



# SECTION 1

INTRODUCTION

**EASTERN CAPE**

2004 - 2014

## 1. PURPOSE

The Provincial Government of the Eastern Cape and its social partners have formulated a Provincial Growth and Development Plan (PGDP) in line with the national policy framework for socio-economic planning at provincial level. The PGDP provides the strategic framework, sectoral strategies and programmes aimed at a rapid improvement in the quality of life for the poorest people of the Province. To do this, the PGDP sets out a vision with quantified and sequenced targets in the areas of economic growth, employment creation, poverty eradication and income redistribution for the 10-year period 2004-2014.

Extensive consultation and input from Provincial Government, public entities, municipalities, business, labour, NGOs, and higher education institutions in the planning process to date also mean that the PGDP will provide the opportunity for long term co-operation between the provincial social partners around a coherent socio-economic development strategy.

The PGDP's vision, as articulated by the stakeholders, is *to make the Eastern Cape a compelling place to live, work and invest in*.

This Plan represents a step forward from previous development planning processes in the Province, which have tended to be sectorally-driven and fragmented, short-term and sometimes reactive. The PGDP gives the Eastern Cape the opportunity for medium-to-long range (10 year) strategic planning to prioritise and address major structural deficiencies in the economy and the conditions of society.

## 2. OBJECTIVES OF THE PROVINCIAL GROWTH AND DEVELOPMENT PLAN

The PGDP was designed to capture the following:

- A ten-year vision of sustainable growth and human development in the Province.
- A strategy plan, a set of feasible programmes and a fiscal framework designed to expedite achievement of the national goal of "a better life for all" and the Province's then vision of an "Eastern Cape devoid of the imbalances and inequities of the past, with integrated and balanced development".
- Growth and poverty reduction targets that inform a set of feasible and affordable programmes underpinned by broad-based consensus on the human development path to be followed by the Province.
- Programmes to address the short-term needs and crises of the Province, as well as community-based human and income poverty reduction initiatives.

## 3. OVERVIEW OF THE DEVELOPMENT CHALLENGES

The PGDP process commenced with a "Baseline Conditions and Constraints Report" that clearly outlined key challenges and constraints that need to be addressed in and through the PGDP. In summary these challenges speak to:

- Wide-spread and deep rooted poverty with some 67% of the provincial population living below the poverty datum line.
- Sub-optimal economic growth – estimated at 2,4% between 1995-2001, and stagnation in key labour absorptive sectors such as agriculture
- Rising unemployment – estimated at 55%.
- Geo-political and economic bifurcation between the western former CPA region of the Province and the former Bantustans in the east.
- Labour market fragmentation that mirrors the spatial fragmentation of the Province, with a provincial labour market characterized by those employed in the core consumer economy, consisting of the dominant high-wage modern sectors of manufacturing, government service, and the other industries and services; those employed in the marginal modern sectors such as the two low-wage sectors

of commercial agriculture and domestic service; and the peripheral labour force, including the unemployed, and those engaged in subsistence agriculture and the informal sector.

- Constraints on Provincial expenditure, with some 83% being allocated to social services and only 17% to economic programmes and infrastructure, compounded by an extremely weak revenue base at municipal level.
- High HIV/AIDS prevalence throughout the Province, exacerbated by high levels of poverty, and backlogs in water, sanitation, and access to health care.
- Delivery and co-ordination failures within the state.

#### 4. THE STRATEGIC FRAMEWORK FOR GROWTH AND DEVELOPMENT 2004-2014

In response to these significant development challenges, the Project Management Unit, under the auspices of the Executive Council of the Eastern Cape Provincial Government (EXCO) facilitated a process of evolving a 10 year Growth and Development Strategy Framework. Key to this process was the establishment of multi-stakeholder Working Groups in the areas of economic development, social needs, governance and fiscal gearing.

Following the commissioning of various sector studies, the facilitation of numerous consultative meetings, and the production of seven draft Strategic Framework documents, the *Framework for Growth and Development 2004-2014* was officially adopted by EXCO on the 04<sup>th</sup> June 2004.

The *Framework for Growth and Development 2004-2014* sets quantified targets, including:

- To maintain an economic growth rate of between 5% and 8% per annum.
- To halve the unemployment rate by 2014.
- To reduce by between 60% and 80% the number of households living below the poverty line by 2014.
- To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014.
- To establish food self-sufficiency in the Province by 2014.
- To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit point in a secondary education.
- To improve the literacy rate in the Province by 50% by 2014.
- To eliminate gender disparity in education and employment by 2014.
- To reduce by two-thirds the under-five mortality rate by 2014.
- To reduce by three-quarters the maternal mortality rate by 2014.
- To halt and begin to reverse the spread of HIV/AIDS by 2014.
- To halt and begin to reverse the spread of tuberculosis by 2014.
- To provide clean water to all in the Province by 2014.
- To eliminate sanitation problems by 2014.

In order to achieve the above targets, the Framework identifies the following strategic focus areas for intervention.

- The systematic eradication of poverty.
- The transformation of the agrarian economy.
- Developing and diversifying our manufacturing and tourism sectors.
- Building our human resource capabilities.
- Infrastructure, including the eradication of backlogs and the development of enabling infrastructure for economic growth and development.
- Public sector and institutional transformation in support of improved service delivery.

#### 5. PROCESS OF DEVELOPING THE PGDP

The PGDP was initially conceived in terms of two phases, with the first devoted to the development of the Strategy Framework and the second to the packaging of programmes and projects in terms of that framework.

The PGDP was developed in an interactive and participatory manner by the provincial social partners

while drawing on local and international experience. It provides a framework for the development of more realistic and feasible Integrated Development Plans, to guide the planning and development of Provincial Government programmes, and to reinforce provincial priorities and targets that must inform budgeting and fiscal planning for the future.

Four working groups were established to process the debates, research and recommendations for the PGDP. These were the Economic Growth Working Group, Governance Working Group, Fiscal Working Group and Social Needs Working Group and included all the stakeholders and social partners, inside and outside of government. A Reference Group was also established to approve the recommendations and findings of the working groups before they were presented to the Executive Council for adoption.

Various sector studies were conducted by technical experts to inform the PGDP. These studies covered issues such as opportunities for agriculture, rural livelihoods, manufacturing, local economic development, tourism development, fiscal management, local government, decentralisation, sub-national planning, social needs, governance challenges, gender, environment and HIV/Aids mainstreaming, etc. Reports on these studies, debated in the working groups, formed the basis of the strategies and programmes in the PGDP.

A number of sector workshops, focussing on the different strategic programme areas of the PGDP, were conducted to crystallise the interventions around which programmes were to be developed. Consultative workshops were also held with all social partners and stakeholders in all the district municipalities and the metro to canvass the views and needs of different interest groups.

Lessons were also drawn from international best practise on sub-national planning. A delegation of all social partners was sent on a study tour to Malaysia to learn first hand from their experience in development planning and to understand their institutional machinery for planning and coordination.

As a result of this extensive and intensive process of consultation, research and debate, the PGDP enjoys widespread support amongst all sectors of the province

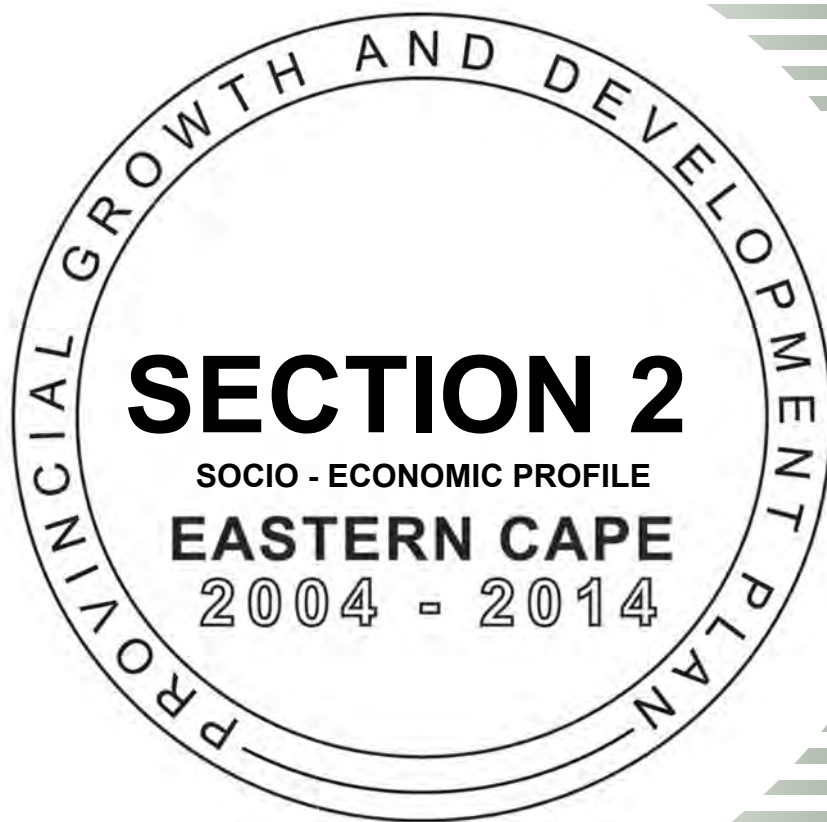
## **6. IMPLEMENTING AND MONITORING THE PGDP**

Based on the *Strategy Framework for Growth and Development 2004-2014*, and the agreed strategic priority interventions, a suite of medium term programmes were adopted for 2004 – 2007 as the basis for long-term growth and development. Each of these medium term programmes have concrete and clear key performance areas, delivery indicators, specific outputs and targets for each financial year, and budgets.

The medium term programmes have been endorsed by the Executive Council and management of all the provincial departments, and form the basis of the strategic plans and budgets of the departments for the coming fiscal year. A PGDP Budget Planning Alignment Team (BPAT), consisting of representatives of the Office of the Premier, Provincial Treasury and the PGDP Technical Team, have been set up to assist departments to ensure that their Medium Term Expenditure Framework plans and budgets are aligned to the PGDP programmes.

District Municipalities have also endorsed the PGDP as the framework for growth and development for their own areas, and have committed themselves to the alignment of their Integrated Development Plans (IDPs) to the PGDP priorities and programmes. Already most of the approved IDPs for next year are reflecting the strategic interventions proposed in the PGDP.

The Executive Council has approved a proposal to restructure the centre of government with the aim to strengthen it to drive, coordinate and monitor the implementation of the PGDP. A Planning, Coordinating and Monitoring Unit (PCMU), headed by a Deputy Director-General, will be established in the Office of the Premier to coordinate planning and implementation. The PCMU will be responsible for the coordination and synchronisation of the programmes and activities of provincial departments with each other, and with those of district municipalities and national departments and parastatals in order, to achieve the objectives of the PGDP. The PCMU will also be responsible for the monitoring and evaluation of the progress and impact of the PGDP, and for on-going revision and improvement of the plan itself. In addition, the PCMU will be tasked to develop and enhance the strategic planning capacity of provincial departments to ensure implementation of the PGDP Programmes and achievement of PGDP targets.



# SECTION 2

SOCIO - ECONOMIC PROFILE

**EASTERN CAPE**

2004 - 2014

## **Section 1: Socio-economic profile**

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This socio-economic profile forms an integral part of the (Provincial Growth and Development Plan) PGDP for the Eastern Cape. It aims to provide a descriptive overview of the socio-economic realities within the province. The PGDP sets out to address the developmental challenges posed by these socio-economic contexts through a ten year development plan. The PGDP's specific programmatic interventions are built around the particular nature of inequality and poverty in the Eastern Cape. The underlying logic and rationale for specific programmes of the PGDP are elaborated in the programme document. The purpose of this profile is to serve as a baseline for assessing the socio-economic impact of the PGDP through its ten year life span while simultaneously painting a picture of the socio-economic landscape which inspired and has shaped the programmes in the PGDP.

The socio-economic realities of the Eastern Cape continually refer us back to the historical processes of underdevelopment and institutionalized racism which have shaped the current development challenges. We cannot escape the historical role of the Eastern Cape in South Africa's industrial development under apartheid as a labour reserve for the mining sector. This has locked the Eastern Cape economy, and particularly the former bantustan economies, into a dependent status with income inflows from remittances. The decline in mining and increased productivity and capital intensity in key export sectors has meant falling incomes, rising unemployment and increased welfare dependency. The challenge is to arrest this underdevelopment through new policy measures and strategies aimed at rapidly transforming the agrarian economy of the former Bantustans, as well as reorienting our growth strategy increasingly towards employment creating basic needs, and wage goods sectors. These are the challenges which the PGDP programmes aim to address.

This profile is a descriptive overview of the socio-economic realities in the Eastern Cape. It is broken up into seven discrete sections. The first section outlines the geo-spatial context of the Eastern Cape by describing the natural environmental diversity between the districts. Section two provides a demographic profile of the province while section three examines the Eastern Cape economy. The fourth section of the profile provides an outline of basic services. In section five we explore poverty and inequality by identifying and describing various development indicators. The sixth section provides an HIV and AIDS profile for the Eastern Cape, while the final section provides a summary of current indicators for the PGDP quantified vision.

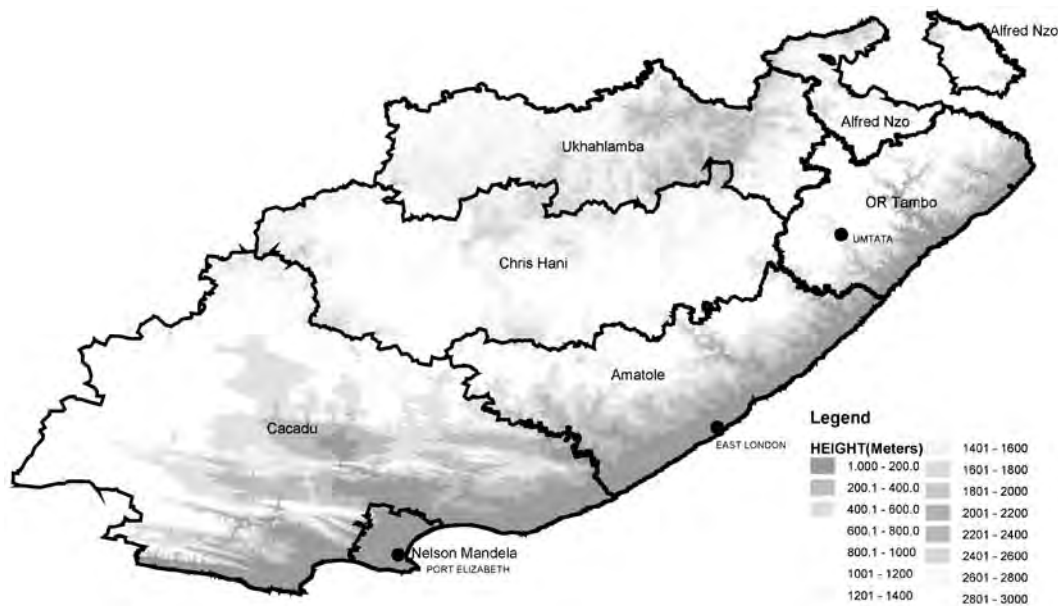
## **1. GEO-SPATIAL DIVERSITY**

### **1.1 Overview of the Eastern Cape**

The Eastern Cape is situated in the south-eastern part of South Africa. This part of South Africa is clad with natural beauty including in beautiful coastlines, temperate forests, large areas of rolling rural hinterland and semi-desert landscapes. The Indian Ocean here is temperate. The north-west part of the Province borders with KwaZulu-Natal and touches the southern tip of the Drakensberg range. Mountains and hills are common in the southern parts of the Province, with in the Karoo exhibiting a flat topography.



## Map 1. Eastern Cape Topography



At nearly 170 000 square kilometers, the Province covers 13.9% of the country.

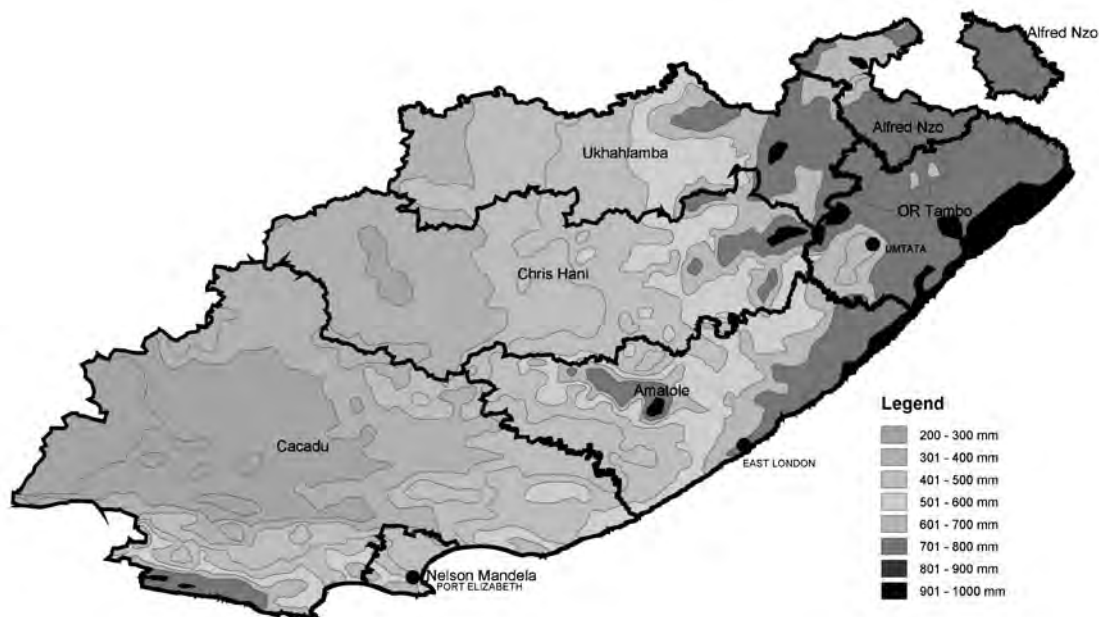
The Eastern Cape's long curving coastline, (at nearly 170 000 square kilometers covering 13.9% of the country), and the considerable east-west and north-south distances it covers, provide the Province with extremely varied vegetation. The province gradually crosses an interior of grassland, rivers and dense forests to reach its northern boundary in the majestic Drakensberg Mountains. The Eastern Cape is the only one of South Africa's nine provinces to have all the country's biomes, or ecological zones, within its boundaries.

## Map 2. Eastern Cape Biomes



This ecological diversity gives the Eastern Cape it a tremendous diversity of climates, allowing for a vast range of activities. The Province Eastern Cape also has more “sunshine” days than any other of South African's province — more than 300 out of 365 days are sunny. Along the coastal areas, the climate is mild warm temperate to sub-tropical. The climate and temperature gradually changes from a temperate, winter rainfall “Southern Cape” climate south of Port Elizabeth, through a warm coastal belt between Port Elizabeth and East London, to a humid zone beyond East London, and then to a sub-tropical climate in Pondoland beyond Port St Johns. The deeper inland areas are in stark contrast to the stable climate of the coast. Conditions can become extreme. In the Karoo, summers are hot and dry, and frost is common during the winter months. Some of the Drakensberg Mountain areas have snow in winter and are among the coldest in the country, explaining why South Africa's only snow-ski resort is in the Province. The Eastern Cape is well watered, with regular rainfall in the mountains of the Drakensberg and hills of the Transkei feeding a number of major rivers. The lowland coastal belt, extending 30km to 60km inland, can have rain all the year round, although the “Southern Cape” regions west of Port Elizabeth are the only true winter rainfall regions of the province. The dry Karoo in the west receives little rain.

### Map 3 Eastern Cape Rainfall



The vast interior of the Province ranges from the dry Karoo in the west, where small towns can be more than 100km apart, to the rolling hills and cascading rivers of the Transkei in the east. The Eastern Cape borders the provinces of the Western Cape, the Northern Cape, the Free State, and KwaZulu-Natal, as well as the small mountain country of Lesotho in the north. Port Elizabeth, situated on Algoa Bay, is the largest city in the Eastern Cape. The capital is Bisho, and other important urban centrestowns include East London and, inland, Umtata, Uitenhage and Grahamstown. The main industrial centres are Port Elizabeth, East London and Uitenhage, the latter known for its automotive manufacturing industry. The province is situated an equal distance from South Africa's three largest cities, Johannesburg, Cape Town and Durban, and is linked to these centres by a modern network of air, roads and railways. The Province has two ports, at East London and Port Elizabeth, and there will soon be a third at Ngqura to serve the Coega Industrial Development Zone. These ports give the Province easy access to markets all over the world. There is much fertile land, and agriculture is important. Fruit, especially pineapples, form a significant crop. C coffee and tea are also cultivated. Maize and sorghum are grown, and cattle farming is of particular significance as a subsistence activity. S sheep farming predominates in the Karoo.

#### 1.2 Districts

##### 1.2.1 Alfred Nzo

Alfred Nzo is a land-locked district situated in the north-east of the Eastern Cape. It incorporates the former Transkei areas, bordering KwaZulu-Natal in the east and Lesotho in the north. The topography of the district features mountains running through the centre of the district and along its northern reaches. The mountainous areas gradually slope down towards the coast in the southern and eastern parts of the district. The average annual rainfall for Alfred Nzo is high, ranging from 700mm in the north to and 800mm in other parts of the district. The vegetation is mainly grassland: apart from mountain grassland in the north, the district is dominated by moist upland grassland. Patches of forest and valley thicket are found in the east and around Umzimkulu. Many rivers make their way from the north of the district towards the east coast. The soil types in Alfred Nzo are sandy loams in the southern parts and clayey loams in the northern parts. A mixture of the two soil types is found in the eastern parts.

### **1.2.2 Amatole**

The Amatole District stretches along the coastline of the south-eastern part of the Eastern Cape Province, taking in the former homeland areas of the Ciskei and Transkei, as well as former Cape Provincial Administration (CPA) areas. The district is mountainous in the northern and north-western parts, sloping towards the coast in the east and south-west. The average annual rainfall of Amatole varies, from low rainfall in the western part towards the Karoo region, to high rainfall in the eastern parts along the coast. Average rainfall is found in the centre of the district towards the north-east. Along the coast, the vegetation is a mixture of Coastal Grassland, Eastern Thorn Bushveld and patches of coastal forest. Pockets of Valley thicket are found throughout the district. Sub-arid Thorn Bushveld and Xeric Succulent Thicket are common in the western area of the district around Adelaide and Fort Beaufort. Pockets of Moist Upland Grassland are found throughout the northern areas of the district from Bedford towards Idutywa. Patches of Afromontane Forest are found around Adelaide, Seymour and Keiskammahoek. Numerous rivers make their way through the district in a north-easterly direction towards the coast. Soil is mainly sandy or clayey loams along the coast, sandy loams in the north-western and north-eastern areas around Adelaide and Idutywa, and a mixture of sandy and clayey loams around Stutterheim and Cathcart.

### **1.2.3 Cacadu**

The Cacadu District, known formerly as the Western District, lies on the west coast of the Eastern Cape Province, forming a border to the Western Cape Province. The district incorporates mainly former CPA Provincial Administration towns. Its topography shows mountains in the north and north-east, a dry Karoo region inland in the west, and increasingly coastal features in the southern areas that slant towards the coast. Cacadu has low rainfall in the northern and western areas (around the Karoo), whereas the district's coastal areas experience high rainfall, and its south-eastern parts (around Alexandria and Bathurst) experience moderate rainfall. Vegetation in the district covers a vast range. There are pockets of coastal grassland, Grassy Fynbos and Dune Thicket along the coast from Jeffrey's Bay to Hankey. Great Nama Karoo and Moist Upland Grassland are found in the western parts of the district, and this continues northwards to areas around Aberdeen and Pearston. In the northern parts, around Graaff-Reinet, there are pockets of Eastern Mixed Nama Karoo and Valley Thicket. Pockets of Succulent Thicket are found in the to the eastern parts. And a mixture of Thorn Bushveld, Valley Thicket and Coastal Forest is found in the south-eastern parts around Alexandria, Bathurst and Grahamstown. Numerous rivers run through the district in a west-easterly direction. Cacadu has just a few dams, mostly in the north around Graaff-Reinet and in the west Karoo region.

### **1.2.4 Chris Hani**

The Chris Hani District is a land-locked district situated in the centre of the Eastern Cape hinterland, between the Eastern Cape coastline and the Drakensberg Mountains. The district incorporates both former CPA areas of the Karoo in the west, as well as former Transkei areas in the east. The district is mountainous in the north and southwest, but slopes down as it approaches the coastal areas of the former Transkei. The northern parts, as well as southwest, are mountainous. The lowest lying area is in part of the former Transkei, where the district which slopes gradually down toward the coast. Rainfall patterns of the district vary, from low rainfall in the west around the Karoo area, to high rainfall in the East around the former Transkei portions. The vegetation follows this pattern, with large areas of Eastern Mixed Nama Karoo in the west, with some South-Eastern Mountain Grassland becoming predominant in the district centre around Queenstown, and Moist Upland Grassland in the east, Moist Upland Grassland. The centre also has pockets of Dry Sandy Highveld Grassland, and Valley Thicket. The district is drained by numerous rivers throughout, which make their way from the Drakensberg Mountains toward the coast in a southeasterly direction. The soil types are mostly sandy loams and clayey loams, with little or no extreme soil types of just clay or sand.

### **1.2.5 OR Tambo**

The OR Tambo District is situated in the north eastern part of the Eastern Cape Province. The district incorporates large portions of the former Transkei inland and Wild Coast areas. Average rainfall patterns in OR Tambo District vary, from the medium-low rainfall in the south west to part of the district to high rainfall along the coast. The vegetation in OR Tambo is diverse. The district has mainly moist grassland inland with large patches of valley thicket, especially surrounding rivers. Forests and bushveld are found along the coast. The OR Tambo District is drained by numerous rivers which make their way from mountains in the north towards the coast. Soil patterns vary, with sandy loams dominating.

### **1.2.6 Ukhahlamba**

The Ukhahlamba District is situated in the north of the Eastern Cape, forming a border to the Free State province. The district is land-locked and dominated by mountains. It is made up of the former Cape Provincial Administration (CPA) areas of the Karoo, as well as parts of the former Transkei homeland in the north-east. Average annual rainfall patterns vary. Rainfall is low across the district. Rainfall is low in the west (the Karoo areas), and gradually increases towards the east. Vegetation is mainly mountain grassland: south-eastern and north-eastern mountain grassland, moist upland grassland in the east, and dry sandy highveld grassland in the centre of the district. The district has many rivers, especially in the central and western areas. Soil types are largely sandy loam and clayey loam.

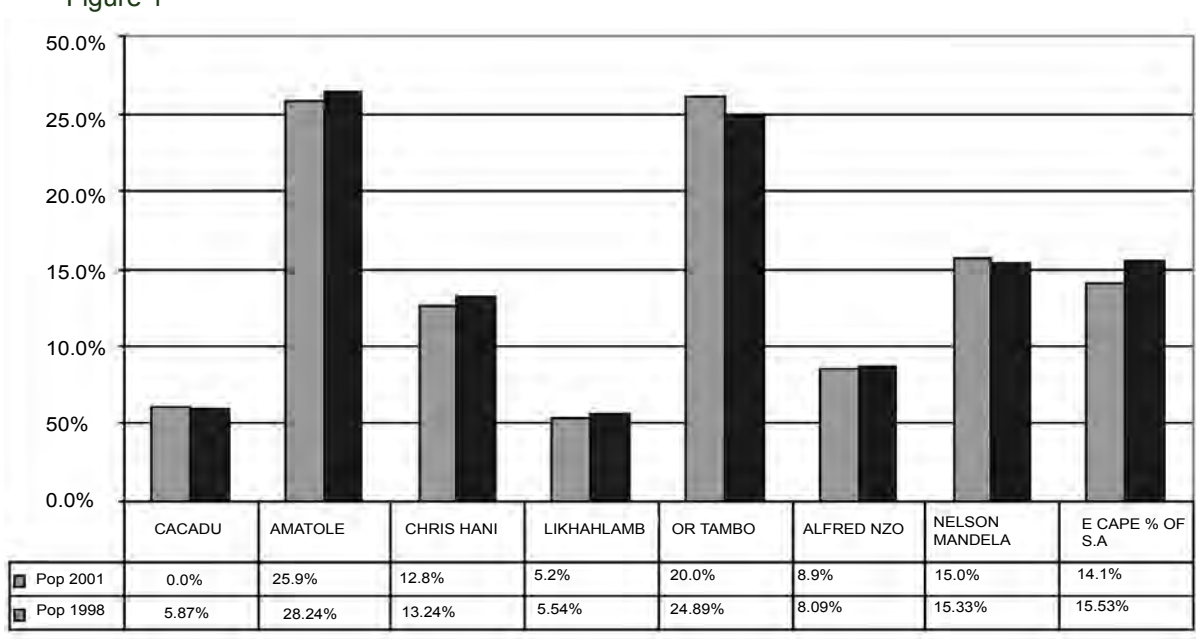
## 2. DEMOGRAPHICS

This chapter examines the size and structure of the population of the Eastern Cape, as well as its District Municipalities and the Metro.

### 2.1 Total Population

The population in the Eastern Cape grew by 1.6% between the censuses from 6.3 million in 1996 to 6.4 million in 2001. In relation to the national total however, the provincial population has shrunk to 14.1% down from 15.5% five years ago. The province is nevertheless the third most populous province after KwaZulu Natal and Gauteng. The provincial population is distributed disproportionately between the districts, with the two largest districts, OR Tambo and Amatole, just short of two million inhabitants each (1.7 million people each respectively). Nelson Mandela Metro represents the next largest concentration of people (1 million people) and Ukhahlamba the least populous (341,312 people).

Figure 1

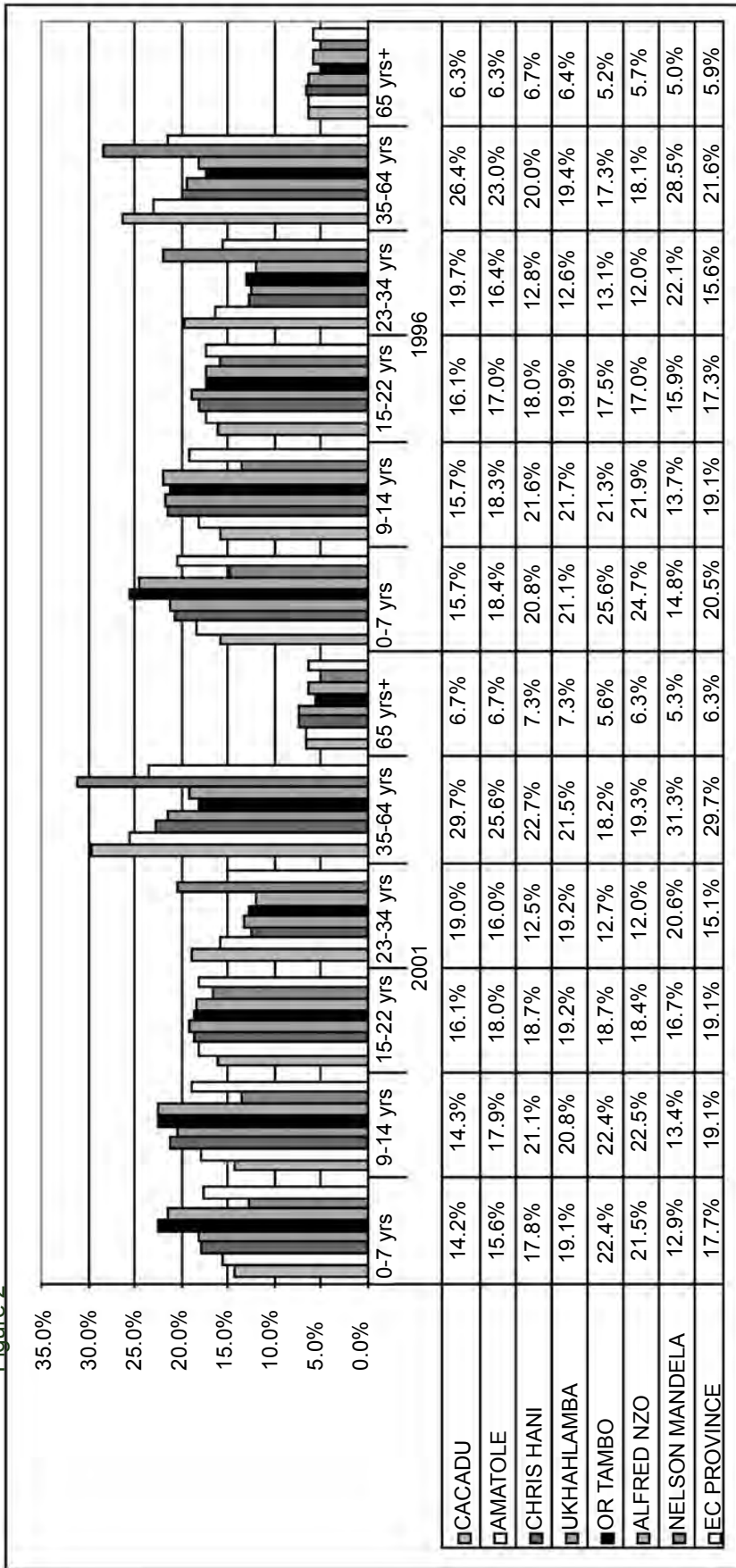


### 2.2 Population by Gender

Women constitute a larger proportion (54%) of the provincial population than the national average (52%). However, while women have marginally increased their majority at the national level, a slight decline is evident in the Eastern Cape.

In the Eastern Cape, the high proportion of women is a reflection of the migrant labour system and is particularly visible in rural labour supplying areas such as Alfred Nzo and OR Tambo, which have recorded levels higher even than the provincial average (55% and 56% respectively). The proportion of men in Cacadu and the Nelson Mandela Metro are the highest in the province and mirrors the national trend (48% male each versus 52% female).

Figure 2



In the Eastern Cape women not only constitute the majority of the population but also form the majority of household heads. The highest levels are in the district municipalities of Alfred Nzo and O.R. Tambo (61% women headed each respectively), Chris Hani (53%), Ukhahlamba and Amatole (51% women headed each respectively). Women headed households are particularly dominant in the rural (migrant labour supplying) areas of the former Ciskei and Transkei. The absence of men from the Province generally has several implications. The most important of these is that households headed by women are more likely to be poor than households headed by men, as women are generally marginalised from economic opportunities. Furthermore, women have multiple roles in the household such as cooking, caring for children and these are time consuming and often prevent women from seeking formal employment. Those who manage to get employed are formally employed in elementary positions where rates of pay are generally lower.

## 2.3 Population by Population Group

The Eastern Cape is overwhelmingly African in terms of racial composition (3.4 million or 88%) followed by the Coloured (7%), White (5%) and Indian (less than 1%) categories.

More than four fifths of the Eastern Cape population (83%) speaks Xhosa as their home language with far fewer speaking Afrikaans (9%) and English (4%). The remaining 4% speak a variety of other languages.

## 2.4 Age Distribution

The Eastern Cape has a relatively youthful population with more than half (55%) aged between 0-22 years. This pattern is especially prominent in rural areas such as OR Tambo and Alfred Nzo. Both the 1996 and 2001 census reveal that a high proportion of people aged 35-64 years are found in urban areas such as Cacadu (30%), Nelson Mandela (31%) and Amatole (26%). However, the census data for 2001 suggests that the Eastern Cape decline in the proportion of children aged 0-14 years.

# 3. ECONOMIC OVERVIEW OF THE EASTERN CAPE

The economy of the Eastern Cape is characterised by extreme levels of uneven development. This is evident through a number of dualisms: between the two urban industrial manufacturing centres and the poverty stricken and underdeveloped rural hinterland particularly in the former homeland areas of the Transkei and Ciskei; between a developed commercial farming sector and a floundering subsistence agricultural sector; and between concentrations of fairly well developed and efficient social and economic infrastructure in the western parts of the province and its virtual absence in the east.

These broad sweeping generalizations, however, hide pockets of vulnerability, extreme poverty and underdevelopment within the relatively "more privileged" areas. Thus significant levels of poverty and inequality are evident in the relatively more well off western region of the Province, where a dominant privately-owned rural farming sector is contradicted by a class of landless, poor and unemployed residents of the platteland towns and small settlements along abandoned railway sidings. The broad structural features of the Eastern Cape economy thus have significantly different consequences for how poverty is experienced and lived within the various human settlements across the Province. The implementation of the PGDP will of necessity have to be sensitive to this spatial diversity in targeting the most vulnerable.

This sub-section explores the key features of the economy of the Eastern Cape and highlights some of the core spatial variations between the districts of the province. It provides a sectoral overview of the province followed by an examination of the labour market. Income and expenditure patterns between districts are also outlined and the human resource base in the province is briefly described. The concluding sub-section identifies some of the implications for the PGDP, particularly in terms of establishing a baseline for assessing the future impact of the PGDP, are explored.

## 3.1 Sectoral overview

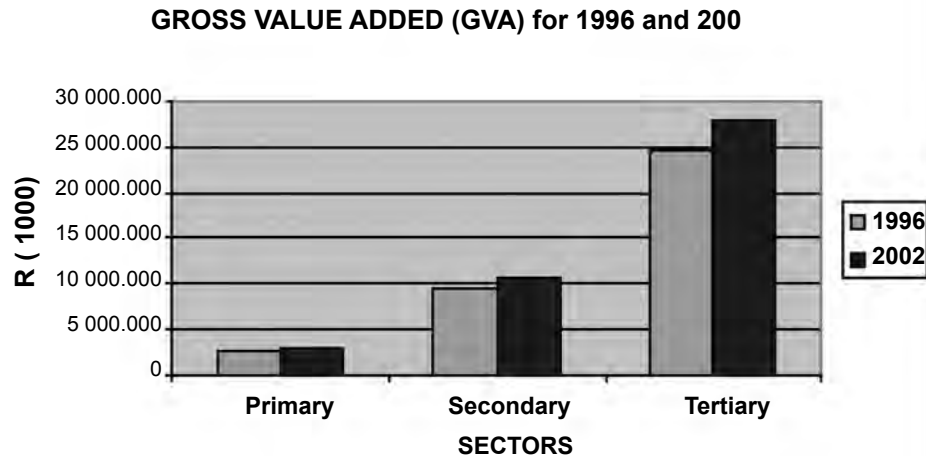
During 2002, the Eastern Cape produced only 7% of the national GDP although while some 15% of South Africans resided in the Province. While the Eastern Cape is South Africa's third most populous province, it is ranked fifth after Kwazulu-Natal and Gauteng in terms of its overall contribution to GDP. As a consequence, the Eastern Cape has the second lowest (after Limpopo) per capita gross value added (GVA) nationally, which, pegged at R9, 883, is significantly lower than the national average of R21, 664 (HSRC, 2003). Between 1996 and 2002, the Eastern Cape saw a significant increase in its gross value added (GVA) growth rate to 1.9%. This is, however, largely due to a corresponding decline in the annual population growth rate over this period and is significantly lower than the trends in Gauteng (3.3%), Limpopo (2.8%), KwaZulu-Natal (2.7%), and Mpumalanga (2.5%) and the Northern Cape (2.5%).

The Eastern Cape economy is structurally different from the national economy in terms of the virtual absence of a local mining sector and has a significantly larger tertiary sector, accounted for mainly by the public sector. Nationally, the primary sector accounted for 10% of GVA in 2002, the secondary sector for 27% and the tertiary sector for 63%. Structurally, the Eastern Cape

economy has remained fairly static between 1996 and 2002, with two thirds of GVA (66-67%) accounted for by the tertiary sector (particularly the public sector), just over one quarter accrues to secondary processing (26%), and less than one tenth of GVA for the province is made up by the primary sector (7-8%).

With the general stagnation in agriculture over the last decade, growth within the primary sector is accounted for by forestry and fishing. Within the secondary sector, automobile and related manufacturing is primarily responsible for GVA growth, while transport and communications and finance accounts for the highest levels of growth overall and the core growth points in the tertiary sector.

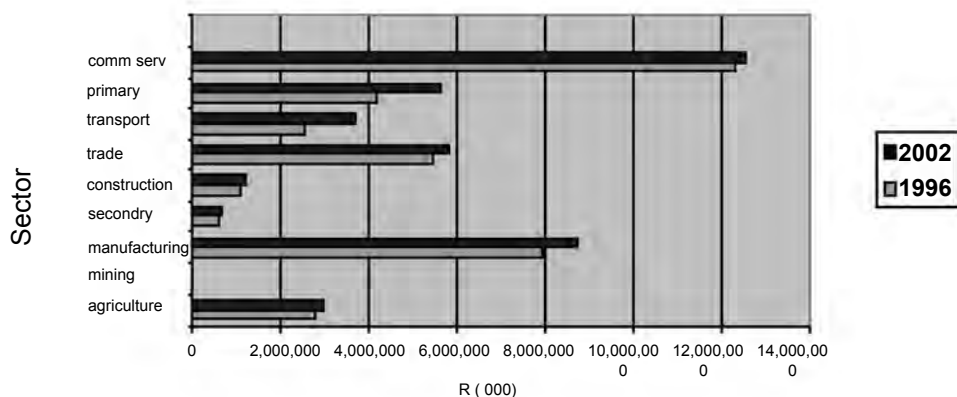
**Figure 3: Gross value added**



Gross Value Added - Broad economic sectors - Constant 1995 prices (R 1000)				
	1996		2002	
	#	%	#	%
Agriculture	2,781,654	8	2,956,975	7
Mining	22,579	0	22,397	0
<b>Primary</b>	<b>2,804,233</b>	<b>8</b>	<b>2,979,372</b>	<b>7</b>
Manufacturing	7,963,329	22	8,733,001	21
Electricity	598,456	2	666,500	2
Construction	1,080,225	3	1,174,069	3
<b>Secondary</b>	<b>9,642,010</b>	<b>26</b>	<b>10,573,570</b>	<b>26</b>
Trade	5,456,705	15	5,796,581	14
Transport	2,563,190	7	3,729,617	9
Finance	4,197,072	11	5,643,232	14
Comm service	12,297,145	33	12,610,597	31
<b>Tertiary</b>	<b>24,514,112</b>	<b>66</b>	<b>27,780,027</b>	<b>67</b>
Total	36,960,355		41,332,969	

Source: adapted from global insight 2002

**GVA for the Eastern Cape for 1996 -2002**





## 3.2 Sector trends

### 3.2.1 Primary sector

The **primary sector** accounts for less than one tenth (7%) of GVA for all sectors in the Province. Almost three quarters of the primary sector for the Province is made up by the agriculture and forestry sub-sector (73%), with forestry and logging making up exactly one quarter (25%). The only other sub-sector of any significance is the fishing and operation of fish farms (2%), with the remaining sub-sectors (notably mineral extraction) together accounting for less than 1% of GVA for 2002.

Cacadu accounted for more than one third (37%) of GVA in the primary sector within the Eastern Cape in 2002, with the next best performer in the sector, OR Tambo, recording less than half of this (just 16%). Amatole (14%), Chris Hani (13%) and Alfred Nzo (8%) witnessed lower levels of GVA while Ukhahlamba (7%) and NMMM (5%) recorded the lowest levels of GVA within the primary sector for 2002.

With the exception of OR Tambo and Alfred Nzo, where forestry and logging are dominant in their primary sectors (accounting for 60% and 79% of GVA for the primary sector in 2002 respectively), the primary sector in all other districts is made up mainly of agriculture and hunting. This ranges from 72% of GVA for the primary sector in NMMM to 97% in Ukhahlamba. The fishing and operation of fish farms is the only other significant sub-sector within the primary sector. The largest contributor of GVA for this sub-sector is Cacadu (58% of GVA for the sector) and the NMMM (33% of GVA for 2002).

That the farmland of the western portion of the Province accounts for such a large slice of agricultural output, the agricultural sector in the poorer areas to the east is an indication of the generally underdeveloped agricultural sector in the poorer areas to the east. The output of the western parts also reflects the more established linkages between agriculture and agro-processing and transportation systems within the NMM district. Ultimately, the NMMM is also the largest consumer market, as well as being the gateway to export markets.

### 3.2.2 Secondary Sector

The **secondary sector** of the Eastern Cape economy is dominated by the transport equipment sub-sector which accounts for just over one quarter of GVA for 2002 (26%). Less significant proportionately is the fuel, petroleum, chemical and rubber products sub-sector (15%), the construction sub-sector (11%) and the food, beverages and tobacco products sub-sector (10%).

The spatial distribution of GVA in the secondary sector is far more concentrated than the primary sector, with the NMMM (64%) and Amaotole (22%) together accounting for virtually the whole sector (86% of GVA for the secondary sector in 2002). After subtracting Cacadu's relatively small slice of the sector (6%), the remaining districts are left with insignificant proportions overall.

Figure 5 shows the spatial concentration of the secondary sector within the Eastern Cape. Amatole and the NMMM together account for at least two thirds, but generally substantially more, of the GVA for most sub-sectors of the secondary sector. The collection, purification and distribution of water is the only sub sector where their combined totals are less than half of the total for the sector.

Of particular concern is the absence of sub-sectors related to agro-processing (food and beverages, textile, clothing and leather, wood and furniture) in those districts which currently do exhibit relatively significant levels of activity within the primary sector, notably Alfred Nzo and OR Tambo in forestry and logging.

Figure 4: Spatial concentration of the secondary sector

GVA for secondary sector for Amatole and the NMMM for 2002					
	DC12: Amatole District Municipality		Nelson Mandela Metropolitan (Port Elizabeth)		Amatole and NMMM combined
	R	%	R	%	
30 Food, beverages and tobacco products	392,564	36	488,654	45	81
31 Textiles, clothing and leather goods	262,337	45	290,600	49	94
32 Wood and wood products	100,262	23	225,835	52	75
33 Fuel, petroleum, chemical and rubber products	179,958	12	1,277,380	82	94
34 Other non-metallic mineral products	48,989	18	192,296	71	89
35 Metal products, machinery and household appliances	217,254	31	456,785	65	96
36 Electrical machinery and apparatus	58,524	14	327,917	78	92
37 Electronic, sound/vision, medical & other appliances	21,068	30	40,448	57	87
38 Transport equipment	423,763	15	2,241,097	80	95
39 Furniture and other items NEC and recycling	181,636	22	422,638	51	73
41 Electricity, gas, steam and hot water supply	119,044	19	348,184	55	74
42 Collection, purification and distribution of water	10,708	25	9,311	22	47
50 Construction	304,195	26	495,661	42	68
<b>Secondary</b>	<b>2,320,303</b>	<b>22</b>	<b>6,816,807</b>	<b>64</b>	<b>86</b>

### 3.2.3 Tertiary Sector

The **tertiary sector** for the Eastern Cape is structured around the core public sector services of education (22% of GVA for 2002), public administration and defense activities, and health and social work (11% each respectively). The retail trade and repair of goods sub-sector (11% of GVA in 2002), posts and telecommunications (8%), wholesale and commission trade (7%), financial intermediation (6%), activities auxiliary to financial mediation (5%) and land transport (5%) also make up a significant portion of the GVA output for the tertiary sector in 2002.

Figure 5 below gives an indication of the extent to which the poorer districts within the Eastern Cape are dependent on government sector services for GVA. Government services account for the most significant proportion of GVA for the tertiary sectors for Ukhahlamba (68%), Alfred Nzo (68%), Chris Hani (58%) and OR Tambo (53%). The extent of these districts' structural dependence on government spending is reflected in the proportion of government services of their GVA overall. Ultimately these figures also indicate the extent of the diversity within the tertiary sector for the NMMM.

Figure 5: GVA and the public sector

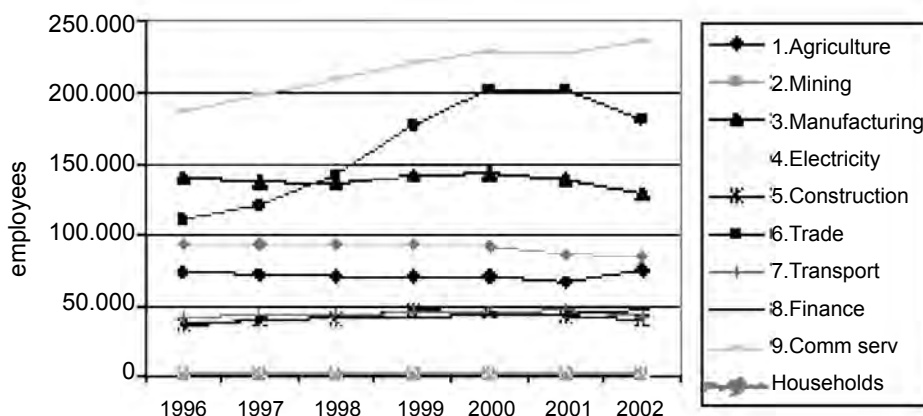
GVA for public sector services		
	GVA as % of tertiary sector for district	GVA as a % of total GVA for district
	%	%
DC10: Cacadu District Municipality	46	25
DC12: Amatole District Municipality	48	35
DC13: Chris Hani District Municipality	58	43
DC14: Ukhahlamba District Municipality	68	42
DC15: O.R .Tambo District Municipality	53	44
DC44: Alfred Nzo District Municipality	68	46
Nelson Mandela Metropolitan (Port Elizabeth)	30	19
Eastern Cape	43	29

### 3.3 Employment (Labour markets)

The majority of people employed in the formal sector employed in 2002 were employed in the tertiary sector (70%), with 21% one fifth overall (21%) employed in the secondary sector and just 9% in one tenth of formal employment (9%) accruing to the primary sector. The total number of those employed in the Eastern Cape increased by 16% during the period 1996-2002. This is primarily accounted for by the growth in employment in the tertiary sector (26%), with the secondary sector showing a negative growth rate over the same period (-4%) and the primary sector showing a slight increase (3%). Construction was the only secondary sub-sector which showed a steady growth (10%) in the period 1996-2002. The largest employer in the secondary sector, - manufacturing, - actually contracted (-8%) during this period. In the tertiary sector, trade (63%), finance (29%) and community services (27%) accounted for the bulk of employment growth.

Figure 8: Employment by sector

Employment by sector between 1996-2002



Employment by sectors between 1996-2002					
	1996		2002		Growth rate
	#	%	#	%	%
1-Agriculture	72,763	10.1	75,133	9.0	3
2-Mining	1,359	0.2	1,183	0.1	-13
<b>Primary</b>	<b>74,123</b>	<b>10.3</b>	<b>76,316</b>	<b>9.1</b>	<b>3</b>
3-Manufacturing	140,166	19.4	128,812	15.4	-8
4-Electricity	3,736	0.5	3,634	0.4	-3
5-Construction	36,243	5.0	39,992	4.8	10
<b>Secondary</b>	<b>180,145</b>	<b>25.0</b>	<b>172,438</b>	<b>20.6</b>	<b>-4</b>
6-Trade	110,491	15.3	180,496	21.5	63
7-Transport	41,274	5.7	42,299	5.0	2
8-Finance	35,715	4.9	46,026	5.5	29
9-Comm serv	186,066	25.8	235,822	28.1	27
Households	93,920	13.0	84,678	10.1	-10
<b>Tertiary</b>	<b>467,466</b>	<b>64.8</b>	<b>589,320</b>	<b>70.3</b>	<b>26</b>
Total	721,733	100	838,074	100	16

Source: Global insight 2002

### 3.31 Unemployment

The unemployment rate for the Province, and particularly, unemployment at a sub- Provincial level is difficult to quantify precisely. While official Provincial unemployment figures are based on Labour Force Surveys, these cannot be disaggregated to the sub-provincial level since the samples for these surveys are not large enough. Where attempts have been made to do this (see HSRC 2004 below), the estimates result in indicators with fairly large margins of error. While census data can be disaggregated to the district and lower levels, these figures are not accepted as accurate and on that basis are not acknowledged as official. This therefore presents a dilemma for the PGDP in terms of providing a baseline from which to assess whether employment creation strategies are hitting their targets. Provincial aggregate figures hide inequities between the regions and cannot therefore be used for baseline purposes in prioritizing programme implementation sites or as monitoring yardsticks for assessing the efficacy of the programme interventions.

### 3.3.2 Overview of unemployment rate

Labour Force Survey's (September 2003) official definition of unemployment was 32% (30% male and 34% female), while the expanded definition was 49%. (46% for males and 53% for females). Figure 9 below gives estimates at sub provincial level based on projections of the Labour Force Survey by the HSRC (2004). Margins of error at the Provincial level are relatively small with unemployment (strict) estimated at between 30.2%-34.8%. Estimates for Chris Hani, for example, would put unemployment at between 34.4%-51.2%, clearly a meaningless statistic for employment targeting.

**Figure 7: Unemployment**

Labour force participation and unemployment *								
	Cacadu	Amatole	Chris Hani	Ukhahlamba	OR Tambo	Alfred Nzo	Nelson Mandela	Eastern Cape
Unemployment (strict)	21.2	28.7	42.8	18.7	35.4	30	37.1	32.5
Error at 90% confidence	7.2	3.4	8.4	7.2	4.8	7.4	5.4	2.3
Unemployed (broad)	28.9	39.9	57.6	46.8	53.2	66	44.4	47.6
Error at 90% confidence	7.5	3.4	8.2	11.6	4.5	6.2	5.1	2.4

LFS6 estimates by HSRC 2003

The census figures give significantly higher unemployment estimates than the official unemployment rate based on the Labour Force Survey. Even though the census is not regarded as sufficiently reliable to determine the official unemployment rate, the number of those unemployed does indicate the magnitude of the employment crisis in the province - some nine hundred thousand people are out of work.

Employed Unemployed Unemployment rate Economically active				
Employment and Unemployment Census 2001				
	Employed	Unemployed	Unemployment rate	Economically active
Eastern Cape	754,357.00	907,944.00	54.6	1,662,301.00
DC10: Cacadu District Municipality	94,975.00	52,030.00	35.4	147,005.00
DC12: Amatole	206,982.00	281,320.00	57.6	488,302.00
DC13: Chris Hani District Municipality	68,778.00	98,351.00	58.8	167,129.00
DC14: Ukhahlamba District Municipality	34,445.00	39,397.00	53.4	73,842.00
DC15: O.R .Tambo	94,268.00	180,163.00	65.6	274,431.00
DC44: Alfred Nzo District Municipality	28,451.00	60,569.00	68.0	89,020.00
Port Elizabeth: Nelson Mandela	226,625.00	196,074.00	46.4	422,699.00

Source: Census 2001

Unemployment rate 2001 (Census 2001)			
	Male	Female	Total
Eastern Cape	51.4	57.8	54.6
DC10: Cacadu District Municipality	28.6	43.3	35.4
DC12: Amatole	55.9	59.2	57.6
DC13: Chris Hani District Municipality	56.0	61.6	58.8
DC14: Ukhahlamba District Municipality	49.0	57.8	53.4
DC15: O.R. Tambo	65.9	65.4	65.6
DC44: Alfred Nzo District Municipality	69.0	67.1	68.0
Port Elizabeth: Nelson Mandela	41.5	51.6	46.4

Source: Census 2001

The racial and gender bias of the Eastern Cape labour market is reflected in the table below. The Apartheid engineered inequities between black, coloured and white people and structural inequalities between the genders are clearly reflected in the structure of unemployment nationally, provincially and by district. The unemployment rate for white males is significantly lower (6.2% nationally and for the Eastern Cape respectively) than for any other category with White females slightly higher (11.6% nationally and 11.1% for the Eastern Cape). The coloured population in the Eastern Cape occupies an intermediate position, with unemployment levels lower (38.7%) than the black rate (61.1%) but higher than that for whites (8.3%).

The white male unemployment rate is fairly constant (and the lowest) between national, provincial and district levels. Black women in Alfred Nzo (one of the poorest districts in the Eastern Cape) are least likely to be absorbed into the formal economy, with just under three quarters (72%) unemployed. Fairly high and constant unemployment rates across gender categories are evident in the poorest districts in the Eastern Cape, particularly Alfred Nzo and OR Tambo. This is, however, more a reflection of the fundamental absence of local labour markets within these areas than their gender neutral absorptive capacities.

Unemployment rate 2001 (expanded definition) by Sex and Race										
-	-	National Total	Eastern Cape	Cacadu	Amatole	Chris Hani	Ukhahlamba	O.R.Tambo	Alfred Nzo	NMMM
Black	Male	38.0%	57.8%	33.9%	55.3%	58.7%	57.5%	69.5%	71.5%	49.9%
	Female	56.7%	64.2%	53.3%	60.4%	66.9%	67.2%	69.2%	72.0%	62.1%
	Total	46.6%	61.1%	42.9%	57.9%	62.9%	62.1%	69.3%	71.8%	56.0%
White	Male	6.2%	6.2%	3.9%	6.8%	3.6%	2.5%	2.8%	42.4%	6.9%
	Female	11.6%	11.1%	8.3%	12.8%	12.7%	17.8%	1.3%	0.0%	10.5%
	Total	8.5%	8.3%	5.8%	9.5%	7.3%	8.5%	2.2%	25.6%	8.4%
Coloured	Male	22.7%	30.6%	22.9%	36.5%	35.0%	23.2%	24.5%	33.4%	33.2%
	Female	34.3%	48.3%	45.9%	51.7%	56.9%	53.3%	40.6%	32.5%	47.6%
	Total	28.0%	38.7%	33.1%	43.6%	45.1%	35.7%	30.9%	33.0%	39.9%
Asian	Male	15.5%	14.3%	-	9.7%	14.9%	-	-	-	19.1%
	Female	33.9%	25.2%	-	25.5%	-	-	23.2%	-	29.4%
	Total	22.2%	18.7%	-	15.7%	6.7%	-	8.1%	-	23.2%
Total	Male	30.9%	49.2%	25.6%	49.9%	53.7%	52.2%	68.7%	71.3%	36.5%
	Female	47.8%	58.3%	44.5%	56.5%	64.0%	64.4%	68.9%	71.8%	49.7%
	Total	38.6%	53.7%	34.1%	53.2%	58.9%	57.9%	68.8%	71.6%	42.7%

Source: Global Insight

Unemployment rate (expanded definition) 2001			
	Male	Female	Total
Eastern Cape	49.2%	58.3%	53.7%
DC10: Cacadu District Municipality	25.5%	44.5%	34.1%
DC12: Amatole District Municipality	49.9%	56.5%	53.2%
DC13: Chris Hani District Municipality	53.7%	64.0%	58.9%
DC14: Ukhahlamba District Municipality	52.2%	64.4%	57.9%
DC15: O.R. Tambo District Municipality	68.7%	68.9%	68.8%
DC44: Alfred Nzo District Municipality	71.3%	71.8%	71.6%
Nelson Mandela Metropolitan (Port Elizabeth)	36.5%	49.7%	42.7%

Source: Global Insight 2002

### 3.3.3 GENDER BREAKDOWN OF EMPLOYMENT

Men constitute a significant majority in terms of the overall number of those formally employed in the Eastern Cape (53% as opposed to 47% women). Furthermore, men account for the vast majority of those employed in all sectors and sub-sectors apart from excepting community, social and personal services (where women make up 59% of the total employees as opposed to 41% men) and domestic labour (women account for 80% of work in private households, as opposed to 20% men). This trend in the community, social and personal services sub-sector is particularly significant since it accounts for the single largest proportion of those employed (29%) in the Province. The structure of this sub-sector is particularly interesting in terms of the breakdown of positions by gender and skill (see human resources).

Figure 8: Employment

	Male		Female		Total labour force	
	#	%	#	%	#	%
Agriculture, hunting; forestry and fishing	53044	73.2	19394	26.8	72438	10.7
Mining and quarrying	4244	93.6	291	6.4	4535	0.7
Manufacturing	58562	64.5	32210	35.5	90772	13.4
Electricity; gas and water supply	3119	81.0	733	19.0	3852	0.6
Construction	33252	90.7	3422	9.3	36674	5.4
Wholesale and retail trade	55039	52.6	49658	47.4	104697	15.5
Transport; storage and communication	22133	80.2	5456	19.8	27589	4.1
Financial, insurance, real estate and business services	28780	55.8	22771	44.2	51551	7.6
Community, social and personal services	81084	41.4	114946	58.6	196030	28.9
Private Households	17913	20.0	71512	80.0	89425	13.2
Total	357170	52.7	320393	47.3	677563	

Source: Census 2001

### 3.4 Income distribution

As is to be expected, the distribution of labour remuneration follows the same uneven trends characterising other features of the Eastern Cape economy. Total labour remuneration for all formal sectors in the Eastern Cape in 2002 was estimated at R37 ,732 ,753 with the tertiary sector accounting for some three quarters (75%) of this. The secondary sector accounted for slightly more than one fifth (22%.) while the primary sector made up just 3% of labour remuneration overall. Cacadu accounted for the bulk of labour remuneration in the primary sector (43% of R1 ,028 ,137) followed by Amatole (17%) and Chris Hani (13%), with the remaining districts accounting for less than 10% each.

NMMM alone accounted for more than two thirds (67%) of remuneration in the secondary sector and, with Amatole (22%), for just less than 90% of labour remuneration in the secondary sector for 2002. Cacadu accounted for a significantly smaller slice (5%) dwindling to less than 1% in Alfred Nzo.

While the poorer districts recorded slightly larger slices of labour remuneration in the tertiary sector for 2002, the largest proportions are nevertheless made up by NMMM (37%) and Amatole (28%), which together, make up two thirds of labour remuneration in the tertiary sector (65%).

### 3.5 Human Resource / Skills Base

The HSRC HRD profile of the Eastern Cape (2004) confirms low levels of educational attainment in the province. In 2001, only 6% of the population had a higher education (HE) qualification, 14% had a Senior Certificate, 30% had some secondary education, while half of the Eastern Cape population had primary school education or below. Alarming, a staggering 23% of the population had no formal education whatsoever. In addition, in 2003 the Province had an illiteracy rate of 42%.

The skills base of the Province follows the broad pattern of uneven development characterising the economy in general. The two economic power houses in the Eastern Cape (Amatole and NMMM) together account for some two thirds (67%) of senior management and officials in the Province, with the lion's share accruing to the NMMM (40%). Similarly, the bulk of professionals (60%) are divided evenly between these two areas. Skilled workers and office workers are again concentrated within Amatole and NMMM (63%), with the metro accounting for a slightly larger share overall (35% versus 28% in Amatole)

Only at the semi/unskilled level does the broad trend level out somewhat with the NMMM and Amatole together accounting for less than half (45%) of the Provincial labour force at this skills level.

**Figure 9: Skills levels**

Broad Skills breakdown by district *									
		Cacadu	Amatole	Chris Hani	Ukhahlamba	OR Tambo	Alfred Nzo	Nelson Mandela	Eastern Cape
Legislators, senior officials and senior management	#	3,068	8,984	2,555	1,193	3,081	821	13,081	32,783
	%	9	27	8	4	9	3	40	5
Professionals	#	8,483	42,688	15,009	5,568	22,014	7,254	43,570	144,586
	%	6	30	10	4	15	5	30	21
Skilled workers, office workers etc	#	33,367	87,411	24,272	11,887	33,188	9,126	107,996	307,247
	%	11	28	8	4	11	3	35	44
semi/unskilled	#	42,813	52,390	22,626	13,929	25,223	8,377	44,284	209,642
		20	25	11	7	12	4	21	30

\*based on rough collapse of census categories

The structure of the community, social and personal services sub-sector is particularly interesting in terms of the breakdown of positions by gender and skill. Men hold a majority (62%) within the top legislative and management positions within the sub-sector, while women account for significantly more than two-thirds of professional positions, which in turn makes up bulk of positions within this sub-sector (53%).

**Figure 10: Income**

Individual Income by Income Categories (census 2001)								
	Eastern Cape	Cacadu	Amatole	Chris Hani	Ukhahlamba	O.R.Tambo	Alfred Nzo	Nelson Mandela
R1 - R400	20.2	21.6	17.8	23.1	35.1	29.0	32.5	9.6
R401 - R800	35.7	42.4	35.2	43.1	35.3	40.2	39.9	26.6
R801 - R1 600	14.7	14.9	15.8	11.0	9.7	10.7	10.6	19.5
R1 601 - R3 200	12.7	9.1	13.6	10.3	9.6	9.1	8.9	18.1
R3 201 - R6 400	10.1	6.9	10.7	8.6	7.0	7.4	6.2	14.8
R6 401 - R12 800	4.5	3.3	4.8	2.8	2.4	2.5	1.3	7.8
R12 801 - R25 600	1.2	0.9	1.2	0.5	0.4	0.4	0.2	2.5
R25 601 - R51 200	0.4	0.3	0.4	0.2	0.2	0.2	0.1	0.6
R51 201 - R102 400	0.2	0.3	0.2	0.1	0.1	0.1	0.1	0.3
R102 401 - R204 800	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1
R204 801 or more	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1

Source: Stats South Africa 2001

### 3.6 Conclusion

One of the aims of the PGDP is to consolidate, develop and diversify the manufacturing base of the Eastern Cape. Despite its relative size in relation to the Provincial economy, there are significant concentrations of manufacturing which clearly result in significant direct employment of labour, as well as an indirect jobs in sectors related to manufacturing, such as transport and communications (see Roberts, 2003)). Yet the manufacturing base of the Province follows a distinct spatial pattern with the two automotive manufacturing areas, NMMM and Buffalo City, predominating. Areas with potential for agriculture and agro-processing currently reflect limited linkages between primary extractive and secondary processing sub-sectors. The more established secondary processing sub-sectors linked into the primary sector, such as food, beverages and tobacco products, textiles, clothing and leather goods, as well as wood products, are spatially located in areas with limited primary sectors (Amatole and NMMM). In the poorer districts, which do have fairly significant levels of primary sector activity (albeit underdeveloped), such as forestry and logging in Alfred Nzo and OR Tambo, the corresponding secondary processing sectors are notably underdeveloped and consequently the economic value accruing from secondary processing is realised outside these local economies.

It will prove difficult to accurately measure the performance of the PGDP in terms of the quantified vision relating to the economy. The two core targets include the maintenance of an economic growth rate of between 5% and 8%, and to halve the unemployment rate by 2014. In order to be able to target the most vulnerable, more reliable and detailed sub-district data will be necessary. Currently, GDP-R and the official unemployment and labour absorption rate data are only available at the Provincial level. The latter is based on sample surveys conducted by Statistics South Africa in the form of the General Household Survey and the Labour force survey. Neither of these surveys includes samples large enough to be able to generate accurate indicators at the district or lower levels.

## 4. BASIC SERVICES – INFRASTRUCTURE, ACCESS AND DELIVERY

### 4.1 Education

In the Eastern Cape Province, between 1996 and 2001, statistics show a 3% percent improvement in the percentage of people completing grade 10, and a 1.2% increase in the number of people receiving higher education between 1996 and 2001. Interestingly, the national averages show a decline in the percentage of people completing secondary education, while the Eastern Cape shows an improvement. However, the percentage of the Provincial population reporting no schooling has in fact increased by 2% between 1996 and 2001. This represents an alarming indicator considering that at national level the percentage of people reporting no education has declined by 1.4%. The percentage of people reporting some primary education, completed primary and some secondary schooling have all declined between 1996 and 2001, representing a possible decline in the intermediate levels of education. These Provincial aggregated suggest a need to focus on school entry and the intermediate levels of schooling, as indications are that some children are never entering the schooling system. The reasons for this phenomenon need to be further investigated, as it is possible that we are witnessing the results of the HIV/AIDS pandemic, which has created child-headed families in which access to education is a challenge.

