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Introduction

Introduction

This *Provincial Budgets and Expenditure Review* describes how government has worked to maintained the strength of public finances while protecting social services in the context of poor global economic performance, a weak rand and unstable inflation. The global financial crisis that began in 2008 and resulted in the 2009 recession in South Africa produced a structural budget deficit whose consequences, including worsened levels of unemployment, have been far reaching. The country's economy grew by 0.5 per cent in 2016, 1.3 per cent in 2017 and 0.7 per cent in 2018.

South Africa is still recovering from the effects of the 2009 recession.

The 2020 Budget Review estimated growth of 0.9 per cent in 2020, increasing to 1.3 per cent in 2021 and 1.6 per cent in 2022. This has since been revised downwards due to the effects of the Covid-19 pandemic. The main factors supporting the expected increase before the pandemic included stabilising commodity process, higher global growth, improved electricity supply, recovering business and consumer confidence and improved labour relations. The slight increase presently projected will not be sufficient to reduce unemployment, poverty and inequality substantially. The country needs to boost economic growth by removing policy uncertainties, working to improve the countries investment grade ratings and improving service delivery. The South African government is committed to achieving these objectives.

The National Development Plan (NDP) outlines the medium- and long-term reforms needed to boost investment, expand employment and remove constraints to economic growth. To build a South Africa in which all people have a decent standard of living and access to economic opportunities, government continues to explore ways in which to grow the economy. It is committed to remaining within an expenditure ceiling, cost-cutting, efficiency gains through procurement reforms and stabilising spending on compensation of employees (CoE).

Provincial expenditure is closely aligned with government's seven priority outcomes.

Provincial expenditure is closely aligned with government's seven priority outcomes. National transfers to provinces have grown rapidly, from R490 billion in 2015/16 to R633.1 billion in 2019/20, in line with government's priorities. Over the 2020 Medium Term Expenditure Framework (MTEF), these transfers are projected to rise from R670 billion to R753 billion or an increase of 6 per cent. The purpose of these increases is to enable provinces to provide and expand social services and in particular education and health.

About the Review

This *Review*, the fourteenth report on provincial budget and expenditure trends, contains consolidated information on provincial government performance from 2015/16 to 2019/20 and projections for the period 2020/21 to 2022/23. It is thus both a review of the recent past and a forward-looking document and forms part of the National Treasury's commitment to budget transparency.

The *Review* provides the public, elected officials, policy analysts and public servants with information about the use of public resources. It has four broad objectives:

- To provide a consolidated picture of provinces' financial performance and plans.
- To assess provincial governments' performance in providing critical social services and supporting economic growth through increased investment in strategic and economic infrastructure.
- To assess provinces' financial management capacity.
- To highlight challenges and the recommendations, possible solutions and policy initiatives designed to address them.

The *Review* thus gives Parliament and provincial legislatures a comprehensive picture of what government is spending on provincial functions such as education, health, social development, human settlements, roads, public works and agriculture. It also enables them to compare and benchmark provinces against one another and to assess the extent to which their budgets give effect to national priorities.

Key observations from the Review

- Although there is improvement in the number of children attending school and Grade R, attaining matric and bachelor passes and passing with 50 per cent or more in mathematics and physics, much more needs to be done to improve the quality of education.
- Limited budgets make it difficult to provide health services to a growing population with an increased disease burden. Spending pressures in the health sector include skills shortages, inflation in the cost of medicines, unpaid invoices and medical negligence claims.
- Economic growth during the period under review was below expected levels and far below those needed to reduce unemployment significantly. High unemployment leads to an increased demand for social welfare services such as income support and maintenance and services for children and young people.
- Constructing and maintaining roads to ensure the efficient movement of goods and services and reduce the cost of doing business remains a challenge. According to the Department of Transport (DoT), the provincial roads maintenance backlog is currently estimated at R185.9 billion.
- Provision of public infrastructure, addressing the backlog on building maintenance and creating jobs remains one of the key priorities to resuscitate the economy.
- There have been improvements in infrastructure planning and delivery. However, ongoing challenges include gaps in alignment between infrastructure planning, budgeting and implementation; lack of skills; and the capacity to plan and manage infrastructure delivery in client departments and with implementing agents.
- Minimal strides have been made in reducing personnel expenditure. This is set to rise from R417.3 billion in 2019/20 to R466.8 billion in 2022/23, increasing at an average annual rate of 6.6 per cent over the 2020 MTEF.

