

Wednesday, 26 May 2021]

No 69—2021] THIRD SESSION, SIXTH PARLIAMENT

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
 TABLINGS AND
 COMMITTEE REPORTS**

WEDNESDAY, 26 MAY 2021

TABLE OF CONTENTS

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. Draft Bills submitted – Joint Rule 159 2

National Assembly

1. Introduction of Bills 2
 2. Referral to Committees of papers tabled 2

TABLINGS

National Assembly and National Council of Provinces

1. Speaker and Chairperson (PGIR Reports)..... 3

COMMITTEE REPORTS

National Assembly and National Council of Provinces

1. Intelligence	82
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National Council of Provinces

1. Appropriations	83
2. Appropriations	109
3. Public Enterprises and Communication	127
4. Trade, Industry and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour	144
5. Security and Justice	145

ANNOUNCEMENTS

The Speaker and the Chairperson

1. Draft Bills submitted in terms of Joint Rule 159

- (1) **Criminal Procedure Amendment Bill**, submitted by the Minister of Justice and Correctional Services.

Referred to the **Portfolio Committee on Justice and Correctional Services** and the **Select Committee on Security and Justice**, for information.

National Assembly

The Speaker

1. Introduction of Bills

- (1) **The Minister of Justice and Correctional Services**

- (a) **Criminal Procedure Amendment Bill** [B 12 - 2021] (National Assembly – proposed sec 75) [Explanatory summary of Bill and prior notice of its introduction published in *Government Gazette* No 44505 of 30 April 2021.]

Introduction and referral to the **Portfolio Committee on Justice and Correctional Services** of the National Assembly, as well as referral to the Joint Tagging Mechanism (JTM) for classification in terms of Joint Rule 160.

In terms of Joint Rule 154 written views on the classification of the Bill may be submitted to the JTM. The Bill may only be classified after the expiry of at least three parliamentary working days since introduction.

2. Referral to Committees of papers tabled

- (1) The following papers are referred to the **Standing Committee on Finance** for consideration and report. Report of the Auditor-General on the Financial Statements and Performance Information is referred to the **Standing Committee on Public Accounts** for consideration:
- (a) Integrated Report and Financial Statements of the Land and Agricultural Bank of South Africa (Land Bank) for 2019-20.
 - (b) Annual Financial Statements of the Land and Agricultural Bank of South Africa (Land Bank), including the Report of the Auditor-General on the Financial Statements and Performance Information for 2019-20.
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TABLINGS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

DELEGATION REPORTS ADOPTED BY THE PARLIAMENTARY GROUP ON INTERNATIONAL RELATIONS (PGIR) ON 14 MAY 2021.

- (a) PAP Women Caucus Virtual Webinar Briefing on COVID-19 and Gender Based Violence: Parliamentary Support to Gender Responsive National Plans – 11 September 2020



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**COVID-19 AND GENDER BASED VIOLENCE: PARLIAMENTARY SUPPORT TO
GENDER RESPONSIVE NATIONAL PLANS**

PAP WOMEN CAUCUS WEBNAR VIRTUAL BRIEFING

11 SEPTEMBER 2020



**COVID-19 AND GENDER BASED VIOLENCE: PARLIAMENTARY SUPPORT TO
GENDER RESPONSIVE NATIONAL PLANS**

In collaboration with the United Nations Population Fund (UNFPA), the Pan African Parliament's Women Caucus held a Virtual Briefing on 11 September 2020 under the theme, "COVID-19 and Gender Based Violence: Parliamentary support to gender responsive national plans.

The holding of this Virtual Briefing was a response to the continuous and perpetual incidences of Gender Based Violence, which has unfortunately skyrocketed during the lockdown and state of emergencies declared by global governments, in particular the African governments in response to COVID 19 pandemic.

Amongst other recommendations, the PAP's Women Caucus and the UNFPA urged National parliaments to intensify fight against gender inequalities and increasing shameful incidences of Gender-Based Violence (GBV). The partnership between the PAP and the UNFP comes a long way with noticeable achievements. For instance, the UNFPA has been helping to build knowledge and to increase the capacity of the PAP Women Caucus members in the area of harmful practices, such as female genital mutilation (FGM) and child marriage, which are threats to human rights and human dignity.

In addition to the above, the UNFPA Liaison Officer, Caroline NGONZE called for immediate implementation of national policy and programs that addresses the practical needs of women and girls and their strategic interests in multi-sectoral responses to GBV within the COVID-19 pandemic. National parliaments were urged to consider immediate protection (GBV shelters/safe houses; one-stop centres). There is also a need to access medical services equipment, medication, trained personnel for clinical management of GBV.

The UNFP Liaison Officer further suggested prioritisation of access to information for excluded women and girls, including those with disabilities – sign language, accessible digital technology and access to immediate psychosocial support/counselling hotlines and Whatsapp.

In her presentation titled "***Examining policy solutions to address the impact of COVID-19 on women***", Thokozile Ruzvidzo, Director, Gender, Poverty and Social Policy Division at United Nations Economic Commission for Africa (ECA) stated that COVID-19 has increased the incidences of GBV. She further urged African countries to put in place concrete policy actions to address GBV in the Context of COVID-19.

It is worth noting that in any emergency or crises, whether conflict-related or disease outbreaks, pre-existing toxic social norms and gender inequality vulnerabilities worsens. COVID-19 lockdowns and restricted movements locked survivors with perpetrators and cut off access to support services. Africa need to combat escalating figures of GBV, in particular Domestic Violence.

Furthermore, continuous engagement with stakeholders should be maintained. In the same wavelength, engaging governments and other partners is also crucial in the fight against GBV. Provision of essential services should incorporate services for combating GBV and identifying families in distress as a result of GBV.

In addition to the presentations from the abovementioned representatives of the UNFP and the UN Economic Commission for Africa, various members of the PAP Women's caucus also made their interventions and shared their countries' experiences relating to the incidences of GBV during COVID 19.

South Africa is already implementing extensively almost all recommendations made during this Virtual Briefing. For instance, a number of legislations aimed at combating incidences of GBV and to ensure that perpetrators are brought to account for this heinous crimes were recently announced by President Ramaphosa. Furthermore, in partnership with our Government, a number of Non Governmental Organizations also secured shelters to accommodate the victims of GBV.

In addition to the above, our Government gave some exceptions for women who are subjected to GBV to be able to travel to the places of safety without violating lockdown regulations, and there is also a toll free number where the incidences of GBV can be reported.

(b) Report of the SADC-PF Executive Committee Meeting, 28–29 September 2020



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REPORT OF SADC-PF EXECUTIVE COMMITTEE MEETING HELD VIRTUALLY ON 28 AND 29 SEPTEMBER 2020



REPORT ON THE SADC-PF EXECUTIVE COMMITTEE MEETING

The SADC-PF Executive Committee held its meeting on 28 and 29 September 2020 to discuss various topical issues in preparation of the 47 Plenary Assembly to be held on

09 to 11 October 2020. The Parliament of the Republic of South Africa was Represented by the Speaker of the National Assembly, Her Excellency Hon. Ms. Thandi Modise, MP. The following are some of the pertinent issues which were contained in the agenda of the Executive Committee Meeting:

1. SADC Parliamentary Forum Special Rules of Procedure for Virtual Meetings in case of *force majeure*;
2. Presentation and consideration of the President's Report;
3. Presentation and consideration of the Report of the Legal Sub-Committee;
4. Presentation and consideration of the Report of the Ad hoc Committee on the Official Residence of the Secretary General;
5. Presentation and consideration of the Report of the Finance Sub-Committee;
6. Presentation and consideration of the Report of the Human Resources & Capacity Development Sub-Committee; and
7. Presentation and consideration of the Report of Parliamentary Business Sub-Committee Meeting.

1. SADC PARLIAMENTARY FORUM SPECIAL RULES OF PROCEDURE FOR VIRTUAL MEETINGS IN CASE OF *FORCE MAJEURE*

The Executive Committee adopted the Special Rules of Procedure for Virtual Meetings in *case of force majeure*. These Special Rules became operational after adoption in accordance with the provisions of Rule 11 (11) which empowers the Executive Committee to take binding decisions in between meetings of Plenary Assembly, without prejudice to the powers of the Plenary Assembly.

These Special Rules are designed to enable the following SADC-PF Organs: Plenary Assembly, Executive Committee, Standing Committees, Regional Parliamentary Women Caucus, Regional Parliamentary Model Laws Oversight Committee, Committee of Clerks of Member Parliaments and the Secretariat to hold Virtual Meetings.

The Special Rules of Procedure shall apply to all statutory meeting of the SADC-PF in case of force majeure and shall be determined by the Plenary Assembly from time to time.

2. PRESENTATION AND CONSIDERATION OF THE PRESIDENT'S REPORT

The Report of the President of SADC-PF was presented by Hon. Speaker Esperanca Laurinda Francisco Nhuiane Bias, the President of SADC-PF and the Speaker of the National Assembly of the Parliament of Mozambique.

Amongst many important issues contained in the Report of the President was the briefing about the outcomes of the Virtual Briefing of the Speakers and Presiding Officers of SADC Member Parliaments relating to the transformation proposal of the Forum from being Parliamentary Forum to Regional Parliament.

In this regard, the Speakers and Presiding Officers Virtual Briefing was held to exchange views on the lobbying initiatives of the transformation initiatives, in

particular the Strategic Paper on the transformation of SADC-PF as prepared by His Excellency Hon. Adv F. J. Mudenga, the Chairperson of Legal Sub-Committee. The Strategic Paper was circulated to all the Speakers and Presiding Officers for domestic lobbying.

While the Speakers and Presiding Officers noted that COVID 19 had negative effective on the lobbying process as it was difficult to travel for face to face meetings, it was agreed that the lobbying process should be pursued and that the Strategic Paper on the transformation should become a central document for engaging SADC Heads of State and portfolio Ministers.

Her Excellency, Hon. T. Modise, MP, the Speaker of the National Assembly made the following contribution on this matter:

- That South Africa will be led by the aspirations of SADC countries in this matter;
- That President Ramaphosa has been requested by the Parliament of the Republic to lead South Africa's lobbying process in the SADC Region;
- That President Ramaphosa will lead South Africa's efforts to lobby other Regional Heads of State to support the SADC-PF's efforts to transform into a Regional Parliament;
- That the SADC-PF Region should also learn and emulate some of the well-established Continental Regional Parliaments such as the East Africa Legislative Assembly (EALA) and the Economic Community of the West African States (ECOWAS);
- That the transformation of the SADC-PF into a Regional Parliament was long overdue and that the transformation agenda must be pursued vigorously;
- That the PAP's poor functionality was to a larger extent caused SADC countries' inability to unite and be a strong force to be reckoned with;

In applauding South Africa's efforts and measures taken to attain the transformation agenda, the Executive Committee noted that SADC-PF need more Regional leaders to express themselves openly on this matter in order to ensure that this issue is brought to its positive logical conclusion in March 2021.

It was further noted that, like Hon. Modise, if every Speaker of the Member Parliament can successfully lobby his or her Head of State to be the champion of the transformation agenda, the transformation efforts will gain much needed impetus.

The Executive Committee also noted that SADC was the missing link in the Constitutive Act of the African Union which provide that the Continental Regional Parliaments shall be the building blocks of the Pan African Parliament.

It was further agreed that the lobby group should visit those countries which have difficulties in acceding to the transformation agenda of the SADC-PF. The purpose of those visits would be to lobby those countries to support the transformation agenda of SADC-PF. In conclusion, the Executive Committee also noted that with the opening of the national borders, SADC-PF need to intensify its lobbying efforts.

3. PRESENTATION AND CONSIDERATION OF THE REPORT OF THE LEGAL SUB-COMMITTEE

The Report of the Legal Sub-Committee was presented by the Chairperson of the Sub-Committee, Hon. Adv. Mudenga, the Speaker of the Parliament of Zimbabwe. The following are some of the pertinent issues that was contained in the Report of the Legal Sub-Committee:

- That local staff of the SADC-PF who are not in managerial positions are to be employed on indefinite period;
- That diplomatic privileges shall apply only to the regional staff of the Forum.

Therefore, in order to give effect to the above, Administrative Rules and Regulations are to be amended for adoption by the 47th Plenary Assembly of the Forum in order to give effect to the legal advice of the Attorney General of Namibia regarding the employment of the local staff to the Forum.

The Executive Committee adopted the Report of the Legal Sub-Committee.

4. PRESENTATION AND CONSIDERATION OF THE REPORT OF THE AD HOC COMMITTEE ON THE OFFICIAL RESIDENCE OF THE SECRETARY GENERAL

The following salient issues were contained in the Report of the Ad hoc Committee to the Executive Committee:

- That a house in an impeccable condition to purchase for the Secretary for the Secretary General has been identified;
- That prior to identifying this property, the Secretariat identified about 24 properties;
- That the house identified is a remarkable condition. Security and other relevant aspects were checked and found to be in great condition;
- That the cost of property identified for the Secretary General by the Secretariat was at least R8, 000, 000;
- That the Ad hoc Committee considered various funding options submitted by the Secretariat which included obtaining a bank loan or procuring the property by cash;
- Regarding the option to purchase the property by cash, the Ad hoc Committee resolved that this was not possible as the available cash in the account for the official residence was only N\$ 796, 963;
- The Ad hoc Committee also noted that the existing official residence of the Secretary General which has been evaluated at N\$ 3, 800, 00 in the best scenario, will have to be sold to fund the purchase the new official residence of the Secretary General;
- In this regard, the Ad hoc Committee also noted that the timing of the selling of current official residence is beyond the Forum's control;
- On the basis of the above, the Ad hoc Committee resolved that it was necessary to consider to purchase the property through securing the bank loan;

In conclusion, the Executive Committee adopted the Report of the Ad hoc Committee that the identified property should be acquired subject to the ratification by the 47 Plenary Assembly to be held from 09 to 11 October 2020. In addition to above, the Report of the Ad hoc Committee was adopted with amendments. For instance, the bank need the resolution of the Executive Committee in order to continue with the loan application.

5. PRESENTATION AND CONSIDERATION OF THE REPORT OF THE FINANCE SUB-COMMITTEE

Amongst the important issues contained in the Report of Finance Sub-Committee was the proposed Credit Card Policy. The Executive Committee was requested to approve the Credit Card Policy of SADC-PF. While the SADC-PF had always issued credit cards to its senior officials, there was no policy to govern the use of the Forum's credit card.

Therefore, in order to promote transparency, accountability and good governance, the Finance Sub-Committee drafted a Credit Card Policy. While the Executive Committee had initially criticised the fact that the SADC-PF credit card was issued in the name of the officials, the Executive Committee approved this Policy after intense deliberations with a condition that the Secretary General should take responsibility for the proper use of the Forum's credit card.

6. PRESENTATION AND CONSIDERATION OF THE REPORT OF THE HUMAN RESOURCES & CAPACITY DEVELOPMENT SUB-COMMITTEE

The following are some of the important issues covered by the Report of Human Resources and Capacity Development Sub-Committee:

- Adoption of revision of the Secondment Policy; and
- The adoption of the Internship Policy.

On the revision of the Secondment Policy, the Human Resources & Capacity Development Sub-Committee reported that pursuant to the Executive Committee resolution for the revision of the Secondment Policy at its meeting in March 2020, the Secretary General had engaged with Member States to request them to consider seconding their staff to the Forum, pending the Job Evaluation Exercise.

In this regard, the Parliament of Angola, Zambia, Malawi, Seychelles and Zimbabwe responded positively by sending 9 staff members to the Forum. The seconded staff will be assisting the Forum on part time and country based arrangements through Webinars due to physical restrictions.

The terms and conditions of secondment have been clearly laid between SADC-PF and the sending Member States. The period of secondment will be determined on case by case basis subject to the recommendations of the Job Evaluation Exercise and the seconded employees shall remain the employees of their National Parliaments.

In acknowledging the contribution of the seconded staff, the Human Resources and Capacity Building Sub-Committee recommended that the Executive Committee adopt the recommendation to pay the seconded staff US\$400 in addition to the monthly salaries paid by the seconding countries.

On the Internship Policy, the Executive Authority was advised that the SADC-PF did not have an Internship Policy while it is faced with human resources gap. Therefore, the engagement of interns in the Secretariat will help to address many key outstanding issues by consolidating the work of the institution's employees.

on the basis of the above, the Human Resources and Capacity Building Sub-Committee recommended that the Executive Committee should approve the Internship Policy with certain conditions. For instance, that:

- The Internship Policy should be inclusive and that people with special needs should be accorded equal opportunity;
- That there should be no discrimination on the basis of race, age, gender, geographical origin and health; and
- That excelling interns should be allowed to apply for permanent vacancies in the Forum.

The Executive Committee adopted the revised Secondment Policy and Internship Policy respectively.

7. PRESENTATION AND CONSIDERATION OF THE REPORT OF PARLIAMENTARY BUSINESS SUB-COMMITTEE MEETING

Amongst other issues, the Parliament Business Sub-Committee presented the Draft Programme for the 47th Plenary Assembly for adoption by the Executive Committee. The Executive Committee adopted the Draft Programme for the 47th Plenary Assembly with amendments, in particular the rearrangement of some agenda items.

- (c) Report of the South African Delegation to the Virtual 47th SADC-PF Plenary Assembly held from 9–11 October 2020



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**REPORT OF THE SOUTH AFRICAN DELEGATION TO THE VIRTUAL 47TH SADC-PF
PLENARY ASSEMBLY**

9 – 11 October 2020



1. INTRODUCTION

The virtual 47th Southern African Community Development Community-Parliamentary Forum (SADC-PF) Plenary Assembly took place from 9 to 11 October 2020. A delegation of the South African Parliament, led by Hon. Ms T. Modise, MP and Speaker of the National Assembly (NA), attended along with delegations from 10 other SADC-PF member parliaments. The Plenary Assembly met under the theme “*The Role of Parliaments in Strengthening Accountability during a Pandemic – The case of COVID-19*”.

2. OFFICIAL OPENING CEREMONY

The Official Opening Ceremony of the Forum received numerous speeches from invited guests and Forum office-bearers, including:

- Address on Matters of Regional Interest and Collaboration with the SADC PF by the SADC Executive Secretary, Dr Stergomona Lawrence Tax
- Statements of solidarity from continental and regional parliaments
- Statement by the Regional Women’s Parliamentary Caucus (RWPC), Hon. Ann-Marie Mbilambangu
- Address by the SADC PF President, Hon. Speaker Esperanca Laurinda Francisco Nhiane Bias and Speaker of the National Assembly of the Republic of Mozambique
- Introduction of the Guest of Honour by the Host Speaker, Hon. Prof. Peter Katjavivi, Speaker of the National Assembly of the Republic of Namibia
- Official Opening Address by the Guest of Honour, Honourable Dr Nangolo Mbumba, Vice President of the Republic of Namibia; and
- Vote of thanks by the SADC PF Vice President, Hon. Senator Isaac Mmemo Magagula

3. MOTIONS

Before the Plenary Assembly commenced its business concerning the consideration and debate of motions, the Vice President of the Forum Hon. Senator Isaac Mmemo Magagula, announced to the Plenary Assembly that, following the outcomes of the 2019 general elections in Mozambique, the SADC-PF President Hon. Ms Veronica Nataniel Macamo Dlhovo had been replaced by Hon. Ms. Esperança Bias Nhiane.

3.1 Motion for the Presentation and Adoption of the SADC Parliamentary Forum Special Rules of Procedure for Virtual Meetings in Case of Force Majeure.

Mover: Hon. Speaker Advocate Jacob Francis MUDENDA, Chairperson of the Legal Sub-Committee, ZIMBABWE

The motion notes that the COVID-19 pandemic has brought about unprecedented changes to the working arrangements for all regional and international organisations such as the SADC-PF. In this light, it recognises the need to adopt Special Rules of Procedure to enable SADC-PF organs to hold virtual meetings. Accordingly, Special Rules of Procedure have been designed to enable SADC-PF organs to hold virtual meetings, as well as to provide for the modalities thereof. The motion was agreed to.

3.2 Motion for the Amendment to Article 8 of the SADC PF Constitution to introduce an Oath or Affirmation of Adherence by SADC PF Representatives.

Mover: Honourable Speaker Advocate Jacob F. MUDENDA, Chairperson of the Legal Sub-Committee, ZIMBABWE

The motion recalled the Resolution of the 45th Plenary Assembly Session that was held in Maputo, Mozambique, from 15th to 26th July 2019, that the SADC-PF Constitution should be amended, to provide for an Oath or Affirmation of Adherence by SADC-PF Representatives. This would assist in enhancing accountability to the Forum and promoting the SADC identity amongst Forum Parliamentarians. Accordingly, the proposed amendment to Article 8 of the Forum's Constitution (the addition of a new Clause 4), reads as follows: "Every representative of the Forum shall take an Oath or Affirmation of Adherence to the Forum in such form and manner as may be approved by the Plenary Assembly." The Oath or Affirmation of Adherence must be taken or made by SADC-PF Representatives at their first sitting following their designation to the SADC PF. The motion was agreed to.

3.3 Motion for Amendments to the Administrative Rules and Regulations to give effect to the legal advice of the Attorney General of Namibia on inter alia the employment situation of local staff working at the Forum.

Mover: Hon. Speaker Advocate Jacob Francis MUDENDA, Chairperson of the Legal Sub-Committee, Zimbabwe

The motion recalls the decision of the EXCO at its meeting of 13 to 14 March 2020 to consider whether local staff of the Forum are to benefit from a contract of indefinite employment due to the application of Namibian law. The EXCO concluded that local staff of the SADC-PF who are not managerial employees are to be employed on indefinite contracts and that diplomatic privileges shall apply only to regional staff in accordance with the SADC Protocol on Immunities and Privileges (1992). The EXCO thus proposed that the necessary amendments be made to Rule 1.3.4, Rule 7.2.3 and Rule 5.1.8 of the Administrative Rules and Regulations of the SADC-PF to reflect the necessary changes. The motion proposed that the amendments are made and for them to become effective after their adoption by the 47th Plenary Assembly Virtual Session. Future local staff at the Forum who hold a non-managerial positions will therefore be made to enter into a contract of indefinite duration until retirement age, and the existing contracts of local staff who hold a non-managerial position will be automatically converted to indefinite contracts, with such transitional terms and conditions as may be determined by the Forum. The motion was agreed to.

3.4 Motion for the Adoption of the Report of the EXCO on Policy and Administrative Matters to the 47th Plenary Assembly

The consideration of the Report of the EXCO entailed engagement on the following substantive items:

- **Update on the Transformation Agenda** – The EXCO invited the Plenary Assembly to express its profound gratitude to Hon. Speaker Advocate Mudenda and the team that assisted him in drafting a comprehensive Strategic Lobby Document in pursuit of the transformation of the Forum into a SADC Regional Parliament. The Strategic Lobby Document, which was transmitted to all Member Parliaments, provides a codified reference document for the collective strategic engagement of Heads of States, Ministers

of Foreign Affairs and other relevant stakeholders in pursuit of the transformation agenda. To this end, the EXCO implored SADC-PF Members to continue pursuing persuasive lobby initiatives on the Transformation, guided by the Strategic Lobby Document, ahead of the SADC Council scheduled for March 2021. The EXCO proposed the following strategies for the Plenary Assembly's consideration and adoption:

- Every Speaker/Presiding Officer must commit to engage their respective Head of State, Minister of Foreign Affairs and Permanent Secretary for Foreign Affairs, to champion the Transformation Agenda among their regional counterparts.
- The lobby team comprising the Hon. Speakers from Angola, Mozambique, Namibia, Zambia and Zimbabwe must be resuscitated without delay to spearhead persuasive lobbying initiatives to those countries that are still ambivalent about transformation and those that have a new leadership;
- SADC-PF Members must immediately start lobbying their respective Heads of State and Ministers of Foreign Affairs for the Lobby Team to attend the SADC Council and SADC Summit of Heads of States and Government in 2021 to clarify any grey areas that may be raised by the Summit; and,
- Every Speaker/ Presiding Officer must provide a comprehensive update, during the 47th Plenary Assembly, of the lobby initiatives that they have undertaken and the outcome of these initiatives.

Leaders of delegation present during the virtual session were each afforded the opportunity to share updates on their lobbying efforts towards the Forum's transformation. Some of the challenges that emerged from the discussions included the perceived threat to national sovereignty a SADC regional parliament may pose. Hon. Modise observed that the hesitancy seems to lie with senior officials. She committed to ascertain the reasons behind this. Hon. Modise also submitted that the lobbying mission team must be mindful, sensitive and respectful in their engagements with the kingdoms of Eswatini and Lesotho.