A more disaggregated picture of education levels at district levels shows considerable variation between districts. In the Cacadu district there has been a reduction in the number of people reporting no schooling between 1996 and 2001, representing an improvement at entry level. The primary levels have remained relatively unchanged. However, the secondary levels have seen an improvement over the same period, with the percentage of people reporting completed secondary school improving by 3.2% between 1996 and 2001. There has been a very slight improvement in the number of people reporting higher education. This district therefore presents a generally positive development with regards to education levels achieved.

The Amatole District showed a slight increase (0.5%) in the percentage of the population reporting no education between 1996 and 2001. There is evidence of a similar decline in levels of primary and some secondary levels of education. However, there was an improvement of 3.3% in the number of people reporting completed secondary education, and a 1.7% increase in the number of people receiving higher education between 1996 and 2001. This may indicate that people entering the schooling system are completing their full education, rather than exiting the system along the way. This represents an improvement in overall education levels. However, the slight increase in the percentage of people receiving no schooling is of some concern.



The Chris Hani District, showed a 3.3% increase in the percentage of people receiving no schooling between 1996 and 2001, representing a serious problem. In fact, across the primary and secondary categories of education, the Chris Hani District saw a decline in percentages between 1996 and 2001, except for the percentage completing secondary schooling which improved by almost 1%. There was also a 1.5% increase in the number of people receiving higher education.

The Ukhahlamba District also saw an increase of 4.4% in the percentage of the population reporting no schooling, again representing an alarming indicator in this district. The primary and some secondary categories also showed a slight decline between 1996 and 2001. However, there was an improvement of 2.5% in the percentage of people completing secondary education, and a major improvement of over 4% in the number of people receiving higher education.

In the O.R Tambo District, the trend in the "no schooling" category is reversed, in that 3.8% fewer people reported no schooling in 2001 than in 1996. While the primary and secondary levels saw a slight decline over this period, the percentage of people who completed secondary school and received higher education improved by over 1% in both categories. This represents a steady improvement in education levels within this district.

The Alfred Nzo District shows the most serious problem, with a significant percentage of the population reporting no schooling. Between 1996 and 2001, this increased by 8.2%, the most serious decline in the Province. However, the percentage of people completing secondary education and receiving higher education improved by almost 2% in both categories. This would seem to indicate that when children are entering the schooling system, they are able to complete schooling. However, a significant number of children are simply not entering the system at all.

The Nelson Mandela Metro (NMM) also saw a very slight increase in the number of people reporting no schooling (0.2%). However, there is evidence of steady improvement across the primary and secondary levels of schooling between 1996 and 2001. A significant improvement of 6% is evident in the percentage of people completing secondary school in 2001, while there is a slight improvement of 0.5% in the percentage of people in higher education levels of around 0.5%.

Higher education by gender in the Province shows women pursuing higher education particularly at University level, where considerably more women than men are present. Women also outnumber men in colleges and technikons.

Enrolment data for the Eastern Cape for 1996-2001 is given in the table below.

**Figure 11: Environment Data**

	1996	1997	1998	1999	2000	2001
Total Enrolment in Primary Phase (Grades 1 - 7)	1743251	1378783	1611988	1645443	1510748	1482474
Total Population aged 7-13	1225591	1243967	1262623	1281565	1300797	1320362
<b>GER Primary Phase</b>	<b>142%</b>	<b>111%</b>	<b>128%</b>	<b>128%</b>	<b>116%</b>	<b>112%</b>
Total Enrolment in Secondary Phase (Grades 8 - 12)	629140	521691	635672	653903	611882	610780
Total Population aged 14-18	791654	803532	815592	827836	840268	852914
<b>GER Secondary Phase</b>	<b>79%</b>	<b>65%</b>	<b>78%</b>	<b>79%</b>	<b>73%</b>	<b>72%</b>
Total Enrolment (Grades 1 to 12)	2406712	1927313	2274559	2323882	2146052	2093254
Total Population aged 7-18	2017245	2050223	2080980	2112207	2143914	2173276
<b>GER Primary and Secondary Phases</b>	<b>119%</b>	<b>94%</b>	<b>109%</b>	<b>110%</b>	<b>100%</b>	<b>96%</b>

Source: EMIS 2002

## 4.2 HIV/AIDS

HIV prevalence is highest in Nelson Mandela Metro, at 32%, while the Provincial average 23%. This is followed by Alfred Nzo (at 26%), Chris Hani (at 25%) and Amatole (at 24%). HIV prevalence in OR Tambo is consistent with the provincial average (of 23%). Ukhahlamba (at 19%) and Cacadu (at 16%) have the lowest prevalence rates. It appears that where the population is densely settled, HIV prevalence is higher, while the more sparsely populated rural districts have the lowest prevalence. A more detailed overview of HIV/AIDS is provided as a separate chapter this profile.

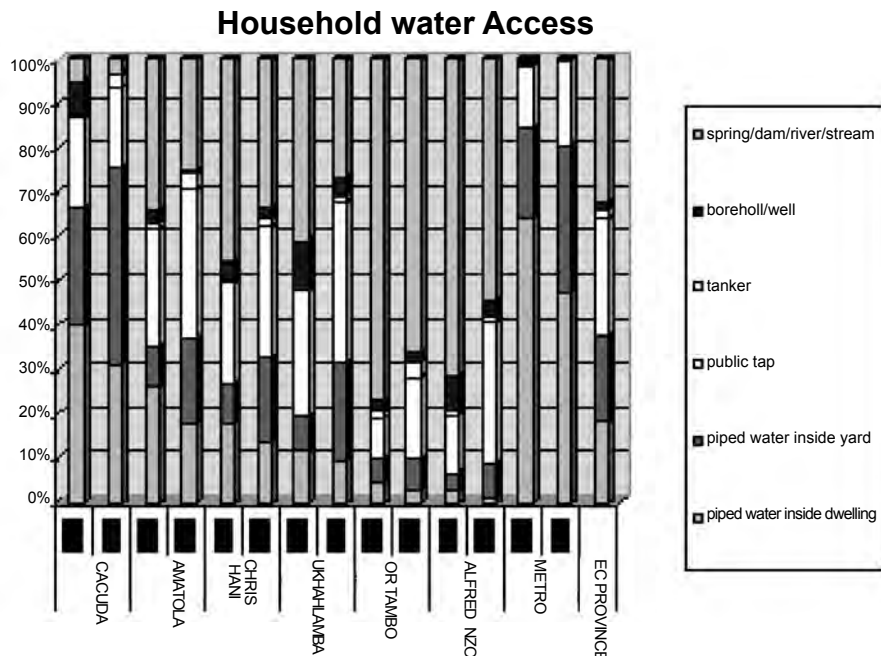
## 4.3 Basic services: Water Source

Levels of water service vary enormously across the Province. The Provincial average for piped water in the dwelling or yard is 37%. However, in the Nelson Mandela Metro (it is 79%), followed by Cacadu (at 74%), representing high levels of service. The Amatole District, which includes East London, has only 36% piped water in the dwelling or yard, followed closely by Chris Hani at 32%, then Ukhahlamba at 26%. The OR Tambo District has only 10% piped water in the dwelling or yard and Alfred Nzo has the lowest at 8%. It is therefore the densely-populated rural areas of the former Transkei which suffer most in terms of water service levels, a clear legacy of apartheid. The RDP service level of piped water within 200m of the dwelling reaches accounts for an average of 11% of households in the Province, while 13% receive piped water at a greater distance than 200m. Reliance on borehole water is significant in the districts of Alfred Nzo (3.72%), Ukhahlamba (3.48%), Chris Hani (2.92%) and OR Tambo (2.28%). These districts all fall above the Provincial average of 1.66% of households relying on borehole water.

The percentage of the population relying on natural sources of water, such as untreated springs, streams, rivers and dams is on average 31% for the Province. This represents an unsafe level of service, which is most severe in the OR Tambo District, where 64% of the population rely on natural sources. In Alfred Nzo this accounts for 52%, 34% in Ukhahlamba, 32% in Chris Hani, and 24% in Amatole. Reliance on natural sources of water is negligible in the Metro and the Cacadu District, both of which fall in the western part of the Province.

A comparison of statistics from 1996 and 2001 shows improvements in water provision. The largest improvement has been made the service level of piped water inside the yard across all districts and the Metro. The provision of public taps also improved, and the percentage of people relying on natural sources declined in the Metro and in all districts, except for the Cacadu District. The percentage of people relying on natural sources has also declined across all districts and the Metro. However, the percentage of households with piped water inside the dwelling has declined in all districts and the Metro between 1996 and 2001. This may represent more than just a failure to keep pace with population growth, and perhaps this highest level of service has proved unaffordable or unsustainable in some cases.

Figure 12: Access to Water



#### 4.4. Basic services: Sanitation

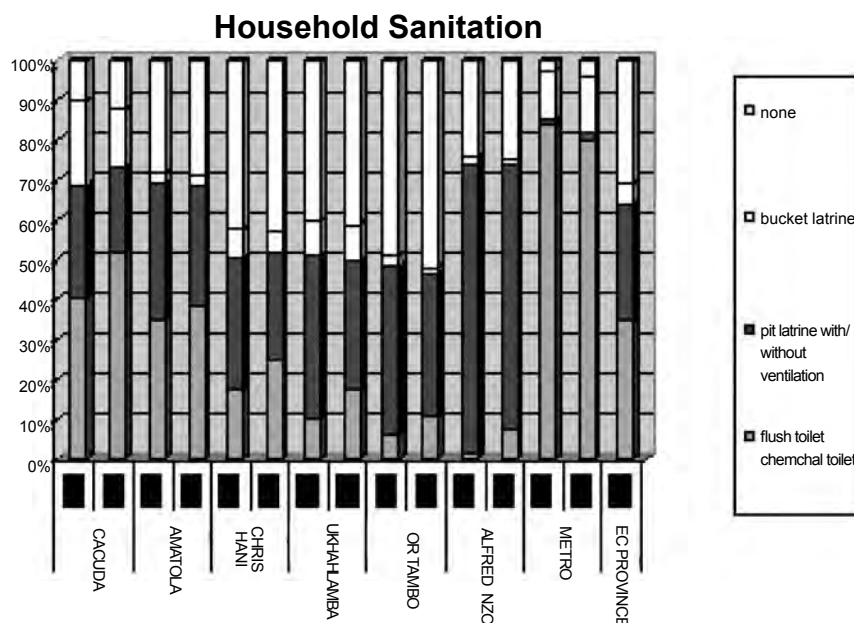
Sanitation service levels tend to reflect those of water, in the sense that it is the western part of the Province which has the highest level of service. On average, 33% of Eastern Cape household population have flush toilets. The percentage recorded in the Nelson Mandela Metro is the highest at 79%, followed by Cacadu at 51%, and Amatole at 37%. In the Chris Hani District 22% of households have flush toilets. The lowest rates are in the Chris Hani District (22%), as compared with 13% in Ukhahlamba, 8.6% in OR Tambo, and 2% Alfred Nzo. Once again, it is the rural areas of the former Transkei that tend not to have flush toilets. One anomaly is that the highest level of reliance on the bucket latrine system (14%) is in the Cacadu, District at, while the Provincial average is 5%. Ventilated improved pit latrines are at the RDP standard, a simple pit latrine, bucket latrine, and no sanitation categories all fall below RDP standard.

The most serious indicator of the sanitation backlog is the percentage of households with no sanitation at all. The Provincial average for no sanitation is 30%, which is a shocking figure. The most seriously affected districts are OR Tambo (at 51%), followed by Chris Hani (at 42%), and Ukhahlamba (at 41%). In the Alfred Nzo District, 66% of the population rely on pit latrines, the highest in the Province by far, while an additional 24% have no sanitation at all.

A comparison between 1996 and 2001 statistics shows a significant improvement in the percentage of households with flush or chemical toilets, except for the Nelson Mandela Metro, which saw a decline in this percentage. This may be a result of sanitation provision in the Metro not keeping pace with rapid urbanisation. Significant improvements were seen in all districts. However, certain districts were moving from a very low base, as a result of which levels of sanitation are still low. For example, in the Alfred Nzo District, only 7% of households have flush or chemical toilets, which is a major improvement from just over 1% in 1996, but is still a serious concern. And in the OR Tambo District, 10% in 2001 represents a major improvement from some 6% in 1996, but there is still a long way to go.

Across all districts except the Metro, the percentage of households using pit latrines with or without ventilation went up between 1996 and 2001. It is not clear whether this represents an improvement or deterioration in service levels. At the level of bucket latrines, which fall below RDP standard and are considered unsatisfactory, all districts except the Metro saw a decline in the percentage of households reliant on this system between 1996 and 2001. At the most serious level, the percentage of households reporting no access to sanitation went up in every district and the Metro. The increases may not have been large in terms of percentage, but this does represent a decline in service levels overall. The comparison of sanitation levels from 1996 to 2001 can therefore be described as presenting a mixed picture.

Figure 13: Sanitation

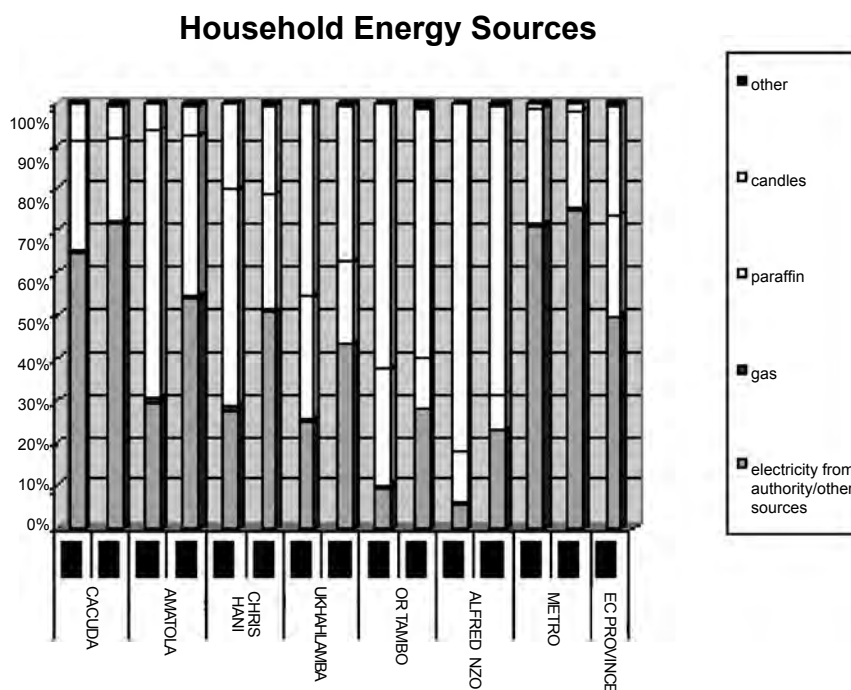


#### 4.5. Basic services: Energy Sources

On average, 49% of the Province is electrified, with the highest level of electrification in the Nelson Mandela Metro (at 75%), followed by Cacadu (at 71%). The Amatole District is 54% electrified, followed by Chris Hani at 50%, Ukhahlamba at 43%, OR Tambo at 28% and Alfred Nzo 23%. Once again, it is the Eastern part of the Province where levels of service are lowest. However, there is a significant level of reliance on paraffin in the Amatole District however (37%), followed by the Nelson Mandela Metro (22%). The Provincial average for paraffin reliance is 23%. The more rural districts tend to rely on candles for lighting; 66% do so in Alfred Nzo at 66%, 58% in OR Tambo at 58%, and 36% in Ukhahlamba. On average, 25% of the Eastern Cape population rely on candles.

A comparison of statistics from 1996 to 2001 shows improvements in the percentage of households with electricity across all districts and the Metro. Significant improvements in levels of electrification were made in the districts of Amatole, Chris Hani, OR Tambo and Alfred Nzo. The reliance on paraffin, a generally unsafe form of fuel, declined across all districts and the Metro, which corresponds with the rise in levels of electrification. However, a mixed picture emerges with regards to the use of candles as lighting. In the districts of Amatole, Chris Hani and the Metro, the percentage of households using candles went up from 1996 to 2001, whereas in all the other districts the use of candles went down. The lowest levels of energy servicing are still to be found in the more rural districts, and especially those that were former homeland areas. Despite improvements, these districts still have to roll out services before equity is reached between districts in terms of levels of development.

Figure 14: Energy Sources



#### 4.6 Housing: Types of Dwellings

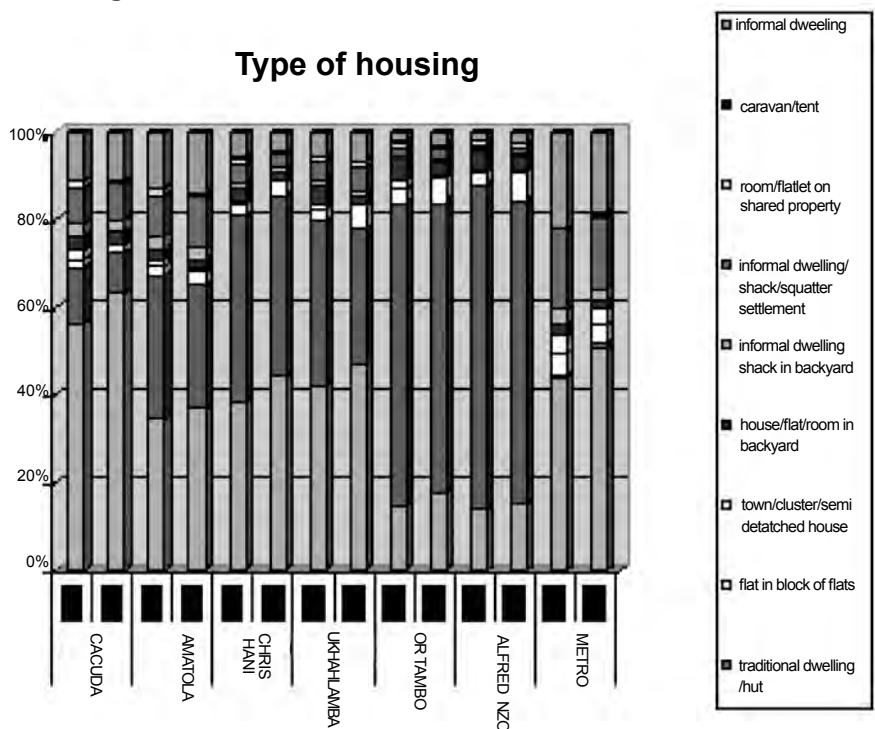
In the Eastern Cape Province, on average 41% of housing units are formal houses or brick structures on separate yards or stands. The Cacadu District has the greatest percentage of housing of this type (70%), followed by the Nelson Mandela Metro (62%), Ukhahlamba (50%), Chris Hani (46%) and Amatole (43%). In the OR Tambo and Alfred Nzo Districts, formal houses on stands account for 18% and 15% respectively. Traditional dwellings are prominent in Alfred Nzo (70%), OR Tambo (68%) and Chris Hani (42%). The Provincial average for traditional dwellings is 38%.

On average, 4% of Provincial housing units are flats in blocks. Surprisingly, the largest percentage of people living in flats is in the largely rural Alfred Nzo District (6%). The Nelson Mandela Metro has the second highest rate for flats at 5%, followed by O.R Tambo and Ukhahlamba, which are again largely rural districts.

The Nelson Mandela Metro has the largest percentage of townhouses at 4%, followed by the Amatole District at 1%.

Informal dwellings are most prevalent in the Nelson Mandela Metro (at 22%), the Amatole District (at 16%) and the Cacadu District (at 12%). While household service levels are generally high in the Cacadu District, the level of informal housing indicates a housing problem. The Provincial average for informal dwellings is 11%. The more rural districts of Alfred Nzo, OR Tambo, Ukhahlamba and Chris Hani have lower levels of informal housing, but much higher levels of traditional dwellings.

**Figure 15: Housing**



#### 4.7 Telecommunications

The highest level of telephone services in dwellings (both landlines and cell phones) is to be found in the Nelson Mandela Metro, where 19% of households have both these services, compared to the Provincial average of 7%. Cacadu, with 13%, is the only other district that has a service level above the Provincial average, of 13%.

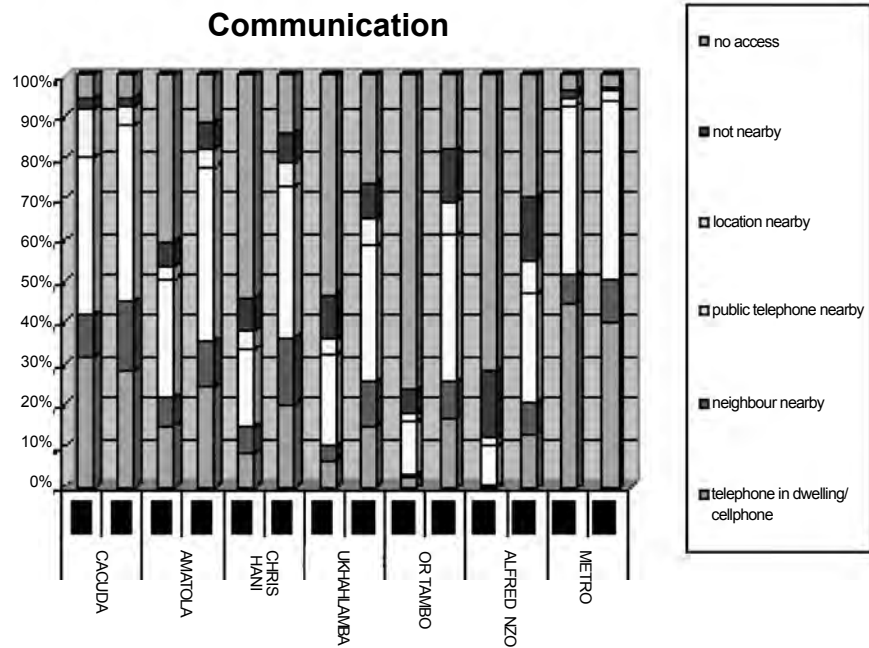
On average, 7% of Provincial households have a telephone in their dwellings. A gain, the Nelson Mandela Metro has the most extensive service at 20%, followed by Cacadu at 115%. Figures for cell phones only show a stronger presence in the eastern part of the Province. The Provincial average shows that 13% of households have a cell phone, with Amatole having the highest number (16%), followed by O.R Tambo (15%), Chris Hani (13%), and Alfred Nzo and Ukhahlamba (both 11%), Cacadu has the lowest rate (9%). This shows that cell phones rather than landlines are being used in the formerly un-serviced districts, particularly in the former homeland areas.

On average, 13% of the Provincial population have no access to a phone. This is most acute in the Alfred Nzo District where 29% have no access to a telephone, followed by Ukhahlamba (at 25%), and OR Tambo (at 17%). It is the more rural and former homeland parts of the Province that lack access to telecommunications.

A comparison of 1996 and 2001 statistics on phone services shows an improvement in the percentage of households with a phone or cell phone in the dwelling, except in the Cacadu District and the Nelson Mandela Metro. The Alfred Nzo and OR Tambo Districts, particularly, saw major improvements in the extent of telephone services. Across all districts and the Metro, access to public telephones also improved significantly, and the percentage of households with no access to

a telephone dropped dramatically, representing a significant improvement.

**Figure 16: Communication**



#### 4.8 Refuse removal

On average, 37% of Eastern Cape households have access to refuse removal services at least once a week. The highest level of service is in the Nelson Mandela Metro (where 86% of households receive this service), followed by Cacadu (at 68%), and Amatole (at 40%). The OR Tambo and Alfred Nzo Districts have the lowest level of refuse service, with less than 10% of households receiving regular weekly refuse removal. It is not surprising that in these districts, people rely on their own refuse dumps. In Alfred Nzo, 74% use their own dump-sites, 64% in OR Tambo, 56% in Ukhahlamba, and 45% in Chris Hani. The highest proportion of people with no rubbish disposal is found in OR Tambo (at 26%), followed by Chris Hani (at 25%), Alfred Nzo (at 20%) and Ukhahlamba (at 18%). On average, 16% of the Provincial population have no refuse disposal.

A comparison of levels of refuse removal service between 1996 and 2001 shows some significant problem areas. While weekly refuse removal by a local authority has shown steady improvement across all districts, the Nelson Mandela Metro, has seen a 6% decline in the percentage of households receiving the service. This may be a result of failure to keep up with population growth in the Metro. Overall, the weekly service rate improved by 3% across the Province. At the same time, the percentage of people using their own refuse dump increased in the districts of Amatole, Chris Hani, OR Tambo, and Alfred Nzo. While the remaining districts saw a slight decline in the percentage of households using their own dump (Cacadu, Ukhahlamba and the Metro), overall the Province saw a 3% increase in the percentage of households using their own dump. It is not clear if these dump-sites are environmentally sound.

In the Metro and all districts, with the exception of Cacadu, the percentage of households with no rubbish disposal decreased, representing an improvement across the Province of 6% on average. It is not clear why the Cacadu District did not follow this trend.

## 5. POVERTY AND INEQUALITY: GENERAL DEVELOPMENT INDICATORS

### 5.1 Poverty Analysis

South Africa's current development path has not as yet adequately resolved questions of poverty and inequality. The labour market has failed to absorb sufficient numbers of labour market entrants. In addition insufficient opportunities have opened up for small and micro producers to enter economic activity. Simultaneously, insufficient resources have been available to address infrastructure and services backlogs, particularly in the former homeland areas. As a result poverty and inequality in the Eastern Cape is severe and widespread. Low levels of productive asset ownership accompanied by high levels of economic, services, resource and food poverty exist in the province. Experiences of poverty also differ within the province and are significantly influenced by factors relating to gender, race and spatial location.

There are many variables which contribute to a high poverty rate, and the magnitude of these variables may differ from place to place. Poverty is linked with hunger, unemployment, exploitation, lack of access to clean water, sanitation, health care and schools, vulnerability to crisis, and homelessness. While many of these experiences are clearly related to the absence of not having enough money, it is simplistic to ignore the a non-material dimensions of the experience of poverty. Everyone's experience is a little different. For this reason statistics will never capture the full reality of poverty, but they can give us a sense of the magnitude of the problem.

The growth in levels of absolute poverty between 1996-2001 has been more pronounced in the Eastern Cape than is the case nationally. Statistics show that poverty in the Province has increased dramatically between 1996 and 2001. The poverty rate is estimated to be 67.4%, compared to 34.3% in 1996. Even though poverty is highly evident throughout the Province, very large pockets of poverty are found in the OR Tambo, Alfred Nzo and Chris Hani District Municipalities, which include the bulk of the former Transkei. The low Human Development Index (HDI) estimates and large poverty gaps in the Eastern Cape's districts confirm the high poverty rate in the Province.

**Figure 17: Household Poverty**

Municipality	Poverty 2001				Poverty 1996			
	# Persons in Poverty	% Persons in Poverty	HDI	Poverty Gap '(R'million)	# Person in Poverty	% in Poverty	HDI	Poverty Gap
Cacadu	182,516	47.0%	0.54	241	144,370	38.2%	0.53	141
Amatole	1,207,266	71.9%	0.51	1,917	898,873	52.6%	0.50	1,013
Chris Hani	670,701	74.7%	0.49	1,114	513,774	60.6%	0.44	624
Ukhahlamba	272,480	71.9%	0.49	486	208,960	63.0%	0.43	264
OR Tambo	1,409,969	82.0%	0.45	2,441	1,091,394	64.7%	0.40	1,376
Alfred Nzo	438,366	79.7%	0.47	770	357,211	67.1%	0.41	461
Nelson Mandela	410,518	38.5%	0.66	591	310,778	31.0%	0.63	329
Eastern Cape	4,591,816	67.4%	0.53	7,560	3,529,359	34.3%	0.49	4,209

Source: *Global Insight 2001*

### 5.2 Households in Poverty

The high poverty level in the Province is also indicated by the proportion of households living below the poverty line (R800 or less a month). Almost 64% of households in the Province live in poverty. This percentage rises even higher in the districts e.g, up to 78% in the Alfred Nzo District. The Nelson Mandela Metro and Cacadu District are the only areas with municipalities in which less than 50% of households live in poverty. The high poverty level in the Province also reflects in the rural nature of the Province. The disparities between rural and urban areas, and former Ciskei/Transkei and CPA areas, are apparent even without drawing on income based poverty measures. The vast differences in access to basic services confirm this fact.

**Figure 18: Poverty Line**

Municipality	# Households below poverty line	Proportion of households below poverty line
Cacadu	45,383	44.17%
Amatole	274,267	64.63%
Chris Hani	131,300	69.19%
Ukhahlamba	62,184	72.39%
OR Tambo	254,908	74.17%
Alfred Nzo	96,661	77.69%
Nelson Mandela	112,190	42.32%
Eastern Cape	976,894	63.60%

Source: Stats SA 2001

### 5.3 Households with access to basic services

Access to water, electricity and sanitation has a direct impact on quality of life. Clean water and sanitation are necessary for reducing mortality and poor health and for increasing the productive capacity of the poor. Only 49% of the total households in the Province have access to piped water in their dwellings, yards or less than 200m from their dwellings. The worst-off districts are OR Tambo (16%) and Alfred Nzo (23%).

**Figure 19: Basic services**

Municipality	Piped Water	Flush toilet /-VIP	Electricity
Cacadu	83.8%	52.2%	71.9%
Amatole	53.7%	39.1%	54.8%
Chris Hani	45.8%	25.0%	50.8%
Ukhahlamba	41.3%	17.3%	43.1%
OR Tambo	16.6%	44.2%	28.1%
Alfred Nzo	23.4%	7.22%	23.0%
Nelson Mandela	88.8%	79.7%	75.2%
Eastern Cape	49.3%	35.2%	49.7%

### 5.4 Unemployment

Unemployment and poverty are very closely linked. Very high rates of unemployment are found throughout the Province, especially in Alfred Nzo (71.6%), OR Tambo (68.8%), Chris Hani (58.9%) Alfred Nzo (85%) Amatole (70%) and Amatole (53.2%). Chris Hani (62%). The high unemployment rate may be a result of low education levels and hence low levels of skills.

**Figure 20: Unemployment**

	1996	2001
National Total	33.9%	<u>38.6%</u>
Eastern Cape	48.5%	<u>53.7%</u>
Cacadu District Municipality	27.9%	<u>34.1%</u>
Amatole District Municipality	48.0%	<u>53.2%</u>
Chris Hani District Municipality	53.6%	<u>58.9%</u>
Ukhahlamba District Municipality	53.0%	<u>57.9%</u>
O.R.Tambo District Municipality	65.1%	<u>68.8%</u>
Alfred Nzo District Municipality	69.2%	<u>71.6%</u>
Nelson Mandela Metropolitan (Port Elizabeth)	36.3%	<u>42.7%</u>



Municipality	Unemployment 2001		Unemployment 1996	
	# Unemployed Persons	Unemployment Rate	Unemployed persons	Unemployment Rate
Cacadu	44 462	33.6%	33 912	27.95%
Amatole	290 349	70.2%	207 228	55.02%
Chris Hani	108 757	61.9%	83 520	48.96%
Ukhahlamba	43 614	53.3%	31 516	41.20%
OR Tambo	237 918	87.4%	173 712	69.54%
Alfred Nzo	75 844	85.3%	57 009	69.85%
Nelson Mandela	181 349	60.5%	133 659	36.69%
Eastern Cape	988 827	44.7%	720 555	48.85%
South Africa	6 587 272	38.6%	4 603 860	33.9%

Source: Global Insight 2001

### 5.5 Functional literacy rate (%)

There is a very strong correlation between educational attainment and the standard of living. Although the literacy rate has increased between 1996 and 2001, there are still very low levels of education throughout the Province. On average, 6.3% of the the Province's approximately 6.3% population with tertiary qualifications, ranging from 5% in Ukhahlamba to 9% in the Nelson Mandela Metro. On an individual level, a better education means a better income, which leads to a higher standard of living.

Figure 21: Literacy

Municipality	Literacy Rate 2001	Literacy Rate 1996
Cacadu	54.5	56.3
Amatole	61.3	54.5
Chris Hani	54.5	48.4
Ukhahlamba	52.8	46.3
OR Tambo	49.1	41.5
Alfred Nzo	58.1	50.4
Nelson Mandela	82.7	79.9
Eastern Cape	63.5	57.4

Source: Global Insight 2001

### 5.6 Spatial distribution of Poverty by race

Poverty has a very distinct spatial and racial dimension in the Eastern Cape. The overwhelming majority of the poor are black and live in rural former homeland areas of the province. OR Tambo (31%), Amatole (27%), Chris Hani (15%) and Alfred Nzo (10%) account for the overwhelming majority of the poor black population in the province (some 83%). Poverty amongst the white population is concentrated in the urban centres/settlements in the Nelson Mandela Metropole (55%), Amatole (20%) and Cacadu (12%). The majority of the poor within the coloured population is located in areas to the West of the Fish river (the historical boundary for the coloured Labour Preference Area) with the Nelson Mandela Metropole and Cacadu district accounting for more than three quarters of the poor within the coloured population (76% overall or 38% each respectively). This gives rise to significantly different socio-economic contexts and experiences of poverty within the province.

Number of persons in poverty by District										
	Black		White		Coloured		Asian		Total	
	1996	2001	1996	2001	1996	2001	1996	2001	1996	2001
	%	%	%	%	%	%	%	%	%	%
Cacadu	3	3	13	12	39	38	3	3	4	4
Amatole	26	27	19	20	10	10	19	21	25	26
Chris Hani	15	15	7	7	9	9	2	2	15	15
Ukhahlamba	6	6	3	3	3	4	0	0	6	6
O.R.Tambo	32	31	2	2	1	1	4	4	31	31
Alfred Nzo	10	10	0	0	0	0	0	0	10	10
Nelson Mandela Metropole	8	8	56	55	39	38	71	70	9	9
	100	100	100	100	100	100	100	100	100	100

Source: Global Insight 2002

### 5.7 Persons in poverty

Poverty indicators between 1996 and 2001 suggest a significant growth in the number of people in the Eastern Cape who fall below the poverty line. The distribution of the poor in the Eastern Cape is a stark reminder of a history of institutionalized racism, with the overwhelming majority of poor people in 2001 being black (97%). The coloured population makes up the bulk of the remaining three percent of the poor (2.6%) while the asian and white sectors of the populations together account for less than one half percent of the poor population overall.

The largest proportion of people living in poverty in South Africa and the Eastern Cape are categorised as black. They have also shouldered a disproportionately larger share of the growth in unemployment between 1996 and 2001. This trend has been even more pronounced at the provincial level with the percentage of Black persons living in poverty growing to 76% (up from 61% in 1996). While the number of white people living in poverty in the Eastern Cape doubled between 1996 and 2001 this represents only four percent of the white population overall.

Percentage of persons in poverty				
	National Total		Eastern Cape	
	1996	2001	1996	2001
Black	50.3%	60.0%	60.80%	75.8%
White	2.0%	3.8%	2.10%	4.1%
Coloured	16.8%	20.4%	20.80%	23.7%
Asian	6.2%	7.6%	6.70%	9.0%
Total	40.5%	48.9%	54.30%	67.9%

Source: Global Insight 2002

Although there has been a steady growth in the number of poor people between 1996 and 2001 across all districts in the Eastern Cape, the incidence of poverty is lowest in the Nelson Mandela Metropole (38%), followed by Cacadu (46%) and Amatole (68%). The remaining districts recorded three quarters and more of their populations living in poverty. The four poorest districts – Chris Hani, Ukhahlamba, OR Tambo and Alfred Nzo - also recorded the highest concentrations of those who are poor and black (80% and more in each district respectively).

Percentage of persons in poverty										
	Black		White		Coloured		Asian		Total	
	1996	2001	1996	2001	1996	2001	1996	2001	1996	2001
Cacadu	55.0%	67.2%	1.9%	3.6%	28.5%	32.1%	4.1%	4.9%	38.2%	46.2%
Amatole	56.8%	72.9%	1.6%	3.4%	18.3%	22.5%	4.9%	7.1%	52.6%	67.7%
Chris Hani	63.7%	79.5%	2.5%	5.0%	26.9%	31.7%	4.2%	5.7%	60.8%	75.9%
Ukhahlamba	66.4%	84.3%	2.5%	5.3%	30.4%	39.0%	-	-	63.4%	80.7%
O.R.Tambo	65.2%	81.2%	5.8%	10.7%	16.1%	17.9%	4.7%	6.5%	64.9%	80.9%
Alfred Nzo	67.4%	80.1%	-	-	29.5%	33.6%	-	-	67.3%	80.0%
Nelson Mandela Metropole	47.1%	57.7%	2.2%	4.2%	15.9%	17.7%	8.3%	10.8%	30.6%	38.0%

Source: Global Insight 2002

Despite the somewhat bleak picture painted by many of the poverty indicators above changes in the Human Development Index (HDI) between 1996 and 2001 suggest that as far as life expectancy, literacy and income are concerned the lot of the black population in the Eastern Cape has improved. The HDI for whites (between 0.75-0.84) is still vastly higher than that of other categories (0.45-0.58 for blacks or 0.5-0.67 for coloureds). However the HDI for blacks has shown the greatest improvement between the two census periods with that for white declining.

Human development index										
	Black		White		Coloured		Asian		Total	
	1996	2001	1996	2001	1996	2001	1996	2001	1996	2001
Cacadu	0.41	0.49	0.85	0.84	0.46	0.50	0.73	0.73	0.53	0.56
Amatole	0.46	0.51	0.84	0.83	0.59	0.61	0.78	0.78	0.50	0.54
Chris Hani	0.42	0.48	0.81	0.80	0.50	0.52	-	-	0.44	0.49
Ukhahlamba	0.41	0.46	0.81	0.79	0.49	0.50	-	-	0.43	0.48
O.R.Tambo	0.40	0.45	0.81	0.75	0.66	0.67	0.78	0.74	0.40	0.45
Alfred Nzo	0.41	0.46	-	-	-	-	-	-	0.41	0.47
Nelson Mandela Metropole	0.52	0.58	0.84	0.84	0.60	0.63	0.77	0.78	0.63	0.66

Source: Global Insight 2002

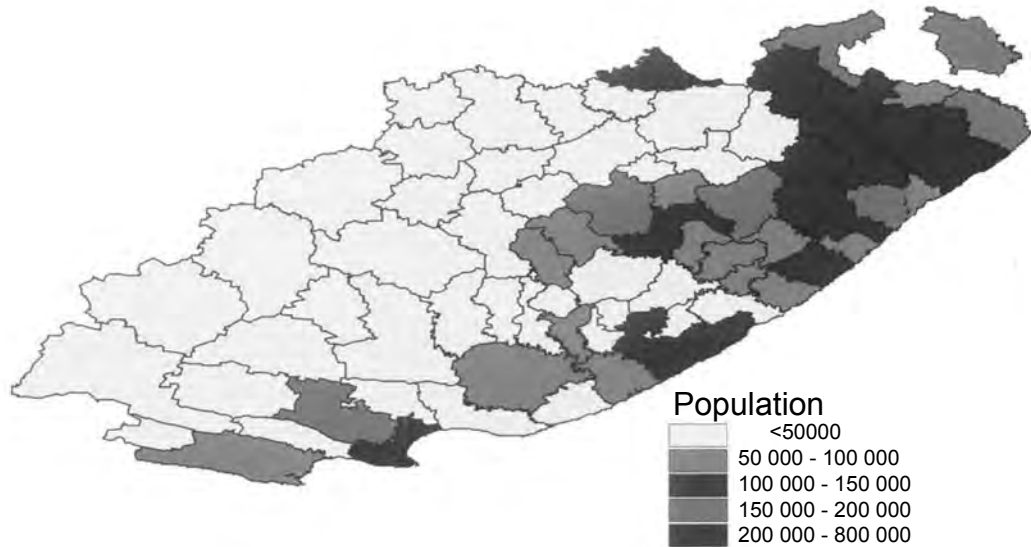
## 6. EASTERN CAPE HIV AND AIDS PROFILE

HIV/AIDS continues to pose a major challenge for the people of South Africa and the Eastern Cape. The Eastern Cape Province has seen an expansion of the HIV and AIDS pandemic, which calls for a multisectoral response across government departments, civil society and other sectors in the province. HIV/AIDS has social, economic and developmental consequences, and these will increase as more people become infected, ill and die of AIDS related illnesses.

As this profile has shown, the Eastern Cape Province is home to 14.4% of the total population for South Africa, and is the third most densely-populated province (2001 Census).

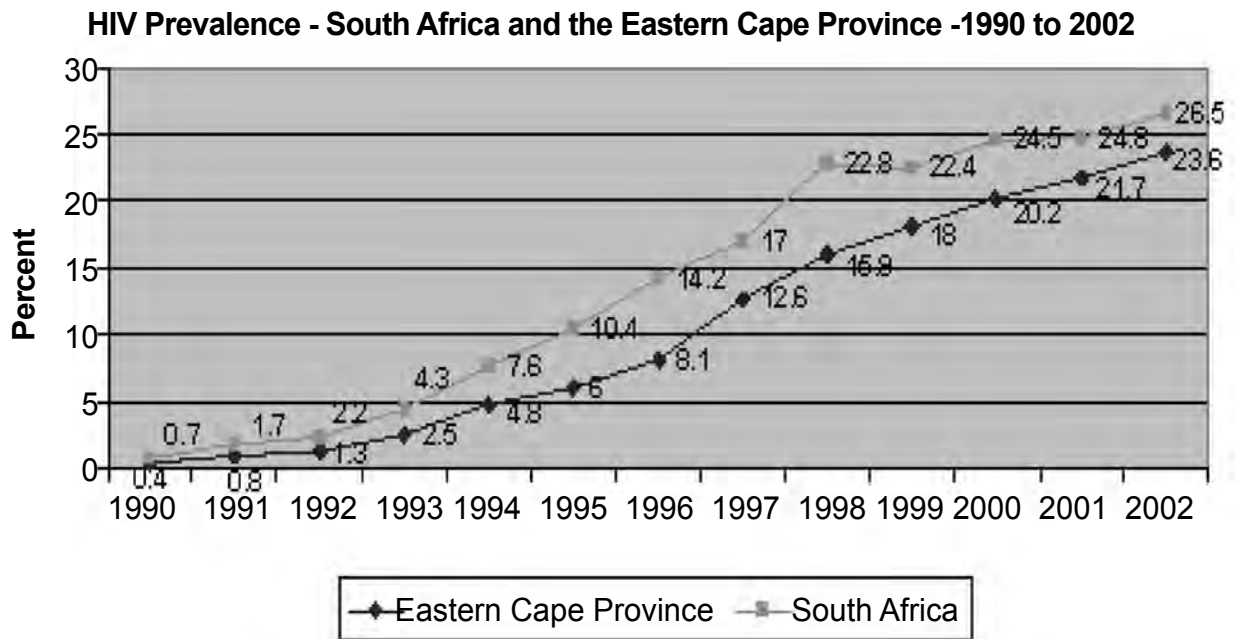
**Figure 21. Population Density and HIV Prevalence by District Council – Eastern Cape Province**

Superimpose pop. Density map on HIV prevalence map.



Source: DOH Antenatal Survey, October 2002

**Figure 22: HIV Prevalence – South Africa and Eastern Cape 1990-2002**

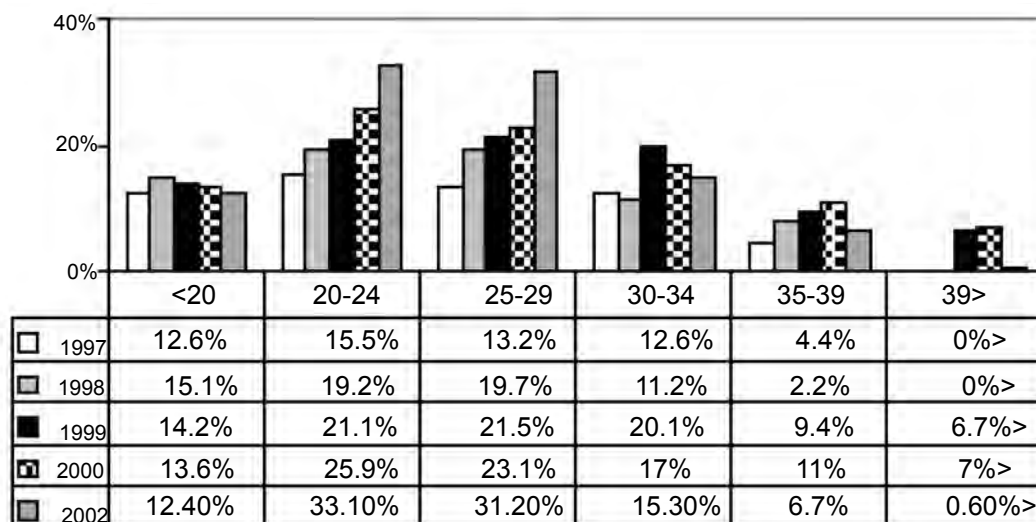


Source: DOH Antenatal Survey, October 2002

The HIV/AIDS prevalence rates, as measured by the antenatal survey, shows a constant rise in HIV prevalence among pregnant women accessing the public sector clinics, from 0.4% in 1990 to 23.5% in 2002 in the Eastern Cape. The 20-29 age groups is the most affected, with a constant rise in prevalence over the years, while there has been a decline in prevalence in the other age groups.

The highest prevalence rate is found by in the Nelson Mandela Metro (with a prevalence of 32.64%), followed by Alfred Nzo (28.25%), Chris Hani (25.3%), Amatole (24.08%), O R Tambo (23.62%), Ukhahlamba (19.04%) and Cacadu (16.8%).

**Figure 23: HIV prevalence in antenatal clinic attendants per age group 1997-2002**



Source: DOH Antenatal survey 2002

In 2002, the Nelson Mandela Foundation (NMF) and HSRC developed the first national household-based prevalence data, a survey that is more representative of the national population (NMF/HSRC 2002) than antenatal surveys very clear differences have now arisen between results from the NMF/HSRC study and that of the Antenatal survey. The NMF/HSRC study shows a HIV prevalence rate of 6.6 across the population of the Eastern Cape in 2002.

The NMF/HSRC study show that HIV prevalence among women in the 15-49 age category was 11.9% in 2002, compared to the antenatal clinic results for 2001 of , at 22%. While this is substantially lower, the NMF/HSRC results also cover non-pregnant women. Hence the 2 studies are not directly comparable. As pregnant women have by definition engaged in unprotected sex, they are regarded as a high-risk group and thus have a higher prevalence level.

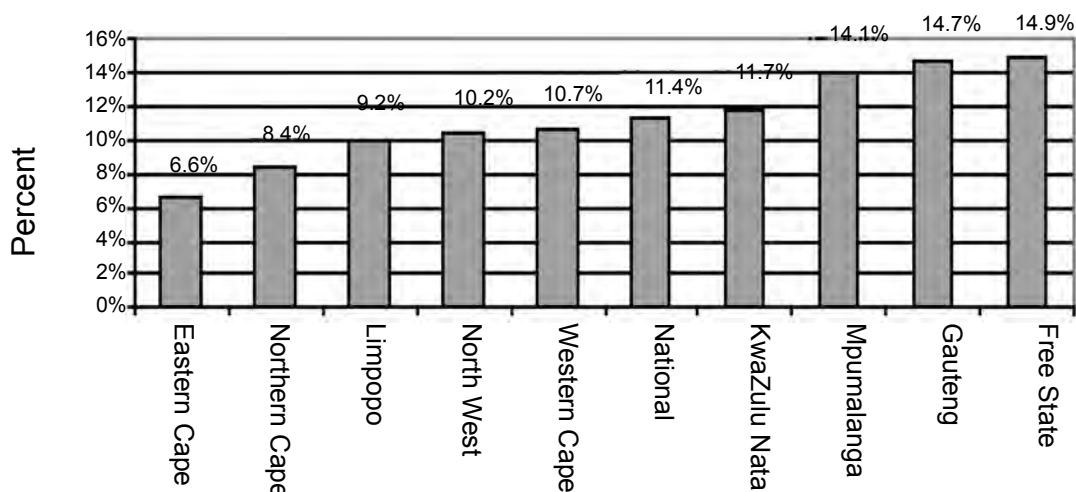
The NMF/HSRC study includes men as well as women, and shows that South African women have higher prevalence rates than men.

**Figure 24: Table 1 HIV Prevalence by gender**

Gender	HIV prevalence rate.(%)
Men	6.1
Women	12.0
Total	9.3

Source: NMF/HSRC 2002

**Figure 25: HIV Prevalence per Province, NMF/HSRC study**



Source: NMF/HSRC 2002

As this profile has highlighted, the population of the Eastern Cape is predominantly rural, with pockets of highly-urbanised populations. The HSRC/NMF study shows that rural populations generally have lower HIV prevalence rates than those in urban areas, as illustrated in Figure 26. However, those living in urban informal squatter settlements are likely to have much higher levels of HIV infection, as a result of living conditions that increase the persistence of unsafe sexual practices (HSRC 2003).

**Figure Table 26: HIV prevalence rate by locality**

Locality	HIV prevalence rate_(%)
Urban formal	12.1
Urban informal	21.3
Tribal	8.7
Farms	7.9

Source: HSRC/NMF 2002

### 6.1 Prevention, care, treatment and support services

Knowing your status is the first step towards preventing the spread of HIV/AIDS. The Eastern Cape had a voluntary counselling and testing (VCT) uptake of 76% in 2001 and 80% in 2002. The 2003 facility survey shows that 90% of the clinics offer HIV counselling 5 days a week, with 55% of facilities offering testing using the rapid test kits with same-day results. Figure 27 below shows the percentage of clinics per district municipality offering HIV testing using the rapid test kits. To date, 29% of public health facilities offer prevention of mother to child transmission (PMTCT) services to all antenatal clients accessing the public sector (DOH, 2003).

**Figure 27: Table 2 Public health facilities per district**

District Council	Alfred Nzo	Amatole	Cacadu	Chris Hani	NM Metro	OR Tambo	Ukhahlamba
Facilities	62			139		143	42
VCT sites	45			47		101	32
Percentage	72.6%			33.8%		70.6%	76.2%

Source: DOH 2003

## 6.2 Antiretroviral treatment

The HIV/AIDS directorate estimated the HIV prevalence in the Eastern Cape to be 8.3% of the whole population. This means that there are about an estimated 534,251 HIV-positive individuals in the Eastern Cape, and about 53,425 patients needing antiretroviral therapy (HAART) in the province. Currently this treatment is offered at 7 sites, in 5 of the districts in the province. In 2004/2005, 1 400 HIV-positive people will receive treatment. Some 7% of facilities will offer HAART by March 2005, 30% by March 2006 and 65% of by March 2007. In total, 147 200 people living with AIDS will receive HAART by March 2008. These are the facilities:

- Chris Hani; Frontier Hospital (Feeder Clinics: Nomzamo Clinic, Hewu Clinic, Linge Clinic, Philani Clinic, SADA CHC)
- Amatole;; E L Complex, Frere Hospital, Cecelia Makiwane Hospital (Feeder Clinics: Gompo Empilweni CHC, Duncan Village CHC, NU13 Clinic, NU8 Clinic, NU2 Clinic)
- OR Tambo;; Umtata Complex, Umtata General Hospital, St Elizabeth's Hospital, St Lucy's Hospital (Feeder Clinics: Ngangelizwe Health Centre, Mqanduli Clinic, Baziya Clinic, Mbekweni Health Centre, Gateway Primary Clinic, Mhlakulo Clinic, Tsolo Primary Clinic, Qumbu Health Centre)
- Cacadu;; Settlers Hospital (Feeder Clinics: Pal 1 Clinic, Pal 2 Clinic, Day Hospital, Joza Clinic, Rhode Clinic)
- Chris Hani: Frontier Hospital (Feeder Clinics: Nomzamo Clinic, Hewu Clinic, Linge Clinic, Philani Clinic, SADA CHC)
- Nelson Mandela Metro;; P E Complex, Dora Nginza Hospital, Uitenhage Hospital (Feeder Clinics: NU4 (Motherwell), Zwide, KwaZakhele Day, Rosedale, Laetitia Bam, New Brighton, Walmer 14th Avenue, Chatty, Masakhane)

## 6.3 Impact on Economy and Key sectors

The NMF/HSRC study has confirmed that improvements in socio-economic status lead to reductions in HIV prevalence. Hence the socio-economic characteristics of the Eastern Cape may play a role in ensuring that the HIV/AIDS burden fall disproportionately on those who are the most marginalised, vulnerable and at a general socio-economic disadvantage.

The HSRC Labour Market Study of the Eastern Cape found that HIV/AIDS impacts negatively on the national and Provincial economy because mortality rates are higher than they would otherwise be, which causes a reduction in the labour force. In addition, productivity is compromised as skills and experience are lost due to increased absenteeism and AIDS-related deaths. As the cost-burden to companies, individuals, households and the state increases, so does their vulnerability (HSRC, 2003).

The Eastern Cape's Provincial Growth and Development Plan (PGDP) targets the following sectors as avenues for growth: agriculture (including agro-processing), selected manufacturing sub-sectors (including automotive, plastics, textile, clothing and leather goods) and tourism, specifically ecotourism (UNDP 2003). Figure 28 summarises projections of the impact of HIV/AIDS on the Eastern Cape labour force in selected sectors. The table shows that AIDS will have a major impact in manufacturing, agriculture, tourism-related sectors and business service, with a peak in 2010.

**Figure 28: Table 3: AIDS deaths per 100 workers in selected main economic sectors (ING Baring- Quattek 2000)**

SECTOR	2000	2005	2010	2015
Finance and insurance	0.4	1.1	1.5	1.4
Business service	0.6	1.9	2.5	1.2
Communication	0.3	0.9	1.2	1.2
Health	0.4	1.3	1.7	1.6
Retail	0.6	1.8	2.3	2.1
Chemicals	0.6	1.8	2.4	2.2
General government	0.4	1.0	1.4	1.4
Consumer manufacturing	0.6	1.8	2.5	2.4
Agriculture, forestry & fishing	0.6	1.7	2.4	2.2
Accommodation & catering	0.6	2.0	2.5	2.3
Transport and storage	0.4	1.3	1.7	1.7

*Source: WEFA as cited in HSRC, 2003*

## 6.4 Conclusion

A detailed analysis of the extent of the HIV/AIDS epidemic in the Eastern Cape is hampered by the absence of detailed information at a Provincial and District level. It can, however, be said that, on average, the current HIV prevalence levels are relatively low, compared to other provinces. However, the epidemic is quite serious among certain sections of the population, such as young adults of economically active age, women, and pregnant women in particular. It is projected that the pandemic has yet to reach its peak, which is estimated to be around 2010 (NMF/HSRC, HSRC, ASSA).

The discrimination and stigma related to HIV/AIDS plays a major role when assessing the impact of the pandemic, as people still are not willing to go for testing and do not disclose their status. Also, AIDS is often not recorded as the cause of death. It is hoped that the increased availability of HAART will provide an incentive for testing, and that awareness campaigns will lead to awareness around HIV/AIDS and encourage safe sex practices, which continue to be the only way of stopping the virus from spreading.



**Figure 29: HIV/AIDS indicators**

Indicator	Type	EWS?	Province wide value	Amatole	Alfred Nzo	Cacadu	Chris Hani	NMMM	ORT	UK
<b>Incidence/ prevalence</b>										
1. Antenatal HIV seroprevalence rate	%	N	23.6	24	28	17	25	33	24	19
<b>Input</b>										
2. Comprehensive plan sites	No	N	7	1	1	1	1	1	1	1
3. Fixed Public Health Care facilities offering PMTCT services	%	N	232	100/194	14/48	7/84	19/140	12/60	60/142	20/43
4. Hospitals offering PMTCT services	%	N	36	11/17	3/4	2/10	7/14	4/7	6/15	3/11
5. Hospitals offering Post Exposure Prophylaxis (PEP)	%	N	56	16	4	6	11	4	8	6
6. Community Health Centres offering PEP	%	N	2	2	0	0	0	0	0	0
7. Professionals trained for PEP	No	N	327	94	27	10	60	70	24	42
8.										

## SUMMARY OF STATUS QUO IN RELATION TO PGDP QUANTIFIED VISION

The following table contains a summary of the socio-economic status quo in relation to each of the 14 targets contained in the quantified vision in the Strategy Framework for Growth and Development 2004-2014:

Ref	Quantified vision	Indicators	Current status	Next update	Comments
1	To maintain an economic growth rate of between 5% and 8% per annum	Rate of change in GDP-R from year to year	Eastern Cape Real annual economic growth rate for 2002 was 0.8% (SA, 3.6%), Average annual growth 1996-2002 was 2.1% (SA, 2.8%)	Annual GDP-R figures at provincial level	GDP-R only given at provincial level for official Stats SA figures. Global Insight and others however provide disaggregated data for GVA at district and sub district level
3	To reduce by between 60% and 80% the number of households living below the poverty line by 2014	- Proportion of population below the official poverty line (PPP values) - Poverty gap ratio - Share of poorest 20% of population in provincial income	See section five	Quarterly updates from Global Insight	Unofficial data and based on projections by Global Insight
4	To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014	- Prevalence of underweight children (under 5 years of age) - Proportion of population below minimum level of dietary energy consumption	Data currently inaccurate		Need to assess provincial data sources to ensure reliable data recorded
5	To establish food self-sufficiency in the Province by 2014	Gross food output as a proportion of total household food expenditure on food	Currently difficult to determine		Need to assess provincial data sources to ensure reliable data recorded
6	To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit point in a secondary education	- Net enrolment ratio in primary education - Proportion of pupils starting grade 1 who reach grade 5 - Proportion of pupils starting grade 1 who reach first exit point in secondary education	EMIS		EMIS Backlogs in data capture need to be addressed to bring data up to date
7	To improve the literacy rate in the Province by 50% by 2014	- Functional literacy rate - Youth literacy rate (ages 15-28)	See section five		
8	To eliminate gender disparity in education and employment by 2014	- Ratio of females to males in primary, secondary and tertiary education - Ratio of literate females to males of 15-28 year olds - Share of women in wage employment in the non-agricultural sector - Proportion of women per occupational category	EMIS		

9	To reduce by two-thirds the under-five mortality rate by 2014	<ul style="list-style-type: none"> <li>- Under-five mortality rate</li> <li>- Infant mortality rate</li> <li>- Proportion of 1-year old children immunised against measles</li> </ul>	Currently difficult to determine		
10	To reduce by three-quarters the maternal mortality rate by 2014	<ul style="list-style-type: none"> <li>- Maternal mortality ratio</li> <li>- Proportion of births attended by skilled health personnel</li> </ul>	Currently difficult to determine		
11	To halt and begin to reverse the spread of HIV/AIDS by 2014	<ul style="list-style-type: none"> <li>- HIV prevalence amongst pregnant women attending antenatal clinics (particularly 15-28 year olds)</li> <li>- Contraceptive prevalence rate</li> <li>- Number of children orphaned by HIV/AIDS</li> </ul>	See section 6		
12	To halt and begin to reverse the spread of tuberculosis by 2014	<ul style="list-style-type: none"> <li>- Prevalence and death rates associated with tuberculosis (TB)</li> <li>- Proportion of TB cases detected and cured under DOTS</li> </ul>	Current data inaccurate		
13	To provide clean water to all by 2014	<ul style="list-style-type: none"> <li>- Proportion of households with access to water in dwelling or on site</li> <li>- Proportion of people with access to water from public tap</li> <li>- Proportion of local municipalities with a functional free basic water policy</li> </ul>	See section four		
14	To eliminate sanitation problems by 2014	<ul style="list-style-type: none"> <li>- Proportion of households per district municipal area with access to a pit latrine</li> <li>- Proportion of households per district municipal area with access to a flush toilet</li> </ul>	See section four		

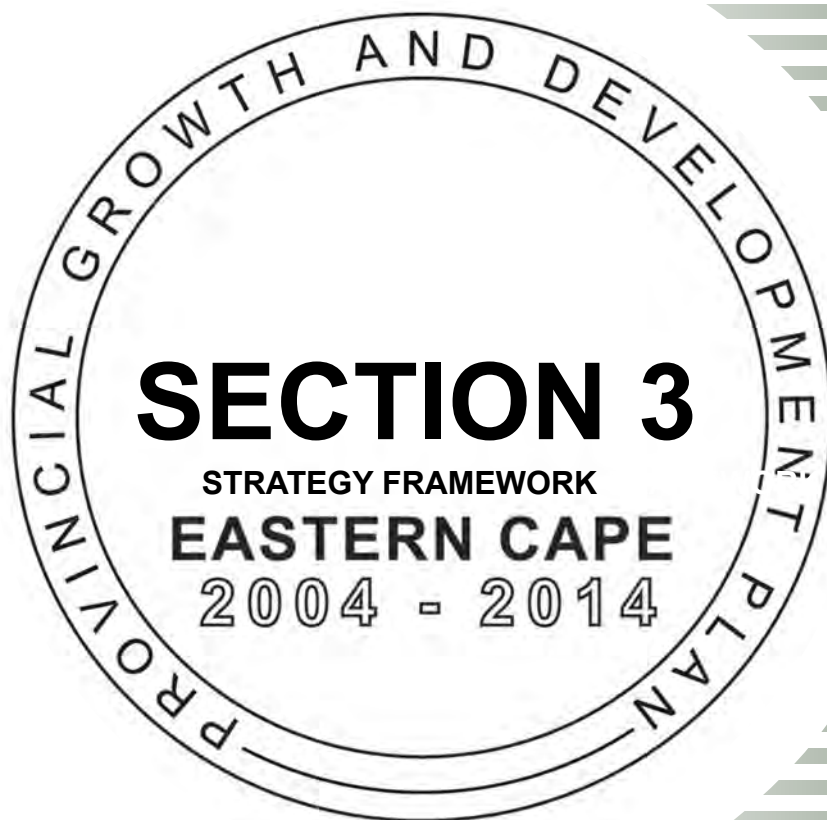
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### (Footnotes)

1 Poverty gap is an indicator that incorporates both the depth and incidence of poverty, indicating the proportion of households living in poverty, as well as how far they are below the poverty line. It is calculated by summing the differences between the income of each poor household and the poverty line. The poverty line, according to Stats SA and the World Bank, is at R800 or less per month per household. Large poverty gap implies higher poverty level.

2 The aAntenatal survey refers to the anonymous Antenatal Clinic HIV/Syphilis surveys which are conducted annually in South Africa in the month of October. The survey measures prevalence rate of HIV infection among pregnant women attending public antenatal clinics. Antenatal sentinel surveys are internationally recognized as a tool for estimating the magnitude, growth and spread of the HIV/AIDS epidemic over time.



# SECTION 3

STRATEGY FRAMEWORK

**EASTERN CAPE**

2004 - 2014

Before PGDP programmes could become a reality on the ground, it was crucial that a strategic framework be developed with broad consultation. Indeed, developing The Eastern Cape Strategy Framework for Growth and Development 2004-2014 comprised the first phase – the foundation of the PGDP. It articulates a consensus-based vision and quantified targets for Provincial growth and development. This framework, in turn, lays the ground for the generation of policy options, the prioritisation of objectives, and the consequent development of sectoral strategies, plans and programmes. It was formulated with extensive participation from government, public entities, organised business, labour, non-governmental organisations, academics and faith-based organisations. The Executive Council of the Province of the Eastern Cape approved the strategy framework for the PGDP on June 4, 2003.

**The Strategy Framework includes:**

- A clear vision for the long-term development of the Eastern Cape: to make the Eastern Cape a compelling place to live, work and invest in.
- An analysis of the causes of socio-economic underdevelopment in the Province.
- A review of development planning and its success in addressing core challenges.
- A summary of the socio-economic challenges to be addressed in the PGDP.
- Setting out the development opportunities to be seized by the PGDP.
- A quantified vision and sequenced targets for economic growth, job creation, poverty eradication, human development, and institutional transformation.
- A 10-year strategy for Provincial growth and development, identifying priorities and key programme thrusts.
- The sequencing of implementation and key programme priorities to set the direction for the second phase of the PGDP.

# 1 OVERVIEW OF POLICY & STRATEGY SINCE 1994

## 1.1 National Context

In addition to national sectoral policies that frame the work of Provincial and Local Governments, three inter-related national economic policy frameworks are relevant to the development of the PGDP: the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution Strategy (GEAR), and a range of micro-economic reforms that have been developed since 1994.

- The RDP: In 1994 the South African and Eastern Cape economy were in an advanced state of decline seen in stagnant GDP growth, a net reduction in formal sector employment, and high levels of poverty and inequality. The RDP was the national framework adopted to address these. In its own terms: "The RDP integrates growth, development, reconstruction and redistribution into a unified programme. The key to this link is an infrastructural programme that will provide access to modern and effective services like electricity, water, telecommunications, transport, health, education and training for all our people." (ANC, 1994:6)
- GEAR: Since 1994, and particularly government's announcement of GEAR in June 1996, National Government implemented a macro-economic reform programme that aimed at the stabilisation of key aggregates. Key among these was a reduced fiscal deficit, an end to the Financial Rand mechanism, a shift of focus from exchange rate to inflation targeting with a view to reducing inflation and the real interest rate, and an accelerated process of trade, financial and labour market deregulation and privatisation.
- Micro-economic reforms: A series of micro-economic reforms were also introduced. Government liberalised imports through tariff reduction and encouraged exports through export marketing assistance. These measures sought to boost competitiveness and stimulate exports. Government policy also reflected a shift from demand side measures such as import controls, tariffs, and subsidies to supply side measures aimed at reducing costs and improving the efficient use of inputs. Government introduced a new competition policy and sector regulators, introduced a new labour dispensation, assembled a new institutional and legislative framework for small businesses, and put in place adjustment programmes for sectors undergoing severe structural changes.

The national policy framework has been criticised for concentrating on macro-economic stabilisation at the expense of social spending and poverty reduction. More recent additions to the government's reform strategy include the Integrated Sustainable Rural Development and Urban Renewal Strategies that focus on rural and urban poverty, Spatial Development Initiatives (SDIs), and the Integrated Development Plans (IDPs) of the new Local Authorities.

## 1.2 Provincial Context

Three issues are relevant when considering policy and strategy at Provincial level:

- The impact of national policy frameworks on Provincial growth and development: Within the Eastern Cape, the national shift towards competitiveness and global economic integration has promoted growth in a number of export-focused sub-sectors, particularly the automotive industry. However, projected employment and growth targets under GEAR have not been met, and levels of savings and investment have not been adequate to underwrite real, sustained growth. Poverty remains a significant challenge and is still concentrated in the former Bantustan areas.
- The performance of Provincial Government in policy development and implementation: Provincial Governments have a somewhat limited role in developing economic, industrial and social sector policy. Their main role is to coordinate and implement national policy. Provinces do, however, have a major service delivery role in education, health and social development, and have oversight over Local Government in many areas of policy. Provinces therefore make major choices regarding the sectoral and spatial distribution of public expenditure. These choices affect economic growth, job creation and poverty eradication.

The Provincial Government developed the first Provincial Growth and Development Strategy (PGDS) in 1996 as an overall framework for socio-economic development in the Eastern Cape. Although the PGDS was not sufficiently informed by an integrated empirical understanding of socio-economic conditions in the Province, it did draw on national policy frameworks in highlighting the importance of dealing with poverty and in pointing to approaches to service delivery and sectoral interventions.

