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An analysis of Policy Issues on Poverty Towards Achieving the Millennium Development Goals (MDGs): A South African Perspective

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Preamble and Expected Research Outcomes.



- ❖ What are the MDGs?
- ❖ What are the relevance of goals and targets?
- ❖ Are MDGs affordable in SA?
- ❖ Do MDGs make sense in sustaining good governance in the new SA?
- ❖ Can the resource gap be bridged in the SA MDGs efforts?
- ❖ Can ODA make a difference in SA?
- ❖ Is trade not more important than aid?
- ❖ Does SA have strong capacity to handle addition funds?
- ❖ Why a global MDGs advocacy?
- ❖ What is the SA current state of affairs on MDG?
- ❖ What are the policy gaps?
- ❖ Recommendations & conclusions



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Millennium Development Goals.



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Targets and Indicators



- Goal 1: Eradicate extreme poverty and hunger**
- Goal 2: Achieving universal primary education**
- Goal 3: Promoting gender equality**
- Goal 4: Reducing under-five mortality by two-thirds**
- Goal 5: Reducing maternal mortality by three-quarters**
- Goal 6: Reversing the spread of HIV/AIDS, malaria and TB;**
- Goal 7: Ensuring environmental sustainability;**
- Goal 8: Developing global partnership for development**

SETTING THE MDGS GOALS & TARGETS

- ❖ Progress observed at the global level.
- ❖ Period of 25yrs – before and 25yrs- after.
- ❖ Most global targets are based on the outcomes of global trends.
- ❖ The first and current MDGs is premised between 1990-2015.