Following a detailed presentation on the Strategic Lobby Document by Hon. Adv. Mudenda, the Plenary Assembly endorsed and adopted it for lobbying efforts leading up to March 2021.

- **Secondment of staff from national parliaments** – The EXCO expressed its appreciation to those Member Parliaments that had responded positively to the plea for secondment of staff by the Forum and encouraged those that had not responded, to endeavour to second at least one officer to the Forum in order to ensure equity in the geographical representation of seconded staff. The Forum requires additional staff in areas such as Administration and Finance, Protocol, Parliamentary Business, Languages, among others. In addition, the staff currently seconded to the Forum will serve for a period of two years after which they will retire by rotation.
- **Elections for the Chairpersons and Vice-Chairpersons of Standing Committees, and the Regional Women's Parliamentary Caucus (RWPC) 2020 – 2022** – The EXCO noted the new office bearers elected by the Standing Committees and the RWPC for a period of two years, from 2020 to 2022:
 - **Democratisation, Governance and Human Rights**
Hon. Jeronima Agostinho, Mozambique, (Chairperson), Female
Hon. Darren Bergman, South Africa (Vice Chairperson), Male

- **Trade, Industry, Finance and Investment**
Hon. Anele Ndebele, Zimbabwe (Chairperson), Male
Hon. Ruth Andriano Mendes, Angola (Vice-Chairperson), Female
 - **Human and Social Development and Special Programmes**
Hon. Bertha M. Ndebele, Malawi (Chairperson), Female
Hon. Strydom Mpanza, Eswatini (Vice-Chairperson), Male
 - **Gender Equality, Women Advancement and Youth Development**
Hon. Peete Peete Ramoqai, Lesotho (Chairperson), Male
Hon. Marie Jeanne d'Arc Masy Goulamaly, Madagascar, (Vice-Chairperson), Female
 - **Food, Agriculture and Natural Resources**
Hon. Andre Leon Tumba, DRC (Chairperson), Male
Hon. Marapelang Malefane, Lesotho (Vice-Chairperson), Female
 - **Regional Women's Parliamentary Caucus**
Hon. Anne-Marie Mbilambangu, DRC (Chairperson), Female
Tanzania (to be advised), Vice-Chairperson
- **Elections for the President, Vice-President and Treasurer 2020 – 2022** – The EXCO's tenure is coming to an end pursuant to the stipulated 2-year period provided for in Article 12(3) of the Forum's Constitution. In this respect, elections will be conducted for the President, Vice-President and Treasurer, in accordance with Article 11(2) of the Constitution. The table below illustrates the eligible and ineligible countries for the positions of President, Vice President and Treasurer for the Period 2020 to 2022 based on the principle of rotation:

Position	Countries in the Pool	Ineligible	Eligible
President	DRC, and if not, then the following list: Angola Eswatini Mauritius Malawi Namibia Zambia	Angola Eswatini Mauritius Malawi Namibia Zambia	DRC. The rotation roll will close with DRC as the latter is the only country which has not yet assumed Presidency on the roll.
Vice President	Botswana Lesotho Madagascar Mozambique Seychelles South Africa Tanzania Zimbabwe	Botswana Lesotho Mozambique Tanzania Zimbabwe	Madagascar Seychelles South Africa
Treasurer	Botswana Lesotho Madagascar Mozambique Seychelles South Africa Tanzania Zimbabwe	Botswana Mozambique Seychelles Tanzania Zimbabwe	Lesotho Madagascar South Africa

- **Disposal and Acquisition of the Official Residence of the Secretary General** – The EXCO advised the Plenary Assembly that, following advice from the Namibian Ministry of Works and Transport, a decision was made to dispose of the current official residence of the Secretary-General, and that consideration be given to the purchase of a new property. In this regard, the EXCO resolved to initiate the purchase of a new official residence via a mortgage loan on behalf of the Plenary Assembly, and to sell the current residence without delay. The budget for the procurement of the new residence was pegged at ZAR 8,000,000. The Committee approved the purchase of the property situated at Erf 2052, Klein Windhoek, 89 Joseph Mukwayu Ithana Street, Ludwigsdorf, Windhoek, Namibia at a cost of ZAR 7,550,000.
- **Credit Card Policy** – The EXCO noted that in the past, the institution provided Credit Cards to select staff to facilitate the business of the Forum but there was no Credit Card Policy in place. In this regard, the Secretariat had suspended the use of the only Credit Card which had been held by an Accountant from 2005 to facilitate the development of a Credit Card Policy to regulate the issuance and management of Credit Cards by approved staff. The Committee requested the 47th Plenary Assembly to consider and approve the draft Credit Card Policy based on the following conditions:
 - A Credit Card be issued to the Secretary-General who will be the sole custodian of the Credit Card.
 - The expenditure limits will be as provided for in Section 2.1.7.1 (vi) of the Forum's Accounting Policies and Procedures Manual; and,
 - The Credit Card must be registered in the name of the SADC Parliamentary Forum even though it is issued in the name of the Secretary-General in compliance with bank requirements.

The Plenary Assembly unanimously adopted the Report of the Executive Committee.

3.5 Motion on a Matter of Urgency and Regional Importance: Supporting the Candidature of Mr Duarte Pacheco of Portugal for the Position of President of The Inter-Parliamentary Union (IPU) for the period 2020 to 2022

Mover: Hon. Advocate Jacob F. MUDENDA, Speaker of the National Assembly of Zimbabwe

Seconder: Hon. Thandi MODISE, Speaker of the National Assembly of South Africa

Hon. Mudenda reported the decision of the Executive Committee of the IPU that, in light of the constraints imposed by the COVID-19 pandemic, a virtual session of the IPU Governing Council would be convened from 1 to 4 November 2020 to discuss and take decisions on pressing issues relating to the functioning of the organisation, including the adoption of the IPU budget and programme of work for 202, and the election of the IPU President. He moved for the urgent need for consensus by the SADC Group regarding the candidate for the IPU President for the period 2020 to 2022, and called upon the SADC Group to support the Presidential Candidature of Mr Duarte Pacheco of Portugal. Following Members' inquiry as to the strategic benefit which such support may hold for the SADC region, Hon. Mudenda observed that Mr Pacheco has vast experience in the work of the IPU due to the various capacities in which he had served at the organisation. The decision to support Mr Pacheco was adopted unanimously.

4. ADDRESS (PRE-RECORDED) TO THE PLENARY ASSEMBLY BY THE WHO DIRECTOR-GENERAL, DR TEDROS ADHANOM GHEBREYESUS ON THE COVID-19 PANDEMIC AND WHAT PARLIAMENTS CAN DO TO ENSURE ROBUST AND COORDINATED NATIONAL AND REGIONAL RESPONSES (RULE 44(5) OF THE RULES OF PROCEDURE)

Dr Ghebreyesus observed that most African countries succeeded in containing transmission in their respective countries, but urged countries not to become complacent. He commended SADC and Africa in their handling of the outbreak and expressed the WHO's commitment to working with all critical partners on the continent, including the African Centre of Disease Control (CDC). He further emphasised the importance of national unity and international solidarity in fighting the pandemic. Dr Ghebreyesus further stressed the need for strong health systems, united political leadership both inside and outside countries, equitable health services and the need to build trust through public communication.

4.1 Statements by Heads of Delegation on Experiences and Lessons from National Parliaments on Strengthening Accountability during a Pandemic: The Case of Covid-19 (Rule 45 of the Rules of Procedure):

Following the video by Dr Ghebreyesus, leaders of delegation shared their experiences of their parliaments' operation under COVID-19. This presented a valuable opportunity for parliaments to learn from one another to ensure that they continue to fulfil their constitutional duties under new circumstances. Some of the discussions included how new parliamentary rules had to be developed to cater for virtual and/or hybrid plenary sessions and committee meetings, and how technology has been utilised to ensure that all aspects of the work of parliament continues. Some of the key insights shared by Hon. Modise from the experiences of the South African Parliament included the following:

- Utilising social media to communicate with the public
- Holding virtual committee meetings and providing MPs with the necessary ICT tools and data to do their work remotely
- Holding hybrid and/or virtual plenary sittings and developing new rules for this purpose that were shared with the provincial legislatures as well
- Sanitising the parliamentary precinct while developing protocols to keep those MPs and staff at risk safe
- Monitoring the work of the executive to keep corruption at bay

5. RECOMMENDATIONS FOR PARLIAMENT

Following the outcomes of the 47th Plenary Assembly, Parliament is advised the note and/or action the following:

- Every Speaker/Presiding Officer is encouraged to remain committed to engaging their respective Head of State, Minister of Foreign Affairs and Permanent Secretary for Foreign Affairs, to champion the Forum's Transformation Agenda ahead of the SADC Council of Ministers meeting in March 2021.
- SADC-PF Members were encouraged to immediately start lobbying their respective Heads of State and Ministers of Foreign Affairs for the Lobby Team to attend the SADC Council and SADC Summit of Heads of States and Government in 2021 to clarify any grey areas that may be raised by the Summit

- Parliaments were encouraged to consider seconding staff to the Forum for a period of 2 years to enable rotation. The Forum requires additional staff in areas such as Administration and Finance, Protocol, Parliamentary Business, Languages, among others.
- As the tenure of the current EXCO is coming to an end, South Africa is eligible for the positions as Vice-Chairperson and Treasurer of the Forum for the period 2020 – 2020, as per the table on page 5 of this report. The elections will take place during the upcoming 48th Plenary Assembly from 4 to 5 December 2020. Parliament is therefore advised to consider whether it will stand for these positions.
- Parliament is advised to note the Forum's – and therefore the SADC Group's – decision to support the candidature of Mr Duarte Pacheco of Portugal for the position of President of The Inter-Parliamentary Union (IPU) for the period 2020 to 2022.

ENDS



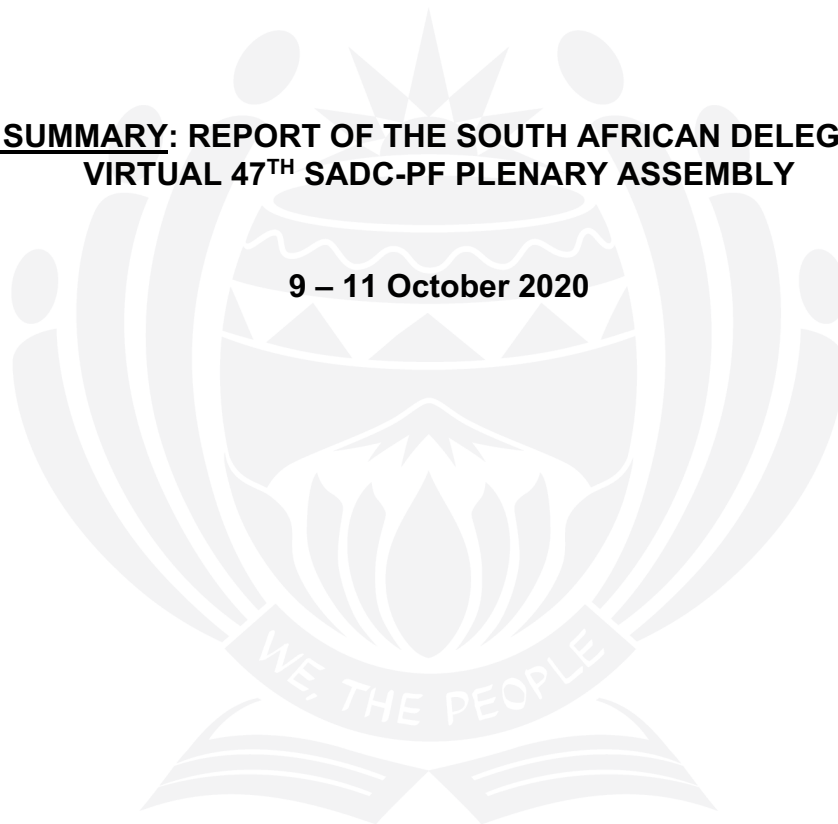
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**EXECUTIVE SUMMARY: REPORT OF THE SOUTH AFRICAN DELEGATION TO THE
VIRTUAL 47TH SADC-PF PLENARY ASSEMBLY**

9 – 11 October 2020



1. INTRODUCTION

The virtual 47th Southern African Community Development Community-Parliamentary Forum (SADC-PF) Plenary Assembly took place from 9 to 11 October 2020. A delegation of the South African Parliament, led by Hon. Ms T. Modise, MP and Speaker of the National Assembly (NA), attended along with delegations from 10 other SADC-PF member parliaments. The Plenary Assembly met under the theme "*The Role of Parliaments in Strengthening Accountability during a Pandemic – The case of COVID-19*".

Due to COVID-19 restrictions, the Plenary Assembly's agenda was limited to largely administrative matters emanating from the preceding Executive Committee meeting.

2. RECOMMENDATIONS FOR PARLIAMENT

Following the outcomes of the 47th Plenary Assembly, Parliament is advised the note and/or action the following:

- Every Speaker/Presiding Officer is encouraged to remain committed to engaging their respective Head of State, Minister of Foreign Affairs and Permanent Secretary for Foreign Affairs, to champion the Forum's Transformation Agenda ahead of the SADC Council of Ministers meeting in March 2021.
- SADC-PF Members were encouraged to immediately start lobbying their respective Heads of State and Ministers of Foreign Affairs for the Lobby Team to attend the SADC Council and SADC Summit of Heads of States and Government in 2021 to clarify any grey areas that may be raised by the Summit
- Parliaments were encouraged to consider seconding staff to the Forum for a period of 2 years to enable rotation. The Forum requires additional staff in areas such as Administration and Finance, Protocol, Parliamentary Business, Languages, among others.
- As the tenure of the current EXCO is coming to an end, South Africa is eligible for the positions as Vice-Chairperson and Treasurer of the Forum for the period 2020 – 2020, as per the table on page 5 of this report. The elections will take place during the upcoming 48th Plenary Assembly from 4 to 5 December 2020. Parliament is therefore advised to consider whether it will stand for these positions.
- Parliament is advised to note the Forum's – and therefore the SADC Group's – decision to support the candidature of Mr Duarte Pacheco of Portugal for the position of President of The Inter-Parliamentary Union (IPU) for the period 2020 to 2022.

- (d) Report of the SADC-PF standing committees ahead of the 48th SADC-PF Plenary
26-30 October 2020



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**REPORT OF THE STANDING COMMITTEES OF THE SOUTHERN AFRICAN DEVELOPMENT
COMMUNITY – PARLIAMENTARY FORUM (SADC-PF) AHEAD OF THE VIRTUAL 48TH SADC-
PF PLENARY ASSEMBLY**

26 – 30 October 2020

1. INTRODUCTION

The Standing Committees of the SADC-PF met virtually from 26 to 30 October 2020 to conduct committee business and engage on various thematic issues within their respective subject purviews.

The meeting schedule and the South African Parliament's representation were as follow:

1. 26 October 2020: Standing Committee on Democratisation, Governance and Human Rights (DGHR) – Hon. D. Bergman (Vice-Chairperson)
2. 28 October 2020: Standing Committee on Gender Equality, Women Advancement and Youth Development (GEWAYD) – Hon. N. K. Bilankulu
3. 29 October 2020: Standing Committee on Trade, Industry, Finance and Investment (TIFI) – Hon. R. Komane (proxy for Hon. H. Mkhali)
4. 30 October 2020: Standing Committee on Food, Agriculture and Natural Resources (FANR) – Cancelled due to lack of quorum

2. STANDING COMMITTEE MEETINGS

2.1 DGHR

The Committee met under theme “*Enhancing the Role of Parliament in Curbing Corruption and Strengthening Accountability Through Building Institutional Collaboration with National and Regional Anti-Corruption State and Non-State Actors*”. Following the adoption of the minutes of its last meeting, the committee received presentations from resource persons representing the SADC Secretariat, think tanks, anti-corruption commissions, regional NGOs, the media (Daily Maverick), and the judiciary and SADC Lawyers Association.

Some of the challenges to curbing corruption that Members and resource persons reflected on include:

- The bureaucratic red tape associated with corruption investigations
- MPs needing to be made aware of international and regional anti-corruption agreements such as the SADC Protocol Against Corruption, as well as following up on their implementation
- Governments shutting down media and civil society organisations, imprisonment, harassment and legal and extra-judicial means to muzzle anti-corruption information/organisations. Often, governments use international conventions and instruments such as Anti-Money Laundering and Financing Terrorism measures to target media and civil society activists, so transforming whistle-blowing into a “terrorist” acts
- Lack of judicial independence

Some of the noteworthy recommendations emanating from the discussions include:

- MPs ensuring their countries’ domestication of international anti-corruption agreements, and overseeing their government’s post-ratification implementation of these
- The need for a SADC regional parliament and regional court of justice and human rights, as well as the establishment of a SADC-PF standing committee on corruption (to develop measurable performance indicators for harmonized anti-corruption legislation) and a SADC: Ministerial Committee to oversee the implementation of the SADC anti-corruption Protocol
- The need to develop enabling legislation to prevent corruption, protect whistleblowers, improve access to information, and establish judiciary independence

- The need for countries to protect the media and journalists, as well as all the freedoms associated with civil and political rights

The media and NGO representatives offered to share their existing research reports with the SADC-PF in further support of their partnership.

A Regional Policy Brief on Curbing Corruption and Strengthening Accountability in SADC will be developed by the Forum based on all the findings and recommendations discussed.

2.2 GEWAYD

The GEWAYD committee met under the theme “*Strengthening Parliaments’ Response in Eradicating Child Marriage During and Post COVID-19*”. Following its consideration and adoption of the previous meeting’s minutes and Work Plan for January 2021 to March 2022, the committee received presentations on the theme from representatives from the African Union (AU), Plan International, the United Nations Population Fund (UNFPA) and Girls Not Brides.

Some of the key issues that emerged from the presentations were that:

- African countries have the highest prevalence of child marriage, despite Southern Africa showing a reduction in numbers. In West and Central Africa, the numbers were still very high
- While health resourcing has been prioritized since the COVID-19 outbreak, child marriages and its consequences have not. Governments have, for instance, undertaken social protection measures through grants or food assistance, but there is not sufficient focus on how to integrate the issues on girls and women at risk such as education, SRHR services, and those in support of helping victims of gender-based violence that has increased significantly since the outbreak
- Following the outbreak, unemployment has increased which, in turn, will continue to lead to increased inequality
- Child marriages are likely to increase through dowry that is seen as a means of survival for many impoverished families
- Lockdown has disrupted schooling, and many girls are unlikely to return to school due to teenage pregnancy
- As governments are prioritizing COVID-19 interventions, budgets for education are at risk

Following deliberations, some of the recommendations agreed to included:

- The role of parliament needing to be boosted when governments are negotiating finance agreements to ensure that issues regarding girls and education are also resourced
- Parliamentary committees and GEWAYD programming should assume COVID-19 will be around for a while, hence solutions should not only be focussed on the post-COVID period
- Sessions with traditional leaders must be enhanced and perhaps the time has come to stop calling marriage to girls “child marriage” but “rape” instead
- As a comprehensive regional picture of child marriage and teenage pregnancy remains vague, an assessment should be done in collaboration with the Forum and partners to generate evidence of child marriage and its driving forces

The committee also engaged on the issue of comprehensive sexuality education (CSE). Some of the insights they had shared included the following:

- Countries have different packages for CSE, and there has been some dissatisfaction with the details that is offered in schools
- The rationale for CSE is to sensitize children to risky sexual behaviour – if learners are educated through age appropriate information, they are able to make positive and informed sexuality decisions
- Consultation with parents are very important to promote inter-generational dialogue and work on improving parent's understanding of CSE
- Teachers' capacity to teach CSE also need to be enhanced; they need to learn how to educate children in culturally and religious sensitive ways. MPs were requested to considering engaging national education departments on how they are monitoring the teaching of CSE.

2.3 TIFI

The TIFI Committee met under the theme “*Enhancing the role of Parliament in budgeting for increased budget credibility and public financial accountability in times of pandemics and crises*”. The committee considered and approved the minutes of its previous meeting, as well as its Work Plan for the remainder of the year. Following these, the committee received presentations from resource persons on the theme.

The first two presentations were done representatives from AFRODAD. They shared the following key insights:

- Concerning the issue of budget credibility:
 - The presenters explained the concept of budget credibility as involving an assessment of the extent of conformity of budgetary outturn to the planned forecasts – in other words, how government was able to meet its revenue and expenditure targets during the fiscal year.
 - Budget credibility is a fundamental objective of any developing public financial management (PFM) system, and recognized as an important component of effective institutions in the sustainable development goals (SDGs) framework
 - Many countries, especially the developing ones, are still performing poorly in budget credibility measures (that is, they either overspend or underspend) in terms of both public expenditure and financial accountability
 - The challenges associated with achieving budget credibility was discussed, and the committee received remedial recommendations for parliaments to consider, including:
 - Parliament being allocated enough time to scrutinize, debate, and propose alternative budgetary policies (within limits of cost), prior to adopting and promulgating the annual budget before the new fiscal year begins.
 - Parliament legislating on laws that curb illicit financial flows, tax evasion, tax avoidance, and also weed out harmful tax holidays.
 - Parliamentary involvement in negotiating mining development agreements to ensure that fiscal stability clauses in such agreements do not supersede national laws
 - Renegotiating unbeneficial double tax agreements, and
 - Ensuring that revenue authorities are adequately capacitated.
 - Concerning International Public Finance and Budget Credibility in SADC:
 - The presenters explained that Financing for Development (FfD) is about promoting a comprehensive and integrated approach to providing the policies and resources needed to support sustainable development around the world.

It includes the mobilization of domestic resources (such as tax revenues), international financial resources (such as Official Development Assistance (ODA) and FDI, remittances and public-private partnerships (PPPs)

- In the SADC region, there remains challenges with budget credibility concerning ODA and PPPs. In light of these, the following recommendations were presented:
 - Enhancing oversight on ODA disbursements and PPP contracts in countries
 - Inclusive stakeholder consultations
 - Continued advocacy for aid additionality and better targeting (OECD-DAC Level)
 - Advocacy on sustainable financing instruments through Pro-People development finance

Deliberations following the presentations included how parliaments could oversee governments without micro-managing them, as well as the political incentives Members should look out for when budgets are presented by the executive. The committee was also encouraged to ensure that mining agreements have set tax rates in their stability clauses to ensure that government can collect reasonable revenue. Moreover, MPs heard that African countries also lose a lot of revenue from the digital economy due to businesses not being adequately taxed. MPs were also encouraged to provide incentives for businesses in the informal sector to register for tax, and consider legislation to avoid illicit financial flows.

The committee also received a presentation from the Budget Office of the Zambian Parliament on "*The role of Parliament in Budgeting and oversight in context of COVID-19*". Members reflected on the oversight mechanisms at their disposal generally, as well as the accountability challenges countries are typically faced with during times of crisis. These include:

- large scale spending that triggers rent-seeking behavior
- uncoordinated involvement of many actors that creates opportunities for inefficiency and leakage
- the speed with which interventions are implemented tends to result in public finance management regulations being relaxed; for instance, those relating to procurement, accounting for extra-budgetary funds, and ex-post verification
- legislative bodies are not built for speedy action, but emergencies require them to act urgently

Some recommendations presented to the committee included:

- Parliaments establishing or capacitating Parliamentary Budget Offices and Research Units
- Parliamentary committees needing to be more active during a crisis; building the capacity of Committee Clerks is important
- Closer collaboration with Civil Society
- Supreme audit institutions should conduct special audits on programmes to deal with any crisis
- The crisis resolution process needs to be transparent – stakeholders should have access to information
- Legislative oversight of how the Executive exercises its authority in dealing with crises should be clearly articulated – ambiguity in legislative oversight only enhances the Executive's power

During discussions, Members deliberated on the merits of establishing specialised COVID-10 oversight committees. Members agreed that robust parliamentary oversight was crucial during crises as corruption in Africa remains a problem. The committee also heard that the current pandemic has made it difficult for some governments and parliament to adjust their work processes.

3. CONCLUSION

The outcomes of each meeting will be captured as draft resolutions due for adoption by the Plenary Assembly in due course.

ENDS

DRAFT

(e) Report of the IPU Special Governing Council Meeting - 1-4 November



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REPORT OF THE INTER PARLIAMENTARY UNION SPECIAL GOVERNING COUNCIL SESSION

01-04 November 2020-Virtual Meeting

**REPORT ON THE 206 SESSION OF THE INTER PARLIAMENTARY UNION
GOVERNING COUNCIL (SPECIAL ORDINARY VIRTUAL SESSION)**

1. CONTEXTUAL BACKGROUND

The Inter Parliamentary Union Governing Council held its 206 Session, which was a Special Ordinary Virtual Session.