Provinces and national policy

The National Development Plan (NDP)

The objectives of the plan which include eliminating poverty and reducing inequality. The country can realise these goals by growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. By 2030, it aims to have:

- United South Africans of all races and classes around a common programme to eliminate poverty and reduce inequality.
- Encouraged citizens to be active in their own development in strengthening democracy and holding their government accountable.
- Raised economic growth, promoted exports and made the economy more labour absorbing.
- Focused on key capabilities of both people and the country.
- Developed capabilities including skills, infrastructure, social security, strong institutions and partnerships within the country and with key international partners.
- Built a capable and developmental state.
- Displayed strong leadership in society that works to solve our problems.

In 2019, acknowledging that fiscal constraints and the time factor meant that government would not be able to deliver everything visualised in the NDP by 2030, the president listed seven priorities:

1. Economic transformation and job creation
2. Education, skills and health
3. Consolidating the social wage through reliable and good quality basic services
4. Spatial integration, human settlements and local government
5. Social cohesion and safe communities
6. A capable, ethical and developmental state
7. A better Africa and world.

National and provincial functions

Provinces implement nationally agreed upon policies.

The Constitution allocates functions to national, provincial and local government. Some are concurrent; others are exclusive. Provinces are responsible for social services including pre-tertiary education; health; social development; economic functions such as agriculture and roads; provincial governance and administration, which includes legislatures and provincial treasuries; local government; and human settlements. National government sets the policies which provinces implement in the agreed priority areas.

Provinces play a central role in delivering and improving the quality of socio-economic services; reducing inequality; increasing investment in communities; ensuring sustainable livelihoods; developing skills that the economy needs; ensuring efficient government; combating corruption; and regional economic development.

Economic activity and employment

Following the 2009 recession, the global economy remained fragile. However, some sectors of the South African economy slowly gathered steam. In 2017, the main drivers of growth were the primary sectors and especially agriculture and mining, with growth weak in other sectors. Job creation and wage growth are impossible to achieve in the context of low economic growth. In 2019, formal non-agricultural employment fell 0.7 per cent, bringing total employment to 11.3 million. In the first nine months of 2019, annual private-sector wage growth per worker was 2.4 per cent compared with public-sector wage growth of 7.2 per cent.

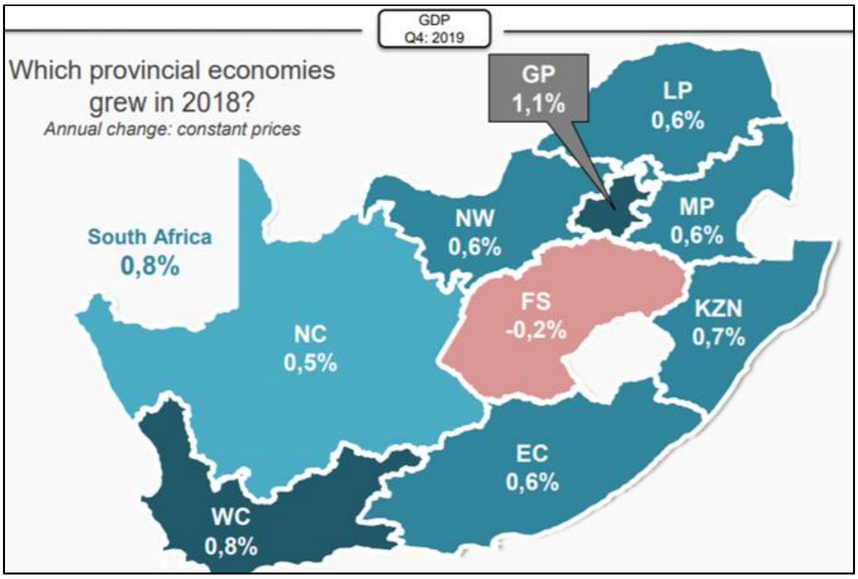
In 2019, the economy grew by 0.2 per cent. However, in per capita terms it stagnated and did not provide additional income to reduce poverty. The impact of low growth on revenue collection has been considerable and government has continued to under-collect on its revenue targets. The state is borrowing at an increased rate to fund operations. In 2019/20, debt service costs absorbed 15.2 cents of every rand that government collected compared with 9.8 per cent in 2010/11, making these costs the fastest-growing area of government spending. Over the same period, the public sector wage bill grew to an average of 35.4 per cent of total consolidated expenditure.

