

Thabo Mbeki Foundation

THE OFFICIAL MONTHLY NEWSLETTER OF THABO MBEKI FOUNDATION



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President Thabo Mbeki, Patron of the TMF

The ANC issued a statement after the June 2020 meeting of its National Executive Committee (NEC) which said, among others:

“The NEC supports the initiative by Officials and the NWC, to engage in the development of proposals on a synchronized national, provincial and local government elections to enable

better coordination and implementation of policies across spheres of government."

To confirm and explain this position ANC Secretary General Ace Magashule said:

"Indeed, we are calling for synchronised elections, one single elections (sic) by all spheres and we are saying that obviously it will need the amendment of the Constitution and if we have to amend the Constitution, we will engage other parties."

Indeed, the Secretary General was correct when he said the new proposed arrangement to hold the national, Provincial and local elections on the same day would require a Constitutional amendment.

This immediately suggests that this is an important matter in terms of our governance processes.

Naturally, it will be important for the ANC leadership to explain not only to its members but to the country as a whole as to why it is necessary to make the proposed change in our electoral processes.

Here we will try to examine this matter from the perspective of the historical positions of the ANC.

Two of the important statements contained in the Freedom Charter say:

"No government can justly claim authority unless it is based on the will of the People"; and, "The People Shall Govern"!

During the years preceding the negotiations which started in 1990, many supporters of the National Party questioned us about the meaning of these assertions.

They insisted that they understood that when we said 'the people shall govern', in fact we meant 'the ANC shall govern'!

Of course we explained to them, repeatedly, that the pursuit of the objective to ensure that the people shall govern was fundamental to the very nature of the ANC as a revolutionary democratic movement. It was a matter of strategic and not tactical importance.

Accordingly as we entered into the CODESA and later negotiations, including the post-1994 Constitutional Assembly, the ANC constantly sought to help elaborate a Constitution which would best enable the people to govern!

The ANC has openly admitted that many things have gone

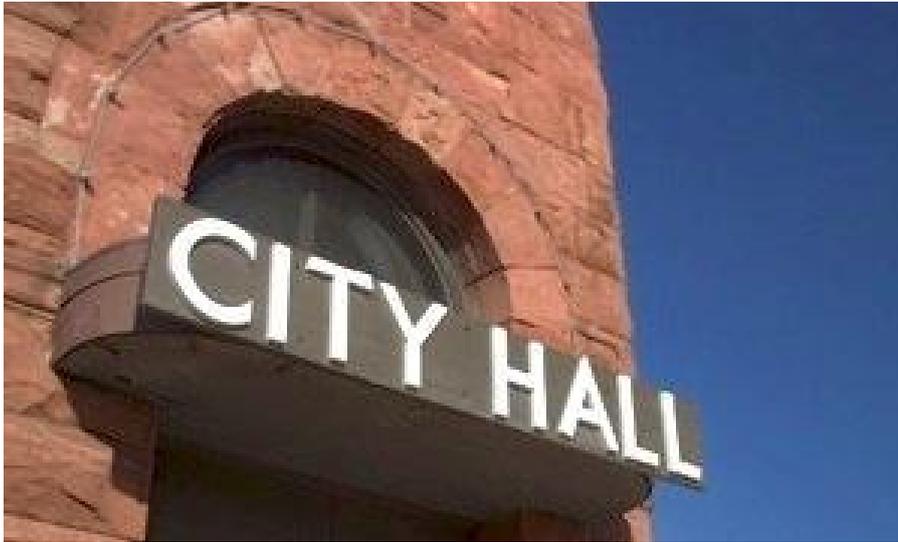
wrong with the movement itself during the years it has served as our country's governing party. For instance the Resolution on Organisational Renewal it adopted at its December 2017 54th National Conference inter alia said that there had developed among the people:

"A loss of confidence in the ANC because of social distance, corruption, nepotism, arrogance, elitism, factionalism, manipulating organisational principles, abusing state power, putting self interest above the people. Even the strongest ANC supporters agree that the "sins of incumbency" are deeply entrenched."

The Conference therefore resolved that it was imperative that the ANC should go through a process of renewal, saying:

"Organisational renewal therefore is an absolute and urgent priority, and we may go as far as to say, to the survival of our great movement."

It is obvious that the degeneration of the ANC as characterised at the 54th National Conference meant, among other things, that over time, especially the leadership had turned its back on the fundamental and historic principles, values and



practices of the movement.

This would include understanding of, and loyalty to the principle that the people shall govern, based on the fundamental revolutionary democratic principle to develop the people to be their own liberators.

In 1992 the ANC adopted the important document, 'Ready to Govern' (R2G) which contained many of the basic policy guidelines which informed many of the Government programmes implemented from 1994.

Among the matters discussed in R2G is "A New Approach to Policing". That new approach says:

"Policing shall be based on community support and participation...Policing priorities shall be determined in consultation with the communities they serve... Policing shall be structured as a non-militarised service

function...Policing shall be subject to public scrutiny and open debate..."

The ANC took this posture because the apartheid regime had used the South African Police (SAP) as its principal instrument of repression. The police therefore stood out as an enemy of the people. Obviously during the democratic period the formerly black oppressed would never believe that this police force would genuinely work for their safety and security.

Recognising the fact that nevertheless the new democracy would require policing, the ANC understood that the police formation itself had to be transformed. That is why, among other things, R2G said that instead of a Police Force we should have a Police Service which, in addition, must be non-militarised.

Indeed after 1994 we constituted a South African Police Service (SAPS), with all the officers having civilian, non-military ranks, starting with the officer-in-charge of the Service, the National Commissioner, working as part of a Ministry and Department of Safety and Security!

Much of this changed in 2010 when the then ANC Administration restored the military ranks of the police and changed the Ministry and Department of Safety and Security to the present Ministry and Department of Police.

All this showed that the then ANC leadership either did not understand the reasoning within the movement which had resulted in the change from the SAP to the SAPS etc, or viewed that reasoning with contempt, and therefore abruptly repositioned the police as an instrument of repression, led by Generals etc, like the apartheid SAP! The police massacre of mineworkers at Marikana in 2012 cannot be separated from that 2010 remilitarisation of the police.

