

ANALYSIS OF POVERTY ISSUES TOWARDS ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS (MDGs): A SOUTH AFRICAN PERSPECTIVE

ABSTRACT

The study provides a background and framework for the review of policies and actions adopted by the South African government and other stakeholders since the introduction of the Millennium Declaration. It begins with the Millennium Development Goals (MDGs.) summarizing the global consensus outlook for achieving them. It then turns to the conceptual framework used to link these development goals to the policies and actions of development in South Africa. The paper describes the framework as an instrument that underpins the proposed monitoring and evaluation strategies and, as initial application of the framework, reviews a range of policy indicators and supporting data to develop an assessment of the current status of policies and programmes directed to achieving the MDGs. in South Africa. The proceeding section considers some methods used with an aim to accessing key information that would inform decision-makers on the current state of affairs towards achieving the internationally agreed Goals at the South African country level.

INTRODUCTION

In September 2000, at the 55th General Assembly of the United Nations (popularly known as the Millennium Summit), the Millennium Declaration was adopted to strengthen peace, development and human rights, and to improve the UN's ability to act on behalf of human priorities. At the 56th Session of the General Assembly, as follow up to the outcome of the Millennium Summit, in September 2001, the Millennium Development Goals (MDGs) were adopted. Thus, world leaders adopted the eight goals, to be attained by 2015 (UNDP, 2001:9) including : eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving

maternal health; combating HIV and AIDS, malaria and other diseases; ensuring environmental sustainability; and building a global partnership for development. While South Africa and other developing countries were still grappling with many socio-political challenges of their new democracies, such as unemployment, hunger, poverty, general insecurity of life and property, the United Nations Assembly in September 2000 made the above eight-point declaration. Arising from the Declaration, the eight goals automatically bind countries to do more and join forces in the fight against the identified global problems. The eight goals were further reaffirmed in Monterrey and Johannesburg, and rich countries were called on to relieve debt, increase aid and give poor countries access to their markets and technology. The Millennium Development Goals are a test of political will to build stronger partnerships. South Africa has the responsibility to undertake policy reforms and strengthen governance to liberate the creative energies of its people with the aim of alleviating poverty substantively come 2015.

MDGs IMPLEMENTATION TARGETS: CURRENT OVERVIEW OF GLOBAL PERFORMAMCE

The Millennium Declaration formulated a total of eight goals and eighteen targets with the major aim at reducing hunger by one-half, infant and child mortality by two-third, and maternal mortality by three-quarters. Most global targets are based on the outcomes of global trends,(these targets were set on the premise that progress observed at the global level over the previous 25 years would continue for the next 25 year-- period from 1990 to 2015).Thus, the MDGs are essentially an extrapolation of global trends of the 1970s and 1980s and projected forward till 2015(Vandermoortele, 2007:1). The Millennium Development Goals summarize the development goals agreed on at international conferences and world summits during the 1990s. At the end of the decade, world leaders distilled the key goals and targets in the Millennium Declaration (September 2000).These goals set an ambitious target for reducing poverty and improving lives all over the world. For each goal one or more targets have been set, most for 2015, using 1990 as a benchmark (<http://www.etu.org.za/toolbox/docs/development/goals.html>). The following goals and targets including the general narratives of performance on each goal and targets at the global level have been identified (Vandermoortele, 2007:3).

Goal One: Eradicate extreme poverty and hunger

Target 1: Halve between 1994 and 2015, the proportion of people whose income is less than \$1 a day and those who suffer from hunger.

Indicators:

- Proportion of population below \$(PPP) per day
- Poverty gap ratio (incidence x depth of poverty)
- Share of poorest quintile in national consumption

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer hunger

Indicators:

- Prevalence of underweight children under five- years of age
- Proportion of population below minimum level of dietary energy consumption.

More than a billion people still live on less than US\$1 a day; sub-Saharan Africa, Latin America and the Caribbean, and parts of Europe and Central Asia are falling short of the poverty target.

Goal Two: Achieve Universal primary education

Targets: 3. Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Indicators:

- Net enrolment ratio in primary education
- Proportion of pupils starting grade 1 who reach grade 5
- Literate rate of 15-24 years old.

Generally, as many as 113 million children world wide do not attend school, but the targets is within reach. According to the 2005, UNDP country report, India, for example, should have about 95% of its children in school in 2005, but could not achieve that and so it has been for many countries of the world.

Goal Three: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015

Indicators:

- Ratio of girls to boys in primary, secondary and tertiary education
- Ratio of literate females to males of 15-24 years –olds
- Share of women in wage employment in the non-agricultural sector
- Proportion of seats held by women in national parliament

In many countries, two-thirds of illiterates are women, and the rate of employment among women is two-thirds that of men. The proportion of seats in parliaments held by women is increasing, reaching about one third in Argentina, Mozambique and South Africa.

Goal Four: Reduce child mortality

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Indicators:

- Under-five mortality rate
- Infant mortality rate
- Proportion of 1 year-old children immunized against measles

The UNDP also reported that in the 1980s about 15 million young children died before their fifth birthday, mainly from preventable diseases. That number had reduced to about 11 million since the millennium goals and targets were introduced in the development arena.

Goal Five: Improve maternal health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Indicators:

- Maternal mortality ratio

- Proportion of births attended by skilled health personnel

There seem to be a reasonable improvement the world world over on the number of women dying in childbirth. However, in developing countries, the risk of dying in childbirth is one in 48, but virtually all countries of the world now have safe motherhood programmes.

Goal Six: Combat HIV and AIDS, Malaria and other diseases

Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Indicators:

- HIV prevalence among 15-24 years old pregnant women
- Condom use rate of the contraceptive prevalence rate
- Number of children orphaned by HIV/AIDS

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major disease

Indicators:

- Prevalence and death rates associated with malaria
- Proportion of population in malaria risk areas using effective malaria prevention and treatment measures
- Prevalence and death rates associated with tuberculosis
- Proportion of tuberculosis cases detected and cured under directly observed treatment short course (DOTS)

In 2001, about forty five million people were living with HIV/AIDS. Generally, there has been a reverse the spread of HIV/AIDS and the incidence of malaria and other diseases. The current report reveals that countries like Brazil, Senegal, Thailand and Uganda have shown that the spread of these diseases can be stemmed. Similarly, South Africa has shown some serious improvement in dealing with those diseases. The introduction and implementation of the South African comprehensive HIV/AIDS strategy and the African Council of Health Ministers' Forum against malaria. A bilateral strategy between South Africa and Mozambique on dealing with malaria is also yielding a reasonable result.

