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Governance, Accountability and Poverty Alleviation in South Africa

Poverty has many dimensions and causes, and it is clear that different kinds of action are needed at different levels (international, regional, national and sub-national) if it is to be significantly reduced.

Good governance alone will not end poverty, but we cannot significantly reduce poverty, especially within a human rights approach, without good governance. Good governance is necessary at all levels, from the global to the local, but it is also necessary to identify those levels of governance requiring special attention, and this may vary from country to country: it is not always the case that governance at the national level is the central problem as far as poverty alleviation is concerned.

South Africa is a case in point. The country has an excellent Constitution and Bill of Rights, justiciable economic and social rights and generally good pro-poor policies - and, according to the country's Public Services Commission, as many as 29 966 government funded projects have been established which are aimed at reducing poverty (see Public Service Commission, 2007a: 35).

Yet poverty levels in South Africa remain high, and have not been greatly reduced since 1994. According to Stellenbosch University-based economic researchers, the poverty headcount rate in South Africa (based on a poverty line set at R250 per person per month in 2000 Rand values, or roughly \$35 per month) was 50,1 percent in 1993 and 44,4 percent in 2006, which represents a decline of 5,7 percent over the first 12 year period of South Africa's new democracy (see van der Berg et al: 21). Other researchers have contested the validity of the data used in the above study (see, for example, Seekings, 2007: 5 - 9), and have called into question whether the reduction in poverty levels in post-democratic South Africa have been as "dramatic" as claimed by van der Berg et al. Nevertheless, what various researchers agree on is the fact that, more than a decade after the end of apartheid, nearly half of South Africa's population continue to live in poverty.

While the extent of poverty reduction in South Africa remains disputed, all measures of income inequality uniformly indicate a widening gap between the rich and the poor. There is consensus that income inequality, particularly within race groups, has increased (see Borhat and Kanbur: 5; van der Berg et al: 27 – 30; Seekings: 11 – 13). The South African government's "Millennium Development Goals Mid-Term Country Report" of

September 2007 notes that between 1993 and 2006 “inequality between races has declined, while inequality within race groups has grown” (South Africa, 2007: 15).

Despite the laudable achievements of the African National Congress (ANC) government in the delivery of services to the poor, especially in the fields of housing, water and sanitation, electrification, health and education, the dividends resulting from increased pro-poor social expenditure by the state have proved disappointing in terms of reducing poverty and to addressing ongoing socio-economic problems.

Whether using an expanded (higher) or narrow (lower) definition, unemployment rates in South Africa are exceptionally high. Since 1994, South Africa has continued a primarily capital and skills intensive economic development path, and its moderate growth rate has failed to absorb unskilled workers in anywhere near enough numbers to reduce overall unemployment in ways that contribute significantly to poverty reduction. Unemployment in South Africa, using the expanded definition, currently stands at around 40 percent, and around 23 percent using the narrow definition. According to Seekings, unemployment rates in South Africa “remain much higher than they were in 1994 and are higher than anywhere else in the world excepting Iraq” (Seekings: 16).

South Africa currently spends an amount equivalent to about 7 percent of its GDP on education, yet the education system is failing to produce school leavers with adequate work-related skills in sufficient numbers. South African schools are simply not producing outputs commensurate with state expenditure, particularly when viewed in terms of the potential for improved education to alleviate poverty. South African students display exceptionally low levels of literacy and numeracy. According to one research report, “in the 2003 round of the Trends in International Mathematics and Science Study (TIMSS), South African grade 8 students performed worse in both science and mathematics tests than their counterparts in every other country that participated” and “most young South Africans leave school and enter the labour market with limited skills. They are not equipped for semi-skilled or especially skilled employment. Given that the economy continues to restructure around skilled employment, there is a serious mismatch between the supply and demand for labour. This fuels unemployment among the unskilled, and low earnings among those unskilled workers who are lucky enough to find jobs” (Seekings: 18 - 19).