Economic activity

Following a contraction of 0.8 per cent (revised) in the third quarter of 2019, in the fourth quarter the South African economy contracted by 1.4 per cent. Finance, mining and personal services showed an increase but this was not sufficient to prevent the country from slipping into its third recession since 1994. At 0.6 percentage points, transport and communication contributed the most to the decline. Retail trade sales and the restaurant trade increased in the fourth quarter but this was not enough to offset the fall in the motor trade, wholesale and accommodation which pulled the trade industry lower by 3.8 per cent; the industry was the second largest contributor to the reduction in GDP. Manufacturing was also hard hit as production of cars, transport equipment, wood and paper declined. Petroleum production increased; however, this was not sufficient to reverse the previous quarter’s reductions. Construction continues to be hard hit; with the exception of one quarter in 2017, it declined throughout the review period. Agriculture also was not spared from negative growth, recording its fourth consecutive quarter of negative growth. The sector has been affected by the drought in Eastern Cape and Free State, made worse by the late rains and heatwaves experienced across the country. Driven by platinum group metals, iron ore and gold, mining sector growth of 1.8 per cent contributed only 0.11 of a percentage point to the growth of the economy. Coal production fell as a result of lower demand and of heavy rains; the contributions to growth by manganese and diamonds were also negative.

The figure below shows economic growth in the provinces as at the end of 2019. At 1.1 per cent, Gauteng had the highest growth, followed by the Western Cape at 0.8 per cent and Kwa-Zulu Natal at 0.7 per cent. The main contributors to this growth were the finance, mining and personal services industries.

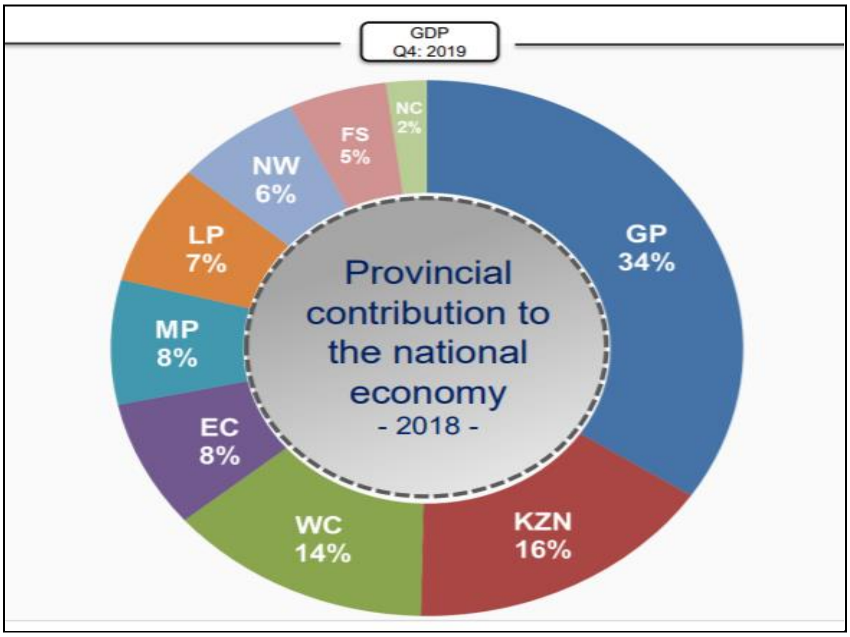
Figure 1.1: Economic growth per province in 2019



Source: Statistics South Africa, 2018

As Figure 1.2 shows, in 2019 three provinces accounted for 62 per cent of the national GDP of R4.65 trillion: Gauteng (34 per cent), KwaZulu-Natal (16 per cent) and Western Cape (14 per cent). Gauteng dominated, with finance, manufacturing, construction and government heavily represented in the province. National agriculture production is concentrated in KwaZulu-Natal, Free State and the Western Cape while the bulk of national mining activity takes place in North West, Mpumalanga and Limpopo.