Goal Seven: Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and programs and reverse loss of environmental resources

Indicators:

- Proportion of land area covered by forest
- Ratio of area protected to maintain biological diversity to surface area
- Energy use (kg oil equivalent) per \$1 GDP (PPP)
- Carbon dioxide emissions (per capita) and consumption of ozone – depleting CFCs (ODP tons)
- Proportion of population using solid fuel

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water

Indicators:

- Proportion of population with sustainable access to an improved water source, urban and rural.

Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dweller

- Proportion of urban population with access to improved sanitation
- Proportion of households with access to secure tenure (owned or rented)

More than one billion people lack access to safe drinking water and more than two billion lack sanitation. During the 90s, nearly one billion people gained access to safe drinking water and the same number to sanitation. This number had increased to nearly two billion in 2005. South Africa has also made some good strides on achieving the goals.

Goal Eight: Develop a global partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system Includes a commitment to good governance, development, and poverty reduction-both nationally and internationally.

Target 13: Address the special needs of the least developed countries

Includes: tariff and quota free access for least developed countries' exports; enhance program of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

Indicators: Official Development Assistance (ODA)

- Net ODA, total and to LDCs, as percentage of OECD/DAC donors' gross national income

- Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary healthcare, nutrition, safe water and sanitation)
- Proportion of bilateral ODA of OECD/DAC donors that are united.

Target 14: Address the special needs of landlocked countries and Small Island developing states. (Through the programme of action for the sustainable Development of small island Developing states and the outcome of the twenty-second special session of the General Assembly)

Indicators:

- ODA received in landlocked countries as proportion of their GNIs
- ODA received in Small Island developing states as proportion of their GNIs

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

Indicators: Market Access

- Proportion of total developed country imports by (by value and excluding arms) from developing countries and LDCs, admitted free of duties
- Average tariffs imposed by developed countries on agricultural products and textile and clothing from developing countries
- Agricultural support estimate for OECD countries as percentage of their GDP
- Proportion of ODA provided to help build trade capacity.

Debt sustainability

- Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)
- Debt relief committed under HIPC initiative, US\$
- Debt service as a percentage of exports of goods and services

Target 16: In co-operation with developing countries, developed and implement strategies for decent and productive work for youth

Indicator:

- Unemployment rate of 15-24 year old, each sex and total

Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries

Indicator:

- Proportion of population with access to affordable essential drugs on a sustainable basis.

Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Indicators:

- Telephone lines and cellular subscribers per 100 population
- Personal computers in use per 100 population and Internet user 100 population..

Goal eighth seems comprehensive and more detailed in content and in application compared to the other goals. However, the UNDP, in collaboration with national governments, is coordinating reporting by countries on progress towards the Millennium Development Goals. For each goal there is one or more specific target, along with specific social, economic and environmental indicators used to track progress towards the goals.

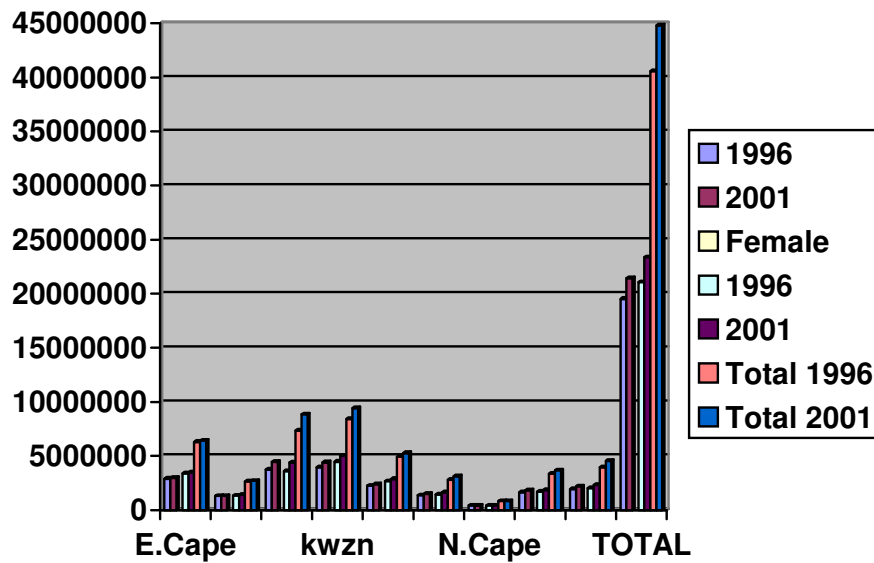
POLICY TARGETING ON MDGs IN SOUTH AFRICA: A BACKGROUND ON GENDER/DEMOGRAPHIC DATA

The Millennium Declaration put a lot of emphases on the people, the poor, the vulnerable, gender, especially empowerment of women. Therefore, the assessment of any progress on MDGs will depend on how government policies and programmes impact on the lives of the people hence consideration for demography is practiced.

Population of South Africa by Province and Gender, 1996 and 2001 (numbers)

	E.Cape	Fr.Sat e	Gautg	KZN	Limp	Mpum a	N.Cap e	N.West	WCap e	Total
Male										
1996	290805 6	12983 48	37508 45	39505 27	22530 72	13620 28	41268 1	1649835	19354 94	19520887
2001	297551 2	12976 05	44446 79	44090 91	23947 85	14973 33	40116 8	1821547	21923 21	21434040
Female										
1996	339446 9	13351 56	35975 78	44664 93	26762 96	14386 83	42763 9	1704990	20213 81	21062685
2001	346125 1	14091 70	43924 99	50169 25	28788 57	16256 58	42155 9	1847803	23320 14	23385737
TOTAL										
1996	630252 5	26335 04	73484 23	84170 21	49293 68	28007 11	84032 1	3354825	39568 75	40583573
2001	643676 3	27067 75	88371 78	94260 17	52736 42	31229 90	82272 7	3669349	45243 35	44819778

Source: Stats.SA, (2004)



Source: Author

Following the above table on South African population by province and gender, it is clear that the current population estimate is about 45million. It is also important to recognise the gender disparity among the population. In both 1996 and 2001 census, the female population were higher than their male counterpart with about 21million in 1996 and 23 million in 2001. In both 1996 and 2001,Northern Cape, the largest province in the country, had the smallest population (840 321 in 1996 and 822 727 in 2001), while Gauteng, the smallest province, had the second largest population (7,3 in 1996 and 8.8 million in 2001) Kwazulu-Natal had the largest population in both years (8,4 million in 1996 and 9,4 in 2001).Similarly, a percentage figure reveals that between 1996 and 2001 more than 50% of the provinces recorded some percentage increase in population. Gauteng, Kwazulu-Natal, Mpumalanga and Western Cape had increased by 1% and above. The common denominator is that given the level of development expected toward achieving the MDGs in South Africa, population tend to grow exponentially and therefore should be taken into consideration in every policy-making process. Given the above population figures and percentage increase recorded during the period in review, the population of South Africa may rise to about 50-65million.