Recognising the importance of this matter, the National Development Plan (NDP) made a specific recommendation to "demilitarise the police". It says:

"The decision to demilitarise the police force, moving away from its history of brutality, was a goal of transformation after

1994. *The remilitarisation of the police in recent years has not garnered greater community respect for police officers, nor has it secured higher conviction rates. Certainly, a paramilitary police force does not augur well for a modern democracy and a capable developmental state. The Commission believes that the police should be demilitarised...*"

Nothing has been done to implement this important recommendation!

The 2010 radical departure from the policies on policing contained in R2G exemplified exactly the abandonment of ANC values and principles which the 54th ANC National Conference condemned.

Whereas these values and principles in R2G were the outcome of an inclusive and vigorous discussion within the ANC and the broad democratic movement, the 2010 regression was an imposition by the ANC leadership in Government, with no inclusive and systematic discussion by the ANC as a whole. This also showed the extent to which the ANC leadership in the Government National Executive had also developed disrespect for the normal policy formation processes in the ANC.

We mentioned R2G because this same document also deals with the issue of the electoral system about which the June 2020 meeting of the ANC NEC took some decisions.

As we return to this matter, we also come back to the important value and principle encapsulated in the perspective – the people shall govern!

In November 1996, the ANC distributed a Discussion Document entitled 'The State and Social Transformation'. The document includes this important paragraph:

"The empowerment of the people to participate in the process of governance, expressed in the concepts of a people-centred society and people-driven processes of transformation, indicates the centrality of the concept of popular and participatory democracy to the democratic movement's understanding of the functioning of a democratic state. It shows the commitment of this movement to the proclamation in the Freedom Charter that 'The People Shall Govern!' It is the process of the people becoming their own governors."

R2G devotes a good deal of space to a discussion specifically about 'A New System of Local Government',

and starts by saying:

"The ANC believes that there is need for strong and effective local government to replace the racist, sexist, undemocratic, tribalist and corrupt structures which presently exist."

The ANC document prepared for discussion in Theme Committee 3 (Provincial and Local Government) of the 1994-96 Constitutional Assembly said about local government:

"This is the level of government charged with the actual implementation of the RDP to ensure the transformation of society. Hence, the task of local government is to ensure that all residents have equal access, free of any form of discrimination to basic services. Local government shall contribute actively towards the redistribution of resources on the basis of race, class and gender."

Given this strategic goal visualised for local government, it was inevitable that the ANC would return to the important matter of how the fundamental principle – the people shall govern – should relate to this critical sphere of government!

R2G made what might appear to be a routine

statement, that:

“Local government will bring government closer to the people...”

But to emphasise the importance of this reality, R2G went on to say:

“Local government will...actively involve (the people) in decision-making and planning processes which affect them... Democratic local government means more than just having the right to vote in a local election. It also includes facilitating the creation of a strong, independent civil society, a high degree of accountability, transparency and the right to participate in decision-making processes which affect communities between elections.

“Participation and accountability are meaningless if people do not have access to information. The public disclosure of all information pertaining to any policy, decision or activity for which any local authority is responsible should be guaranteed. In particular, meetings of the local government council and of council sub-committees should in principle be open to the public.”

When R2G discusses the national and provincial (regional) governments it does not include this specific matter of ‘involving



the people in decision making’.

However we should note that the ANC document prepared for discussion in the Constitutional Assembly, to which we have referred, reiterates a broad objective enunciated in R2G concerning the objective that the people shall govern, and says:

“...The ANC confirms that participatory democracy and mechanisms to give effect thereto are vital to democracy in South Africa, and that civil society and its various organisations have a crucial role in democratising and transforming South Africa. The final constitution, supplemented where necessary by national legislation, should provide for the principles and appropriate/effective mechanisms of participatory democracy, as well as for organs of civil society.”

As we would expect, R2G

argued for an electoral system based on the principle of one-person-one-vote and argued for a proportional system of distribution of seats in our legislatures. Of interest it already foresaw that there might be need to elaborate a specific electoral system for local government.

Accordingly it said that “proportional representation may be supplemented by the other democratic electoral systems at local level.”

Further elaborating this view, the 1995 ANC document prepared for the Constitutional Assembly proposed what was ultimately decided that:

“The electoral system for local government must be democratic. It may include both proportional representation as well as ward representation...”

It is quite obvious that despite the strategic posture the ANC adopted towards local government as a constitutionally mandated third sphere of government, with its vital role in terms of the 'implementation of the RDP', not enough was done by successive ANC Administrations to empower local government to carry out its projected tasks.

One of the problems emerged from Day 1, as it were. It is clear that the democratic electoral process since 1994 has resulted in a particular pattern of distribution of the ANC cadres with regard to the system of governance in our country.

The reality is that the most senior cadres have been deployed to serve in the principal executive, legislative and administrative positions in national government. The next layer of leadership in terms of seniority has gone into the rather expansive sphere of provincial government, given that we have nine provinces. Consistently therefore, for a quarter-of-a-century, as the ANC we have deployed into local government the third layer of our leadership corps.

The role the ANC projected for local government as early as in the R2G document suggested that it should have

split its most senior cadres between the national and local spheres of government. This was not done.

The other challenge is that the fiscal system in place since 1994 has allocated the smallest share of the national revenues to local government. This system has also required local government to rely on its own possibilities to raise additional revenues from each municipal area, to a greater extent than has been required of provincial government.

The reality is that essentially only the historically white areas of our country had the possibility to generate meaningful revenue streams likely to be of some help with regard to helping provide the municipal governments with some of the resources they need. To the contrary it was obvious that the historically black areas, on their own, would have virtually no possibility to host such revenue streams.

Accordingly the real narrative during the years of democracy is that the deployment of the human and financial resources to local government by the ANC was not consonant with its vision of the strategic role it assigned to local government.

