in the provision of agriculturally-oriented development assistance in Africa and to encourage international financial institutions to increase the assistance they provide for agricultural

development and the effective use of water, with particular attention to the particular circumstances of the rural poor in the poverty reduction strategies.

38. We support integrated approaches and programmes to identify the root causes of hunger and malnutrition and tackle them in order to prevent famine. Our support includes: increased assistance for work relating to Africa undertaken by the Consultative Group on International Agricultural Research (CGIAR) and support by the US and UK for the design of the African Agricultural Technology Foundation; supporting south-south co-operation on agricultural research and development, including Japan's support to New Rice for Africa (NERICA); and Italy, France and Japan's support for the FAO's special programme on food security.

39. G8 partners intend to prioritise regional initiatives, such as providing financial and technical support to the Congo Basin Forest Partnership Initiative (CBFPI), launched at WSSD in Johannesburg to promote the sustainable use of the resources of the largest remaining forest in Africa, which boasts a unique biodiversity. The CBFPI has received up to €65 million from France, US\$53 million from the United States through 2005 and €25 million from Germany.

Improving Water Resource Management

40. To reach the Millennium Development Goals for water, the problems to be addressed are governance, capacity building and financing. For each, the challenge is to make sure that decision-making capability and financial means are as close as possible to the places where the real needs are, particularly in rural areas. The G8 water action plan aims at encouraging good governance in the water sector through enhanced technical assistance. It seeks to diversify financial sources and mechanisms in order to increase the overall volume of financial flows invested in the sector. It stresses the role of local authorities and women. It specifically highlights: (i) promoting good governance; (ii) utilising all financial resources; (iii) building infrastructure by empowering local authorities and communities; (iv) strengthening monitoring, assessment and research; (v) reinforcing engagement of international organisations.

41. The EU water initiative, launched at the WSSD Summit, will promote good governance, sustainable water resources management and stronger partnerships amongst stakeholders. Additional financial resources and flexible mechanisms are needed to meet such targets and, in this context, the European Commission has put forward a proposal, currently being discussed with EU member states and ACP partners, for the establishment of an EU water fund of €1 billion.

42. Accelerated access to sustainable water supply and sanitation to rural Africa is particularly needed and will be achieved through using flexible, transparent and fast-

paced procedures for programme and project preparation, appraisal and implementation as well as procurement, disbursements and financial management, with a high degree of involvement of local communities. France has announced its intention to support the initial funding of the African Development Bank's rural water supply and sanitation initiative designed to implement these principles. Such investments are, par excellence, a field for co-operation with civil society and the G8 intends to support this involvement. Japan and the US will co-operate in West Africa (Ghana, Mali, Niger and Senegal) under the clean water for people initiative launched at the WSSD last September.

43. G8 partners attach particular importance to regional trans-boundary approaches to the management of shared watercourses as a means of promoting regional economic integration and of building confidence and preventing conflict. They are providing support for the Nile Basin initiative, for the Niger River Basin authorities and for the efforts of SADC to manage the Zambezi and Limpopo river systems. Among other initiatives adopted on the occasion of the 3rd World Water Forum held in Japan, Japan and France, for instance, agreed to co-operate in supporting the Senegal River Basin. Germany promotes the foundation of a centre of excellence in the African River Basin Organisation, which could be attached to the African Minister's Council on Water (AMCOW) in order to link up to a continent-wide network.

3. WAY FORWARD FOR THE FUTURE

44. G8 personal representatives for Africa welcome the excellent dialogue they have had with

NEPAD colleagues. This marks a continuing shift towards a true partnership with Africa. Building on the visionary approach of African reformers, this partnership is producing real results. In particular:

- tangible progress in addressing the issue of conflict in Africa including a joint Africa/G8 plan to enhance African capabilities to undertake peace support operations;
- the commitment of the G8 countries to achieve a breakthrough in trade negotiations by demonstrating progress in Cancun;
- delivering on Monterrey and Kananaskis commitments, strengthening development support and increasing its quality;
- paying increased attention to the needs of the agricultural sector and for food security;
- recognising the impact of HIV/AIDS in all sectors, increasing the level of support in addressing it as well as making further steps to the eradication of polio; and,
- giving increased emphasis to making progress towards the millennium development goal for water and sanitation as underscored in Johannesburg and Kyoto.

45. We are deeply appreciative of the participation in our dialogue with NEPAD partners, of representatives of other industrialised-country development partners and of relevant multilateral agencies which share our common objectives for Africa.

46. G8 personal representatives underscore the need for continued progress in the implementation of the AAP if African partners are to achieve the long-term objectives set out in NEPAD.





She's celebrating 10 years with us.

This is Shilela Malatjie, the executive director of Den Kirk Metal Industries. Shilela's business, like many other small business enterprises, has a lot to celebrate during our 10 years of democracy commemorations.

Thanks to the support and assistance of the Department of Trade and Industry and the Eskom Foundation, Shilela is one entrepreneur who saw her dreams realized. Through various facilitated workshops, she was able to manage and expand her stainless steel manufacturing plant.

Now employing 44 people, her business specializes in the design and manufacture of everything from elegant stainless steel cutlery to food warmers and units used in most restaurants.

The business services clients such as Spar Supermarkets in the Lowveld area, Pick 'n Pay, as well as companies as far afield as Botswana and Swaziland.

To Shilela and Den Kirk Metal Industries we say congratulations on your achievements, and when it comes time to raise our glasses in celebration, here's to you.



Call the dti Customer Contact Centre: 0861 843 384 or visit www.thedti.gov.za



the dti – promotes business and trade



When the Department of Trade and Industry (the dti) formed Trade and Investment South Africa (TISA) in 2000, the original investment promotion agency, Investment South Africa, and the export functions of the dti were merged to form a single organisation. TISA is responsible for stimulating foreign direct investment and exports of South African goods and services to international markets. As part of the country's national economic strategy, TISA is tasked with identifying and targeting key high-growth sectors and enjoys direct access at the highest levels to both South African business sectors and trading partners. Thus,

TISA is the essential point of contact for anyone involved in investment and export promotion in this country.

At Home in South Africa

TISA is a division of the dti, a broad family of institutions controlling state assets in excess of R25bn and led by the recently appointed Minister Mandisi Mpahlwa, whose deputy is Mrs Lindiwe Hendricks. The Director-

General of the dti is Dr. Alistair Ruiters. A number of units dedicated to specific aspects of the business process operate within TISA.

Sector specialists and strategic analysts work together to oversee targeted export incentives. Simultaneously, logistics specialists identify and take steps to eliminate bottlenecks in the supply chain, for both exporters and investors alike. Thus, TISA provides a single-transaction arena for investors and exporters at a national level and is mandated to co-ordinate provincial initiatives to match investor requirements with opportunities available within each of the nine provinces.

TISA focuses on promoting sectors of the South African economy that have shown the greatest growth potential and marketability. These include:

- Tourism
- Arts and crafts
- Chemicals - fine and speciality chemicals, polymers and pharmaceuticals
- Minerals and metals - ferrous and non-ferrous metals
- Agro-processing - meat, fruit and vegetables
- Textiles - clothing and leather
- Automotive - materials, technology and research
- Information and communication technology - electronics and IT.

Abroad

TISA identifies opportunities and provides core-market intelligence in 48 regional offices within South Africa's diplomatic centres worldwide. Key investors are targeted in priority-growth sectors and specific sectoral expertise is added to the equation. The regional managers operate according to international best practice standards, pioneered by leading trading nations such as Singapore and Ireland. TISA's single-transaction arena approach to service is ensured and promoted via their efficient use of an extensive array of communication mediums. From negotiations and exhibitions to handing over prospective leads to domestic-based facilitators and units dedicated to specific aspects of long-term business processes, TISA has a finger on the communication pulse continuously.

the dti

TISA is a flexible, customer-oriented organisation, specifically in regard to the services it delivers and financial incentives it oversees. For instance, in 2001 the export sectors prioritised by TISA realised R15.8bn in trade growth. In addition, South Africa's manufacturing sector gained R4.7bn in fixed inward investment. Clearly TISA plays a guiding role in the promotion of South Africa as a leading, internationally competitive business destination.