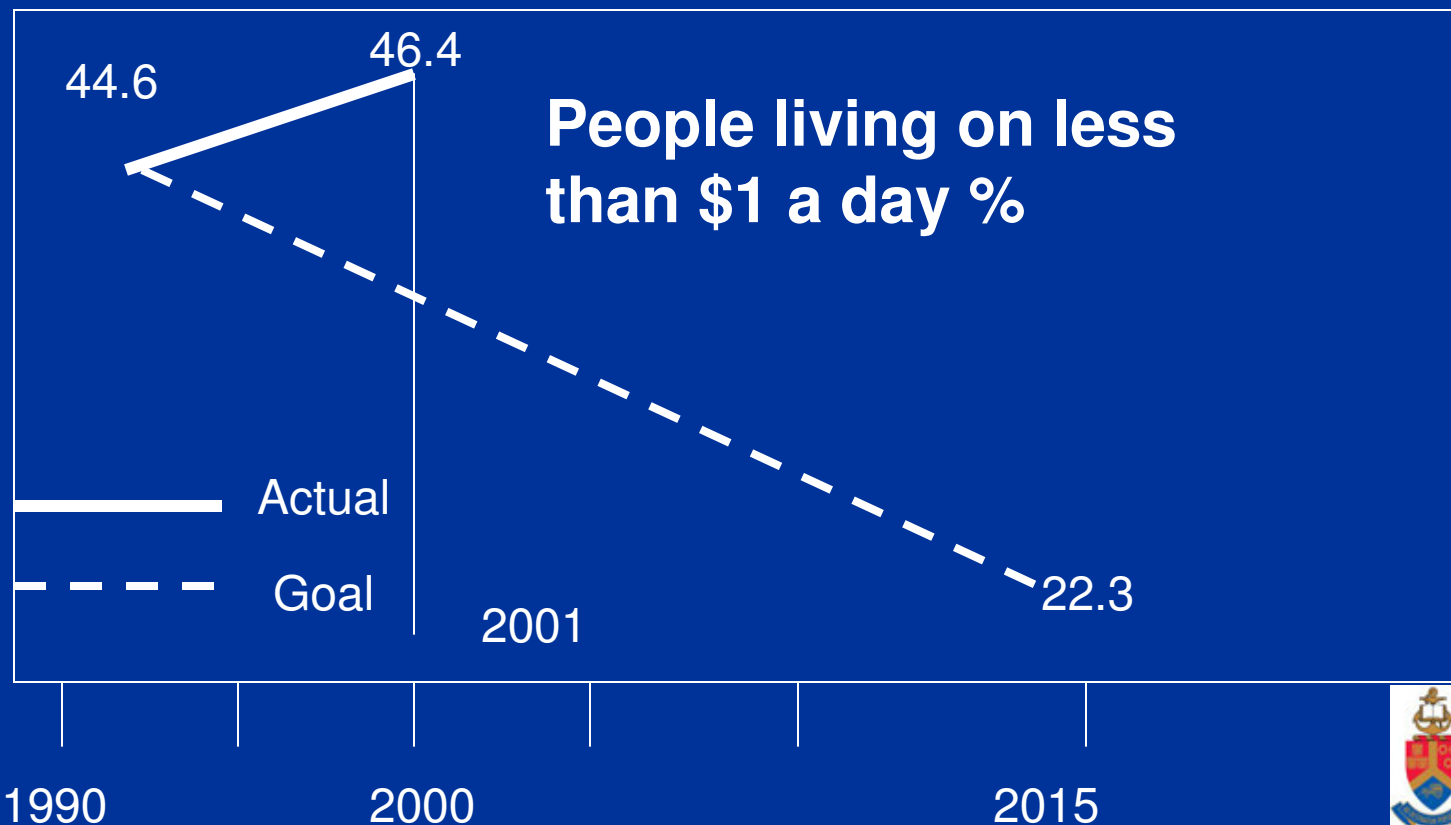


MDGs TARGETS AND GOALS: Current Global State of Affairs

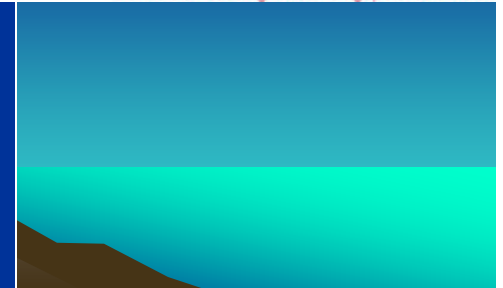
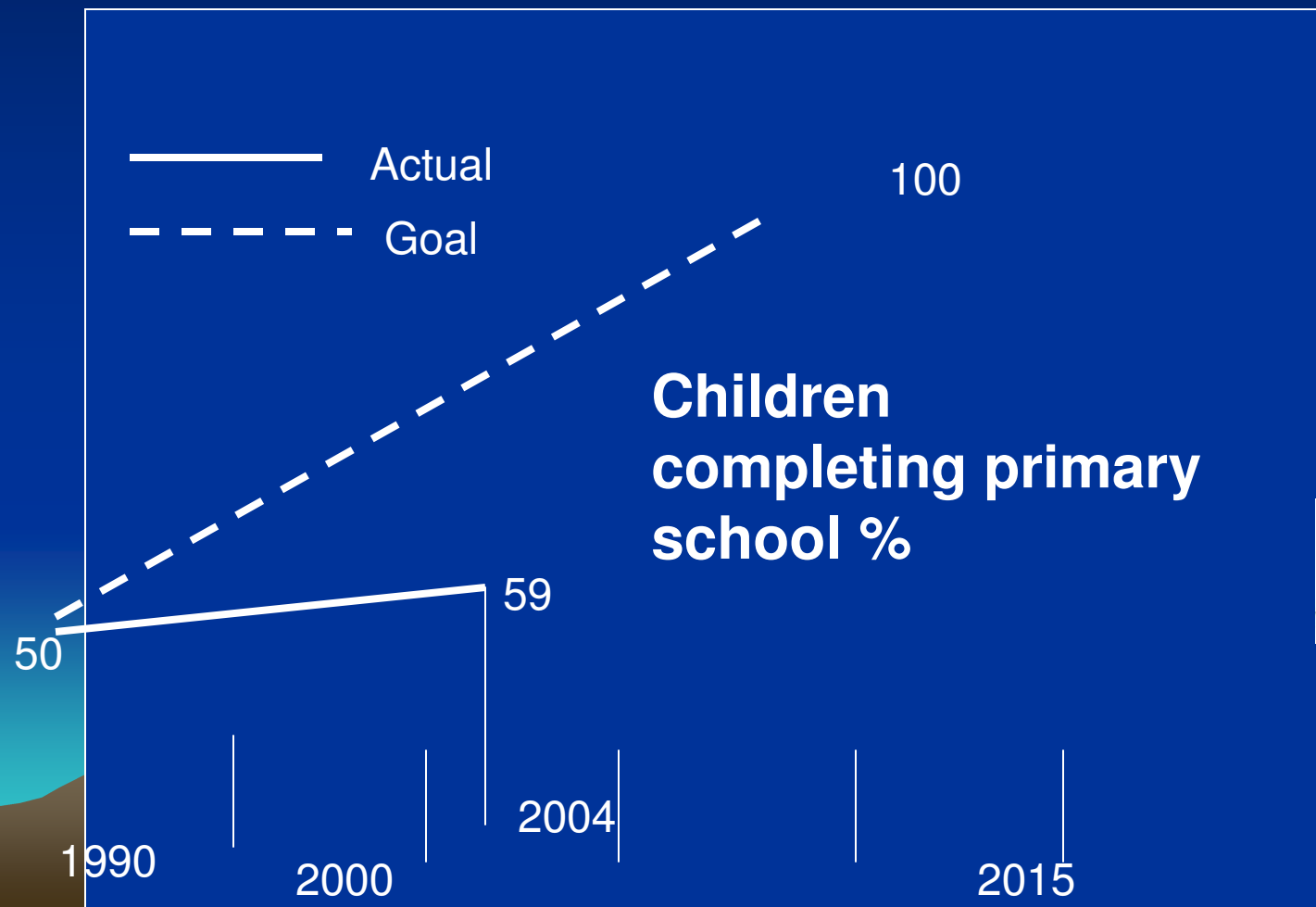
source: The UN African Renewal Vol. 10 no. 2, 2006