By the end of the first five years of democratic rule, the ANC began to acknowledge the mistake it had made in terms of the deployment of its cadres among the three spheres of government. The result of this was that the country started to see more senior ANC cadres taking leading positions in local government.

After Ambi Masondo lost the race to become Premier of Gauteng in 2000, he became the ANC candidate for the position of Mayor of the Johannesburg Metropolitan Municipality and was elected to that position. Duma Nkosi was withdrawn from the National Assembly where he chaired one of the Portfolio Committees and became Mayor of the Ekurhuleni Metropolitan Municipality in 2001.

Nevertheless it is true that as the ANC we did not pursue this process with the necessary determination. The longer this deficiency persisted the greater the damage that was done to local government.

As President of the Republic I addressed a session of the NCOP meeting in Limpopo on 4 November, 2005. During this address I mentioned some of the problems afflicting local government. Among other things I said:

“(The) unseemly scramble for political power in municipal government appears to be driven by the desire to abuse elected positions to lay hands on the economic resources that the local authorities have the possibility to access.

“This includes the power of members of municipal executive authorities to determine the outcomes of municipal tendering processes, regardless of the fact that the Municipal Finance Management Act expressly prohibits the involvement of councillors and mayors in adjudicating bids for municipal tenders...

“As I have already indicated, we need “municipalities that serve all our people and have the requisite capacity to provide regular and reliable services to citizens as well as being at the forefront of the reconstruction and development of our country”.

“We cannot build such a system of municipal government by electing councillors driven by criminally selfish motives, who have absolutely no interest in serving the people and who do not belong among those determined to occupy the forward trenches in the difficult and complex struggle for the

reconstruction and development of our country, focused on the achievement of the goal of a better life for all.”

Many years after this speech, the Auditor General issued his report about Municipal Finances covering the period 2018 – 2019. The Report said:

*“Those that are required to supervise and monitor adherence to fiscal management laws are not doing so or are not effective in the steps they have taken so far. The money allocated to the delivery of certain specified outcomes is no longer in the bank and that for which it was earmarked has not been delivered or achieved. **There is not much to go around, yet the right hands are not at the till...***

“When looking across the board and after carefully analysing the financial statements we audited, we can safely conclude that local government does have sufficient money and assets to fulfil most of the basic needs and aspirations of its citizens. But a lot of work is needed to make sure that this is realised. Proper administration and superintendence over the financial affairs of local government were not exercised and were found,

through this audit examination, to be seriously lacking with some devastating consequences already evident in certain identified areas...

“The financial statements of a municipality tell the story of how well a municipality is managed... The tale most often told in local government, however, is of municipalities crippled by debt and being unable to pay for water and electricity; inaccurate and lacklustre revenue collection; expenditure that is unauthorised, irregular, fruitless and wasteful; and a high dependence on grants and assistance from national government.”

How bad the situation is in our municipalities is reflected in the fact that the 2018/19 AG's Report says that:

- in two of our Provinces, Free State and North West, none (0) of the municipalities got a clean audit;
- in five of these Provinces, the Eastern Cape, Gauteng, KZN, Limpopo and Northern Cape, only one (1) in each of these got a clean audit;
- in one of the Provinces, Mpumalanga, two (2) municipalities got a clean audit; and,

- in one of the Provinces, the Western Cape, thirteen (13) municipalities got a clean audit.

This amounts to 20 out of the 278 metropolitan, district and local municipalities in our country!

Of course we all know the “devastating consequences” the Auditor General wrote about. They have been communicated for many years now by the persisting ‘service delivery’ protests!

We must not forget what we said earlier about the principled position the ANC had taken that it was exactly in the sphere of local government that we would ensure that indeed the people govern!

Indeed in its 2006 Local Government Election Manifesto the ANC said:

“Already we have put in place democratic institutions like Ward Committees and instituted participatory planning processes so that you can have a say in local social and economic development. Integrated Development Plans (IDPs) must rest on widespread consultation with the community. We are determined to strengthen popular forums to build an inclusive and truly developmental system of local government.”

In 2009 two scholars, Laurence Piper and Roger Deacon, published a study of precisely the Ward Committees the ANC spoke about. The study was entitled, “Too dependent to participate: ward committees and local democratisation in South Africa.”

The authors wrote:

“Will participatory local government structures help deepen democracy in South Africa? That is the proclaimed purpose of the ward committee system, the centrepiece of post-apartheid local government reform, intended to facilitate deliberative democratic decision making.”

Having conducted a detailed study of the Msunduzi Municipality in KZN, these authors wrote:

“(There was) the possibility that instead of deepening democracy, ward committees could conceivably either succumb entirely to partisan party-political agendas, or - which may be the same thing - be used to deflect and defuse popular discontent. As it turns out, on the available evidence, both alternatives proved to be implausible. Disappointing their promoters and confounding their critics in equal measure, Msunduzi ward committees are just ineffectual...”

“In Msunduzi, between a third and a half of all ward

committees are not functioning properly, if at all. They are dominated by councillors and political parties rather than by the community as a whole, and neglected by the municipality. These are good reasons to be sceptical about the democratic dividend that the ward committee system is likely to yield anywhere in South Africa.”

It is very clear that during the last two decades we as the ANC have failed to realise the strategic objectives we set for local government as originally detailed in the ‘Ready to Govern’ document.

Instead of the vibrant system of local government which would be characterised and driven by popular participation, genuinely serving the interests of the people and making a decisive contribution to the reconstruction and development of our country, we have an important sphere of government which in the majority of cases has been and continues to be in crisis.

However it is also true that the thirty-year-old policy of the ANC on local government has not

changed. And indeed there is every reason to argue that there is absolutely no need to move away from the objectives to ensure that:

- local government, being closest to the people, functions in such a manner that it gives expression to the principle that the people shall govern;
- it functions efficiently to address the basic needs of the people, with no corrupt diversion of public resources for the enrichment of some individuals; and,
- it makes a significant contribution to the task of the reconstruction and development of our country, to help eradicate our colonial and apartheid legacy.

As the ANC pursues the objective of renewal, as directed by the 2017 54th National Conference, it must undertake a serious assessment of why it has essentially failed to achieve its objectives with regard to Local Government.