The PGDS had several constraints. First, it was not sufficiently "owned" by Provincial Government Departments and the social partners. As a result, delivery remained constrained by lack of integration across departments and spheres of government.

Second, after 1994, Provincial Government faced merging six separate administrations, all with varying levels of administrative and institutional capacity, into a single Provincial administration. As a result, from 1994 to 2000, the focus was on stabilisation, grappling with overspending, maladministration, and intractable administrative backlogs. During this time, the local sphere of government was also undergoing significant changes, posing many governance challenges.

And third, the broad goals of the PDGS were not translated into clearly defined programmes that could be translated into departmental plans. Lack of clarity at the level of programmes and projects was reflected in very limited attention to linking the PGDS to the Provincial budgeting process. No monitoring mechanisms were put in place to allow for reorientation of programmes during the lifespan of the PGDS, and no institutional mechanisms were established to allow for the reorientation of the strategic thrust following the development of new understandings and synergies between Provincial social partners.

In tandem with ongoing efforts to transform its departments, the Provincial Government is shifting attention to more integrated approaches to service delivery, evidenced through the integrated programmes being driven by the newly-established Cabinet Clusters. The building of administrative and institutional capacity remains a major priority, as does the establishment of effective partnerships with social partners in support of growth and development.

- The impact of the policy shift towards Local Government as the primary site of delivery: During the period of the PGDP, service delivery will increasingly shift from Provincial to Local Government as powers and functions are transferred. This will require strengthening of the Integrated Development Planning process within District and Local Municipalities. Particular attention will be demanded for issues such as: planning and project management capacity; financial management capacity; decentralisation of service delivery, supported by increased and more effective flows of fiscal resources to the local sphere; strengthening of ownership of the IDP process by local communities, particularly the poor; effective integration of Provincial and national programmes with IDPs; and strengthening of partnerships within the local sphere of government, particularly with civil society organisations supporting the strengthening of livelihoods at the household level. Vast disparities remain between historically well-resourced councils in the former Cape Provincial Administration (CPA) areas and historically under-resourced councils in the former homeland areas, both in institutional capacity and their revenue base. Local authorities are not geared to deliver on their development mandate, especially in former Bantustan areas. The failure to seriously address these institutional and capacity requirements will undermine the consolidation of local democracy, as well as compromise the implementation of the PGDP in the same way that the failure to adequately deal with capacity constraints in Provincial Government compromised implementation of the PGDS.

### **1.3 Lessons Learned**

Reviewing the national and Provincial context reveals the following lessons for the current PGDP planning process:

- Certain minimum capacities are required in Provincial Government and Local Municipalities to effectively plan and manage the implementation of programmes. PGDP programme implementation must take place with capacity development and institutional strengthening so that the State is ready to facilitate growth and development.
- Participation and ownership by all government departments, Municipalities and social partners in planning and implementing the PGDP is needed.
- Clear understanding is needed of the roles of the State, other agencies and social partners in promoting growth and development.
- The depth of poverty and the degree of inequality within the Province are major constraints on development. The social and economic aspects of growth and development cannot be separated.
- The Province has finite resources in support of growth and development. The PGDP must therefore develop clear and prioritised programmes within a strong strategic framework to leverage additional resources from National Government, donors and the private sector.
- The Provincial economy is concentrated on a limited number of sectors. Diversification of the Province's productive base and developing linkages within and between sectors are therefore major goals within the PGDP.
- Planning and budgeting should be closely linked. The PGDP must provide a strong strategic and programme planning framework to lead the allocation of State resources to development priorities.
- The establishment of effective Local Government to deliver services, to support the poor in taking ownership of development processes, and to lead social and economic development within Municipal boundaries will require strong capacity and institutional development during the life of the PGDP.



## 2. CONSTRAINTS AND OPPORTUNITIES

The planning process that went into developing the Strategy Framework of the PGDP, and other analyses of social and economic conditions, reveals the Province's constraints in growth and development, as well as its opportunities. The Strategy Framework has been formulated to address these constraints and seize these opportunities.

### 2.1 Constraints

Most of the constraints stem from the severe poverty in much of the Province, as well as high inequality between: poor, densely-populated labour reserves and relatively affluent, sparsely-populated commercial agricultural areas; and well-served urban centres and under-served townships and informal settlements. An examination of statistical sources<sup>1</sup> reveals the scale of the structural challenges facing the Province. The major constraints are:

- *Poverty:* Poverty is broadly defined in terms of a lack of access to opportunities for a sustainable livelihood. These opportunities can be characterised in terms of income, skills, knowledge, self-confidence and access to decision-making. However, socio-economic data at a Provincial scale do not allow for an analysis of all of these dimensions, many of which are understood best at the micro level. Further refinement of quantitative data on poverty in the Province is needed, and the outcomes of qualitative (including participatory) research focusing on poverty and livelihoods needs to be captured on an on-going basis.

The current socio-economic baseline of the Province indicates that absolute poverty is both widespread and deep (Edwards, 2003). In 1999, an estimated 67% of the population of the Province were below the poverty line (defined in terms of income). Furthermore, in that year, the estimated poverty gap, which is the amount by which the income of the poor would need to be increased to bring them up to the poverty line, was approximately 10% of the estimated Provincial Gross Domestic Product (GDP-R).

Although there are weaknesses in the poverty data for the Province, especially in the analysis of poverty faced by women (although a number of studies reveal that women bear the greater burden of poverty), this picture of widespread and deep poverty is supported by other indicators, such as illiteracy, unemployment, and access to basic and social services. About half of the Provincial population was estimated to be illiterate in 1999. In that year, about 55% of the people of the Province were unemployed. Access to basic and social services remains limited, in spite of significant investments in service provision in the Province. All of these indicators show a worsening of poverty from the west to the east of the Province, with the former Bantustan areas most severely affected. Poverty in the OR Tambo and Alfred Nzo District Municipalities, where two-thirds of the Province's population live, is particularly acute.

- *Income distribution and inequality:* In 1999, there were probably about 1-million poor households living below the poverty line in the Eastern Cape. If they had been on the poverty line, their total income would have been R12-billion. In fact, the poverty gap was estimated to be about R6.2-billion (Edwards, 2003:7), which means their total income was only about R5.8-billion or a little more than 9% of the total income<sup>2</sup> in the Province in 1999. The income distribution in the Province is more unequal than in South Africa as a whole. In South Africa, in 1995, the poorest two-thirds of the population were receiving less than 20% of total income (May (ed), 2000, 27). The results of the 2001 Census will provide further insight into the changes in income distribution in the Province since 1996.
- *Growth and employment:* Between 1995 and 2001, South Africa required a GDP growth rate of 6.9% per annum to absorb growth in the labour force and increased labour productivity, but actual average growth was 2.9% per annum. The target rate of 4.2% growth set in GEAR is not sufficient to address the backlogs and increasing unemployment. In 1995-2001, real annual economic growth in the Province averaged 2.4%. Since annual population growth was also about 2.4%, real economic growth per capita was nil (Edwards, 2003:12).
  - By 2001, the population of working age in the Province was just under 4-million. At least 2-million people wanted paid work, and less than half of these were actually in paid work. This means that in 2001, more than a million people in the Eastern Cape were not in work but looking for work. Formal employment in the Province is estimated to have fallen by 13 000 from 607 000 to 594 000 between 1996 and 2000 (ECDC 2002). In this period, the Province's population of working age (aged between 15 and 64) increased at 4% pa – or by about 140 000 a year (Edwards, 2003:10). Given these figures, it is hardly surprising that unemployment and underemployment rose sharply in 1995-2001. Using the narrow official definition, unemployment rose from 23% to 30% between 1995 and 2001. On the broader definition, it rose even more sharply – people do not actively look for jobs if the prospects of getting one are bleak.
- *Provincial expenditure:* In the Eastern Cape, Provincial expenditure has a significant influence on GDP-R. In 2000, Provincial expenditure was estimated to be 25% of GDP-R, and there has been a correlation between real growth in Provincial public expenditure and real growth in GDP-R between 1998 and 2001. However, the constraints on fiscal resources, particularly within the Provincial and local spheres of government, limit the scope for public expenditure, particularly capital expenditure.

The Provincial Government (and many Eastern Cape Municipalities) has a limited revenue base, and the size of intergovernmental fiscal transfers from the National Government is unlikely to increase (cf. Pillay, 2003). The use of the Provincial fiscus for growth and development is also constrained by lack of financial management capacity within Provincial departments and Municipalities, and by centralisation of financial management controls in the Provincial Treasury that have led to budget surpluses co-existing with the huge and increasing social and economic needs of the population (Pillay, 2003). The strategic question is to what extent these limited resources can be leveraged to “crowd in” other sources of investment and to facilitate economic development. This requires further examination of Provincial budget allocations between economic and social sectors needs, based on a detailed assessment of the extent to which current public expenditure is targeting the poor (cf. Pillay, 2003).

- *Apartheid inheritance*: The challenges of pervasive poverty and high inequality in this Province are compounded by the inclusion of two of the former Bantustans, Transkei and Ciskei, within its boundaries. The most severe and deepest poverty in South Africa has been created in the ex-homelands, especially in Transkei. Homelands were established under apartheid as densely-populated suppliers of migrant labour. Little economic development and social infrastructure was led by the Bantustan states. The inheritance for the Eastern Cape has been deep structural poverty and a low capacity for State delivery in these former homelands. Although provision of basic service infrastructure received considerable attention during the first nine years of democratic government, there are still major backlogs.
- *Labour market fragmentation*: The spatial fragmentation of the Province is mirrored in the fragmentation of the Provincial labour market. This fragmentation is similar to that of the national labour market that has been characterised as follows by Borhat, Leibbrandt, Maziya, Van den Berg.
  - a) Those employed in the core consumer economy, which is made up of the dominant high-wage modern sectors of manufacturing, government service, and other industries.
  - b) Those employed in the marginal modern sectors, which includes the two low-wage sectors of commercial agriculture and domestic service, as well as mining.
  - c) The peripheral labour force, whose existence signifies substantial job scarcity in the formal sectors. This group includes subsistence agriculture, the informal sector and the unemployed.

As noted earlier, the significance of the fragmented labour market for the Eastern Cape lies in the very large numbers in the peripheral labour force and the decline of formal employment. Labour market fragmentation needs to be understood in terms of South Africa’s apartheid history, which included job reservation, racially-differentiated education and training leading to skills backlogs, and structural unemployment through the designation of the homelands as labour reserves.

- *Underdevelopment of agricultural potential*: Although two-thirds of the Provincial population is non-urban, the Province is only 20% food self-sufficient. South Africa is “under-agriculturalised” in international terms, given its per capita GDP, but public expenditure on agriculture nationally and in the Eastern Cape has continued to decline. In the Eastern Cape, the effects of the spatial and social architecture of apartheid continue to affect agricultural production. The former Bantustans constitute about 30% of the total surface area of the Province but are home to 67% of the population, and contain about 45% of the cultivable land. This important resource is still not being utilised effectively to the benefit of the poor in the Province.
- *The HIV/AIDS pandemic*: Although there are a number of controversies regarding the reliability of some of the statistics on HIV/AIDS and the effect of HIV/AIDS on economic growth and the dependency ratio, the rapid rise in the prevalence of HIV/AIDS in the Eastern Cape cannot be disputed. This rise in prevalence since 1995 is expected to peak after 2010 and needs to be factored into a strategy for growth and development.

## 2.2 Opportunities

There has been a marked turnaround in economic performance in the Eastern Cape in the new century. In 2000 and 2001, the Eastern Cape was the fastest growing Province in South Africa with a real GDP-R growth rate of 6.2% and 5.3% respectively, compared to South Africa’s real GDP growth of 3.5% and 2.8%. Provincial GDP statistics for 2002 will be released by Statistics South Africa later in the year and will show whether this trend is continuing. It seems likely, however, that economic growth in the Province has recovered strongly from 2000. This is fuelled by:

- Increased national and Provincial public expenditure, especially capital expenditure, from 2000.
- A steady and long-term increase in exports from the Province, stimulated by greater access to international markets and the devaluation of the Rand. Exports from the Eastern Cape increased by 20% in real terms from 2000 to 2001.
- Agriculture value added grew by a massive 60% in real terms from 1998 to 2001. In addition to seasonal variation, factors underlying this growth include rapid increases in citrus exports, the

progressive shift of dairy production to the coastal areas and the growth of forestry in the Province.

While economic growth is beginning to recover strongly in the Province, some of the highest growth rates have been in the modern, export-oriented manufacturing sector. However, this growth has not had a positive net effect on employment. The principal challenge now is to extend growth to the labour-intensive sectors of the economy and to the District Municipal areas with the greatest concentrations of poverty. Principal opportunities for equitable growth and development (ECDC, 2002) are:

- *Natural resource development in the former homelands:* The four Intergrated Sutable Rural Development Programme nodes (the Alfred Nzo, or Tambo, Chris Hani and Ukhahlamba District Municipalities) are home to both the deepest poverty and areas of rich natural resources. It is within these four District Municipalities that the bulk of the Former Bantustan areas fall, although there are pockets of extreme poverty in other District Municipalities. At least 32 000 hectares can be irrigated from from under - used rivers within former Bantustan areas, and 120 000 hectares can be developed for forestry. A key to poverty eradication in these areas is the promotion of rural enterprises based on sustainable utilisation of natural resources. Community Public Private Partnerships (CPPPs) provide an opportunity to establish successful natural resource enterprises within the existing land tenure system. CPPPs provide a legal structure for partnerships between investors and communities, with the State as a facilitator and guarantor, paying particular attention to ensuring that the poor are supported in taking co-ownership of such partnerships. Fertile areas of State and prime land can be allocated to CPPPs for the productive use of land for irrigation, forestry plantations, onshore or inland fisheries, nature reserves, cultural sites and tourism resorts.

Low-income rural households have little or no access to employment. They depend on remittances and social grants. Many are female-headed and have limited time and income to invest in rural enterprises. Food security is a priority. Households can, however, improve food security and incomes through access to low-cost, timesaving technologies that can be used to build individual or group enterprises. A locally-based extension service providing a package of appropriate technologies and training, and focused on rural enterprise development, could include small-scale irrigation (group and individual), rainwater harvesting, home gardening, maize and mixed cropping, local milling, agro-forestry, dairy, small stock and poultry farming.

There are limited numbers of black commercial farmers in the Province. Many operate on quitrent ("African freehold") land or land leased under the former homelands. Expansion of this vital cadre of commercial farmers is limited by access to land, market information and credit. There is a need for a programme to increase the number of black commercial farmers, using State and former SADT land, existing African freehold land, and purchase of farmland in formerly white areas.

The Massive Food Production Programme aims to increase food production through low-interest loans for mechanical equipment for rural contractors and a conditional grant scheme for agricultural inputs and marketing. In 2003/04, R50-million has already been allocated for the first stage of the programme.

The Transkei Rapid Impact Programme (TRIP) is set to expand forestry production by supporting small-scale saw millers to improve security of supply and to upgrade technology and marketing. Some 50 000 hectares of individual and community woodlots are planned for development integrated with a hardwood chipping mill.

- *Industrial diversification:* Existing growth is centred on the major urban areas of the Nelson Mandela Metropole and Buffalo City, especially in high-growth, export-led manufacturing industries. Growth, however, is needed throughout the Province, especially in labour-intensive industries for employment creation.

The natural resources of the former homelands provide opportunities for growth through agro-processing industries. Opportunities for processing enterprises will increase as agricultural production grows in the former homelands. Small enterprises can be successfully established in food processing (fruits and vegetables, dairy products and meat products), leather and leather goods, wood products, furniture production, wool and mohair clothing, crafts and tourism.

There is a growing body of information on business opportunities in the districts of the Province, based on proximity to natural resources and links to existing industries. The main opportunities lie in targeting major gaps in the supply chain and processed products. Businesses can be encouraged to invest in districts, based on their competitive advantages in raw material, skilled labour and market access. Local Economic Development (LED) strategies for each District and Local Municipality need to be included in their IDPs.

Analysis of the value chain in the manufacturing sectors identifies major gaps and opportunities in the market. Most of these opportunities require higher levels of technology, links to research, and development and skills training. They are appropriate for large companies, with strong opportunities for foreign investment. Automotive components, plastics, electronics and information and communication technologies, textiles and clothing, are key opportunities.

The two Industrial Development Zones (IDZs) at Coega and East London provide great potential to increase foreign investment in the Province and to further increase exports. The IDZs can target new manufacturing sectors for the Eastern Cape, and will expand existing high-value export industries.

The Coega IDZ is likely to focus on metals production and processing, automotive components, textiles and clothing, leather and leather goods, and plastics. The East London IDZ, meanwhile, is likely to focus on automotive components, textiles and clothing, agro-processing, electronics and pharmaceuticals. The IDZs critically need to build links with the local economy through supply of semi-processed inputs, employment and training.

- Development of tourism: The Eastern Cape has the natural assets to become a major ecotourism destination. All seven of South Africa's biomes (ecological zones) are present, and the "Big 7" (the Big 5 plus whales and Great White Sharks) can be seen in the nature reserves and off the coast. The pristine Wild Coast of the former Transkei can become a major tourist attraction in its own right. The Eastern Cape Tourism Board slogan, "Naturally South Africa's Best", can focus a strong brand of many diverse attractions.

Existing plans to expand the area of the nature reserves to more than 400 000 hectares will create an area of malaria-free parks of great beauty and diversity that is larger than the Kruger National Park. Improvement of facilities in the existing parks and reserves will take place by contracting out resorts to the private sector.

The Wild Coast, one of the main tourism attractions of the Province, can become a major ecotourism attraction. The challenge is to develop tourism facilities while protecting the unspoilt environment and optimising socio-economic benefits to local communities. The aim is to avoid ribbon development by land zoning and regulation through local Municipalities. A number of appropriate sites can be chosen, with communities and Municipalities, for new, environmentally-sensitive resorts. Road access to resorts needs to be greatly improved. Major opportunities are to link the future Wild Coast Toll Road with a programme of upgraded rural access roads, and the development of the "Wild Coast Meander", an all-weather low-impact link road to the coastal resorts.

The Eastern Cape requires a series of strong tourist attractions to link its undoubted beauty into a strong brand. The Province's clear advantages lie in ecotourism, adventure tourism, and in cultural and historical (or heritage) tourism. Three attractions now stand out as major potential draws:

- a) Madiba Bay is being developed as a nature reserve and craft and cultural park within the Nelson Mandela Metropole. It will be a major attraction in a city already popular with tourists.
- b) The Amatola Park and Living Museum is a proposed circular park of nature reserves and scheduled areas, covering the diverse attractions of the Amatola region. It would be linked to the Amatola Living Museum, a showpiece of Eastern Cape ecology, culture, history, arts and music.
- c) The Nelson Mandela Museum, in Umtata, Qunu (Mandela's birthplace) and Mveso, can become a major local and international attraction, linked to the Wild Coast and to cultural tourism.

In addition to its proud tradition of struggle against the apartheid regime, the Eastern Cape has a rich Xhosa heritage that can provide the base for a vibrant community tourism industry similar to that of KwaZulu-Natal. Many community organisations and cooperatives are already starting arts, craft and cultural ventures. The quality of craft products can be improved through training and by access to design expertise, for example from the CSIR Design Centre. Market infrastructure is needed, including establishment of crafts and art centres to showcase community products. Also, the broader South African experience of community-based ventures needs to be integrated into tourism planning in the Eastern Cape, particularly to ensure that host communities retain maximum control of their cultural and, indeed, their natural resources.

### **2.3 Provincial Growth and Development Options**

The PGDP's analysis of the constraints and opportunities of the Eastern Cape suggest a strategic approach to growth and development that will deal with: the spread and incidence of poverty and unemployment; and the spatial inequality between different regions of the Province.

In developing the argument for a strategy framework, three options for growth and development are considered:

- Continuing with the current emphasis on the manufacturing sector for growth.
- The viability of aggressive capital investment for growth and development.
- The importance of growing the agrarian economy for the poor.

Consideration of these options reveals clearly the limitations of each and shows clearly the

desirability of a strategy that builds on existing strengths while pursuing agrarian transformation and targeting public expenditure towards the poor:

- Reliance on the manufacturing sector for growth & development: The continued reliance of the Provincial economic strategy on the manufacturing sector assumes significant growth in the future, following the sharp real<sup>3</sup> devaluation of the Rand in 2001 and 2002, and the rise in GDP recorded for 2000 and 2001 (Statistics South Africa, 2002). However, it is unlikely that the 8% pa growth in manufacturing value added over these two years was reflected in a parallel increase in jobs. What is clear is that if the manufacturing sector is to be the driving force to reduce unemployment, it will have to grow by at least 8% pa year after year over the life of the PGDP.
- Given the depth of poverty in the Province, reliance on a sustained 8% per annum growth in manufacturing is insufficient, particularly given the reliance of this sector on volatile external markets and exchange rates and given the current levels of public sector investment. However, there is a need to consolidate the gains made in the manufacturing sector, including productivity and technology gains in the automotive sector, while exploring opportunities for diversification.
- Aggressive capital investment as a basis for growth & development: If current manufacturing sector growth is unlikely to be sufficient to absorb the unemployed, could capital investment not be increased to promote more rapid growth of the manufacturing sector, thereby creating employment for the poor? We consider why this is not feasible:
- The *rate of economic growth* required to match the future growth in the population of working age *and* to reduce the unemployment in the Province by, say, 50 000 jobs a year can be estimated to be 8% pa (1.5% pa increase in the labour force, 2.5% pa increase in labour productivity and 4% pa required to reduce unemployment by 50 000 a year). However, achievement of a growth rate of 8% pa would require that investment as a proportion of the GDP-R would need to be very much higher than it seems to have been in recent years. Edwards (2003:17) has calculated that investment would need to be more than 34% of GDP-R to produce sustained economic growth of this level. This level of investment has been unknown in South Africa in the past 40 years and is also unrealistically high in the light of recent experience.
- There seems little likelihood of capital investment expanding rapidly at the national level and even less likelihood of a substantial proportion (10% or more) of GDP-R going into capital expenditure within the next three to four years. And without a significant surge in public investment, it is unlikely that total investment (private and public) in South Africa will reach the desirable target level of at least 30% of GDP. This means that, although opportunities for increased capital investment from both public and private sources need to be explored on an ongoing basis, the current levels of public investment will not allow the Province to rely exclusively on a strategy of aggressive capital investment as a basis for growth. Key questions in allocating limited State resources would be the extent to which these support economic development in historically-neglected areas, poverty eradication and employment creation.
- *Building the agrarian economy in support of the poor:* Given that two-thirds of the Eastern Cape population live in rural areas and that South Africa is under-agriculturalised compared to other middle-income countries, the development of agriculture should have high potential. Serious options to build the agrarian economy require redirection of policies and public expenditure towards the poorest households. An emphasis on building the agrarian economy will also give high returns in poverty alleviation and job-creation, and would be the most effective path towards black economic empowerment.
- Long-term targets to 2014 could be food self-sufficiency in the Province, with a particular emphasis on the OR Tambo and Alfred Nzo District Municipalities, and a reduction by 80% in the proportion of households living below the poverty line. The first would mean raising the production of maize in Alfred Nzo, OR Tambo and the north-eastern part of the Amatole District Municipality from the present level of between 200 000 and 300 000 tonnes a year to the present consumption level of about a million tonnes a year. The net value of this extra 700 000 to 800 000 tonnes, together with associated inter-cropped products, would be equivalent to at least 4% of GDP-R. It would more than double the present contribution of agriculture, forestry and fishing to GDP-R. In addition, there would be a considerable stimulus given to agro-processing and other industrial activities in the rural and coastal economies.
- Building the agrarian economy in this way would be a major step towards the reduction of poverty. As far as the former OR Tambo and Alfred Nzo District Municipalities are concerned, this would mean reducing the proportion of households below the poverty line from the existing 80% to less than 20%. However, even though development of the agrarian economy should be a key foundation of a Provincial growth and development strategy, it cannot be pursued to the exclusion of the manufacturing and tourism sectors, within which further development and diversification could be facilitated over the next 10 years. Links between these economic sectors and the agricultural sector is crucial not only for Provincial economic growth, but for development within the poorest Municipalities in the Province.

## 2.4 A Strategic approach to Growth and Development

It is clear that a comprehensive strategic response is needed to tackle poverty and the associated structural constraints to growth and development.

While continued growth of the manufacturing sector is needed, a stronger priority is industrial diversification, promotion of linkages into other sectors with growth potential, and promotion of regional linkages. Manufacturing growth must not be limited to a modern, export-oriented enclave, but must develop strong supply and value chain linkages to agriculture and agro-processing.

The agriculture sector has high growth potential in the former homelands as a source of income and employment. Provincial agricultural resources have to be mobilised to:

- Improve the food security of poor households.
- Promote agricultural growth for employment and to provide raw materials for agro-processing and natural resource based industries.
- To lay the foundations for economic growth in the rural parts of the Province and hence change the spatial inequality of growth and development.

A third strategic priority is the development of the Province's tourism potential, especially the promotion of community-based tourism that will allow for broader distribution of the benefits of tourism. Tourism development must draw, in a sustainable manner, on the rich heritage and natural resources in the Province.

One of the logical developments of such a broad strategic approach is the prioritisation of different sectors based on their potential to contribute to poverty eradication and to regional equity in growth and development. This requires prioritisation of interventions in the manufacturing, agriculture and tourism sectors that will:

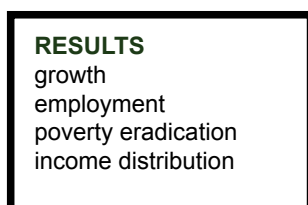
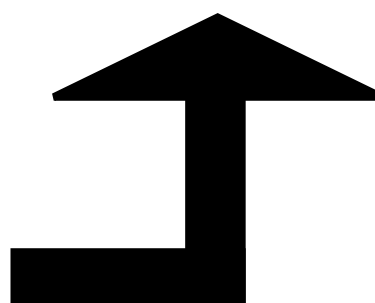
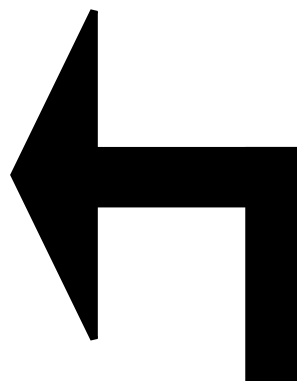
- Optimise the use of Provincial resources to facilitate poverty eradication and job creation.
- Leverage additional public and private resources, particularly for capital investment.
- Develop social and economic infrastructure to address backlogs.
- Lead to sustained increases in domestic savings.
- Support technological and workplace innovation.
- Build institutional capacity to plan for and guide economic development.
- Optimise the role of Local Government in identifying local economic development opportunities, in facilitating targeting of those opportunities, and in coordinating service delivery.

## 3 TARGETING GROWTH & DEVELOPMENT

The socio-economic challenges of the Eastern Cape can be quantified in terms of income, employment, poverty, growth, investment and productivity, as we have detailed them here. Quantified targets in these areas will describe the expected outcomes of the PGDP. Quantified targets, however, need to reconcile the necessary tension between a constraints-driven and a vision-driven approach to planning and implementation. Both approaches are necessary.

The constraints-driven approach requires brutal honesty about macroeconomic, political, institutional, fiscal and other constraints. It requires realistic targets for growth, poverty eradication, employment creation and income redistribution that are attainable given current constraints. In terms of the vision-driven approach, the outcomes expected from the PGDP, both in its implementation and at its completion, are specified. The vision-driven approach sets desirable results in terms of growth, employment, poverty eradication and income distribution. The approach is closely related to the opportunities of the Province and the extent to which they can be developed to produce the desired outcomes.

Targets related to both approaches need to be clearly developed. The strategic vision will ultimately have to be modelled as follows:



This model embodies the following characteristics:

- It is an integrated strategic model that links objectives with outputs and results.
- The objectives can be disaggregated in terms of the challenges in the areas of growth, employment, poverty eradication and income redistribution.
- Straddling the objectives and results matrices above are the full range of constraints, which are, to a greater or lesser extent, under the Provincial Government's influence.

The data inputs into this macro model will be refined as the more detailed plans and programmes of the PGDP unfold. The model will be combined with a socio-economic model that can be used both to develop targets for growth, employment, poverty reduction and income distribution and to model the effect of changes in the main macro-aggregates.

At a more detailed level, the following quantified targets for growth and development in the Eastern Cape for the period 2004-2014, with 2003<sup>4</sup> as the base year, have been developed:

- To maintain an economic growth rate of between 5% and 8% per annum.
- To halve the unemployment rate by 2014.
- To reduce by between 60% and 80% the number of households living below the poverty line 2014.
- To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014.  
 • To establish food self-sufficiency in the Province by 2014.
- To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit

point in a secondary education.

- To improve the literacy rate in the Province by 50% by 2014.
- To eliminate gender disparity in education and employment by 2014.
- To reduce by two-thirds the under-five mortality rate by 2014.
- To reduce by three-quarters the maternal mortality rate by 2014.
- To halt and begin to reverse the spread of HIV/AIDS by 2014.
- To halt and begin to reverse the spread of tuberculosis by 2014.
- To provide clean water to all in the Province by 2014.
- To eliminate sanitation problems by 2014.

These targets set out expected results in the areas of growth, employment, and poverty and income distribution. In the second phase of the PGDP, they will be further developed into medium-term targets associated with strategies and programmes.

## 4 PRINCIPLES UNDERLYING THE PGDP

Drawing from the discussion of the Province's constraints, opportunities and development options, the following principles underlay the development of the PGDP:

- State-facilitated growth and development is the strategy that offers the greatest possibility of economic change sufficiently deep and sustainable to address the problems of poverty and inequality that were the legacy of the apartheid regime.
- In facilitating growth and development, the State requires effective partnerships with business, labour and civil society to meet the socio-economic challenges of the Province.
- Resources will be directed to ensure that the capacity and efficiency of the State are improved in order to meet the challenges of growth and development, particularly within the local sphere of government.
- Local Government will in future be the primary site for service delivery and participatory democracy. This requires good planning for the progressive delegation of powers and functions to Local Government, accompanied by sufficient resources. Effective support is therefore needed for the Integrated Development Planning process within Local Government and the effective integration of IDPs into Provincial Plans.
- The financing of the PGDP will extend beyond links to the Provincial budgeting process, to include engagement with National Government on the level of fiscal transfers, the private banking system and the donor community. These engagements should proceed from an analysis of Provincial savings and investment flows by institutional sectors (households, corporations and government).
- A Provincial industrial strategy, based on existing strengths and future opportunities at a national and international level, will guide Provincial interventions, including those in support of industrial development in District Municipalities.
- Infrastructure development will be promoted in order to address social backlogs and support economic growth. Labour-intensive and community-based methods will be used for infrastructure delivery wherever possible.
- Under no circumstances will any drop in the real incomes of people living below the poverty line be tolerated.
- At all times, improvement of the moral fibre of the people of the Eastern Cape will be promoted through an integrated crime prevention strategy, an emphasis on good governance, and the building of strong households and communities.
- Opportunities for productive employment of women, youth and disabled people will be created in all government-sponsored programmes and endeavours to influence the extension of such opportunities in the private sector will be intensified. To this end, the impact of such programmes will need to be analysed to ensure that targeting is appropriate.
- Substantial progress will be made towards the socio-economic rights enshrined in the Constitution. These rights pertain to housing, health care, food, water, social security, education and just administrative action.
- The HIV/AIDS pandemic will be managed effectively. This includes following an integrated approach



which draws in the many dimensions of poverty, health, prevention and effective treatment.

- Gender perspectives will be analysed at all stages of planning, designing, implementation, monitoring and evaluation of the PGDP to ensure the development of gender-responsive programmes.
- The needs and opportunities associated with the natural environment will be considered at all stages of planning, design, implementation, monitoring and evaluation of the PGDP. This will require attention to requirements for environmental sustainability both at a strategic and specific project level.

## 5 STRATEGIC RESPONSE

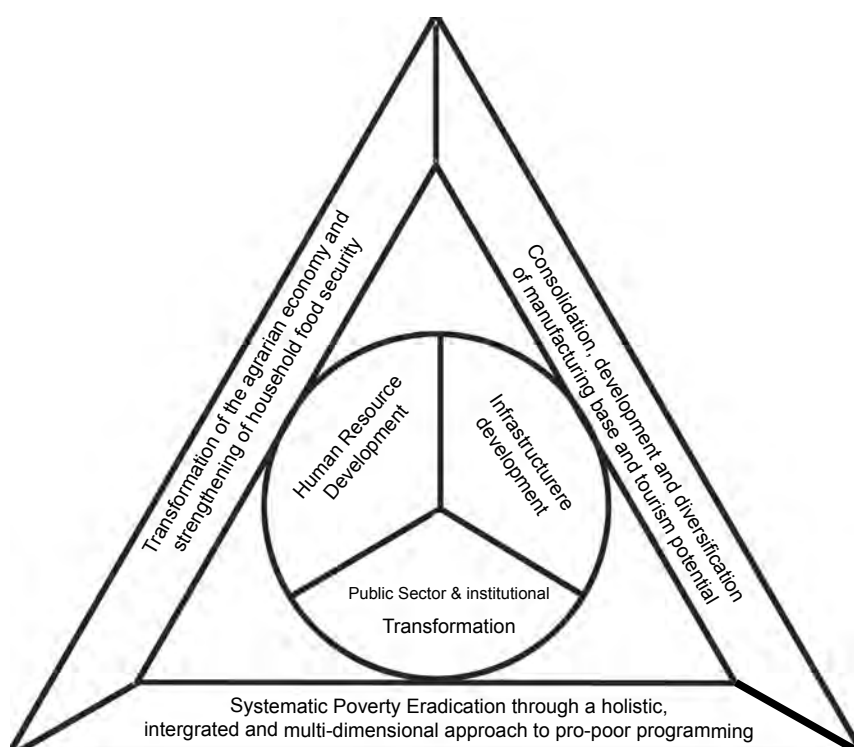
Here, the general strategic framework of the PGDP is described. This lays the foundation for a more detailed discussion of each of the objectives, including their inter-relationship and linkages.

The strategy framework for growth and development is expressed in terms of six strategic objectives, which are divided into three key objectives and three foundation objectives. The three key objectives are:

- Systematic eradication of poverty through a holistic, integrated and multi-dimensional approach to pro-poor programming.
- Agrarian transformation and strengthening of household food security.
- Consolidation, development and diversification of the manufacturing base and tourism potential.

These key objectives are supported by three foundation objectives:

- Infrastructure development.
- Human resource development.
- Public sector and institutional transformation.



We'll briefly describe these strategic objectives, before elaborating on their approaches and programmatic implications:

- Systematic poverty eradication through a holistic, integrated and multi-dimensional approach to pro-poor programming: Poverty is primarily characterised by a lack of access to opportunities for a sustainable livelihood. Eradicating the deep and pervasive poverty of the ex-homelands and underdeveloped townships of the Province will serve as a foundation for economic development in which all the people of the Eastern Cape can participate. Poverty eradication requires attention to the social, economic and political dimensions of poverty. In particular, action is required to:
  - a) Establish greater control over and access to decision-making processes by poor people.
  - b) Strengthen the income, asset and skills capabilities of the poor.
  - c) Establish linkages between micro and macro levels of intervention in a mutually reinforcing manner.
- State provision of grants and targeted interventions to promote social development and to provide health and education services need to be leveraged in support these actions.
- The goal of poverty eradication leads to a further commitment to reduce inequality, both between households and between different regions of the Province. The Eastern Cape cannot afford continued inequitable growth between thriving metropolitan regions and sectors and a disintegrating rural periphery. Inequitable growth will add to the already serious unemployment problem and further increase poverty in the Province.
- *Agrarian transformation and strengthening household food security:* A key to poverty eradication lies in the rapid transformation of the agricultural sector. The challenge of poverty requires a focus on the growth of the agrarian economy in the former homelands through:
  - a) Programmes to promote household food security by expanded smallholder production.
  - b) Development of commercial agriculture through optimum use of the highest potential agricultural land in the former homelands.
  - c) A focus on land redistribution and, in the longer term, land tenure reform to release land for poor households and for new commercial farming enterprises.
- The dislocated agrarian economy of the ex-homelands must be integrated into the wider Provincial economy through the promotion of commercial agriculture and as a source of raw material for agro-enterprises.
- *Consolidation, development and diversification of the manufacturing base and tourism potential:* The manufacturing sector requires consolidation by extending growth beyond a relatively small number of volatile export markets. Diversification into new markets can be achieved through three main strategies:
  - a) Consolidating the value chain and supply chain in existing markets by identifying inputs that can be supplied and higher value products linked to existing production.
  - b) Creation of regional growth points for manufacturing development based upon availability of raw materials, skills and existing industrial profile
  - c) The development of agro-industries based upon expanded agricultural production in the former homelands.
- The development of Provincial tourism has high potential to create jobs and raise incomes in rural areas through community tourism programmes. The development and protection of existing and new parks and reserves, improvement of infrastructure, especially along the Wild Coast, and the development of a strong marketing brand showcasing a number of core attractions and themes are priorities.
- It can be seen that these three objectives for growth and development are interlinked and dependent upon each other. Similarly, they depend upon a further three “foundation” objectives that provide the necessary conditions and support for growth and development:
- *Infrastructure development:* The development of infrastructure, especially in the former homelands, is a necessary condition to eradicate poverty through:
  - a) The elimination of social backlogs in access roads, schools and clinics and water and sanitation.
  - b) Leveraging economic growth through access roads and improving the road, rail and air networks of the Province.
- Infrastructure development, in turn, will have strong growth promotion effects on the agriculture, manufacturing and tourism sectors by improving market access and by “crowding in” private investment. Poverty alleviation should also be promoted through labour intensive and community

based construction methods.

- *Human resource development:* Human resource development underlies both poverty eradication and growth in the key economic sectors through:
  - a) Improving levels of general education by full UPE and a higher uptake of further education.
  - b) Increasing the intermediate technical skills needed in the key growth sectors of the economy.
  - c) Promoting the high-level skills needed for further growth in the modern, export-oriented sectors.

A Provincial strategy for human resource development also underlies a reduction in inequality through progressive integration of the labour market.

- *Public sector and institutional transformation:* The transformation of the State is a crucial condition for growth and development by way of the strong leadership role that is required from government institutions, recognising:
  - a) Improved capacity to plan, manage, and monitor implementation is necessary at all levels of government.
  - b) Local Government will become the main focus for service delivery. Planning the phased delegation of powers and functions therefore becomes a key challenge.
  - c) Local authorities will have an increasingly important role in promoting local economic development through the implementation of IDPs.
  - d) Participation by the Provincial social partners in planning and implementation needs to be institutionalised.

## 6. STRATEGIC OBJECTIVES

We'll discuss here the PGDP's approach to achieving each strategic objective, looking at the implications for programme development in the second phase of the PGDP, implications for Provincial institutions, and linkages and inter-relationships between objectives.

### 6.1 Systematic Poverty Eradication through a Holistic, Integrated and Multi-Dimensional approach to Pro-Poor Programming

Given the severe depth and spread of poverty in the Eastern Cape, the objective of poverty eradication is the first priority in this Strategy Framework. Poverty is more than a lack of income; it is primarily characterised by a lack of access to opportunities for a sustainable livelihood (income, skills, knowledge, self-confidence and access to decision-making). Women bear a greater burden of poverty. Older people, children, people with disabilities and other marginalised groups are particularly vulnerable. Such groups lack the ability to influence decision-making. It means that poverty reduction strategies do not respond, or they respond inappropriately, to their needs. This implies that poverty has economic, social and political dimensions and poverty eradication is only possible if the underlying structural causes of poverty are addressed through:

- Greater control over and access to decision-making processes by poor people.
- Poverty reduction initiatives that address the income, asset and skills capabilities of the poor.
- Linkages between the micro and macro levels of intervention in a mutually-reinforcing manner.

#### 6.1.1 Approach

The strategic approach to poverty eradication is aimed not only at addressing income poverty, but also at increasing the asset base of the poor. It is based on a determination to address the human dimensions of poverty, especially gender. It also recognises the needs to mobilise social partnerships to ensure that resources are well targeted, and to increase the power of the poor in the fight against poverty. Social partnerships should work through Local Government, where Provincial and National Government poverty eradication initiatives will increasingly be focused.

The social, economic and political dimensions of poverty are inextricably linked. Effective anti-poverty interventions must address all these dimensions of poverty. They are summarised under the following seven platforms:

- Facilitating access to good quality employment and economic opportunities.
- Increasing the physical asset base of the poor;
- Facilitating access to basic services.
- Strengthening community management and organisation of own initiatives and external programmes.
- Enhancing democratic participation by the poor.
- Ensuring access of the poor to legal entitlements and security.
- Ensuring access to safety nets to strengthen ability to manage shocks and stresses.

Social development expenditure constitutes a higher than average proportion of Provincial expenditure due to high rates of poverty and increasing numbers of social grant beneficiaries. The Province is committed to increasing the uptake of social security grants as part of a national strategy for a comprehensive safety net for the poor.

An increasingly integrated approach to poverty reduction has developed within the Province, as is evidenced by the Poverty Eradication Programme. This approach has moved away from traditional social grant provision to include mechanisms to reduce the risks faced by the most vulnerable sections of society, and to ensure that household livelihoods are secured. In this work, the public sector has drawn on partnerships with non-governmental and community-based organisations.

Although this objective concentrates on the social dimensions of poverty, effective implementation of the other two key objectives (agrarian transformation, and manufacturing and tourism diversification and growth) are equally critical in the fight against poverty.

Although most Provincial expenditure is on health, social development and education, there is still a need to improve the focus of public expenditure on the poor. Effective targeting of public expenditure towards the poor will reduce the risks faced by poor households. Targeted interventions in support of women, youth, disabled people and other vulnerable groups should be part of this re-prioritisation. Developed with strategic interventions in the agricultural, manufacturing and tourism sectors to promote growth in the various Municipal areas and to increase employment through labour intensive sub-sectors, a sustainable social security system will create a more equitable Provincial economy and a more empowered citizenry.

It is important that social service delivery by national and Provincial agencies is integrated with Local Government. Provincial poverty reduction programmes and targets must also support those developed through the IDP processes of Local and District Municipalities. It is also within the local sphere of government that programmatic interventions that combine social, economic and political interventions can most practically be conceived and implemented.

### **6.1.2 Programmatic implications**

The programmatic implications of this approach are:

- In general terms, a shifting of public expenditure towards the poor is required across all clusters and in both Provincial and Local Government.
- Such shifting of public expenditure, however, requires enhanced capacity to ensure that public funds are effectively targeted and efficiently spent on the poor. This will require increased capacity in research, planning and budgeting, and output-based monitoring and evaluation systems in all spheres of government.
- The boundaries of Provincial Government service districts and District Municipalities have to be harmonised to allow for more rational joint action in support of delivery within Municipal areas. Of particular importance is a reorganisation of the Provincial health districts.
- Better coordination is needed between Provincial poverty programmes such as the Nutrition Programme, the Victim Empowerment Programme, the Poverty Eradication Programme and the Integrated HIV/AIDS Programme, as well as coordination of the disparate poverty alleviation interventions of different departments. The second phase of the PGDP should be used to ensure consistency between the many programmes.
- The targeting of the various poverty alleviation programmes will be improved by investigation of the demographic implications of the HIV/AIDS pandemic with particular focus on household incomes and the dependency ratio.
- Plans and programmes for basic service provision require greatly improved coordination between the various levels of government. For example, the development of water supply infrastructure requires close cooperation between the Provincial Government, District Municipalities and the Department of

Water Affairs and Forestry.

- The capacity of Local Government for service delivery needs to be developed through more effective deployment of staff, through the development of skills, and through the allocation of sufficient resources to District and Local Municipalities.
- Increases in take-up of existing and new or extended grants need to be managed in terms of both increases in intergovernmental fiscal transfers and effective reallocation of Provincial budget expenditure. At all times, care has to be taken to ensure that the Provincial fiscus retains scope for economic expenditure.

## **6.2 Agrarian Transformation and Strengthening Household Food Security**

This objective focuses on increased agricultural production, incomes and employment by the poorest households, particularly in the ex-homelands. In the short to medium term, the State will need to lead this process, with market-related interventions receiving greater emphasis over the medium to long term as the capacity of poor households to enter markets is developed. The objective suggests that State programmes need to be clustered around three areas of intervention:

- Promoting food security through expanded smallholder production.
- Expanding the asset base of the poor, particularly through effective land tenure reform.
- Increasing the use of land for commercial agriculture in the former homelands, especially through ownership and institutional mechanisms that benefit the poorest households.

### **6.2.1 Approach**

Establishing household food security is the first priority. To do this, and to lay the foundations for the emergence of small-scale farming entrepreneurs, support on a massive scale will be given to the development of homestead agricultural production. The expansion of smallholder production will lay the basis for marketed surpluses where the potential exists. In addition, support will be given to the development of institutions and systems for the storage, processing and marketing of agricultural products, including livestock.

A second aspect of this approach will be the effective use of land as a lever to improve the livelihoods of the poor. Land reform will be of crucial importance, particularly land redistribution and land tenure reform. Mobilisation for effective prioritisation and funding of land redistribution and land tenure reform is required, given the current limited funding for these components of the land reform process.

The third strand of the approach to agrarian transformation will be the expansion of commercial agricultural enterprises, especially in the former homelands. This will require both the development of new structures for commercial farming enterprises, including CPPPs, trusts and companies, and the allocation of prime agricultural land to these structures. New ownership structures must include communities and smallholders as shareholders or co-owners. Prioritisation of land for its best agricultural use will form part of the approach.

Viable farming enterprises producing and marketing surpluses will provide opportunities for beneficiation of agricultural products. This in turn will leverage the development of agro-industry close to emerging centres of agricultural production. Expanding agricultural production will also provide the opportunity for linkage with the manufacturing sector as a source of inputs and raw materials.

The objective of infrastructure development will play a key supporting role to agrarian transformation, through the improvement of access roads, water and power supply.

Institutions supporting agricultural development will also require transformation and refocusing in the following areas:

- Formal agricultural training and the development of agricultural skills.
- Decentralisation and refocusing of extension services on food security.
- Support to farmer-owned cooperatives.

### **6.2.2 Programmatic Implications**

The programmatic implications of this approach are:

- Strong support to smallholder agricultural development around homesteads in the former Bantustan areas, with particular emphasis on the OR Tambo and Alfred Nzo District Municipalities. Agricultural support will include credit and extension services through refocused agencies, the development of processing and storage facilities, and development of access roads and marketing facilities and networks for provisi or commercial production, including forestry, vegetables and fruits. Special emphasis will again be placed on OR Tambo and Alfred Nzo. Identification of prime areas of land will require consideration of soil potential, climate and markets, and will require land tenure reform to dedicate land to commercial agricultural structures in the former Bantustan areas. There is also potential for linkages to smallholder agriculture through outgrower schemes.
- Development of opportunities for animal husbandry, with particular emphasis on communal grazing areas in the OR Tambo, Alfred Nzo, Chris Hani, Ukhahlamba and Amatole District Municipalities will require support through breeding with improved animals and veterinary services, as well as support to processing and marketing.
- The objective of manufacturing diversification is linked to agrarian transformation through the development of agro-processing. Increased commercial agricultural production in the former homelands will provide opportunities for strong linkages to agro-processing and manufacturing industries in district towns and other urban centres. Agro-processing opportunities should be promoted as part of a regional growth strategy.
- The objective of human resource development links strongly to agrarian transformation through strengthening of agricultural colleges and high schools, mentoring, training and support to increase the numbers of emerging commercial farmers, and training in enterprise development and low cost farming for smallholders. Special priority must be given to training for women, the youth and farm workers.
- Agricultural support programmes, including extension advice, land reform and the development of commercial enterprises must include assessments of environmental impact and recommended sustainable options for agricultural production. Land protection should include community-based programmes for catchment management, anti-erosion measures and re-forestation.

### **6.2.3 Institutional Implications**

The institutional implications of this approach are:

- The Provincial Department of Agriculture will need restructuring to support the new concentration on food security. This will include a refocused and decentralised extension service, a reorganised organisational structure, investment in training, and sufficient funding for core food security programmes. Effective delegation will be crucial to support successful programme implementation at a district level.
- Budget allocations to the Provincial Department of Agriculture will need to be sufficient to support a large-scale programme of smallholder agricultural development and the targeted development of cash crop and livestock production. Effective budgeting for district-based implementation would need to be effected.
- A new institutional structure may be needed to support commercial agricultural development in the former homelands, especially to support the establishment of CPPPs, trusts and companies and cooperatives, and to provide training in enterprise development and management.
- Strengthening of agricultural research is needed to support these priority areas, especially in the area of low-cost, appropriate technology. Research networks in support of agrarian transformation will be needed, including existing research centres, Provincial parastatals, educational institutions and non-governmental organisations.
- Land reform must be given greater attention and priority. This will require strong coordination between the Provincial Government, District Municipalities and the National Department of Land Affairs. The existing cooperation between the Provincial Department of Agriculture and the National Department of Land Affairs at district level should be strengthened and effective and integrated planning and leadership must be established at Provincial level. Budgets for land redistribution and land tenure reform will need to be increased substantially.
- Local economic development (LED) initiatives in agriculture by Municipalities should be given support. The planning of Provincial programmes for agricultural support must include local priorities. LED initiatives in agriculture should also build local partnerships for agricultural development that include all local social partners.
- Appropriate local institutions need to be developed to manage processing and exchange. These could include cooperative arrangements, which would allow for democratic control by producers, and arrangements with private capital.

### **6.3 Consolidation, Development and Diversification of the Manufacturing Base and Tourism Potential**

Consolidation and diversification out of the existing strengths of the manufacturing sector and the development of the tourism sector is the third key objective of the PGDP.

The manufacturing sector is divided into three strands. Manufacturing strategies and programmatic interventions are needed that are appropriate to each strand to consolidate growth, develop linkages between industries, and create employment:

- A modern, high-growth, export-oriented sector, centred on the automotive industry, automotive components, and associated supply industries such as plastics.
- A series of disparate sub-sectors with a historic presence or raw materials base in the Province around which are clustered a number of potentially competitive sectors (wood products, furniture, textiles and clothing, leather goods, food processing).
- An underdeveloped and de-linked small, medium and micro enterprise (SMME) sector, largely focused on local servicing of small towns and survivalist enterprise.

The development of Provincial tourism has high potential to create employment and raise incomes in rural areas through community tourism programmes. Priorities are the development and protection of existing and new parks and reserves, improvement of infrastructure, especially along the Wild Coast, and the development of a strong marketing brand showcasing a number of core attractions and themes.

#### **6.3.1 Approach**

The traditional industrial strategy debate of “State versus the market” has been superseded by the view that a new socio-economic system consistent with the objectives of the PGDP will depend on a strong private sector interacting with a strong public sector. While competitive markets are indispensable in allocating resources, strong socio-economic planning is needed for achieving growth, employment and poverty eradication targets.

The first priority in the manufacturing sector is to increase growth in labour-intensive industries in the district and rural towns through a strategy for regional growth. This will play an important part in achieving more equitable growth between different parts of the Province. The strategy must identify and harness the economic strengths of districts in the Province within the framework of Province-wide industrial development strategy that draws on the outcomes of IDPs.

Strategies for industrial growth are needed for the high potential sub-sectors with a historic presence and a raw materials base in the Province. Most of these industries are in agro-processing. Development of the agrarian economy will, in itself, create opportunities through the increased supply of raw materials. Industrial strategy will need to include:

- Industrial planning to develop a growth strategy in each sub-sector with the Provincial social partners.
- Research to identify the highest potential areas for investment.
- The development of research partnerships for technology development, including Provincial higher education institutions.
- Promotion of skills development through the relevant Sector Education and Training Authorities (SETAs).

The Provincial strategy for industrial development must also build linkages between the modern export-led sector and other industries. This is especially important in the case of the new IDZs, which must be used as opportunities to boost growth in Provincial industry through supply linkages. In this regard, industrial strategy needs to include:

- Industrial planning in each sub-sector focusing on the promotion of linkages to the Provincial economy.
- Research to identify industrial linkages through gaps in the supply chain and higher-value opportunities in the value chain.
- An industrial plan for the IDZs that will identify and target supply opportunities at the

Provincialeconomy.

- Capacity building in research for technology development.
- Effective application of information and communications technology.
- Promotion of skills development through the relevant SETAs.

The development of the Provincial tourism potential should optimise benefits to host communities and should protect the Province against volatility in international tourist flows by building on its strengths as a domestic tourist destination. Community-based forms of tourism are most likely to optimise benefits to host communities and can complement mass-based forms and those directed at the high-spending end of the market. Linkages between established and emerging tourism enterprises should be supported, particularly in support of an integrated Provincial tourism marketing strategy. Linkages between tourism and agriculture activities in rural areas are critical.

There can be no prosperous and democratic society without a strong and effective government capable of providing leadership and coordination in the development process. Synergy is needed between both private and public sectors, each contributing its strengths in the interests of the Province at large.

### **6.3.2 Programmatic Implications**

The programmatic implications of this approach suggest that the Provincial Government and its agencies should influence the course of industrial development through:

- Industrial planning for high-potential manufacturing sectors focused on identifying and developing linkages with the Provincial economy.
- Funding for research and development and the promotion of research partnerships.
- The provision of infrastructure and the upgrading of road and rail links between the metropolitan centres and rural towns.
- The use of procurement of government goods and services to direct business to Provincial industry.
- Promotion of skills development through partnerships with the relevant SETAs, especially in high-growth and high-potential sub-sectors.

Horizontal and vertical linkages within high-potential sectors need to be developed, including identifying opportunities for SMMEs. The sectors that hold the most promise are the automotive industry and automotive components, plastics, textiles and clothing, wood products, furniture, leather goods and food processing.

The industrial development planning capacity of Provincial Government and its agencies needs to be increased. Areas for attention are:

- Sector planning and research capacity, including establishing dedicated sector units.
- Data and information on industry in the Province.
- Strengthening industrial incentives, particularly in support of regional growth and developments, and improved coordination with national incentives.
- Negotiations with strategic industrial partners, including the development of key projects.
- Coordination of skills development and training with the relevant SETAs, especially in high-growth and growth-potential sectors.
- Improved coordination of the wide range of national and Provincial agencies involved in support to the manufacturing sector.

The labour research capacity in the Province also needs to be developed and institutionalised in support of effective engagement by organised labour in the further development and implementation of the PGDP.

The human resource development objective provides vital support to manufacturing development. A comprehensive human resource development strategy should support the development of the manufacturing sector and tourism. This strategy should include attention to gender relations, the needs of the youth, and labour relations.

The main attractions of the Eastern Cape for tourists lie in: beautiful natural resources; adventure and outdoor tourism; and cultural and historical tourism. The opportunities for tourism development lie in:



- Marketing the many attractions in the Province under three or four strong themes or brands.
- Upgrading the quality of existing tourism attractions through improving the quality of facilities in the parks and reserves.
- Investing in core new attractions that will draw tourists into the Province.

The Eastern Cape Tourism Board has the key role in continued marketing of the Province under these themes. The planning capacity of regional tourism boards needs to be increased to plan for tourism development. The Province has a major role to play through improved road and air access, especially along the Wild Coast.

Local economic development initiatives built around manufacturing and tourism should be strengthened and integrated into common, coherent and implementable Provincial programmes. Such initiatives should also build local partnerships for the development of SMMEs.

Manufacturing and tourism development strategies should incorporate strategic assessments of environmental impact. The prime attraction of the Eastern Cape for tourism is its natural beauty, which must be safeguarded and protected in all developments. Zoning regulations must be used to develop new tourism facilities and attractions in a sustainable manner.

Institutional arrangements for participation by all social partners in joint planning and negotiation should be developed. These include the development of overall manufacturing and tourism strategy and the development of sector plans.

## **6.4 HUMAN RESOURCE DEVELOPMENT**

Segmentation<sup>1</sup> of the Provincial labour market is a major cause of poverty; large numbers of people are excluded from the job market for lack of skills. The objectives of agricultural, manufacturing and tourism growth are likewise constrained by inherited and long-term skills deficits. Human resource development is therefore the first of the three foundation objectives.

Government intervention is needed to ensure equity and justice with respect to access to jobs, training, treatment at work, and payment, as well as with respect to the broader welfare of the poor and marginalised. These principles are at the heart of the ANC-led government's labour market and human resource development policies.

The challenges for the Provincial labour market and HRD include:

- An extremely low skills base.
- Under-investment in skills development.
- Rising unemployment.
- Poor alignment of training programmes with social and economic development strategies.
- A mismatch between training outputs and skills requirements.

### **6.4.1 Approach**

The National Government has since 1994 established an integrated skills development strategy that brings education and training together, and targets supplying the skills needed for growth and employment. The following principles underpin this new system:

- It is flexible and decentralised, but with national coordination and direction to support local decision-making and a more strategic approach to education and training.
- It is demand-led, focusing on the skills and competencies needed by enterprises to support rising productivity and competitiveness, and on pre-employment and target group training linked to work experience.
- It is based on partnerships between the public and private sector, joint control over the new Skills Development Strategy and shared costs.

The objective of the national strategy is the achievement of rising skill levels which promote economic and employment growth and social development. Specific objectives are:

- To improve the skills profile of the population through accredited high-quality education and training.
- To increase the quality and quantity of intermediate-level skills in the country.
- To improve social and infrastructure delivery by increasing skills.
- To raise the quality, relevance and cost-effectiveness of skills development throughout the country.

The national strategy must also be reinforced and supported by a Provincial human resource development strategy that:

- Aligns with the vision and objectives of the national strategy.
- Creates policy, legislative and institutional mechanisms to implement the skills development strategy within the Province and ensure its sustainability.
- Is consistent with Provincial and district growth, employment, and development strategies.
- Mobilises resources for skills development in the Province.

The Provincial Human Resource Development strategy must address the following issues:

- A more rigorous understanding is needed of the characteristics and trends of the Provincial labour market, including the collection and analysis of better labour market data and analysis of the different segments of the labour market.
- Better understanding is needed of specific HRD and labour market challenges including the gender profile of different segments of the labour market and the special training and skills development needs of women, youth and disabled people.
- The HRD strategy must be designed with the needs of all people in mind, including those educated to primary level, to general level (grade 9), and to further level (grade 12). The strategy must design and target skills development relevant to these levels to bring underutilised capacity within the Provincial labour market “on-stream”.
- Understanding is needed of the limits of the labour-absorptive capacity in different sectors of the economy, including the role of both the formal and informal labour market.

#### **6.4.2 Programmatic Implications**

The design of human resource development programmes needs to focus both on “supply leading” and “demand following” aspects:

- “Supply leading” programmes will be based upon human resource development planning to address the projected future skills development needs of the economy.
- “Demand following” programmes address the immediate skills interventions required to enhance service delivery in a range of areas (health workers, agricultural extension workers and infrastructure development planners, for example).

The following are priority areas to be considered in programme design in the second phase of the PGDP:

- *Training strategy:* Analysis of the main technical and vocational training gaps in the Province is needed, linked to an analysis of Provincial and district growth sectors. Priority should be given to establishing NQF-accredited courses in these areas in the new FET colleges.
- *FET courses:* It is recommended that the new FET colleges concentrate on further education, not higher education, and that courses focus on intermediate-level skills development for employment and self-employment. The current focus on business studies and technology is encouraging, but throughput and pass rates need to improve. Resources are needed to upgrade courses, curriculum, and equipment, especially in information technology and technology subjects.
- *Post-school education:* Innovative short and part-time courses are needed to provide a route back into education and training for learners who have left school early or who have failed matric. FET colleges are well placed to offer such bridging courses that will qualify learners for a route back into the education system through technical and vocational education, as well as increasing skills.
- *Adult education:* Support is needed for innovative post-school and adult education programmes to provide routes back into the educational and training system for youth and adults that have not qualified to matric level. Again, FET colleges are well placed to offer such courses on a full-time, part-time and night school basis.
- *Use of skills development funds:* Funds from the skills levies are under-spent nationally and Provincially. The HRD programme, in cooperation with the relevant social partners, needs to design Provincial skills development plans for the high-potential sectors of the economy. The programme also needs to identify immediate skills development interventions for the unemployed, youth and women that can provide training for employment and self-employment.
- *Provincial capacity:* The vast majority of SETAs have their head offices in Gauteng with just a contact point in the Eastern Cape, usually the Department of Labour. Stronger Provincial capacity is needed, especially for the SETAs covering key economic growth sectors.
- *Training providers:* Few learnerships are being offered by training providers and institutions, despite the fact that the system is relatively new. The Province should take the lead in bringing

training institutions, especially the new FET colleges, together with employer bodies and SETAs to promote accreditation of courses for learnerships. Training for the public sector, particularly Local Government, should be standardised, and the potential roles of tertiary training institutions within the Province in providing and supporting Local Government training should be investigated.

## **6.5 Infrastructure Development**

Infrastructure development is the cornerstone of socio-economic development of any country. In South Africa, the policy of separate development accounts for the huge imbalances in infrastructure development that still exist today. The objective of infrastructure development is critical to addressing those imbalances and to promoting both social and economic growth and development.

A 2001 report by the Premiers' Office estimated that R30-billion was required over a five-year period up to 2006 to address half of the infrastructure backlogs in the Province. More than R18-billion of this estimate was for building and rehabilitating schools, clinics and hospitals. Much of these social backlogs lie in the former homelands, where there is also a need for better water and sanitation, electricity and roads. Clearly, a long-term, well-planned and coordinated programme of infrastructure investment is needed in the Province.

The Province is beginning to see increased investment in infrastructure, notably in roads and in the development of the IDZs. Provincial capital expenditure on roads was budgeted at over R1-billion in 2002/3 and is set to increase. Some R2.5-billion is set to be invested in a new toll road along the Wild Coast by 2005. More than R1-billion a year is being invested in the two IDZs. In 2002, ECDC estimated that capital expenditure by government and State agencies on infrastructure in the Province is set to increase from R3.9-billion in 2002/3 to R6.5-billion in 2004/5.

While this growth in infrastructure investment is welcome and is already a major factor in increased economic growth in the Province, further investment is needed in social infrastructure, especially in water and sanitation, school and clinic construction and in rural access roads. Well-planned rural infrastructure will play a major role in leveraging social and economic growth.

### **6.5.1 Approach**

Infrastructure development is a foundational objective in the Eastern Cape due to its key role in social development, especially the eradication of social backlogs, and its role in leveraging economic development. Government and its social partners recognise the need for an integrated institutional planning capacity in the Province that can:

- Track trends on the delivery of physical, social and economic infrastructure and analyse expenditure patterns sectorally and spatially.
- Disaggregate such trends by projects, indicating their stage in the planning and implementation cycle.
- Evaluate the costs and benefits of specific projects in terms of contribution to social development and leveraging of economic growth.
- Provide support to government departments on project identification, design and formulation and the management of implementation.
- Make recommendations to the Executive Council, Province of the Eastern Cape, on the social and economic benefits of competing project options and the potential for leveraging additional investment.

Integrated planning of infrastructure development should also develop and expand existing models of infrastructure planning, management and delivery, including strengthening of programme units in departments and district councils, and the creative use of public-private partnerships to leverage private sector investment.

The overriding objective of improved planning for infrastructure development is to creatively explore ways to increase the level of public investment expenditure, and use infrastructure expenditure to more efficiently address the interrelated objectives of poverty eradication, employment creation and economic growth. This will include the development and use of labour-intensive and community-based construction measures and affirmative procurement to direct infrastructure to SMMEs.

### **6.5.2 Programmatic Implications**

Many National, Provincial, District and Local Government departments and agencies are involved in the delivery of infrastructure. Greatly improved planning and co-ordination will prioritise funds, avoid duplication, and ensure funding of future maintenance of infrastructure. Planning capacity is being built up in the district councils as funding and implementation responsibilities are transferred.

### *Investing in social infrastructure, especially in the former homelands*

- *Rural access roads* are a key priority for access to schools, clinics, and hospitals. Better access roads will also open up areas for economic development, especially high potential land for irrigation, forestry, and livestock farming that has not had access to inputs and markets.
- *School and clinic construction* is a further social development priority. Many homeland schools and clinics are sub-standard. The size of the backlog dwarfs available funds. Increased funding needs to be made available and targeted to the highest areas of need. School and clinic construction also needs to be linked to growing communities. Construction should use available funds effectively through well-known and developed appropriate technology and labour-based construction methods, using local contractors and community labour.
- *Water and sanitation* needs major investment in rural areas of the homelands where the worst backlogs are present and many communities are still without safe drinking water.

### *Investing in economic infrastructure to unlock growth*

While good roads and communications infrastructure exist in and between the major towns, there are gaps in the network. Emphasis will be placed on major road links, rail links and on the longer-term development of an international airport. The development of the IDZs provides an opportunity for attracting foreign investment into new export-driven industries.

- *Roads:* The construction of the Wild Coast Toll Road will provide a major boost to the former Transkei economy, linking Pondoland with the rest of the Province and opening new areas for tourism and agricultural development. However, it must be sensitively planned and implemented to optimise the benefits to local communities and minimise environmental harm. Main roads along the coast, such as the planned Wild Coast Meander, will also boost tourism. Improvement of other major link roads, such as the coastal road between East London and Port Elizabeth, will boost business development.
- *Rail:* Planned and prospective upgrades to the rail system will ease freight transport and open new areas of the economy. The upgrade of the Umtata-to-East London railway will provide opportunities for forestry development, wood chip exports and agriculture development. Improvements to the main lines to Port Elizabeth and East London will promote exports through the ports and the development of the IDZs.
- *Seaports* are already expanding and will provide continued support to industrial development, especially in the IDZs. Opportunities exist for small port development for fishing, tourism and leisure, especially at Port St Johns.
- *Airports:* Growing exports from the Province provide future opportunities for an international airport for freight and tourism. While Port Elizabeth will probably be the first site for an international airport, emphasis is being placed on a Provincial network of freight routes as the economy grows, including the Bulembu and Umtata airports.
- *Electricity:* South Africa has a strong advantage of low-priced electricity that keeps business costs low and helps to attract investment. Continued investment in grid infrastructure, for example for the IDZs, will be a significant plank in attracting investment.
- *Construction* is set for a major expansion in the Province as social and economic infrastructure is built up. The opportunity is to leverage construction business in the Eastern Cape economy through procurement policy, joint ventures between large and smaller companies for major projects and training of emerging contractors.

## **6.6 Public Sector and Institutional Transformation**

Public sector and institutional transformation features repeatedly in the objectives of the PGDP. Programme interventions are also closely linked to the objective of human resource development. Local Government will increasingly become the main site of service delivery during the PGDP and strong programme interventions will be needed to strengthen capacity and build skills.

### **6.6.1 Approach**

There are four key areas of challenge in public sector transformation: Provincial Government, Local Government, civil society and business.

The challenges of *Provincial Government* transformation relate to the need to strengthen and integrate planning for Provincial socio-economic development, while leading the process of decentralisation of service delivery to district and local Municipalities. Provincial Government will need to strengthen its policy, planning and oversight roles while delegating powers and functions to Municipalities in a phased manner. This will be a challenging process requiring strong programmes

to support management, planning and monitoring, and systems capacity in Local Government. Provincial Government will need to take a lead in designing such programmes.