Studies have examined the extent of poverty and inequality, as well as their link to labour market, growth and access to services. According to statistics, income poverty in South Africa declined between 1995 and 2002, from 51.1 per cent of the population in 1995 to 48.5 per cent in 2002, using the national poverty line. Given that the population has grown in the same period, the total number of poor increased from 20.2 million in 1995 to 21.9 million in 2002. It is also recoded that poverty in South Africa continues to have gender, race, family-type and spatial dimensions.

Africans are the most impoverished segment of the population, constituting 91.1 percent of 21.9 million poor in South Africa. Compared to the size of their population, 56.3 per cent of Africans, 36.1 per cent of coloured people, 6.9 percent of Whites people and 14.7 per cent of Indian people are estimated to be living under the national poverty line in 2002. The poverty rate among the African population living under the national poverty line was 8 times the poverty rate among the whites population in 2002.

Special Time Research

Census 2001 Table

Employment statistics (Official definition) and Income category by Geography for person weighted Age 16 – 65

Source: Stats.SA, (2004)

	E/cape	F/state	Gauteng	KZN	Limpopo	Mpuma	N/cape	NW/P	W/cape	Total
Employed										
No Income	22235	13348	57974	43837	15893	12673	4393	14554	29467	214375
R1- R400	139202	174706	184888	238023	182599	134787	42946	125362	97474	1319987
R401 – R800	133339	111284	377618	291342	129832	139861	51826	126096	264353	1625550
R801 – R1600	149372	100478	695586	338944	105295	131111	32299	181188	373799	2108071
R1601 – R3200	133278	89293	591188	303279	106678	100493	32171	165349	299720	1821448
R3201 – R6400	108741	60739	457654	225217	83407	64257	26483	85072	225858	1337427
R6401 –	47738	28459	300440	107778	29038	32070	12879	35706	122967	717074

R12800										
R12801 – R25600	13105	7912	146014	35524	6702	9931	3615	10190	50393	283385
R25601 – R51200	3844	2365	52410	10346	2211	2682	1078	2969	15867	93771
R51201- R102400	1995	1445	17322	4439	1313	1317	611	1389	5481	35311
R102401- R204800	990	643	8375	2306	540	632	310	669	2738	17204
R204801 or more	499	330	5307	1235	340	361	134	347	1604	10157
Unemployed										
No Income	850753	422241	1567488	1427258	566803	412282	98827	561689	484727	6392068
R1 – R400	23615	11952	29573	51611	45831	15998	2227	10578	11166	202551
R401- R800	25118	7724	24604	27068	14406	6939	2478	6174	17038	131550
R801 – R1600	4279	2197	17019	8253	3197	2248	491	2371	7922	47979
R1601 – R3200	1958	1024	10878	4336	1300	1008	276	1150	3535	25464
R3201 – R6400	884	403	4758	1925	562	366	129	409	1303	10737
R6401 R12800	642	480	3005	1545	398	331	63	285	659	7407
R12801 R25600	92	53	691	261	80	47	14	63	228	1529
R25601 R51200	72	29	403	207	91	49	10	34	94	988
R51201- R102400	125	47	256	213	123	43	10	51	68	935
R102401- R204800	431	118	914	514	146	107	52	227	248	2757
R204801 or more	13	3	24	23	24	6	0	4	8	105

	E/Cape	F/State	Gauteng	KZN	Limpopo	Mpu	N/Cape	N/W	W/Cape	Total
Not Economically active										
No Income	1671771	603619	1590576	2218602	1377142	731354	164594	878368	820960	10056988
R1 – R400	70665	21174	40610	102226	82094	25221	6653	22072	28413	399129
R401 – R800	253320	68835	130412	241050	146992	66353	37176	99691	125727	1169557
R801 – R1600	16329	8158	36612	25864	10031	6322	3145	9111	26399	141971
R1601 – R3200	10863	7032	34366	19879	5579	4610	2671	5757	24702	115459
R3201 – R6400	6827	4056	25140	12201	3034	2548	1467	3332	17963	76568
R6401 – R12800	3158	1696	12387	5855	1531	1195	489	1410	8460	36182
R12801 – R25600	717	333	3870	1482	315	287	103	300	2729	10136
R25601 - R51200	396	149	1463	827	268	154	71	171	874	4371
R51201- R102400	277	116	801	606	272	120	46	122	563	2923
R102401- R204800	971	235	1226	1031	411	234	85	418	634	5243
R204801 or more	78	19	202	175	82	23	18	23	147	768

Income Distribution

The average annual grant percentage in real house hold disposable income per capital declined from 2.2 per cent during the 1960s to 1.3 per cent to 1.3 per cent during the 1970s. It actually declined by 0.1 per cent during the 1980s and by 0.2 per cent during the 1990s. The distribution of households in South Africa, according to various income categories in 2002, was as follows.

- R11, 999 p. a 25.6% number of households
- R12, 000 – R11, 999 p.a 35.6%
- R42, 000 - R95, 999 p.a 18.8%

ROLE PLAYERS ON POVERTY ALLEVAITION IN SOUTH AFRICA

Achieving the Millennium Development Goals in South Africa, presupposes the combined efforts and resources from government, civil society, international development agencies and the rich countries. Suffice it to specifically assess progress and challenges faced so far by the various stakeholders in attaining the Goals. The MDGs embody the aspiration for human betterment, expressed in a limited set of numerical and time-bound targets. The active participation of various stakeholders towards achieving the MDGs in South Africa seems encouraging. In the search for the most effective processes and the appropriate line of action for moving any given society towards achieving the MDGs, it is essential to look at the interests and relations between the different stakeholders. The interests of these groups vary from such concerns such as longevity of tenure and national economic viability in the case of the state, through profit maximization and secular growth for the private sector. For the collective sector, this may be seen in terms of a broad range of socio-economic and political concerns. Being able to harmonise these diverse interests in the context of a long-term future translates into a vision for the society, which at the same time constitutes the definition of achieving the MDGs in a particular national context.

The State

The centrality of the role of the state has been a constant factor that influences successful development agenda over time and across countries. Though, the contemporary globalisation era is gradually altering the traditional nature of international relations and authority of the state *vis-à-vis* the market and the civil society. Given the South African apartheid history, as globalisation circumscribes the

autonomy and discretion of the state, it shapes the prospects from the practical realization of achieving the MDGs by shifting the substance and terms of debate as well as the modalities of collaboration. It is important to note that effectiveness of the state is fundamental to every development efforts. The role of the state in development includes among others World Bank 1997:12):

- establishing the foundation of law
- maintaining a non-distortion policy environment, including macro-economic stability;
- Investing in basic social services and infrastructure;
- Protecting the vulnerable , and
- Protecting the environment.