Doorway to Business

As the central point of contact for anyone interested in investing in South Africa, TISA offers the following services:

- Information on the various investment sectors and industries within South Africa
- Facilitation of inward investment missions, including travel itineraries and movement within the country
- Introduction to potential joint-venture partners
- Consultation on the prevailing regulatory environment
- Introductions to relevant stakeholders in the private and public sectors
- Information on tax incentive packages
- Assistance with work permit applications
- Guidance with plant / site locations
- Logistical support for relocation
- Dedicated aftercare services
- Input into policy formulation on investment and trade promotion.

The export process is sector specific, and sector strategies offer the framework within which exports are encouraged and incentivised. These strategies address competitive issues and international best practice standards regarding the product. TISA sector specialists have a clear understanding of, and access to, the various industries. Hence, they are able to provide sound advice, recommendations and assistance – information that is invaluable to the potential exporter.

TISA provides a customer care service for manufacturers, a facility that offers information and



advice on current export processes and procedures. To ensure enquiries are channelled to the relevant specialist organisations, the Customer Contact Centre can be contacted on:

+27 (11) 254 9405
(International callers)
or 0861 843 384
(Local callers)

TISA is also mandated with developing small and BEE exporters and to managing the Export Marketing and Investment Assistance Scheme (EMIA) as a key enabling incentive. Through EMIA funding is provided to companies for:

- Primary export market research
- Foreign direct investment research
- Exhibition assistance
- Outward-selling trade missions
- Outward investment recruitment missions
- Inward-buying trade missions
- Inward investment missions
- Assistance to industry specific sectors.

In addition, the formation of industry-based export councils to assist exporters in reaching their targets is promoted. The approach has been tailored to allow small businesses, as well as artists and craftspeople, to form an SMME Export Council and an Arts and Crafts Export Council, which are able to function as entry points for first-time exporters. This allows small businesses in any sector to access the dti support structures and become successful exporters.



BEATRICE MARSHOFF – FREE STATE PREMIER

The new Free State premier has big ideas for the province and, if supported by her people, can see all her plans coming to fruition. By LEIGH VAN DEN BERG

The Free State, a beautiful province in the heart of South Africa, sprawls its rolling plains between the Vaal and Orange rivers. Its capital, Bloemfontein, houses its well-known university and the Supreme Court of Appeal.

Although the province is the third-largest in the country, it has the second-smallest population of 2.7 million people. Mining and agriculture are two of the main industries operating in the province and, for this reason, the Free State is often called 'the granary of the country' with its cultivated land covering 3.2 million hectares.

Beatrice Marshoff was inaugurated as the Premier of the Free State province on 26 April 2004 following her service as a member of its Executive Council for Social Development.

Born Francis Beatrice Henney in Bloemfontein on 17 September 1957, Marshoff matriculated in 1975 with a first class exemption at Dr Blok Senior Secondary School in Heidedal. Following this achievement, she trained as a professional nurse and obtained diplomas in midwifery, and intensive care nursing and operating theatre nursing science. She married in 1976.

She lived and worked in Johannesburg from 1977 to 1982 as a professional nurse while her interest and involvement in politics grew. She then returned to Pelonomi Hospital in Bloemfontein and served as an executive member of several structures at both regional and provincial level. The boards on which she served include the Health Workers' Association, South African Health and Social Services Organisation, the Free State Health and Welfare Transitional Facilitating Committee, and the Community Health Committee. She is also a founder member of NEHAWU in the Free State.



On settling into her newest role as Premier of the Free State, Marshoff said despite being busy, she has a fantastic support system in the province's people

In 1994 she became a member of the National Assembly and served on the Health, Finance and Public Accounts Committees. Four years later she chaired both the RDP Portfolio Committee and the Sub-Committee on Health Financing. She has also served on the Ad-hoc Committees of Surrogate Motherhood, Termination of Pregnancy, the Equity Bill, and the Equity Gauge Steering Committee (issues related to equity, health financing etc).

On settling into her newest role as Premier of the Free State, Marshoff said despite being busy, she has a fantastic support system in the province's people.

The most important thing she would like to focus on, she said, was to ensure the development of the province's social and economic hub, and meeting the needs of her people. In doing this, Marshoff says there are many options available, but she'd initially want to concentrate on a plan alleviating poverty in the Free State.

'One of the first things we'd like to do is address the issue of poverty and concentrate on skills development by skilling and upgrading the skills of the people in the province,' she says. 'We are also concerned about the majority of young people in the province who are economically inactive and would like to address the issue of unemployment.'

She says young people are finding it difficult to find work. 'In the province the job market is very limited, so it's very difficult for them to break through unless they are highly skilled. That is why we want to focus on skills development,' she says.

Her advice to young people is to investigate avenues in which they can become self-employed as opposed to being job seekers. 'We have enough professionals at this stage and there is no shortage of teachers or nurses. Right now, we are looking at agriculture, as it's always been one of our economic fortes,' says Marshoff. 'We are very dependent on agriculture and are also looking at tourism as one of our major developments. Tourism can be a great economic booster for the province and young people should look at going into the service industry for opportunities where you become part of the tourism industry.'

Marshoff says the Free State has a lot to offer to tourism and is rich in natural resources. 'We have white-water rafting, which has never been fully explored, as well as game farming and hunting. There are lots of private game farms in the country and we should start to capitalise on that.'

Marshoff says there is also beautiful scenery in the province, be it the wide-open spaces, rivers or mountains. She would like to see a plan that utilises roadside farms as service points, encouraging people to divert from their path rather than drive through the province. She'd like travellers to sleep over and enjoy the peace and tranquillity the Free State has to offer.

Marshoff's aim, in five years' time, is to see the province making progress in its quest to eradicate poverty. She also wishes to see major structural changes in the province – moving away from agriculture to other economic activities – and is currently looking into investing in the people of the Free State and creating opportunities for them by upskilling and reskilling the work force, and creating options for the employment of the province's young people.

As a woman, Marshoff feels it is important to 'create an enabling environment in which women can flourish – ensuring that we create opportunities for women in the learnership programmes, the expanded public works programme and throughout governments' programmes, is a priority that I will work tirelessly towards.'

In all, Marshoff is incredibly proud to be called a 'Free Stater' as she feels they are 'very kind people'. Says Marshoff: 'As Free Staters, we are very warm and very kind to others. We've got integrity and know how to be upright citizens of this country. We also have great hospitality and, as people, have learnt tolerance in our province – so much so we could teach other people how to do it.'

She concludes: 'I'm really very enthusiastic about the Free State and its people. I really want us to benefit from everything that the government has put into place for us.'

'Tourism can be a great economic booster for the province and young people should look at going into the service industry for opportunities'

A FRAGILE PEACE ON A BLOODIED CONTINENT

BY JEAN-MARIE GUÈHENNO

(Published in the International Herald Tribune, Wednesday, January 28, 2002)
The Author is United Nations Under Secretary General for Peacekeeping Operations

UNITED NATIONS

Can the peace hold in Africa? It depends on whether African states and their supporters continue to be innovative in their search for political solutions - and whether they all build on what they have learned in recent years.

Seven million people may have died in Africa's three biggest wars, in Angola, Democratic Republic of Congo and Sudan. That is horribly close to the eight million killed in World War I. But after so many years of destruction, something new is happening at last. The killing has largely stopped.

The war is over in Angola, and reconstruction is underway. In the Democratic Republic of Congo, the five foreign armies are gone, the military situation is mostly stable, and a transitional government has set about its work. In Sudan, final agreement on a mammoth six-year peace plan may be only weeks away.

One point to note in all this: the peace processes are mostly homegrown.

Angola's war, in which an estimated 1.5 million people died, was always fuelled by outsiders: Cuba and apartheid South Africa on the ground, with the superpowers behind them. Left alone, the Angolan government put an end to Jonas Savimbi's three-decade rampage, and the government has since negotiated an accommodation with his Unita supporters. Unita, for its part, is transforming itself into a legitimate political opposition, ahead of national elections to be held in late 2004 or early 2005.

In the Congo, both the internal settlement and the withdrawal of foreign forces were largely brokered by South Africa. South Africa also leads in the African effort to stabilise war-torn Burundi. In Sudan, it is Kenya which heads a regional consortium of powers trying to bring peace between north and south, supported by the United States, Britain and Norway.