Figure 1.1: Contribution of each province to GDP: Q4, 2019



Source: Statistics South Africa

Table 1.1 indicates the relative size of the various sectors in the provinces' economies and complements the information about the contributions of provinces to GDP in Figure 1.2.

Table 1.1: Relative size of provincial economy by industry, March 2017

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape
Agriculture, forestry and fishing	1,9%	4,8%	0,5%	3,7%	2,5%	2,8%	7,1%	2,6%	3,8%
Mining and quarrying	0,1%	10,0%	2,3%	1,5%	25,5%	20,7%	20,2%	30,1%	0,3%
Manufacturing	11,5%	9,5%	13,9%	15,9%	2,8%	12,2%	3,1%	4,7%	13,8%
Electricity, gas and water	2,3%	3,8%	3,0%	3,6%	3,9%	7,0%	3,5%	3,2%	2,6%
Construction	3,6%	2,3%	3,6%	3,9%	2,7%	2,9%	2,7%	2,2%	4,9%
Wholesale, retail and motor trading catering and accomodation	18,2%	13,0%	12,3%	13,6%	13,6%	12,9%	10,7%	10,5%	15,5%
Transport, storage and communication	8,2%	9,1%	9,2%	11,9%	4,4%	5,9%	10,8%	5,7%	9,8%
Finance, real estate and business services	16,8%	14,8%	21,7%	15,3%	13,0%	10,3%	11,9%	11,9%	22,7%
Personal services	6,5%	7,2%	4,6%	5,5%	3,8%	3,5%	4,8%	6,9%	6,1%
General government services	20,5%	15,2%	18,8%	15,0%	17,3%	11,1%	15,5%	11,7%	10,4%
All industries at basic prices	**89,6%**	**89,7%**	**89,9%**	**89,9%**	**89,5%**	**89,3%**	**90,3%**	**89,5%**	**89,9%**
Taxes less subsidies on products	10,4%	10,3%	10,3%	10,2%	10,5%	10,9%	9,8%	10,5%	10,2%
GDP at market prices	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source: Statistics South Africa, GDP estimates 2018

Employment

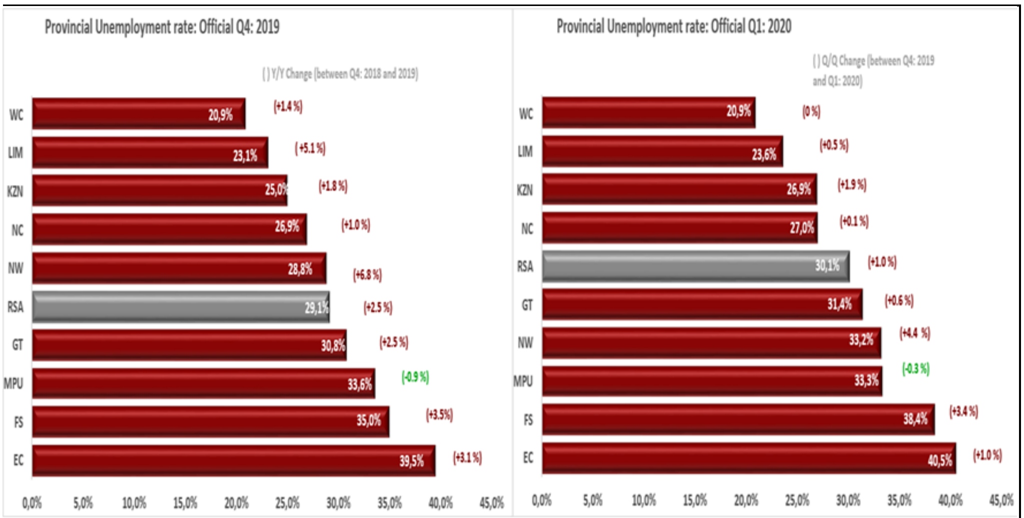
Unemployment in South Africa is still high, at 30.1 per cent in Q1:2020.