It is often said that global targets are easily set but seldom met. In fact, the 1990s saw many success stories in South Africa. This is as a result of various efforts to ameliorate the country's socio-economic situation, which was seen as a setback caused by the apartheid governments. The widening gap between the rich minority and poor majority became a contentious issue in the new South Africa. The Millennium Declaration was seen by many as a road-map to tailor a new socio-economic direction for the country.

As the government of South Africa realises that combating poverty is its most important task. Not surprisingly, the government is extremely sensitive to suggestions that poverty in South Africa is worsening. Briefing Parliament's Communications Committee on the work of the Government Communication and Information System (GCIS) in 2004 if condition in South Africa had improved since the democratic election in 1994,its CEO,Joel Ntshitenhe, said that the GCIS *had no correct mistaken* view that the poor were worse off than they were during apartheid years (Business Day 2003:2).

In September 1999 the World Bank and the International Monetary Fund (IMF) introduced a new approach designed to focus loan operations on poverty reduction. The revised framework for development assistance offers low interest loans and debt relief to 42 of the poorest countries in the world through a new loan facility as well as opportunities for confessional support to a further 38 countries. However, to gain access to these facilities, some national governments have to qualify for Highly

Indebted Poor Countries (HIPC) status and all are required to write a Poverty Reduction Strategy Paper (PRSP).

In some countries, the PRSP has also been referred to as a Poverty Reduction Strategy Process. This occasional renaming of PRSP is significant in that the designers of the approach expect that PRSPs are to be country-driven, locally owned and based on broad participatory processes for their design, implementation and monitoring. The expectation is that governments will design and direct poverty reduction strategies for their countries in consultation with local government, civil society and communities (Business Day 2003:2).

Public sector governance in South Africa experienced a weakness in the early 90s, but given the level of exposure gained on interaction with the international community and global public sector governance players, South Africa has recorded some high level of success in the last decade. The South Africa government may need to focus attention on public sector governance as a priority area of reform, particularly the need to improve transparency and accountability and reduce corruption and mismanagement.

Private Sector

This group of stakeholders covers a wide range of players from the trans-national corporations to the small and micro enterprises. These actors' interests are similar in their concern for profit and their need for predictable political regulatory framework. However, their interests may diverge with respect to their need for state support or the type of incentives they require. Furthermore, in spite of the desire of most private sector players to be good citizens, tensions often arise between their world-view and the perspective of the state. The preceding sections indicate that on macroeconomic and trade policy, South Africa has achieved some encouraging progress. But this progress has not been equally reflected in an improved growth performance. Part of the explanation is that there has been less progress on structural reforms and governance to improve the environment for entrepreneurs and investment by the private sector. The South African government has taken several initiatives to encourage the private sector aimed at liberalisation of the economy, job creation and reversing the adverse economic trends set by the apartheid regime. This was done through the creation of the popular *Black Economic Empowerment Programme*.

The Black Empowerment has been widely criticized as a regime benefits meant for a few black big businesses. Besides influencing domestic investment, the private sector regulatory and institutional environment also determines the attractiveness of South Africa's to foreign investment. The government reliance to FDI may be more appropriate than reliance on debt finance, as FDI tends to be more stable and involves greater risk sharing and longer term commitment by foreign investors. More over, FDI brings with it additional benefits in forms of transfers of skills and technology. The pursuit of achieving the MDGs in South Africa and elsewhere in the world requires the mechanisms be put in place to reconcile divergent interests and perspectives in private sector operations. There is a need for South Africa to carefully review indicators relating to business entry, contract enforcement, property rights, access to credit, labour regulations and bankrupts regime with a view to introducing a "*new way of doing business in South Africa*" This process will set the criteria for private investment environment by introducing indices and ratings that could be useful in achieving the MDGs in the South African private sector.

Civil Society Organisations

As the state may have a sound comparative advantage with reference to its leadership on directing the national development agenda, it is not always the most effective site from which to identify, analyse or seek solutions to specific problems. In addition to working closely with the private sector, the state must ensure active collaboration with civil society, community organisations, grassroots groups and non-governmental organisations. Being closer to the level of a local problem, offer a much better placed position from which to seek and implement solutions and monitor policies and programmes. Civil Society Organisations (CSOs) and community groups have become key partners in the South African development process. They provide alternative and complementary channels for mobilisation of human and financial resources for the development process. In short, they add a critical dimension to achieving the Millennium Development Goals by expanding the range of individual choices and human freedom.

Development Agencies

Apart from the state, the civil society organisations and local groups, the development agencies play vital role in every development agenda. There are several development agencies within and outside the state that carry out programmes and activities of financial and technical assistance to countries and regional development efforts. These include the United Nations and all its agencies, the group of the world's eight richest countries and their development institutions. These groups have established many partnership and unshakable commitment to eliminating poverty and hunger all over the world. Most of these development agencies established offices in different locations in South Africa for effective coordination of their development activities.

MAJOR INTERVENTIONS ON POVERTY ALLEVIATION IN SOUTH AFRICA

South Africa cannot reach the Goals on its own without new aid and relief, development assistance and allowing greater access to the markets of the rich countries. For the first time the delayed development in the poor countries are being addressed globally, the Goals offer the world a means to accelerate the pace of development and to measure results.¹In South Africa, MDGs received increased attention by various stakeholders' namely, government, Private sector, civil society organisations and other development agencies. Key among them was Mr. .Nelson Mandela, First democratically elected President of South Africa. The appeal of the Goals is understandable since it provides a framework to improve and better the standard of living of all South Africans by 2015.It is against this background, that this study is being undertaken to assess progress and integrate the efforts of various stakeholders in achieving the Goals. It is often said that global targets are easily set but seldom met. In fact, the late 1990s saw many success stories in South Africa. This is as a result of various efforts to ameliorate the country's socio-economic situation, which was seen as a setback caused by the apartheid governments. The widening gap between the rich minority and poor majority became a contentious issue in the new

¹ In 2001,Mr.Nelson Mandela, former President of South Africa asked "Will the legacy of our generation be more than a series of broken promises"

South Africa .The Millennium Declaration was seen by many as a road-map to tailor a new socio-economic direction for the country in articulating the stated targets and marching it with expected positive change in the condition of living of an ordinary South African? These and other issues will be clarified in the study.