These settlements have been worked out largely on an inter-African basis. This is positive, first because inter-African rivalries sometimes fuelled those wars, and, second, because the accommodation of African strategic

interests will in large part determine how likely the peace agreements are to hold. Post-colonial African diplomacy has developed under some of the worst imaginable conditions, yet it has developed and continues to improve.

Nigeria and South Africa, both until recently a part of the problem rather than the solution, are increasingly confident and positive players in the African peace process.

Unfortunately, an already poor region hardly has the resources to build on the peace it has made. Apart from the immense problems of economic reconstruction, there remain pressing humanitarian and policing issues.

All three countries are devastated. Life expectancy in Angola and the Congo is under 40, and it's not much higher in Sudan. UN humanitarian appeals for the three countries still run to \$800 million this year just to meet basic needs such as food and shelter. Hundreds of thousands of fighters - men, women and children - have known nothing but war and must be disarmed, demobilised and reintegrated into communities that often barely know them, or know them only from the wrong end of a gun. A lapse back into conflict is very possible.

The outside world can help. Operation Artemis, the recent European Union peacekeeping effort in Bunia in eastern Congo, was an important advance. The French-led force was in Bunia for 90 days, staunching the violence, got the guns off the streets, saved thousands of civilians and prepared the way for the UN task force now deployed.

The world's most capable militaries are heavily committed elsewhere and expensive to maintain. When they deploy in support of a UN peace operation, it might sometimes have to be as it was in Bunia: a short, sharp injection of force, followed by an early exit. If this approach can work in a very rough town in eastern Congo, we will have a good case for trying a similar approach elsewhere.

The UN Security Council is also acting in some innovative ways: targeting sanctions against those who fuel the wars; controlling the flow of "blood diamonds" from West Africa and elsewhere; tracking the plunder of natural resources in the Congo; and supporting new ways to finance the demobilisation of fighters.



THE FREE STATE DEPARTMENT OF HEALTH



MEC: Health
Mr ST Belot



Head: Health
Dr V Litlhakanyane

Since 1994, the Free State Department of Health has embarked on a process of significant transformation of healthcare in the province, moving from a fragmented, racially divided and curative hospital-based healthcare service to a primary healthcare-oriented and district-based healthcare system.

The Free State Department of Health has taken firm strides to improve access to quality health services in this province, despite the challenges of rising health costs and increasing demand for healthcare.

ACCESS TO HEALTHCARE

Since 1994 the following projects and programmes were implemented to improve access to healthcare, particularly in rural areas and for the vulnerable members of society:

1. The Clinic Upgrading and Building Programme (CUBP) was implemented. Since then, a total of 79 projects have been handled and completed.
2. The primary healthcare core package was implemented to ensure that all clinics provide all the essential services needed in a community.
3. Access was improved through the establishment of a province-wide emergency medical service (EMS). Since 1999, 196 ambulances were procured. The department also implemented a planned patient transport system to transport referred patients free of charge between levels of care.
4. Twenty-seven hospitals out of 31 were upgraded. Seven hospitals are presently undergoing planning or construction as part of the new hospital revitalisation initiative.
5. Additional mobile clinics increased the frequency of visits to rural areas.
6. Mobile dental units were procured to increase access to dental services.

IMPROVEMENT IN QUALITY OF HEALTHCARE

The emphasis in the second term of government was the improvement in quality of care provided. The following projects and programmes were implemented:

1. Cuban doctors were recruited to work in rural and underserved areas.
2. Community service was implemented for all health professionals, except nurses.
3. Basic and high-tech equipment was procured for PHC clinics.

4. Training of primary healthcare nurses was undertaken.
5. Part-time bursaries for personnel to improve their qualifications, and full-time bursaries for students studying in scarce health professions, were provided, eg 275 bursaries were allocated in 2003.
6. The Academic Health Services Complex was restructured, including a satellite at Bongani Hospital.
7. Full-time posts of principal and other specialists were created within regional hospital complexes.
8. A school of optometry was established.
9. Training of dental specialists with MEDUNSA and the University of Pretoria is currently taking place.
10. A quality improvement unit was established and all hospitals were entered into the Council of Hospital Accreditation of Southern Africa quality improvement programme.
11. A new course in emergency medical care was established in partnership with the Central University of Technology. The department is also training EMS personnel in intermediate and advanced life support through the Netcare 911 School.
12. Rural and scarce skills allowances were implemented backdated to July 2003.
13. The department increased cataract surgery and won the national award for the province that achieved the best cataract surgery improvement in 2001 and 2003.
14. The department achieved a smear-positive tuberculosis cure rate of more than 70% and the treatment schedule was extended to the whole province.
15. Voluntary confidential counselling and testing services and home-based care services will be available in all towns by the end of 2004.
16. The comprehensive HIV/AIDS plan is being implemented and each of the districts will have one treatment and three assessment centres for the antiretroviral component by the end of 2004.
17. The implementation of a public-private partnership has improved facilities, efficient utilisation of resources and retention of highly-skilled health professionals.

The Department of Health in the Free State has entered the second decade of democracy with great confidence following the achievements recorded in the first decade, but is mindful of the challenges that still have to be addressed.

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Finally, the United States has been engaging closely with the African peace process, and not only in Sudan. It provided a small but essential force in Liberia, helping open the door there to the west African and UN forces now trying to repair some of the damage caused by Charles Taylor. As in Bunia, we are seeing what can be accomplished when a permanent member of the security council works in close co-operation with African partners and UN agencies.

Africans are bringing their biggest civil wars to an end. A pragmatic optimism, based on experience and increasingly resilient, is taking hold in African politics. The United States, the EU and the UN Security Council have a range of tools, many of them new, to extend this precious, and still fragile, progress. They should use them now, for the chances of peace in Africa have never been greater.

WTO BACKS BRAZIL OVER US SUBSIDIES

Landmark ruling on agricultural policy could have far-reaching effects for farmers

PUBLISHED IN THE BUSINESS REPORT'S INTERNATIONAL SECTION, APRIL 28 2004

Sao Paulo

In a landmark decision against US subsidies for cotton farmers, the World Trade Organisation (WTO) has sided with a complaint from Brazil claiming the payments unfairly boost US production and exports while lowering world cotton prices.

Details of the decision were not made public, but top Brazilian trade officials said they were pleased with a long-awaited report by three WTO experts.

US trade officials plan an appeal if the report is not changed. Brazil, the world's fifth-largest cotton producer, said the US had managed to keep its spot as the world's second-largest producer only because the US government paid \$12.47 billion (R83.5 billion) in subsidies to farmers between August 1999 and July 2003. China is the world's top producer.

The ruling is the first time that a country has been challenged over its domestic agricultural subsidies, and the first case that looks at the effect of export subsidies on agricultural products.

And it is particularly important for Brazil, which has led Latin-American efforts calling for the elimination of US crop subsidies that make it difficult for poor farmers in the southern hemisphere to compete with richer US counterparts.

If it stands, the decision could have far-reaching repercussions for American farmers. Reducing subsidies for cotton would mean support for other US crops could be vulnerable to trade challenges.

US farm support payments have been blamed for giving industrialised nations an unfair trade advantage and for

stifling competition from developing countries. These support payments have long been a point of contention in trade negotiations and disagreement over them led to the collapse of world trade talks last year in Cancun, Mexico.

Clodoaldo Huguene, an economic official with Brazil's foreign ministry, said the report showed that the 147-nation WTO agreed with some of Brazil's key arguments against the subsidies.

The US would appeal if the final version was not changed when issued in June, said a US trade official in Washington, who spoke on condition of anonymity:

"We believe US farm programmes were designed to be, and, are, fully consistent with our WTO obligations," the official said. "We have serious concerns with aspects of the panel report."

Cotton production in Brazil has doubled over the past decade as South America's largest country turned itself from a cotton importer into a cotton exporter:

Brazilian officials said the country's cotton farmers could grow much more, but could not compete with US farmers because of the subsidies.

Neil Harl, an Iowa State University economist who sat on a panel appointed by the US congress to examine limits on subsidies, said: "Eventually either the US budget or WTO will solve this problem, if we do not."

