

Liv Tørres (ed.)

**“We are emerging;  
emerging slowly and painfully!”**  
Infrastructure Delivery in South Africa

© Fafo Institute for Applied Social Science 2000  
ISBN 82-7422-316-0  
ISSN 0801-6143

Cover design: Peta Marincowitz  
Cover Photograph: Athol Lewis  
Printed in Norway by: Centraltrykkeriet AS

# Contents

<b>Preface</b> .....	<b>5</b>
<b>Chapter 1 Introduction</b> .....	<b>7</b>
<i>Liv Tørres, Fafo</i>	
1.1 South Africa's Starting Point .....	9
1.2 Daylight follows a dark night? Half the national budget spent on social services! .....	13
1.3 Issues to be addressed and lay out of the report .....	18
<b>Chapter 2 Dilemmas to be faced in delivery of infrastructure</b> .....	<b>21</b>
<i>Tone Fløtten, Fafo</i>	
2.1 Welfare state models – a brief description .....	22
2.2 The goals of services provision .....	24
2.3 Equal distribution .....	25
2.4 Dilemmas in distribution policy .....	27
2.5 Concluding remarks .....	32
<b>Chapter 3 Employment and Public Works</b> .....	<b>35</b>
<i>Sabata Nakanyane, Fafo</i>	
3.1 Labour Market Indicators .....	35
3.2 Labour markets in Gauteng, KwaZulu Natal and Northern Province .....	37
3.3 Public Works Programmes: background and regulation .....	41
3.4 The National Public Works Programmes .....	44
3.5 Phase One: the Pilot Phase .....	46
3.6 Government Delivery .....	47
3.7 Evaluation of the first phase of CBPWP .....	48
3.8 Phase two: the realignment of CBPWPs .....	49
3.9 Programme Delivery in the realignment phase .....	52
3.10 Further Challenges .....	53
3.11 Tentative conclusions and recommendations .....	59
<b>Chapter 4 Welfare: a question of cash or development?</b> .....	<b>63</b>
<i>Liv Tørres, Fafo</i>	
4.1 Welfare framework: legislation and regulation .....	63
4.2 Government delivery .....	66
4.3 Social Welfare services .....	69
4.4 Social Development .....	69
4.5 Welfare recipients .....	71
4.6 Discussion and tentative conclusions .....	75
<b>Chapter 5 Housing: a question of quality?</b> .....	<b>81</b>
<i>Malehoko Tshoamedi, Fafo</i>	
5.1 Housing policies, regulation and funding .....	81
5.2 Government delivery .....	84
5.3 Provincial delivery and receipt .....	88
5.4 Perceptions of delivery .....	95
5.5 Summary, tentative conclusion and recommendations .....	102

<b>Chapter 6 Schools: a question of teachers? .....</b>	<b>105</b>
<i>CASE</i>	
6.1 Current realities, regulation and budget .....	105
6.2 Access to educational facilities .....	108
6.3 Most pressing educational needs .....	110
6.4 Assessing change in education provision .....	111
6.5 New developments since 1994 .....	113
6.6 Expectations .....	114
6.7 Process of delivery .....	115
6.8 Summary, tentative conclusions and recommendations .....	126
<b>Chapter 7 Health: a question of hospitals and clinics? .....</b>	<b>131</b>
<i>CASE</i>	
7.1 Policies and regulation .....	131
7.2 Urgent health problems in the community .....	135
7.3 Improvements in health services? .....	137
7.4 Effective health infrastructure delivery? .....	146
7.5 Community Participation or speed? .....	148
7.6 Summary and tentative recommendations .....	155
<b>Chapter 8 Health: a question of water and sanitation? .....</b>	<b>157</b>
<i>CASE</i>	
8.1 Regulation, organisation and projects .....	157
8.2 Mvula Trust .....	160
8.3 Needs and delivery .....	161
8.4 Sanitation .....	165
8.5 Refuse .....	168
8.6 Tentative Conclusions .....	170
<b>Chapter 9 Economic infrastructure: a question of telephones and roads? .....</b>	<b>175</b>
<i>CASE</i>	
9.1 Transport .....	175
9.2 Government delivery .....	176
9.3 Access to Transport .....	178
9.4 Roads .....	181
9.5 Electricity .....	182
9.6 Delivery .....	183
9.7 Electrification of households .....	184
9.8 Telecommunications .....	187
9.9 Perceptions on delivery .....	188
9.10 Tentative conclusions on economic infrastructure .....	190
<b>Chapter 10 We are emerging slowly, but painfully! .....</b>	<b>197</b>
<i>Liv Tørres, Fafo</i>	
10.1 Summary: Reconstruction, development and participation? .....	198
10.2 Are we emerging? .....	200
Appendix 1 Methodology .....	213
Appendix 2 List of Abbreviations .....	222
Appendix 3 Bibliography .....	223

## Preface

This report on Infrastructure Delivery was initiated by the Development Chamber of the National Economic Development and Labour Council (NEDLAC), with funding from the Department of Constitutional Development. We would like to thank the NEDLAC reference group: Mike Makhura (DCD); Bongani More (Department of Public Works); Randall Howard (Labour); Godfrey Jacks and Teboho Loate (Community) and Abram Napo (Business) for valuable comments on the various drafts. Thanks in particular to Karl Gostner of NEDLAC who spent invaluable time and resources assisting the process of delivering this product. Thanks also to the numerous government officials and others who made themselves available to share their experiences of delivery and their ideas for improvements.

This report is a joint product of Community Agency for Social Enquiry (CASE) and Fafo Institute for Applied Social Science, with each institution being responsible for describing the separate sections of delivery. CASE has been in charge of the fieldwork and data set for the survey we conducted in the three provinces of Gauteng, KwaZulu- Natal and the Northern Province. On CASE's side the following people have developed the chapters: Mark Isserow, Sue Marshall, Ran Greenstein, Nahla Valji and Zaid Kimmie. Liv Tørres from Fafo has done major overall content editing of the whole report with valuable language editing from Deanne Collins. Dave Everatt and Mathews Smith provided valuable editing assistance.

Liv Tørres (ed.)



# Chapter 1 Introduction

*Liv Tørrres, Fafo*

“In every sphere of our society – economic, social, political, moral, cultural, environmental – South Africa is confronted by serious problems. Segregation in education, health, welfare, transport and employment left deep scars of inequality and economic inefficiency.” These were the words of the Reconstruction and Development Programme (RDP) in 1994.

The RDP’s main objective is to eradicate the legacy of apartheid. In 1999, we entered the second period of democratic governance with very fragmented knowledge about the extent to which its goals have been met.

The gap between rich and poor in South Africa is amongst the largest in the world. Poverty levels and resource distribution impact on living conditions, economic growth and development as well as the levels of crime and social stability. Reducing poverty is one of the key challenges for economic development. Higher levels of economic growth are a key challenge for poverty eradication. Investment in people is pivotal to redressing the poverty and vast inequalities inherited from apartheid and in addressing the rate and pattern of growth. Investment in people is also, to a large extent, about delivering social and economic infrastructure: education, welfare, health, housing, as well as transport and bulk infrastructure.

Infrastructure delivery assures minimum standards and redistribution. It also facilitates transactions for individuals and thereby lowers the transaction *costs* for consumers and producers. Furthermore, infrastructure has an impact on living standards, health and welfare and thereby on productivity. All in all, infrastructure delivery makes it easier for economies to adjust and for democracies to consolidate and stabilise.

While the need to address infrastructure delivery has, to a large extent, been undisputed since 1994, the strategies, effects and success of delivery are far more controversial when we take stock in 1999. Many questions remain as to if, and how, people are better off now in terms of their access to services. While hopes were high in 1994, few expected all the challenges to be resolved by 1999. Yet, in order to improve delivery – and thereby growth and redistribution – more and better information is needed about the degree and distribution of delivery as well as barriers to delivery.

Against this background, the NEDLAC Development Chamber and the Department of Constitutional Development commissioned CASE and Fafo to conduct research on infrastructure delivery in South Africa. This report describes delivery in key sectors of infrastructure. We map delivery in terms of funding and examine the barriers to delivery.<sup>1</sup>

### **We ask the following questions:**

- To what extent have the RDP goals been met in terms of delivery, resources, projects and targeting of delivery?
- Who is actually benefiting from delivery?
- What are the major barriers to delivery and how could they possibly be addressed?

The report is based on three kinds of sources. First, a desk study mapping and summarising funding and available resources as well as policy changes and their impact on the basis of existing material. Second, we summarise the results of in-depth interviews with government officials and private contractors in four key sectors: education, health, housing and public works. Third, we rely on a survey amongst about 2,600 respondents in Gauteng, KwaZulu-Natal and the Northern Province on issues of actual receipt of delivery and evaluations. The provinces were selected because of their different economic and poverty status and thus their different needs for infrastructure delivery. They stand as proxies for relatively “well-off, middle and worst-off” provinces. Furthermore, the age profile as well as the spatial distribution of these provinces differ, which affects their need for and the cost of services. Our respondents were asked a series of questions relating to their access to services, the quality of these services, payment for services and general levels of satisfaction around service provision. Appendix 1 provides information on methodology, sampling etc for the in-depth interviews and the survey.

While the report presents an updated picture of social services delivery and blockages within key sectors, a few remarks of caution should however be made concerning the data. We chose the three provinces as representatives of the richest, middle and poorest provinces. Yet, the data as such gives no *national* picture of delivery. The survey does, however, yield interesting information about the distribution of resources against the background of widely varying needs in the three provinces.

<sup>1</sup> Three other base-line documents have formed outputs from this project: “We are emerging, Emerging Slowly and Painfully” Mapping Infrastructure delivery in South Africa. (April 1999); “When there is a project, there is money.” In-depth interviews about Barriers to Delivery amongst government officials. (June 1999); and Topline Report on a Survey Amongst Recipients of Infrastructure in South Africa. (June 1999).

In-depth interviews were also conducted with government officials and private contractors in key sectors. While these provide important background information from people who are daily exposed to the frustrations and successes of delivery, they also do not give a representative picture as such. Budgets for different sectors and departments, and the institutional capacity to deliver, will vary. The perceptions of government officials vary accordingly. Furthermore, infrastructure delivery in South Africa is, to a large extent, a continuously shifting terrain. The government is continuously improving delivery and addressing shortages. While the report tries to be as up-to-date as possible, with information covering the period up to 1999, initiatives from the latter part of the year may not have been included. Access to timely, reliable data has also been a general problem and for some of the sectors we have had to settle for older figures. Finally, there is the issue of percentages in survey results. There are those who would argue that more than 50 percent is needed before a situation can be described as “good”, while less than 50 percent is perceived as “bad”. The question as to what portions are required before we can say that *real* changes have been made is a nothing less than a normative question. Readers will, to some extent, themselves have to determine whether they expect 50 percent of respondents to report positive developments (whether it is education, health or welfare) or whether 30 percent reporting real changes is “good enough” on the basis of a limited period of only five years of democratic delivery. It should be noted that some respondents may also not report about new developments because facilities were already available.

Our brief was to look at blockages to infrastructure delivery with the aim of assisting in “unblocking” them and speed up delivery. It is for this reason that the report focuses, to a large extent, on *barriers* to delivery. This does not imply that delivery is only characterised by blockages.

## 1.1 South Africa’s Starting Point

With a population of about 40.5 million (Census 1996) and a Gross Domestic Product (GDP)<sup>2</sup> of around R737 billion (roughly USD 129 billion) in 1997 (UNDP 1999), South Africa is not a poor country. Compared to a “rich” country like Norway with a GDP of about USD 153 billion, South Africa compares relatively well. Norway, of course, has only 4 million inhabitants to divide its resources amongst. Yet, the major difference between the two countries is not economic performance, but human development.

<sup>2</sup> Nominal GDP of R737 in 1998.

The intention of this report is not to do a comparative study of South Africa and “rich” countries like Norway. Yet, it is worth noting that the economic differences between the two countries are relatively small compared to the huge differences in human development. While South Africa scores relatively low (0.695) on the Human Development Index which is based on educational levels and literacy, life expectancy and GDP per capita, Norway scores at the top (0.927). South Africans have a life expectancy of 55 years, whereas Norwegians may expect to live 78 years. Indications are that about 50 percent of the population in South Africa is poor – i.e., living below a minimum living level. In Norway, few people experienced this kind of poverty.<sup>3</sup> Norway scores better on human development than on economic performance while South Africa scores much worse on human development than on economic performance.<sup>4</sup> These differences reflect income and resources, but especially the fact that South Africa has a far more *skewed* distribution of resources than Norway or other high income countries. If we compare South Africa with a country like Brazil – which is more similar in terms of economic performance and resource distribution – Brazil scores much higher in terms of human development.<sup>5</sup> Table 1.1 shows South Africa’s poverty profile in 1994.

The poor are unevenly distributed by province. Furthermore, 70 percent of the poor live in rural areas. Poverty is also closely related to race. Sixty one percent of Africans, and 38 percent of Coloureds are regarded as poor, compared with only 5 percent of Indians and 1 percent of Whites. Furthermore, children are largely affected by poverty. Three out of five children live in poor households. There is also a strong gender bias to poverty levels. The proportion of female-headed households that are poor is nearly double that of male-headed households. The average wage in female-headed households is around one third of the average wage income in male-headed households. Unemployment rates amongst women are also much higher than amongst men. Female-headed households also tend to be in rural areas where poverty is mainly concentrated. (DBSA, 1998). The main factor, together with race, which influences poverty or wealth is education. A strong correlation can also be observed between poverty and unemployment. Labour force participation rates

<sup>3</sup> According to a relative poverty definition there are poor people in Norway as well. There have, however, been no attempts to estimate the share of persons under a minimum living level. The UNDP human development report estimates 7 percent of the Norwegian population as poor, using the EU definition of poverty.

<sup>4</sup> The real GDP per capita rank in South Africa minus the HDI rank shows a strong negative: -47 (UNDP 1999)

<sup>5</sup> Brazil scores similarly on the GDP index as South Africa (0.70 versus 0.72) while scores 0.739 on the Human Development index (South Africa 0.695).

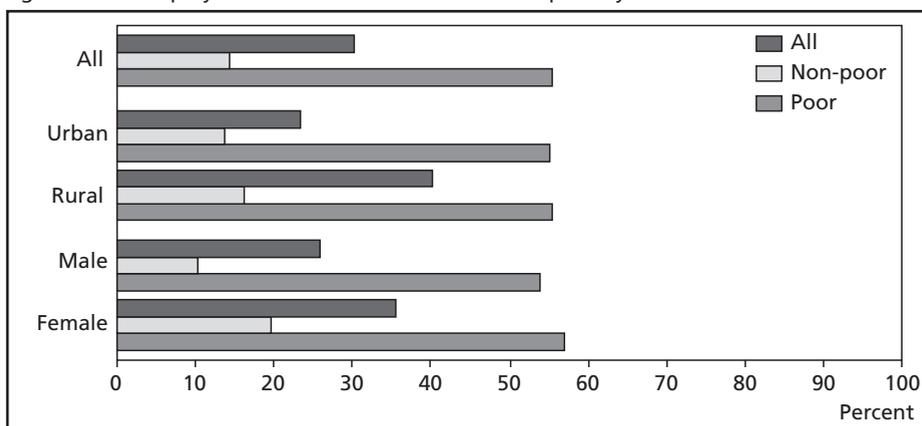
amongst the poor are lower than that of non-poor. Table 1.1 indicates unemployment rates above and below the poverty line.

Table 1.1 South African Poverty Indicators

Percentage income share of poorest 40 percent of households	11.0
Percentage income share of richest 10 percent	40.0
Poverty rate in rural areas ( percent)	70.9
Poverty rate in urban areas ( percent)	28.5
Poverty rate of female-headed households ( percent)	60.0
Poverty rate of male-headed households ( percent)	31.0
Black poverty rate ( percent)	60.7
White poverty rate ( percent)	1.0
Gini coefficients: All households	0.52
Gini coefficients: Black-headed households	0.59
Percent poor households with access to electricity	22.7
Percent non-poor with access to electricity	74.8
Percent poor households with access to piped water	28.4
Percent non-poor with access to piped water	80.0
Unemployment rate of poor females	56.9
Unemployment rate of non-poor females	19.5
Unemployment rate of poor males	53.9
Unemployment rate of non-poor males	10.4
Percent poor children that are stunted	31.2
Percent non-poor children that are stunted	18.5

Source: DBSA, 1998

Figure 1.1 Unemployment rates above and below the poverty line

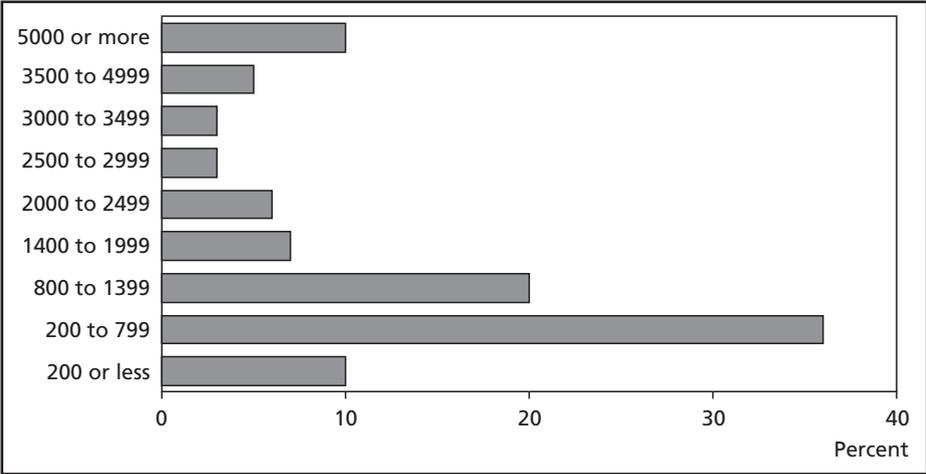


Source: Census, 1996

While unemployment rates are higher amongst the poor than amongst the more affluent, poverty is not attributed only (or mainly) to access or exclusion from the labour market. Approximately one third of those in employment earn below poverty levels. And according to the Census, more than a quarter of the 9.1 million people working in South Africa earn R500 or less a month. The average household size in South Africa is about four. The Bureau for Market Research calculated the national Minimum Living Level (MLL) for an average household of four to be around R1 130 for 1997. If we add on 9 percent for 1998 (in line with the consumer price index), and 6 percent for 1999 we arrive at an approximate MLL of about R1 300 for 1999.<sup>6</sup>

Half of the respondents in Gauteng, KwaZulu- Natal and the Northern Province had R800 or less in total household income every month. Furthermore, a relatively large group of people reported that they regularly go hungry. In fact, with some provincial differences, close to half the respondent’s report that they or their households go hungry regularly or “now and then”.

Figure 1.2 Household income amongst population in Gauteng, Northern Province, and Kwa-Zulu Natal (n 2619)



<sup>6</sup> One should be aware that this is the minimum that a household is expected to be able to live a healthy life on. The 1997 figure has been inflation adjusted up to 1999/2000 due the BMR not wanting to release the most recent figures. The BMR however usually adjust its figures with a lower percentage adjustment increase than the inflation. However, one should be aware that the MLL includes just a very rough minimum at a very modest level, it does not include recreation and entertainment, personal care, rent, contributions to UIF and burial funds etc.

South Africans have consistently identified four problems that they want the government to address (POS 1998)<sup>7</sup>:

- Job creation (chosen by 67 percent in 1994, 74 percent in 1995 and 68 percent in 1997)
- Crime (from 6 percent in 1994 to 32 percent in 1995 and 58 percent in 1997)
- Housing (41 percent in 1994, 54 percent in 1995 and 44 percent in 1997)
- Education (34 percent in 1994, 20 percent in 1995 and 20 percent in 1997)

The RDP set out clear goals for job creation, delivery of houses, schools and infrastructure delivery in general. On this basis, and keeping in mind the needs and priorities outlined above, what priority has been given to these sectors in the first period of democratic governance?

## **1.2 Daylight follows a dark night? Half the national budget spent on social services!**

The different “welfare terms” used in South Africa may seem confusing. Terms such as social services, welfare, social welfare, social infrastructure, social welfare services, social security *and* welfare infrastructure are used interchangeably. In this report we refer to social services, infrastructure or welfare as one and the same, i.e. housing, welfare, health, and education. We focus first and foremost on social services provided by government.

South African social security today has two components; occupational insurance and social government assistance. Few countries spend as much in total on social security as South Africa. The larger share, however, goes to occupational welfare: pensions, medical aid etc. In 1992, a total of R14 billion was paid out in occupational retirement benefits alone, compared to the R4.8 billion paid out as social old age pensions by the government (van der Berg 1997).

Despite the fact that the private sector provides more resources for welfare, and that government spending is only about 30 percent of GDP, government’s role as a provider of welfare is substantial. The RDP Programme states that: “The RDP ... committed to a programme of restructuring public expenditure to finance the democratic government’s contribution to the RDP”. We will not evaluate the poverty profile of the national budget here. Rather, we will give some facts and figures to

<sup>7</sup> National sample survey by IDASA.

provide a background framework for the chapters which follow on delivery in specific sectors.

The South African National Budget provides for expenditure of R219.6 billion in 1999/00. A few points should be made at the offset. First, consumption spending by general government after 1994 has increased considerably faster than economic growth.<sup>8</sup> Second, of total government spending, expenditure on social infrastructure has increased considerably. This is not, however, a post-apartheid phenomenon. The composition of government spending has changed dramatically since 1973. In 1973, government wages accounted for 7 percent per cent of GDP and 29 percent of total spending. In 1995, they accounted for 12 percent of GDP and 35 percent of the budget. Capital spending has fallen and interest payments have risen. Spending on subsidies to industries has fallen, while spending on transfers to households have risen in the 1980s and early 1990s.

If the budget into five functional categories (see table 1.3), some general trends should be noted (Ministry of Finance 1999). Spending on interest payments has grown considerably since 1992 and now constitutes about 21 percent of the national budget. Spending on social services has also increased and is now estimated at around 61 percent of government non-interest spending and 47 percent, or close to half, of total national spending. Allocations to social services have also grown in both relative and absolute terms. In relative terms, spending on social services has increased faster than other items on the budget.

The share of total non-interest spending which goes to social services has increased from 43 percent in 1985 to about 60 percent in 1999. Including interest repayments, 42 percent of the budget was allocated to social services in 1995 while in 1998/99, 47 percent was allocated to social spending. Finally, spending upon defence has decreased by 2 percent and general administration by 1 percent. Personnel costs increased by 12 percent altogether. Table 1.2 sets out the consolidated national and provincial spending from 1995/96 to 1998/99 as well as annual changes.

Increases in subcategories need to be seen in relation to the increase in the *overall* size of the budget and inflation. The total budget has increased by about 10 percent per year up to 1998/99. An increase of 12 percent per year on social services in the same period could hardly be argued to be a *substantial* reprioritisation. However, it is still an expression of the high *priority* given to social services. Housing and health received most of the increases.

<sup>8</sup> The growth in general government spending was 6 percent in 1996, 7 percent in 1997 and 6 percent in 1998 (first three quarters). Real economic growth in the same period was: 3.2 percent, 1.7 percent and 0.1 percent respectively.

In the 1990s inflation increased at around 8 percent per year,<sup>9</sup> implying that, in many areas, expenditure has in fact seen a real *decrease*. Measured against inflation, spending on welfare has seen a limited increase of only about 1.3 percent per year. Furthermore, transfers to households which make up the crucial part of the Department of Welfare programme, i.e. social grants to the elderly, disabled and others have increased by only 4.8 percent from 1995/96 to 1998/99. This is lower than inflation, and therefore a real decrease.

South Africa spends a comparably high amount on social security and welfare. In comparison, high-income countries like Japan spend 37.5 percent of their central

Table 1.2 Consolidated national and provincial spending 1995/96 to 1999/00. Rand Million

	1995/96 outcome	1998/99 estimate	Average growth 95/96 -98/99 percent	Estimate 1999/2000	Average growth 98/99-00/01 percent
Protection services	26,673	34,276	8.7	35,494	4.3
Defence and intelligence	12,292	11,642	-1.8	12,010	2.5
Police	10,192	14,435	12.3	15,284	4.8
Prisons	2,752	5,565	26.5	5,381	5.8
Justice	1,437	2,634	22.4	2,818	6.3
Social services	70,294	98,814	12.0	103,708	5.4
Education	34,214	46,347	10.6	48,532	5.3
Health	16,078	23,220	13.0	24,036	6.8
Welfare	14,373	19,262	9.3	19,817	3.9
Housing and community development	4,402	8,534	24.7	9,855	5.2
Other social services	863	1,451	18.9	1,469	5.4
Economic services	16,218	19,333	6.0	18,876	3.6
Water schemes et al	1,157	2,521	29.7	2,404	6.5
Fuel and energy	29	52	22.1	35	6.1
Agriculture, forestry, fishing	2,975	3,460	5.2	3,563	1.9
Mining, manufacturing and construction	1,250	1,562	7.7	1,514	2.4
Transport and communication	7,203	8,271	4.7	8,154	3.3
Other economic services	3,604	3,467	-1.3	3,207	4.5
General administration	10,992	10,760	-0.7	11,901	7.8
Interests	30,661	43,813	12.6	48,522	6.4
Consolidated expenditure	154,837	206,996	10.2	219,602	6.5

Source: Ministry of Finance, 1999

<sup>9</sup> CPI inflation was 7.4 per cent in 1996, 8.6 per cent in 1997 and 6.9 per cent in 1998 (Budget Review 1999).

government expenditure upon social security and welfare and the USA spends 28.5 percent! Norway, on the other hand spends about 70 percent of its national budget on social services and welfare – about 30 percent of its GNP. About half of this is transferred straight to households. Table 1.3 provides an international comparison of public expenditure on health, and education, compared to military spending.<sup>10</sup>

Table 1.4 compares government expenditure in developing countries. South Africa compares relatively well, with considerably more spent on social services than the other countries.

Table 1.3 Public expenditure on health, education and military as percent of GDP, international comparison 1996

Country	Pubic expenditure on education	Public expenditure on health	Military expenditure
Norway	7.5	6.9	1.4
South Africa	7.9	.*	2.1
Brazil	5.2	1.9	1.9
Chile	3.1	2.3	1.6
Costa Rica	5.3	6	-
Botswana	10.4	-	3.2

\* 0.5 percent of GNP. The 1997/98 Budget Review quotes 3.3 percent of GDP.

Source: UNDP 1999

Table 1.4 Government expenditure in developing countries (1985–90)

Sector	Middle East and North Africa					
	East Asia	South Asia	Sub Saharan Africa	Latin America	and North Africa	South Africa
Social Services	33.51	26.5	26.18	31.34	28.59	46.9
Education	20.45	8.95	13.9	14.85	10.73	21.3
Health	7.03	4.2	5.47	7.21	4.35	10.7
Social Security and Welfare	3.09	5.66	2.29	5.48	8.23	9.8
Housing	2.19	5.36	2.44	3.11	3.28	2.2
Economic Services	25.17	30.56	22.19	18.56	20.47	10.0

Source: Pradhan 1996

<sup>10</sup>We find major differences also between developing countries when it comes to spending on social services as part of GDP: Sweden spends most with 35.6 percent; Denmark 34 percent and Holland 31.4 per cent while Greece spends only 19.8 percent, Iceland 19 percent and Ireland 20 percent (Nordisk Statistisk Skriftserie 1998).

However, South Africa still scores relatively low in terms of human development.<sup>11</sup> This brings us to five other relevant points that make delivery complicated and cumbersome. First, the apartheid legacy requires that South Africa *build* social services rather than *maintaining* them as in many other countries. Second, poverty rates are much higher in South Africa than in many of the other countries we have compared South Africa with. Third, spending on social services has limited impact as long as unemployment rates are high and growing. Fourth, the RDP had to be implemented within the constraints of a public service which had to be restructured and which had to integrate various homelands' departments. Fifth, while social services spending may be a substantial part of the national budget, the size of the national budget, as a proportion of GDP, has to be taken into account. In Norway government expenditure is approximately 50 percent of GDP. In South Africa, the national budget is only about 21 percent of GDP.<sup>12</sup>

Furthermore, while expenditure on social services is substantial, questions need to be asked as to the "packaging" and organisation of delivery. Some of the most crucial issues to be addressed here are the "spheres of government" where delivery takes place and the relationship between public and private sector in delivery. While the national government has responsibility for economic services (finance, trade, labour etc) and protection services (defence, police, justice etc), the responsibilities of the provinces include education, health and welfare. Housing is a joint responsibility.

According to the Constitution as well as the RDP, infrastructure delivery is to take place at the lowest possible level in terms of government structures. Yet, in terms of local government *revenue*, there are still major problems in collecting payment in certain areas in spite of the Masekhane campaign. And in spite of aims of local *delivery*, there are still major capacity problems at the local level (Dept of Welfare 1998, Ministry of Finance 1999). Furthermore, while the provinces account for about 60 percent of non-interest expenditure and 70 percent of public service employment, they are able to raise on average only about 5 percent of their budgets. To remedy this, nationally collected revenues are distributed equally between the three spheres of government.<sup>13</sup> Yet, while provincial governments have been argued to have little influence over the *priorities* of spending, the financial implications of provincial *implementation* of priorities does not necessarily translate into

<sup>11</sup> The UN Human Development Index (HDI) reflects educational attainment, GDP per capita and life expectancy. While South Africa scores relatively low on the HDI it should be mentioned that this to a large extent reflects the decreased life expectancy due to HIV/AIDS.

<sup>12</sup> 1994 figures. This figure does not take parastatals into account.

<sup>13</sup> According to formula set out as described in Concluding Chapter in this report.

the same kind of standard, degree and quality of delivery in all areas. The value of the Rand is, in other words, not the same in every province or locality. Service providers differ in their prices as well as efficiency, consumers will differ in terms of demands and capacity, and governments will also differ in terms of capacity and their degree of influence over spending. The spatial distribution of the population (for example, the proportion of people living in rural areas) has important implications for the costs of service delivery. What this means is citizenship may not necessarily translate into the same social and economic rights in the various provinces.

In terms of the relationship between the public and private sector, a so-called partnership approach has been established. Government increasingly relies upon private financiers and service providers to support the construction and maintenance of infrastructure and delivery of services. This does, according to the government and the DBSA (1998) supplement public sector capacity and introduces the discipline of competition, thus increasing efficiency and responsiveness.

The new government has altered the distribution of public funds and of infrastructure delivery. Furthermore, increased labour productivity has contributed to average annual increases in real wages of about 3.2 percent (Budget Review 1999). According to the government, there has been a significant redistribution of income in favour of the working poor over the past five years (Budget review 1999). Simultaneously, unemployment has increased drastically. Furthermore, there are indications that investment in economic and social infrastructure has declined, while direct pay-outs and transfers as a proportion of infrastructure have increased (such as through the housing subsidy). Finally, a large portion of social services spending is allocated to administrative wages and salaries. The question arises as to what delivery has actually been achieved, and to what extent high and increased spending reflects increased delivery.

### **1.3 Issues to be addressed and lay out of the report**

The nature of the future economic and social system and which instruments are most appropriate to achieve the goals are controversial issues. Many will point to the impact of institutions in the building or changing of nations. Institutions are expected to create predictability and stability through establishing rules and procedures for resource allocation and conflict solving. However, for institutions to have such an impact, one has to create the *right* institutions. Most countries experience tensions around questions of balance between public and private solutions and between central, regional and local delivery.

To find the right solutions, one needs the right *indicators* in order to target and monitor delivery and assess the success of institutions. This report aims to make a contribution in both these areas. We need to get a better sense of the needs of the people and their priorities in order to address delivery. Furthermore, we need to look closer at the organisation of delivery in its broadest sense: finances as well as the organisation of policy-making and implementation. Infrastructure is about public goods, which warrant public or political involvement. Yet, the distribution effects of infrastructure are not automatic. While social service delivery is first and foremost about targeting the poor, the organisation of delivery may disproportionately benefit other groups.

To map infrastructure delivery, we will as far as possible map *input*, ie government's expenditure and investment in facilities, staff, etc. We will include the Presidential Projects, which were launched in 1994 in order to kick-start the implementation of the RDP. *Economic infrastructure* is part of our capital stock, which produces services in order to facilitate economic production, serves as an input to production or is consumed by households (DBSA 1998). *Social infrastructure*, on the other hand, provides social services such as education, health and welfare. Both types of infrastructure will impact upon the functioning and development of the economy and upon the quality of life and welfare of its people. Yet, it is primarily social infrastructure, or welfare, which is the main concern and focus of this report.

The report begins with the presumption that the organisation of delivery and the congruence between the expectations of the recipients and delivery of the government departments and NGOs is as important to delivery as the actual resources available. We rely on both primary and secondary data. We aim to update information, pulling together and summarising previous studies as well as government sources. The chapters include background sections on legislation, budgets etc as well as reports on the survey and, where relevant, the in-depth interviews. The concluding sections of each chapter are based on the researchers' own analysis and comments about the data and information provided.

Before we get to that, however, let us have a closer look at the principles, goals and dilemmas we have to confront in developing and evaluating welfare policies. The next chapter is devoted to a discussion of these issues before we turn to the sectors under scrutiny.



# Chapter 2 Dilemmas to be faced in delivery of infrastructure

**Tone Fløtten, Fafo**

An important goal of welfare, or infrastructure delivery, is to ensure that all citizens, wealthy as well as poor, have access to central welfare services, in the form of health services and income maintenance when they are old, disabled or unemployed. Funding is normally the first issue that arises when we consider the process of building institutions and systems for delivery. We often take it for granted that, if sufficient funds are allocated, problems of welfare delivery are more or less solved. Yet, while it is impossible to provide services without adequate funds, proper funding alone does not solve all the problems which arise when establishing or modifying systems of delivery.

With close to half the national budget spent on social services in South Africa, increased funding may be unrealistic in both relative and absolute terms. In this chapter, we consider another aspect of infrastructure delivery: namely the way in which it is to be *organised*. Delivery has to be organised in a manner which maximises the preferred RDP aims of minimum standards and redistribution as efficiently as possible. We discuss different ways of organising welfare provision. More specifically, the discussion is organised around the following questions:

- What dilemmas are welfare providers facing when building (or rather rebuilding) the institutions of welfare provision?
- What are the advantages and disadvantages of the different principles of welfare organisation?

The aim of this chapter is not to conclude on *the* optimal welfare system. Rather, we address the questions and dilemmas that need to be taken into account when developing welfare policy. In some countries, the responsibilities of the welfare state are broad and embrace large numbers of social security commodities distributed to the whole population. In others, welfare policy aims only at securing the distribution of a minimum or small amount of commodities, sometimes only to limited target groups. We do not discuss the individual categories of social services one by one here, but rather focus on the dilemmas we face in developing or evaluating delivery. We start with a brief description of different ways of modelling welfare states, and draw attention to some of the mutual challenges welfare states are facing.

## 2.1 Welfare state models – a brief description

If we look for a textbook definition of the term “welfare state” we find that it involves state responsibility for securing some basic level of welfare for its citizens. How much welfare the state takes responsibility for, and how this is done, varies from one country to another. Nor is it clear how extensive the public delivery of welfare must be before the state earns the label “welfare state”. There is a certain degree of state responsibility for the welfare of citizens in most countries. However, the term or definition “welfare state” does not seem appropriate unless all citizens are awarded a *minimum* of social rights.

Research on welfare states has focussed, with few exceptions, only on OECD countries. Different systems of welfare delivery and organisation within these countries have been analysed and categorised in order to find similarities and differences. To create a common basis of understanding, it may be useful to start out with three different types of welfare states: the liberal welfare state, the corporatist welfare state and the social democratic welfare state (Esping Andersen 1990: 26ff). The characteristics of these different regime-types are as follows:<sup>1</sup>

Within the *liberal* welfare state, means tested assistance, modest universal transfer or modest social insurance plans predominate. Traditional, liberal work ethic norms dominate, and the citizens are supposed to support themselves through paid work. Benefits, in the main, cater to low-income groups, who are dependent upon state provision. In consequence, the entitlement rules are strict and are often associated with stigma. The market plays an important role in welfare delivery. The archetypical examples of this model are the United States, Canada and Australia.

In the *corporatist* welfare state, the state’s responsibility for welfare delivery is more comprehensive than in the liberal welfare state, but the granting of social rights is attached to the labour market, class and status. As a consequence, the redistributive impact of this welfare regime is negligible. Family ties are important. Non-working wives are, for instance, excluded from social insurance schemes. Day care and different family services are underdeveloped and the principle of subsidiarity serves to emphasize that the state will only intervene when the family’s capacity to service its members is exhausted. Within this regime-type we find nations such as France, Germany and Italy.

The third regime-type is called *social democratic*, because social democracy was the dominant force behind the development of social or institutional reforms. Countries such as Norway, Sweden and Denmark are examples of social democratic welfare states. Within this regime, the principle of universalism is important, and

<sup>1</sup> The description of the welfare models is derived from Esping-Andersen’s work, as presented in the book “The three worlds of welfare capitalism” (Esping-Andersen 1990: 26ff).

social rights cover all citizens. The goal of the welfare state is to promote an equality of highest standards, not only an equality of minimal needs. The model has partly crowded out the market, and is based on universal solidarity. All benefit, all are dependent and all will presumably feel obliged to pay. In addition to a broad responsibility for welfare provision, the state is also committed to guaranteeing full employment.

It is important to bear in mind that none of the regime types or the countries said to be within them are pure cases. There are, for example, elements of the liberal welfare state in the Scandinavian countries, and the American social security system clearly has redistributive elements. Furthermore, welfare states are subject to constant change, with countries moving from one typical model in the direction of others as they adapt to economic constraints, globalisation, changing political coalitions etc.

The crisis of the welfare state has been subject of political controversy for many years. Numerous writers have focussed on the fiscal crisis (welfare provision is too expensive), the crisis of legitimacy (support for the welfare state is dropping), the crisis of expectations (the welfare state is creating new needs faster than it is capable of meeting them), the ideological crisis (what are the real goals of public welfare provision?) and the organisational crisis (the welfare state is not efficient enough).<sup>2</sup>

In later years, discussion of the future of welfare states has also centred on challenges caused by the globalisation of the economy, demographic changes, migration to urban centres and new needs and interests due to changes in the composition of the population. New demands emerge as a result of changes in the family structure. Internationally, for example, there is a rise in single parent households, requiring services and benefits developed specifically to meet the needs of this group. Life cycles are also becoming less standard and linear, and occupational structures are changing, resulting in increased differentiation.

A worrisome factor internationally is the ageing of the world's population. In 1990, almost half a billion people were over 60 years old. By 2030 the number will treble to 1.4 billion (World Bank 1994). This engenders burdensome dependency ratios, and, without strong economic growth, severe fiscal strains (Esping-Andersen 1996:7). Expenditure on health care and pensions will multiply as the population grows older. Income security in old age is a world-wide problem, but its manifestations differ in different parts of the world. The old make up a small part of the population in Africa, and have long been cared for by extended family arrangements, mutual aid societies and other informal mechanisms. However, the South African population is now starting to age somewhat and the numbers in the higher categories

<sup>2</sup> See for instance Abrahamson 1988, Alber 1998, Mishra 1984.

are growing by about 3% annum, and more rapidly than the aggregate population. In 1990 only 6% of the South African population was over 60 years old, in 2030 this is expected to double to 12% and treble to 19% in 2050 (World Bank 1994). The challenge will be to meet the rapidly changing needs of the population. Fundamental changes will be required in the way old age social security is provided.

The constraints faced by developing countries in building social security systems differ in certain ways from those of the developing world.<sup>3</sup> Today's developing countries face more rapid population growth, while equally rapid social and economic change put strain on social support networks. Fiscal constraints in developing countries are also greater than in the developing Europe from the beginning of this century.

Children comprise a substantial proportion of the population in South Africa. About half the population is below the age of 20. This contributes to high dependency ratios, which are expected to increase with the high increase in HIV/AIDS levels. Life expectancy at birth has decreased from about 63 years in South Africa in 1996 to 55 years in 1997 (UNDP 1999). The projected numbers of AIDS deaths is worrying, but also the number of orphans and the wider impact they will have on social support structures. The demand for social security will grow sharply (van der Berg 1997). We have to move towards formal systems of income maintenance without accelerating the decline in informal systems, and without shifting more responsibility to government than it can handle.

## 2.2 The goals of services provision

In democratic societies, most people would say that certain commodities should be fairly equally distributed among the citizens. If we try to specify what commodities this concerns or what is meant by equal distribution, the attitudes toward equality issues become more complex. Some types of inequality will probably be approved. Many will, for instance, perceive differences in wealth and income to some extent as earned and just. When it come to delivery of *social* services it is more difficult to defend a skewed distribution. Within this area, many tend to mean that scarce commodities should be distributed more equally than the distribution of the ability to pay for them (Tobin 1970:264). To reduce the impact of poverty, most countries design safety net programs. In some countries, these play primarily a redistributive role, while in others they are primarily risk-reducing in order to protect individuals

<sup>3</sup> And also differ from those of the countries in Europe in the beginning of the century.

and households against uninsured income and consumption risk (World Bank 1999).

Let us have a closer look at these concepts of equal distribution and minimum standards. These goals need to be specified clearly in practical delivery, both in order to formulate the “right” instruments and indicators to achieve the goals, but also to make sure that people generally know what the goals of welfare policy are. Only when this is made explicit it is possible for voters to evaluate the government’s ability to reach its goals.

## 2.3 Equal distribution

Taking the RDP and government policy as a starting point, we define the goal of South African welfare policy in some areas as making the distribution of some scarce commodities more *even*. This would be the case, for example, with medical care and education. In other areas such as housing, social security and access to transport the goal would rather be to assure a universal *minimum* accessible to everyone.

Whatever stand we take on redistribution, we still have to define what we mean by “equal” distribution. Do we strive for equality in chances/possibilities, or equality in output? There are actually few welfare benefits or services that have equality in output as an explicit goal. One such provision could be healthcare for pregnant women. The goal of giving healthcare to pregnant women is that they all give birth to live children. The output here – “live children” – would be the same for all.

The goal of healthcare for pregnant women is twofold. On the one hand, it is equality in output – all women are to give birth to live children. On the other hand, it is equality in *opportunities* – all women shall be given healthcare so that the possibility that they and their children are in as good health as possible, given individual differences at the outset, is maximised.

Let us give another example: When we say that a welfare commodity like education ought to be evenly distributed across the population, we do not necessarily mean that all citizens are to reach the same education level. We rather want to emphasise that all citizens should have the right to basic education. In some countries, this will mean giving all the opportunity to elementary education, in others both secondary and tertiary education might be free of charge for all citizens.

### **Assured universal minimum**

But what about those areas where the aim is to assure a universal minimum rather than equality? How do we decide when an assured minimum is reached? Let the

South African housing policy within the RDP serve as an example: on the basis of severe housing shortages, the government introduced a subsidy scheme for those who could not afford proper housing. Still, the definition of 'proper housing' is not unambiguous. According to the Building Industries Confederation, the different provinces have different standards as to what is acceptable, given the size of the subsidy: "Mpumalanga says build a big slab, don't worry about walls, give four columns and a roof. In KwaZulu-Natal, they want a properly build house, but it is small" (*Mail & Guardian*, March 19 to 25 1999:39).

The notion as to when a commodity is distributed equally, or when the assured minimum is reached, is, in the end, a relative question. It is more or less impossible to decide when the health care provided to poor people is good enough, or when enough food has been distributed so that an assured minimum is reached. Even if the goal is equality in opportunities or equal rights, it is not easy to decide when the goal is reached. The government may build enough schools to ensure all children *access* to a public school. However, there will be intellectual differences between children. There will also be socially inherited differences, such as access to books at home, the educational level of parents, access to facilities for home work etc. This means that some children may need more than just accessibility to education in order to have the same opportunities as other children to get an education.

### **Equality versus efficiency**

A third goal of welfare policy will be to ensure that the policy is framed in such a way that it maximises economic efficiency. "The most difficult issues of political economy are those where goals of efficiency, freedom of choice, and equality conflict" (Tobin 1970:263). Numerous writers have addressed the trade-off between efficiency and equity.<sup>4</sup> How are we to distribute scarce goods in such a way that it does not distort the functioning of the economy? One of the main hypothesis to be tested is whether or not making distribution more equal gives people less incentive to work (hard) and thereby destroys a (supposedly) well functioning economy.

According to Gilbert (1999:19), agreement on the disincentive effects of some social benefits is so widespread as to have achieved the normative status of conventional wisdom, even though the scientific basis for this conclusion is debatable. An examination of the economic literature on the disincentive effects of the different dimensions of the welfare state does *not* give a simple answer to the question of whether social policies reduce economic efficiency (Enjolras 1999:35). Furthermore, Enjolras points out that when disincentive effects are present, their magnitude is

<sup>4</sup> See for instance Okun 1975, Mead 1986, Atkinson 1987, Sandmo 1991, World Bank 1994, Enjolras 1999

generally low. Economic globalisation has made it even more important for nation states to demonstrate how social programmes can contribute to the nation's productivity (Gilbert 1999). The debate has, in many ways, shifted towards a focus on social benefits and standards as a means of growth and development.

## 2.4 Dilemmas in distribution policy

The legacy of apartheid, combined with financial constraints, calls for a careful consideration of the means to be used in order to reach the goal of more even distribution of services. In order to minimise inequalities, resources have to be made available and new institutions have to be created to ensure the delivery and distribution of welfare. Yet, with close to half the budget already allocated for social services, the main challenge is to maximise the value of each Rand being used. At the same time, we must bear in mind that resources made available will have different effects depending upon the initial level of welfare. In other words, the resources and organisation required to build a system from scratch are different from those required to maintain already existing systems. Furthermore, in the process of finding the right instruments and institutions to meet welfare needs, several dilemmas have to be faced. In the next section, we focus on some of these dilemmas: public or private welfare; universal or selective services and central or local welfare administration.<sup>5</sup>

### Public or private welfare?

A particularly important element in the building of welfare regimes is the blend of publicly provided rights and private initiatives. In most countries, the state and the private sector are both engaged in welfare delivery, but with differing degrees of responsibility. While in Scandinavian countries, the *state* is the main welfare provider, in others, like the United States, *private* welfare is most widespread. However, even though various countries have different traditions and opinions on the demarcation between public and private welfare, services such as health care and education are generally regarded as a public responsibility, at least when it comes to assuring a minimum for the whole population.

During the past ten to twenty years, western welfare states have been criticised for being too expensive and/or badly organised. Many view privatisation as the answer to both these problems. The division of labour between private and public

<sup>5</sup> The choice between benefits in cash or benefits in kind, will be discussed later on in the report.

solutions is therefore an important question to take into account when (re)building welfare systems. Yet, the public-private debate concerns several aspects of service delivery. Are services to be *regulated*, *funded* and/or *provided* by the government or the private sector? As a minimum, most governments regulate and provide the legal minimum *rights* concerning welfare provisions. In many cases, the service itself is also financed by public funding, and provided by public servants. In others, the service itself may be provided by private providers and paid for by the users themselves. In most countries, private and public systems operating alongside each other to deliver health and education, except in the Scandinavian systems, where private sector involvement has usually been tightly regulated and/or restricted. Even where private health care exists, governments would still usually have a say as to how private hospitals must operate. Health authorities would set the rules and standards for health services, the minimum qualifications for health personnel, etc, even though services are paid privately through the patients' own contribution, insurance schemes, and/or public contributions.

Another example is old-age pensions. In some countries, the government both regulates and provides old age pensions. In others, pension provision is completely *outside* governmental control, and is controlled by insurance companies or employers (as in Japan). The most common situation is, however, probably a "welfare-mix", where the government provides at least some basic pension, and regulates the delivery of other pensions by insurance companies, employers, and/or private contributions.

We take it for granted that outsourcing the *regulation* of welfare services to the private sector is not an option for South Africa. What remains to be discussed are the advantages and disadvantages of private or public financing and provision.

### **Freedom versus equality**

Equality and freedom are usually juxtaposed in the private/public welfare debate. The main argument in favour of heavy public influence is the equality argument. Equality, implying equal access to welfare services and benefits, is an ideal in many societies. The argument goes that people have a right to equal opportunities in life and that equality encourages social integration and feelings of interdependence and solidarity among citizens (Walker 1984). Private welfare solutions will not be easily available to all, and a private system is thereby seen as violating principles of equality.

There are, however, several circumstances that challenge this equality ideal. First, many would argue that full equality has never been achieved. People with money and power have always managed to obtain advantages. To avoid massive class differences, many would argue that the public and private sectors should co-operate

to ensure the best service for the welfare recipient. Second, even within a public welfare system, equality may be more of an illusion than reality. The Norwegian health system serves as an example. Research shows that there are clear tendencies towards skewed distribution and occasional variation in the supply of welfare, in spite of a public system aimed at equality (Jensen and Bomann-Larsen 1991). Some state that the best medicine to prevent inequalities within a public welfare system is to supplement or replace public with private solutions. Others argue that the only cure is to strengthen public services.

Another argument in favour of public welfare provision is that private solutions will interfere with public priorities and create skewed distribution. Furthermore, private welfare providers such as hospitals may drain public hospitals of key personnel, which will lead to more inequality and, in the worst cases, to a deterioration in the quality of public services.

The most important argument in favour of private welfare arrangements the “freedom” argument: people should be allowed to spend their money at their own discretion and according to own priorities. However, the standard objection is that this kind of freedom will benefit the few more wealthy and powerful. Furthermore, the liberal argument relies on problematic assumptions when it comes to the information available to and the rationality of the welfare recipient. To be able to make rational choices, the consumer of services must know the markets, several suppliers must be present, and it must be possible to assess the different supplies. This assumes that it is easy to evaluate the quality of different services and that services are used so frequently that comparisons are possible. Such assumptions that are undermined by limited access to information, etc.

Another frequently used argument in favour of private welfare provision is the efficiency argument. Private welfare providers are supposed to function more efficiently than public. For example, it is argued that if private hospitals are able to run their business more efficiently than public hospitals, the whole society will benefit, not only their patients. The reasons why private hospitals are claimed to be more efficient are the level of specialisation and a more limited bureaucracy. Private hospitals may, for instance, specialise in certain types of operations and don't need to admit emergency patients or casualties. This optimises treatment as well as cost savings. Germany is an example of a country where there is a permanent division of labour between private and public hospitals. Health care is mainly performed by public general hospitals, but these are supplemented by a lot of privately operated specialist hospitals (Bogen, Dahl and Karlsen 1996).

### **Public-private mix**

Most countries rely on a public-private mix in the welfare sector. What keeps the different systems apart is the degree of private supplies. Demographic changes and increased dependency ratios, together with increased levels of education, higher purchasing power and more information about services, increase the demand for welfare services, which in turn place constraints on public delivery. If we choose to solve (or prevent) a crisis of demand by opening up to a high degree of private welfare, we have to consider what effect this may have on the support for public welfare and, in turn, on the ability and willingness to finance public supply. Will the middle class and the relatively better off be willing to pay taxes in order to finance a public welfare supply for the lesser well off, if they themselves buy the goods and services they want in a private market?

When our goal of delivery is to level out huge differences in welfare, a private system alone will not be sufficient. Poor people will not be able to purchase welfare in an open market. On the other hand, if public welfare supplies are developed to meet only the needs of the worst off, and/or there is a parallel better quality private system in existence, major problems of financing may arise and differences in quality be re-inforced. This brings us to another important dilemma in the welfare debate, namely the antagonism between universal and selective services.

### **Universalism versus selectivism**

In a universalistic welfare state, welfare delivery covers everyone, rather than resources being targeted towards particular problem groups. Social policy is actively employed in the pursuit of a more egalitarian society. A selective welfare state will, on the other hand, target only parts of the population, for example those whose needs are greatest (the poorest), or those who supposedly deserve it most (for example those who have worked longest, or paid most taxes etc.) The former will be directed towards the poor and underprivileged, while the latter may well uphold already existing social inequalities.

Specific services, such as education and health, are usually universalistic everywhere in that *every* citizen has a right to a certain level of education, while private or selective systems may be put in place to add to the basic levels. Similar mixtures are often found when it comes to income maintenance. In some countries, a *universal* old age pension will be provided to all citizens by the government, no matter what the citizen has been doing or earning before reaching pensionable age. Private solutions are, however, often developed in order to generate extra pensions. Or public solutions can even pay out an extra income-related pension. In other countries, the government will only pay an income-related old-age pension to people who have been working. Other models are based on employers providing pensions or

the state paying out pensions only to people who have been in employment and who have therefore contributed to pension funds. A final possibility is that the old-age pension is means-tested or targeted. This would usually be called “social assistance” rather than “pensions”.

An important argument in favour of a universalistic system is that it promotes equality of status. All citizens are endowed with similar rights, irrespective of class, age, race, gender or market position. The system is meant to cultivate solidarity across class and other cleavages. Furthermore, universalism does not entail stigmatisation. And finally, universal models contribute to higher political support for welfare policy and contribute to investing people’s interests in the state.

Important counter-arguments are, first, that universalism may promote dualism in the welfare system, because the better off turn to private insurance or private service deliverers. The universal benefit (or service) may not accord with accustomed standards of welfare (Esping-Andersen 1990:25). Second, universalism means that citizens who are quite capable of paying for their own welfare needs are also covered, and, thirdly, there is a risk that universalism sees to the welfare of the middle-class, while the worst off do not get their needs taken care of.

### **Central or local delivery?**

Another big issue in debates around infrastructure and service delivery-projects, is which level of decision is the most appropriate – national, provincial or local government. There is no easy answer to this question. Local governing represents the freedom to have the final decision in matters of concern to the individual citizen. Central governing, on the other hand, represents the ideal that all citizens should have the same rights and obligations, irrespective of where they live. The immediate interpretation is that leaving welfare tasks to local authorities will strengthen local democracy, and thereby more efficient decision-making and service-delivery. Narrowing the gap between welfare recipients and welfare providers will make it easier to fulfil needs. Local and provincial authorities which are allowed to make their own priorities may, on the other hand, make decisions that are at odds with national priorities, which in turn may lead to regional welfare inequalities.

In most countries, national authorities will have say when it comes to regulating local welfare delivery. In addition, much of the funding for local welfare delivery will be granted from national budgets. How to balance local and central welfare-delivery will probably vary with the services/benefits distributed. And here, as in most of the others distribution dilemmas, what kind of organisation one prefers will depend upon political and ideological points of view.

## 2.5 Concluding remarks

We have raised some of the principle issues involved in the planning and making of social security policies. While private-public mixtures are quite common internationally, decisions on private *versus* public sector involvement may have implications for the balancing of freedom and efficiency *versus* equality and redistribution. Issues of central *versus* local organisation will be determined by, and again have an impact on, concerns about equality in the provisions of services between various localities and for local democracy.

In the 1990s, more international attention has been given to welfare policy in developing and transitional countries.<sup>6</sup> These nations do not seem to follow qualitatively new trajectories in their welfare policy, neither are they emulating the Western model. In short, it seems that East-Central Europe, Chile and Argentina are following a more or less liberal strategy, based on privatised social insurance and a reduced public social safety net. Social benefits are more targeted and means tested. The Latin American countries of Brazil and Costa Rica are, on the other hand, adopting a more universalistic approach, which involves strengthening their social security nets and broadening the scope of coverage. The East Asian countries fall into a separate category. They emphasise familialism, and public social services are rare. Limited supply of public social protection has led to a rise in occupational welfare, and on that basis the East-Asian model resembles the North-American model (Esping-Andersen 1996).

With a few exceptions, little international attention has been given to African welfare-policy, which may be explained by a western-egocentric bias, but also by the fact that African welfare states are relatively underdeveloped. The scope and coverage of social welfare generally follow the pattern of socio-economic development in the countries concerned (Erinosho 1994). Just after independence, during the 1960s and 1970s, progress in social security in many African countries was remarkable (ILO 1977), but further development has been stifled by economic stagnation, cuts in public expenditure and structural adjustment programmes. Social welfare programmes fall short of demand (UN 1988) and they are undeniably limited in scope and coverage compared to those provided in the industrialised world (Erinhoso 1994).

While the welfare commodities to be distributed are more or less the same in South Africa as in Western industrialised countries, our starting point is more challenging due to the extremely skewed distribution of resources inherited from apartheid. This makes redistribution all the more crucial. Furthermore, levels of poverty

<sup>6</sup> See for instance Atkinson and Micklewright 1992, Chow 1985, Esping-Andersen 1996, Goodman and Peng 1996, Huber 1996, Kangas 1998, Simpura 1995, Standing 1996.

are also more profound than in the Western world, making the challenge of assuring a universal *minimum* of welfare more crucial and at the same time more challenging. High levels of social instability, manifested through crime and violence, and low levels of growth make the challenges for welfare development even more challenging.

Despite initial differences, South Africa has to face similar challenges of developing welfare policies within the setting of globalisation and increasing dependency ratios. These problems are becoming more pressing due to the problems of low growth and increasing unemployment and underemployment. The elements, dilemmas and challenges in the delivery of services in South Africa are the same as they are internationally. Social security in South Africa has, according to the Welfare White Paper four elements: *private savings*, *social insurance* through joint contributions of employers and employees, non-contributory and income-tested public *social assistance* and finally short-term *social relief*. A private welfare system, with private hospitals and schools etc, exists parallel to this state and employer based system.

The aim of this chapter has been to raise some important questions concerning the organisation of infrastructure delivery in South Africa. The answers to these questions may depend more on political or ideological views than on scientific evidence or ideal models. In our view there is no such thing as a “best practice”. Yet, the strategies which we opt for should maximise the aims and goals aimed at. South Africa expects a lot from its welfare policies: redistribution of resources and the assurance of minimum living standards for the majority of the population. The chapters which follow look at whether the strategies opted for are the best practices to achieve these goals.



