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ANTON EBERHARD: National planning

Nine challenges to overcome to make SA a better place

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TOO few South Africans are employed and our educational outcomes are extremely poor. These are the core challenges in fighting poverty and inequality highlighted by the National Planning Commission (NPC) in its recently published diagnostic report.

At face value, this is an unsurprising and un controversial analysis. Is there anything new in what the NPC is saying? What value will the NPC add? President Jacob Zuma , at the NPC’s inaugural meeting, emphasised that the mandate of the commission is to take a broad, cross-cutting, independent and critical view of SA, to help define the SA we seek to achieve in 20 years’ time, and to map out a path to achieve those objectives. The commission is expected to put forward solid research, sound evidence and clear recommendations for the government.

The NPC thus has a longer time perspective than the day-to-day business of the government. We are also independent and have been tasked with holding up the mirror to SA so that we confront the underlying causes and seriousness of our economic, social and environmental challenges as a basis for crafting a realistic and sustainable long-term development path.

While the commission acknowledges what has been achieved in the past 17 years, the diagnostic overview report, and the more detailed chapters on our website, are frank and direct in describing our condition. What we see in the mirror is not always attractive; it may not be unfamiliar, but hopefully the image we present is sharper and clearer and will be a spur to action.

The commission distilled its diagnosis down to nine main challenges. First, as mentioned above, SA’s extremely high unemployment and low economic participation contribute to widespread poverty. Only 41% of South Africans between the age of 18 and 60 work. This ratio is very low by international standards, where the norm is closer to two-thirds. Positive and sustained growth between 1997 and 2008 made inroads into unemployment, falling to 23%, but a million jobs have since been lost. Unemployment among our youth is highest, with 51% of those between 15 and 24 without a job. Almost 60% of all unemployed have never worked.

Second, while SA has made gains in school enrolment (98% for grades one to seven, and 85% for grades eight to 12 , numeracy and literacy scores are extremely low compared with most other countries, not only among pupils but, shockingly, also teachers. Only 33% of teachers in grades four to six scored more than the minimum expected from the average pupil in their own subjects. About 65% of pupils leave school without a grade 12 certificate. While the pass rate for grade 12 was 68%, only 15% achieved an average mark of 40% or more. The

report identifies some of the underlying causes of our poor educational attainment, including teacher performance and the quality of school leadership.

Third, inadequate and inefficient infrastructure limits social inclusion and faster economic growth. Infrastructure policy, regulation and economics are my own speciality and it is an area I have concentrated on in the NPC. It is clear we have underinvested in energy, transport, water and information and communications infrastructure. Net capital formation is only half the level it should be. Consumers want reliable and competitively priced services and yet have been let down on both counts. We shall have to consider governance and regulatory reforms, as well as new market structures.

Fourth, the spatial legacy of apartheid continues to weigh on the entire country. In general, the poorest people live in rural areas. In the cities, the poorest live far from places of work and economic activity. A fundamental concern is the failure to co-ordinate delivery of household infrastructure as part of a broader process of building vibrant and viable settlements, including more efficient public transport systems.

Fifth, SA's growth path is highly resource-intensive and could be unsustainable. We are among the most energy-intensive economies, chiefly because of the prominence of coal in our energy mix, historically cheap electricity and a large minerals extraction and beneficiation sector. We are blessed with the most valuable minerals endowment of any country. A critical challenge will be to balance the potential benefits from further development of our mineral resources with a less energy-intensive development path that mitigates carbon emissions and climate change.

Sixth, our ailing public health system confronts a massive disease burden. SA has 0,6% of the world's population, 17% of the world's HIV infections and 11% of the world's tuberculosis cases. There is a scourge of trauma cases resulting from violence and road accidents. Infant and maternal mortality rates, at 43 and six per 1000 births respectively, are much higher than other middle-income countries. Noncommunicable diseases such as diabetes and cardiovascular problems are rising. While our disease burden is worsening, the health system is collapsing, in part because of policy, institutional, management and system failures.

Seventh, the performance of the public service is uneven. While some institutions, such as the South African Revenue Service, have been turned around, others, and especially those related directly to service delivery, are failing. Causes include poor leadership and management, skills deficits, an erosion of accountability and authority structures, poor organisational and systems design and low staff morale.

Eighth, corruption undermines state legitimacy and service delivery. The NPC's interaction with the agencies tasked with investigating cases of corruption provides worrying evidence that levels of corruption are high and growing.

Ninth, while we have made significant progress since 1994, SA remains a divided society in which race, gender, education, skills and income levels define opportunity and world views. Social strife is a risk unless we improve education, get more people working, increase income and reduce inequality.

This is our diagnosis. It is not new. But hopefully, in its totality, it is starkly clear. The focus on our challenges does not negate the great progress we have already made as a country. In

public engagements over the next few months, we look forward to hearing the views of South Africans so we can sharpen the analysis of our key challenges and begin the process of developing a long-term and sustainable development plan.

Reflecting on the experience of being a commissioner over the past year, it has been both a stimulating and sobering experience. It has been a privilege to have had access to research and data spanning all major sectors of our economy and society.

We have participated in multiple engagements with stakeholders and expert groups. We have been exposed to the severity of the problems and challenges we face if we are to reach the aspirations that were so eloquently expressed in our constitution and bill of rights.

While we have differed among ourselves on the interpretation of these challenges and what needs to be done, we are, I believe, united in our belief that we can make real progress towards the kind of SA we would all like to live and work in. Other countries have made remarkable progress. We can too.

- Eberhard is a professor at the University of Cape Town's Graduate School of Business and is one of 26 members of the N P C . The NPC's diagnostic overview is available at www.npconline.co.za