The national unemployment rate remains very high. As Figure 1.3 shows, between the fourth quarter of 2019 and the first quarter of 2020 it had increased from 29.1 per cent to 30.1 per cent, with the number of people unemployed increasing by 344 000 to 7.1 million over the same period; in the third quarter of 2019, it had decreased by 8 000. Employment in seven of the ten industries (listed in Table 1.1) fell during this period, with the largest decreases in finance (50 000), community and social services (33 000) and agriculture (21 000). Employment in trade (71 000), private households (30 000) and mining (6 000) increased. In five of the nine provinces, employment numbers dropped over the same period.

Figure 1.3 shows that, in the first quarter of 2020, unemployment rates in the Western Cape, Limpopo, KwaZulu-Natal, North West and the Northern Cape were below the national average of 30.1 per cent. The largest employment decreases from the previous quarter were in the Free State (decline of 29 000), North West (decline of 23 000), Western Cape (decline of 17 000) and Limpopo (decline of 13 000). Employment in Gauteng and KwaZulu-Natal increased by 36 000 and 8 000 respectively. In seven of the nine provinces, the number of unemployed people increased between the fourth quarter of 2019 and the first quarter of 2020, with the largest increase in North West (up by 4.4 per cent) followed by the Free State (up by 3.4 per cent) and KwaZulu-Natal (up by 1.9 per cent). In Mpumalanga in the same period, the number was down by 0.3 per cent.

Stats SA data on the educational qualifications of those unemployed show that 34.6 per cent have less than matric, 29.7 per cent have matric, 7.6 per cent are graduates and 18.3 per cent have some other form of tertiary qualification.

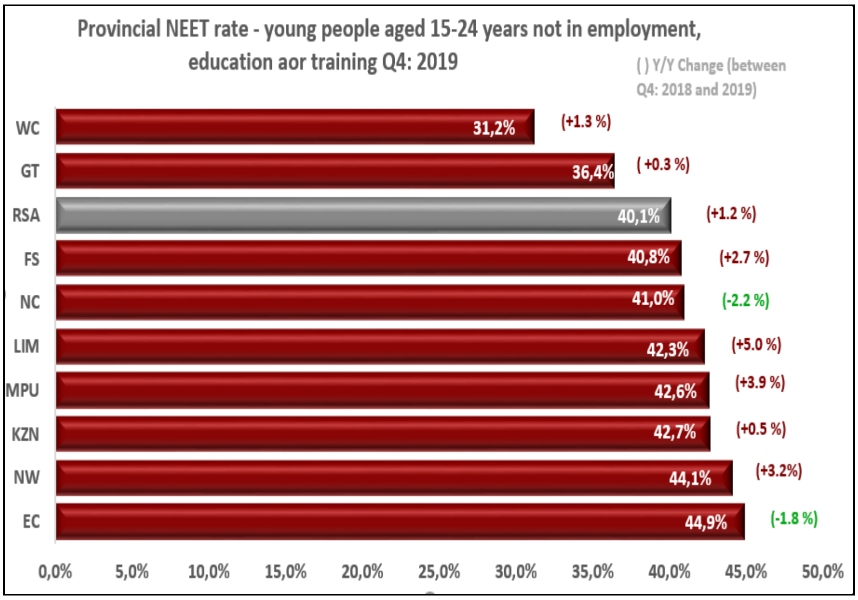
Figure 1.3: Employment rate in Q4:2019 (Y/Y) and Q1:2020 (Q/Q)



Source: Statistics South Africa, 2019 and 2020

From 2018 to 2019, the official unemployment rate grew by 2.5 percentage points, increasing in all provinces except in Mpumalanga where it fell by 0.9 of a percentage point. The largest increase was in North West (6.8 percentage point) followed by Limpopo (5.1 percentage point) and the Free State (3.5 percentage point).