1. Eradication extreme poverty and hunger

- Cut in half, between 1990 and 2015, the proportion of people whose income is less than \$1 a day.



- **> 1/2 a billion people still live on less than US\$1 a day: sub-Saharan Africa. Africa is falling short of poverty target.**
- 2. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.**



- **113 million children don't attend school but the target is still within reach.**

3. Promote gender equality and empower women

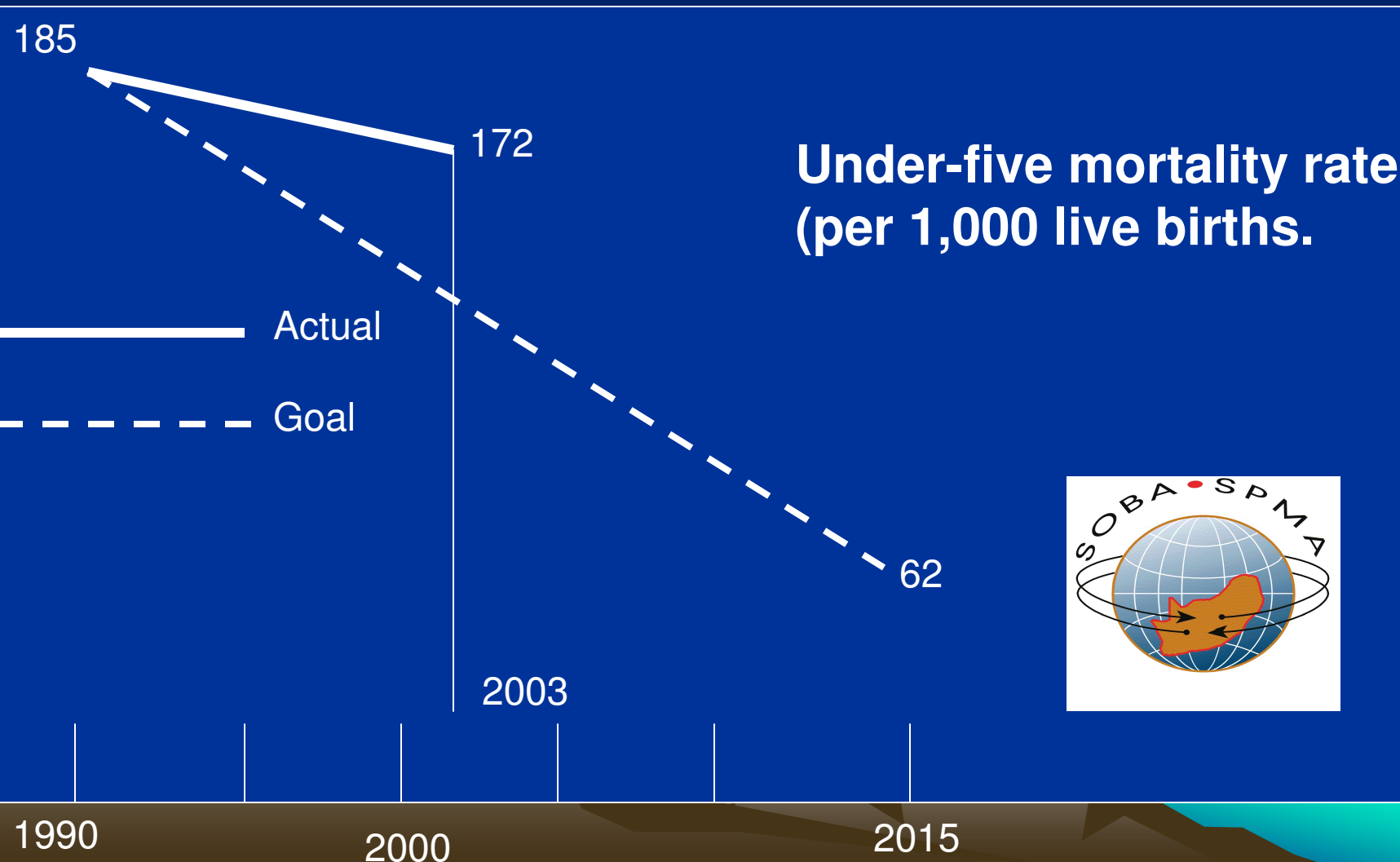
In the sub-Saharan African, the percentage of girls in primary education, in relation to boys, increased from 83% to 86% between 1990/91 and 2001/02; the goal is to reach 100% in primary schools, preferably by 2005, and in secondary and higher education by 2015. The share of women in non-agricultural labor rose from 32% to 36% between 1990 and 2003, while the proportion of women members of national legislatures doubled from 7% in 1990 to 14% in 2005.