That assessment must help the ANC to answer the question – *what should be done to reconstruct the Local Government sphere of our governance system so that it reflects the vision and values reflected in R2G, the Constitution and legislation?*

This process, leading to the reconstruction of local

government, cannot start with the decision taken by the ANC NEC to “synchronise” the elections such that the national, provincial and local elections are held on the same day!

For one thing this would mean that the ANC, and of course all other parties contesting the elections, would present to the electorate one Election Manifesto. It is obvious that in this situation national issues would take precedence, effectively marginalising matters which relate specifically to local government, contrary to the requirement to respect the particular role for this sphere of government as visualised in R2G etc.!

This would entrench processes according to which practically local government would not be given the special focus it needs. Necessarily this would ‘legalise’ the counter-productive neglect which the ANC itself has visited on local government for two decades!

In this context the scholars we have cited, Piper and Deacon, have written:

“As former President Thabo Mbeki (in Vanderhaegen, 2005) admitted in the Local Government Bargaining Council Sector Summit, ‘the primary focus has been on national government as “absolutely important”, provincial government as “important” and local government as “well, it exists”’.

As the country must move away from this position, the ANC NEC must review the decision it has taken to “synchronise” the elections.

ANC SG Ace Magashule was interviewed by the TV channel Newsroom Africa on 7 July, 2020. He was asked why the ANC wanted to ‘synchronise’ the elections. He explained that:

- “it’s saving the costs, it’s saving the time”;
- “we want a seamless governance”, with each sphere elected at the same time, and each for five years; and,
- if the Auditor General submitted the audits for all the spheres of government at the same time, this would *“assist us to understand and run government properly, efficiently and actually try and understand how to assist the local sphere.”*

He went on to say that by taking the decision to ‘synchronise’ the elections, the ANC was *“creating a dialogue in society”*, and *“I’m sure other parties are also actually saying it makes sense...EFF is saying let’s go for a single election also, synchronised.”*

He also explained that during the debate that had been going on in the ANC, some had argued in favour of the view that the fact of staggered elections has helped “to keep (the ANC) on its toes”, to encourage it “to keep in contact with the people”, and not to “use people as voting robots”.

However the view prevailed that we should have ‘synchronised’ rather than staggered elections.

It is important to note that none of the proposals advanced during the debate mentioned by the ANC SG engaged the vital issue we have been discussing of the strategic role of local government as explained in R2G.

It is obvious that the core of the winning argument about an eminently political matter was administrative rather than political! It was also based on what is clearly a strange understanding of what is needed to achieve “seamless governance”!

It is important that the ANC NEC must recall the positions explained in R2G properly to guide itself, its membership, its Allies and the rest of the democratic movement about what should be done to ensure that the masses of our people are served by an effective, accessible and accountable system of local government.

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In this context the ANC must pay due attention to such Constitutional requirements relating to local government that it must:

- “ensure the provision of services to communities in a sustainable manner...and,
- “encourage the involvement of communities and community organisations in the matters of local government.”

To repeat what was said earlier in this document, citing R2G:

“The ANC believes that there is need for strong and effective local government to replace the racist, sexist, undemocratic, tribalist and corrupt structures...

“Local government will...actively involve (the people) in decision-making and planning processes which affect them... Democratic local government means more than just having the right to vote in a local election. It also includes facilitating the creation of a strong, independent civil society, a high degree of accountability, transparency

and the right to participate in decision-making processes which affect communities between elections.”

The Covid-19 pandemic has further exposed the structural faults in our country and society, the legacy of colonialism and apartheid we have not succeeded to eradicate during the quarter-of-a-century of democratic rule.

Surely, what all of us have seen in terms of its impact both in our teeming black urban townships and in our rural villages could not but bring forcefully to the fore the critical importance of the kind of local government R2G spoke about!

Accordingly, when we say that a post-Covid-19 South Africa must be radically different from what it was before the arrival of the coronavirus on our shores, this must also mean that the sphere of government closest to the people, local government, must also be radically different from what it has been for two decades!

TOURISM RECOVERY FOR SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT – QUO VADIS SA TOURISM?



Mmamoloko Kubayi-Ngubane, Minister of Tourism

The South African government, in its efforts to combat the spread of Covid-19, declared a national state of disaster on the 15th of March 2020 and subsequently imposed a national lockdown which commenced on 26th of the same month. The lockdown entailed closure of operations of non-essential industries to prevent the spread of the disease at the workplace, closure of international borders, restriction of inter-provincial travel and restrictions on people's movements outside their homes.

The lockdown brought the tourism industry to a standstill. Except for the few accommodation facilities that were used for quarantine purposes the rest of the tourism activities were inactive.

For the past 9 years, tourism has been the fastest-growing economic sector in the world. In 2019, it accounted for 10.3% of global GDP and 330 million jobs or 10.4% of total employment. In South Africa, the sector accounts for 2.9% of GDP (8.6% indirect), supports over 725,000 jobs (1.49 million indirect) and accounts for 8.2% of total investment activity. Perhaps most importantly, inbound tourism generates R82.5 billion in direct foreign spend (R126.7 billion total), contributing an equivalent of 9.2% of total national exports.

In addition to the recent rapid expansion, tourism's ability to absorb unskilled, semi-skilled and highly skilled people makes it an important sector in creating

an inclusive growing economy. While other economic sectors have been experiencing a shift from unskilled and semi-skilled labour to skilled labour, the tourism sector still offers ample opportunities for all three labour categories. Because of the high levels of youth unemployment in our country, many of whom lack requisite skills for the job market, some tourism subsectors have become a site for super-exploitation and unfair labour practices. Shorn of these negative practices, the tourism sector's capacity to create jobs can significantly contribute to the creation of an inclusive economy.

Furthermore, the barriers to entry for entrepreneurs who want to participate in the tourism sector are low in terms of financial and skill set requirements. Accordingly, we have seen a growing number of women and youths who are entering the sector.