Harl said that despite the WTO's latest decision, it could take years before congress acts.

"Until there are penalties, then congress is likely not to do anything," he added.

REFOCUSING ITS INTERVENTION

Being a rural province with the highest number of women-headed households and the greatest percentage of children living in poverty presents the Eastern Cape with a huge task of providing safety nets and improving access to social services and other poverty alleviation mechanisms to the rural poor.

The Eastern Cape is one of the poorest provinces in South Africa. The province is characterised by high levels of underdevelopment with high rates of unemployment, low average household incomes, poor institutional density, poor availability of social infrastructure and huge service backlogs.

Poverty, unemployment and poor access to social, institutional and physical infrastructure is concentrated in the areas of the former Ciskei and Transkei. The provision of basic services to disadvantaged communities needs to be accelerated, although this may pose problems due to low affordability levels. Other fundamental challenges are the need to create sustainable employment and income opportunities through a provincial and spatially defined growth and development strategy.

The Department of Social Development (DSD), whose vision is to be a 'proactive and dynamic Eastern Cape Social Development Department striving towards self-reliant individuals and communities within a secure socio-economic environment', is the key provincial government department working to achieve this objective.

However, in order to make more meaningful and sustainable inroads to counter poverty, the department needs to undergo a paradigm shift from a social welfare approach to a social development approach.

Such a shift would reduce the department's social security spending from 97% of the budget to 80%, with a corresponding increase in spending on social welfare services to 20%.

In terms of departmental outcomes, the paradigm shift will change the manner in which it currently undertakes its work, from being a provider of services to a facilitator for the provision of services.

These two factors, high and sustainable levels of poverty and the need for the fundamental redesign of the manner in which the department does its work, are the context for current and planned initiatives to restructure and turn the department around.

Currently, the Eastern Cape DSD is the subject of the government's efforts for its complete overhaul and transformation. This is due to the persistent incapacity of the

department to achieve its organisational goals to be 'a proactive and dynamic department which strives towards self-reliant individuals and communities within a secure socio-economic environment'.

In response to these and other problems, president Thabo Mbeki appointed an Integrated Management Team (IMT) in February 2003 to manage the formulation and implementation of 'turnaround plans'.

DICHOTOMY BETWEEN WELFARE AND DEVELOPMENT

The paradigm is a set of assumptions, ideas, understandings and values (usually unstated) which sets the rules of what is to count as relevant or irrelevant; what questions should and should not be asked; what knowledge is seen as legitimate; and what practices are acceptable. As a young democracy, this is one of the ways in which South Africa could address some of the above challenges presented to social welfare services.

Social development as a new paradigm for social welfare demands new conceptual and theoretical frameworks, knowledge, skills, values and models for effective social welfare service delivery to include the worldview of the majority who were previously excluded in the construction of knowledge in South Africa.

A condition of social welfare exists when families, communities and societies experience a high degree of social well-being.

South Africa's social welfare system is a unique combination of historical forces that significantly impact on the capacity of the current system to address poverty and related issues such as unemployment, violence against women, child abuse and HIV/AIDS. Like all other aspects of the country's life, the historical legacy of organised social welfare in South Africa is characterised by race, and the roots of South Africa's current poverty and impoverishment go deep into the past.

AFRICAN CONTEXT: SOCIAL DEVELOPMENT

Social development is shaped by socio-cultural, economic and political variables that add to its content and meaning. In spite of this, there is a growing consensus that social development rests



on beliefs and preferences in different localities.

The gravest development problems in Africa abound in sub-Saharan Africa. The countries of sub-Saharan Africa all emerged from colonial domination and most, if not all, have mono-commodity, export-based economies and fragile, modern institutions. At independence there were great expectations of African economic advancement and social mobility. However, although political independence was attained, economic emancipation was far from becoming a reality. The initial periods of political independence in most of the sub-Saharan African countries witnessed a rise in standards of living with an attendant elevation in infrastructural development, which was significant in the colonial era.

However, growth and infrastructural development slowed after the 1970s. With a few exceptions, sub-Saharan Africa has been experiencing around two decades of falling per capita income, and increasing hunger and degradation. Overall economic growth in sub-Saharan Africa has averaged 3.4% a year since 1961, only a fraction above population growth.

COORDINATION

Coordination integrates the objectives and activities of separate units in order to achieve the organisation's broader strategic objectives. It is a process involving the transfer of information between jobs and people to avoid the overlap of work and to ensure that effort, resources, policy and procedures are balanced across the total organisation and external systems with which it interacts. To reduce some of the problems of coordination, clear communication is the key. Giving information and collecting information has to take place horizontally (within and between teams) and vertically (through the hierarchy).

SOCIO-ECONOMIC CONTEXT

The province of the Eastern Cape has a population of 6.3-million. The gender divide of the population is 54% female and 46% male, which can be attributed to the migration of males looking for work in Johannesburg and other urban areas. The spatial distribution of the province is 36.6% urban and 63.4% rural, indicating the Eastern Cape is largely rural and sparsely populated. The racial distribution of the population is 86.4% African, 7.4% Coloured, 5.2% White, 0.3% Indian and 0.6% Unspecified (census, 1996).

The economically active population of the province is 50.8% male and 49.2% female. The unemployment rate of the province is recorded at 49%, which is an indication that the majority of people economically active in the province do not have jobs or any source of income, which presents a cost pressure to the social development programmes (census, 1996).

Being a rural province with the highest number of women-headed households and the greatest percentage of children living in poverty (72%) presents the province with a mammoth task of providing safety nets and improving access to social services and other poverty alleviation mechanisms to the rural



Women cooperative fighting poverty

poor. The Eastern Cape has high infant and child mortality rates, which is a major challenge for the social needs cluster departments to engage in a concerted effort to deliver on child protection and development services. As a department, we have identified the following vulnerable groups as targets for service delivery: children, women, youth, people with disabilities and older people. It is for these groups that the department of Social Development motivates a caring society (census, 1996).

The Eastern Cape is the second-largest province in terms of the land distribution as it contains 14% of the land, and is the third-largest in terms of the population size. This province is mainly rural in comparison to other provinces, since 63.4% is non-urban and 36.6% urban.

The life expectancy is expected to drop to 46 years in the next 10 years. Services such as access to sanitation, access to electricity as a source for lighting, and access to safe water are poorly rendered to the province's population compared to other provinces. The economically active population of this province is 44.2% - this is the percentage of people aged 15 years or

older, but younger than 65, who are either employed, or unemployed but looking for work.

OUR APPROACH

Our key role is the facilitation of social processes towards increased participation, power and control over resources and services. Our approach is based on key elements of development practice, namely:

- engage people fully in their own processes of learning growth and change, starting where they are and moving at their pace;
- connect people to each other in ways that make them more effective in their collective efforts and more self-reliant, including leadership, decision-making, planning, and so on; and
- shift power relations towards people achieving greater control and influence over decisions and resources that impact on the quality of their lives through increasingly interdependent relationships. Shifting power relations is at the heart of poverty eradication.



MEC Neo Moerane-Mamase

DEPARTMENT OF ROADS PROVINCE OF THE



THE DEPARTMENT OF ROADS AND PUBLIC WORKS IN PARTNERSHIP WITH SINAKHO CONSORTIUM

A living partnership to enhance service delivery

The Department of Roads and Public Works (DRPW) has entered into a partnership with Sinakho Consortium with a view to enhance and support the back-office service delivery capacity of the DRPW. This follows numerous investigations and scoping exercises undertaken by the department itself, the provincial government and, subsequently, the interim management team into the performance of the department in rendering services to the people of the province.

As a result of these investigations 12 work areas were identified as follows:

- project and change management
- establish a back-office centre
- procurement
- non-personnel expenditure and liability management
- budget and cash-flow management
- revenue management
- asset management
- financial accounting
- human resource planning and implementation
- personnel administration (PERSAL)
- legal services
- general administration and document management

AND PUBLIC WORKS EASTERN CAPE

*This project seeks to breathe
life into the implementation
of Batho Pele*

PROJECTS AND INTERVENTIONS

Based on the findings of scoping exercises and through various interactions with internal stakeholders in the department, several interventions and projections were identified and categorised into quick wins, and medium- to long-term projects.