Targets for 2005 and 2015. Eliminate gender disparities in primary and secondary education preferably by 2005, and at all levels by 2015.

- **Two-thirds of illiterate are women, the rate of employment among women is two-thirds that of men.**



4. Reduce by two-thirds, between 1990 and 2015, the mortality rate for children under five years old.



5. Reduce by three quarters the maternal mortality rate.

Because of poor data, the mortality rate in 1990 in most regions is not accurately known, However, in 2000, the rate in sub-Saharan Africa (expressed as the number of women dying during childbirth out of every 100,000 live birth) was 920, more than twice the 150 average for all developing countries.

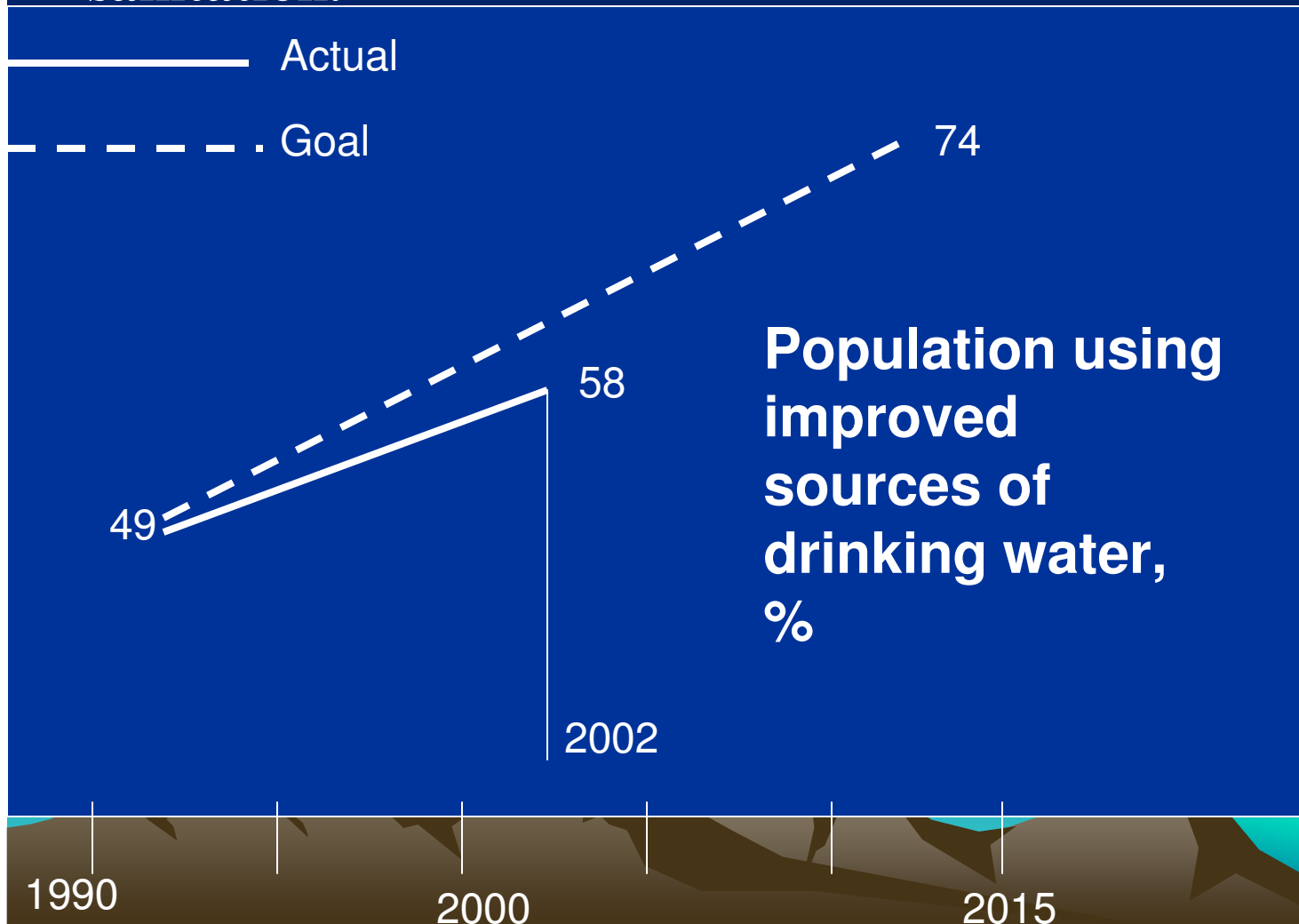
6. Combat HIV/AIDS, malaria and other diseases.