The Session was scheduled for 01 to 04 November 2020. Considering that it was a Special Ordinary Virtual Session, apart from the few reports that were presented, the main focus of this Special Governing Council Session was the election of the IPU President as the term of office of Hon. Ms. Gabriela Cuevas Barron, former President of the IPU was coming to an end.

In the same vein, the IPU also filled a number of vacant leadership positions in the IPU Executive Committee positions.

The South African Delegation was led by Hon. Ms. Thandi Modise, MP, the Speaker of the National Assembly and a Member of the IPU Governing Council. The following Members from the Parliament of the Republic of South Africa also attended the Governing Council Session:

- Hon. Ms. Shaik Shahidabibi, a Member of Parliament from the NCOP and a Member of the IPU Governing Council;
- Hon. Mr. Mike Waters, a Member of Parliament from the National Assembly and a Member of the IPU Governing Council; and
- Hon. Mr. Malajti Thlolologo, a Member of Parliament from the National Assembly. Hon. Thlolologo attended as an observer.

In addition to electing the new President of the IPU and to fill other vacant positions, the Governing Council also received the following reports:

- Report on the Audit of the IPU Finances;
- Report on the Financial Situation of the IPU;
- Report of the IPU 2021 Budget;
- Report on the IPU Conference of Women Speakers;
- Report on the IPU Speakers Conference; and
- Report by the Committee on Human Rights.

The Governing Council was also briefed on the future meetings of the IPU, in particular due to the uncertainty caused by COVID19.

Moreover, the Governing Council also dealt with the question relating to the IPU Membership, in particular with regard to the specific situation in Mali. The 206 IPU Governing Council Session also witnessed the election on Hon. Mr. Duarte Pacheco a Member of Parliament from Portugal as the new President of the IPU.

2. ADOPTION OF THE SPECIAL RULES OF PROCEDURE ON VIRTUAL SITTING OF THE GOVERNING COUNCIL MEETING

The first business of the 206 IPU Governing Council Session was to adopt the Special Rules of Procedure on Virtual Sitting of the Governing Council Meeting. The rationale behind the adoption of these Special Rules of Procedure was to enable the Governing Council to temporarily suspend some of the IPU Rules of Procedure in order to enable the Virtual Sitting of the 206 Governing Council Meeting due to the current situation of the Corona Virus.

In this regard, the Special Rules of Procedure was adopted by the Governing Council and this paved the way for the holding of the Special Virtual Sitting of the Governing Council.

3. CANDIDATES FOR THE POSITION OF THE PRESIDENT OF THE IPU

The Governing Council received a report that the following Members of the Governing Council had submitted their candidatures for the position of the IPU President:

- Hon. Mr. Muhammad Sadiq Sanjrani from Pakistan;
- Hon. Mr. Duarte Pacheco from Portugal;
- Hon. Mr. Akmal Saidov from Uzbekistan; and
- Hon. Ms. Salma Ataullahjan from Canada.

The Governing Council was further informed that the required quorum of 162 Members of the Governing Council for voting for the position of the President of the IPU was reached and exceeded. The voting procedure was explained and the voting process was to be conducted electronically/remotely as the 206 Governing Council Session was held virtually due to Corona Virus.

Soon after this explanation, all the abovementioned four candidates were invited to address the Governing Council on why they must be voted as the President of the IPU.

4. REPORT OF THE OUTGOING PRESIDENT OF THE IPU

The outgoing President of the IPU, Hon. Ms. Gabriela Cuevas Barron presented her report which highlighted many successes and achievements during her term of office, and this was confirmed by all Members of the Governing Council who made interventions. Of significant was the fact that the IPU was the best platform for parliamentary diplomacy.

Amongst other important highlights of Hon. Barron's tenure was her constant engagements and meetings with the Speakers of Member Parliaments. She also visited and met with a number of Regional and Multilateral bodies such as the Pan African Parliament and the United Nations. The purpose of these meeting was to strengthen parliamentary diplomacy and cooperation.

The following are amongst many meetings and successes that Hon. Barron had during her tenure:

- 49 Working Meetings;
- Over 30 High Level UN Meetings; and
- 90 Bilateral Meetings with the Speakers of National Parliaments.

5. REPORT ON THE AUDIT OF THE IPU

The Report on the Audit of the IPU was presented by the Chairperson of the Finance Committee and the following are some of the salient issues contained by the Report:

- That the IPU Finances were in compliance with audit requirements;
- That the IPU had received unqualified audit report from both the internal and the external auditors;
- That the IPU was in sound and healthy financial condition;
- That the IPU had well managed its finances.

On the basis of the abovementioned Report, the IPU Governing Council approved the Audit Report of the IPU Finances, it approved the IPU Financial Statement and it approved the Secretary General's Financial Account Statements.

6. REPORT ON THE FINANCIAL SITUATION OF THE IPU

The Report on the Financial Situation of the IPU was presented by the Secretary General of the IPU as follows:

- That there were no red flags to point out in the finances of the IPU;
- That the Membership assessed contributions were also positive in line with Member Parliaments' commitments in the previous years;
- That the investment account was also in healthy situation;
- That while there has been a challenge of non-payment of the assessed contributions by some Member Parliaments, the situation is not dire;
- That the IPU has been able to make some savings as the current COVID19 situation does not allow physical meetings, and this enables the IPU to save on travelling, accommodation and catering; and
- That the IPU is also working with its traditional donors for more resources while it is also working very hard to attract new donors.

7. REPORT ON THE 2021 IPU BUDGET

The Report of 2021 IPU Budget was presented by Hon. Cecilia Widegren, the Chairperson of the Sub-committee on Finance and a Member of Parliament from Sweden. The following are some of the important issues highlighted by the Report:

- That Membership assessed contributions will not be increased, it will remain the same in 2021;
- That Voluntary Funding will not increase in 2021;
- That the savings on Post payments of physical meetings and travel go to Working Capital Fund Resource.

The Governing Council approved the 2021 IPU Budget.

8. REPORT ON THE CONFERENCE OF WOMEN SPEAKERS

The IPU Conference of Women Speakers was held virtually and it was attended by 26 Speakers from the Member States. Amongst the important issues that was discussed during the Conference was the need to pursue the 50/50 gender representation in Parliament.

9. ELECTION RESULTS OF THE IPU PRESIDENT

The election results for the position of the IPU President were announced as follows:

- Hon. Mr. Muhamad Sadia Sanjrani from Pakistan got 52 Votes;
- Hon. Mr. Akmal Saidov of Uzbekistan got 67 Votes;
- Hon. Ms. Salma Atallahjan from Canada got 53 Votes; and
- Hon. Duarte Pacheco from Portugal got 222 Votes.

In this regard, Hon. Duarte Pacheco from Portugal was overwhelmingly elected as the new IPU President. It is worth noting to mention that South Africa and SADC-PF supported the candidature of Hon. Duarte Pacheco.

The vote cast for the position of the President of the IPU was 394 out of a total of 406 and this translated to 97% vote of registered Governing Council Members, and it exceeded by large the 162 required quorum.

10. REPORT BY THE COMMITTEE ON THE HUMAN RIGHTS OF PARLIAMENTARIANS

The Governing Council received a report on the Human Rights Situation of Parliamentarians in certain Member States such as Zimbabwe and Egypt. These are some of the states where some Members of Parliament have been arrested. In their response to the report, Zimbabwe noted the Report, but also raise the issue of the separation of powers between the Executive, Judiciary and the Legislature.

They informed the Governing Council that while the Legislature doesn't have the power to intervene in the work of the Judiciary, they will ensure that the affected Member is subjected to a fair process of the law which protects his or her rights.

In the same vein, Egypt noted the Report, but requested more time from the Committee in order to study the Report and provide a comprehensive response.

11. REPORT ON THE FUTURE IPU MEETINGS

Following the current COVID19 situation which makes it impossible or difficult to physically hold the IPU Meetings, the Governing Council received the following Report on the Future of the IPU Meetings:

- That Morocco had committed to host the meeting of the IPU Assembly in March 2021, however, due to COVID19 uncertainty, the Parliament of Morocco was not yet in the position to approve this meeting;
- That due to the above, the meeting of the IPU Assembly will be held in Geneva during May/June 2021;
- That the meeting that was planned to take place in Rwanda has been postponed to November 2021;
- That the Parliament of Indonesia has requested to host the meeting of the IPU Assembly in 2022;
- That Austria will host the second segment of the Speakers Conference in July 2021; and
- That the Specialised Meetings of the IPU will be hosted virtually.

The meeting schedule was approved by the Governing Council.

12. QUESTION RELATING TO THE IPU MEMBERSHIP: THE SPECIFIC SITUATION IN MALI

Mali's IPU Membership was suspended following the unconstitutional removal of the elected government by the military. This resulted in the arrest of the President and Prime Minister.

However, the President and the Prime Minister have since been released. In addition to the abovementioned developments, the Governing Council received a report that the authorities in Mali were working hard to ensure that the country returns to the civilian rule.

The Governing Council noted this report and raised concerns about the current situation in Mali. However, the Governing Council further committed to continue to work with Mali to help it return to the civilian rule and that the Governing Council will continue to monitor the situation.

- (f) Report on 48th SADC-PF Standing Committee on Food and ANR Meeting 11 November 2021



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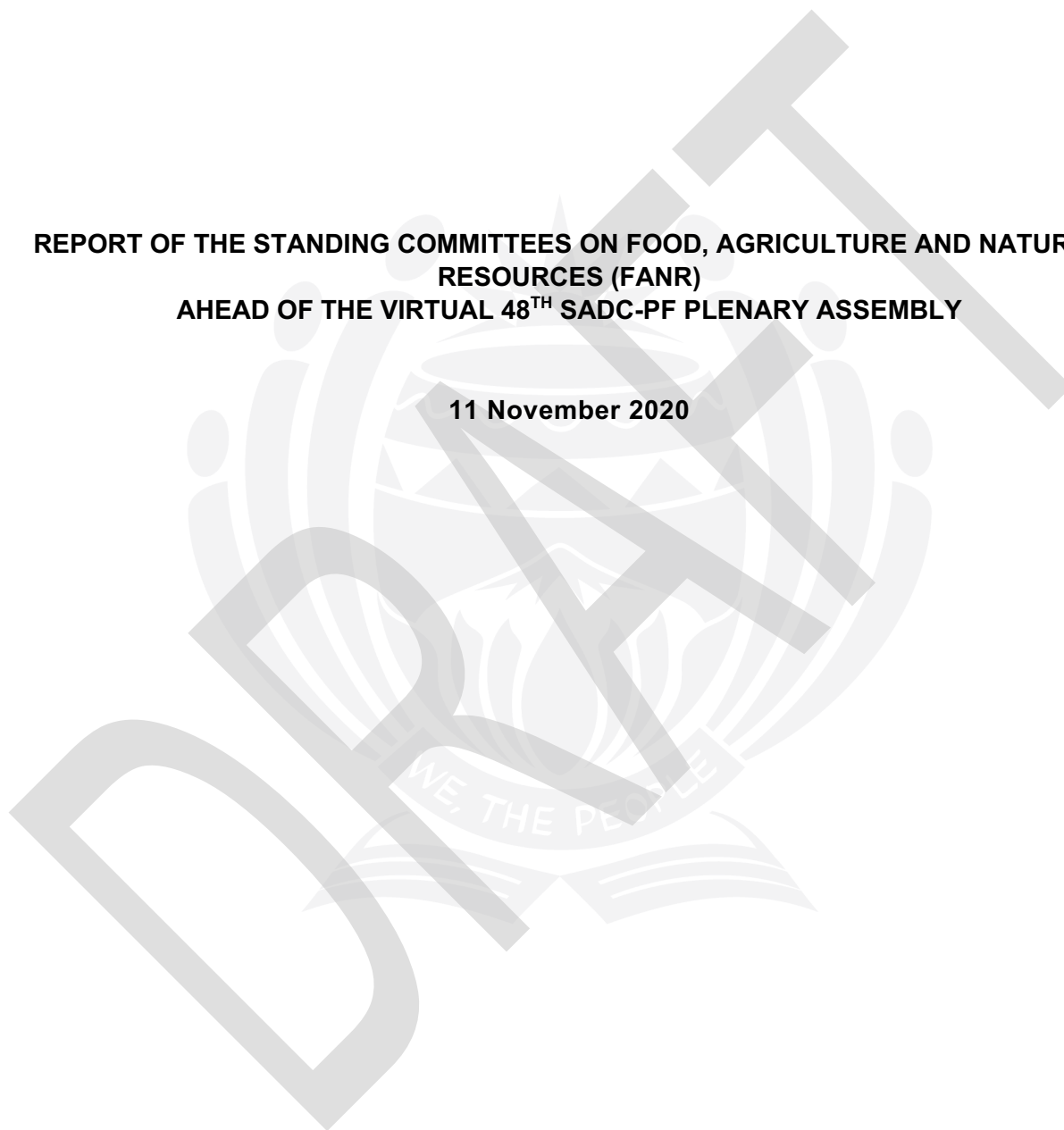
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**REPORT OF THE STANDING COMMITTEES ON FOOD, AGRICULTURE AND NATURAL
RESOURCES (FANR)
AHEAD OF THE VIRTUAL 48TH SADC-PF PLENARY ASSEMBLY**

11 November 2020



1. INTRODUCTION

The FANR committee met virtually on 11 November 2020 after a postponement of its initial meeting that was due to be held on 30 October 2020. This was due to a lack of quorum. The meeting on 11 November 2020 was convened under the theme “*The Impact of the African Migratory Locust on Agriculture and Food Security in Southern Africa: What can Parliaments do?*”. Due to the absence of the committee’s chairperson and deputy chairperson, Hon. T. Matibe from South Africa was nominated to chair the meeting.

2. PRESENTATIONS

The meeting received two presentations; one from a representative from the United Nations Food and Agriculture Organisation (FAO) and one from ActionAid International. Both presentations highlighted the SADC regions’ vulnerability to climate change that is a key driver of the spread of diseases and pests like the *African Migratory Locust*. The committee heard that these locusts are causing serious food insecurity throughout the SADC region due to the damage it renders to crops. The region has experienced this pest before, and since May 2020, a resurgence of the locusts has been recorded in some SADC states, including Botswana, Zimbabwe and Zambia. In Zambia, the committee heard, citizens in some areas have been eating the locusts despite safety concerns.

Some of the recommendations shared with the committee included the following:

- Regional collaborative efforts towards the transboundary control of the infestation is needed
- Countries were encouraged to be proactive in monitoring the locusts’ prevalence instead of being caught unawares, and integrated pest management systems need to be developed
- The production of environmentally friendly bio-pesticides should be supported to avoid environmental damage
- MPs were encouraged to ensure that the development and disposal of all pesticides are done in line with the Rotterdam Convention
- Collaboration within the agriculture sector needs to be strengthened
- Awareness-raising among communities is needed for them to refrain from eating locusts due to possible health risks
- MPs were encouraged to advocate for the development of a regional locust response plan

In conclusion, Hon. Matibe encouraged MPs to share their country experiences to assist the collaborative efforts needed at the regional level. MPs were also encouraged to inform their constituencies and parliaments about the African locust threat.

ENDS

- (g) Report on the African Forum and Network on Debt and Development Summer School 14 Dec 2020



PARLIAMENT
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**¹ REPORT ON THE AFRICAN
FORUM AND NETWORK ON
DEBT AND DEVELOPMENT
SUMMMER SCHOOL**

14 December 2020

¹ Prepared by Sivuyile Maboda (021 403 8298)

1. INTRODUCTION

The African Forum and Network on Debt and Development (hereafter AFRODAD), is a pan-African civil society organisation established in 1996 with a vision to contribute to a prosperous Africa based on an equitable and sustainable development. Over the years, AFRODAD has re-positioned itself as a key player in influencing policy-making processes by national governments and institutions at regional and global levels. The overall goal is to push African Governments and other development stakeholders to institute and implement policies and practices that guarantee sustainable development outcomes and poverty alleviation.

Since 2015, AFRODAD has on a yearly basis successfully organised Summer School events. These events bring together parliamentarians, civil society actors, faith leaders and the media, with the overall aim to contribute to the development and implementation of transparent, accountable and efficient mechanisms for the mobilisation and utilisation of both domestic and external financial resources in Africa. This year's Summer School was held from 30 November 2020 to 4 December 2020 in Kariba, Zimbabwe under the theme '**Leveraging on the Extractive Sector for improved Domestic Resources Mobilisation in Africa**'.

Broadly, the Summer School aims to enhance the knowledge of participants on how improved mineral resources governance is key to enhancing domestic resources mobilisation in Africa. The specific objectives of the training were to:

- Sensitise and capacitate participants on current tax challenges and the implications of COVID-19 on domestic resources mobilisation in Africa and devise ways to improve and maximise revenue collections from the extractive sector.
- Expand participants' knowledge on improving mineral resources governance with a view to deriving maximum benefits from the extractives sector and reduce inequality.
- Understand mining value chains and identify stages and specific points where governments and citizens can derive maximum benefits.
- Capacitate participants on responsible borrowing based on AFRODAD's Borrowing Charter and effective use of COVID-19 loans.
- Understand the implications of blended finance and privatisation in the COVID-19 era.

The weeklong training was conducted physically, in Zimbabwe, and through a Virtual Platform. Participants from the Parliament of South Africa participated through the Virtual Platform. Participating through the Virtual Platform imposed a number of challenges for the participants. The key challenge was the intermittent availability of the network. Participants on the Virtual Platform were unable to engage in some of the sessions, especially on discussions. Consequently, this report omits the discussion part of the Summer School engagements. Instead, the focus will be on summarising the available electronic presentations.

2. REPORT ON AFRODAD SUMMER SCHOOL

The first module of the weeklong Summer School was on Debt Management. However, prior to the start of the training, Mr Ivy Gurure, AFRODAD's Monitoring and Evaluation Officer welcomed everyone present. Thereafter, Mr Rangarirai Chikova, AFRODAD's Domestic Resources Mobilisation Portfolio Interim Head gave an overview of the 2020 Summer School, in which he explained the process outlined in the introduction of this report. Mr Jason Rosaria Braganza, AFRODAD Executive Director, delivered opening remarks in which he stated that the COVID-19 pandemic is pushing many African countries towards debt cliff edge, and without a global solution that brings all creditors (bilateral, multilateral, and especially private creditors), Africa stands to regress significantly economically and socially. Lastly, Honourable Edmond Mkaratigwa (Zanu PF), the Chairperson of the Portfolio Committee on Mines and Mineral Development, gave an official opening address.

The Summer School was structured in eleven (11) modules, namely, Debt Management (Module 1); Debt, Tax and nexus (Module 2); Debt Management in the COVID-19 context (Module 3); Principles of Debt Management (Module 4); Debt Advocacy Tools (Module 5); Domestic Resources Mobilisation (Module 6); Privatisation (Module 7); Blended Finance (Module 8); Mineral Resources Governance (Module 9); Metals and Mineral Value Chain (Module 10); and Theological Reflections on Mineral Resources Governance (Module 11).

The subsequent section provides a synopsis of the available presentations delivered in some of the aforementioned modules.

2.1. Debt Management

Mr Tirivangani Mutazu, who is a Senior Policy Analyst, delivered a presentation ***on understanding and influencing debt frameworks at National, Regional and International levels***. Mr Mutazu stated that there are four reasons governments borrow, namely, for *Structural purposes* (to finance development expenditure such as construction of roads and power stations), *Market Development purposes* (to create some financial instruments that facilitate both primary and secondary trading on financial markets), *Cyclical purpose* (to stimulate the economy in a downturn. The government may also resort to borrowing in order to bridge the temporary gap between revenue and expenditure), and *Political purposes* (to increase expenditure before an election. Such funds are normally used for unproductive purposes to please the electorate prior to the elections). Mr Mutazu stated that governments are not transparent on debt information.

Limited transparency and consultation in debt contraction process leads to lack of accountability in the management of debt. Debt funds are not achieving their intended purposes in certain cases. There is increasing corrupt practices in the implementation of debt related funds, and this create burden to future generations. He emphasised that debt information transparency and accessibility allows citizens to subject lending and borrowing to more scrutiny. Furthermore, information on loans to governments, or with a government

guarantee, needs to be disclosed in one publicly accessible registry, within 30 - 90 days of contracts having been signed. A concern was raised that oversight bodies are not doing a proper job due to lack of capacity or legal role deliberately circumvented/political capture. Furthermore, governments are not investing enough to improve domestic resource mobilisation strategies and policies.

Various players at a national level have an important role to play in debt management and these players are Policymakers at National Governments, the Account General, Parliamentary Portfolio Committees on Public Accounts, Debt Management Office (DMO), Central Bank and Civil Society. Key players on debt management at a regional level are the African Intergovernmental Institutions - African Union (AU); United Nations Economic for Africa (UNECA), Southern African Development Community (SADC), International Financial Institutions (IFIs) - World Bank (WB), International Monetary Fund (IMF) African Development Bank (AfDB) and United Nations General Assembly.

Mr Mutazu concluded that to make debt work for development, the following is needed:

- Increasing Domestic Resource Mobilisation (DRM) is crucial - according to the 2015 Addis Ababa Financing for Development Conference DRM is an underexploited source of sustainable development finance - increase tax-to-Gross Domestic Product (GDP) ratio by 3-5 percentage points.
- No country can sustainably depend on external resources for its own development, as such, national budgets should be funded from own revenue.
- Public Private Partnerships (PPPs) are possibly a source of infrastructure financing, but only for those countries with strong institutional and legal frameworks and that can mitigate the associated fiscal risks by carefully assessing, disclosing, and budgeting for them.
- Strong macroeconomic fundamentals remain a sine qua non for this, as do improvements in the investment climate, better institutional quality, and better governance.
- Review State-Owned Entities (SOE) governance law to facilitate SOE reforms and improve efficiency.
- Accelerating structural transformation to move away from dependency on commodities.
- Scale down infrastructure projects.
- Transparency and accountability in debt management is crucial (Regular comprehensive debt reports a must), there should be no room for hidden debts.
- The fight against corruption is indeed a fight to ensure reduced appetite for debt procurement. If debt is financing corrupt projects, then that is a big problem.
- Project appraisal to assure value for money.
- Implementing legally binding fiscal rules – debt rules - that will guide when and how much to borrow. These can even have a punitive measures.

2.2. Domestic Resources Mobilisation (DRM)

Mr Gumbo, Graduate Fellow, Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), delivered a presentation on DRM in Africa: current tax challenges and policy proposals to improve revenue mobilisation. According to Mr Gumbo, a number of challenges including the following affect the thrust for DRM in Africa:

2.2.1 Structure of African Economies

Dominance of Primary Industries

Most African countries depend largely on Agriculture and Mining/Oil /Gas with minimum value addition. This implies that the Tax Base is relatively low compared to countries with large manufacturing or industrial base, that generate more employment and incomes. Recent data reveals a positive correlation between the degree of manufacturing and the level of tax to GDP ratio in Africa. More diversified African countries such as Mauritius, South Africa, Swaziland, Tunisia and Morocco with higher manufacturing value-added (MVA) per capita tend to have higher tax revenue.

Relatively Large Informal Sector

The informal sector is comprised of economic activities that function with limited government regulation and is usually unstructured. It consists of micro, small and medium enterprises, including artisanal miners. The IMF estimates suggest that there is significant heterogeneity in the size of informality in Sub-Saharan Africa (SSA), ranging from a low of 20 to 25 percent in Mauritius, South Africa and Namibia to a high of 50 to 65 percent in Benin, Tanzania and Nigeria.² The nature of business makes it difficult for tax administration to collect taxes, hence tax compliance levels are generally low. This implies that the cost of collection is very high.

2.2.2 Policy Design Challenges

Investment Agreements with Lenient Tax Terms

Some sectors, particularly the extractive sector often demands, as a prerequisite to investing, that the negotiated fiscal incentives be locked into long-lasting mining contracts by 'stabilisation clauses'. Fiscal incentives designed to attract FDI, often have unfavourable economic consequences, especially if formulated with inadequate data and geological information - a key characteristics of the extractive sector. As a result, governments are locked into rigid and one-sided 'stability' agreements. Furthermore, the case-by-case approach to negotiation of individual investment agreements, which is a common practice in many developing countries, often creates additional administrative burden because of the co-existence of diverse tax regimes.