Reconstruction and Development Programme (RDP)

South Africa offers an interesting counter-factual proposal that may assist in the analysis and implementation of PRSP in other African countries. South Africa has introduced many of the reforms expected of a PRSP, but is neither a highly indebted country, nor has prepared a PRSP. Indeed, the South African Government has moved away from a broad statement on poverty reduction,² included in the Reconstruction and Development Program (RDP) towards sector specific programs governed by a macroeconomic strategy of structural adjustment (the Growth, Employment and Redistribution strategy, or GEAR). Following extensive consultations between South African Government and development partners, the RDP Fund Amendment Act of 1998 provided for management of the projects in terms of technical cooperation agreements, rather than the regulations governing the state revenue. With Effect from 2000, RDP Funds transfers to government departments are managed in separate accounts and do not flow through the National Exchequer³(UNDP 2003:30).

At the same time, despite, its status as a middle income country, South Africa displays many of the socio-economic indicators of income countries characterised as low income, and high inequality remains an intransigent problem. As soon as the elected democratic government took office in 1994, MDG pilot initiatives were launched with respect to South Africa's urgent needs until a Comprehensive Country Cooperation Framework (CCF) was finalised in 1997.⁴ The first CCF (1997-2001) aimed at reducing poverty and inequality in South Africa through two major programmes; namely, Creating Sustainable Livelihoods, and promoting sound governance.

The current Comprehensive Country Cooperation Framework (CCF) aims at helping the South African government translate some of its policies and strategies into practice so that there is greater social and economic transformation, particularly in the

² The RDP is a socio-economic & sustainable development vision of South Africa (SA.UNDP, 2003) The programmes supports all-inclusive development agenda for South Africa.

³ Does not include spending by provinces or local government from their own revenues.

⁴ Two phases of the CCF, 1997-2001 and 2002-2006 were the MDGs poverty reduction strategy.

poorest rural areas. Its action plans centred on policy analysis for human development, supporting poverty reduction through local governance; providing a holistic response to HIV and AIDS and poverty; and strengthening the link between environmental conservation and development.⁵

Foreign aid

Since 1994, South Africa has benefited from an increasing flow of foreign aids and technical cooperation. These now include more than thirty international cooperation agreements and account for annual flows of between R800million – R1billion in assistance to Government. In addition, foreign support of the non-governmental development community and emerging businesses is substantial.

RDP Fund grants and foreign technical cooperation, 1997/98-2003-2004

R million	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
RDP Fund							
Receipts	243	531	451	578	500	500	500
Disbursement	169	456	327	350	450	450	450
Technical Cooperation							
Estimated Expenditure	340	420	410	400	300	300	300
Total Foreign Assistance	583	951	861	978	800	800	800

Source: National Treasury. South Africa

The table above explains foreign assistance provided to government departments through the RDP fund, which was subjected to exchequer regulations. The international project funding supports a range of development programmes, including labour market skills training, housing development, rural schools electrification, the working of water project and water supply schemes, education curricular workshops, support for refugees from neighbouring countries such as Zimbabwe and

⁵ Visit: <http://www.development.com/Research.htm>

Mozambique, assistance to the Truth and Reconciliation Commission, trade and investment programmes, rural heritage settlements, small business advice, Public service capacity building and promotion of good governance. Following the myriad of development activities supported by aid, reaching the MDGs in South Africa will require more and better assistance. Additional official development assistance (ODA) on the order of about R2 to R5 billion rands per year will be necessary in running the MDGs target projects and programmes. It is important to note that a major influence on the success or failure of aid in any country is the determination of the recipient establishing appropriate policies and programmes which could encourage sound macro-economic management, structural reforms, and improved institutions and governance.⁶ Similarly, aid effectiveness also depends on the policies of the development agencies. Some of these agencies have their priorities and interest, which is different from that of the receiving country. The more countries succeed in changing the mind-set of these agencies towards domestic priorities within the national development strategies on capacity development and results and harmonisation of operational procedures, the more focus on poverty alleviation and strong commitment to reform. These will increase aid effectiveness considerably.

It has been revealed that community participation encourages project ownership thereby contributing to aid effectiveness. It is on these parameters that South African would sustain and improve on the current setting for effective use of aid in achieving overall socio-economic development and meeting the MDGs by 2015.

Investments

Following the lessons emanating from development research, reasonable consensus had been reached that the most effective development strategy would be people-owned, country-led, promotes growth, and ensures that poor people participate and benefit from it and that they must produce maximum progress towards achieving the MDGs. These can be categorised as;⁷

⁶ There is now considerable evidence documenting that aid contributes to development of good policy environments. See for example, Craig Burnside and David Dollar, "Aid Policies, and Growth," *American Economic Review*, Vol.90.2, 2000.

⁷ Improvements in education and health are ends in themselves, but are also means to stronger economic growth by raising worker productivity. One study estimated that a 10% improvement in life expectancy at birth can raise the per capital income growth rate by 0.4% point (see macro-economics and Health, World Health Organisation, 2001)

- The need for a good enabling environment for economic activities. One that encourages private sector development, job creation and increase in individual and national productivity and

- The need for empowerment of and investment in poor people

Economic growth and expansion of the opportunities for the benefit of the poor can only come through a good economic climate.

Investment is a crucial determinant of economic growth, fixed investment-public and private, as well as aggregate and sectoral levels. It is found to be an important determinant of growth in almost all sectors of the South African economy. Between 1950 and 1977, the South African Public sector's share of total investments increased gradually from about 40 percent to 50 percent, at par with the private sectors share in 1978. From 1980 onwards, public sector total investment began to decline as private sector increased. These trends continued until 1994 when South Africa gained independence from the white minority rule. In 2002, private and public sector shares in total investment were 76 per cent and 24 per cent respectively.⁸ It was also reported that the level of total real investment in the economy actually declined between 1981 and 2001. In 1981, total real investment amounted to R106.4billion (accounting for 27.5 per cent of GDP) in 2001; total real investment in the economy was R100.6 billion (14.4 per cent of GDP).

Incentives for small businesses and Strategic Projects

The year 2000 witnessed a dramatic change in government policy in assisting Small and Medium Enterprises (SMEs). A graduate cooperate tax was introduced for qualifying small businesses. Strong small businesses with gross income of R1 million or less were subject to a 15 per cent tax rate on the first R 100 000 of taxable income.⁹ The incentive was accompanied by accelerated depreciation regime for qualifying small businesses that invest in manufacturing assets. The incentives cost taxpayers a lot of money and was anticipated to led to a revenue loss five years down the line, however, it improved the cash flow of growing small businesses and further enhanced the potential for the sector towards creating more jobs in South Africa.