Target for 2015: Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major disease. Forty million people are living with HIV, including five million newly infected in 2001. Countries Brazil, Senegal, Thailand and Uganda have shown that the spread of HIV can be stemmed.

Although the HIV prevalence rate has stabilized in recent years, it remains the highest in the world. Seven out of every 100 adults are living with HIV. AIDS is the leading cause of premature death in sub-Saharan Africa. Malaria is also a widespread problem, with 90% of the 1 million malaria deaths each year occurring in sub-Saharan Africa,

7. Ensure environmental sustainability

Ensure environmental sustainability. Reverse the loss of environmental resources . Cut in half the proportion of people without sustainable access to safe drinking water and basic sanitation.



**More than one billion people lack access to safe drinking water
More than two billion lack sanitation.**

During the 1990s, nearly one billion people gained access to safe water and the same number to sanitation.

8. Develop a global partnership for development

- **establishing an open,**
- **rule-based and non-discriminatory trading and financial system,**
- **addressing the special needs of least comprehensively with developing countries' debt problems and making the benefits of new technologies more accessible.**



Remarks

Monitoring progress is easier for some targets than for others and good quality data for some indicators are not yet available for many countries. This underscores the need to assist countries in building national capacity in compiling vital data.



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POLICY TARGETING ON MDGs IN SOUTH AFRICA: A DEMOGRAPHIC DATA

	E.Cape	Fr.Sate	Gautg	KZN	Limp	Mpuma	N.Cape	N.West	WCape	Total
Male										
1996	290805 6	1298348	375084 5	395052 7	225307 2	136202 8	412681	1649835	193549 4	19520887
2001	297551 2	1297605	444467 9	440909 1	239478 5	149733 3	401168	1821547	219232 1	21434040
Female										
1996	339446 9	1335156	359757 8	446649 3	267629 6	143868 3	427639	1704990	202138 1	21062685
2001	346125 1	1409170	439249 9	501692 5	287885 7	162565 8	421559	1847803	233201 4	23385737
TOTAL										
1996	630252 5	2633504	734842 3	841702 1	492936 8	280071 1	840321	3354825	395687 5	40583573
2001	643676 3	2706775	883717 8	942601 7	527364 2	312299 0	822727	3669349	452433 5	44819778