Figure 1.4: Young people aged 15-24 years not in employment, education or training: Q4, 2019



Source: Statistics South Africa, 2019

Joblessness among young people is still very high.

Figure 1.4 shows that, in the fourth quarter of 2019, the percentage of young people aged 15 to 24 who were not in employment, education or training (NEET) was 1.2 percentage points higher than in the same quarter in the previous year.

The NEET rate increased in seven provinces, with the largest increase in Limpopo (5 percentage points) followed by Mpumalanga (3.9 percentage points) and North West (3.2 percentage points). Northern Cape and the Eastern Cape recorded decreases of 2.2 and 1.8 percentage point respectively.

Seven provinces were below the national average of 40.1 per cent, with only Gauteng and the Western Cape above the national average. The ailing economy is a contributing factor to high unemployment rates among 18 to 29 year olds, particularly given the difficulty of finding work with only a matric certificate rather than a university qualification.

Fiscal context

Provinces receive three forms of revenue, including own revenue.

Provinces' allocations are made up of three forms of revenue: the provincial equitable share (PES), provincial conditional grants and own revenue. The national budget process precedes the provincial allocations. A determination is made based on the PES formula; this is then allocated to the provinces from the National Revenue Fund through the National Treasury, including allocations for conditional grants. Based on policy priorities, provinces have the discretion to allocate the equitable share funding to their departments. The national departments are responsible for the transfer of the conditional grants.

Government's policy priorities for the 2019 MTEF period funded through reprioritisations in the division of revenue included:

- Improving government's responsiveness to housing disasters through the introduction of an *emergency housing grant*.
- Intensifying the role of home-based carers in improving national health through earmarked supplementary funds from the *comprehensive HIV, AIDS and TB grant.*
- Protecting the school nutrition initiative by ensuring that allocations continue to feed children who need the service.
- Providing free basic services to poor households.
- Promoting access to social housing by boosting subsidies.

Table 1.2 Consolidated Provincial Fiscal Framework, 2015/16 - 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcomes				Preliminary Outcomes	Medium-term estimates		
Transfers from national	**472 409**	**500 384**	**538510**	**571 965**	**612 982**	**649 231**	**692 654**	**731 581**
Equitable share	**386 802**	**410 699**	**441 331**	**470 287**	**505 554**	**538 472**	**573 990**	**607 554**
% share of total receipts	*78,9%*	*79,2%*	*79,1%*	*79,3%*	*79,7%*	*80,4%*	*80,4%*	*80,6%*
Conditional Grant	**85 607**	**89 685**	**97 179**	**101 678**	**107 428**	**110 759**	**118 664**	**124 028**
% share of total receipts	*17,5%*	17,3%	17,4%	17,2%	16,9%	16,5%	16,6%	16,5%
Provincial Own Revenue	**17 617**	**18 338**	**19 166**	**20 808**	**21 475**	**20 505**	**21 382**	**22 285**
% share of total receipts	*3,6%*	3,5%	3,4%	3,5%	3,4%	3,1%	3,0%	3,0%
Total reciepts	**490 026**	**518 722**	**557 676**	**592 773**	**634 456**	**669 736**	**714 036**	**753 866**
Expenditure	**486 449**	**520 240**	**555 997**	**590 757**	**632 400**	**638 794**	**630 163**	**669 881**
Budget Balance	**3 577**	**(1 518)**	**1 679**	**2 016**	**2 056**	**30 942**	**83 874**	**83 984**

Source: National Treasury provincial database

Table 1.2 gives the breakdown of allocations for provinces over the 2019 MTEF. Collectively, R633.1 billion was received by provinces in 2019/20, increasing to R669.7 billion in 2020/21, R714 billion in 2021/22 and R753.8 billion in 2022/23.