The service level agreement was signed on 17 November 2003, focusing at first on the setting up of the Back-Office Support Centre, support for addressing high-impact projects in the functional areas, and having a multidisciplinary team that will deal with cross-sectional issues.

THE SUPPORT SERVICE CENTRE: WHAT IS IT?

In basic terms the Support Service Centre is just a centre delivering support services to a department's core services, managers and employees. The general idea of a support service centre is to group all support services together in one structure, with standardised resources, policies, procedures, methods, systems and skills.

In this manner, all recipients of support services, such as human resources management, financial management and supply management, will be receiving the same quality of services, no matter what region they may be operating from.

By grouping the various support services together into one structure, core function managers are relieved of having to manage the day-to-day intricacies so common to the support service environment, which is highly regulated and therefore requires an intimate knowledge of a vast terrain of prescripts and procedural do's and don'ts. This does not mean that the core function managers will no longer have control over support services. On the contrary, core function managers will, in this model, be able to prescribe exactly what they require, by what time and of what quality, with the full knowledge that support service experts will manage this for them.

This arrangement will be formalised in the service level agreements, the contents of which will also be reflected in the workplace agreements and performance contracts of support service employees.

The Department of Roads and Public Works is arranged into six regions.

This means that each region will have its Support Service Centre, with the Central Support Service Centre to coordinate all the centre's activities in line with each region's requirements as documented in the SLA for each. This will not only allow for region-specific requirements and peculiarities, but also ensures quality control over services rendered.

BENEFITS OF THE THIS PROJECT

For starters, this project will certainly enhance the principle of Batho Pele in the department. In other words, this project seeks to breathe life into the implementation of Batho Pele. Already, the project has begun to impact on the following in the department:

- effective, efficient, and accurate processes to enhance service delivery;
- the department has cleared the backlogs in terms of payout bonuses for employees;
- policies have been reviewed to ensure that they adhere to the relevant legislative requirements and ensure implementation of sound management principles and procedures;
- increased productivity;
- clearance of suspense of accounts; and
- an accurate stock control system.

Delivery methodologies are designed to:

- enhance capacity building;
- encourage skills sharing;
- promote solution development; and
- consolidate the recognised strengths within the department.

The process of establishing the Support Service Centre has been a complex and involved one. However, with the dedication and full involvement and support of labour, and the able guidance of Mr Yimile Zote, who is the project sponsor, Mrs Maneli, the project coordinator, and Sinakho consortium, this work was made light. With such zeal and commitment we sure are going to improve the delivery of services to the people of the country and the Eastern Cape.

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KEEPING THE PEACE

Stella Sigcau, the Minister for the Department of Public Works, believes that developmental peace-keeping is the best way to help a country in the midst of conflict.

Born in January 1937, Stella Sigcau received her Teachers' Diploma from the Lovedale Institute which was followed by a BA degree completed at the University of Fort Hare in 1959. She then began to teach at a number of schools in the KwaZulu-Natal area for eight years before entering politics during the 1968 Transkei elections. It was during these elections that she campaigned for, and won, the Lusikisiki seat and went on to hold the portfolios of Public Works, Education and Interior (which included Trade and Tourism) before the region was granted its independence, following which she became its Minister of Interior.

Sigcau was the leader of the Transkei National Independence Party that operated from 1987 until 1990, the year in which she decided to dissolve it and become the third Prime Minister of the Transkei. It was in 1994, however, that she was appointed as South Africa's Minister of Public Enterprises, a post she held for the next five years. In 1999, she became the Minister of Public Works – a role she still holds.

One of Sigcau's major concerns is to ensure the Department of Public Works (DPW), alongside the Ministry of Defence (MOD) and the Council for Science and Industrial Research (CSIR) explore the developmental peace-keeping model as a way of achieving socio-economic and human security imperatives in South Africa as well as the rest of Africa.

Together, the departments aim to contribute towards the implementation of NEPAD (The New Partnership for Africa's Development), create a fertile environment for socio-economic development and ensure resources are used and that South Africa's capacity for defence is at its optimum. Also, they plan to go ahead with plans that can bring about peace and human security at both local and continental levels,

and contribute to growing the pool of skills in the country while improving its service delivery.

The developmental peace-keeping approach is based on the premise that most conflicts revolve around the access or control of resources and that any intervention should be developmental in its focus to bring about sustainable socio-economic development and human security. In the past, most peace-keeping interventions were military or humanitarian focused, whereas the developmental peace-keeping model is about development, something that is vital when it comes to reconstructing post-war or post-conflict societies.

This alternative approach suggests that peace-keeping interventions in Africa be based on African solutions and knowledge systems that are endorsed by organisations such as the African Union (AU) and NEPAD, and have a developmental aspect.

Typically, a developmental peace-keeping intervention would consist of health, public and development professionals. The role of the development professionals would be to fast-track the rebuilding of post-conflict society on all levels, including economic, industrial and social infrastructure, as well as service delivery and governance with the aim of addressing the fundamental developmental causes of the conflict. Developmental peace-keeping places emphasis on the use of local knowledge systems to produce localised solutions for maintaining peace and development. It also places the responsibility of keeping the peace on the shoulders of Africa, as opposed to having the country rely on external resources for assistance. It is also this approach that allows the continent to utilise and attract African professionals, rather than having to outsource outside of the country.

'This alternative approach suggests that peace-keeping interventions in Africa be based on African solutions and knowledge systems and have a developmental aspect.'



The developmental peace-keeping approach also utilises the skills of environment professionals. The construction sector will also play a critical role in developmental peace-keeping. However, this sector may face a crisis in the next seven to 10 years should it not be able to attract young blood to the profession. According to the 2002 and 2004 Status Quo reports, the average age of those working in the construction sector is 53. Also, it would seem a number of young construction workers are being lured outside of South Africa to work in other countries facing a similar problem.

Fortunately, the Department of Public Works has embarked on a skills development initiative along with the Department of Defence through the Military Skills Development Programme (MSD) at SAS Saldanha. The aim of this initiative is to increase the number of young construction workers in South Africa that will ultimately support the developmental peace-keeping operations in our country.

'The construction industry's ageing skills profile provides a challenge to transfer knowledge and ensure South African youth participate in the construction industry in the future,' says Sigcau. 'For this purpose we have identified a number of initiatives to promote the image of the industry and to improve the overall performance and growth of the industry.'

Sigcau also believes that securing the Fifa World Cup for 2010 will create opportunities in the South African construction industry and help improve South Africa's image.

'The South African construction industry is not immune to the image problem afflicting this industry. The Department of Public Works will, together with the private sector, jointly launch an intensive public and stakeholder relations campaign over a period of a week in October 2004 aimed at repositioning the industry and emphasising its importance in the growth and

development of our country. The Construction Week will also aim to attract school leavers and other post-graduate students into careers in the industry,' she says.

'Fifty-seven trainees have completed the basic military training component of the Military Skills Development (MSD) programme. The programme will continue with functional training until the end of 2004. The department has signed agreements with each of the 57 graduates in order to assist them with placement or further education and training in 2005. Upon graduation from the MSD programme, those learners who will be chosen for further training will then enrol in institutions of higher learning in disciplines that will address the needed skills within the construction industry following a skills audit exercise currently underway,' she says.

Because the challenges facing the construction industry are not unique to South Africa, the Construction Industry Policy Unit (CIPU) plans to develop a strategy that will engage other departments of public works across Africa in a forum. The aim of this is to create a platform so that the different countries can learn from each other's initiatives and distil a best practice to promote the development and transformation of construction industries. The first of these conferences is scheduled for early December 2004.

Also, the department is exploring the possibility of creating Centres for Excellence following inspirational visits to the UK and China. These centres will essentially be interactive touchstones for knowledge, research, best practice promotion and innovation, interlinked across Africa. This proposal has not yet been finalised, but the idea is currently under investigation.