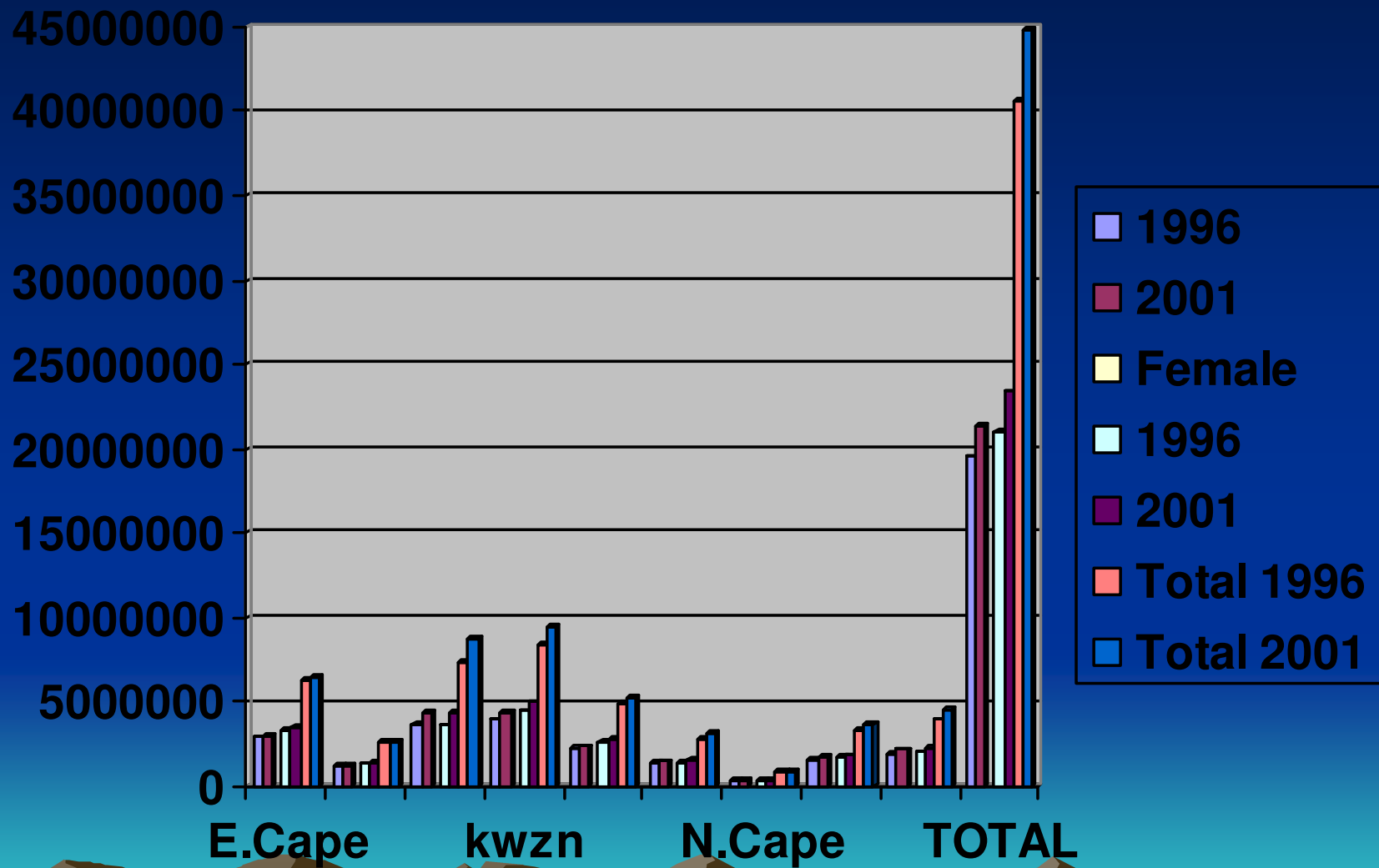


Table and Graph Analysis

- Following the above table and graph on South African population by province and gender,
- Population: 45million: 45-50 million .
- 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 province 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).



Exponential population increase

- 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 African, 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, on the dawn of 2015, the population of South Africa may rise to about 50-65million



Poverty and inequality

- In the past years of new political dispensation in South Africa, many 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 on record that poverty in South Africa continues to have gender, race, family-type and spatial dimensions.



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Race poverty comparism

- 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.



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ROLE PLAYERS ON POVERTY ALLEVIATION IN SOUTH AFRICA

- **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.**

The role of the state in development includes among others

- **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 group**
- **Protecting the environment.**



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Civil Society Organisations

- 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.[\[1\]](#)



Development Agencies

- These include the United Nations and all its agencies
- the G8 countries and their development institutions. These groups have established many partnership and 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 projects in support to South Africa.