# Chapter 3 Employment and Public Works

*Sabata Nakanyane, Fafo*

People's wealth, welfare and interests are to a large extent determined in the labour markets. This is particularly true for South Africa, which has limited social security and few safety nets for the millions without work. Labour markets distribute resources, but also provide the parameters for growth and development. Labour markets determine the success of stabilisation and adjustment policies and mediate the impact of these policies on the population's living conditions. The RDP (1994) promised to deliver one million jobs within the first five years of democratic governance, primarily through private sector growth, but also through public works programmes. This chapter briefly analyses the South African labour market, then provides more detail on the public works programmes which have been implemented since 1994.

## 3.1 Labour Market Indicators

The legacy of apartheid includes highly segregated labour markets. In spite of a relatively high degree of industrialisation, formal sector employment and labour protection (compared to the rest of southern Africa), apartheid also left us with relatively large income gaps between the various levels and sectors of the labour market. The 1996 census estimated South Africa's total economically active population to be close to 10 million.<sup>1</sup> Table 3.1 reflects the economically active population by race and gender.

Table 3.1 Economically active population, 1997

	Total	Indians	Coloureds	Whites	Africans
Total	9,787,000	509,000	1,431,000	1,371,000	6,475,000
Female	4,456,000	191,000	636,000	594,000	3,036,000
Male	5,330,000	319,000	795,000	778,000	3,439,000

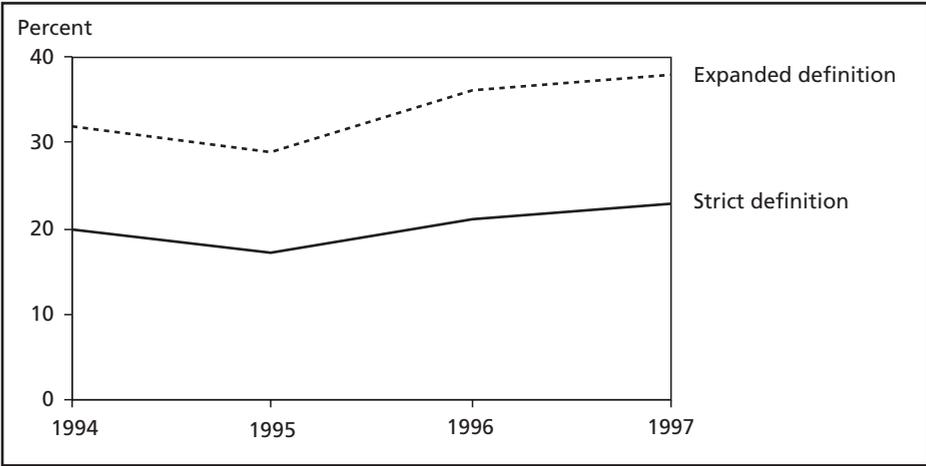
Source: CSS 1998

<sup>1</sup> The economically active population refers to workers (in both the formal and informal sectors) and the unemployed.

The labour force in South Africa represents about a quarter of the total population. This is lower than in many developed countries. A more important difference, however, is that a significant portion of the economically inactive population in South Africa is below the age of 15, while in other countries older age groups dominate. Roughly speaking, every person in our labour force is responsible for an average of three other people. Considering the fact that a significant portion of the labour force is unemployed, dependency ratios deteriorate to more than five people per person employed.

While the official unemployment rate has now been redefined to include only those without work who take *active* steps to find work, the number of *discouraged* workers who have given up seeking work is much higher. Figure 3.1 reflects unemployment rates in South Africa using both the previous and the current definitions.<sup>2</sup> In the following parts of this chapter, we will refer mostly to the expanded definition of unemployment.<sup>3</sup>

Figure 3.1 Unemployment in South Africa 1994–97, strict and expanded definition. Percent



Source: CSS 1998

<sup>2</sup> The expanded unemployment rate refers to people who do not work, want to work and are available to start work. The strict unemployment rate refers on the other hand to people who do not work, want to work, are available to start work and have taken active steps to look for work.

<sup>3</sup> There are few places to seek work in South Africa. Using the strict criteria as a basis for defining unemployment seems limiting when it comes to reflecting the real problems of the labour markets.

### 3.2 Labour markets in Gauteng, KwaZulu Natal and Northern Province

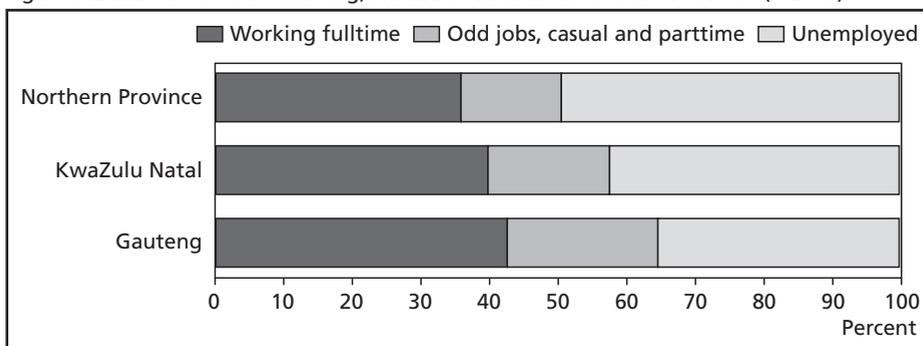
The problem of high unemployment was reflected in the surveys we conducted in KwaZulu Natal, the Northern Province and Gauteng. Unemployment is relatively high in Northern Province, reflecting this province’s large rural population and limited formal sector job opportunities (figure 3.2). However, the lower unemployment rate in Gauteng and KwaZulu Natal does not only suggest a higher *formal* employment rate in these two provinces. There are also far more *underemployed* people in Gauteng and KwaZulu Natal. Figure 3.2 shows that these labour markets offer far more opportunities for odd jobs, temporary and casual employment and part-time jobs.

Africans constitute a large proportion of the unemployed compared to other racial groups. A substantial portion of African and Coloured respondents were under-employed in odd and casual jobs and part-time employment. Figure 3.3 reflects underemployment and unemployment along racial lines.

Women form the majority of the unemployed. Figure 3.4 indicates a strong correlation between gender and unemployment in our three provinces. There is also a higher proportion of women in odd and casual jobs.

While there are substantially higher numbers of unemployed women than men in all the three provinces, this is especially true in the Northern Province (see figure 3.5).

Figure 3.2 Labour force in Gauteng, KwaZulu Natal and Northern Province (n 2619)<sup>4</sup>



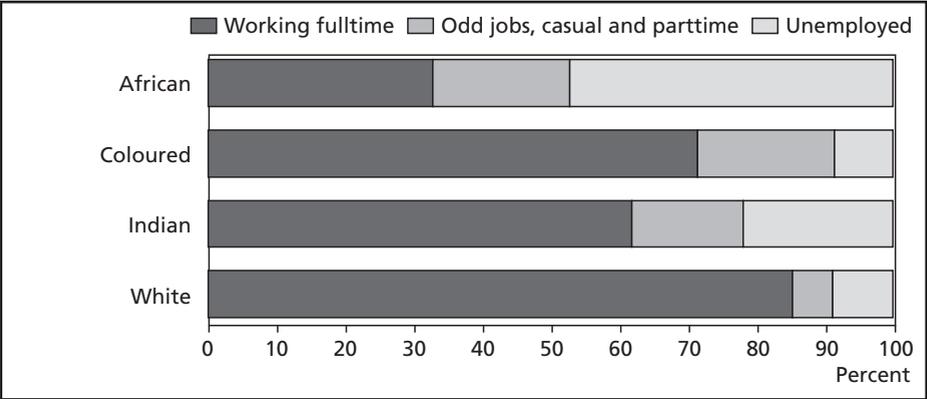
<sup>4</sup> These findings correspond relatively well with the 1996 Population Census results which indicated that Northern province had an unemployment rate of 46%, KwaZulu Natal 39% and Gauteng 28%. The differences may be accounted for by the formulation of the questions. The Census asked whether people had been involved in any economy activities during the past 7 days, while we simply asked whether people considered themselves unemployed, employed, etc.

More than four out of five of the unemployed had been without work for two years or more; short-term unemployment seems less common. Figure 3.6 indicates the length of unemployment within the provinces. Short-term unemployment is more of a problem in Gauteng, while longer-term unemployment of a year or more is more common in KwaZulu Natal and the Northern Province. This reflects the point made earlier about casual job opportunities being more common in the more industrialised economy of Gauteng.

**Education and skills levels**

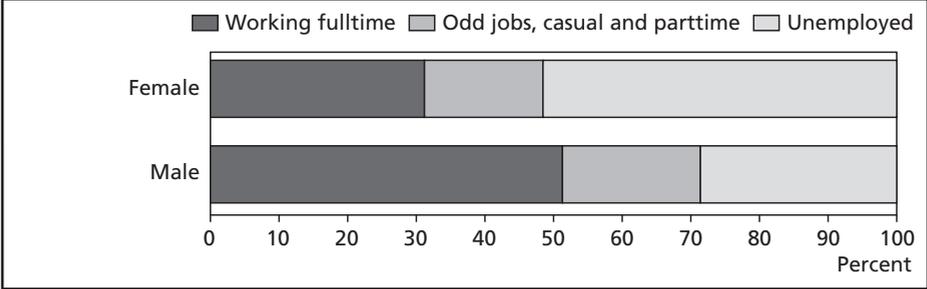
The low and uneven education and skills levels in South Africa are well documented (May et al 1997). Although the unemployed are generally expected to be illiterate, studies indicate that the unemployed also include those who have finished primary schooling. The October Household Survey 1995 (StatsSA) shows, for example,

Figure 3.3 Labour force and population group break-down (n 2619)\*



\* While these three provinces do not compose a logical unit, we have run the analysis also for the three provinces separately. The different degrees of connections to the labour market do not vary substantially between the three provinces in terms of gender breakdown. We have therefore here merged the provincial data in our analysis.

Figure 3.4 Labour force by gender (n 2619)



that 38% of the unemployed had had six to nine years of schooling and 18% had matric (Erasmus 1999). A strong correlation between unemployment and *low* levels of education emerged from our surveys in three provinces. This is reflected in figure 3.7.

Figure 3.5 Labour Force by Gender in Gauteng, KwaZulu Natal and the Northern Province, percentages (n 2619)

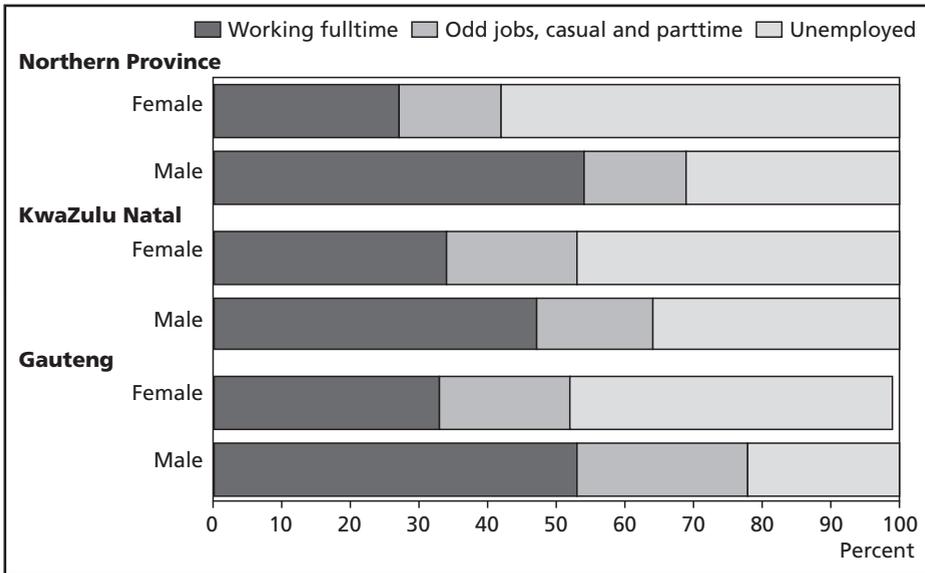


Figure 3.6 Length of unemployment by province (percentages)

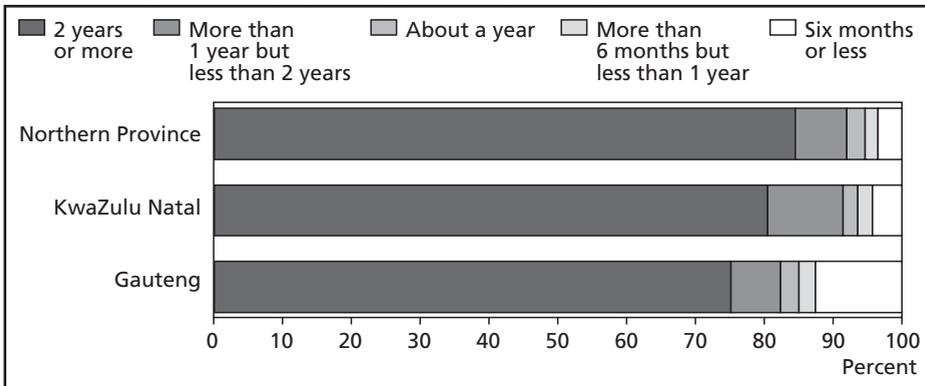
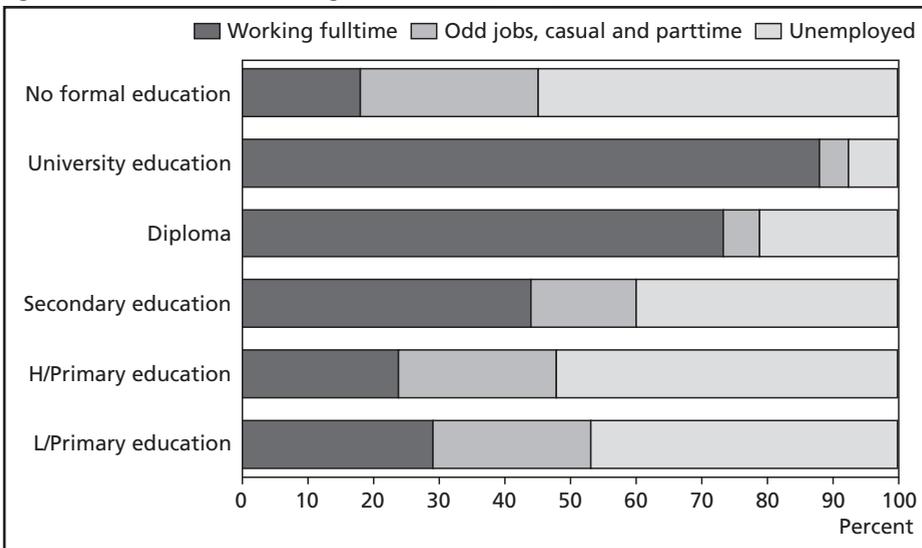


Figure 3.7 Labour force according to education (n 2619)



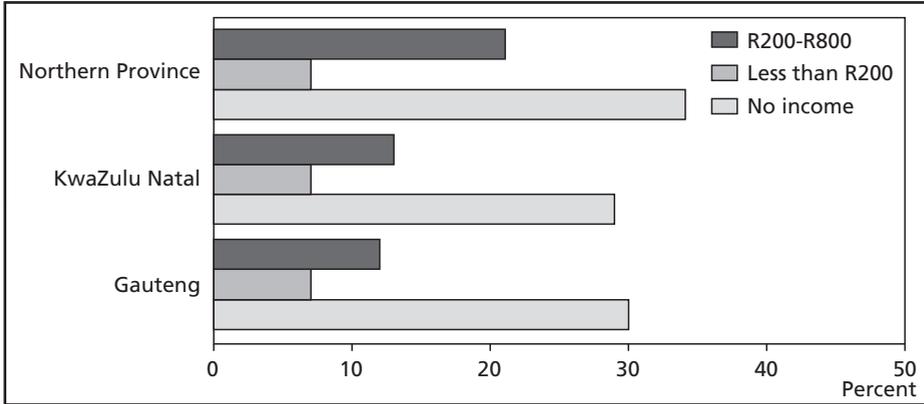
Labour markets offer different job opportunities for the various educational groups in the three provinces. Amongst the lower educated groups, ie those with no formal education or only primary education, a large proportion are unemployed or in odd, casual and part-time jobs. Amongst those with higher educational qualifications (secondary, diploma and university education) in contrast, the large majority is working full-time. South Africa has an oversupply of unskilled workers. In our sample, 20 % of the full-time workers were unskilled. Close to 50% of the part-time workers were unskilled, reconfirming the vulnerability caused by lack of education.

### Income levels

Income disparities have characterised labour markets and social relations in South Africa for decades. In the three provinces, a substantial number of respondents in the labour force indicated their individual income to be less than R800 a month (figure 3.8). The majority of these financially vulnerable groups are either unemployed<sup>6</sup> (33%), or are doing ‘odd jobs’ or casual or part-time jobs (49%). A comparison of our three provinces indicates that, in Gauteng, only 12% of those in fulltime employment earn less than R800, while in KwaZulu Natal 17% and in the

<sup>6</sup> Some of the unemployed may be involved in marginal employment activities or others may generate incomes from other members of their family. Others may be involved in informal sector or have casual jobs, but still regard themselves as unemployed due to the marginal nature of their employment.

Figure 3.8 Income levels below R800 in Gauteng, KwaZulu Natal and the Northern Province (n 2619)



Northern Province as many as 26% fall into this low-income category. Fifty one percent of the labour force in Gauteng and as much as 65% in the Northern Province struggle to survive on less than R800 a month. The majority are African, and women predominate. Marginalisation of definable groups in the labour market reinforces the need for policy interventions to bring relief to these groups.

### 3.3 Public Works Programmes: background and regulation

Public works programmes were introduced in South Africa as response to the challenging task of providing some relief to the most vulnerable groups in the labour market. The programmes focus on job creation and skills development in specific areas and target specific groups as a means of redressing the imbalances within and between racial and gender groups. The Department of Public Works initiated the most extensive programmes after 1994. Yet, other special employment programmes run by NGOs, organisations and other government departments prepared some ground for the public works programmes, co-operate with, and, to some extent, complement the programmes run by the Department of Public Works. Some of these programmes are briefly outlined below. We will return to other job creating delivery programmes such as the Consolidated Municipal Infrastructure Programme in other chapters.

## **NEF Work Employment Programmes**

The National Economic Forum (NEF) was established in 1992. Soon thereafter, a job creation programme was prepared with substantial tripartite involvement in its planning and allocation phases. The programme is administered by the Development Bank of Southern Africa (DBSA). By September 1996, when the first stage of the project was completed, it had dispensed some R256 million to 570 projects engaged in building roads, bridges, sanitation facilities, classrooms and community facilities. The NEF managed to create an average of 19,373 temporary jobs during each of three project phases from 1995 to 1997 (Erasmus 1999).<sup>7</sup>

### **Siyakha**

In May 1995, the South African Sugar Association facilitated a meeting with the rural people involved in sugar growing. The Siyakha project requested R12 million from the National Public Works Programme and was launched on 17 June 1995 with another R2 million from the sugar industry. The aims of the Siyakha projects were to create employment, construct quality community assets, provide technical skills and empower communities. Siyakha programmes have been hailed as a success as over 90% of the projects were completed within the scheduled deadline. About 121 projects were completed, most of which comprised the construction of classrooms.

Nearly 60,000 labour days are estimated to have been created through the programme and more than 5,000 days of training provided. Projects were implemented in Mpumalanga and the Eastern Cape, while the largest portion of projects are concentrated in KwaZulu Natal (87 projects). The projects are run by Development Task Groups, which are made up of representatives from the sugar industry and representatives elected from and appointed by the wider community. The primary goal of the task groups is to facilitate community participation in decisions on priorities, appraisal of proposals and their financial sustainability.

## **Community Employment Programme**

The Community Employment Programme (CEP) was established in 1992 after the drought of 1991/92. Upon its establishment, the CEP was allocated R100 million from Independent Development Trust (IDT) funds for drought relief development programmes and the creation of short-term employment. The initial objective of the programme was to provide employment, mainly to rural communities. This was later expanded to include training and capacity building, in order to transfer skills

<sup>7</sup> In this period, according to the DBSA, 344 725 person days of employment had been created. During the extension of the programme to the end of October 1998, 385 000 person days of work had been created and R274 million spent (Report to the 1997 NEDLAC Summit)

and create useful community assets. The success of the programme resulted in the approval of an additional R76 million in 1993. The programme then received R70m from the Community Based Public Works Programmes of the Department of Public Works.

Projects were implemented in eight provinces, with only Gauteng excluded.<sup>8</sup> They varied in size and type, ranging from small borehole projects through to provision of crèches, upgrading of schools, community halls and regional water schemes. Some 200 000 short-term jobs were created. Most (89%) of the workers were African with the remainder being Coloured. More than half (59%) of the workforce was men (CASE/ILO 1996). About 88% of the workers were drawn from the rural areas. Training was provided in technical, leadership and communication skills.

### **Working for Water**

The Working for Water project was set up in 1996 under the Department of Water Affairs and Forestry and has been regarded as a flagship initiative for employment, particularly in rural areas. The programme has been widely publicised and will not be analysed in detail here. The project aims at clearing invasive alien vegetation. By 1998 over 900 projects had been implemented, creating some 40,000 days of work. The programme employed about 26,000 people in 1998. R261 million was budgeted for the project, of which R120 million came from the RDP fund, about R115 million from the department's resources and the rest from international donors and the private sector.

### **Job Summit initiatives**

The social partners have embarked on an agenda of action agreed at the 1998 Job Summit. Funds have been set aside for poverty relief, infrastructure delivery and employment creation. The programme first and foremost aims at better co-ordination of already existing activities. R1 billion was set aside in the 1999/2000 budget, including funds for the Working for Water project described in the previous section. Further initiatives include job creation as part of housing delivery. A set of programmes such as the Clean and Green Living Campaign, the Land Care Campaign, the Rural Water Supply and Sanitation as well as the HIV/AIDS brigades will also be expanded over the next few years.

<sup>8</sup> About two-thirds (61%) of CEP projects were based in the Eastern Cape, KwaZulu Natal and Northern Province.

### 3.4 The National Public Works Programmes

The National Public Works Programme was adopted in May 1994 as a mechanism for implementing some of the goals of the RDP. Public works programmes are the vehicle through which most other delivery programmes such as water, sewerage systems, roads, construction of schools, hospitals and clinics are implemented. The objectives of the National Public Works Programmes are to<sup>9</sup>:

- Reduce unemployment by creating productive jobs and opportunities for local contractors, using labour-intensive construction methods;
- Provide education and training (both generic and vocational) to unemployed people, especially women, youth and rural dwellers, to increase their chances of becoming self-employed or entering the formal economy;
- Empower communities through providing job opportunities, transferring skills and creating community assets;
- Contribute to building and strengthening provincial government, local government and other local institutions;
- Provide relief and temporary livelihood support to threatened communities during times of disaster, through maintaining the local economy by bringing funds into the area and rebuilding infrastructure and building work that reduces vulnerability to disaster.

The Department of Public Works regard the programmes as a developmental intervention, aiming not simply to inject short-term relief, but to provide assets and accompanying training and community empowerment so that socio-economically sustainable assets are left in communities. This is particularly true of their key programme: the Community Based Public Works Programme.

The Department of Public Works Programme's budget has increased steadily since 1994 with an annual allocation of R2.2 billion in 1995/96 increasing to about R2.8 billion in 1998/99.<sup>10</sup>

<sup>9</sup> Infrastructure delivery and the objectives of Public Works Programmes in South Africa are governed by the White Paper (1997) *Public Works: Towards the 21st Century*, and the Green Paper on Public Sector Procurement Reform in South Africa: An initiative of the Ministry of Finance and the Ministry of Public Works.

<sup>10</sup> Spending on public works undertaken by the DPW from 1998/99 will be allocated to the departments on whose behalf the projects are undertaken (Budget Review 1999).

## **Community Based Public Works Programmes**

The Community Based Public Works Programme (CBPWP) was launched in August 1994 as a Presidential Lead Project.<sup>11</sup> The programme constitutes an important component of the government's strategy to create employment through the development and delivery of community -based infrastructure.<sup>12</sup> While the programme had an ambitious design and goals, it should be understood in context: it had an operating budget of R250 million, compared with the R1.85 billion committed to the Consolidated Municipal Infrastructure Programme run out of the Department of Constitutional Development.

From the outset, the developmental aspects of the CBPWP were regarded as critical – not merely swift delivery of technically sound assets. This made the CBPWP an ambitious and potentially risky programme, which sought to empower communities by giving them the power to select assets, employ workers and manage their own development projects. This may partly explain the somewhat limited initial financial allocation, which as we shall see, has grown annually reflecting the success of the Department of Public Works in implementing the programme. The key objectives of the CBPWP are as follows (MTEF Review 1998:49):

- Generate temporary employment on a large scale during the construction of community assets;
- Create permanent income-generating activities through the operation and maintenance of community productive assets;
- Improve the living standards and quality of life of the poorest segments of the population by providing basic community level infrastructure;
- Stabilise and improve community livelihoods that are threatened by drought and other natural disasters;
- Build capacity of local development organisations and local government structures to manage community development ventures; and
- Promote partnerships between public sector, private sector and civil society in managing community development ventures.

<sup>11</sup> The section is based on our discussion and interviews with officials from the national department of Public Works and also on Annual Reports, Ministers' speeches and internal memoranda.

<sup>12</sup> Public works programmes in South Africa since 1994 (compared to the programme prior to 1994) are seen as a part of an anti-poverty intervention which constructs community assets that will assist in increasing local economic activity.

### 3.5 Phase One: the Pilot Phase

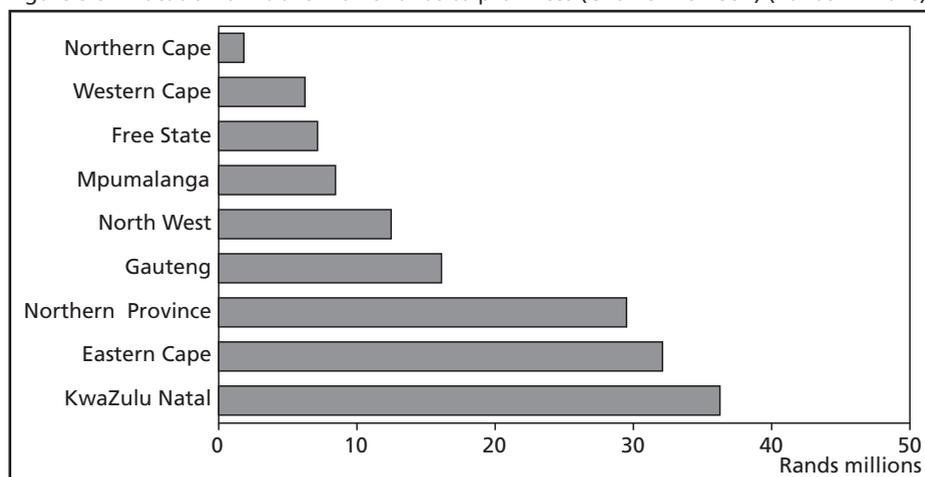
The CBPWP was initially funded by an allocation of R250million from the RDP fund in 1994/95. Of this, R150 million was allocated to provincial departments and the rest used in a partnership between the department and NGOs. From the outset, the Department made partnering NGOs an important facet of delivery. A large portion (R70 million) of the money earmarked for NGOs went to the IDT. This was based on a number of factors, including the IDT's delivery capacity, national outreach and experience in infrastructure delivery such as the provision of schools, health clinics and water supplies. Table 3.2 reflects the allocation of funds to provinces and NGOs up to 1997.

To apportion the R150 million, the Department developed a targeting index, which included unemployment levels, population size and poverty ranking. KwaZulu Natal received the highest allocation of R36.3 million, followed by the Eastern Cape with R32.1m and the Northern Province with R29.5million. Except

Table 3.2 Progress on the CBPWP (Annual Report, Department of Public Works. 1997:11). (Rand millions)

Agency	Total Allocation	Committed (Dec 1997)	Spent (Dec 1997)
Provinces	150	150	150
IDT	70	70	70
Siyakha	12	12	12
TCSBT	4	4	2.6
SAB	10.8	10.8	5.3
Total	246.8	246.8	239.9

Figure 3.9 Allocation of Public Works funds to provinces (CASE & ILO 1997) (Rands millions)



for this first initial year of the programme, Gauteng did not receive any funds in line with the redistributive character of the programme. Figure 3.9 reflect the initial allocations to the provinces (CASE & ILO 1997) in 1994.

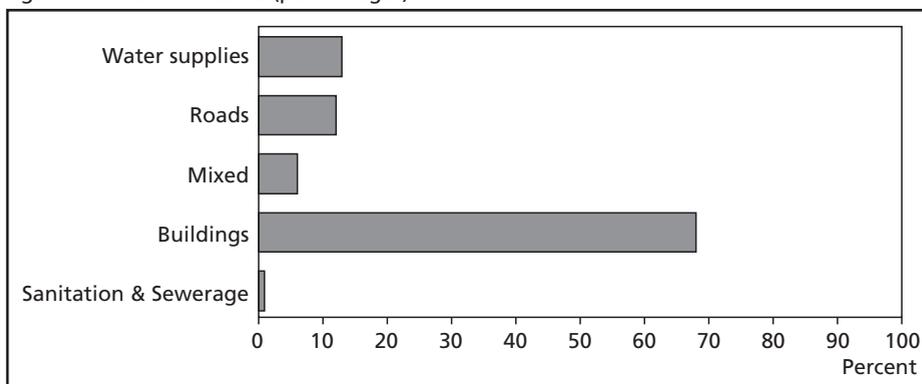
The allocation of R250 million was carried over until 1996. There are number of factors which influenced the carry over of funds. In summary, the CBPWP was an ambitious programme that required skills, vision and commitment from national and provincial departments. Provincial departments lacked effective institutional capacity to implement the programme. Furthermore, the programme had to be advertised and communities had to submit applications, which also took longer than planned (Summary Findings 1998).

### 3.6 Government Delivery

The construction of buildings (schools, pre-schools and community halls and similar facilities) dominated the projects implemented in this first phase of the programme. Figure 3.10 indicates the composition of outputs of the CBPWP based on the initial R250 million allocation (CASE/ILO 1997).

According to the former Minister of Public Works, Mr. Jeff Radebe, the programme created 148 523 days of work through a total of 1 112 projects (Radebe, 1999). About 23 000 people were trained through the programmes (40% were women and 17% were youth)<sup>13</sup> and about 1 000 communities benefited from the assets created.

Figure 3.10 Assets created (percentages)



<sup>13</sup> Colin Relf (International Advisor to the Department of Public Works) argues that the training was insufficient for people to confidently call themselves fully skilled bricklayers. The argument by Relf is that to be fully skilled bricklayer, you need a course with 33 to 34 modules and the number of courses provided by CBPWP included 3 to 4 modules.

The composition of the assets created had some problems, highlighted by the evaluators. Buildings dominated the programme, but created relatively few jobs and had limited capacity to assist local economic development. Road construction, on the other hand, created far more days of work per R1 invested, and was a more immediate trigger for economic activity (CASE/ILO 1997). Nonetheless, the ILO (1998) estimated that in the first two years of existence (1995-97), the programme reached 515,000 households, roughly equivalent to 4.5 million people benefiting from the created structures.

The CBPWP was an ambitious programme that sought to create assets and deliver “empowerment” to communities. In pursuit of the latter, community committees were created to manage projects at local level. The committees were given real power – over money and hiring and firing – and expected to manage their own development, with the assistance of technical and social facilitators. Training was an important feature of the CBPWP as well. The nature of the training provided to communities was two-fold: training for community committees and skills training for the workforce. Training for the community committees varied according to the needs of the committees and included bookkeeping, leadership skills and management of the buildings. Skills training for workers involved skills like bricklaying, plumbing and carpentry.

### **3.7 Evaluation of the first phase of CBPWP**

The evaluation conducted in 1997 indicated that the CBPWP was one of the best public works programmes the ILO technical team had ever encountered (ILO/CASE 1997). In virtually all areas, performance was positively rated. There were, of course, also shortcomings. The evaluation suggested a realignment of the programme in relation to institutional arrangements and socio-economic sustainability. The shortcomings of the programme as indicated by the evaluation included amongst others;

- Lack of co-ordination among different departments involved in infrastructure delivery.
- Monitoring was the weakest aspect of the programme.
- Lack of capacity of provinces to implement projects and monitor at the same time (provincial departments at this stage were implementing agents).
- There were some problems of financial mismanagement in the projects, although these were limited.

- The problems of the single-asset approach was clearly reflected by the evaluation. It was considered to be an inadequate response to the challenge of triggering sustainable socio-economic activity in poor areas.
- The problem of disputes and wage differentials was also highlighted as impacting negatively in the delivery of infrastructure. There were no employment contracts or terms and conditions of employment for CBPWP workers.

The evaluation reflected many issues which staff in the Department of Public Works had already been considering, and led quite naturally to a serious realignment of the CBPWP. The evaluation team recommended that the programmes focus on promoting sustainable economic development and maximise their employment creation potential through careful selection of assets.

### **3.8 Phase two: the realignment of CBPWPs**

The Department of Public Works regards monitoring and *evaluation* as a critical component of the implementation of community based public works and in attaining socio-economic objectives. The department has a good track record in commissioning evaluations and in accepting the results of evaluations in a positive manner.

The Department constituted a Pre-Implementation Task Team (PITT) to map the direction to be adopted by the department, and initiate ways of realigning the programme based on the recommendations of the evaluations. The Task team was broken into functional areas, which covered key issues, including monitoring, targeting, financial management, the role of NGOs, co-ordination and post-project maintenance.

The major policy shift in the realigned CBPWP was to move from working through provinces as implementation agents to using *district councils as implementation agents*. In the realigned programme, the National Director of the programme signs a Programme Implementing Agency (PIA) contract with a district council. Financial allocation is done on the basis of a targeting exercise designed by a PITT member<sup>14</sup> which analyses poverty at district council level. After the contract has been approved by both parties, the department appoints development planners who work closely with those from the district councils. The role of the development planners is to: identify poverty pockets; identify areas with potential economic growth; review the development planning documents in the district councils; and have discussions with stakeholders within the district councils.

<sup>14</sup> See Everatt (1998).

The process should culminate in a report that identifies possible development nodes where clusters of projects could have maximum impact. The report from the development planners is discussed with district councils and later with the communities concerned. The meetings with communities are aimed at explaining and clarifying the programme. Communities are encouraged to identify projects they want to cluster managers. Project managers prepare Business Plans that should include the suggestions from the communities and should include Ownership Operation Management and Maintenance (OOMM), identifying who will own and maintain the facilities after they have been completed. The Business Plans are then sent to the district councils who present them to PCC for approval. After the approval of the projects, cluster steering committees and projects steering committees are formed and given responsibility for the day to day running of projects.

The programme has adopted the contractor approach in delivery. The Programme Implementing Agency identifies *local contractors* who will be responsible for employing local labour. Contrary to phase one where there were no employment contracts between the workers and the contractors, the realigned programme requires that CBPWP workers sign employment contracts which specify terms and conditions of employment. In addition, workers are required to sign work-sheets for the work they have performed. These require the approval of the cluster manager and local contractor before payments are processed. They are also important for accurate monitoring of employment creation.

Having experienced some problems with underqualified contractors during the pilot phase, the DPW introduced *training programmes for local contractors*. Training includes technical and administrative skills, institution building, facilitation and operation and maintenance. The training is provided in conjunction with the Department of Labour, and is one of the improved areas of co-ordination across government departments. In addition, the CBPWP is also linked to the Emerging Contractor Development Programme (also managed by the DPW). The programmes support the local contractors by training them to tender for work, how to access loans, administration and so on.

As the department is now working with the district councils in delivery, the programme is using existing tender facilities in district councils instead of national or provincial tender boards. The programme has also requested flexibility in the duration of tender periods and tenders may now be approved in two weeks, helping speed up the delivery process. With flexible tender procedures, the district councils can convene special executive meetings before the usual monthly meetings to approve the tenders.

The programme has improved on *co-ordination* between different line departments involved in infrastructure delivery and the CBPWPs. This is helped by the

PCCs. The PCCs comprise all the line departments involved in service delivery. Public Works departments in the provinces chair the committees and meet once every month. They are responsible for approving, monitoring and assessing projects.

One of the key findings of the 1997 evaluation was that the single asset approach was less effective than an approach which provided a *‘cluster’ of assets* to communities situated in key development nodes. The Department of Public Works had initially decided that impoverished communities could apply for funds for a single asset, and that, by restricting them to a single asset, more communities could be reached. While spread was achieved in this way, depth was not. Put another way, sustainable economic activity emerged as the primary goal of the CBPWP, and was more likely to be achieved by multiple asset provision – say, a road and a taxi rank and a market – than a single asset per community. The programme has five categories of asset, summarised in table 3.3.

The realigned programme did away with school buildings as options for communities, since these were available under other government delivery programmes, and because they generated less employment and were at best long-term economic triggers. The changed approach aims to give the department more influence over the choice of assets to ensure that they all in some way aim for sustainable economic activity while simultaneously placing the CBPWP in a more developmental context. The bottom-up approach gives communities influence over the choice of projects, while aiming for long-term development by building economic assets and growth at the local level. Previously more short-term, single-asset and widely dispersed, the CBPWP is now a focused, developmental intervention.

Table 3.3 Categories in cluster approach

Category	Nature of projects	Examples of projects
A	Directly productive	Irrigation schemes, commercial gardens, cultural centres - handicraft.
B	Improved access to centres of trade	Creation of roads.
C	Labour saving	Creation of day-care centres; water supply projects.
D	Social cohesion	Creation of multi-purpose centres; sports centres that create social cohesion within disadvantaged communities
E	Environmental projects	Erosion protection and reforestation

### 3.9 Programme Delivery in the realignment phase

The 1998/99 and 1999/2000 programmes now run parallel, since some elements of the 1998/99 programme were slow to start. Since realignment, the programme has been allocated R736 million.<sup>15</sup> The Eastern Cape, KwaZulu Natal and Northern Province are the only beneficiaries in the period 1997/98 to 1998/99. Funds are given to district councils, which determine the clusters to be supported according to the procedures outlined in the previous section.

The R373 million allocated to the CBPWP's for the 1999/2000 financial year is expected to create around 66,000 jobs during the current financial year. The *Eastern Cape*, has been allocated a total of R102.7 million. *KwaZulu Natal*, receives a total of R64 million. and *Mpumalanga* has been allocated a total of R57 million. In the *Northern Province*, there is no allocation for the PIA projects in this financial year. However, the province receives R8.3 million for special projects, of which R1

Table 3.4 Allocation of Public Works Funds in 1997/98 and 1998/99

<b>1997 Allocation</b>		
Eastern Cape	Two districts councils (Quombo & Tsolo), R12.9m & R13.4m	The projects created about 4955 short-term jobs.
KwaZulu Natal	Ugu (R8.2m), Uthungulu (R8m) and Zululand (R7.3m) regional councils	About 3165 short-term jobs were created with 1134 going to women and 374 to youth
Northern Province	Four clusters: Ga-Mamabolo, Ga-Mulima, Ga-Modjadji and Ga-Mothapo received R5.2m each	The projects created about 4441 short-term jobs of which 2115 went to women
<b>Poverty Relief Fund 1998/99</b>		
Eastern Cape	Kei District Council (R29m)	About R13.2m has been spent with about 1929 jobs created
	Stormberg District Council (R16.8m)	R13.4m spent to create 1462 jobs
	Wild Coast (R23.9m)	R9.6 millions spent, 1020 jobs
	Amatola (R24.9m)	R15.6 million spent and 2463 jobs created
KwaZulu Natal	Uthungulu Regional Council (R53.2m)	R21.6 spent, about 2876 jobs (1114 youth, 975 women)
	Ilembe Regional Council (R20.5m)	1453 jobs (651 women)
	Ugu Regional Council (R18m)	About 1456 jobs (728 youth)
Northern	Northern District (R65.9m)	R15.9m spent, about 860 jobs

<sup>15</sup> R85m in 1997/98 (from the Government Anti-Poverty Fund for a fast track Rural Anti-Poverty Programme), R274m in 1998/99, R274 million and a further R103m for Spatial Development Initiatives for the 1999/2000 financial year.

million is allocated to the Ownership, Operation, Management and Maintenance strategy aiming at sustainability of projects. In the *Free State*, only one district council has received an allocation (of R10.1 million). In addition, two townships have been identified for the Clean and Green project at a cost of R1.2 million. A total amount of R1.6m has also been allocated for Ownership, Operation, Management and Maintenance. The *North West* receives R11.8 million and an additional R1.2m has been received for Clean and Green projects. *Western Cape* receives relatively little – only R1.6 million. An additional amount of R1.2 million has been allocated for Clean and Green projects. A total amount of R3 million has been allocated to the Alexandra Youth project in *Gauteng*. And two communities have been identified for the Clean and Green Project worth R1.2 million. *Northern Cape* has been allocated R10 million for the construction of roads in the province. R50 million has also been allocated to the Youth Working Towards Environmental Accessibility (Yowotea) to target Eastern Cape, Northern Province and KwaZulu Natal. The project is a partnership between the Department, the National Youth Commission and the Office of the Disabled.

### 3.10 Further Challenges

Retrenchments, as well as a real shedding of unskilled labour are key developments over the past five years of the South African labour market. Only one out of 30 new entrants in the labour market can be expected to find a job in the formal sector of the economy (Erasmus 1999). This development is unlikely to turn in a more positive direction in the short term. In this setting, more pressure is likely to be put on the public sector and the state, both in terms of pressure for social assistance and for job creation. Most people believe that the government is responsible for job creation.<sup>16</sup> Thirty percent of the respondents in our survey believed that jobs were what their community needed most.

The following section discusses the perceptions of deliverers about the organisation and structure of public works, and is based on in-depth interviews with government officials. The national and provincial government officials interviewed identified a number of challenges and factors that could be addressed in order to improve overall implementation. The officials were interviewed about their own personal perceptions of delivery and their views do not reflect departmental views. They have expressed opinions about the public works programmes in general and not only the CBPWP.

<sup>16</sup> See Erasmus 1999 as well as IDASA surveys (1998, 1999).

## **Tender procedures**

One of the main challenges faced by most government officials relates to tender regulations. The tender process, in the view of government officials, impacts negatively on speed of delivery, as it takes a long time before tenders are approved. Most officials we interviewed believe that the procurement system through the tender boards is too slow and delays the delivery of services. The national department officials interviewed tend to believe that the new approach for CBPWP through the district councils has also implemented a more flexible approach to procurement, taking advantage of the districts' councils own procurement procedures. Yet, this would rely to a large extent on each and every one of the district councils. The provincial officials are far more frustrated by the procurement procedures.

## **Government co-ordination**

Government officials also indicate that government co-ordination can be improved in the speeding up of actual service delivery. Co-ordination of *policies* has come quite far.<sup>17</sup> But officials argue that limited co-ordination *between* departments in the *actual* delivery of the projects is another challenge. While national departments formulate policy, provincial and local government departments sometimes interpret them differently, causing inconsistency in implementation. Provinces generally have a large degree of autonomy to decide their own priorities, as well as their strategies for implementation.

Co-ordination, communication and exchange of ideas and experience between the various departments that have implemented infrastructure programmes should, in their view, be improved in order to benefit the programmes. While this may be an ideal to strive for, it should be mentioned that officials from other government departments also report difficulties in co-ordinating several line departments and public works in order to target actual delivery. Different targeting instruments are used. Co-ordination has practical challenges in co-ordinating several departments in actual delivery. The realignment towards clustering of projects – now common to many departments, not just the Department of Public Works – is aimed at co-ordinating delivery better and needs to be carefully evaluated over time. Yet, while the CBPWP Ps have implemented the cluster approach, provincial departments may have more challenges in their co-ordination of actual delivery with all the other line departments. The 'order' for hospitals from the Department of Health has, for example, to be co-ordinated with access roads, schools "ordered" by the Department of Education need access to electricity and water etc.

<sup>17</sup> The more elaborated processes of co-ordination of policies at higher levels seems to some extent to be overlooked by officials involved in actual delivery (see chapter 10).

There also seems to be some tensions in the provincial departments after the national Department of Public Works started allocating funds for the CBPW Ps directly to Districts Councils. Simultaneously, the provincial public works departments are still in charge of service delivery for the line departments in their own provinces. Provincial officials' focus on the benefits of better co-ordination should be seen partly against this background. According to government officials, relations between the three spheres of government (national, provincial and local) should be improved and better defined. In some cases, provincial departments are now unsure of their role vis-à-vis local and national government. In KwaZulu Natal, for instance, the new approach on allocation of funds for Community Based Public Works directly to the Districts Councils seemed to create confusion on the part of the provincial department about its role in delivery. This may, of course, also reflect on-going unhappiness about the DPW decision to use local implementing partners in place of the provincial government. Finally, provincial and local departments differ in their capacity to implement policies and programmes.

So, while serious steps have been taken to improve co-ordination problems via better identification of target groups, clustering of projects and so on, there is still some way to go in order to better co-ordinate actual delivery officials. Joint ventures can be entered into with other departments, and improved communication and information-flows need to be established.

### **Labour issues and wage rates**

Challenges were identified in terms of wages and working conditions on programmes. Public works programmes deliberately pay relatively low wages so as not to attract workers out of other forms of employment, and to appeal to impoverished local workers. Communities have some space to set wage rates, but social facilitators are always on hand to explain the goals of the programme and the balance between short- and long-term benefits. Wage rates are approved by the PIA (the local district council).

Different projects pay different wage rates even in the same area, which sometimes results in conflict between contractors and workers, as highlighted in the CASE/ILO evaluations. The evaluations also pointed to the occurrence of labour disputes between workers and contractors, which negatively affects progress in the projects.

## **Contractors and the private sector**

The low capacity of some contractors also slows down delivery. The prominence of infrastructure delivery in the RDP and the emphasis given to it by the government create a whole new market for small and micro contractors from previously disadvantaged communities. After needs are identified in poverty-stricken communities, projects are put out on tenders in which the previously disadvantaged individual (PDI) status is an important factor. Yet, as with all new emerging market segments, the sector is struggling with an initial lack of expertise and skills.

According to department officials, the policy of the department stipulates that local contractors should be empowered and given priority to promote the local economy. However, many local small and micro contractors are not qualified to carry out the required tasks. In some cases, projects have been subcontracted because the contractor lacked the capacity to follow the project through. Several provincial officials identified the problem of unqualified local contractors as a constraint to successful delivery of projects. Help desks have now been established in all the provincial offices of the Department and discussions are focussed on training and skills development needs amongst contractors in order to rectify this problem. Training programmes have also been established by the DPW and the Department of Labour.

It is worth noting that the Budget Allocation Method adopted by the DPW includes an assessment of local and national capacity to manage projects. District councils which already have large financial tranches are unlikely to get more without being able to demonstrate their capacity to manage projects.

## **Monitoring**

Monitoring was pinpointed as one of the weakest aspect of the CBPWP (CASE/ILO 1997). The evaluation side was far better. Monitoring remains an area of concern for department officials. Some officials we interviewed identified the lack of a formal, built-in monitoring mechanism as negatively affecting the success of projects and their implementation. Furthermore, some also noted that, while external bodies have carried out evaluations, they have normally been commissioned to undertake only summative evaluations: more formative work would help DPW staff.

The monitoring system was singled out by the 1996/97 evaluation team as the weakest aspect of the programme. PITT designed a new monitoring system for the realigned CBPWP, but this has not been implemented. The CBPWP remains without a functional monitoring system. PITT recommended the appointment of a Monitoring Director at the national level and a monitoring unit to work closely with the Director. To complement this unit, the programme initiated the formation of the Provincial Co-ordination Committees (PCCs). The PCCs comprise line

departments in the provinces and have the responsibilities of approving projects and simultaneously monitoring and evaluating progress during implementation. Their monitoring focuses on quality and design of assets.

PITT also recommended a monitoring system that would be implemented “bottom-up” – i.e. with primary responsibility for capturing data located at project level, and analysis and dissemination of results as close to the point of implementation as possible. This was to have been complemented by diagnostic studies and the early appointment of evaluators to bolster analytic capacity. However, personnel changes in the DPW (both the Director General and Deputy Director General resigned just as the realigned CBPWP was about to begin implementation), coupled with policy shifts, mean that this system has not been implemented.

Monitoring is, to some extent, taking place internally in meetings, but it remains the ad hoc process it was in the past. Officials pointed out that there are people employed in the department with responsibility for monitoring of the programmes and that this is a continuous matter of concern internally. There is a need to formalise monitoring on the basis of clear performance indicators. The monitoring system designed by PITT has not been implemented, and the system which was to have taken its place has thus far not produced any data.

### **Funds, underfunding and financial problems**

The problem of underfunding has been identified as a challenge to delivery in the provinces. According to the officials, the problem of underfunding also sometimes creates tensions between government departments and the communities, as the Department sometimes struggles to fulfil its promises or the expectations of the communities alone. The problem of lack of funds has forced some departments to put projects on hold. The Northern Province also struggles to maintain their internal staff under financial constraints.

Financial mismanagement by steering committees was identified as one of the challenges faced by the department, primarily in the early days of implementation, and even then the CASE/ILO evaluation found a very low incidence of corruption. The problem was compounded by the fact of limited monitoring of contractors and community committees. Community committees employed people, paid them, liaised with technical consultants and approved payments. Financial responsibility at the local level opened up space for misuse of funds: what was surprising was how rarely this occurred.

The department addressed this problem by ensuring that people from the departments would be co-signatories with the people from the community committees. Responsibility for finances, being in charge of bank accounts and so on, was previously regarded as crucial if local communities were to have the power of

prioritising and implementation. Yet, for poverty-stricken communities at the local level, transparency and principles of accountability must be put in place to ensure that the priorities of individual members of the committee correspond to those of the communities.

While some of the older projects are still under the financial control of communities, this principle was largely abandoned in early 1997. The financial responsibility for projects (including accounting and auditing) is now left with the local district councils. Communities remain in charge of priority setting and implementation.

### **Staff and human resources**

The lack of sufficient skilled personnel has been identified as a problem that negatively affects successful delivery. The department argues that they do not have enough people to implement and monitor the projects. In the Northern Province, for example, they only have four engineers for the entire province. According to one director, lack of internal capacity forces the DPW and its provincial counterparts to outsource most of their projects. Related to the lack of personnel, the department is faced with a problem of unqualified local contractors who take time before they can even implement projects. More skills and expertise need to be built amongst contractors in order to speed up delivery.

The shortage of staff may be attributed to the inability of government departments to offer remuneration which is competitive with that offered by the private sector. The problem can also be compounded by limited training and development opportunities inside the departments.

### **Politicisation**

Another challenge faced by the department is what some respondents referred to as a “politicisation” of projects. According to officials, there are sometimes differences between local chiefs and district councils over who should control the projects. In some cases, chiefs and traditional authorities do not want to allocate sites for projects before they are given power to control the projects. In addition, there are political differences and interventions from political parties in some provinces, which impacts negatively on projects. According to some officials, opposing political parties have attempted to take over the running and control of projects, or have been trying to “convince” the local contractors to employ their own members in the projects.

## **Community involvement**

There is a strong emphasis on community participation<sup>18</sup> in the planning and implementation of projects. From previous evaluations and interviews with officials, it seems that community involvement in project initiation and management is relatively successful. Communities are involved in running projects through the appointment of community committees. The evaluations argue that the CBPWP has done well in promoting and facilitating a community-driven approach to infrastructure delivery and this augurs well with the objectives of the programme as outlined by NPWP. Pressure on government to speed up delivery, however, stands at odds with a developmental approach. The question is: will the DPW retain its current approach, or be coaxed into speeding up delivery and limiting community involvement?

The process of formulating legislation and policy was an inevitably technical exercise, involving experts and officials from the department, and enjoying less community consultation. While regulation is a government domain, the provincial departments emphasise the need for community participation from the planning phase until completion of the projects. Again, this seems to reflect unhappiness at provincial level following their limited role in the realigned CBPWP. Even though some may argue that there are shortcomings in the level of community participation in the initial phases of project implementation, the DPW has made real advances in facilitating and promoting a “community-based approach” to infrastructure delivery.

## **3.11 Tentative conclusions and recommendations**

It is important that the CBPWP be judged appropriately. It is not a traditional Public Works Programme, which injects funds into the poorest areas as a means of short-term relief. Rather, as implemented by the DPW, PWP in South Africa are developmental and long-term in nature. Assets are delivered alongside training in technical, administrative, financial and other issues. Communities are given a real stake in project selection, implementation, management and maintenance. If clusters are well-designed, economic activity should follow project completion. These are design advancements that should be applauded.

<sup>18</sup> Community participation is interpreted differently by many people. Our understanding in this report is that the process should involve continuous dialogue between communities and officials from the department. It is a means by which communities try to influence the course of policy making and implementation by interacting with government officials and policy makers, face to face (see Walt, 1996).

The programme has started to redress historical inequalities by providing equal access to services, empowering local communities and engaging them in the improvement of their living environment. Projects have also made some contribution to job creation, and seem well-targeted. The focus and emphasis given to community participation and local empowerment may be among the most crucial components of the programmes.

Public Works Programmes in South Africa were described by the ILO evaluator as “one of the best public works programmes anywhere”.<sup>19</sup> Yet PWP’s also have their critics. One of the first questions raised about the CBPWP is that of costs versus benefits of the programme. Each of the jobs created by the DPW costs about R70 per day.<sup>20</sup> A crass analysis divides the total cost by the jobs created and concludes the CBPWP is ‘too expensive’. Such a calculation ignores the provision of training for workers, community committees, local contractors and others; the cost of social and technical facilitators to ensure that communities have a voice in implementation and management; and, of course, the cost of the assets themselves. Public works in South Africa are a lot more than job creation exercises.

Yet, if infrastructure delivery is the main goal, the question is whether public sector programmes are the best to deliver or whether delivery could be organised more effectively and possibly more cheaply through the private sector. We have few answers to these questions. What we do know is that government intervention in PWP’s has ensured that they are not driven by technical concerns, but have become increasingly developmental. Success is not simply measured by expenditure within timelines, but by additional criteria of empowerment, sustainable development, targeting the poorest of the poor, and so on. South African PWP’s have multiple simultaneous goals, which may, and do, come into conflict with each other. And when tensions erupt, there are few guidelines for which aims are to take precedence.

The number of jobs created by public works is uncertain, and will remain so as long as the monitoring system fails to function. There are discrepancies in the information from the provinces, in some cases between the provincial department’s annual report and budget speeches, even when released in the same period. In KwaZulu Natal, for example, there were 3,440 people employed by public works programmes according to the Annual Report (1997). The Budget speech by the provincial Minister of Works in 1997 reported, however, that about 9,522 people were offered employment through the programme.

From its inception, training and capacity building in the CBPWP were regarded as an important component of infrastructure delivery and communities were trained through the projects. Training was, however, heavily biased towards traditional

<sup>19</sup> Colin Relf, ILO in Everatt, et al 1997.

<sup>20</sup> Allocation of R335 million for 1994/95 created 5,5 million worker days.

occupations such as bricklaying and plumbing, in which men were more likely to be trained than women.<sup>21</sup> Training has also been regarded as too short and has not equipped people with confidence in the skills they acquired.

A number of factors may assist delivery. First, with employment contracts now the norm, labour strikes and work stoppages should lessen considerably. Secondly, the issue of wage rates remains tricky. The impulse to set a standard national wage is understandable, but may be inappropriate. Local communities and facilitators have a far better sense than a Pretoria civil servant of an appropriate local wage, which employed workers will not find attractive, but the unemployed will. Moreover, wage rates differ from one local area to another, depending on a range of variables, including the availability of regular (as opposed to seasonal) labour, existing wage rates, other development initiatives and the wages they paid, and so on. The tendency for central wage rate setting must be carefully assessed.

There is a need to review issues of reported financial mismanagement in the projects. In most instances, community committee members spend a substantial amount of time on projects with no incentive or compensation. It may be valuable to revisit this issue, with the aim of creating replicable and transparent systems of local management. There is also a need to have clear terms of reference for community committees, and to enforce these.

In relation to the training needs of communities, there is a need to develop sound mechanisms for identifying training needs and assessing the quality of the training provided. There is also a need to assess people who have been trained on a continuous basis, to determine whether the process has empowered and equipped them with appropriate skills. The gendered nature of training – far more men than women received training – must be rectified. It was agreed at the Job Summit that the agencies that implement special employment programmes will set a target where 60% of those employed will be women.

In terms of community participation, communities need to be consulted regarding the terms of reference for approving projects. Communities are currently involved in project identification and management after cluster proposals have been approved by the department. There is no role for communities in deciding the guiding principles for selection, and thereby priorities, of the project. This may complicate communities' recommendations and applications for projects.

Finally, the monitoring system needs to be urgently corrected. At the moment, the DPW has a monitoring director and a consultant responsible for analysing monitoring data – but no data. This situation must be rectified and data must be made available to projects, provincial and national programme managers – and the general public.

<sup>21</sup> Like figures dealing with employment, accurate figures regarding training are unavailable.



## Chapter 4 Welfare: a question of cash or development?

*Liv Tørrres, Fafo*

By the early 1990s, an extensive welfare state had developed in South Africa. While the welfare state had developed to protect the interests of whites, and gross disparities in welfare delivery remained, the principle of moving to parity in social spending levels was gradually and reluctantly accepted through the 1980s and early 1990s. This resulted in fiscal spending rising rapidly in an attempt to incorporate blacks into the system and eliminate the racial barriers which had allowed the white welfare state to prosper in the first place (van der Berg 1997). Spending on social age pensions, for example, rose from 0.59% of GDP in 1970 to 1.82% of GDP by 1993 (van der Berg 1997).

In 1994, the new government had to remove remaining discrimination and extend social services to the whole population. With limited funds, issues such as targeted/selected or universal benefits and cash *versus* benefits in kind were therefore brought forward. Simultaneously, a system of both public and private welfare remained in place. Due to the high unemployment rates, a large part of the poor's incomes come from remittances and state social grants. Millions of people rely solely on pensions, disability grants and child maintenance grants from the government. These grants sustain whole extended families and constitute, in most cases, their only safety net for survival.