Again, according to research, the same holds true for healthcare expenditure. Despite greatly increased state expenditure on public health services, life expectancy has declined from around 60 years in 1994 to around 49 years in 2006 (about 30 percent below the world average), largely because of the impact of HIV/AIDS and the government’s belated response to treating the disease. South Africa also has amongst the world’s highest reported infection rates (and lowest reported cure rates) of tuberculosis in the world. It also has amongst the highest reported rates of fetal alcohol syndrome in the world.

All in all, South Africa’s global Human Development Index (HDI) ranking has fallen from 90th in 1994 to 121st (out of 177 countries ranked by the United Nations Development Programme) in 2005, largely because of a decline in life expectancy.

South Africa also has some of the highest reported rates of violence (particularly violence against women and children) in the world. In the 2006/07 financial year (1 April to 31 March) South Africa recorded a murder rate of 40,5 per 100 000, a serious assault

rate of 460 per 100 000 and a reported rape rate of 111 per 100 000 (this is despite the fact that the great majority of women and children do not report being raped to the police).

Apart from being borne primarily by the poor, such socio-economic conditions obviously impede economic development and poverty alleviation, and contribute to the country's haemorrhaging of skills – commonly known as the brain drain – which further retards economic growth. Indeed, the “Government Performance Barometer” survey conducted by Markinor in February 2008 found that respondents rated the South African government's attempts to stop the brain drain as its worst area of performance, with 73 percent of respondents saying that government was performing badly in terms of halting the loss of skilled people.

What decreases in poverty levels there have been in South Africa have been achieved largely by expanded state expenditure on social security grants, and not as a result of economic growth or redistribution. Seekings notes that any significant reduction of poverty in South Africa in the future is “likely to require a further expansion of the welfare state” (Seekings: 27). There are clearly fiscal limitations to such expansion.

Over and above the country's socio-economic problems, the Public Service Accountability Monitor (PSAM) believes that a major obstacle to poverty alleviation in South Africa is poor governance, which includes not simply corruption, but also poor performance of government officials in their management of public resources and a lack of political will to act against underperforming officials. The poor management of public resources translates directly into poor public service delivery implementation, and thus obviously undermines poverty alleviation policies.

Given the fiscal restrictions of poverty alleviation through targeted pro-poor state expenditure, good public resource management becomes especially important: every cent must be made to count. Certainly, corruption represents a profound challenge to the alleviation of poverty, but so too does poor performance of politicians and government officials. As van der Berg et al put it, in South Africa “the key to improving social outcomes for the poor is improved social delivery, which depends on managerial efficiency and good accountability structures. Given the limited scope for increasing government expenditure, it is imperative to improve the efficiency of social delivery. Improving managerial skills and accountability structures is an attainable goal that requires careful attention but does not depend on massive financial resource inputs” (van der Berg et al: 41).

The continued existence of poor governance in South Africa is ironic in some respects, since the ruling ANC is a legitimate and popularly elected government. But perhaps it is precisely the ANC's popularity that makes it relatively easy for corrupt and underperforming politicians and officials to ignore their accountability obligations and responsibilities.

The absence of adequate accountability mechanisms may lead to frustration with poor service delivery manifesting in more confrontational and violent ways, such as the service delivery protests which have swept through South Africa over the past few years. There were more than 5 000 service delivery protests in the 2006/07 financial year. In the 2004/05 financial year there were 881 illegal demonstrations and 5,085 legal protests across 90 percent of failing municipalities receiving central government

assistance in South Africa (Centre for Development and Enterprise Press Release, 8 May 2007).

In South Africa, accountability is especially important at provincial and local municipal level, since it is at these levels that the major part of the national budget aimed at alleviating poverty through the provision of housing, health and education services is spent (it should be noted that the payment of social grants, which plays a highly significant role in government's poverty alleviation strategy, used to be a provincial government responsibility, but poor governance relating to such payment forced the government to remove this responsibility from provinces and centralize it in the South African Social Security Agency in 2006).

In terms of implementation, governance is only as good as its weakest links, and in South Africa the weak links are provincial and local government, although there is great variation in the quality of provincial and municipal governance. Some provinces and municipalities display relatively good governance, others are simply appalling.