² IMF (2017)

2.2.3 Illicit Financial Flows (IFF)

The African Union/Economic Commission for Africa defined IFFs as “money illegally earned, transferred or used. It also covers money legally acquired, but illegally transferred or utilized. The IFFs ride and capitalize on weak governance and porosity of borders. This is because the perpetrators may conduct “regulatory arbitrage” and divert the flows through channels with weak controls. In 2015, the IFF value in Africa was estimated at more than US\$50 billion annually.³ In 2020, it is estimated at \$88.6 billion, an equivalent of 3.7% of Africa’s GDP.⁴ Current data point to the extractive industries and the import-export sector as being among the main sources of IFFs.⁵ The IFFs of at least US\$40 billion are linked to the extractive commodities.⁶ Extractive Commodities that drive IFFs in Africa are Gold (77 percent), Diamond (12 percent), and Platinum (6 percent).

2.2.3.1 Illicit Financial Flows: Tax Challenges

Abusive Transfer Pricing

The IFFs from the tax perspective are usually associated with multinational corporations in their attempt to reduce their tax burden, through Base Erosion and Profit Shifting. Base Erosion and Profit Shifting refers to, “tax planning strategies that exploit gaps and mismatches in tax rules to make profits disappear for tax purposes or to shift profits to locations where the corporate tax is low or non-existent”. Base erosion and Profit Shifting commonly manifest through the following channels:

- Overpriced imports acquired from a related party.
- Overpriced Intangible such as Insurance, Royalties, Research and Development, Refinery/Smelting/Packaging, Marketing services, Transport services; and
- Under-priced Exports

2.2.4 Tax Administration Inefficiencies

The DRM in Africa is also constrained by inadequate administrative capacity to effectively enforce the tax regimes. This could be in the form of inadequate systems and skill inventories. Furthermore, tax administration efforts are also frustrated by lack of adequate tools of trade, including requisite Information Communication Technology (ICT) infrastructure, among others. Inadequate co-ordination, co-operation, information, and skills sharing among tax Administration authorities also limit the authorities’ capabilities to undertake extensive case investigations.

³ UNECA, (2015)

⁴ UNCTAD, (2020)

⁵ ECA, (2018)

⁶ UNCTAD, (2020)

2.2.5 Proposed Policy Solutions

- The taxation of the informal sector depends, to a larger extent, on the tax culture of the target group, efficiency issues and tax administration capacity. Where tax administration is weak, there is a need to shift the statutory incidence of the tax to other institutions. **Using VAT** - the simplest way to tax the informal sector is indirectly using VAT on the goods and services used by the sector as inputs into production. VAT is not refunded to enterprises that are not registered for VAT. **Withholding Tax on Contracts** - the withholding tax on contracts takes advantage of business transactions between registered and unregistered businesses. Where such transactions occur, the registered operator has the statutory obligation to withhold and remit to the tax authority a prescribed percentage of gross revenue due to the informal operator .
- **Presumptive Tax:** Specific or Ad valorem rate based on turnover or other non-financial indicator such as floor area or number of employees. This allows the estimation of tax liabilities by tax collectors even in the absence of accounts.
- **Decentralising the revenue collection function.** A final, more radical option is to decentralise responsibility for informal sector taxation from national to sub-national governments.
- Tax incentives should be subject to legislative process, consolidated under the tax law. Furthermore, tax policy impact evaluation is key. Have the incentives improved output, employment, trade etc? Are the incentives still relevant?

2.3. Blended Finance

Mr Adrian Chikowore, AFRODAD's International Public Finance (IPF) Policy Analyst, provided a presentation on the changing development finance landscape from aid towards blended finance: Implications and opportunities for sustainable development in Africa. Whilst there is no unanimously accepted definition for blended finance, OECD, World Bank, and Convergence broadly define blended finance as the combination of public concessional Official Development Assistance (ODA) with private or public resources, generally with the aim of 'mobilizing' or 'leveraging' development finance from other actors. The most popular approach of blended finance is the PPP approach and it is defined as 'A form of legally enforceable contract between the public sector and private sector, which requires new investments by the private contractor (money, technology, expertise/time, reputation, etc.) and which transfers key risks to the private sector (design, construction, operation, etc.), in which payments are made in exchange for performance, for the purpose of delivering a service traditionally provided by the public sector'.

In PPPs, there tends to be low transparency and limited public scrutiny, which undermines democratic accountability and leads to corruption and illicit financial flows. It was recommended that:

The World Bank should not promote more intensive and widespread use of PPPs until problematic issues raised on PPPs have been addressed. Governments and Development Partners need to analyse the true costs of PPPs. Governments need to be transparent and accountable to their citizens on PPP contraction. All involved stakeholders especially governments should put development outcomes at the forefront.

2.4. Mineral Resources Governance

Mukasiri Sibanda, Advisor Tax and Natural Resource Governance, Tax Justice Network Africa, delivered a presentation on ***the current state of mineral governance: opportunities and challenges***. Mineral Resource Governance comprises institutions, rules and practices that determine how company executives and government officials make decisions, engage, and affect citizens, communities and the environments they inhabit. Good governance means having good rules, strong oversight to enforce the rules, and the competence and willingness to follow them. The Africa Mining Vision (AMV), a blueprint agreed to by African Head of States and Governments in 2009 captures the aspirations of good mineral resource governance for the African Continent. The AMV envisages “transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development”.

Mineral Resource Governance is important for the following reasons:

- Mineral resources are owned by the people and are held in trust for their benefit by the state – Constitutions of most African countries stand by this position.
 - ✓ Government has a stewardship role and must account to the owners of the resources.
- Minerals, oil and gas are finite resources. Therefore, the opportunity to use them as levers for sustainable development is not limitless, and must not be squandered.
- A global pandemic, COVID-19 exacerbated problems of poverty and inequality in Africa.
 - ✓ According to the World Bank, COVID-19 will place 43 million Africans into extreme poverty.
 - ✓ Without stronger institutions and policies, as well as a reduction in corruption, countries are more likely to fall victim to the “resource curse”—under which the poor stay poor and elites accumulate further wealth.
- Climate change is wreaking havoc in Africa. The extractive sector is strongly linked to climate change problems and solutions. Fossil fuels (oil, gas and coal) drive climate change and clean energy minerals e.g. lithium and cobalt are advanced as part of the solution.

Three indexes measure resource governance Africa, namely Resource Governance Index (RGI) produced by Natural Resource Governance Institute (NRGI), Fraser Institute’s Investment Attractiveness Index - a blend of the Policy Perception Index and Mineral Potential, and Corruption Perception Index (CPI) produced annually by Transparency International (TI).

On Resource Governance Index, the following countries' performance is rated as "weak": Burkina Faso, South Africa, Ghana, Niger, Mali, Morocco, Zambia, Tanzania, Tunisia and Sierra Leone. On assessing Resource Governance, the first component assessed is value realisation— it covers the governance of allocating extraction rights, exploration, production, environmental protection, revenue collection and state-owned enterprises. The second component assessed is revenue management— it covers national budgeting, sub-national resource revenue sharing and sovereign wealth funds. The third component assessed relates to enabling environment – it covers six Worldwide Governance Indicators: voice and accountability; political stability and lack of violence; government effectiveness; regulatory quality; rule of law; and control of corruption.

Countries with the weakest resource governance are least likely to implement the rules they set. Practice reforms deserve as much attention as legal reforms. The widest gap between law and practice is seen in two particular sub-components of the index: local impacts and sub-national resource revenue sharing. Countries are more likely to follow the rules they set for themselves if they also control corruption well. Therefore, the divergence between laws and practice is not merely a matter of poor technical implementation capacity.

2.5. Metals and Mineral Value Chain

Ms Veronica Zano, Research and Policy Officer, Southern Africa Resource Watch (SARW), delivered a presentation on ***Minerals and metal value chains analysis – challenges and opportunities for capturing more value from mineral resources***. The objective of the session or presentation was for the participants to understand the different phases of the mining and metals value chain, key decisions along the value chain, opportunities and challenges for capturing more value from mineral resources. Minerals and metals are depletable, non-renewable resources. When they are gone, they are gone forever. The finite nature of minerals makes them unique as compared to other industries and revenue sources for companies, governments, and citizens in resource-rich countries. Experience also suggests that unless there is prudent management of these resources and tapping into the value chain opportunities, this could be lost. Or, worse, catastrophic economic, environmental and social consequences can occur. The mining/metals value chain entails Exploration, Mining, Mineral Processing, Smelting and refining, Semi fabrication, Final product manufactured.

The uncertainties and costs associated with mineral exploration are a big part of the challenge faced by host governments in promoting development of their countries' mineral resource endowments. Prospecting and exploration may involve decades of increasingly focused activity, by both governments and private companies, in an effort to find resources and identify those that may be worth developing.

Mine development holds much promise for host communities as the key promoter of growth through export earnings, economic expansion, eventual diversification of the economy and

massive poverty alleviation (enabling legislative and policy framework). It attracts investors, set standards for environment, health and labour safety. Governments might include a firm obligation for the company to start development of the mine once all other activities have finished.

On the production stage of the mining value chain, governments are most keen on reaping the benefits of their resources through revenue collection (taxes and royalties), employment creation, economic diversification - regulatory frameworks such as value addition and beneficiation; local content development.

The final stage in the mining operations is closure and reclamation. Once a mining site has been exhausted of reserves, the process of closing the site occurs, dismantling all facilities on the property. The reclamation stage is then implemented, returning the land to its original state.

2.6. Theological Reflections on Mineral Resources Governance

Reverend Martha Mutswakatira, Zimbabwe Council of Churches, delivered a presentation on *theological reflections on mineral resources governance IFFs, tax and inequality*. According to Psalms 24 verse 1, heaven and Earth and the whole creation belongs to God, meaning that all natural resources that we have are God given. Thus, good management and utilization of the God-given natural resources is important. Reverend Mutswakatira stated that there is a link between taxation and inequality. If a country's tax systems and policies are regressive, there will be inequality. A regressive tax system is one that makes it possible for the poor to be taxed more than the rich. For example, the repressiveness of a tax system can be seen between mining companies and citizens. Mining companies pay company taxes after profit. This means that if they declare losses, they are not liable to pay the taxes. Furthermore, they can under-declare profits so that they pay minimal taxes to the government. As for the citizens, they are taxed on gross income. Another example is that mining companies are granted tax incentives and tax breaks. This is revenue that is forgone which would have to be often been compensated by higher taxes on consumption (e.g. VAT). This would bring about an excessive tax burden on the poor.

The Reverend contends that there is a need to improve domestic resources mobilisation to avoid unnecessary loan contractions. Domestic resources mobilisation can be improved through curbing IFFs, tax evasions, tax avoidance, scrapping tax incentive. There is a need to make tax systems more progressive – taxing the rich and multinational companies. Strengthening institutions – tax administrators, social sector institutions in terms of understanding issues, capacity, and adequate staffing, among others.

3. KEY ISSUES EMANATING FROM THE PRESENTATIONS AND RECOMMENDATIONS

- African Governments should avoid borrowing as much as possible. These loans impoverish African countries perpetually and they discourage innovation. Thus, African

Governments should start concentrating seriously on how to grow their economies beyond the stage of perennial burgers. Singapore concentrated on developing its economy and the country today boasts of a first world economy.

- Creating a framework for sovereign debt restructuring that works is paramount since it contributes to optimum efficacy.
 - Parliament is not playing its role of scrutinising and approving the agreements between the executives and investors. Under such circumstances, Parliament's role is crippled. Thus, it is impractical for the Legislator to play an oversight role over an agreement that they do not know.
 - The problem on policymaking emanates from the fact that Parliament plays second fiddle to the executive. Parliament is not able to take the executive to full account or question the validity of a formulated policy.
 - On the mining and metals value chain, there is lack of due diligence in contract performance monitoring, covering the whole value chain. There is lack of monitoring at each stage.
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- (h) Report on Parliamentary Network on the World Bank and IMF virtual briefing on delivering COVID-19 vaccines, 17 February 2021



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**REPORT: VIRTUAL PARLIAMENTARY BRIEFING ON SUPPORTING COUNTRIES
IN DELIVERING THE COVID-19 VACCINES**

17 FEBRUARY 2021

1. INTRODUCTION

The Parliamentary Network on the World Bank and the International Monetary Fund (IMF) held a Virtual Parliamentary Briefing on Supporting Countries in Delivering the COVID-19 Vaccines, jointly organised with the World Bank Group. The event took place on 17 February 2021.

The briefing convened a roundtable of legislators, including the Board of the Parliamentary Network on the World Bank and IMF (PN) and key parliamentary partners, with World Bank Group senior management and health experts to discuss how to partner to ensure fast and fair delivery of vaccines to people in all countries. Participants were briefed on the World Bank Group's work to help low- and middle-income countries strengthen systems to implement large scale immunizations.

The South African MPs nominated to attend were as follow:

- Dr Sibongiseni Dhlomo, ANC
- Ms Annah Gela, ANC
- Ms Maurencia Gillion, ANC
- Ms Audrey Maleka, ANC
- Mr Tshilidzi Munyai, ANC
- Ms Grace Tseke, ANC
- Ms Siviwe Gwarube, DA
- Ms Lindy Wilson, DA

2. OVERVIEW: THE WORLD BANK GROUP'S VACCINE SUPPORT

Participants received an overview of the World Bank Group's current initiatives to support vaccine development and deployment. The following panellists led the discussion:

- Muhammad Ali Pate, Global Director of Health, Nutrition and Population, World Bank Group
- Tomasz Telma, Global Director of Manufacturing, Agriculture and Services, IFC

The panellists observed that the World Bank Group has mounted the fastest and largest crisis response in its history to help developing countries strengthen their pandemic response and health care systems. With the pandemic's rapid spread into developing countries, the Bank Group launched a fast and comprehensive COVID-19 response of up to \$160 billion through June 2021. It is tailored to the health, economic, and social shocks that countries are facing.

They further observed that the World Bank Group has dedicated \$12 billion to help poor countries purchase and distribute vaccines, tests, and treatments, and protect the most vulnerable. This financing is part of the up to \$160 billion announced in May 2020. Financing will be provided in accordance with countries' existing eligibility for grants, credits, and loans. The Bank aims to signal to the research and pharmaceutical industry that citizens in developing countries need equal access to safe and effective COVID-19 vaccines. Only once the pandemic is contained in all countries will each country be safe from a resurgence.

Participants also learnt that developing countries have flexibility to choose the best approach and to use the financing in ways that best help them, based on their specific context and needs.

The World Bank provides support to countries in terms of (a) vaccine readiness assessments; (b) vaccine access; and (c) vaccine distribution. Each of these entails the following:

- **Vaccine readiness assessments:** The Bank is working with partners to assess the readiness of countries' health systems for vaccine deployment and identify gaps and areas for possible investment. This will allow Bank financing to support each country's priority needs. The assessments involve analysis of policy and regulatory capacities, data and tracking systems, health infrastructure including cold chains and training of health workers. Assessments are already underway in more than 70 countries.
- **Vaccine Access:** To facilitate access to vaccines, the Bank has committed to help countries procure vaccines through various approaches (i.e., country mechanisms, multilateral mechanisms currently led by WHO and GAVI through COVAX, Bank-facilitated procurement and implementation support).
- **Vaccine distribution:** To help countries get ready to deploy vaccines and strengthen their health systems, the Bank's financing will support countries to establish policies for safe and effective deployment, expand storage and building cold chains, develop data and tracking systems, train health workers and build trust in immunizations through citizen and community engagement.

Additionally, the Bank will help client countries develop appropriate criteria for making the selected vaccine available to all their citizens. There is however consensus to first target health workers, other essential workers, and priority groups such as the elderly, people with co-morbidities, and others at high risk from COVID-19.

The panellists also shared information on the Bank's private sector development arm, the International Finance Corporation (IFC's). The IFC will support private companies in delivering health products and services – including vaccines – to developing countries through the \$4 billion Global Health Platform. This support will include the following:

- Investments in vaccine manufacturers to foster expanded production of COVID-19 vaccines in low- and middle-income countries, with production reserved for emerging markets.
- Ability to invest in production to address other potential bottlenecks, including vials, needles and syringes, and cold storage capacity
- Support for mapping COVID-19 vaccine manufacturing capacity, focusing on potential bottlenecks in manufacturing processes.

Following the presentations, a panel of Members of Parliament was invited to share their country experiences and reflect on the role of parliaments. They were:

- Hon. Ricardo Leite MP, Portugal, Member of the Committee for Health and the Committee for Foreign Affairs; Vice President of the Parliamentary Network on the World Bank & IMF
- Senator Pia S. Cayetano, Philippines, Chair of the Sustainable Development Goals Committee
- Hon. Sabina Chege MP, Kenya, Chairperson of the Committee on Health
- Hon. Fadi Alame MP, Lebanon, Member of the Committee for Healthcare, Labour, and Social Affairs
- Hon. Mónica Silvana González MEP, Spain, Member of the Committee on Development

Other participating MPs were then afforded the opportunity to ask questions. However, due to time constraints, not all questions could be attended to, including those from South Africa. Hon.

Dr Dhlomo's question was concerned with how the Bank can assist lower-income countries to access vaccines. The organisers committed to responding to his question in writing.

Participants also very briefly reflected on issues related to how to deal with vaccine hesitancy, how to improve vaccine deployment, and how to foster public trust.

3. CONCLUSION

The discussion concluded with panellists encouraging MPs to gain public trust in ensuring transparency in the allocation of resources and deployment of vaccines. They were also encouraged to promote technology transfers, as well as the application of non-pharmaceutical policies to avoid worse-case scenario lockdowns.

- (i) Report on Parliamentary Hearing at the UN on fighting Corruption to restore trust in Govt - 17-18 February 2021



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**REPORT OF THE 2021 PARLIAMENTARY HEARING VIRTUAL MEETING ON
FIGHTING CORRUPTION TO RESTORE TRUST IN GOVERNMENT AND IMPROVE
DEVELOPMENT PROSPECTS**

17 – 18 February 2021



Prepared by the International Relations and Protocol Division

1. PURPOSE

The Inter-Parliamentary Union (IPU) invited the South African Parliament to be part of the 2021 Parliamentary Hearing at the United Nations (UN) virtual event “*Fighting corruption to restore trust in government and improve development prospects*” from 17-18 February 2021 from 4 pm to 7 pm. The overall objective of the Hearing was to ensure a parliamentary contribution to the Political Declaration to be adopted by the Special Session of the UN General Assembly against Corruption (UNGASS 2021) from 2 to 4 June 2021 in New York. The Special Session is mandated to review the challenges and measures to prevent and combat corruption as well as strengthen international cooperation under the 2005 United Nations Convention against Corruption (UNCAC).

The moderator, Ms. C Doole reported that 400 parliamentarians tuned-in for the meeting. The International Relations and Protocol Division registered the following Members to be part of the meeting:

- Hon. T. Joemat-Peterson, MP.
- Hon. K. Maphatsoe, MP.
- Hon. J. Mofokeng, MP.
- Hon. P. Faku, MP.
- Hon. B. Bartlet, MP.
- Hon. S. Sheik, MP.

1.1. OPENING AND WELCOME REMARKS

The Opening and Welcoming Remarks were delivered by Mr. Volkan Bozkir, President of the 75th Session of the UN Assembly, and Mr. Duarte Pacheco, President of the IPU. Mr. Bozkir amongst others noted that parliamentarians’ role at the UN is clear. By translating UN resolutions into effective national legislation, parliamentarians turn multilateral dreams into realities. Through sharing their national and local experiences, parliamentarians help to inform the Member States of the challenges and hopes of the people they serve. Parliamentarians also play an essential role in keeping governments accountable. On the UN Convention on Corruption, he noted that the UN member States adopted it in response to the scourge of corruption, which perverts so many parts of societies, with a full appreciation of its devastating effect on development, human rights, peace, and security, and the rule of law. On the COVID- 19 vaccine distribution, he noted that every effort must be taken to ensure that corruption does not prevent or impede the equitable availability and distribution of the vaccines or at worst, the falsification of the vaccines.

The IPU President, amongst others, noted that corruption is one of the cancers to democracy. Like cancer, it starts slowly and in silence, one little step at a time, until a major organ stops working and the whole *body politic* is compromised. The 2005 UN Convention Against Corruption gives the Member States plenty of guidance. They just need to muster the political will to implement it all the way. This requires legislation and it requires resources to enforce laws that would otherwise remain inside our books. Globally, the financial losses due to corruption amount to hundreds of billions of dollars a year. Maybe more than official aid – about \$140 billion annually. The Sustainable Development Goals would be much farther ahead today if that money could be recovered and put to good use, investing in universal health care, education, and social safety net, for example. In

conclusion, he noted that the meeting is a great opportunity for parliaments to add their voices to the Political Declaration that the UN General Assembly will adopt in June 2021.

2. AN OVERVIEW OF THE PANELLISTS' KEY MESSAGES TO PARLIAMENTARIANS

The following section provides a summary of the panellists' key messages to parliamentarians:

2.1. THE CONVENTION AGAINST CORRUPTION: BUILDING BLOCKS AND IMPLEMENTATION CHALLENGES

- **Executive Director: UN Office on Drugs and Crime (UNDC), Ms. G. Waly:** amongst others, noted that the UNDC sees parliamentarians as essential partners in promoting effective anti-corruption laws and also in strengthening the implementation of the Convention. Today, corruption is recognised as a crime in the majority of countries – tackling corruption and recovering stolen assets are the explicit targets of Goal 16-SDGs and the international community recognises that tackling corruption is key to the overall achievement of the 2030 Agenda. The Convention's peer review mechanism has put corruption on the agenda of the international community and about 71 per cent of the countries that participate in the implementation review process have reported that it has assisted them in identifying gaps in their respective anti-corruption framework. From the start of 2019 to mid-2020, the UNDC has reviewed over 50 pieces of legislation and policies in 35 countries and supported anti-corruption institutions in 35 countries. Also, trained more than 1200 in 70 countries in the prevention, investigation, and prosecution of corruption offences. In conclusion, the UNDC has a solid foundation for global action on anti-corruption. Now more than ever every government must use the tools provided by the Convention to further strengthen anti-corruption bodies, improve oversight over covid-19 stimulus packages and increase transparency and accountability.
- **Permanent Representative of Peru to the UN Office at Vienna, Mr. E. Machado, and Co-Facilitator for the Political Declaration of the UNGASS 2021 against corruption:** Corruption implications concern not only the State but society as a whole, including the private sector and civil society. Being a phenomenon that spreads throughout all institutions and society, the answer must be comprehensive. In this sense, the role of the Parliaments is essential to combating this scourge, not only from the roles of regulation and control of parliamentarians but also give legitimacy in representing society as a whole. The international community also plays an important role in combating corruption. Multilateral efforts are therefore decisive for interstate cooperation and the recovery of assets from this transnational phenomenon. Currently, the main multilateral initiative is to renew the commitment and political will to fight this scourge head-on is the United Nations Special Session against Corruption, known as UNGASS 2021. An effort should be made to improve UNCAC and, above all, to update it. In this regard, he recommended an establishment of an intergovernmental process - which will bring together national experts and representatives of all regions to identify gaps and assess improvements to the Convention. The outcome of these deliberations shall form the basis, if deemed necessary, for submitting to the Conference of the Parties normative proposals to improve, strengthen and/or supplement the Convention. In conclusion, he noted that the upcoming Special Session should be the beginning of a new phase in the fight against corruption in which world leaders commit themselves to deepen it, leaving in this way a message of hope focused on reversing the harmful effects of corruption on the population.

2.2. CORRUPTION INVOLVING VAST QUANTITIES OF ASSETS, AKA “GRAND CORRUPTION”

- **Permanent Representative of Norway to the UN Office at Vienna, Ambassador K. Anderson**, amongst others, noted that the powerful elites in the public and private sectors sometimes plunder their societies with impunity because the justice systems have been captured, corrupted, or crippled by them and their allies. Innovative ideas to end impunity should be explored. To this effect, some proposals could be further analysed and discussed in more detail, including, for example, the establishment of regional mechanisms for prosecution or international mechanisms, such as establishing an international anti-corruption court, with respect for the sovereignty of States. So, the proposed remedy is the creation of an International Anti-Corruption Court (IACC), modelled on, but distinct from the International Criminal Court (ICC). The IACC, like the ICC, would operate on the principle of complementarity, meaning that the court would only have jurisdiction in those cases where the national systems are unwilling or incapable of engaging in good-faith investigations, prosecutions, and fair trials. However, there are several counter-arguments to establish an IACC:
 - ✓ Leaders who enjoy de facto impunity for grand corruption are unlikely to submit to the jurisdiction of an IACC.
 - ✓ An IACC may not have sufficient tools to be able to effectively prosecute grand corruption. Prosecutors at international tribunals depend almost entirely on cooperation from domestic agencies.
 - ✓ An IACC may not be cost-effective.