*The challenges of Local Government revolve around:*

- The legislative and regulatory requirements of the new developmental role of Local Government.
- Strengthening Local Government planning and project management capacity.
- The division of powers and functions between District and Local Municipalities.
- The definition of Provincial service district boundaries in terms of District Municipal boundaries.
- The improvement of agency agreements between the Provincial and local spheres, particularly in roads and health.
- The synchronisation of the planning and budgeting cycles of the three spheres of government in support of integrated development planning in the local sphere.
- The improvement of programme coordination between these three spheres of government.
- The establishment of effective participation in development planning and implementation within the local sphere.
- The development of a cluster approach to the work of Municipalities that closely articulates with the clusters developed within the Provincial sphere.

*The challenges of civil society revolve around:*

- Improvement of communication and access to State transformation in a Province characterised by illiteracy and limited access to basic services.
- Effective harnessing of forums for participation in development planning.
- Effective empowerment of the poor to voice their needs and take an active role in development initiatives.
- Effective decentralisation of State activity in meeting the socio-economic rights of the poor.
- Effective harnessing of the skills of non-governmental and community-based organisations in support of poverty reduction and economic development while maintaining a space for critical engagement with the State around development approaches and priorities.

The challenges of *business* revolve around: the effective harnessing of public resources in support of a shared strategy for growth and development; using levers such as strategic investment in infrastructure, research and spatial planning; and identification of economic development priorities within the agricultural, manufacturing and tourism sectors. The strategy for growth and development should set the signals for private sector investment through effective planning, investment incentives (particularly in marginalised areas), and reduction of transaction costs associated with investment decisions.

A series of overall priorities stem from these challenges. The strategic approach will be focused on the harnessing of skills and resources in support of local priorities as articulated through the integrated development planning process. This will require:

- Effective coordination of Provincial and national programmes within the boundaries of District Municipalities.
- Improved coordination of planning and budgeting.
- Predictability and targeting of fiscal flows from agencies within the national and Provincial spheres of government.
- Strong support to capacity development through skills training and the deployment of Provincial staff to Local Government.
- Development of the structures and systems for the effective functioning of participatory democracy within the local sphere.
- Effective mobilisation of all social partners in support of the formulation and implementation of the IDPs.

Provincial and National Government should increasingly focus planning and programme implementation around the priorities of Municipalities, while maintaining clear visions of broader Provincial and national priorities.

Finally, the participatory planning process should be institutionalised as part of PGDP implementation to ensure that all social partners continue to participate and are mobilised in support of the PGDP as well as the monitoring of its outcomes.

## 6.2.2 Programmatic Implications

The programme implications of this approach are:

- The decentralisation of service delivery to the local sphere of government is a strong priority. The progressive delegation of powers and functions from Provincial to Local Government will require careful planning and the development of strong support programmes in management, planning and monitoring, and in service delivery. One-stop service centres at Local Government level need to be established as part of the decentralisation process.
- The participation of civil society organisations in development and implementation of the PGDP and IDPs needs to be institutionalised. This requires both the PGDP participatory forums and pro-poor, activity-based participation strategies within the local and Provincial spheres of government.
- An institutional framework for monitoring and evaluation of programmes, developed as part of the PGDP, needs to be established. This network should be built on a system of indicators, including gender and poverty indicators, and simple monitoring tools that also feed into political oversight and auditing functions within the Province.
- The performance of Provincial Government departments need to be improved, not only to deal effectively with inefficiencies, under-spending and corruption, but also to improve the targeting of service delivery to the poor and to implement effectively the principles of *batho pele* in the Provincial civil service.
- The skills base and systems of Municipalities need to be developed on an ongoing basis, harnessing effectively Local Government support programmes initiated by the National and Provincial Governments, as well as by donor organisations. The need for new programmes aimed at the development of the skills of Local Government officials and politicians should be assessed.
- Planning and budgeting cycles in the Provincial and local spheres of government need to be aligned to support the IDP process within the local sphere more effectively, to provide greater certainty to Municipalities on their fiscal allocations, and to ensure Provincial and national priorities are communicated timeously and with due consideration of local priorities.
- Provincial fiscal management needs to become increasingly output-focused, with more effective harnessing of all fiscal resources deployed in the Province in support of integrated programmes and projects. Fiscal management systems should also increasingly be focused on objective-based budgeting.
- Progressive decentralisation of powers and functions to Local Government must be supported by the decentralisation of financial management and other systems to service districts over a clear, well-planned timescale.
- The boundaries of Provincial service districts need to be aligned with District Municipal boundaries to allow for better deployment of Provincial public sector resources within the Local Government, and to allow for more effective monitoring and engagement by social partners in the work of Provincial and local administrations.
- The coordination of planning and monitoring of implementation of the PGDP needs to be ensured through appropriate institutional means.

## 7. IMPLEMENTATION OF THE STRATEGY FRAMEWORK

The Strategy Framework has developed an analysis of the constraints and opportunities faced by the Eastern Cape, considered options for growth and development, and derived six strategic objectives. These objectives have each been discussed, stressing their interrelationship and setting guidelines for programme interventions.

Phase 2 of the PGDP planning process will move to elaboration of each of the strategies within this strategic framework. The goal of elaboration will be to plan and phase programme interventions in each objective area, while building programme linkages aimed at meeting the overall objective of poverty eradication.

The focus of Phase 2, drawing from the preparatory work done in Phase 1, will be on the following areas of strategic intervention:

- Delivery of economic programmes along the lines articulated in the strategy and its objectives.
- Consolidation and adjustment of the institutional mechanism aimed at driving project delivery in the identified spatial and sectoral areas.
- Systematic implementation of the new fiscal framework in order to reflect the shift in emphasis towards economic growth and development.
- Creation of strategic economic management capacity with identified centres in the District Municipal Areas.
- Redefinition of the Provincial Government department competencies and boundaries in line with the

new district economic competencies. This will ensure optimal utilisation and efficient use of the public service capacity.

The implementation of the PGDP will have to be done in distinct but related steps. Implementation during each step will be guided by the fiscal and operational capacity of government, and the need to build a medium- to long-term platform for economic growth and development. The first step will prioritise improvements in the following areas:

- Control and regulatory capacity to ensure good and corporate governance.
- Institutional mechanisms for operation management to ensure that projects are delivered with necessary scale and impact.
- The balance between decentralised service delivery and centralised coordination and management of planning and implementation.
- Partnership arrangements in support of all of the key objectives of this Strategy Framework.

Alongside this, a process of preparing the massive project rollout focusing on Municipal, strategic economic infrastructure and poverty eradication will have to be accelerated with implementation envisaged from the second fiscal year (2005-2006).

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# SECTION 4

SPATIAL PLANNING

EASTERN CAPE

2004 - 2014



## 1. INTRODUCTION

Historically, the main role of the Eastern Cape in South Africa's industrial development under apartheid was to function as a labour reserve for mining. This locked the Eastern Cape economy, and particularly the former bantustan economies, in a dependent status with income inflows from remittances.

Today, as a direct result of this legacy, the economy of the Eastern Cape is characterized by extreme levels of uneven development and spatially defined dualisms between the two urban industrial manufacturing centres of Buffalo City and Nelson Mandela Metro, and the poverty stricken and underdeveloped rural hinterland of the former bantustan areas of the Transkei and Ciskei. Similarly the urban industrial centres are themselves defined in apartheid spatial terms between affluent residential, commercial and industrial centres and impoverished townships and informal settlements.

The analysis of the Province in terms of these spatially-defined dualisms is consistent with President Mbeki's metaphor of South African society consisting of "two economies".

- The "first world economy" refers to the modern industrial, mining, agricultural, financial, and services sector. Many of the major policy interventions of Government over the past ten years have focused on this economy – ensuring its development and integration into the global economy; while
- The "second" or "marginalized" economy on the other hand is characterized by underdevelopment, contributes little to GDP, contains a large proportion of the population, incorporates the poorest of the rural and urban poor, is structurally disconnected from the "first" and global economies, and is currently incapable of self-generated growth and development.

The challenge for the PGDP is to package and implement programmes that address the developmental needs of the "second economy" in a manner that –in the words of the President allows it "to outgrow its third world nature" and ensure its integration with the developed sector.

This is not to suggest that the so-called "first economy" and "second economy" are not linked historically, the underdevelopment of the areas to which the term "second economy" is applied has supported the development of the "first economy". Rather than being the ideal to which the "second economy" should aspire, the "first economy" needs to be utilised to allow for development and improved spatial integration of economically marginalised parts of our Province. In this process, the dynamics and opportunities within economically marginalised areas could also be leveraged to optimal effect.

Key to meeting the challenges of regional disparity and socio-economic inequality will be the targeted transfer of capital and other resources to the marginalized economy. This suggests the need to geo-reference the PGDP, in order to ensure optimal impact of public investment in a manner that builds a more integrated and balanced Provincial economy.

This chapter considers policies and issues pertinent to the spatial restructuring of the Provincial economy. The first section looks at the socio-economic impact of apartheid-engineered marginalization; section two considers the policy framework for effecting spatial re-organization; section three focuses on issues of vertical planning and co-operative governance; with the final section considering the spatial implications for the prioritized PGDP programmes.

## 2. THE SOCIO-ECONOMIC IMPACT OF INEQUALITY AND SPATIAL MARGINALIZATION

The Provincial Spatial Development Plan (2003) describes settlement patterns in the Province as follows:

- Regional and sub-regional enclaves of land previously reserved for black occupation (Ciskei and Transkei areas) surrounded by tracts of land used for extensive agriculture (largely white-owned);
- An urban settlement pattern dominated by two significant conurbations, in the form of the Nelson Mandela Metropole and Buffalo City Municipality
- A supportive urban hierarchy consisting of: Regional centres such as Graaf Reinet, Cradock, Grahamstown, Queenstown, Butterworth and Umtata, Colesburg, Stutterheim, Aliwal North and Fort Beaufort. Smaller towns and lower order centres such as Alice, Elliot, Molteno, Dordrecht, Lusikisiki, Mount Frere, Bizana, Idutywa, Alexandria, and Whittlesea and
- Settlements and villages accommodating almost two thirds of the population.

Relative to other Provinces, the Eastern Cape has a low functionally urbanized population. This pattern is changing, albeit more slowly than expected, with outward migration from rural areas occurring mostly among the economically active population. Reasons for outward migration from rural areas include land scarcity, the absence of economic and employment opportunities, as well as retrenchments in the formal agricultural sector. Migration flows are mostly to large urban centres both outside the Province, and to Buffalo City and Nelson Mandela Metropole, although there are also significant population flows between smaller sub-regional centres and small towns. This has seen a rapid growth in informal and peri-urban settlements in the past decade, and rapidly increasing levels of urban poverty.

An interesting feature of rural settlement patterns is that the majority of people living in former bantustan rural areas do not derive a living from rural agriculture, with the economies of these areas being heavily subsidized by external in-flows of “survival capital” in the form of social grants and remittances from family members working in urban centres in the Province, or elsewhere in the country. This has significant implications for the development strategies that are targeted for these areas.

The legacy of apartheid planning has meant that the benefits of Government policies aimed at building a stronger “first world economy” have not trickled down to the poor and marginalized, but continue to benefit those who, essentially because of the skills and resources at their disposal, already belong to the “first economy”.

The impact of the continued exclusion of many of the Province’s poor in wealth generating economic activity is growth-reducing, and threatens the growth and employment targets of the PGDP. Other ways in which poverty, inequality and spatial disparity are economically costly include:

- **Large numbers of the population are not willing to engage in risk-taking entrepreneurial activity.**
- **Growth of the formal economy is constrained by limited domestic demand.**
- **High levels of poverty may deter private investment.**
- **Large numbers of the poor are unable to meet charges on the provision of services which may threaten the revenue base of municipalities.**
- **Large numbers of the poor become increasingly dependent on state-sponsored social security, with reduced fiscal scope for economic spending.**

Spatial marginalization constrains participation of the poor in economic activity and limits access to public goods, productive assets, and entrepreneurial support measures aimed at stimulating economic development (such as business finance, extension support, marketing and product development support etc). Costs of production and operational costs are often higher in isolated rural areas, due to additional costs associated with logistics, electrification, communication and transport related goods and services. This in turn increases the external account – especially relating to food and other basic needs goods and services imported into the local economy.

Scope for integration into industry supply chains and global sourcing networks and markets is limited. It is also far more difficult for business enterprises in isolated areas to attract and retain skills. The net result of these constraints is reduced productive capability, low levels of private investment, and underutilized human potential. Sectors that have significant growth potential for our impoverished rural areas – such as tourism, agriculture, and agro-industry – remain underdeveloped. Poor households remain locked in poverty traps - unable and/or unwilling to engage in productive economic activity – and unable to break out of dependency on social grants. This further entrenches their isolation and marginalization from the formal mainstream economy.

Spatial isolation also results in poor and vulnerable households slipping through the state's safety nets of social grants, nutrition support, free schooling, health care, and access to water and sanitation services. Communities living in isolated rural areas are not always able to access the basic services to which they are constitutionally entitled. Poor transport networks undermine the ability of line function departments and municipalities to meet their service delivery mandates; for example the delivery of learner support materials in the Department of Education, the delivery of medicines and essential equipment to clinics in the Department of Health, the delivery of social grants in the Department of Social Development; and the delivery of water and sanitation services for the Department of Water Affairs and municipalities.

In addition, poor transport networks make medium-distance commuting unviable, which makes it difficult to attract and retain professionals in isolated rural areas (particularly educators and health workers).

To this end, the Provincial Growth and Development Plan is packaging interventions that address spatial-economic marginalization and the related access needs of vulnerable groups such as women, disabled persons, the elderly, learners and children, and people living with HIV and AIDS. Central to this will be increased public investment in rural transport and related access infrastructure and services.

The PGDP is also aimed at ensuring accelerated resource and asset transfers to isolated rural areas, including education and skills training, finance and capital for business development, social and economic infrastructure delivered through expanded public works programmes, as well as ICT and other logistics and business infrastructure designed to support accumulation by the poor.

### **3. POLICY FRAMEWORK FOR SPATIAL RE-ORGANIZATION**

The Eastern Cape has inherited an unsustainable pattern of settlement and land usage. The Province is characterised by uncoordinated and inefficient spatial development in response to dispersed resources, a demand for land, and access to perceived economic opportunities. Municipalities have initiated the formulation of Integrated Development Plans (IDPs) outside the context of an embracing spatial policy that guides and coordinates such planning according to sound norms and principles. In order to prevent a continuation of past settlement patterns and fragmentation of limited resources, there is a need to foster spatial development in such a way that resources are invested optimally and areas of development potential are promoted in a sustainable manner. Spatial development planning should be guided by an agreed, over arching strategy for growth and development. The PGDP contains that strategy.

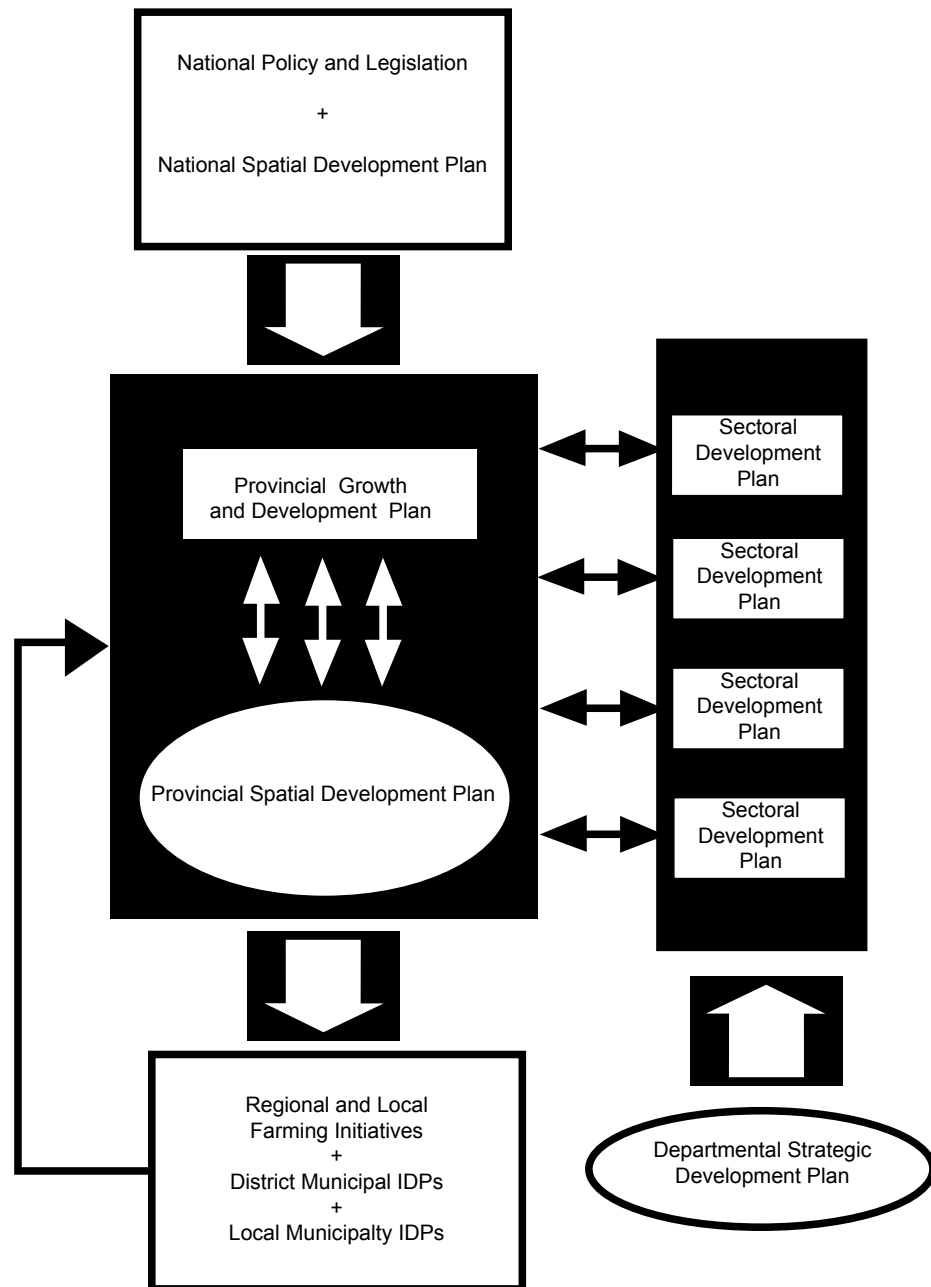
The management of spatial development and land use in the rural areas of the Eastern Cape Province vests with all three spheres of government, and is defined by an evolving framework of policies and laws. The period post-2000 is characterized by a significant convergence in laws and systems that bring stability and clarity regarding the responsibilities of the different spheres of government, and linkages between different planning instruments.

At the national sphere, the policy provisions of the Green Paper on Development and Planning (1999), the White Paper on Spatial Planning and Land Use Management and the National Spatial Development Plan (2003) are the key instruments framing and shaping current spatial planning and development in rural Eastern Cape. Also key will be the proposed Land Use Management Act. These mechanisms intend to introduce a new unitary planning system applicable in both urban and rural areas across South Africa, repeal the Development Facilitation Act [DFA] [No 67 of 1995], and define the content of spatial planning and land use management for the purposes of the Municipal Systems Act.

In addition, there exist a number of nationally-developed programmes such as the Integrated

Sustainable Rural Development Programme (ISRDP), the Urban Renewal Programme (URP), and the Spatial Development Initiatives (Coega, East London IDZ, and the Wild Coast SDI), that provide a clear set of spatial priorities for Government. Although incorporated into the PGDP Programmes, these initiatives still need to be linked with all other PGDP initiatives in a coherent spatial development plan.

This spatial development framework provides an indicative planning tool for all spheres of Government, It is guided by the PGDP, Municipal IDPs and the National Spatial Development Plan This is illustrated in the figure below:



Within the Province of the Eastern Cape, a Provincial Spatial Development Plan (2003) has been developed to rank areas of development potential within the Province, and serve as a tool for spatial prioritization for Government and its development agencies. This plan needs to be revisited in the light of the PGDP and IDPs to ensure that spatial prioritisation follows strategic planning. Ultimately the Provincial Spatial Development Plan (PSDP) will identify key spatial development issues, main nodes, and zones of potential where development should be encouraged, and those natural systems and environmental areas where development should be carefully and sensitively managed. The plan will provide management principles and criteria for

spatial development decisions to enable District and Local Municipalities to formulate IDPs and Land Development Objectives within an enabling policy framework.

The current PSDP proposes a hierarchy of nodes and development areas based on a range of socio-economic indicators and analysis of development potentials. The rationale is to reinforce nodes of existing development strength and areas of development potential to guide public investment in infrastructure and services.

Three levels of service are proposed, in the current PSDP:

1. Basic Needs to All – whereby the provision of basic services based on Constitutional Rights are targeted at areas of highest need.
2. Building Capacity – whereby public sector investment, particularly economic infrastructure, is prioritized in areas of growth and opportunity.
3. Targeted Focus Areas – in which public investment is used to “crowd in” private sector investment in areas of high growth potential.

The PSDP is currently being revisited to more closely align with the development priorities of the PGDP. Also important for the new PSDP will be the need to more effectively integrate issues of land use planning and management.

As noted in the recent report by the Public Service Commission (2003)<sup>1</sup> - “Almost every category of land in the Eastern Cape has its own set of laws, regulations and administrative practices, many of which have lost institutional integrity and are out of sync with constitutional injunctions and emerging policies<sup>2</sup>.” Lack of certainty about land use planning and usage will constrain economic growth and employment targets over the long-term cycle of the PGDP. This suggests the need to rapidly streamline the land use management system in the Province. Key here will be the development of institutional machinery – as part of the Planning, Co-ordination and Monitoring Unit in the Office of the Premier - that can develop, co-ordinate and monitor the implementation of enabling land management guidelines in the Province. Key to this will be the development of technical systems and capability to support mapping, planning and information systems (GIS).

#### **4. BUILDING CO-OPERATIVE GOVERNANCE – STRENGTHENING VERTICAL INTEGRATION BETWEEN THE PGDP AND IDPs**

Integrated development planning at the Municipal level arises from the principle of developmental Local Government, which is reflected in the Constitution of the Republic of South Africa, Act 108 of 1996 and in the White Paper on Local Government (Government of the Republic of South Africa, 1997). The White Paper defines the concept of developmental local government as follows:

*“Developmental Local Government is Local Government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”*

Implementing the intent of developmental Local Government is based on three key pieces of legislation:

- The Local Government: Municipal Demarcation Act 27 of 1998, which demarcated wall-to-wall Local Government throughout the country.
- The Local Government: Municipal Structures Act 117 of 1998, which defined the range of Local Government structures, powers and functions.
- The Local Government: Municipal Systems Act 32 of 2000, which defined the systems in terms of which Municipalities should fulfil their developmental mandate.

This enabling legislation provides a basis for the centrality of IDPs to the way in which Municipalities are structured and organised, including their operational activities, budgets and financial management systems.

Based on the principle of wall-to-wall Municipalities, IDPs cover the entire spatial extent of the Province and are consequently linked directly to the overall development planning contexts that are provided by the PGDP and its associated PSDP. In particular, the Municipal Systems Act

emphasises that the Municipal IDP is the principal strategic instrument that guides and informs all decisions regarding the planning, management and implementation of development in a Municipality's area of jurisdiction. In this regard, therefore, IDPs constitute the most important implementing mechanisms for the spatial, social, economic and political development principles that are articulated in the PGDP and the PSDP.

In a planning context, there is a clear hierarchy of IDPs that includes the Metropolitan Municipality District Municipalities, and Local Municipalities, as well as local towns, wards and administrative areas. For the Eastern Cape, this hierarchy is indicated in *Table 1*.

**Table 1: Eastern Cape Municipal Hierarchy**

Level	Municipality	Component Local Municipalities	Main City/Town
Metro	Nelson Mandela	None	Port Elizabeth Uitenhage Despatch
District and Local	Alfred Nzo	Umzimkulu	Umzimkulu
		Umzimvubu	Mt Ayliff
	Amatole	Amahlati	Stutterheim
		Buffalo City	East London King William's Town Bisho
		Great Kei	Komga
		Mbashe	Idutywa
		Mnquma	Butterworth
		Ngqushwa	Peddie
		Nkonkobe	Alice
		Nxuba	Adelaide
	Cacadu	Blue Crane	Somerset East
		Baviaans	Willowmore
		Camdeboo	Graaff Reinet
		Ikwezi	Jansenville
		Kou-Kamma	Kareedouw
		Kouga	Humansdorp
		Makana	Grahamstown
		Ndlambe	Port Alfred
		Sundays River Valley	Kirkwood
		ECDMA 10 (2)	Aberdeen rural
	Chris Hanu	Emalahleni	Lady Frere
		Engcobo	Engcobo
		Inkwanca	Molteno
		Intsika Yethu	Coffimvaba
		Inxuba Yethemba	Cradock
		Lukanji	Queenstown
		Sakhisizwe	Elliot
		Tsolwana	Tarkastad
	OR Tambo	King Sabata Dalindyebo	Umtata
		Mbizana	Bizana
		Mhlontlo	Qumbu
		Ntabankulu	Tabankulu
		Nyandeni	Libode
		Port St Johns	Port St Johns
		Quakeni (Ingquza)	Flagstaff
	Ukhahlamba	Elundini	Mt Fletcher
		Gariep	Burgersdorp
		Malethswai	Aliwal North
Senqu		Barkley East	

Currently, the Nelson Mandela Metro (NMM) is the only Metropolitan Municipality (Category A) in the Eastern Cape and has the highest Central Place Index in the Spatial Development Hierarchy proposed in the current PSDP<sup>1</sup>. However, the NMM does not exist in isolation from the rest of the Province and is an integral part of the Cacadu District Municipality, the Provincial space economy, and the overall national spatial perspective.

In addition to the NMM, there are six District (Category C) Municipalities (DMs), each of which consists of a series of Local (Category B) Municipalities (LMs) nested within their boundaries. There are a total of 38 LMs.

It is clearly essential that there should be spatial, infrastructural and operational continuity along the boundaries of all of the LMs and the DMs and that these should not be in conflict with each others

and the NMM's IDP, while also providing for spatial connections with contiguous provinces. When the Buffalo City LM is declared a Metropolitan Municipality<sup>2</sup>, it will be excised from the Amatole DM for administrative purposes, but will remain an integral part of the DM's functional economic base. This will have significant financial implications for the Amatole DM since it will transfer the bulk of the DM's revenue base to a new Buffalo City Metropolitan Municipality. Such changes and shifts emphasise the dynamic nature of development planning in the Province and the importance of ensuring that the interlinked system of IDPs is designed to respond to, and to accommodate, changing social and economic circumstances.

The PGDP Strategy Framework for Growth and Development: 2004-2014 provides a strategic approach to the harnessing of skills and resources in support of local priorities, as articulated in the integrated development planning process. This requires the following inter- and intra-governmental initiatives:

- Effective coordination of Provincial and national programmes within the boundaries of DMs.
- Improved coordination of planning and budgetary alignment between the spheres of government.
- Predictability and targeting of fiscal flows from Agencies and Public Entities in the national and Provincial spheres of government.
- Strong support to capacity development through functional devolution, skills training and the deployment of Provincial staff to Local Government.
- Development of structures and systems for the effective functioning of participatory democracy within the local sphere.
- Effective mobilisation of all social partners in support of the formulation and implementation of the IDPs at all levels.

In this context, it is imperative that Provincial and National Government interests should increasingly focus planning and programme implementation around the priorities of Municipalities, while maintaining clear visions of broader Provincial and national priorities.

The initial PGDP implementation phase designed by the Provincial Government is based on a series of Provincially-driven programmes and projects. It is imperative, however, that these initiatives are firmly anchored in local partnerships and should be actively aimed at locally-appropriate implementation based on IDP formulations. In this way, local development partnerships will strengthen local initiatives rather than create greater dependency on the State.

To ensure that the Provincial Government turns this intention into practice, all Provincial Government departments are required to actively plan for decentralisation of their services, with a clear eye on the powers and functions that can ultimately be delegated or assigned to Municipalities.

## **5. GEO-REFERENCING THE PROVINCIAL GROWTH AND DEVELOPMENT PLAN**

Addressing uneven development and spatial marginalization is at the heart of the PGDP, with its six-fold strategy of systematic poverty eradication, transforming the agrarian economy, diversifying and developing manufacturing and tourism, developing human resources, developing infrastructure, and public sector and institutional transformation.

Each of the PGDP strategic objectives and composite programmes has particular spatial implications. The emphasis on spatial targeting is consistent with the increasing shift towards data-driven, evidence-based planning and resource allocation. A key component of the PGDP monitoring and evaluation system will be spatial monitoring (utilizing tools such as GIS). What follows in the table below is a guideline outlining some of the criteria that departments would have to factor into the spatial targeting of their budgets.



PGDP Programme	Criteria for Spatial Targeting	Comments
Massive Food Programme	<ul style="list-style-type: none"> <li>-Areas of maize potential;</li> <li>-Land availability;</li> <li>-Levels of food insecurity and nutrition status;</li> <li>-Critical mass of small-scale Black farmers prepared to meet programme conditionalities</li> </ul>	<ul style="list-style-type: none"> <li>-Current focus on kickstarting commercial agriculture in former bantustans;</li> <li>-Possible extension to western areas of the Province through land redistribution and supply of irrigation infrastructure</li> </ul>
Siyazondla Homestead Food Production Programme	<ul style="list-style-type: none"> <li>-Proportions of people living in poverty;</li> <li>-Levels of food insecurity and nutrition status;</li> <li>-Land availability</li> </ul>	<ul style="list-style-type: none"> <li>- Closer linkages required with Comprehensive Nutrition Programme</li> <li>- Current focus mostly in former bantustan areas;</li> <li>- Requires to also target urban poor</li> <li>- Requires more integration with initiatives that stimulate market demand (such as the School Nutrition Programme)</li> </ul>
Comprehensive Nutrition Programme	<ul style="list-style-type: none"> <li>-Proportions of people living in poverty;</li> <li>-Levels of food insecurity and nutrition status</li> <li>- Numbers of learners (for School Nutrition Programme)</li> <li>- Number of people on TB and ARV Treatment (for Integrated Nutrition Programme)</li> </ul>	<ul style="list-style-type: none"> <li>-Nutrition data is sketchy and currently not being used to target resources</li> </ul>
Integrated Agricultural Infrastructure Programme	Demand plans as emanating from Massive Food, Livestock, Agro-processing and Timber programmes	<ul style="list-style-type: none"> <li>-Requires more effective integration with other enabling infrastructure (such as roads)</li> </ul>
Expanded Public Works Programme	<ul style="list-style-type: none"> <li>-Levels of poverty;</li> <li>-Levels of unemployment;</li> <li>-Infrastructure backlogs</li> </ul>	<ul style="list-style-type: none"> <li>-Standardized mechanisms for identifying poor and vulnerable households as beneficiaries require to be developed</li> <li>- Municipal contribution tied to spatial distribution of the MIG</li> </ul>
Water and Sanitation Programme	<ul style="list-style-type: none"> <li>-Proportions of people living in poverty;</li> <li>-Proportions of people living without access to water and sanitation services;</li> <li>-Incidence of water-borne illness;</li> <li>-Number of public facilities without water and sanitation access (especially schools and clinics);</li> <li>-Areas of population growth and development potential</li> <li>- Areas where bucket system is still in evidence</li> </ul>	<ul style="list-style-type: none"> <li>- Integration required with environmental health initiatives;</li> </ul>
Housing Programme	<ul style="list-style-type: none"> <li>-Housing backlog;</li> <li>-Areas of population growth and development potential</li> </ul>	<ul style="list-style-type: none"> <li>- Programme requires to take account of demographic shifts within Province</li> </ul>
HIV, AIDS and TB Programme	<ul style="list-style-type: none"> <li>-Incidence of HIV, AIDS and TB;</li> <li>-Levels of poverty;</li> </ul>	<ul style="list-style-type: none"> <li>- Local integration need with nutrition and social security initiatives</li> <li>- Treatment, care and support should target high prevalence areas and high risk groups</li> <li>- Data unreliable and difficult to attain at micro-level</li> </ul>
Victim Empowerment Programme	<ul style="list-style-type: none"> <li>-Incidence of sexual assault;</li> <li>-Levels of poverty</li> </ul>	<ul style="list-style-type: none"> <li>- Difficult to attain data</li> </ul>
Improved Service Delivery Programme	-Departments where institutional capacity development is most needed to deliver on PGDP	<ul style="list-style-type: none"> <li>- IMT departments to be initially prioritized</li> </ul>
Local Government Capacity Building Programme	-Municipalities where institutional capacity development is most needed;	<ul style="list-style-type: none"> <li>- Support interventions from National and Provincial require to be co-ordinated and focused on priority municipalities</li> </ul>
Strengthening the Centre of Government	-Provincial administrative capital	<ul style="list-style-type: none"> <li>- Planning, information management and monitoring systems must have linkages to other spheres of Government</li> </ul>
Strategic Infrastructure Programme	<ul style="list-style-type: none"> <li>-Demand plans vis-à-vis transport, logistics and other economic infrastructure geared towards realizing development potential of prioritized growth sectors;</li> <li>-Levels of poverty and unemployment</li> <li>- Economic multipliers</li> </ul>	<ul style="list-style-type: none"> <li>-Should have potential to "crowd in" investment from public entities and private sector</li> </ul>
Automotive Industry Development Programme	-Location of auto-industry and suppliers;	<ul style="list-style-type: none"> <li>-Should attempt to extend supply chains beyond urban centres</li> </ul>
Industrial Support Programme	<ul style="list-style-type: none"> <li>-Areas of high production;</li> <li>-Proximity to transport and logistics linkages;</li> <li>-Availability of labour;</li> <li>-Proximity to natural resources (for resource-based products);</li> <li>-Areas of high poverty and unemployment</li> </ul>	<ul style="list-style-type: none"> <li>- Programme should ensure that the benefits of industrial development extend to depressed former bantustan areas of Province</li> </ul>
Enterprise Development Finance Programme	<ul style="list-style-type: none"> <li>-Enterprises that do not have access to formal banking sector;</li> <li>- Levels of poverty and unemployment</li> </ul>	<ul style="list-style-type: none"> <li>- Requires to be integrated as one component of support package to build productive capability among the rural and urban poor</li> </ul>
Agro-processing Support Programme	<ul style="list-style-type: none"> <li>- Proximity to natural-resource base;</li> <li>- Proximity to transport and logistics infrastructure;</li> <li>- Levels of poverty and unemployment</li> </ul>	<ul style="list-style-type: none"> <li>- Supply chain linkages require to be extended in industrial sub-sectors that have backward linkages to rural economy (food, wood products, textiles etc)</li> <li>-Programme key to building linkages between IDZs and rural hinterland;</li> <li>- More regionally-defined integration necessary between agro-processing development and infrastructure, HRD, and business support initiatives</li> </ul>
Tourism Programme	<ul style="list-style-type: none"> <li>- Proximity to tourist attraction (eco-scenery, heritage, cultural etc)</li> <li>- Levels of poverty and unemployment</li> <li>- Proximity to transport infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- More regionally-defined integration required between tourism development and other enabling supply side interventions (HRD, infrastructure, business support, crime and safety etc)</li> </ul>
Timber Industries Development Programme	<ul style="list-style-type: none"> <li>- Proximity to natural-resource base (timber)</li> <li>- Proximity to transport and logistics linkages</li> </ul>	<ul style="list-style-type: none"> <li>-Good progress on linkages with demand infrastructure (through Kei Rail);</li> <li>- More thought on extension of supply chain within localized economies (around furniture, charcoal production etc)</li> </ul>

2010 Cultural Industries Programme	<ul style="list-style-type: none"> <li>- Proximity to natural- resource base (for craft production)</li> <li>-Proximity to tourist attraction</li> <li>- Areas of cultural industries growth potential</li> </ul>	<ul style="list-style-type: none"> <li>- The cultural industries, and craft production in particular, offers significant opportunity in rural areas due to low barriers to entry and existing skills and natural resource-base;</li> <li>-Requires integration with other supply side support measures (HRD, infrastructure, business finance etc)</li> </ul>
Information and Communications Technology Development Programme	<ul style="list-style-type: none"> <li>- ICT support requirements of PGDP priority growth sectors;</li> <li>- ICT backlogs (addressing digital divide)</li> <li>- Areas of high production (for consolidation and extension of ICT value chain)</li> <li>-Government departments, local service areas, and municipalities of greatest need</li> </ul>	<ul style="list-style-type: none"> <li>- Integration of ICT support measures key to all economic programmes of PGDP</li> </ul>
Scarce Skills for the Public Sector Programme	<ul style="list-style-type: none"> <li>- Skills backlogs in Provincial departments (particularly IMT departments);</li> <li>- Skills backlogs in municipalities that have priority role to implement PGDP programmes</li> </ul>	<ul style="list-style-type: none"> <li>- Integration with departmental service delivery improvement plans;</li> <li>- Integration with local government support capacity development programme</li> <li>- Alignment with decentralization plans</li> </ul>
FET Transformation Programme	<ul style="list-style-type: none"> <li>- Skills levels;</li> <li>- Levels of poverty and unemployment;</li> <li>-Institutional backlogs</li> <li>- Skills requirements in targeted growth sectors</li> </ul>	<ul style="list-style-type: none"> <li>- Integration with other supply side support measures to grow priority sectors in terms of regional growth strategy</li> </ul>
Adult Basic Education and Training Programme	<ul style="list-style-type: none"> <li>- Levels of poverty and unemployment;</li> <li>- Levels of illiteracy</li> </ul>	<ul style="list-style-type: none"> <li>- Integration needed with EPWP;</li> <li>- Integration required with HIV and AIDS and Lifeskills Programmes</li> </ul>
Early Childhood Development Programme	<ul style="list-style-type: none"> <li>- Areas of high growth in child population;</li> <li>- Levels of poverty</li> </ul>	<ul style="list-style-type: none"> <li>- Close regional links required with nutrition programme</li> </ul>

**(Footnotes)**

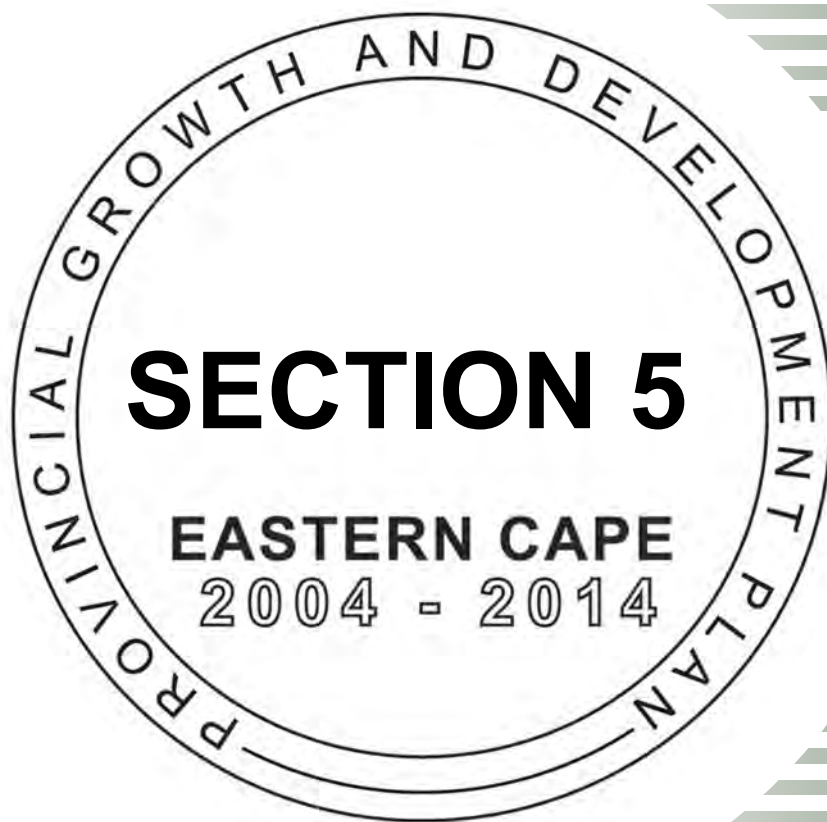
1 PSDP (2003): Table 1 - Proposed Spatial Development Settlement Hierarchy.

2 Buffalo City Pis expected to become a Metro Municipality by 2005.

**(Endnotes)**

1 PSC report on 'Evaluation of Land Administration in the Eastern Cape' Dec 2003 points to generic problems around land administration that appears to affect developing countries. In the case of the Eastern Cape, legacy issues of the pre-1994 days are compounded by the inadequacy of the post-1994 land transformation systems.

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# SECTION 5

**EASTERN CAPE**  
2004 - 2014

## SECTION 5: PROGRAMMES FOR MTEF 2004-2007

Carefully-selected PGDP programmes are designed to give substance and content to the electoral mandate of “Building a people’s contract to create work and fight poverty”, and will be implemented in the 2004-2007 Medium Term Expenditure Framework (MTEF). They have been packaged in all six strategic objective areas of the PGDP: agrarian transformation and food security; fighting poverty; manufacturing diversification and tourism; public sector transformation; infrastructure; and human resource development. This section represents work in progress: programmes will be regularly evaluated and reviewed.

The summaries of programmes provide a synopsis – a “helicopter view” – of the key interventions government is making over the next three years to deliver on the objectives and targets of the PGDP. This serves as a basis around which:

- Government departments, spheres of government, and other partners and agencies can plan and budget together to coordinate, integrate and concentrate efforts around a tangible set of priority interventions.
- Gaps in departmental plans and budgets can be identified for remedial action in the 2005/06 planning cycle.
- A PGDP monitoring and evaluation system can be developed to begin identifying and correcting delivery constraints and holding government departments accountable to agreed-upon targets and key performance indicators.

### Strategic thrust of short-term programmes

The first 10 years of democracy have seen huge strides made in the restoration of dignity and human rights, and an improved quality of life for citizens of the Eastern Cape. In addition, through initiatives such as Coega and the East London IDZ, the Province has been positioned to take full advantage of the export-oriented industrialisation opportunities afforded by its coastal location and the existing manufacturing capability in East London and the Nelson Mandela Metropole.

At the same time, we are still faced with the fundamental structural challenges of a highly segmented labour market, pervasive and widespread poverty, high levels of inequality and unemployment, and inadequate levels of participation among the rural poor in the formal economy. These challenges are further exacerbated by the fact that some 85% of the Provincial budget is allocated to social sector departments to deliver on the constitutional obligations of the State. Very little of the budget remains for economic and infrastructure programmes that can move the poor out of dependency into productive activity.

Against this backdrop, key programmes prioritised for the 2004-2007 MTEF are those that:

- Deepen democratic participation in the development process of all segments of the population within the framework of our constitutional democracy.
- Attain higher growth with employment through enabling more effective government intervention in the economy, the stimulation of effective demand, crowding-in public and private investment, and achieving a more effective mix between export-orientated and inward industrialisation.
- Enable a more proactive and targeted approach to redistribution and equity which centralises the needs of the poorest of the poor in a way that incrementally moves away from a short-term welfare approach to one that fully and in a sustainable manner accommodates the poor into the mainstream of the economy.
- Optimise job creation and economic opportunities within the current social and infrastructure spend through targeted procurement and supply management in a way that reduces the Province’s external account and promotes local economic development and black economic empowerment, as well as encourages labour-intensive technology choices where appropriate.
- Rapidly expand the asset base of the poor, particularly with respect to finance and productive assets, such as land, plant, and machinery, in order to promote equity and increase participation rates in the real economy.
- Effectively deal with the HIV and AIDS pandemic through a comprehensive prevention, treatment and care programme that mitigates additional pressures on the State’s safety

net (and fiscus) in the medium-to-long range.

- Accelerate the pace of State transformation to achieve efficiency gains in the delivery of social services, and more effectively honour constitutional obligations in relation to the poorest of the poor.

Importantly, these interventions need to be understood in the context of how programmes are to be sequenced over the entire 10 year life-span of the PGDP in order to begin delivering on the objectives and quantified targets outlined in the *Framework for Growth and Development 2004-2014*.

As is evident, the proposed programmes build on government's current successful interventions, particularly with respect to creating jobs and fighting poverty. At the same time, they provide the platform for gearing the State and reorienting the fiscus towards medium-to-long range high-impact interventions aimed at addressing fundamental structural weaknesses in the Provincial economy and labour market.

### **Alignment to PGDP priorities**

The short-term programmes described in this section are consistent with and build upon the PGDP approach and priorities identified in:

- The *Framework for Growth and Development 2004-2014*, adopted by the Provincial Cabinet in June 2003. It embodies a quantified vision and sequenced 10-year targets in the areas of economic growth, employment creation, poverty eradication and income redistribution.
- PGDP sector studies and reports on how to mainstream HIV and AIDS, Gender and Environment into PGDP interventions.
- The PGDP Priority Programme Interventions adopted by the Budget Indibano on August 8, 2003 as the framework for prioritising Provincial resources for the forthcoming MTEF period, 2004/5 to 2006/7.
- A review of Provincial department strategic plans and budgets undertaken in support of the MTEC and CBC Budget Hearings for the 2004-2007 MTEF.
- The "lead" or "flagship" programmes that were packaged to kick-start and give concrete expression to the PGDP in November 2003, and which have been integrated into the short-term programmes.

### **How to read this section**

The short-term programmes have been packaged into programme areas according to the six strategic objectives of the PGDP. Each strategic focus areas is introduced in terms of the overarching strategic approach and logic outlined for that area in the *Framework for Growth and Development 2004-2014*, core short-term challenges that need to be addressed, and the rationale for programme selection.

Each programme is then unpacked in terms of a brief programme description, and an outline of strategic objectives and Key Performance Areas (KPAs) around which interventions are proposed. Each KPA is then further unpacked in a programme matrix that defines outputs, measurable targets, responsible or lead agencies and departments, and budgets. Each programme concludes with a brief outline of identified gaps and steps that are required in the 2004/05 planning and budgeting process to strengthen programme content and delivery. The deepening of the alignment between departmental plans and the PGDP Programmes will receive on-going attention.

## **1. PROGRAMME AREA: AGRARIAN TRANSFORMATION AND FOOD SECURITY**

### **Strategic Approach**

A key to poverty eradication lies in the rapid transformation of the agricultural sector. The challenge of poverty requires a focus on the growth of the agrarian economy in the former homelands through:

- Programmes to promote household food security by expanded smallholder production.

- Development of commercial agriculture through optimum use of the highest potential agricultural land in the former homelands.
- A focus on land redistribution and, in the longer term, land tenure reform to release land for poor households and for new commercial farming enterprises.

The dislocated agrarian economy of the ex-homelands must be integrated into the wider Provincial economy through the promotion of commercial agriculture and as a source of raw material for agro-enterprises.

#### ***Core challenges for 2004-2007 MTEF***

The following are core challenges for the 2004-2007 MTEF:

- Recognising the potential of the agro-industrial sector.
- Expanding the asset base of the poor.
- Shifting the balance of power between established commercial agriculture, emergent commercial agriculture and household agriculture.
- The need to simultaneously address food security, agricultural output and employment.

#### ***Rationale for programme selection***

As for all PGDP programmes, these programmes developed within area should not be understood or implemented in isolation from the larger strategy for growth and development or from interventions undertaken in the other programme areas. Some, such as the Siyazondla Homestead Food Production Programme, straddle more than one of the six strategic objectives contained in the Strategy Framework for Growth and Development 2004-2014. All of the programmes contribute to, lay the foundations for, or require the effective implementation of programmatic interventions in support of the other strategic objectives. This is illustrated most directly by situating the programmes in the context of the emerging Provincial Integrated Food Security Plan. Based on *The Integrated Food Security Strategy for South Africa* and discussions in the Province, the following core components of an Eastern Cape Integrated Food Security Programme have been proposed:

- Promoting food production, storage, trade and distribution
- Improving nutrition and food safety
- Providing food and strengthening the livelihoods of the poorest and most vulnerable

### **1.1 MASSIVE FOOD PROGRAMME**

The Massive Food Programme is entering its second year of implementation. The lead department is the Eastern Cape Department of Agriculture. In 2003/4, R50-million was allocated to it. The allocation for the 2004/5 financial year is R120-million, half of which will go to crop production and half to the mechanisation scheme. Although crop production support is now focused on maize, other crops will be introduced in the medium to long term, and there are plans to initiate a Massive Livestock Programme in the medium term. Implementation of the Massive Food Programme is being undertaken through the Eastern Cape Rural Finance Corporation Limited (Uvimba), a public entity under the executive authority of the Eastern Cape Department of Agriculture.

This is a targeted demand-led programme. Geographical targeting is determined by: high potential for rain-fed crop production; existing and potential aggregation of small farm units; and location within targeted development nodes (such as ISRDP nodes). Additional criteria are used to select applicants from the lists received from targeted areas. All applicants have to apply for support to an aggregation of more than 50ha of land within a radius of 15km of other aggregations that add up to at least 200ha.

Mechanisation contractors are supported based on their signing up at least 120ha of land consolidated in 50ha or larger units in terms of the Massive Food Programme, and based on their experience and/or training.

#### ***Programme objectives***

The Massive Food Programme is aimed at encouragement of consolidation of land for commercial production purposes, with a particular focus on the former Bantustan areas. Utilising a conditional grant mechanism, and supported by a rural mechanisation loan scheme, the programme is aimed

at encouraging market production at decreasing levels of subsidy, ultimately resulting in sustainable commercial small-unit farming activity, in spite of the complex land tenure dispensation. Importantly, given its commercial focus, the aim of the Massive Food Programme is not only to increase the production of food crops, but also to encourage access to new markets through infrastructure, credit and training support. This support is not in the form of direct provision by the State, but rather through State intervention to correct market failures, including access to finance.

The Massive Food Programme has a strong link with the Siyazondla Homestead Food Production Programme, in that the latter strengthens homestead production, thereby making it easier for households with access to arable allotments to engage in lease arrangements (using a range of payment mechanisms, including share of crop) with aspirant farmers who wish to participate in the Massive Food Programme.

### ***Key Performance Areas***

KPA 1: Grant disbursement and loan administration

KPA 2: Management of the Massive Food Programme

KPA 3: Linking with other components of the Eastern Cape Department of Agriculture and with other institutions and spheres of government to affect an integrated approach to agrarian transformation

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Massive Food Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

MASSIVE FOOD PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target	Target	Target			
Grant disbursement and loan administration	To disburse a conditional grant in support of commercial crop production, particularly in the former Bantustan areas of the Province	Increased area of commercially viable crop farming enterprises in the Province, particularly in the former Bantustan areas	2004/5 20 000ha yielding 4 t/ha	2005/6 35 000ha yielding 4 t/ha	2006/7 50 000ha yielding 4 t/ha	Accounting officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 60,000,000	25% of cost of establishment of crop retained for reinvestment each year	
							<b>Option 1</b> 2005/06: 60,000,000 2006/07: 60,000,000 2007/08: 60,000,000		
							<b>Option 2</b> 2005/06: 75,000,000 2006/07: 80,000,000		
							<b>Budgeted</b> 2007/08: 85,000,000		
						Accounting officer, Eastern Cape Department of Agriculture	2004/05: 3,000,000	- Contractors have proven track record or have received appropriate training	
							<b>Option 1</b> 2005/06: 60,000,000 2006/07: 60,000,000 2007/08: 60,000,000	- Loan support will be used to bring newcomers into the system and to leverage additional finance	
							<b>Option 2</b> 2005/06: 90,000,000 2006/07: 70,000,000 2007/08: 20,000,000		



MASSIVE FOOD PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target	Target	Target			
Management of the Massive Food Programme	To create and provide a sustainable management structure in support of implementation	A management structure capable of managing grant disbursement and loan administration	2004/5 Full management structure established	2005/6 Management systems consolidated in support of increased coverage of Massive Food Programme	2006/7 Management systems consolidated in support of increased coverage by Massive Food Programme	Accounting officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 6,000,000 <b>Option 1</b> 2005/06: 6,000,000 2006/07: 6,000,000 2007/08: 6,000,000 <b>Option 2</b> 2005/06: 7,500,000 2006/07: 8,000,000 <b>2007/08: 8,500,000</b>	10% of total budget	
			2004/5 Full management structure established	2005/6 Management systems consolidated in support of increased coverage of Massive Food Programme	2006/7 Management systems consolidated in support of increased coverage by Massive Food Programme		<b>Budgeted</b> 2004/05: 0,000,000 <b>Option 1</b> 2005/06: 0,000,000 2006/07: 0,000,000 2007/08: 0,000,000 <b>Option 2</b> 2005/06: _ 2006/07: _ <b>2007/08: _</b>		
Management of the Massive Food Programme	To develop a management information system that meets departmental and PGDP requirements	Management information system	2004/5 Introduction of report forms and design of system for electronic capture of information in support of the emerging Provincial M&E system	2005/6 Consolidation of information management system	2006/7 Consolidation of information management system	Accounting officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0,000,000 <b>Option 1</b> 2005/06: 0,000,000 2006/07: 0,000,000 2007/08: 0,000,000 <b>Option 2</b> 2005/06: _ 2006/07: _ <b>2007/08: _</b>	No budget allocation in addition to Eastern Cape Department of Agriculture's corporate services budget	
			2004/5 Introduction of report forms and design of system for electronic capture of information in support of the emerging Provincial M&E system	2005/6 Consolidation of information management system	2006/7 Consolidation of information management system		<b>Budgeted</b> 2004/05: 0,000,000 <b>Option 1</b> 2005/06: 0,000,000 2006/07: 0,000,000 2007/08: 0,000,000 <b>Option 2</b> 2005/06: _ 2006/07: _ <b>2007/08: _</b>		

MASSIVE FOOD PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target	Target	Target			
	To develop district planning, implementation and monitoring arrangements linked to the Provincial Integrated Food Security Programme	District teams and procedures	2004/5 teams established and initial referral and support networks defined	2005/6 Referral networks refined	2006/7 teams strengthened	Accounting officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 1,300,000 <b>Option 1</b> 2005/06: 1,800,000 2006/07: 2,000,000 2007/08: 2,200,000 <b>Option 2</b> 2005/06: 2,600,000 2006/07: 3,000,000 <b>Budgeted</b> 2007/08: 3,500,000		
	To develop a management information system that meets departmental and PGDP requirements	Management information system	Introduction of report forms and design of system for electronic capture of information in support of the emerging Provincial M&E system	Consolidation of information management system	Consolidation of information management system	Accounting officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0,000,000 <b>Option 1</b> 2005/06: 0,000,000 2006/07: 0,000,000 2007/08: 0,000,000 <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _	No budget allocation in addition to Eastern Cape Department of Agriculture's corporate services budget	

MASSIVE FOOD PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5 Procedures defined	Target 2005/6 Procedures captured in performance agreements	Target 2006/7 Integration effected			
Linking with other components of the Eastern Cape Department of Agriculture and with other institutions and spheres of government to effect an integrated approach to agrarian transformation	To actively promote integration of all Provincial Government programmes supporting the economic transformation of the Province's rural areas on a District Municipal basis	Departmental procedures, captured in performance agreements, requiring active participation in Municipal Integrated Development Planning	2004/5 Procedures defined	2005/6 Procedures captured in performance agreements	2006/7 Integration effected	Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0, 100,000 <b>Option 1</b> 2005/06: 0, 120,000 2006/07: 0, 130,000 2007/08: 0, 140,000 <b>Option 2</b> 2005/06: 0, 250,000 2006/07: 0, 270,000 2007/08: 0, 290,000	A balance between high agro-ecological potential, need and greatest socio-economic impact will be maintained	
	To actively contribute to the development of a land use regulatory framework for the Province for implementation through Municipalities	Accurate database of arable allotments consolidated into small farm units, supported by a geographic information system	All farm units that participated in the MFP in 2003/4 plus those that will participate in 2004/5	All farm units participating in the Massive Food Programme in 2005/6	All farm units participating in the Massive Food Programme in 2006/7	Eastern Cape Department of Housing, Local Government and Traditional Affairs, supported by the Eastern Cape Department of Agriculture	<b>Budgeted (DoA)</b> 2004/05: 0,085,000 <b>Option 1</b> 2005/06: 0, 120,000 2006/07: 0, 150,000 2007/08: 0, 150,000 <b>Option 2</b> 2005/06: 0, 175,000 2006/07: 0, 200,000 2007/08: 0, 250,000	No specific budget allocation in addition to Departmental allocation for corporate services	

MASSIVE FOOD PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5 10% of Massive Food Programme allocation to be used for management, including demonstrations, training, and research & development	Target 2005/6 10% of Massive Food Programme allocation to be used for management, including demonstrations, training, and research & development	Target 2006/7 10% of Massive Food Programme allocation to be used for management, including demonstrations, training, and research & development			
	To facilitate on-going technology selection & improvement	Improved technology in support of social, input, marketing, down-stream processing, and crop selection support	Partnerships with relevant public and private partners established	Partnerships with relevant public and private partners developed	Partnerships with relevant public and private partners consolidated	Accounting officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0.500,000 <b>Option 1</b> 2005/06: 0.750,000 2006/07: 0.850,000 2007/08: 0.900,000 <b>Option 2</b> 2005/06: 1,200,000 2006/07: 1,500,000 2007/08: 1,700,000 <b>Budgeted</b>	
	To support post-harvest processing, wholesaling and retailing of food & food products	Programme information, market analyses, new technology, piloted farming models	Partnerships with relevant public and private partners established	Partnerships with relevant public and private partners developed	Partnerships with relevant public and private partners consolidated	Accounting officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0.500,000 <b>Option 1</b> 2005/06: 3,500,000 2006/07: 4,000,000 2007/08: 4,000,000 <b>Option 2</b> 2005/06: 3,500,000 2006/07: 4,000,000 2007/08: 4,000,000	

### ***Reporting mechanism and authority***

Uvimba has been given a central role in administration of the conditional grant to be used by participating farmers and the mechanisation loan scheme. The Eastern Cape Department of Agriculture has also designated an extension officer in each of the Province's District Municipal areas to serve as the Massive Food Programme Coordinator for that district. These coordinators have a key role in the logistics of programme implementation, including verification of farm units and supply requirements, coordination of training and extension support, and liaison with mechanisation contractors.

To ensure effective linkage of the work undertaken by officials of the Eastern Cape Department of Agriculture (in particular the Massive Food Programme coordinators in each district) and the work undertaken by Uvimba, a Massive Food Programme Board has been established to oversee implementation of the programme. This Board includes all the District Managers in the Eastern Cape Department of Agriculture, as well as senior representatives of Uvimba. The Board will play a key role in the monitoring and evaluation of the Massive Food Programme, including its interface with the Siyazondla Homestead Food Production Programme, as well as other ongoing activities being undertaken by the Department of Agriculture as part of its policy and legislative mandate.

### ***Key Actions required to facilitate implementation of this programme***

- Confirm budget still available for the programme, following recent allocations to projects that were not developed in terms of the programme.
- Firmly establish reporting system in support of the oversight role of the programme Board. Ensure that reporting on implementation of the Siyazondla Homestead Food Production Programme is integrated into this reporting system.
- Evaluate implementation of the Massive Food Programme in 2003/04 and make corrections where needed. Include evaluation of institutional arrangements developed at farm unit level.

## **1.2 SIYAZONDLA HOMESTEAD FOOD PRODUCTION PROGRAMME**

The Siyazondla Homestead Food Production Programme is aimed at the application of a particular system of homestead production in the Eastern Cape. The lead implementing agent is the Department of Agriculture. The programme is entering its second year of implementation, although funding in the 2003/4 financial year was very limited. The budget allocation for the 2004/5 financial year is R30-million.

The Siyazondla Homestead Food Production Programme is linked with the Massive Food Programme (also being implemented by the Department of Agriculture), the Integrated Nutrition Programme (implemented by the Eastern Cape Department of Health), the School Nutrition Programme (implemented by the Provincial Department of Education), the National Food Emergency Programme (being implemented by the Provincial Department of Social Development), and the local economic development, ISRDP and URP support (being coordinated through the Provincial Department of Housing, Local Government and Traditional Affairs). The framework for linkage is being refined in terms of the emerging Provincial Integrated Food Security Plan.

### ***Programme objectives***

The Siyazondla system of homestead production will support production of nutritional food within rural and urban homestead gardens, meeting immediate needs while strengthening household livelihoods and laying the foundation for livelihood diversification and enhanced economic exchange. The aim is not only to improve nutrition levels (particularly for people living with HIV/AIDS and/or TB) and strengthen household food supply, but also to support surplus production where possible and feasible. Such surplus production already occurs in a number of instances and needs to be supported. The aim is not to turn every rural person in the former Bantustans into a farmer. Rather, it is to address food vulnerability at the household level and support the diversification and strengthening of household livelihood strategies, while also supporting surplus crop production where appropriate.

Existing staff of the Eastern Cape Department of Agriculture will plan and implement projects with staff of applicable District Municipalities and participating non-governmental organisations. All participants will be trained in the introduction and use of the system, using a pilot site.

Department of Agriculture extension staff are being retrained to focus more effectively on support

to homestead food production. Development of project management skills of these staff members, as well as Municipal staff members responsible for agricultural support, will receive attention in the 2004/5 financial year.

Given that the District and Local Municipal areas with the highest levels of poverty, unemployment and access to services have been identified in preparation for the national Integrated Sustainable Rural Development Programme, the national Urban Renewal Programme and the PGDP, targeting of project implementation can be managed in a geographically equitable manner. Mechanisms being developed in support of the Provincial Integrated Food Security Programme that are aimed at community-based identification of vulnerable households will further focus targeting to the households of greatest need. Support to people living with HIV/AIDS and/or TB is being integrated into the Provincial Integrated Food Security Programme, making this a key selection criterion for vulnerability.

### ***Key Performance Areas***

KPA 1: Identification of participating households

KPA 2: Systems support

KPA 3: Management of implementation

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Siyazondla Homestead Food Production Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

SIYAZONDLA HOMESTEAD FOOD PRODUCTION PROGRAMME KEY PERFORMANCE AREA		Verifiable targets				Agency	Budget	Assumptions
		Outputs	Target	Target	Target			
Identification of participating homesteads	To identify homesteads for participation in terms of household vulnerability and linkage with the Massive Food Programme	- Participating households identified with input from target communities and the Eastern Cape Departments of Social Development and of Health - Women and children assisted to participate in the programme - A database of poor and participating households	Target 2004/5 2 500 participating households identified	Target 2005/6 5 000 participating households identified	Target 2006/7 6 000 participating households identified	Accounting Officers of the Eastern Cape Departments of Agriculture, of Social Development and of Health	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – (From general departmental budget allocation)	- Effective cooperation by Municipalities and other EC Government departments - District Offices able to meet support needs generated by both the Siyazondla Homestead Food Production Programme and the Massive Food Programme - Effective coordination maintained between departmental ICT section, District Office staff, and the PGITO system
	To facilitate transfer of participants in the Emergency Food Programme to the Siyazondla Homestead Food Production Programme where economically and technically feasible	- Participants in the Emergency Food Programme effectively moved to the Siyazondla Homestead Food Production Programme	Dependent on participant identification	Dependent on participant identification	Dependent on participant identification	Accounting Officers of the Eastern Cape Departments of Agriculture and of Social Development	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – (From general programme budget allocation)	The Siyazondla Homestead Food Production Programme can accommodate those transferred from the Emergency Food Production Programme as well as other identified households

		Verifiable targets			Agency	Budget	Assumptions
		Target 2004/5 Dependent on participant identification	Target 2005/6 Dependent on participant identification	Target 2006/7 Dependent on participant identification			
Siyazondla Homestead Food Production Programme Key Performance Area	Systems support	<p>- Seedlings of high nutritional value produced at 3-weekly intervals, free initially but ultimately on a cost-recovery basis</p> <p>- Growth medium supplied to all participating households, free initially but ultimately on a cost-recovery basis</p> <p>- Fencing supplied to all participating households, with additional material provided on a cost-recovery basis</p>			Accounting Officer of the Eastern Cape Department of Agriculture	<p><b>Budgeted</b></p> <p>2004/05: –</p> <p><b>Option 1</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p> <p><b>Option 2</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p> <p>(From general programme budget)</p>	<p>- Continued successful supply of seedlings by nurseries</p> <p>- Planting and successful harvesting of the most nutritional mixture of foods</p> <p>- Continued participation by households</p>
	To train a special cadre of extension officers to focus on homestead production	<p>- Extension staff trained in the techniques and philosophy of the programme</p> <p>- Extension staff trained for community-based planning and working across the three spheres of government</p>	All selected extension staff trained	All new extension staff trained	All new extension staff trained	Accounting Officer of the Eastern Cape Department of Agriculture	<p><b>Budgeted</b></p> <p>2004/05: –</p> <p><b>Option 1</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p> <p><b>Option 2</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p> <p>(From general departmental budget)</p>



SIYAZONDLA HOMESTEAD FOOD PRODUCTION PROGRAMME KEY PERFORMANCE AREA		Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
	To supply water supply systems in each participating homestead	- Rainwater tanks installed at all participating homesteads - "Spaghetti" irrigation established at selected homesteads	- 3 000 rainwater tanks installed - 500 "spaghetti" irrigation systems established	- 10 000 rainwater tanks installed - 1 000 "spaghetti" irrigation systems established	- 10 000 rainwater tanks installed - 1 000 "spaghetti" irrigation systems established	Accounting Officer of the Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 3,000,000 <b>Option 1</b> 2005/06: 6,000,000 2006/07: 6,000,000 2007/08: - <b>Option 2</b> 2005/06: - 2006/07: -	- Rainwater systems maintained by participating households
Management of implementation	To provide training and advisory support to all participating homesteads	- Initial training provided to all participating households - Regular programme of support visits to participating households established - Demonstration plots established at Multi-Purpose Community Centres and nurseries	- 2 500 households trained and integrated into support system - Demonstration plots established at all existing MPCCs and new nurseries	- 5 000 households trained and integrated into support system - Demonstration plots established at all new MPCCs and new nurseries	- 5 000 households trained and integrated into support system - Demonstration plots established at all new MPCCs and new nurseries	Accounting Officer of the Eastern Cape Department of Agriculture	<b>Budgeted</b> 2007/08: 2004/05: - <b>Option 1</b> 2005/06: - 2006/07: - 2007/08: - <b>Option 2</b> 2005/06: - 2006/07: - 2007/08: - (From general programme and departmental budgets)	Skills and approach of extension officers appropriate to the requirements of the Siyazondla Homestead Food Production Programme

SIXAZONDA HOMESTEAD FOOD PRODUCTION PROGRAMME KEY PERFORMANCE AREA	Outputs	Verifiable targets			Agency	Budget	Assumptions
		Target	Target	Target			
		2004/5	2005/6	2006/7			
To maintain a management information system in support of the Provincial Integrated Food Security Programme	- Information management system established in manner integrated with EC Department of Agriculture MIS and Provincial planning, monitoring & evaluation system	Information management system designed and piloted	Information management system implemented	Information management system implementation consolidated	Accounting Officers of the Eastern Cape Department of Agriculture, of Social Development, of Health, and of Housing, Local Government and Traditional Affairs	From budget allocations to participating programmes in each of the participating departments	Information management systems in participating departments developed and effectively linked
	To plan and implement projects implemented under this programme with staff of applicable District Municipalities and participating non-governmental organisations	- Joint planning forums established - Increased synergies between Department of Agriculture, Municipal, ISRDP and URP projects - Homestead production improved	- 5 000 starter packs provided - 5 000 additional productive homestead gardens - 2 500 new participants in programme - 6 000 improved livestock units introduced	- 10 000 starter packs provided - 10 000 additional productive homestead gardens - 5 000 new participants in programme - 6 000 improved livestock units introduced	- 10 000 starter packs provided - 10 000 additional productive homestead gardens - 5 000 new participants in programme - 6 000 improved livestock units introduced	Traditional Affairs Accounting Officer of the Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – (From general programme budget)

SIVAZONDLA HOMESTEAD FOOD PRODUCTION PROGRAMME High-level objective		Verifiable targets			Agency	Budget	Assumptions
		Target 2004/5 All projects monitored	Target 2005/6 All projects monitored	Target 2006/7 All projects monitored			
To monitor implementation jointly with officials from Municipalities and Provincial Government departments participating in the Provincial Integrated Food Security Programme	<ul style="list-style-type: none"> <li>- Monthly review meetings in each District Municipality</li> <li>- Quarterly integrated Provincial reports to Social Needs Cluster meetings, followed by reports to the Social Needs Cabinet Committee</li> </ul>	All successful farmers participating in the Sivazondla Homestead Food Production Programme identified and linked to suite of support options	All successful farmers participating in the Sivazondla Homestead Food Production Programme identified and linked to suite of support options	All successful farmers participating in the Sivazondla Homestead Food Production Programme identified and linked to suite of support options	Accounting Officers of the Eastern Cape Departments of Agriculture, of Social Development, of Health, and of Housing, Local Government and Traditional Affairs	<b>Budgeted</b> 2004/05: ... <b>Option 1</b> 2005/06: ... 2006/07: ... 2007/08: ... <b>Option 2</b> 2005/06: ... 2006/07: ... 2007/08: ... (From general programme budget) <b>Budgeted</b> 2004/05: ... <b>Option 1</b> 2005/06: ... 2006/07: ... 2007/08: ... <b>Option 2</b> 2005/06: ... 2006/07: ... 2007/08: ... (From general programme budget)	Effective participation by all other partners

SIVAZONDLA HOMESTEAD FOOD PRODUCTION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
	To link with the Agricultural Infrastructure Programme to ensure that storage and processing facilities are available to homesteads participating in the Siyazondla Homestead Food Production Programme	<ul style="list-style-type: none"> <li>- Storage facilities available at manageable cost to all participating farmers who wish to store produce</li> <li>- Coupon system established for storage and retrieval of produce (initially maize)</li> <li>- Transport links from storage to processing facilities established with system to manage returns accruing to producers</li> </ul>	Linkage piloted in Amatole and OR Tambo District Municipalities	Linkage established for all project areas	Consolidation of linkage in all project areas	Accounting Officer of the Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – (From general programme budget)	Effective participation by EC Department of Roads & Public Works, EC Department of Transport, and District Municipalities	

### ***Reporting mechanism and authority***

A key requirement for successful implementation of the Siyazondla Homestead Food Production Programme is an extension service that effectively supports homestead production using the Siyazondla system. Adoption of the system should be encouraged through demonstration of benefit on demonstration plots. Extension staff of the Department of Agriculture are being retrained, but the effect of this training is not yet known. Also, it is not clear to what extent agricultural support staff within Local and District Municipalities have been oriented in support of this programme.