It is vital that civil society has the capacity and will to hold government accountable in order to prevent poverty alleviation from becoming simply another line of political and economic patronage: there is, for the venal, power and wealth to be siphoned out of poverty alleviation - at the expense of the poor. The role of civil society in entrenching accountability is especially important. While South Africa's national human rights institutes such as the South African Human Rights Commission and other bodies established in terms of Chapter Nine of the South African Constitution such as the office of the Auditor-General, the Commission on Gender Equality and the Public Protector are important to ensuring good governance and accountability, they are limited, *inter alia*, by reliance on government funding.

The PSAM believes that the independence of civil society organisations allows them to undertake more effective accountability monitoring of state governance, as well as more independent advocacy around accountability issues. However, many pro-poor civil society organisations lack the capacity to undertake effective evidence-based accountability monitoring and advocacy. They also face various obstacles, including accessing information from the state, despite the Promotion of Access to Information Act (using this Act is time consuming and can be expensive in the event of the state body from which information is being requested failing to provide such information).

The PSAM recognizes that partnerships with both civil society and national human rights institutes and Chapter Nine bodies are needed to strengthen and deepen the right to accountability, and hence improved poverty alleviation, in South Africa. Government at all levels, but especially at provincial and local level, needs to be held accountable for efficient and effective:

- 1) **Planning and Budgeting:** The importance of drawing up accurate and realistic strategic plans cannot be overestimated. In the absence of coherent plans, government departments cannot properly quantify the needs of those requiring their services or properly estimate costs, nor can they accurately track, control or report on expenditure. Consequently they cannot properly monitor the delivery of services to ensure the efficient and effective use of scarce public resources to address the human rights of those dependent on public services. In the Eastern Cape, for example, HIV/AIDS is recognized by the Department of Health as being the major

cause of death by disease in the province. It would therefore be reasonable to expect that the Department should pay particular attention to addressing HIV/AIDS in its strategic plans. The Department set a target of placing 40 000 people on antiretroviral therapy (ART) during the 2007/08 financial year (and in fact slightly exceeded this target). It currently aims to have 60 000 on ART during the 2008/09 financial year, 80 000 during the 2009/10 financial year and 100 000 by the 2010/11 financial year. However, the Department's plans for ART provision are not based on an analysis of how many people infected with HIV/AIDS in the Eastern Cape will require ART. It has simply increased its annual ART targets by exactly 20 000 per annum between 2007/08 and 2010/11. It does not explain the reasons for doing so, and provides no evidence for the need for ART informing such uniform increases. Ironically, research commissioned by the Eastern Cape government itself has identified a minimum of 98 500 people and a maximum of 234 608 will require ART in 2008. The Eastern Cape Health Department's plans to provide ART to only 60 000 people during the 2008/09 financial year mean that in reality at least 38 500 people in need of ART will not receive it. Clearly, the Department needs to be held accountable for such poor planning and budgeting, with the dire consequences it has for those requiring ART.

- 2) **Implementation:** Poor planning and budgeting will clearly have a knock-on effect on implementation, but even coherent plans may be poorly implemented. It is vital, therefore, that government departments account for the implementation, including the financial management, of their plans. In the Eastern Cape, for example, the School Nutrition Programme (SNP) is part of a national programme intended to “contribute to the improvement of education quality by enhancing primary pupils’ learning capacity, school attendance and punctuality and contribute to general health development by alleviating poverty”. However, the aims of the SNP have been severely compromised by poor planning and implementation. In June 2006 the Premier of the Eastern Cape established an “SNP Review Task Team” to investigate problems with the implementation of the programme. Amongst other things, the Task Team noted that “there was a clear state of unreadiness by the Department of Education at the time of implementation” of the programme; that “children could have been receiving non-quality food as there was no food nutritionists to do quality checks”; that “suppliers received their award letters three days before the day they were expected to deliver food at school”; that “there is no contracts management system” and that it is “therefore difficult to manage service levels and terms of the contracts”; that “the SNP unit places reliance on SNP coordinators to assist in verifying and monitoring...for the purpose of ensuring adequate budget provision. However, due to the vast workloads that the coordinators have, with some having as many as 170 schools to oversee, the effective control and monitoring capacity is compromised”. It is clear that the important SNP programme was compromised by poor planning compounded by poor implementation and it is necessary for the Department to be held accountable for this.
- 3) **Oversight and Corrective Action:** Accountability is the right to obtain justifications and explanations from public officials or private service providers responsible for the use of public resources. This places an obligation on officials to account for the use of public resources. It also places an obligation on oversight bodies to demand adequate explanations and justifications from government officials and, where these are not provided or are unsatisfactory, to instigate corrective action, using the full