In the Oslo Statement, the experts also recommended that other innovative ideas could be further analysed and discussed such as:

- ✓ the establishment of an international special rapporteur for anti-corruption.
 - ✓ the development of a protocol to the UNCAC on corruption involving vast quantities of assets.
 - ✓ Exploring the possibility of extending the jurisdiction of the International Criminal Court to include corruption involving vast quantities of assets.
 - ✓ Creating international commissions against corruption and impunity.
- **South African Former Judge Richard J. Goldstone**, amongst others, noted that in most cases, kleptocrats operate with impunity and the only solution is an international Anti-Corruption Court - staffed by experienced judges and prosecutors. With the authority to enforce relevant domestic laws and crimes of corruption defined in its founding statute. The Anti-Corruption Court could also be partly funded by the proceeds of stolen assets. If the Court can attract the membership of 20 – 25 countries, some of which are financial centres in which kleptocrats launder their money, it would have the capacity to prosecute kleptocrats from non-party States. In conclusion, in June 2021, the UN General Assembly is convening a Special Session on Corruption, there is some hope that Canada might take a leading role in establishing such a Court.

2.3. GENDER-SENSITIVE ANTI-CORRUPTION POLICIES

- Senate of Kenya and President of the Bureau of Women Parliamentarian, Ms. S. Kihika, MP**, amongst others, noted that many forms of corruption affect both women and men, but given the unequal gender relations in society, women are in many settings more exposed to corruption and its consequences. When poor women do not have funds to spare for corrupt officials or persons holding positions of power, they risk being exposed to physical abuse, sexual extortion, and exploitation; women's lower status and position in society makes them vulnerable to corruption. Gender inequality allows corrupt networks to grow, hinders progress towards gender equality, and presents a barrier for women to gain full access to their civic, social, and economic rights. Also, noted that corruption influences how likely women are to pay or take a bribe, the forms of corruption that they might face, and how they perceive and act upon them. For example, women are more susceptible to certain types of bribery at the point of service delivery such as sexual extortion where sexual favors are the currency of the bribe demanded. In this regard, it is important to have gender parity in the representation of women in Parliament and for women parliamentarians to lobby their political parties to be placed in strategic committees such as committees in charge of budget, oversight, etc., where their impact in reducing the vulnerabilities that women face day in day out can be addressed. Parliamentarians must also support gender analysis and collection of sex-disaggregated data on corruption and the application of collected data, particularly their law-making, oversight, and representative roles. Also, the design of anti-corruption policies must include a gender perspective at the diagnostic stage. In particular, policies should include specific strategies to reduce women's exposure to opportunities for sexual extortion.
- Dr. A. Petherick, Blavatnik School of Government, University of Oxford**: amongst others, noted that corruption can also reinforce or exaggerate gender inequalities: First, corruption is usually something that those who already have a lot of power in society gain from, and its negative impacts hit those with less power - hence, deepening pre-existing inequalities, including gender inequality. Second, corruption can cause positions of power to be out of reach to women. Third, importantly - bribery is not just about money. It is about other forms of private gains, too. And these include sexual favours, and even caring responsibilities. Sexual corruption, sometimes called sextortion - often happens when a power dynamic in a corrupt interaction is extreme. Existing laws may be inadequate or in practice ineffective to combat sexual corruption. Amongst others, suggested that policies should also take aim at gendered processes and at substantive outcomes, above descriptive outcomes. For example, in procurement, you can create a rule stating that 30 per cent of company management should be of monitory sex. A substantive policy would be to give points to companies with good parental leave policies, including for men, and that demonstrate equal pay for men and women on staff.

2.4. KEY ANTI-CORRUPTION MEASURES: ASSETS DISCLOSURE AND BENEFICIAL OWNERSHIP, WHISTLE-BLOWERS, AND FINANCING OF POLITICAL PARTIES/ELECTIONS

- Mr. F. Zon, MP, House of Representatives of Indonesia, and Chair of Southeast Asian Parliamentarians against Corruption**: amongst others, noted that the UN, in 2018, estimated the cost of corruption to be around \$3.6trillion in the form of bribes and stolen money. Now, during the COVID-19 pandemic, evidence of a higher risk of corruption is everywhere, and it makes people even sicker. However, there is no one-size-fits-all in

combating corruption. It also depends on the national context, social and political situations, and different legal systems. Amongst others, suggested that a critical aspect in combatting corruption is to encourage public reporting and to protect them. Countries need to ensure that regulations are in place to protect the reporting person and devise measures eliminating potential retaliation measures due to the report. Also, educate people, especially the youth, make them aware of the danger of corruption and enable them to be more critical of corruption.

- **Mr. A. Saidov, MP, Oliy Majilis of Uzbekistan and Member of the IPU Executive Committee:** amongst others, UN Convention on corruption is an important tool that has been ratified by the majority of the IPU member States. Most important, this Convention provides a mechanism to combat corruption. And, parliaments are the most important components in ensuring the protection of human rights and strengthening the rule of law both nationally and internationally. In this regard, amongst others, recommended that the Political Declaration to be adopted by the UN Assembly should include the role of the IPU and national parliaments in the fight against corruption. Also, regional bodies should adopt conventions on anti-corruption. Lastly, the IPU should also adopt a convention on anti-corruption.
- **CEO and Executive Director: UN Global Compact on the Tenth principle against Corruption, Ms. S. Ojiambo,** amongst others, noted that corruption according to estimates cost countries over \$1trillion every year, and it harms every sector of society. Governments are the starting points of fighting corruption – only they can provide the political will and parliaments can enact laws and ratify international treaties on anti-corruption. And, governments cannot do this alone so, the UN Global Compact encourages the private sector to take their share of responsibility in fighting all forms of corruption. The Compact encourages the private sector not only to avoid corruption but also to take proactive measures against it to their operations and value chains - private companies are required to report back on their respective measures annually. The Compact also mobilises the private sector to take collective action in the national and global arena. In 2020, more than 1200 CEO in over 100 countries signed a powerful statement for renewed global cooperation in the fight against corruption.

3. KEY ISSUE

The following key issue is worth noting:

- **Parliamentary discussion on the creation of an International Anti-Corruption Court (IACC):** At the international level, discussions and campaigns on the creation of the IACC are gaining momentum. Countries such as Canada, the USA, Peru, and Colombia are proposing that the upcoming UN General Assembly Special Session on Corruption should take a leading role in establishing such a Court. In this regard, the IRPD recommends that the Co-Chairpersons of the PGIR, Hon. W. Ngwenya and Hon. M. Ntombela bring this item to the attention of the Chairpersons of the Portfolio Committee on Justice and Correctional Services and the Select Committee on Security and Justice. This action will provide an opportunity for the respective Committees to engage the Department of Justice and Correctional Services on South Africa's perspective on the creation of the IACC.

END

- (j) Virtual Meeting of the SADC-PF Human Resources and capacity development subcommittee, 1 March 2021



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**REPORT OF THE VIRTUAL MEETING OF THE SADC-PF HUMAN RESOURCES
AND CAPACITY DEVELOPMENT SUB-COMMITTEE**

1 March 2021



1. INTRODUCTION

The Human Resources and Capacity Development Sub-Committee met virtually on 1 March 2021 to consider the minutes of its previous meeting, as well as the appointment of a Corporate Governance Executive. The South African Parliament was represented by Hon. D. Bergman, MP, who currently serves as the Treasurer of the Forum. The Committee's minutes were adopted and discussions proceeded to focus on the appointment of the Corporate Governance Executive.

2. APPOINTMENT OF A CORPORATE GOVERNANCE EXECUTIVE

The SADC-PF Secretariat reported on the recruitment Corporate Governance Executive, reminding the Committee that the recruitment for this position was approved by the Executive Committee at its meeting on 27 and 28 September 2020. The following conditions for the recruitment were also approved:

- That the Secretary General be given the authority to headhunt at least three people who can competently discharge the responsibilities of the post and conduct interviews;
- That the potential candidate should demonstrate a high level of proficiency in any of the three SADC-PF official languages; and
- That the candidate should have a sound legal background in order to make informed decisions from a Corporate Lawyer's point of view.

Out of a list of 7 candidates proposed by the Secretary General, 3 submitted applications after which Ms Clare Musonda and Mr Saidi Osman Yakubu were interviewed via Zoom.

After detailed consideration of the candidates' qualifications, competencies, and experience, Ms Musonda appears to be the stronger candidate. Following deliberations, the Committee approved the appointment. Hon. Bergman supported this decision, appreciating that she was best candidate on merit, not just her gender. Ms Musonda is from Zambia.

3. CONCLUSION

The Committee's approval will feed into the deliberations of the upcoming Executive Committee Meeting.

ENDS

- (k) Report on SADC Model Law on Elections ahead of Zambia General Election - 22-31 March 2021



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**VIRTUAL INTERFACE BETWEEN THE SADC PF STANDING COMMITTEE ON
DEMOCRATISATION, GOVERNANCE AND HUMAN RIGHTS (DGHR) AND
ELECTORAL STAKEHOLDERS IN ZAMBIA ON THE DOMESTICATION OF THE
SADC MODEL LAW ON ELECTIONS AHEAD OF THE 2021 ZAMBIA GENERAL
ELECTIONS**

22nd – 31st March 2021

WE, THE PEOPLE

EXECUTIVE SUMMARY

The outcomes of the meeting require the following pertinent issues for noting/action by Parliament:

- Noting the findings of the pre-mission to the Zambian elections to be held in August 2021.

1. INTRODUCTION

Purpose of the meeting: SADC-PF Standing Committee on Democratisation, Governance and Human Rights (DGHR), in collaboration with Austrian Development Agency (ADA) and GIZ Peace, Security and Good Governance in the SADC Region, convened a Pre-Election Consultative Meeting with Electoral Stakeholders in Zambia from 22nd to 31st March 2021.

Delegation Members:

- Mr Darren Bergman, MP: Vice Chair of the Standing Committee on DGHR and Treasurer of the SADC-PF

Delegation Secretariat:

- Dr Natalie Leibrandt-Loxton: Researcher – International Relations and Protocol Division (IRPD)
- Mr Sthembis Tembe: Researcher - IRPD

2. MEETING OUTCOMES

After receiving background on the political and electoral context in Zambia, the mission met with the various electoral stakeholders, including the Electoral Commission of Zambia (ECZ), political parties, Civil Society Organisations (CSOs), media, judiciary and government agencies with roles in the management of elections such as the police based on the programme. The appointments with stakeholders were organised and facilitated by the National Assembly of Zambia.

The mission's objectives were as follow:

- Disseminate the contents of the SADC Model Law on Elections among electoral stakeholders;
- Engage the ECZ and other electoral stakeholders in Zambia and assess progress on the domestication of the SADC Model Law on Elections and identify successes and gaps;
- Prepare for the deployment of an effective SADC PF election observation mission during the 2021 General Elections;
- Share good practices on the domestication of the SADC Model Law on Elections based on regional and international experiences; and

- Adopt recommendations on priority actions to be undertaken by different electoral stakeholders in the pre-election, election and post-election phases of the election cycle enhance electoral accountability and integrity in Zambia and the SADC region.

2.1 Meeting with Generation Alive (CSO which advocates for women and young people's rights)

The mission met with Generation Alive on Tuesday, 23 March and deliberated on the following:

- Traditional culture still (adversely) influences women's ability to participate in electoral processes
- Not many women are willing or qualified to participate
- Women and youth need training on electoral framework
- Fake news and cyber-bullying of women candidates are increasingly become a problem that requires intervention by regulatory bodies in collaboration with the police

2.2 Courtesy call meeting with Honourable Speaker, Mr Justice Dr Patrick Matibini, SC., FCI Arb, MP

The mission met with Hon. Speaker Matibini on Wednesday, 24 March, to brief him on the SADC PF Pre-Election Consultative Meeting on the Dissemination of the SADC Model Law on Elections. Mr Bergman, in his capacity as Vice-Chairperson of the DGHR Committee introduced the mission to the Speaker, thanking him and the Zambian National Assembly for assisting in facilitating the mission's appointments and ensuring all stakeholders can connect. Mr Bergman explained to the Speaker the mission's purpose, as well as that it will compile a report to be tabled to the SADC-PF Plenary Assembly. Hon. Speaker Matibini wished the mission well.

2.3 Meeting with the Southern African Centre for the Constructive Resolution of Disputes (SACCORD)

The mission met with SACCORD on 24 March and deliberated on the following:

- The electoral legal framework and its guiding provision for CSO involvement in the electoral cycle: the legal framework provides for CSO to monitor the electoral process at all levels, and to develop a report on how the process can improve.
- Civic and voter education: The mission heard that SACCORD offers civic and voter education alongside the ECZ, although community outreach can be improved, especially in rural areas.
- Conducting safe elections during the Covid-19 pandemic: The mission learned that a Covid-19 Task Force was established to ensure safe elections, and that guidelines to this effect are in the process of being developed.
- Intra-party elective processes: The mission learned that Zambian legislation requires political parties to hold democratic internal elections. These have been peaceful thus far, exhibiting very high levels of democratic competition.
- Media coverage: Not all media houses cover candidates all the time. This needs improved to ensure fair and balanced exposure for all candidates.
- Delay in voter registration: The mission heard of a delay in voter registration due to little time allocated to it (roughly 30 days). Nevertheless, the ECZ produced a provisional register that is being refined digitally through phone verification; thereafter there will be a physical verification process.

- Dispute resolution mechanisms: Zambia established conflict management committees, backed by legislation, with the support from the United Nations Development Programme (UNDP). These committees now serve as part of Zambia's early warning conflict prevention system.
- Political party funding: The mission heard that no political party is financed by the state, no disclosure laws are in place, and that there is no funding cap for private funding.
- Post-election fraud: This has taken place in the past and aggrieved parties submitted their complaints to the courts.
- Electoral code of conduct: This requires review to be strengthened through inputs from various stakeholders.

2.4 Meeting with Women in Law and Development in Africa (WILDAF)

The mission met with WILDAF on 24 March 2021 and deliberated on the following:

- Women's representation in political decision-making: Women's representation in Zambia's political decision-making remains low. In the National Assembly there are approximately 17% women.
- Barriers to women's equal participation: These are largely educational requirements by the amended Constitution (majority of Zambian women are uneducated); traditional family roles that prevent women from participating in politics; the country being largely rural, resulting in public spaces being far from villages; and most women not being able to communicate well in English, Zambia's official language. Political party attitudes toward women are largely informed by their leaders, often viewing women candidates as good for their public image
- Affirmative action measures have not been attempted in Zambia to increase women's representation.

2.5

3. RECOMMENDED ISSUES FOR NOTING AND/OR ACTION BY PARLIAMENT

[Here you can list the recommendations with a bit more detail than how it's done in the executive summary]

- (1) Virtual SADC-PF Executive Meeting, 26–27 March 2021



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REPORT OF THE VIRTUAL SADC-PF EXECUTIVE COMMITTEE MEETING

26 – 27 March 2021

EXECUTIVE SUMMARY

The outcomes of the meeting require the following pertinent issues for noting/action by Parliament:

- SADC Parliaments were requested to continue lobbying for the SADC-PF's transformation into a regional parliament before the SADC Summit in June 2021.
 - Parliament is advised to note the 6-months secondment of Mr Modise Kabeli to the SADC-PF as a media specialist.
-

1. INTRODUCTION

Purpose of the meeting: To deliberate on various items of Forum business, as per the mandate of the Executive Committee.

Delegation Members:

- Hon. Mr Darren Bergman, MP and Treasurer of the SADC-PF

Delegation Secretariat:

- Dr Natalie Leibrandt-Loxton: Researcher – International Relations and Protocol Division (IRPD)

2. MEETING OUTCOMES

2.1 Opening Remarks by the President to the SADC Parliamentary Forum Executive Committee

The new SADC-PF President, Hon. Speaker Christophe Mboso N'Kodia Pwanga expressed his gratitude to his predecessor, Hon. Esperanca Francisco Laurinda Nhiumane Bias, and the previous Executive Committee for their hard work in advancing the objectives of the Forum. His opening remarks were pillared on the following themes:

- *The transformation of the SADC-PF into a regional parliament:* He observed that the incoming Executive Committee must commit to the Forum's Transformation Agenda, guided by the Strategic Lobby Document and spearheaded by the high-powered Lobby Team of Speakers. He appealed to the Forum to use the next three months to relentlessly lobby for this cause before the SADC Summit in June 2021.
- *Establishing good governance practices for the Forum:* The President stressed the importance of the Executive Committee committing to tying up all the loose ends during its tenure related to the Forum's Job Evaluation and Salary Review exercise, as well as overseeing the strict implementation of policies that entrench good and accountable governance.
- *Persuading the Assembly of the Union of Comoros to join the Forum:* To pursue full regional integration, the Forum must continue pursuing the Assembly of the Union of Comoros to join it.

2.2 Consideration of Minutes and Matters Arising from the EXCO Meeting held on Friday 27th and Saturday 28th November 2020

- The minutes of the virtual meeting of 27 and 28 November 2020 were adopted, with amendments.
- Matters Arising from the minutes included the following:
 - *President's Legacy Report to the SADC-PF Executive Committee – Nov 2020*: The Legacy Report was adopted.
 - *Plans for the mid-term review on the Forum's Strategic Plan*: The Committee heard that the mid-term review has been delayed due to the Covid-19 pandemic, but that it remains embedded in the Strategy and, therefore, will happen as soon as possible.

2.3 Consideration of the Treasurer's Handover Report on the Financial Status of the Forum in view of improving operational efficiency and reinforcing good governance, by the Treasurer, Hon Darren Bergman

The Report was presented by Hon. Darren Bergman in his capacity as the new incoming Treasurer of the Forum. Key issues from the Report included:

- *Review of the Budget for the Financial Year 1 April 2021 to 31 March 2022 in view of the Job Evaluation and Salary Review Exercise Recommendations*: The Salaries provision in the budget for the financial year 1 April 2021 to 31 March 2022 was based on the current Secretariat Structure and actual salaries paid to existing staff, including allowances paid to Seconded Staff. However, in the submission of the budget for approval, the 48th Plenary Assembly was advised that the amount was subject to review following the conclusion of the Job Evaluation and Salary Review exercises which were underway.
- *Establishment of a Trust in Namibia*: The Executive Committee, in March 2020, resolved that a Trust instrument should be prepared and registered/deposited in Namibia by a Notary Public in accordance with Namibian Trust Law. This is to establish a Trust for the efficient and flexible management of financial resources to be obtained by the Forum from subsequent donors. The establishment of the Trust was approved by the 47th Plenary Assembly in October 2020. The Forum is currently in the process of negotiating the costs of the Trust, hoping to have the matter finalised by the next Executive Committee meeting. Hon. Bergman observed that they are exploring the possibility of the Trust supporting the Forum's Transformation Agenda, if the need arises.
- *Establishment of an Audit Committee*: The establishment of an Audit Committee is a recommendation arising from a series of Organisational Assessments commissioned by Sida and conducted by KPMG, with the latest one having been conducted in October 2020. The Forum's position has been that the functions of the Finance Sub-Committee cater for the audit function. However, this is a matter that requires further interrogation. The Forum may wish to enhance the Terms of Reference of the Finance Sub-Committee or consider establishing an Audit Committee. Hon. Bergman also observed that he has been taken with finalizing a Risk Management System for the Forum towards achieving good governance.
- *Secondment of an Internal Auditor & Finalisation of the Audit Policy Documents*: The Secretariat submitted requests to five Member Parliaments, namely Eswatini, Lesotho,

Madagascar, Mozambique, and Tanzania, to second an Internal Auditor to the Forum. The Secretariat is still waiting for responses from the Parliaments. Hon. Bergman also observed that the Forum may also need to establish an external board to meet occasionally on its finances.

- *Mandatory contributions:* Hon. Bergman reported that 5 parliaments had outstanding membership fees, while 1 parliament was behind with 2 payments.
- *Update of the Sale of the Property at 66 Erosweg, Eros, Windhoek, Namibia:* The property situated at 66 Erosweg, Eros, Windhoek, Namibia, which is up for sale has not yet been sold. The Secretariat had not received any offers for the bidding process that closed on 26th February 2021. This was the third bid advertisement, the other two having yielded offers below the reserve price of N\$2,850,000 and which were thus not accepted.
- *Other issues:* Hon. Bergman gave the Executive Committee an update on the Forum's donor funding and budget performance generally.

The Report was adopted.

2.4 Consideration of the Report of the Human Resources and Capacity Development Sub Committee on implementation of Resolutions of the Executive Committee to recruit a Corporate Governance Executive in the Office of the Secretary-General

The report covered the following key issues:

- Background to the recruitment process.
- The recommendation for Ms Claire Musonda (from Zambia) as the best candidate for the position.

The Report was adopted.

2.5 Recruitment of a media specialist

South Africa's Acting Secretary to Parliament, Ms Penelope Tyawa, briefed the Committee that South Africa has agreed to provide, for 6 months, a communications specialist (Mr Modise Kabeli) to assist with increasing the Forum's visibility. This period is exploratory to determine the extent of support the Forum requires. The South African Parliament and SADC-PF will jointly manage all the necessary Human Resource-related paperwork during this time. Mr Kabeli will be stationed in South Africa.

2.6 Consideration of the Proposed SADC Parliament Model and the Transformation Roadmap, by Hon. Speaker Advocate Jacob Francis Nzwidamilimo Mudenda and presentation of country positions on transformation by Speakers and EXCO Members

Hon. Speaker Adv. Mudenda presented the following:

- He and Hon. Speaker Katjavivi represented the lobbying Speakers in their engagements due to connectivity challenges across the region
- Concerns were raised about the current proposal's Stages 4 and 5 that envisions significant oversight powers. Hon. Mudenda noted that SADC Ministers and Heads of State would need to be assured that the Forum never had any intention for it to evolve with oversight powers as presented in Stage 4 and 5 of the proposal

- Comments from the Committee members included interventions on the need for continued lobbying and popularizing the Transformation Agenda among all MPs for SADC parliaments.
- The Committee also heard that a lobbying mission with South Africa will take place on 30 March 2021.

2.7 Consideration of Summary of Decisions of the Executive Committee of the Inter-Parliamentary Union (IPU) by Hon. Speaker Advocate Jacob Francis Nzwidamilimo Mudenda

The Executive Committee of the IPU under the leadership of Mr. Duarte Pacheco, President of the IPU, held three sittings on 18 January 2021, 22 January 2021 and 08 February 2021. The IPU Decisions were as follow:

- *142nd Assembly of the IPU:* The Executive Committee endorsed the proposal to hold the 142nd Assembly of the IPU and Related Meetings in a virtual format in May 2021. The Secretariat will provide finer details pertaining to the format and timetable of the Assembly and Related Meetings. Provisionally, the Assembly would be held over a four-day period with Standing Committee Meetings penciled for two weeks prior to the Assembly. Vacancies are also expected to be filled during this Assembly. As per standard practice, the APU Secretariat will coordinate the filling of vacancies for the Africa Geopolitical Group. In this regard, the SADC-PF Parliaments will be required to submit their nominations guided by the APU Secretariat.
- *Revised IPU Strategy:* The current IPU Strategy is set to expire at the end of 2021 and is, therefore, due to be revised for the 2022 to 2026 period. In this context, the Executive Committee approved a roadmap for producing the IPU Strategy for 2022 – 2026.
- *Annual Parliamentary Hearing at the United Nations:* The Executive Committee took note of the Annual Parliamentary Hearing scheduled for 17 and 18 February 2021. This annual event provides a platform to strengthen the existing relationship between the IPU and the UN. Accordingly, the Executive Committee resolved to undertake a fully-fledged consultation on the way forward regarding the IPU-UN relationship. The consultation will be based on the findings in the report, “Analysis of the IPU’s Political Project,” drafted by an independent consultant.
- *Future Parliamentary Meetings of the IPU:* The Executive Committee noted that most of the future Meetings will be held on the virtual platform due to COVID 19 related restrictions. The Secretariat was requested to study the possibility of holding hybrid meetings in future to allow for maximum participation by Member Parliaments. The Committee further approved the postponement of the in-person Fifth World Conference of Speakers of Parliament from July 2021 to September 2021. All the meetings on the schedule of Future Parliamentary Meetings of the IPU were approved.
- *Situation in Venezuela:* The Executive Committee was briefed on the political situation in Venezuela arising from the Parliamentary election held on 06 December 2020. The Election was organized and supervised by the National Electoral Council which is the highest electoral authority in Venezuela. However, opposition political parties who boycotted the election have disputed the outcome sighting electoral irregularities as well as alleged human rights violations on some former Members of Parliament. The new Parliament was formally inaugurated on 5 January 2021. The outgoing Parliament has, however, decided to continue functioning and requested the IPU to disregard the results of the 2020 Parliamentary election. The Executive Committee was requested to make a determination on the matter of Venezuela’s membership

within the IPU. Following candid exchanges, the Executive Committee failed to reach a consensus and deferred the decision to the next Executive Committee Meeting.