However, most of these new entrants often battle to escape the survivalist status because they are often weighed down by lack of access to finance for business expansion; lack of funds to acquire the necessary training to manage a growing business; and lack of access to the market especially for black-run businesses. Many of these businesses have already been wiped out by the lockdown which

has significantly setback transformation in the sector and by extension inclusivity.

The centrality of tourism in modern economic development is such that it has been included as one of the tools for delivering the targets of Goals 8, 12 and 14 of the sustainable development goals (SDGs) on inclusive and sustainable economic growth, sustainable consumption and production (SCP) and the sustainable use of oceans and marine resources, respectively. This means that tourism is of vital importance in the fight against poverty, unemployment and inequality as well as the preservation of natural resources. Hence, the Covid-19 pandemic poses a major stumbling block for tourism but most importantly for the achievement SDGs.

Before the declaration of the national state of disaster and imposition of the national lockdown the department of tourism convened a meeting with the tourism sector players, public and private, to discuss the likely impact of Covid-19 pandemic on tourism. Guided by what was already happening around the world, especially

the Italian experience, we expected that the impact was going to be devastating and we advised businesses to start preparing for the worst. In hindsight, no amount of preparation could have adequately prepared businesses in the sector for the scale of devastation that we are witnessing today.

The outbreak of Covid-19 has effectively temporarily collapsed the supply and demand market of the tourism sector. According to the world travel & tourism council *"...75 million jobs are at risk, and without swift action ... one in four new jobs around the world and the 10.3% (US\$8.9 trillion) contribution to global GDP, will not be generated and the global economy will struggle to recover"*.

The government's adoption of the risk-adjusted strategy was a recognition of the need to strike a delicate balance between protecting livelihoods and containing the spread of the virus. Different economic sectors were placed at various levels of risk, ranging from 1 to 5, depending on the perceived risk that each sector poses. At the time the strategy was adopted tourism activities were placed at level 1 which meant that tourism was only going to open when the virus had been completely contained or upon the discovery of a vaccine.

During the month of April, some 50,000 businesses were closed and estimates were that, without some kind of intervention, between 550,000 – 600,000 jobs were going to be lost in the tourism sector by the end 2020. We, therefore, had to intervene in a manner that would ensure that some areas the tourism sector opened sooner rather than later. Thus, in collaboration with the private sector, we initiated a process of developing health and safety protocols for the various tourism sub-sectors to prepare for reopening. The sector players became alive to the fact that until such a time that an effective vaccine is discovered the entire value chain of the tourism sector will have to adjust their operations to the new normal and assume more responsibility in protecting employees and customers from the virus.

Because of the jointly developed health and safety protocols, when the country moved to level 3 some of the tourism subsectors were opened but a significant portion of the sector remained inactive.

It is estimated that R54.2 billion in output may already have been lost

between mid-March and the end of May this year. The sector now faces a potential 75% revenue reduction in 2020, putting a further R149.7 billion in output, 438,000 jobs and R80.2 billion in foreign receipts at risk.

To quantify the extent of the impact of COVID-19, the department in collaboration with tourism business council of South Africa (TBCSA) and International finance corporation (IFC), conducted surveys, the first one was administered in April and the second in June. The first survey had 1610 respondents and the second, 1501. In both surveys, 99% of responding firms are affected by COVID-19. This means their cash flow was disrupted and further complicated by the struggle to maintain the liquidity needed to reimburse consumers for booking cancellations.

The results of the June survey indicate that businesses have taken various measures to cope under the circumstances which include the following amongst other things:

- *Wage reduction – as it was during the April survey, and it has increased to include 55% of enterprises with more than half their workforce on reduced wages. Furloughed*

staff - The number of enterprises have furloughed staff since the April survey has stayed constant, with a minor reduction in the number of enterprises who have furloughed all staff. 34% of enterprises (34% also in March) have furloughed more than 50% of staff, and 16% of enterprises have furloughed all staff, compared to 18% in March.

- *Redundancy - The numbers of enterprises making most of their staff redundant has stayed constant over the last few weeks. 11% of enterprises (11% in March) have made more than 50% of staff redundant, and 5% of enterprises (7% in March) made all staff redundant.*

What the surveys have also shown is that the longer the shutdown of the sector persists more businesses will permanently close. Inevitably, such a situation would create concentration at the top with few big firms that survive the crisis making it difficult for the sector to transform in terms of ownership.

To deal with the booking cancellations, the most commonly applied mitigation measure by businesses is a deferment of bookings instead of cancellation and providing refunds.

In a similar pattern to the results from the April Survey, all businesses prioritized the need for financial support for cash flow, financial support for recovery, and tax relief. In the June survey, expert advice on business recovery,

advice on health and safety measures, and support for commercial debt repayment climbed higher on the priority list. Most of these businesses have been appealing for the government to provide them with a financial relief package.

The performance of the South African economy has been shambolic for the past decade. Faced with growing social needs, it was unavoidable for our budget deficit to widen and the debt to GDP to increase. This means that the government finds itself fiscally constrained and therefore, does not have the resources to provide financial support for the businesses that are in distress.

Despite the constraints, the government put together the Covid-19 Loan Guarantee Scheme worth R 200 billion for businesses in distress, the Temporary Employer/Employee Relief Scheme (TERS), established to provide financial relief to employees during the Covid-19 through the UIF and other tax benefits.

The Tourism Relief Fund which assisted 4 000 businesses with R 50 000 each could only sustain most of the recipients for a

month or two. TRF was conceptualised for a scenario in which the spread of the virus would have been contained by the second quarter of the year. Had it been the case, the grant would have gone a long way in saving a larger proportion of the Small, Medium and Micro Enterprises (SMMEs).

Following a meeting with freelance tourist guides in which they expressed their plight, the department put together the Tourist Guides Relief Fund. A sum of R30 million has been set aside for this programme and it will provide relief for the recipients for a period of three months.

A further R 40 million budgeted for Green Tourism Incentive Programme (GTIP) to encourage private tourism enterprises to move towards more efficient utilisation of energy and water resources will be speedily disbursed so that it can assist in reducing operational costs.