### 4.1 Welfare framework: legislation and regulation

In 1994, the welfare sector inherited a fragmented system riddled with inequalities and disparities and lacking policy directions. Social grants were associated with inadequate control mechanisms and their long-term sustainability was in doubt (National Expenditure Survey 1999). Altogether, the welfare budget increased on average by 9% per year – from R14 billion to R19 billion – in the period from 1995/6 to 1998/9.<sup>1</sup> The increases reflect the desire to achieve parity in social grants. The

<sup>1</sup> The government also plans to increase the budget to over R21 billion by 2001/2 (Budget Speech, 1998).

highest growth period was between 1992/93 and 1995/96 with 9% on average per year for the three-year period. This was only slightly above the inflation rate for the same period, (around 8% per year). Spending on welfare services and social grants is expected to rise to R 21.6 billion by 2001 (Budget Speech, 1999).

Yet, looking at the *actual* figures, the picture of delivery is a bit more sobering. The actual increase in the budget largely reflects the equalisation of grants for all races. In terms of the overall welfare budget, the percentage increases since 1995 have been lower than the inflation rate, and actually constitute a real *decrease*. The large bulk of Welfare's funds are administered through the provinces. Table 4.2 shows provincial budget allocations in the Department of Welfare.

The work of the welfare department and its budget is divided into three areas: social security, social welfare services, and social development. Figure 4.1 shows how

Table 4.1 Allocations to welfare from the national budget

	Annual percentage change			Welfare as percentage of national budget 1998/99
	Three-year average 1992/93 to 1994/95	Three-year average 1995/96-1997/98	One-year average 1997/98 to 1998/99	
Welfare	9.6	3.9	2.5	9

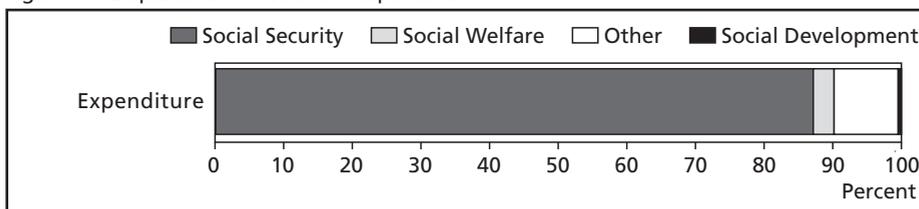
Source: Budget Review 1999

Table 4.2 Budget allocation in the Department of Welfare 1995–2000

R million	1995/96		1996/97		1997/98		1998/99 estimate		1999/2000 estimate	
	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%
Administration	773	5.4	223	1.4	150	0.8	183	1	177	1
Social Security	12,674	88	14,539	91.2	16,127	91.3	16,698	91.3	16,739	90.5
Social Assistance	717	5	754	4.7	753	4.3	792	4.3	828	4.5
Social welfare	180	1.2	335	2.1	533	3	518	2.8	586	3.2
Social development	8	0.1	22	0.1	31	0.2	52	0.3	62	0.3
Other	48	0.3	65	0.4	75	0.4	46	0.3	95	0.5
Total	14 400		15 938		17 669		18 288		18 487	

Source: Ministry of Finance 1999c

Figure 4.1 Department of Welfare expenditure



the budget is allocated to these different functions, with social security receiving the bulk of the funds.

The White paper on social welfare was tabled in 1997<sup>2</sup> and provides a new policy framework. Clearer policy directions and issues of targeting inefficiencies and sustainability are also included. The White Paper defines social security as a wide variety of public and private measures that provide cash and/or in-kind benefits in the event of an individual's earning power permanently ceasing, being interrupted, never developing or being exercised only at unacceptable social costs and poverty levels. Benefits should, according to the White Paper, also cover those who are unable to maintain children.

The White Paper includes three major policy objectives and trends away from the past: a shift away from highly discriminatory service provisions, redirecting resources from rehabilitative to preventive welfare and a move away from an institutionally-based model of care towards services directed at communities, families and social integration (NEDLAC 1997). About 91% of the Department's budget is now allocated to social security, which mainly reflects cash transfers to households.

Compared to other countries, however, the cash transfer component of the national budget is relatively low in South Africa. A large percentage of public expenditure in Western countries is made up of transfers to households. In South Africa, this constitutes a minor part of the total national budget and most of these funds are channelled through the Department of Welfare as social security. In terms of the relationship between national level and the provinces, only minor changes have been made. The responsibility for the administration of the Social Assistance Act was shifted from the provinces to the national department in late 1997.<sup>3</sup> Most of the Welfare Budget is administered by the provinces.

According to the White Paper, social security has four main elements: private savings, social insurance (joint contributions by employers and employees), short term social relief and finally social assistance as provided for by the State. In this chapter we concentrate on the assistance provided by the state and provinces.

<sup>2</sup> Government Gazette no 18166 of 8 August 1997.

<sup>3</sup> With the signing into Law of the Welfare Laws Amended Act. This also made provisions for the new and much debated child support grant.

## 4.2 Government delivery

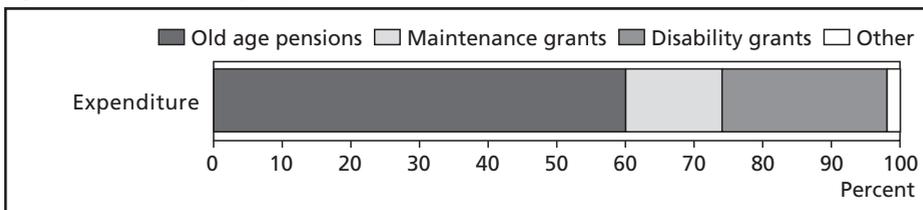
### Social Security

By 1993, social security had been extended to the majority of the South African citizens who had previously been excluded. This was accompanied by a de-racialisation of services (equalisation of money paid out to beneficiaries) from 1994 onwards. Social security expenditure comprises all the “cash benefits” paid out to individuals such as old-age pensions, disability grants etc, and makes up by far the largest part of the welfare budget, benefiting around three million people. The benefits are means tested and targeted towards the poor. According to the Department of Welfare, the intention is “to provide many poor households with a regular income which provides a basic level of food security and protection against seasonal and other fluctuations and shocks” (PIIR 1998:122). The following chart shows the distribution of funds under the social security function.

About 68% of the social security allocation goes into *old age pensions*, which are aimed at decreasing inequality and poverty levels, and are also relatively easy to administer.<sup>4</sup> More than three-quarters of the elderly population receives state old-age pensions, which are non-contributory and subject to a means test. In 1999, close to 1.8 million people received old age pensions. The majority of households (89%) which receive old age pensions are African, and two thirds of the pensions go to people in rural areas. Such pensions do not only benefit the elderly, but other members of households largely depend on them.

Massive racial inequalities developed with regard to *child and family grants* during apartheid. The grants were paid mainly to single mothers of children below the age of 18 with incomes less a certain level. Whites, Indians and Coloureds benefited disproportionately, while Africans were largely excluded in practice.<sup>5</sup> At present

Figure 4.2 Social security expenditure



<sup>4</sup> Old age pensions are means tested benefits with eligibility based on age, level of income and citizenship.

<sup>5</sup> Indians and coloureds received in practice more grants, due more to them having access to information and government structures than to the law itself (Barberton 1996). The law simply gave the provisions for income tests, which included Africans as well.

the grant is R430, with R125 each for up to two children. Fourteen percent of the social security budget is allocated to these grants. The Department of Welfare hopes to reach about three million children (between 0–6 years) by the year 2005, by reducing the state maintenance grant by 25% each year from April 1998 and gradually replacing it with a new means-tested child grant.<sup>6</sup> The child grant is a flat-rate support of R75 per month for the primary care-givers of children up to the age of six amongst the poorest 30% of the population. An additional R75 million was budgeted for these grants from the budget year 1997/98.

Disability *grants* account for 24% of the social security budget,. They go to people with physical or intellectual disabilities which render them unable to work and support themselves. According to the 1997 statistics, about 732,322 grants were awarded, which cost about R311 million (FFC 1997). Table 4.3 shows the number of beneficiaries of social grants in 1997. Altogether, about 3 million people rely upon grants, with the number of people benefiting indirectly being much larger. For many households, the grants received by one household member are the only means of survival for the whole household.

In July 1999, grants were increased by about 4% on average. Old age pensions, disability grants and care dependency grants increased to about R520 a month, foster grant to R374, and grant in aid to R94 per month. The increases did not keep pace with inflation.

Table 4.3 Number of beneficiaries of social grants, 1998

	Number of beneficiaries	Maximum value of monthly grants per beneficiary 1998, R
Old-age pension	1,768,569	490
War veteran grants	10,167	508
Disability grants	620,730	490
Child maintenance grants	228,331,	100
Maintenance grants to parents	172,216	-
Foster care grants	42,329	350
Care dependent grants	10,897	490
Grants-in-aid	9,002	90
Total	2,862,241	-

<sup>6</sup> Initiated by the Lund Report in 1996. Approved by Cabinet March 1997. Started delivery March 1998.

In 1998/99, the Department of Welfare distributed approximately R1.3 billion to approximately three million recipients per month. Old-age pensions account for about two thirds of the budget and the largest number of beneficiaries. Table 4.4 reflects the provincial distribution of grants in 1998. All in all about R15.5 billion was transferred to private households in 1998.

About two thirds of the recipients are women. Women are more likely to receive grants targeting care-givers, such as maintenance, care dependency, child support and foster care grants. Seven out of ten old age pensioners are also women, reflecting a lower eligibility age, higher average life spans and greater poverty among women (National Expenditure Survey 1999).

Table 4.4 Number of Grants by province, July 1998

	Old age	War veterans	Disability	Grant in Aid	Parent allowance
Western Cape	140,567	2,525	86,427	4,475	61,166
Eastern Cape	344,841	1,352	132,007	903	33,055
Northern Cape	31,242	409	32,382	1,248	17,709
Free State	110,972	339	45,235	148	9,269
KwaZulu Natal	389,152	1,607	146,921	1,141	32,214
North West	138,797	511	50,690	120	1,403
Gauteng	222,212	2,341	57,416	695	8,874
Mpumalanga	121,011	272	29,698	83	1,002
Northern Province	262,775	811	39,954	189	7,524
Total	1,768,569	10,167	620,730	9002	172,216

	Child care	Foster care	Care dependency	Total number of grants	Total grants amounts per month
Western Cape	72,567	13,991	1,521	383,239	149,584,954
Eastern Cape	43,637	7,766	1,128	564,689	256,138,446
Northern Cape	21,248	3,055	225	114,518	44,933,207
Free State	11,106	3,187	292	180,548	82,445,648
KwaZulu Natal	40,791	5,208	4,867	621,901	285,377,838
North West	3,941	1,594	350	197,406	95,215,128
Gauteng	16,967	5,580	1,223	315,308	146,136,853
Mpumalanga	7,094	1,156	288	160,604	76,094,402
Northern Province	10,980	792	1,003	324,028	154,145,324
Total	228,331	42,329	10,897	2,862,241	1,290,071,801

Source: Department of Welfare 1999

### 4.3 Social Welfare services

Social welfare services focus on programme delivery to the vulnerable, who have special needs and those who are at risk. About 3% of the total welfare budget is allocated to social welfare services. Key areas of focus are children, youth, people with disabilities, the aged, crime prevention, substance abuse, etc. About four-fifths of the budget goes to child and family care.

While welfare service is critical to millions of South Africans, it was strictly divided along racial lines. In 1993, per capita expenditure for Whites for rehabilitation of alcohol and drug abusers and for the care of disabled was almost ten times higher than for Africans. Inequality in the care of the elderly was higher: per capita spending on Whites was almost twenty times as much as for Africans (NEDLAC 1997). While expenditure has been directed at removing racial discrimination, delivery has also been constrained by shortage of funds.

The Department of Welfare advocates a new approach to welfare, which is that of *developmental welfare*. This concept is a shift from the common conception of welfare as “handouts” (PIIR, 1998), to that of creating an environment in which people are given the opportunity to be able to help themselves and are empowered to become self-reliant. It is an attempt to develop human capacity. The mechanisms for achieving this goal would be through rehabilitative, preventative, developmental and protective services and facilities, as well as social security, including social relief and social care programmes (Dept of Welfare Annual Statistics Report, 1996/7: 6).

A total number of 323 service centres are available in the country, catering for 47,381 people. Gauteng has the highest number of service centres at 107 followed by Western Cape at 62. An overall utilisation figure of 108% exists, with the largest utilisation rate in the Northern Province of 266%, followed by the Free State at 160%. The lowest utilisation rate is in the Northern Cape, with only 39%. When weighting these figures by population figures, the provinces with the most access to these centres are KwaZulu Natal and the Eastern Cape, while Free State and Western Cape have the lowest access (Department of Welfare 1999).

### 4.4 Social Development

Social development spending embraces the core of a social developmental *approach* to the delivery of welfare and it accounts for 0.4% of the total budget. Social development includes the goals of co-oriented, integrated and targeted poverty eradication programmes within government, and building the capacities and assets of the

poor in close relationships with civil society. This is to be accomplished by creating awareness of these issues in government, realigning and re-orienting programmes in line with the developmental approach to delivery, especially of welfare services, and by establishing the institutional structure at provincial levels (Dept of Welfare Annual Statistics Report, 1996/7:7).

As part of its development programme, the Department of Welfare has developed a *Flagship programme*, which targets unemployed single women with children under the age of five. This programme, launched in 1996, demonstrates the new developmental approach to welfare by combining skills training and early childhood development with income generation activities. The programme seeks to give unemployed women, who have previously been excluded from economic empowerment, basic life skills training and co-operative employment opportunities (National Expenditure Survey, 1999: 152). It is perceived as part of the government's strategy to eradicate poverty, helping single women to become economically and socially independent (National Budget Review, 1998).

Table 4.5 Flagship programmes in different regions

Province	Sites	Programmes	Numbers
Eastern Cape	Bizana	Vegetable garden, chickens, pigs	70 women*
	Eliotdale	Bakery	60 women*
Free State	Tsheseng QwaQwa	Bakery, poultry	70 women
	Vrede (planned)	Brickmaking	210 children
Gauteng	Bekkersdal	House of meals, food garden	85 women
	Bronkhurstspruit	Leather work, weaving, community kitchen	150 children
KwaZulu Natal	Bhambanana	Poultry, spaza post office, gardening, sewing	200 women*
	Azalea, Pmb	Poultry gardening	160 women*
Mpumalanga	Driefontein	Sewing, amazi, bread, poultryread	333 women
	Nkomazi	Bricks, food, poultry	305 children
	Zaaiplaas	Poultry, food, b	-
Northern Cape	Fraserburg	Offal cleaning and marketing	40 women & 50 children
Northern Province	Bochum district	Communal vegetable garden	92 women & 117 children
North West	Mathateng	Candles, food garden, chicken rearing and marketing, sewing	130 women & 327 children
Western Cape	Khayelitsha	Printing on material & paper	36 women
	Beaufort West	Community vegetable garden	32 children

Source: National Budget Review 1998

\* = Being recruited

Each province is responsible for developing between one and three projects involving 120 to 180 women, who should not be in receipt of social security benefits, not be in school, and should be permanently resident in the target area. The programme is administered by Provincial Consortiums characterised by community participation and control.

In the first year, each project is allocated R400,000, in the second year the allocation decreases to R300,000, and in the third year it is further reduced to R200,000 (National Budget Review, 1998). The programme includes various activities, which range from vegetable gardens, bakery, sewing, spaza shops, to printing on material and paper. The programme also offers childcare for the young children of the participants. By early September 1998, a total of R2.9 million had been spent and 1448 women and 1863 children were reached through the programmes. Table 4.5 shows the flagship programmes in various regions.

The Department of Welfare, focusing on women, children and youth has established a new programme on *income generation*. The department is offering once-off funding to community based organisations that work with very poor communities (below the poverty line) to initiate income generation programmes. Funding will take place through existing organisations that have infrastructure and management systems in place and are currently involved with development programmes. The Department plans to make use of the 2000 NGOs (for development projects) who are presently receiving funds from them (National Budget Review, 1998:6.60).

## 4.5 Welfare recipients

In our survey, we found relatively high rates of poverty within the three provinces, with only few variations between Gauteng, KwaZulu Natal and the Northern Province.<sup>7</sup> About 17% of the respondents in all three provinces said they go hungry often, or at least once a week. Another 20 to 24% said they go hungry at least once a month.<sup>8</sup> Women more likely go hungry than men, with only 46% of women

<sup>7</sup> Please note that there are existing discrepancies in the rates of provincial poverty provided by different surveys. For example, StatsSA puts poverty rate in the Free State (63.4 percent) higher than that of Northern Province (59.1 percent). According to the RDP report however, the Northern Province has a higher poverty rate (69 percent) than the Free State (63 percent) (CSS, 1995 Income & Expenditure Survey; RDP, 1995).

<sup>8</sup> The percentage differences between the provinces is too small to make any reliable conclusions.

reporting they never go hungry, compared with 55% of men in the three provinces. Figure 4.3 portrays the gender differences in hunger in the three provinces.

There is also a much higher likelihood of people going hungry in informal and rural areas than in metropolitan or formal urban areas. Sixty one percent of people in formal metropolitan areas, and 52% in small urban areas say they *never* go hungry. In comparison, only 19% in urban informal areas say they never go hungry. Forty one percent in rural areas claim that they never go hungry. There is, furthermore, a small, but significant, impact of receipt of grants upon the extent to which people go hungry. If people receive grants, it is less likely that they will go hungry or go hungry as often than if they receive no grants at all. The major impact on whether people go hungry is, however, their individual and household income. Grants have an indirect, but major impact by contributing to the household income. Figure 4.4 portrays the differences between rural, urban and informal settlements in terms of hunger.

Figure 4.3 "Never go hungry": Hunger and gender by province (no 2600)

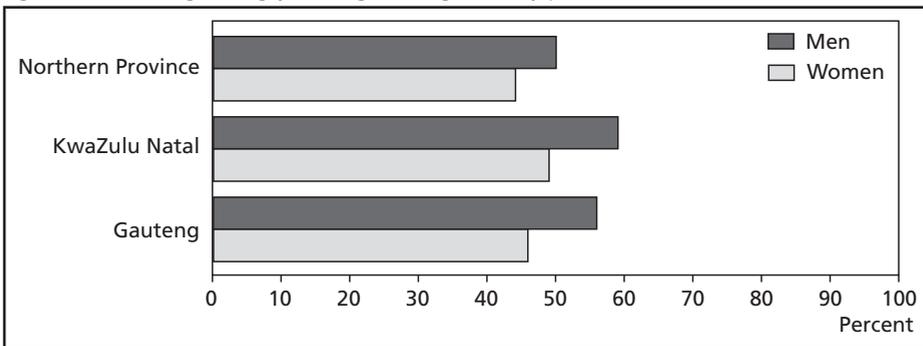
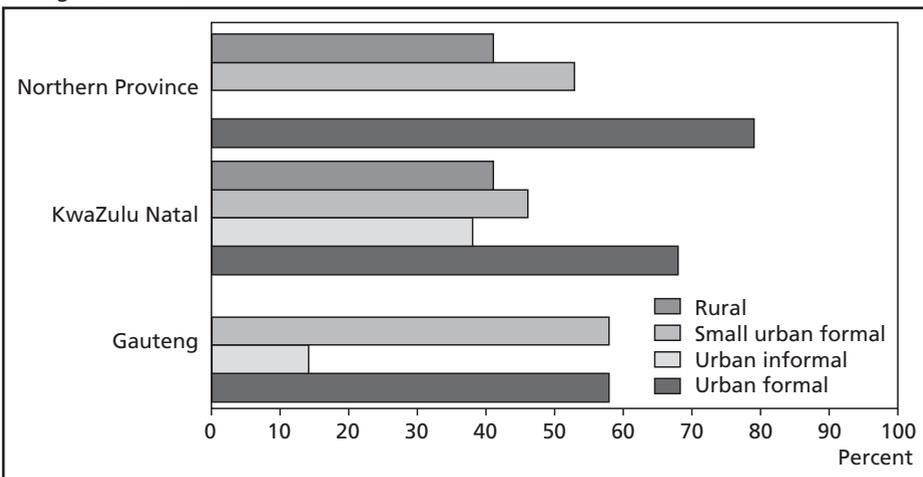


Figure 4.4 "Never go hungry": Hunger in rural, urban and informal areas by province, Percentages (no. 2600)



Racial differences in income and economic status are confirmed in the racial differences in hunger in the three provinces. While whites are never hungry because of food shortages, African people often are (figure 4.5).

Our survey indicates that a large minority in the three provinces receives grants from the government. Table 4.6 portrays the percentages of our respondents in the various provinces who receive grants, the extent to which they have difficulties in getting their grants and what kind of difficulties are most often experienced. Even amongst those who qualify for grants, there are still many problems in getting access to them: ID card problems, lack of documentation of age, problems cashing cheques, delays in obtaining pensions, non-payment even after it has been awarded etc. (PIIR 1998). This is confirmed by our survey.

These grants do make a difference to people’s survival. Analysing our data further, we find that, amongst people with no individual income or less than R200 a month, there are fewer people who regularly go hungry amongst those whose households receive grants (47%) than amongst those who do not (57%). Without pensions

Figure 4.5 “Never go hungry”: Hunger due to food shortage by race and province, percentages (no 2600)

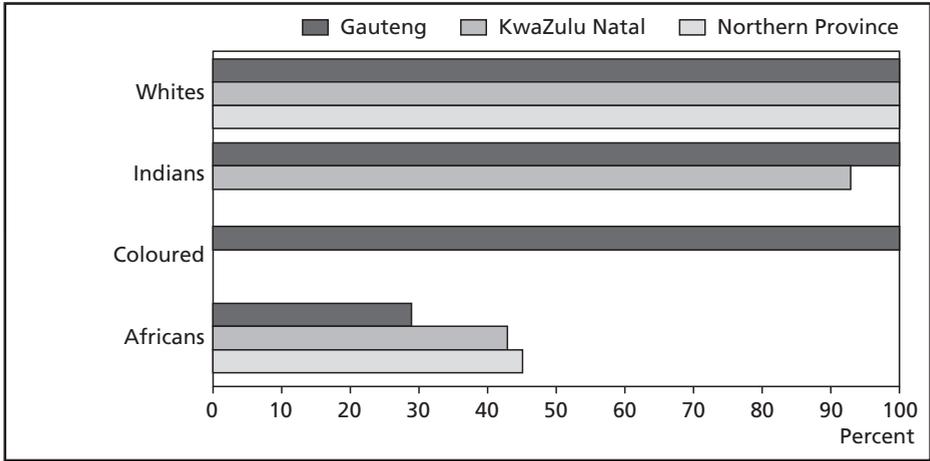


Table 4.6 Recipients of Grants in Gauteng, KwaZulu Natal and Northern Province. Percent (n 2619)

	Gauteng	KwaZulu Natal	Northern Province
Respondent or household member received grants	23	40	35
Difficulty in collecting grants	15	14	12
Main difficulty in collecting grant	Transport/distance	Grants terminated without reason	Grants terminated without reason

and grants, many households would collapse. Furthermore, more women than men receive grants: 34% of female-headed households in our three provinces receive grants as compared with 27% of male-headed households. Figure 4.6 portrays the gender differences in receipt of grants in the three provinces.

Furthermore, 34% of African households, as opposed to 20% of White households, receive grants (figure 4.7).

Compared to households in formal metropolitan or semi-urban areas (31%), or households in informal areas (19%), a relatively large number households in rural areas (40%) receive grants. While this provides support for the argument that grants promote redistribution, our results also seem to indicate that there are more problems with getting grants paid out in the urban informal areas or, alternatively, less people or smaller groups qualifying for grants. This is supported by the finding that about half of those who report they or their households receive grants are actually pensioners and that this group is generally larger in the rural areas. Previous research has shown that poor households spend a larger share of their income on food than better-off households. Likewise, households receiving grants generally spend more of their money on food than others who do not receive grants but survive on regular

Figure 4.6 Receipt of grants by gender and province (no 2600)

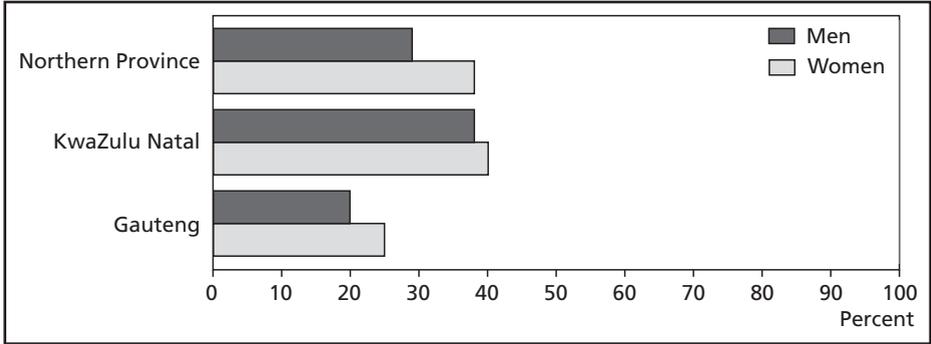
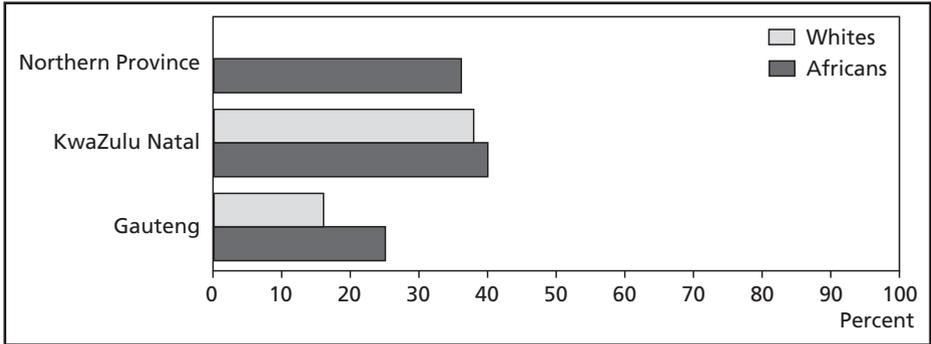


Figure 4.7 Receipt of grants by race and province (no 2600)



incomes alone. With grants assisting poor households in their struggle to survive, not surprisingly, there are also more people who believe that government delivery has been just right amongst those who receive grants than amongst those who receive nothing from the government.

## **4.6 Discussion and tentative conclusions**

The Welfare budget is being used as a strategy to reduce poverty and promote human development. It accounts for close to 10% of the national budget. Welfare policies and programmes are designed to address transient poverty (short term, temporary or seasonal poverty) as well as chronic poverty, which is long term or structural. The provision of social security is crucial for many households and communities, which would have collapsed without it (PIIR, 1998). For one in four amongst the poorest quintile, social assistance is the main source of income, compared to only 5% amongst other households (van der Berg 1997). A two-pronged approach in addressing poverty has been adopted, with social security measures to alleviate short-term needs and desperation, while long-term measures of social development are put in place as a long term strategy to prevent poverty.

### **Public or private responsibility?**

The state is not the only provider of welfare and social security in South Africa. Yet, the shift away from institutionally-based models of care and fiscal constraints have left welfare institutions and NGOs facing several constraints. The move towards community care programmes stretches the already scarce resources of families and communities. And increased demands are now put on family care-givers, who are most often women (NEDLAC 1997). The White paper for Social Welfare states, for example, that the state will only admit old people who are frail and indigent to old-age homes; the focus will be on community care for the aged rather than on state-subsidised old-aged homes. This will impact first and foremost on women. The Maintenance Bill will, on the other hand, greatly empower women who are single mothers by giving the courts the right to grant maintenance orders in the absence of defaulters and order that maintenance can be deducted from the wages of defaulters.

## **Developmental social welfare**

There is a policy shift taking place in the welfare sector towards developmental social welfare. The Flagship Programmes are one good example of this approach. Ultimately, the Programmes aim to generating models of job creation.

Some would argue that this shift is premature due to high demands for traditional social work services and extreme levels of poverty (PIIR 1998). The PIIR (1998) also argues that while social workers are expected to utilise a developmental approach to welfare, there is not yet an understanding nor general agreement as to the *definition* of developmental social welfare. On the other hand, the government points out that the traditional services did, in fact, not meet the needs of the poorest, especially in rural areas. Therefore, the Department of Welfare argues that the developmental social welfare approach, combined with limited social security, has far greater impact on poverty alleviation (SA Govt. 1998). The level of social security being paid out at present is also seen as impossible to sustain over longer periods in South Africa due to fiscal constraints. Yet, in spite of the long-term policy change, Welfare still spends a large, and actually increasing portion of its budget on social security. And while some like the PIIR report (1998) argue that social security should still form the essential part of welfare, rather than developmental welfare, others, like the Parliament's Welfare Portfolio Committee, feel that the huge budget allocation to social security leaves limited resources for social welfare and other programmes of the department. But, in the short-term, the Department of Welfare has few options. The provincial budget allocation has increased from 88% to 91% through the mid 1990s. And dealing with the high and increasing numbers of desperate grant seekers will be a continuous and formidable challenge.

## **Geographical differences in access to services**

Another difficulty in welfare delivery is providing services in remote areas. Difficulties of access and costs should be highlighted. Furthermore, rural areas also have less access to NGOs and independent providers of welfare. Welfare delivery is supposedly to depend on income, and not on the capacity of provincial administration. Yet, welfare delivery does differ between provinces and does not necessarily reflect needs. Table 4.7 shows per capita state expenditure (social grants) by province in 1995, 1998 and 1999.

Provinces with a large share of White and Coloured people and a relatively high income level per capita (such as, for example, the Western Cape, Northern Cape and Gauteng) had far greater social welfare resources than other provinces in 1995. By 1998, the distribution had changed in favour of the poorer provinces. Provincial redistribution under the FFC's formula (set out in the Concluding Chapter) improves the financial allocation to poorer provinces, but puts strain on poor people

Table 4.7 Per capita monthly state welfare expenditure by province, 1995, 1998 and 1999 (in Rand per provincial resident)\*

	1995	1998	1999
Free State	24.43	31.3	32.66
Gauteng	37.99	19.9	20.58
Mpumalanga	12.12	27.2	27.16
KwaZulu Natal	15.74	33.9	33.42
Eastern Cape	33.09	41.0	43.17
Western Cape	58.96	37.8	37.25
North West	10.13	28.4	30.33
North Cape	50.16	53.5	51.33
Northern Province	11.11	31.3	31.83
Total	28.32	31.8	32.42

\* The 1995 figures are from NEDLAC 1997, and the 1998 figures calculated on the basis of expenditure estimates from the Department of Welfare with population estimates from Stats-SA (Census 1996 final results). The table has some weaknesses. One is that the population figures are only available from 1996. The other weakness is that the table is calculated per capita and ideally presumes that the age distribution of the provinces is the same, i.e. that the number of pensioners, children etc. entitled to benefits are the same. The strength of the table is that it only reflects transfers and not government salaries etc. The NEDLAC figures would be calculated on the basis of the previous (1991) population estimates, which according to later statistics (Census 1996) under-estimated the population in urban areas. This may also imply that the per capita welfare expenditure for the more urbanised provinces such as Gauteng has been overestimated and the 1998 figure changes partly reflect the population estimate changes.

living in relatively better-off provinces. Moreover, increased financial resources do not guarantee the ability to put in place the human resources and institutions which are required to actually deliver. Finally, relatively well-resourced provinces such as Gauteng and Western Cape spend relatively more per capita on “other welfare facilities”, which confirms the unequal distribution of welfare facilities and the backlogs in certain provinces (Ministry of Finance 1999c).

### **Cleaning the system**

The collapse of effective local and provincial administration in some parts of the country, and particularly in the former bantustans, means that many people’s grants are delayed. Pay-out points are geographically dispersed and people often travel long distances, queue for hours and still do not get their money. Widespread corruption has also been uncovered in the dissemination of grants, with many “ghost-pensioners” and others registered for grants (Development Update 1999). Between March 1997 and February 1998, up to 20% of social grant claimants were found to be fraudulent or irregular. In an attempt to solve these difficulties, the government has

re-registered grantees in some provinces re-registered. By early 1998, as much as R60 million per month in false spending had been eliminated (RDP Monitor 1998). Furthermore, by May 1998, the Minister announced that as much as R160 million had been saved due to the suspension of 60,000 grants to deceased beneficiaries, and another R113 million by suspending 20,000 grants to beneficiaries who had reached the 18 year age limit (Development Update 1999). The funds were re-channelled to other welfare expenses and to an increase in the social security grant to R490 per month. However, during the re-registration process, many people had problems such as inadequate identification, or identification without age being identified or bureaucratic inefficiencies. The Poverty Hearings presented evidence which indicates that a large number of people have been adversely affected by the re-registration process, in spite of its good intentions (Development Update 1999). Furthermore, the increases in the social grants have not been sufficient to keep up with inflation.

The clean-up of the social security data base has progressed significantly. Monitoring and continuous improvements to the system are facilitated through both national and provincial involvement, monthly data discrepancy reports, suspensions, re-registrations and data linkages with the Unemployed Insurance Fund, Persal and others to identify people who receive double payments from the different funds. Yet, the lack of updated, reliable, detailed demographic data and information about household income levels, precludes rigorous planning and budgeting.

### **Cash or kind? Universal or selective?**

All in all, cash transfers are the most efficient way of redistributing income. In South Africa cash transfers are of two kinds: "social pensions" which transfer a large amount of money (about twice the median per capita income of African households in 1993) to people who qualify essentially by age and the child maintenance grant and the allied foster care and child dependency grants which, until recently, were only available to women under certain conditions, i.e. if she was unable to get financial support from the child's father. In most countries, such payments reach alternative populations. In South Africa, however, these payments, to a large extent, often reach both groups simultaneously because of the family structures. About a third of all children in South Africa lived with a pensioner in 1993 (Swamy 1997). The regularity of pension payments not only benefits whole households, but studies have also shown that their use as collateral in the informal sector credit markets makes them additionally pro-poor (Swamy 1997). The size of aggregate welfare payments or transfers may, in fact, be able to rise to higher shares of GDP than currently.

The income testing needed for the various grants may, however, open up provincial and local differences. Administrative systems need to be improved to allow,

for example, Africans in rural areas to benefit from the child grant at an equal level as other groups. Institutional inefficiencies gave rise to and perpetuated differences in the past, and there is no guarantee that this will not continue in the future. In the rural areas, information channels are poor, literacy is low, there is no “right-based” culture, traditional patriarchal systems tend to inhibit women from applying for grants and the distance to places where there are suitable administrative centres are enormous. Administrative shortcomings may become a blockage for the decisively redistributive aims of the new grants in favour of Africans and rural vulnerable groups. The changes in the child grant system did remove an *entitlement* away from the majority of the poor, who would have qualified if they had had the information and resources to apply for the grant and had the administration been in place in order for people to effect their rights. The new child grant removes this entitlement and puts in its place a more affordable system, but a lower benefit for the recipient (Barberton 1996).

International experience shows that means testing may encourage people to withhold information. Furthermore, it is difficult and more expensive to administer. It also becomes difficult in settings where transfer payments in the form of welfare grants are integral to more people’s survival than just the grant recipients, especially in rural areas. The overarching question is whether the administrative and monitoring costs of income testing are higher than the costs of extending the benefits on a universal basis. Compared to, for example, a Western European setting, the numbers of “unworthy” potential beneficiaries (ie, those with a high enough income not to qualify for benefits under the present system) would be relatively low in South Africa. The costs of giving out a child grant to everyone in the population who has a child would have to be compared with the administrative costs of testing each and every recipients’ income.

About R15.5 billion is currently transferred to private households every year. Personnel costs contribute to less than 5% of spending. Yet, while contributing to assuring a minimum standard, the grants *may* currently be less effective in aiming towards real *redistribution*. Approximately R5000 is received on average by each of the about three million recipients of grants in South Africa yearly. The redistribution effect depends, however, on whether there have been shifts in the *payments* of these grants. The fiscal consequences of universal grants could be reduced by clawing back some spending through higher income tax, both by removing the old-age rebate and by the normal operation of the income tax scales (van der Berg 1997).

The growth in spending on social transfers has, in fact, been modest during the past few years reflecting, according to the government, a re-orientation of social security and welfare services and progress in reducing fraud and misuse (Budget review 1999). Yet, while the government is to be complimented for reducing fraud

and misuse, questions still remain as to the re-orientation of the welfare budget and the relative actual decline of spending on *cash* transfers.

The Department of Welfare faces formidable challenges. Its responsibilities are in the area of poverty eradication and alleviation. Yet, the factors that influence the likelihood of people ending up in poverty are employment, education and skills – all factors that are outside the focus areas of the Department of Welfare. In this respect, the tasks of Welfare are, to a large extent, forced into being those of *reacting* to the situation of high poverty levels rather than being able to successfully *prevent* them. On the other hand, the overall budget constraints make it equally difficult to do so. At the present time, the extent to which people receive grants does seem to determine the *survival* of whole households, but has limited impact on whether people go *hungry* or not.

# Chapter 5 Housing: a question of quality?

**Malehoko Tshoedi, Fafu**

Housing is regarded as a basic human right and a key pillar of the RDP. It provides shelter, but also a potential asset and income source through rent-outs and is a source of credit and basis for economic enterprises. Secure housing is a productive asset, which may protect the poor against the most crushing impacts of poverty.

The new government inherited not only segregation and bantustan policies, which resulted in extremely skewed access to housing, but also specific housing *policies* which saw the private sector as the prime motor for housing and site-and service schemes (Savage, 1990). By 1992, only 50,000 houses had been built by the old government. The *acute* housing shortage has been estimated at 1.6 million units (*SA Development Monitor*, Dec. 1997). The RDP estimated the total backlog at 3 million houses, while estimates by the Department of Housing sets the housing shortage in urban areas *alone* at 1.9 million in 1996.<sup>1</sup> Approximately nine million people live in shacks, and there is severe overcrowding of much of the formal housing stock. The 1996 Census estimates that 33% of households in South Africa live in dwellings with two rooms or less (Stats SA 1998). Furthermore, tens of thousands live in hostels designed for male migrants. The RDP promised one million houses within the first period of democratic governance.

## 5.1 Housing policies, regulation and funding

The essence of current housing policy is represented in the 1994 White Paper, a Record of Understanding between government and the Banking Council, several implementation manuals, task team reports and the Housing Act which was finally adopted in 1997. In formulating housing policy, the new government has made a shift from the previous government's policy-making style by involving various stakeholders in the policy formulation process. The 1997 Housing Act is a product of extensive consultation, negotiation and deliberation with many role-players in the housing sector, including national departments, provincial housing departments,

<sup>1</sup> Departmental estimates suggest that another 400,000 houses may be needed in rural areas.

national and provincial housing boards, the private sector, civil society and organised local government. (Annual Report, 1997). The Act aims to facilitate sustainable housing development in which national, provincial and local governments, the business sector and ordinary people co-operate to progressively realise citizens' right of access to adequate housing. Its objective is to alleviate the plight of the homeless and the poorest of the poor and it specifically targets this group.

The most far-reaching and important programme is the national subsidy-scheme. In order to increase equity, the allocation of subsidies is based on household income, with those earning the lowest salary receiving a higher subsidy. Table 5.1 shows the allocations made to provincial housing since the new government came to power in 1994.

The housing subsidy is mainly funded through allocations from the national budget.<sup>2</sup> The government has also received international donations for housing.<sup>3</sup> Provinces receive their allocations directly from the national office and the allocation per province is based on need and the backlog in each province. *Gauteng*, as one of the provinces that has a high shortage of houses as a result of immigration and the high population growth rate, receives the highest allocation from the national office. Gauteng receives 31% of the national budget. Table 5.2 sets out the provincial differences in terms of population, housing back-logs and allocation of funds.

Table 5.1 Amounts allocated to the provinces, 1993/94 to 1999/2000 (R million)

1993/94	1659
1994/95	2693
1995/96	1800
1996/97	0
1997/98	3135
1998/99	3170
Estimate 1999/00	2925

Source: Department of Housing Information

<sup>2</sup> The housing allocation in 1998/99 was 24 percent lower than in the previous year reflecting the shifting of bulk and connector infrastructure grant funds to the Department of Constitutional Development. The decrease of the programme also reflects the decrease of the housing support initiatives from R150 million in 1997/98 to R50 million in 1998/99 (Budget Review 1998/99).

<sup>3</sup> The Swiss government, amongst others has contributed large funds of about R7 million to the City Council of Port Elizabeth for housing and R6 million for water and sanitation in the same project. The Netherlands has donated R255,000 towards the Phola Park project. The European Union has also donated about R7 million and 'USAID has contributed R958,000 to cover for the costs of consultants for the department.

The total budget for the provinces in the 1999/2000 financial year is R2.9 billion. These funds will cover capital costs, while operational costs (personnel) are to be covered from the provincial budgets. Table 5.3 reflects allocations for provincial housing delivery since 1994.

Table 5.2 Housing needs and allocation of funds\*

	Population		Housing back-log (No. of houses needed)		Funding 1999/00
	Actual population	Percentage share	1994	March 1999	R millions
Gauteng	7,348	18.0	761,000	697,197	737.1**
KwaZulu Natal	8,417	21.0	473,214	855,562	579.2
Northern Province	4,929	12.0	180,667	535,096	228.2
Western Cape	3,957	10.0		173,918	351.0
Northern Cape	840	2.0		17,105	55.6
Eastern Cape	6,303	15.5		717,996	394.9
Mpumalanga	2,801	7.0		192,682	160.9
Free State	2,634	6.5		261,250	210.6
North West	3,355	8.0		343,523	207.7

\* Population estimates and 1999 housing back-log figures from the Census 1996 (Final results). The 1994 housing back-log figures were more speculative and had a strong urban focus. Differences between 1994 and 1999 do therefore not necessarily indicate any progress in needs or delivery, but may simply reflect different data sources. The budget information is from the department of Housing, October 1999 and includes both yearly allocations as well as unspent funds from the previous years allocation.

\*\* On top of their about 737.1 million allocation Gauteng also administers a R645 million budget for the Katorus Urban renewal project.

Table 5.3 Allocations for Provincial Housing delivery 1994-2000 (R 1000m)

Provinces	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	Total
Eastern Cape	302.1	273.6	0	274.3	428.0	394.9	1,370.8
Free State	164.9	124.2	0	138.2	228.3	210.6	701.3
Gauteng	684.9	437.4	0	790.8	798.9	737.1	3,449.1
KwaZulu Natal	556.5	351.0	0	842.7	627.8	579.2	2,957.2
Mpumalanga	175.2	95.4	0	168.4	174.4	160.9	774.3
Northern Cape	102.4	32.4	0	74.7	60.2	55.6	325.3
Northern Province	214.4	154.8	0	189.8	247.3	228.2	1,034.5
North West	156.7	126.0	0	263.9	225.1	207.7	979.4
Western Cape	335.7	205.2	0	392.2	380.5	351.0	1,664.6
Total	2,692.8	1,800	0	3,135	3,170.5	2,925	13,723.5

Source: Department of Housing October 1999

Table 5.4 Provincial Housing Expenditure 1994–1999

Provinces	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000 (up to Sept)
Eastern Cape	60.5	64.3	133.1	274.3	387.1	176.2
Free State	103.2	49.3	202.3	138.2	191.9	113.1
Gauteng	400.4	346.9	567.9	790.8	797.6	470.1
KwaZulu Natal	303.4	140.6	335.3	842.7	600.2	198.9
Mpumalanga	69.5	77.6	175.5	168.4	108.3	56.6
Northern Cape	54.9	48.2	53.5	74.7	70.9	30.6
Northern Province	21.7	17.3	111.2	189.8	239.4	108.8
North West	37.6	30.1	123.9	263.9	221.4	58.6
Western Cape	284.1	156.7	235.2	392.2	407.7	181.3
<b>Total</b>	<b>1,335.3</b>	<b>931</b>	<b>1,937.9</b>	<b>3,135</b>	<b>3,024.5</b>	<b>1,394.2</b>

The provincial departments received no allocations of funds in the 1996/97 financial year, due to large amounts of unspent funds in the previous years. Delivery was very slow until 1997, while planning, preparations and strategies were drawn up. Funds were continuously rolled over from one year to the next. About R 3 billion has been made available for housing subsidies each year in the past three years. Table 5.4 shows provincial expenditure since 1994.

## 5.2 Government delivery

The Department of Housing now delivers infrastructure through its housing subsidy programme; the Special Integrated Presidential Projects and the Bulk and Connector Infrastructure Ground Programme. About R11.2 billion was spent on housing delivery in the period from 1994 to August 1999. The housing subsidy schemes are linked to household income. Table 5.5 reflects the allocations as of 1999.

There are essentially four different types of subsidies, all of which are allocated by provincial housing boards. All the subsidies *may* be credit-linked. Subsidies are allocated in the name of the beneficiary to pay for a housing opportunity (which can range from a stand to a full housing unit) and operate as follows:

Table 5.5 Housing subsidy schemes and household income

Household income (R)	Subsidy (R)
0–1500	16,000
1,501–2,500	9,500
2,501–3,500	5,000

- **Project-linked subsidies:** are made available to developers undertaking projects on behalf of beneficiaries. The projects must be approved by Housing Boards and are intended to enable people to purchase residential properties.
- **Individual subsidies** are made available to individuals for the purposes of acquiring a new or existing property. The amounts are reflected in the table on the previous page.
- **Consolidation subsidies** are granted to beneficiaries who own a site in a state-financed site-and-service scheme such as the Independent Development Trust's capital subsidy scheme. This subsidy is intended to help individuals build or upgrade a house on the site. These subsidies are only approved on a project basis once individual beneficiaries have entered into agreement with a developer.
- **Institutional subsidies** are made available to organisations or co-operatives, which form themselves into appropriate companies or communal property associations in order to acquire and/or develop residential property.

The subsidies are available on a sliding scale to households earning less than R3,500 per month. Most of the subsidy programme is project-linked.<sup>4</sup> And most of the funds allocated to project-linked subsidies go to the lowest income groups. Similar proportions apply to the non-credit individual subsidies. Credit-linked subsidies show a different pattern with 34% of the subsidies being paid out to the highest income earners (R2,501 to R3,500) while only 2% went to the lowest income category earning less than R800 per month. Simultaneously, only about 9% of the programme is linked to credit.

A second key area of intervention by the government therefore concerns the expansion of housing credit to the poor. This is achieved by making resources in the finance sector more easily available by assuming some of the risks usually taken by the private sector. Banks generally do not give out loans to people with incomes less than R2,500 a month. Institutions aiming to assist low-income consumers with access to credit have been established. Subsidies were expected to cover only a very modest low-cost house (on average about 20-25 square metres). Individual credit facilities or savings should finance needs beyond that. The department has itself stated that "to house a family adequately, a counter contribution to the value of R3 is required from other sources for every Rand that the government spends on

<sup>4</sup> In January 1997 for example, 85 percent of the funds was allocated to project-linked subsidies (NEDLAC 1997).

housing” (Housing the Nation, 1997). The Department of Housing set up the National Finance Corporation in June 1996, with the aim of facilitating finance for those who do not have easy access to formal credit markets. The National Housing Finance Corporation disbursed a total of R443 million into the lower end of housing market in the 1998/99 financial year, which is a significant increase on the R258 million allocated the previous year. The National Urban Reconstruction and Housing Agency offers guarantees for bridging finance to developers of low-cost houses. Other government initiatives and institutions were also established in order to facilitate access to credit for low-income groups.<sup>5</sup> Delivery of housing subsidies is shown in table 5.6.

Table 5.6 Processing of housing subsidies 1994–1999

	1994-Febr. 1996	To mid 1997	To end 1997	1998	June 1999
Subsidies approved	272,475	555,000	673,188	735,000	1,079,500
Houses completed or under construction		192,815	233,735	469,000	797,420
Subsidies paid out	27,461				

Source: Department of Housing 1999

Table 5.7 Subsidies approved by August 1998 (Excluding Gauteng and Kwa-Zulu Natal) (National Expenditure Survey, 1999)

Province	Number of women	Percent women	Number of men	Percent men	Total number
Eastern Cape	20,385	45	24,551	55	44,936
Free State	12,709	44	15,932	56	28,641
Mpumalanga	6,109	20	24,786	80	30,895
North West	11,713	37	19,831	63	31,544
Northern Cape	3,838	26	10,734	74	14,572
Northern Province	7,017	45	8,646	55	15,663
Western Cape	13,510	37	22,979	63	36,489
Total	75,281	37	127,459	63	202,740

<sup>5</sup> Servcon Housing Solutions was established in June 1995 to address issues stemming from bond boycotts and to address defaulting bond holders to “right-size” or buy back property. The Mortgage Indemnity Fund was established in June 1995 and run until May 1998, the purpose of which was to assist in those areas where banks had pulled out. The “People’s Housing Process” also aimed in assisting with setting up a number of initiatives to support people who are building houses. Housing schemes operated by NGOs also assist people to save for the construction of houses. The Homeless People’s federation has for example mobilised savings schemes for 50,000 families and built 700 houses without using the subsidy scheme (NEDLAC 1997). The government set up uTshani Fund also assists organised groups in building houses though their own savings, often utilising their own labour.

By mid 1997, most provinces still had a long way to go in reaching their targeted contribution to the one million houses. Altogether, the approved 555,000 subsidies only added up to about half of the RDP target and one third of the urban housing shortage. Delivery speeded up in 1997. Between April 1994 and September 1998, 936,754 housing subsidies were allocated and 629,449 housing units completed or in progress (National Expenditure Survey, 1999). By the end of June 1999, 1,079,500 housing subsidies had been approved, more than the target set by the RDP in 1994.

The department has taken into consideration that women are the most disadvantaged in terms of access to services, and priority has been given to women in the allocation of subsidies. The department has also established a women's reference group to advise the minister on the impact of policies on women. The database of the Department of Housing, the Housing and Urbanisation Information System (HUIS), shows that out of the 200,000 new housing subsidy allocations in seven provinces by August 1998, 37% of all approved subsidies were registered in the name of women. In the Eastern Cape, Northern Province and Free State approximately 45% of subsidies were registered to women (National Expenditure Survey, 1999). Table 5.7 shows the distribution of housing subsidies by gender.

### **The Special Integrated Presidential Projects on Urban Renewal**

To kick-start development in major urban areas, the government identified Special Integrated Presidential Projects as important in advancing the RDP. The focus of these projects is mainly on areas that were affected by violent conflicts in the early 1990s, as well as communities perceived to be in crisis. In establishing this programme, the government attempted to ensure an integrated approach to the provision of infrastructure, housing, community and recreational facilities, as well as job creation, with a view to transforming previously disadvantaged communities and creating sustainable living environments. As table 5.8 shows, various projects that have been implemented since 1995, benefiting 31 communities. Most of these projects are expected to be completed by the year 2000.

These projects include provision of housing and hostel upgrading, infrastructure upgrading (such as roads and the provision of electricity and street lighting) and the provision and upgrading of general social services, such as childcare, schools, clinics, sports fields, libraries, police stations, etc. (Department of Housing Annual Report, 1997). Close to R2 billion was made available over a five-year period for the implementation of the programme.

Table 5.8 Special Presidential Projects in Different Regions

Eastern Cape	Duncan Village  Ibhayi	RDP budget of R140.7 million  The RDP allocation is R72.5 million
Free State	Thabong- water reticulation; sewerage; roads; storm water and traffic; community facilities; institutional capacity; refuse removal; and electricity. Most projects are either completed or near completion..  Other Free State Projects - Projects in Bultfontein, Harrismith, Allenridge, Bloemfontein and Botshabelo are to be completed during 1998.	About R35.7 million has been allocated to this SIPP  The RDP budget is R35.6 million
Gauteng	Katorus - Some 354 projects have been approved with 203 projects completed. 120 in progress (construction and implementation stages), and 31 in a planning stage.	About R 544.2 million of the allocated RDP amount of R 644.9 million has been spent
KwaZulu Natal	Cato Manor - Most projects will be completed during 1999. Natal Disaster Fund - this project has been completed and the total RDP funds. Expended during 1998/99.	RDP budget of R130 million
Northern Cape	Galeshewe - Most projects have been completed.	RDP budget of R21 million
North West	Molopo River Basin - The largest projects in this SIPP are the World Centre for Youth and Scouting (R1.8 million) and the Mafikeng CBD stormwater project (R3.7 million).	RDP budget of R13 million
Western Cape	Integrated Service land Project in the Cape Metropolitan area. Contracts already completed amount to R23 million.	The allocation to this SIPP is R592.1 million

### 5.3 Provincial delivery and receipt

The provinces implement the programme through a capital subsidy scheme that has been established by the national department. The housing shortage varies by province, being influenced, amongst other things, by the population growth rate in each province, the level of urbanisation as well as the rate of migration. Table 5.9 portrays housing delivery in the provinces up to June 1999.

*Gauteng*, as one of the most industrialised and wealthy provinces, has had a major influx of people in search of jobs, and therefore high population growth. With a

Table 5.9 Housing delivery up to June 1999\*

Province	Total subsidies approved	Individual subsidies approved	Top structures completed or under construction	Projects approved	Projects started	Projects with houses in progress
Eastern Cape	94,217	11,693	80,663	160	145	120
Free State	58,278	14,562	57,434	133	132	129
Gauteng	355,870	29,262	203,294	156	140	126
KwaZulu Natal	178,831	9,583	154,606	310	242	181
Mpumalanga	64,156	9,006	48,498	42	42	40
Northern Cape	22,335	4,665	21,754	67	66	63
Northern Province	91,450	10,679	51,142	105	65	61
North-West	84,697	7,845	64,752	79	61	51
Western Cape	129,666	8,840	115,277	229	188	168
Total	1,079,500	106,135	797,420	1,281	1,081	939

\* Information from the department of Housing October 1999

population of 7.5 million, the province has a housing back-log estimated at about 761,000 houses, escalating at a rate of 40,000 households per annum as a result of growth and inward migration (Annual Report 97/98). It is estimated that some 2.5 million people are presently landless within the province. The *Gauteng* housing department has approved 355,870 subsidies and 203,294 houses are either completed or under construction. In addition to the Project-linked Subsidy Scheme, projects include the Inner City Institutional project, which is a joint project between the Housing Department and Social Housing Associations and the communities involved. High-density projects also fall within these projects. Local authorities seem to play a major role in the facilitation of this project. Transitional housing is provided through joint co-operation between the department, Local Authorities and Housing Institutions or NGO's. The *KwaZulu Natal* Provincial housing Board had, by June 1999 approved 178,831 subsidies and 310 projects. The department expected to reach a target of 195,000 houses by the end of 1999. The *Northern Province* received about R1 billion in subsidy funds between 1994 and March 1998. About 91,450 subsidies had been allocated and 51,142 houses were completed or under construction by June 1999.

### Beneficiary's perspective of delivery

The interviews with government officials, as well as information from the housing department, seem to indicate that housing delivery is on the right track. However, whether the people on the ground have the same perception is possibly another issue. When asked whether they have noticed housing projects in nearby informal settlement areas, 34% of our survey respondents answered in the affirmative. Figure 5.1

shows the responses on the observation of housing projects to improve informal settlement in the past five years.

Positive impressions of delivery are much higher in Gauteng, with 47% of respondents saying that they had seen new projects in informal settlements, while only 25 % of the respondents in KwaZulu Natal had noticed any new projects and only 19% in the Northern province. It should be noted the Department of Housing has not given particular priority to the upgrading of informal areas. Informal settlements are often found on “undevelopmental land” that is either too steep, dangerous, in flood risk areas or on dolomite ground. For such reasons, the Department has often given priority to developing “green areas” and re-allocating people.

Although the statistical difference in provinces may suggest that Gauteng province is far ahead of others in improving informal settlements, the high rate response could also be linked to the fact that this province has a high migration rate, and, as a result, informal settlement areas are large.

About half of the respondents had heard about the housing subsidies, while the rest knew nothing about the availability of such assistance. Compared to other population groups, Africans (43%) were more informed about housing subsidies than other groups.<sup>6</sup> More people had heard about the housing subsidy in Gauteng,

Figure 5.1 Noticed new housing projects to improve informal settlement in last 5 years (n1084)?

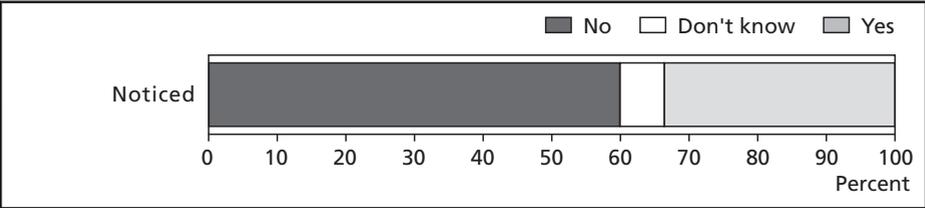
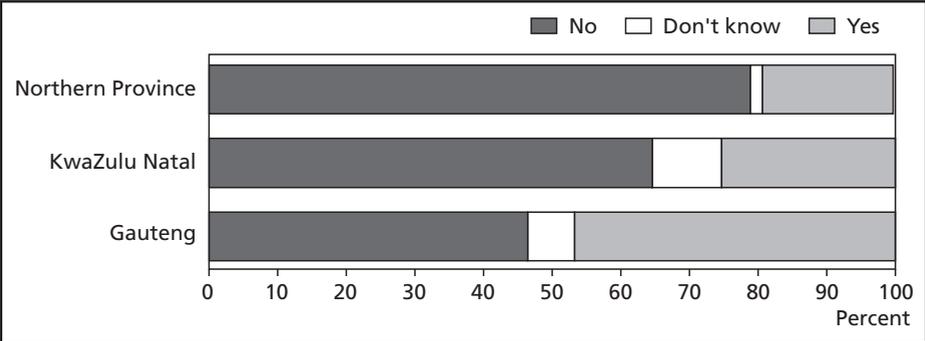


Figure 5.2 Noticed new housing projects to improve informal settlements in last 5 years by province? (n1075)



<sup>6</sup> Only about 2 percent of Coloureds and Indians and 5 per cent of Whites had knowledge of the housing subsidy schemes.

and Kwa-Zulu Natal than in the Northern Province. Figure 5.3 shows the number of respondents who heard about subsidies by province.