Another critical requirement, from a Provincial Integrated Food Security Programme perspective, is effective coordination of planning and implementation between the Departments of Health, of Agriculture, of Social Development, and of Housing, Local Government and Traditional Affairs, as well as Municipalities within each of the District Municipal areas. Although some cooperation does already occur, further work is required to formalise joint planning and implementation. The Social Needs Cluster of the Provincial Government is considering proposed institutional arrangements for more effective coordination between these entities in implementing a Provincial Integrated Food Security Programme. This system includes reporting arrangements to the Social Needs Cluster and Cabinet Committee.

### ***Key Actions required to facilitate implementation of this programme***

- Establish integrated database of poor households identified through the Integrated Nutrition Programme, the School Nutrition Programme, the Emergency Food Programme and the Siyazondla Homestead Food Production Programme.
- Establish a functioning referral network that links poor households to layers of support, from the most direct emergency food support to assistance in establishing greater independence from the State in strengthening food security.
- Establish a Provincial Integrated Food Security Programme that incorporates the above, is coordinated through a committee consisting of the managers of component programmes, and reports to the Social Needs Cluster and Cabinet Committee.
- Establish stakeholder forums at District and Provincial level to improve coordination and integration of public sector, private sector and civil society initiatives in support of household food security.
- Structure formalised coordination arrangements between Provincial Government departments and Municipalities in support of this programme and the Integrated Food Security Programme to allow for quick decision-making and integrated yet streamlined reporting. This requires immediate investment in the development of planning and reporting protocols and procedures supported by integrated information management systems.

## **1.3 Comprehensive Nutrition Programme**

### ***The Comprehensive Nutrition Programme consists of:***

- The Integrated Nutrition Programme, being implemented by the Eastern Cape Department of Health. This programme, which is entering its ninth year of implementation, is the Provincial expression of the national Integrated Nutrition Strategy. The Provincial Department of Health has established a dedicated sub-directorate through which the programme is implemented. The vision of the programme is to ensure optimal nutrition for all people within the Eastern Cape. Its mission is to eliminate all malnutrition, stunting, underweight, hunger and micronutrient deficiencies, targeting nutritionally at priority population groups: 0-71 month-old children, pregnant/lactating women and primary school children. The 2004/5 budget for the Integrated Nutrition Programme is R25 533 099, the bulk of which is financed by means of a conditional grant from National Government.
- The School Nutrition Programme, being implemented by the Eastern Cape Department of Education. This programme was managed by the Eastern Cape Department of Health as part of the Integrated Nutrition Programme until the end of the 2003/4 financial year. It was then transferred to the Department of Education in terms of a national Cabinet resolution. A dedicated Chief Directorate of the Eastern Cape Department of Education now has direct responsibility for this programme. In broad terms, the School Nutrition Programme is aimed at the improvement of education quality and general health development of primary school learners by temporarily alleviating hunger and offering appropriate micronutrient supplementation. Local supply networks are to be developed as part of this endeavour.

The 2004/5 budget for the School Nutrition Programme is R177 259 000.

- The National Food Emergency, being implemented in the Province through the Community Development Directorate of the Eastern Cape Department of Social Development. The Food Emergency Programme is aimed at providing short-term (three-month) relief to children and child-headed households, orphaned children, people with disabilities, female-headed households, households infected and affected by HIV/AIDS, and TB patients. The coverage of the programme is progressively being extended to households who, in total, spend R200-R300, R300-R400, and R400-R500 per month on food. The programme is funded by means of a conditional grant: R94 133 000 has been allocated for the 2004/05 financial year, and again for 2005/6. It is not clear, at this stage, whether allocations will follow in 2006/7 and onwards.

The three programmes that constitute the Comprehensive Nutrition Programme are also linked with the Siyazondla Homestead Food Production Programme and Massive Food Programme, which are being implemented by the Department of Agriculture, and the local economic development, ISRDP and URP support being coordinated through the Department of Housing, Local Government and Traditional Affairs. The framework for linkage is being refined in terms of the emerging Provincial Integrated Food Security Plan, and will incorporate linkages between the three programmes that form the Comprehensive Nutrition Programme.

### ***Programme objectives***

The Integrated Nutrition Programme is based on the philosophy and principles of the primary health care approach, and uses the UNICEF conceptual framework for assessing the underlying, basic and immediate causes of the morbidity and mortality related to malnutrition. Priorities for the implementation of the Integrated Nutrition Programme are based on the Provincial Health Sector Strategic Framework (10-point plan) for the period 1994-2004. It is also a direct expression of the national Integrated Nutrition Strategy, in support of which it receives a conditional grant allocation from the national sphere of Government.

The School Nutrition Programme was initially conceived as a component of the Integrated Nutrition Programme and still takes its conceptual justification from that programme. It is increasingly focused on the practicalities of designing policy guidelines, of norms and standards, of implementation strategies and of implementation monitoring. In summary, its key objectives are to establish an effective, efficient and sustainable community nutrition programme that: contributes to the improvement of education by enhancing the active learning capacity of pre- and primary school learners; and to general health development by alleviating pre-primary hunger and offering appropriate micro-nutrient supplementation programmes.

The Food Emergency Programme was conceived as part of The Integrated Food Security Strategy for South Africa, providing for the more pressing, short-term food security needs. At national level, it has been resolved that greater effort should be put into mechanisms that will improve the sustainability of the Food Emergency Programme. This requires active coordination with other programmes linked through the emerging Provincial Integrated Food Security Plan. The bulk of the conditional grant is allocated to food parcels, with small allocations given for supplementation to people living with HIV/AIDS and drop-in centres for vulnerable children.

In terms of the emerging Provincial Integrated Food Security Plan, medium-term measures are to support the improvement and maintenance of nutrition among the poor and ill, while also supporting improved food production, storage, trade and distribution. Ultimately, in the long term, improved household food security in the Province will reduce the dependence on the State for nutrition support.

### ***Key Performance Areas***

KPA 1: Disease-specific nutrition support, treatment and counselling

KPA 2: Growth monitoring and promotion

KPA 3: Nutrition education, promotion and advocacy

KPA 4: Micronutrient malnutrition control

KPA 5: Promotion, protection and support of breastfeeding

KPA 6: Contribution to household food security

KPA 7: Food Service Management

KPA 8: Emergency Food Support

KPA 9: School Nutrition Support

KPA 10: Integrated Nutrition Programme Support systems

***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Comprehensive Nutrition Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

COMPREHENSIVE NUTRITION PROGRAMME										
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions		
			Target 2004/5	Target 2005/6	Target 2006/7					
Disease-specific nutrition support, treatment and counselling	To contribute to the reduction of morbidity and mortality of people living with TB and HIV/AIDS by supplementary feeding	Trained trainers, reports, equipment available, baseline data, registers, referral systems, food supplements available, timeous payments	50% of TB & HIV/AIDS clients receive supplementary feeding	70% of TB & HIV/AIDS clients receive supplementary feeding	80% of TB & HIV/AIDS clients receive supplementary feeding	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 11,076,099 <b>Option 1</b> 2005/06: 15,506,638 2006/07: 17,721,758 2007/08: 19,936,978 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	- Effective referrals from PMCT and VCT sites - Additional funds will be mobilised should the proposal regarding soup & bread supplementation be accepted		
Growth monitoring and promotion	To contribute to the growth and development of children under 5 years	Road to Health Charis in all facilities, trained health workers, reports, equipment in all facilities, volunteers trained in community-based growth monitoring, sensitised management	- Less than 20% of children under 5 years are underweight - 90% of children who qualify for nutrition supplementation receive it - 80% of children receiving nutrition supplementation show growth	- Less than 10% of children under 5 years are underweight - 100% of children who qualify for nutrition supplementation receive it - 90% of children receiving nutrition supplementation show growth	- 100% of children who qualify for nutrition supplementation receive it - 90% of children receiving nutrition supplementation show growth	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 0,215,400 5% progression p.a. <b>Option 1</b> 2005/06: 0,226,170 2006/07: 0,237,479 2007/08: 0,249,352 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Development of a system that captures the number of clients admitted, reasons for admission and progress		



COMPREHENSIVE NUTRITION PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
Nutrition education, promotion and advocacy	To improve nutrition-related knowledge, attitudes, perceptions and practices (advocacy)	Health promotion activities & material, promotional material designed & distributed, minutes, reports, malnutrition registers	- 50% awareness of nutrition-related information as measured by KAP studies - 30% of community members have a positive change towards good nutrition behaviour, as measured by KAP studies	- 70% awareness of nutrition-related information as measured by KAP studies - 50% of community members have a positive change towards good nutrition behaviour, as measured by KAP studies	- 80% awareness of nutrition-related information as measured by KAP studies - 60% of community members have a positive change towards good nutrition behaviour, as measured by KAP studies	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 1,615,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Environmental health officers effectively monitor suppliers	
Micronutrient malnutrition control	To eliminate micronutrient deficiency among the population, focusing on Vitamin A, iodine and iron	Reports, minutes, IEC material, vitamin A capsules in facilities, orange fleshed sweet potato, consumption of vitamin A rich food, monitoring tool, guidelines, statistics	- 60% of children aged 0-24 months receive supplementary Vitamin A - 60% of suppliers supply fortified mealie meal and flour	- 80% of children aged 0-24 months receive supplementary Vitamin A - 80% of suppliers supply fortified mealie meal and flour	- 95% of children aged 0-24 months receive supplementary Vitamin A - 90% of suppliers supply fortified mealie meal and flour	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 1,335,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Environmental health officers effectively monitor suppliers	

COMPREHENSIVE NUTRITION PROGRAMME										
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions		
			Target 2004/5	Target 2005/6	Target 2006/7					
Promotion, protection and support of breastfeeding	To promote exclusive breastfeeding	Reports, sustained baby friendly hospital initiative, attendance registers, oriented District Programme Managers, books, laminated protocols	- A minimum of 3 hospitals per district attaining Baby Friendly status - 25% of women breastfeed exclusively for 6 months	- A minimum of 4 hospitals per district attaining Baby Friendly status - 40% of women breastfeed exclusively for 6 months	- A minimum of 4 hospitals per district attaining Baby Friendly status - 50% of women breastfeed exclusively for 6 months	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 2,290,000 6% progression p.a. <b>Option 1</b> 2005/06: 2,427,400 2006/07: 2,573,044 2007/08: 2,727,426 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Companies that promote formula support the campaign		
Contribution to household food security	To contribute to household food security	Reports, signed Service Level Agreements	Support to 60% of people who benefit from Provincial poverty alleviation projects	Support to 75% of people who benefit from Provincial poverty alleviation projects	Support to 90% of people who benefit from Provincial poverty alleviation projects	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 2,690,000 <b>Option 1</b> 2005/06: 2,690,000 2006/07: 2,690,000 2007/08: 2,690,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	EC Dept of Agriculture & EC Dept of Social Development to fund – EC Dept of Health to provide technical assistance		

COMPREHENSIVE NUTRITION PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
	To develop an integrated food security programme	Programme matrix, referral networks	Food service management implementation guidelines developed	Programme developed	Programme implemented	Accounting Officer of the Eastern Cape Department of Social Development	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: 8,000,000 2006/07: 9,000,000 2007/08: 10,000,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
Food service management	To support improvements in the nutritional quality of food provided in health institutions	Trained personnel, standardised practices & reports, oriented dieticians & INP service delivery by food service staff, minutes, reports, Food Control Committees, integrated service, monitoring tool, revised hospital menu, questionnaire	Food service management implementation guidelines developed	Facilitation and coordination of food service management achieved	Facilitation and coordination of food service management consolidated	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 0,550,000 2% projection <b>Option 1</b> 2005/06: 0,561,000 2006/07: 0,572,220 2007/08: 0,583,664 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

COMPREHENSIVE NUTRITION PROGRAMME										
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions		
			Target 2004/5	Target 2005/6	Target 2006/7					
Emergency Food support	To provide emergency food support to vulnerable categories of people in the short term while linking them to more sustainable forms of support	Identified families, food parcels, drop-in centres, soup kitchens, referrals to other agencies for longer term support	Coverage extended to families who spend R300-R400 per month on food	Coverage extended to families who spend R400-R500 per month on food	No funding for this year to link up with Social Security and Siyazondla in alignment with the PGDP	Eastern Cape Department of Social Development	<b>Budgeted</b> 2004/05: 94,133,000 <b>Option 1</b> 2005/06: 94,133,000 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Identification of need is accurate, and referrals of beneficiaries to other programmes occurs		
School Nutrition Support	To establish an effective, efficient and sustainable community-driven nutrition programme	Policy for the School Nutrition Programme that involves all relevant stakeholders  Reliable supply of bread and other selected categories of food to targeted schools	Staff in place, suppliers identified, & payment systems improved	Guidelines refined and corrections made	System running according to guidelines and reliably delivers food to targeted schools	Eastern Cape Department of Education	<b>Budgeted</b> 2004/05: 177,000,000 <b>Option 1</b> 2005/6: 194,288,000 2006/7: 233,882,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Personnel and systems in the Eastern Cape Department of Education are developed to manage implementation		

COMPREHENSIVE NUTRITION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Integrated Nutrition Programme support systems	To contribute to the improvement of education quality by enhancing pre- and primary school pupils' active learning capacity	Feeding provided to targeted pre- and primary schools in early hours of school day, on a daily basis	All staff vacancies are filled and referral networks developed	Staff quality and quantity maintained	Staff quality and quantity maintained	Accounting Officer of the Eastern Cape Department of Health	<b>Budgeted</b> 2004/05: 3,823,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	District health management teams function effectively in terms of the Primary Health Care approach	
	To contribute to general health development by alleviating pre-primary hunger and offering appropriate micro-nutrient supplementation programmes	Monthly available statistics, reports, minutes, codes per INP focus area, expenditure certificates, filled posts, audit done, trained & oriented personnel, furniture & equipment, subsidised vehicles							
	To establish and maintain effective programme systems in support of implementation through the District Health System								

### ***Reporting mechanism and authority***

A well-functioning District Health System and strong referral networks within District Municipal areas<sup>1</sup> are critical to the successful implementation of the Integrated Nutrition Programme. The programme is reliant on nutrition staff employed within the health district teams for effective implementation. Budgets are decentralised to these health districts and day-to-day management of activities occur within the district management teams. The role of Integrated Nutrition Programme staff in the Provincial office is to develop guidelines, protocols and reporting frameworks and to support and monitor implementation.

The strengthening of staff and systems in support of the School Nutrition Programme is a priority. This is necessary to improve regularity of payment of suppliers, reliability of food delivery, and effectiveness of guidance and monitoring of implementation.

The reporting mechanism for the Food Emergency Programme appears to be running smoothly, but requires effective integration with the other two programmes in the Comprehensive Nutrition Programme, ideally within a larger Provincial Integrated Food Security Programme.

Referral networks are critical in the contexts of the Comprehensive Nutrition Programme and an emerging Provincial Integrated Food Security Programme. A well-structured referral system would make it easier to refer vulnerable families identified by the Departments of Health and of Education to the Departments of Social Development and of Agriculture for more comprehensive support. Although a referral system has been the subject of internal discussions within the Eastern Cape Department of Health, agreement with other departments on the principles and details of such a system still needs to be established. Coordination with the School Nutrition Programme is critical to the successful achievement of the strategic objectives of the Integrated Nutrition Programme. Linkage of these two programmes with the Food Emergency Programme will also ensure that short-term nutritional support to particular households is effectively coordinated in preparation for longer-term, more sustainable forms of support.

### ***Key Actions required to facilitate implementation of this programme***

- Establish effective referral network linking particularly the Eastern Cape Departments of Health, of Education, of Social Development and of Agriculture.
- Establish an integrated database of poor households identified through the Integrated Nutrition Programme, the School Nutrition Programme, the Emergency Food Programme and the Siyazondla Homestead Food Production Programme.
- Establish a Provincial Integrated Food Security Programme, coordinated jointly by the manager of the component programmes, supported by a robust reporting mechanism, and reporting to the Social Needs Cluster and Cabinet Committee.
- Accelerate the building of the District Health System.
- Fill approved posts.
- Establish direct input by the manager of the Integrated Nutrition Programme into senior management meetings of the Department of Health.
- Develop systems in the Department of Education to facilitate regular

payments to service providers and reliable supply of food in terms of the School Nutrition Programme.

#### **1.4 INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME**

Once fully developed, the Integrated Agricultural Infrastructure Programme will allow for the focusing of agricultural infrastructure in support of the Massive Food Programme and, particularly, the Siyazondla Homestead Food Production Programme. It will also provide for linkages with the Expanded Public Works Programme and the administration of the Municipal Infrastructure Grant by Municipalities to ensure that multiple uses of infrastructure are considered and that planning and implementation are coordinated. Although the Provincial Department of Agriculture is directly responsible for the provision of basic agricultural infrastructure, such as dipping tanks, earth embankments and fencing, it does not control other important aspects of infrastructure necessary for agrarian transformation, such as widespread upgrading of rural access roads, improvement of rural transportation networks and supply of basic services. In the case of the Massive Food Programme, the Department has undertaken to use the mechanisation loan fund to finance or co-finance the construction of agricultural storage and marketing infrastructure by contractors who accept responsibility for loan repayment over a period of four years.

##### ***Programme objectives***

The objectives of the Integrated Agricultural Infrastructure Programme will be to consolidate provision of basic agricultural infrastructure, at an appropriate scale, to support the Siyazondla Homestead Food Production Programme, while, at the same time, linking initiatives by other government departments and Municipalities to provide roads, transport and basic services to rural areas. Close cooperation with the Rapid Infrastructure Delivery Agency (RIDA) will be established, investigating options of secondment of Department of Agriculture engineering staff to RIDA to ensure that sufficient attention is given to agricultural infrastructure. Alternatively, the creation of a dedicated unit focused on basic agricultural infrastructure could be formed, linking, for example, aspects of Uvimba and ECATU. If this option were pursued, close cooperation with RIDA would still be required. A key consideration would be not to confuse systems and technology development with rapid delivery in support of agrarian transformation. Existing institutions aimed at systems and technology development can be linked in a more optimal way with new delivery management institutions without becoming absorbed within those.

##### ***Key Performance Areas***

Currently, this programme is focused specifically on the following KPAs that have been consolidated from the agricultural budget for the current MTEF period:

KPA 1: Infrastructure for soil management, and crop and animal production

KPA 2: General infrastructure

KPA 3: Processing and marketing infrastructure

Further KPAs will be developed as the linkage of this programme with broader infrastructure developments is pursued. Critical areas of focus would include linkage with an improved rural transportation system (including improved access roads), planning for productive use of domestic water supply, supportive targeting of programmes aimed at rural electrification and telephone access, and effective

mobilisation of finance (including the loan fund created in support of the Massive Food Programme) for agricultural storage, processing and marketing facilities.

***Programme Matrix***

The following matrix contains high- and meso- level key performance areas and strategic objectives for the Integrated Agricultural Infrastructure Programme (as per current budget allocation), with associated outputs, targets, responsibilities, budget allocations and assumptions:



INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
Infrastructure for soil management, and crop and animal production	To conserve soil, protect crops and provide water for stock	Fencing, stock water, erosion control	146			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 23,582,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
			60			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 13,405,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
	To design and implement effective soil conservation and land care measures	Soil conservation and land care projects	8			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 2,235,000 <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		
	To support management of drainage and water runoff, and develop weirs	Drainage systems, weirs	5			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 1,860,000 <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		

INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
	To implement hydroponics projects	Hydroponics projects	1			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0,200,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	To develop dipping facilities in support of stock health	Dip tanks	30			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 3,510,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
	To support the development of animal production facilities	Poultry, pigery and animal facilities	19			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 5,195,000 <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		
	To support the development of vegetable and crop production facilities	Vegetable and crop production facilities	3			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0,480,000 <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		

INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
	To establish nurseries that provide high quality plant material for agricultural purposes	Nurseries	11			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 1,980,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
General infrastructure	To support electrification of selected small agricultural enterprises	Electrified small farming enterprises	1			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0,200,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
	To support the development of general farming infrastructure	General farming infrastructure projects	11			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 3,775,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
Processing and marketing infrastructure	To support the development of processing facilities for small-scale sheep farmers	Shearing sheds	5			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 1,348,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

INTEGRATED AGRICULTURAL INFRASTRUCTURE PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
	To support the development of facilities for trade of animal stock	Sale Pens	5			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0,580,000 <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		
	To support the development of processing facilities for crops	Milling Plant	6			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 1,500,000 <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		

KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget (Project, personnel & other costs)	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
	To support the development of facilities for the sale of agricultural produce	Marketing facilities / Farm Stalls	2			Accounting Officer, Eastern Cape Department of Agriculture	<b>Budgeted</b> 2004/05: 0,190,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	



### ***Reporting mechanism and authority***

Guidance around the provision of basic agricultural infrastructure will continue to be provided by the Department of Agriculture, in terms of a budget allocation linked to its strategic plan. However, operational planning and implementation will be coordinated with RIDA and, critically, will inform departmental budget submissions in time for the budget hearings towards the end of each year. Although the infrastructure budgets contained in various departments will still be included in its budget negotiations with the Provincial Treasury, linkage and optimum leverage can be obtained by joint planning and a joint infrastructure delivery programme prepared before the budget hearings commence. The Integrated Agricultural Infrastructure Programme can either stand alone or be treated as a component budget within a larger infrastructure budget.

### ***Key Actions required to facilitate implementation of this programme***

- Initiate negotiations between senior officials of all departments involved in infrastructure planning and delivery, as well as with senior representatives of RIDA, about the linking of agricultural infrastructure development to other infrastructure development work. Consider operational and institutional aspects of coordination.
- Link strongly to Municipalities, investigating ways in which expenditure of the Municipal Infrastructure Grant and Municipal capital budgets can be influenced and augmented in support of agricultural development in the Province.

## **2. PROGRAMME AREA: FIGHTING POVERTY**

### ***Strategic Approach***

Poverty is primarily characterised by lack of access to opportunities for a sustainable livelihood. Eradicating the deep and pervasive poverty of the ex-homelands and underdeveloped townships of the Province will serve as a foundation for economic development in which all the people of the Eastern Cape can participate. Poverty eradication requires attention to the social, economic and political dimensions of poverty. The goal of poverty eradication leads to a further commitment to reduce inequality, between households and between different regions of the Province. In particular, action is required to:

- Establish greater control over and access to decision-making processes by poor people.
- Strengthen the income, asset and skills capabilities of the poor.
- Establish linkages between micro and macro levels of intervention in a mutually reinforcing manner.

State provision of grants and targeted interventions to promote social development and to provide health and education services need to be leveraged in support of these actions.

### ***Core challenges for 2004-2007 MTEF***

Regarding poverty eradication, the fundamental challenge is that of creating a comprehensive safety net while at the same time innovating more effective approaches to basic needs and basic needs industrialisation which reduces the dependency of the poor and marginalised on the State.

This suggests:

- The need for a comprehensive social security system that centralises the participation of the poor in the development and maintenance of their own welfare safety nets.
- The need to more effectively regulate the “poverty industry”.
- The need to move beyond the welfarist paradigm, and in so doing, transform dependent consumer households into active producer households.
- The need to optimise job creation and economic gains in the social spend.

### ***Rationale for programme selection***

As reflected in the findings of the 2001 Census, we still have high levels of absolute poverty and “service poverty” (particularly with respect to water, sanitation and housing), with the majority of poor households surviving largely on State welfare grants and remittances. Further, we have not yet experienced the full impact of the HIV/AIDS pandemic, which will reach its climax in 2008-2010 and place an even greater burden on the poor, and by implication, on the State’s social safety net. Programmes that have been selected therefore speak to those that directly address service poverty (notably the water, sanitation and housing programmes), programmes that create jobs and work opportunities (the Expanded Public Works Programme), interventions that intensify our campaign against HIV and AIDS, and a coordinated approach to empowerment of victims of crime.

#### **2.1 Expanded Public Works Programme**

The Expanded Public Works Programme is a key intervention by government based on the recognition that infrastructure development is one of the primary drivers of growth, employment and development. The aim of the programme will be to facilitate and create employment opportunities for the poor and vulnerable, through integrated and coordinated labour-intensive approaches to government infrastructure delivery and service provision. The Expanded Public Works Programme operates in four sectors: infrastructure, environment, economic and social. The infrastructure component is the largest, making up about 75% of the total programme budget.

#### ***Programme objectives***

The objectives of the Expanded Public Works Programme are:

- Job creation (200 000 jobs in the Eastern Cape over the next five years)
- Poverty alleviation
- Investment in social and economic infrastructure
- Human resource development through the training of participants

#### ***Key Performance Areas***

It is proposed that the Expanded Public Works Programme (Infrastructure) centre on the following KPAs:

KPA 1: Labour-based methods: optimise use of labour while ensuring cost-effectiveness and safeguarding quality, primarily within the construction industry

KPA 2: Emerging contractor support programme: SMME development and support to have resources circulated within communities and create capacity for maintenance

KPA 3: Procurement policies: ensure policy responsiveness, uniformity and adjustment in all spheres of government

KPA 4: Monitoring, evaluation and reporting: designing and implementing mechanisms to track development and ensure compliance with EPWP objectives and targets

Currently, this programme is still organised in terms of departmental sub-programmes rather than this set of KPAs. It is anticipated that the achievement of organisation in terms of these KPAs would improve its coherence.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Expanded Public Works Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

Sub-programmes	Key Performance Area	High-level Objective	Targets					Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years							
			2004/5	2005/6	2006/7	2007/8	2008/9			
<b>Department: Roads and Public Works</b>										
<b>VUKUZAKHE – Roads for Rural Development</b>	<b>Road Maintenance Programme</b> – Lenthman Programme – Households undertake routine maintain of roads	Poverty alleviation and skills development at lowest entry level	40 000 household contracts after five years	4 468 Household contracts, achieve the 1997 household contracts	10 000 Household contracts	22 000 Household contracts	DRPW	<b>Budgeted</b> 2004/05: 12,286,714 <i>Required:</i> 2004/05: 48,047,659 <b>Option 1</b> 2005/06: 67,756,960 2006/07: 145,366,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Budget will be increased by MEC to meet targets (10 000 households promised by Premier and FGDP Annual Report)	
	<b>Building Maintenance Programme</b> – Households contracted to maintain schools, police stations etc	Poverty alleviation and skills development at lowest entry level	20 000 household contracts after five years	2 000 household contracts	2 000 household contracts	4 000 household contracts	DRPW	<b>Budgeted</b> 2004/05: 0,000,000 <i>Required</i> 2004/05: 16,610,000 <b>Option 1</b> 2005/06: 15,000,000 2006/07: 15,000,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	<b>Access Roads and Transport Forums</b> – Community participation in identifying rural roads needs	Work with the client/road users to identify and address the backlog in the road network and create opportunities for emerging contractor development	Develop & train forums, and identify and prioritise access road backlog	Construct 50km of access roads with 200 emerging contractors	Construct 200km of access roads with 200 emerging contractors	Construct 400km of access roads with 400 emerging contractors	<b>Budgeted</b> 2004/05: 3,000,000 <b>Option 1</b> 2005/06: 17,550,000 2006/07: 47,020,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Budget to be allocated to develop framework, workshop with stakeholders and develop appropriate contract documentation	
	<b>Emerging Contractor Development Programme</b> (ECDP) – Developing emerging contractors within a regulatory framework	Developing emerging contractors within a regulatory framework  Unbundle capital and maintenance contracts to create sustainable opportunities	Regulatory Framework  Emerging contractor associations  Training and development programme	Develop framework, provide training to implementing agents, draft contract documentation and pilot programme with 24 emerging contractors	Consolidate programme, provide training and development to 200 emerging contractors and form contractor association	Consolidate programme, provide training and development to 400 emerging contractors and form contractor association	<b>Budgeted</b> 2004/05: 0,000,000 <b>Option 1</b> 2005/06: 2,700,000 2006/07: 4,400,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	<b>Strategic Corridors (Monitoring and Evaluation)</b>	Monitoring of strategic corridor projects to ensure maximum opportunities are created for emerging contractor development, and maximise community benefits	80% of contracts awarded to contractors on emerging contractor programme	Business plans prepared by each cost centre for evaluation and monitoring	Establish milestones for emerging contractor opportunities and monitor implementation	Evaluation and monitoring of implementation	<b>Budgeted</b> 2004/05: 0.800,000 <b>Option 1</b> 2005/06: 0.800,000 2006/07: 0.800,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	That the emerging contractor development programme is implemented	
<b>Capital projects</b>	<b>Road construction and upgrading</b>	Address some backlogs, meet the increased demand and facilitate economic activity	30% of backlog addressed in 5 years	442km upgraded, 2 bridges constructed	442km upgraded 2 bridges constructed	400km upgraded 5 bridges constructed	<b>Budgeted</b> 2004/05: 0.800,122 Prog No 3 <b>Option 1</b> 2005/06: 0.809,484 2006/07: 0.843,800 2007/08: 0.786,000 <b>Option 2</b> 2005/06: 0.879,484 2006/07: 0.900,000 2007/08: 0.900,000	Network does not change and access roads NOT included	

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
Maintenance Programme	Road maintenance and safety improvements	To maintain the asset value of the road network and improve on safety	5 077km tarred roads maintained 26 907km gravel roads maintained	5 077km tarred roads maintained 26 907km gravel roads maintained 3 150km urban roads maintained	5 077km tarred roads maintained 26 907km gravel roads maintained	5 077km tarred roads maintained 26 907km gravel roads maintained 1 000km access roads	<b>Budgeted</b> 2004/05: 0.447,740 Prog No 3 <b>Option 1</b> 2005/06: 0.549,048 2006/07: 0.620,842 2007/08: 0.720,344 <b>Option 2</b> 2005/06: 0.600,000 2006/07: 0.680,000 2007/08: 0.750,000	Network does not change and access roads not included	
<b>Department: Transport</b>									
HR and Development	Bursaries-Unemployed Youth	120 youth taken through and internship and learnership programme	120 unemployed youth in internship and learnership programmes each year	Recruit 60 mentors and 40 youth learnerships	Recruit 60 mentors and 40 youth learnerships	Recruit 60 mentors and 40 youth learnerships	<b>Budgeted</b> 2004/05: 0.420,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
Traffic Control	Improve driver quality and skills	Upgrade and build driving licence testing centres	Assist 14 DLTC's in former homelands	2004/5				<b>Budgeted</b> 2004/05: 1,902,940 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	
				2006/7					
	Improve driver quality and skills	Upgrade and build vehicle testing stations (VTS)	6 VTS	2			<b>Budgeted</b> 2004/05: 13,000,000 <b>Option 1</b> 2005/06: 13,000,000 2006/07: 13,000,000 2007/08: 13,000,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Cost of VTS at 2004 prices	



Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
Public transport	Subsidised land passenger transport	Number of taxis being subsidised	36 000 taxi subsidies	0	0	12 000	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Recapitalisation programme is effected	
	Restructuring of bus passenger transport	Establish Eastern Cape bus operators cooperative	460 Tully paid up members	Establish coop and elected officials	Membership recruitment: 200 members	Membership recruitment: 100 members	DOT		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	<b>Restructuring of Mayibuye and Algoa Bus Companies into PPP entities</b>	Viable PPP entities, 25% of route network assigned to BEE operators	Contract negotiations Algoa A: 7-year negotiated contract	Govt. relinquishes share in Mayibuye, new contract with Algoa	12.5% of route network assigned to BEE operators	DOT	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – 2008/09: 30,000,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Subject to economic viability & market attraction for private investment, continued funding by national govt and franchise agreement with NMMM (for Algoa)  Bus passenger transport is restructured	
	<b>Taxi Recapitalisation Programme</b>	Conversion of radius based permits to route or network based operator license	100% implementation of taxi recap program	Piloting new taxi vehicles	Provincial rollout of new taxi vehicles	DOT	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Subject to the national programme of recapitalisation  2 to 1 license conversion	

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
<b>Transport Planning</b>	<b>Develop an integrated Provincial transport infrastructure</b>	Provision of public transport facilities - 30% of budget to PDI service providers in MTAs & District Municipalities	Improved public transport facilities in both urban and rural areas			DOT	<b>Budgeted</b> 2004/05: 21,585,000 <b>Option 1</b> 2005/06: 24,111,000 2006/07: 25,316,000 2007/08: 27,000,000 2008/09: 29,000,000 <b>Option 2</b> 2005/06: - 2006/07: - 2007/08: -		
<b>Department: Health</b>									
<b>Hospital Rehabilitation &amp; Maintenance Programme</b>	<b>Hospital Rehabilitation &amp; Maintenance Programme</b>	To rehabilitate health facilities - to make up backlog, to improve conditions where possible to render a better service; to create jobs		2 708 Jobs	2 008 Jobs	2 336 Jobs	<b>Budgeted</b> 2004/05: 369,864,000 <b>Option 1</b> 2005/06: 474,705,000 2006/07: 511,182,000 2007/08: 541,852,000 <b>Option 2</b> 2005/06: 765,000,000 2006/07: 995,000,000 2007/08: 1,294,000,000	93% of 2004/5 programme committed at this stage; contracts are let and budgets committed	

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
Clinic Revamping Programme	Clinic Revamping Programme	To provide primary health care and physical infrastructure. To build clinics and nurses homes and to create jobs and work opportunities and to alleviate poverty among the unemployed.		1 136 Jobs	1 197 Jobs	1 262 Jobs	DR&PW, in support of DOH	<b>Budgeted</b> 2004/05: 142,000,000 <b>Option 1</b> 2005/06: 149,670,000 2006/07: 164,147,000 2007/08: 173,995,000 <b>Option 2</b> 2005/06: 194,571,000 2006/07: 230,000,000 2007/08: 276,000,000	95% of 2004/5 contracts in place. 5 projects still to go to tender. PPPFA documentation used on existing projects. Labour targets cannot be enforced on existing contracts. 50 new clinics planned for next year. Std/KPIs to be set.
<b>Department: Social Development</b>									
Capital building projects	Multi-purpose community centres	One-stop shop for a variety of community services		66 Jobs	55 Jobs	69 Jobs	DR&PW, in support of DSD	<b>Budgeted</b> 2004/05: 14,000,000 <b>Option 1</b> 2005/06: 4,400,000 2006/07: 5,800,000 2007/08: 5,000,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Technical expertise to manage and monitor infrastructure development

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	Community development centres	To establish centres from which community development can be supported		78 Jobs	88 Jobs	75 Jobs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: 2,900,000 2006/07: 3,500,000 2007/08: 1,100,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: <b>Budgeted</b>		
	Service centres	To establish centres where citizens receive services in decent and dignified facilities		85 Jobs	92 Jobs	101 Jobs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: 6,700,000 2006/07: 5,020,000 2007/08: 8,930,800 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08:		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	Prefabricated park homes	To maintain the existing stock of park homes							
<b>Department: Education</b>									
New constructions (buildings and infrastructure)	Special Schools	To provide infrastructure - to improve conditions where possible; to render a better service; to create jobs	20 000 jobs	4 042 jobs	4 042 jobs	4 042 jobs	DOE	<b>Budgeted</b> 2004/05: 105,103,000 <b>Option 1</b> 2005/06: - 2006/07: - 2007/08: - <b>Option 2</b> 2005/06: - 2006/07: - 2007/08: - ... <b>Option 2</b> 2007/08: -421,217,000	10% of budget for building projects spent on unskilled labour and that the average daily wage is R65.00 with 20 working days per month. Expenditure will remain consistent for the next three years
	Rehabilitation/ upgrading	Programme 2 - GET, FET Schools	81 000 jobs	16 201 jobs	16 201 jobs	16 201 jobs	DOE		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	Programme 5 - FET COLLEGES		4 600 jobs	925 jobs	925 jobs	925 jobs	<b>Budgeted</b> 2004/05: 24,042,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	DR&PW Programme		10 900 jobs	2 176 jobs	2 176 jobs	2 176 jobs	<b>Budgeted</b> 2004/05: 56,577,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

Sub-programmes	Key Performance Area	High-level Objective	Targets					Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7	2007/8			
	Other		240 000 jobs	47 812 jobs	47 812 jobs	47 812 jobs	DOE	<b>Budgeted</b> 2004/05: 1,243,118,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
<b>Other capital projects</b>	Exam Centre		9 000 jobs	1 808 jobs	1 808 jobs	1 808 jobs	DOE	<b>Budgeted</b> 2004/05: 47,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		



Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	Youth Care Centre		18 600 jobs	3 737 jobs	3 737 jobs	3 737 jobs	<b>Budgeted</b> 2004/05: 97,157,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	Toilet Programme (CDC) Phase 1		11 000 jobs	2 231 jobs	2 231 jobs	2 231 jobs	<b>Budgeted</b> 2004/05: 58,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	Minor Repairs and Renovations (Section 20& 21 schools)		15 000 jobs	3 077 jobs	3 077 jobs	3 077 jobs	<b>Budgeted</b> 2004/05: 80,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b> 2007/08: –		
	School Collaboration Programme - Cluster Projects		3 500 jobs	692 jobs	692 jobs	692 jobs	<b>Budgeted</b> 2004/05: 18,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

Sub-programmes	Key Performance Area	High-level Objective	Targets				Agency/ Responsibility	Budget 2004/5	Assumptions
			Output over 5 years	2004/5	2005/6	2006/7			
	Phandulwazi Agric HS (Budget Cut)		800 jobs	154 jobs	154 jobs	154 jobs	<b>Budgeted</b> 2004/05: 4,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	Head Office/District Office/ CSC		5 800 jobs	1 154 jobs	1 154 jobs	1 154 jobs	<b>Budgeted</b> 2004/05: 30,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

### ***Reporting mechanism and authority***

All projects run under the Expanded Public Works Programme are to be governed by the Code of Good Practice that was gazetted in 2002 as an amendment to the Basic Conditions Act of 1997. The Act entitles workers to training, stipulates that workers may be paid below the minimum wage, and does require employers to pay UIF insurance payments. The infrastructure projects are to be implemented by Provinces from April 1 and Municipalities from June 1, according to their financial years.

### ***Key Performance Areas***

- Number of work opportunities
- Average daily wage
- Days of training
- Person days of employment created
- Total budget for the project
- Composition of workers (number of women, youth and disabled)

There is a need to align the Treasury reporting template, DRPW systems and other project information management systems in order to develop a uniform standard that meets national treasury requirements while reflecting the KPAs. A standardised infrastructure reporting format is being designed by DR&PW, Treasury, RIDA and the OTP.

The lead department for the Expanded Public Works Programme (Infrastructure) will be DR&PW, reporting to both the Social Needs and Economic Growth and Development Cabinet Committees and Clusters.

### ***Key Actions required to facilitate implementation of this programme (Infrastructure):***

- Lead departments for other Expanded Public Works Programme sectors (Environment, Social and Economic) to be identified to drive project identification and packaging.
- An Expanded Public Works Programme steering committee, chaired by DR&PW, to be established to coordinate the implementation and monitoring of projects (made up of RIDA, Treasury, DoH, DoE, OTP)
- All infrastructure departments to prepare Expanded Public Works Programme (Infrastructure) Implementation Plans to programme Steering Committee by May 31, 2004.
- First quarterly progress report to be submitted to Economic Growth and Social Needs Cabinet Committees and Clusters by end-June 2004

## **2.2 Water and Sanitation Programme**

Water sector policy in South Africa is informed by a number of key concerns. The primary concern is the elimination of inequalities in service provision created under the old apartheid regime. The reduction of these backlogs is a political imperative that is enshrined in the Strategic Framework for Water Services, September 2003.

The water and sanitation delivery programme will be implemented in an environment that is undergoing radical change. Delivery of basic services is a constitutional responsibility of Local Government. DWAF is relinquishing this task and will have no further role to play in the implementation and operation of schemes as from 2005/6.

Funds to support capital expenditure on service provision to meet backlogs have been made available principally through the budgets of DWAF and DPLG for their Community Water Supply and Sanitation (CWSS) and Consolidated Municipal Infrastructure Programme (CMIP) respectively. These and other separate sources of funding for infrastructure are to be consolidated in the Municipal Infrastructure Grant (MIG), to be operated by DPLG, which, it is proposed, will be fully operational by 2006.

Up to now, water and sanitation funding flows have been from National Treasury to National DWAF to Regional DWAF and then to District Municipalities (Water Services Authorities). Allocations have been made on the basis of Water Services Development Plans. In future, DWAF's role will be: to provide support to Local Government; to determine sector policy; to monitor the performance of

the water supply institutions; and to regulate the sector. DWAF will therefore only provide funds for projects that are already in the implementation phase and for Provincial projects such as transfers, and support to social consultants and NGOs.

### ***Programme objectives***

The national policy imperatives of the sector can be summarised as follows:

- All people living in South Africa have access to an appropriate, acceptable, safe and affordable basic water supply and sanitation service.
- Water supply and sanitation services are provided by effective, efficient and sustainable institutions that are accountable and responsive to those whom they serve.
- Water is used effectively, efficiently and sustainably in order to reduce poverty, improve human health and promote economic development.
- Water and wastewater are managed in an environmentally responsible and sustainable manner.

The three principal focus areas of the programme are:

- The reduction in service backlogs supported by a campaign designed to instruct beneficiaries in the appropriate use of facilities. The campaign will deliver health and hygiene messages and will stress the need for water conservation and environmental protection.
- Strengthening the capacity of relevant Local Government institutions charged to take over the responsibilities for service delivery from DWAF. The programme will also support DPLG in taking on its role as manager of the Municipal Infrastructure Grant (MIG), which will displace the DWAF budget as the main source of funding for capital expenditures on new water sector facilities.
- Supporting the sector-wide, inter-departmental, inter-governmental collaborative approach to providing services to those presently lacking them. To this end, it is proposed to make funds available to maintain the existing and set up new sector collaborative fora and strategic sector facilitation services.

### ***Key Performance Areas***

KPA 1: Effective Water Services Institutions

KPA 2: Effective sector regulation

KPA 3: Efficient project approval processes

KPA 4: Effective local-level operations and management of DWAF water services schemes

KPA 5: Effective gender mainstreaming into policies, functions and activities of the sector

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Water and Sanitation Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Effective water services institutions	To minimise basic water supply backlog	No. of people with access to basic water supply	Approx 906 000 people*	Approx 906 000 people*	Approx 906 000 people*	DMs, LMs, DWAF, DPLG, private sector	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Adequate budget allocation. Sufficient capacity within DWAF, DMs and private sector to deliver	
			Approx 274 000 people*	Approx 274 000 people*	Approx 274 000 people*		<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	To minimise basic sanitation backlog	No. of people with access to basic sanitation facilities	Approx 274 000 people*	Approx 274 000 people*	Approx 274 000 people*	DMs, LMs, DWAF, DPLG, private sector, NGOs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Adequate budget allocation. Sufficient capacity within DWAF, DMs and private sector to deliver	

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
		To eradicate bucket system	Bucket system eradicated within three years	7 500 households (38 000 people)	8 800 households (44 000 people)	9 500 households (50 000 people)	DMs, LMs, DWAF, DHLG&TA, private sector, NGOs	<b>Budgeted (DHLG&amp;TA)</b> 2004/05: 26,522,000 Prog No 3 <b>Option 1</b> 2005/06: 30,966,000 2006/07: 32,820,000 2007/08: 34,630,000 <b>Option 2</b> 2005/06: 50,000,000 2006/07: 60,000,000 2007/08: 75,000,000 <b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Adequate budget allocation. Sufficient capacity within DWAF, DMs and private sector to deliver.
		To provide access to free basic water services	Number of Municipalities implementing free basic water policy	All	All	All	DMs, LMs, DWAF, DPLG	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Adequate budget allocation and capacity to manage

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
		To provide access to free basic sanitation services	Number of Municipalities implementing free basic sanitation policy		Target 2005/6	Target 2006/7		<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Adequate budget allocation and capacity to manage
					Implemented by 80% of Municipalities	Implemented by 90% of Municipalities			
		To promote improved sanitation practices and minimise water-borne diseases	Number of households made aware of better sanitation practices				DMS, LMs, DWAF, DoH, DoE, private sector, NGOs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Adequate budget allocation and capacity to deliver



WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Effective sector regulation	To ensure an enabling legislative and policy framework	Water sector legislation amendments. Strategies to roll out implementation of Strategy Framework	Implementation	Implementation	Implementation	DMS, LMs, DWAF, DPLG	<b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _	Sufficient skills and capacity to manage	
			Implementation	Implementation	Implementation		<b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		
		Basic services focus is extended to include economic and social objectives as well as effective management	Implementation	Implementation	Implementation	DMS, LMs, DWAF, DPLG			

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target	Target	Target			
			2004/5	2005/6	2006/7			
	To ensure an effective and coordinated Water Services sector	Institutional clarity and formal understanding with other role players	Implementation	Implementation	Implementation	DMS, LMs, DWAF, DPLG, DoH, DoE, private sector, NGOs	<b>Budgeted</b> 2004/05: _	
							<b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _	
			Implementation	Implementation	Implementation		<b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _	
		Development of Provincial strategy	Implementation	Implementation	Implementation	DWAF, DPLG	<b>Budgeted</b> 2004/05: _	
							<b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _	
							<b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _	

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5 Ongoing	Target 2005/6 Ongoing	Target 2006/7 Ongoing			
			Improved coordination in the sector						
		To monitor performance of WSAs and intervene when needed	Development of effective M&E and reporting system	Implementation	Implementation	Implementation			Sufficient skills and capacity to manage
							<b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective		Verifiable targets			Agency	Budget	Assumptions
Outputs	Target	Target	Target	Target	Target	Target			
Efficient project approval processes	Improved quality of district WSDPs in order to meet key objectives	2004/5 WSDPs developed by all WSAs and written reports by DWAF to 60% of DMs	2005/6 Further improvement of quality and monitoring of WSDPs and written reports by DWAF to 80% of DMs	2006/7 Ongoing and written reports by DWAF to 100% of DMs	DWAF, DMs, LMs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Sufficient skills and capacity to manage		
Effective local level operations and management of DWAF water services schemes	Fully inclusive transfer policy reviewed and amended as necessary	Reviewed and amended as necessary	Reviewed and amended as necessary	Reviewed and amended as necessary	DWAF, DMs, LMs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Sufficient skills and capacity to manage		

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
			HR strategy dealing with affected staff reviewed and amended as necessary	HR strategy implemented	HR strategy implemented	HR strategy implemented	DWAF, DMs, LMs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	
			DoRA framework on water services operating subsidy agreed	2005/6 DoRA framework on water services operating subsidy agreed	2006/7 DoRA framework on water services operating subsidy agreed	2007/8 DoRA framework on water services operating subsidy agreed	DWAF, DMs, LMs, DPLG	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
	To transfer DWAF schemes to appropriate water services institutions	Transfer plan amended	Transfers negotiated and finalised with receiving institutions according to transfer plan	Schemes not transferred, handed over and managed by service providers contracted by DWAF but funded and supervised by other appropriate institutions	Schemes not transferred, handed over and managed by service providers contracted by DWAF but funded and supervised by other appropriate institutions	DWAF, DMs, LMIs, DPLG, Water Boards	<b>Budgeted</b> 2004/05: –	Sufficient skills and capacity to manage	
							<b>Option 1</b> 2005/06: – 2006/07: – 2007/08: –		
	To ensure the continuity, effectiveness and efficiency of services through support to water services institutions	Transfer process monitored and evaluated, including compliance with transfer agreements	Ongoing	Ongoing	Ongoing	DWAF, DMs, LMIs, DPLG, Water Boards	<b>Budgeted</b> 2004/05: –	Sufficient skills and capacity to manage	
							<b>Option 1</b> 2005/06: – 2006/07: – 2007/08: –		
							<b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
			Improvement on cost recovery for schemes on operating subsidy	20% improvement on cost recovery for schemes on operating subsidy	Further 20% improvement on cost recovery for schemes on operating subsidy	Further 20% improvement on cost recovery for schemes on operating subsidy	DWAF, DMs, LMIs, DPLG	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	
Effective gender mainstreaming into policies, functions and activities of the sector	To create an enabling environment for gender mainstreaming and greater participation of women in decision making at all levels	Gender sensitive strategic plans	60%	80%	100%	DWAF, DMs, LMIs, DPLG, OSW, NGOs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

WATER AND SANITATION PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
		Sector specific gender analysis and sex disaggregated data available	Ongoing	Ongoing	Ongoing	DWAF, DMs, LMs, DPLG, OSW, NGOs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b>	Budget allocated
		Gender responsive indicators for monitoring in place	30%	70%	100%	DWAF, DMs, LMs, DPLG, OSW, NCWSTI	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Sufficient skills and capacity to manage



### ***Reporting mechanism and authority***

The following coordination mechanisms have been defined for optimum programme coordination and management:

- Initiation of collaborative processes and utilisation of structures.
- Incorporation of a sector programme approach into planning processes and tools, especially the utilisation of joint committees and task teams.
- Capacity-building processes aimed at supporting the sector approach and strengthening of local level capacity, especially the placement of key water services personnel in District Municipalities.
- Policy positions and initiatives on crosscutting issues have been adopted. DWAF and other partners have policy positions on gender mainstreaming, civil society participation, environment and appropriate technology.

The primary conclusions and recommendations to ensure efficient coordination and management of the programme are:

- There is a need to align sector planning and implementation through a formal framework of accountability at national level.
- A sector-wide monitoring and evaluation system is required for the programme. This will allow the leadership group processes to be further aligned to planning and reporting cycles of the sector as a whole.
- Collaborative structures at Provincial level may need further support in respect of alignment with Provincial priorities and processes
- The transfer process has been slow, undermining the principles of decentralisation. The programme should accelerate implementation of transfers, addressing the issues in the Joint Policy Statement and findings of the functional and financial assessment undertaken by DWAF to ensure that Municipalities receive assets that are functional and financially viable.
- Clarification is required on the relationship between the transfers programme (DWAF perspective) and the implications of the viability audits being undertaken by some Municipalities. It is particularly important that the position of SALGA in the matter is addressed.

DWAF currently tracks the progress of all projects through the M&E unit in the region with the data consolidated at Head Office. The system is designed to monitor physical and financial progress to ensure that projects are being implemented according to their business plans. However, it collects other data on factors, such as employment created and training given, in order to measure the broader impacts of project expenditure. The system does not track projects after completion and is therefore unable to throw any light on sustainability issues, such as whether revenue generated is enough to meet O&M costs, how often systems break down, and how long stoppages last before service is resumed. It is also not designed to produce management information of a type required to run a water supply business, such as costs per cubic metre of water supplied, per capita consumption and water losses.

In terms of departmental reporting, a new format was developed in 2003/4. It requires that reporting be against national Key Focus Areas (KFAs), which are derived from overall country targets and objectives. The new format requires the setting of targets and reporting against these targets throughout the year. These targets need to be aggregated from various water services institutions in the Eastern Cape.

### ***Key Actions required to facilitate implementation of this programme***

- Formally examine the legal status of collaborative structures in the Province to rationalise them in support of effective decentralisation of water and sanitation services.
- Formalise a framework of accountability for the programme in line with the roles and responsibilities already agreed to by the sector partners. These would be implemented within the planning and reporting cycle of the programme. While sector orientation is generally accepted, greater guidance is required from DWAF Head Office and DPLG in respect of policy implementation at local level.
- Clarify the roles of other departments, such as Health (sanitation), Environmental Affairs (regulation) and Labour (training at local level) to ensure that resources available to the sector are fully utilised.

- Establish an accelerated schedule for the transfer of assets, addressing all the issues in the Joint Policy Statement and findings of the functional and financial assessment undertaken by DWAF. This is to ensure that Municipalities receive assets that are functional and financially viable. Clarify the relationship between the transfer programme (DWAF perspective) and the implications of the viability audits being undertaken by some Municipalities.
- Align information management between DWAF's M& E Unit with those of sector partners, especially the District Information Management System (DIMS).
- Develop a systematic programme to build the institutional capacity of Municipalities, utilising the DPLG strategy as the main frame of reference. Also formalise linkages to the LGWSETA and the Sector Skills Plan in the planning and implementation of local level training.

### **2.3 Housing Programme**

The Housing Programme, located within the Provincial Department of Housing, Local Government and Traditional Affairs (DHLGTA), is responsible for integrated housing development. This includes access to land and social infrastructure. Its specific and stated Strategic Goal is: To promote the provision of affordable housing and basic services.

The Housing Programme consists of various sub-programmes, including the:

- Rapid Land Release Programme (LRP), aimed at the rapid provision of serviced sites through the use of both established and emerging housing developers.
- Housing Impact Programme (HIP), which provides for the construction of houses on serviced sites, as provided through the LRP. HIP and LRP thus essentially function as joint programmes.
- Rural Housing Programme, aimed at provision of housing to the economically poor rural areas of the Eastern Cape, particularly the former Bantustan areas.

The DHLGTA has budgeted the following for the Housing Programme: R703 509 for the 2004/5 financial year, R675 048 for 2005/6, and R715 678 for 2006/7.

#### ***Programme objectives***

The Housing Programme pursues the following objectives:

- Systematic elimination of the housing backlog in the Province.
- Monitoring and evaluation of delivery of quality housing products.
- Facilitation of housing development and management capacity in Municipalities.
- Coordination of housing asset management.
- Job creation and skills development.
- Strengthening of the Provincial economy (i.e. reduction of poverty).

#### ***Key Performance Areas***

KPA 1: Administration of the housing subsidy

KPA 2: Tenure security and provision of serviced sites

KPA 3: Delivery of rural and urban houses

KPA 4: Quality control of construction, building materials, and services

KPA 5: Provision of technical, financial and business training to potential SME housing contractors and suppliers

#### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Housing Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

HOUSING PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget*	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
Administration of the housing subsidy	Elimination of the rural and urban housing backlog	No. of housing units completed	23 149 housing units completed	20 813 housing units completed	20 241 housing units completed	DHLGTA, DMs, LMs	<b>Budgeted</b> 2004/5: 703,609,000	Effective Housing Admin processes & procedures in place in Provincial and local government.
Tenure security and provision of serviced sites	Securing of land tenure for prospective house owners Provision of serviced sites through the LRP	No. of hectares of land released No. of housing units completed	30% of existing vacant land released 23 149 (10% rural 90% urban) serviced sites	45% of existing vacant land released 20 813 (20% rural 80% urban) serviced sites	25% of existing vacant land released 20 241 (40% rural 60% urban) serviced sites	Dept of Land Affairs	<b>Option 1</b> 2005/6: 675,048,000 2006/7:	Sufficient land made available for housing development Sufficient, adequately skilled contractors
Delivery of rural and urban houses	Elimination of the rural and urban housing backlog	Number of units inspected and found to comply with norms and standards	23 149 (10% rural 90% urban) housing units completed	20 813 (20% rural 80% urban) housing units completed	20 241 (40% rural 60% urban) housing units completed	DHLGTA, DMs, LMs	715,678,000 2007/08: 672,358,000	Sufficient rural land made available for housing development
Quality control of construction, building materials and services	Delivery of quality housing units	Number of units inspected and found to comply with norms and standards	23 149 (10% rural 90% urban) units inspected and found to comply with norms and standards	20 813 (20% rural 80% urban) units inspected and found to comply with norms and standards	20 241 (40% rural 60% urban) units inspected and found to comply with norms and standards	DHLGTA, DMs, LMs	<b>Option 2</b> 2005/06: 714,145,818 2006/07: 754,775,818	Sufficient, adequately skilled contractors
	Supply of quality building materials	No. of serviced sites	23 149 (10% rural 90% urban) units inspected and found to comply with norms and standards	20 813 (20% rural 80% urban) units inspected and found to comply with norms and standards	20 241 (40% rural 60% urban) units inspected and found to comply with norms and standards	DHLGTA, DMs, LMs	2007/08: 711,358,000	Sufficient, adequately skilled suppliers
	Delivery of quality services	Number of units inspected and found to comply with norms and standards	23 149 (10% rural 90% urban) units inspected and found to comply with norms and standards	20 813 (20% rural 80% urban) units inspected and found to comply with norms and standards	20 241 (40% rural 60% urban) units inspected and found to comply with norms and standards	DHLGTA, DMs, LMs		Sufficient, adequately skilled contractors

HOUSING PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget*	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
Provision of technical, financial and business training to potential SME housing contractors and suppliers	Facilitation of housing development and management capacity in Municipalities	No. of practitioners trained	100 practitioners trained	100 practitioners trained	100 practitioners trained	DHLGTA, DMs, LMs, ECDC, Dept. of Labour, Dept. of Education, private sector, NGOs.	Sufficient training institutions & trainees	
	Provision of technical, financial and business training to potential housing contractors	No. of contractors trained	100 housing contractors trained	100 housing contractors trained	100 housing contractors trained	DHLGTA, DMs, LMs, ECDC, Dept. of Labour, Dept. of Education, private sector, NGOs.		
	Provision of technical training to potential SMMEs who wish to supply materials (e.g. window frames, bricks etc.) to the programme	No. of SMMEs trained	75 SME suppliers trained	75 SME suppliers trained	75 SME suppliers trained	DHLGTA, DMs, LMs, ECDC, Dept. of Labour, Dept. of Education, private sector, NGOs.		
	Provision of financial training to potential SMMEs who wish to supply materials to the programme (e.g. window frames, bricks etc.)	No. of SMMEs trained	50 SME suppliers trained	50 SME suppliers trained	50 SME suppliers trained	DHLGTA, DMs, LMs, ECDC, Dept. of Labour, Dept. of Education, private sector, NGOs.		

\* This is the Total Budget for the Housing Programme, as the KPAs were not identified by the DHLGTA and thus not included in their Strategic Plans. Individual budgets per KPA are not included – these will need to be prepared in conjunction with the department.

### ***Reporting mechanism and authority***

The DHLGTA uses Provincial financial management systems (eg, BAS and PERSAL), as well as the Housing Subsidy System and the Municipal Performance Management System to track progress in housing delivery. In terms of the functions for which it is responsible, the department is potentially well placed to improve housing delivery systems while building the capacity of Municipalities to participate increasingly actively in housing delivery, particularly in the former Bantustan areas. The establishment of the Eastern Cape Municipal Development Corporation could strengthen the effectiveness of the DHLGTA in this regard.

It is recommended that monitoring and evaluation systems in support of the Housing Programme be based in Municipalities, but linked to a central database for tracking of Provincial impact.

### ***Key Actions required to facilitate implementation of this programme***

- Discussions need to be held with the implementation agency for the Expanded Public Works Programme and with the Department of Water Affairs and Forestry to coordinate broad Provincial targeting.
- Discussions need to be held with Municipalities to clarify implementation modalities, particularly linkages of housing delivery with Municipal Infrastructure Development and Integrated Development Planning.
- Discussions need to be held with the Eastern Cape Department of Agriculture to ensure that new housing developments are undertaken in a manner that would allow articulation with the Siyazondla Homestead Food Production Programme where appropriate.

The Eastern Cape is to spend an estimated R160-million on HIV/AIDS & TB programmes in the 2004/5 financial year. The allocation is projected to increase over the outer two years of the medium-term period to R223-million for 2005/6 and R283-million for 2006/7. This is a first line cut at estimating the dedicated funds for HIV/AIDS. In all respects, it is evident that the government is committing increased resources to address the pandemic. A large proportion of the funding is linked to the Conditional Grant – Division of Revenue Act mechanism. If one adds in “indirect activities”, including nutrition support and poverty alleviation, the amounts dedicated to HIV/AIDS increases significantly and almost doubling to R457-million, R540-million and R620-million from 2004/5 through to 2006/7.

### ***Programme objectives***

The overarching programme objectives are to:

- Maintain the status of the 5.9-million estimated HIV-negative individuals in the Province through improved awareness, advocacy and prevention programmes.
- Provide an enabling and supportive environment throughout the public sector for effective treatment of AIDS and related opportunistic infections.
- Ensuring that those who are currently infected with HIV but have not developed AIDS progress as slowly as possible to this stage, through enhanced efforts in dealing with opportunistic infections, prophylaxis, improved nutrition and lifestyle choices.
- Strengthening the health system, and particularly its human resources capacity to deliver a quality comprehensive health care that is responsive to the HIV/AIDS pandemic.
- Developing a more comprehensive response to HIV/AIDS and TB by fostering greater links with and enabling enhanced participation of civil society in efforts to address the pandemic.

### ***Key Performance Areas***

- Social Mobilisation (led by the Eastern Cape AIDS Council);
- Prevention and Awareness (made up primarily of Prevention of Mother to Child Programme, Voluntary Counselling and Testing lead by DoH, and Lifeskills led by DoE).
- Treatment (ARV Treatment Plan led by DoH)

- Care and Support (Community and Home-Based Care Programmes led by DoH and DSD, and the Step Down and TB management programmes led by DoH).
- HIV and AIDS in the Workplace (led by the Office of the Premier)

In addition, the programme attempts to integrate with supporting initiatives such as poverty reduction programmes (given the inter-relationship between poverty and HIV and AIDS) as well as Food Security and Nutrition programmes. Also key to making the programme work is the need to strengthen the health system, particularly with respect to the management of health facilities, and the recruitment and retention of health professionals.

***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Comprehensive HIV/AIDS Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:



COMPREHENSIVE HIV/AIDS and TB PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
	Target 2004/5			Target 2005/6	Target 2006/7				
Awareness and Prevention	The status of the 5.9-million HIV-negative individuals in the Province is maintained	Access to voluntary counselling and testing (VCT) is increased	100% of PHC health facilities providing VCT services	100% of health facilities providing VCT services	100% of health services providing VCT services	Dept of Health	<b>Budgeted</b> 2004/05: 33,688,000 <b>Option 1</b> 2005/06: 35,709,000 2006/07: 39,995,000 2007/08: 42,395,000 <b>Option 2</b> 2005/06: 40,000,000 2006/07: 42,400,000 2007/08: 42,944,000	From 131,970,000 HIV/AIDS budget	
			Increase in PMTCT offering from 232 to 450 facilities	600 health facilities offering PMTCT	All 928 health facilities offer PMTCT services				
			100% of health facilities offering syndromic management of STIs	100%	100%				
		The quantity and quality of Lifeskills and HIV/AIDS Awareness Programmes in primary and secondary schools, FET colleges and ABET centres is improved	Life skills and HIV/AIDS Awareness programmes offered in all primary, secondary and FET and ABET centres	100%	Dept of Education	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: 23,579,000 2006/07: 25,437,000 2007/08: 26,709,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –			



COMPREHENSIVE HIV/AIDS and TB PROGRAMME		High-level objective			Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA		Target 2004/5	Target 2005/6	Target 2006/7							
		The quantity and quality of Lifeskills and HIV/AIDS Awareness Programmes in communities is improved	All 7 District Municipalities implement awareness campaigns by March 2005	Vulnerable groups are channelled to lifeskills programmes in all municipalities	Preventative programmes are operational in 78 service areas	Dept of Social Development	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –				
Treatment	The effective management of those HIV infected individuals, currently estimated at 53 000, who have developed AIDS	The reduction in the mortality and morbidity of TB Access to ARV Treatment is increased	TB cure rate increased to 85% by March 2005 7% of facilities offering HAART by March 2005	100% cure rate 30% of facilities offering HAART by March 2005	100% cure rate 65% of health facilities offering HAART by March 2007 147 200 PWA on HAART by March 2008	Dept of Health Dept of Health	<b>Budgeted</b> 2004/05: 40,777,000 <b>Option 1</b> 2005/06: 43,223,620 2006/07: 45,817,037 2007/08: 48,566,059 <b>Option 2</b> 2005/06: 50,500,000 2006/07: 53,530,000 2007/08: 56,741,800				

COMPREHENSIVE HIV/AIDS and TB PROGRAMME		High-level objective			Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	High-level objective	Target 2004/5	Target 2005/6	Target 2006/7							
Care and Support	Ensuring that those infected with HIV but have not developed AIDS progress as slowly as possible to this stage, through enhanced efforts in dealing with opportunistic infections, home-based care, improved nutrition and lifestyle choices	7 HCBC sites are operational in each District Municipality	50% of emerging HCBC sites are linked to for mentorship	120 HCBC sites operational by March 2007	Screening and treatment of opportunistic infections;	Home-based care is provided to mitigate the effects of HIV and AIDS on infected and affected individuals and households	50% of emerging HCBC sites are linked to for mentorship	100% of volunteers are trained in HIV/AIDS management	Management support for HCBC is strengthened; with 100% of CBOs manages through an agency	<b>Dept of Health</b> <b>Budgeted</b> 2004/05: 32,556,000 <b>Option 1</b> 2005/06: 34,510,000 2006/07: 36,581,000 2007/08: 38,776,000 <b>Option 2</b> 2005/06: 40,000,000 2006/07: 42,400,000 2007/08: 42,944,000 <b>Dept of Social Development</b> <b>Budgeted</b> 2004/05: 7,089,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	From 131,970,000 HIV/AIDS budget (DoH)
											Dept of Social Development will receive the Conditional Grant

COMPREHENSIVE HIV/AIDS and TB PROGRAMME KEY PERFORMANCE AREA		High-level objective		Outputs	Verifiable targets			Agency	Budget	Assumptions
					Target 2004/5	Target 2005/6	Target 2006/7			
				Social security support is provided to people disabled as a result of AIDS		100% of people disabled as a result of AIDS receive social assistance by March 2007	Dept of Social Dev	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – (From 8,647,332 social assistance budget)		
				AIDS orphans are placed in alternative care		60% of AIDS orphans are placed in alternative care by March 2007  100% of terminally ill orphans are placed in cluster homes and havens	Dept of Social Dev	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

COMPREHENSIVE HIV/AIDS and TB PROGRAMME		High-level objective			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	Outputs	Verifiable targets					
		Target 2004/5	Target 2005/6	Target 2006/7			
	The reduction in the morbidity and mortality of people living with TB and HIV/AIDS by supplementary feeding	50% of TB and HIV/AIDS clients receive supplementary feeding	70% of TB and HIV/AIDS clients receive supplementary feeding	80% of TB and HIV/AIDS clients receive supplementary feeding	Dept of Health	<b>Budgeted</b> 2004/05: 23,900,000 <b>Option 1</b> 2005/06: 25,334,000 2006/07: 26,855,000 2007/08: 28,466,000 <b>Option 2</b> 2005/06: 40,000,000 2006/07: 42,400,000 2007/08: 42,944,000 (From INP budget of 23,900,000)	
AIDS in the Workplace	Promote access to HIV/AIDS prevention, treatment, care and support in the workplace	Availability of resources and increased access to HIV/AIDS prevention, treatment, care and support programmes for all employees			Office of the Premier	<b>Budgeted</b> 2004/05: 3,671,000 <b>Option 1</b> 2005/06: 3,786,000 2006/07: 4,164,600 2007/08: 4,581,060 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Cooperation from all departments

COMPREHENSIVE HIV/AIDS and TB PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target	Target	Target			
			2004/5	2005/6	2006/7			
	Mainstreaming HIV/AIDS into HR planning	HR plan that is reflective of impact of HIV/AIDS				Office of the Premier	<b>Budgeted</b> 2004/05: 1,150,000 <b>Option 1</b> 2005/06: 1,650,000 2006/07: 1,815,000 2007/08: 1,996,500 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Cooperation from all departments
	Institutional capacity building & HR development in support of intensified action against HIV/AIDS in the transport sector	Trained peer educators and counselors within the transport sector	30 externally 20 internally	30 externally 20 internally	30 externally 20 internally	DOT	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Funds are available

### ***Reporting mechanism and authority***

Currently the HIV/AIDS Directorate in the Department of Health is charged with coordinating and driving the HIV/AIDS and TB programme of Provincial Government. Lines of reporting and accountability are to the Social Needs Cluster and Cabinet Committee.