South African Tourism will also provide an exemption for up to 12 months of the grading assessments and fees followed by a payment holiday of 100% grading discount to aid the recovery of the sector.

We are cognisant the relief schemes that have been

made available are not sufficient to meet the needs of all the businesses in distress but they will go a long way in protecting businesses from total collapse.

In an epidemiological scenario that assumes that we will be over the worst by October and November, the virus spread risk reduction will coincide with the peak season of the tourism sector in South Africa. In preparation for this eventuality, we have, after extensive consultations with the stakeholders, developed a draft tourism Recovery plan which after another round consultation, we will, within the month August, submit to Cabinet for Approval.

The plan proposes several interventions. We envisage that the first phase of interventions will primarily focus on the protection of the domestic supply side of the sector. As already mentioned the impact of the pandemic on the supply side of the tourism value chain has been devastating. Supply-side interventions necessarily have to initially focus on maintaining business continuity, aligning the value-chain to health and safety standards, as well as increased support for SMMEs and market access. This will require the mobilization of investment for the sector from both private and public sources. The investment gap is currently estimated to be around R 7 billion.

To stimulate demand, an aggressive marketing strategy will be adopted locally and internationally. Tourism has become very competitive sector thus we will need to do a lot of work to remind travellers that South Africa is a truly inspiring destination, combining powerful social justice history, breath-taking natural beauty, and warm, welcoming people.

The second phase will emphasize managing the re-opening of the sector and driving long term growth in tourism supply and demand. We will also use this period to sort out issues such as the readiness for the rollout of the e-visa system and resolution of the challenges around the issuance of licenses for tour operators.

Amongst the key drivers for the rapid tourism growth in the last decade were stronger global economic growth, growing middle class in emerging economies, more affordable air travel, increased flight capacity, technological changes, new businesses models and greater visa facilitation around the world. Despite the devastating impact of the pandemic most of these drivers have not regressed which increases the odds for a rapid tourism recovery.

So far the indications are that tourism recovery will experience several phases,

from hyper-local community attractions, through broader domestic tourism, regional land and air markets to the resumption of worldwide international travel.

In 2019, domestic holiday trips increased by 170.6% to reach 7.1 million compared to 2018 and accounted for 24.8% of all domestic trips. This is an indication that South Africans are beginning to have an interest in exploring their country. Before the resumption of international travel, efforts will be made to capture the outbound market by enticing them to travel within the country.

When we open international borders we expect that the regional market will quickly pick up. Africa land markets form the bedrock of tourism in South Africa. This region alone accounts for 71% of international arrivals. In 2019 international arrivals declined by 2.3% to a total of 7.2 million.

We anticipate that international travel for travellers from outside the African continent will only pick in the first quarter of next year. The number of inbound international travellers will gradually grow

to pre-Covid-19 levels because, in the absence of a vaccine, it will take time for our country to build confidence that travelling to our country safe. We are currently making efforts to ensure that we host multiple global events so that the country regain its status as a preferred destination for business travellers.

Internationally, we have been engaging with global bodies to get guidance and to coordinate with our partners around the world, especially our source markets, in preparation for the sector recovery. We have participated in virtual meetings with the G20 tourism ministers, the UNWTO virtual conference on Policies for Inclusive Recovery in Global Tourism, the AU First Meeting of the Bureau of the Subcommittee on Tourism of the Specialized Technical Committee on Transport, Transcontinental and Interregional Infrastructure, Energy and Tourism (STC-TTIIET) and the WTTC. The broad consensus in these forums, which we have embraced, is that countries must:

- Adopt global health and safety protocols to assure travellers that it is safe to travel again.
- Implement a rapid test and trace strategy to help contain the spread of the virus
- Foster greater collaboration between the public &

private sectors to ensure a standardised, global approach to the crisis.

Since the outbreak of the Covid-19, the many positive steps the tourism sector has taken towards opening up have only been achieved when government and the private sector have worked closely together. It therefore stands to reason that for us to put the sector on a sustainable recovery trajectory, a close working relationship amongst the stakeholders is an absolute necessity.

PUBLIC-PRIVATE PARTNERSHIP CRITICAL NOW MORE THAN EVER FOR AGRICULTURAL DEVELOPMENT IN SA.



Wandile Sihlobo, Chief economist of the Agricultural Business Chamber of South Africa (Agbiz)

The South African agricultural sector has the potential to be amongst the sectors that will drive economic growth and job creation towards post-COVID-19 recovery. In a strict sense, the

path to realising this growth does not need new policies. The South African government should rather, recast its vision of agricultural development using chapter six of the National Development Plan (NDP) as a point of departure.

The NDP proposed a three-tier approach for agriculture and agro-processing to reach their fullest potential of creating one million jobs by 2030, namely, the development of underutilized land especially in former homeland areas and failed land reform farms (which could unlock up to 400 000 jobs), the expansion of export-orientated high growth areas (up to 250 000 jobs) and investment in vertically integrated agro-processing (up to 350 000 jobs). But what will need to be done differently from this point onwards (and not wait until the pandemic ends) for the realisation of this broad vision is the adoption of a strategic project management approach with detailed operational plans and key milestones to guide officials, various stakeholders and efficient resource allocation

The Department of Agriculture, Land Reform and Rural Development is currently drafting the sector Master Plan along with private sector players. Such a plan should prioritize high-value job-creating sub-sectors that have untapped potential, and not only focus on the traditional commercial enterprises. Such areas involve the former homeland regions of South Africa, government land and also underperforming land reform farms. The Master Plan should map out these areas and conduct informed land-use planning. Another crucial step will be to understand why agricultural development has lagged over the past two decades in such regions, while productivity in commercial agricultural areas has more than doubled since 1994.

There are several reasons which explain this disparity in fortunes, the major ones being lower levels of investment, inadequate infrastructure, and limited farm management expertise. Concerning investment, poor land governance, both in the former homelands and some underutilized land reform farms, have been the key impediments. About the lack of infrastructure, the problem has been compounded by poor service delivery in various local municipalities, especially those in former homelands towns of South Africa. The dearth of farm management expertise has been exacerbated by limited access to information, extension and training.