The dissemination of information about the availability of housing subsidies seems to a certain extent to be well targeted. The survey shows that the majority of those who have knowledge of the subsidy schemes are those with no proper housing structures, ie those in informal settlements. However, people in the rural areas are less likely to have knowledge about subsidy schemes. It seems, in other words, that information is more available and accessible to people in urban areas.

Compared to women, men were better informed about the housing subsidies. Fifty five percent of men knew about the housing subsidy compared to about 47% of women. Yet, there are more women amongst those who are informed who actually apply for subsidies (27%) compared to men (21%). This can be explained by the fact that half the women (52%) earn under R800, thus making them more eligible, as compared to 27% of men. This would also imply that the targeting strategy of the department is on the right track, as women are expected to be the main beneficiaries.

Figure 5.3 Heard of subsidies by province (n2553)

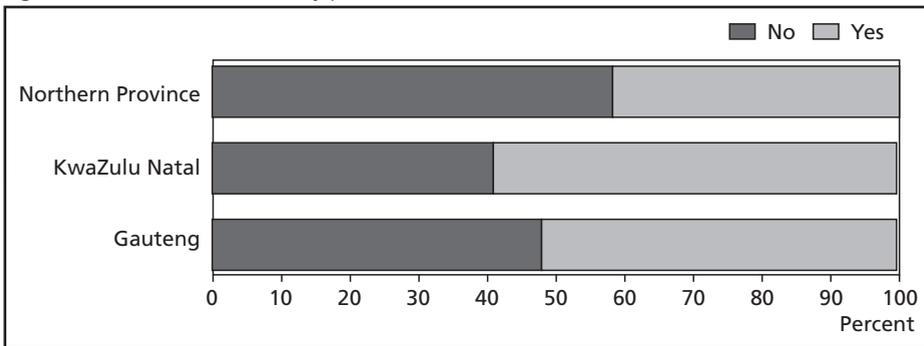
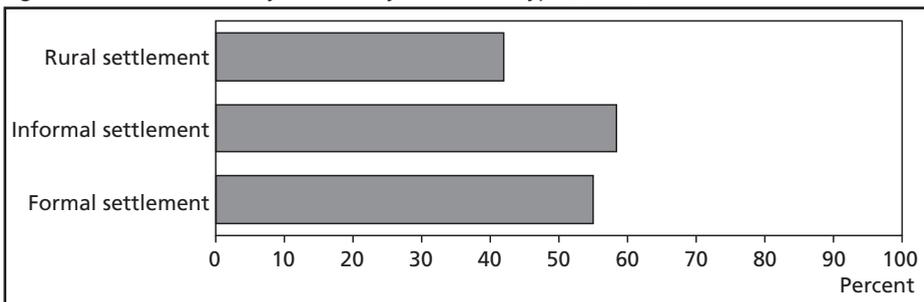


Figure 5.4 Heard of subsidy schemes by settlement type (n2547)



In terms of household income, most of those who had knowledge about the subsidies were those in the income category R2,000 and R 3,500 (63%). Households in the lowest income category had less knowledge of the subsidy scheme (58%). The survey seems to suggest that most people have learned about the housing subsidies through the media (includes newspaper 9.2%; television 8.5% and radio 18.3%). Very few people attributed their knowledge of housing subsidy schemes directly to the housing department (3.6%) or local government (2.4%). The Department of Housing uses predominantly media for their information campaigns and, as such, the knowledge of respondents will indirectly be attributed to the Department. About 20.5% of the population sample had heard about subsidies through word of mouth. Other mediums of communication will need to be explored for people living in rural areas in particular, who have less access to media.

A limited number of people in the survey had applied for housing subsidies. Of the approximately 50% of the population who knew about subsidies, only 23% had applied for housing subsidies. The percentage of those who had applied was slightly uneven in the provinces, with Northern Province achieving a relatively high percentage.

Figure 5.5 Applied for subsidies by province (n1324)

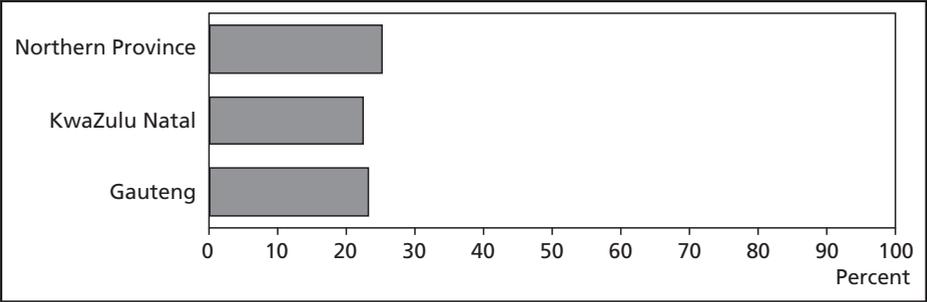
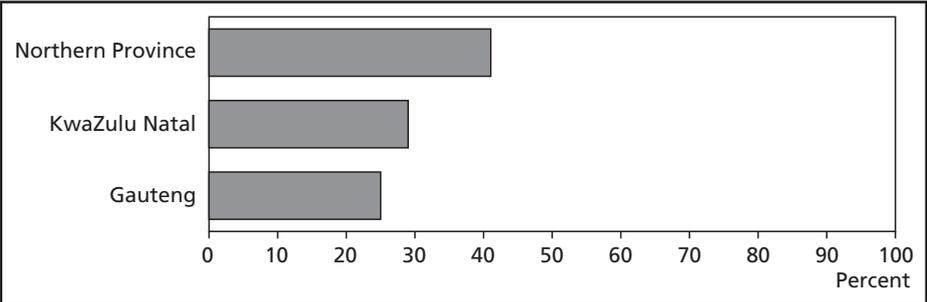


Figure 5.6 Successful in housing subsidy application? (n338)



Amongst those who *had* applied for subsidies, only a third had been successful, while another third was still waiting for results. Northern Province had approved most of the applications, while Gauteng was lagging behind.

The survey suggests that households in the lowest income bracket are less likely to be successful in their application for subsidies compared to those in the R2,000 to R3,500 income bracket. This is surprising on the basis of the income profile of the subsidy scheme, and the fact that most subsidies are non-credit-linked. However, our sample was small, and caution should be exercised in drawing too strong conclusions.

About 74% of the population sample had not applied for housing subsidies. Various reasons for not applying for housing subsidies were cited, as portrayed in the following table.

The fact that 20% of those who did not apply for housing subsidies cite lack of information has implications for the housing department and the extent to which it makes itself accessible to communities. The large majority of those who applied

Figure 5.7 Success rate on application housing subsidies by income. Percentages (n 222)

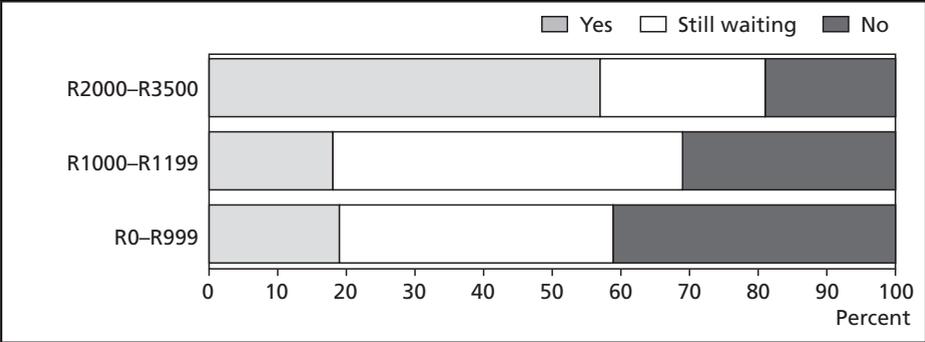
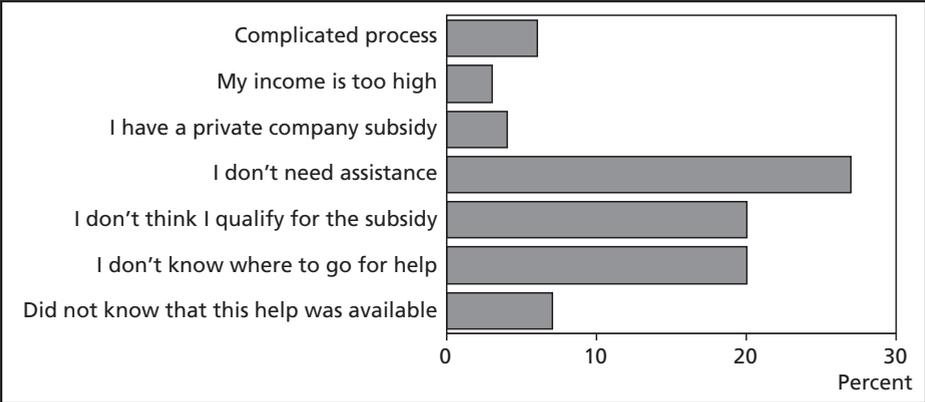


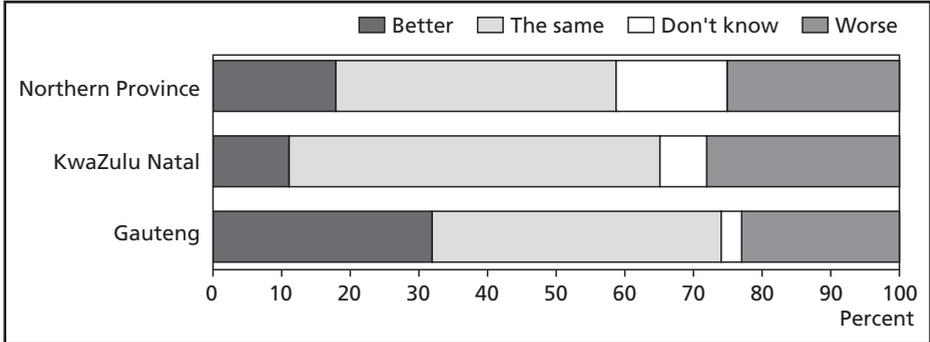
Figure 5.8 Reasons for not applying for Housing Subsidy (n 989)



for a subsidy indicated their intentions of using subsidies to build a new house (74%). Less intend to renovate their existing houses (19%), and only a few (8%) indicate that they are going to purchase land.

Our survey results show a more mixed picture of delivery than that portrayed by the Department, on the one hand, and the critical part of media on the other. A limited number of individuals in the population sample had knowledge of the subsidies and, as a result, few people had applied. Yet, we must keep in mind that the housing projects are targeted and not evenly spread. Amongst those who had applied, few were successful. Furthermore, a relatively small number of people in the lowest income bracket were successful in their applications, compared to people with household incomes between of R2,000 and R3,500. Although 38, 48% and 50% of the population in Gauteng, KwaZulu Natal and the Northern Province respectively mentioned housing as the most urgent need of their communities, relatively few said that there have been major changes in the past five years in terms of delivery. While there is little doubt that delivery has improved since the pre-1994 period, respondents obviously had high expectations. Furthermore, when analysing the results by dwellings, a more uneven picture emerges. Sixty percent of people in metropolitan backyards believe housing has improved, and about 40% of people in small urban formal areas. People in rural areas have noticed the least changes, or hardly any at all. Considering the targeting of the subsidy and upgrading programmes, this is hardly surprising.

Figure 5.9 Has housing improved in the past 5 years? (n 2560)



## 5.4 Perceptions of delivery

All the provinces struggle to adapt housing to varying needs. According to the DBSA (1998), as many as two million people in South Africa are in transit between rural and urban areas in search of employment and housing at any given time. This creates additional challenges for housing policies and plans. The housing department set a target of one million low-cost houses over a period of five years. While the goals were ambitious, it more or less achieved the target. Yet, the Minister of Housing has acknowledged shortcomings and said that the department plans to revise its housing goals, targets and policy deficiencies by introducing a second White Paper (*The Mercury*, 1998). The new 1999 government has pledged to build another 200,000 units each year to address the remaining back-log of between two and three million houses. The Minister has also promised improvements in the subsidy system, the new White Paper and initiatives to expand public rental stock and urban renewal (*The Star*, 3 July 1999).

In its mission to deliver houses for the poor, the housing department faced several challenges. Many of these may be due to the high and increasing expectations after 1994, which occur within a framework of fiscal discipline. The government officials interviewed identified several issues to be addressed. In building strategies for further delivery, some of these issues should receive special attention.

### **National and provincial spheres hand in hand?**

Housing is a joint responsibility of national and provincial government, with the national department being mainly responsible for formulating policies, while the provinces are responsible for implementation. The department has a built-in monitoring team that is responsible for monitoring the implementation of policy by the provinces. The observations of the monitoring team have already indicated that provinces interpret policies differently, resulting in provincial differences in the type of houses built. This is mainly due to the lack of set standards up to 1999, which left provinces and contractors to decide on the quality and size of low cost houses. The national department has the responsibility of addressing situations where the provincial government's implementation of the policy deviates from that set by the national office. As a result, the monitoring team has developed guidelines for the implementation of policy. The Determination of National Norms and Standards from December 1998 should go a long way in addressing the need for minimum standards and thereby more homogenous delivery between provinces.

In spite of nationally set goals and policies, the means through which the provinces implement delivery differ. The Gauteng Housing Department, for example, works in conjunction with other stakeholders, including local governments, the

private sector, NGOs and community organisations, as well as other government departments. The form of subsidy schemes used is influenced by, and in turn influences, the degree of involvement by various stakeholders in the delivery of houses. Several of the projects in Gauteng are, according to its' own housing officials, large-scale projects which require the involvement of big, well-established private sector contractors. The Focus Area Projects (which require the building of a minimum of 5000 houses) are an example. The large contractors are less inclined to get involved in small-scale projects. NGOs are mainly involved with the Department of Housing through the institutional subsidy, whereby the subsidy is allocated to the organisation.

The involvement of, and consultation of communities in the implementation of projects, seems to be crucial for the housing department in Gauteng, especially during the planning process. In those particular cases where the department is involved with land programmes, community consultation plays a major role. In informal settlements, for example, communities are consulted on issues such as whether shacks are going to be removed, where roads, clinic or school should be built, etc.

The role of the local government in the delivery of houses is seen as crucial as they are more directly involved with the communities. The Gauteng housing department further indicates that formal housing projects are more successful when implemented with the assistance of the local ward councillors. In areas where the local authorities have a strong hold over the communities and are more involved with communities, less problems have been encountered in the implementation of projects.<sup>7</sup>

The Provincial Housing Development Board plays a crucial role in the delivery process in *KwaZulu Natal*. This is an independent legal entity, whose main objective is to ensure that housing development is based on integrated development principles and optimum usage of the Provincial Housing Board. The Development Board controls the funds of the department, and it is also responsible for the approval of projects and subsidies. The local governments, co-ordinated through various regional offices (such as the Coastal region, Inland region and the Northern region regional offices) also play a major role in delivery. In 1996 the KwaZulu Natal housing department established the Sakhasonke Joint Venture to speed-up delivery in the province<sup>8</sup>. This is a short-term project appointment, which involves consultants and department officials in the regional offices working together in project monitoring, evaluating output against cash-flow projects. Consultants have been involved in this project to assist the department's capacity building.

Unlike other provincial departments, which work together with the local government in delivering houses in their specific provinces, the *Northern Province* Housing Department has excluded the local government. Local government plays

no role in the delivery of houses, due to lack of capacity at the local level. Initial attempts to grant local governments responsibility also failed due to various conflicts both within the local government structures as well as between the local governments and the local chiefs, which in turn slowed up delivery.

It is worth noting that KwaZulu- Natal has a far higher share of houses completed or under construction as a portion of total subsidies approved (90%) than the other two provinces (about 60%) (see tables above). KwaZulu Natal seems to take less time from approval to project start and/or less time on construction. Furthermore, when comparing the total allocations from 1994 until the present with the numbers of subsidies approved, another interesting point emerges. Gauteng's cost per subsidy is R9,691, while KwaZulu Natal has a cost of R16,535 per subsidy and in the Northern Province each subsidy costs R11,306. This may possibly reflect the higher number of project subsidies in KwaZulu Natal. Individual subsidies form only about 5% in KwaZulu- Natal, compared with close to 10% in the other two provinces. On this basis, it may seem as if the project subsidies are faster to take off the ground, but this also increases costs.

### **Fiscal constraints and funding**

Several government officials mention that the budget allocations of the housing department are not sufficient to meet the high expectations of the people. Officials indicate that, for them to be able to speed up delivery and to meet the expectations of those in need of houses, they need between 4% and 5% of the national budget every year, while they receive only around 3%. The department has only been able to allocate around 200–300,000 subsidies per year, instead of the 320–350,000 subsidies which they had hoped for.

Although the Department of Housing has blamed lack of delivery or slow delivery of houses on the budget cuts that have been experienced by the department, until 1997, provinces did not manage to spend the allocation from the national department. Funds continuously had to be rolled over from one budget year to another. The shortage of funds, or cuts in budgets may, however, reflect the cuts in provincial budgets, which some provinces have experienced. As mentioned previously, the housing subsidy is allocated from the national department, but provinces have to cover personnel costs and running costs from own coffers.

<sup>7</sup> However, the department notes that in cases where there is tension between community organisations and local government councillors, delivery has often been delayed and projects often been brought to a complete standstill.

<sup>8</sup> The project has already spent R2.2 million. Out of this amount 150 projects and 132, 247 sites have been identified.

Another challenge that is more common to provinces that mainly have a rural population to serve relates to inadequate resources and person power. Lack of adequate resources such as computers and transportation impact on the evaluation or monitoring and implementation of projects. This also has an impact on the quality of houses that are built, as the department is not able to run routine inspections of projects which are sometimes geographically widespread. It is argued by some of the provincial officials that because of limited funds, the departments have not been able to employ consultants who may assist in this regard. Shortage of person power has also had an impact on the provinces' ability to detect problems at an early stage.

### **Bureaucratic bottle-necks?**

Provincial and local departments struggle with lack of administrative capacity, as many officials are not qualified or experienced enough to deal with the challenges of delivering to a large-scale population. Accelerated delivery of housing has been constrained by capacity problems within the Provincial Housing Boards, such as lack of trained personnel, lack of management systems, and lack of appropriate subsidy information systems. The lack of capacity in the private sector has also played its role.

To address this, the department has taken several initiatives to build the capacity of housing officials. These include nation-wide workshops at provincial and local level, while computerised systems have been developed for the implementation of the Housing Subsidy Scheme at provincial housing departments. Furthermore, the housing department has established a Housing Education course in conjunction with the University of the Witwatersrand (extended to six other universities during the course of 1999). The course is directed at national, provincial and local government officials. According to a housing official, about 1000 officials across the country are targeted for this course.

Another factor that may have influenced the rate of delivery relates to the long procedures in the approval of projects, resulting in delays for the actual commencement of projects. From the period when applications are approved, 203 steps and 18 months of waiting time have been identified before the actual construction of houses can begin. From 1997, the Department managed to cut this down to seven months from application to approval.

Lack of capacity exists at all levels. Only R28 million of the total Northern Province Housing Department's allocation was, for example, spent in the 1998/99 financial year and only half of their RDP allocation of R44 million. Low spending is partly due to internal capacity problems. Contractors' delay in processing and claiming their money has also contributed to delays and slow rate of delivery.

Responsibilities for delivery are gradually shifting to local government. However, with capacity problems at national and provincial level, similar or worse problems are likely to occur at the local government level. Until local governments were set up towards the end of 1997, there was complete institutional chaos. Local governments will, in time, be given the responsibility of administering the subsidy schemes, but no accreditation has yet been approved. Capacity has to be built before they can be given these responsibilities.

### **Government co-ordination**

A common challenge that was identified by most provincial officials is that of ensuring that they create viable, integrated communities. Provincial departments indicated that inter-departmental co-operation is crucial in order for the building of houses to result in viable communities which will have access to basic services like water, hospitals or clinics, schools, and labour markets. However, this often proves difficult, since service deliverers have different working plans. The Department of Housing may want to build houses in an area where the Department of Health or Education has not made any development plan for the next six years. Government officials argued that because government departments had different priorities in terms of areas in need of development or delivery, and there was little co-ordination between them, overall delivery was hindered.

The Gauteng department has made attempts to collaborate with other departments in the delivery of social infrastructure in those areas where they build houses. However, the differences that government departments have in their backlogs and budget allocations makes it difficult for the housing department to run projects parallel to other departments. An example given by the housing department was collaboration with the education department, which still has backlogs in the established residential areas which do not have adequate schools. The same could be said for the building of clinics and other social infrastructure. However, despite these difficulties, the department still tries to ensure that the essential services such as electricity, water and sanitation are installed immediately after houses have been built.

The whole process has now been decentralised. Powers of approval now rest with the municipalities. This may, however, also open up wider disparities in the quality and quantity of delivery amongst various localities. The exercise of equal rights of citizens, irrespective of where they stay, needs to be monitored.

### **Bulk infrastructure**

Delays in delivery have also been affected by the lack of bulk infrastructure in some areas, as most of the areas that the departments are focusing on are mainly rural. The challenges faced by provinces have also varied. In *Gauteng*, the challenge that the department often confronts is to deal with the tensions when low-cost houses are to be built near a middle-class suburb. Previously established communities often object to the building of new low cost houses near their areas for fear of increased crime and devaluation of their properties. Such problems often cause delays, as the department has to either negotiate with the communities or find other land on which to build houses.

### **Urban – rural**

Implementation of projects in rural areas like *Northern Province* has not been easy, as compared to urban areas like Gauteng or Western Cape. This was highlighted by a housing official in the Northern Province, who indicated that the implementation manual that has been developed by the national office is less accommodating to departments operating mainly in rural areas. Housing officials in rural areas in Northern province are faced with problems such as land ownership and tribal authorities. The provincial department has been caught up in land disputes with the traditional chiefs. This has had a negative impact on the delivery process.

### **Small contractors**

The government's ambition has been to give opportunities to new and small contractors from the disadvantaged communities. In fact, official policy favours the participation of small local contractors. Yet, the issue of experience in housing delivery should possibly have been considered more closely at the outset. There was little evaluation of capacity and possible training needs amongst new and small contractors. Bids are often made by large contractors, which then subcontract small companies. Yet, small contractors may also build more expensive houses because they cannot employ economies of scale or sophisticated construction systems. Emerging contractors will also more often go for credit-linked programmes and bonds, because the profit rate is higher. Several of the provincial government officials underlined the need for improved training and capacity-building amongst small contractors in order for them to compete and perform better. A cluster approach with the building industry would possibly facilitate a greater understanding of one another's needs and improve the relationships to the benefit of speedy delivery.

## **Capacity and monitoring**

The issue of capacity not only relates to contractors, but government officials as well. Our interviews revealed the lack of capacity in government departments as a major problem in the delivery process. Accelerated delivery of housing has been constrained by capacity problems within the Provincial Housing Boards. These include a lack of trained personnel, lack of management systems, and lack of appropriate subsidy information systems. The lack of capacity in the private sector has also played its role. Lack of capacity also entails appropriate technology, equipment and systems for monitoring and reporting. In spite of numerous capacity building programmes, provincial officials still highlight the capacity problem.

The monitoring and evaluation system should have played a large role in the delivery process. The national department has a well-developed monitoring system and has a good overview of the number of subsidies given out as well as the number of subsidies declined (and the motivation behind this). The provincial departments indicate, however, a need to improve their own monitoring. As they argued, this had a negative impact on the delivery process, as they were not able to keep track of what was going on in the field. A monitoring and evaluation system could have been useful in the case of small or new contractors.

## **Provincial differences**

The delivery of houses in South Africa has differed from province to province. This can largely be attributed to the different interpretations of policy and legislation by provinces, causing inconsistencies in the delivery process. The Minister published a National Housing Code which sets the policies and guidelines for housing delivery. On that basis, provinces developed provincial legislation. However, the different interpretations of policies has to be looked at in the light of the extent to which all provinces were accommodated within the guidelines set by the national department. For instance, in one of the provinces, it was highlighted that the national guidelines are more biased towards urban areas, and less accommodative to departments serving rural areas. Yet, national officials argue that the provincial differences underline the need for provincial differences also in delivery. National standards are not necessarily the national goal of similar houses delivered in every province. Prices, population density, quality of contractors, physical conditions, etc, will differ between provinces and the size and norms of housing delivery will have to take these differences into account.

Some of the challenges faced by the housing departments are influenced by their location and the composition of the population. Provinces located in mainly rural areas or those serving mainly a rural population experience delays due to the lack of bulk infrastructure in their areas. Some of the areas where delivery was taking

place were geographically dispersed, which impacts on speedy delivery. This was especially a problem as some of the provincial departments indicated that they did not have enough personnel, let alone transportation, to visit all the sites for inspection or progress evaluation. On the other hand, provinces in urban areas have experienced problems with land invasions, due to the high rate of urbanisation.

A general challenge that is facing the Department of Housing, according to COPE officials, relates to the measures implemented by government in addressing the housing crisis. It was mentioned that the housing policy alone is not sufficient to addressing this crisis. There are other factors such as unemployment that are intertwined into the crisis. Solutions will have to involve various measures. For instance, job creation and increased involvement of the department of welfare should be seriously considered.

If the unemployment rate continues to soar, it is highly unlikely that the housing crisis will be resolved. The higher the unemployment rate goes, the larger the number of people who lose their buying power, thus increasing reliance on government housing subsidies. The challenges faced by various provinces in the delivery process have implications for policy-making at the national level. This implies that the national government has to continue to take into consideration the uniqueness of each province when making policies and guidelines for housing delivery.

## **5.5 Summary, tentative conclusion and recommendations**

Evaluating the success of the housing department and building strategies for further delivery, several challenges and questions still remain. One of these is the question of the quality of these houses. The quality of houses built by the new government is often argued by the media to be inferior as compared to those built by the previous government. There are various factors that need to be considered. The first relates to the target set in 1994. From the initial stages of housing delivery, quantity was the prime objective. Less focus was given to the quality of houses that could be built within a period of five years.

According to the Human Science Research Council (HSRC), people expect township standard housing, but RDP houses are smaller. The HSRC further reports that housing still tops the list of South African's complaints and that the general perception is that, since 1994, affordable quality housing has not met expectations. These observations promoted the Department of Housing to mandate minimum standards for the construction of houses passed in 1998 after investigations into price levels etc. The standards differ between the various provinces. The MECs may vary

the minimum standards on the basis of justifiable causes such as dolomite, topography, land erosion etc, and on that basis apply for exceptions from the national norm of 30 square metre houses. While some provinces set a minimum at four columns and a roof, others established standards which include a full house, but a smaller one. Delivery differs with needs but also by institutional capacity. Some provinces have come quite far. But the size of some houses – 15-20 square metres – has also raised concern among some groups. The national norms and standards now developed should go along way in addressing problems of low standards. The challenge remains, however, to monitoring delivery and standards in many provinces, which struggle with capacity problems.

The issue of quality and differences in the quality of houses built by the government is a major challenge for the national Department of Housing. The department has determined national norms and standards of delivery, yet a common understanding of these standards still needs to be developed.

The complex approval process through which private sector developers propose schemes that qualify for subsidies also impact on quality and price. Some of the cheapest houses have been built by self-help groups, such as one women's group in Soweto with assistance from an NGO. The average price of their homes was R10,000 for houses which would have cost R50,000 through normal RDP ventures employing contractors (Lodge 1999). On this basis, it could be argued that the set of rules concerning design, planning and prices differ from contractor to contractor.

The issue of quality versus quantity is a difficult one, with no easy solutions. The question is which one to prioritise. As indicated above, the one million target that was set for the Department of Housing dictated that quantity would take priority. This has enabled the department to speed up delivery, providing low-cost houses to thousands of South Africans who were previously homeless. Criticism has been levelled that low-cost housing is synonymous with low quality. However, the



# Chapter 6 Schools: a question of teachers?

## CASE

In recent decades the education system became an ideological as well as physical battleground. Sharp disparities in the allocation of resources and the erosion of the basic principles of teaching and learning in many township schools characterised apartheid education in its final years. Although steps towards reversing segregation have been undertaken since the early 1990s, and new policies have been put in place after 1994, the current situation is still far from satisfactory. Many African township pupils find it easier to improve the quality of their education by moving to better-resourced and managed schools in white, coloured and Indian neighbourhoods, than by waiting for a re-distribution of educational resources to take effect. Pupils in the rural areas continue to use inadequate facilities, while provincial education departments are facing great difficulties in eliminating backlogs in infrastructure delivery.

The legacy with which the education system must deal includes shortages of schools, classrooms, textbooks and learning materials, large numbers of teachers without proper educational qualifications who are frequently devoid of motivation, and high personnel costs which altogether make attempts to invest in infrastructure and new teaching and learning programmes difficult. In addition, the administrative legacy of numerous education departments, divided by race and by the homeland system, has complicated the process of change through the integration of departments into new structures.

The national Department of Education is the policy making and co-ordinating agency, while implementation is left to the provinces. This has resulted, among other things, in large disparities between provinces, with the provincial capacity to cope with the requirements of transformation of delivery very uneven.

## 6.1 Current realities, regulation and budget

An important aspect of the improvement of education in South Africa is the reduction of over-crowding in schools and classrooms, and the provision of easily accessible facilities of adequate standards in which to learn. The 1996 *School Register of*

*Needs* census estimated the shortage of classrooms nationally at more than 57,000. Of the existing schools, over half were deemed not to be in an acceptable state of repair. Facilities such as libraries, science laboratories and computers are luxuries for most schools, some of which lack basic infrastructure such as electricity, running water, toilets and telephones. One of our in-depth interviews highlighted the practice of “platooning”, whereby two or more schools share the same building, leading to serious overcrowding.

The formulation of legislation and policy to address shortages and disparities in educational provision has been tackled over the past five years, and has culminated in numerous new policy documents. The first document to spell out policy in the education sector came out in 1994, when the RDP set out goals for the education sector as well as the principle of awarding contracts to SMMEs and small black businesses for infrastructure delivery.

Among other important policy and legislative documents are the National Education Policy Act (which sets out the rights of every person to equal access to basic education), the South African Schools Act (which paved the way for a single non-racial school system), the Medium Term Economic Framework (MTEF), and the South African National Norms and Standards document.<sup>1</sup> Although the Norms and Standards policy will only be finalised and implemented in January 2000, it is already being used to guide the allocation of funds and decide where building and renovation will occur. The policy provides a guideline for all non-personnel expenditure, and uses overcrowding as a primary consideration in the identification of need and prioritisation of budgetary allocation. Other considerations are the level of poverty of the beneficiary community and the physical condition of existing schools. The policy encourages the rehabilitation and improvement of existing facilities where possible, before considering the building of new infrastructure.

In order to achieve inter-provincial equity, shifts in provincial funding were introduced in 1995. It will, however, take about five years to achieve equal per capita expenditure (Bot and Schindler 1999). New funding systems for schools were introduced in 1998 (implemented from April 1999) to also address intra-provincial inequity. Provincial education departments will direct 60% of their non-personnel and non-capital recurrent expenditure towards the poorest 40 % of the schools in their provinces.

<sup>1</sup> The SA Qualification Authority Act which establishes the SA Qualifications Authority and the Public Schools admission Policy (aims at curbing the high repetition rate by fast-tracking pupils in line with their peer groups) should also be mentioned. A new curriculum has also been introduced with Curriculum 2005.

Four major education initiatives have been funded by the RDP:<sup>2</sup> First, the Primary School Nutrition Programme which reaches about 5 million children. Second, the National School Building Programme targeting about R1.3 billion to school buildings and rehabilitation between 1994 and 1996. Third, the Culture of Learning Programme was started in 1994 with the aim of restoring a culture of learning and teaching in schools. And fourth, the youth/community programme was initiated in 1996 and aims at the educational needs of youth and unemployed.

South Africa currently spends more than a fifth (22%) of its national budget on education, a figure that rivals if not surpasses that of many First World countries. The largest component of the budget is used, however, to pay salaries, thus leaving little for capital expenditure. While money for school building may come from other sources as well, these cannot make up for the existing shortages. In provinces such as KwaZulu Natal, more than 90% of the education budget is spent on personnel costs. According to the Gauteng Department of Education (GDE), perhaps the most successful province in the building of classrooms, less than 3% of its budget was allocated to capital expenditure. Clearly inadequate, this was still characterised by departmental officials as reflecting a “good year” in terms of budgetary allocation.

Not only was the education system challenged by needs for a new curriculum, equalisation of spending, and integration of existing institutions and departments, but school enrolment simultaneously increased by 21% between 1991 and 1998. Yet, there is considerable over-enrolment in terms of the number of learners compared with the appropriately aged population in the primary grades. This pattern is reversed in the secondary levels. Simultaneously, repetition rates at secondary level increased from the early 1980s to the early 1990s, and the overall pass rate dropped significantly from 1994 to 1997<sup>3</sup>. Facilities are very unevenly distributed with Eastern Cape, Northern Province and KwaZulu Natal worst off in terms of schools’ access to water, electricity etc. The largest classes can also be found in these provinces. And while the Department of Education has announced that each learner is to be provided with a minimum package of learning materials equivalent to at least R100, no provinces achieve that as their average expenditure. Per learning spending on books is less than R50 for primary schools in all provinces and has dropped in most provinces from 1995 to 1997. Under these circumstances, most provinces are battling to keep their education expenditure under control and considerable over-spending has taken place. Despite funding shifts, there are still considerable

<sup>2</sup> The following information relies to a large extent on the Statistical Yearbook of Education from the Department of Education (Bot & Schindler 1999). We refer the readers to this Yearbook for more detailed information about other programmes.

<sup>3</sup> From 58 percent to 47 percent.

deviations in per learner expenditure by province, with Gauteng considerably above the national average. Table 6.1 portrays the per capita expenditure by province in 1991 and 1996 (Bot & Schindler 1999).

Table 6.1 Per capita education expenditure by province 1991 and 1996

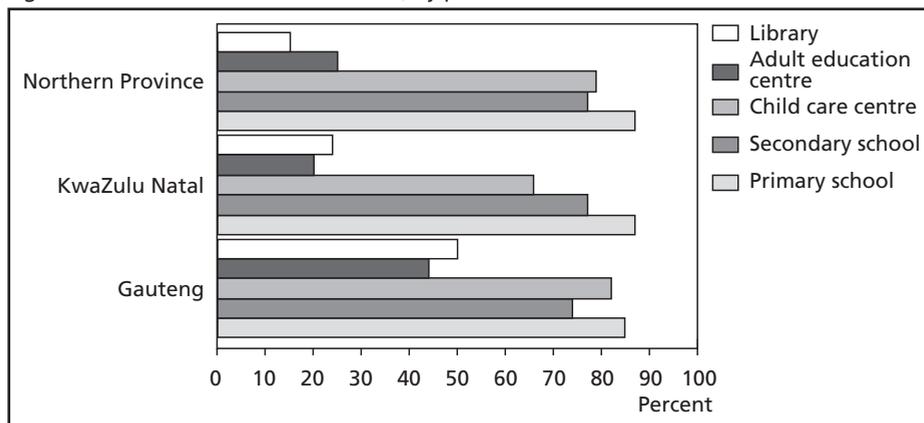
Province	1991	1996
Eastern Cape	1034	2326
Free State	1473	2532
Gauteng	2054	3299
KwaZulu Natal	1117	2195
Mpumalanga	1177	2161
Northern Cape	2234	3469
Northern Province	1109	1885
North West	1255	2531
Western Cape	2530	4205
All provinces	1360	2503

Source: Bot & Schindler 1999

## 6.2 Access to educational facilities

To gain the perspective of the beneficiaries of the system on these realities, we measured access to educational facilities by using distance from the relevant facilities, and used a walking time of 30 minutes from the facility as an indicator of easy access. Figure 6.1 gives the percentages of those who answer that facilities exist in their communities:

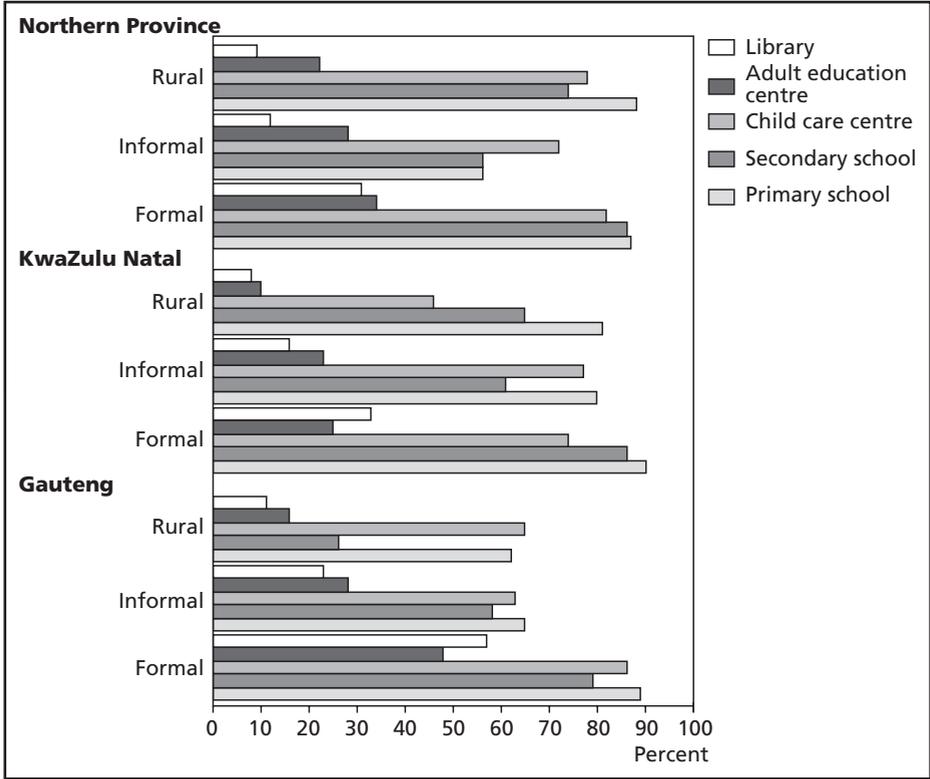
Figure 6.1 Access to education facilities, by province



Access to primary and secondary schools stands roughly at the same level for all three provinces, while residents of Gauteng seem to enjoy an overall advantage in access to other facilities such as childcare centres, and particularly adult education centres and libraries. However, as figure 6.2 illustrates, the provincial picture is more diverse and complicated internally than the overall figures indicate. The advantage enjoyed by Gauteng residents is eroded when we look at informal settlements and rural areas within the province, relative to the formal urban and metropolitan areas in Gauteng, and areas in the other two provinces.

In fact, *access* to primary and secondary schools among respondents residing in informal urban and metropolitan areas in Gauteng is lower than access for most other categories of residents in the three provinces. In other words, living in the wealthiest province in South Africa does not confer immediate benefits on residents. Another interesting feature is that access to basic school facilities is not a major concern for respondents in the rural areas of KwaZulu Natal and the Northern Province, which are widely considered to be among the poorest sectors of South Africa society.

Figure 6.2 Access to education facilities, by province and area



As we will see later on, the availability of resources within the school and the quality of teaching and learning are of greater concern.

Given that most people say that schools are within walking distance from home, it is no surprise that the majority of parents report that their children walk to school. This applies to 60% of respondents with school-going children in Gauteng, 68 % in KwaZulu Natal and 86% in the Northern Province. About 17 % of children arrive at school by private car in Gauteng, 7% in KwaZulu Natal and 3% in the Northern Province. Only a minority of respondents use public transport: in Gauteng 13% use minibus taxis. The corresponding figure for KwaZulu Natal is 16%. In the Northern Province 6% report using minibus taxis to get to school.

### 6.3 Most pressing educational needs

To gauge the most pressing needs facing the education system, we asked respondents with school-going children to tell us what are the two most important issues that need to be improved upon in their eldest child’s school. Many did not know

Figure 6.3 Percentages reporting no improvements needed, by province

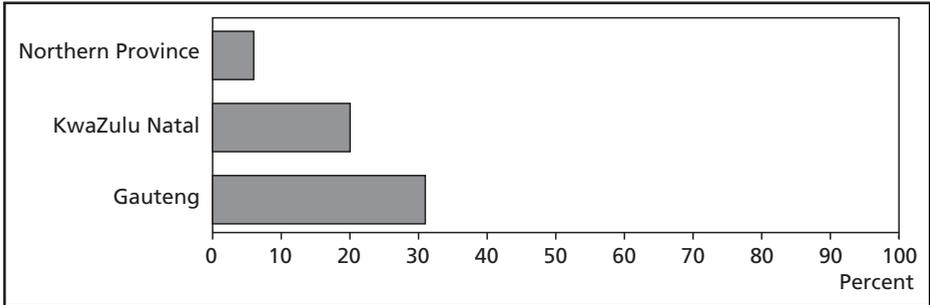
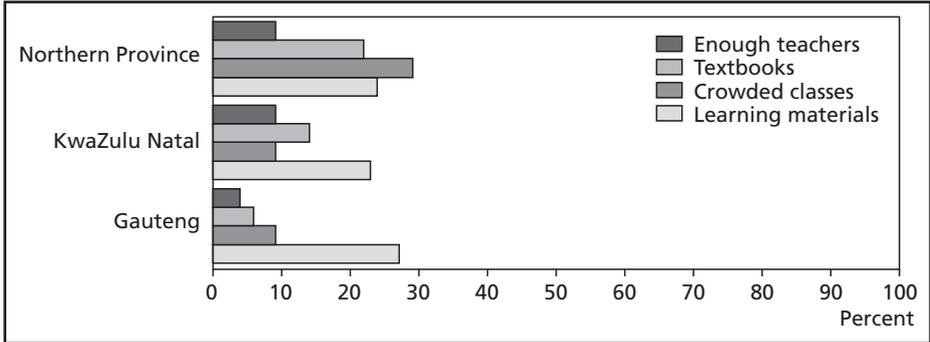


Figure 6.4 Main problems to be addressed, by province



how to respond to this question or declined to answer. This does not necessarily indicate that problems do not exist, but rather that respondents find it difficult to identify them specifically and rank them in order of priorities.

A number of respondents said that no improvements were needed in their children's schools. This response was given by 31% of respondents in Gauteng, 20% in KwaZulu Natal and only 6% in the Northern Province. In all provinces this response was slightly more common in the formal areas (32% in Gauteng, 23% in KwaZulu Natal and 12% in the Northern Province).

Of the problems that were mentioned, shortage of learning materials in the school was the most common concern (cited by 27% in Gauteng, 23% in KwaZulu Natal, and 24% in the Northern Province), followed by crowded classes (9% in Gauteng, 9% in KwaZulu Natal and 29% in the Northern Province). Other problems that received frequent mentions varied by province. In Gauteng student discipline (11%) topped the list of concerns. In KwaZulu Natal the top problems mentioned, in addition to the above, were inadequate textbooks (14%) and not having enough teachers (9%). In the Northern Province, not having enough classes in the school (30%), inadequate textbooks (22%), and not having enough teachers (9%) were mentioned as well.

Looking specifically at the concerns of more marginalised constituencies, respondents in informal settlements in Gauteng cited shortage of learning materials as the greatest concern (36%), and the same was true for rural respondents in KwaZulu Natal (33%). In the Northern Province the top concerns among rural respondents were not having enough classes in school (33%), crowded classes (29%), a shortage of learning materials (24%) and inadequate textbooks (23%).

## **6.4 Assessing change in education provision**

We asked respondents about their views of the change in education provision in their communities over the last five years, whether it became better, worse, or largely remained the same. The question referred to the system as a whole, and it did not explore views with regard to specific qualitative and quantitative aspects of the system. Respondents in Gauteng gave the most positive evaluation of the situation, with 40% saying it has improved. People in the Northern Province are slightly less positive about the picture. Respondents in KwaZulu Natal, however, are more negative in their evaluation, with those who think the situation has improved outnumbered by those who think it has deteriorated. In all three provinces substantial numbers of respondents said the situation has not changed. Once again, respondents in

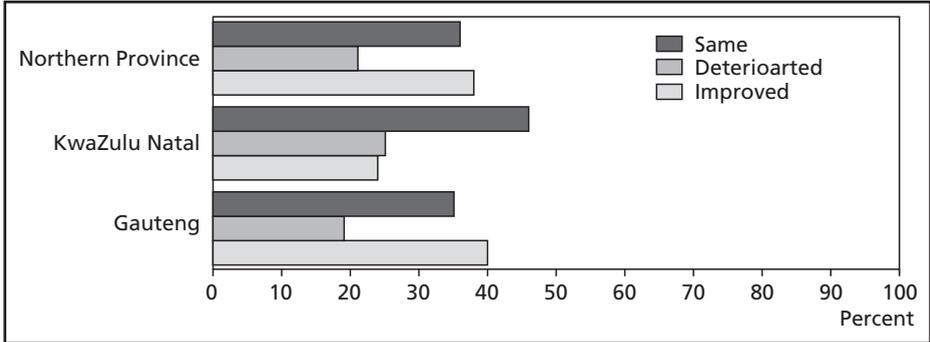
KwaZulu Natal gave the most negative evaluation, with seven in ten saying that conditions have stayed the same or deteriorated over the past five years.

Responses vary a great deal by race. Among Africans, a more positive view of education change was evident across all provinces. In Gauteng 54% of African respondents say the situation has improved and 11% that it has deteriorated, in the Northern Province the corresponding figures were 39% and 20%, and in KwaZulu Natal 28% and 18%, thus making the overall negative picture for the province look somewhat better. In contrast to Africans, whites and Indians consistently express a more negative view.<sup>4</sup>

Some differentiation was evident in responses when broken down by area and type of dwelling. In Gauteng, 40% of respondents in formal metropolitan and urban areas said the situation has got better, compared to 44% in informal and 32% in rural areas. However, whereas in the first two areas positive responses outweigh negative ones, in the rural areas negative views are slightly more prevalent (35%) than positive views.<sup>5</sup>

Responses in the Northern Province are rather similar to those in Gauteng, though more people there than in Gauteng indicate that the situation of education provision in urban and metropolitan areas (both formal and informal) has deteriorated. On a more positive note, 38% in the rural areas of the province report that the situation has improved, compared to only 19% who say it has deteriorated.

Figure 6.5 Evaluation of the education situation, by province



<sup>4</sup> In Gauteng 43 percent of Whites say the situation has got worse, in KwaZulu Natal 43 percent thought the situation had deteriorated. In the Northern Province the majority of whites gave a negative evaluation of change as well. 73 percent of Indians say the situation has got worse.

<sup>5</sup> The small number of respondents in that area forces us to be cautious when making conclusions with regard to it, though.

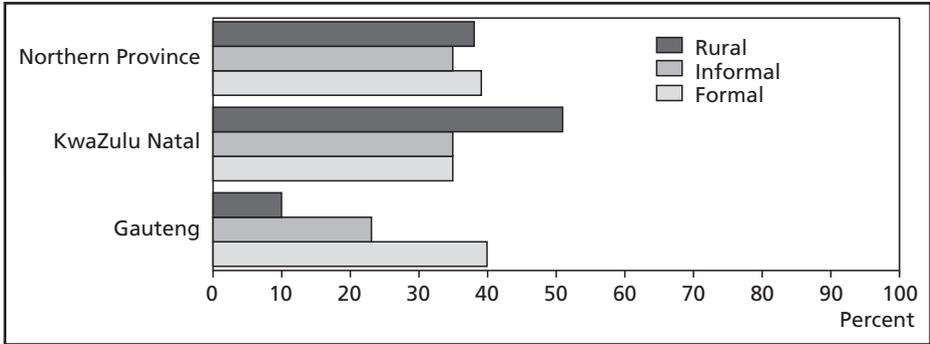
Overall, responses in KwaZulu Natal are less positive than in the other two provinces, especially in the formal metropolitan and urban areas (20% report improvement and 30% deterioration) and in informal areas (26% improvement and 35% deterioration). Only in the rural areas do positive responses (31%) outweigh negative responses (only 11%). KwaZulu Natal is the only province, then, in which people in rural areas have a more positive view of change than their urban and metropolitan counterparts.

### 6.5 New developments since 1994

The proportion of respondents who report having noticed new school buildings or upgrades in the last five years is rather similar across provinces: 36% for Gauteng, 38% for the Northern Province and 40 % for KwaZulu Natal. Africans are more likely to report new developments than are respondents from other groups.<sup>6</sup>

The breakdown by area shows mixed results. Gauteng respondents in urban and metropolitan areas are much more likely to report new developments compared to residents in informal or rural areas. In the Northern Province the corresponding percentages are similar across area type. In KwaZulu Natal in contrast, the percentage of people reporting that new developments have taken place is much higher in rural areas, thus helping explain why overall responses from rural areas are more positive than those received from other parts of the province.

Figure 6.6 Percentages noticing new developments, by province and area



<sup>6</sup> 45 percent, 44 percent and 39 percent respectively for the three provinces. The majority of members of all other groups (especially whites) in all provinces reported not having noticed new developments.

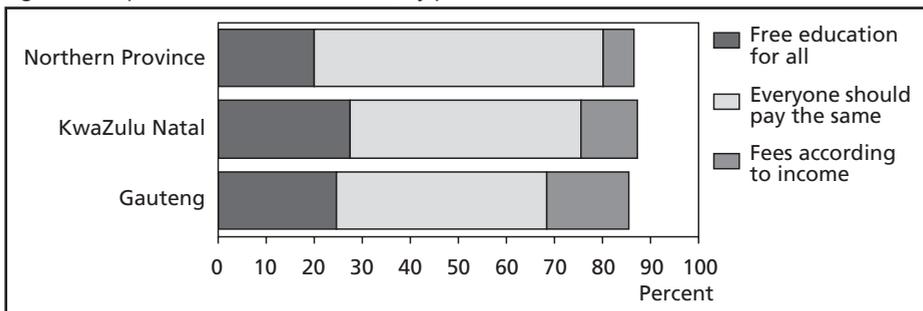
## 6.6 Expectations

All issues regarding delivery must be seen against the background of public expectations. Despite dissatisfaction with some aspects of education provision, the majority of parents across all categories have fairly high hopes that their children will complete matriculation examinations (85% in Gauteng, 83% in KwaZulu Natal, and 78% in the Northern Province). In all racial and residential sub-groups within the three provinces more than three-quarters expect their children to complete matric. Interestingly, in KwaZulu Natal rural respondents are the most optimistic in this regard (88% compared to 83% in formal urban and metropolitan areas and 75% in informal areas). Those who do not think their children are likely to complete their studies cite the need to take care of relatives and vulnerable family members as the overwhelming reason.

Finally, we asked respondents for their opinions on school fees, whether education should be free for all, whether all beneficiaries should pay the same, or whether they should pay according to their income. Figure 6.7 shows the responses.

Whites offer the least support for the proposition that free education should be provided to all (20% in Gauteng, 3% in KwaZulu Natal and 13% in the Northern Province). These findings can be compared with figures for African responses in the three provinces: 29%, 27% and 22% respectively. Somewhat surprising is the relative lack of support for the two more socially equitable propositions (free education or payment of fees according to income), even among low-income groups. Only among respondents with no income in Gauteng and the Northern Province (but not in KwaZulu Natal) was support for free education the most common response. However, even then this response receive only slightly greater support than the proposition that everyone must pay the same. Support for the proposition that all parents should pay the same was strong across all areas and types of residence, with minor variations.

Figure 6.7 Opinions about schools fees, by province



Whether these findings are due to a realistic assessment that free education is not feasible, or because of the seemingly egalitarian notion that everyone should pay the same (even if their incomes vary a great deal), it is difficult to judge. It is possible that among more marginalised constituencies this support stems from the expectation that everyone will receive the same level of provision. Alternatively, it could be that they fear that if they pay less (because their income is lower), the level of provision which they will be entitled to will be lower as well.

## **6.7 Process of delivery**

The figures provided in the previous section reflect the subjective perceptions and priorities of survey respondents in the three provinces, and they do not necessarily tell us about the *actual* shortages or the areas in which delivery has or should be focused. On the other hand, it is also difficult to assess government delivery and priorities on the basis of the information provided in the in-depth interviews. Budgets for different sectors and departments vary and their capacity to deliver varies as well. In addition, we must be cautious of assessing delivery by using quantitative measures, since the number of classrooms built does not tell us much about the quality of construction, its long-term sustainability, usefulness for the affected communities and cost-effectiveness. For this reason, any assessment of delivery here does not rely primarily on the quantitative data provided by the interviews, but rather focuses on the qualitative data derived from individuals involved in infrastructure delivery, in an attempt to understand the process on its various components and identify obstacles.

### **Provincial differences**

Of the three provinces covered, only Gauteng officials expressed satisfaction with the amount of money allocated to capital expenditure, as well as the progress made in delivery over the past five years. It appears from the sectors and departments represented in our interviews that both the Northern Province and KwaZulu Natal are severely constrained by a lack of resources as well as systems and processes that hamper delivery.

Overall, it seems also from the survey results that Gauteng is in better shape than the other provinces as far as delivery is concerned. The Gauteng Department of Education (GDE) has its Building Division integrated into the Department of Education, saving time and cutting out bureaucratic procedures. This has allowed it to be the most successful in delivering infrastructure over the past five years.

Gauteng Education is the only province that has its own building section; it is the only province building its own schools because it has its own works department. This system is, according to their officials, working well: there are shorter channels of communication, and it is efficient. The department is within 1% of its budget and has not overspent.

Because of its involvement at all stages of implementation, the GDE is able to present a picture of the process at each stage of delivery. The province itself is divided into 18 districts, each with its own District Development Officers (DDOs). These officers are responsible for organising new projects, maintaining old projects, project administration, needs analyses and audits. In conducting the needs assessment, DDOs attempt to work with or create community forums, development forums, teachers' unions, or other applicable bodies with which to consult, though not always successfully. Needs analyses are then forwarded to the Provincial Physical Planning office, which prioritises all projects and creates a provincial list. The Physical Planning decisions are made by educational staff. The list is then handed over to an in-house group of professionals, including architects, surveyors, and engineers, who oversee planning of the project in co-ordination with a number of external consultants. The finished plans are in turn handed over to the Building Administration section which takes the project to the next phase, once it has been fully planned and documented. Finally, it is put out to tender and a contractor appointed. Throughout, the project's implementation and site management is overseen by in-house professionals. According to the GDE, the system has enabled it to deliver over 2,500 classrooms in the past five years, a number it claims is higher than that of any other province.

The system used in Gauteng is unique to the province and can be contrasted with the processes used by other provinces, in which infrastructure is planned by line departments but delivered by Public Works. The Northern Province, for example, must co-ordinate with a number of departments from Works to Water Affairs, in the delivery of one project. This may allow them to draw on the expertise of sector-specific departments, but it also seems to slow the process considerably, relying as it does on the ability of each of the departments to co-ordinate efforts. One government official claimed that the use of multiple departments to produce one final product means that there is no clear delineation of tasks and roles, and no line function responsibility. The process is slow and brings little satisfaction to any of the departments as "you enter the process of identifying the need, making the funds available, and then you hand over this very important project to someone else where you don't have any control of the project and there is no line function responsibility in place. I think someone can wait patiently for a road to be built, or a police station, but schools and hospitals, people generally want them yesterday."

Although it seems that integrating the process has streamlined delivery, Gauteng's claims of success must also be assessed in light of other advantages specific to the province – such as the budget allocated to capital expenditure, and the limited number of remote and rural projects initiated. We also have to consider the possible pitfalls of this approach. It can work only to the extent that the line department is adequately staffed, resourced, co-ordinated and managed. Otherwise, the backlogs experienced in the relations between different government departments would manifest themselves within the line department itself. What seems to be the crucial point here is planning and co-ordination to avoid bureaucracy and unnecessary delays, adequate financial and organisational capacity, and skilled people to carry out the tasks.

### **Budget and funds**

The lack of funds was cited as an obstacle in every sector in our interviews. Only the GDE seem satisfied with their budgetary allocation, but even these officials are quick to note that because they had systems and operations in place, many costs are fixed costs, and an increase in funds would mean that they are more quickly able to alleviate the backlog. In other provinces, it seems that the lack of fiscal resources has stopped departments from getting off the ground. With almost entire provincial education budgets being allocated to personnel costs, there is little left to stem the growing backlog.

There are two main reasons for the increases in personnel costs. First, apartheid-era education departments had different salary structures and rewarded qualifications and experience differently (Ministry of Finance 1999c). These differences had to be eliminated after 1994 and consolidated into one salary structure. The other reason was the introduction of norms and standards for class sizes, requiring class sizes to 40 in primary schools and 35 in secondary schools. This resulted in between 40,000 and 60,000 teachers countrywide. A total of 383,000 educators are currently employed in provincial education departments.

In Gauteng last year, less than 3% of the overall education budget was spent on capital expenditure. Of this, approximately one-third is allocated to the maintenance of existing schools. The figures translate into approximately R160 million of allocation to capital expenditure – the highest provincial expenditure on educational infrastructure. Last year R21 million was spent on day-to-day maintenance and R2 million retained for office and administration expenses.

The Buildings Division of the Northern Province state that their allocation is 0.10% of the province's overall education budget, and representatives interviewed are clearly dissatisfied with the amount of funding provided. One official said that the structures being created are insufficient in quantity and inadequate in quality.

The number of classrooms built do not meet demand and funds are inadequate to build actual “schools”, which include libraries, science laboratories, and other educational facilities. At present what is being built are merely classrooms to stem the growing backlog. The amount of money spent per project obviously varies widely; however several providers – specifically government departments – appear to budget an average of R60–70,000 per classroom.

Price levels also seem to vary widely. While one private sector company delivered a school for R9 million, a construction company in KwaZulu Natal claims to have been involved in the rehabilitation of 100 schools to date, at an average price of R88,000 per school.