- *Achieving Universal Membership*: Membership of the IPU currently stands at 179 Member Parliaments. The Executive Committee noted that there are 14 non-Member Parliaments which broadly fall into two main categories, the Small Island Developing States and US Congress and Liberia. In this regard, the Executive Committee resolved to maintain universal membership on the agenda of the IPU. The President made a commitment to ensure that at least 10 countries join the IPU during his Presidency.
- *Memorandum of Understanding between the IPU and UNHCR*: The Executive Committee approved the Memorandum of Understanding between the IPU and the UNHCR to strengthen the propagation of human rights among IPU Member Parliaments.

Hon Speaker Mudenda undertook to share the report with SADC-PF Member Parliaments through the offices of Speakers.

The report was adopted.

4. RECOMMENDED ISSUES FOR NOTING AND/OR ACTION BY PARLIAMENT

- SADC Parliaments were requested to continue lobbying for the SADC-PF's transformation into a regional parliament before the SADC Summit in June 2021
- Parliament is advised to note the 6-months secondment for Mr Modise Kabeli to the SADC-PF as a media specialist

ENDS

COMMITTEE REPORTS

National Assembly and National Council of Provinces

1. Report of the Joint Standing Committee on Intelligence on Budget Vote No 8: National Treasury (State Security), dated 26 May 2021

The Joint Standing Committee on Intelligence (JSCI), having considered Budget Vote 8: National Treasury (State Security), and the Annual Performance Plan of the State Security Agency and its spending entities on 12 May 2021, reports that the Committee has concluded its deliberations thereon. The JSCI recommends that Budget Vote 8: National Treasury (State Security) be approved.

Report to be considered

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON APPROPRIATIONS ON THE *DIVISION OF REVENUE BILL* [B3-2021], DATED 26 MAY 2021

The Select Committee on Appropriations, having considered the *Division of Revenue Bill* [B3 – 2021] (National Assembly-Section 76(1)), referred to it and classified by the JTM as a Section 76(1) bill, reports as follows:

1. Introduction and background

Section 214(1) of the Constitution of the Republic of South Africa requires that every year a Division of Revenue Act should determine the equitable division of nationally raised revenue between national, provincial and local government. In line with Section 7(1)(3) of the Money Bills and Related Matters Act (Act No 9 of 2009), as amended by Act No 13 of 2018 (the Money Bills Act); Section 27(1) of the Public Finance Management Act (Act No 1 of 1999), as amended by Act 29 of 1999 (the PFMA), and Section 10(1) of the Intergovernmental Fiscal Relations Act (Act No. 97 of 1997), the Minister of Finance, Mr T Mboweni, tabled the 2021 annual national Budget, including the *Division of Revenue Bill* (the Bill) in the National Assembly on 24 February 2021.

The purpose of the Bill is to provide for –

- (a) the share of each sphere of government of the revenue raised nationally for the relevant financial year;
- (b) each province’s share of the provincial share of that revenue; and any other allocations to the provinces, local government or municipalities from the national government’s share of that revenue, and any conditions on which those allocations are or must be made.

2. Legislative framework guiding processing of Bill, consultations and public participation

According to the above-mentioned legislative frameworks, the Bill must be processed following the procedure established by Section 76(1) of the Constitution. On 18 March 2021, the Bill was passed by the National Assembly and referred to the NCOP and the Committee

for consideration and report as required by Section 9(2) of the Money Bills Act. Due to the continuing COVID-19 global pandemic, the Committee invited all provincial portfolio committees on Finance and/or Treasury to be part of the meeting wherein the Committee was briefed by National Treasury, on 10 March 2021. The same approach was followed by the Committee on 17 March 2021, when the Committee – in compliance with Section 15 of the Money Bills Act - was briefed by the Parliamentary Budget Office (PBO) and, in compliance with section 214(2) of the Constitution and Section 10(4) of the Intergovernmental Fiscal Relations Act No.97 of 1997, the Committee also consulted the Financial and Fiscal Commission (FFC). Furthermore, during a virtual meeting on 12 May 2021, in compliance with section 214(2) of the Constitution, the Committee consulted with the South African Local Government Association (Salga) on the Bill.

In addition to that, as per Section 72 (1)(2) of the Constitution and 9 (5)(b) of the Money Bills Act, the Committee facilitated public participation while processing the Bill. To this end, advertisements calling for public submissions were published in the national and regional print media in all eleven official languages from 09 to 14 April 2021, with 28 April 2021 as the closing date. The Committee also approached certain key stakeholders who had made submissions in the past. Despite these efforts the Committee received only one written submission, from the Congress of South African Trade Unions (COSATU), who also made an oral presentation to the Committee during the meeting of 12 May 2021.

The National Council of Provinces, through the Permanent Delegates – Committee Members - briefed provinces between 03 and 11 May 2021. The Committee received and considered the submitted provincial negotiating mandates on 19 May 2021 and final mandates on 26 May 2021, which was an indication that provinces had fully participated in the processing of the Bill, as envisaged in Section 214(2) of the Constitution.

3. Overview of 2021 Medium Term Expenditure Framework (MTEF)

The central fiscal objectives over the 2021 Medium Term Expenditure Framework (MTEF) period are to -

- Narrow the budget deficit and stabilise the debt-to-GDP ratio, primarily by controlling non-interest expenditure growth;
- Provide continued support to the economy and public health services in the short term, without adding to long term spending pressures; and

- Improve the composition of spending, by reducing growth in compensation while protecting capital investments.

The 2021 MTEF fiscal objectives are framed by the two government objectives as set out in the 2020 Medium Term Budget Policy Statement (MTBPS), namely, promoting economic recovery and fiscal consolidation. Government's immediate fiscal path, focusing on supporting high levels of economic growth, largely depends on more easing of the COVID-19 pandemic regulations through a mass vaccination programme fully funded by government. Over the medium term, government's structural reforms aim to lower barriers to faster, inclusive growth by improving access to reliable electricity, water and sanitation services and enabling cost-effective digital services. Furthermore, government plans to promote the green economy and support industries with high employment potential, such as tourism and agriculture.

4. The 2021 Division of Revenue allocations

Table 1 below indicates the overall allocations to national, provincial and local spheres of government for the medium term.

Table 1: Equitable division of revenue raised nationally

Spheres of Government	Column A	Column B	
	2021/22	Forward Estimates	
		2022/23	2023/24
	R'000	R'000	R'000
National allocations ^{1,2}	1 232 566 664	1 263 660 751	1 302 172 028
Provincial allocations	523 686 351	524 088 024	525 303 747
Local government allocations	77 999 135	83 084 515	83 569 989
Total allocations	1 834 252 150	1 870 833 290	1 911 045 764

- *National share includes conditional allocations to provincial and local spheres, general fuel levy sharing with metropolitan municipalities, debt-service costs, the contingency reserve and provisional allocation*
- *The direct charges for the provincial equitable share are netted out*

Over the 2021 MTEF period, after budgeting for debt service costs, the contingency reserve and provisional allocations, 48.7 percent of nationally raised funds are allocated to national government, 41.9 percent to provinces and 9.4 percent to local government. As proposed reductions to the public service wage bill affect only national and provincial governments, local government's share of revenue has risen in relative terms. Transfers to provinces grow by an annual average of 1 percent over the medium term, with the equitable share growing by 0.3 percent and conditional grants growing by 4.1 percent. Local government transfers grow by an annual average of 2.3 percent over the medium term, equitable share declines by 0.4 percent and conditional grants grow by an annual average of 7.3 percent over the same period. The Bill is redistributive, as funds allocation is based on the demand for public services in each province and municipality, and not its contribution to national revenues.

4.1 Provincial government equitable share allocation

The provincial equitable share (PES) amounts to R538.5 billion in 2020/21, which is R4.4 billion less than estimated in the 2020 Budget. Fiscal pressures have increased since the 2020 Budget and expenditure cuts had to be revised upwards to alleviate fiscal constraints. Provinces have had to identify several cost-saving measures, including maintaining compensation limits; reducing costs by merging provincial public entities; improved integrated planning to avoid duplication of services; and enhanced project management to ensure the correct pricing of projects.

Table 2: Provincial Equitable Share and Conditional Grant Allocations

Province	Equitable Share 2021/22 R'million	Conditional Grants 2021/22 R'million	Total transfers for 2021/22 R'million	Equitable Share 2022/23 estimate R'million	Equitable Share 2023/24 estimate R'million	Average growth rate of PES over 2021 MTEF %
Eastern Cape	68 060	13 296	81 356	67 428	66 899	-0,9
Free State	29 055	8 459	37 514	29 008	29 005	-0,1
Gauteng	111 429	24 968	136 397	112 561	113 870	1,1

KwaZulu-Natal	107 126	22 734	129 860	106 928	106 895	-0,1
Limpopo	60 028	10 523	70 551	59 621	59 306	-0,6
Mpumalanga	42 828	8 913	51 741	42 798	42 835	0,0
Northern Cape	13 919	4 685	18 604	13 928	13 959	0,1
North West	36 793	8 222	45 015	36 939	37 144	0,5
Western Cape	54 448	13 530	67 978	54 876	55 390	7.0
Unallocated		451	451			n/a
TOTAL	523 686	115 781	639 467	524 088*	525 304*	0.2
* Total estimated PES allocations for 2022/23 and 2023/24, excluding unallocated amounts						

Table 2 shows that total transfers to provinces in 2021/22 amount to R639.4 billion, of which R523.7 billion is the equitable share and R115.8 billion is conditional grant funding. Included in the conditional grant funding is an unallocated amount of R451 million, which is R140 million for Provincial Disaster Relief and R311 million for Provincial Emergency Housing for the 2021/22 financial year. These funds will only be released once an emergency is declared. The responsiveness of the disaster grants will be enhanced in 2021 by allowing for funding to flow more rapidly following a disaster declaration.

4.2 Provincial conditional grants

Major changes to the provincial conditional grant framework are as follows:

4.2.1 New grant:

A new standalone Informal Settlements Upgrading Grant for provinces will be introduced in 2021. The Grant is comprised of components previously within the Human Settlements Development Grant and lessons learnt from the components will inform the implementation of the standalone grant. The Grant funding amounts to R12.3 billion over the 2021 MTEF, of which R3.9 billion is allocated for 2021/22.

4.2.2 Additions to grant baselines

- (a) R1.5 billion will be added to the HIV, TB, Malaria and Community Outreach Grant in 2021/22.
- (b) R129 million will be added to the Health Facility Revitalisation Direct Grant over the 2021 MTEF, which will fund the construction of the Tygerberg Regional Hospital and Klipfontein Hospital in the Western Cape. An amount of R14 million has been allocated for the 2021/22 financial year.

4.2.3 Scope of grant expanded

- (a) In response to the ongoing COVID-19 pandemic, a new COVID-19 component was created within the HIV, TB, Malaria and Community Outreach Grant in 2020/21. Funds were only allocated in-year for 2020/21, with no additional funding being allocated for the 2021 MTEF.
- (b) Two new components, namely Mental Health Services and Oncology, are created within the HIV, TB, Malaria and Community Outreach Grant, with funds reprioritised from the personal services component of the National Health Insurance Indirect Grant. The Mental Health Services component is allocated R317 million and the Oncology component R336 million over the 2021 MTEF.

4.2.4 Reprioritisation and ring-fencing of grant funding

- (a) R204 million has been reprioritised within the National Tertiary Services Grant over the 2021 MTEF, to develop and expand tertiary services in the Eastern Cape, Limpopo, Mpumalanga and the North West. The funds have been ring-fenced in the 2021/22 allocations for these provinces and remain unallocated for 2022/23 and 2023/24.
- (b) R76 million has been reprioritised within the training component of the Statutory Human Resources, Training and Development Grant over the 2021 MTEF to develop and expand tertiary services (specifically the training of specialists, registrars and supervisors) in the Eastern Cape, Limpopo, Mpumalanga and the North West. The funds have been ring-fenced in the 2021/22 allocations for these provinces and remain unallocated for 2022/23 and 2023/24.
- (c) R543 million is ring-fenced within the Human Settlements Development Grant in 2021/22 to upgrade human settlements in mining towns in six provinces. These allocations respond

specifically to areas that have a high proportion of economic activity based on the natural resources sector and are experiencing significant informal settlement challenges.

- (d) R90 million has been reprioritised within the Mass Participation and Sport Development Grant over the 2021 MTEF to support the Netball World Cup, which will be hosted in the Western Cape in 2023. The allocation for the 2021/22 financial year amounts to R30 million.

4.2.5 Reductions to grant baselines

- (a) The Comprehensive Agriculture Support Programme (CASP) Grant baseline will be reduced by R205 million over the 2021 MTEF, of which the reduction in 2021/22 is R44 million.
- (b) The Ilima/Letsema Project Grant baseline will be reduced by R78 million over the 2021 MTEF, of which the reduction in 2021/22 is R17 million.
- (c) The Land Care Programme: Poverty Relief and Infrastructure Development Grant baseline will be reduced by R11 million over the 2021 MTEF, of which the reduction in 2021/22 is R2 million.
- (d) The HIV and AIDS (Life Skills and Education) Grant's baseline will be reduced by R47 million over the 2021 MTEF, of which the reduction in 2021/22 is R10 million.
- (e) The Maths, Science and Technology Grant baseline will be reduced by R47 million over the 2021 MTEF, of which the reduction in 2021/22 is R10 million.
- (f) The HIV, TB, Malaria and Community Outreach Grant baseline will be reduced by R1.7 billion over the 2021 MTEF, of which the reduction in 2021/22 is R1.3 billion.
- (g) The Health Facility Revitalisation Grant baseline will be reduced by R469 million over the 2021 MTEF, of which the reduction in 2021/22 is R154 million.
- (h) The Statutory Human Resources, Training and Development Grant baseline will be reduced by R400 million over the 2021 MTEF, of which the reduction in 2021/22 is R72 million.
- (i) The National Health Insurance (NHI) Direct Grant baseline will be reduced by R55 million over the 2021 MTEF, of which the reduction in 2021/22 is R12 million.
- (j) The NHI Indirect Grant baseline will be reduced by R90 million in 2021/22 due to technical changes.
- (k) The National Tertiary Services Grant baseline will be reduced by R2.1 billion over the 2021 MTEF, of which the reduction in 2021/22 is R382 million.

- (l) The Expanded Public Works Programme (EPWP) Integrated Grant for Provinces baseline will be reduced by R81 million over the 2021 MTEF, of which the reduction in 2021/22 is R17 million.
- (m) The Social Sector EPWP Incentive Grant for Provinces' baseline will be reduced by R79 million over the 2021 MTEF, of which the reduction in 2021/22 is R17 million.
- (n) The Community Library Services Grant's baseline will be reduced by R239 million over the 2021 MTEF, of which the reduction in 2021/22 is R51 million.
- (o) The Mass Participation and Sport Development Grant baseline will be reduced by R115 million over the 2021 MTEF, of which the reduction in 2021/22 is R25 million.
- (p) The Provincial Disaster Relief Grant baseline will be reduced by R28 million over the 2021 MTEF, of which the reduction in 2021/22 is R6 million.
- (q) The School Infrastructure Backlogs Indirect Grant baseline will be reduced by R336 million over the 2021 MTEF, of which the reduction in 2021/22 is R12 million.

4.3 Local government equitable share allocation

Over the 2021 MTEF period, the local government equitable share (LGES), including the Regional Service Council/Joint Service Board (RSC/JSB) Levies Replacement Grant and the Special Support for Councillor Remuneration and Ward Committees Grant, amounts to R244.7 billion (R78 billion in the 2021/22, R83.1 billion in the 2022/23 and R83.6 billion in the 2023/24 financial years, respectively). Due to fiscal consolidation measures announced in the 2020 MTBPS, the LGES allocation declines by R14.7 billion (or an average annual rate of 0.4 percent) over the MTEF period.

4.4 Local government conditional grants

Funds raised by national government are transferred to municipalities through conditional and unconditional grants. Over the 2021 MTEF period, R432.6 billion (direct conditional grant funds) will be directly transferred to local government, and a further R23.7 billion is allocated through indirect grants. National transfers accounts for a relatively small portion of the local government fiscal framework, with the majority of local government revenues being raised by municipalities themselves through their substantial revenue-raising powers. However, due to the variations in municipalities, poor rural municipalities rely on transfers for most of their

revenue, while urban municipalities raise the majority of their own revenue. Major changes to the local government conditional grant framework are as follows:

4.4.1 New grant

A new standalone Informal Settlements Upgrading Partnership Grant for Municipalities will be introduced in 2021. The Grant is comprised of the informal settlements upgrading partnership component previously within the Urban Settlements Development Grant. Lessons learnt from the component will inform the implementation of the standalone grant. The Grant funding amounts to R12.5 billion over the 2021 MTEF, of which R3.9 billion is allocated for 2021/22.

4.4.2 Renaming of grant

The Integrated City Development Grant was repurposed in 2020 to support metropolitan municipalities in developing a pipeline of investment-ready capital programmes and projects. The Grant aims to assist cities to build internal capacity or obtain technical support to prepare and package key infrastructure projects, hence the Grant is renamed the Programme and Project Preparation Support Grant in 2021/22. The Grant is allocated R1.1 billion over the 2021 MTEF, of which R341.3 million is allocated for the 2021/22 financial year.

4.4.3 Addition to grant funds

R3.4 billion is added to the City of Cape Town's Public Transport Network Grant allocation over the medium term. This amount is in addition to the grant formula and performance incentive, as approved by the Budget Facility for Infrastructure. The funds are in support of the City's MyCiti public transport network expansion.

4.4.4 Reprioritisation of grant funding

- (a) R15 million has been reprioritised from the Municipal Infrastructure Grant (MIG) and shifted to the Integrated Urban Development Grant in 2020/21 to fund sport infrastructure in the Polokwane Local Municipality.
- (b) An additional R329 million was reprioritised within the MIG in 2021/22 to fund a once-off councillor gratuity for non-returning councillors.
- (c) R21 million was also reprioritised within the Integrated Urban Development Grant in 2021/22 to fund a once-off gratuity for non-returning councillors.

4.4.5 Grant funding earmarked

- (a) R759 million of the MIG funding is earmarked outside of the grant formula for specific sport infrastructure projects identified by the national Department of Sport, Arts and Culture. The amount earmarked for the 2020/21 financial year is R253 million.
- (b) Approximately a third of the Municipal Systems Improvement Grant's baseline allocation of R135 million will be used to support the institutionalisation of the district-development model (DDM) adopted by Cabinet in August 2019. The model promotes the operation of governments in unison, focusing on the municipal, district and metropolitan spaces as the impact areas of joint planning, budgeting and implementation. The Grant will fund the following in 2021:
 - Comprehensive institutional diagnostic assessments of the 21 district areas where the district municipality is a Water Service Authority. The purpose of the diagnostic assessments is to determine the skills, systems, performance, institutional gaps and the main constraints impeding effective and sound municipal performance; and the
 - Development of institutional improvement plans that will inform all future capacity development programmes and municipal support initiatives to enhance the continued roll-out of the model.

4.4.6 Scope of grant expanded

In 2021, the scope of the MIG will be expanded to allow municipalities to use up to 5 percent of their allocation to develop Infrastructure Asset Management Plans, which is aimed at addressing the poor asset management in municipalities. To make use of this provision, municipalities will need to submit a business plan to the Department of Cooperative Governance, accompanied by a copy of its audited asset register.

4.4.7 Reductions to grant baselines

- (a) The MIG baseline will be reduced by a total of R344 million in 2021/22, following the reprioritisation of R15 million for sport infrastructure for the Polokwane Municipality and R329 million to fund a once-off councillor gratuity for non-returning councillors.
- (b) The Integrated Urban Development Grant baseline will be reduced by a net of R6 million in 2021/22, following the addition of R15 million for sport infrastructure for the Polokwane Municipality and R21 million that was reprioritised from the Grant to fund a once-off councillor gratuity for non-returning councillors.

- (c) The Public Transport Network Grant baseline will be reduced by R1.3 billion over the 2021 MTEF because only six of the 13 cities receiving the Grant have successfully launched public transport systems. The Grant reduction in 2021/22 is R282 million.
- (d) The Rural Roads Asset Management Systems Grant baseline will be reduced by R21 million over the 2021 MTEF, of which the reduction in 2021/22 is R5 million.
- (e) The Energy Efficiency and Demand-side Management Grant baseline will be reduced by R43 million over the 2021 MTEF, of which the reduction in 2021/22 is R9 million.
- (f) The Local Government Financial Management Grant baseline will be reduced by R106 million over the 2021 MTEF, of which the reduction in 2021/22 is R23 million.
- (g) The EPWP Integrated Grant for Municipalities baseline will be reduced by R146 million over the 2021 MTEF, of which the reduction in 2021/22 is R31 million.
- (h) The Infrastructure Skills Development Grant baseline will be reduced by R30 million over the 2021 MTEF, of which the reduction in 2021/22 is R6 million.
- (i) The Municipal Disaster Relief Grant baseline will be reduced by R70 million over the 2021 MTEF, of which the reduction in 2021/22 is R15 million.
- (j) The Integrated National Electrification Indirect (Eskom) Grant baseline will be reduced by R250 million over the 2021 MTEF, of which the reduction in 2021/22 is R170 million.
- (k) The Neighbourhood Development Partnership Indirect Grant baseline will be reduced by R19 million over the 2021 MTEF, of which the reduction in 2021/22 is R4 million.

5. Submissions by stakeholders

As indicated under section 2 above, dealing with public participation, only one public submission on the Bill was received despite the Committee's efforts to facilitate public participation. The Committee was concerned about this lack of interest and resolved to discuss ways to encourage public participation in budget processes at a future meeting.

5.1 Financial and Fiscal Commission (FFC)

The Financial and Fiscal Commission (FFC) welcomed the R10 billion allocation to deal with provincial COVID-19 interventions. This was supplemented by R6.5 billion to the national Department of Health over two years for vaccination procurement and an estimated R9 billion which could be drawn from the contingency reserve and emergency allocations. However, the FFC called for better alignment of responsibilities between the spheres of government to ensure well-synchronised implementation of programmes. The FFC expressed concern that the

vaccination allocation may be incompatible with government's goal of achieving herd immunity within a 12-month period.

With regard to provincial allocations, the FFC submitted that, over the 2021 MTEF period, the Budget made provision for a total of R1.5 trillion and R356 billion in provincial equitable share (PES) and provincial conditional grant allocations, respectively. The FFC noted with concern the fluctuations of annual MTEF forward-estimates which created uncertainty and undermined the integrity of the MTEF; submitting that initial over-optimistic estimates not only sent wrong spending signals but also destabilised provincial budgets during implementation. The FFC also submitted that there were overwhelming concerns that the PES formula was not responsive to the unique needs of the various provinces. It further submitted that the PES must be guarded as the default funding mechanism for provincial expenditure responsibilities and suggested that Parliament and provincial legislatures should receive regular reports on the impact of budget cuts on service delivery to beneficiaries, especially the vulnerable. In terms of conditional grants to provinces, the FFC submitted that constant reprioritisation had a negative impact on service delivery.

With regard to local government, the FFC stated that the COVID-19 pandemic had threatened the viability of many municipalities and compounded their financial, fiscal, governance and service delivery challenges. The FFC cautioned that it should be noted that the pandemic was creating negative legacies for the local government sector, including the following:

- Wider deficits for municipalities due to the rapid expansion of COVID-19 related expenditures in the face of widespread revenue under-collection;
- Amplification of challenges of citizen's access to basic services including housing, water, and sanitation;
- Higher debt levels as revenue collection falls far below the norm; and
- Amplification of inequalities as many communities cannot access required technology to deal with the new norm brought about by COVID-19.