Provincial equitable share

The PES formula that informs the allocations to the nine provinces takes into account population numbers; population growth; economic activity; poverty; demand for services such as education and health; and migration patterns. Provinces with growing populations receive increased allocations. Smaller provinces are compensated for the fixed costs of maintaining provincial institutions.

Allocations to provinces are informed by the provincial equitable share formula.

The six components of the provincial equitable share formula are:

- The education component (48 per cent) based on the size of the school-age population (ages 5 to 17) and the number of learners (Grades R to 12) enrolled in public ordinary schools;
- The health component (27 per cent) based on each province's risk profile and health system caseload;
- The basic component (16 per cent) derived from each province's share of the national population;
- The institutional component (5 per cent) divided equally between the provinces;
- The poverty component (3 per cent) based on income data; this component reinforces the redistributive bias of the formula;
- And the economic output component (1 per cent) based on Gross Domestic Product per Region (GDP-R) as measured by Statistics South Africa (Stats SA).

In 2019/20, the provincial equitable share accounted for 79.7 per cent of national transfers to provinces. Over the three years of the 2020 MTEF, the allocations are R538.4 billion, R574 billion and R607.5 billion respectively. Robust increases reflect not only the priority placed on health, education and basic services but the rising cost of these services as a result of higher wages, and of bulk electricity and water costs.

The mechanisms for allocating funds to provinces are continuously reviewed to improve their efficiency. The latest review began at the end of 2016, with the first phase starting with an assessment of the appropriateness of the datasets which inform the formula. To improve recording and tracking of scholar numbers, the Department of Basic Education (DBE) introduced the Learner Unit Record Information Tracking System (LURITS). These changes were phased in during the 2018 MTEF.

Conditional grants

In 2019/20, conditional grants accounted for 16.9 per cent of national transfers to provinces. Growth in conditional grant transfers to provinces averages 6.2 per cent over the 2020 MTEF, with allocations of R110.7 billion in 2020/21, R118 billion in 2021/22 and R124 billion in 2022/23. Conditional grants are funds set aside for specific purposes and have conditions which must be adhered to. There are four types of conditional grants to provinces:

Conditional grants account for 16.9 per cent of national transfers to provinces.

- *Schedule 4, part A grants supplement various programmes partly funded by provinces*

- *Schedule 5, part A grants fund specific responsibilities of, and programmes implemented by, provinces*
- *Schedule 6, part A grants provide in-kind allocations through which a national department implements projects in provinces*
- *Schedule 7, part A grants provide for the swift allocation and transfer of funds to a province to help it deal with a disaster or housing emergency.*

In the period under review, a number of new provincial conditional grants were introduced:

- The *early childhood development grant* to expand access and improve facilities for young learners (age 0-4).
- The *learners with profound intellectual disabilities grant* to provide funding for learners with intellectual disabilities.
- The *title deeds restoration grant* to eradicate the pre-2014 title deeds registration backlogs and the professional fees associated with doing so.
- Funding to employ additional social workers through the *social worker employment grant.*
- Conversion of the *school infrastructure backlogs grant* into the *direct infrastructure grant* to enable projects underway to be completed.
- Expansion of the scope of the *comprehensive HIV and Aids grant* to cover the treatment of tuberculosis.

Own revenue

Provinces have limited capacity in terms of own revenue generation.

National government has the main revenue-raising powers. Those of provinces are limited and relate mainly to casino taxes, horse racing taxes, liquor licences, motor vehicle licences and health patient fees. Given their limited revenue-raising powers and their responsibility for implementing government's priorities, provinces receive a larger share of nationally-raised revenue than does local government. In the constrained fiscal environment, provinces are encouraged to continuously consider new revenue streams or to enhance their current ones.

Fiscal outlook

In 2018, the South African economy grew by 0.8 per cent, a decline of 0.6 per cent from 1.3 per cent in 2017. This decline was mainly due to contraction in the economy in the first and second quarters. Factors hampering growth included the unreliable power supply, challenges with the governance and running of Eskom, fluctuations in and instability of the rand, the political landscape and the effects of drought. This had a negative effect on job creation and transformation of the economy. In 2019, real GDP growth was 0.2 per cent. It was estimated that this would improve moderately to 0.6 per cent in 2020 and to 1.6 per cent in 2022. However, due to the effects of the COVID-19 pandemic, these estimates have been revised downwards.