The Eastern Cape AIDS Council, which is comprised of the core leadership of Provincial Government and civil society organisations, also has a key role to play in monitoring implementation of the Comprehensive HIV/AIDS and TB Programme. Currently the ECAC is building research, planning, and M&E capacity in its secretariat to enable effective compliance monitoring.

#### ***Key Actions required to facilitate implementation of this programme***

- Recognising that the relevant departments do not plan together, a joint planning session should be facilitated soon to complete gaps, confirm targets, and reach consensus on institutional arrangements vis-à-vis coordination, monitoring and reporting.
- Key departments that will be required to participate in this planning session include Health, Social Development, Education, and Agriculture.
- To date, the programme has not been implemented in an integrated manner and is not being sufficiently monitored, which suggests the strengthening of coordinating mechanisms and the development of monitoring and evaluation capability.
- Innovative and labour-based approaches to CHBC need to be designed and implemented as part of the social sector contribution to the Expanded Public Works Programme.
- Processes and institutional arrangements for mainstreaming gender into HIV and AIDS programmes require to be developed, particularly with respect to addressing gender based violence, negotiating safe sex, and support for survivors of sexual assault.
- Similarly, processes and institutional arrangements for mainstreaming HIV and AIDS into the PGDP require to be firmed up, particularly relating to integrating with food security, poverty reduction, and interventions that accelerate access to basic services such as water, sanitation, housing, and transport.
- Finally, the struggle against HIV and AIDS in the Province is highly dependent on how well we are able to gear our health system to respond to the pandemic. Key to mitigating the impact of HIV and AIDS are the filling of critical posts, partnerships with the private health sector, and the strengthening the district health system, particularly with respect to financial management, logistics capability and information management.

### **2.5 Victim Empowerment Programme**

The Victim Empowerment Programme has been developed in response to the following key challenges:

- The position of women and children in relation to crime and their experiences of the criminal justice system. Of critical importance is the need to deal with secondary victimisation by the criminal justice system.
- The high incidence of rape.
- The prevalence of domestic violence.
- The blight of child abuse.

The Victim Empowerment Programme is an intersectoral programme, which is spearheaded by the Eastern Cape Department of Social Development. It is premised on building and maintaining partnerships between government departments and NGOs at national, Provincial and district level.

The programme has two main legs:

- Prevention through education and awareness campaigns.
- Treatment, care and support services for the victims of violence. Key to the latter is the establishment of comprehensive Victim Empowerment Programme centres across the Province.

### ***Programme objectives***

The following objectives have been developed for the Victim Empowerment Programme:

- To prevent violence against women and children through awareness campaigns and programmes.
- To mobilise all key stakeholders, including Provincial departments, Local Government and civil society
- To improve the availability, accessibility, affordability effectiveness and efficiency of services which focus on empowering victims of violence.
- To establish Victim Empowerment Programme centres that provide treatment, care and support services to victims of violence.
- To increase human resources development through capacity development and training.
- To improve information management and monitoring.

### ***Key Performance Area***

KPA 1: Awareness and Prevention

KPA 2: Victim Empowerment Programme Centres, Treatment, Care and Support

KPA 3: Social mobilisation

KPA 3: Human resource development and training

KPA 4: Information Management and Monitoring

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Victim Empowerment Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Awareness & prevention	Increase awareness of Victim Empowerment Programme (VEP) within all government departments	Increased awareness within all departments  Training of trainers in counselling skills  Implementation of an integrated marketing & communications strategy for VEP	All targets to be negotiated with the departments concerned  Service providers to be trained in each District Municipality	All targets to be negotiated with the departments concerned	All targets to be negotiated with the departments concerned	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
			Design civil society awareness creation programme with municipalities  Create structures in all District Municipalities	Implement civil society awareness creation programme	Implement civil society awareness creation programme				<b>Budgeted</b> 2004/05: 0,200,000 <b>Option 1</b> 2005/06: 0,053,000 2006/07: 0,055,650 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –
	Increase awareness of VEP within civil society across all districts	Increase awareness of VEP within civil society across all districts				Eastern Cape Department of Social Development to lead			



VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
	Increased awareness of violence against women and of human rights	Increased awareness of violence against women & of human rights Design and marketing of women empowerment programmes	700 women in communities within District Municipalities 250 elderly people in old age homes	2000 women to be reached and elderly women in old age homes	2000 women to be reached	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,200,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	Reduce incidence of violence against women & children	Reduced incidence of violence against women & children	Children in and out of school centres, churches and communities in the following areas: Nelson Mandela Metro, Chris Hani District Municipalities, King Sabata Dalindyebo Local Municipality	Children in and out of school centres, churches and communities in the following areas: Metro, Cacadu District Municipality, Buffalo City Municipality, Nkonkobe and Kein Karoo Local Municipalities	Children in and out of school centres, churches and communities in the following areas: Ukhahlamba and Alfred Nzo District Municipalities	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,050,000 <b>Option 1</b> 2005/06: 0,053,000 2006/07: 0,055,650 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
	Development & promotion of awareness materials/ package	Awareness materials/ package developed				Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	Integrate VEP into Lifeskills & HIV/AIDS programmes to implement in all primary and secondary schools, FET colleges & ABET centres	- VEP integrated into lifeskills & HIV/AIDS programmes are effectively implemented - Training programme evaluated - Information sharing & learning networks established	Negotiate with other social needs departments for integration of VEP into life skills and HIV/AIDS programmes	Facilitate integration of VEP into life skills and HIV/AIDS programmes, including training	Evaluate effectiveness of training programme and make adjustments	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,011,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
		Develop & implement an integrated marketing & communications strategy		Provincial VEP Communications Forum established, and marketing and communications strategy developed	Implement, monitor and adjust marketing and communications strategy	Implement, monitor and adjust marketing and communications strategy	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,011,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	
VEP Centres, Treatment, Care & Support	Establish comprehensive VEP centres in each Municipality	1 VEP centre established in each Municipality	Ezibeleni and Nelson Mandela Metro	OR Tambo and Cacadu District Municipalities	Ukhahlamba, Alfred Nzo and Amatole District Municipalities	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,017,694 <b>Option 1</b> 2005/06: 0,018,756 2006/07: 0,019,694 2007/08: 0,018,756 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Participation of communities. Effective mobilisation of volunteers.	

VICIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
		Improve the coordination and prevent duplication in already established VEP centres	<ul style="list-style-type: none"> <li>- Improved coordination &amp; prevention of duplication in already established VEP centres</li> <li>- Flow charts for the treatment, care &amp; support of victims of violence</li> </ul>	<ul style="list-style-type: none"> <li>Target 2004/5</li> <li>Negotiate flow charts for coordinated treatment, care and support of victims of violence with all role players for all VEP centres</li> </ul>	<ul style="list-style-type: none"> <li>Target 2005/6</li> <li>Monitor and adjust coordination agreements</li> </ul>	<ul style="list-style-type: none"> <li>Target 2006/7</li> <li>Monitor and adjust coordination agreements</li> </ul>	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,395,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	
				Prevent secondary victimisation of violence and ensure sensitive service providers	<ul style="list-style-type: none"> <li>Capacity building, training of trainers, advisory committees for centres</li> </ul>	<ul style="list-style-type: none"> <li>Training of all service providers, district forums and volunteers</li> </ul>			

VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Social mobilisation	Revitalise the Provincial & local VEP forums to play a more effective advisory, advocacy, monitoring and resource mobilisation role	- VEP forums established - Provincial multi-stakeholder workshops held	Municipalities, NGOs, Government Departments joined in forums in 6 District Municipalities and Nelson Mandela Metro	Support forums in all areas of the service delivery districts and 2 advisory committees	Support forums and advisory committees for Ikhahlamba centre	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,295,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Participation of key stakeholders	
		Multi-stakeholder workshops are held in 7 District Municipalities (including NMM)				Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Human resource development and training	To implement general VEP awareness and training programmes	Awareness and prevention campaigns	Target 2004/5 All current personnel, volunteers and other service providers	Target 2005/6 All new personnel, volunteers and other service providers	Target 2006/7 All new personnel, volunteers and other service providers	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,200,000		
							<b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	Implement specific and technical VEP training programmes in all relevant Provincial Departments, ie Health, SAPS, etc.	All Provincial departments implement general VEP training programmes	Training of service providers in domestic violence and restorative justice	Monitor training provided by government departments in victim empowerment	Monitor training provided by government departments in victim empowerment	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Information management & monitoring	To monitor statistics on violence against women & children	Accurate & reliable statistics available	Target 2004/5 Collate and monitor statistics in 24 area offices	Target 2005/6 Collate and monitor statistics in 24 area offices	Target 2006/7 Collate and monitor statistics in 24 area offices	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
			2 Centres in Ezibeleni and Uitenhage	Umtata and Cacadu DM	Umtata and Cacadu DM				
	To monitor & evaluate VEP centres	Quality assurance of VEP work	2 Centres in Ezibeleni and Uitenhage	Umtata and Cacadu DM	Umtata and Cacadu DM	Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: 0,020,000 <b>Option 1</b> 2005/06: 0,020,000 2006/07: 0,013,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

VICTIM EMPOWERMENT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
		To monitor & evaluate the implementation and impact of the awareness campaign	Awareness campaign monitored & evaluated				Eastern Cape Department of Social Development to lead	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	



### ***Reporting mechanism and authority***

The Eastern Cape Department of Social Development is the lead agent, but needs to actively link with other role players. The Social Needs Cluster is a key coordinating, planning and reporting forum for participating Provincial Government departments, as well as key National Government departments.

#### *Key Actions required to facilitate implementation of this programme*

- Confirm targets with key role players.
- Confirm budgets.
- Mobilise role players.

## **3. PROGRAMME AREA: PUBLIC SECTOR TRANSFORMATION**

### ***Strategic Approach***

The transformation of the State is a crucial condition for growth and development by way of the strong leadership role that is required from government institutions. The PGDP recognises:

- Improved capacity to plan, manage, and monitor implementation is necessary at all levels of government.
- Local Government will become the main focus for service delivery. Planning the phased delegation of powers and functions therefore becomes a key challenge.
- Local Authorities will have an increasingly important role in promoting Local Economic Development through the implementation of IDPs.
- Participation by the Provincial social partners in planning and implementation needs to be institutionalised.

#### *Core challenges for 2004-2007 MTEF*

Three generic categories of challenges require attention. The first relates to the consolidation and development of capacity within and between the spheres of Provincial and Local Government in a manner that functionally enhances the nature and character of cooperative governance. The second relates to a redefinition of the role of public utilities and parastatals. The third relates to governing the economy or, more accurately, building the capability for self-governance within the Provincial economy.

For the period 2004-2007, the focus is on public sector transformation, which is a necessary requirement for effective service delivery and systematic decentralisation of services. A key aspect of the latter is more effective support for Integrated Development Planning within Municipalities and a tangible strengthening of participative democracy.

#### *Rationale for programme selection*

Important activities within this programme area that will crystallise key dimensions of public sector and institutional transformation, as conceptualised in the *Strategy Framework for Growth and Development 2004-2014*, include the following:

- Service delivery in the Eastern Cape Departments of Health, of Education, of Social Development and of Public Works needs to be improved if the targets contained in the PGDP's quantified vision are to be attained. The aim is to consolidate the lessons learned from the recent interventions by the Interim Management Team in these departments and create the conditions for effective contributions by these departments in a range of PGDP programmes.
- Development of a decentralisation plan for the Province, as discussed during a decentralisation conference held early in 2004.
- Establishment of effective institutional arrangements for the coordination of planning and implementation in the Province. Proposed arrangements for the establishment of a Coordination, Planning and Monitoring Unit (PCMU) in the Office of the Premier are being considered. There is also a need for solidification of the larger institutional landscape, including current and proposed institutions functioning in support of Provincial Government departments or specific PGDP programmes, participatory planning forums based on the Provincial Growth and Development planning experience, and effective synchronisation of

Provincial and Local Government planning and budgeting cycles. Clearly, effective support to the development of Local Government capacity will be important not only in its own right, but also as a key condition for the ultimate (and progressive) delegation and assignment of powers and functions to the local sphere of government.

- Further development of a Provincial monitoring and evaluation system, using the *Framework for monitoring and evaluation in support of the PGDP*. Such development will closely articulate with the unfolding institutional arrangements for the coordination of planning and implementation.
- Effective mainstreaming of gender, HIV/AIDS and the environment in all PGDP programmes, including detailed programme design, implementation, and monitoring. Guidelines have been developed and need to be applied.
- Strengthening Provincial and local institutional arrangements in support of the mainstreaming of gender, youth, disability and the rights of children into all Provincial and Local Government programmes. This will include implementation of the Provincial Youth Development Plan.
- Proactive and supportive engagement with all the Provincial social partners will be pursued in support of the PGDP. The experience of the Provincial Growth and Development planning process will be foundational.

The focus on four Provincial Government departments in the first programme described here does not imply that these are the only Provincial Government departments in need of intervention to improve service delivery. These four departments, to which the bulk of the Provincial Government budget has been allocated, are the primary focus of the early years of the PGDP implementation period. Experiences within these departments will continue to be applied in the ongoing improvement of the functioning of other departments. The other dimensions to be captured in this programme area will also contribute to the improved overall functioning of the government system and the entrenchment of participatory planning.

### **3.1 Improved Service Delivery in Health, Education, Social Development and Public Works Programme**

The Improved Service Delivery in Health, Education, Social Development and Public Works Programme is aimed at consolidated and targeted implementation of the turnaround plans developed for these Provincial Government departments in support of the PGDP. These turnaround plans exist, but implementation has not been equally successful, and a number of critical issues, some requiring political intervention (eg, institutional placement and configuration of the roads function), need to be resolved. Alignment of the turnaround plans with the PGDP needs to be improved.

#### ***Programme objectives***

Specific objectives have been developed for all four of the Provincial Government departments concerned. All of these are in support of the overall objective, which is improved service delivery.

#### ***Key Performance Areas***

The following KPAs should be the focus of this programme:

KPA 1: Management of Department and Turnaround Plans.

KPA 2: Obtaining new and upgraded ICT infrastructure in support of the PGDP.

KPA 3: Development and implementation of sector-appropriate service delivery models that allow for streamlined delivery in support of the PGDP.

KPA 4: Development and implementation of a decentralisation plan for [respective departments] the Eastern Cape.

KPA 5: Consolidation of programme monitoring and transversal support.

#### ***Programme Matrix***

The following consolidated, high-level matrix contains high- and meso-level key performance areas and strategic objectives for the Improved Service Delivery in Health, Education, Social Development and Public Works Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

IMPROVED SERVICE DELIVERY IN HEALTH, EDUCATION, SOCIAL DEVELOPMENT & PUBLIC WORKS PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions						
				Target 2004/5	Target 2005/6	Target 2006/7									
Management of Department/ Turnaround Plans	Secure sufficient funding/ Budget for department's programmes/ Turnaround plan implementation Refine, develop and implement Turnaround Plan, Strategic Plan, Service Delivery Improvement Plan, Information Plan, Information Infrastructure Plan, HRM and other key Plans in support of the PGDP Implement New Service Delivery Model	Full funding for department/ Turnaround plan secured and optimally utilised Successful re-alignment and implementation of Plans Successful implementation of New Service Delivery Model No (low) vacancy rate in top management and other management levels	Accounting Officers	2004/05: 10,857,872 Prog No: 1-8 <b>Option 1</b> 2005/06: 11,819,802 2006/07: 12,662,551 2007/08: 13,295,680 <b>Option 2</b> 2005/06: 12,454,192 2006/07: 12,662,551 2007/08: 13,295,679 <b>Option 2 PGDP Implementation</b> 2005/06: 40,000,000 2006/07: 10,000,000 2007/08: 10,000,000 <b>Dept of Health (Turnaround plan Implemented Budgeted)</b> 2004/05: 100,000,000 <b>Option 1</b> 2005/06: 100,000,000 2006/07: 100,000,000 2007/08: 106,000,000 <b>Option 2</b> 2005/06: 120,000,000 2006/07: 90,000,000 2007/08: 90,000,000	Accounting Officers	Accounting Officers	Accounting Officers	Accounting Officers	Accounting Officers						
										Secure sufficient funding/ Budget for department's programmes/ Turnaround plan implementation	Full funding for department/ Turnaround plan secured and optimally utilised	Accounting Officers	2004/05	2005/06	2006/07
										Refine, develop and implement Turnaround Plan, Strategic Plan, Service Delivery Improvement Plan, Information Plan, Information Infrastructure Plan, HRM and other key Plans in support of the PGDP	Successful re-alignment and implementation of Plans	Accounting Officers			
										Implement New Service Delivery Model	Successful implementation of New Service Delivery Model	Accounting Officers			
										Appoint, retain Top management and other management staff	No (low) vacancy rate in top management and other management levels	Accounting Officers			
										Improve implementation of Performance Management Systems for Managers and other staff levels	Successful development, implementation and monitoring of performance agreements	Accounting Officers			
										Deal with and eliminate Auditor-General queries and disclaimers	Issuing of Unqualified Reports from AG	Accounting Officers			
										Explore PPP option for new/ upgraded ICT Infrastructure	Successful appointment of PPP partner/ ICT Infrastructure secured	Accounting Officers			
										To be completed		Accounting Officers			
										Obtaining new and upgraded ICT Infrastructure in support of PGDP Development and implementation of sector-appropriate service delivery initiatives/ programmes/ models that allow for streamlined delivery in support of the PGDP		Accounting Officers			
Development and implementation of a decentralisation plan for Depts of Social Development, Roads and Public Works, Health and Education	Support the Dept of Local Govt, Housing and Traditional Affairs in developing a Provincial decentralisation plan Implement the department's commitments in the Provincial decentralisation plan To be completed	Accounting Officers													
Consolidation of programme monitoring and transversal support.		Accounting Officers													

### ***Reporting mechanism and authority***

Monitoring and evaluation assist in decision-making and ensure corrective action. There is a vast array of monitoring and evaluation approaches to choose from. In order to ensure the sustainability of the IMT process, the following monitoring and evaluation approaches may be appropriate:

- Logical framework: as this is already used as a planning tool, it may be appropriate to use it to review, assess, monitor and evaluate progress. It is an appropriate project monitoring and evaluation tool.
- Rapid Appraisals: used to provide a quick assessment of a specific issue
- Impact Assessments: to assess the impact that a particular programme or project has on its beneficiaries.
- Cost benefit analysis exercises: to assess the return on investment of programmes and projects.
- Performance management: the department should use the existing PMDS system more effectively to measure individual, unit and departmental performance in relation to its annual operational plan.

Use of some or all of the above will entail the development of a monitoring and evaluation policy, procedures and guidelines. Tracking and checking should be supported by appropriate IT systems.

It would be appropriate to implement at least bi-annual reviews of programmes and projects to ascertain progress, impact and return on investment. A central Monitoring and Evaluation Unit should focus for instance on the implementation and sustainability of the PGDP and turnaround plans. Departments should train and capacitate senior managers to monitor and evaluate programme and project-specific issues. The levels of reporting, responsibility, authority and decision-making should be clearly highlighted in monitoring and evaluation procedures and guidelines. The performance management process – setting objectives, assigning responsibility, measurement of performance and performance review – should become central to departmental M&E processes.

#### ***Key Actions required to further development and implementation of this programme***

- Strengthen transversal support by the Office of the Premier in refining turnaround plans in support of the PGDP.
- Establish new institutional arrangements for the coordination of planning and implementation in the Province.
- Foreground all issues that require immediate political intervention.
- Develop a monitoring and evaluation system for the Province, using the framework that has been developed as part of the PGDP process. Revive the Provincial Monitoring and Evaluation Reference Group and Task Team to guide and support this process.
- Further consolidate the Improved Service Delivery in Health, Education, Social Development and Public Works Programme to allow for integrated monitoring and support. Use the KPAs identified for this programme.

### **3.2 Local Government Capacity Building Programme**

The PGDP process has seen strong emphasis placed on the role of Local Government in implementation of the PGDP. This is in line with the Constitution, Local Government legislation and policy, and reflects the reality that effective partnerships between government, business and civil society is established most easily within localities. This is especially so if an enabling, guiding framework, such as the PGDP, is in place.

There is not only an immediate need to build the capacity of Municipalities in the Eastern Cape to plan, budget and manage implementation in line with their legislated responsibilities. There is also a need to assist Municipalities in preparing themselves for increasing responsibility in decentralised government service provision in the Eastern Cape. This includes participation in joint planning and implementation with Provincial and national departments in service delivery districts, the boundaries of which correspond with District Municipal boundaries. What is ultimately required is preparation for the acceptance of delegated or assigned powers and functions negotiated between all role players in sector-specific and legally mandated ways.

The Local Government Capacity Building Programme is aimed at achieving the more immediate capacity building needs of Municipalities in the Eastern Cape, even while setting the scene for the longer-term decentralisation process. The Eastern Cape Department of Housing, Local Government and Traditional Affairs is the lead agent, but has to work closely with the national Department of Provincial and Local Government and with the Eastern Cape Treasury to ensure that all aspects of the programme are integrated.

### ***Programme objectives***

The Local Government Capacity Building Programme is aimed at strengthening the ability of the Provincial Government, through the Eastern Cape Department of Housing, Local Government and Traditional Affairs, to coordinate support to under-capacitated Municipalities in the Eastern Cape. This requires strengthening of the department's current Local Government support programme and an improved targeting of a range of coordinated support initiatives.

The Local Government Capacity Building Programme is also aimed at supporting the strengthening of financial planning and management within Municipalities, in alignment with Provincial financial planning and management. The key guiding framework is the Municipal Finance Management Act, which gives the Provincial Treasury a key role in this regard.

Improved synchronisation of development planning is linked to strengthened and better synchronised financial planning and management. The Local Government Capacity Building Programme is focused particularly on the strengthening of LED planning as a key component of the Municipal Integrated Development Planning process and in support of the PGDP. The European Commission's proposed Local Economic Development Support Programme is seen as an important vehicle in this regard (see also the Enterprise Development Finance Programme in this section).

Finally, the Local Government Capacity Building Programme is also aimed assessing the capacity of Provincial Government departments that will play a pivotal guiding role in the realisation of each of the six strategic objectives contained in the *Strategy Framework for Growth and Development 2004-2014*. This assessment will allow for the strengthening of those particular departments as a means to not only improving their own functioning, but also as a means to optimising decentralised management of PGDP programme implementation.

### ***Key Performance Areas***

KPA 1: Enhancing the capacity of the Eastern Cape Department of Housing, Local Government and Traditional Affairs to coordinate support to under-capacitated Municipalities in the Eastern Cape.

KPA 2: Strengthening Local Economic Development planning in support of the PGDP.

KPA 3: Strengthening and coordinating financial planning and management by Municipalities in the Eastern Cape.

KPA 4: Strengthening the capacities of Provincial Government departments that will play a pivotal guiding role in achieving each of the 6 PGDP strategic objectives.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Local Government Capacity Building Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

LOCAL GOVERNMENT CAPACITY BUILDING PROGRAMME		High-level objective		Outcomes	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	High-level objective	Target	Target		Target	Target	Target			
Enhancing the capacity of the Eastern Cape Department of Housing, Local Government & Traditional Affairs to coordinate support to under-capacitated Municipalities in the Eastern Cape	To implement a Municipal capacity & performance assessment system that will allow the DHLG&TA to assess the impact of its support initiatives and take corrective action	Target 2004/5 Design the system	Target 2005/6 Implement the system	Target 2006/7 Consolidate system functionality	Eastern Cape Department of Housing, Local Government & Traditional Affairs	<b>Budgeted</b> 2004/05: 0,300,000 Prog No 3 <b>Option 1</b> 2005/06: 1,000,000 2006/07: 2,000,000 2007/08: 1,000,000 <b>Option 2</b> 2005/06: 1,000,000 2006/07: 0,200,000 2007/08: 0,100,000 <b>Budgeted</b> 2004/05: 10,000,000 <b>Option 1</b> 2005/06: 10,000,000 2006/07: 10,000,000 2007/08: 10,000,000 <b>Option 2</b> 2005/06: -- 2006/07: -- 2007/08: --	Budget and technical support capability are mobilised			
	To facilitate the establishment of the Eastern Cape Municipal Development Corporation (ECMDC) as a public entity supporting the DHLG&TA in coordinating support to Municipalities	Target 2004/5 Negotiate structure & responsibilities	Target 2005/6 Establish the ECMDC	Target 2006/7 Link the ECMDC with institutions supporting coordination of planning & implementation in the Province	Eastern Cape Department of Housing, Local Government & Traditional Affairs	<b>Budgeted</b> 2004/05: 10,000,000 <b>Option 1</b> 2005/06: 10,000,000 2006/07: 10,000,000 2007/08: 10,000,000 <b>Option 2</b> 2005/06: -- 2006/07: -- 2007/08: --	Legislature approval is obtained and a sufficient budget is allocated			

LOCAL GOVERNMENT CAPACITY BUILDING PROGRAMME High-level objective		Outcomes	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
	To facilitate the development & implementation of a decentralisation plan for the Province in support of the PGDP	A negotiated decentralisation plan that captures the requirements of all Provincial Government departments, contains clear milestones, and caters for the progressive development of Local Government management & systems	Develop the decentralisation plan	Implement the decentralisation plan	Adjust the plan, based on experiences in the first year of implementation	Eastern Cape Department of Housing, Local Government & Traditional Affairs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: 0,200,000 2006/07: 0,100,000 2007/08: 0,100,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	All Provincial Government departments and District Municipalities participate in this process
	To evaluate the organisational structure of the DHLG&TA with a view to streamlined support to Municipalities; management of the decentralisation process, and to cater for a newly-established public entity	An appropriately staffed Chief Directorate; Developmental Local Government	Develop proposal for new staff structure in relation to structure of ECMDC & requirements of decentralisation process	Initiate restructuring exercise	Continue restructuring exercise	Eastern Cape Department of Housing, Local Government & Traditional Affairs supported by the Office of the Premier	<b>Budgeted</b> 2004/05: 38,500,000 <b>Option 1</b> 2005/06: 70,000,000 2006/07: 73,000,000 2007/08: 77,000,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Political will and administrative leadership to re-engineer the department

LOCAL GOVERNMENT CAPACITY BUILDING PROGRAMME KEY PERFORMANCE AREA		High-level objective		Outcomes	Verifiable targets			Agency	Budget	Assumptions
Strengthening local economic development, planning in support of the PGDP	To assess and refine the Eastern Cape DHLG&TA's local economic development support role in relation to the role of the Eastern Department of Economic Affairs, Environment & Tourism	Target 2004/5	Target 2005/6		Target 2006/7					
		Memorandum of Understanding signed between the Eastern Cape DHLG&TA, DEAET, & DoA; implications for DHLG&TA work & staffing assessed	Implementation of agreement, & linkage with DHLG&TA restructuring exercise	Consolidation	EC Dept of Housing, Local Government & Traditional Affairs, in association with the EC Dept of Economic Affairs, Environment & Tourism, and the EC Dept of Agriculture	<b>Budgeted</b> 2004/05: To be accommodated within personnel, goods & services Prog No 3 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b> 2004/05: 0,217,000 <b>Option 1</b> 2005/06: 0,300,000 2006/07: 0,300,000 2007/08: 0,300,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –				
		Assessment of status quo & identification of support requirements	Targeted Municipalities supported	Targeted Municipalities supported	Eastern Cape Department of Housing, Local Government & Traditional Affairs	<b>Budgeted</b> 2004/05: 0,217,000 <b>Option 1</b> 2005/06: 0,300,000 2006/07: 0,300,000 2007/08: 0,300,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –				



LOCAL GOVERNMENT CAPACITY BUILDING PROGRAMME High-level objective		Outcomes	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
To facilitate linkages with the European Commission's proposed Local Economic Development Support Programme	Effectively utilised resources in support of improved LED planning & facilitation by Municipalities in support of the PGDP	Memorandum of Understanding signed with European Commission	MoU implemented & adjusted based on practical experience	MoU implemented	Eastern Cape Department of Housing, Local Government & Traditional Affairs	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: 0,050,000 2006/07: 0,050,000 2007/08: 0,050,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	Establish viable and economically sustainable development	Funding existing and new LED projects in support of SMMEs	Continue LED project funding, capacitate municipalities in LED management and funding to ensure sustainability	Render technical support and perform evaluation		<b>Budgeted</b> 2004/05: 12,951,000 <b>Option 1</b> 2005/06: 13,347,000 2006/07: 15,000,000 2007/08: 20,000,000 <b>Option 2</b> 2005/06: 29,000,000 2006/07: 32,500,000 2007/08: 33,100,000		
To support District and Local Municipalities in promoting SMME development through LED transfers	Establish viable and economically sustainable development	Funding existing and new LED projects in support of SMMEs	Continue LED project funding, capacitate municipalities in LED management and funding to ensure sustainability	Render technical support and perform evaluation	Department of Housing, Local Government and Traditional Affairs	<b>Budgeted</b> 2004/05: 12,951,000 <b>Option 1</b> 2005/06: 13,347,000 2006/07: 15,000,000 2007/08: 20,000,000 <b>Option 2</b> 2005/06: 29,000,000 2006/07: 32,500,000 2007/08: 33,100,000		

LOCAL GOVERNMENT CAPACITY BUILDING PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outcomes	Verifiable targets			Agency	Budget	Assumptions
Target	Target			Target					
Strengthening and coordinating financial planning and management by Municipalities in the Eastern Cape	To establish & manage a mutually-supportive relationship between the Provincial Treasury and Municipalities	Improved financial management systems & practice, and improved linkage between financial management planning in Provincial and local spheres of government	Target 2004/5	Target 2005/6	Target 2006/7	Eastern Cape Provincial Treasury	<b>Budgeted</b> 2004/05: 4,603,000 <b>Option 1</b> 2005/06: 4,741,000 2006/07: 5,006,000 2007/08: 5,551,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
			Negotiate implications of Municipal Finance Management Act with CFOs of all Municipalities in the Eastern Cape	Implement consultative arrangements, budgeting cycles, and reporting frameworks and processes	Consolidate implementation				
	To mobilise support to Municipalities in improving their financial management systems and practice	Improved financial management skills within Municipalities	Target 2004/5	Target 2005/6	Target 2006/7	Eastern Cape Provincial Treasury	<b>Budgeted</b> 2004/05: 4,603,000 <b>Option 1</b> 2005/06: 4,741,000 2006/07: 5,006,000 2007/08: 5,551,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
			Identify needs & negotiate support arrangements with Public Finance Support Agency	Implement training in targeted Municipalities	Implement training in targeted Municipalities				

LOCAL GOVERNMENT CAPACITY BUILDING PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outcomes	Verifiable targets			Agency	Budget	Assumptions
Strengthening the capacities of Provincial Government Departments that will play a pivotal guiding role in achieving each of the 6 PGDP strategic objectives	Target 2004/5			Target 2005/6	Target 2006/7				
	To systematically strengthen the Head & District Offices of pivotal Provincial Government departments	Strengthened planning, support and administrative capacity within key departments for effective engagement with Municipalities in support of locally appropriate implementation	Identify pivotal departments and plan & negotiate change management processes	Implement change management processes	Consolidate implementation	Office of the Premier of the Eastern Cape, supported by all Provincial Govt Departments	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b>		
	To establish functioning and visible District Offices, preferably situated in Multi-Purpose Community Centres, through which key Provincial Government departments can be accessed and where joint planning & monitoring of implementation with District Municipalities can take place	Easily accessible and well-coordinated District Offices of Provincial Government departments that work jointly with Municipalities	Change boundaries of service delivery districts of all Provincial Government departments to coincide with District Municipal boundaries	Establish linked district offices, preferably through multi-purpose community centres	Establish joint planning and review processes with District Municipalities	Office of the Premier of the Eastern Cape, supported by all Provincial Govt Departments	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

### ***Reporting mechanism and authority***

The Eastern Cape Department of Housing, Local Government and Traditional Affairs has a legislated role in monitoring and supporting Municipalities in the Eastern Cape. This Local Government Capacity Building Programme is aimed at strengthening reporting mechanisms within the department and between it and Municipalities.

Linkages with the Provincial Treasury and the Office of the Premier of the Eastern Cape are critical for effective implementation of this Programme. This requires a clear definition of roles and coordinated action. These linkages should be coordinated through the Governance Cluster of the Eastern Cape Provincial Government.

#### ***Key Actions required to facilitate implementation of this programme***

- Mobilise budgets and human resources for the initial assessment, proposal development and negotiation tasks.
- Define a mutually-supportive relationship between the Eastern Cape Department of Housing, Local Government and Traditional Affairs, the Eastern Cape Provincial Treasury, and the Office of the Premier of the Eastern Cape in support of this programme.
- Resolve the question of whether an Eastern Cape Municipal Development Corporation will be implemented and ensure that the implications for the Local Government Capacity Building Programme are understood.

### **3.3 Strengthening the Centre of Government to Drive PGDP Implementation Programme**

Effective implementation of the PGDP requires support for ongoing Province-wide planning, the coordination of the activities of Provincial Government departments, the coordination of Provincial Government activities with those of the other spheres of government, effective linkage of political mandates and implementation, the coordination of the activities of the State with those Provincial stakeholders in pursuit of a shared framework for growth and development, and effective monitoring of PGDP implementation with a view to the taking of corrective action and as a basis for ongoing refinement of plans and targets.

The Office of the Premier, as the centre of the Provincial Government, is where planning, coordination and monitoring activities should be centred. This role, however, cannot be divorced entirely from the financial coordination and oversight role of the Provincial Treasury. This means that active interaction between these key departments are required to ensure that integration and coordination of government action is maintained, that resources are utilised optimally, that strategic planning guides budgeting (albeit with clarity on budgetary constraints), and that financial management and planning capacity and practice are continuously improved in mutual support and reinforcement of each other.

The Office of the Premier also has to link with the Eastern Cape Department of Housing, Local Government and Traditional Affairs to ensure that support of Local Government is coordinated with Provincial planning and implementation, particularly in the context of progressive decentralisation. A similar linking role, in support of improved financial planning and management in Municipalities, by the Provincial Treasury with the Eastern Cape Department of Housing, Local Government and Traditional Affairs is required. The roles of the latter two departments with regard to the strengthening of Local Government in support of the PGDP are captured in greater detail in the Local Government Capacity Building Programme.

In addition to its linkages with the Office of the Premier and with Municipalities, the Provincial Treasury also has a key role in facilitating the development of public-private partnerships (PPPs) in support of economic development of the Province.

The requirements for the establishment of a Planning, Coordination and Monitoring Unit (PCMU) in the Office of the Premier, and a PPP Unit in the Provincial Treasury have been defined. However, the funding that was initially set aside for the establishment of the PCMU might be reduced to service Provincial debt incurred in the last financial year, largely due to overspending by two key social needs cluster departments. However, although the initiation of the PCMU might be less rapid than initially anticipated, a process that will see increasingly development of the PCMU during this MTEF period can commence.

## ***Programme objectives***

This programme is aimed at establishing and capacitating the PCMU and at linking it with Provincial departments and the Executive Council, Province of the Eastern Cape, through appropriate and predictable institutional arrangements. A restructuring of the Office of the Premier is required, during which the roles and functions of the Office of the Premier's public entities are considered. Key among these entities are the Eastern Cape Socio-Economic Consultative Council and the Eastern Cape Youth Commission.

This programme is also aimed at establishing the PPP Unit in the Provincial Treasury to facilitate PPPs in support of development of the manufacturing, agricultural and tourism sectors in the Province. This unit will allow for the streamlining of joint investment in economic development projects, allowing for optimal leveraging of public and private finance in support of opportunities pursued within the framework provided by the PGDP.

## ***Key Performance Areas***

KPA 1: Establishment, effective capacitation and effective functioning of a PCMU in the Office of the Premier.

KPA 2: Establishment and capacitation of a PPP Unit in the Provincial Treasury.

KPA 3: Development of institutional arrangements to support the ongoing mainstreaming of gender, disability, youth, children's rights, HIV/AIDS, and the environment in all Provincial Government programmes

## ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Strengthening the Centre of Government to Drive PGDP Implementation Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

STRENGTHENING THE CENTRE OF GOVERNMENT TO DRIVE PGDP IMPLEMENTATION PROGRAMME									
KEY PERFORMANCE AREA	High-level objective	Outcomes	Verifiable targets			Agency		Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7	Agency	Agency		
Establishment, effective capacitation and effective functioning of a PCMU in the Office of the Premier	To re-organise the Office of the Premier to accommodate a PCMU under the leadership of a newly-created Deputy Director-General. To redefine the roles and functions of Office of the Premier public entities to the PCMU	A well-capacitated, efficient and effective PCMU supporting implementation of the PGDP Effective deployment of all public entities under the executive authority of the Office of the Premier in support of the PGDP	Finalise model and appoint DDG	Appoint all remaining technical specialists	Consolidate functioning of PCMU	Director-General	<b>Budgeted</b> 2004/05: –	Budget allocation is sufficient for PCMU requirements	
			Finalise definition of roles	Effect changes	Consolidate	Director-General	<b>Option 1</b> 2005/06: – 2006/07: –	Political will exists to alter the institutional landscape in support of the PGDP	
			Develop indicators for all PGDP programmes & strengthen the M&E systems of key departments	Establish all aspects of the Provincial M&E system	Consolidate implementation of the Provincial M&E system	Director-General	<b>Option 2</b> 2007/08: – 2005/06: –	The PCMU is established and capacitated as planned	
			Establish Provincial Technical Reference Committee and Provincial Political Reference Committee	Link Provincial M&E system to Reference Committees, Clusters, Cabinet Committees, & EXCO	Consolidate functioning of the institutional framework	Director-General	2006/07: – 2007/08: – <i>Donor funding will be used to fund this function for the 2004/05 financial year</i>	On-going political leadership and support	
		A reinvigorated institutional framework that emphasises and facilitates coordination, accountability and responsive planning and implementation in the context of the PGDP						<i>Budgets for the outer years will be determined on finalisation of the proposed structure</i>	

STRENGTHENING THE CENTRE OF GOVERNMENT TO DRIVE PGDP IMPLEMENTATION PROGRAMME										
KEY PERFORMANCE AREA	High-level objective	Outcomes	Verifiable targets			Agency	Budget	Assumptions		
			Target	Target	Target					
			2004/5	2005/6	2006/7					
Establishment and capacitation of a PPP Unit in the Provincial Treasury	To develop a PPP Unit that coordinates public and private sector investment in support of the PGDP	Coordinated investment of public and private sector resources to allow optimal leveraging of investment for growth and development PPPs function in support of the PGDP	Finalise model	Appoint staff and commence operations	Consolidate operations	Superintendent General, Provincial Treasury	<b>Budgeted</b> 2004/05: 28,374,000 <b>Option 1</b> 2005/06: 29,941,000 2006/07: 31,646,000 2007/08: 34,353,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –			
			Finalise model	Establish linkages	Consolidate linkages			Superintendent General, Provincial Treasury		

STRENGTHENING THE CENTRE OF GOVERNMENT TO DRIVE PGDP IMPLEMENTATION PROGRAMME		Verifiable targets		Agency	Budget	Assumptions		
		Target 2004/5	Target 2005/6				Target 2006/7	
<p>Development of institutional arrangements to facilitate the ongoing mainstreaming of gender, disability, youth, children's rights, HIV/AIDS and the environment into all Provincial Government programmes</p>	High-level objective	Outcomes	Target 2004/5	Target 2005/6	Target 2006/7			
	To revisit the current positioning and functioning of Special Programmes Units in Provincial Government departments	Repositioned revamped Special Programmes Units (possibly renamed Mainstreaming Units)	Finalise model	Implement	Consolidate	Director-General	2004/05: 5,596,000 <b>Option 1</b>	
	To realign the Special Programmes function within the Office of the Premier to the PCMU	Effective mainstreaming support to the PCMU	Finalise model	Implement	Implement	Consolidate	Director-General	2005/06: 5,905,000
	To establish active working relationships with all Chapter 9 institutions operating in the Province in support of planning and implementation	An effective network of institutions supporting mainstreaming of key cross-cutting issues	Finalise model	Implement	Implement	Consolidate	Director-General	2006/07: 6,255,000 2007/08: –
	To establish linkages between the Eastern Cape Department of Economic Affairs, Environment and Tourism, the Eastern Cape Parks Board, and the PCMU to ensure that environmental management issues are factored into planning and implementation	Effective mainstreaming of environmental management into all PGDP programme development and implementation	Finalise model	Implement	Implement	Consolidate	Director-General & Accounting Officer of the Department of Economic Affairs, Environment & Tourism	<b>Option 2</b> 2005/06: 6,395,000 2006/07: 6,505,000 2007/08: –
	To establish an active working relationship with the Provincial AIDS Council to ensure that the HIV/AIDS pandemic is addressed in a multi-faceted way through all Provincial Government programmes	An effective network of institutions to ensure coordinated action against HIV/AIDS	Finalise model	Implement	Implement	Consolidate	Director-General	
	To strengthen the capacity of Provincial Legislature to oversee mainstreaming of cross-cutting issues into Provincial Government programmes	Effective legislative oversight of the mainstreaming of cross-cutting issues in Provincial Government planning and implementation	Negotiate support requirements	Implement	Implement	Consolidate	Director-General and Legislature Secretariat	
								- Departments will implement recommendations & programmes as set out in the PGDP  - Departments will realign SPUs with a uniform structure and location within the organisational establishment & with adequate staffing  - The SPU within the OTP will be adequately staffed to monitor PGDP implementation and mainstreaming of marginalised groups into departmental programmes  - Each Department will appoint a designated gender focal point to ensure gender mainstreaming in all programmes and projects  Political will exists to support the mainstreaming of marginalised groups into the priority programmes of the PGDP



### ***Reporting mechanism and authority***

As its name implies, the PCMU will be the focal point for programme reporting, at a higher level of abstraction than the Provincial Government departments themselves. A Provincial monitoring and evaluation system needs to be developed in support of the PGDP programmes described in this document, based on the *Framework for monitoring and evaluation in support of the PGDP*. Built on improved and PGDP-focused monitoring and evaluation systems within Provincial Government departments, the monitoring and evaluation system used by the PCMU should allow tracking of movement towards the achievement of the targets contained in the quantified vision for the Province, as well as the more specific targets contained in each of the PGDP programmes.

The PCMU, under the leadership of a newly-appointed Deputy Director-General in the Office of the Premier, will link directly with the Director-General, with the Superintendent General in the Provincial Treasury, and the Superintendent-General in the Eastern Cape Department of Housing, Local Government and Traditional Affairs to ensure that Provincial planning incorporates budgetary considerations (without being budget-led) as well as the requirements of progressive development of Local Government capacity. Formal interaction between these senior officials will occur in the Provincial Technical Reference Committee. Ongoing linkages between the PCMU and Provincial Government Clusters are important, without reducing the role of the PCMU to that of Cluster Secretariat.

The PCMU will report to, and take guidance from the political leadership of the Province through a Provincial Political Reference Committee, which will report to the Executive Council, Province of the Eastern Cape. This Committee will be chaired by the Premier of the Eastern Cape, and will include the MEC for Finance and the MEC for Housing, Local Government and Traditional Affairs.

The PPP Unit in the Provincial Treasury will not have the same planning and coordination role as the PCMU, but will allow for more active management of the relationships between private sector investors and the Provincial Government. It will report to the Superintendent General in the Provincial Treasury, who, in turn will report to the MEC for Finance and the Governance and Administration Cluster and Governance and Administration Cabinet Committee. The Superintendent-General of the Treasury, through participation in the Provincial Technical Committee, will also feed issues arising from the work of the PPP into the Provincial planning and coordination decisions.

### ***Key Actions required to facilitate implementation of this programme***

- Re-organise the Office of the Premier to allow appointment of the new Deputy Director-General responsible for the PCMU and to align all relevant functions in relation to him/her.
- Finalise the preferred model for the mobilisation of technical expertise within the PCMU.
- Redefine the roles of the Eastern Cape Socio-Economic Consultative Council and the Eastern Cape Youth Commission in relation to the PCMU.
- Implement a Provincial monitoring and evaluation system that can progressively be refined during the MTEF period. Use the Provincial Monitoring and Evaluation Reference Group to ensure that initiatives undertaken within departments and public entities are coordinated and shared. Ensure compatibility with national reporting frameworks to avoid the creation of multiple reporting formats and systems.

## **4. PROGRAMME AREA: INFRASTRUCTURE DEVELOPMENT**

### ***Strategic approach***

The development of infrastructure, especially in the former homelands, is a necessary condition to eradicate poverty through:

- The elimination of social backlogs in access roads, schools and clinics and water and sanitation;
- To leverage economic growth through access roads and improving the road, rail and air networks of the Province.

Infrastructure development, in turn, will have strong growth promotion effects on the agriculture, manufacturing and tourism sectors by improving market access and by “crowding in” private investment. Poverty alleviation should also be promoted through labour-intensive and community-based construction methods.

### *Core challenges for 2004-2007 MTEF*

The Province is seeing increased investment in infrastructure, notably in roads and in the development of the IDZs. Provincial capital expenditure on roads was budgeted at over R1-billion in 2002/3 and is set to increase. While this growth in infrastructure investment is already a major factor in increased economic growth in the Province, further investment is needed in social infrastructure, especially in water and sanitation, school and clinic construction and in rural access roads. Well-planned rural infrastructure will play a major role in leveraging social and economic growth.

### ***Rationale for programme selection***

The programmes in this area have been selected for their potential in leveraging significant resources, creating a large multiplier effect, and providing a foundation for accelerated economic growth.

## **4.1 Strategic Infrastructure Programme**

Enabling economic and logistics infrastructure – energy, roads, rail, ports, and air transport among others – is a necessary condition for economic growth and development.

Global re-integration and the increasing move away from import-substitution industrialisation towards export-oriented industrialisation has seen a shift in locational advantage away from internal markets such as Johannesburg towards the coast. The growing shift in favour of coastal locations has affected a number of industries including the auto industry (supported by the MIDP), clothing and textiles, food and beverages, plastics and chemicals, as well as service-related sectors such as packaging, transport and information communications technology.

This Strategic Infrastructure Programme seeks to consolidate and build on this coastal advantage through the provision of world-class infrastructure and logistics capability at the Coega and East London IDZs, and improving connectivity and linkages with major industrial centres such as Johannesburg.

At the same time, in order to ensure that the benefits of our growth strategies flow beyond the IDZs into our impoverished rural hinterland, the programme importantly focuses on catalytic infrastructure projects aimed at developing transport and logistics networks that forge tighter linkages between the rural and urban economies, and support growth of key sectors such as agriculture, agro-processing, and tourism.

### ***Programme objectives***

The high-level objectives of the Strategic Infrastructure Programme are to:

- Consolidate and build upon the strengths of the Province's globally-competitive industrial sector through the development of world-class infrastructure and logistics capability in the East London and Coega IDZs.
- Enable improved transport and logistics networks between Gauteng and our port cities of Buffalo City and the Nelson Mandela Metro, in support of our Provincial industrial strategy and the 2010 Soccer World Cup.
- Enable the development of Strategic Development Corridors that transform the apartheid-engineered spatial economy in a manner that creates more sustainable human settlement patterns and addresses uneven development between the "first" and "second" economies.
- Kick-start economic growth in the rural hinterland of the Province through providing enabling infrastructure and logistics support to agriculture, agro-processing and tourism.

### ***Key Performance Areas***

KPA 1: Integrated five-year transport infrastructure implementation plan

KPA 2: Strategic rail infrastructure

KPA 3: Strategic road infrastructure

KPA 4: Spatial Development Initiatives (SDIs)

KPA 5: Umzimvubu Hydroelectric Project

***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Strategic Infrastructure Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

STRATEGIC INFRASTRUCTURE PROGRAMME										
KEY PERFORMANCE AREA										
Integrated five-year transport infrastructure implementation plan	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions		
			Target 2004/5	Target 2005/6	Target 2006/7					
	Prioritisation of projects of the next five years	Implementation of prioritised multi-modal transport infrastructure	Complete integrated plan for EL-KWT commuter rail extension	Commission EL-KWT commuter rail extension Commission Kei Rail operations on refurbished line for timber transportation	Complete detailed design of Kei Rail Kei Rail: operation & maintenance of existing line	DoT	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –  (Kei Rail: 91,000,000) <b>Budgeted</b>	Uninterrupted implementation of projects & availability of funds  Approval of the integrated five-year transport infrastructure implementation plan		
Strategic Rail Infrastructure	Revitalise and extend the Provincial Rail network in support of agrarian transformation, manufacturing diversification and tourism	- Completion of Kei Rail - Extension of Kei Rail to Nelson Mandela Metro - Extension of Kei Rail to KZN - Sishen Coega Rail	Feasibility study completed	Economic Indaba		DoT Transnet	2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –			

STRATEGIC INFRASTRUCTURE PROGRAMME		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	Target			Target	Target				
Strategic Road Infrastructure	<p>2004/5</p> <p>2005/6</p> <p>2006/7</p>	<p>2005/6</p> <p>2006/7</p> <p>2007/8</p>	<p>2006/7</p> <p>2007/8</p>	<p>Budgeted</p> <p>2004/05: –</p> <p><b>Option 1</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p> <p><b>Option 2</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p>					

STRATEGIC INFRASTRUCTURE PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Spatial Development Initiatives		To provide world class infrastructure and logistics capability at Coega and ELIDZ in support of Provincial industrial strategy	Development of world class infrastructure for the Coega IDZ in order to facilitate the attraction of investors	Target 2004/5 CDC Strategic Plan	Target 2005/6 CDC Strategic Plan	Target 2006/7 CDC Strategic Plan	DEAET, supported by ECDC & CDC	<b>Budgeted</b> 2004/05: 359,431,000 (cut by 222,000,000) <b>Option 1</b> 2005/06: 0 2006/07: 0 2007/08: 0 <b>Option 2</b> 2005/06: 280,900,000 2006/07: 256,179,000 2007/08: 266,770,000	Provincial government budget allocations remain as planned

STRATEGIC INFRASTRUCTURE PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
			Development of a globally competitive IDZ with export-oriented industries that have strong linkages to the domestic market	ELIDZ Strategic Plan	ELIDZ Strategic Plan	ELIDZ Strategic Plan	DEAET, supported by ECDC & CDC	<b>Budgeted</b> 2004/05: 125,000,000 (cut by 40,000,000) <b>Option 1</b> 2005/06: 131,750,000 2006/07: 138,469,000 2007/08: 145,392,000 <b>Option 2</b> 2005/06: 210,118,000 2006/07: 142,485,000 2007/08: 122,104,000 <b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Provincial government budget allocations remain as planned
Umzimvubu Hydro-Electric		Transform the inter-regional OR Tambo and Alfred Nzo economies through provision of bulk energy and water supply		Feasibility study			DWAF		

STRATEGIC INFRASTRUCTURE PROGRAMME		High-level objective		Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA		Target	Target		Target	Target	Target			
Gartep Water Transfer	Kick-start irrigated agriculture in support of industrial crops, horticulture, and grain production in the mid-Karoo	Target 2004/5 Feasibility study	Target 2005/6	Target 2006/7		DWAF	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –			



### ***Reporting mechanism and authority***

Quarterly reporting by relevant departments to Economic Growth and Infrastructure Cluster.

#### ***Key Actions required for implementation of this programme***

- Technical team to be established to develop five-year infrastructure plan and coordinating mechanism.
- Scoping and feasibility studies for Gariep and Umzimvubu Projects
- High-level negotiations with national agencies and departments (Transnet, DBSA, Minerals and Energy, Eskom).

## **5. PROGRAMME AREA: MANUFACTURING DIVERSIFICATION AND TOURISM**

### ***Strategic approach***

The manufacturing sector requires consolidation by extending growth beyond a relatively small number of volatile export markets. Diversification into new markets can be achieved through three main strategies:

- Consolidating the value chain and supply chain in existing markets by identifying inputs that can be supplied and higher-value products linked to existing production.
- Creation of regional growth points for manufacturing development based upon availability of raw materials, skills and existing industrial profile.
- The development of agro-industries based upon expanded agricultural production in the former homelands.

The development of Provincial tourism has high potential to create employment and raise incomes in rural areas through community tourism programmes. The development and protection of existing and new parks and reserves, improvement of infrastructure (especially along the Wild Coast), and the development of a strong marketing brand showcasing a number of core attractions and themes are priorities.

#### ***Core challenges for 2004-2007 MTEF***

- The need for an active industrial strategy: The State needs to influence economic choices through the development of an industrial strategy developed in collaboration with the private sector.
- Orchestrating a shift from consumer to producer households: Key here will be programmes that encourage self-employment within households through the forging of productive linkages wherever the potential for such linkages exist.
- The need to scale up investment in strategic economic infrastructure in the rural economy.
- The need for a policy dialogue: given the limited fiscal capability of the state, there is a need for dialogue between government, business and labour around minimum objectives of a Provincial industrial strategy that evolves creative approaches to issues of growth, employment, productivity, wages, supply chains and sectoral linkages and a host of related issues.

### ***Rationale for programme selection***

The following programmes have been selected:

- Automotive Industry Development Programme (building on the current strength of the automotive sector).
- Industrial Support Programme (aimed at diversification of the manufacturing sector, based on lessons learned from the automotive sector).
- Enterprise Development Finance Programme (combining a Provincial venture capital fund with funds to be made available through the European Commission's LED Support Programme).
- Agro-Processing Support Programme (adding value to increased agricultural production, particularly in the former Bantustans).

- Tourism Development Programme (initially focusing on nature-based tourism, but developing a strong heritage tourism strategy).
- Timber Products Development Programme (developing a vibrant timber industry utilising identified forestry potential).
- 2010 Cultural Industries Programme.
- Information and Communications Technology Development Programme.

### **5.1 Automotive Industry Development Programme**

This programme comprises the activities of the Automotive Industries Development Centre in the Eastern Cape (AIDC-EC), which was established in October 2003 in Port Elizabeth as a private company joint venture between ECDC and CSIR and incorporating the Motor Industry Cluster. The AIDC-EC has a close working relationship with AIDC Gauteng and has already developed internal capacity in certain critical project delivery areas.

The AIDC-EC target market is the automotive industry in the Eastern Cape (Nelson Mandela Metropole and Buffalo City). The primary focus is on second- and third-tier manufacturers and BEE/SME component suppliers to the vehicle manufacturers.

AIDC-EC will try to improve the utilisation of the DTI Supplier Development Scheme, which is applicable for the development of Tier 2 and lower suppliers, through analysis of the automotive supply chain and establishment of effective project management.

AIDC-EC will work with Tier 1 component suppliers and original equipment manufacturers (OEMs) so that they play an integral part in the development of lower-tier suppliers.

AIDC-EC was also commissioned by the Uitenhage and Despatch Development Initiative (UDDI) to undertake a feasibility study regarding the development of an Automotive Supplier Park adjacent to the VW plant in Uitenhage.

#### ***Programme objectives***

These include:

- To build Provincial institutional capability in the provision of human resource development, innovation and logistics support to the auto sector.
- To strengthen and expand the auto industry to provide for an extended local value chain.
- To increase access to auto industry opportunities by SME and BEE enterprises.

#### ***Key Performance Areas***

KPA 1: Logistics and supply chain management.

KPA 2: Production and process engineering.

KPA 3: Design engineering and testing.

KPA 4: SMME supplier development.

KPA 5: Human resource development.

KPA 6: HIV/AIDS workplace programmes.

#### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Auto Industry Development Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

AUTO-INDUSTRY DEVELOPMENT PROGRAMME										
Key Performance Area										
High-level objective										
AIDC-EC	Improved industry competitiveness	Logistics and Supply chain interventions	Verifiable Targets			Agency	Budget	Assumptions		
			Target 2004/5 See AIDC-EC Strategic Plan	Target 2005/6 See AIDC-EC Strategic Plan	Target 2006/7 See AIDC-EC Strategic Plan					
						ECDC/AIDC	<b>Budgeted</b> 2004/05: 12,500,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Participation by OEMs and Tier 1 suppliers  The 04/05 allocation is to be transferred from the DEAET to the AIDC-EC through the ECDC		
Production and Process engineering	Improved industry competitiveness	Engineering interventions				ECDC/AIDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	This KPA will be costed separately		

AUTO INDUSTRY DEVELOPMENT PROGRAMME										
Key Performance Area	High-level objective	Outputs	Verifiable Targets			Agency	Budget	Assumptions		
			Target 2004/5	Target 2005/6	Target 2006/7					
Design Engineering	Improved industry competitiveness	Engineering interventions				ECDC/AIDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	This KPA will be costed separately		
SMME supplier development	Greater SMME and BEE participation in the industry	SMME support interventions UDDI Supplier Park Better utilisation of DTI Supplier Development Scheme				ECDC/AIDC	<b>Budgeted</b> 2004/05: 5,100,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	5,100,000 included in DEAET budget for UDDI study		

AUTO INDUSTRY DEVELOPMENT PROGRAMME									
Key Performance Area	High-level objective	Outputs	Verifiable Targets			Agency	Budget	Assumptions	
			Target 2004/5	Target 2005/6	Target 2006/7				
Human Resource Development	Removal of HR constraints to industry expansion	HRD interventions				ECDC/AIDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	This KPA will be costed separately	
HIV/AIDS Workplace Programmes	Reduce impact of HIV/AIDS on Industry	Rollout of DCSA programme to industry				ECDC/AIDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	This KPA will be costed separately	

### ***Reporting mechanism and authority***

AIDC-EC reports through its Board, and ECDC reports to DEAET.

There are several verifiable indicators that should be used for reporting and monitoring and evaluation. For example:

- The number of new successful enterprises established, including data on BEE/SMEs.
- The number and effectiveness of measures to improve competitiveness in, for example, production rates, floor-space utilisation, changeover times and stock-turns.
- Infrastructural developments, such as number and scale of new projects, and funds leveraged.
- Technology projects, such as number of new technologies.
- Industry rating, such as customer satisfaction ratings.

### ***Key actions required***

Measuring the performance of a support institution like AIDC is not an easy task. ECDC should develop a sound system for providing verifiable indicators and targets for AIDC. This will enable a proven programme model to be replicated across other sub-sectors.

## **5.2 Industrial Support Programme**

It is estimated that about half of Provincial manufacturing output is related to the automotive industry. There is a clear need to reduce this dependency on one industry, and in particular to improve support for the non-automotive sub-sectors and more labour-intensive sub-sectors throughout the Province.

The proposed Industrial Support Programme will comprise several components, including:

- Critical assessment of existing industrial support strategies, their effectiveness and coordination, and remedial actions. The main institutions to be covered include: ECDC, DTI (Micro-Economic Reform Strategy and Integrated Manufacturing Strategy), Department of Science and Technology (Advanced Manufacturing Technology Strategy), IDC (Strategic Plan for the Province), ECMAC, the IDZs, Municipalities, and SETAs.
- Prioritisation of sub-sectors and value chains for support, based on employment and incomes growth potential and spatial considerations; detailed research of priority sub-sectors/chains to identify constraints to growth; and consequent actions to remove constraints.
- Formation and support for industry clusters in key sub-sectors. Initial industry clusters proposed are: Plastics & Chemicals, Textiles & Clothing, Wood Products & Furniture, Crafts, Agro-processing, and Food & Beverages.
- Planning, development and funding of key projects, including support for infrastructure, skills formation, transport and logistics.
- Design and implementation of a dedicated industrial research and planning unit.

The implementing agent for this programme is DEAET/ECDC.

### ***Programme objectives***

The primary objective of this programme is to build on the strengths of the automotive industry, which demonstrates the viability of manufacturing in this Province. This is in order to grow the output, incomes and employment of enterprises supplying non-automotive markets. The specific objective is to develop and implement a detailed industrial support plan to achieve this high-level objective.

### ***Key Performance Areas***

KPA 1: Data Collection/Manufacturing Census.

KPA 2: Industrial Strategy.

KPA 3: Cluster formation and support.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives

for the Industrial Support Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

INDUSTRIAL SUPPORT PROGRAMME		High-level objective		Outputs		Verifiable targets			Agency		Budget		Assumptions											
KEY PERFORMANCE AREA				Target	Target	Target	Target	Target																
Manufacturing Census	To provide an empirical basis for programme	Census Formation of Industrial Planning Unit	2004/5	Identify & assess existing manufacturing databases, and plan for manufacturing census	2005/6	Initiate census	2006/7	Census completed	ECDC / ECSECC	Budgeted	2004/05: -	Option 1	2005/06: -	2006/07: -	2007/08: -	Option 2	2005/06: -	2006/07: -	2007/08: -	Option 2	2005/06: -	2006/07: -	2007/08: -	Statistics South Africa will assist in the design and execution of the Census
Industrial Strategy	To provide an effective strategy for implementation	Complete strategy		Preparatory work completed		Strategy completed			ECDC / ECSECC	Budgeted	2004/05: -	Option 1	2005/06: -	2006/07: -	2007/08: -	Option 2	2005/06: -	2006/07: -	2007/08: -	Option 2	2005/06: -	2006/07: -	2007/08: -	

INDUSTRIAL SUPPORT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Cluster formation and support		Improved industrial support	Extension of AIDC model to other key sectors	Preparatory work initiated	Preparatory work completed	Promotion of industrial clusters in key sectors & sub-sectors	ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	



### ***Reporting mechanism and authority***

Principal M&E and reporting mechanism through the DEAET-ECDC SLA.

### ***Key actions required***

This programme requires detailed design, budgeting and engagement of competent service providers.

## **5.3 Enterprise Development Finance Programme**

This programme comprises four new funds that have been designed to address various market failures in the provision of finance for enterprise development. These funds are:

- PGDP Venture Capital Fund that will provide venture capital and equity finance to facilitate BEE and LED in support of PGDP priority projects in agriculture, agro-processing, tourism and manufacturing.
- Local Competitiveness Fund that is aimed at helping local partnerships to identify and capitalise upon their locality's competitive advantage through training, technical assistance and investment in public goods (grant finance).
- Financial Innovation Fund that will support financial institutions to meet their targets under the financial sector charter (grant finance).
- Local Government Support Fund that will support the strengthening of Local Government capacity to facilitate Local Economic Development.

The funds will initially be capitalised at R226-million, and the implementing agent will be ECDC.

### ***Programme objectives***

The objective of this programme is to improve access to finance for new and expansionary enterprises that will support the PGDP's job creation targets. The programme will help to address market failures in the provision of finance.

### ***Key Performance Areas***

KPA 1: PGDP Venture Capital Fund.

KPA 2: Local Competitiveness Fund.

KPA 3: Financial Innovation Fund.

KPA 4: Local Government Support Fund.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Enterprise Development Finance Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

ENTERPRISE DEVELOPMENT FINANCE PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
PGDP Venture Capital Fund	Preliminary planning & organisation of fund	Launch Fund	By end of FY				ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – (R100m disbursed from fund)	Successful negotiations with other potential funders. R50m required from EC
								ECDC/ SPV	Effective integration with info networks of ECDC, IDC, EU LED, IDZs etc
	Adequate deal flow	20 deals over 3 years that support PGDP objectives		10 deals	5 deals				

ENTERPRISE DEVELOPMENT FINANCE PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
	Adequate rate of return	Fund is sustainable		30%	30%	ECDC/ SPV		Effective fund manager
	Expand Fund	Double size of fund in year 4				ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Good performance in first 3 years

ENTERPRISE DEVELOPMENT FINANCE PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6 Launch	Target 2006/7			
Local Competitiveness Fund	Detailed design & institutionalisation of fund	Launch fund		2005/6 Launch	2006/7	ECDC/EU LED programme	9.6m euro	Requisite technical assistance identified, and final European Commission approval obtained	
		Disbursement of grants to partnership groups. Identification and preparation of quality business opportunities for emerging enterprises. Launch fund		8 partnership groups funded	8	ECDC/EU LED Programme		Local partnerships are formed & apply for finance	
Financial Innovation Fund	Detailed design & institutionalization of fund	Launch fund		Launch		ECDC/EU LED programme	6.95m euro	Requisite technical assistance identified, and final European Commission approval secured	
		Disbursement of grants to financial institutions. Improved access to finance for emerging enterprises.		2 financial institutions funded.	3	ECDC/EU LED Programme		Banks implement finance charter	
Local Government Support Fund	To mobilise support to Municipalities who wish to build their capacity to facilitate local economic development	Planning and service delivery by Municipalities that lays a foundation for local economic development partnerships	Detailed design & institutionalisation of fund	Launch Fund 15 projects funded	15 projects funded	ECDC/EU LED Programme in cooperation with the Eastern Cape DHLG&TA	2.3m euro	Final European Commission approval secured	

### ***Reporting mechanism and authority***

The PGDP Venture Capital Fund Manager will report to the SPV Board, which in turn will report to ECDC (Management and Board), which will report to DEAET. The performance of the SPV will be an essential component of the SLA between ECDC and DEAET.