The FFC also submitted that the share of local government allocations rises over the MTEF, from 9 percent in 2021/22 to 9.7 percent in 2023/24. However, the said growth was not due to more resources being transferred to the sector, but was relative to reductions to the public service wage bill. The FFC further cautioned that the decline in the real average growth rate

of the local government equitable share (LGES) allocation may adversely affect the delivery of basic services to the poor and vulnerable. The FFC therefore implored municipalities to strengthen their revenue collection systems and plug revenue leakages, through harnessing new smart technologies.

Mindful of the COVID-19 circumstances, and the quickened fiscal deterioration, the FFC noted the financial and performance dysfunctionality, including fiscal leakages, wastage and inefficiencies; and suggested that the following was required to address these challenges:

- A decisive and coherent strategy and the political will to implement it;
- Implementation of fiscal consolidation, targeting areas of under-spending and questionable performance for reductions;
- Eradication of duplication of functions;
- Investment in the use of technology and other areas of improving the capability of public sector personnel;
- Eradication of contract mismanagement and procurement irregularities;
- Zero-based budgeting, based on expenditure reviews and mindful of the importance of pricing and costing of public services; and
- More effective consequence management and accountability mechanisms.

5.2 Parliamentary Budget Office (PBO)

The Parliamentary Budget Office (PBO) submitted that the COVID-19 pandemic had worsened already high levels of poverty in South Africa. Furthermore, there was slow progress in dealing with large service delivery backlogs and poor provision of services even before the advent of COVID-19. The PBO submitted that whilst there had been improvement in provincial and local government social and economic development indicators, the COVID-19 pandemic had erased some of the service delivery gains achieved, putting more pressure on service delivery at both provincial and local government.

The PBO expressed concern that government intended, over the MTEF, to consistently decrease coverage of the basic services component of the LGES which provided for free basic services to indigent households. The PBO also highlighted certain initiatives in progress, such as the review of the PES formula, which included the following:

- Developing options to take account of costs associated with living in a rural location;
- Revising and updating the risk-adjusted factor of the health component; and
- Developing options to account for different funding needs of different types of schools and learners.

The PBO further submitted that many stakeholders had expressed concern that current elements of the local government fiscal framework made it difficult for municipalities to balance their revenues with their expenditure responsibilities. A proposal was on the table to review the structure of the local government framework and to agree which issues must be addressed. The PBO also emphasised the need for adequate skills and capacity in government and municipalities to implement budgets; and that governance measures should function according to legislation.

5.3 South African Local Government Association (Salga)

The South African Local Government Association (Salga) acknowledged the gloomy picture of the economic outlook and related fiscal challenges, exacerbated by the unforeseen and continuing demands on the fiscus as a result of the COVID-19 pandemic; and undertook to work with national government on resolving the challenges faced by local government.

Salga expressed concern over the proposed decrease in the LGES from the previous financial year and the 0.4 percent reduction over the MTEF. Salga was of the view that this reduction did not serve the communities well in view of the prevailing economic climate, increased unemployment figures and the negative impact of COVID-19 on municipal revenue collections.

Salga further stated that own revenue by municipalities had declined during the COVID-19 lockdown and that the extra R20 billion for COVID-19 relief did not match revenues collected in the previous year. Furthermore, municipal expenditure on goods and services, especially water, had increased due to extra demands from municipalities to cater for COVID-19 related preventative measures like sanitizing public facilities.

With regard to infrastructure grants, Salga submitted that the marginal increase of 7.3 percent in conditional grant allocations would not ease the pressure on local government to address the

growing infrastructure backlogs caused by the migration to cities. Furthermore, poorly capacitated municipalities underperformed in capital expenditure, resulting in conditional grants being taken away, as in the case of the Public Transport Network Grant. Therefore, Salga suggested that capacity building measures should be undertaken to improve capital expenditure performance in municipalities. In order to deal with capacity building, Salga recommended that the Bill should provide for the following:

- The creation of effective capacity to support municipalities to root out and prevent corruption, particularly in this period of the pandemic.
- A mechanism to support municipalities to build technical, managerial and leadership capacity in the new normal.
- Salga must be involved in the study of consolidating capacity-building initiatives undertaken by National Treasury.
- The Municipal Systems Improvement Grant must be disaggregated to show the cost of regulatory compliance, for example to the Municipal Standard Chart of Accounts, which is costly to municipalities.
- The grant to implement the district-development model (DDM) study must be monitored in the 21 identified districts to inform future allocations to the next batch of districts or intermediary cities to form part of the DDM.

5.4 Congress of South African Trade Unions (COSATU)

COSATU raised key concerns with regard to the proposed cuts to provincial and local government transfers; wage bill cuts; a lack of plans to address key expenditure priority areas; and the impact COVID-19 on the Health budget.

While acknowledging the need for budget shifts to respond to the COVID-19 pandemic effectively, COSATU expressed concern about the impact of some of the proposed cuts over the current financial year as well as over the medium term. In addition to the provincial funding cuts of R205 billion over the medium term on the back of a wage freeze and social grants cuts, COSATU was particularly concerned about reductions in the Human Resources and Training Grant, the disaster management reserves and the Public Transport Network Grant. Moreover, COSATU noted that there were no projected increases to key service delivery departments over the MTEF such as Agriculture and Land Reform, Basic Education and Local Government.

At local government level, COSATU's key concern was the proposed reduction of R19 billion in municipal grants, and how this would impact the ability of municipalities to invest in infrastructure and transport. Also of concern, was the proposed R2 billion reduction in water infrastructure allocations, particularly to the Eastern Cape. COSATU was of the opinion that these proposed cuts would weaken an already dysfunctional arm of the State.

The proposed reduction of the public service wage bill was a major concern at the heart of the Bill, and COSATU noted that two-thirds of the cuts were planned at the expense of the right of public servants to be protected from inflation. When considering inflationary effects, the proposed 4-year wage freeze would result in a wage reduction for heavily indebted and struggling public servants. COSATU was of the opinion that the freezing of the wage bill undermined and collapsed the constitutionally enshrined right to collective bargaining.

COSATU further noted that the Bill was silent on the following key areas of budget allocation, implementation and management:

- An assessment of the potential negative impact of the proposed cuts and deferred implementation; ensuring that it would not result in a snow-ball effect of worsening infrastructure and service delivery deficits.
- The near collapse of the Amathole District Municipality that had threatened not to pay workers for five months.
- By when Government planned to eradicate mud schools as well as sanitation and infrastructure backlogs. The Department of Basic Education had repeatedly postponed these matters for more than 15 years.
- The commitment by the Finance Minister to deal with the almost R40 billion owed to Eskom by municipalities and provinces, which threatened to collapse Eskom.
- The reasons for under-spending in various municipalities and provinces and action being undertaken to address the negative impact thereof.
- Interventions to address the failure to pay suppliers within 30 days.
- The Section 100 intervention in the North West Provincial Government.

With respect to the COVID-19 pandemic, COSATU was of the opinion that further reinforcements of health care infrastructure, including the filling of vacancies, needed to happen before the expected third wave of infections in June 2021. Planning for the implementation of the National Health Insurance needed to be accelerated, and this required increased healthcare expenditure, and not reductions.

6. Provincial mandates

The Committee met on 19 and 26 May 2021, respectively, to consider negotiating and final mandates from provinces.

6.1. Negotiating mandates

- 6.1.1. Eastern Cape abstained from offering a view on the Bill.
- 6.1.2. Free State supported the Bill and raised concerns.
- 6.1.3. Gauteng supported the Bill and made recommendations.
- 6.1.4. KwaZulu-Natal supported the Bill.
- 6.1.5. Limpopo supported the Bill and made recommendations.
- 6.1.6. Mpumalanga supported the Bill and made recommendations.
- 6.1.7. Northern Cape supported the Bill and made recommendations.
- 6.1.8. North West supported the Bill and proposed amendments.
- 6.1.9. Western Cape did not support the Bill.

6.2. Final mandates

- 6.2.1. Eastern Cape's final mandate was not received in time to be considered by the Committee.
- 6.2.2. Free State supported the Bill.
- 6.2.3. Gauteng supported the Bill.
- 6.2.4. KwaZulu-Natal supported the Bill.
- 6.2.5. Limpopo's final mandate was not received in time to be considered by the Committee.
- 6.2.6. Mpumalanga supported the Bill.
- 6.2.7. Northern Cape supported the Bill.
- 6.2.8. North West supported the Bill.

6.2.9. Western Cape did not support the Bill.

7. Observations and findings

- 7.1 Despite the declining revenue collections and the tough economic situation as a result of the COVID-19 pandemic, the Committee welcomes the efforts demonstrated by government to put together a total budget of R1.8 trillion as reflected in Table 1, of which R639.4 billion is transferred to provinces - R523.7 billion as an equitable share and R115.8 billion in conditional grants. Included in the conditional grant funding is an unallocated amount of R451 million, which is R140 million for Provincial Disaster Relief and R311 million for Provincial Emergency Housing for the 2021/22 financial year.
- 7.2 The Committee notes government's three central fiscal objectives, introducing a paradigm shift of expenditure over the 2021 Medium Term Expenditure Framework (MTEF); which are to narrow the budget deficit and stabilise the debt-to-GDP ratio, primarily by controlling non-interest expenditure growth; to provide continued support to the economy and public health services in the short term, without adding to long term spending pressures; and to improve the composition of spending, by reducing growth in compensation of employees while protecting capital investments.
- 7.3 The Committee welcomes the introduction of a new standalone Informal Settlements Upgrading Grant for provinces, which is comprised of components previously within the Human Settlements Development Grant. The Grant funding amounts to R12.3 billion over the 2021 MTEF, of which R3.9 billion is allocated for 2021/22.
- 7.4 The Committee welcomes the additional R1.5 billion for the HIV, TB, Malaria and Community Outreach Grant in 2021/22 and the additional R129 million for the direct component of the Health Facility Revitalisation Grant over the 2021 MTEF, which will fund the construction of the Tygerberg Regional Hospital and Klipfontein Hospital in the Western Cape.
- 7.5 Whilst the Committee welcomes the new components created within the HIV, TB, Malaria and Community Outreach Grant, namely for COVID-19; Mental Health Services (with a R317 million allocation for the MTEF); and Oncology (being allocated R336

million for the MTEF); the Committee is concerned that no additional allocation is being made for the COVID-19 component over the MTEF, given the much anticipated impact of the third wave of the pandemic; expected to hit the country during winter time.

- 7.6 The Committee notes the reprioritisation within the following conditional grants over the 2021/22 MTEF period: The National Tertiary Services Grant meant to develop and expand tertiary services; the Statutory Human Resources, Training and Development Grant for the Eastern Cape, Limpopo, Mpumalanga and the North West; the Human Settlements Development Grant meant to upgrade human settlements in mining towns in six provinces; and the Mass Participation and Sport Development Grant, meant to support the Netball World Cup, which will be hosted in the Western Cape in 2023. The Committee supports the ring-fencing of these funds to ensure that grant funds are not spent for other purposes than they were intended for.
- 7.7 The Committee understands and appreciates the magnitude of economic challenges and interventions taken by government to address the situation. However, the Committee has always expressed concern about the service delivery impact of a blanket approach when cutting expenditure, and made a recommendation during the 2020 Medium Term Budget Policy Statement (MTBPS) process that National Treasury, together with sector departments, should conduct an impact assessment for these budget cuts; particularly with regard to the following conditional grants: The Comprehensive Agriculture Support Programme (CASP) Grant; the Ilima/Letsema Project Grant; the Land Care Programme: Poverty Relief and Infrastructure Development Grant; the Maths, Science and Technology Grant; the HIV, TB, Malaria and Community Outreach Grant; the Health Facility Revitalisation Grant; the National Health Insurance (NHI) Direct Grant and Indirect Grant component; the Expanded Public Works Programme (EPWP) Integrated Grant for Provinces; the Social Sector EPWP Incentive Grant; the Provincial Disaster Relief Grant; and the School Infrastructure Backlogs Indirect Grant.
- 7.8 The Committee welcomes both the direct and indirect transfers to municipalities over the 2021 MTEF period, of which R432.6 billion will be directly transferred to local government, and a further R23.7 billion is allocated through indirect grants. However, the Committee is once again concerned about the service delivery impact of the R14.7 billion reduction in local government allocations (an average annual rate of 0.4 percent)

over the 2021/22 MTEF period; which is due to fiscal consolidation measures announced in the 2020 (MTBPS).

- 7.9 The Committee notes and welcomes the fact that approximately a third of the Municipal Systems Improvement Grant's baseline allocation of R135 million will be used to support the institutionalisation of the district-development model (DDM) adopted by Cabinet in August 2019. The Grant will fund the comprehensive institutional diagnostic assessments of the 21 district areas where the district municipality is a Water Service Authority (WSA) and the development of institutional improvement plans that will inform all future capacity development programmes and municipal support initiatives to enhance the roll-out of the model.
- 7.10 The Committee welcomes the expansion of scope of the Municipal Infrastructure Grant (MIG) to allow municipalities to use up to 5 percent of their allocation to develop Infrastructure Asset Management Plans, which is aimed at addressing the persistent phenomenon of poor infrastructure asset management in some municipalities.
- 7.11 The Committee noted the Financial and Fiscal Commission's (FFC's) assessment that there are overwhelming concerns that the provincial equitable share (PES) formula is not responsive to the unique needs of the various provinces and that the PES must be guarded as the default funding mechanism for provincial expenditure responsibilities; as well as the suggestion that Parliament and provincial legislatures should receive regular reports on the impact of budget cuts on service delivery to beneficiaries, especially the vulnerable and the poor.
- 7.12 The Committee remains concerned over the decline in collection of billed revenues in local government reported by Salga - from 93 percent in 2019 to 20 percent in 2020 in four metros; as the Committee is of the view that rate collection levels are generally better at metros than at other municipalities.
- 7.13 The Committee welcomes the involvement of Salga in preparation and planning for the Local Government Budget Lekgotla and the improved working relationship between Salga and National Treasury. The Committee further welcomes the increase in the allocations that favour rural municipalities and rural communities in the 2021

Budget, and its possible impact on local economic development and more infrastructure investment in rural areas.

- 7.14 The Committee noted the assessment by COSATU that provincial and local government's rising Eskom debt, which threatens the survival of the state-owned entity (SOE), might lead to above inflation increases in the electricity tariffs and the Committee agreed with COSATU that all electricity debts which occurred prior 1994 should be written off.
- 7.15 The Committee noted the submission made by COSATU suggesting that National Treasury should pre-slice funds from municipal transfers to pay Eskom and that the whole country should use locally manufactured prepaid meters; and shared COSATU's concern that many municipalities have either reduced, or stopped providing, free basic services to registered indigent households.
- 7.16 The Committee remains concerned that not much progress has been made in resolving the wage negotiation issue between government and public sector unions to reach common ground around wage increases.

8. Recommendations

- 8.1 Whilst welcoming allocations earmarked for the vaccination procurement process, given the much anticipated third wave of the COVID-19 pandemic, the Committee calls for better alignment of responsibilities between the spheres of government to ensure the well-synchronised implementation of this and other programmes, as well as better planning, coordination and improved monitoring and oversight among the spheres of government.
- 8.2 The Committee requests the Parliamentary Budget Office (PBO) to conduct research on the declining revenue collection by municipalities; how COVID-19 has affected municipal revenues; and how the issue is going to affect the implementation of the district-development model moving forward. This report should be tabled before the Committee in the next budget cycle to inform future Committee recommendations.

- 8.3 Whilst the Committee welcomes the introduction of the new health grant components, namely the COVID-19 component; Mental Health Services (with a R317 million allocation for the 2021 MTEF); and Oncology (with a R336 million allocation for the 2021 MTEF); the Committee recommends that National Treasury and provincial treasuries ensure that proper internal control and financial management systems are put in place for provincial health departments to use the new grant components according to the Division of Revenue Framework, in order to achieve spending efficiency and value for money. The misalignment between expenditure and performance targets should also be addressed during the planning phase, with oversight committees both in Parliament and in provincial legislatures, scrutinising and adopting credible departmental plans that are aligned to budget allocations and ensuring that performance is monitored quarterly and corrective actions are taken.
- 8.4 National Treasury, together with the affected sector departments, should quantify the impact of the reduction in allocations to the following conditional grants: Comprehensive Agriculture Support Programme (CASP) Grant; Ilima/Letsema Project Grant; Land Care Programme: Poverty Relief and Infrastructure Development Grant; Maths, Science and Technology Grant; HIV, TB, Malaria and Community Outreach Grant; Health Facility Revitalisation Grant; National Health Insurance (NHI) Direct Grant and Indirect Grant component; Expanded Public Works Programme (EPWP) Integrated Grant for Provinces; Social Sector EPWP Incentive Grant; Provincial Disaster Relief Grant; and the School Infrastructure Backlogs Indirect Grant. A report on this should be submitted to the NCOP within 60 days after the adoption of this Report by the House. The report should also address how any negative impact will be mitigated so that service delivery is not severely affected.
- 8.5 Whilst the Committee welcomes the introduction of the standalone Informal Settlements Upgrading Grant for provinces, the Committee recommends that the National Treasury, together with the Department of Human Settlements and Water Affairs, ensure that proper internal control systems are put in place to achieve expenditure efficiency, value for money and full compliance with the Division of Revenue Framework. This will ensure effective spending of the grant allocation of R3.9 billion earmarked for 2021/22 and the R12.3 billion earmarked for the 2021 MTEF.

- 8.6 Whilst the Committee welcomes the additional R1.5 billion for the HIV, TB, Malaria and Community Outreach Grant in 2021/22 and the additional R129 million for the direct component of the Health Facility Revitalisation Grant over the 2021 MTEF, the Committee recommends that National Treasury, the Western Cape Provincial Treasury and the national and provincial health departments, make sure that proper internal controls and financial management systems are in place to ensure that funds are spent according to the grant framework and that value for money is achieved with regard to the expenditure on the construction of Tygerberg Regional Hospital and Klipfontein Hospital in the Western Cape.
- 8.7 Whilst the Committee welcomes and appreciates the involvement of Salga in planning and preparing for the Local Government Budget Lekgotla and the improved working relations between Salga and National Treasury; the Committee is of the view that this improved working relationship should translate into a positive impact of submissions made by Salga on the Division of Revenue, and responses aimed to address the challenges facing local government financing, such as the issue of local government funding not matching the functions of local government as articulated in the Constitution, that Salga has been raising continually. National Treasury and provincial treasuries, together with the Department of Cooperative Governance and Salga, should look into this matter and report to the NCOP within 60 days after the adoption of this Report by the House.
- 8.8 Salga, together with the Department of Cooperative Governance, National Treasury and provincial treasuries, need to ensure that governance and accountability structures, financial management systems and internal controls, including well capacitated internal auditors and independent audit committees, are functional and further ensure that the work of the Municipal Public Accounts Committees (MPACs) is strengthened and the mandate of such committees is legislated. This will ensure that both direct transfers (amounting to R432.6 billion) and indirect transfers (amounting to R23.7 billion) of nationally raised government funds transferred to local government are effectively spent and value for money is achieved in local government.
- 8.9 Whilst the Committee welcomes the expansion of scope of the Municipal Infrastructure Grant (MIG) to allow municipalities to use up to 5 percent of their allocation to develop

Infrastructure Asset Management Plans, the Committee urges National Treasury and provincial treasuries, together with the departments of cooperative governance and Salga, to ensure that more effective monitoring and oversight be tailored to the MIG projects and other infrastructure projects; particularly in rural municipalities and towns where capacity remains an issue. The Committee further proposes that some members of traditional councils could be trained and capacitated in order assist municipalities to deal with service delivery issues and achieve much needed basic service delivery, employment creation, local economic growth, and the eradication of poverty and inequality; especially in rural municipalities.

8.10 During public hearings and consultations on the Bill, Salga submitted that, in order to address the growing infrastructure backlogs in local government caused by the migration to cities, capacity building mechanisms were needed; as poorly capacitated municipalities underperform in capital expenditure, resulting in conditional grants being taken away, as in the case of the Public Transport Network Grant. Therefore, Salga recommended that the following steps be taken:

- The creation of effective capacity to support municipalities to root out and prevent corruption, particularly in this period of the pandemic;
- A mechanism to support municipalities to build technical, managerial and leadership capacity in the new normal;
- Salga must be involved in the study of consolidating capacity-building initiatives undertaken by National Treasury;
- The Municipal Systems Improvement Grant must be disaggregated to show the cost of regulatory compliance, for example to the Municipal Standard Chart of Accounts, which is costly to municipalities; and
- The grant to implement the district-development model (DDM) study must be monitored in the 21 identified districts to inform future allocations to the next batch of districts or intermediary cities to form part of the DDM.

The Committee urges National Treasury, together with the Department of Cooperative Governance, to consider the above specific steps outlined by Salga and to provide a response within 60 days after the adoption of this Report by the NCOP.

8.11 During the public hearings held on the Bill, COSATU submitted that the Bill was silent on the following key areas of budget allocation, implementation and management:

- An assessment of the potential negative impact of the proposed cuts and deferred implementation; ensuring that it would not result in a snow-ball effect of worsening infrastructure and service delivery deficits;
- The near collapse of the Amathole District Municipality that had threatened not to pay workers for five months;
- By when Government planned to eradicate mud schools as well as sanitation and infrastructure backlogs. The Department of Basic Education had repeatedly postponed these matters for more than 15 years;
- The commitment by the Finance Minister to deal with the almost R40 billion owed to Eskom by municipalities and provinces, which threatened to collapse Eskom;
- The reasons for under-spending in various municipalities and provinces and action being undertaken to address the negative impact thereof;
- Interventions to address the failure to pay suppliers within 30 days; and
- The Section 100 intervention in the North West Provincial Government.

The Committee requests National Treasury to consider, and provide a response to, the issues raised by COSATU in the above section within 60 days after the adoption of this Report by the NCOP.

8.12 Whilst the Committee remains concerned about the lack of progress in resolving the wage negotiations between government and public sector unions to reach common ground around wage increases, the Committee urges both parties involved in the process to respect the rules of engagement within the Bargaining Council and make every effort to find an amicable solution without service delivery to the poor and vulnerable being interrupted.

9. Committee decision

The Select Committee on Appropriations, having considered the *Division of Revenue Bill* [B3 – 2021] (National Assembly-Section 76(1)) referred to it and classified by the Joint Tagging

Mechanism as a section 76 Bill, reports that it has agreed to the Bill without any proposed amendments.

The Democratic Alliance (DA), the Economic Freedom Fighters (EFF) and the Freedom Front Plus (FF+) reserved their positions on this Report.

Report to be considered.

2. REPORT OF THE SELECT COMMITTEE ON APPROPRIATIONS ON FIRST AND SECOND QUARTER EXPENDITURE FOR 2020/21 FINANCIAL YEAR BY FREE STATE, GAUTENG, LIMPOPO, MPUMALANGA AND NORTH WEST PROVINCIAL DEPARTMENTS OF AGRICULTURE AND RURAL DEVELOPMENT ON COMPREHENSIVE AGRICULTURAL SUPPORT PROGRAMME GRANT, ILIMA/LETSEMA PROJECT GRANT AND LAND CARE PROGRAMME GRANT: POVERTY RELIEF AND INFRASTRUCTURE DEVELOPMENT, DATED 26 MAY 2021

1. Introduction

In compliance with its oversight responsibilities as stipulated in the Money Bills Amendment and Related Procedures Act, No 9 of 2009, as amended in 2018, and holding the executive accountable for the expenditure of the appropriated public finances, the Select Committee on Appropriations (the Committee) scrutinises conditional grant expenditure as reflected in section 32 reports of the Public Finance Management Act of 1999 (PFMA), together with other data sources. The Comprehensive Agricultural Support Programme (CASP) Grant, the Ilima/Letsema Project Grant and the Land Care Programme Grant: Poverty Relief and Infrastructure Development were amongst those conditional grants with expenditure found to be below the acceptable norm of 25 percent per quarter for the first two quarters of the 2020/21 financial year. Due to time constraints, the Committee could not invite all nine provinces who had reported poor expenditure, and resolved to invite only five provinces to give account of the implementation challenges as well as their mitigating factors to address the poor expenditure on the above-mentioned three conditional grants.

2. Objectives of conditional grants

- The **Comprehensive Agricultural Support Programme (CASP) Grant** is meant for post-settlement farmer support to former disadvantaged beneficiaries of the land reform

programme, through the provision of on-farm agriculture infrastructure, production inputs and extension services through the Extension Recovery Programme (ERP).