Attempts have been made to narrow the budget deficit and stabilise debt, including raising VAT by one percentage point, lowering government's expenditure ceiling and slightly increasing personal income tax rates. Despite the fact that, after the short recession in 2017, the economy recovered slightly, there is an urgent need for more rapid growth, investment and job creation and revenue generation. Evident from large revenue shortfalls, problems in tax administration have significantly affected revenue generation. The ongoing need to bail out state-owned entities (SOEs) has also put pressure on the fiscus.

Over the 2020 MTEF period, transfers to provinces are projected to continue to grow in real terms at an average annual rate of 7 per cent, from R649.2 billion in 2020/21 to R731.5 billion in 2022/23. Over the 2020 MTEF, the emphasis in education is on meeting norms and standards; dealing with infrastructure backlogs; addressing the need for early childhood development; and teacher development and training. In health, the emphasis is on ensuring that the sector has the necessary personnel; providing funding for medicines in spite of continuous price increases; and centralising some contracts to gain economies of scale. These additions are aligned with provinces' role in achieving government's priority outcomes and in preparation for the implementation of the national health insurance.

Pressures on the fiscal system

Various strategies are being used to manage pressure on the fiscus.

National government's ability to fund service delivery at provincial level are affected by a range of issues. The deficit needs to be reduced and measures have been put in place to do this. National government has implemented expenditure ceilings to maintain expenditure. Cost containment measures introduced by provinces continue and some gains have been realised. The public sector wage bill continues to create pressure, with wage negotiation outcomes often in excess of what has been budgeted for. Rising medico-legal costs and accruals place pressure on the budget of the Department of Health (DoH). Providing bailouts to keep a number of SOEs afloat puts pressure on the fiscus.

Chapter overview

This *Review* has 11 chapters:

- Chapter 2 discusses trends in provincial revenues and expenditure for the eight year period covered in the *Review*. The trends show that, to enable the state to sustain growth in expenditure on social services and investments, provincial governments will have to manage the constrained funds.
- Chapters 3, 4 and 5 analyse trends in expenditure in the social sectors of education, health and social development. Government policy and spending initiatives have successfully ensured greater access to these services. The 2019 budget and expenditure review reflects major expenditure commitments and expenditure reprioritisation in line with new policy initiatives. Over the eight years under review, 76 per cent of government spending in provinces has been allocated to basic education, health and social development. However, outcomes are not improving at a commensurate rate.
- Chapter 6 examines human settlements funding and delivery. While government has established a wide array of policies and systems to address the needs in this sector, implementation has not kept pace.
- Chapter 7 covers roads and transport. The *provincial roads maintenance grant* (PRMG) requires provinces to follow best practices when planning and promotes sound asset management practices through the use, and regular updating of, road asset management systems. The lack of modal integration continues to hinder efficient provision of public transport services.
- Chapter 8 reviews the role of public works. Increased investment over the years has contributed to improved infrastructure and a considerable number of Expanded Public Works Programme (EPWP) jobs have been created. However, lack of capacity continues to affect efficient implementation of the Government Immovable Asset Management Act (GIAMA) and the Infrastructure Delivery Management System (IDMS). This in turn delays achievement of the social and economic benefits intended to follow from implementation of the GIAMA and the IDMS.
- Chapter 9 discusses agricultural issues. It looks at the extent to which food production is able to meet the demands of the expanding population; discusses how government supports farmers and emerging farmers; and examines the challenges created by recent droughts.
- Chapter 10 looks at the contribution made by Project Development and Financing Initiatives (PDFIs), investment promotion agencies and Special Economic Zones (SEZs) to implementing policies that contribute to faster economic growth and development.
- Chapter 11 gives an overview of government spending and future resource allocation geared towards building state capacity through training and development.
- Chapter 12 looks at government support to provinces, including the sustainability of IDMS training and capacitation strategies; and reflects on how government has delivered over the period under review.