One government official interviewed suggested that the process could be sped up by using an independent body to identify needs and backlogs in all provinces, and prepare a list for the national Department of Finance. In this manner, politicisation of project lists will be limited, and the tendency of provinces to represent the situation in a manner that serves their parochial interests would be more transparent. The funds released to the provinces would then be earmarked for projects and monitoring of expenditure would be strict.

Both NGOs as well as private sector companies felt that government should channel more resources to those outside of Public Works who had demonstrated the ability to deliver effectively and within budget. One NGO stated that the Department of Education should at least match project funds for successfully completed infrastructure, and thus make foreign donor funds, when available, stretch further.

## **Regulation**

Some government officials cite the regulations as being problematic in that they stipulate the use of advance payments for all service connections. Additionally, it appears that, although not a consequence of the legislation itself, there are long waiting periods for service connections which may render a completed building non-operational for the period of time it takes to be connected. While implemented policies provide useful guidelines that help departments and service providers in their operations, they also create their own constraints. The South African Schools Act funding norms were said by one official to “restrict the department from expanding the work that it does because it says how much can be spent.”

Bureaucracy was a further obstacle noted in almost all of the interviews, though perceptions of where it is prevalent and serious varied. For those in government – specifically KwaZulu Natal and the Northern Province – the system of working with Public Works was marred by bureaucracy. For others in government and more

acutely for the private sector and NGOs, the most problematic bureaucratic procedures exist in the tender board processes.

Perhaps the most frequent complaint around legislation actually stemmed from the tender procedures and policies governing the use of emerging contractors on government-funded projects.<sup>7</sup> The tender board process was cited by some as being mired in obstructive bureaucracy. It is unclear whether this stems from problems in the policies that are being implemented, or rather from the new and unfamiliar processes. KwaZulu Natal officials stated that the provincial tender board is really delaying the process of delivery. The problem may be, in the view of officials, that it is newly formed, and that the tender board people are trying to make their own way of doing things.

The impact of affirmative action regulations in the area of infrastructure delivery has been subject to debate. The overall impression among established service providers is that the preferential treatment given to emerging contractors has slowed down delivery and created numerous problems in terms of meeting schedules and providing high quality delivery. Government officials offer a mixed assessment of whether prioritising SMMEs in the tender process is a positive move or an obstacle. Although most officials seem committed to the principle, many also see it as problematic.

The private sector, however, is overwhelmingly negative in its assessment of current tender procedures. It must be noted, however, that most of these firms also express fear of increased competition as a result of the new policies, feeling that they no longer receive a proportion of work corresponding to their perceptions of their experience and ability. The requirement to use emerging contractors was blamed by many interviewees as responsible for poor on-site management practices, lack of adequate financial management, and poor quality of delivery. In Gauteng it has sometimes prevented projects from getting off the ground. The GDE requires that contractors give a 10% surety before they begin the project. More than half are allocated the job and then fail to provide the guarantee, thus causing the process of awarding the contract to start all over again. In the Northern Province, one government official claimed that most of their difficulties arise out of the use of emerging contractors, who need additional skills and experience to be built up.

### **Determination of beneficiaries**

Criteria used to determine where schools are built seem to vary according to the service provider, and government policy provides a range of options from which to create project lists. Initial RDP funds and Presidential Lead Projects were allocated primarily to townships and areas that had previously been ravaged by violence. The criteria used today appear to be a range of quantitative calculations by the various

provincial Physical Planning divisions. The most common is the figure of three primary schools and one secondary school for each 1000 residential units.

Gauteng uses the ratio of one classroom per 40 primary school learners, or 35 secondary school learners as an ideal occupancy level on which to base their calculations. Scenario planning takes into consideration long term demographic projections as well, and the number of classrooms per school varies according to these projections. Where applicable, old schools are expanded, or the community is given a Phase 1 school – 10 classrooms, an administration block and toilets – to serve it for the next few years until a more permanent structure is put in place. Other criteria mentioned by officials include the prioritisation of overcrowded schools.

While all the above are important priorities, not one government interviewee mentioned the RDP goal whereby all learners should have a school within five kilometres of their place of residence. Instead, the emphasis on overcrowding and demographic projections translates into an urban focus. This quantitative bias or the need to constitute a “critical mass” disadvantages, in the views of NGO representatives, the rural areas with smaller and more widely dispersed populations. Yet, it should be noted that the survey has indicated that schools are actually existing in rural areas.

Regardless of the criteria used, there are mechanisms in place to ensure that the most disadvantaged communities would not be affected negatively by budgetary cuts. Project prioritisation does not use the costs of projects as a criterion for cutting, but instead first cuts the projects that are at the bottom of the *priority* list. An official from KwaZulu Natal Physical Planning explained it as follows: “If there is overcrowding for example, the school with 90 kids per classroom is considered more needy than the school with 45 kids per classroom, although both are ‘over-crowded’.”

A few private sector companies build schools with private funds and according to their own site determination. When this occurs, there is sometimes tension over who should choose where schools are built. Yet, government officials state that it is government’s job to conduct a needs analysis, and generate a priority list that should be adhered to by *all* infrastructure deliverers, governmental and non-governmental alike. To be approved, a plan for school construction would have to be on the project list generated by government. This list, however, is only one view of the most pressing needs, and is based on quantifiable criteria and demographic trends. NGOs such as the Natal Schools Building Trust adhere instead to a policy of making schools accessible within five kilometres of a learner’s residence. Their lists do not generally agree with the project list generated by government, although they address community needs.

## **Relations between the private sector, NGOs, and government**

None of the private sector companies interviewed depend on government for the bulk of their projects – even those that previously relied on the public sector for contracts. Those that do work with government complain of the bureaucracy, red tape, over regulated tender procedures, lack of co-ordination, the intervention of politics in delivery and delayed payments. One company stated that they count on “generally waiting between four and eight months for payment of professional fees accounts.” Although not all other companies experienced the same difficulties, the willingness to work with government was limited. Only one private sector firm seemed to feel that the amount of interaction between themselves, government and NGOs was adequate and that their interaction was positive.

Many companies are frustrated by what they perceive as government’s unwillingness to co-operate or work in partnership with the private sector. Each appears to be weary with working with the other. Many private contractors feel that they are being sidelined or ignored by government, despite being able to deliver (in their view) quicker and cheaper than government itself. Government officials claim, on the other hand, that the involvement of NGOs and private sector companies is enormous. Miscommunication and competition for credit do little to address the current backlogs or further the goal of speedy delivery.

One of the means by which this could be addressed is through the use of more direct channels when interacting with government. This need was mentioned in particular by those who interact with the KwaZulu Natal and Northern Province departments. In both cases, one has to go first through the education department, which then goes through the Public Works Department. Presumably, this problem would be less acute when dealing with the GDE due to their incorporated Buildings Directorate. No private sector complaints were targeted at Gauteng.

## **Monitoring systems**

Each service provider utilises different means of monitoring project expenditure and quality. Many in the private sector are contracted to do the actual work themselves, rather than monitor work done by sub-contractors, and they therefore run the expenditures and are on-site daily. For government departments, the process requires broader management structures, and most of them seem to rely on regular meetings with contractors, relevant officials, and community structures.

In order to monitor projects, the GDE attempts to hold regular meetings at all sites to ensure quality and efficiency. Although this is the ideal, it is not always possible. The Physical Resource Planning Directorate claims that a shortage of staff, coupled with a lack of reliable transportation, means that they are unable to reach projects to monitor them and attend community meetings. This is an even greater

obstacle in the Northern Province and KwaZulu Natal, where vast distances, coupled with poor transport and road infrastructure and predominantly rural site locations, make such monitoring exceedingly difficult.

The national Department of Education has, however, developed a system of monitoring to track developments in pass rates at matric levels, ratios of teachers to students, teachers qualifications etc, according to key performance indicators which are relatively updated and comprehensive. While monitoring the building of classrooms and physical resources may still be possible to improve, the key indicators of performance and output seem to be relatively well monitored and evaluated.

### **Relations between departments and spheres of government**

The assessment of communication and co-operation between the various line departments and spheres of government differ widely by individual and directorate. Some are uncomfortable with discussing the internal politics of their department and, although they allude to difficulties, refuse to speak more specifically about them. This was particularly acute in KwaZulu Natal.

Interestingly, the department that requires the least amount of interdepartmental co-operation due to its integrated structure – the GDE – was the most positive about the interaction it has with other departments. Officials felt that the channels in place are adequate. It is likely that, because the GDE has control over the entire process, its officials do not see co-operation as a necessary evil but a chosen interaction, and are able to better co-ordinate and operate with other departments. One official applied this to the communication between the three spheres of government, observing that it was effective only when there was a clear delineation of roles, authority, and functions.

Gauteng seems to be making headway with the use of new development planning initiatives at local level. Officials state that the new planning initiatives provide a forum in which common delivery issues among various sectors can be explored. One area they found had slipped between the cracks was the provision of early childhood centres. In terms of current policy, crèches do not seem to fall under any jurisdiction. This should be addressed as an inter-departmental objective. The development objectives, although an important new initiative, do not seem to feed into the processes of planning or needs assessment to any great degree.

In 1995 and 1996 allocations were made to all the provinces from the RDP Presidential Lead Projects for renovations to schools ravaged by violence or in bad state of disrepair. One KwaZulu Natal official noted that, when projects were implemented by the RDP authorities, they had their own consultants and building

professionals and did not have to go through Public Works. It appears to the official that this was a more effective delivery process than the one currently employed.

Some departments feel that inter-departmental co-ordination and communication avoids duplication, creates a focus, integrates planning and ensures efficient delivery. However, others believe that, given competing priorities, differing budgets and pace of delivery, co-ordination is limited and may, in fact, serve to slow down delivery. Officials in Gauteng give examples of the budgetary constraints of integration. As each line department is allocated a separate budget, the size of this budget influences what one can do and at what speed: "Given a time when housing has a much bigger budget than education in this area, with the biggest will in the world and the best amount of planning, we can't keep abreast of what they are doing."

A recurring obstacle mentioned was the counter-productive attitude of "competing for credit" at all spheres of government and in all departments. Officials state that communication could improve as there is sometimes jealousy and competition between the spheres of government: "for example a local government will resent a provincial initiative because they want to get the credit for work done in that community". They speak of "compartmentalisation", of how factions exist within departments and groups of people try to keep activities secret from other groups.

### **Community participation**

The recurring question of speedy delivery versus community consultation was raised by each of the individuals interviewed. In general it seems that service providers recognise the importance of community participation; however, they differ as to the means, extent, and forum utilised for that purpose. The end goals of community participation are to ensure that projects deliver what the community needs, and that the community establish a sense of ownership and commitment which will ensure its long term sustainability.

In government, the dilemma over community involvement is acute and different departments interpret participation in different ways. While some interviewees felt that delivery could be improved by ensuring increased participation, backing and "ownership" by communities, others feel that this only serves to slow the process down. Varying degrees of understanding around what consultation should encompass were manifested, around the issues of who should play a role, and at what phase in the project this consultation should be sought. Some key questions brought forward by each of the sectors were: how desirable is consultation; is it necessarily the best way of establishing sustainability; who constitutes the community and what is the suitable line between consultation and delivery; is the optimal level of participation different in each case, and if so, how do we then establish standards or baseline norms to assess this.

For some in the GDE, the conclusion seems to be that while community participation is important, it is desirable only at certain stages in the delivery process. For example, communities should not play a role in needs assessment or the creation of a priority list because of their narrow view. As one official expressed it: “We are committed to working with the communities but not when it comes to assessing what are the priorities because ...everyone thinks that their priority is the greatest.” Others disagreed, however, and argued that by empowering governing bodies to understand the fiscal constraints of the province, they would be able to assess needs rather than merely “wants” or “what would be nice to have”.

The private sector, in particular, seems to feel that community participation should be limited and that consultation only serves to slow down the process. Some, such as the Natal Schools Project Trust, claim to have found alternative methods of ensuring community commitment, “ownership” and sustainability by demanding that communities first put up 10 % of the funds for a school in order to demonstrate commitment. Another company has found that it is more effective to move beyond mere meetings with community representatives to an approach that keeps the whole community informed. For that purpose they use print media, flyers, advertisements and other means as well as direct marketing in the communities. Two companies spoke of the difficulty of consulting with communities that have little or no understanding of the basics of the project – such as financial management and building contracts.

### **Utilising local labour**

Another issue related to community involvement was the use of local labour. Expectations are high among beneficiaries, not only for infrastructure delivery but for jobs as well. This was problematic for some project implementers, who were delayed by community demands and actions. One official of the GDE Works department noted that they sometimes fail to complete projects on time due to disputes, stay-aways and strikes by local labour making wage demands. A representative of the Physical Planning directorate noted that although they work well with communities, some communities demand too high wages and wage negotiations slow down delivery. Another official stated that in one community they were physically chased from the site because the community made unrealistic demands about ratios of local labour to be used on the site.

Most non-governmental service providers attempt to use some amount of local labour. Only one private sector company use solely its own labour, claiming that it is more efficient, as staff members are already trained and it makes the system more manageable. It does create the problem, however, of tensions with communities who want jobs to be created by the projects. Other firms find that it is enough for them

to manage the project and allow the skills to come from the community. As one private sector official stated, “I strongly believe that we do not only build the structures, but we build communities. Because we are not a construction company and we make use of local contractors, we make sure that there is capacity building. Project managers train individuals. It is our policy that we want to achieve, that when we are finished in an area, people of that area have more skills. We have instances where small contractors who have done a couple of projects are now tendering for projects on their own.”

### **Emerging contractors and SMMEs**

The obligation to use SMMEs and emerging contractors was noted in many interviews as an obstacle to quality and efficiency. Some of the major difficulties with delivery and implementation were attributed to the fact that SMMEs do not have enough capital and capacity to deliver quality work. Opinions were divided, however, over whether this was a necessary trade-off to achieve other goals. Government officials demonstrate a degree of commitment to the principle, although they admit that it did hamper their ability to deliver and create additional managerial and oversight responsibilities. One official suggested that training needs and capacity for SMMEs should be built into contract specifications, since not all SMMEs can be assumed to be at the same level of capacity. The private sector was much less positive, and one interviewee noted that there has been sufficient time in which to train emerging contractors, and that criteria must be based on quality and costs.

### **Logistical difficulties**

Projects initiated in rural areas pose additional logistical obstacles. This was particularly the case in the Northern Province and KwaZulu Natal. Among the difficulties are the remote locality of sites, the poor condition of roads, hostility of local people, the high price of transporting materials and the theft of materials.

In KwaZulu Natal, levels of regional violence have posed a problem for all infrastructure deliverers. One NGO that works primarily in the rural areas has encountered difficulties in accessing “no-go” zones and finding specialist sub-contractors willing to work in the more remote and violent areas. This was aggravated by the lack of roads and water supplies, the lack of suitably trained and experienced staff, higher travel and supervision costs, as well as frequent pressure by local labour to pay “unrealistic” wages.

Crime was not just an issue in rural areas, however. An urban District Planner claimed that crime has been among the biggest obstacles to delivery. He stated the example of a high school that was meant to have been finished at the end of 1998.

To date, the contractor had only completed 10% of the job due to hijackings on site, theft of material, and other such incidents.

## **6.8 Summary, tentative conclusions and recommendations**

The survey results of perceptions of delivery present us with rather optimistic, but mixed results. About four out of ten respondents have noticed new developments in their areas since 1994. Less than a third report that no improvements are needed. Most of those who say improvements are needed cite learning materials as the critical area of need. This being said, there are also major differences within the provinces in terms of perceptions of delivery. The rural and informal areas are still the most vulnerable areas in terms of needs.

Although Gauteng seems to fare better overall than the other two provinces, this is not consistently the case across all the population breakdowns. Yet, we have to bear in mind that physical infrastructure is only one component of the education system, and, in evaluating change, respondents usually employ a number of quantitative and qualitative criteria to create a composite picture of development. It is also possible that in areas that suffered from very bad conditions, even a little change is seen as a huge success in delivery. Conversely, where expectations are high because people are used to high standards of delivery, or because of promises made in previous years, even a mild change for the better would be regarded with disappointment.

Levels of success in delivery vary widely among those interviewed in our in-depth interviews. As stated in the assessment of delivery at the outset, what seems to influence delivery are the processes and systems utilised to achieve the end product. Of the provincial departments examined, Gauteng seems most successful, not only in delivery, but in creating smooth running and efficient methods of delivery. This is primarily because of the streamlining of the entire process within the department of education, as opposed to working across line departments.

Numerous deliverers state a concern that what is delivered is often empty and non-operational structures. Whether it is clinics or schools, buildings are often completed with no resources or staff to run them, and they therefore remain non-operational for the period of time it takes to resource them. Although the GDE attempts to co-ordinate the building and budgeting process, and has ensured that schools are not completed before communities are ready for them, they appear to be the exception. In fact, “five equipped and manned clinics are worth more to

communities than ten clinics which are built but cannot be equipped or manned due to a lack of funds.”

All in all, major progress has been made over recent years in terms of policy, access and equity. South Africa is close to providing schooling of at least 12 years’ duration to most children. Notable achievements have been made in terms of deracialisation of the provision of education; more equitable funding, improved educator/learner ratios and improved teacher qualifications (Statistical Yearbook of Education 1999). However, other major challenges are facing the department, such as lowering the repetition and failure rates and improving the quality of teaching and availability of learning material and facilities. Furthermore, provincial information systems need to be improved to address “over-enrolment” in the schools.

Given the record of delivery so far, the identification of the obstacles, and the expectations of the potential beneficiaries, what recommendations can be made to facilitate better, faster and more cost-effective delivery? The issues that have emerged in the course of this study can be clustered into four main concerns, which are discussed in the next section. These do not exhaust the issue, but may provide a platform for intervention for NEDLAC.

### **The tender process**

The dilemma facing government is how to facilitate speedy and efficient delivery and at the same time guarantee fairness in the awarding of contracts and financial control. The Provincial Tender Board Act is valid for any tender in excess of R100,000. The tender process is supposed to ensure that all proposals are treated equitably, and that all potential contractors are judged on the basis of criteria relevant to the task at hand. At the same time, the process imposes burdensome requirements on contractors, slows down the decision-making process and leaves a lot of contractors and potential contractors unhappy and frustrated, even if they receive the contract.

The main problem with the process, it seems, is that it is excessively bureaucratic – the forms and formal requirements do not distinguish between departments and type of service. In addition, the process is not transparent. The criteria for awarding a tender are frequently not clear, either before the tender was awarded or afterwards, and those who submitted proposals and were rejected do not get a response as to why this was the case. The long time the process frequently takes is unaccounted for (prospective contractors have to wait without being told what the reason for the delay is and when they can expect a response).

Given all these problems, it is no wonder that contractors feel disgruntled and frequently make accusations of favouritism, either on the basis of race or on the basis

of personal and political contacts with relevant officials. It is difficult to establish if this is indeed the case, because of the lack of transparency of the entire process.

NEDLAC could play a role by lobbying for improving the functioning of the tender process, making it simpler and more accessible, and above all more transparent. Although initiatives in this direction have been taken by government, the process of re-shaping the system has taken too long and has not yielded the desirable results as far as the issues dealt with in this study are concerned.

### **In-house delivery versus out-sourcing**

The underlying issue here is whether infrastructure must be managed and as much as possible actually delivered by government, or whether important aspects of delivery should be out-sourced to non-governmental forces in the NGO and private sector. In other words, the question is whether government should focus on playing a role of facilitating and co-ordinating the delivery process, or play a major direct role in delivery itself.

It is not clear whether the use of consultants for needs assessment, planning and monitoring and evaluation is an asset to the process, or an avoidable additional expense that plagues delivery. Whereas the GDE finds that the use of a limited number of external consultants helps to reduce red tape, the over reliance on expensive outsourcing can hamper delivery. Almost all deliverers appear to use consultants at some stage in the process. The question that remains, however, is what should the optimal number be to ensure capacity and minimal human resource expenditure. In the KwaZulu Natal Works Department, approximately 9% of payments are in consultant fees in a province with an extremely constrained capital expenditure budget.

The use of standard design plans for all projects was utilised by a number of successful private sector constructors, as well as the GDE. The advantage is that money is saved on professional fees to design each project, and the GDE claims they are able to use a handful of people to oversee hundreds of projects by sticking to standard plans and procedures. This procedure has been less successful in KwaZulu Natal, where even with the use of standard designs, architects often spend large amounts of time adapting them to specific locations, as the hilly nature of the province poses a problem. The provincial Works Department maintains, however, that the use of more simplified designs would ensure speedier results and monitoring.

There is no conclusive evidence to suggest that one option is always better than the other. However, the in-depth interviews expressed serious grievances with bureaucracy, long lines of accountability and decision-making, factional struggles and budgetary and capacity constraints faced by those operating within government departments. This suggests that the government should play more of a role in

planning and co-ordinating than in actual construction and provision of infrastructure. Without excluding government from engaging directly in delivery efforts, its limited resources and capacity, and its primary role in policy formulation and monitoring suggest that the use of NGOs, consultants and private sector companies may be desirable, as long as they operate within agreed guidelines.

### **Departmental control versus interdepartmental co-ordination**

As the example of education infrastructure delivery in Gauteng has shown, delivery is more efficiently and cheaply achieved when a single department is in charge. Given that government does engage in delivery, it is imperative that the lines of communication and implementation and the budgetary processes are kept as short as possible. Excessive red tape is a problem that affects all government departments, and to involve more than one department in delivery compounds the problems.

This does not necessarily mean that the GDE model of taking care of all aspects of delivery within the same department is ideal. Out-sourcing should be considered, but to forces outside government rather than to other government departments. Even if other departments must get involved in the provision of specific aspects such as water, electricity, roads, etc, the process should be owned and co-ordinated by one department to minimise the room for bureaucratic disruption and mismanagement.

### **Community participation**

Finally, the issue of community participation came up frequently in the course of the interviews, usually as an added difficulty facing projects. The problem stems from lack of clear guidelines as to the meaning and precise role of “the community”. The only way to deal with this is for government, together with other forces who play a role in delivery, to take the need for participation seriously, but without allowing it to block delivery. This can be done by setting firm boundaries within which the community can play a role, and clarifying the nature of community structures that can take part in the process, to prevent rogue elements from high-jacking the process.

NEDLAC can play a role, especially through the Development Chamber and the Community Constituency, in ensuring that communities get involved in projects, that their concerns are heard and met, but without letting them disrupt the process. This would involve an intensive media campaign in which NEDLAC could act as a crucial link between government, communities and other civil society organisations.



## Chapter 7 Health: a question of hospitals and clinics?

### CASE

In 1994, wide geographical and racial disparities existed in the provision of health services. National Department of Health (DoH) statistics also demonstrated disparities between provinces in terms of personnel (SA Health Review 1998). Gauteng had five doctors per 10,000 people, Western Cape had seven, while Northern Province two doctors per 10,000 people. The audit further also showed that Western Cape had 41 nurses per 10,000 people, followed by Gauteng with 32, North-West with 29 and Mpumalanga with 23. People in rural areas have been especially disadvantaged with regard to access to public health care, whereas those who had the resources to pay for it (and most of the burden to finance it) found their health care outside the public domain. Rather than delivering health care, the challenge to the government was therefore to *redistribute* health care towards the most needy.

The RDP recognised the need to bring health facilities to rural areas, informal settlements and unserved areas. Funding was set aside for health infrastructure delivery programmes which were largely co-ordinated by the National DoH. During this period, there were also initiatives by non-governmental organisations (NGOs), funding agencies such as the Independent Development Trust (IDT) and the private sector. The following section details some of these programmes, and the perceptions of beneficiaries and service providers as to the challenges ahead.

### 7.1 Policies and regulation

The National DoH is currently finalising the National Health Bill and the provinces are in the process of drafting provincial regulations and guidelines. Until this legislation is finalised, the policies of most government service providers appear to be informed by the health guidelines in the RDP document and the District Health Services and Primary Health Care approaches – both of which are based on the White Paper and supported by the World Health Organisation.

Since 1995, health expenditure has increased by almost 45% (Budget Speech, 1999). The 1999 budget allocation for the DoH increased to R24 billion and is expected to rise to R26.4 billion by 2001. The RDP budget for the Clinic Upgrading

and Building Programme was approximately R260 million. Including provincial contributions, the total budget came to R730 million. This programme has officially been completed and it is unlikely there will be additional funding for new projects. In Gauteng, for example, no capital funds have been allocated for new infrastructure for the current financial year. Last year there were five clinics in the planning stages, but these projects were postponed due to lack of funds.

KwaZulu Natal and Northern Province appear to be slightly better off with regard to funding for infrastructure. According to KwaZulu Natal officials, the department has been allocated R409 million in the current financial year.<sup>1</sup> Northern Province has been allocated R159 million from the provincial budget, and R32.6 million from the Hospital Reconstruction and Rehabilitation Programme (R&R). They are currently involved in about 450 projects in various stages of completion.

According to the different service providers interviewed, the cost of building a clinic varies from R1.2 million to R1.6 million and the average cost for a hospital is around R10 million. Funds are allocated to projects according to provincial strategies and priority plans. There is generally a focus on rural and unserved areas and the “most disadvantaged areas and groups are targeted first”. Gauteng has conducted a needs analysis and uses their five-year plan when allocating funds for new projects.

### **Presidential Lead Projects**

In September 1995, the Clinic Building and Upgrading Project (CUBP) was initiated as a Presidential Lead Project, with the objective of ensuring universal access to health care services (Dept of Health Annual Report, 1996). During 1996, the programme received most of its funding from provincial allocations, private sources and the RDP fund. Government identified the need to construct facilities in rural areas as a priority. The primary focus of the CUBP has been on the two provinces that had the poorest population to clinic ratios: KwaZulu Natal and the Northern Province.

By the end of 1998, a total of 495 clinics had been built nationally, while 249 existing clinics received major upgrading, such as the building of new maternity sections. Two thousand two hundred and ninety eight clinics received new equipment and/or had minor upgrading done to the value of R10,000 per clinic. The department had built a total of 124 new “Visiting Points”, most of which consisted of a consulting room and a hall. These were used as clinics once a week. The department has also purchased 215 mobile clinics.

<sup>1</sup> This is approximately 8.3 percent of the overall departmental budget. According to documentation provided by the department, the majority of these funds will be spent on reconstruction and rehabilitation

Table 7.1 New clinics, upgrade projects, and mobile clinics in each province

Province	New Clinics*	Upgrade Projects**	Mobile Clinics
Eastern Cape	76	102	-
Free State	35	31	9
Gauteng	28	10	1
KwaZulu Natal	133	9	130
Mpumalanga	8	-	53
Northern Cape	7	3	4
Northern Province	126	27	-
North West	48	14	-
Western Cape	14	16	18

\* Some of these are not yet completed, although it is expected that all should be completed by March 2000.

\*\* This includes fencing for 102 clinics.

The department estimates that, on average, each of the new clinics offers services to a population of 10,000 people, which means that primary health care services have been extended to more than five million people (Dept of Health Annual Report, 1999). However, 61 clinics built by the programme were not operational by August 1997 because of a lack of funds for operational expenses. Furthermore, some provinces also lacked the funds to employ staff for a number of their clinics.

Table 7.1 shows that the DoH has concentrated its development initiatives in KwaZulu Natal and Northern Province – the two provinces with the greatest backlogs. At the same time, the CASE/Fafo survey found that only 42% of respondents in Northern Province, and 26% in KwaZulu Natal were aware of a new health services development in their area (see below)<sup>2</sup>.

### Hospital rehabilitation

In addition to the CUBP, the DoH has also embarked on a programme to rehabilitate hospitals. This proposal came after an audit of health facilities showed that one tenth of the facilities were in such poor condition that they had to be condemned and another tenth had to be upgraded or replaced (SAIRR Survey, 1997/8).<sup>3</sup> As a

<sup>2</sup> The Second Kaiser Family Foundation Survey of Health Care in South Africa (1999) reported that 27% of all South Africans noticed new health care facilities in their area.

<sup>3</sup> The National Health Facilities Audit details the condition of all the existing health facilities in South Africa – hospitals, clinics and community health centres. One fifth of all health care facilities were ideal, while half were acceptable.

result, R300 million was allocated to the R&R programme for 1999/00 and R 600 million for 2000/01.

The R&R programme was launched in August 1998 and will run for the next eight to ten years. Its primary objective has been to encourage provinces to look beyond the mere repair of existing facilities and instead, to undertake strategic planning exercises, utilising the information from the audit. The strategic planning should include a consideration of the changing demographics of their respective areas, as well as the impact of the new provincial borders. Based on information about the prevalence of certain diseases, referral patterns and population figures, as well as the need to maximise access for all, the provinces would need to take strategic decisions about what kinds of hospital or health facilities they would need in ten years. Provinces might thus elect to close a hospital, enlarge it, perhaps change it into a hospice or tuberculosis (TB) clinic, and so on.

As the R&R programme is not yet one year old, it is difficult to measure whether it has been, or will be, a success. At national level there is optimism that it will succeed in its aims and that within ten years there will be significant progress. The provinces, which are in closer contact with communities, are, however, concerned about the slow rate of change. For communities with facilities that are targeted immediately, the impact will be very positive. Those communities that have been told that their facilities will be upgraded in six to eight years could understandably become impatient or disillusioned. At the same time, there is a recognition that the size of the R&R budget gives provinces little choice but to prioritise according to long-term strategic plans, and to try to make the best use of the limited resources.

Nationally, about 75 projects have been prioritised for the current financial year, and all of these are in different stages of being implemented. Especially in this first

Table 7.2 Provincial hospital reconstruction and rehabilitation allocations\*

Province	Amount allocated (Rand)
Eastern Cape	15,110,000
Free State	3,590,000
Gauteng	13,680,000
KwaZulu Natal	17,160,000
Mpumalanga	8,590,000
Northern Cape	1,140,000
Northern Province	25,470,000
North West	8,390,000
Western Cape	6,870,000

\* Information from the Department of Health, March 1999. Allocations differ to provincial project "budget" – for example, KwaZulu Natal has already spent R30 760 000, over R14 million from next year's budget.

year of the programme, the national DoH encouraged the provinces to utilise some of the funding for developing planning capacities and providing skills training, specifically because of the significant influence the strategic plans will have. However, it is difficult to spend money on planning and securing resources when the need for delivery is so great and facilities are in such a state of neglect.

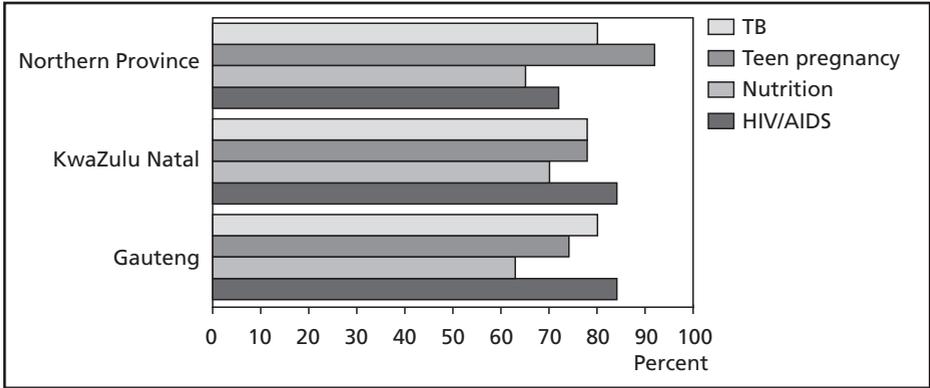
## 7.2 Urgent health problems in the community

Respondents in the CASE/Fafo survey were asked which health issues required urgent attention in their community. Overall, respondents rated the issues of HIV/AIDS<sup>4</sup> and TB as similarly urgent concerns, followed by the problem of teenage pregnancies (figure 7.1).

Nutrition was raised as an urgent health concern amongst all respondents, while the three related concerns of clean water, sanitation and diarrhoea were seen to be more urgent by respondents in Northern Province than in Gauteng or KwaZulu Natal, as illustrated by figure 7.2.

Health problems were prioritised differently by the various racial groups. Primary health issues were of less urgent concern to whites, reflecting their higher income levels, better access to infrastructure and coverage by private medical aid schemes. Africans and Coloureds were much more affected by basic problems such as TB or the lack of adequate sanitation. With regard to HIV/AIDS, it was not clear whether whites in Gauteng and KwaZulu Natal have not realised the seriousness of the

Figure 7.1 Urgent health concerns (by province)



<sup>4</sup> Similarly the Kaiser Health Study (1999) found that HIV/AIDS was by far the most important health concern for South Africans.

problem of HIV/AIDS, simply do not think it requires “urgent attention” in their particular community and/or think they themselves will be less affected by it (figure 7.3)<sup>5</sup>.

HIV/AIDS has reached especially critical levels in KwaZulu Natal. Currently, the infection rate in the province is estimated to be 32.5 percent. It is thus encouraging to see the high level of awareness among African respondents. Close to three quarters of African respondents considered HIV/AIDS to be an urgent health need. However, the fact that less than a third of whites regard HIV/AIDS as an urgent health problem is disturbing.

Figure 7.2 Urgent health needs – water, sanitation, malnutrition by province

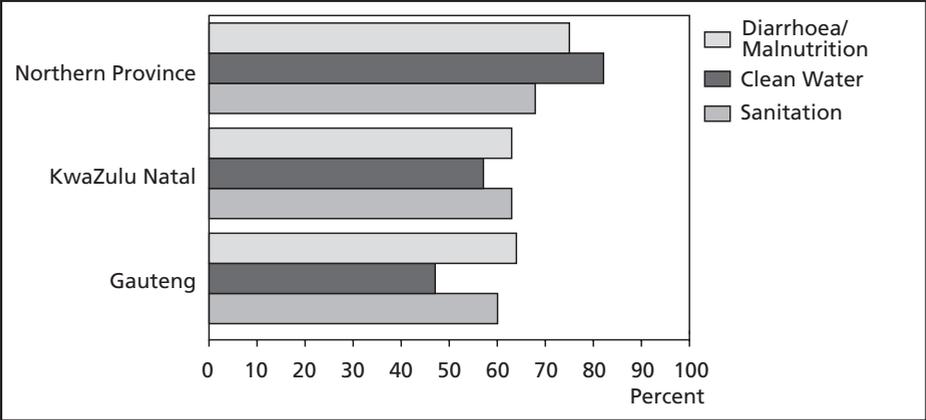
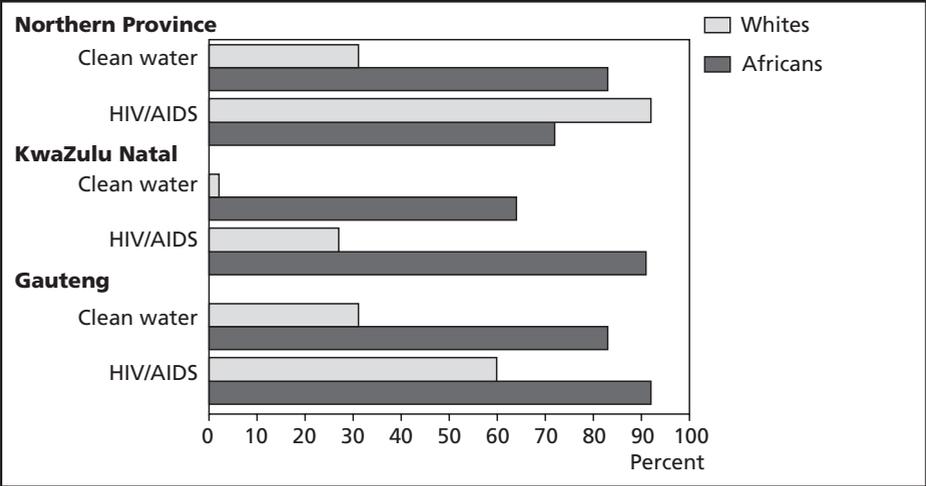


Figure 7.3 Urgent health problems by race and province



<sup>5</sup> Less than a third of whites, according to the Kaiser Health Study (1999) saw HIV/AIDS as their most important health concern. Cancer was their major health concern.

## 7.3 Improvements in health services?

The CASE/Fafo questionnaire examined people's perceptions of whether access to health services had improved over the last five years. Households were asked whether they had noticed the building or upgrading of hospitals or clinics in their particular area over this period. If the respondent had lived in the community for less than five years, they were asked about changes that had occurred during the time they had been there.

Perceptions of development were similar in Northern Province and Gauteng, with close to half the respondents having noticed new development. In KwaZulu Natal, however, almost three quarters of respondents said that they had *not* noticed the development of new clinics or hospitals. In Gauteng, it appeared that less development had taken place in informal areas, with two fifths of urban/metropolitan formal respondents saying that they had noticed changes, as opposed to a third of urban/metropolitan informal respondents (figure 7.5).

Figure 7.4 Have you noticed new health services over the last five years? (by province)

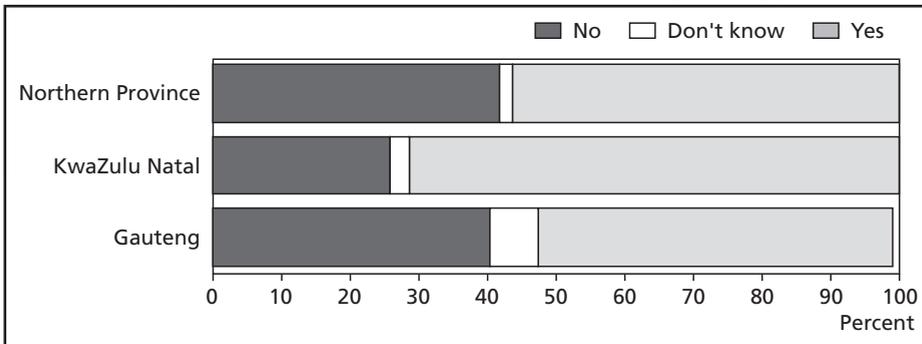
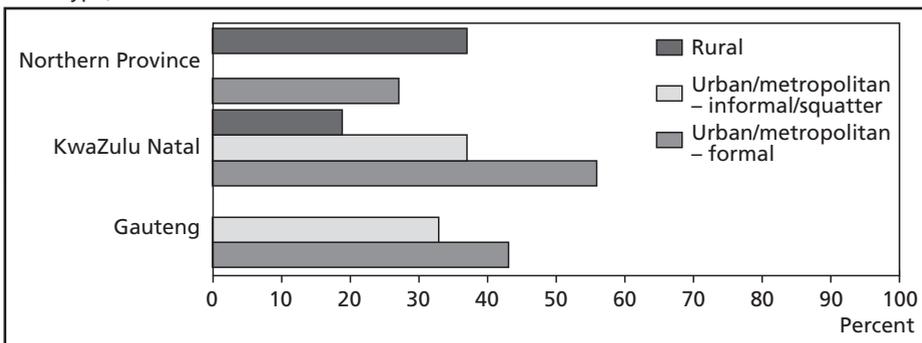


Figure 7.5 Have noticed new health services in own areas, percentages (by area and settlement type)



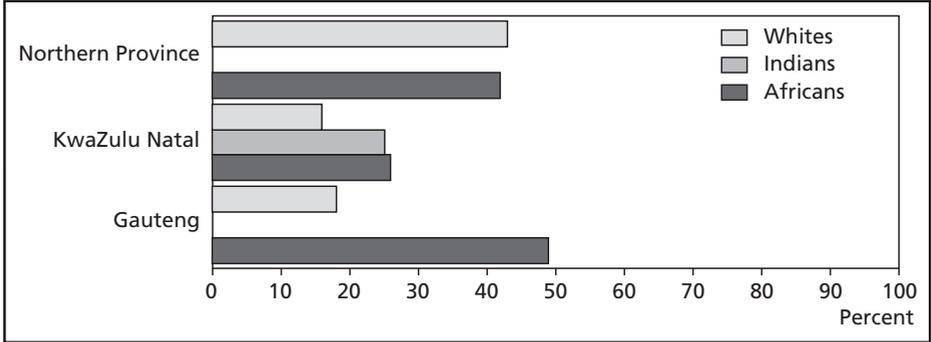
Development interventions in KwaZulu Natal appeared to be targeted according to the RDP's stated focus on disadvantaged groups, for example in informal settlements. A quarter of urban/metropolitan formal respondents had noticed development, compared to over a third of urban/metropolitan informal respondents. It is a matter of concern, however, that only one fifth of people in rural areas (the group that is most disadvantaged and in greatest need of new services) had noticed new clinics or hospitals being built over the last five years. In Northern Province, more respondents from metropolitan and small urban areas had noticed the development of new clinics and hospitals. Only a third of the respondents from rural areas confirmed this. From these responses, it seems that the most disadvantaged groups have generally not noticed much health services development. This could be because the CUBP has not been effectively targeted to benefit the most needy communities, or it could be that there were already health centres in the area.

**Perceptions of development**

In Gauteng, almost half the African respondents had noticed new clinics being built, as opposed to less than a quarter of whites. This seems to indicate that “previously disadvantaged” groups and areas in Gauteng have been successfully targeted.

In KwaZulu Natal, with its lower perceptions of change, slightly more Africans had noticed new clinics being built than had whites. In Northern Province, a similar proportion of Africans and whites responded that they had noticed new clinics being built. This may reflect the shorter “distance” from previously “white areas” to “black areas” and hence the whites’ perceptions of having seen developments in the areas they frequent (but do not necessarily live in). Those who had noticed new developments were asked whether the new developments had improved the provision of health services to the community. Respondents from most areas and types of dwelling responded positively.

Figure 7.6 New clinics or hospitals by race and province



When analysed by area type, 60% of those who had noticed developments and who live in metropolitan and urban formal areas in Gauteng said that this had improved health services in their community, while 19% said there had been no improvement. The response from informal settlements was more positive, with 79% of these respondents who had noticed changes stating that the changes had improved health services to the community.

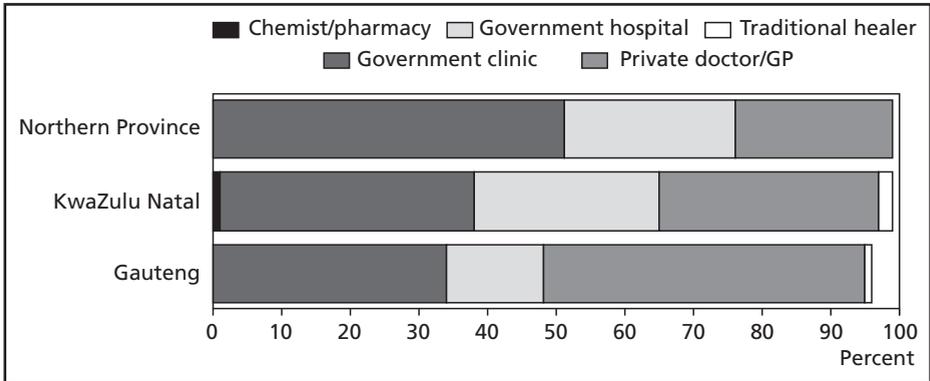
Respondents from KwaZulu Natal were generally less positive about the changes. A higher proportion across all area types responded that the changes had not improved health services – 21% of metropolitan/urban formal, 15% of metropolitan/urban informal, and 20% of rural respondents. Fifty three percent of rural respondents and 71% of metropolitan and urban informal settlement respondents who had noticed changes said that health services had improved.

**Medical treatment**

Most people go to government hospitals or clinics when in need of medical treatment (figure 7.7). Of the three provinces, Gauteng had the greatest proportion of respondents who consulted a private doctor or general practitioner (GP).

The most frequently mentioned sources of medical treatment differed according to the type of area and dwelling (figure 7.8). In Gauteng, half the respondents from informal areas visited government clinics, as opposed to a third of respondents from formal areas. Half the respondents from formal areas went to a private doctor. Responses in KwaZulu Natal followed a similar pattern, although a higher proportion of respondents said that they attended government hospitals. A lower

Figure 7.7 Where do you usually go for medical treatment?\*



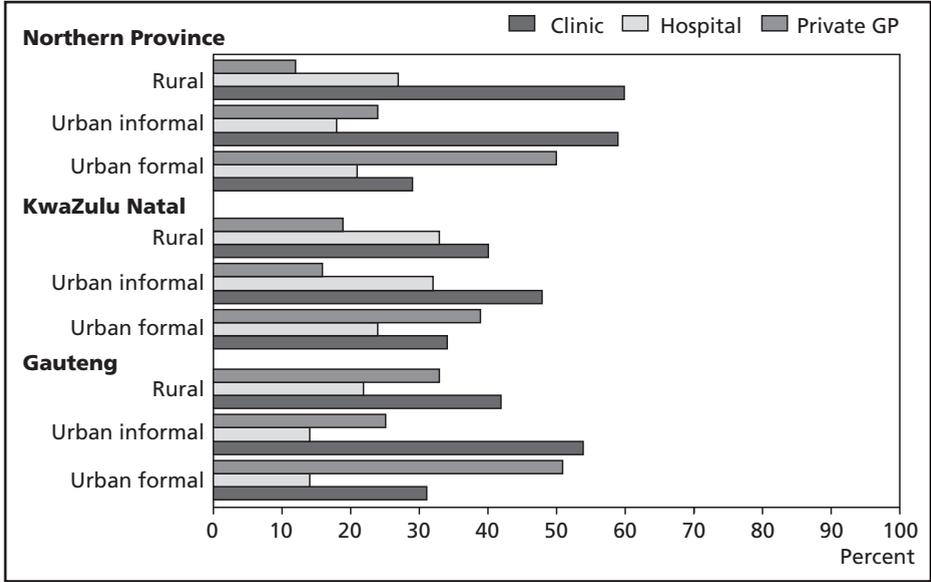
\* The Kaiser Health Study (1999) found that 49% of South Africans who visited a primary health care site visited a public site. The same study found that 85% of South Africans who went to a hospital visited a public hospital.

proportion of respondents went to private doctors. In Northern Province, a high proportion of respondents went to government clinics for medical treatment – about 60 % of respondents in both informal and in rural areas.

Where people go for medical treatment is also strongly influenced by race and socio-economic status. Most whites consulted private GPs.<sup>6</sup> Africans, on the other hand, seldom have the resources to go to private doctors or have available doctors in the vicinity. In Gauteng, however, 34% of Africans – as compared to 23% in KwaZulu Natal and 21% in the Northern Province – consulted private GPs.

According to a 1995 study, most African people took between 30 minutes to over an hour to reach the nearest health clinic (Hurt and Budlender 1998)<sup>7</sup>. Over a third had to walk to get there. To determine how far away the nearest health facility was from communities, respondents were asked to estimate how long it would take to walk there. Respondents in rural areas and in informal settlements generally have further to go to get to a health facility. In Gauteng, 41% of informal settlement respondents would take more than an hour to walk to the nearest health facility, and another 23% would take 30–60 minutes. In KwaZulu Natal, 62% of re-

Figure 7.8 Where do you go for medical treatment by area and settlement type



<sup>6</sup> 78 per cent in Gauteng, 83 percent in Northern Province and 93 percent in KwaZulu Natal.

<sup>7</sup> The Kaiser Health Study (1999) found that on average about 15% of all South Africans take about an hour to travel to their nearest health care site. This is a decrease from their 1994 study which found that 20% of South Africans travelled more than hour.

spondents who live in rural areas were more than an hour from health facilities and 22% were 30–60 minutes away. Almost half (48%) the respondents in Northern Province who live in rural areas were more than an hour away, and another fifth (22%) were 30–60 minutes away. Generally, health facilities appeared to be more accessible in Gauteng than in the other two provinces, with only a third (34%) of Gauteng residents taking more than an hour to reach their health facility, as opposed to half (50) of the KwaZulu Natal respondents, and two fifths (40%) of Northern Province respondents<sup>8</sup>.

### **Knowledge of and access to medical care**

In 1995, nearly 75% of Africans (and fewer than 25% of whites) did not go to a clinic to seek assistance when they needed it because they could not afford to do so (Hurt and Budlender 1998)<sup>9</sup>. The respondents in our survey were asked whether they had ever been unable to get medical care when ill and, if so, for what reason. Only a small proportion of the respondents said that they had at some stage not received medical care when in need.<sup>10</sup> Of those who at some stage were unable to obtain medical care when they needed it, the absence of available services and a lack of money played an important role. In Gauteng, 28% quoted “no money” as being the reason for not accessing medical care, while about 36% in Gauteng and KwaZulu Natal, and 39% in Northern Province said that there were no services available. It should be mentioned that the Northern Province also seems to have been less able to address the rural backlog in medical care and to level out the differences between urban and rural areas in access to services. While 17% of urban residents said there were no services available, 53% in rural areas quoted this reason as their barrier to accessing medical care.<sup>11</sup>

The majority of respondents in all three provinces had heard about the government’s free health care programme for pregnant mothers and children under the age of six. The proportion of those who had heard about the programme was similar in KwaZulu Natal (81%) and Northern Province (82%), but slightly lower in

<sup>8</sup> On average about a third of all rural dwellers in South Africa need to travel an hour or more to reach a health care site according to the Kaiser Health Study (1999).

<sup>9</sup> The Kaiser Health Study found a not dissimilar figure, about a two thirds of all South Africans listed cost as the major reason for not seeking health care when they need it.

<sup>10</sup> 15 percent in Gauteng, 13 percent in KwaZulu Natal and 11 percent in Northern Province

<sup>11</sup> The percentage point difference in KwaZulu Natal was much smaller: 31 (rural) 38 (urban informal) versus 45 percent (urban formal). In Gauteng, there were no differences between formal and informal settlements. One should note, however, that the groups we are analysing here are small which minimises the potential for generalisation.

Gauteng (78%). There were limited differences between the responses of men and women in KwaZulu Natal and Northern Province. In Gauteng, 81% of women knew about the free health care, compared to 73% of men.

Figure 7.9 indicates how people heard about the government’s free health care programme. Across all three provinces, word of mouth and radio were the most frequently mentioned means of communication.

Respondents were also asked to rate the quality of the service they received at their usual health facility. Overall, there were few respondents who rated the quality of service from doctors as poor. However, when looking at perceptions of the quality of service at different health facilities, those who received health care from a private doctor were likely to rate their health care provider more highly than those who went to government clinics or hospitals.

Figure 7.9 How did you hear about the government’s free health care programme?

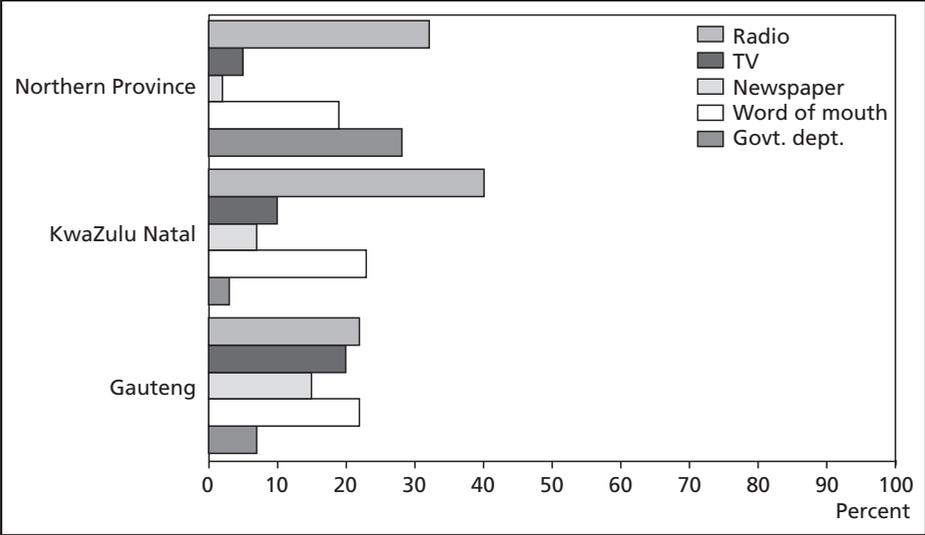
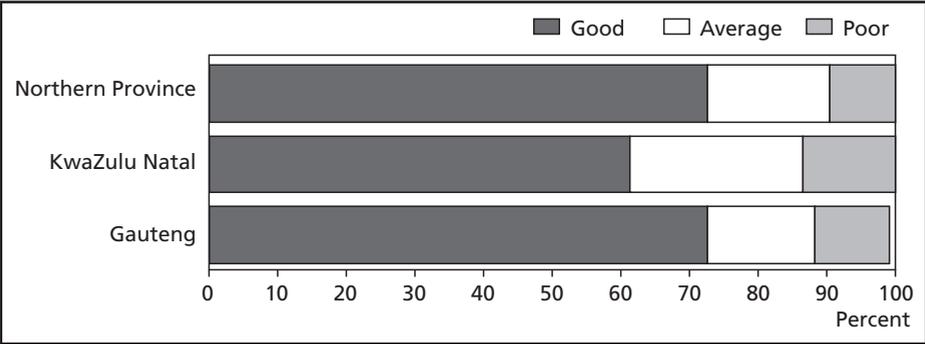


Figure 7.10 Quality of services, doctors



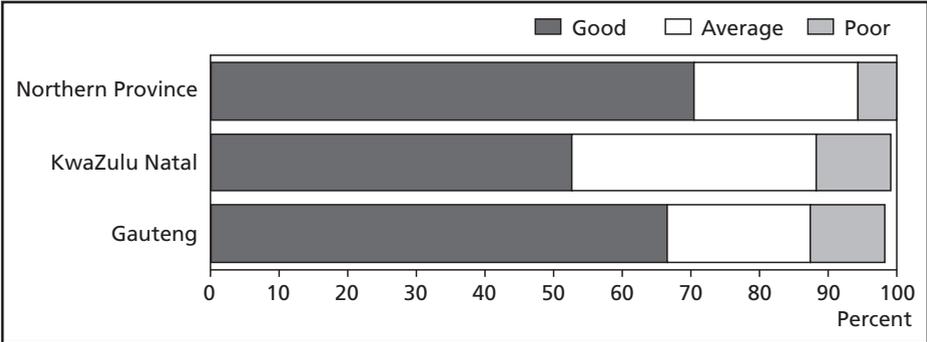
The vast majority of respondents who consulted a private doctor or GP for medical treatment rated the quality of service from doctors as “good”.<sup>12</sup> However, among those respondents who went to government clinics or hospitals, the level of satisfaction was much lower, especially in KwaZulu Natal where less than half of those who went to a government clinic (40%) or a government hospital (45%) considered the quality of service from doctors to be “good”. The overall satisfaction with general facilities was slightly lower, especially amongst those who utilised the services of government clinics and hospitals.

Respondents in Northern Province seemed to be the most satisfied with the quality of service with regard to facilities. Again, the kind of health facility determined the level of satisfaction among respondents, with those going to a private doctor being most satisfied, and those going to government clinics or hospitals being least satisfied.

The difference between responses in terms of facilities is especially evident in KwaZulu Natal, where 93% of respondents who went to a GP considered the facilities to be “good”, as opposed to 37% of government clinic patients, and 38% of government hospital patients. Among respondents who used government facilities, those in Northern Province seemed the most positive, with two thirds of clinic patients (67%) and hospital patients (65%) saying that the facilities were “good”.

Access to medicine is a crucial factor when one is in need of medical care. Respondents in KwaZulu Natal were least satisfied with the availability of medicine, with less than half (47%) saying that availability was “good”, and close to one third (30%) saying that it was “poor”. People in Gauteng were generally far more satisfied with the availability of medicine when in need. Likewise, in the Northern Province, a large majority said that availability was “good”.

Figure 7.11 Quality of general service facilities



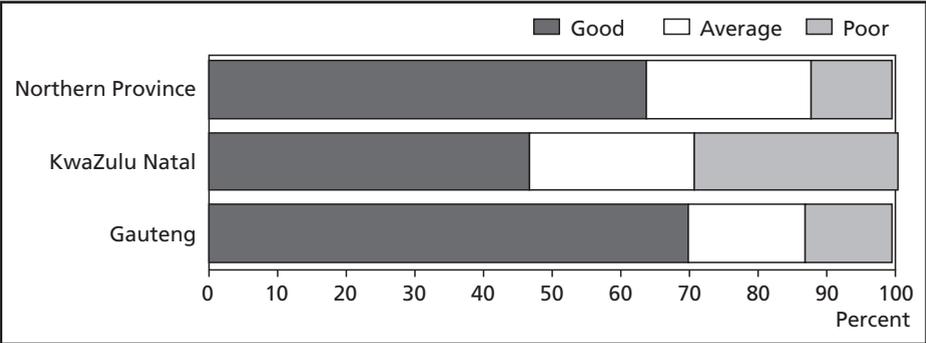
<sup>12</sup> This is true of 91% of Gauteng respondents, 93% of KwaZulu Natal respondents, and 87% of Northern Province respondents.

Availability of medicine appears to be most problematic in KwaZulu Natal, with only a third (32%) of government hospital patients and less than a quarter (23%) of government clinic patients rating availability as “good”.

Of the four aspects of service (doctors, facilities, availability of medicine and attitude of providers), respondents were least satisfied with the attitude of providers. Only half the KwaZulu Natal respondents rated the attitude of providers as “good”, as did two thirds of Gauteng and Northern Province respondents.

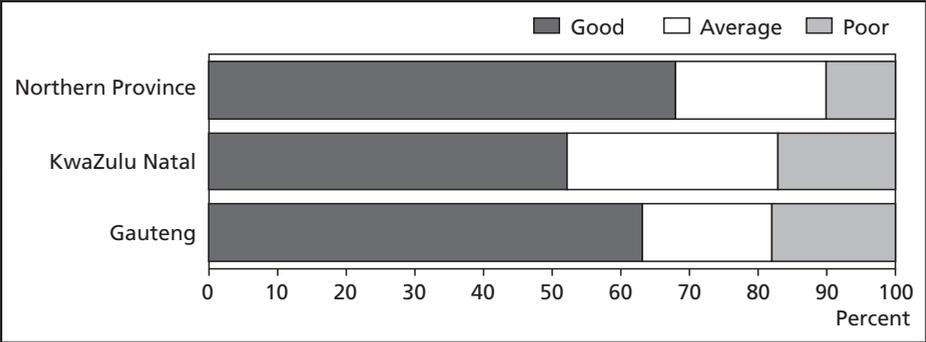
Respondents in Gauteng seemed to be less satisfied with providers at government clinics than at government hospitals, as were KwaZulu Natal respondents. Again, Northern Province respondents seemed to be more satisfied with the quality of service than were respondents in Gauteng and KwaZulu Natal.