Sigcau is passionate about her role as minister for the Department of Public Works and believes that, with faith and focus, the people of South Africa will be the driving force that turns the country around.

achievements of a decade

celebrating ten years of democracy

1. chief Directorate: social services

The establishment of a unitary provincial Social Services Department with a distinct and independent identity was a major highlight in the programme for transforming the state. This exercise meant collapsing all the racially and ethnically defined political and administrative state instruments for social welfare into one department. This has helped to streamline all welfare services offered by government and locate them within a uniform policy mandate.

Poverty eradication has been and continues to be a priority of this government since its assumption of office in 1994. In 1997, a poverty alleviation sub-directorate was created as a dedicated entity with a mandate to initiate and manage poverty eradication programmes.

1.2 poverty eradication

Over the last five years, 296 poverty projects were funded at a cost of R34-million rand. Project members were trained in business management and technical skills of their trade.

On flagship programmes, two (2) projects were implemented in Mathateng and Zeerust focusing on creating economic opportunities for unemployed women and care for children under five years. The department also facilitated the building of 18 houses for women who stayed in dilapidated structures.

536 000 emergency food parcels were distributed to 154 000 vulnerable households at the cost R109 615 million over the last three years.

The capacity of these projects to generate income has been gradually improving. Through these incomes, however meagre, families are able to meet some of their basic needs such as food, clothing and can afford to pay school fees for their children.

1.3 hiv/aids

In 2000, an HIV/AIDS programme was introduced as part of the National Plan of Action. The plan assigned the department to implement Community Home-Based Care Programme (HCBC).

Through this programme the following were achieved:

- Thirty (30) HCBC sites were established.
- 9 063 orphans and vulnerable children identified through rapid appraisal.
- 2 147 orphans placed in foster care.
- 2 500 households received food parcels, care and support.
- 400 caregivers recruited and trained in community based care.

This programme has assisted the infected and affected households against the effects of poverty, burden of caring for the dying members of the family and psychological trauma associated with the disease.

1.4 institutional building

Social development is by its nature a participatory and people centred process. Development of Partnership and institution building has been adopted as an approach to foster democratic and people owned development.

In 1996, the Non-Profit Organization Act was introduced to regulate and create a more supportive environment for social development partners to access resources.

The following has been achieved:

- There are five hundred (500) registered NPOs in the province.
- The department is funding 118 creches, 36 service clubs for the elderly, 39 welfare organisations as well as 12 service clubs rendering services to the disabled and 26 old age homes.
- An amount of R300-million has been invested to sustain these services.

1.5 child and family welfare

The department has an obligation to a safe and enabling environment for growth and development of children and families.

The following have been achieved:

- Established a Provincial Programme for Children in line with national directives.
- Established professional foster parenting systems and increased of alternative care cases from 2 000 to 11 000.
- Hosted first Child Law Conference in the province and developed an integrated service delivery plan for children.
- Improved Community-Based Private Places of Safety for children in crisis.
- Established projects for children on the streets.
- Established neighbourhood child protection systems of 18 service points.

1.6 restorative justice

This sub-directorate has to provide probation and rehabilitation services to offenders and victims of violent crimes and abuse.

The following has been achieved:

- Established ten (10) victim support centres.
- Established advocacy programmes to prevent crime against women and children.
- Established and implemented 20 diversion programmes across the province.
- 10 000 children were diverted.
- Established one (1) secure centre to prevent children and youth from awaiting trial in prison and police cells.
- Established ten (10) reception, assessment and referral centres for assessment of all arrested children and youth.

1.7 social security

The programme is intended to provide for the disbursement and administration of social assistance grants in terms of the Social Assistance Act, 1992 and determination of grant trends.

The following were achieved:

- Uptake of beneficiaries increased from 194 257 to 596 530 in terms of all grant types.
- Norms and standards have been developed.
- Developed proper infrastructure for pay points.
- Implementation of the Social Relief of Distress Policy.
- Toll-free number implemented (0800601011).

**"WE HAVE A REASON TO CELEBRATE
WITH OUR COMPATRIOTS"**



MEC Nomonde Rasmeni



a caring and integrated society that is self-reliant and upholds human dignity.

vision

mission

to achieve sustainable social development through cohesive intervention programmes and partnerships.



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NORTH WEST PROVINCE DEPARTMENT OF SOCIAL DEVELOPMENT

On the 29th June 2004, the MEC of the Department of Social Development Ms Nomonde Rasmeni charted a way forward for 'the new social development agenda' in the North West Province at the NW provincial legislature. The MEC was presenting her policy speech within the context of the establishment of a new focused Department of Social Development in the North West Province. This is an excerpt from her policy (budget) speech.

Madam Speaker, our government has consistently contested that it is not presiding over a welfare state. In order to give practical expression to this assertion, the National Department of Welfare and Population Development was renamed the Department of Social Development in July 2000.

In this connection, we are a department committed to the ongoing social transformation of our country. We are therefore committed to the agenda of social transformation that is embodied in the principle of social justice and the Bill of Rights as contained in our Constitution.

Our strategic goal is to create a better life for the poor, vulnerable and excluded people in our society. Embedded in this goal is the transformation of our services to respond adequately to the plight of these social groups.

We are also called the Department of Social Development because our task is to reduce poverty and promote social integration. We therefore have a twin task of developing and monitoring the implementation of social policy that creates an enabling environment for, and leads to, the reduction in poverty. Within this context, we ensure the provision of social protection and social development services to all the people who reside in our province.

It is also incumbent upon us to conduct socioeconomic research that develops the social indicators necessary for programme implementation and public accountability. This mandate provides us with an opportunity to have the latest social development information to inform our planning processes.

Within the context of a developmental state, driven by our liberation philosophy which states that people are not spectators in the unfolding theatre of social transformation, our department strives to build partnerships with organs of civil society. We work in partnership with NGOs, faith-based communities, the business sector, organised labour, and other role players.

All our work requires extensive and ongoing consultation with all sectors of our society. This is informed by the fact that our department is a conduit of all government efforts to build a people's contract to fight poverty and create jobs.

The social development approach is, by its nature, integrated development. As such, our programmes are integrated with those of other government departments and all spheres of government. In this regard we shall continue to play a meaningful role within the North West Executive Council's social development cluster committee.

All our programmes and policies are intended to complement the national and local developmental imperatives within the context of cooperative governance as enshrined in the Constitution of the Republic.

Madam Speaker, we represent social development because our actions are based upon solidarity and engender self-reliance of individuals and communities. As social service professionals, we act on the basis of human solidarity. We seek to empower communities and engender self-reliance by creating conditions for sustainable livelihood. This involves expanding the range of choices available to communities, as the United Nations Development Programme identified the ability to make choices as one of the indicators of development.

To summarise, as already indicated, our services are all-inclusive because we provide social protection and social development services that span the entire life cycle of human life. This encompasses advocacy, promotion, prevention, mitigation and care.

COEGA INDUSTRIAL DEVELOPMENT ZONE

Coega is getting ready to flex its industrial muscle by mid-2005 when it's able to handle commercial shipping for the first time

Coega is designed as a major distribution and processing hub for southern Africa and beyond. It enables importers and exporters to slash logistics costs thanks to the fast, reliable and modern port facilities being built in the Coega Industrial Development Zone (IDZ) and offers the lowest total cost of distribution from which to ship between South Africa and the rest of the world.

Coega also offers a best-cost solution to component manufacturers, assemblers, original equipment suppliers and auto logistics specialists wanting to invest in the southern hemisphere.

Importers and exporters will be able to warehouse, pack, unpack and assemble their equipment in a duty-free zone. This has a direct effect on cash flow as indirect costs such as import duties, VAT and other levies only have to be paid once the equipment is exported out of the Coega IDZ. In addition to imports through the harbour, most services, equipment and components supplied to assemblers and warehouses in the Coega IDZ from South Africa are VAT-exempt.

Incorporated within the IDZ is Africa's most modern deep-water harbour, which will be the first choice for the latest generation of container ships. There is also an efficient Ro-Ro quay and vehicle handling terminal at the nearby port of Port Elizabeth.

The strategic positioning of Port Elizabeth, which neighbours on Coega, has led to the establishment of efficient national and international links with the Nelson Mandela Metro. All the major shipping lines have offices in Port Elizabeth, with most operating named-day services to harbours around the world. There are also efficient international airfreight links out of Port Elizabeth. Established road, rail and feeder shipping services link the Coega IDZ to the rest of southern Africa.