⁸ UNDP 20023(South African Human Development Report)

⁹ National Treasury Budget Review 2003.It is important to note that incentives to small business development are vital for job creation and growth.

Similarly, in the same year the National Department of Trade and Industry introduced several industrial incentives to encourage investments in South Africa as follows;¹⁰

- A 50 per cent or 100 per cent initial investment allowance will be granted to companies undertaking strategic projects. The allowance is an additional deduction against taxable income, calculated with reference to the cost of investment undertaken. Once granted, the allowance will be valid for 3 years after the year in which the incentive was made.
- Adjudication committee on the bases of quantitative and qualitative criteria defining strategic investment projects will allocate the incentive
- R3 billion will be set aside for this incentive over a four-year period.

These incentives are providing targeted instrument to encourage projects that have significant direct impact on the South African economy.

Policy Issues

Clearly, the need to increase the level of total investment is another important challenge facing the South African economy. Both private and public investment began to increase substantially between 1994 and 1996(private and public sector investments grew at average annual rates of 10.4 per cent and 6.8 per cent respectively). If one compares the growth rate from 1994-1996 with 1997-2002, both private and public investments declined sharply during the latter years. They reached average annual rates of 0.12 percent and 3 per cent respectively. The sharp decline in the average annual growth rates of investment is a major source of concern, as it is found to have a significant negative impact on economic growth.

With almost 50 per cent of the population living in poverty, the total level of financial resources for buying goods and services in the economy remains severely constrained. In its quest to meeting the MDGs, South African government must devise a means of increasing the income of the poorest pay, create more jobs in order to catalyse economic growth. This is because, owing to their low-income levels, the majority of South African households continue to exert little demand pressure on the economy. Similarly, increases in labour productivity are found to have a direct positive effect on production levels, but a direct negative impact on employment. Investing in the poor people should be other facets of development strategy through increasing their capabilities in skills and development and by enabling their access to key public

¹⁰ -Do-

services and fostering social inclusion. Access to social protection, cutting across the agenda, women empowerment by removing barriers to their fuller participation in the development process.

Trade

The South African economy is still adjusting well to the challenges posed by a changing global economy after re-joining the international community in 1994 following the end of apartheid. The foundation is being laid for improved long-term economic growth. Generally, access to markets of developed countries is critical to the development of developing ones. It has been observed over the years that developing countries including South Africa have got several comparative advantages in many products in agriculture, textile and clothing, which are considered labour-intensive. But these countries have been barred due to trade barriers and distortions aimed at denying them the right to trade freely within the global business arena. Agricultural subsidies in developed countries amount to more than \$300 billion a year, about six times total official aid to poor countries.

Summary of Selected Internal Trade Statistics, 1994-2002 (R millions)

Retail and Whole Sales Trade	1994	1995	2001	2002
Total	2 710	3911	5373	6639

Source: Stats SA. VAT is excluded as from 1999 onwards

Following the above statistics, there has been a tremendous progress on trade policy reforms over the past decade. It was reported that average tariffs declined in all regions of South Africa (on average by half) From 1995 till date, there exists data bases in many South African relevant departments especially, the DTI, that can be used for periodic monitoring of trade policy, including Trade Restrictiveness Index (TRI) developed at the IMF and the World Bank WITS database that draw on UNCTAD's and WTO's trade data.

Foreign Trade/Market Access

The rapid integration of South Africa into the world economy is reflected in the increase in real merchandise exports and imports relative to GDP. Real merchandise exports increased from 11,5 per cent in 1990 to 8,8 per cent in 2000, while the real merchandise imported increased from 12 per cent to 19,8 per cent over the same period.¹¹ Some of the fastest growing exporters have been in smaller manufacturing industries (such as organic solvents, cyclic hydrocarbons, building plastics, catalytic converters), which prior to South African independence was unable to develop export markets. South Africa plays a prominent leadership role in advancing developing country positions in the major international financial institutions. South Africa is vocal in its calls for the democratization of the International Monetary Fund and the World Bank; the reform of their facilities-particularly those catalyzing private capital flows-to better suit the needs of African countries; the opening of developed country markets to African goods; debt cancellation and reversal of the declining trend in aid flows.¹² The depth and sophistication of the financial sector has earned South Africa a place in major global forums established to oversee the international financial architecture-the G22, the financial Stability Forum, and the most recently the G20 of “systematically significant” countries. The G20 focuses on exchange rate management, external liability management, the international implementation codes and standards, and measures to ensure the participation of the private sector in avoiding and resolving financial crises.

Changing the composition of merchandise Exports/share of total (%)

	1990	1999
Primary Products	58.5	36.7
Beneficiated Primary Products	26.2	31.8

¹¹ SA Budget Review 2001

¹² -Do--

Material Intensive Products	6.1	7.9
Manufactured Products	9.2	23.6

Source: Industrial Development Corporation (2001)

Real merchandise exports increased by 3,4 per cent in 1999 and by about 10 per cent in 2000. Growth in total world trade is expected to average 10 per cent a year over the next few years, and this, together with high commodity prices and a more competitive currency should contribute to an improved export performance over the long term. With this figures, South African export market has faired well in the new millennium and would probably grow much higher by 2015.

The concentration of work force in South Africa are agro-industrial based, therefore, agriculture subsidies to farmers in developed countries hurts their development and block their chances to compete with their counterparts in the developed world.¹³ Following the growth of export markets in industrial raw materials, South African export performance is set to improve in the next decade. The US African Growth and Opportunity Act, the Free trade agreement with the European Union, and expanding trade links with Latin America, India, China and Southern Africa countries will be an advantage. Removal barriers to trade can yield major benefits for developing countries, and for consumers in developed countries themselves. According to World Bank analysis, stronger growth associated with a full liberalization of trade in goods could lift an additional 320 million people in developing countries out of poverty (based on the \$2 per day criterion) by 2015, reducing poverty by about 14 per cent of what it otherwise might be extreme poverty. In view of the World Bank analysis, income gains from liberalization of trade in services would be more additional, and could potentially be even larger.

¹³ See “Market Access for Developing Countries-Selected Issues”, IMF SM/02/280, Septemebr 2002.