Figure 7.12 Quality of service: Medicine availability\*



\* The SA Health Review (1998) reports that more than three quarters of all clinics had selected PHC and TB drugs, whereas the Kaiser Health Study (1999) reports that a third of South Africans claimed the availability of medicines had got worse over the past four years.

Figure 7.13 Quality of service: Attitude of providers

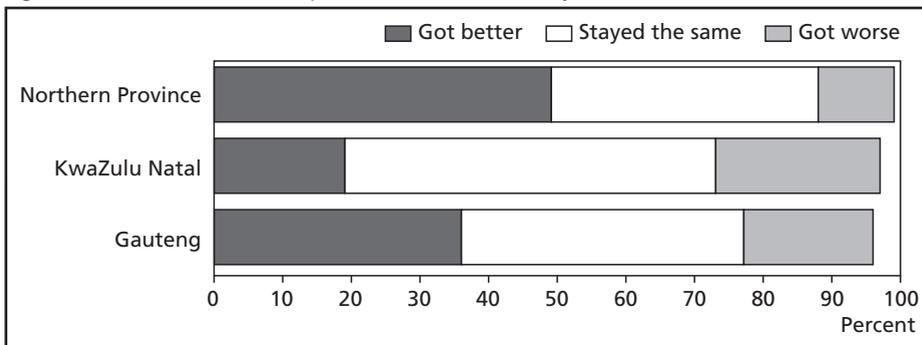


### Improvements over the past 5 years?

Figure shows how people responded to the question: “In general, has the situation in your community changed with regard to health?” The question was addressed to all respondents, whether they had noticed new developments in their community or not. The proportion of respondents who said that things had improved was relatively low – a third in Gauteng and a fifth in KwaZulu Natal.<sup>13</sup> The number of people responding that things had improved was higher in the Northern Province, with close to half responding positively. Yet, we must keep in mind that this analysis includes all racial groups. When analysing this issue for Africans alone, ie the group which would be targeted for improvements as the most deprived group in terms of living conditions, the results in Gauteng alter dramatically. Close to half (49%) of the African respondents in Gauteng believed the situation with regards to health care had changed for the better in their communities. In KwaZulu Natal and the Northern Province, the results remained more or less the same.

Analysed by area type in each province, responses to the same question indicated that, of the disadvantaged groups in society, those in informal settlements have noticed an improvement in health care over the last five years, while those in rural areas have still not begun to benefit from government development programmes. In Gauteng, half (51%) the respondents in informal areas felt that the situation in their community with regard to health had improved, as opposed to a third (34%) of respondents in formal areas. A higher proportion of respondents – more than half – in KwaZulu Natal said that the situation with regard to health had remained the same. Only a third (33%) of respondents from informal areas, and a tenth (10%) of rural respondents said that the situation had improved. Northern Province

Figure 7.14 Has health care improved over the last five years?



<sup>13</sup> While comparisons of delivery between formal versus informal and rural dwellers remain valid, we need to keep in mind that the issue as to whether half, or one third of respondents claiming improvements to have taken place is a high or low figure, remains more a political question than one of measurement.

respondents were the most positive about changes in the community with regard to health. A much lower proportion of respondents said that the situation had got worse, and almost half the respondents from informal areas (44%) and rural areas (46) said that things had improved over the last five years.

### **Private and work related medical care**

In Gauteng, one third (33%) of respondents said that they were covered by a medical aid or health insurance scheme. This is a much larger proportion than in the other two provinces – only 16% of respondents in both KwaZulu Natal and Northern Province responded in this way<sup>14</sup>. This pattern is not surprising, and reflects the levels and types of employment in each of the provinces. In each province, membership of a medical aid scheme differed according to race. In Gauteng, 85% of African respondents did not have a medical aid, while 82% of whites were covered. In KwaZulu Natal, three quarters (76%) of whites, and only 10% of Africans were covered by medical aid. Similarly, in Northern Province, three quarters (74%) of whites and only 15% of Africans were covered by health insurance.

In each of the provinces, town or city-dwellers were most likely to have a medical aid. In Gauteng, of the respondents who have a medical aid, 96% live in metropolitan or urban formal areas, while the figure for KwaZulu Natal is 83%. Northern Province responses were slightly different, with 71% of those covered by medical aids living in metropolitan or urban formal areas, 2% living in informal areas and 27% in rural areas.

## **7.4 Effective health infrastructure delivery?**

Delivery must be seen against the background of high expectations in the post-apartheid setting. Funding and other resources, as well as institutional changes, were instruments put in place in order to meet these expectations. All in all, respondents' assessments were relatively positive. Yet, the new government is still faced with the question of how the speed of service delivery could be further improved. We conducted in-depth interviews in order to assess whether the service providers involved in the various infrastructure delivery initiatives considered them to have been successful in terms of their stated aims and objectives and, furthermore, where they would identify the potential blockages to improved delivery.

<sup>14</sup> According to the October Household Survey 40% of those living in Gauteng have medical scheme cover, 13% of those in KwaZulu Natal, and 8% of those in the Northern Province.

The main challenge facing the DoH is not delivery as such, but the *redistribution* of health resources. Some of the provinces had an “oversupply” of hospital beds in 1994, others a huge backlog. If, for example, the aim is three beds per 1,000 population, Gauteng has an excess of 7,456 beds, and Western Cape 5,120 excess hospital beds. Old “homeland” areas such as Eastern Cape have a shortfall of 2,805 beds. Mpumalanga has a shortage 2,549 beds and the Northern Province lacks 3,353 hospital beds. Several of the most wealthy provinces such as Gauteng and Western Cape also still have to determine whether, and to what extent, they want to maintain specialist services through the university hospitals or whether they will give priority to basic services for the whole population. This issue is becoming crucial in health delivery. Likewise, the question of goals, such as whether the aim should be three hospital beds per 1,000 people or 1.85 as argued by others. Several of these questions will have to be determined by the provinces themselves. The provinces have extended autonomy in the delivery of health services, which yet again poses a key challenge to national standards of health delivery.

### **Budgetary constraints?**

Provincial government officials generally felt that delivery and meeting people’s needs were hampered by a lack of funds. Some officials suggested, however, that increasing funds would not necessarily improve delivery, as long as human resources and capacity were lacking. National and provincial officials alike felt that they would be able to deliver more efficiently if they had more staff in their offices. Lack of capacity is not amongst the main barriers to delivery, but lack of *staff* is.

Private sector companies complained about the government’s lack of funds, largely because if there were more funds allocated for infrastructure, there would be a greater number of contracts and jobs available. However, they also called for greater efficiency in the application of available funds. Amongst the provincial officials, officials in Gauteng complained most about the lack of funds. They underlined, for example, the problem of funds running out before equipment, furniture and staff could be obtained for new clinics and hospitals. The recent hospital hearings in Gauteng (1999) have shed new light on these questions. Yet, this once more brings up the issue of *redistribution* and the need for priority-making: while, for example, Chris Hani Baragwanath Hospital in Soweto is struggling with a lack of resources, the academic hospitals in Johannesburg and Pretoria receive relatively more.

When respondents were asked what the implications would be if budgets were cut, responses from representatives in each of the three provinces were similar. Most said that it would simply reduce the number of projects on their list of priorities that could be completed. One way of dealing with the eventuality of budget cuts had been to prioritise potential projects according to need. In this way, if the funding

was reduced, the needs of the most poverty-stricken communities would still be met. Respondents also noted that the maintenance of existing facilities would suffer if budgets were cut. This would have long-term consequences for funds needed for reconstruction and rehabilitation. The upgrading of hospitals (the R&R Programme) will require at least R8 to 10 billion, putting additional pressure on already stretched resources.

### **Tender procedures**

Many officials highlight the constraints of the procurement procedures. The issue of tender board procedures was raised by both government officials, consultants and the private sector. The national DoH mentioned the problems that the provinces experienced with the tender boards, especially the delays caused by the board and the lack of knowledge of the procedures. A KwaZulu Natal Works official believed the tender board procedures were a constraint to delivery because they “are lengthy as well as very complicated for all the contractors”, and a Northern Province official blamed slow delivery at least partly on the provincial tender board.

Their view is not that one should get rid of tender procedures. To the contrary, tender procedures are important in order to assure financial control, secure fairness in the allocation of government contracts, etc. However, the tender procedures are generally too complex for most officials to access. High-level officials with the political responsibility for the allocation of projects also have limited time to go through a 250 page tender manual. Furthermore, while there are provincial and departmental differences in the application of tender procedures, the requirements generally demand 50% of the evaluation to be assessed on the basis of price. When PDI requirements are to be given an additional 5% or 10% of the evaluation, the final say in choosing the candidate easily rests solely in the hands of the Tender Boards, with limited influence for the department that initially issued the tender, which is best suited to evaluate the proposals professionally.

## **7.5 Community Participation or speed?**

At the beginning stages of the CUBP programme, the emphasis was on departmental consultation with community committees and associations. Community consultation had, in some cases, lasted for a year and a half before building commenced. This was also true of the IDT’s clinic building programme.

The task team formed by the national DoH used a different tack. Their immediate priority was to develop a fast-track approach to delivery. They developed a

modular design for a clinic. Officials could look at the demographics of a community and what they could afford, and then go to the community and tell them that, for the size of their population, according to the norms and standards, they warranted a clinic of a certain size – and not a community health centre or a maternity ward. With these more realistic expectations, the community consultation was completed within a week or two. While this approach resulted in communities receiving new clinics very quickly, it may have compromised the communities' need for consultations. According to a CUBP co-ordinator, when the model of a clinic was presented to communities, they were usually happy with it – “as long as it was explained properly”. A model had been built, and community representatives were able to see what the clinic would look like and choose between two different designs. As the task team did not expect to build the same type of clinic all over the country, they provided various options which would be suitable for each context. The heads of planning from all the provincial departments of health and works met with the task team to find out how the system worked. The provincial heads approved of the plan and accepted the standard plans, but their own consultants remained responsible for putting the clinic onto the site, and for site inspections, quality control and the payment of contracts. While the national consultants designed the modules, the provincial officials liaised with communities, and determined where and what types of clinics were required. Once that information reached the national office, they could go out to tender. This resulted in a savings of an estimated 17 weeks on the pre-contract time.

The co-ordinator of the CUBP strongly recommended the merits of using a modular system for clinics, and there seemed to be general consensus from the provinces that the system has worked well. The modular clinics were designed within the ambit of South African norms and standards for clinics, and the final cost was 21% below the norms prescribed for government clinics. A large amount of money was thus saved, which enabled the building of 150 more clinics than anticipated.

A Gauteng district official observed that “community consultation is time consuming” and saw this as a constraint to the implementation of projects. Yet, most other officials offered a more mixed response. Prior to August 1995, community consultation took many months and limited delivery took place as a result. After August 1995, the CUBP reduced the extent of community consultation and delivery increased dramatically. Consultation and community involvement versus speed of delivery is a difficult balance in most delivery sectors. A “long” process of consultation may empower the community, make them feel part of the project, and access the best sources of information about community needs. Yet, consultation *may* take long. It should also be mentioned that community consultation could also *save* some time by accessing information more easily. It is also difficult to assess

whether the “two to three weeks” of consultation in the new approach was adequate, or whether the consultation that took place was a token gesture.

### **Determining priorities?**

In deciding where clinics were needed, the surveyed provinces mentioned having used fairly vague criteria such as “greatest need” or “the neediest communities”. Northern Province officials spoke of the use of norms and standards; for example, where an area of 5,000 -20, 000 people warranted a “small clinic” while an area with fewer than 5,000 people warranted a “visiting point”, and so on. In addition, the focus has been on rural areas and trying to bring about equity between regions. Before 1996, KwaZulu Natal already had an efficient system of identifying needy areas. Nurses were appointed who travelled through the province speaking to the communities and determining where clinics were needed. The national DoH encouraged KwaZulu Natal to continue with this approach, but also to embrace the aspects of the new fast-track approach that would speed up delivery. In many areas however, the criteria for delivery are unclear or controversial. Developing national criteria is a further challenge to be dealt with in many areas.

### **Government co-ordination**

Government officials, consultants and private sector representatives all spoke of the crucial role that communication plays in co-ordinating infrastructure and most said that it could definitely be improved. An official from KwaZulu Natal felt that this co-ordination was not very effective and that “planning is taking place in isolation”. Some officials at national level seemed to think that communication and co-ordination among the various levels of government was good, although they recognised the need for facilitators on the ground in the provinces to feed information up to national level. Other national officials said that no formal system of interaction is in place, and that this is one of the most urgent needs to be addressed. For example, links should be established between the DoH and other departments such as Transport, Housing, and Minerals and Energy because “health is more than just health services”. A KwaZulu Natal official said that the Health Department liaises with the Works Department (implementor of projects), Telkom and Eskom through the regional office, and with Transport when required. There was no mention of Housing, Water Affairs or Education. This official warned that, while co-operation is good, too much liaison can delay the process and “suffocate” projects. Co-ordination needs, in other words, to some extent to be balanced against the speed of delivery.

While a lot has been done in terms of co-ordinating policies between the various government departments, several officials mention the need to co-ordinate *actual* delivery better. Officials felt that there was limited joint planning between departments at provincial level. An example given was that while the Housing Department was planning delivery of houses in one area, the Health Department was planning to build a clinic in an old township that had been neglected for ages, and the Education Department may be planning a school somewhere else. A Gauteng provincial official mentioned the Gauteng Intergovernmental Forum meetings, which are held on a monthly basis between the Health, Education and Welfare departments and the Provincial District Health Systems Committee. Similar structures have been established in several other provinces, but many government officials seem to think that they could function more effectively.

Lack of actual co-ordination result in problems on the ground. Contractors in Northern Province and KwaZulu Natal mentioned the difficulties they experienced in implementing projects due to the lack of infrastructure, especially in rural areas. One official spoke about the impassability of roads in KwaZulu Natal. Another official mentioned that other infrastructure, such as electricity, telephones, roads and water was often not available where clinics were required. The improvement of roads would facilitate delivery by enabling contractors to reach and transport their materials to the construction sites.

Gauteng did not work through their Public Works Department, but with their local authorities. Local authorities generally did not have funds available for infrastructure projects and so the contractors who were involved in building the clinics submitted their claims directly to the national DoH, who then processed the claims and issued payment. Gauteng DoH also mentioned that they had used the Gauteng Community-Based Public Works Project (CBPW) to channel funds to projects. The Gauteng project manager, a consultant paid by the National DoH, held monitoring meetings on a weekly basis with the CUBP co-ordinators in each district who, because they were on the ground dealing with communities and building committees, could provide detailed information on the projects. Northern Province and KwaZulu Natal worked through their Public Works Departments. The provincial DoH paid their Works Department and claimed the money back from the national DoH. According to the national DoH, they tried to be fairly flexible and to avoid the impression that they were imposing national programmes on the provinces.

The Public Works Department in the Northern Province managed the various clinic-building projects on behalf of the DoH after they had been appointed by the Provincial Tender Board, and the Works Department was ultimately responsible for the execution of the projects. In KwaZulu Natal, as in the Northern Province, the provincial Works Department acted as project manager for the various projects, and was directly responsible for monitoring and supervision of progress, finances etc.

Yet, many officials felt that the procedure of having to work through the Department of Public Works contributed to additional stresses, strains and delays.

### **From building to operation**

At national level, the CUBP seemed to be considered a success by those involved. The number of clinics built and the amount of money saved by fast-tracking the process and using the modular design are indicators that the programme has been successful. At provincial level, while most of those involved in the process appear to think the programme has been successful, there were also some reservations. These centred around the fact that, while a number of clinics had been successfully constructed, there had been a shortage of funds needed to “operationalise the clinics” (Gauteng district official); “some clinics are *still* without water and/or electricity” (Northern Province project manager); and, “they erect a clinic only to let it stand for ten months without staff and furniture” (Northern Province quantity surveyor).

In KwaZulu Natal, the success rate of the CUBP was considered to be “extremely high”, with more than 2.5 million people having gained access to health facilities. Again, however, problems were mentioned. For example, in nine of the projects, the builders had gone bankrupt; in two cases community violence interrupted progress; and, two clinics were “difficult to staff”. Success was also measured according to whether projects were completed on time. In the Northern Province, approximately 60% of the projects were completed outside of the original contract period, and “some exceeded this period by more than 200%”.

A large number of clinics were reported to be functioning at lower than their optimal level. Some RDP clinics were little more than service centres because of the lack of staff, equipment and drugs that would enable them to provide basic primary health care. To prevent this from happening, a Northern Province private sector representative suggested that the government should “build only what can be afforded – five equipped and staffed clinics are worth more to communities than ten clinics which are built but cannot be equipped or manned due to a lack of funds”. KwaZulu Natal officials also mentioned instances where clinics stood empty as they had been difficult to staff.

A point raised by a private primary health representative was that “looking at structures is an indicator of absolutely nothing” – i.e., the number of clinics and health facilities built was not an adequate indicator of whether primary health care services were being delivered. Rather, indicators such as the number of people being immunised, or the control of TB and HIV, should be used, because they are indicators of a basic level of administrative efficiency. Monitoring these *processes* would provide more accurate information about health delivery than counting *structures*.

## **Regulation and provincial differences**

Government officials in all three provinces said they were influenced by the National Health Bill and the RDP document. However, there was some variance between the provinces in terms of the supporting regulatory frameworks they apply. This has a potential impact on the actual type and standard of delivery. Officials in KwaZulu Natal said that their decisions on where health infrastructure should be built were influenced by primary health care legislation which is aimed at increasing the provision of and access to health services. Gauteng district health officials spoke about the Land Development Objectives (LDOs). The LDOs developed out of the realisation that the central responsibility of local government is to enhance the growth and development of local communities. Local government's LDOs are based on the principles in the Development Facilitation Act (DFA), which also forms the basis for all decisions taken by a municipality relating to the development of land. The DFA tries to encourage an integrated approach to development by all departments. Neither the Northern Province nor KwaZulu Natal officials mentioned being guided by LDOs or the DFA.

The challenge of provincial differences is, however, not easily solved. The provinces have extended autonomy and the national government limited power to intervene. The various provinces have implemented their own ways, not only in terms of goals and priorities, but also in terms of strategies for delivery. In some provinces, Public Works holds unified maintenance budgets for all departments and decides priorities itself; in others Public Works holds a separate budget for health and decides on its own how to use it. In yet other provinces, the departments of health have more influence over the allocation of the maintenance budgets. The question of national standards becomes important in this setting and, at the present time, there are still major controversies about the standards and norms to be applied at the provincial level: numbers of hospital beds, numbers of doctors etc.

## **Emerging contractors**

In all three provinces, officials mentioned the increased use of emerging contractors and small, medium and micro-enterprises (SMMEs) as an important issue for delivery. Attitudes towards affirmative action were ambiguous, especially in the private sector. In constructing new health facilities, national officials have insisted that the provinces use emerging contractors and SMMEs. However, the effective enforcement of this awaits the gazetting of the White Paper (approved by cabinet). They feel this is hampering implementation.

All of the provinces mentioned continuing problems with the lack of capacity of emerging contractors in the completion of the CUBP. It was clear from their comments on the problems experienced and the ways to improve the process that

they would have fewer reservations about the success of the CUBP if successful skills transfer or capacity building of emerging contractors had happened to a greater extent.

The National DoH mentioned “ensuring that contracts are awarded to contractors who can deliver in time and good quality work” as the major challenge the department faces. Many complained about poor on-site management, lack of adequate financial management, lengthy delays and “lack of commitment”. A KwaZulu Natal official mentioned nine builders (out of a total of 174 projects) who had gone bankrupt in the middle of projects. A Gauteng official complained that, after completion of the projects, some of the contractors were not prepared to repair faults resulting from poor quality workpersonship. At the same time, however, one of these groups complained of a “lack of support and backup from government”. The Gauteng DoH is currently addressing these issues through the KAP programme, which is carefully considering how best to use emerging contractors.

A provincial project manager believed government should play a greater role in facilitating skills transfer to emerging contractors, and proposed that the provincial Works Departments should “strengthen their technical supervision and administrative capabilities to smooth the flow of projects”. He suggested that delivery is often hindered by the inability of the Works Department to effectively manage projects or to ensure proper quality control, although he conceded that slow delivery by emerging contractors was also a factor.

The task team for the CUBP translated their “fast-track” pre-qualification document into all nine official languages, as a way of including all potential contractors, and of saving time. The CUBP co-ordinator believed that, when using emerging contractors, it is essential to put assistance procedures into place so as to avoid substantial delays. The Department of Trade and Industry was working on a plan to assist emerging contractors to win tenders. This involved changing the requirements for emerging contractors to prove that they have collateral, or can guarantee the contract. Now, they simply need to prove that they have bridging finance in order to be able to buy the necessary materials. The Council of South African Banks (COSAB) has agreed to a system of guaranteeing emerging contractors bridging finance, on condition that they have a “mentor”. The system of mentorship will involve each emerging contractor selecting a mentor whose task it will be to determine the existing knowledge and experience of the contractor and thereby assess in which areas they might need assistance. The mentor will initially be involved in each stage of an emerging contractor’s project, providing assistance with the tendering procedure, the financial management, the costing, sub-contracting, and so on. As the emerging contractor learns the various processes, the role of the mentor will decrease. Finally, training programmes have been initiated jointly by the Department of Public Works and the Department of Labour.

## 7.6 Summary and tentative recommendations

Generally, few of our survey respondents have observed any development of health facilities taking place in the three provinces. Only two fifths of Gauteng and Northern Province respondents and only a quarter of KwaZulu Natal respondents had noticed any new facilities over the last five years. This is a matter of concern when one considers that KwaZulu Natal was one of the targeted provinces where 133 new clinics have been built by the DoH over the last five years. What is also a matter of concern is that perceptions of development are very low in rural areas – 80% of rural KwaZulu Natal respondents and 67% of rural Northern Province respondents had *not* noticed any development over the last five years. However, these areas also have the greatest backlogs, and the impact of new developments may only be gradually felt. Simultaneously, KwaZulu Natal receives praise from the national department for the planning and professional preparations they have put in place.

The National DoH is currently involved in setting up a clinic database which is compatible with the National Health Facilities Audit. The provinces are also in the process of setting up databases on the basis of new health audits. Comprehensive information exists about the 470 new RDP clinics, and these are already on the database. Currently being added to the database are the clinics built in the IDT clinic building programme. A questionnaire has been designed and sent to all existing clinics. It seeks information pertaining to the clinic's name, region and access to water sources, whether an inventory of equipment exists, whether the clinic has electricity and a telephone, and so on. This data will be captured and the clinics will be reflected on a map using Geographic Information Systems (GIS). All of this information will be fed into a monitoring system that is currently being developed. The monitoring system will also enable the national department to get better overview of the provincial differences and assist in the aim of redistribution.

Over the RDP period, more money from the national budget has been allocated to social services than previously and efforts have been made to increase people's access to health and other social services. More than five million people have gained access to primary health care through the department's programmes. In this sense, the CUBP has been a success. It is crucial, however, to monitor what these new clinics can do, to discover what *kind* of health care they are providing, and to assess whether they can meet basic primary health care needs.

While beneficiaries reported some improvements in health services over the last five years, the relatively high proportion of negative responses is disturbing. It is clear that rural communities and informal settlements are still suffering the effects of lack of delivery and that the need for more accessible health services is very great. The gap between privileged groups – whites and urban communities – and underprivileged communities is still large, and further efforts will be needed to address these

disparities. It would appear clear that the issue is not always one of delivery but rather one of redistribution.

It does not appear that the National DoH experienced problems controlling or monitoring expenditure in the CUBP. Gross mismanagement or corruption were not mentioned by any interviewees, and it appears that the financial system has worked well, albeit slowly. This bodes well for the running of the hospital rehabilitation programme (R&R). When the National Health Bill is finalised, it will assist provincial health departments in their task of determining priorities, assessing needs and selecting communities that are to receive health facilities. Currently, this process is conducted in a more ad hoc way. Existing legislation is useful, but there is a need for a binding, comprehensive document to provide health officials with objective guidelines, criteria and standards.

Some of the consultants and government officials had practical ideas about how to build the capacity of emerging contractors and these need to be pursued. None of those interviewed implied that the situation was improving, or that skills transfers were taking place to a significant extent. The need for a clinic database and increased collaboration between departments are some of the suggestions that need to be taken further to overcome barriers to delivery in the future. Cross sectoral work and government co-ordination in actual delivery needs attention at the provincial level. National quality standards and norms are other important points to consider. In this respect, however, another crucial and controversial debate must be confronted: specialised services versus basic needs and redistribution.

# Chapter 8 Health: a question of water and sanitation?

## CASE

Much of the burden of inadequate water supply in South Africa is borne by the rural poor, especially women. Before 1994, access to water and sanitation was racially and geographically skewed, with Africans and the rural poor being the most disadvantaged, and whites and those in urban areas being the most privileged. According to the Reconstruction and Development Programme (RDP), in 1994 more than 12 million people did not have access to clean drinking water, and 21 million people did not have adequate sanitation. Seven and a half million people had to walk long distances to fetch water every day.

## 8.1 Regulation, organisation and projects

Since 1995, the government has become actively engaged in the provision of social services. To establish a framework and policies for efficient and equitable supply of water and sanitation services to all communities, the Ministry of Water Affairs and Forestry developed the White Paper on Water and Sanitation (1994), the National Sanitation Policy (1996) and the White Paper on National Water Policy (1997).

The National Water Act was passed in 1998. It deals with the protection, allocation and development of water resources and provides the institutional framework to manage them. Part of this approach was the development of the Municipal Infrastructure Programme (MIP). According to the Department of Constitutional Development, the MIP “was initiated by the South African government as part of the once-off grants made at the inception of the Reconstruction and Development Programme”<sup>1</sup>. It aimed to rehabilitate, upgrade and provide new municipal infrastructure to meet the basic needs of communities as efficiently and effectively as possible. A further objective was to enhance the developmental capability of municipalities and promote their financial viability and democratisation. Job creation and the transfer of skills were seen as a secondary benefit.

<sup>1</sup> The Municipal Infrastructure Programme Progress Report, Department of Constitutional Development, 1997.

MIP grants were considered for the following programmes: water, sanitation, roads, refuse, electricity, community and healthcare facilities. The programme was replaced by the Extended MIP, and is currently known as the Consolidated MIP. It focusses mainly on urban areas, while programmes such as the Department of Water Affairs and Forestry's (DWAF) Community Water Supply and Sanitation Programme (CWSSP) are aimed at rural areas.

Water and sanitation were identified as the areas most in need of infrastructure delivery. They thus received the greatest proportion of MIP funding. Government estimates reflect remarkably high rates in terms of service beneficiaries, with over 6.5 million of the 8 million people identified having been reached by the MIP by the end of 1997 (DCD 1997). Table 8.1 reflects the breakdown per province and sector for urban and rural beneficiaries.

By March 1998, approx. R1,302 million had been allocated to the Municipal Infrastructure Programme. All the funds were disbursed to the provinces with 97 percent disbursed onward by the provinces to the implementing agencies. The projected expenditure for the 1999/2000 financial year was R695.5 million.<sup>2</sup>

In 1997/98, DWAF's was R2.14 billion – less than the 1996/97 budget of R2.35 billion.<sup>3</sup> The department was allocated R2.32 billion for 1998/99, and this was increased to R2.48 billion in 1999/00, and R2.64 billion in 2000/1. By December 1998, the CWSSP had brought water to 2.9 million South Africans (the backlog stood at 12 million). It had spent R730 million out of the R3.2 billion allocated to the 1,300 projects since it began in 1994. The programme aims to provide water to 90% of the current non-serviced population by 2004.

Table 8.1 Municipal Infrastructure Programme beneficiaries

MIP beneficiaries (urban and rural)	Beneficiaries	Percent of total
Water	3,219,209	48
Sanitation	2,687,834	40
Roads	565,357	8
Refuse	277,052	4
Electricity	49,718	-
Community Health Facilities	62,930	-
Total	6,562,100	100

<sup>2</sup> Most recent information available by December 1999.

<sup>3</sup> Many government departments had problems in managing to spend their budgets until 1997 and large roll-overs took place from one budget year to another. Lower budgets in the 1997/98 financial year does not express a lower priority to delivery, but rather that there were funds rolled over from the previous financial year. It was only after 1997 that the departments had developed the new institutions, regulation and resources to effectively deliver according to budgets.

Many of the DWAF's projects are commissioned to NGOs such as the Mvula Trust for implementation. However, locally elected authorities are becoming increasingly involved. Where capacity exists, they are encouraged to act as the implementing agent. Where training and capacity building is required, the Department tries to provide this, so that they can ultimately take responsibility for delivery. Table 8.2 indicates the budget for the CWSSP projects from 1995 to 2002.

Programmes implemented by the DWAF include the Working for Water Programme (WWP) and the Build, Operate, Train and Transfer Project (BOTT). The WWP employs people to clear invasive, alien vegetation. This helps to rehabilitate land and free water for sustainable, productive use. Its labour-intensive methods provide employment for disadvantaged communities. In 1998, more than 900 projects were implemented, creating 40,000 jobs.<sup>4</sup>

The BOTT Project is a government initiative which encourages partnerships between the public and private sectors. There are 41 government-approved water supply projects in the Eastern Cape and 43 in the Northern Province there are 43. BOTT consortiums will help to contract and train emerging consultants to do the work.<sup>5</sup>

Between 1996 and June 1998, the number of RDP water projects in which DWAF was involved reached 1,020. An estimated three million people will eventually benefit from these projects. A hundred thousand people will benefit from the sanitation projects. By the end of October 1997, approximately 1.2 million previously unserved people had already been supplied with water, at a cost of R725 million. DWAF aimed to have provided water services to 4.9 million people, and sanitation services to 50,000 households by the end of 1999.

Table 8.2 Budgets for Community Water Supply and Sanitation Project

Projects commencing in:	Budget (Rand)
1995/96	629,150,000
1996/97	856,100,000
1997/98	1,093,000,000
1998/1999	1,069,679,000
1999/2000	1,245,879,000
2000/2001	526,277,000
2001/2002	308,239,000

The Municipal Infrastructure Programme Progress Report, Department of Constitutional Development, 1997.

<sup>4</sup> Budget Review, 1999.

<sup>5</sup> There are similar programmes in other provinces (Mpumalanga, KwaZulu Natal).

## 8.2 Mvula Trust

Mvula Trust is the major implementing agent for the DWAF water and sanitation projects. DWAF allocates money to provinces, which then commission Mvula to implement them. Initially, Mvula was to concentrate on small rural projects, while the DWAF was to concentrate on the larger schemes. Furthermore, Mvula, adopting a distinct 'demand responsive approach', was to pilot and test new approaches to implementation. This approach focuses on community management, which is expected to enhance the sustainability of projects.

In 1995, Mvula signed a formal agreement of co-operation with DWAF to work on its CWSSP. The agreement has recently been renewed for another five years. According to the agreement, the DWAF funds projects identified by Mvula and implemented according to its policies. Table 8.3 indicates the DWAF provincial budget allocations for projects implemented by Mvula (July 1998).

The aim of the Mvula Trust is to improve the health and welfare of South Africans living in situations of poverty in rural and peri-urban communities. It achieves these objectives by means of projects aimed at increasing access to safe and sustainable water and sanitation services. It tries to ensure the participation and empowerment of beneficiaries, which increases the likelihood of sustainability.

The funding founders of Mvula Trust were the DBSA, IDT and the EU, channelled through Kagiso Trust. Presently, Mvula receives funding from DWAF, the EU, Australian Aid and various other smaller donors, such as Irish Aid. At the end of 1997, Mvula Trust had R242.6 million committed by funders, including R70 million allocated by the DWAF from RDP funds. During 1997, approximately R34.5 million was disbursed to various projects. The budget increased in 1998 to over R100 million. In 1993, Mvula launched a pilot national sanitation programme, recognising that, for public health, improved sanitation and health education are at least as important as a safe water supply. The programme incorporates a R700

Table 8.3 Provincial allocations from DWAF to Mvula projects, July 1998

Province	Number of projects	Amount (Rand)
Eastern Cape	107	50,112,000
Northern Province and Northern Cape	167	70,913,000
Kwa-Zulu Natal	120	66,611,000
Mpumalanga	35	22,802,000
Gauteng	1	3,134,000
North West	20	5,760,000
Total	765	226,512,000

Information from Mvula Trust, July 1998.

domestic sanitation subsidy from DWAF. In addition to the subsidy<sup>6</sup>, individuals contribute between R100 and R400, depending on the toilet design selected. In the pilot phase (1993-1996), over 1,300 VIP latrines were constructed, and a further R5 million was allocated to extend the pilots in the communities in which they were begun. By January 1997, approximately 100 toilets were being built per month.<sup>7</sup>

### 8.3 Needs and delivery

The RDP sets a standard of 25 litres of water per person per day. In the CASE/Fafo survey, respondents were asked where they *mainly* get water for household use. From table 8.4, it is clear that the availability of water is still problematic, especially for respondents in the Northern Province.

Slightly more than one in two respondents in Gauteng and KwaZulu Natal have an indoor tap, as opposed to slightly more than one in three for the Northern Province. One in three Gauteng residents, one in four residents in Northern Province and one in five residents in KwaZulu Natal rely on an outdoor tap on their premises for their water. One in ten respondents for both the Northern Province and KwaZulu Natal only have access to water from a river or stream, while one in twenty from these two provinces are reliant on a borehole or well for their water supply.

Lack of access to running water forces many people, especially the rural poor, to walk long distances to fetch water. Figure 8.1 provides a breakdown by province and area, of those respondents in the CASE/Fafo survey of beneficiaries, who said their main source of water was more than 200m away.

Table 8.4 Main source of water for household use, percentages

Source	Gauteng	KwaZulu Natal	Northern Province
Tap Inside dwelling	59	55	38
Tap on premises	33	19	26
Tap in area	5	9	21
Borehole/Well	1	5	5
River	-	10	9
Tank	-	3	1
Other	1	1	1
None	-	-	-

<sup>6</sup> The subsidy was recently reduced to R600.

<sup>7</sup> This is no longer a Mvula Trust programme, but part of the general DWAF programmes. The programme is however currently under revision.

We also asked respondents who do not have an indoor tap or a tap on their premises (24% of the sample) whether their source of water was more or less than 200m from their dwelling. In Ga\*uteng, slightly fewer than one in three respondents had to go more than 200m, while this applied to half of those living in KwaZulu Natal and one in two in the Northern Province.

Slightly more than one in two respondents interviewed said they have no indoor tap. Of these, nearly half said their main source of water was less than 200m away. We asked these respondents how long it took them (total time) to access their water supply. Forty six percent of respondents with a water supply within 200m of their dwelling said it took them less than 15 minutes to fetch water and return to their dwelling. For one in every seven respondents with a water supply within 200m of their residence, it took in excess of one hour. The greatest proportion (43%) of respondents who said that their main source of water was more than 200m away

Figure 8.1 People whose main source of water is in excess of 200m, percentages (by area and province)

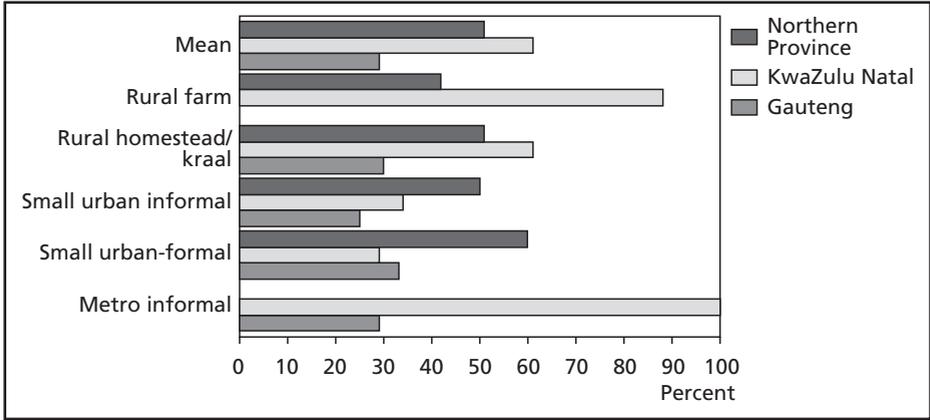
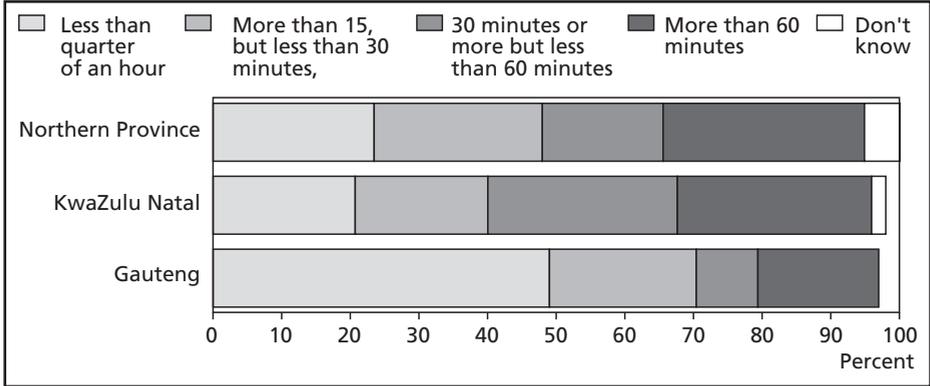


Figure 8.2 Access time to nearest water supply, percentages (by province)



took in excess of one hour to access it and return to their dwelling. Only 28% of respondents who had to travel more than 200m took 30 minutes or less to access their water. Figure 8.2 examines people’s access time to a water source by province.

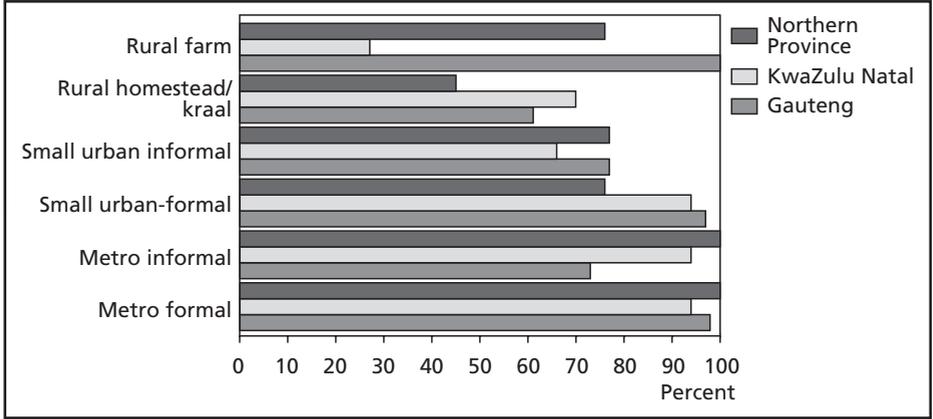
For the greatest proportion of Gauteng respondents, total time to access water is less than 15 minutes. This time period applies to only one in four people from the Northern Province and only one in five people from KwaZulu Natal. For more than half of KwaZulu Natal respondents, it takes in excess of 30 minutes to access their water, while the same applies to slightly less than half of the respondents from the Northern Province.

In our provincial survey, we tried to assess whether people felt they had sufficient water to meet their daily household needs. The following table reflects the distribution of people in the three provinces who say water supply is sufficient.

Gauteng residents were more likely to express satisfaction with the quantity of water available than Northern Province or KwaZulu Natal residents. More than nine in ten Gauteng respondents interviewed said they their water supply was adequate, while this applied to one in two people from the Northern Province and only six in ten people from KwaZulu Natal.

We asked respondents who said they did not have enough water for their daily use (22% of the sample) what the main reason for this was. Overall, the greatest proportion of respondents said the main reason was that they had no regular source of water. Affordability did not rate high on the list of reasons, with only 1% of KwaZulu Natal residents and 3% of people from Northern Province giving this response. By contrast, one in six Gauteng respondents gave this response. For respondents residing in KwaZulu Natal, less half said the main reason they did not

Figure 8.3 Area distribution of people who say water supply is sufficient to meet household needs, percentages



have an adequate water supply was as a result of their well or borehole being dry. Figure 8.4 reflects responses given by respondents in terms of payment for water.

We asked respondents whether they paid for the water they used. If the cost of water was included in their rent, the answer was coded as if the respondent had said s/he does pay for his/her water use. If the respondent said they were engaged in boycotting of payment for services, the answer was coded as “no”. Unfortunately, reasons for non-payment were not supplied. Gauteng residents were more likely to pay for their water services than those residing in Northern Province or KwaZulu Natal. A surprisingly high number of people (one in three) with an indoor tap who live in Northern Province said they did not pay for their water, as opposed to only 9% of respondents in Gauteng and KwaZulu Natal.

Among people with an outdoor tap on the premises, there is an even greater disparity between Northern Province respondents and people residing in Gauteng

Figure 8.4 Paying for use of water. Percentages (by main water source)

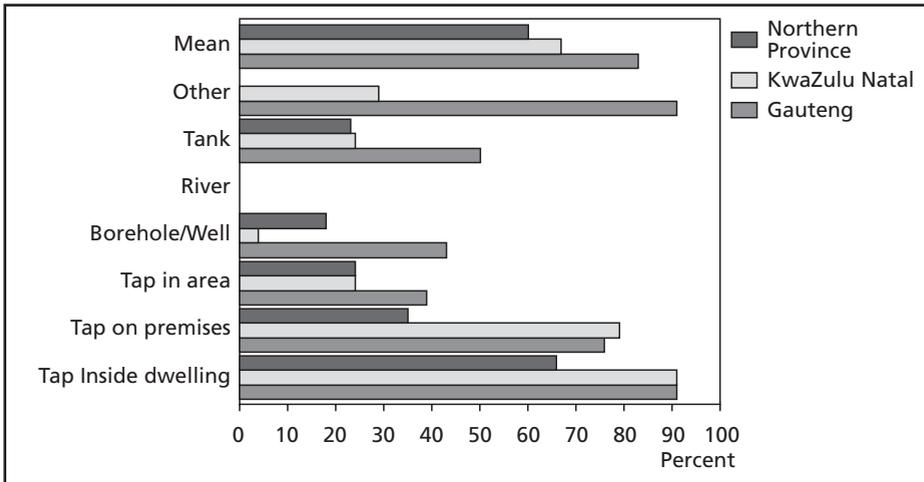
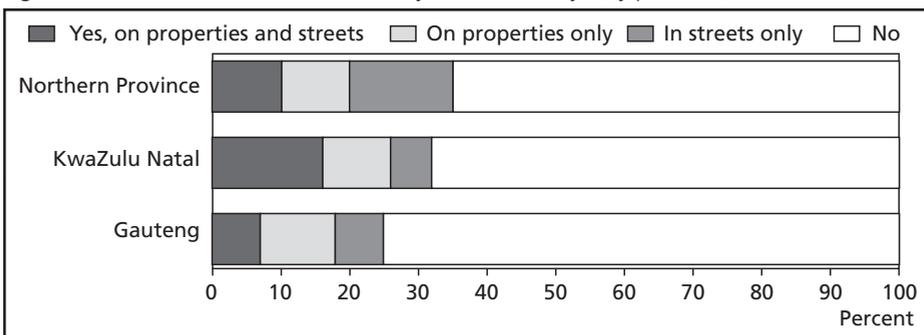


Figure 8.5 Noticed new water services in your community? (by province)



or KwaZulu Natal. Only one in three respondents in Northern Province with an outdoor tap on their premises said they pay for their water, as opposed to three in four respondents from Gauteng and KwaZulu Natal.

Respondents were asked whether they were aware of, or had seen any new water services in their community within the last five years. Figure 8.5 indicates the percentage of people who have noticed new water services in their communities.

Overall, the response was not positive. Only one in four people from Gauteng and one in three from Northern Province and KwaZulu Natal said they had noticed new water delivery infrastructure. This needs to be seen in relation to access to water and general levels of satisfaction in terms of water supply quantity. The fairly developed level of water supply infrastructure in Gauteng seems to indicate that new water development initiatives are less needed than in other provinces or in more outlying areas. In Northern Province and KwaZulu Natal – the two provinces, which are worse-off in terms of access to water and adequate quantity of water – there is a slightly greater awareness of new water development initiatives.

### 8.4 Sanitation

Flush or chemical toilets exist in only 50% of South African households. The 1996 SSA census reports that one in three households rely on a pit latrine, while less than one in twenty use a bucket. According to the RDP, all households should have access to at least a “ventilated improved pit” (VIP toilet). A startling 12% of all South African households have no toilet facility whatsoever. As with inside taps, the Eastern Cape and the Northern Province are worst off, with 29% of Eastern Cape households having no toilet facilities, as opposed to 21% for the Northern Province. The Western Cape and Gauteng are best off, with slightly more than 5% of the Western

Figure 8.6 Toilet types (by province)



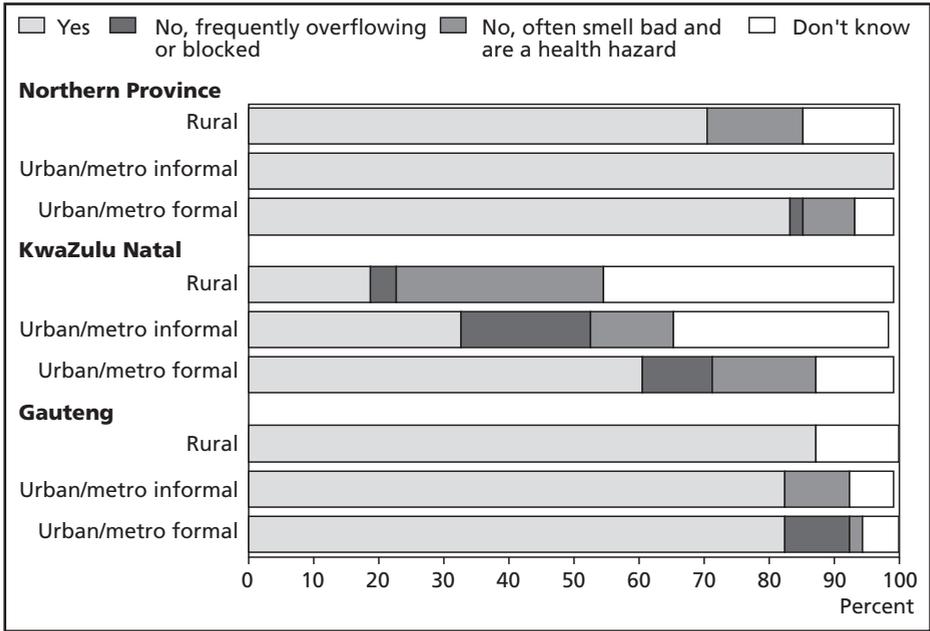
Cape without toilet facilities, compared to 3% in Gauteng. The results from the CASE/Fafo survey in terms of toilet types per province is reflected in figure 8.6.

Slightly more than half of the respondents from Gauteng said they have a flush toilet in the dwelling itself. This is higher than responses for Northern Province and KwaZulu Natal, where less than 20% and 45% respectively of respondents said they had this facility. The average for indoor flush toilets for the three provinces is slightly less than 40%, with a further 22% across the three provinces saying they had access to a flush toilet on their property. However, Northern Province respondents were worst off in this regard, with less than 20% of respondents having an indoor flush toilet, and less than 10% having access to a flush toilet on the property. Seven in ten people from Northern Province said they rely on a pit latrine.

We asked respondents whether their sanitation and sewerage facilities were properly maintained and functional. Figure 8.7 indicates the perceptions of the respondents (by province and area) about the status of sanitation.

A large proportion of Gauteng residents said these services were maintained and were working properly, while this applied to slightly less than 80% of Northern Province residents. Conversely, slightly less than half of those from KwaZulu Natal said they felt water and sanitation services were properly maintained. Although more than one in five KwaZulu Natal residents said they were not sure if these services were properly maintained, less than one-quarter said the facilities often smelled bad

Figure 8.7 Sewer/sanitation properly operational (by province and area)

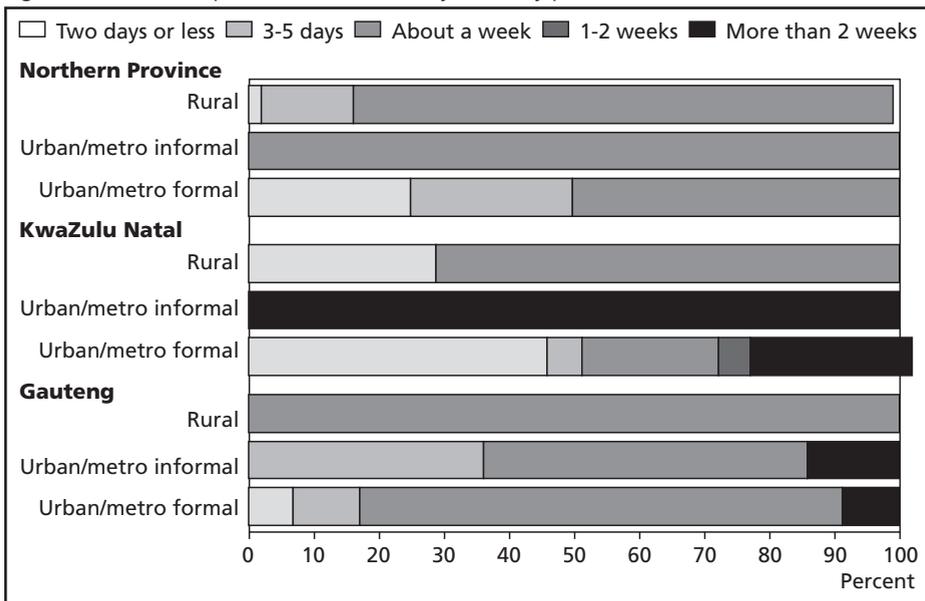


and were a health hazard. A further 10% said pipes were frequently blocked and often overflowed. There was little to distinguish between the responses of formal and informal dwellers, except in KwaZulu Natal, where only 33% of informal dwellers said the services were functioning properly and were being serviced correctly. This is opposed to slightly less than two-thirds of formal dwellers.

We asked respondents who said their water and sanitation services were not functioning properly or adequately maintained, (21% of sample), how long it took to have these services repaired. Figure 8.8 indicates their perceptions.

The greatest proportion of Gauteng residents said it took the appropriate authority about one week to repair these services. This time-frame applied to more than three quarters of respondents from Northern Province, but only one in four people from KwaZulu Natal. For those living in KwaZulu Natal the greatest proportion said it took the relevant authority two days or less to repair these services, whereas this applied to less than 10% of respondents from Gauteng and only 7% of respondents from Northern Province.

Figure 8.8 Time to repair sewer/sanitation systems (by province and area)



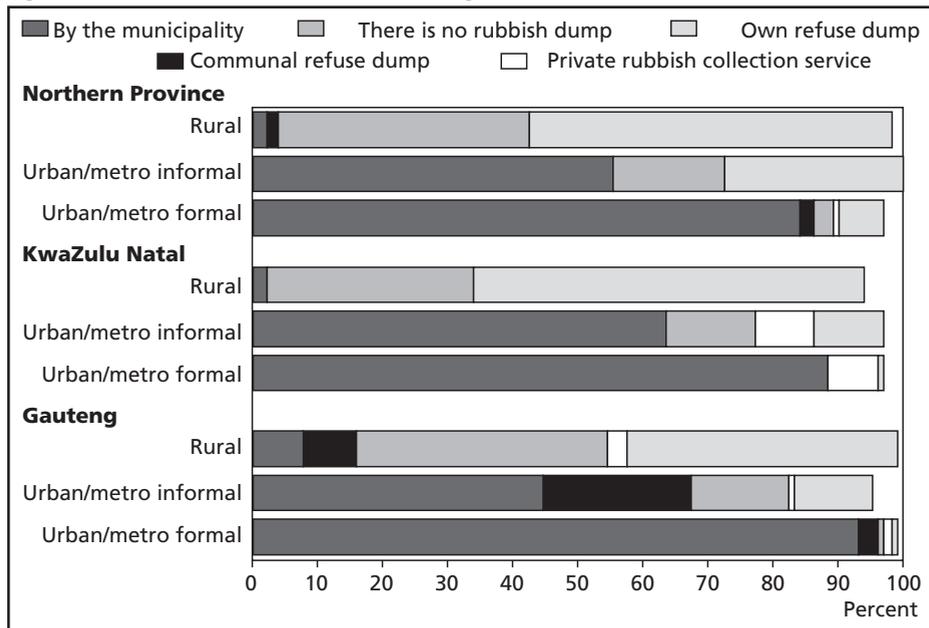
## 8.5 Refuse

We asked respondents a series of questions around their awareness of services that exist for refuse removal, the frequency with which their refuse is removed, who is responsible for this removal, and how it is removed.

For the greatest proportion of respondents from Gauteng and KwaZulu Natal, the local authority – that is, the municipality – removes rubbish. This is in contrast to respondents from the Northern Province, where only one in four people gave this response. Forty two percent of all respondents from Northern Province said they have their own refuse dump, while slightly more than one in four said no rubbish dump existed in their community. Rural residents were more likely to have their own rubbish dump than urban dwellers, while very few people overall said their refuse was removed by a private collection service. We asked respondents who said their refuse was removed by the municipality (58% of the sample), how often their refuse was removed. This is illustrated in figure 8.10.

Fifty eight percent of respondents said their refuse was removed by the local authority. Of these, the vast majority said their refuse was removed, on average, once a week. There was little to distinguish between the three provinces in this regard. However, urban and rural dwellers had markedly different levels of service apropos the frequency with which refuse is collected. While between 80% and 100% of

Figure 8.9 How is rubbish removed? Percentages



urban dwellers in KwaZulu Natal and Northern Province said their refuse was removed every week, this applied to only 36% of rural dwellers in Northern Province,

Figure 8.10 How often is it removed? (when removed by municipality) Percentages

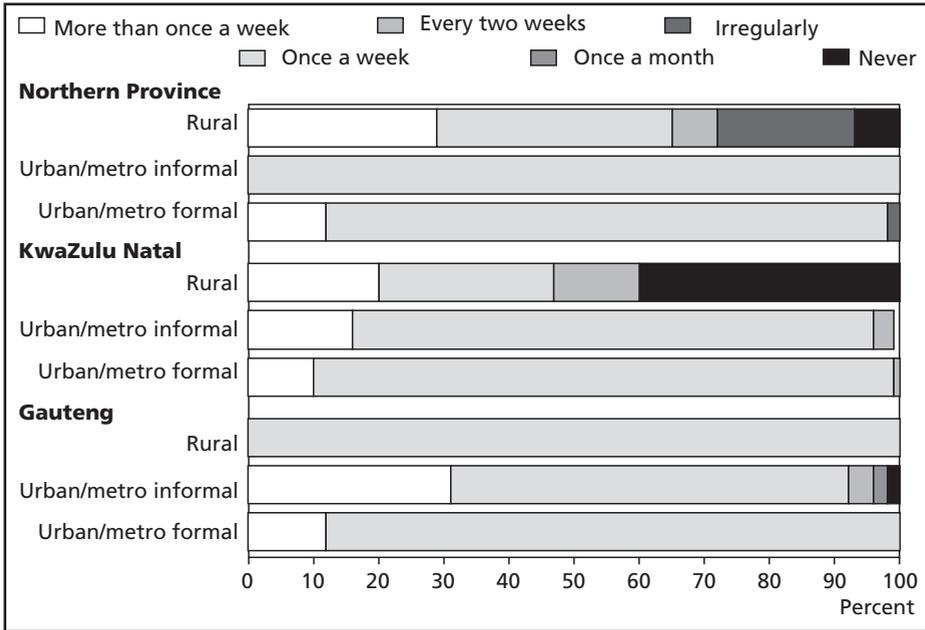
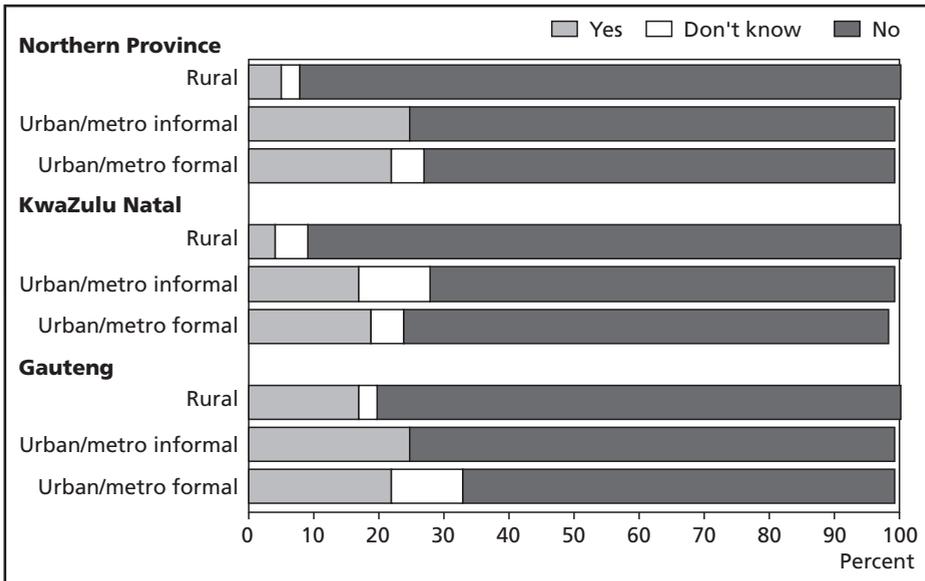


Figure 8.11 Noticed new sewerage or sanitation in community in last 5 years?



and less than 30% of respondents from KwaZulu Natal. Figure 8.11 shows the number of respondents who were aware of new sewerage or sanitation facilities in their communities during the last five years.