For the other two funds, fund managers will report to the EU LED Implementing Agency (Provincial Treasury).

### ***Key actions required***

The Venture Capital Fund/SPV is not funded or provided for in the DEAET and ECDC strategic and operational plans for 2004/5. An amount of R50-million should be allocated, conditional on matching funds from third parties.

The EU LED Funds are subject to approval in 2004/5.

## **5.4 Agro-processing Support Programme**

This programme consists of a comprehensive support package for value-adding agro-processing activities, linked to the PGDP agricultural and forestry programmes. Agro-processing enterprises have the potential to stimulate and sustain quantity and quality improvements in primary production, and to grow rural incomes and employment.

The first step will be detailed design of the programme. As with the Industrial Support Programme, the various agro-processing value chains must be prioritised, in terms of potential for growing rural incomes and employment. The choice will be wide:

- Existing commercial plants (such as timber products, tea, pineapples, aloes, chicory, citrus, deciduous fruit and cereals).
- Expanded vegetable/greenhouse crops (such as tomatoes, peppers, flowers, and herbs).
- New plants (such as hemp, sugar beet, flax and cotton).
- Animal products (such as wool, mohair, meat and dairy products, and leather).
- Crafts.

Actions in high-priority agro-processing value-chains will include:

- Identification of constraints to growth of the value-chain and their removal.
- Skills transfer to ensure product quality and marketability.
- Comprehensive and integrated product transport, logistics and marketing strategies.
- Improved access to finance.
- Support for producer groups to help manage and grow the value chain.
- Specification and coordination of support services from various organisations.

The main implementing agency is DEAET/ECDC, working together with the agencies such as the Department of Agriculture, IDC, Land Bank, ARC and Uvimba.

### ***Programme objectives***

The high-level objective is to stimulate economic activity in the agro-processing sub-sector, and thereby improve market opportunities (and increased incomes and employment) for primary producers. Essentially the objective is to replicate and expand the success of, for example, the NGWA woolgrowers programme and East London tomatoes, over a much wider product and geographical range.

### ***Key Performance Areas***

KPA 1: Existing commercial plants.

KPA 2: Expanded vegetable/greenhouse crops.

KPA 3: New plants.

KPA 4: Animal products.

KPA 5: Crafts.

**Programme Matrix**

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Agro-Processing Support Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

AGRO-PROCESSING SUPPORT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
Existing commercial plants	To consolidate existing information for coordinated support to value chain growth			Target	Target	Target			
				Value chain analysis report with recommendations, & system for ongoing synthesis & analysis of information	Report completed 2004/5	Information coordination and analysis system established 2005/6	2006/7	ECDC & DOA	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b>
	To develop and launch a support package	Coherent support package linked with other value chain priority areas		Support package developed & launched	Support package implemented	ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

AGRO-PROCESSING SUPPORT PROGRAMME										
KEY PERFORMANCE AREA										
High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions			
		Target 2004/5	Target 2005/6	Target 2006/7						
	Magwa becomes sustainable projects as focal points for investment	Magwa investment secured	Magwa development consolidated	2006/7	ECDC	<b>Budgeted</b> 2004/05: 20,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –				
Expanded vegetable/greenhouse crops	To consolidate existing information for coordinated support to value-chain growth	Value chain analysis report with recommendations & system for ongoing synthesis & analysis of information	Report completed	Information coordination and analysis system established	ECDC & DOA	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –				

AGRO-PROCESSING SUPPORT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6 Support package developed & launched	Target 2006/7 Support package implemented			
	To develop and launch a support package	Coherent support package linked with other value chain priority areas	Report completed	Information coordination and analysis system established	Support package implemented	ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
New plants	To consolidate existing information for coordinated support to value chain growth	Value chain analysis report with recommendations, & system for ongoing synthesis & analysis of information	Report completed	Information coordination and analysis system established		ECDC & DOA	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		



AGRO-PROCESSING SUPPORT PROGRAMME		High-level objective			Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA		Target	Target	Target		Target	Target	Target			
	To develop and launch a support package	Coherent support package linked with other value chain priority areas	Target 2004/5	Target 2005/6 Support package developed & launched	Target 2006/7 Support package implemented	ECDC	<b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _				

AGRO-PROCESSING SUPPORT PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target	Target	Target			
			2004/5	2005/6	2006/7			
	To establish high-priority projects as focal points for investment	Sugar beet project launched				Uvimba	<b>Budgeted</b> 2004/05: 5,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	
		Hemp processing plant launched				ECDC & DTI	<b>Budgeted</b> 2004/05: 55,000,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	

AGRO-PROCESSING SUPPORT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Animal products	To consolidate existing information for coordinated support to value chain growth	Value chain analysis report with recommendations, & system for ongoing synthesis & analysis of information	Report completed	Information coordination and analysis system established		ECDC & DOA	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
							<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
	To develop and launch a support package	Coherent support package linked with other value chain priority areas		Support package developed & launched	Support package implemented	ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

AGRO-PROCESSING SUPPORT PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5 Report completed	Target 2005/6 Information coordination and analysis system established	Target 2006/7 Support package implemented			
Crafts	To consolidate existing information for coordinated support to value chain growth	Value chain analysis report with recommendations, & system for ongoing synthesis & analysis of information	Target 2004/5 Report completed	Target 2005/6 Information coordination and analysis system established	Target 2006/7 Support package implemented	ECDC & DOA	<b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _		
					Support package developed & launched		ECDC	<b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _	
	To develop and launch a support package	Coherent support package linked with other value chain priority areas							

AGRO-PROCESSING SUPPORT PROGRAMME		High-level objective		Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA		Target	Target		Target	Target	Target			
Programme coordination	To establish institutional arrangements for the effective coordination of agro-processing support	Capacity with the ECDC to coordinate agro-processing support	Target <b>2004/5</b> Capacity requirements assessed	Target <b>2005/6</b> Capacity developed	Target <b>2006/7</b>	ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –			

### ***Reporting mechanism and authority***

Principal M&E and reporting mechanism is through the DEAET/ECDC SLA.

### ***Key actions required***

This programme requires detailed design, planning, budgeting, engagement of competent service providers, and organisation of support organisations.

## **5.5 Tourism Programme**

The Tourism Programme is being developed to include not only management and promotion of nature-based tourism, but also tourism based on the Province's rich cultural and political heritage. It is now centred on the mandates and activities of the Eastern Cape Department of Economic Affairs, Environment and Tourism and its public entities, particularly the Eastern Cape Tourism Board and the recently-established Eastern Cape Parks Board.

Ultimately, this programme requires integration with the work of the Eastern Cape Department of Sport, Recreation, Arts and Culture to safeguard and promote the heritage of the Eastern Cape, and needs to be grounded in IDPs developed by Municipalities. Further development and implementation of the Tourism Programme should be linked to the Finance for Enterprise Development Programme, particularly those aspects aimed at supporting local economic development in historically-marginalised parts of the Eastern Cape.

### ***Programme objectives***

The overarching objective of the Tourism Programme is to facilitate the unlocking of the tourism potential of the Eastern Cape for the benefit of its people. This requires management of natural resources in ways that protect the natural resource base, allow people continued access to resources on which livelihoods depend, and facilitate investment in tourism products that attract a growing share of the South African tourism market. It also requires active attention to ways of marketing the Eastern Cape heritage as a tourism attraction without exploiting local people or alienating them from key community resources. The Tourism Programme is focused on marketing, development, research and regulation at a Provincial level, linking with other PGDP programmes for the development of tourism enterprises. Keys are effective working relationships between the Provincial and local spheres of government and a growing and more inclusive tourism private sector.

### ***Key Performance Areas***

KPA 1: Strategic Marketing Framework

KPA 2: Destination Management Strategy

KPA 3: Transforming the Tourism Industry

KPA 4: Corporate Governance

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Tourism Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

TOURISM PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
Strategic Marketing Framework	To manage a strategic marketing framework within which the provincial tourism marketing effort will be coordinated, funded and driven.	Institutional alignment	Participate in national forums & form linkages with Provincial role players.	Deepen institutional alignment and establish Province-wide forums	Manage forums	ECTB	2004/5 funding covered in other budget lines	Budget request will be approved
		Branding & destination marketing	Develop brand (aligned with SA Tourism brand) and branding strategy	Refine branding strategy & implement programme	Implement programme	ECTB	2004/5 budget request: 0,700,000	Budget request will be approved
	International marketing	Align with SA Tourism marketing	Actively market the Province to the international market	Form partnerships with major inbound operators	Strengthen relationships	ECTB	2004/5 budget request: 1,600,000	Budget request will be approved
		Domestic marketing	Develop annual media and advertising plan	Develop & implement annual media & advertising plan	Develop & implement annual media & advertising plan	ECTB	2004/5 budget request: 2,100,000	Budget request will be approved
	To manage an international marketing strategy specifically aimed at positioning the Eastern Cape favourably within selected international tourism markets in close collaboration with SA Tourism.							
	To manage a domestic tourism marketing strategy aimed at attracting a greater market share of domestic tourism from visitors outside of the Province							

TOURISM PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target	Target	Target			
			2004/5 Registration regulations promulgated	2005/6 Registration system operational	2006/7 All categories of establishment & operator registered			
<p>Marketing Activities &amp; Programmes:</p> <ul style="list-style-type: none"> <li>- To manage the implementation of a cost-effective tourism registration system for tourism establishments and operators in such a manner that it offers real benefits to registered companies while contributing to the maintenance of minimum standards within the tourism industry and protecting the rights of the consumer</li> <li>- To contribute to sustainable GDP growth, job creation, redistribution and transformation within the Eastern Cape through increasing tourist volumes, increasing tourist spend, increasing length of stay of visitors, improving the geographic spread of visitors, and improving seasonality patterns</li> </ul>	Registration programme	2004/5 Registration regulations promulgated	2005/6 Registration system operational	2006/7 All categories of establishment & operator registered	ECTB	2004/5 budget request: 0,200,000	Budget request will be approved	
	Tour guiding	Appoint Provincial Registrar of Tour Guides & lay foundation for association and development programme	Establish tour guiding association	Implement guide development programme	ECTB	2004/5 budget request: 0,310,000	Budget request will be approved	
	Market research programme	Develop market research programme	Refine & implement market research programme	Implement market research programme	ECTB	04/05 budget request: 0,850,000	Budget request will be approved	
	Cooperative marketing fund	Establish fund	Manage fund	Manage fund	ECTB	04/05 budget request: 2,500,000	Budget request will be approved	
	Media leverage	Develop media strategy	Refine & implement	Refine & implement	ECTB	04/05 budget request: 1,150,000	Budget request will be approved	
	Tourism shows & exhibitions	Participate in 3 international & 3 domestic shows, & organise domestic & international road shows	Participate in 3 international & 3 domestic shows, & organise domestic & international road shows	Participate in 3 international & 3 domestic shows, & organise domestic & international road shows	ECTB	2004/5 budget request: 1,940,000	Budget request will be approved	
	Conferences	Develop pre-and post-conference tour packages	Refine & implement	Implement	ECTB	04/05 budget request: 0,280,000	Budget request will be approved	
	Eventing	Develop event guide & criteria for event support	Implement	Implement	ECTB	04/05 budget request: 0,230,000	Budget request will be approved	
	Promotional materials	Design initial suite of materials	Refine & use	Refine & use	ECTB	04/05 budget request: 0,800,000	Budget request will be approved	
	Tourism information services	Develop systems for information dissemination at selected events, and improve website	Develop tourism information office strategy	Establish tourism information offices at key gateway entry points into Province & provide information at international gateway points into the country	ECTB	2004/5 budget request: 0,200,000	Budget request will be approved	



TOURISM PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
Destination Management Strategy	Target 2004/5			Target 2005/6	Target 2006/7				
	Destination Management Strategy	Investigate signage needs with municipal partners & commission appropriate tourism signage	Implement programme of action to lobby for improved transport access for tourists (particularly air transport)	Implement programme of action to lobby for improved transport access for tourists (particularly air transport)	EC:TB	04/05 budget request: 0,350,000	Budget request will be approved		
Develop programme of action to unblock air travel into the Province		Develop strategy	Support key programmes & projects in terms of strategy	EC:TB				2004/5 budget request: 0,400,000	Budget request will be approved
	Visitor access	Destination management strategy							
	To manage the implementation of a dynamic destination management strategy which aims to improve product, broaden ownership, and promote black economic empowerment through small business development and community-based tourism initiatives within the overall theme and branding of the Province								

TOURISM PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
Transforming the Tourism Industry	Together with its partners, to implement Provincial and national tourism policy in a participatory manner, through the establishment of effective external communications systems and mechanisms for active participation in the implementation of tourism programmes of the ECTB	Black economic empowerment	Develop monitoring system	Implement system & refine benchmarks	Implement	ECTB	2004/5 budget request: 0,100,000	Budget request will be approved
		Tourism Charter	Undertake initial conceptual work	Develop charter	Implement charter	ECTB	2004/5 budget request: no funding required	Budget request will be approved
		Tourism Development Fund	Initial funds from budget of ECTB	Use fund & raise additional funds	Use fund & raise additional funds	ECTB	2004/5 budget request: 2,500,000	Budget request will be approved
Corporate Governance	<ul style="list-style-type: none"> <li>- To utilise resources in a responsible and sustainable manner, and establish and sustain a lean, efficient and empowered corporation</li> <li>- To establish an organisation which is in line with international and domestic best practice, and aims to continually improve its operations, and empower and reward staff to play a central role in achieving its objectives</li> </ul>	Building a strategy-focused organisation	Develop, review and operationalise Tourism Strategy & institutional transformation strategy	Refine organisational HR systems	Refine organisational HR systems	ECTB	2004/5 budget request: Funded from within administrative & operational costs	
		Communicating for success	Design internal & external communications strategy	Implement	Implement	ECTB	2004/5 budget request: 0,270,000	
		Building service excellence	Improve systems	Implement	Implement	ECTB	2004/5 budget request: 0,060,000	
		Financial, administrative and operational control	Improve systems	Implement	Implement	ECTB	2004/5 budget request: 12,220,000	
		Risk management & internal controls	Improve systems	Implement	Implement	ECTB	2004/5 budget request: covered in administration & operations budget	
		Fair, equitable procurement & employment	Improve systems & set specific targets	Implement	Implement	ECTB	2004/5 budget request: 1,780,000	

### ***Reporting mechanism and authority***

Currently, the lead agency is the Eastern Cape Tourism Board (ECTB), a public entity under the executive authority of the Eastern Cape Department of Economic Affairs, Environment and Tourism. The ECTB is undergoing a restructuring exercise aimed at gearing it for more effective support to tourism research and marketing in the Eastern Cape. A Tourism Master Plan is in place and will be developed further. Effective linkages with local-level role players and effective integration with support offered through other PGDP programmes will be crucial to the stimulation of entrepreneurial activities in the tourism sector. More effective linkages with the Eastern Cape Department of Sport, Recreation, Arts and Culture will support the improved integration of heritage tourism into the tourism research and promotion activities of the Province.

#### ***Key actions required to facilitate further development and implementation of this programme***

- Finalise the restructuring of the ECTB and its linkage with public entities created in support of the work of the Eastern Cape Department of Sport, Recreation, Arts and Culture.
- Facilitate research into heritage tourism opportunities and modalities, and facilitate more effective linkage of nature based and heritage tourism within Municipalities.
- Continue to strengthen participative tourism forums.
- Link with infrastructure and enterprise development programmes being developed and implemented in support of the PGDP to ensure that tourism opportunities are identified and supported. Support Municipalities in effectively addressing tourism development during their IDP processes.
- Strengthen linkages between the ECTB and the Eastern Cape Department of Safety and Liaison to promote safety within communities in support of tourism.
- Establish tourism learnerships.
- Develop a model for ongoing interaction with Municipalities around tourism development.

### **5.6 Timber Industries Development Programme**

Plantation forestry in the Eastern Cape covers about 170 000ha, of which 90% is made up of softwood, and the remainder hardwood plantations. Properly managed, there is the potential to produce 2.3-million m<sup>3</sup>/a of timber (pulpwood and saw timber). Due to the maturity level of the new plantations and sub-optimal management of some of the existing plantations, the current production is well below this figure.

A total of 108 000ha is controlled by the private sector (Singisi Forest Products, Mondi and Rance Timbers). A further 31 000ha (around Tsitsikamma and Humansdorp) are owned and controlled by the State enterprise, Safcol. The remaining 31 000ha are owned and managed by the Department of Water Affairs and Forestry (DWAF), and are located in the former Transkei and Ciskei.

The future of the DWAF plantations is currently under consideration. DWAF has declared its intent to withdraw from operational forestry and options are being evaluated. The 31 000ha consist of 20 000ha of mainly softwood (32 plantations) and 11 000ha of hardwood (60 plantations). Management of these plantations has been sub-optimal for at least a decade, and for most, their future sustainability is in the balance unless urgent rehabilitation action is taken.

Given the biophysical and land tenure constraints in the Province, there is a total of around 60 000ha of land that could be converted to commercial forestry. The extent of the plantation units will range between 150ha and 1 500ha.

Scattered throughout the Eastern Cape, with a major concentration in the Amatola mountain range, are wattle jungles that originated from uncontrolled spread (mainly through river courses) of a seed source that was introduced in the 1950s or 1960s. Much of this resource is being cleared by DWAF's Working for Water Programme. Wood that is recovered from these operations and other harvesting programmes is transported to the pulp and chipping plants of KwaZulu-Natal. Small amounts are used locally to produce charcoal. The wood from wattle has good fibre properties and consideration is being given to the re-establishment and management of some of these areas as commercial crops.

Of the 885 000m<sup>3</sup> of timber processed within the Province annually, about 685 000m<sup>3</sup>/a is processed

by one of the six large sawmills. The balance is processed by around 70 small and medium-sized millers (130 000m<sup>3</sup>/a); a chipboard plant (30 000m<sup>3</sup>/a); and two pole preservation plants (40 000m<sup>3</sup>/a). Most of the processors are operating at levels below their operating capacities due to timber supply constraints. In addition, many of the processors are inefficient due to weaknesses in business management, capitalisation, market linkages and technical matters.

### ***Programme objectives***

The forest sector already plays a significant role in the rural economy. Given the current state of the forestry resource and existing processors and the associated opportunities, there is potential for greater developmental impact. Development of the forestry sector aligns well with the PGDP emphasis on unlocking industrial opportunities in rural areas where poverty is deeply entrenched.

This programme is aimed at the rehabilitation of existing forestry plantations, expansion of the forestry resource, optimisation of existing processing capacity, investment in new processing capacity (primary and secondary), and building and supporting SMEs as suppliers and service providers.

### ***Key Performance Areas***

KPA 1: New afforestation.

KPA 2: Improvement of timber resources.

KPA 3: Improved utilisation of timber resources.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Timber Industries Development Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

TIMBER INDUSTRIES DEVELOPMENT PROGRAMME		High-level objective			Assumptions	Budget <sup>2</sup>	Agency	
KEY PERFORMANCE AREA	Outputs	Verifiable targets						
		Target 2004/5	Target 2005/6	Target 2006/7				
New Afforestation	To expand the area under commercial forestry production in the Eastern Cape	60 000 hectares of new afforestation under community ownership on communal land	1 000 hectares	2 000 hectares	3 000 hectares	Estimate: 60,000,000	Department of Economic Affairs, Environment and Tourism	- Availability of programme funding and investment capital. - Institutional structures and systems in place to implement programme and strategies
Timber Resources	To optimise timber production from existing forestry plantations	Replanting of 30 000 hectares existing State plantations with appropriate species according to best practices	1 000 hectares	3 000 hectares	5 000 hectares	Estimate: 45000,000	Department of Economic Affairs, Environment and Tourism	- Availability of programme funding - Policies in place to enable implementation of programme
Timber Utilization	To optimise value addition of timber within the Eastern Cape	Improved recovery rates on roundwood sawing and improved value addition in the Province	Defined strategies in place and 20% implemented	50% programme implemented	80% programme implemented	Estimate: 5,000,000	Department of Economic Affairs, Environment and Tourism	- Availability of programme funding - Participation of private sector

### ***Reporting mechanism and authority***

There are several role-players in the Province that have a mandate to pursue the development of the forestry sector. These include the Department of Water Affairs and Forestry, the Department of Land Affairs, the Department of Economic Affairs, Environment and Tourism, and Forestry South Africa. These parties have recently engaged in active collaboration and are seeking ways to formalise the collaboration. An outcome of this collaboration is the proposed formation of the Eastern Cape Forestry Development Initiative.

The proposed Forestry Development Initiative would be constituted as a Public Enterprise and will operate as a Section 21 Company reporting to a Board of stakeholder organisations. This office would be based within the ECDC Head Office in East London and would be financially and strategically supported by the stakeholders.

The Forestry Development Initiative has implemented a basic project database that will serve as a monitoring mechanism for projects and programme implementation.

A dedicated monitoring project is required for monitoring of the sector itself and this has yet to be designed and implemented. Certain sector baseline data will be collected and documented in the Strategic Environmental Assessment to be implemented in 2004.

Progress against the objectives of the Forestry Development Programme is currently reported to the member organisations of the Forestry Development Initiative on a bi-monthly basis.

#### ***Key actions required to facilitate implementation of this programme***

- Base planning on a strategic environmental assessment of forestry development in the Province.
- Raise additional funding for the expansion of the timber resource, within agreed environmental parameters.
- Constitute the Forestry Development Initiative and link to Provincial planning and coordination institution.
- Commence discussions between partners in the Forestry Programme and RIDA regarding coordination of infrastructure and forestry development.
- Link with the Eastern Cape Department of Agriculture to ensure coordinated geographical targeting.

### **5.7 2010 Cultural Industries Programme**

In the 1996 White Paper on Arts, Culture and Heritage, culture is defined as:

*...the dynamic totality of distinctive spiritual, material, intellectual and emotional features which characterise a society or group. It includes the arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions, heritage and beliefs developed over time and subject to change.*

The same White Paper also contains a commitment, by the National Government “to making an impact on economic growth, development and tourism through targeting the development of cultural industries which are organised around the production and consumption of culture and related services, and investing in an

infrastructure for arts, culture and heritage education”.

The Province’s 2010 Cultural Industries Programme is based in this commitment. It is aimed at building on the protection and recording of Eastern Cape heritage, and the development of art throughout the Province, to facilitate the non-exploitative development of cultural industries that can support the unlocking of the tourism opportunities in the Eastern Cape, including those associated with the 2010 Soccer World Cup. The Provincial Government has a key facilitation role to play, which includes coordination with Municipalities and other relevant Provincial and National Government departments. Key is unlocking the infrastructure and funding opportunities that can support the further development of existing forms of expression.

***Programme objectives***

The 2010 Cultural Industries Programme is aimed at:

- Developing cultural production activities linked to tourism opportunities in underdeveloped parts of the Province.
- Consolidating the development of events such as the National Arts Festival and the Wild Coast Festival.
- Supporting the development of heritage tourism as a key component of tourism in the Eastern Cape.
- Linking local cultural production activities to funding and training support institutions in the public and private sector.
- Linking with Municipalities in defining locally appropriate forms of support.

***Key Performance Areas***

KPA 1: Supporting the development of cultural production activities.

KPA 2: Supporting key arts festivals.

KPA 3: Supporting the development of heritage tourism.

KPA 4: Building networks of support for the development of viable cultural industries.

***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the 2010 Cultural Industries Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

2010 CULTURAL INDUSTRIES PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Supporting the development of cultural production activities	To facilitate the establishment of community art centres by Municipalities, utilising existing infrastructure where possible	Vibrantly functioning community art centres	Assess requirements	Negotiate a strategy with the Eastern Cape Department Roads & Public Works and with District Municipalities	Implement Strategy	Eastern Cape Department of Sport, Recreation, Arts & Culture, in partnership with the Eastern Cape Dept of Roads & Public Works, and District Municipalities	<b>Budgeted</b> 2004/05: 6,500,000 Prog No 2 <b>Option 1</b> 2005/06: 3,575,000 2006/07: 3,700,000 2007/08: 3,885,000 <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _	Under-utilised public properties are identified and revamped for artistic and cultural activities	
			Assess requirements	Develop Memorandum of Understanding with EC Department of Education	Implement Memorandum of Understanding				
	To support the development of art education in schools and community art centres	Opportunities for art education in all parts of the Province	Assess requirements	Develop Memorandum of Understanding with EC Department of Education	Implement Memorandum of Understanding	Eastern Cape Department of Sport, Recreation, Arts & Culture	<b>Budgeted</b> 2004/05: _ <b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _ <b>Option 2</b> 2005/06: _ 2006/07: _ 2007/08: _	The Eastern Cape Department of Education participation	



2010 CULTURAL INDUSTRIES PROGRAMME KEY PERFORMANCE AREA		High-level objective		Outputs	Verifiable targets			Agency	Budget	Assumptions
					Target 2004/5	Target 2005/6	Target 2006/7			
	To facilitate exposure for local artists	Events, publications and promotional material in a range of media	Assess requirements	Develop strategy and source funding	Implement strategy	Eastern Cape Department of Sport, Recreation, Arts & Culture	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Finance can be secured		
Supporting key arts and cultural festivals	To consolidate support to the National Arts Festival as a showcase for Provincial, national and international art	Financially secure National Arts Festival where local artists are showcased with national and international artists	Funding and planning support	Funding and planning support	Funding and planning support	Eastern Cape Department of Sport, Recreation, Arts & Culture	<b>Budgeted</b> 2004/05: 3,500,000 Prog No 2 <b>Option 1</b> 2005/06: 4,000,000 2006/07: 4,000,000 2007/08: 4,500,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –			

2010 CULTURAL INDUSTRIES PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
	To consolidate support for the Wild Coast Festival as a showcase of Provincial culture	Financially secure Wild Coast Festival that showcases local artists and heritage, and broadens the experience of tourists	Target 2004/5 Funding and planning support	Target 2005/6 Funding and planning support	Target 2006/7 Funding and planning support	Eastern Cape Department of Sport, Recreation, Arts & Culture	<b>Budgeted</b> 2004/05: 1,000,000 Prog No 2 <b>Option 1</b> 2005/06: 1,100,000 2006/07: 1,210,000 2007/08: 1,271,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	
	To identify and facilitate support for other festivals that can promote local artists & culture, & create local economic opportunity	Festival opportunities defined and packaged for funding	Investigation and consultation with Municipalities	Packaging of new festival opportunities	Facilitation of financial support	Eastern Cape Department of Sport, Recreation, Arts & Culture, supported by PPP Unit in Provincial Treasury	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	

2010 CULTURAL INDUSTRIES PROGRAMME									
KEY PERFORMANCE AREA									
High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions		
		Target 2004/5	Target 2005/6	Target 2006/7					
Supporting the development of heritage tourism	Heritage tourism strategy	Mobilise stakeholders	Develop strategy	Implement strategy	Eastern Cape Department of Sport, Recreation, Arts & Culture, and the Eastern Cape Tourism Board	<b>Budgeted</b> 2004/05: 0,270,000 <b>Option 1</b> 2005/06: 0,350,000 2006/07: 0,500,000 2007/08: 0,700,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	No financial implications or cost pressures		
Building networks of support for the development of viable cultural industries	One-stop contact arrangements within Eastern Cape Department of Sport, Recreation, Arts & Culture	Identify current concerns and constraints	Develop & implement strategy	Consolidate implementation	Eastern Cape Department of Sport, Recreation, Arts & Culture	<b>Budgeted</b> 2004/05: 7,300,000 Prog No 2 <b>Option 1</b> 2005/06: 7,600,000 2006/07: 8,067,000 2007/08: 8,470,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	NAC functioning is improved		

2010 CULTURAL INDUSTRIES PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
		To facilitate the inclusion of cultural industries in local economic development support programmes	Cultural industries included in LED support programmes	Negotiate relationships with key departments	Influence insertion of cultural industries into LED support programmes	Evaluate and adjust facilitation strategy	Eastern Cape Department of Sport, Recreation, Arts & Culture	<b>Budgeted</b> 2004/05: –	
								<b>Option 1</b> 2005/06: – 2006/07: – 2007/08: –	
		To market local cultural industries to consumers and potential funders	Marketing strategy designed and implemented	Identify opportunities	Develop marketing strategy and approach	Implement marketing strategy	Eastern Cape Department of Sport, Recreation, Arts & Culture	<b>Budgeted</b> 2004/05: –	
								<b>Option 1</b> 2005/06: – 2006/07: – 2007/08: –	
								<b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	

### ***Reporting mechanism and authority***

The Eastern Cape Department of Sport, Recreation, Arts and Culture is responsible for the 2010 Cultural Industries Programme. Although provision for components of the programme is made in the department's current strategic plan, the programme still needs to be fully integrated.

The department needs to participate in the work of the Economic Growth and Development Cluster of the Provincial Government (in addition to its participation in the Social Needs Cluster) to improve coordination with departments tasked with economic development. Of critical importance are the Eastern Cape Department of Economic Affairs, Environment and Tourism and its public entities. Working through the cluster will facilitate joint planning and monitoring and assist the Department in boosting the profile of cultural industries in the Province.

#### ***Key actions required to facilitate implementation of this programme***

- Establish a working relationship between the Eastern Cape Department of Sport, Recreation, Arts and Culture and the national Department of Arts and Culture in support of the development of cultural industries.
- Establish a working relationship between the Eastern Cape Department of Sport, Recreation, Arts and Culture and the Eastern Cape Tourism Board.
- Secure funding for KPAs not currently funded.

### **5.8 Information and Communications Technology Development Programme**

Information and Communications Technology (ICT) is critical as a means to improve planning, implementation and business development, but is also an area of economic growth in its own right. The emergent ICT Development Programme captures all of these dimensions, aiming to strengthen Provincial and Local Government ICT systems, while building connectivity in the Province and developing an appropriate ICT sector support strategy.

The lead agents are the Office of the Premier of the Eastern Cape, the Eastern Cape Department of Economic Affairs, Environment and Tourism and ECDC. The Provincial Government Information Technology Officer (PGITO) Council coordinates technical support to programme implementation.

#### ***Programme objectives***

The ICT Development Programme is aimed at developing and implementing an appropriately-scaled Provincial ICT sector support strategy while developing connectivity and upscaling government ICT systems and management. ICT is important for the following:

- Effective and efficient functioning of increasingly complex government planning, implementation and monitoring systems.
- Reduction of transaction costs associated with information access.
- Improved communications between Provincial stakeholders in pursuit of economic development.
- Improved communication with potential investors.
- Improved and expanded participation by the people of the Eastern Cape in the benefits of Internet connectivity.
- Harnessing of economic opportunities associated with increasing connectivity.

#### ***Key Performance Areas***

KPA 1: Development and implementation of sector support strategy.

KPA 2: Improved connectivity in the Eastern Cape.

KPA 3: Appropriately-developed Provincial Government ICT systems.

KPA 4: Appropriately-developed Municipal ICT systems linked to Provincial Government system.

#### ***Programme Matrix***

The following matrix contains high -and meso-level key performance areas and strategic objectives for the ICT Development Programme, with associated outputs, targets, responsibilities, budget

allocations and assumptions:

INFORMATION AND COMMUNICATIONS TECHNOLOGY DEVELOPMENT PROGRAMME		Outputs			Verifiable targets		Agency	Budget	Assumptions
KEY PERFORMANCE AREA	High-level objective	Target	Target	Target	Target				
Development & implementation of sector support strategy	To consolidate existing information for coordinated support to ICT value-chain growth	Report on existing information, with recommendations	Target 2004/5	Target 2005/6	Target 2006/7	ECDC, in collaboration with the University of Fort Hare and the national Department of Communication	<b>Budgeted</b> 2004/05: 6,800,000 <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		
		Implement Digitisation & Remanufacturing Institute of South Africa (DRISA) Project	Review information	Release report					
		Implemented sector support strategy		Develop support strategy and package	Implement	ECDC	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

INFORMATION AND COMMUNICATIONS TECHNOLOGY DEVELOPMENT PROGRAMME		Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	High-level objective	Outputs					
		Target 2004/5	Target 2005/6	Target 2006/7			
Improved connectivity in the Eastern Cape	To implement the national connectivity programme	Conclusion of consultations & mobilisation of private sector support	Connect targeted community facilities	Connect targeted community facilities	Office of the Premier of the Eastern Cape, supported by the PGITO Council	Currently managed under the "Connect Eastern Cape" project which operates through donor support	The development of the Provincial ICT infrastructure will assist with improving the connectivity to communities
Appropriately developed Provincial Government ICT systems	To develop ICT systems infrastructure best suited to Provincial needs	Systems developed	Systems maintained	Systems maintained	Office of the Premier of the Eastern Cape, supported by the PGITO Council	<b>Budgeted</b> 2004/05: 24,101,901 <b>Option 1</b> 2005/06: 25,200,000 2006/07: 26,500,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Indicative figures are not adjusted downwards, ensuring sufficient funds for the development and upkeep of the Provincial ICT infrastructure
	To ensure that the Provincial Government meets legal & governmental requirements	Ongoing	Ongoing	Ongoing	Office of the Premier of the Eastern Cape, supported by the PGITO Council	<b>Budgeted</b> 2004/05: 5,370,316 <b>Option 1</b> 2005/06: 5,800,000 2006/07: 6,700,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Effective implementation of the Provincial policies by all departments and sufficient funds for all licenses required

INFORMATION AND COMMUNICATIONS TECHNOLOGY DEVELOPMENT PROGRAMME KEY PERFORMANCE AREA		Outputs			Verifiable targets		Agency	Budget	Assumptions
		High-level objective	Outputs	Target	Target	Target			
	Unlimited authorised access to Provincial information	Secure interoperable systems, dynamic Provincial website & intranet/extranet facilitating service delivery, documents managed between & within departments, mainframe printing on time, fully integrated Provincial GIS system	2004/5 Initial development	2005/6 Further development & maintenance	2006/7 Further development & maintenance	Office of the Premier of the Eastern Cape, supported by the PGIITO Council	<b>Budgeted</b> 2004/05: 32,498,099 <b>Option 1</b> 2005/06: 33,100,000 2006/07: 34,250,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Top-level commitment from political leadership and total cooperation from Departments	
			Programme developed & initial implementation	Programme implemented	Programme implemented				<b>Budgeted</b> 2004/05: 0,069,440 <b>Option 1</b> 2005/06: 0,071,500 2006/07: 0,073,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –
Appropriately developed Municipal ICT systems linked to Provincial systems	To support the development of the District Information Management System (DIMS)	Working DIMS developed in coordinated and cost-effective way	Develop pilot in the Amatole District Municipality	Extend pilot to other targeted district Municipalities	Consolidate gains & extend system further	Office of the Premier of the Eastern Cape, and EC Department of Housing, Local Government & Traditional Affairs	<b>Budgeted</b> 2004/05: 0,069,440 <b>Option 1</b> 2005/06: 0,071,500 2006/07: 0,073,000 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Close working relationship between the Provincial and Local Government ICT Councils	



### ***Reporting mechanism and authority***

It is critical that an effective working relationship between the Office of the Premier, the Eastern Cape Development Corporation, and the PGITO Council be established to ensure that all aspects of the ICT Development Programme are integrated.

*Key actions required to ensure effective implementation of this programme*

- Confirm budgets.
- Establish working relationships between participating agencies.

## **6. PROGRAMME AREA: HUMAN RESOURCE DEVELOPMENT**

### ***Strategic approach***

Human resource development underlies both poverty eradication and growth in the key economic sectors through:

- Improving levels of general education by full universal primary education (UPE) and a higher uptake of further education.
- Increasing the intermediate technical skills needed in the key growth sectors of the economy.
- Promoting the high-level skills needed for further growth in the modern, export-oriented sectors.

A Provincial strategy for human resource development also underlies a reduction in inequality through progressive integration of the labour market.

### ***Core challenges for 2004-2007 MTEF***

Recent studies of the Eastern Cape Labour Market and HRD profile (HSRC: 2004) reveal a Province that is still bedevilled by immense structural and developmental challenges. If left unchecked, these challenges will compromise the growth, equity, and poverty eradication targets of the PGDP.

The following are core challenges:

- The need to address the low skills base of the Province.
- The need to scale up investment in skills development.
- Addressing labour market segmentation.
- The need to better align training and HRD outputs with socio-economic development strategies.

### ***Rationale for programme selection***

The following programmes have been included in this programme area for the 2004-2007 MTEF: Scarce Skills for the Public Sector Programme and the FET Transformation Programme, FET Transformation Programme, Adult Basic Education and Training Programme, and Early Childhood Development Programme. Design of the following programmes is underway: Comprehensive Human Resource Development Strategy and Provincial Learnership Programme. Existing studies on human resource development, some commissioned as part of the Provincial growth and development planning process, will be translated into concrete programmatic recommendations during the finalisation of the design of the two outstanding programmes. This translation will be prioritised in the 2004/5 financial year.

### **6.1 Scarce Skills for the Public Sector Programme**

Although this programme is to be reported under human resources development, it in essence deals with issues that are within the ambit of Public Sector and Institutional Transformation. It therefore touches on the some issues that are covered in the programme dealing with Turn-Around Strategies. Further, the focus also covers both Provincial Departments and Local Government. Programmatic areas pertain to:

- Planning and budgeting alignment between Provincial Departments and Local Government.

- Management capacity constraints.
- Institutional systems necessary for service delivery.
- Performance management system.
- Coaching and mentorship.
- Transversal (generic) training.
- Training and development service providers.

### ***Programme objectives***

The purpose of the programme is to ensure that there is coordinated general and competency-based training and development for public service employees. This purpose is in line with the human resources development objectives of Provincial departments, Municipalities and the PGDP. As the PGDP is to be implemented by the Provincial departments and Municipalities, it is therefore imperative that employees in these institutions are skilled and motivated. It is also important that the environment is conducive to transformation. To this end, the programme is defined by the Employment Equity Act, Skills Development Act, Skills Levy Act, Public Service Regulations, Integrated National Disability Act, Basic Conditions of Employment Act, and Labour Relations Act. The programme draws from the National Human Resources Development Strategy. It is aligned to the New Management Framework as developed by the Department for Public Service and Administration and the Municipal Systems Act, and within it, the Municipal Systems Improvement Programme, which provides for direct assistance to Municipalities for capacity building and for implementing new systems required by Local Government legislation.

### ***Key Performance Areas***

KPA 1: Problem identification and planning for optimal placement of staff and decision making at the lowest possible levels of Provincial Government departments and Municipalities.

KPA 2: Appointment of quality staff to critical posts.

KPA 3: Training of managers in Provincial Government departments in supply chain management, organisational development, change management, mentorship and coaching.

KPA 4: Training of councillors and managers in Municipalities, with the latter focused on organisational development, change management, mentoring and coaching.

KPA 5: Alignment of Provincial and Local Government planning and budgeting processes.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Scarce Skills for the Public Sector Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Problem identification and planning for optimal placement of staff and decision making at the lowest possible levels in Provincial Government departments and Municipalities	To facilitate faster service delivery within approved delegations	Efficient and effective service delivery	Establishment of work improvement teams in all the Departments and Municipalities and training of teams and analysis of workflow	Work improvement teams have analysed 50% of their workflow	Departments and Municipalities have completed analysed 50% of their workflow and submitted recommendations on implications to organogram to Chief Director or departmental heads in Municipalities	Chief Director or departmental heads in Municipalities	<b>Budgeted</b> 2004/05: – – <b>Option 1</b> 2005/06: – – 2006/07: – – 2007/08: – – <b>Option 2</b> 2005/06: – – 2006/07: – – 2007/08: – –	This work will have impact on job description (Position Profiles) and organogram  Senior management support	
			Transversal training	Transversal training	Transversal training		<b>Budgeted</b> 2004/05: 0,100,000 <b>Option 1</b> 2005/06: 0,150,000 2006/07: 0,170,000 2007/08: 0,200,000 <b>Option 2</b> 2005/06: – – 2006/07: – – 2007/08: – –		
	To utilise staff in addressing Departmental and Municipal challenges through action learning	Problem issues resolved and staff developed in the process.	Transversal training	Transversal training	Transversal training	Fort Hare Institute of Government in consultation with Provincial HRD Department in OTP	<b>Budgeted</b> 2004/05: 0,100,000 <b>Option 1</b> 2005/06: 0,150,000 2006/07: 0,170,000 2007/08: 0,200,000 <b>Option 2</b> 2005/06: – – 2006/07: – – 2007/08: – –	Staff have in most cases better insight on solutions to work challenges	
			Transversal training	Transversal training	Transversal training				

SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets		Agency	Budget	Assumptions
			Target 2004/5 Audit by external service provider	Target 2005/6 Audit by external service provider			
Appointment of quality staff to critical posts	To ensure that skills audits are completed on all employees	Staff and management audited	Target 2004/5 Audit by external service provider	Target 2005/6 Audit by external service provider	Management	<b>Budgeted</b> 2004/05: 0,300,000 <b>Option 1</b> 2005/06: 1,000,000 2006/07: 1,500,000 2007/08: 0,500,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Management and staff tend to be sceptical of this exercise
			Quantifying of necessary budget to fill critical posts, submission of such to Treasury and feedback there from	Quantifying of necessary budget to fill critical posts, submission of such to Treasury and feedback there from		Chief Director or Departmental Heads in Municipalities	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – (To be determined per Department or Municipality)
			Quantifying of necessary budget to fill critical posts, submission of such to Treasury and feedback there from	Quantifying of necessary budget to fill critical posts, submission of such to Treasury and feedback there from			

SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
	To ensure that all departments and Municipalities have Employment Equity plans and related implementation strategies	Employment Equity plans with clear goals and implementation thereof	Approval of Employment Equity plans and implementation	Implementation of Employment Equity plans	Implementation of Employment Equity plans	Chief Director or Departmental Heads in Municipalities	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Implementation of Employment Equity will be influenced by the availability of skills in the labour market  Managers are likely not to adhere to set goals	
		Employment and retention of essential human resources	- Identification of essential human resources and approval thereof - Development of programmes aimed at attracting and retaining essential human resources - Approval of budget relating to such programmes - Implementation of programme	Implementation of programme	Implementation of programme		Chief Director of Departmental Heads in Municipalities and Provincial HRD	<b>Budgeted</b> 2004/05: 0,050,000 <b>Option 1</b> 2005/06: 0,500,000 2006/07: 0,250,000 2007/08: 0,250,000 <b>Option 2</b> 2005/06: 0,700,000 2006/07: 0,500,000 2007/08: 0,250,000	Other employees may contest that their roles are not "essential"  Clear criteria are required

SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME KEY PERFORMANCE AREA		Outputs		Verifiable targets			Agency	Budget	Assumptions
		2004/05	2005/06	2006/07	2007/08	2008/09			
Training of managers in Provincial Government departments in supply chain management, organisational development, change management, mentorship and coaching	To ensure that supply chain management members are clear on their roles and responsibilities	Trained supply chain management members	Target 2004/05 Training of supply chain management members	Target 2005/06 Training new of supply chain management members	Target 2006/07 Training new of supply chain management members	Provincial Human Resources Development	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: –	PFSA to provide in 2004/05 through Provincial Treasury	
	To ensure that managers and staff understand organisational development dynamics and the value of ethics in business transactions	Trained managers and staff	Target 2004/05 Transversal training	Target 2005/06 Transversal training	Target 2006/07 Transversal training	Target 2007/08 Transversal training	Fort Hare Institute of Government in consultation with Provincial HRD Department in OTP	<b>Budgeted</b> 2004/05: 0,100,000 <b>Option 1</b> 2005/06: 0,200,000 2006/07: 0,300,000 2007/08: 0,400,000 <b>Option 2</b> 2005/06: 0,500,000 2006/07: 0,750,000 2007/08: 0,700,000	Knowledge of organisational dynamics and Ethics will have positive behavioural changes to management and staff, improve productivity and minimise misconduct

SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME High-level objective		Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5 transversal training	Target 2005/6 transversal training	Target 2006/7 transversal training			
	To ensure that management and staff are empowered to manage change	Trained management and staff	Target 2004/5 transversal training	Target 2005/6 transversal training	Target 2006/7 transversal training	Fort Hare Institute of Government in consultation with Provincial HRD Department in OTP	<b>Budgeted</b> 2004/05: 0, 100,000 <b>Option 1</b> 2005/06: 0, 500,000 2006/07: 0, 250,000 2007/08: 0, 300,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: – <b>Budgeted</b>	Stress levels caused by change would be manageable
	To ensure that all managers are developers of human resources	Trained managers	Transversal training	Transversal training	Transversal training	Fort Hare Institute of Government in consultation with Provincial HRD Department in OTP	2007/08: <b>Budgeted</b> 2004/05: 0, 100,000 <b>Option 1</b> 2005/06: 0, 400,000 2006/07: 0, 500,000 2007/08: 0, 800,000 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Improved service delivery

SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME										
KEY PERFORMANCE AREA	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions		
			Target 2004/5	Target 2005/6	Target 2006/7					
Training of councillors and managers in municipalities, with the latter focused on organisational development, change management, mentorship and coaching	To ensure that Councillors understand their roles and responsibilities	Trained Councillors	Target 2004/5 Training of Councillors	Target 2005/6 Training of Councillors	Target 2006/7 Training of Councillors	District Municipalities	<b>Budgeted</b> 2004/05: _	Some of this training is implemented currently		
							<b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _			
	To ensure that management and staff understand organisational development and ethics in business transactions	Trained managers and staff	Target 2004/5 Training of management and staff	Target 2005/6 Training of management and staff	Target 2006/7 Training of management and staff	District Municipalities	<b>Budgeted</b> 2004/05: _	Training would receive support from management and staff		
							<b>Option 1</b> 2005/06: _ 2006/07: _ 2007/08: _			



SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME										
KEY PERFORMANCE AREA										
	High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions		
			Target 2004/5	Target 2005/6	Target 2006/7					
	To ensure that management and staff are empowered to manage change	Trained management and staff	Transversal training	Transversal training	Transversal training	District Municipalities	<b>Budgeted</b> 2004/05: ... <b>Option 1</b> 2005/06: ... 2006/07: ... 2007/08: ... <b>Option 2</b> 2005/06: ... 2006/07: ... 2007/08: ... <b>Budgeted</b> 2004/05: ... <b>Option 1</b> 2005/06: ... 2006/07: ... 2007/08: ... <b>Option 2</b> 2005/06: ... 2006/07: ... 2007/08: ...	Stress levels caused by change would be manageable		
	To ensure that managers are developers of human resources	Trained managers	Transversal training	Transversal training	Transversal training	District Municipalities	<b>Budgeted</b> 2004/05: ... <b>Option 1</b> 2005/06: ... 2006/07: ... 2007/08: ... <b>Option 2</b> 2005/06: ... 2006/07: ... 2007/08: ...	Improved service delivery		

SCARCE SKILLS FOR THE PUBLIC SECTOR PROGRAMME		High-level objective		Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	High-level objective	Target 2004/5	Target 2005/6		Target 2006/7					
Alignment of Provincial and Local Government planning and budgeting processes	To ensure that Provincial and Local Government planning and budgeting processes are aligned	Aligned Provincial and Local Government planning and budgeting.	Task team comprising Provincial and Local Government officials is established with Terms of Reference	Task team recommends appropriate structures and processes to ensure alignment for approval by MEC for Housing, Local Government and Traditional Affairs, and by the Executive Council.	Implementation of approved task team recommendations	Department of Housing, Local Government and Traditional Affairs and SALGA.	<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Provincial Departments and Local Government support this initiative		

### ***Reporting mechanism and authority***

The Human Resources Development Unit in the Office of the Premier (OTP) has the responsibility of ensuring that training and development takes place in a coordinated manner within Departments. District Municipalities have a similar role in Local Government. The OTP and District Municipalities have set systems to ensure monitoring and evaluation of training and development interventions. However, the role of the Department of Housing and Local Government and Traditional Affairs in the allocation of funding for training at Local Municipalities needs to be reviewed; District Municipalities claim that they are more in touch with Local Municipalities and thus need to be consulted prior to funds being allocated. In certain instances, the Department of Housing and Local Government and Traditional Affairs deals directly with Local Municipalities and thus disempowers District Municipalities.

At the level of the Provincial Departments, the unit dealing with Human Resources Development should continue to monitor skills development plans and their implementation and at Local Government level, human resources development departments within District Municipalities should monitor accordingly.

#### ***Key actions required to facilitate implementation of this programme***

- Value-chain analysis by Provincial Government departments leading to revision of their organisation structures and levels of delegations to ensure that authority is, as far as it is possible, at the level of delivery.
- Develop position competency profiles against which skills audit will be benchmarked and develop a competency based training programme.
- Focus transversal training on self-awareness and organisation development.
- Align Provincial and Local Government planning and budgeting, including IDP and PGDP. Although outside the strict confines of this programme, such alignment is critical to staff performance.

### **6.2 FET Transformation Programme**

The FET Transformation Programme is an emergent programme to consolidate and strengthen transformation, particularly of Further Education and Training (FET) institutions, in support of the PGDP. Further programme design work is required.

Human resource development is the key area in the transformation of FET colleges. The current budget of R2.5-million is hopelessly inadequate to address this need, especially in light of the lapsing of CCF (NBI) initiative. It is unlikely that the Department of Education has the capacity to deliver the kind of HR training required, so outsourcing is probably the only option. Strong consideration needs to be given to the notion of specially-crafted programmes, which lead to qualifications for management and leadership development at differentiated levels and fields within the college management structure. The attainment of such qualifications could be considered to be obligatory for incumbents of management posts.

#### ***Programme objectives***

The broad objective of the FET Transformation Programme is for colleges occupy their rightful place in providing education and training that brings about and supports the human resource and economic development of the Eastern Cape. The programme is envisaged as the hub around which regional economic activity turns.

The programme is aimed at improving enrolments in FET colleges, particularly those that are financially non-viable at present, increasing learners' performance and throughput, and improving financial sustainability of FET colleges.

#### ***Key Performance Areas***

- KPA 1: Human resource development within FET colleges.
- KPA 2: Strengthening infrastructure, facilities and equipment.
- KPA 3: Proactive transformation of the curriculum in line with OBE.

#### ***Programme Matrix***

A programme matrix still needs to be developed.

FET TRANSFORMATION PROGRAMME		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	High-level objective			Target 2004/5	Target 2005/6	Target 2006/7			
Human Resource Development	Colleges are staffed with high-level professionals to ensure learners acquire employable skills relevant to the labour market	<ul style="list-style-type: none"> <li>- Staff establishment plans are developed</li> <li>- Colleges are staffed</li> <li>- Skills development programmes are developed;</li> <li>- Migration plans are developed</li> </ul>	<p><b>Target 2004/5</b></p> <ul style="list-style-type: none"> <li>- A Provincial FET HRD strategy is developed to show proposed interventions to address inequitable distribution of human resources across colleges in the Province</li> <li>- All colleges have staff establishments</li> <li>- All colleges have clear medium range staff development programmes;</li> <li>- All colleges have clear migration plans</li> </ul>	Target 2005/6	Target 2006/7	Department of Education	<p><b>Budgeted</b></p> <p>2004/05: 114,640,000</p> <p><b>Option 1</b></p> <p>2005/06: 118,677,000</p> <p>2006/07: 123,209,000</p> <p>2007/08: –</p> <p><b>Option 2</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p>		
Strengthening infrastructure, facilities and equipment	Enabling infrastructure is provided and maintained in a manner that reduces inequities across colleges and promotes effective teaching and learning of prioritised curricula	<ul style="list-style-type: none"> <li>- Renovation and rehabilitation of existing infrastructure</li> <li>- Provision of workshop, laboratory, IT, and library equipment;</li> <li>- Maintenance of existing infrastructure in line with EPWP</li> </ul>	<p><b>Budgeted</b></p> <p>2004/05: 28,959,000</p> <p><b>Option 1</b></p> <p>2005/06: 30,442,000</p> <p>2006/07: 32,369,000</p> <p>2007/08: –</p> <p><b>Option 2</b></p> <p>2005/06: –</p> <p>2006/07: –</p> <p>2007/08: –</p>			Department of Education			

FET TRANSFORMATION PROGRAMME		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
KEY PERFORMANCE AREA	Target			Target	Target				
Transformation of FET curricula	Learners acquire employable skills relevant to the labour market	<ul style="list-style-type: none"> <li>- Linkages are established with commerce, industry and SETAs</li> <li>- Provincial subject and learning committees and academic boards are established</li> <li>- Quality assurance and assessment systems</li> </ul>	Target 2004/5	Target 2005/6	Target 2006/7		<b>Budgeted</b> 2004/05: – <b>Option 1</b> 2005/06: – 2006/07: – 2007/08: – <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –		

### ***Reporting mechanism and authority***

The national Department of Education is responsible, but currently lacks the capacity to effectively support FET colleges.

#### ***Key actions required to facilitate further development and implementation of this programme***

- Mobilise additional resources for the transformation of FET colleges.
- Commence development of a qualifications framework for registering and accrediting non-rated courses.
- Liaise with the HEQC on the development of quality assurance guidelines for FET colleges.
- Lobby for the clarification of the procedures and funding for the utilisation of SETA learnerships.
- Lobby for clear policy and funding for open-distance learning.

### **6.3 Adult Basic Education and Training Programme**

Adult Basic Education and Training (ABET) provision has three tiers: literacy development, General Education and Training (Grade 9), and skills development. In an area where the need to generate an income is so great, it makes sense that skills development is a top priority – not only for those individuals who join an ABET programme, but for the poverty alleviation programme of the Province in general. It has been shown that where literacy development and skills development leading to income generation are offered in tandem, the attendance of learners remain stable, whereas in many cases ABET classes show relatively high levels of attrition.

Some areas of skills development that will be required for people if they are to take advantage of job opportunities offered by the PGDP projects include: livestock management, dairy farming, sustainable farming practices, business management, marketing, building, construction, processing and preservation of fruit and vegetables, indigenous art and craft production, various aspects of the hospitality industry, carpentry, landscaping, catering, and so on. Thus there are potentially major opportunities for literacy and skills development and income generation provided the opportunities are accessed.

In order to effect cooperation between ABET and the government departments involved in key PGDP programmes, the following will require attention:

- Improving coordination between ABET, Provincial poverty programmes and the poverty alleviation interventions of different government departments.
- Improving planning to effectively target and efficiently spend funds on the poor and unemployed.
- Identification of economic growth points in all the Municipal Districts in the process and implement interventions to support them and link this implementation to skills development linked to ABET programmes.

In addition, it is imperative that opportunities for skills development and income generation opportunities for ABET learners and clients created through the various Local Governments' Integrated Development Plans be accessed.

At present, ABET contributes to Provincial growth and development through 12 centres in the 12 nodal points in the Province. Centres are resourced with, and learners are taught to develop, community gardens in order to contribute to poverty alleviation. Thus ABET is contributing to the skilling of community members.

#### ***Programme objectives***

The strategic areas in which unemployed ABET learners can become involved through literacy education and skills training are:

- Agriculture and the manufacturing of agricultural products.
- Tourism and community tourism.
- Infrastructure development.
- Industrial Zone Development.

However, this requires an increase in the ABET budget, given that ABET still receives less than 1% of the education budget. This is despite the fact that the number of illiterate people is steadily increasing, while ABET provision seems to be decreasing in real terms. In 2003, there were fewer ABET centres (314) than in 2000 (427). And in 2004, fewer learners are registered at ABET level 1 than were registered at the same level in 2003.

It is suggested that serious consideration be given to the development and maintenance of a core of well-trained and dedicated ABET educators who will be in the full-time employ of the Department of Education. In addition to the level 4 and 5 ABET qualifications that some ABET educators are now taking, the ABET educator community would be well served by the availability of an Advanced Certificate in Education (ACE) in ABE. At present, no Higher Education institution in the Eastern Cape offers a qualification in ABE.

Procurement systems for training equipment and material need to be improved.

Built around existing provisions for ABET in the Eastern Cape Department of Education, the ABET Programme aims to include more role players in the ABET challenge and associated resource and systems requirements.

### ***Key Performance Areas***

KPA 1: Mobilisation.

KPA 2: Planning and implementation in support of the PGDP.

KPA 3: Fighting illiteracy.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Adult Basic Education and Training Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

ADULT BASIC EDUCATION AND TRAINING PROGRAMME KEY PERFORMANCE AREA		High-level objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
				Target 2004/5	Target 2005/6	Target 2006/7			
Mobilisation	To mobilise ABET role players and develop ABET component of Provincial HRD strategy	Provincial ABET Forum established and functioning	2004/5 Establish Provincial ABET Forum	2005/6 Develop ABET component of Provincial HRD Strategy	2006/7 Support implementation	Eastern Cape Department of Education	<b>Budgeted</b> 2004/05: 140,217,000		
		To develop curricula & learner support materials appropriate to the PGDP programmatic focus	Identify requirements	Develop new/additional curricula & LSMs	Implement	Eastern Cape Department of Education	<b>Option 1</b> 2005/06: 147,929,000 2006/07: 157,544,000 2007/08: –		
Planning and implementation in support of the PGDP	To consolidate and expand centres for ABET	Functioning, equipped centres supported by trained ABET educators	Review spread and resourcing	Mobilise support to centres, including multi-purpose community centres	Consolidate support	Eastern Cape Department of Education	<b>Option 2</b> 2005/06: –		
		To support school and centre governing bodies	Development of advocacy strategy	Mobilisation of communities to participate in governing bodies	Popularising ABET as a key part of the focus of governing bodies	Eastern Cape Department of Education	2006/07: – 2007/08: –		
		To implement the national pilot in the Eastern Cape	Appoint coordinator and educators	Implement	Consolidate implementation	Eastern Cape Department of Education		All departments will contribute to the identification of learners (e.g. DRPW has allocated R.100,000)	
Fighting illiteracy	To reduce illiteracy in the Eastern Cape	Reduced levels of illiteracy	Develop strategy	Implement in targeted areas	Implement in targeted areas	Eastern Cape Department of Education			



### ***Reporting mechanism and authority***

The lead agent is the Eastern Cape Department of Education. It has a dedicated ABET capacity, but needs to further develop its ABET functional capacity in support of the PGDP. Key is participation in the development of a Provincial Human Resource Development Strategy.

### ***Key actions required***

Financial and human resources need to be mobilised in support of all components of this programme.

## **6.4 Early Childhood Development Programme**

The current Eastern Cape Department of Education programme is aimed at resourcing, maintaining and supporting all public ordinary schools and community centres with grade R. The Early Childhood Development Programme developed in support of the PGDP is being extended beyond the Grade R focus.

### ***Programme objectives***

The following are the key programme objectives of the Eastern Cape Department of Education:

- To provide early childhood education at grade R in accordance with White Paper 5.
- To promote a quality foundation for teaching and learning by maximising the number of learner years of Pre-Grade 1 education.

Further attention to the provision of Pre-Grade R education, the use and development of multi-purpose community centres and linkages with nutrition programmes is required.

### ***Key Performance Areas***

KPA 1: Securing learner spaces.

KPA 2: Facilitating provision of Grade R and pre-Grade R tuition.

### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Early Childhood Development Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:

EARLY CHILDHOOD DEVELOPMENT PROGRAMME KEY PERFORMANCE AREA	High-level Objective	Outputs	Verifiable targets			Agency	Budget	Assumptions
			Target 2004/5	Target 2005/6	Target 2006/7			
Securing learning spaces	To provide Grade R spaces in public ordinary schools	Equipped Grade R spaces			2006/7	Eastern Cape Department of Education	<b>Budgeted (DoE)</b> 2004/05: 39,245,000 Prog No 7	Links with nutrition programmes will be established & infrastructure planning in the Province will consider requirements for Early Childhood Education
	To provide Grade R spaces in education-funded community-based sites	Equipped Grade R spaces				Eastern Cape Department of Education	<b>Option 1</b> 2005/06: 53,403,000 2006/07: 68,875,000 2007/08: 72,308,000	Links with nutrition programmes will be established & infrastructure planning in the Province will consider requirements for Early Childhood Education
	To facilitate pre-Grade 5 support to 0-5 year-olds To train practitioners & SMTs	Support network & sites Trained practitioners				Eastern Cape Department of Education Eastern Cape Department of Education	<b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	Budget needs to be allocated Financial & training resources sufficient to cover needs
Facilitating provision of Grade R & pre-Grade R tuition	To transfer practitioner subsidies	Subsidies administered in learning spaces				Eastern Cape Department of Education		
							<b>Budgeted (DSD for upgrading of ECD day-care centres)</b> 2004/05: – <b>Option 1</b> 2005/06: 36,313,512 2006/07: 38,492,323 2007/08: 40,416,939 <b>Option 2</b> 2005/06: – 2006/07: – 2007/08: –	

### ***Reporting mechanism and authority***

The Eastern Cape Department of Education is the lead agent, and is guided by White Paper 5.

### ***Key actions required for this programme***

- Prioritisation of implementation by the Eastern Cape Department of Education in support of the broadened approach.

### **Comprehensive Human Resources Development Strategy**

Design of this programme is still being finalised.

#### ***Programme objectives***

#### ***Key Performance Areas***

#### ***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Comprehensive Human Resources Development Strategy, with associated outputs, targets, responsibilities, budget allocations and assumptions:



***Reporting mechanism and authority***

***Key actions required***

**6.6 Provincial Learnership Programme**

Design of this programme is still being finalised.

***Programme objectives***

***Key Performance Areas***

***Programme Matrix***

The following matrix contains high- and meso-level key performance areas and strategic objectives for the Provincial Learnership Programme, with associated outputs, targets, responsibilities, budget allocations and assumptions:



## **Reporting mechanism and authority**

### **Key actions required**

## **7. CONCLUSION**

Identifying high-level objectives and targets in priority programme areas in all PGDP strategic objective areas – as has been done in this “helicopter view” of the 20 prioritised PGDP programmes to be implemented during this financial year – enables EXCO, the respective Cabinet Committees and Clusters, and key regulatory departments, such as the Office of the Premier and Treasury, to track and monitor the implementation of the PGDP. At the same time, reporting systems and monitoring capability needs to be urgently developed to enable decision-makers to take corrective measures and refine the programmes during the MTEF period.

The second primary purpose of this section is that it identifies points of integration around which departments, spheres of government, and other agencies can coordinate and synergise efforts. This is a fundamental shift in how departments plan, requiring them to move outside of their “planning silos” and jointly plan and budget around prioritised objectives and outputs. Cabinet Committees and Clusters will have a key role to play in facilitating this integrated planning, and need to be geared to do so effectively.

The third purpose of this section is identifying core gaps and actions that need to be addressed to strengthen delivery and enhance impact in all 20 programmes. Addressing these gaps and identified weaknesses will become the point of interaction with departments during the planning and budgeting process for 2005/6 (which has just commenced). In some instances, this will suggest the design of new and innovative measures to strengthen a particular programme; in others, it may suggest the need to rethink the delivery mechanism; and in others, it may simply suggest a need to overcome coordination failures by establishing more effective linkages with other supportive initiatives.

All of these will have resource implications, and will inevitably involve strategic choices and trade-offs. This, in turn, suggests the need for close interaction between OTP, Treasury and line departments over the next two months in order to ensure PGDP programmes are prioritised and costed for implementation in 2005/6.

#### **(Footnotes)**

<sup>1</sup> Alignment of provincial health district boundaries with district Municipal boundaries is not complete. Such alignment is to be undertaken in support of a comprehensive process of decentralisation that will be managed in support of the PGDP.

<sup>2</sup> A total of R 5,000,000 has been allocated for 2004/05, through the ECDC. This allocation is for the programme as a whole,



# SECTION 6

Monitoring and evaluation

**EASTERN CAPE**

2004 - 2014



As implementation of PGDP programmes for the Medium Term Expenditure Framework (MTEF) 2004-2007 gains momentum, success will rest heavily on having an appropriate monitoring and evaluation system in place. Such a monitoring and evaluation (M&E) system will also inform programme implementation over the longer term (i.e. 2007-2014). The completion of the initial PGDP planning process and programme packaging requires the introduction of an initial M&E System to allow the various role players, particularly the Provincial Government, to track implementation of the PGDP. Such tracking should allow for the taking of corrective actions before the completion of the implementation period, and should help to inform future programme design. This section, which describes the initial M&E system that will support the PGDP, builds on the *Framework for Monitoring and Evaluation in support of the Provincial Growth and Development Plan*, which was developed in 2003, and an emerging Manual and Implementation Plan for Monitoring and Evaluation in support of the PGDP.

Here, we cover practical guidelines and formats for monitoring and evaluation, and outline the milestones in the further development of all aspects of the evolving Eastern Cape M&E System. Clearly, developing this system in all its facets is a longer-term task, given the complex systems and process requirements. However, the launch of the PGDP cannot wait for the elaboration of a perfect system. Hence, this initial system allows for monitoring and evaluation of the PGDP from inception, while providing a foundation for the development of an increasingly sophisticated system over time.

To recap, the *Strategy Framework for Growth and Development 2004-2014* defines the six strategic objectives of the PGDP: systematic eradication of poverty through a holistic, integrated and multi-dimensional approach to pro-poor programming; agrarian transformation and strengthening of household food security; consolidation, development and diversification of the manufacturing base and tourism potential; infrastructure development; human resource development; and public sector and institutional transformation. The Framework also contains a quantified vision that consists of 14 targets that express the intended broad impact of the PGDP in human developmental terms. Incorporated in these targets are the Millennium Development Goals, which have been defined within the United Nations System, and which have been adopted by the South African Government.

Ultimately, the success of the implementation of the PGDP will be measured against these targets, using the following information:

Ref	Quantified vision	Indicators	Means of verification	Frequency	Monitoring Responsibility
1	To maintain an economic growth rate of between 5% and 8% per annum	Rate of change in GDP-R from year to year	- Statistics South Africa data - WEFA data	Annual	Office of the Premier (through ECSECC <sup>1</sup> )
2	To halve the unemployment rate by 2014	- Unemployment rate - Labour absorption rate	- Statistics South Africa data - WEFA data - Dept of Labour data - COSATU data	Annual & with new census releases	Office of the Premier, supported by the Dept of Labour and COSATU
3	To reduce by between 60% and 80% the number of households living below the poverty line by 2014	- Proportion of population below the official poverty line (PPP values) - Poverty gap ratio - Share of poorest 20% of population in Provincial income	- Statistics South Africa data - WEFA data - EC Dept of Social Development data - Eastern Cape NGO Coalition reports	Annual & with new census releases	Office of the Premier, supported by the Dept of Social Development and the Eastern Cape NGO Coalition
4	To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014	- Prevalence of underweight children (under 5 years of age) - Proportion of population below minimum level of dietary energy consumption	- EC Health Information Management System data - EC Dept of Social Development data - Eastern Cape NGO Coalition reports	Annual	Office of the Premier, supported by EC Dept of Health, EC Dept of Social Development and EC NGO Coalition

<sup>1</sup> ECSECC is developing a Provincial socio-economic profile, supported by a web-based database, as a starting point for monitoring the broad movement towards targets contained in the quantified vision.