Coega has a modern ICT infrastructure in place with the world-class Qhakamshela Contact Centre. The centre is one of the first SAP Customer Relations Management (CRM) solutions in South Africa – and one of the first in the world to incorporate a web-based interface. This interface enables people throughout the Coega Development Corporation (CDC) to access the CRM programme. It is also the first in the world where the SAP CRM



The Port of Ngqura Harbour under construction.

solution has been integrated with an Avaya telephony system.

As a greenfields development, Coega is being purpose-built to meet the needs of investors. There are no constraints in terms of existing infrastructure. At this point the zone has basic infrastructure composed of roads, power lines, water supplies, storm-water and sewage. There are no rigid sizes or shapes for land. Stands can be configured to meet the exact needs of the investor on the site. Coega is also ISO 14001 and 18001 OHSAS certified and all planning for the zone has taken into account international best practice environmental standards.

When it comes to human resources, Coega is well-equipped, as the CDC has developed a skills database for the Nelson Mandela Metro that provides labour for the Coega IDZ. Investors coming into the zone draw labour from a screened pool of people which reduces the amount of time and resources spent on recruitment. Using this database, the CDC can identify any skills gaps well ahead of construction, or of a new factory coming on line. These gaps are then filled through a comprehensive training programme funded by the Department of Labour. Training may also be available for the operations phase of projects. There are a number of training institutions, as well as a university in the Nelson Mandela Metro, to provide education and training for investors in the Coega IDZ.

As zone operator, the CDC also co-ordinates the requirements of the different investors in the zone. The objective is to minimise operational costs by providing investors the choice of being able to share services wherever possible. Development in the Coega IDZ will take place in clusters of industry in order to optimise efficiencies through shared resources and short logistics lines. Key industry focus areas at the moment are metallurgy and the automotive and textiles sectors. The major part of the civil works for phase one of the Coega IDZ is nearing completion. With the roads and bulk supplies in place, Coega can now accommodate its first investors.

Khwezi Tiya, CEO of the CDC, thinks the recent flooding of the basin of the Ngqura harbour that neighbours the IDZ will be a big boost to its marketing. 'It is an important psychological milestone,' he says. 'Now, when we take potential investors out on site, we will be showing them a harbour rather than earth-works.'

'Together with the progress that has been made in putting the basic road, electrical, water, sewage and information technology infrastructure in place in the Coega IDZ, we can now market a physical development rather than a vision. Thanks to the far-sighted investment in the port of Ngqura by the National Ports Authority, the Coega IDZ will also have a deep-water harbour that, we are assured, will be able to take commercial shipping by October 2005.'

According to Mr Tiya, the CDC is in advanced discussions with a number of potential investors in the metallurgical, automotive and textile industries, in addition to Canadian aluminium group Alcan, which has said it will make a decision on a 660 kiloton a year smelter at Coega by the end of 2004.

'It is important to realise that Coega is bigger than any single investor. In the first phase, we have over 6 000 hectares of land ready for development. Global competition for the kind of investment we want is tough, but we believe that Coega has a number of unique strengths, including the deep-water port of Ngqura,' says Tiya. 'As planned, the infrastructure to accept these investments is well advanced and will be ready by the time any factories in the zone start producing.'

Total investment committed to Coega to date is estimated at R7,2-billion. There are also opportunities for port and logistics-related investment in the Coega IDZ being investigated. All investment proposals are measured against the vision and plans for the IDZ, and the CDC is not prepared to jeopardise the long-term viability of Coega just to secure investors in the short term.



Aerial view of the N2 Doubling and the Neptune Road Systems Interchange.



FOCUS ON THE UKZN GRADUATE SCHOOL OF BUSINESS

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On the 1st of January 2004, the University of KwaZulu-Natal was born. There is now a combined effort from all three Graduate Schools of Business – Westville campus, Howard College campus and the Pietermaritzburg campus – to capture a larger market share. The Westville campus houses the MBA programme; the Howard College campus and Pietermaritzburg campus offer the Postgraduate Diploma in Business Management. Currently, there is a project underway to create a unique and single delivery site in Durban (Westville and Howard College campuses combined). Key stakeholders and the corporate sector will be instrumental in creating this vision.

Management studies and business education around the world is intended to help businesspeople make the most of their own lives, and so help secure a better future for themselves and their companies. At the University of KwaZulu-Natal's Graduate School of Business, the belief is that students have developed the confidence to make decisions, an ability to think critically and the wisdom to lead people. The Master of Business Administration (MBA) at the Westville Graduate School is challenging and mentally stimulating.

The different programmes offered during the course of the year are:

- MBA – Westville campus
- Management Development Diploma (MDD) – Westville campus
- Executive Development Diploma (EDP) – Westville campus

- Management Advancement Programme (MAP) – Howard College campus
- Postgraduate Diploma in Business Management – Pietermaritzburg and Howard College campuses

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The staff members believe in what they do. They make a contribution to improving the lives of their students, and, in turn, the students enrich their employers and associates. The UKZN Graduate School boasts a strong leadership with qualified, experienced and committed lecturing and administrative staff. It is with pride that staff and students of the Graduate School can say that the school has stood the test of time and is growing in strength year after year.



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LETTER FROM PRESIDENT THABO MBEKI

A PEOPLE-CENTRED NEW WORLD ORDER, OCTOBER 2003

Earlier this week we attended the XXII Congress of the Socialist International (SI), which met in Sao Paulo, Brazil. We have been members of the SI since 1999, having held an observer status for many years.

For us, this particular congress was important for a number of reasons. But before we state these, we must recall some of the features that characterise the SI. It is the world's largest organisation of political parties. Its membership consists of some of the most progressive parties on all continents.

Many of these member parties of the SI also have allies in such mass formations as the trade unions and representative organisations of the youth, women and the religious communities. Collectively, the SI therefore represents a large proportion of world's population, as well as an important segment of the organised formations that impact on the determination of the future of our common world.

These formations constitute a critically important part of the progressive political forces in the world. They are committed to progressive transformation globally, to address the interests of the poor, pursuing the goal of a better life for all.

The XXII congress met under the theme: "The return of politics: for just and responsible governance: for globalisation governed by the people." It discussed a wide range of subjects including the multilateral system of governance, the world economy including the struggle against poverty, issues of peace and stability, gender equality and the emancipation of women, and strengthening democracy.

Among others, the congress adopted a document entitled: "Governance in a global society - the social democratic approach", as well as the "Declaration of Sao Paulo", both of which contain some of the most important positions of the SI.

The document on governance in a global society begins with the following paragraph:

"Under the conditions of globalisation, democratic governance has to be reinvented. The aim of the social

democratic movement is to reconcile its historical values - social justice and democracy - with the new challenges, tasks, forms and instruments of politics that globalisation will bring about. A global governance concept has to be developed opposing the neo-liberal market ideology, the neo-conservative agenda, and the unilateralist approach. This alternative has to bind the dynamics of the global market to social, ecological, and democratic values."

The declaration of Sao Paulo says:

"The Socialist International, the global movement of social democratic, socialist and labour parties, holding its XXII congress in Sao Paulo at the invitation of the Partido dos Trabalhadores, calls on all socially and politically progressive people and organisations to come together in a global coalition to promote a new world order based on a new multilateralism for peace, security, sustainable development, social justice, democracy, respect for human rights and gender equality." The intense globalisation process, of markets and economies as well as technology, communications and cultural exchange, has accelerated for some, the creation of wealth and increases in productivity and trade - but at an unacceptable cost: the widening of the gap between rich and poor countries, and between rich people and poor people in countries of both the north and the south...

"The current system of global governance, established in the aftermath of World War II, needs reform to be able to meet the challenges of the 21st century. Neo-conservatives are attempting to exploit the situation to dismantle all forms of global governance, to minimise the role of the United Nations, to undermine multilateral institutions, to promote unilateralism and the consecration of the market, and to impose the will of the powerful to decide the future of mankind... As was the case after World War II, a new vision is needed based on the enforcement of international law, more effective regulation of world markets and more democratic, accountable and efficient global institutions to formulate and carry out policies on behalf of people everywhere."

