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ANTON EBERHARD: National Development Plan

Tough choices in SA's development path to 2030

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By 2030, poverty will have been eliminated and inequality reduced. All citizens will have the capabilities to grasp ever-broadening opportunities available to them and the life chances of millions of South Africans, especially the youth, will have changed for the better. This is the essence of the vision that frames the National Development Plan, released on Friday.

This may seem a utopian dream but the National Planning Commission (NPC) has laid out how these objectives may be achieved. The plan focuses on addressing the nine challenges identified in the NPC's diagnostic report published in June : creating jobs, expanding infrastructure, transitioning to a low-carbon economy, transforming spatial development patterns, improving education and training, providing quality healthcare, building a capable state, fighting corruption and uniting the nation.

President Jacob Zuma , in accepting the report from the NPC, emphasised the importance of the government being open to independent, frank and critical analysis of the challenges we face and to what needs to change. The NPC's proposals constitute a powerful, integrated and inspiring development agenda for the state and all of SA.

The NPC has responded to this mandate: while many of its proposals are reminders of the obvious policies, strategies, programmes and projects we all agree need to be implemented, others step into contested areas, where tough choices need to be made. For example, there are no surprises in our macroeconomic proposals: we need stable prices, and prudent and countercyclical fiscal and monetary policies. Sustainable growth and development will require higher savings, investment and export growth. Proposals include diversifying our trade towards emerging economies; revitalising logistics and transport links; promoting manufacturing in areas of competitive advantage; packaging regional tourism offerings; and lowering the costs of living and of doing business. But we also need to confront special interests that frustrate our development and the attainment of higher employment and poverty reduction. The NPC puts forward proposals on improving the functioning of labour markets to make it easier for young work-seekers to get jobs and for dealing with dispute resolution and discipline.

One contested area of our economy is the future of the mining and minerals beneficiation sector. Some argue the sector's contribution to gross domestic product (GDP) and jobs has declined and we should curtail further growth if we are to mitigate greenhouse gas emissions. Yet we are blessed with a valuable minerals endowment, which the world's growing economies wish to access. The sector generates indirect benefits in other industries and makes a crucial contribution to our balance of payments.

How do we balance the imperative of growing the economy, creating jobs and eliminating poverty with the transition to a low- carbon economy? It will be difficult to meet our climate mitigation pledges without large financial and technology transfers from the international community. Even if we assume modest growth in mining and minerals beneficiation, lower energy intensity and increased use of renewable energy, greenhouse gases from this sector will exceed the carbon budget implicit in the National Climate Change Response White Paper.

Through highlighting these contradictions, the NPC does not seek to undermine SA's aim to act responsibly to mitigate global warming. Rather we wish to interrogate the numbers, bring a sense of reality to the debate and highlight the tough trade-offs that will be needed. It makes no sense to discard our mineral riches. Yet we also need to become competitive in the transition to and in a low- carbon future. Inevitably that means some sectors will be winners and others losers.

Ultimately our greenhouse gas mitigation targets can be met only if we transform our power sector. Eskom's coal-fired power stations contribute about half of our carbon emissions. However, we are embarking on a radical shift in our energy mix. Half of our planned investment in electricity generation capacity over the next 20 years will be in renewable energy. We shall see increased use of solar and wind energy. This emergent industry will create jobs, as will investments in energy efficiency. But we also need to be mindful of the wider economy and the imperative of securing reliable and competitively priced energy. We face tough choices on nuclear energy, the greater use of gas and the need to explore the challenges of financing, energy price paths, institutional capabilities and environment effects.

Adequate and efficient infrastructure is vital for unlocking faster economic growth. Investment spending will need to reach 30% of GDP by 2030 (up from a low of about 16% in the early 2000s). The NPC makes detailed recommendations for investments in energy, water, telecommunications and transport. The plan urges faster and deeper reforms in the governance of state-owned utilities, infrastructure regulation, competition and private-sector participation.

The plan also makes frank recommendations in key areas such as education, health and the public sector. These are complex areas. A set of integrated actions is proposed that could make a difference. To improve educational outcomes, the plan confronts issues such as teacher performance, appointment procedures and accountability. The challenges in public health management are also addressed. And in building a capable state, detailed recommendations are made on professionalising the public service and making it a career of choice. Some areas of government have improved, mostly the South African Revenue Service, through improving operations management and delivery systems. These lessons and practices need to be rolled out to more areas of government.

To make meaningful, rapid and sustained progress in reducing poverty and inequality over the next two decades, SA needs to write a new story. At the core of the plan is a new development paradigm that focuses on creating the conditions, opportunities and capabilities that enable people to lead the lives they desire. We need an active citizenry coupled with effective government and strong leadership that seeks to develop people's capabilities to be able to improve their lives through education and skills development, healthcare, better access to public transport, jobs, social protection, rising incomes, housing, basic services and safe communities. Broadening these opportunities requires faster, more inclusive economic growth and higher levels of employment.

When Zuma accepted the plan, he urged all South Africans to make it their own by engaging in an intense national dialogue. After a period of consultation, the Cabinet would approve the plan. Then, in his words, the government would be expected to implement it with the support and championing of our citizens. Could we be on the cusp of a new inspirational era?

- Eberhard is a professor at the University of Cape Town's Graduate School of Business and a member of the National Planning Commission. The National Development Plan can be accessed at www.npconline.co.za.