Given these structural challenges, the Master Plan will have to lucidly articulate ways and means to increase investment, as well as the improvement or capacitation of local governance. A clear and solid business model will always attract investment. In the case of investment, agriculture is a long-term economic activity with good returns if executed soundly. Given this reality, the South African government will have to clarify its long-term view on land reform policy, not only for areas that are already farming commercially (especially in these uncertain and challenging pandemic times) but also for the former homelands, where investment and commercial agriculture is set to make the most impact to rural livelihoods.

A renewed drive on the prioritization of public-private partnerships (PPP) is now more critical than ever in bringing about development. The private sector will not only bring “know-how” to the state but also much-needed capital. South Africa already has examples of such PPP from which to build on. These include, but not

limited to, the Sernick Group in the beef sector in the Free State and the Humansdorp Co-op in the Eastern Cape, which focuses on field crops and horticulture. Both companies have partnered with government and communities to empower black farming businesses with the requisite knowledge to succeed. backlogs,

The Master Plans should reflect on such examples of successful Public-Private Partnerships and further innovate and develop institutions which effectively drive and sustain development. Moreover, this post-COVID-19 agricultural development plan should also encompass the agro-processing segment of the value chain, as that will add to job creation and rural development. On this particular point, private sector investment will need to be attracted.

Therefore, the agriculture and agro-processing Mast Plan should also reflect on strategic incentives for firms to expand agro-processing in various towns which were not predominantly agricultural. This might be in the form of tax incentives for various agricultural hubs which will be determined by the type of agricultural activity. In areas where

weather conditions permit, the government should encourage the expansion of horticultural production as this subsector has higher labour absorption multipliers than other subsectors of agriculture, in addition to also having higher export-orientated value.

All these ideas aren't new. There is no need to re-invent the wheel. Rather, the focus should be on understanding why there has been institutional inertia, low levels of policy implementation, and lack of informed project management over the past two decades. Addressing the stumbling blocks to development (i.e. investment, infrastructure and knowledge) and focusing on effective implementation are the key ingredients of a successful post-COVID19 agricultural sector.

Given that the private sector's role might have been less pronounced in the past, the tight fiscal position that the South African government is currently in demands external funding to drive development and agriculture. This means for the better part, agricultural development towards a post-COVID19 era will require deeper and greater participation of the private sector. However, effective private sector participation demands that government provides greater levels of policy certainty, especially land reform,

and effective service delivery in marginal areas. The government will have to take an investment friendlier approach, which is still anchored in development. The PPP approach is one such model, and several case studies can be used to draw lessons from.

REFLECTIONS ON CHOICES AND OPPORTUNITIES FOR AFRICAN ECONOMIES POST-COVID-19.



Samuel Ojo Oloruntoba, is a Lecturer at TMALI and Associate Professor-International Political Economy, UNISA

The Coronavirus and its resultant disease, COVID-19, hit the world like a thunderbolt. What started in Wuhan, China in February 2020 has become a global pandemic that continues to ravage both developed and less developed countries. Apart from the huge health implications of COVID 19 in terms of loss of many lives and overstretched health facilities, the virus has led to severe macro and microeconomic problems in terms of job losses, lost investments, and lost

productivity in the world economy. These were due to the lockdowns-imposed lockdown as a means of containment and effective management of the pandemic

African countries have so far demonstrated resilience, creativity, innovation, and courage in managing the epidemic. Several countries across the continent have responded to the pandemic through a mix of well crafted economic and health interventions, that continue to shape the evolving realities of one of the most inscrutable challenges of our time.

Countries like South Africa, Senegal and Ghana developed massive test capacities, through making own test kits, developing tracing apps and making personal protective equipment. African countries also established isolation centres to treat infected people. Laboratories have been revamped to accelerate the turn around time for test results.

Governments on the continent have also embarked on the massive rollout of stimulus packages to the private sector as a means of revamping the economies so badly affected by the lockdowns. The

Central Banks of various countries in Africa have released billions of dollars to kickstart the economies and boost their capacity to cope and continue in business. In some countries, palliatives were also provided to the poor.

Additionally, given the limited reserves of virtually all countries in Africa, the governments invited the private sector to contribute to emergency funds. The responses have been impressive. The international community have also contributed to some of these funds with the European Union, United States of America, China making donations to the emergency funds. The international Monetary Fund has provided loans to help countries in difficult macroeconomic conditions and suspended interest payment on existing loans.

The UK has helped in the forms of medical supplies to Ghana in the first instance. At the scientific level, several initiatives are ongoing in universities and research institutes to find solutions to the pandemic. For instance, the new COVID-19 Africa Rapid Grant Fund led by the National Research Foundation (NRF) South Africa and supported by an international collaboration of funders including UK Research and Innovation (UKRI) has launched a call for research proposals to look at prevention, diagnostics and treatments of COVID-19. The £3.8M fund also includes an innovative component to bolster science and health in

efforts to produce and disseminate accurate and timely information about COVID-19 for the public in Africa.

As COVID 19 continues to evolve in Africa, the pandemic has created opportunity to reflect, rethink and re-strategize the health, economy and educational policies on the continent. The pandemic clearly shows that there is a huge gap between the required and available health infrastructures. COVID 19 is a respiratory disease which requires that hospitals are equipped with ventilators and oxygen. What has emerged is that 10 countries in Africa have no ventilators at all.

As COVID 19 continues to evolve in Africa, the pandemic has created opportunity to reflect, rethink and re-strategize the health, economy and educational policies on the continent. The pandemic clearly shows that there is a huge gap between the required and available health infrastructures. COVID 19 is a respiratory disease which requires that hospitals are equipped with ventilators and oxygen. What has emerged is that 10 countries in Africa have no ventilators at all.

According to the World Health Organization, there are fewer than 2,000 ventilators across 41 countries in Africa. Nigeria with a population of 200million only has 100 ventilators. South Africa, with the most advanced health infrastructure boasts of 3215 medical ventilators, which is less than half of what the country needs to cope with the pandemic. According to South Africa's Health Department, 2,105, or roughly two-thirds, of the available medical ventilators in the country are in the private sector. In a country where access to private medical services is costly and only available to a very tiny part of the population, this is problematic and symptomatic of deeper structural problems in the country.