Debt Management

In the Domestic debt management arena, South Africa has had some strategies to reflect the need to maintain liquidity and integrity under conditions of a declining government funding requirements. And is facilitated by growing sophistication and efficiency of the South African bond market¹⁴ the measures are the following;

- Switch Auction: In a switch auction programme, a liquid bond is issued as payment for the purchase of a liquid bond. Switches are intended to concentrate liquidity across the yield curve, thereby contributing to a more efficient capital market.
- Buy-backs: In a buy-back transaction, payment for the repurchased bonds is in the form of cash. Only bonds with less than R1,0 billion total outstanding nominal will be considered for buy-backs.
- Strips: Striping is the process of separating a standard coupon-bearing bond into its constituent interest and principal payments, so that these can be separately held or traded as zero coupon instruments¹⁵

Debt: Liquidation and Insolvencies.1994...2002(Numbers)

	1994	1995	2001	2002
Total Insolvencies	3 473	2771	3 856	2541
Total Liquidation	3273	3269	4156	3911

Source:Stats SA.2004

Following the above actions plans put in place by the government of South Africa, high rates of ¹⁶insolvencies and liquidations are still being recorded annually. The 1994 and 1995 figures were recoded during the first two days of democracy, while the 2001 and 2002 figures represent the most current figure on this survey. In comparing

¹⁴ National Treasury: 2001: Shift to more active debt management

¹⁵ STRIP is an acronym for Separate Training of Regional Interest and Principal of Securities.

¹⁶ Liquidation refers to cooperate institutions and close corporations, while insolvencies refer to individuals.

period in history, liquidation and insolvencies portfolios experienced within the South African economy in the last decade have not seen any significant improvement.

In foreign debt management South Africa government has tapped the public international bond market regularly and is an established issuer, with a well developed yield curve in both the Euro and Dollar currencies.

The South African government strategies on foreign debt management are the following;

- Establishment of sovereign benchmarks in key currencies in the international capital markets
- Broadening and improving the quality of its foreign investors base, and
- Lengthening and smoothing the maturity structure of its debt profile.

South Africa plays a prominent leadership role in advancing developing country positions in the major international financial institutions. South Africa is vocal in its calls for the democratisation of the International Monetary Fund and the World Bank; the reform of their facilities-particularly those catalysing private capital flows-to better suit the needs of African countries; the opening of developed country markets to African goods; debt cancellation and reversal of the declining trend in aid flows.¹⁷

The depth and sophistication of the financial sector has earned South Africa a place in major global forums established to oversee the international financial architecture-the G22, the financial Stability Forum, and the most recently the G20 of “systematically significant” countries. The G20 focuses on exchange rate management, external liability management, the international implementation codes and standards, and measures to ensure the participation of the private sector in avoiding and resolving financial crises.

South Africa had made some giant stride in contributing to debts relief efforts worldwide. It contributed an amount of R7.5million and a R44.2 million first instalment of a total commitment of ¹⁸SDR 20million(approximately R200 million) to the Heavily Indebted Poor Countries (HIPC) Trust Fund for the Poverty Reduction and Growth Facility of the International Monetary Fund (IMF).

Similarly, South African government has granted a debt relief to bilateral debtors by cancelling official debt owed to it by Mozambique amounting to R48, 5million.¹⁹In

¹⁷ SA Budget Review 2001

¹⁸ SDR-Special Drawing Rights

¹⁹ SA, National Treasury 2001

addition to its contributions to the HPC initiative, South Africa has made regular contributions to the international Development Association (IDA) of the World Bank and the Development Fund of the African Development Bank. These resources are used in support of poverty-reduction development initiatives in the poorest countries of the world.

The prominent participation by South Africa attracts dividends and opportunities, among them, derived gains in knowledge and best practices, the opportunity to harness these in further strengthening of the overall economic sector, and the improvement of South African profile as an investment destination. It is a good step towards achieving the targets of the Millennium Development Goals in South Africa. If South Africa is to avoid slipping back into unsustainable debt position, they will have to continue to strengthen their policies to promote increased efficiency in resource use and stronger growth, and new external assistance will have to be provided on appropriately concessional terms. Stronger export growth is especially important for South Africa, underscoring the need for better market access and improved trade-related infrastructure.²⁰

Good for an extended period

The CPIA method reflects a balance between ensuring that all key factors that affect growth and poverty reduction are captured, without overly burdening the evaluation process, rating for each of the criteria reflects a variety of indicators, observations and judgements. They focus on the quality of country's current policies and institutions. Improvements during the course of the year are reflected in the subsequent year's performance ratings. The CPIA strategy could be modified to reflect a good instrument for monitoring the successes/failures and lessons learnt towards attainment of the MDGs in South Africa.

The different elements of policy agenda have to come together at the local government and provincial levels within coherent overall national strategies for meeting sustainable economic growth and poverty reduction in South Africa. There is a need that these should be responsive to local conditions and priorities and are

²⁰ A stronger focus on promotion of growth was a key finding of a recent OECD review of the HIPC Initiative (see The Heavily Indebted Poor Countries (HIPC) Debt Initiative: An OECD Review. CODEE2002-0089.world Bank, December 30,2002)

nationally owned. Though these strategies has been spelt out in the RDP document and other South African government development agenda, but did not specify any time frames, and indicators for monitoring progress in such strategies.

Given the South African diversity in culture, race and income groups, policy priorities may vary across provinces and time; policies also vary in respond to the development goals and targets of each province and local governments. It is only through comprehensive integrated national strategies that priorities are determined and coherence achieved in development efforts. Indeed, an overarching lesson of research and experience has been that the people's ownership and leadership of the development strategy is crucial for effective implementation and achievement of results, no matter how ambitious it may look.

APPLICABLE STEPS TOWARDS IMPLEMENTING MDGs TARGETS AT THE NATIONAL LEVEL

There is a need for preliminary assessment of South African policies and actions on poverty alleviation for achieving the MDGs and related development goals. For the monitoring of progress and policies, the following approaches may be appropriate; Firstly, identifying a set of key policy indicators that can be measured consistently for South Africa and that will contribute to an understanding of progress and areas for priority action. Secondly, basing the assessment on detailed reviews of the country overall policy framework and implementation. The second approach seem to be better in providing whether the chosen policies are adequate for achieving the development goals, as it is based on an analysis that takes full account of the South Africa circumstances. The second approach is also more resource-intensive and the feasible frequency of reporting is less than the one based on monitoring of sets of indicators (World Bank 2003:16)²¹. There are, however, for recommended practical steps that South Africa can take towards making poverty a history within a reasonable period. They steps include the following (Vandermoortele, 2007:3)

Step One

Targets must be tailored to make them context-sensitive-essential for generating a sense of national ownership. They are meant to encourage accelerated progress. Their

²¹ 'Achieving the MDGs and Related Outcomes: A framework for monitoring Policies and Actions (World Bank Background Paper 2003)

applicability, however, can only be tested and judged against what is realistically achievable under the country specific circumstances. No stigma must be associated with setting national targets that are less ambitious than the global MDGs. History shows that successful target setting critically depends on striking a judicious balance between ambition and realism.