As indicated above, in its declaration, the SI has called "on all socially and politically progressive people and organisations to come together in a global coalition to promote a new world order..."

In the document on governance in a global society, it said:



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In reaching agreements ranging from housing to water delivery, NEDLAC has made its mark for human rights too.

When it comes to trade-related issues, NEDLAC has ensured that business and labour have had the opportunity to contribute to South Africa's position in WTO meetings, as well as SADC, EU, MERCOSUR, and various bilateral trade negotiations.

And in concluding the Growth and Development Summit agreement in 2003, and now monitoring its implementation, NEDLAC is harnessing the best efforts of all its stakeholders in contributing to job creation, investment, social equity and encouraging local action.

We salute a decade of democracy.

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"A global governance concept has to be developed opposing the neo-liberal market ideology, the neo-conservative agenda and the unilateralist approach."

We are full members of the Socialist International. We have, for a long time, upheld many of the views expressed in its documents. We have pursued these views as an integral part of the national democratic revolution.

Nevertheless, we have a duty to respond to the decisions taken by the XXII congress of the SI, in the interests of both our people and the creation of what the SI has described as "a new world order based on a new multi lateralism for peace, security, sustainable development, social justice, democracy, respect for human rights and gender equality."

We have made the point in the past that a defining feature of our country is that we have two economies, one belonging to the developed world, and the other to the underdeveloped world, the first and the second. This second economy includes millions of people who are poor. These are ordinary working people whose problems cannot be solved by reliance on "the market". Necessarily, the democratic state has to intervene to commit the resources that are needed to pull millions of our people, in both the urban and rural areas, out of the conditions of poverty and underdevelopment that continue to afflict them.

The same can be said of the greater part of our continent, Africa, most of whose population lives in similar conditions of poverty and underdevelopment. As is the case in our situation, these are people who do not have the skills required by the modern economy and society. They do not generate large enough savings to make a significant impact on the rate of investment.

The failure to achieve investment levels that would increase the growth rate, results in a failure to create new jobs, leading to further rises in unemployment. This has been compounded by rural-urban migration, resulting, in certain instances, in declines in agricultural production.

Once more the point has been recognised that African development, the defeat of the scourge of poverty and underdevelopment on our continent, cannot be achieved without resource transfers from outside the continent. For this reason, the call has been made correctly and repeatedly, that Africa needs increased Overseas Development Assistance (ODA) and foreign direct investment.

In our country the dichotomy between the centre and the periphery exists within our own borders, as it does between the developed world on one hand, and Africa as a whole, on the other. With regard to Africa in general, the resource transfers would be from the developed world. In our case, we are saying that these transfers to the second economy should be from the developed part of our economy and society. This does not exclude supplementary transfers from the developed world outside our borders.

In our case, the requirement to intervene to ensure the transformation of the second economy, our periphery, also means that we must work hard to ensure that our own centre, the first economy, grows and develops to generate the wealth we need to achieve the goal of a better life for all. It is also true that the first economy would benefit in a qualitative manner from the transformation of the second economy. Poverty and underdevelopment act as a fetter on the further development of the first economy.

What all this signifies is that our very conditions of life and the imperative to ensure the social transformation of our country and continent, resulting in the achievement of the goal of a better life for all, mean that we cannot allow ourselves to be prisoners to what the SI called "the neo-liberal market ideology".

The critically important task to end the poverty and underdevelopment in which millions of Africans are trapped, inside and outside our country, cannot be accomplished by the market. If we were to follow the prescriptions of neo-liberal market ideology, we would abandon the masses of our people to permanent poverty and underdevelopment. This would be a betrayal of everything for which the masses of our people have engaged in struggle for nine decades, under the leadership of the ANC.

Thus the call of the SI to all progressive forces to oppose neo-liberal market ideology is, for us in South Africa and Africa, not a matter merely of ideology. It is a practical and rational response to what we have to do to achieve the goals of the national democratic revolution, the objectives being pursued by the AU directly and through NEPAD.

We have a responsibility to engage all progressive forces in our country, in Africa and the rest of the world to come together in the global coalition for which the SI called. This coalition must confront "the unacceptable cost" of globalisation of which the SI spoke, resulting in "the widening of the gap between rich and poor countries, and between rich people and poor people in countries of both the north and the south."

As we have indicated, an important part of the theme of the XXII SI congress was "for globalisation governed by the people." The SI went on to say: "A global governance concept has to be developed opposing the neo-liberal market ideology, the neo-conservative agenda, and the unilateralist approach."

It said that the global neo-conservative forces are working "to minimise the role of the united nations, to undermine multilateral institutions, to promote unilateralism and the consecration of the market, and to impose the will of the powerful to decide the future of mankind."

Once again, for all the people of Africa, including ourselves, these are not theoretical matters. They relate

directly to the task of the renewal of our continent and the provision of a better life for all Africans. They relate to the important reality that we are part of the global community, but as that part of this community that is on the wrong side of the divide between the rich and the poor.

They speak directly to such matters as the negative outcomes of the globalisation process, the unjust global trading system, the unsustainable debt burden of many African countries and the export of capital out of Africa, access to affordable drugs and medicines, our domination by the powerful, and so on.

Poor as we might be, and precisely because we are poor, we have a duty to contribute to the elaboration of the "global governance concept ... Opposing the neo-liberal market ideology, the neo-conservative agenda, and the unilateralist approach." It is we, the poor and not the rich,

who need "a new world order based on a new multi lateralism for peace, security, sustainable development, social justice, democracy, respect for human rights and gender equality."

We cannot but be part of the global coalition that must work to create the global society in which the people will govern the process of globalisation. The XXII congress of the SI communicated the message that our movement belongs to an important alliance of progressive forces that has the strength to contribute to the construction of a new world order that addresses the interests of the ordinary people.

We have a responsibility to respond to this challenge, in our interest, to add what we can to the creation of the humane and people-centred new world order that the socialist international discussed in Sao Paulo.



A woman in animation and design is the 2004 TWIB award winner



Isabelle Rorke pictured here with the 4x4 vehicle as part of her prize, sponsored by African Legend Technologies. Her prizes also included a computer (sponsored by NSS) and a trip to Denmark (sponsored by Danida) to investigate business partnerships

Technology for Women in Business (TWIB) held their Annual Conference and Award ceremony on 9 August 2004 as part of its celebrations on National Women's Day. TWIB's annual awards recognise the extraordinary achievements of women entrepreneurs who have successfully used appropriate technologies to improve the performance of their businesses.

At a glittering ceremony in Kimberley, Isabelle Rorke, founder of Anamazing Workshop - a creative animation and design company - was announced as the 2004 TWIB Award Winner.

TWIB Annual Awards

“Rorke's understanding of the market opportunities in her environment, the use of appropriate technology to grow her business and long-term vision for the future made her a worthy winner and will set the standard for those to come.”

Ms Daphney Mashamaite, TWIB's Acting CEO.



TECHNOLOGY FOR
WOMEN IN BUSINESS

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The TWIB conference was attended by more than 500 women from across the country to take advantage of this opportunity to access information on technology and new business opportunities in the fields of construction, mining, ICT, tourism, cosmetics and forestry, amongst others. Supported by the Department of Trade and Industry (dti) under the auspices of its Deputy Minister, Ms Lindiwe Hendricks, and hosted by the MEC for Economic Affairs in the province, Mr Pakes Dikgetsi, the TWIB conference provided a platform for women to network and make contact with organisations that offer assistance in setting up new businesses, be they SMMEs or organisations in search of international exposure.

Ms Lindiwe Hendricks said that by meaningfully linking women's businesses to technology, enterprises can become more profitable, more competitive, and women are given the opportunity to grow as entrepreneurs so as to make an impact on the broader economic transformation of the country. She urged the TWIB finalists to serve as an inspiration to their communities and to become TWIB ambassadors to influence women to explore new fields and technologies.

With the technology support of the CSIR, TWIB strives to move women in business from the periphery into the mainstream of the economy through the use of technology. Its mandate also extends to instituting programmes encouraging young women to choose careers in science, engineering, technology and entrepreneurship by facilitating and enabling access to the relevant educational information, academic training and career opportunities.



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