Although donors have been sending medical ventilators to different African countries, the small number of such critical equipment indicated the massive neglect that hospitals in Africa have suffered over the years. Rather than investing in and equipping hospitals, many political elites in Africa will rather embark on medical tourism to Britain, the United States of America or India. The pandemic has revealed

the shabby state of medical infrastructures and facilities in many parts of Africa. Despite the creativity that has been deployed in response to the current pandemic, the previous neglect of the health sector calls for urgent action for prioritisation of health as a public good, with resultant higher allocation in the budget.

Like other parts of the world, COVID 19 has negatively impacted on the African economy. Tourism has been affected in ways that have led to the loss of billions of dollars in revenue as well as a loss of millions of jobs. The informal nature of the economy worsened the impacts of the lockdowns imposed by countries. Borrowing to meet the immediate needs of the suffering masses through palliatives has compounded an already dire debt situation.

The pandemic has created a unique opportunity for African leaders and other stakeholders to rethink and re-arrange the economy in ways that can be more inclusive, participatory, resilient, and sustainable. This will require a massive program of investment in job-creating infrastructures such as road and rail constructions, industrialization and standardization of the informal economy. Tourism is critical to the revitalization of the economy. African countries should put in place safety measures and gradually restart this sector as being done in other regions of the world.

Training and upscaling of skills are very critical in ensuring that the

teeming jobless youth are productively engaged in various sectors of the economy. The multi-stakeholder approach adopted in the wake of the pandemic can be explored to shore up capital to finance key activities geared towards revamping the economy in Africa.

Additionally, the governments of African countries should ensure that they provide incentives to the private sector in the form of removing obstacles to doing business, in ways that can foster productivity and competitiveness. On the other hand, the private sector should pay competitive wages and other benefits to workers as a social imperative. Small and medium scale enterprises hold the ace for job creation. Thus, it is incumbent on governments to invest massively in the real and services sectors of small and medium scale enterprises. Efforts should also be made to add value to the various raw materials and minerals before export.

Given the disparities in the economic capacity of African countries, a regional integration approach should be strengthened by supporting and ensuring the success of the African Continental Free Trade Agreement. This will help to build complementarity, foster sharing of resources and benefits of trade and investment.

TMF PROGRAMMES

THABO MBEKI PRESIDENTIAL LIBRARY (TMPL)



#BuyABrick CAMPAIGN



“If you don’t understand history, you will not be able to deal with today’s issues”.

With these powerful words, President Thabo Mbeki emphasised the dire need for the preservation of history and knowledge on the continent, as a tool to guide future leaders in finding new solutions for Africa’s challenges and achieving Africa’s transformation. These words furthermore ignited a fire among young people, challenging them to take centre-stage in building a home for their history and becoming the generation that propelled Africa’s rebirth.

The Buy A Brick Campaign is an exciting call-to-action youth initiative that aims to drive and mobilize young people across all races and class to purchase a brick and be partakers in the building of the Thabo Mbeki Presidential Library.

This campaign cements the idea that for anything great to be built- it must be built one step at a time, in our case, one brick at a time. The launch of the campaign took place on Instagram Live on June 16 2020.

The intergenerational conversation that took place at this launch demonstrated that that indeed young people can become the architects of their future and play a pivotal role in building this continent.

Each Brick symbolizes the various building blocks, collective effort and unity required to build Africa’s renaissance, and is a depiction of what the Thabo Mbeki Presidential Library hopes to achieve.

When you purchase a brick, your name will be recorded on the TMPL Hall of Honor. Anyone anywhere can purchase because there is going to be a virtual wall of #TMPLBricks.

The campaign comes at a time where stories of hope and victory need to be told. Buy A Brick campaign is more than a crowdfunding campaign towards the building of the TMPL. It aims to be a vehicle for change to empower young people, today. Be on the lookout for exciting competitions where scholarships for various online courses and other skills development opportunities will be up for grabs!



The brick for students' costs R100 and for the working youth, R1000.

The journey for Africans' self-reliance and self-confidence begins now.

Follow us on

Instagram: @thabombekifoundation

Twitter : @TMFoundation

For Further Enquiries:

Motlatsi Tsiane: 072 437 9694

motlatsi@mbeki.org

Phindile Ndlovu: 082 701 4447

campaigns@mbeki.org

ABOUT THE TMF

The Thabo Mbeki Foundation (TMF) is a non-profit organisation established in 2008 upon former President Thabo Mbeki's retirement as President of the Republic of South Africa, to support his continuing engagements with efforts aimed at promoting the achievement of Africa's renaissance.

In support of its aims and objectives which are geared towards the achievement of its vision to be the catalyst for the achievement of an African Renaissance, the TMF runs the following core-programmes:

- Thabo Mbeki School of Public and International Affairs
- Thabo Mbeki Presidential Library
- South African Democracy Education Trust

In addition to its core-programmes, the Foundation also engages in annual public dialogues aimed at contributing to discourses aimed at influencing public policy on matters relating to gender inequality and the women empowerment and addressing the leadership deficit on the continent.

As an independent non-profit organisation, the TMF relies on generous support from institutions and individual. We encourage everyone who wishes to further the work of the TMF to consider making a once-off or regular monthly/annual contribution, either towards supporting the operations of TMF or specifically towards any of its programmes.

The Foundation is a registered Public Benefit Organisation (PBO), reg; 930031878, therefore donations are tax deductible and received in terms of Section 18A of the Income Tax Act No 58 of 1962.

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CONTACT US

Physical address

No 7 North Avenue,
Killarney,
JOHANNESBURG,
2193
Republic of South Africa

Postal address

Private Bag X 444
Houghton
2041
Republic of South Africa

General Enquiries

Tel: +27 11 486 1560
Fax: +27 486 0723
Email: info@mbeki.org
www.mbeki.org