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RECOMMENDED STEPS FOR IMPLEMENTING MDGs TARGETS AT THE NATIONAL LEVEL

- **Step One:** Global targets must be tailored to make the context-sensitive-essential for generating a sense of national ownership.
- **Step Two** Intermediate targets are essential for sustaining political commitment and ensuring accountability.

Step Three: Actionable propositions and reforms must be formulated to make adequate progress towards agreed longer-terms benchmarks.

Step 4 : Costing these actions and reforms will inform the national budget and aid allocations.



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RDP AND GEAR :MAJOR INTERVENTIONS ON POVERTY ALLEVIATION IN SOUTH AFRICA

- **Reconstruction and Development Programme (RDP)** (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 not flow through the National Exchequer**[\[2\]](#).



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- **[1]** The RDP is a socio-economic & sustainable development vision of South Africa. The programmes supports all-inclusive development agenda for South Africa.
- **[2]** Does not include spending by provinces or local government from their own revenues.



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

Source: National Treasury. South Africa

R million RDP Fund	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
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

SUMMARY

- **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 per year will be necessary in running the MDGs target projects and programmes.**



INVESTMENT

- 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;[\[1\]](#)
- The need for a good enabling environment for economic activities. One that encourages.

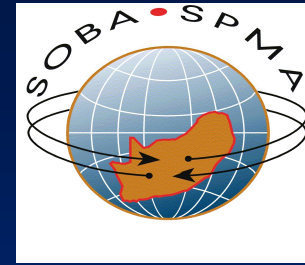


Incentives for small businesses and Strategic Projects

- 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.



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).

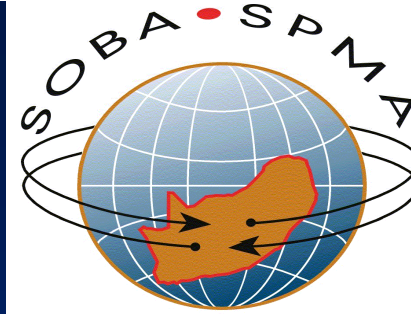


Debt Management



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- 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 market^[1] 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.
- **[1] National Treasury: 2001: Shift to more active debt management**
- **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-



- **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.**

1. **Is SA on track to meet MDGs by 2015?**
2. **Are Millennium Development Goals Affordable?**
3. **Do Millennium development Goals make good economic sense?**
4. **Can the resources gap be bridged?**
5. **Can Official Development Assistance (ODA) and debt relief make a difference?**
6. **Is trade not more important than aid?**
7. **Are countries' capacities strong enough to handle additional funds?**
8. **Why a global Millennium Development Goals campaign?**

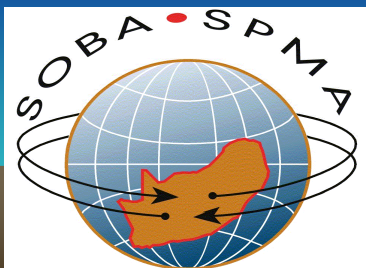


MDGs in National Policy Frameworks

- **Setting development priorities represents the beginning of a long process that requires political will, consistent policies and techniques capacity to produce social change. Consistent progress towards the MDGs will be made by removing constraints on achieving the social changes needed for economic growth. Key area that may require alternative approaches are follows:**



1. **Reaching greater consistent between the objectives of economic policy and social policy.**
2. **Strategic thinking and use of resources.**
3. **Design and implementation of multi-sectoral and participatory social policy.**
4. **Social policy design and implementation need to be flexible.**
5. **Monitoring and evaluating policy intervention**
6. **Coordinate among multiple stakeholders and beneficiaries**