extent of their constitutional/legislative powers. Oversight bodies are perfectly placed, because of their constitutional authority, to demand social accountability. They are responsible for ensuring that people's socio-economic rights are met within available resources by holding those tasked with service delivery to account. However, accountability also requires that oversight leads to adequate corrective action when necessary, and this requires political will to take action against corrupt and/or underperforming politicians and government officials. In the Eastern Cape, for example, the Department of Health has a long history of financial mismanagement: it received an adverse audit opinion with regard to its 2006/07 financial statements, after having received eight disclaimers and one unqualified audit in the preceding ten years. Poor financial management allows the misappropriation of funds and fruitless and wasteful expenditure to continue in a province which cannot afford to waste any of its resources. It also creates an environment in which fraud and corruption can flourish. While the Department claimed that capacity constraints were responsible for the adverse opinion expressed by the Auditor-General in relation to the 2006/07 audit of the Department's financial statements, the Eastern Cape Provincial Legislature's Standing Committee on Public Accounts (SCOPA) regarded this explanation as unconvincing and inadequate. In its evaluation of the Department's responses to SCOPA questions raised with regard to the financial statements for the year ended 31 March 2007, SCOPA concluded that: "capacity constraints cannot be blamed for obtaining an adverse qualification. The constraints were known to the department for some time before the preparation of financials. If proper risk assessment procedures were performed, the department would have been able to respond to such constraints through proper succession, recruitment and retention strategies...it can only be concluded that a number of employees in the department, especially the financial management section, did not perform their duties adequately". The SCOPA stated that: "the accounting officer failed to comply with the requirements of section 40(1)(a), (b), (c) and 40(3)(a) of the Public Finance Management Act (PFMA) and the provisions of section 38(1)(h) should apply. The accounting officer and other responsible officials should be charged with financial misconduct as required by section 81(1)(a) of the PFMA". Indeed, the SCOPA identified seven instances in respect of the Department's 2006/07 financial control which it stated should lead to charges of financial misconduct against either the Accounting Officer and/or other officials. In addition to the contraventions of section 40(1) (a), (b), (c) and 40(3)(a) of the PFMA noted above, these relate to unauthorised expenditure, document management, misallocations, processing of journals and management of payables and receivables. Despite the findings of the SCOPA, no disciplinary action has been taken by the Member of the Executive Committee (MEC) for Health and/or the Department against responsible officials clearly implicated in financial mismanagement. Such failure of government oversight underlines the importance of civil society involvement in ensuring accountability, and civil society groups such as the PSAM (and the media) have advocated for appropriate corrective action in respect of financial mismanagement and other instances of poor governance.

The PSAM believes, however, that accountability is not simply about acting as a government watchdog. It should also be aimed at critical but constructive engagement aimed at strengthening governance through positive interactions, based on rigorous evidence-based accountability monitoring, with various levels of government.

In summary, the PSAM believes that accountability is central to improving governance and hence alleviating poverty. The PSAM therefore recommends that in South Africa, and other countries where such conditions do not exist, that:

- 1) Accountability is entrenched as a basic tenet of good governance and that it be recognized as a basic human right;
- 2) Civil society is progressively capacitated and empowered to hold Government at all levels accountable for its implementation of policies relating to economic and social rights, and especially poverty alleviation.

Thank you.

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