Step Two

Non-over-ambition and intermediate targets may be essential for sustaining political commitment and ensuring accountability. The MDGs must be linked to the political agenda of today's government. Long-term goals, by themselves, are unlikely to help shape current policy reforms and action plan because the deadlines are too far in the future.

Step Three

Actionable proposition and reforms must be formulated to make adequate progress towards agreed long-term benchmarks. They may range from immunising children to iodising salt, training teachers and building schools, treating Aids patients and distributing bed nets, enforcing laws against gender discrimination, abolishing user fees for primary education and basic health care, and strengthening progressive taxation and re-allocating spending in favour of the poor.

Step Four

The national budget costing must be informed by the actions and reforms of government including aid allocations. National budget must adequately reflect the tailored and intermediate targets set under steps 1&2- a link that is often missing practice. However, it would be ill advised to estimate costs of the MDG targets over an extended period .MDG costing will only yield results that have a reasonable degree of accuracy when done within a 2-3 year period.

It is important to note that the above steps that has national and local focus for policy reforms aimed at achieving the MDGs targets may be an introductory strategy that could assist South Africa and other developing countries in dealing with challenges of meeting the MDG targets. Many countries would stand to miss the global ambitious targets which have little or no bearing at the local political and economic environment.

CONCLUSION

So far there are significant advances and t set-backs that characterized the activities and programmes surrounding the MDGs issues in South Africa and other developing cpuntries. Every country and region are facing several challenges but have the opportunity to work together in order to achieve the MDGs. Although there is a long way to go, but the goals are achievable with global political support, strong partnerships and coordinated efforts. The MDGs embody the multidimensionality of development. They span income and non-income dimensions, which are also interlinked .In turn the policy agenda implied by these goals are multi-sectoral in nature. Economic growth is central to reduction of poverty and related development goals, therefore, the attainment of MDGs in South Africa will require policies to promote stronger economic growth than seen recently or projected. But reaching these goals will also require policies specifically targeted to enhancing the capabilities of the poor to participate in growth, especially through improved access to education and health services, as well as policies to improve general socio-economic development outcomes.

The MDGs targets which were based on historical trends around the world were set on the premise that progress observed at the global level over the previous 25 years would continue for the next 25 years-the period between 1990-2015. Thus the MDGs are essentially an extrapolation of global trends of the 1970s and projected forward till 2015. As the Millennium Declaration is not intended to impose sanctions to any country that does not attain the targets in 2015, at the same time it is not intended to introduce one-size fit all approach to dealing with several economic and social problems plaguing the world. However, the paper had also indicated, that it is imperative for countries such as South Africa to be focused in its development reforms so as to reduce huge backlog of poverty created by several decades of apartheid regime.

NOTES

1. For example, civil society organisations with great effectiveness, substitute for public sector by implementing fall-out projects and programmes which the state is unable to carry out. (UNDP Human Development Report 2003).

2. The interlinked nature of the MDGs and their multisectoral determinants are illustrated by a study with respect to child mortality. The study finds that, holding other factors constant, child mortality declines by 3 to 4 per cent if access to drinking water improves by 10 per cent, by 3 per cent if years of schooling among women rise by 10 per cent, by 0.8 to 1.5 per cent if government health spending rises by 10 per cent, by 1.5 per cent if the density of paved roads rises by 10 per cent, and by 2 to 3 per cent if per capita income growth rises by 10 per cent. See Adam Wagstaff, “Intersectoral Synergies and the Health MDGs: Preliminary Cross-Country Findings, Corroboration and Policy Simulation” processed, World Bank, 2003.

3. The World Bank World Development Report (1997) lists the fundamental tasks

of the state in development.

4. The ideas acquired in this study will play a significant role in assessing progress, challenges and prospects of the MDGs in South Africa.

5. The World Bank World Development Report (1997) lists the fundamental tasks of the state in development.

6. Civil society organisations with great effectiveness, substitute for public sector by implementing fall-out projects and programmes which the state is unable to carry out.(UNDP Human Development Report 2003)

7. In 2001,Mr.Nelson Mandela, former President of South Africa asked
“Will the legacy of our generation be more than a series of broken promises?”

8. The RDP is a socio-economic & sustainable development vision of South Africa(SA.UNDP, 2003) The programmes support all-inclusive development agenda for South Africa.
9. Does not include spending by provinces or local government from their own revenues.
10. Two phases of the CCF, 1997-2001 and 2002-2006 were the MDGs poverty reduction strategy.
11. The RDP is a socio-economic & sustainable development vision of South Africa (SA.UNDP, 2003) The programmes support all-inclusive development agenda.
12. Does not include spending by provinces or local government from their own revenues.
13. Two phases of the CCF, 1997-2001 and 2002-2006 were the MDGs poverty reduction strategy.
14. There is now considerable evidence documenting that aid contributes to development of good policy environments. See for example, Craig Burnside and David Dollar, "Aid Policies, and Growth," American Economic Review, Vol.90.2, 2000.
15. Improvements in education and health are ends in themselves, but are also means to stronger economic growth by raising worker productivity. One study estimated that a 10% improvement in life expectancy at birth can raise the per capital income growth rate by 0.4% point (see macro-economics and Health, World Health Organisation,2001).

- 16 National Treasury Budget Review 2003. It is important to note that incentives to small business development are vital for job creation and growth.
- 17 RIP is an acronym for Separate Training of Regional Interest and Principal of Securities.
18. Liquidation refers to cooperate institutions and close corporations, while insolvencies refer to individuals.
19. Stronger focus on promotion of growth was a key finding of a recent OECD review of the HIPC Initiative (see The Heavily Indebted Poor Countries (HIPC) Debt Initiative: An OECD Review. CODEE, 2002-0089. World Bank, December 30, 2002).
20. The interlinked nature of the MDGs and their multisectoral determinants are illustrated by a recent study with respect to child mortality. The study finds that, holding other factors constant, child mortality declines by 3 to 4 per cent if access to drinking water improves by 10 per cent, by 3 per cent if years of schooling among women rise by 10 per cent, by 0.8 to 1.5 per cent if government health spending rises by 10 per cent, by 1.5 per cent if the density of paved roads rises by 10 per cent, and by 2 to 3 per cent if per capita income growth rises by 10 per cent. See Adam Wagstaff, “ Intersectoral Synergies and the Health MDGs: Preliminary Cross-Country Findings, Corroboration and Policy Simulation” processed, World Bank, 2003.
21. Achieving the MDGs and Related Outcomes: A framework for Monitoring Policies and Actions (World Bank Background Paper, 2003).

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