Overall, Gauteng residents were more likely to be aware of new sewerage and sanitation projects in their communities than respondents from KwaZulu Natal and Northern Province. Slightly more than one in five people from Gauteng said they had noticed initiatives within the last five years, as opposed to less than 20% from KwaZulu Natal and one in ten people from Northern Province. Similarly, there was a greater awareness amongst urban respondents of new projects than rural dwellers. Less than 10% of rural respondents from KwaZulu Natal and from Northern Province said they were aware of projects of this type within the last five years.

## 8.6 Tentative Conclusions

The co-operation between the DWAF and Mvula Trust appears to have been relatively successful, and could serve as example of a way in which government and civil society can interact to meet the needs of communities.

While the relative success of the MIP needs to be lauded, it must be borne in mind that, although its claims to have “reached” 6.5 million of the identified 8 million beneficiaries, the MIP does not provide a specific identification of how sustainable these interventions have been, nor how they have boosted local authorities’ capacity to deliver infrastructure. The fiscal viability of these interventions also remains uncertain. The MIP and the subsequent Extension of the Municipal Infrastructure Programme (EMIP) and Consolidated MIP must be seen in the context of their being pilot projects to kick-start the RDP. As such, they were undoubtedly over-ambitious in nature.

When it comes to the sustainability of existing projects, as well as future delivery, several challenges remain. Until now, the focus has been mainly on the numbers of beneficiaries. In the future, more attention needs to be given to the quality of water being delivered. Furthermore, there is a lack of resources to effectively administer and manage programmes.

Existing DWAF projects will gradually be transferred to local governments. This also raises questions and challenges around resources. Several of the programmes will involve major costs for operations and maintenance – which many local governments do not have the resources to cover. There may be serious sustainability problems if this is not addressed.

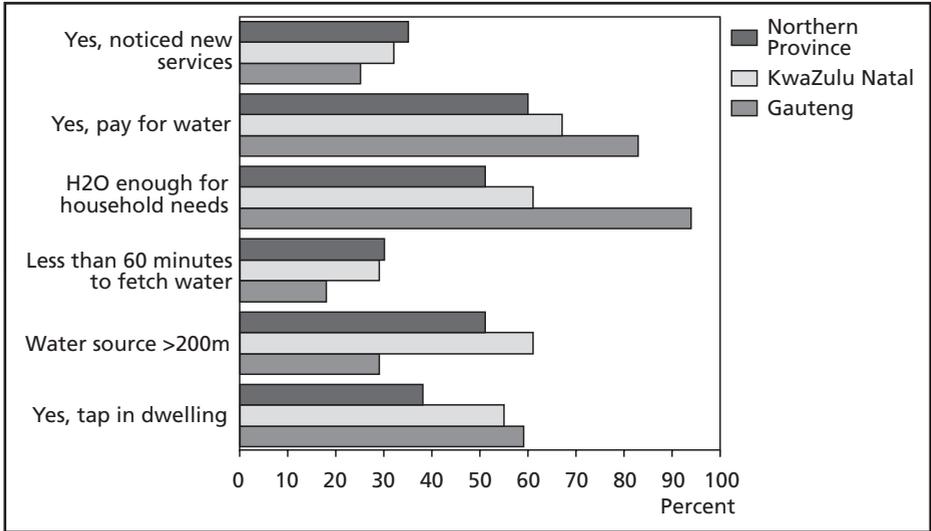
Even though the water projects have been regarded as a considerable achievement, according to a recent report in the *Mail and Guardian* (16 May 1999), some

projects (about 50% of those in rural areas) have collapsed. A number of reasons have been given, including vandalism and water piracy. This means that the department needs to look at the maintenance of projects even after their completion. The other strategy is for government to intensify the Masakhane programme, by encouraging community participation and responsibility. The government should inform the communities that they own projects from their inception and even after they have been completed. This might reduce the rate of water piracy and vandalism, as well as inform communities of the importance of payment for services they receive.

The CASE/Fafo survey results indicate that many households remain without indoor taps, or even taps on their premises. An alarmingly high number of people still have to travel long distances to obtain their water. Furthermore, more than one in five respondents said they did not have sufficient water to meet their household needs. For urban dwellers, the main reason for this was an irregular supply, while many rural residents said it was a consequence of a borehole, well or stream running dry. In a country such as South Africa, where drought is common, it is frightening to think that large rural populations are being held hostage to the vagaries of the weather.

Payment for water remains a tricky area to evaluate. This is in part due to the rural/urban divide, and the fact that sections of the population derive their water from different sources. But it is also a result of some people having the cost of water included in their rent, while others do not know whether they pay for this service or not. Nonetheless, rates of payment for water seem high, with 83% percent

Figure 8.12 Issues around water delivery



of Gauteng residents saying they paid for this service. The figures for KwaZulu Natal and Northern Province are 67% and 60% respectively.

KwaZulu Natal and Northern Province residents were also more aware of new water services in their community since 1994 than those living in Gauteng. Despite this, overall awareness among respondents was low, with between 65% and 75% saying they had not noticed any new water development initiatives. Figure 8.12 provides a synthesis of responses around issues related to water delivery.

Overall, Gauteng residents are best off in terms of: a greater percentage of them having an indoor tap; the distance they have to travel to fetch water; time expended fetching water; and having sufficient water for their household needs. In terms of these indicators, Northern Province residents are worst off, but they are also more aware than respondents from the other two provinces of new water initiatives in their community.

### **Sanitation and refuse removal**

As with water, sanitation remains a critical area of delivery. The results of the CASE/Fafo survey bear this out, with large numbers of people indicating that they do not have proper access to either a flush toilet in their dwelling or on their property. Less than 40% of respondents said they had an indoor toilet. As indicated earlier, sanitation services were earmarked for a large percentage of MIP funding, (40% of total MIP expenditure). Whilst claims have been made that, by June 1998, new sanitation schemes under DWAF had reached an additional 100,000 people, it is apparent that there are still millions of South Africans in need of adequate sanitation services.

Refuse removal remains an area of concern, particularly so with regard to health issues. Unserviced communal rubbish dumps and uncollected waste pose grave health risks to communities, particularly the rural poor, of whom large percentages (32% in KwaZulu Natal and 39% in Northern Province) say there is no rubbish dump in their community. Only a quarter of Northern Province respondents and slightly less than two-thirds of people from KwaZulu Natal said the municipality removed their refuse.

Overall, Gauteng residents are best off in terms of a greater percentage having an indoor toilet or a toilet on the property. They are also best off in relation to functioning and maintenance of the sewerage systems; awareness of new sewerage and sanitation facilities; and removal of refuse by the municipal service. As with water, Northern Province residents are worst off in terms of their sewer and sanitation needs and also in terms refuse removal by the local authority. KwaZulu Natal respondents are best off in terms of the waiting period for services to be repaired, with 41%

indicating that they had to wait, on average, less than 2 days for their service to be restored. Overall, amongst those who have their refuse removed by the municipality, waiting periods were generally consistent across the three provinces, and the majority of respondents had their refuse removed once a week.



# Chapter 9 Economic infrastructure: a question of telephones and roads?

## CASE

While less focus is currently given to economic infrastructure in South Africa, service delivery and the provision of such infrastructure remains central to alleviating the daily hardships experienced by many millions of South Africans. Aside from job creation and the generation of economic growth, service provision is a central focus of the ANC government.

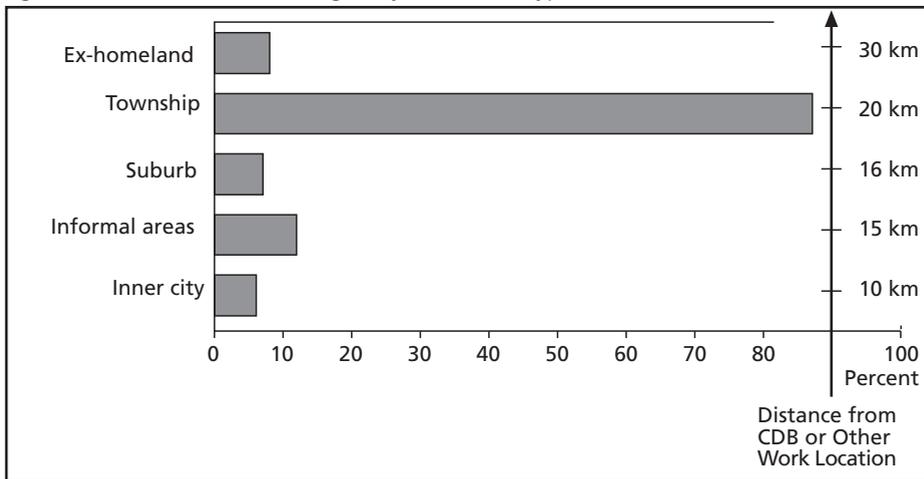
Respondents were asked a series of questions related to their access to services, the quality of these services, time taken to repair dysfunctional services, payment for services and general levels of satisfaction around service provision. This chapter explores the relationship between current levels of bulk infrastructure delivery, expenditure, need and perceptions of delivery.

## 9.1 Transport

The legacies of the past regime are still reflected in our transport system. The geographical distance between the townships and people's places of work resulting from the policy of separate development means that the poor spend much of their time travelling to work. The majority of the African population has less or no access to private transport, but instead rely on public transport. The policy of separate development placed African, coloured and Indian communities in areas far from the centres of employment and commerce. According to the Moving South Africa Project (MSA), African commuters, in particular, have to travel long distances to their places of work on a daily basis. In 1995, African commuters spent 11% of their income on transport, while whites, coloureds and Indians spent an average of around 8%.

The MSA (1997) notes that high travel costs have negative implications for job creation and economic growth, as well as the extension of educational opportunities. Thirteen percent of the urban population, comprising scholars and the unemployed, cannot afford the costs. It is estimated that 67% of this population group lives in townships, which are on average 20km away from the Central Business District (CBD) or other work locations. This is especially costly, as 40% of

Figure 9.1 Distribution of Passengers by Settlement Type



Source: MCA Analysis CSS 1995 October Household Survey

commuters' time is spent travelling. The MSA report also notes that 32% of the population has limited choice in terms of their mode of transport.

More than 60% of the ultra-poor walk to work (PIIR 1998). Some 48% of workers in non-urban areas, and 15% of urban workers walk to work every day (SAIRR 1996/97). Two fifths (41%) of workers in urban areas use public transport such as buses, trains or taxis. Figure 9.1 shows the distribution of passengers by settlement type.

The following section will look at the projects adopted by the department to address these challenges.

## 9.2 Government delivery

The department of transport has a budget of about R3.5 billion. The budget grew at an average 4.7% per year between 1995 to 1998 and an estimated 3% between 1998 and 2000 (Ministry of Finance 1998). The key element of the government's transport policy is to move away from being actively involved in operations to focus on policy, planning, and the minimum practical regulations required to provide an efficient transport system (Department of Finance 1998).

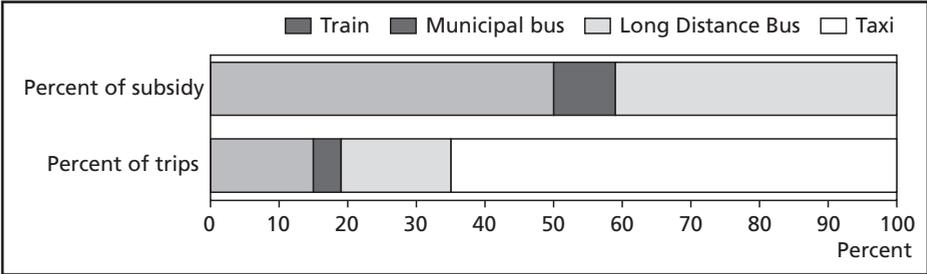
The government spends about R2.8 billion annually to subsidise long distance buses, municipal buses, and commuter rail services. This constitutes a significant portion of urban transport funding. Yet, the mode of transport used most by the majority of the poor, the minibus taxi, is not subsidised by the state. *Business in Africa*

reports that about 50% of the five million commuters countrywide use taxis in preference to trains or buses. In terms of current policy, road financing is shifting from a direct allocation from the budget to a partially self-funding system through user charges and public/private partnerships. About R16 million will be spent during the 1998/99 budget period. Figure 9.2 compares subsidy levels with the percentage of trips made with each mode of transport.

In 1996, the government spent R15, 2 million in bus transport subsidies (DBSA 1998). This means, for example, that the commuters from the areas of the former Kwa-Ndebele travelling to work in Pretoria<sup>1</sup> spend approximately R100 versus the R400 they would have spent without the subsidy. Even though the department has attempted to address the imbalances in subsidies, it has not addressed the plight of the majority who travel in taxis. Maintaining the transport subsidies is extremely costly, while cutting the subsidies has implications for the survival and sustainability of people as household incomes will be reduced, reducing the possibility for paying service charges etc.

MSA’s brief was to identify the transport requirements for the next two decades with the aim of increasing people’s mobility. The programme was developed to reduce road fatalities, encourage investment in maintaining roads, increase rail and bus ridership and address the problem of large numbers of people having to commute long distances and spend high portions of their income on transport. African

Figure 9.2 Comparison of Subsidy Levels with Market Share of passenger Trips



Total subsidy R2.8bn

Source MCA Survey and Analysis, SARCC, DOT BIS, CSS 1995 OHS

Table 9.1 Subsidies paid out by the Department of Transport Rand Millions (Department of Finance 1999b)

	1995/96	1996/97	1997/98	1998/99	1999/2000
Bus subsidies	700	865	971	1,189	1,294
Rail subsidies	1,382	1,383	1,212	1,405	1,162

<sup>1</sup> Which 43% of the 60,000 commuters from the area does (DBSA 1998).

and coloured households spend about 7% of their income on transport, while whites and Indians spend about 10% (BMR 1999).

People in the rural areas are the most disadvantaged population group in terms of access to roads and transport. According to the MSA report, 85% of the roads in the rural villages are inadequate as compared to 32% in the farming communities. The DBSA calculates that, for the government to meet the backlog in rural roads and to prevent the further deterioration of South Africa's road network, about R15.2 billion is required annually (DBSA, 1998). Furthermore, ports and railways are all deteriorating due to lack of funds.

Of the 937 assets created through the Community Based Public Works Programme, 139 are rural access roads. Although the roads do benefit between 296,700 and 490,200 people, they are mainly aimed at facilitating access to and from the rural areas. This means that the roads do not penetrate into the rural areas, which would have been beneficial to women in those areas<sup>2</sup>. This also has implications for economic development in the rural areas.

### **9.3 Access to Transport**

In the CASE/Fafo survey, respondents were asked whether they have access to particular kinds of transport in their area, whether this has improved over the last five years, and whether new transport services have improved access to jobs.

There were marked similarities in all three provinces, with access to different public transport types following identical access patterns. For all three provinces, the minibus taxi was cited most often as the form of transport people had easiest access to. This was followed by buses, trains, no access to any transportation whatsoever, and metered taxis. The importance of the minibus taxi as a primary mode of transportation cannot be ignored, particularly given the limited government assistance to this sector. We also asked respondents whether they were aware of new transport systems in their area within the last five years.

Across all three provinces, awareness of new transport services was low. In Gauteng, only one in five people said they had noticed new services, while the same applied to one in ten in KwaZulu Natal. However, in Northern Province, almost one in three respondents said they were aware of new transportation infrastructure. Rural inhabitants in KwaZulu Natal and Northern Province were more likely to be aware of these services than those living in urban or metropolitan area, whilst formal dwellers for all three provinces were more likely to be aware of new transportation

<sup>2</sup> The majority of the users of public transport are women (Price and Budlender 1997)

infrastructure than their informal counterparts. We asked respondents whether they felt new transportation facilities would improve their access to job sites and services.

The overwhelming majority of respondents from all the provinces said that they felt these new transportation services had improved their access to jobs and services. However, only one in two respondents from the informal sector in KwaZulu Natal said they felt this way, while the remaining 50% said they were not sure. Improved access to services and jobs as a result of new road and transportation infrastructure was noted across the rural/urban divide. The following table shows the time respondents said it took to walk to their nearest transport site.

Generally speaking, access time to the nearest transportation service point was relatively low, with between 68 and 82% of respondents from all three provinces

Table 9.2 Access to transportation services, percentages (by province, area and dwelling type)

Province	Bus	Train	Minibus taxi	Meter taxi	None
<b>Gauteng</b>					
Metro-backyard	45	29	90		
Metro-formal	48	21	74	3	11
Metro-hostel	23	47	90		
Metro informal/squatter	17	18	96	6	2
Rural: homestead	11	33	47		28
Rural: house on farm	32	11	58		32
Small urban - formal	40	14	61	7	21
Small urban - informal/squatter	36	5	95		5
<b>KwaZulu Natal</b>					
Metro-backyard	100	50	100		
Metro-formal	85	18	85	1	3
Metro-hostel	55		100		
Metro informal/squatter	70		91		
Rural: homestead	49		84		7
Rural: house on farm	50		68		10
Small urban - formal	39		88	1	9
Small urban - informal/squatter	33		97		
<b>Northern Province</b>					
Metro-formal	13		64		4
Metro informal/squatter			100		
Rural: homestead	63	0	90	2	2
Rural: house on farm	70	2	76		9
Small urban - formal	54	0	94	0	4
Small urban - informal/squatter	38		82	6	

saying it took less than 15 minutes to walk to the nearest transportation site. There was little to distinguish between formal and informal dwellers, but urban residents were more likely to have to travel shorter distances than their rural counterparts.

Figure 9.3 Noticed new transport services in last 5 years? Percentages (by province and area)

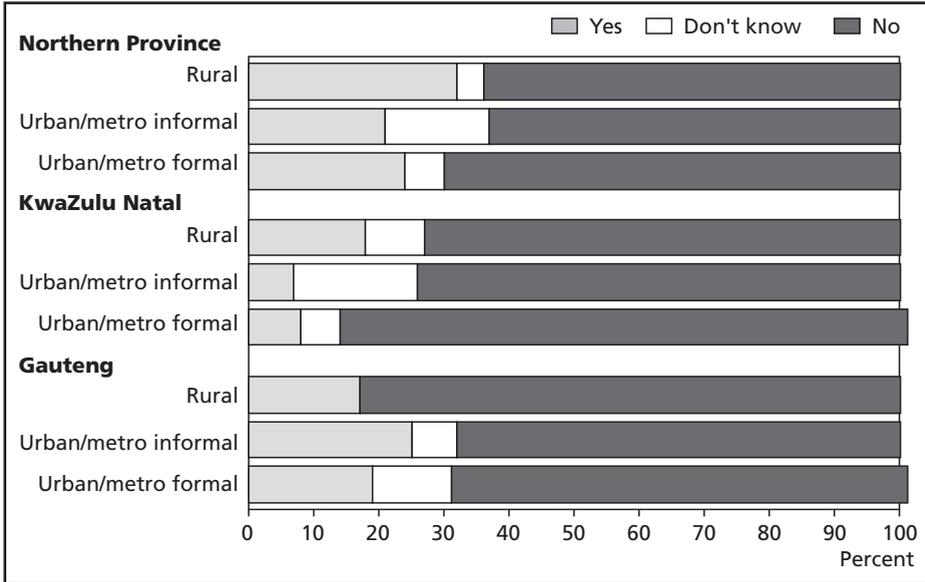


Figure 9.4 Easier access to jobs, services since new transport facilities have been installed (by province and area)

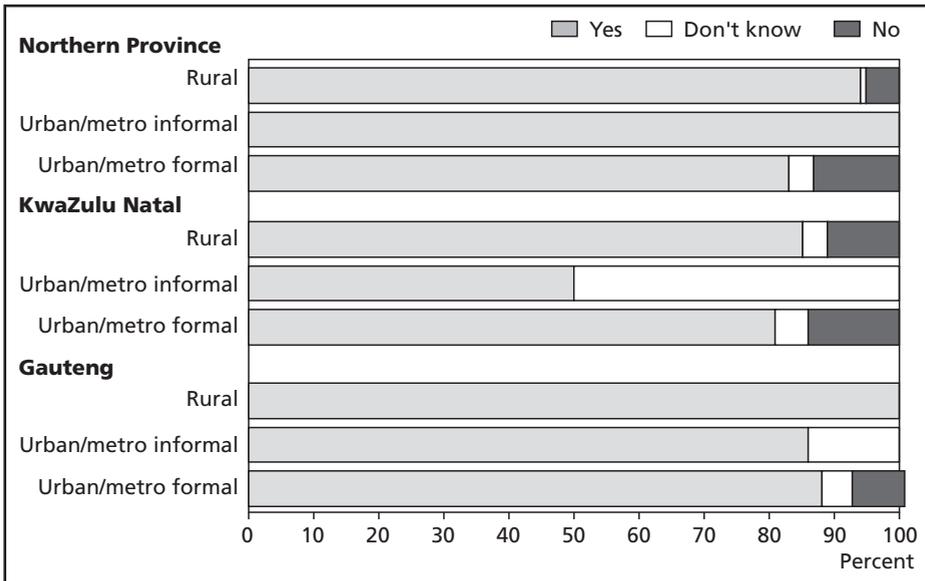
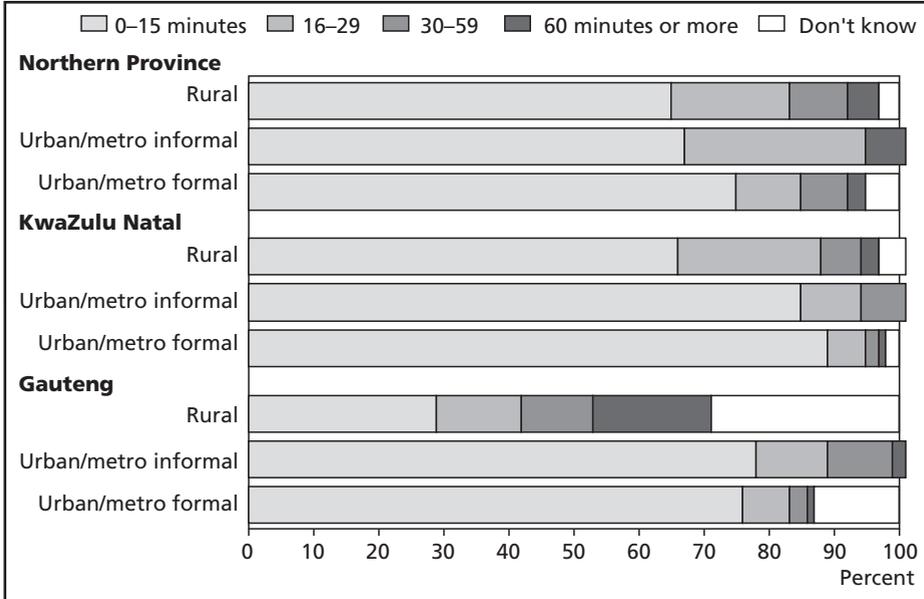


Figure 9.5 Period of time to walk to nearest public transport service (by province and area)



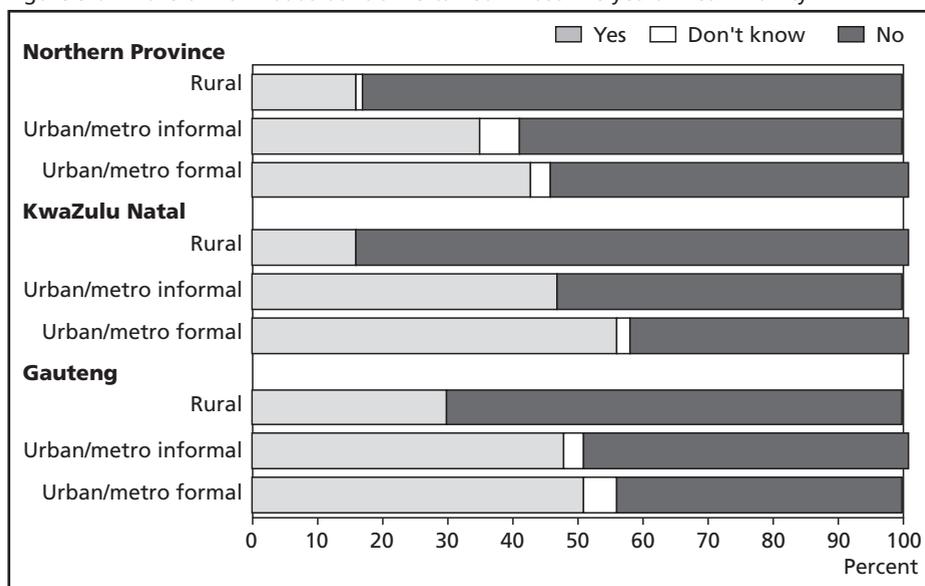
KwaZulu Natal respondents had the shortest access times to a public transportation site, whilst those residing in Northern Province had the longest distances to travel.

## 9.4 Roads

We asked respondents from the three provinces whether they were aware of new roads that had been built, or old roads that had been re-tarred in their communities within the last five years. Overall, there appears to have been more development in urban areas, with a high proportion of respondents in rural areas saying that they have not noticed any development of roads over the last five years.

Overall, 39% of respondents said they had noticed the provision of this infrastructure, while 59% said they had not. The remaining 2% said they did not know. Fifty percent of Gauteng residents said they were aware of a new road, or the upgrading of an existing one, while this opinion was expressed by 43% of KwaZulu Natal residents, and only 23% of people from the Northern Province. Across the three provinces, formal dwellers were more likely to be aware of these initiatives than informal dwellers, while those living in urban areas were more likely to be aware of new roads or upgrading of existing ones than their rural counterparts. In Gauteng,

Figure 9.6 Aware of new roads built or re-tarred in last five years in community?



more than half of the respondents in metropolitan areas had noticed new roads being built, although more than half (54%) of respondents from metropolitan informal areas said that they had not noticed development of roads.

## 9.5 Electricity

Electricity is a primary service requirement for many South Africans. When accessibility to electricity is improved, quality of life is enhanced, and economic development increased. In addition, environmental pollution is reduced – a crucial factor in areas where the majority of households use coal or wood for heating and lighting. South Africa faces a severe lack of equitable access to electricity – especially along class, race and geographical lines.

The Department of Provincial Affairs and Constitutional Development took on the infrastructure portfolio in June 1996, in order to ensure that all aspects of the development of infrastructure policy should take place in one department.<sup>3</sup> At the beginning of 1997, approximately 20 million people did not have access to electricity. The Department instituted the municipal infrastructure programme (MIP),

<sup>3</sup>South Africa Survey 1996/7, SAIRR 1997, p. 729.

which included bringing water, electricity, sanitation and roads to 8.5 million people by September 1997. Over ten years, the government would subsidise the capital costs of infrastructure for a basic level of service for all low-income households.<sup>4</sup> An amount of more than R 3.6 billion has been budgeted for electrification subsidies. Households can be allocated an amount of up to R15,000. The housing subsidy available to households earning less than R3,500 per month would be used by contracted developers for the internal infrastructure of each site – standpipes, electricity and roads – in addition to the house itself.

The RDP hoped to electrify 2.5 million households by 2000 – 1.75 million by Eskom (300,000 household connections per year until 1999), and 750,000 by local authorities. In this way, 72% of South African households would have electricity by the end of the decade. The cost per electricity connection was R3,600 (rural houses) and R2,200 (urban houses). This has since increased to R3,600 for new rural connections, and R2,700 for new urban area connections.

## 9.6 Delivery

In 1995, the Department of Minerals and Energy contracted out a project which was to form the groundwork for a viable future national electrification process. The project made recommendations on how and by whom national electrification planning should be carried out. The National Electrification Programme is aimed primarily at electrifying schools, clinics and households in previously marginalised communities. The programme is implemented by various institutions, such as Eskom and local municipalities, and funded through various sources, with the electricity industry itself providing the majority of the funds. Donor agencies and the fiscus also provide some funding.<sup>5</sup>

The Department was responsible for the co-ordination of the programme for the electrification of rural schools and clinics, and in 1995 Eskom undertook the electrification of rural schools, and the Independent Development Trust the electrification of rural clinics. In 1995 there were approximately 25,900 rural schools and about 2,000 rural clinics without electricity. The budget for the electrification of rural schools is R1,764 million over five years. RDP funds are channelled through the Department to Eskom to carry out the task of electrification, and during 1995 Eskom electrified 893 schools and 37 clinics. In addition, a programme using solar

<sup>4</sup> Ibid.

<sup>5</sup> Annual Report 1997, Department of Mineral and Energy Affairs, Pretoria, 1997, p. 74.

power, co-ordinated by Eskom, completed 1000 projects with a budget of R56 million from the RDP office.<sup>6</sup>

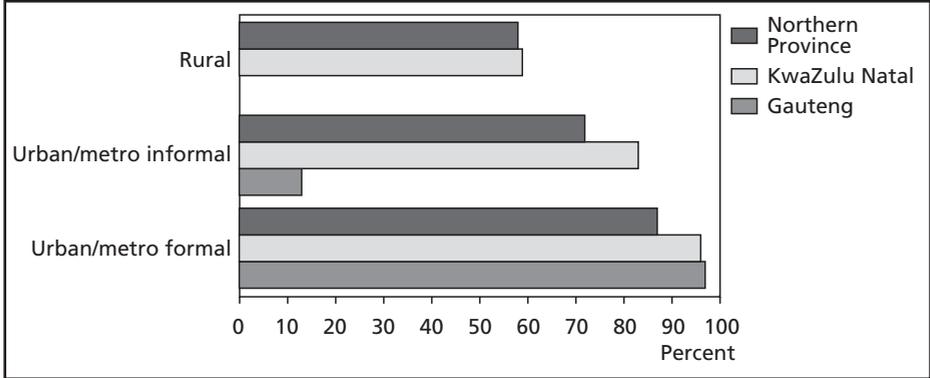
### 9.7 Electrification of households

Between 1994 and 1997, approximately 1.7 million electrical connections were made, with rural areas being the major beneficiaries. In 1998 alone, Eskom had provided 291,352 homes with electricity. The CASE/Fafo survey aimed to determine the extent of electrification within dwellings, whether these services were properly maintained, whether respondents paid for their electrical service, and whether they had noticed development in the area of electrification in their community.

Across all three provinces, respondents’ access to electricity was generally high, with Gauteng respondents being the best off (85% overall), followed by KwaZulu Natal (84% ) and Northern Province (66%). As would be expected, urban formal areas are better serviced than informal urban areas and rural areas. Figure 9.7 indicates access to electrification by geographical area.

We asked those respondents who said they do receive electricity in their dwelling, to specify the source of this electricity. The overwhelming majority of people receive their electricity from the municipality<sup>7</sup>. This applies to all three provinces and there is little distinction between urban and rural areas. In terms of payment

Figure 9.7 Access to electrification (by province and area)



<sup>6</sup> South Africa Survey 1996/97, SAIRR, Johannesburg, 1997, p. 738.

<sup>7</sup> Kwa-Zulu Natal urban-informal has 26 percent of respondents that rely on the solar system for electricity

for electricity, 96% of respondents said they did pay for their electricity, with little distinction amongst the three provinces.

We asked respondents who said they receive electricity in their dwelling whether they used electricity as their energy source for cooking, heating and lighting.

Electricity remains the main energy source for cooking, lighting and heating among respondents who have electricity in their dwelling. It is employed the least for the purposes of heating.

Respondents were asked whether they were aware of any electrification initiatives in their area in the last five years. The responses are reflected in the table 9.3.

Figure 9.8 Use of electricity for cooking, heating and lighting (by province)

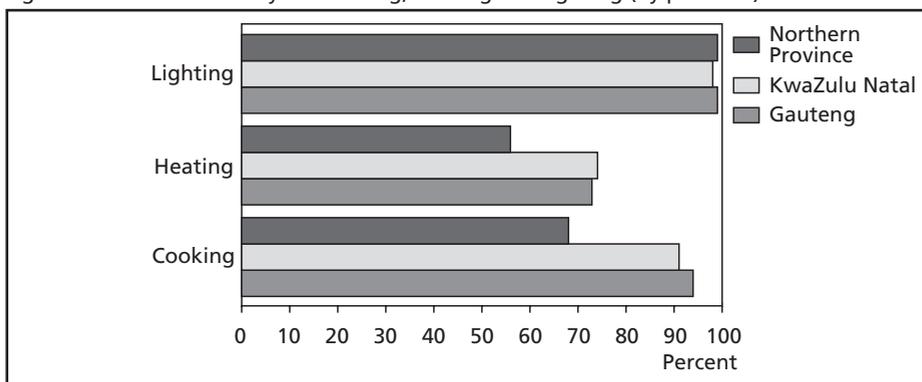


Table 9.3 Aware of electrification projects in your community? (by province)

Province	Urban/metro formal	Urban/metro informal	Rural	Total
<b>Gauteng</b>				
No, there have been no new projects	66	82	-	68
Yes, in both residences and streets	8	2	-	7
Yes, in residences	9	8	-	9
Yes, in streets	17	9	-	16
<b>KwaZulu Natal</b>				
No, there have been no new projects	58	42	44	53
Yes, in both residences and streets	21	32	7	18
Yes, in residences	13	17	49	24
Yes, in streets	7	9	1	6
<b>Northern Province</b>				
No, there have been no new projects	48	16	51	50
Yes, in both residences and streets	16	16	3	6
Yes, in residences	31	53	45	42
Yes, in streets	5	16	1	2

The table shows differences in awareness between respondents in formal areas and informal areas in urban areas, and between urban and rural areas. With the exception of Gauteng, respondents in informal areas were more aware of electrification projects than those in formal areas. The majority of respondents in Kwa-Zulu Natal and Northern Province rural areas were more aware of electrification projects that were taking place in residences. We then asked people whether their electrical services were working properly and were efficiently maintained. Table 9.4 reports on the responses.

Most respondents in urban formal areas indicated that their services were working properly. This was not the case in informal areas or rural areas. We asked those respondents who expressed dissatisfaction with their services to tell us how long they thought it took for the local authority to repair the problem. Table 9.5 illustrates the responses to this question.

Across all three provinces, there were similar responses. It would appear that the problems were either attended to within a short space of time (less than two days) or residents had to wait in excess of two weeks.

Table 9.4 Electrical services in your community working and properly maintained?

Province	Urban/metro formal	Urban/metro informal	Rural
<b>Gauteng</b>			
Don't know	4	25	17
No, regular cut-offs in residences	8	2	14
No, regular cut-offs in residences and streets	6		
No, regular cut-offs in streets	3	6	9
No, there are no services	3	34	6
Yes	77	34	54
<b>KwaZulu Natal</b>			
Don't know	9	23	31
No, regular cut-offs in residences	4	2	10
No, regular cut-offs in residences and streets	4	2	2
No, regular cut-offs in streets	4	2	1
No, there are no services	2	12	6
Yes	77	59	51
<b>Northern Province</b>			
Don't know	7	6	22
No, regular cut-offs in residences	10	17	15
No, regular cut-offs in residences and streets	6		0
No, regular cut-offs in streets	2		0
No, there are no services	9	22	23
Yes	67	56	40

Surprisingly, there was very little to distinguish between the time urban and rural residents said it took for the appropriate authority to rectify electrical problems. This applied across all three provinces. Where a more pronounced difference lies is between formal and informal areas, with formal residents expressing a greater degree of satisfaction in terms of the time taken for the problem to be rectified.

## 9.8 Telecommunications

According to the South African Telecommunications Regulatory Authority, in 1998, 85% of white households had telephone lines, as opposed to 2% of rural and 29% of urban African households.<sup>8</sup> Telkom has set itself a target of providing 2.8 million telephone lines by 2001/02, and 120,000 pay phones. However, even if it reaches this goal, about 3.3 million households will still be without telephones. Jay Naidoo, the former Minister for Posts and Telecommunications, stressed that pri-

Table 9.5 Time taken to repair electricity?

Province	Urban/ metro formal	Urban/metro informal	Rural
<b>Gauteng</b>			
About 1 week	2		9
Between 1 - 2 weeks	3	13	9
Between 3 - 5 days	8		9
More than 2 weeks	21	44	27
Two days or less	67	44	46
<b>KwaZulu-Natal</b>			
About 1 week			3
Between 1 - 2 weeks	4	14	3
Between 3 - 5 days	10	14	10
More than 2 weeks	24	36	17
Two days or less	63	36	66
<b>Northern Province</b>			
About 1 week			6
Between 1 - 2 weeks	6		2
Between 3 - 5 days	11		13
More than 2 weeks	16	50	18
Two days or less	67	50	61

<sup>8</sup> SAIRR Survey, 1997/1998, p. 381.

ority areas for these developments would be the under-served provinces, especially KwaZulu Natal and Eastern Cape.

## 9.9 Perceptions on delivery

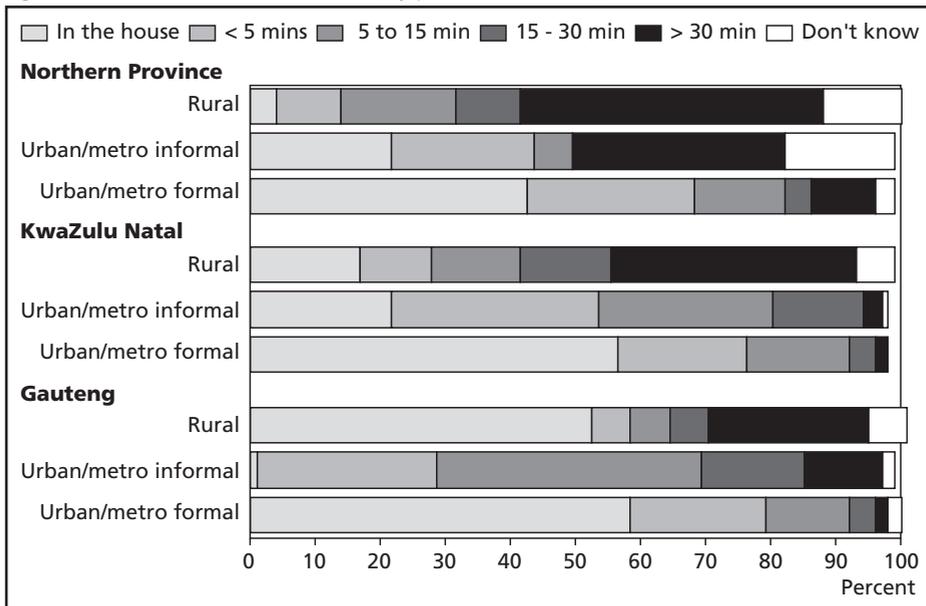
Respondents in the CASE/Fafo survey were asked where the closest landline telephone was – in the house or some distance away. Figure 9.9 shows the responses by province and geographical area.

More than half of the respondents in the urban formal areas of Gauteng and Kwa-Zulu Natal had phones inside their houses, while in Northern province the number was less. A large number of respondents in the rural areas of Gauteng had phones inside their homes, compared to those in urban informal areas.

Respondents were asked whether they had noticed new public telephone services installed in their community over the last five years.

It was mainly respondents in urban areas who had noticed development of this kind. Very few respondents in rural areas had noticed any new telephone services being installed.

Figure 9.9 How far is closest landline (by province and area)?



We asked respondents who said they were aware of telecommunication projects in their area within the last five years to tell us whether these services were operational and properly serviced. Figure 9.11 gives the responses to this question.

Figure 9.10 New phone services in your community?

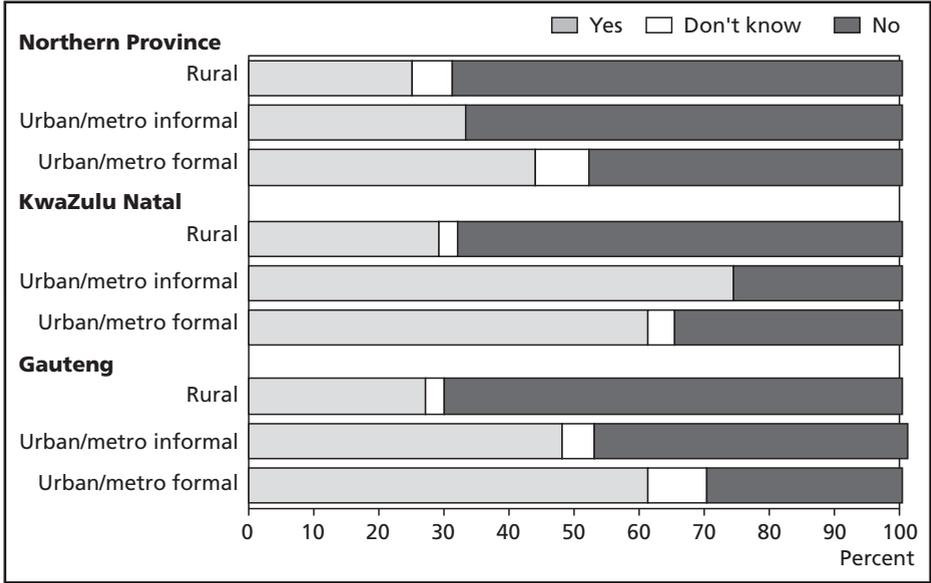
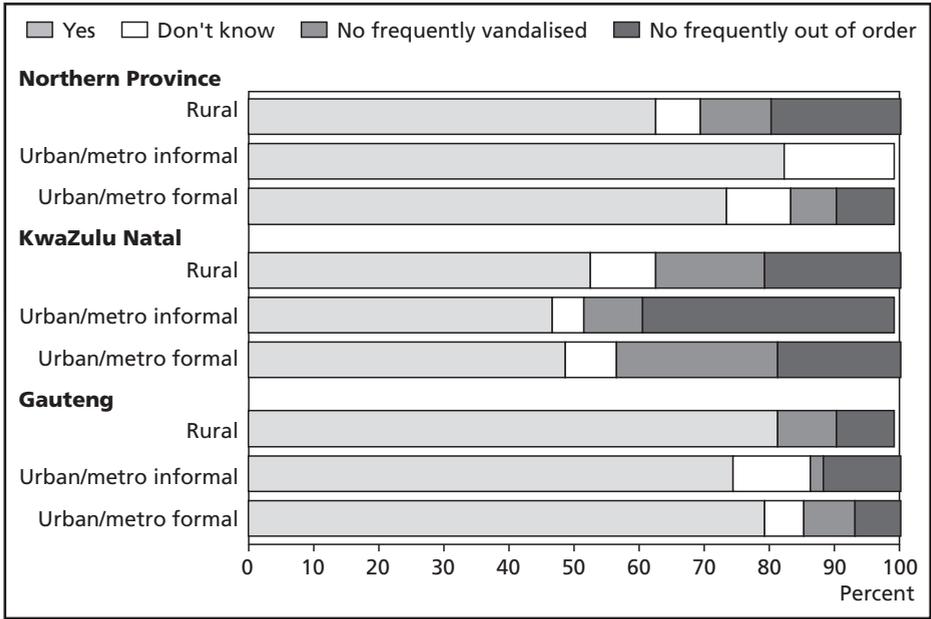


Figure 9.11 Are phones in working order?



The majority of the respondents indicated that their phones were in working order. As the table shows, there are slight differences between urban/informal and urban formal, and also between urban and rural in their satisfaction with the condition of the phones. Amongst the provinces, Kwa-Zulu Natal had high incidences of vandalism and phones that were frequently out of order.

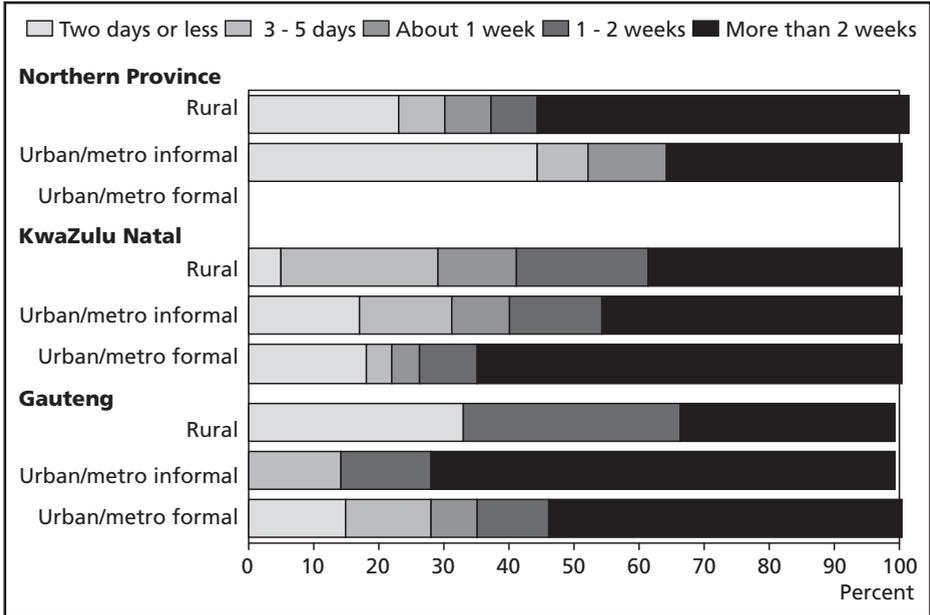
We asked those respondents who said their services were not properly maintained, to tell us how long it takes the service provider to repair the faulty service.

Unlike other provinces, few respondents in Northern province experienced long delays in the repair of their phones, compared to respondents in Gauteng and Kwa-Zulu Natal. There are also differences to be observed in the delays experienced by Gauteng respondents in formal/urban areas and informal urban areas, with the latter experiencing most delays in the repair of phones.

### 9.10 Tentative conclusions on economic infrastructure

Although individual evaluations of service delivery sectors can and will be made, what needs to be stated at the outset is that the provision and delivery of bulk infrastructure and services needs to be seen within the context of the new orthodoxy within development and regional planning. There has been a shift away from

Figure 9.12 Time taken to repair phones?



top-down, centralised planning systems to a more bottom-up, community-oriented approach. This allows for a greater degree of community involvement in the planning and development of their communities as well as greater authority being disseminated to local (as opposed to national) government.

In addition, there has been a growing awareness at national, provincial and local government level that as a result of previously skewed planning structures in this country, where large portions of national infrastructure budgets were allocated to the wealthy few at the expense of the poor majority, South Africa has been left with an urban and rural landscape that is at times, inefficient, under-serviced and expensive to operate and maintain.

New strategies have emerged to close the gap between urban and rural areas, as well as between different class strata. In order to facilitate better provision of services within metropolitan areas, as well as between urban and rural centres, integrated development planning as a macro-planning strategy has been devised.

Integrated Development Planning Frameworks (IDPFs) have emerged as planning strategies premised on the understanding that sectors within infrastructure provision, their maintenance and efficiency cannot be seen in isolation. In other words, effective delivery of, for example, refuse removal, is dependent on a sophisticated road network, which may, in turn, be contingent on the successful integration of outlying areas with the urban centre. It stands to reason that the most successful method to provide efficient services is within a framework that sees one service as a cog within the wheel, not as a separate, dislocated component.

As such, and although certain sectors within areas of delivery may be prioritised over others, a holistic, spatially integrated understanding of service provision must exist in order for it to be sustainable and effective.

## **Electricity**

Electrification programmes have certainly made inroads into the large sections of the population still without electricity. However, some low-income families with newly-acquired access to electricity still struggle to be able to afford to use it. For suppliers to break even, it is necessary for households to use 400 kilowatt hours a month. In newly-connected households, consumption has been far below this level, and this has posed a major threat to the electrification programme. For this reason, strategies are being developed to make electrical appliances and their use more affordable to low-income customers to ensure that households increase the amount of electricity that they are using.

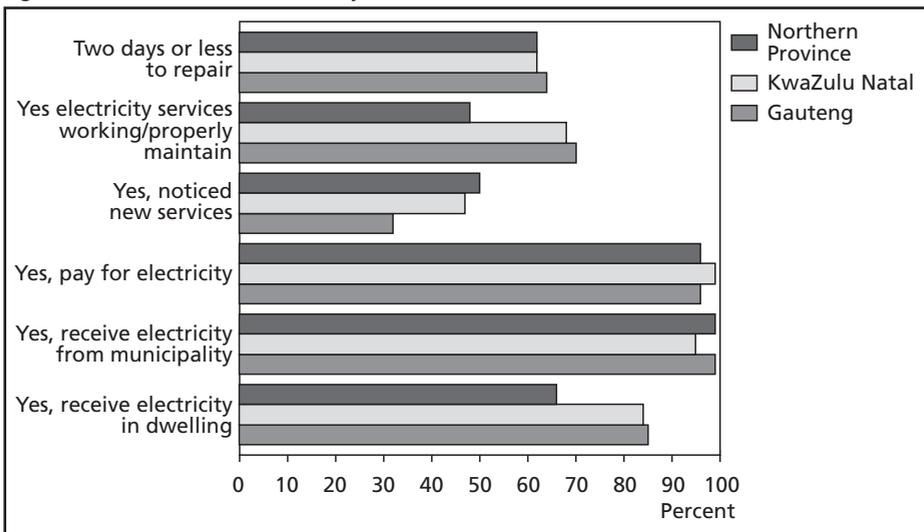
However, this approach can have negative effects on communities. Some of the promotional exercises run in newly electrified areas or informal settlements which are intended to raise awareness of and create a demand for electric appliances can

have the effect of pushing low-income households further into debt by encouraging the hire-purchase acquisition of appliances that they cannot afford.

Some of these problems would be alleviated if there were more vigorous efforts to provide low-income people with sufficiently cheap energy, by further investigating the measures mentioned in the RDP document – cross-subsidies from other electricity consumers, adoption of lifeline tariffs, and tariff restructuring. “Where a minimum level of consumption of a particular service (such as water, heating or power) can be identified as a “lifeline” for some users, society may judge that they should not be excluded if they cannot afford to pay”.<sup>9</sup> These consumers may be subsidised by cross-subsidies and multi-part tariffs. If providing basic services like electricity to low-income consumers is treated purely on a commercial basis with the aim of cost-recovery, there can be serious implications for those low-income households, the economy and the environment.

Presently, there is not enough public sector capital expenditure on infrastructure. For example, in 1997 Eskom spent only half of the amount suggested in the RDP for the peak annual capital cost of electrification, and had no plans to supplement its capital expenditure beyond the level of 300,000 units per year – plans that could decisively diminish the backlog of approximately 4.5 million households.<sup>10</sup> Lifeline tariffs would enable many more low-income households to be able to afford to use electricity, as well as reduce the environmental costs by reducing pollution

Figure 9.13 Issues around electricity



<sup>9</sup> “Infrastructure investment and the integration of low-income people into the economy”, P&DM Research Team, Wits University, October 1997, p. 16.

and deforestation. The present approach to providing electricity, then, while yielding some results, could be improved to ensure that those who are most needy are assisted. Figure 9.13 provides a synthesis of responses around issues related to electricity.

In terms of the three provinces, electrification seems to be the one sector with the greatest degree of parity and the least fluctuation in terms of responses around access, maintenance and payment.

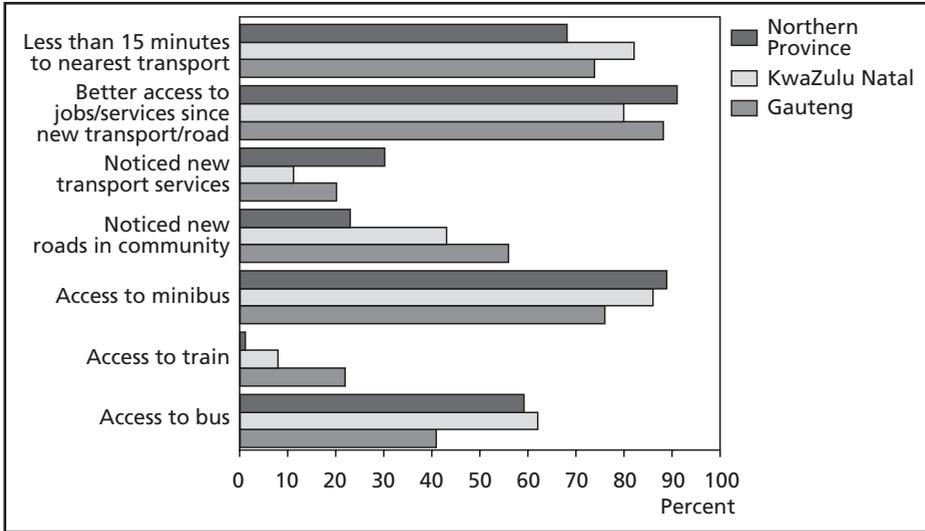
Northern Province is the worst off in terms of electrification of dwellings, but respondents in this province are most aware of new electrification schemes in either streets, residences or both. Overall, the vast majority who receive electricity to their homes are supplied by the municipality. Unlike Gauteng and KwaZulu Natal, where most of the respondents said their electrification services were properly maintained, very few people in Northern Province gave this answer. Nineteen percent of Northern Province residents said they received no electricity services whatsoever.

## **Roads and transportation**

Over the past three years, there has been a shift from spending on areas such as defence and transport to spending on social services. Lack of funds has had an impact on the implementation of road policy. Most of South Africa's road network has exceeded its 20-year design lifespan, which could result in road conditions reaching hazardous levels (PIIR 1998).

Not only is there a shortage of available funds, but existing funds are not targeted as well as they should be. For example, the beneficiaries of the subsidies that do exist, for example the bus subsidies, are not the ultra-poor, but middle-income earners (PIIR 1998). Rail transport is the most heavily subsidised means of transport, yet it is used by relatively few people. Furthermore, in spite of taxis being the most accessible and widely used means of transport, the taxi industry receives no public subsidy. Finally, although the Department of Transport has implemented plans to reduce taxi violence, rival taxi associations continue to engage in battles over routes. Under apartheid planning, road networks were designed primarily to serve the white minority, and as such, access and exit routes to outlying impoverished areas were few. The vast commuting distances between urban and rural areas, in conjunction with large populations existing on the urban periphery, not only means that new roads need to be built to service these areas, but that activity corridors and economic spines need to be developed along these roads in order to make their long-term sustainability viable. This encompasses numerous development initiatives, which, if correctly planned for, could provide much labour-intensive employment and generate economic growth. Major challenges remain for the Roads

Figure 9.14 Issues around transport



and Transportation department in the period of Thabo Mbeki’s new government. Figure 9.14 provides a synthesis of responses around issues related to transport.

The minibus taxi remains the most commonly used means of transport and most widely service. Eighty-nine percent of all Northern Province respondents either use taxis or have ready access to them. Although the most heavily subsidized by government, rail is only accessed or used by a small percentage of respondents (22% from Gauteng, 8% from KwaZulu Natal and 1% from Northern Province). The majority of Gauteng residents (56%) say they have noticed new roads being built or old ones being upgraded in the last five years. The levels of urbanisation and population density within this province makes this unsurprising. Northern Province residents were more likely to be aware of new transportation facilities than those from Gauteng or KwaZulu Natal, while, for all three provinces, those who said they had seen new services within the last few years, overwhelmingly stated that these new services improved their access to jobs and other services.

**Telephones**

Access to telephones remains elusive for many South Africans. In the three provinces surveyed, most respondents in formal/urban areas had phones inside their dwellings, whilst in informal/urban areas the number was limited. However, with the exception of Gauteng, respondents in informal areas were better off compared to those in rural areas in terms of having phones inside their dwellings.

Awareness among respondents of new telecommunication services was highest in Gauteng, with 58% saying they have seen new services in their community within the last five years. However, in terms of time to repair a dysfunctional service, response time was longer than for their KwaZulu Natal and Northern Province counterparts, with only 14% of Gauteng residents saying it took less than two days to repair. This may in part be the result of the fact that those areas where service is more prolific are the same areas most in need of repair. In other words, the greater the number of phones to service, the longer the delays – primarily a consequence of not enough technicians.

### **In Conclusion**

Over the past three years, there has been a marked shift from spending on defence and economic services such as transport to social services. In the next three-year period, spending will be more balanced, but not enough to confront the challenges inherited from the past. Lack of funds has had an impact on the implementation of road policy. Most of South Africa's road network has exceeded its 20-year design life span (PIIR 1998). Some have argued that the government's low allocation to road maintenance means that the state of the country's roads is reaching hazardous levels (SAIRR 1998).

The allocation of funds within the transport sector has been subject to many debates. It has also been argued that the beneficiaries of subsidies like the bus subsidies are not the ultra-poor, but middle-income earners (PIIR 1998). Simultaneously, rail transport is the most heavily subsidised means of transport, but is relatively little used. Furthermore, in spite of taxis being the most accessible and used means of transport, they receive no public subsidy. This may change in the light of discussions in late 1999 about subsidies to this sector. Finally, although the Department of Transport has implemented plans to reduce taxi violence, rival taxi associations continue to engage in battles over routes. Major challenges remain for the department in the coming period.



## Chapter 10 We are emerging slowly, but painfully!

**Liv Tørres, Fafo**

In the post apartheid period, South Africa was confronted with the immense challenges posed by stark inequalities and poverty. The poorest 10 percent of households receive only around 1.4 percent of the gross annual national income. The top 10 percent of households control 42 percent of all income in South Africa (DBSA 1998:17). Despite high hopes and expectations, as well as ambitious goals and strategies on the part of government, these are challenges that the government will have to *continue* to grapple with. While the income and wealth gap seems to have increased *within* both the black and white population groups, there seems to be little evidence that the income and wealth gap in society *at large* has diminished. Confronting these challenges has to be done within an economy which has had very low growth in the late 1990s and which has, in fact, contracted since the second half of 1998.

The overall issues we have dealt with in this report are the extent to which delivery is taking place and the barriers that need to be confronted to speed up and improve delivery. We started our discussion with a look at the budgets and funds already available. That does not imply that funding for social services is sufficient, or that with increased funds much more could not have been done. However, while in several key areas like welfare, funding *is* a critical issue, in some areas, government departments have had problems spending the funds they already have. We started off with another, related question: to what extent is delivery happening on the basis of the close to R100 billion set aside today, and, furthermore, how can we increase the value of the benefits accruing from the funds made available to the households that need them most in a way which benefits society at large? In what follows, we summarise and discuss some attempted answers to these questions.