5	To establish food self-sufficiency in the Province by 2014	Gross food output as a proportion of total household food expenditure on food	- Statistics South Africa data - WEFA data - EC Dept of Agriculture data - EC Dept of Social Development	Annual & with new census releases	Office of the Premier, supported by EC Dept of Agriculture & EC Dept of Social Development
6	To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit point in a secondary education	- Net enrolment ratio in primary education - Proportion of pupils starting Grade 1 who reach Grade 5 - Proportion of pupils starting Grade 1 who reach first exit point in secondary education	- Statistics South Africa data - EC Dept of Education data (Education Information Management System)	Annual	Office of the Premier, supported by EC Dept of Education
7	To improve the literacy rate in the Province by 50% by 2014	- Functional literacy rate - Youth literacy rate (ages 15-28)	- Statistics South Africa data - EC Dept of Education data	Annual & with new census releases	Office of the Premier, supported by the Eastern Cape Dept of Agriculture
8	To eliminate gender disparity in education and employment by 2014	- Ratio of females to males in primary, secondary and tertiary education - Ratio of literate females to males of 15-28 year olds - Share of women in wage employment in the non-agricultural sector - Proportion of women per occupational category	Statistics South Africa data	Annual & with new census releases	Office of the Premier
9	To reduce by two-thirds the under-five mortality rate by 2014	- Under-5 mortality rate - Infant mortality rate - Proportion of 1-year old children immunised against measles	- Statistics South Africa data - EC Health Information Management System data	Annual & with new census releases	Office of the Premier, supported by EC Dept of Health
10	To reduce by three-quarters the maternal mortality rate by 2014	- Maternal mortality ratio - Proportion of births attended by skilled health personnel	- Statistics South Africa data - EC Health Information Management System data	Annual & with new census releases	Office of the Premier, supported by EC Dept of Health
11	To halt and begin to reverse the spread of HIV/AIDS by 2014	- HIV prevalence amongst pregnant women attending antenatal clinics (particularly 15-28 year olds) - Contraceptive prevalence rate - Number of children orphaned by HIV/AIDS	- Statistics South Africa data - EC Health Information Management System data - National and Provincial surveys	Annual	Office of the Premier, supported by EC Dept of Health
12	To halt and begin to reverse the spread of tuberculosis by 2014	- Prevalence and death rates associated with tuberculosis (TB) - Proportion of TB cases detected and cured under DOTS	- Statistics South Africa data - EC Health Information Management System	Annual	Office of the Premier, supported by EC Dept of Health
13	To provide clean water to all by 2014	- Proportion of households with access to water in dwelling or on site - Proportion of people with access to water from public tap - Proportion of local municipalities with a functional free basic water policy	- Statistics South Africa data - Dept of Water Affairs and Forestry data - EC DHLG&TA and national DPLG data - SALGA reports	Annual	Office of the Premier, supported by national Dept of Water Affairs and Forestry, EC DHLG&TA and SALGA
14	To eliminate sanitation problems by 2014	- Proportion of households per District Municipal area with access to a pit latrine - Proportion of households per District Municipal area with access to a flush toilet	- Statistics South Africa data - Dept of Water Affairs and Forestry data - SALGA reports	Annual	Office of the Premier, supported by national Dept of Water Affairs and Forestry, EC DHLG&TA and SALGA

The Strategy Framework has been translated into 27 concrete PGDP Programmes, which are described in Section 4 (based on *Summary of PGDP Programmes for MTEF 2004-2007*) of this publication. Section 4 captures the key aspects of each programme, including key performance areas, high-level objectives, outputs, targets, agency, budget and assumptions. The majority of

these programmes cut across Provincial departmental mandates and require active coordination of departmental efforts for their successful implementation. Most of these programmes also require active participation by national government departments and Municipalities. The participation of the latter will be intensified systematically during the implementation of the PGDP, in terms of a conscious decentralisation of government services within the Province and the alignment of the IDPs with the PGDP.

The first draft of the programme summary emerged from discussions during the strategic planning and budgeting process in 2003, and incorporated the priorities of the newly-elected national and Provincial governments. It was discussed at the Provincial Lekgotla that was held soon after the 2004 General Election. A second draft was prepared for discussion in the PGDP Reference Group in June, and was then discussed with Provincial Government departments in bilateral sessions. The aim of these bilaterals was to ensure that the PGDP programmes are fully incorporated in departments' five-year strategic and performance plans, and to confirm the accuracy of the programme key performance areas and high-level objectives as defined in the PGDP programmes section. The final draft of the *Summary of PGDP Programmes for MTEF 2004-2007* was produced after these bilateral discussions and submitted to the Executive Council, Province of the Eastern Cape.

The programmes contained in that document are the programmes that will initiate the process of moving the Province towards the achievement of its quantified vision, and therefore are the main focus of the initial Provincial M&E System.

## 1 THE PROVINCIAL PLANNING PROCESS

### 1.1 Plans and Reports

Guidelines for the preparation of departmental strategic plans are provided by the National Treasury in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999, and the Division of Revenue Act 16 of 2000. Within the Provincial sphere of government, each Provincial Treasury ensures that National Treasury Regulations are applied and that the use of Treasury guidelines is supported. Although the PGDP planning process has captured the inputs of the Provincial Government and its social partners, it has had to articulate closely with the Provincial departmental planning process as undertaken in terms of Treasury regulations and guidelines. This articulation has been necessitated, first, by the need to commit departmental budgets to PGDP priorities, and, second, by the need to ensure that PGDP priorities shape the strategic direction and operational activities of departments.

The implementation and further development of PGDP programmes will continue to occur in articulation with the departmental planning and budgeting processes, as described in *Framework and templates for Provincial departments for the preparation of Strategic and Performance Plans for the 2004-2009 term, and Annual Performance Plans for the 2005 fiscal year* (National Treasury, 17 May 2004). That document confirms the importance of location of Provincial Government department plans and budgets within the priorities of the national Cabinet and Executive Councils of the various provinces, as well as the importance of close articulation of Provincial departmental plans with local priorities as captured in the Integrated Development Plans (IDPs) of municipalities.

Provincial Government departments are required to produce the following plans:

- Five-Year Strategic and Performance Plan.
- Annual Performance Plan.
- Operational Plan (this plan does not have to be published).

Reporting on the implementation of these plans has to occur by means of the following reports:

- Monthly Financial Reports. The preparation of these is supported by the following systems (see the National Treasury's Best Practice Guideline on *In Year Management, Monitoring and Reporting*, published in July 2000, for descriptions of these systems):
  - Financial Management System (FMS).
  - Basic Accounting System (BAS).
  - Personnel and Salary Administration System (PERSAL).
  - Provisioning, procurement and stock-control system (LOGIS).

- Quarterly Performance Reports. The financial aspect of the Quarterly Performance Reports is built on the monthly financial reports. Although the systems on which these financial reports are based have not been optimally implemented as yet, they do allow for accurate tracking of cost items. The reporting on the performance of Provincial Government departments in terms of their Annual Performance Plans is far less sophisticated, with the exception of departments, such as the Eastern Cape Department of Health, that have active management information systems.
- Annual Reports. Reporting on non-financial aspects of departmental performance in Annual Reports is only as good as the reporting in the Quarterly Performance Reports, with the exception, perhaps, of indicators that are measured annually.
- End-term Performance Reviews. Effective End-term Performance Reviews are strengthened by effective reporting on non-financial aspects of Annual Reports, but, in addition, also rely on specific evaluations in terms of larger planning frameworks. The PGDP is the key planning framework in the Province.
- Ten Year Review – 2014.

The PGDP, which covers the period of two government terms, has to be integrated into all of these plans and reports. A key requirement for effective reporting is better reporting on the non-financial aspects of departmental performance. A particular requirement is strengthening reporting on progress in implementing PGDP Programmes.

One difficulty with ensuring that these plans articulate clearly with PGDP programmes is that the definition of “programme” used in the departmental plans and in the PGDP context is not always the same. For the majority of departments, “programmes” and “sub-programmes” relate to functional designations within the department (such as Chief Directorates and lower level institutional clusters) or to sector-specific definitions of focus areas (e.g. the categories used in the health and education sectors). The latter is encouraged by the National Treasury.

In the Eastern Cape, this difficulty is being resolved by close interrogation of the emerging Five-Year Strategic and Performance Plans for their articulation with the PGDP Strategy Framework and Programmes, and through the introduction of PGDP sections to the Annual Performance Plan format, and to the Quarterly Performance Reports, Annual Reports and End-term Performance Reviews. The latter corresponds with the mid-term evaluation of the PGDP, and the Ten-Year Review – 2014 corresponds with the end-term evaluation of the PGDP.

## 1.2 Institutions

Currently, the Provincial Treasury coordinates the following events through which the priorities for annual and MTEF planning and budgeting are set:

- Provincial Budget Indibano.
- Provincial Budget Hearings.

The Office of the Premier, mainly through the PGDP Project Management Unit (PMU) and the Eastern Cape Socio-Economic Consultative Council (ECSECC), have supported the PGDP planning process, and participated in the 2003 Budget Indibano and Budget Hearings. This practice will continue in 2004 and will be increasingly formalised through the work of the Planning, Coordination and Monitoring Unit (PCMU) that is being established in the Office of the Premier.

The continued support of departments by a budgeting and planning assessment team that draws its members from the Office of the Premier, the Provincial Treasury and the Department of Economic Affairs, Environment and Tourism could be useful while the PCMU develops to its full capacity.

Planning in departments is obviously not only strategic in nature; it also involves the translation of Annual Performance Plans into Operational Plans. This level of planning, particularly in the context of the PGDP, requires not only that departments focus on how they mobilise resources and define outputs, outcomes, impacts and targets within themselves, but also that departments coordinate their activities with each other. The forums within which such coordination is being developed are the Provincial Government Clusters and the Cabinet Committees to which they report.

The PGDP itself, although cutting across all Provincial Government Clusters, was taken to the Executive Council (EXCO) through the Economic Growth and Development Cabinet Committee. Documents prepared for submission to the Cabinet Committee were taken through Working Groups (based on all the Provincial Government Clusters but including representatives of all the social partners and spheres of government) and the PGDP Reference Group. As the documents became increasingly programmatic, the roles of the Clusters themselves became increasingly

important. The use of structures such as the PGDP Reference Group and the Working Groups for future review of implementation and adjustment of plans still needs to be defined.

One of the requirements for strengthened Clusters is strengthened reports to Clusters and, through them, to Cabinet Committees. This forges integration all the way through the reporting hierarchy and allows for easier presentation of progress on integrated programmes to Provincial Legislature Standing Committees when they require feedback as part of their oversight function.

Strategic planning by Provincial Government departments still requires strengthening, particularly in terms of articulation with overarching planning frameworks and municipal IDPs, and within clusters. This means that the focus of the reporting component of the initial M&E system will be on the following:

- Lead departments for each PGDP Programme.
- Provincial Government Clusters.
- PCMU (for focused support and oversight).
- Cabinet Committees.
- EXCO.

Reports prepared for these entities will form the basis for reports to the Provincial Legislature and to participative forums created for the implementation phase of the PGDP. Further tools and reports for participative monitoring and evaluation will be developed during the implementation period of the PGDP (see milestones below).

## 2. COMPONENTS OF THE EASTERN CAPE M&E SYSTEM

Ultimately, the Eastern Cape M&E System will contain the following components:

- Indicators.
- Data-gathering tools.
- Reporting formats.
- Database (web-based).
- GIS.
- Provincial Socio-Economic Profile.
- Departmental Management Information Systems supported by Provincial ICT systems and infrastructure.
- Capacity-building programme.

This system will be embedded within a robust Provincial planning system, in which planning and monitoring by departments support a unified Provincial approach, as defined in the PGDP, and serve as the building blocks for more aggregate level plans and reports. This system will be coordinated by a fully-capacitated PCMU that will actively facilitate coordinated action by the Office of the Premier, the Provincial Treasury and the Department of Housing, Local Government and Traditional Affairs in managing integrated planning and monitoring at a Provincial scale. Eventually, the M&E systems of municipalities would need to be strengthened and linked to the provincial M&E System, in support of the broad decentralisation process.

The following components are being activated as part of the *Initial M&E System in support of the PGDP*:

- *Indicators*  
A limited number of high-level indicators will be tracked for each of the PGDP programmes.  
*Product: Indicator Database*  
*Responsible Agency: ECSECC, on behalf of PCMU*
- *Reporting formats*  
Formats will be introduced for use by Provincial Government departments<sup>2</sup> and the PCMU. Reports prepared by lead departments in PGDP programmes will be processed into a more aggregated report by the PCMU for submission to Clusters and Cabinet Committees.  
*Product: Formats*  
*Responsible Agency: PCMU*
- *Database*  
The initial database will focus on the indicators used in the Initial M&E System. Reporting

formats will allow for reporting in terms of these indicators. Initially, the database will be updated manually by ECSECC and accessed through the PGDP website, which also contains all PGDP documentation and reports. This PGDP website has been linked to the Provincial website.

*Product: Web-based database that is manually updated.*

*Responsible Agency: ECSECC in liaison with PGITO Council, on behalf of PCMU*

- *Provincial Socio-Economic Profile*

The Provincial Socio-Economic Profile, based largely on Census results, focuses on the quantified vision contained in the *Strategy Framework for Growth and Development 2004-2014*.

*Product: Profile, with annual updates of components for which information becomes available on an annual basis.*

*Responsible Agency: ECSECC, on behalf of PCMU*

### 3. REPORTING FORMATS

As part of the Initial M&E System in support of the PGDP, formats are provided for the following two reports on implementation of PGDP Programmes:

- Matrix to be included in each Provincial Government department's Quarterly Performance Report
- Matrix to be used by the PCMU to report to Clusters and Cabinet Committees.

**(Footnotes)**

<sup>2</sup> Use of the format by the national Department of Water Affairs and Forestry for reports on the implementation of the Water and Sanitation Programme will be negotiated with that department by the Executive Manager of the PCMU and the Provincial Director-General.

### 3.1 Matrix to be included in each Provincial Government department's Quarterly Performance Report

PGDP PROGRAMME:							
Summary assessment of outputs and expenditure against budget							
Applicable KPA <sup>1</sup>	Applicable High Level Objective	Output target for current financial year	Progress towards output target for current year	Budget	Percentage of budget spent <sup>2</sup>	Summary of implementation status <sup>3</sup>	Comments
Measurement against initial key PGDP Programme Indicators <sup>4</sup>							
Applicable Indicator	Target	Progress for reporting period <sup>5</sup>	Comments				

<sup>1</sup>The document entitled *Summary of PGDP Programmes for MTEF 2004-2007* indicates the KPAs applicable to a department.

<sup>2</sup>The percentage of budget spent will be taken from the financial component of the Quarterly Performance Report, which, in turn, will be based on the Monthly Financial Reports for the quarter under review.

<sup>3</sup>Use the qualitative "dashboard" or "traffic lights" system as used for 100 days projects in 2004 and for project tracking tool developed for the Eastern Cape Department of Social Development. Use the first column if a "green light" is given (when the Province is on track with regards to the output target specified for the KPA), use the second column if an "amber light" is given (when the Province is within 30% of its output target for the KPA), and use the third column if a "red light" is given (when the Province is more than 30% off its output target for the KPA). Literally use the colour that is appropriate.

<sup>4</sup>The Initial PGDP Programme Indicators for all PGDP Programmes are contained in a matrix that is kept and maintained by the PCMU.

<sup>5</sup>This column need not be completed for indicators that are measured over periods longer than a quarter. However, an explanatory note should be entered – e.g. "Not applicable as progress reported annually".

by the PCMU to report to Clusters and Cabinet Committees

2 Matrix to be used

PGDP PROGRAMME:						
Summary assessment of outputs and expenditure against budget						
CPA	High Level Objective	Responsible Department	Progress towards output target for current financial year	Percentage of budget spent <sup>1</sup>	Summary of implementation status <sup>2</sup>	Comments
Measurement against initial key PGDP Programme Indicators <sup>3</sup>						
Indicator	Target	Progress for reporting period <sup>4</sup>	Comments			

The Summary of PGDP Programmes for MTEF 2004 - 2007

<sup>1</sup>The percentage of budget spent will be taken from the financial component of the Quarterly Performance Report, which, in turn, will be based on the Monthly Financial Reports for the quarter under review.

<sup>2</sup>Use the qualitative “dashboard” or “traffic lights” system as used for 100 days projects in 2004 and for project tracking tool developed for the Eastern Cape Department of Social Development. Use the first column if a “green light” is given (when the Province is on track with regards to the output target specified for the KPA), use the second column if an “amber light” is given (when the Province is within 30% of its output target for the KPA), and use the third column if a “red light” is given (when the Province is more than 30% off its output target for the KPA). Literally use the colour that is appropriate.

<sup>3</sup>The Initial PGDP Programme Indicators for all PGDP Programmes are contained in a matrix that is kept and maintained by the PCMU.

<sup>4</sup>This column need not be completed for indicators that are measured over periods longer than a quarter. However, an explanatory note should be entered – e.g. “Not applicable as progress reported annually”.



## 4. INDICATORS FOR PGDP PROGRAMMES

A full range of indicators is being developed for each PGDP Programme in close partnership with officials in each Provincial Government department. A format was tested for use at an M&E Workshop held on 13-14 July 2004, and is being used by designated officials in each department. This process will yield a large number of indicators, not all of which can be used for reporting purposes. A further selection of key indicators will be made once all departments have completed their PGDP Programme Indicator Matrices.

Initially, it is prudent to commence with data gathering and reporting for a very limited number of PGDP programme indicators. This will allow departments and the PCMU to test the new reporting formats and will allow for a focus on supplying complete reports for key indicators that are useful for departments that are responsible for the implementation of particular PGDP programmes and for Clusters and Cabinet Committees.

The following are presented here:

- PGDP Programme Indicator Matrix. This is the matrix that is being used by Provincial Government departments to generate indicators for each PGDP programme.
- Initial Key Indicator Matrix. This matrix is being populated with initial key indicators that have been selected to kick-start the data-collection and reporting process for all PGDP programmes.

### 4.1 PGDP Programme Indicator Matrix

PGDP PROGRAMME:										
APPLICABLE KPA:										
Responsible Manager:										
Type of indicator	Key questions	Unit of measure or indicator	Baseline	Targets	Organisational processes	Methods	Frequency of monitoring	Responsibility for monitoring	Data source	Assumptions
Impacts										
Outcomes										
Outputs										
Activities										
Inputs										

One matrix must be completed for each KPA for each PGDP programme. Any particular department will complete matrices only for those KPAs in which it has an input (refer to *Summary of PGDP Programmes for MTEF 2004-2007* for assignments of departmental responsibilities for each programme KPA). Consolidation of matrices is the responsibility of the PCMU.

#### 4.2 Initial key indicators for each PGDP programme

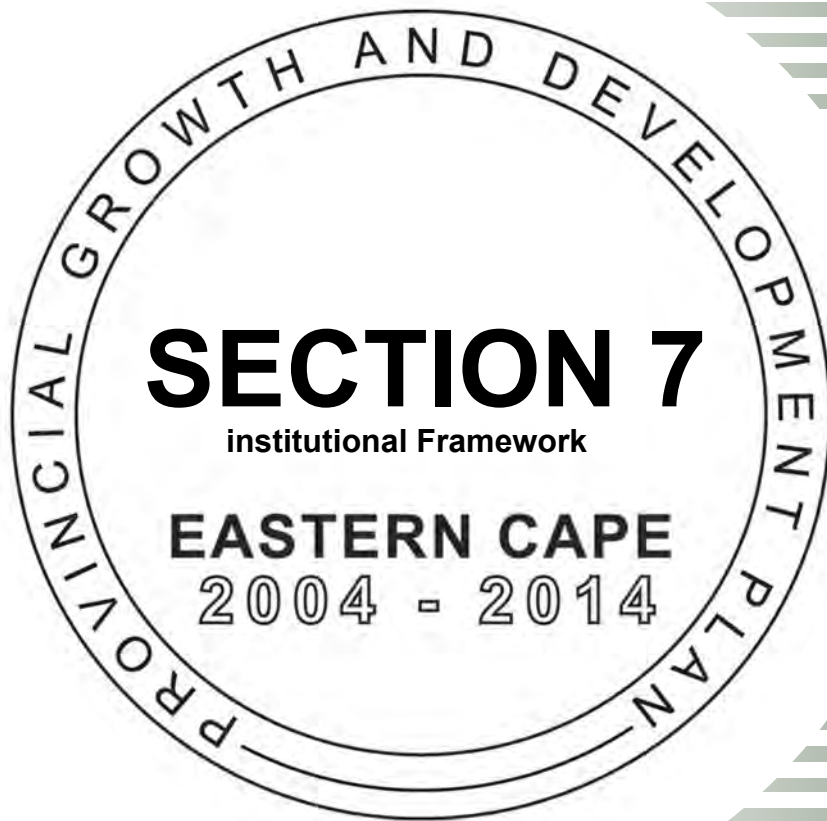
Ref	PGDP programme	Initial key indicator	Type of indicator	Baseline	Target	Method	Frequency of monitoring	Responsibility for data collection	Data source	Assumptions
1	Massive Food Programme									
2	Siyazondia Homestead Food Production Programme									
3	Comprehensive Nutrition Programme									
4	Integrated Agricultural Infrastructure Programme									
5	Expanded Public Works Programme – Infrastructure									
6	Water and Sanitation Programme									
7	Housing Programme									
8	Comprehensive HIV-AIDS and TB Programme									







7	<p><b>Departmental MIS supported by provincial ICT systems &amp; infrastructure</b></p>	<p>Complete assessment of M&amp;E systems and practice in Provincial Government departments</p> <p>Build management information systems in departments in support of M&amp;E reporting system and formats, and link to District Information Management System</p> <p>Develop ICT infrastructure in support of MIS requirements</p>	<p>ECSECC</p> <p>All Provincial Government departments, supported by PGITO Council</p> <p>PGITO Council</p>																				
8	<p><b>Capacity-building programme</b></p>	<p>Take selected representatives of each Provincial Government department through DBSA M&amp;E training course</p> <p>Assess further training needs, incorporating variations across departments</p> <p>Develop M&amp;E capacity-building programme</p> <p>Implement M&amp;E capacity-building programme</p>	<p>Cabinet Office in the Office of the Premier</p> <p>PGMU supported by ECSECC</p> <p>PGMU supported by ECSECC</p> <p>PGMU supported by ECSECC</p>																				



# SECTION 7

institutional Framework

**EASTERN CAPE**

2004 - 2014

Successful implementation of the PGDP demands effective and coordinated planning at a number of levels: within departments, between departments, between departments and parastatals, between departments and non-governmental organisations, and between the Provincial Government and the Local Government spheres. Also, effective monitoring and evaluation is required in order to ensure that policy implementation is taking place in line with the objectives and targets of the PGDP.

Among all the complex tasks facing governments today, ensuring coordination (whether for policy, planning or implementation purposes) is one of the major challenges of governance. Governments have sought to meet that challenge by developing political and administrative mechanisms to manage policy making and ensure a degree of coherence in overall governmental action.

With respect to government-wide coordination, several major challenges present themselves to Executive Offices of governments (i.e. the President's Office, Presidency, Prime Minister's Office, and Premier's Office, which are also sometimes referred to as the "centre" of government). A first challenge is how the Executive Office can contribute to improving coordination in a context characterised by increasingly complex and inter-connected policy goals. A second challenge relates to how it can better understand the contextual factors and tensions that impede coordination. A third challenge refers to understanding the key lessons learned from experience to date. Finally, a fourth challenge is to develop appropriate administrative mechanisms to help improve policy effectiveness.

However, while certain contextual factors are making the improvement of coordination a more urgent task, it is also an increasingly difficult one. Chief among these contextual factors is the nature of the change taking place both domestically and internationally. The current period is of seemingly continuous global change. In this changing environment, governments are compelled to critically examine the rigidities in their policy-making systems, and to seek ways to make them more flexible.

The challenges are numerous and complex. One of the most difficult challenge stems from the merging of domestic and international issues as a consequence of the converging trends toward globalisation and the reinforcement of multilateral trade arrangements and regional groupings of countries. In the face of these converging trends which are forcing cooperation between countries, there are internal, competing trends toward fragmentation, brought about by decentralisation, and by the rising importance in many countries of sub-national levels of government. These developments compel governments to find better ways to manage multiple layers of policy making without losing sight of their own national policy agendas.

Second, a further complication to the trends towards fragmentation and decentralisation is brought about by the increased commitment to democratic systems of governance and to transparency in the way in which governments operate. This has led to an increase in influence of interest groups and other non-governmental actors. Together with the emergence of the new information society, this has added to the complexity of the governance process and in some instances, fostered a further sense of fragmentation of the policy context.

A third factor which adds to the burden of governments seeking to enhance coordination relates to the "natural" tensions that exist within all governments. These tensions are reflected, for example, in the conflicting, sectoral interests of line ministries, which compete with each other for financial resources. In some countries, a degree of policy competition is deliberately maintained between line ministries, in order to ensure a level of creative tension, and to enhance the contestability of policy advice. In all countries, important trade-offs between diverging interests have to be made at the highest level, usually by the Executive Office.

A fourth challenge is thrown up by issues relating to fiscal constraints and the impact of these on public sector reform. A greater awareness of the negative consequences engendered by the size and cost of the public sector has focused renewed attention on coordination as a way to increase efficiency. There is a better understanding today of the fact that inconsistent policies entail a greater risk of duplication, inefficient spending, a lower quality of service, difficulty in meeting goals, and ultimately, a reduced capacity to govern.



# 1. THE CURRENT STATE OF PLANNING AND COORDINATION IN THE EASTERN CAPE

## 1.1 Departmental planning

Provision is made for some planning capacity in departments. However, there is universal agreement that financial resources allocated to this function are almost always inadequate. Where planners do exist, there are not enough of them to carry out the planning function effectively, and moreover, most have little or no training in planning. In addition, where there is some person, or persons, with the ability to provide planning capability, it is invariably the case that that person is also saddled with several other responsibilities. The picture that emerges is one of inadequate and/or inappropriate planning capacity across all line departments. A major concern is that implementing plans are especially troubled by incapacity and unsuccessful coordination.

## 1.2 Intergovernmental planning

Intergovernmental planning, as conceived here, concerns planning between the Provincial and Local Government spheres. It is primarily the responsibility of the Provincial Department of Housing Local Government and Traditional Affairs. The role of the Province, and this department in particular, has increased in importance with recent national legislation that gives the Province a much greater oversight role with respect to Municipalities.

However the department is still rather weak in terms of its capacity to undertake effective planning with Municipalities, particularly around such critical issues as the integrated development planning (IDP) exercises required of all District and Local Municipalities, and the integration of the IDPs in the PGDP.

By all accounts, the Intergovernmental Forum (IGF), a structure established to promote “cooperative governance” between the Provincial Government and Municipalities, also has not been functioning effectively.

## 1.3 Cabinet Committees and Clusters

The Provincial Government has attempted to mirror some of the planning and coordination mechanisms at the national level. To this end, it has created a system of Cabinet Committees, comprising members of the Executive, and underpinned by equivalent technical committees, called Clusters.

Three main Cabinet Committees have been established: Governance and Administration (chaired by the MEC for Local Government); Economic Growth and Infrastructure (MEC for Economic Affairs); Social Needs (chaired by the MEC for Social Development) and Budget (MEC for Finance) The functions of the Cabinet Committees at the Provincial level are similar to their national counterparts, except that in the Provincial case, the focus is on implementation. The rationale for these committees is that they function as an instrument to reduce the workload of the Executive Committee (EXCO) by reaching decisions on issues relating to their sectors. It is difficult to assess the extent to which the committees enhance integrated planning and budgeting by their respective departments, or whether the agenda is invariably dominated by one or two strong and influential MECs.

The clusters which underpin the “political” Cabinet Committees are made up of officials from the respective departments that make up the committees. However, there appear to be anomalies in the respective roles of members of these committees. For instance, the Governance and Administration cluster is chaired by the Deputy Director-General in the Office of the Premier, and not by the Superintendent-General of the Treasury as the counterpart of his MEC. This gives the impression that the activities of the cluster are not taken seriously enough. In sum, while the committees and clusters have been created to “promote coordination, integrated planning and budgets by departments”, whether they are actually achieving this in practice is questionable.

## 1.4 Office of the Premier (OTP)

Some strategic planning capacity is provided for in the OTP, specifically in the Cabinet Office. The Cabinet Office is headed by a General Manager (at the Chief Director level) reporting to the DDG and DG in the OTP.

The General Manager in the Cabinet Office is responsible for five sets of activities, each of which is overseen by a Senior Manager: Provincial strategy planning, coordination, monitoring and evaluation;

intergovernmental and international relations; special programmes (women, children, disabled persons); Provincial communication; and Cabinet secretariat. The human resources allocated to the planning, coordination and monitoring function give the impression that this is one of many activities undertaken by the OTP. However, effective planning and coordination for policy implementation demands that such activity becomes the central focus of the OTP and, in particular, of the Cabinet Office.

### **1.5 Eastern Cape Socio-Economic Consultative Council (ECSECC)**

ECSECC is not per se a planning agency of government. Created in 1995 as the Provincial equivalent of NEDLAC, ECSECC has now established itself as the leading socio-economic research agency in the public sector in the Province. Funded largely by a grant from the OTP, it performs a variety of research, consulting and support functions for the OTP, as well as for other arms of the Provincial Government. It is highly regarded as a technical resource by a wide range of stakeholders in the government, parastatal, and non-governmental sectors. A key question in relation to the establishment of institutional mechanisms for planning, coordination and monitoring in the Province is: what role/s, if any, can and should be allocated to ECSECC?

## **2. KEY LESSONS FROM INTERNATIONAL EXPERIENCE**

The international experience suggests that while there are cogent reasons to strengthen coordination, there are equally compelling reasons to be cautious. Excessive efforts to enhance coordination can result in a high degree of central control and a consequent loss of flexibility in the policy-making system. The examination of these issues in the light of the experience of governments has led to the articulation of some key lessons of relevance to efforts to enhance policy coherence.

### **2.1 The need for political leadership and support for coordination**

The capacity of the political leadership to balance conflicting interests, while striving to maintain a consistent line of action based on the government's agenda, largely depends on the degree of political discipline which the leader can command, and on the extent to which the centre can translate it into a corresponding degree of administrative discipline. The centre's administrative weight vis-à-vis line ministries is seldom greater than the political weight of the head of government vis-à-vis ministers. Much of the centre's effectiveness depends on the leader's degree of ascendancy over his or her ministerial colleagues and the degree to which the leader is prepared to extend her/his Ministers to ensure that government operates as a single, unified entity.

### **2.2 Administrative leadership and efficiency**

While the centre usually has little influence on the political dynamics of the government, it is strategically placed to bring the implications of coordination to the attention of the leaders. Executive offices are best placed to monitor and evaluate the implications of the new policy proposals for the overall coordination of the government's agenda, and to highlight those implications in advice to the head of government. Given the critical nature of the tasks required of the administrative leadership at the centre, it means that such individuals necessarily have to be of the highest calibre, possessing both a good political sense and a high degree of technical competence. The success of policy coordination is dependent to a large degree on the authority and respect that the administrative leadership can command with the line ministries.

### **2.3 Building capacity at the centre to promote coordination**

Governance in contemporary societies is incredibly complex. The effectiveness of the centre's support for coordination is dependent on its capacity to carry out a number of functions. These include:

- The ability to organise the decision-making process of the Cabinet, including the legislative and regulatory actions that result from decisions.
- Providing a strategic overview of the full range of governmental policy activities.
- Providing the decision makers with a coordinated view of where new policy proposals stand in relation to existing policies and the government's overall objectives.
- Reducing the risk of policy conflicts by ensuring that all affected interests are involved at appropriate

stages of political development.

- Ensuring that policy decisions, once made, are communicated to all concerned players, and implemented as intended by the decision-takers.
- Nurturing collaborative working relations with and among all sectors of the administration.

Coordination is thus a multi-dimensional notion in the context of public policy making. One of the huge challenges to an Executive Office as it prepares to undertake the role of coordination is to assess what institutional capacity is necessary to undertake such a role in a public policy domain that is multifaceted – economically, socially and politically

Some governments have attempted to address these complexities by developing large bureaucracies at the centre (e.g., Malaysia's Economic Planning Unit, its implementation and Coordination Unit; and the German Chancellery), while others have maintained a smaller capacity at the centre while relying on the technical expertise available in the line departments.

Governments everywhere recognise, however, that given the complexity of governance and the multi-dimensional nature of coordination, there will always be a gap between the need for coordination and the capacity to achieve it.

#### **2.4 Enhancing coordination through a strategic policy framework**

There is growing evidence emanating from both developing and industrialised countries that an important precondition for effective policy coordination is government planning for long-term policy objectives. While ministers carry the primary responsibility for policy planning and priority setting within their portfolios, the head of government must maintain a strategic perspective on the government's overall policy agenda and future directions.

Providing strategic advice to the head of government is a key function of the Executive Office. To carry it out effectively, the Executive Office must maintain a capacity to develop strategic perspectives and options, and to bring them to bear on shorter-term decision making.

There are several reasons why a strategic policy framework is necessary. First, by establishing a comprehensive set of goals and priorities, and ensuring that policy proposals come within its parameters, decision makers are better able to pursue their common agenda more coherently. Second, the centre can use the strategic framework as a tool to orient policy development in line ministries. This is facilitated if the government's agenda has been mapped out collectively, i.e. with the involvement of all the ministers who will be responsible for its implementation through sectoral policies. A collective priority-setting exercise provides the head of government with an opportunity to reinforce the cohesiveness of Cabinet. The centre can support that exercise by leading a planning process designed to coordinate ministerial priorities, reconcile any conflicts, and seek a balance that will merge sectoral priorities and the government's main policy goals into a coherent programme for discussion by Cabinet.

Experience suggests also that it is crucial to have a separate strategic planning capacity within the centre. A separate focus of responsibility for strategic guidance reinforces the centre's capacity to support the head of government's need to focus on the longer-term strategic issues.

#### **2.5 Coordination between policy making and the budget**

In all countries, the budgetary process is a powerful tool of coordination. It affects all sectors of activity, provides an annual opportunity to set political and strategic directions for the future, and plays a critical role in the definition of the government's policy priorities. The budget is an instrument of economic and financial management through which the government sets fiscal, monetary and structural policies. It is also a statement, however implicit, of the government's order of sectoral policy priorities as it sets relative levels of expenditure for different programmes and activities.

The finance ministry undertakes a broad coordination function, stemming from its responsibility to integrate a wide range of policy objectives in the budget, and to ensure that the budget provides an accurate fiscal reflection of the government's overall order of priorities. It also implements a sectoral agenda relating to economic, fiscal and financial management policies. Because it carries both central and sectoral functions, the finance ministry is subject to opposing pressures, i.e. spending pressures from line ministries, and restraint pressures from its mandate to pursue deficit control and other macroeconomic objectives.

An important lesson that stems from the role of finance ministries in most countries is this: "Avoid policy making through the budget." In recent decades, expenditure control considerations have borne heavily on budget making. More importantly, it has heightened the risk of "policy making by budget", i.e. of the budgetary framework dominating other policy frameworks if the two roles of the

finance ministry are not internally balanced, or externally counterbalanced. The finance ministry's coordination function overlaps with the centre's own policy coordination function. Both bodies share the responsibility to ensure a coherent equilibrium between the policy agenda (which needs to take into account economic and fiscal realities) and the budget (which should accurately reflect the government's policy priorities).

Achieving a balance between these goals of the policy agenda and the budget brings into play several factors, notably the finance ministry's capacity to assess the policy impact of budgetary decisions, and the centre's capacity to integrate budgetary considerations in policy making. An important aspect is the delineation of functions between the two bodies which, if unclear, can lead to operational tensions. The improvement of policy coordination, especially in times of fiscal restraint, requires that the centre and the finance ministry collaborate closely in order to manage the relationship between policy proposals and their resource implications. This involves sharing information on possible policy/budget cross impacts and on the aggregate effect of policy proposals on total expenditures.

Traditional tensions between the finance ministry and line ministries underscore the need for mechanisms that systematically link the policy-making process to the budgetary process. Conversely, what is essential is that there are mechanisms in place that enable the centre to integrate expenditure control objectives in the government's overall programme.

The budgetary process tends to be structured along the boundaries of established policy fields. An increasingly important issue in the search for greater coordination is how the budget can be restructured to integrate the horizontal dimensions of policies. Some recent reforms appear conducive to improving the perception of cross-cutting issues. For example, the Budget may wish to focus around a major policy statement on employment (or rural development) by addressing all the linkages relating, for instance, to income support, education and training, industrial, trade and regional development policies.

While the centre may play a more or less direct part in the preparation of the budget, its key role is to ensure that the head of government is satisfied that the process is being managed in a way that will lead to a budget that is consistent with the government's political and economic agenda. The head of government will be concerned that relevant ministers have been consulted, that their interests were taken into account, and that the process has not given rise to tensions that might jeopardise the cohesion of the Cabinet. In support of this responsibility, the centre must have a capacity to advise the head of government independently of the interests at stake.

## **2.6 Managing Cross-Cutting Policy Issues**

The focus of concern of policy makers is shifting away from conventional questions of coordination, toward the management of cross-cutting issues, which transcend the boundaries of established policy fields, and do not correspond to the institutional responsibilities of individual ministries. Examples of such cross-cutting issues are those relating to particular social groups such as women, the elderly, children and youth and those that require policy development and implementation initiatives from more than one line department such as rural development, urban development, employment creation and human resources development.

In most countries, the institutional structures to deal with cross-cutting issues are absent or at best under-developed. The typical case is that a number of ministries are responsible for one aspect of the problem or another, but none is responsible for it in its entirety. This raises not only issues of coordination, but also the question of obtaining a more holistic conceptualisation of the problem. The challenge for the centre is to develop a holistic perspective on cross-cutting questions even though the ministries themselves may not have perceived the full dimensions of the problem.

Cross-cutting issues increase the need to integrate, rather than merely coordinate the policies of different ministries. The design of integrative mechanisms needs to strike a balance between three competing objectives: strengthening the horizontal capacity of the governmental apparatus; ensuring that ministerial responsibilities remain clear; and maintaining the centre's pivotal role in the strategic management of actions. The challenge for the centre is to find institutional linkages that correspond to the inter-dependencies inherent to cross-cutting issues.

It is clear that coordination stands at the heart of policy management. The role of the Executive Office/Centre is to orchestrate the behaviour of multiple actors in making and implementing policy decisions. This inevitably involves containing and balancing conflicting interests; thus coordination

is an inherently political endeavour.

To produce coherent policy outputs, at least three types of coordination are required. First, coordination must be obtained within the Executive Office, a pressing challenge for all Executive Offices. Second, coordination is necessary between the Executive Office and line ministries, a problem that is most marked in countries that have large cabinets, with each minister heading his or her own ministry and/or specialised departments. Third, policy coordination involves synchronising executive action across two or more line ministries, which is most likely to be needed again in countries with multiple executive agencies.

The more complex distribution of tasks between levels of government demands better policy coordination. Relations based on collaboration between levels rather than on direct vertical controls also call for improved coordination mechanisms. Traditional control mechanisms are often no longer sufficient to guarantee the coherence of the whole system. Thus coordination is directly related to both the “style” of the relationship between levels, which is often evolving towards more collaboration, and the systems of “control” which operate.

In federal countries, where there is a particular risk of excessive fragmentation and overlap, coordination remains a key challenge. More effective coordination mechanisms may thus be justified on several grounds:

- To help clarify broad national goals.
- To bring diverse actors together around compatible goals and programmes.
- To benefit from local experiences which abound when responsibilities are decentralised.

Particularly effective vertical coordination is needed when the centre is engaged on an ambitious programme which calls for implementation by local actors, as in South Africa. There are even greater coordination problems when the political majority at the centre differs from that at the sub-national level/s. This may give rise to significant divergence of policy priorities. Generally, what is considered necessary at the local level may not be desirable at the national level for reasons of national priorities or overall expenditure control.

Coordination may thus be:

- Horizontal and/or vertical.
- More or less formal (based on informal practices or more formal “understandings” or conventions).
- Structural or procedural (using special coordinating bodies or achieved through procedural means).
- Institutionalised versus ad hoc (in principle either open-ended or limited in duration).
- Mandatory (legal requirements) or voluntary.
- Binding or non-binding.
- Primary or subsidiary (inter-institutional cooperation may be the primary mode of policy making or only come into play under certain conditions).

Where coordination between a multiplicity of actors and agencies is needed, it is unlikely to be achieved simply by demanding it or by setting up structures, as evidenced by the failure of the RDP office.

In summary, the experience of both developing and industrialised countries suggests some common pre-requisites for enhancing policy coordination in contemporary societies characterised by many levels of government and multiple actors and agencies:

- Commitment by the political leadership is a necessary precondition to coordination, and a tool to enhance it.
- Establishing a strategic policy framework helps ensure that individual policies are consistent with the government’s goals and priorities.
- Decision makers need advice based on a clear definition and good analysis of issues, with explicit indications of possible inconsistencies.
- The existence of a central overview and coordination capacity is essential to ensure consistency among policies.
- Mechanisms to anticipate, detect and resolve policy conflicts early in the process help identify inconsistencies and promote coordination.

- The decision-making process must be organised to achieve an effective reconciliation between policy priorities and budgetary imperatives.
- Implementation procedures and monitoring mechanisms must be designed to ensure that policies can be adjusted in the light of progress, new information and changing circumstances.
- An administrative culture that promotes cross-sectoral co-operation and a systematic dialogue between policy communities contributes to the strengthening of policy coordination.

### 3. INSTITUTIONAL MECHANISMS: SOME PROPOSALS

In the light of the lessons from the international experience and consultations with stakeholders in the Province, what then is needed to enhance planning and coordination for effective implementation?

- All stakeholders agree on the need for effective planning and coordination.
- All stakeholders agree that institutional arrangements should focus on location in the Office of the Premier.
- There is general agreement that some restructuring of the OTP is required to emphasise its planning and coordination functions.
- There is a high degree of consensus that planning and coordination structures must be aligned to ensure effective linkages with Local Government.

The assessment of the international lessons and the views of leading Provincial stakeholders, as well as an analysis of the needs of the Province in the light of the PGDP, resulted in the following decisions.

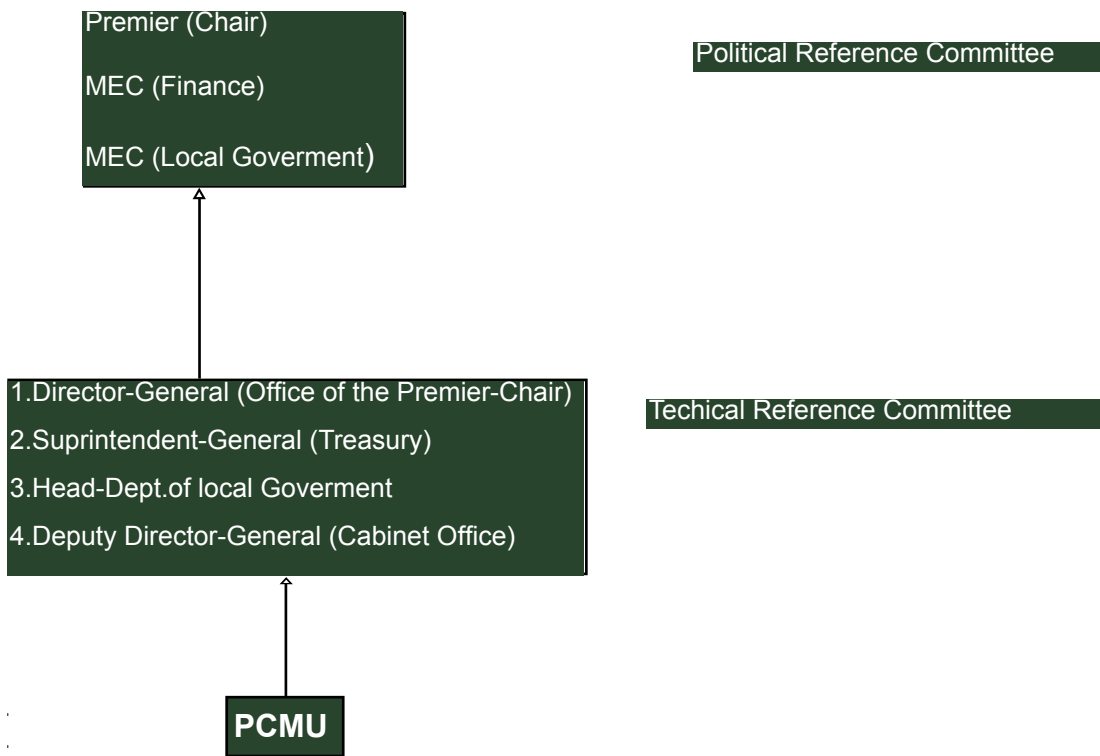
1. *A formal Planning, Coordination and Monitoring Unit (PCMU) will be established in the Office of the Premier.* It is important to be clear about the intended role of the PCMU. It will be a technical unit responsible for ensuring that the Provincial Government functions as a coherent entity. It will take responsibility for integrated planning, coordination of policy implementation, and monitoring and evaluation of implementation. It will not be an implementation agency; this is the role of the line departments. Neither will it have a policy-making role; this is the responsibility of the Executive.

#### Box 1: Roles and Responsibilities of the Proposed PCMU

- Integrated Planning
- Coordination of Policy Implementation
- Monitoring and Evaluation of Implementation

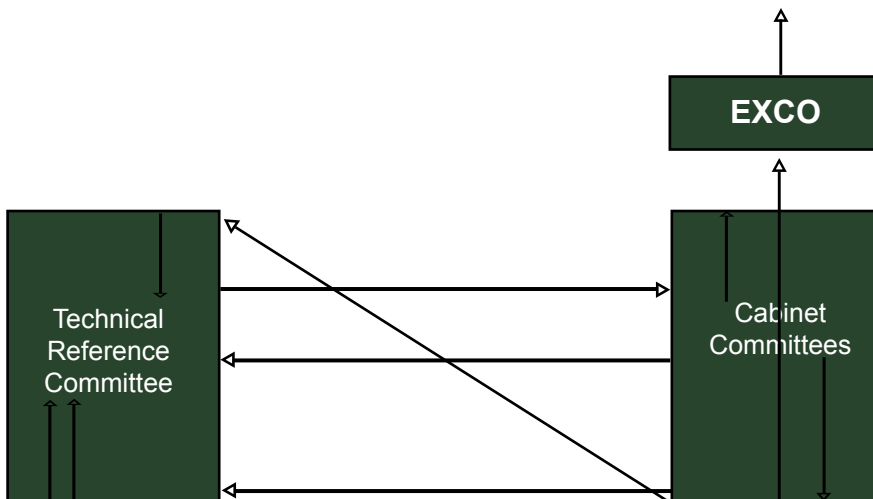
2. The PCMU will report directly to a Technical Reference Committee (TRC) chaired by the Director-General in the OTP. Other members of the TRC should be the Superintendent-General of the Treasury (because of the obvious importance of budgetary and fiscal issues in planning), the Head of the Department of Local Government (for intergovernmental planning), and the Deputy Director-General (as Head of the Cabinet Office
3. The TRC will report on planning and coordination issues to a Political Reference Committee comprising the Premier as Chair, and the MECs for Finance, and Local Government (see Fig. 1).

**Fig 1. PCMU: Proposed reporting structures**



The Cabinet Committee and Cluster system is intended to play a coordinating and integrated planning role. It is vital to ensure that there is absence of conflict at best, or minimisation of conflict at worst, between the two sets of institutions. First, lines of reporting must be clear.

**Fig. 2: Relationship between the Cabinet Committees/Clusters and the PCMU**  
**a) MODEL 1**



**b) MODEL 2**

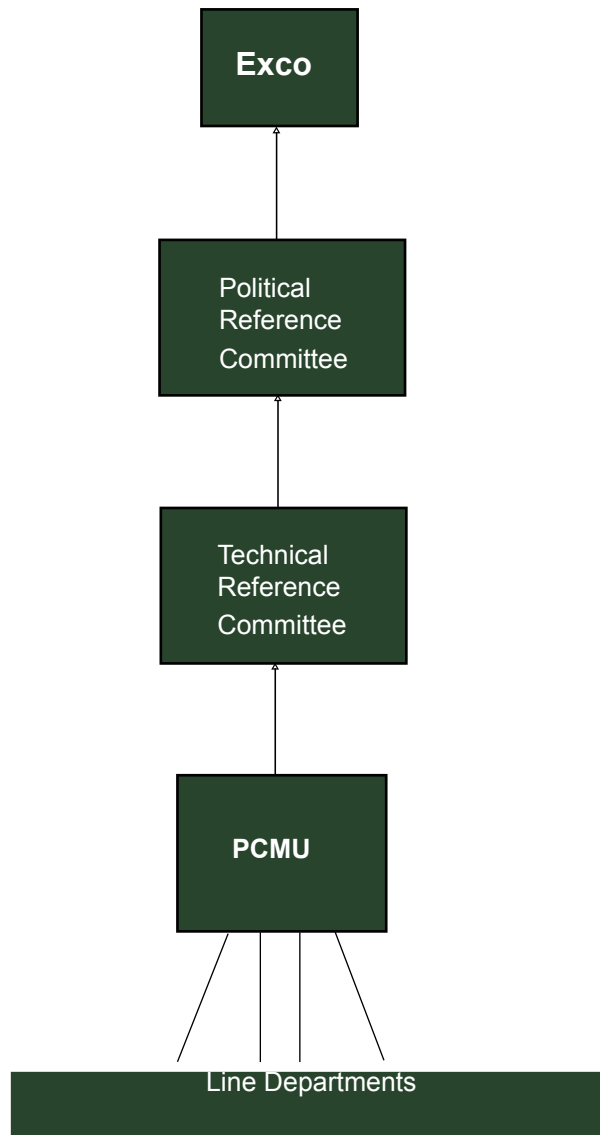
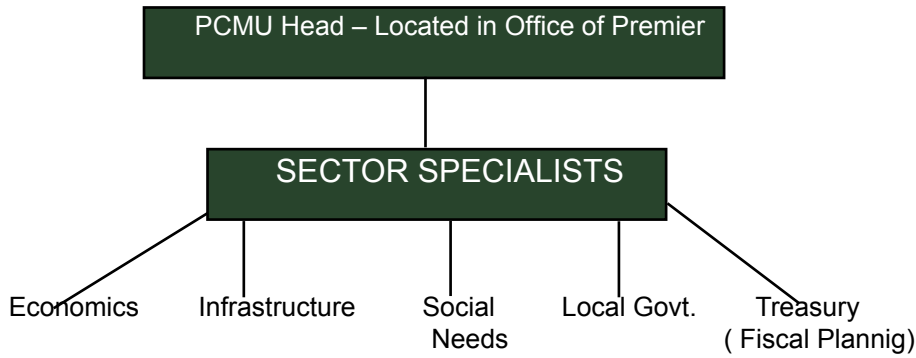


Fig. 2 (a) illustrates one possible model. The Cabinet Clusters report to the Cabinet committees, which in turn report to EXCO. The PCMU, on the other hand, will report to the TRC, which in turn is accountable to the PRC. The PRC will also report to EXCO. Second, there must, however, be scope for the PCMU to link up with the clusters through the TRC to ensure that there is no duplication of activities. The PCMU could be responsible for overseeing work emanating from committees and clusters. However, it is vital that the PCMU is not reduced to a secretariat of the Cabinet Committees and Clusters. The intention is that the PCMU will recruit the best technical people from inside and outside of government, individuals who also have the ability to rise above narrow departmental interests, who are able to drive cross-cutting initiatives, and who can realise the vision of the Provincial Government operating as an efficient entity that is able to deliver services to all its citizens. Fig. 2 (b) shows how the system would function in the absence of the Cabinet Committee and Cluster system. It is unlikely that this system will be abandoned. However, if it did happen, the proposed PCMU/structure does have the potential to be efficient successor to that system.



**Fig.3: PCMU - Proposed Structures**

**a) Model 1: Decentralised**



(1) Sector Specialists divide their time equally between pcmu in otp & home dept.

(2) Advantages of this model:

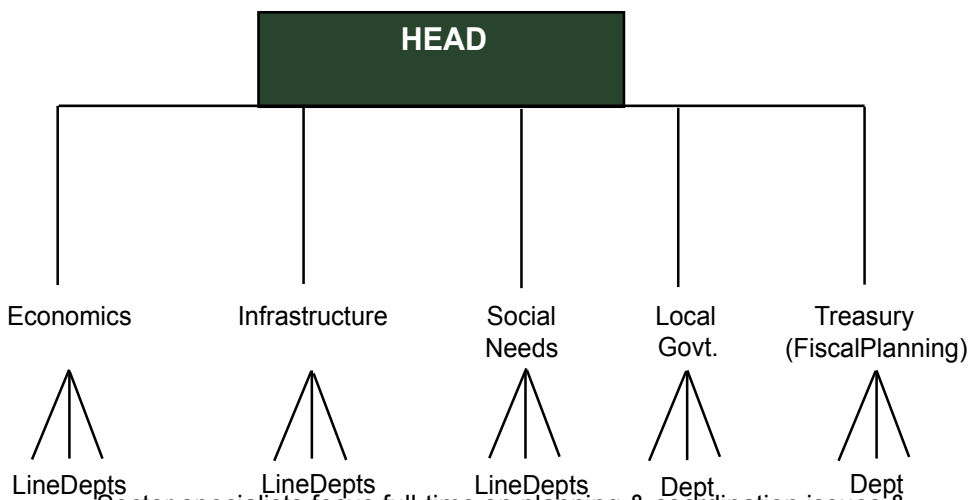
- (a) Optimal use of scarce planning resources
- (b) Keeps sector specialists concerned with both line dept. & cross-cutting needs

NOTE:

Economics:	Depts – Agriculture; Economics; Environment & Tourism
Infrastructure:	Public Works; Housing; Transport
Social Needs:	Education; Health; Social Development; Sport, Arts & Culture; Safety & Liaison
Local Govt:	Dept of Local Government
Treasury:	Treasury (Fiscal Planner)

**a) Model 1: Centralised**

PCMU - Office of the Premier



**Advantage:** Sector specialists focus full-time on planning & coordination issues & remain above narrow departmental interests.

**Disadvantage:** Departments will be depleted of scarce planning resources unless sector specialists can be drawn from outside Province.

### 3.1 Proposed Structure of the PCMU

Two models are proposed. Fig. 3 (a) illustrates what we call a decentralised model. The staffing structure described here refers to five technical specialists for each of the Economic, Infrastructure, Social Needs, Local Government and Budgetary (Fiscal Planning ) Sectors. The model is “decentralized” to the extent that these specialists will divide their time equally between the PCMU and their “home” department. Such a strategy may be necessary given the difficulties of recruiting qualified and/or experienced staff in the broad area of planning.

The advantages of this decentralised model are two-fold. First, it will enable the optimal use of scarce planning resources. It is well-known that skilled human resources are in short supply in the Provincial administration, particularly with respect to planning. This model could ensure the best possible use of the limited capacity that currently exists in the Province. Second, and linked to the first point, the proposed structure will keep sector specialists engaged in both line department work, as well as “cross-cutting” sectoral work in the PCMU. The obvious disadvantage of this model is that it may ask too much of these specialists to undertake both sets of activities and to do them both well. It may result in early “burn-out” and/or the inability to give equal attention and effort to both sets of responsibilities.

The second, “centralised” model depicted in Fig. 3 (b) shows the same staffing structure but with the five technical specialists working full-time in the PCMU. The great advantage of this model is that it can result in individuals rising more easily above narrow departmental interests. The disadvantage here is that the departments may be depleted of scarce planning resources unless sector specialists can be drawn from outside the Province.

In both models, it is envisaged that the PCMU will have a lean structure consisting of highly-qualified, experienced people. They will work closely with staff in the line departments with respect to the three broad responsibilities of the PCMU, namely planning, coordination, and monitoring and evaluation.

It is proposed that the PCMU take on two additional functions, both of which require integration into the broader work programme of government. First, the Offices for Children, Disabled Persons and Women should be incorporated into the PCMU. The heads of these offices need to work closely with all of the sector specialists to ensure that the respective programmes are effectively implemented across government. Second, the PCMU should also be the “point of liaison” for civil society groupings wishing to consult with government. Again, the process should be that a specific civil society formation link up with its corresponding sector specialist in the PCMU (education NGOs talking to the Social Sector specialist, land groups to the Economics specialist, and so on). In this way, the concerns, ideas and broader views of civil society may be able to be taken on more efficiently into the implementation process.

There are also government departments that operate nationally, but which do not have Provincial equivalents, e.g. Land Affairs, Water Affairs and Forestry. Together with the parastatals, such as Eskom and Telkom, they lack institutional access in the Provincial Government. Again, it is proposed that entities have the PCMU as their point of access into the Provincial Government, specifically through the sector specialists.

A key area in the planning process that has historically suffered from serious neglect has been the integration of the process at the Local Government level (IDPs) with that at the Provincial level (PGDP). As stated earlier, the Department of Local Government has been relatively weak and ineffective in this area. One of the big challenges for the PCMU and the Local Government sector specialist, in particular, is to ensure that the integration of Local and Provincial planning occurs becomes a reality. This will, inter alia, call for a more significant role in this process for the Municipalities as well as for related civil society formations.

### 3.2 Restructuring of the Office of the Premier

The establishment of the PCMU will require a restructuring of the OTP so that planning, coordination and monitoring become much more high-profile issues and, in fact, the central focus of what the OTP does.

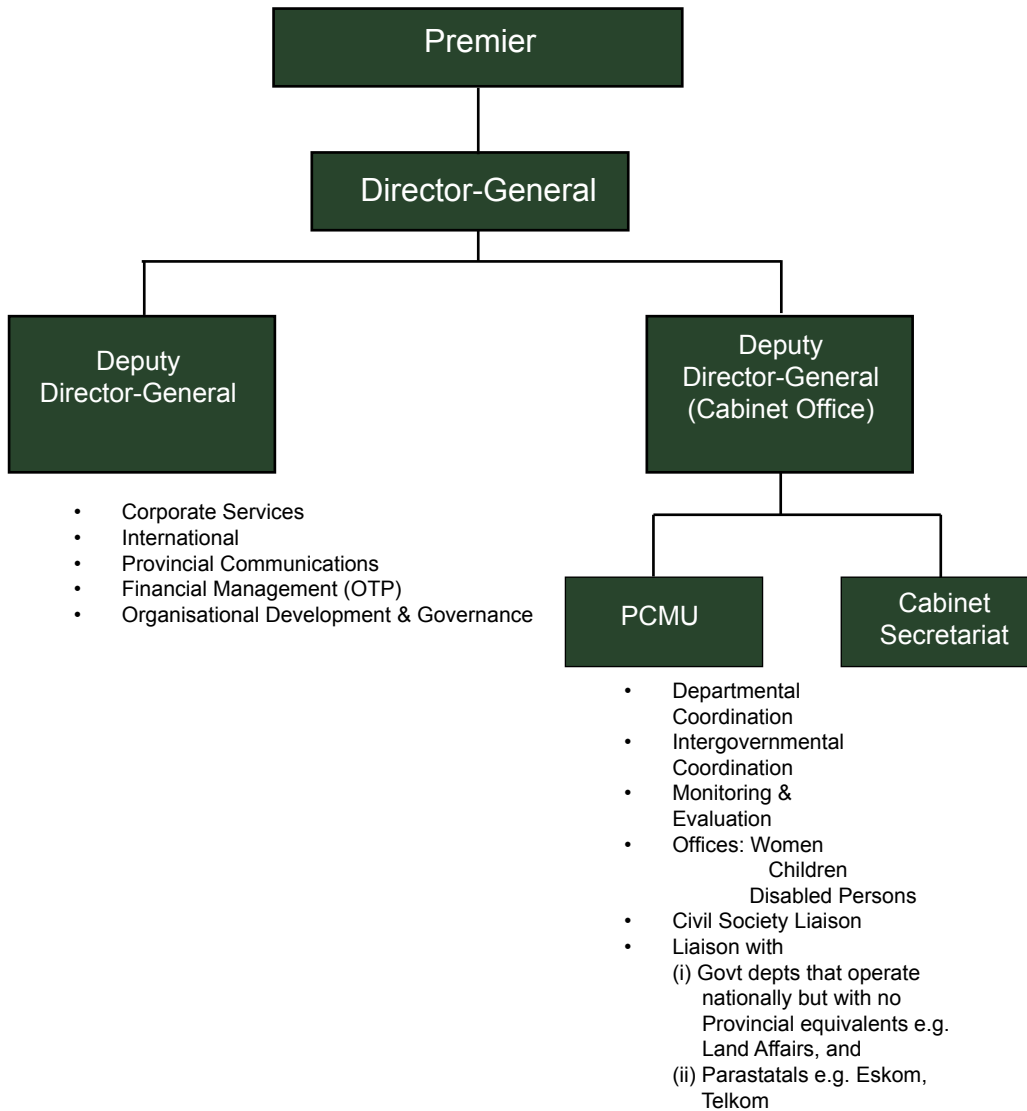
It is proposed that a second Deputy Director-General be appointed to head the Cabinet Office (Fig. 4). The Cabinet Office’s broad sets of activities will be: planning, coordination, and monitoring;

Offices of Children, Disabled Persons, Women; and Civil Society Liaison (PCMU); and secretariat to EXCO (Cabinet Secretariat).

The current Deputy Director-General would then be responsible for international liaison, Provincial communications, corporate services, and financial management of the OTP.

Both Deputy Director-Generals would report to the Director-General in the OTP.

**Fig. 4: Proposed Organogram for the Office of the Premier**



**3.3 The role of ECSECC**

There is a significant technical resource base located in ECSECC. A key question raised by some stakeholders is whether ECSECC could become the PCMU. This would, in the first instance, require a radical transformation of the mandate and structure of ECSECC. Effective functioning of planning and coordinating units do not require their physical location at the centre (say, Office of the Premier). However, a necessary condition for their success is their direct and constant accountability to the centre (in the case of the Eastern Cape, the Premier and the DG in the Office of the Premier). This accountability should be only to the centre of government. This would require that the full-time staff of a planning unit, such as envisaged here, should all be civil servants.

A much more productive role could be played by ECSECC as a technical support unit to the PCMU. Ideally, as its major funder is the OTP, its only client would also be the OTP. All technical work for ECSECC would be routed through the TRC and the PCMU. If ECSECC could indeed play this role, it would require some changes in its current mandate and its reporting structure (for example, its

Board should be replaced, probably by a structure comprising senior government officials).

#### 4. CONCLUDING COMMENTS

The greatest challenge facing the Eastern Cape relates to the delivery of services, including those leading to the alleviation of poverty and the reduction of unemployment. The first Provincial Growth and Development Strategy (PGDS) did not lead to sufficiently high levels of growth and development to make significant inroads into reducing poverty, creating jobs and ensuring broad social and economic development. A major reason for these failures in service delivery must be linked to the fact that the Provincial Government has been unable to function as a single entity, but rather has been operating as a coalition of many government departments and bureaucracies. Compartmentalised government

rather than “joined-up” government – has been the reality for the first 10 years of democracy.

Many of these problems relate to a lack of coordination and integrated planning both among Provincial Government departments and between the Provincial Government and the Local Government sphere. It is proposed here that the problems relating specifically to integrated planning, coordination of policy implementation, and monitoring and evaluation of implementation, can be addressed through the creation of a policy coordination and monitoring unit at the centre of the Provincial Government (that is, in the Office of the Premier).

Some critics have argued that the creation of such a unit leads to further centralisation of power and influence. We would argue that the creation of such a central unit would contribute to the strengthening of the centre rather than further centralisation. The rationale for the creation of such a unit, and the factor which has driven its effective functioning elsewhere, is that such a unit remains above narrow departmental and sectional interests and has the potential to influence government entities to work together for the greater benefit of the Province’s citizens.

However, the creation of an institutional mechanism for coordination and planning does not guarantee its success. It needs strong commitment from both the political actors, and the civil service at all levels of the Provincial Government to ensure that the unit is able to carry out its mandate. In addition, in the context of such support especially with regard to policy implementation, the unit must explore ways in which such implementation can be accelerated in association with the District Councils, the Municipalities, the private sector, .

## ABBREVIATIONS

AIDC-EC:	Automotive Industries Development Centre in the Eastern Cape
AIDS:	Acquired Immune deficiency Syndrome
BEE:	Black economic empowerment
CMIP:	Consolidated Municipal Infrastructure Programme
CPA:	Cape Provincial Administration
CPMU:	Coordination, Planning and Monitoring Unit
CPPP:	Community Public Private Partnership
CWSS:	Community Water Supply and Sanitation
DEAET	Department of Economic Affairs, Environment and Tourism
DFID	Department for International Development Southern Africa
DHLGTA:	Department of Housing, Local Government and Training
DIMS:	District Information Management System
DLA:	Department of Land Affairs
DMS:	District Municipalities
DoE:	Department of Education
DoH:	Department of Health
DoT:	Department of Transport
DoW:	Department of Welfare
DPLG	Department of Provincial and Local Government
DPW	Department of Roads and Public Works
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
ECMDC:	Eastern Cape Municipal Development Corporation
ECSECC:	Eastern Cape Socio-Economic Consultative Council
ECDC:	Eastern Cape Development Corporation
EXCO:	Executive Council, Province of the Eastern Cape
FET:	Further Education and Training
GEAR:	Growth, Employment and Redistribution Strategy
GDP:	Gross domestic product
GIS:	Geographic Information System
GVA:	Gross value added
HDI:	Human Development Index
HIP:	Housing Impact Programme
HIV:	Human Immunodeficiency Virus
ICT:	Information and Communications Technology
IDP:	Integrated Development Plan
IDZ:	Industrial Development Zone
IGF:	Intergovernmental Forum
ISRDP:	Integrated Sustainable Rural Development Programme
KFA:	Key Focus Area

KPA:	Key Performance Area
LED:	Local Economic Development
LGWSETA:	Local Government, Water, Sector Training Authority
LMS:	Local Municipalities
M&E:	Monitoring and Evaluation
MIDP :	Motor Industry Development Plan
MIG:	Municipal Infrastructure Grant
MIS:	Management Information System
MOU:	Memorandum of Understanding
MTEF:	Medium Term Expenditure Framework
MTSF:	Medium Term Strategic Framework
NGOs:	Non-governmental organisation
NMF:	Nelson Mandela Foundation
NMM:	Nelson Mandela Metropole
OEM:	Original equipment manufacturer
OTP:	Office of the Premier
PCMU:	Planning, Coordination and Monitoring Unit in the Office of the Premier
PGDP:	Provincial Growth and Development Plan
PGDS:	Provincial Growth and Development Strategy
PGITO	Provincial Government Information Technology Officer
PPP:	Public-private partnership
PMTCT:	Prevention of Mother to Child Transmission
PMU	Project Management Unit
RDP:	Reconstruction and Development Programme
RIDA:	Rapid Infrastructure Delivery Service
RLR:	Rapid Land Release
SDI:	Spatial Development Initiative
SETA:	Sector Education and Training Authority
SMME:	Small, medium and micro enterprise
TRIP:	Transkei Rapid Impact Programme
UDDI:	Uitenhage and Despatch Development Initiative
UNDP:	United Nations Development Programme
UPE:	Universal Primary Education
VCT:	Voluntary counselling and testing