Concluding remarks

Policy Recommendations aimed at combating poverty and inequality

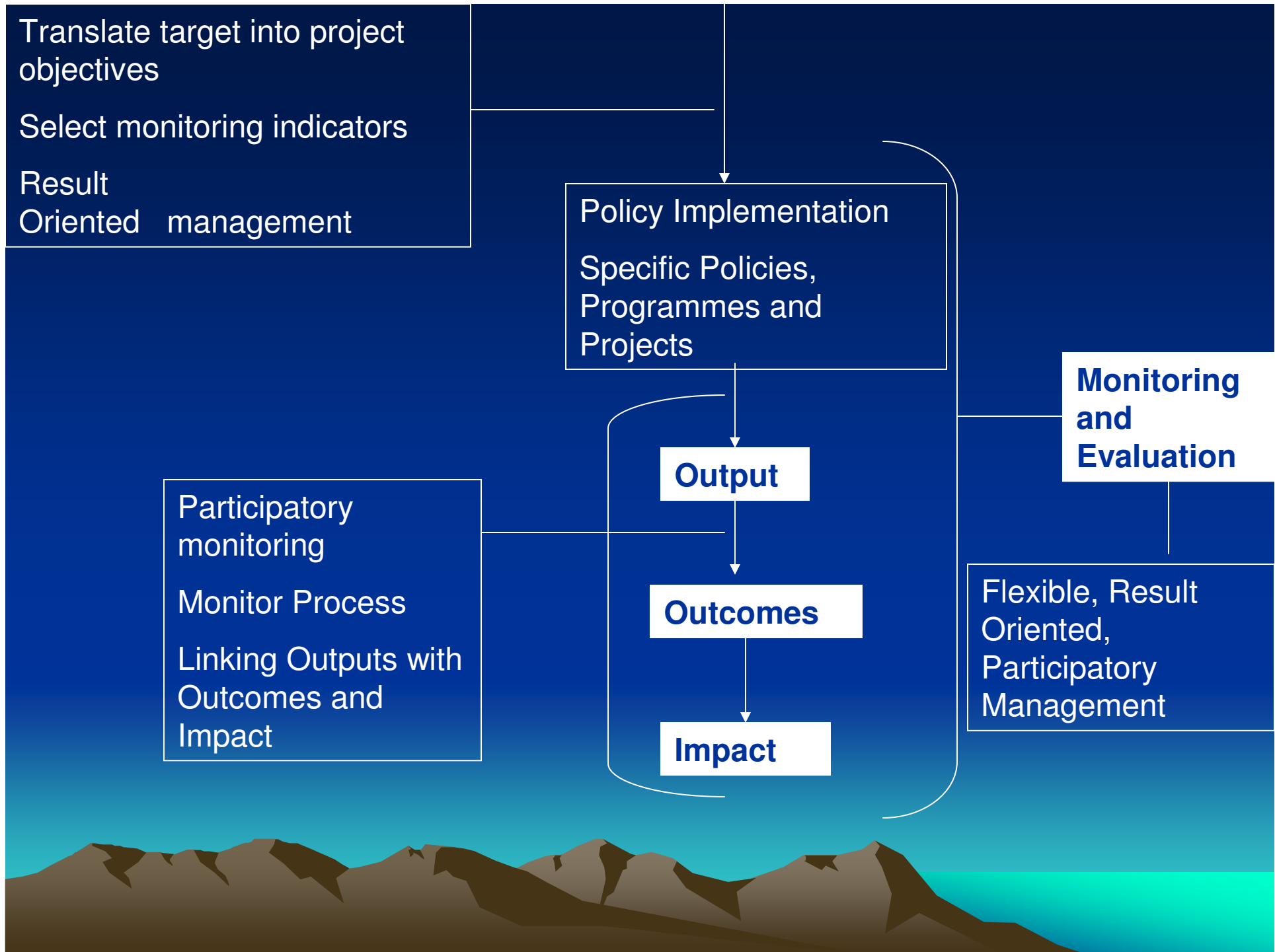
- Establishing a comprehensive response to HIV/AIDS epidemic
- Expanded access to services,
- Labor market measures
- Harnessing the participation of non-profit organizations
- Skills development
- Employment creation
- Mutual aid or time physical development of infrastructure
- Housing



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Policy Adjustments

- The number of households have been growing considerably faster than the rate of population growth.
- While employment grows, the number of unemployed and the rate of unemployment is growing faster.
- The changing structure of the economy, with many more jobs are now available.
- Rapid migration into the urban areas as well as shifts in the demography.



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Final word



At the core of the “People’s Contracts”

which informs the government’s Programme of Action, is that by 2014 government would have:

- **Reduced poverty and unemployment by half**
- **Provided the skills required by the economy**
- **Ensured that all South Africans are able to fully to exercise their constitutional rights and enjoy the full dignity of freedom**
- **Ensured compassionate government service to the people.**
- **Achieved a better national health profile and massively reduced preventable causes of death, including violent and road accidents**
- **Significantly reduced the number of serious and priority crimes and cases awaiting trial**
- **Positioned SA strategically as an effective force in global relations.**