## **10.1 Summary: Reconstruction, development and participation?**

In the first period of democratic governance, delivery of social services in many areas has gone quite far. Public Works Programmes have been implemented and they have delivered assets, alongside training in technical, administrative and financial issues. Communities are given a real stake in project selection, implementation, management and maintenance. Furthermore, approximately three million people receive social pensions and support every month from the Department of Welfare and parity is being achieved in the distribution of funds. About one million housing subsidies have been approved and approximately 800,000 houses have been completed or are under construction. South Africa currently spends more than a fifth of its national budget on education, a figure that rivals, if not surpasses, that of many First World countries. All in all, major progress has been made in recent years in terms of education policy, access and equity. South Africa is close to providing schooling of at least 12 years to most children. Notable achievements have been made in deracialising education provision; more equitable funding, improved educator/learner ratios and improved teacher qualifications. Massive amounts of funds have been spent and achievements made in the Department of Health, when it comes to building clinics, the school feeding scheme etc. Hospital rehabilitation is next on the list. Major gains have also been made with water, sanitation and bulk infrastructure.

At the same time, several challenges remain. In our survey, we found relatively high rates of poverty within the three provinces, with few variations between Gauteng, KwaZulu-Natal and the Northern Province. About 17 percent of the respondents in all three provinces say they go hungry often, or at least once a week. Another 20 to 24 percent say they go hungry at least once a month. Our survey indicates that a large minority in the three provinces receives grants from the government. But even amongst those who qualify for grants, there are still many problems in getting access to them. Most people had heard about the subsidy schemes, but only about a quarter of them had applied. A large minority in urban and metropolitan areas believed housing had improved in the past five year period. We also canvassed the views of respondents on the changes in education provision in their communities over the last five years. Respondents in Gauteng gave the most positive evaluation of the situation, with 40 percent saying it has improved. People in the Northern Province are slightly less positive. Respondents in KwaZulu-Natal, however, are more negative in their evaluation, with those who think the situation has improved outnumbered those who think it has deteriorated. Of the problems that were mentioned that need to be addressed, shortages of learning materials in schools was the most common. Perceptions of development were similar in Northern Province and

Gauteng, with close to half the respondents having noticed new development. In KwaZulu-Natal, however, people were more negative.

The government faces major challenges in delivering services. The task of the Department of Welfare is, to a large extent, one of *reacting* to the situation of high levels of poverty, rather than being able to successfully *prevent* them. On the other hand, the overall budget constraints makes it equally difficult to do so. At this point in time, the extent to which people receive grants does seem to determine the *survival* of whole households, but has limited impact on whether people go *hungry* or not. For this, the amounts are not high enough.

The RDP, which was the new government's election platform in 1994, aimed to address the needs of poverty elimination, redistribution and infrastructure delivery. The large majority of our survey respondents had heard about the RDP, but the extent to which they are informed about the RDP differs according to race, gender and income.<sup>1</sup> Men had heard about the RDP more often than women (85 percent versus 76 percent), but there is no difference between Africans, coloureds, Indians and whites.

Education and income do, however, play a role in explaining the extent to which different groups have heard about the RDP. Amongst those with higher income (more than R3,500 a month) virtually all have heard about the RDP, while amongst those with the lowest income (less than R799 a month) the figure drops to "only" 76 percent. The level of information also differs by province. Eighty nine percent of the respondents in Gauteng have heard about the RDP and 84 percent in Kwa-Zulu Natal, but in the Northern Province a smaller majority of 66 percent had heard about the RDP. Twenty two percent of the respondents report that they have a Community Development Forum in their area, while 32 percent does not know. It is also worth noting that there is a strong significant effect of having community development forums and giving priority to consultation rather than speedy delivery. Seventy two percent of those who have a community development forum believe consultation is more important than speedy delivery, as opposed to 56 percent of those without a community forum. Furthermore, 73 percent of those who participate in most forum meetings believe consultation is most important, while 64 percent of those who hardly ever participate believe consultation is most important. In general, consultation gets wide support from all quarters.

<sup>1</sup> All these variables have a significant effect upon the extent to which people have heard of the RDP (minimum 5 per cent sig. level).

## 10.2 Are we emerging?

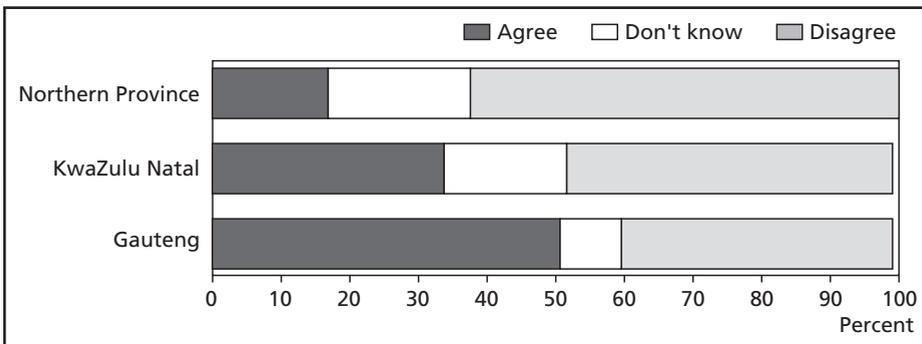
Infrastructure delivery became a hotly debated issue in the 1999 pre-election period in South Africa: Are houses falling down? Are children *really* benefiting from the school feeding schemes? Is it consumers or contractors who are really earning on infrastructure delivery? There are several critical voices. The Child Health Unit at the University of Western Cape argues, for example, that the primary school nutrition programme is not working effectively in the parts of South Africa where malnutrition is highest (SAIRR 1998). James and Levy (1998) criticise the government for putting the housing backlog at 1.5 million when the 1996 Census figures indicate that it is three million.<sup>2</sup> Every welfare model will have many critics and few supporters. Some of the critical views are political, others normative or more theoretical. Some we may overlook, others we should not underestimate.

### In summary; we are emerging!

The RDP proposed five means to combine its two central goals of growth and development: meeting basic needs; upgrading human resources; strengthen the economy; democratising the state and civil society and reorganising the state and the public sector. Let us concentrate on “meeting basic needs”.

The government has taken constructive steps to address the poverty and inequality created by previous policies. The goals were certainly ambitious. IDASA (1998) highlights the unrealistic expectations raised by the Department of Housing that the housing backlog would be eliminated in five to ten years. Yet, in many ways these ‘unrealistic expectations’ have been met. The aim was to deliver one

Figure 10.1 Speed of delivery has been just right? (n 2619)



<sup>2</sup> Yet, it should be underlined that the RDP document in fact *did* estimate the housing backlog to be at least 3 million houses already in 1993.

million low-income houses by 1999. One million subsidies have been granted. But, while the department promised to build low-income houses, it has been criticised for providing low *quality* houses. In many ways, quantity has taken precedence over standards, quality and the need to address the *balance* between quantity and quality.

In several areas, the statistics are quite impressive. With respect to primary care, 8.5 million people have been treated in new clinics since 1994. Some 68,000 families have resettled on farming land; about 1,500 kilometres of road have been built through public works programmes; 1.3 million rural people now have access to clean water within 200 metres of their dwelling and about 1.5 million houses have been electrified. Yet, if one looks at the assessment and satisfaction of our survey respondents to the issue of whether delivery has been at the right speed, a more pessimistic picture emerges. As figure 10.1 shows, people in Gauteng, KwaZulu Natal and the Northern province are not satisfied with the speed of delivery. They believe the government is struggling with lack of funds, that government has other priorities, or that there is corruption in the government or the private sector.

Gauteng residents are generally more satisfied with delivery than people in the two other provinces. However, people in Gauteng also seem more conscious about the reasons why the government may have gone astray, such as the lack of funds, corruption, other government priorities etc.

Several problems have been encountered with infrastructure delivery. First, the backlog in several critical areas was immense. Second, when comparing the spending on investment in infrastructure with other countries, there is a big difference between using resources to build *new* structures and installations, which South Africa had to do, and *maintaining* already existing structures. Third, there was no “production apparatus” or delivery machinery ready and able to pick up the challenges immediately when delivery started. This, together with the emphasis on giving priority to emerging new contractors, made delivery all the more challenging. Finally, apartheid left behind institutions and human resources which had to be redirected towards effective service delivery. The civil service and administration was put in place to deliver services to four million people, and now it had to be redirected towards servicing 40 million. Furthermore, the apartheid civil service had also initially been structured internally in order to maximise job creation for Afrikaners – at the potential cost of effective delivery. Against the background of these challenges, delivery during the past five years has generally been impressive.

In terms of financial investment, there are few countries in the world which invest comparably high figures in social infrastructure. With about 47 percent of government expenditure spent on social infrastructure, South Africa is near the top of the list when it comes to infrastructure investment. The South African government spends roughly R100 billion altogether on social services. This translates to R2,500 per person, compared to the total GDP per capita of about R17,000 and an annual

salary of less than R12,000 for a third of the formal workforce. If we take as our starting point that most of the spending is on the lowest income categories, it could easily increase the “salary” of the poorest half of the population by a minimum of 50 percent in cash or the value of benefits.<sup>3</sup>

The question, then, is how much infrastructure comes out of *each* Rand: how can we stretch the funds we have to maximise delivery? Increases in spending on social infrastructure *may* be followed by increased delivery. However, increased spending may also be a result of slower or less output per Rand, i.e., that the net output of infrastructure delivery costs more. With so many components going into the final product of infrastructure delivery, the answer to this question is still not clear. Increased salaries for government employees probably explain some of the increased expenditure. Likewise, materials and contractors’ costs may have increased substantially in areas of delivery where the demand suddenly became immensely high and supply of services was low. Furthermore, the increased spending on social services in several areas is lower than inflation and hence actually constitutes a *decline* in spending.

Finally, increased spending does not automatically result in the increased efficiency of the government employees who are administering the programmes. Organisation of delivery for 40 million people requires different strategies from organising delivery for four million people. The efficiency of civil servants does not increase proportionately with each Rand spent, but may *decrease* beyond a certain level. We are not arguing for a lean state, but for a “delivery-oriented” state. On the basis of our mapping of infrastructure delivery, the following issues become crucial for delivery and should be subject to debate and restructuring:

### **Government co-ordination and capacity**

In virtually all sectors where we conducted interviews, lack of government co-ordination kept coming up as a major weakness. Government officials focussed on the co-ordination of line departments at the various levels of government, but also on co-ordination between national and provincial levels of government. Yet, we must differentiate between co-ordination of policy and of actual delivery. In terms of policies, the government has achieved quite a bit. The Rural Development Framework was the result of various government inputs and co-ordinated strategies. Likewise, the Job Summit brought together the various line departments on common ground in terms of principles for action. Director-Generals are generally meeting

<sup>3</sup> This rough calculation is based on figures per individual. The value of social services for each of the poor would hence actually mean far more for many poor households with four household members or more.

on issues of infrastructure delivery, and so are the ministers. The Co-Ordination and Implementation Unit, the Intergovernmental Task Team and the cluster division of line departments, of which the Social Sector cluster brings together all the social services ministries to co-ordinate strategies should also be mentioned. Currently, government infrastructure delivery is also co-ordinated in the President's Office. Furthermore, the Independent Development Trust (IDT) is being restructured from a funding agency into development management body aiming at creating a synergy across government clusters. Yet, while co-ordination has come quite far in terms of policies, there is still some way to go in co-ordinating *actual* delivery, targeting and implementation.

Lack of co-ordination in actual delivery results in overlapping work, or gaps in delivery where, for example, houses are built without additional bulk services being delivered. Lack of *efficient* co-ordination mechanisms also implies that delivery in some sectors gets deadlocked by too *many* line departments having to be involved in delivery and no-one really having the overall responsibility or capacity to take the process forward. In some provinces, such as Gauteng, this has been dealt with by including specific services such as a building division internally in the department of housing. In most provinces, there is no similar mechanism for co-ordinated delivery.

Effective structures for improved co-ordination need to be strengthened. When the RDP office was still in existence, it was meant to perform this function. However, the issue of responsibilities and tensions between the RDP office and the line departments was not resolved. Most social services expenditure is delivered as programmes or benefits in kind, rather than cash transfers to households, some costs need to be budgeted for co-ordination and efficiency. New attention also needs to be given to the issue of co-ordination and co-operation at all levels of government. In this process, the issue of tendering processes should also be addressed. Securing public funds is on top of the priority lists of most government officials we interviewed. Yet, the tendering procedures as they are practised today seem too bureaucratic, slow and difficult. A great deal of power is given to the Tender Boards and procurement departments to choose contractors. The body which originally issues the tender, and presumably has most capacity to assess and evaluate proposals, has limited influence. Priority should be given to making the tendering procedures more efficient, well targeted and transparent.

### **Public-private partnerships or tensions?**

A public-private partnership was put in place in order to effectuate infrastructure delivery. Yet, while many of the more technical delivery tasks are impossible for the public sector to execute, the question remains as to whether it is possible to maximise

the goals of assuring minimum standards and redistribution when two “welfare” systems operate alongside each other. As things stand, a private welfare, health and education system is operating parallel to the public sector. The private welfare sector is for the affluent, who can pay for services and on that basis demand high quality. The public sector, on the other hand, operates for the general public, which cannot in most cases buy services in the private sector and often has to settle for systems struggling with lack of resources, low quality services and a lack of well enough qualified personnel. A private welfare system may have the advantage of providing people with a market where they can exercise the freedom to choose the kind and quality of services they want. Yet, when the majority cannot afford to buy such services in the market, a private system existing next to the public one may also undermine the resources, quality and standards of the public system.

### **Selective or universal?**

When a political decision is taken to remove, wholly or in part, the allocation of a limited range of commodities from the market, governments are faced with a new set of challenges and problems (Pratt 1997). Is income and resources going to determine access to welfare? If these are not the criteria, then what is? Internationally, these questions have been at the heart of any debate about welfare. In the discussion, which follows, we focus on a couple of key points which are relevant to South Africa. The first important issue is the choice between selective and universal access to welfare.

A selective model allocates or targets funds where they are most needed to people who will derive most benefit from their consumption. The essence of this method is that “it is wrong to treat unequal need equally”. According to this model, the market should be the main instrument for welfare allocation. People should buy what they need – whether it be welfare, education, health, etc. The government provides benefits to those whom the market fails according to criteria such as poverty, low income etc. In other words, access to public welfare would only be for those with low or no income.

The case for a universal welfare model is motivated by a totally different argument. The model argues that the market does not function when it comes to the allocation of welfare, education, health, etc. It maintains that there is a collective responsibility and a mutual interest in attempting to ensure the guarantee of a certain level of consumption for all. The receipt of a means-tested welfare service is rejected as leading to a loss of self-respect, stigmatisation and increased cleavages in society at large:

“If these services were not provided for everybody by everybody they would either not be available at all, or only for those who could afford them, and for others on such terms as would involve the infliction of a sense of inferiority and stigma (Titmuss 1976:129).

South African infrastructure delivery largely follows the selective, or liberal, welfare state model. Access to school feeding schemes, housing, social security etc, is all subject to means tests. The arguments for such a model are that it costs less and that it would be unaffordable to extend these services to everyone. The counter argument from the “universal bloc” is that if the group which pays is relatively small compared with the group that receives, the cost of extending some services to the whole population would also become relatively smaller. Furthermore, seeing that universal services are made available through a relatively objective trigger criterion such as age in the case of old age pensions or child benefits, it is not too difficult to set up and administer the structures necessary to deliver the services. Finally, the tolerance level for acceptable taxation differs between and within countries and it differs, to a large extent, on the basis of what people perceive they get back from their taxes. The universal or social democratic block argues that everyone needs to have interests invested in the state and public sector by getting some (although limited) benefits from their taxation. In that way, the argument goes, the state’s legitimacy increases, as does the delivery and quality of governments services.

A point that needs to be taken further is that the more we means-test benefits and the more administrative steps that have to be climbed in the process of testing, the more expensive delivery becomes. The advantages of giving out some benefits universally in the form of a social wage should be considered in South Africa.

### **Benefits in cash or benefits in kind?**

Welfare delivery to households may take the form of either benefits in cash and/or as benefits in kind. Examples of benefits in cash are family allowances, social pensions and cash assistance. In-kind benefits, on the other hand, are direct transfers of commodities to individuals, such as education, health care or food stamps, financed by direct public provisions, vouchers or producer subsidies. The issue at stake is whether, for example, the government should give parents an allowance to ensure that children are properly fed, they should finance school meals to reach the same goal. Should the government pay unemployment benefits to the unemployed, or should they instead spend more resources on work-training programmes, job-creation and a more active labour market policy?

Cash benefits may be shaped in many different ways. Two commonly used programmes for cash transfers are general social assistance and more specific family

assistance. Such programmes exist in various forms in different countries. The primary objective is poverty relief, but there are different secondary objectives. International comparisons suggest that social assistance and family assistance are used in two different ways: OECD countries mainly use them as part of *broader* social safety nets, and often include a social insurance programme as their primary feature. Developing countries in Africa, South Asia (including, to some extent, India), and parts of Latin America, on the other hand, use social and family assistance as their primary or *only* mechanism of cash transfer in their social safety net (World Bank 1999).

As opposed to cash benefits, benefits in kind are created in such a manner that the welfare recipient fulfils his or her welfare needs through publicly developed services, like schools, hospitals, kindergartens etc. If welfare is to be delivered as welfare in kind, the main argument is that others than the recipients themselves are best suited to define the recipients' needs. In addition the government can create services that benefit the whole society. The arguments for benefits in kind are clearly paternalistic. The underlying assumption is that citizens themselves will not be able to foresee their own needs, and therefore will not be able to "save for a rainy day" (Halvorsen 1989).

As mentioned previously, South Africa transfers less than 5 percent of the government budget to households, while a country like Norway in transfers more than 30 percent in the form of pensions, grants and cash benefits. Considering all the administrative problems within government departments and the capacity problems raised by government officials, more of the social security budget should possibly be transferred straight to households as cash transfers. In terms of redistribution, it would also possibly be more effective.

Cash strategies may be achieved either through transfers to households and/or by combining these with subsidising certain services, with users themselves only paying limited charges. Receiving money instead of services is supposed to make welfare recipients more conscious of the cost of different services. This will, in turn, motivate an efficient production of services. The latter strategy may also be more likely to ensure equity, since there would be a public supply or control of services.

One argument against cash transfers is that they marginalise people, making them dependent on transfers and reducing their incentive to seek employment. Yet, in a country with approximately 40 percent unemployment and limited social safety nets, unemployment seems less motivated by lack of incentives than by the lack of job opportunities. Social security also has far less impact on the conditions of the poor than an acceleration in employment would have. It should also be noted that, where the dependency on grants is highest, there is also more long-term structural unemployment, and hence less possibilities of seeking employment. Another argument against cash transfers is that government is unable to target the benefits

appropriately. In other words, you cannot guarantee that the recipient is the “most needy”. However, this can be balanced out through tax payments. There are no guarantees that parents will actually spend a child-care grant on their children. They may in fact, (as was argued in Scandinavia) rather spend the money on alcohol and leisure. Yet, all welfare transfers and benefits have to some extent to depend upon trust in the recipients. Furthermore, if parents would rather spend the grant on, for example, food for the survival of the whole household, this may also not be the major problem for any Department of Welfare wanting to reduce poverty rates or improve living standards for whole households.

### **National or provincial?**

In 1994, there were huge differences between the provinces in terms of both income and poverty, but also institutional capacity. Capacity was uneven both in terms of human resources and personnel. Personnel expenditure likewise differs widely between the provinces. While Gauteng has ‘only 154 public sector employees per 10,000 population, KwaZulu Natal has 183 and the Northern Province 242 (Ministry of Finance 1999c). The Northern Province spends 68 percent of its budget on personnel, which is higher than the 62 percent national average. The challenge is to find a model of redistribution which will give the poor provinces relatively more resources in terms of delivery.

The revenues of South Africa are divided according to a set formula between the three layers of government after provision for debt-servicing costs. The national government’s share is about 46 percent, 53 percent is allocated to the provinces and the remaining 1 percent goes to local government. The national government share, however, also include various amounts that will be transferred to provinces and local governments through conditional grants. An explicit revenue sharing model, the so-called “horizontal division model”, is used to divide the provincial share equitably between the nine provinces. Funds are diverted to provinces on the basis of their demographic and economic profiles. The formula is based on an education component, a health component, a social security component, a basic component based on total population, an economic output component and an institutional component.<sup>4</sup>

<sup>4</sup> The education component is based on the average size of the school-age population and the number of learners actually enrolled; the health component is based on the proportion of the population without private health insurance and weighted in favour of women, children and the elderly; the social security component is based on the estimated number of people entitled to social security grants; the basic component is based on the total population with an additional 50% weight in favour of rural communities. The economic output component is based on the estimated distribution of the gross geographic product and the institutional component is equally divided among provinces.

By relying on the demographic and economic profiles of the provinces, the formula represents a sharp break from historical funding patterns and thus has a clear redistribution objective. The impact of the equitable share formula for the national 1997/98 budget is shown in Table 10.1.

Local government is important for delivery but there have been problems in building up the institutional capacity for delivery. This is gradually improving. In terms of housing, for example, an increasing number of applications for subsidies were made from local authorities towards in the late 1990s.

The conditional grants are intended to enable national priorities to be provided for in the budgets of the other levels of government, to promote national norms and standards and to compensate provinces for cross-border flows and specialised services of nation-wide benefit. Yet, in the current budget conditional grants make up R8.7 billion – less than 5 percent of the national budget. This seems like a minor effort at trying to level out the economic differences and legacy of apartheid, which has made various imprints in the different provinces. Redistribution is mainly achieved through the equitable share formula. All in all, however, there are still vast differences between provinces and the impact of infrastructure delivery in levelling these out has been limited. Per capita welfare spending differs between provinces, schools and quality of housing likewise. In terms of legislation, provincial and national spheres of government must give priority to the needs of the poorest in respect of, for example, housing. Yet, some work still has to be done in achieving this aim *across* provinces.

A survey conducted by CASE for the South African Human Rights Commission examined people's perceptions of delivery and of their socio-economic rights enshrined in the Bill of Rights (1998). Only a minority of the population believes that development has taken place in their communities over the last year. There are

Table 10.1 Equitable share of provinces

Province	1997/98 Equitable share (per cent)
Western Cape	10
Eastern Cape	17.9
Northern Cape	2.6
KwaZulu Natal	19.2
Free State	6.9
North West	8.9
Gauteng	14.6
Mpumalanga	6.3
Northern Province	13.7

Source: Ministry of Finance 1998

large provincial differences in perceptions of delivery, probably reflecting variations in actual delivery. The two provinces believed to be poorest, Northern Province and Eastern Cape, are also those in which the least development is reported to have taken place overall, particularly in the area of housing and the provision of water. The majority of respondents in impoverished communities considered areas as essential. As these provinces have been targeted for delivery, it seems that the gaps between rich and poor provinces are increasing (Pigou et al 1998).

Provinces are primarily responsible for delivery in the three major special expenditure categories – health, education and welfare. However, most provinces were created recently, and some of them are struggling to integrate the previous “homeland” administrations. It is therefore hard to co-ordinate national approaches and policies to ensure consistent implementation throughout the country (James & Levy 1998). Provinces receive a block grant that they can allocate according to local priorities, but the process has been accompanied by enormous political and administrative difficulties that have impeded delivery. James and Levy (1998) conclude that there is still a substantial gap between the demands of the Constitution and the delivery capacity of provinces. The weaker provinces with the worst backlogs exhibit the weakest performance in terms of delivery. This aggravates existing inter-provincial inequality.

The CASE/Fafo survey also highlighted major differences in terms of delivery between various provinces. These are differences that do not necessarily correspond to the various levels of needs or poverty, but may reflect different levels of co-ordination, administration, and capacity amongst government departments. Provincial autonomy, which is required by the Constitution, has become a challenge to national standards and equal delivery in many sectors. National government needs to monitor and evaluate the situation in order to assess where interventions, norms and standards are necessary in order to assure that citizenship actually carries the same weight and gives the same rights wherever you stay in South Africa.

### **Improved information as a basis for monitoring progress!**

In order for researchers as well as government departments to evaluate and monitor progress, we need proper information. This is also necessary for citizens to evaluate government progress and delivery according to goals. Access to reliable, timely data about needs and delivery is problematic. Assessing housing delivery, for example, against the “back-log” of needs in 1994 becomes difficult when in some provinces this backlog has increased threefold in the last five years! Assessing the effects of delivery on poverty rates is likewise difficult when, in 1999, the most recent

reliable statistics which are available on household income and expenditure date back to 1995.<sup>5</sup>

### **In summary; we are emerging!**

In the DBSA report (1998), infrastructure delivery is linked with development. For South Africa to have sustainable development that will have a positive impact on people's lives, sound and proper infrastructure policies have to be implemented. Furthermore, infrastructure delivery is crucial if we are going to become competitive in world markets. Both economic infrastructure, (which involves services to facilitate economic production), and social infrastructure (including services such as health, education and recreation) are important in this respect. While economic infrastructure has traditionally been regarded as crucial for economic development, more focus should be given also to social infrastructure as a building block for economic development.

South Africa has made progress in formulating and implementing policies to enhance the positive impacts of infrastructure and service delivery. However, more institutional developments and financial targeting is necessary in order to ensure that affordable delivery meets consumer demand, supports economic growth and eradicates poverty (DBSA 1998). In order to achieve this, the DBSA (1998) argues that the following institutional and financial issues need attention: public sector transformation; decentralisation and participation; delivery partnerships; development finance; regulation; policy development and best practice.

Several constraints in the delivery of infrastructure have been identified. The budgetary constraints on government departments has been identified as central factor which has a major impact on the ability of the government to deliver infrastructure. The budgetary constraints must also be seen in the light of the embracing of fiscal discipline in the government's macro-economic policy (GEAR) and of the declining economy which has resulted from the decreased value of the Rand. The other challenge identified in infrastructure delivery is lack of government capacity. This was manifest from the beginning – for example, in formulating and drawing up project Business Plans. More recently, it has been illustrated by difficulties experienced in following up, controlling and assessing projects. Projects have been delayed in several departments due to lack of expertise and skills.

Although several of the Presidential projects relate to the alleviation of rural poverty and to the stimulation of growth and development in the impoverished rural areas, the actual allocation of funds has, in general, tilted towards urban development

<sup>5</sup> Except for the 1996 Census which gives information about only a limited number of variables.

and hence to households which are relatively better-off than their rural counterparts. Issues of integration between rural and urban areas, as well as between city centres and townships need to be addressed. Furthermore, the long-term sustainability of programmes and the standards and quality of delivery need to be addressed further.

These challenges impact on the government's ability to consolidate democracy and extend social citizenship to the majority. While major gains have been made, several questions remain as to how delivery is *organised* between the various levels of government and between the public and private sector and to the way delivery is structured in order to reach RDP goals and maximise the value of existing funds. Furthermore, while some delivery has gone some way towards assuring minimum standards, issues of private-public organisation; cash versus benefits in kind and selective versus universal benefits will have to be addressed in the future.

The successful economies of East Asia have not invested a greater share of public funds in human development. They did, however, at the outset allocate more to basic social services and especially to high quality universal primary education (World Bank 1994).

The social security system pursued in South Africa reflects, to a large extent, the characteristics of a liberal welfare state: public benefits are income-tested and targeted, while a parallel private system exists through which individuals and employers may buy benefits on the open market. While the latter system gives freedom and quality to limited groups, it may also undermine the long-term development of a public welfare state in terms of quality and standard of services, people's interest in investing and paying for them and finally in terms of the legitimacy of the public system. The South African system has also been characterised a workerist welfare system which puts additional strain on employers through medical aid and pension contributions, thereby increasing labour costs. On this basis, debates have emerged around issues such as a social wage (Baskin 1998, Naidoo 1999 et al). NEDLAC, government departments and social partners should take these issues further and put the debate of private versus public responsibilities, co-ordination and tender procedures, cash versus benefits in kind and universal versus selected benefits firmly on the agenda.



# Appendix 1 Methodology

## CASE

### Sampling

The sampling design specified 1000 respondents in each of Gauteng, KwaZulu Natal and the Northern Province. Within each province the sample was stratified by population group (African, White, Coloured and Indian) and area (urban or rural). The original and realised samples are indicated in the table below:

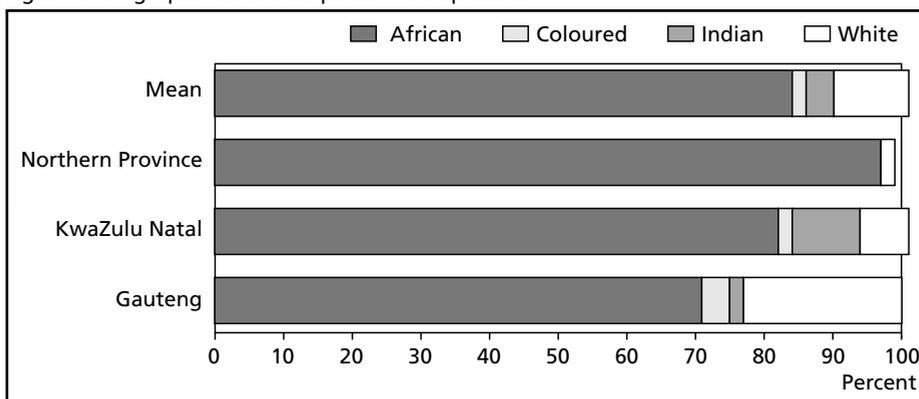
Table 1 Original sample

	KwaZulu Natal	Northern Province	Gauteng	TOTAL
White	132	160	226	518
Coloured	80	0	80	160
Indian	132	0	80	212
African	656	840	614	2110
TOTAL	1000	1000	1000	3000

Table 2 Realised sample

	KwaZulu Natal	Northern Province	Gauteng	TOTAL
White	163	55	123	341
Coloured	76	64	8	148
Indian	82	121	3	206
African	612	509	755	1876
TOTAL	933	749	889	2571

Figure 1 Geographic and racial profile of respondents



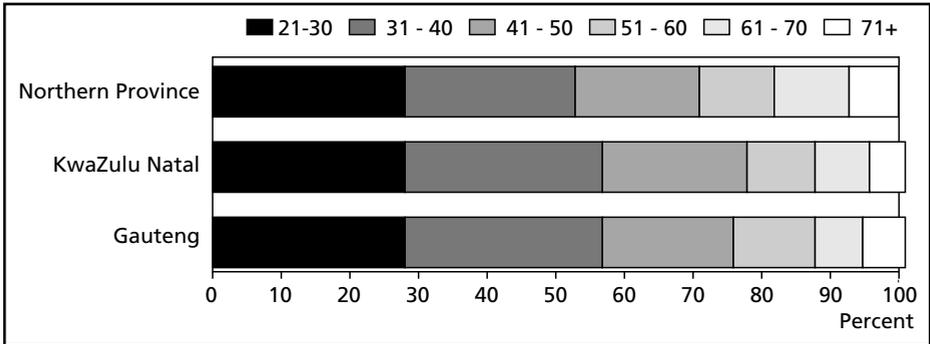
The data was weighted to reflect the racial distribution of the provinces we surveyed. Thus, the sample was over or under weighted to reflect the number of Africans, Coloureds, Indians or whites we interviewed in accordance with the percentage of these racial groups as they actually exist.

The fieldwork was undertaken by the fieldwork department in C A S E. Within each province we randomly selected 250 enumerator areas with a probability proportional to size, stratified by race and area as indicated above, and within each EA we randomly selected 4 households<sup>1</sup> to interview. A senior person in the household was asked to give information about the entire household, after which we randomly selected an adult older than 20 to answer a more detailed set of questions. If the person selected to be interviewed was not available to answer questions the fieldworker would make two further attempts to complete the interview. If the household was not available, or was unwilling to be interviewed a substitute household would be interviewed.

## Demographics

This section aims to provide a socio-economic profile of the respondents from the three provinces where the research took place - namely, Gauteng, KwaZulu Natal and Northern Province. In order to understand the complexities of responses given in subsequent chapters, it is necessary first to have a clear sense of the social and economic make-up of the sample population itself. Using a range of different indicators, it becomes clear that although often spoken about as such, each province is not a composite whole, but is instead diverse and disparate, comprising different

Figure 2 Age profile of respondents (percentages, by province)



<sup>1</sup> A household is generally defined as a group of people who reside in a dwelling for a minimum of four nights per week.

groups of people from different cultures, who speak different languages, have different education levels and different income levels. They live under different conditions, have varying degrees of access to services and facilities and very different attitudes.

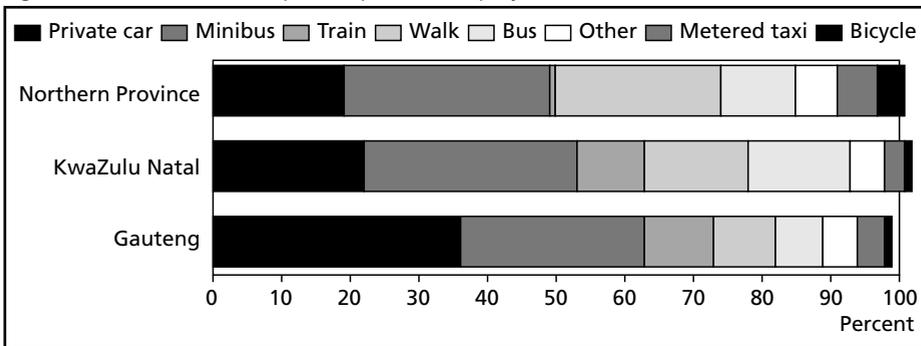
- The greatest proportion (29%) of respondents from Gauteng and KwaZulu Natal are aged between 31-40, while one in four people from Northern Province fall within this age category.
- Twenty eight percent of all respondents are aged between 21-30, while between 18%-21% are between 41 and 50 years old.
- Only between 5%-7% are 71 years or older.

Table 3 Household size (by province)

	Gauteng	KwaZulu Natal	Northern Province
Metropolitan - formal	4.3	5.0	4.3
Metropolitan - hostel	1.3	2.3	-
Rural : homestead/kraal/hut	4.9	5.7	5.3
Small urban - formal	4.2	4.9	4.2
Metropolitan - backyard	1.9	4.5	-
Metropolitan - informal/squatter	3.4	4.8	-
Rural : housing on a commercial farm	3.2	3.7	4.3
Small urban - informal/squatter	4.5	6.0	4.0
Mean	4.0	5.1	4.9

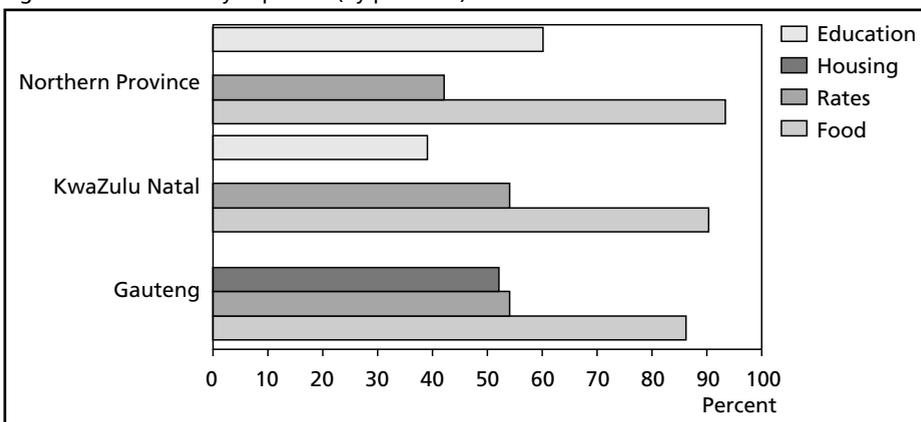
- On average households in KwaZulu Natal and the Northern Province are significantly larger (between 4.9 and 5.1 people per household) than households in Gauteng (4 people per household).
- Metropolitan and small urban formal households in KwaZulu Natal are significantly larger (an average of 5 people per household) than the corresponding households in Gauteng and the Northern Province, which have an average of 4.3 per household.
- KwaZulu Natal households, which were situated in informal settlements or in a backyard, were also larger than the corresponding households in Gauteng.

Figure 3 Main form of transport to place of employment



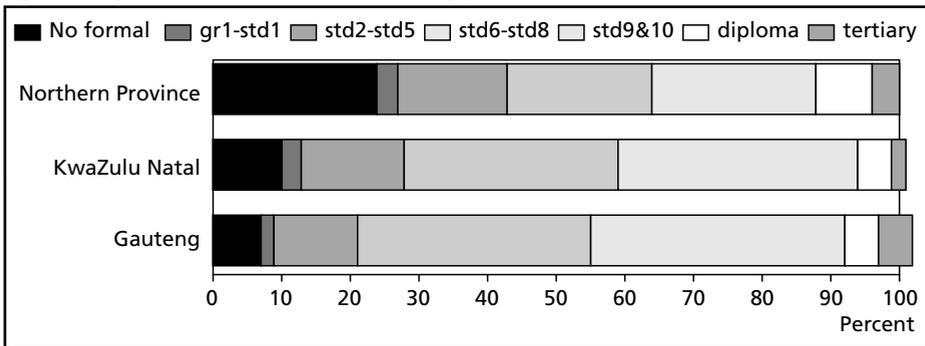
- The greatest proportion of commuters from Gauteng (36%) say they use a private car to commute to work. More than one in three people from Gauteng gave this response, as opposed to slightly more than one in five from KwaZulu Natal, and one in ten from Northern Province.
- The minibus is a common and widely used mode of transportation, with the greatest proportion of respondents from KwaZulu Natal (31%) and Northern Province (30%) giving this response.
- The motor car and minibus account for between 49%-63% of responses given, in terms of transportation to the workplace.
- A large percent of respondents (24%) from Northern Province walk to work, while one in six people from KwaZulu Natal walk or rely on the bus.

Figure 4 Main monthly expenses (by province)



- Respondents were asked to tell us what their three biggest monthly expenses were.
- Among all respondents, the overwhelming majority (89%) cited food as being their biggest monthly expense.
- There were marked similarities in terms of what respondents from Northern Province and KwaZulu Natal cited as being their three biggest expenses. Aside from food, rates and education featured highly on people’s lists, while for those in Gauteng, housing was listed as a main expense by slightly more than one in two people.

Figure 5 Highest education level attained (by province)



- We asked respondents to tell us which was the highest level of education they had achieved.
- A high number of respondents from Northern Province (24%) said they had no formal education whatsoever. The same applied to one in ten respondents from KwaZulu Natal and 7% of people from Gauteng.
- From the chart it is apparent that the greatest proportion of respondents from the three provinces said they had attained a std 9 or std 10. This applied to slightly more than one in three people from Gauteng and KwaZulu Natal, but only one in four from Northern Province.
- Between 5%-8% of respondents said they have a diploma, while between 2%-5%, have a qualification after matric.

## Employment Status

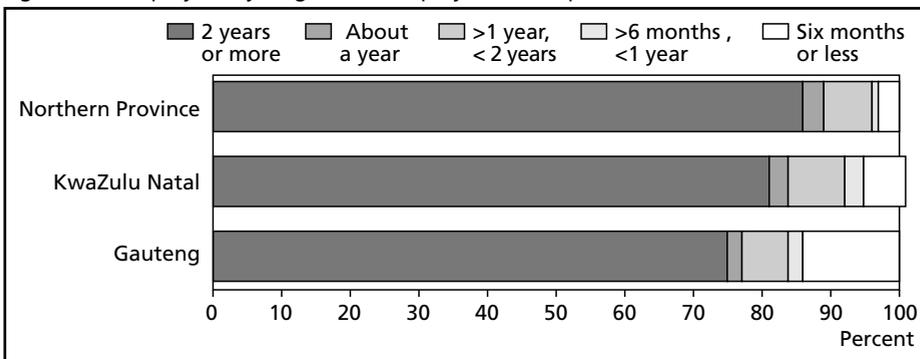
We have classified those respondents who consider themselves to be unemployed but who support themselves through odd-jobs as part-time or casual workers. We have isolated the economically active portion of the population by excluding children under the age of 15, homemakers, students and pensioners.

Table 4 Economically active population (by employment status and province)

	Casual/ piece jobs	Unemployed	Full time employed	Part-time employed	Total
Gauteng	17	33	43	7	100
KwaZulu Natal	11	39	42	8	100
Northern Province	12	43	41	4	100
All	14	38	42	6	100

- The unemployment rate is significantly lower in Gauteng (33%) than in the other two provinces (39% in KZN and 43% in the Northern Province).
- However, respondents in Gauteng were also significantly more likely to be in casual employment than respondents in KZN or the Northern Province.
- Respondents in the Northern Province were significantly less likely to have part-time employment.
- Across all three provinces we find that more than 50% of the economically active respondents were either unemployed or dependent on casual employment.

Figure 6 Unemployed (by length of unemployment and province)



- More than four in five of unemployed respondents had been unemployed for two years or more.

- Fewer than one in ten respondents had been unemployed for less than six months.
- Respondents in KZN and the Northern Province were more likely to be ‘long-term unemployed’<sup>2</sup> than respondents in Gauteng.
- Short-term (transitional) unemployment appeared to be more common in Gauteng.

Table 5 Unemployed, by main means of support and province.

	Other	From household	Outside household	UIF	Total
Gauteng	14	62	22	3	100
KwaZulu Natal	19	57	20	5	100
Northern Province	8	78	14	0	100
All	13	66	19	2	100

- Two-thirds of the unemployed receive their main financial support from within the household and only 2% of respondents support themselves by drawing unemployment insurance.
- The unemployed in the Northern Province were more likely to receive their main financial support from within the household, while respondents in KZN and Gauteng were more likely to receive their main financial support from outside the household.

Table 6: Unemployed, by job-seeking status and province.

	Looking for work?		Total
	No	Yes	
Gauteng	13	87	100
KwaZulu Natal	19	81	100
Northern Province	17	84	100
All	16	84	100

- Eighty-four percent of the unemployed respondents were seeking work.
- There was no difference in the job-seeking status of the unemployed between the three provinces.

<sup>2</sup> Unemployed for more than a year.

Table 7 Long-term unemployed, by job-seeking status and province.

	Looking for work?		Total
	No	Yes	
Gauteng	12	88	100
KwaZulu Natal	22	78	100
Northern Province	17	83	100
All	17	83	100

- The table above considers only those respondents who have been unemployed for more than one year.
- More than four in five of the long term unemployed are looking for work
- The long-term unemployed in Gauteng are more likely to be seeking work than the long-term unemployed in the other two provinces.

Table 8 Reasons for not seeking work (by province)

	Gauteng	KwaZulu Natal	Northern Province	All
Other	49	21	40	35
Wrong skills	3	2	2	2
Do not want to work	9	11	0	6
Illness/Disability	33	30	28	30
No suitable jobs	0	5	0	2
No jobs available	0	21	14	13
Taking care of home	6	11	16	12
Total	100	100	100	100

- The single most common reason for unemployed respondents not seeking work is illness or disability (30% of all respondents).
- Unemployed respondents in KwaZulu Natal and the Northern Province were more likely (than respondents in Gauteng) not to look for work because they felt that there were no jobs available or because they were taking care of their homes on a full-time basis.
- Approximately one in ten of the unemployed respondents in Gauteng and KZN who were not looking for work simply did not want to work.

Table 9 Average household monthly income (by province)

(R's per month)	Gauteng	KwaZulu Natal	Northern Province	Mean
0	7	5	4	6
1-100	6	3	5	5
101-300	6	3	13	8
301-500	14	19	27	21
501-700	7	6	8	7
701-900	6	7	8	7
901-1100	6	7	9	8
1101-1300	4	7	5	5
1301-1550	6	4	3	4
1501-1850	3	4	1	3
1851-2250	6	7	4	5
2251-2750	4	4	2	3
2751-3500	4	4	3	3
3501-3750	8	6	3	5
3750+	14	13	6	11

- The single largest category of households from Northern Province (27%) earn between R301-R500 per month, as opposed to 15% from Gauteng and 19% from KwaZulu Natal.
- Overall, there is little to distinguish between the three provinces, except at the lower and higher ends of the economic scale. Whereas only 6% of households from Gauteng and 3% from KwaZulu Natal earn between R101-R300 per month, this applies to 13% of households from Northern Province.
- Similarly, whereas only 3% of households from Northern Province earn more than R3750, this applies to 14% of households in Gauteng, and 13% in KwaZulu Natal.

## **Appendix 2 List of Abbreviations**

ANC	African National Congress.
CASE	Community Agency for Social Enquiry.
CBPWP	The Community Based Public Works Program.
CEP	Community Employment Programmes.
CSS	Central Statistical Services.
DBSA	Development Bank of Southern Africa.
DCD	Department of Constitutional Development.
Fafo	The Institute for Applied Social Science.
FFC	Financial and Fiscal Commission.
GEAR	Growth, Employment and Redistribution.
IDT	The Independent Development Trust.
ILO	International Labour Organisation.
LMC	Labour Market Commission.
MIIF	The Municipal Infrastructure Investment Framework.
MSA	Moving South Africa Project.
NGO	Non-governmental Organisations.
NPWP	National Public Works Programmes
RDP	Reconstruction and Development Programme.
SIPPs	The Special Integrated Presidential Projects.
SSA	Statistics South Africa.
SRN	The School for Register Needs.

## Appendix 3 Bibliography

- Abrahamson, Peter (ed.) (1988), *Welfare states in crisis: the crumbling of the Scandinavian model?* København: Forlaget Sociologi
- ANC (1994), *Reconstruction and Development Program*. Johannesburg: Ravan Press.
- ANC (1994), *The Reconstruction and Development Programme*. . . . .
- Atkinson, Anthony B. and Mogensen G.V. (eds.) (1993), *Welfare State and Work Incentives*. Oxford: Clarendon press
- Atkinson, Anthony B. and John Micklewright (1992), *Economic transformation in Eastern Europe and the distribution of income*. Cambridge: Cambridge University Press
- Barberton, C (1996), "Lund Commission used race card to justify cuts in entitlements." In *Poverty Profile*. November 1996.
- Bogen, Hanne og Torgeir Nyen (1998), *Privatisering og konkurranseutsetting i Norske kommuner*. Fafo-rapport 254. Oslo: Forskningsstiftelsen Fafo
- Bond, P (1998), "Infrastructure Investment and the Integration of Low-Income People into the Economy." in DBSA 1998 *The Impact of Infrastructure Investment on Poverty Reduction and Human Development*.
- Bot, M. & J. Schindler 1999 *Statistical Yearbook of Education in South Africa*. Department of Education.
- Briefing by Minister of Public Works on 15 February 1999.
- Budlender, D. & N. Dube (1998), "Starting with what we have – Basic Development Activities on Local Realities: A Critical Review of Recent Experience." In DBSA 1998 *The Impact of Infrastructure Investment on poverty Reduction and Human Development*.
- CASE (1997), *An Experiment in Empowerment: An Evaluation of the Community Based Public Works Program*. Case report for the Department of Public Works,
- CASE (1998), *Monitoring Socio-Economic Rights in South Africa: Public Perceptions*. Report prepared for the Human Rights Commission by CASE.
- CASE (1999) *Health Care in South Africa: The second Kaiser family foundation Survey*. Case report

- Chow, Nelson W.S. (1985-6), "Social Security Provision in Singapore, Hong Kong, Taiwan and South Korea: a comparative analysis", *Journal of International and Comparative Social Welfare*, 2(1-2): 1-10
- CMI (1995), *The Nature and Magnitude of Poverty in South Africa. How can the African Development Bank assist Reconstruction and Development?* Bergen: Christian Michelsens Institute
- Dahl, Espen, Hanne Bogen og Thore Karlsen (1996) *Privatisering av helsetjenester Fafo-rapport 196*. Oslo: Forskningsstiftelsen Fafo
- DBSA (1998), *Infrastructure: A Foundation for Development*. Development Bank of Southern Africa.
- Department of Constitutional Development, (1997). *The Municipal Infrastructure Programme Progress Report, 1997*.
- Department of Education (1997), *School Register of Needs Survey. A Survey conducted by the HSRC, Education Foundation and RIEP Consortium*. August 1997
- Department of Finance (1998), *Medium Term Expenditure Review: Infrastructure Investment*, October 1998.
- Department of Finance (1998), *National Budget Review*. Pretoria
- Department of Finance (1999), *Budget Review*. Pretoria
- Department of Finance (1999b), *National Expenditure Survey*
- Department of Housing (1997), *Annual Report, 1997*.
- Department of Housing (1997), *Housing the Nation*.
- Department of Mineral and Energy Affairs (1997). *Annual Report 1997*.
- Department of Public Works (1997), *Annual Report 1997*.
- Department of Public Works (1997), *White Paper: Towards the 21<sup>st</sup> Century*, September 1997.
- Department of Transport (1998), *Moving South Africa Project*
- Department of Transport and Public Works (1999), *Department's Comprehensive Challenges and Service Report from 1994 to 1999*. Released in May 1999.
- Department of Welfare (1997), *Social Welfare Services in South Africa. Annual Statistical Report, 1996\7*.

- Department of Works, KwaZulu Natal Provincial Administration (1995), Budget Speech, 1995/1996., Ulundi, 6 June 1995.
- Department of Works, KwaZulu Natal. (1996), Budget Speech, (7 June 1996). Pietermaritzburg.
- Department of Works: KwaZulu Natal. (1997), Budget Speech, 15 May 1997.
- Department of Works: KwaZulu Natal. (1998), Budget Speech. (June 1998).
- Development update (1999). "The Voluntary Sector and South Africa 1997/8", in the Annual Review Quarterly Journal of the South African National NGO coalition and Interfund Vol. 2 No 3
- Erinosho, Olayiwola (1994), "African welfare systems in perspective" In: International social science journal. 46(2): 247-255
- Esping-Andersen, Gösta (1990), *The Three Worlds of Welfare Capitalism*. Princeton, New Jersey: Princeton University Press
- Esping-Andersen, Gösta (ed) (1996), *Welfare States in Transition. National Adaptations in Global Economies*. London: Sage Publications
- F & T Weekly. (1998), Budget Speech 1998
- Financial and Fiscal Commission (1997), *Public Expenditure on Basic Social Services in South Africa. An FFC Report for UNICEF and UNDP*.
- Friedman, S. (1998), "The Still Elusive Community: Municipal Infrastructure Investment and Community Participation." in DBSA 1998 *The Impact of Infrastructure Investment on Poverty Reduction and Human Development*.
- Gautrans Focus. (1998), Official Newsletter of the Department of Transport and Public Works. Issue 1, 1998.
- Gilbert, Neal (1999), *The Enabling State. Fafo-report 312*. Oslo: Fafo – Institute for Applied Social Science
- Goodman, Roger and Ito Peng (1996), "The East Asian Welfare States: Peripatetic Learning, Adaptive Change, and Nation Building" In: Gösta Esping-Andersen (ed): *Welfare States in Transition. National Adaptations in Global Economies*. London: Sage Publications
- Green Paper on Public Sector Procurement Reform in South Africa. An Initiative of the Ministry of Finance and the Ministry of Public Works. April 1997.

- Green Paper, (1997), *Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry*. A Government Policy Initiative of the following participating Departments: Transport, Water Affairs and Forestry, Housing, Labour, Education, Trade and Industry and State Expenditure. November 1997.
- Halvorsen, Knut (1989), *Innføring i sosialpolitikk*. Oslo: Tano
- Herald Correspondent (1998), *Major Boost for Housing*, in *Eastern Province Herald*, 23 October 1998.
- Huber, Evelyne (1996), "Options for Social Policy in Latin America: Neoliberal versus Social Democratic Models" In: Gösta Esping-Andersen (ed): *Welfare States in Transition. National Adaptations in Global Economies*. London: Sage Publications
- Hurt, K., and Budlender, D. eds. (1998) *Money matters: Women and the government's budget*, Idasa, Cape Town,
- Ibambeni (1998), *RDP action in KwaZulu Natal*. Issue number one, 1998
- ILO (1977), *Improvement and Harmonization of Social Security Systems in Africa*, Geneva: ILO
- Independent Development Trust. *Community Employment Programme*. <http://www.idt.org.za/employment.htm>.
- James, W. & Simons (1998), *The angry divide. Social & Economic History of Western Cape*. Cape Town: David Phillips.
- Jensen T.Ø. and P. Bomann-Larsen (1991), "Pasienterfaringer med helsevesenet" In: H. Piene (ed): *Helsevesen i knipe* Oslo: Ad Notam
- Jones, S. (1998), "State to Raise Subsidies by R 1000", in *The Mercury: The Business Report*, 23 October 1998.
- Khosa, M. (1996), *Community Based Public Works Programme: A suggested model to calculate a pro rata budget allocation per district*. Prepared for Project Review Committee of National Department of Public Works and Community Based Public Works Programme Task Team. (3 April).
- Khosa, M. (1997), *Critical Issues facing the National Public Works Programme*. Paper presented at a Workshop in Umhlanga. (June).

- Labour Market Commission. (1996), Restructuring the South African Labour Market: A report of the Presidential Commission to Investigate Labour Market Policy. Cape Town: CTP Book Printers (Pty) Ltd (June).
- May, J. et al (1998), Poverty and Inequality in South Africa. Report prepared for the Office of the Executive Deputy President and the Inter-Ministerial Committee for Poverty and Inequality.
- McGrath, M. and A. Whiteford (1994), Inequality in the Size Distribution of Income in South Africa. Stellenbosch Economic Project
- Meyerson, Per-Martin (1982), The welfare state in crisis: a critical examination of some central problems in the Swedish economy and political system. Stockholm: Federation of Swedish Industries
- Mishra, Ramesh (1984), The welfare state in crisis: social thought and social change. New York: St. Martin's Press, 1984.
- NAP (1998), The National Action Plan for the promotion and protection of human rights, 1998 RSA
- NEDLAC 1996, 1997, 1998 Reports to the Annual Summit. National Economic, Development and Labour Council
- Nordisk Statistisk Skriftserie 1998; Social Trygghet I de Nordiske Land. København.
- Okun A.M. (1975), Equality and Efficiency: The big trade-off. Washington, DC: The Brookings Institute
- P&DM Research Team, Infrastructure investment and the integration of low-income people into the economy, Wits University, October 1997.
- PIIR (1998). Poverty and Inequality Report
- POS (1998), Public Demands on government: the people's agenda. Cape Town: IDASA Public Opinion Service No. 5, 1998
- Pratt, A. (1997), "Universalism or Selectivism? The Provision of Services in the Modern Welfare State." In Lavalette, M. & A. Pratt (eds) Social Policy. London: Sage
- Roux (1995), Poverty, Social Politics and the Reconstruction and development programme. Bellville: Institute for Theological and interdisciplinary research
- SA Development Monitor 1997.

- Sandmo, A (1991), "Economists and the welfare state" I: *European Economic Review*, 35:213-239
- Simpura, Jussi (ed.) (1995), *Social Policy in Transition Societies*. Helsinki: The Finnish ICSW Committee and The Finnish Federation for Social Welfare.
- South African Institute of Race Relations (1997). *South Africa Survey 1996/97*, SAIRR, Johannesburg.
- South African Institute of Race Relations, (1998). *South Africa Survey, 1997/98*, SAIRR, Johannesburg.
- South African Institute of Race Relations. (1999), *Fast Facts. The future at your fingertips*. Issue 1, January 1999.
- South African Sugar Association Journal. (1997), *Siyakha Special Edition*. Volume 81, number 1 (February 1997).
- Standing, G et al. (1996), *Restructuring the Labour Market: The South African Challenge (An ILO Country Review)*. Switzerland: ILO.
- Standing, Guy (1996), "Social Protection in Central and Eastern Europe: a Tale of Slipping Anchors and Torn Safty Nets". In: Gösta Esping-Andersen (ed): *Welfare States in Transition. National Adaptations in Global Economies*. London: Sage Publications
- Statistics South Africa (1998), *Census in Brief*. Report No. 1:03-01-11 (1996).
- Statistics South Africa (1998). *The People of South Africa Population Census, 2<sup>nd</sup> Edition*, November 1998.
- Terreblanche, S.J. (undated), *A Comparison of the Social Security Systems of Sweden, Germany and the United States: Possible Lesson for South Africa*. Paper
- Tjønneland, Elling (1996), "The politics of poverty reduction and development in the Rainbow Nation – an overview" In: E. Tjønneland and Lual A. Deng (eds.): *South Africa: Wealth, Poverty and Reconstruction*. Bergen: Chr. Michelsen Institute/Centre for South African Studies
- Tobin, James (1970), "On limiting the Domain of Inequality", *Journal of Law and Economics*, 13, 263-78
- Tregenna, F. (1998), "The South African Labour Market" in Torres, L. *Labour Markets in Southern Africa*. Fafo Report 257: Oslo.

- UN (1988), *Developmental Social Welfare: A Global Survey of Issues and Priorities since 1968*. New York: UN
- UNDP (1998), *Overcoming Human Poverty*. United Nations Development Program Poverty Report. New York: United Nations Development Program
- Van der Berg, S. 1997 "South African social security under apartheid and beyond." In *Development Southern Africa*. Vol. 14, No. 4 December 1997
- Verwey, C.T. (1998), *Infrastructure at Schools in South Africa*. Development Bank of Southern Africa. Discussion Paper No. 1
- Vlok, E. (1998), *Defining Unemployment*, in SALB, 22 (5).
- Walker, A. (1984), "The Political economy of privatisation". In: J. le Grand J. and R. Robertson (eds.), *Privatisation and the Welfare State*. London: George Allen & Unwin
- Walt, G. (1994), *Health Policy: An Introduction to Process and Power*. Johannesburg: Witwatersrand University Press.
- Wilson, Francis (1996), "South Africa: Poverty under Duress" in Else Øyen, S.M. Miller and Syed Abdus Samad, red., *Poverty a Global Review. Handbook on International Poverty Research*. Oslo: Scandinavian University Press
- World Bank (1994) *Averting the Old Age Crisis. Politics to protect the old and promote growth*. New York: Oxford University Press
- World Bank (1994) *Reducing Poverty in South Africa. Options for Equitable and Sustainable Growth*. Washington