- The **Ilima/Letsema Project Grant** provides production inputs to beneficiaries of land reform, as well as household production inputs (vegetable seeds, fertiliser and equipment) for the establishment of school food gardens, homestead food gardens and community gardens in support of food security efforts of the provinces.
- The purpose of the **Land Care Programme Grant: Poverty Relief and Infrastructure Development** is to rehabilitate wetlands, remove alien invasive plants and create firebreaks in order to promote viable ecosystems and sustainable agriculture.

3. Submissions by provinces

3.1 Free State

The Free State Department of Agriculture and Rural Development (FSDARD) reported spending below the acceptable norm (25 percent per quarter) on all three grants for both quarters under review. Table 1 below shows the actual and adjusted budget allocations and the expenditure during the first and second quarters of the 2020/21 financial year. The FSDARD submitted that the impact of COVID-19 and the amendment of the allocations and business plan due to the redirection of money from the Comprehensive Agricultural Support Programme (CASP) Grant to COVID-19 programmes had contributed to the under-spending.

Table 1: Free State conditional grant expenditure

Conditional Grant	Actual Budget R'000	Adjusted Budget R'000	First Quarter		Second Quarter	
			Actual expenditure	% Spent	Actual expenditure	% spent
Comprehensive Agricultural Support Programme	143 374	159 764	6 842	5	14 696	10
Ilima/Letsema Grant	51 331	52 649	447	1	675	1
Land Care Programme Grant	8 378	8 278	0	0	1 609	19

The province reported that, within CASP, there were 10 provincial projects with an annual budget of R85.4 million. A total of R46.1 million had been spent by 9 February 2021, and

R20.8 million had already been committed. The FSDARD assured the Committee that the remaining R18.4 million would be spent before 31 March 2021, on the following projects:

- Xhariep Fish Hatchery: R4.4 million;
- Glen College: R3.5 million;
- Risk management solution: R3 million;
- Marketing infrastructure: R2.3 million;
- Training and capacity building: R900 000;
- Enterprise Resource Plan: R726 000; and
- Graduate programme: R3.5 million.

On CASP performance per district, the province reported that Xhariep District had two projects planned with a budget of R5.5 million; of which R3.2 million had been spent, and R2.2 million committed, by 9 February 2021. Mangaung District had nine projects planned, with a budget of R27 million, of which R9.2 million had been spent, and R17.7 million committed, at the time of reporting. Nine projects with a budget of R6.5 million were planned for Leweleputswa District, of which R4.7 million had been spent and R1.7 million committed at the time of reporting. In Thabo Mofutsanyana District, there were four planned projects with a budget of R7.6 million, of which R7.5 million had been spent and R50 000 committed at the time of reporting. Fezile Dabi District had 11 planned projects, with an annual budget of R27.7 million, of which R18.9 million had been spent and R8.7 million already committed to date.

With respect to the challenges experienced during the implementation of CASP, the FSDARD reported that from the outset, there had been delays in initiating administration processes due to late approval of business plans and budget approval as a result of the reprioritisation of the budget for COVID-19 relief. The province submitted that there had been delayed approval of the Beneficiary Project Approval letter; signing of Transfer Agreements by beneficiaries and the Accounting Officer; the opening of beneficiary grant holding accounts with the participating bank; and the establishment of CSD beneficiary business entities. There were further delays in the preparation of Sundry Payment Advice Request Forms for payment transfers; transfer of funds in tranches to beneficiary grant holding accounts; and the project implementation in line with the plan. The FSDARD undertook to mitigate these challenges by implementing the Expenditure Catch-up Plan, developed to fast-track expenditure in the third and fourth quarters. After the signing of the Beneficiary Project Approval letter, the Transfer Agreements and Project Implementation Plans had been signed simultaneously to release the

first payment of funds into beneficiary holding accounts. There would be approval of transfer of funds in tranches informed by the imminent commodity seasonality and project activities.

The province reported that a number of challenges had been experienced with the implementation of the Ilima/Letsema Project Grant. These included the forced adjustment of business plans after the 2020 National Adjusted Appropriation due to COVID-19. Delays in approval of the adjusted provincial plans had resulted in delays in projects implementation. The final approval of projects and budget allocations, including transfers of funds, had further delayed project implementation and expenditure.

The FSDARD reported that six provincial projects had been planned for the Ilima/Letsema Project Grant in the current financial year. These had a total budget of R24 million, of which R17.2 million had been spent and R6.6 million committed, at the time of reporting. The province assured the Committee that the remaining R101 000 would be spent before the end of the financial year. With regard to performance per district, the province reported that there had been two projects planned for Xhariep District, with a budget of R1.1 million, which had all been spent at the time of reporting. For Mangaung District, 17 projects had been planned with a total budget of R12.1 million. At the time of reporting, R9.6 million had been spent and R2.4 million committed. There had been 11 projects planned for the Leweleputswa District with a total budget of R10.54 million, of which all had been spent except for R41 000, which had been committed. Fezile Dabi District had five planned projects with a total budget of R4.8 million, of which R3.1 million had been spent and R1.7 million committed at the time of reporting. No projects were planned for Thabo Mofutsanyana District.

The province reported that two provincial projects had been planned within the Land Care Grant with a budget of R1.5 million, of which R867 000 had been spent and R159 000 committed at the time of reporting. The remaining R572 000 would reportedly be spent before the end of the financial year. With regard to performance per district, the FSDARD reported that only one project had been planned in Xhariep District with a budget of R1.3 million, which had been spent at the time of reporting. In Mangaung District, two projects had been planned, with a budget of R1.3 million, of which R920 000 had been spent and R330 000 committed at the time of reporting. The province assured the Committee that the remaining R50 000 would be spent before the end of the financial year. Three projects had been planned in Leweleputswa

District with a budget of R1.3 million. At the time of reporting, R1.26 million had been spent and according to the FSDARD, the remaining R40 000 would be spent before the end of the financial year. Two projects had been planned in Thabo Mofutsanyana District, with a budget of R1.35 million. At the time of reporting, R981 000 had been spent and R369 000 committed. Fezile Dabi District had only one planned project with a budget of R1.43 million, of which R514 000 had been spent and R892 000 committed at the time of reporting; with the remaining R24 000 reportedly to be spent before the end of the financial year.

The FSDARD submitted that the main reason for under-spending on the Land Care Project Grant had been the closure of Junior Land Care and 800 schools due to the COVID-19 pandemic. This would be addressed by facilitating smaller Junior Land Care groups (50 per group) in the fourth quarter. The tender for Waterways had been awarded and was being implemented.

3.2 Gauteng

The Gauteng Department of Agriculture and Rural Development (GDARD) indicated that the province was committed to implementing the following four APEX programmes: Commercialisation and Food Security; Agro-processing; Climate Change and Environmental Sustainability; and Solidarity Economy. These programmes were aligned to the national priorities as well as the Growing Gauteng Together (GGT) 2030 priorities of the province. The GGT 2030 priorities found expression in the outputs outlined in the GDARD's Annual Performance Plan and the Delivery Agreement of the Member of the Executive Council (MEC).

The GDARD reported that its total conditional grant allocation for the 2020/21 financial year had been R138.1 million; but that in the 2020 Special Adjustments Budget this amount had been reduced by R22.7 million, or 16.4 percent, due to budget reprioritisation by national government for the response to the COVID-19 pandemic. Table 2 below provides the breakdown of the main allocation per conditional grant, the adjusted allocation and expenditure per quarter, as well as expenditure as at 05 February 2021. (The GDARD also reported on the

EPWP Integrated Grant, meant to fund labour-intensive work opportunities, even though the Committee had not required it.)

Table 2: Gauteng allocations and expenditure

Conditional Grant	Main allocation R' 000	Adjusted Allocation R' 000	Transfer from National R' 000	First Quarter expenditure R'000	Second Quarter expenditure R'000	Expenditure as at 05 February 2021 R'000
Comprehensive Agricultural Support Programme	R100 108	R82 646	38 519	2 381 (3%)	5 494 (7%)	R78 464 (88%)
Ilima/Letsema	R30 928	R25 709	11 826	-	-	22 142 (87%)
Land Care Programme Grant	R4 787	R4 787	-	-	-	-
EPWP Integrated Grant for Provinces	R2 271	R2 272	568	-	426 (19%)	2 216 (98%)
Sub-total	138 094	115 413	50 913	2 381 (3%)	5 920 (5%)	104 427 (79%)

With regard to the Comprehensive Agricultural Support Programme (CASP) Grant, of the adjusted R82.6 million, the province reported that it had spent R2.4 million and R5.5 million in the first and second quarter, respectively, on compensation of employees (CoE) for the Extension Recovery Programme (ERP) and stipends for agriculture graduates placed on farms for training. The GDARD further reported that some CASP invoices had been paid for against the equitable share; due to grant budget cuts leading to delays in finalisation of business plans and the transfer of funds from National Treasury.

The GDARD reported no expenditure under the Ilima/Letsema Project Grant for the first two quarters of 2020/21, indicating that the main reason had been the delay in the completion of business plans, brought about by budget cuts in light of COVID-19 response.

With respect to the Land Care Grant: Poverty Relief and Infrastructure Development, as shown in the table above, there had been no expenditure until the end of the second quarter. This was reportedly due to changes in the deliverables from what had initially been planned at the

beginning of the financial year. The GDARD submitted that, after finalising the business plan, projects from the 2019/20 financial year had to be finalised and the activities (conservative agriculture and permaculture) had been paid for from the equitable share. The inclusion of the 2019/20 projects in this year's grant deliverables had required GDARD to change its current business plan, and this affected transfers from National Treasury, as well as spending against the grant allocation. The Land Care Grant funds were only transferred during the third quarter and procurement processes for project implementation was underway.

The province reported that several factors had contributed to under-spending: The GDARD support had been negatively affected by COVID-19, especially with regard to food production; meat regulation; export certification; the environment public employment programme (EPWP); and eco-tourism. In addition, the Infrastructure Development Management System (IDMS) process remained a challenge in the implementation of agriculture infrastructure support. However, a policy had been approved to exempt certain infrastructure, such as hydroponics, tunnels and boreholes. The GDARD reported that interventions in the implementation of its infrastructure programme, such as a memorandum of understanding with the Development Bank of Southern Africa (DBSA) for infrastructure procurement, were starting to show results; but that this area of work would be closely monitored for continuous improvement. The GDARD concluded by stating that there was a need to realign the conditional grant approval processes, to be concluded by the third quarter of each financial year, so that the start of a new financial year saw the commencement of grant implementation and spending, as opposed to initiating tender processes.

3.3 Limpopo

The Limpopo Department of Agriculture and Rural Development (LDARD) reported that its Comprehensive Agricultural Support Programme (CASP) Grant budget had initially been R232.5 million, but it had been revised downwards to R174.4 million during the 2020 Special Adjustments Budget. As indicated in Table 3 below, the province had spent only 24 percent of this allocation by the end of the second quarter - R19.6 million in the first, and R22.4 million in the second quarter. The table 3 also shows the pillars of the CASP Grant and the budget allocations and expenditure during the first two quarters of the 2020/21 financial year.

Table 3: CASP First and Second Quarter expenditure

CASP Pillars	CASP Allocation Budget R'000	CASP Revised Allocation Budget R'000	First Quarter Expenditure R'000	Second Quarter Expenditure R'000	Total Expenditure	% Expenditure
ERP Technical & advisory services	65 775	58 611	11 682	9 422	21 104	36%
Radio Advert and Publication	1 000	804	-	-	-	0%
Agricultural Training Institutes	18 604	7 257	-	-	-	0%
Training & Capacity Building Services	15 350	10 000	333	2 150	2 483	25%
On & Off farm infrastructure Service	105 795	47 231	5 238	8 264	13 502	29%
Foot & Mouth Disease	5 960	4 789	-	-	-	0%
Crop Protection	5 400	4 399	-	975	975	22%
Placement of Graduates	10 581	10 581	2 322	1 633	3 955	37%
Kaonafatso Ya Dikgomo	4 093	4 093	-	-	-	0%
Post Settlement Support	-	26 733	-	-	-	0%
Total	232 558	174 498	19 575	22 444	42 019	24%%

With respect to challenges experienced and proposed interventions, the LDARD reported that the closing of infrastructure sites due to the COVID-19 lockdown restrictions had affected progress and the prohibition of mass gatherings had had a negative impact on the training of farmers. The LDARD submitted that recovery plans had been developed with the appointed service providers for both infrastructure and capacity building projects. In addition, the delay in concluding a fencing term contract due to the restrictions, had made verification and other important activities within supply chain management process, difficult. This challenge had been mitigated by concluding the fencing contract and starting the administrative procurement processes. The LDALR further reported that, as a result of COVID-19 restrictions, the recruitment of unemployed graduates had been delayed due to late assessment of potential

hosting farms. To mitigate this challenge, the LDARD had reportedly fast-tracked the advertisement for placement of unemployed graduates. The advertisement had closed on 8 January 2021 and shortlisting was underway at the time of reporting. The whole process up to placement would be concluded by April 2021. The assessment of land to be released for settlement had also been delayed by the COVID-19 restrictions. However, upon lockdown restrictions being relaxed, farm assessments had commenced during the third quarter. The procurement of support packages would be informed by the assessment report. Lastly, the conclusion of the Kaonafatso Ya Dikgomo memorandum of understanding (MOU) had taken longer than anticipated due to a lack of clarification of certain information, which had to be provided by the Agricultural Research Council (ARC). To address this challenge, the LDARD was engaging with the ARC to finalise the content of the document, so that the MOU could be finalised.

With respect to the Ilima/Letsema Project Grant, the LDARD reported that, of the R50.2 million allocated for the 2020/21 financial year, only R4.9 million and R6.3 million had been spent in the first and second quarter, respectively. The reason for the poor spending was reportedly the delay in finalising contracts for supplying seeds, seedlings and fertiliser, due to restrictions prohibiting gatherings, which affected the verification processes. The province reported that the contracts had been finalised at the time of reporting and that orders were being printed.

The LDARD reported that there had been no expenditure on the R12.8 million budget of the Land Care Programme Grant: Poverty Relief and Infrastructure Development; as the Land Care business plan had only been approved by the national Department of Agriculture, Land Reform and Rural Development in September 2020. The province indicated that most of the Land Care projects were for fencing, water source development and livestock water, and that the late finalisation of procurement for fencing and drilling of boreholes had affected the start of implementation. At the time of reporting, the fencing contract had been finalised and fencing material for all four fencing projects (62km) would be purchased by the end of February 2021. The LDARD further submitted that the pace of implementation would be improved by hiring more workers for these projects.

3.4 Mpumalanga

The Mpumalanga Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA) reported that all identified conditional grants had performed poorly in the first and second quarter of the 2020/21 financial year. Table 4 below shows that the grants had been allocated a total of R201.6 million in the 2020 Special Adjustment Budget, and as at the end of the second quarter, only R38.3 million had been spent by all three grants.

Table 4: Conditional grant allocations and expenditure as at end of Second Quarter

Grant Name	Budget 2020/21 R'000	Special Budget Adjustment 2020/21 R'000	First and Second Quarter Expenditure 2020/21 R'000	Remainder of the year 2020/21 R'000
CASP	151 303	132 399	36 237 (27.3 %)	96 162
Land Care	10 044	10 044	63 (6.3 %)	9 981
Ilima/Letsema	57 374	47 047	2 024 (4.2%)	45 023
Agricultural Disaster Management Grant	-	12 160	-	12 160
Total	224 721	201 650	38 324 (18.9 %)	163 326

The province submitted that many challenges had led to poor expenditure by all grants. The reduction in grant funding necessitated by reprioritisation of the budget to redirect funds to COVID-19 interventions, had affected most of the infrastructure projects. In addition, the restriction on movement during Phases 4 and 5 of the lockdown had led to limitations on the development of specifications for infrastructure projects. Because the specifications could not be finalised in time, a number of projects which would have been completed in a single financial year had been converted into multi-year projects; and for this reason, the DARDLEA intended to apply for a roll-over of the conditional grant budget. To mitigate other challenges, the province had revised the infrastructure project list with its business plans and the Annual Performance Plan. In addition, an acceleration plan had reportedly been developed and project sites handed over to the contractors. Moreover, the reduction in grant funding had led to a budget shortfall for compensation and other pillars of the Extension Recovery Plan (ERP). In order to resolve this, the DARDLEA intended to request approval from the delegated national transferring officer to transfer funds from other pillars of CASP that were under-spending.

Furthermore, the province reported that the current restrictions such as social distancing and limitations on occupancy due to COVID-19 made it impossible to conduct accredited-farmer-

training, since it required farmers to attend for prolonged periods. This was also reportedly applicable to the appointment of service providers for the training. The DARDLEA submitted that these challenges would be mitigated by collaborating with commodity associations to offer accredited-farmer-training until the training providers were appointed.

With regards to the Ilima/Letsema Project Grant, the DARDLEA reported that although the majority of agricultural activities were expected to continue, the restrictions brought about by the pandemic had limited the mobility and interaction of the Extension and Advisory officials with farmers; as the majority of the Extension and Advisory officials implementing the program, either had comorbidities, or were above the age of 60, and as such were forced to observe the lockdown restrictions. The province further indicated that the early restrictions of Phases 4 and 5 of the lockdown had limited the supply and availability of, and the access to inputs and related materials by the service providers. This resulted in delayed delivery of production inputs procured.

To mitigate the above challenges, the DARDLEA submitted that they would ensure that farmers were provided with personal protective equipment (PPEs), pending the sponsorship and budget. The province assured the Committee that it would ensure that the programme offered services within the restrictions and guidelines of the COVID-19 Command Council, and that it would implement the Work from Home Policy, as guided by the Department of Public Service and Administration. Furthermore, the DARDLEA reported that deliveries would be completed shortly and suppliers were contacted daily to expedite the process. In instances where the limitation of the planting timeframe had occurred, the farmers would be assisted with the alternative but relevant crop to plant.

With respect to challenges with the Land Care Project Grant: Poverty Relief and Infrastructure Development, the DARDLEA reported delays in finalisation and signing of the funding agreement and the late transfer of funds (in November 2020) by the Department of Agriculture, Land Reform and Rural Development. Added to this, had been above normal rainfall which had caused delays due to unworkable days. To mitigate these challenges, the DARDLEA submitted that an acceleration plan, to speed up procurement of necessary material and

implementation of projects, had been developed. Secondly, the DARDLEA reported that, in order to compensate for the time lost, the number of field workers doing the conservation work had been increased, from 102 to 212 EPWP workers, in the last quarter of the financial year. More workers were being appointed and supplied with raincoats to minimise the impact of rain during working hours.

3.5 North West

The North West Department of Agriculture and Rural Development (NWDARD) reported that, in the 2020/21 financial year, the Comprehensive Agricultural Support Programme (CASP) Grant had been allocated R138 million, and further had received a roll-over amount of R3.6 million. As at the end of the second quarter, only R5.2 million (4 percent) had been spent. Table 5 below shows the breakdown of the projects per district, their budgets, quarterly expenditure, and breakdown of beneficiaries.

Table 5: CASP breakdown per project, budget expenditure and beneficiaries.

Number of Projects	Budget Allocation R'000	Q1 Exp R'000	Q2 Exp R'000	Total Exp R'000	Beneficiaries				
					Female	Male	Total	Youth	Disability
Ngaka Modiri Molema District									
4	10 851 535	0	0	0	9	11	20	3	1
Dr Ruth Segomotsi Mompati District									
37	32 364 827	0	0	0	6	43	49	6	0
Bojanala Platinum District									
14	20 990 617	0	499 641	499 641	10	51	61	10	1
Dr Kenneth Kaunda District									
5	9 900 000	0	120 600	120 600	3	3	6	2	0
Provincial Projects									
7	67 568 021	2 097 171	2503 171	4 600 342					
67	141 675 000	2 097 171	3 123 412	5 220 583	28	108	136	21	1

With respect to the Ilima/Letsema Project Grant, the NWDARD submitted that the budget of R51.8 million had been increased by roll-over funds of R608 000, bringing the total for this

grant to R52.4 million. However, in the first and second quarter, the province had only spent R546 000 (1 percent), even though a total of 67 projects, with 136 proposed beneficiaries, had been planned. Table 6 below shows the breakdown of the projects per district, their budgets, quarterly expenditure, and breakdown of beneficiaries.

Table 6: Ilima/Letsema Programme Grant breakdown per project, budget expenditure and beneficiaries.

Number of projects	Budget Allocation R'000	Q1 Exp	Q2 Exp	Total Exp	Beneficiaries				
					Female	Male	Total	Youth	Dis-ability
Ngaka Modiri Molema District									
11	14 093 781	0	146 773	146 733	21	37	58	11	1
Dr Ruth Segomotsi Mompati District									
15	21 347 297	0	0	0	72	241	313	8	1
Bojanala Platinum District									
9	14 767 061	0	352 588	352 588	7	14	21	11	11
Dr Kenneth Kaunda District									
1	2 132 750	0	46 910	46 910	600 Households				
Provincial Projects									
1	155 111	0	0	0	Household food security				
37	52 596 000	0	546 270	546 270	100	292	392	30	3

The NWDARD indicated that the Land Care Programme Grant: Poverty Relief and Infrastructure Development had been allocated R8.5 million, of which R4.6 million (55 percent) had been spent at the end of the second quarter. The NWDARD further reported that, out of an annual target of 3 000 hectares of agricultural land rehabilitation, only 300 hectares had been targeted for the first quarter and nothing had been achieved. However, in the second quarter, from a target of 700 hectares for rehabilitation, 1 395 hectares had been rehabilitated. On the key result area of the number of green jobs created, the NWDARD reported that the annual target had been 800 jobs. However, on the first quarter target of 50 jobs, there had been zero achievement; and in the second quarter only 113 out of a target of 350 jobs had been created.

The NWDARD reported that the following challenges had contributed to the low expenditure:

- Funds from the national department had been transferred late;
- Business plans for the Land Care Project Grant and the Ilima/Letsema Project Grant had only been approved late in July and in August 2020, respectively;
- The lack of internal capacity within the NWDARD had affected procurement processes and thus implementation of projects; and
- The outbreak of COVID-19 had negatively affected project implementation.

4. Findings and observations

During the deliberations, the Committee made the following findings and/or observations:

- 4.1 The Committee noted with concern that the lockdown regulations following the outbreak of the COVID-19 pandemic had reportedly seriously affected the roll-out of grant programmes, while food security had become more critical during the pandemic.
- 4.2 The Committee noted that allocations to provinces had to be revised due to budget reprioritisation and redirection of funds to COVID-19 intervention programmes; and that administrative delays in making adjustments had created budget uncertainty that had contributed to non-spending in the first quarter.
- 4.3 Regardless of the above, the Committee is of the view that a lack of proper planning by provinces had contributed to low spending in the first two quarters, leading to farmers not consistently receiving the required support.
- 4.4 The Committee noted with concern the under-spending on the Land Care Grant by all invited provinces; in light of the constant degradation of agricultural land through various factors such as pollution, soil erosion, alien plants and poor water conservation.
- 4.5 While appreciating the efforts to assist subsistence farmers in rural communities through CASP and Ilima/Letsema, the Committee observed that there was a need for interventions to assist those in rural communities who may not be literate or computer literate to benefit more readily from the programmes.
- 4.6 The Committee noted with concern that money was being returned unspent to the National Revenue Fund (NRF), while there was a critical need to invest in water

infrastructure, such as the construction of dams, drilling of boreholes and the revival of the existing windmills in provinces such as the Eastern Cape.

- 4.7 The Committee noted with concern the reported challenges in Limpopo with respect to the finalisation of contracts for supplying seeds, seedlings and fertiliser; and the possible negative impact if farmers were not able to plant seeds at the right time as a result of an administrative failure.
- 4.8 The Committee observed that some of the underlying issues leading to the North West under-spending year on year and recording the lowest spending over the previous five years were related to maladministration during the province's 5th administration, leading to the province being under administration in terms of Section 100 of the Constitution of the Republic of South Africa at the time of reporting.
- 4.9 The Committee noted that the merged Department of Agriculture, Land Reform and Rural Development was currently working on aligning the Comprehensive Rural Development Programme (CRDP), designed by the 4th Administration to address rural development, with the Rural Development Policy Framework and other relevant programmes.
- 4.10 The Committee expressed concern that, in light of the slow spending by the five provinces in the first two quarters, provinces may not have the ability to spend the remainder of their budget in the last two quarters of the financial year, which could lead to fiscal dumping.

5. Recommendations

After having deliberated, the Committee made the following recommendations:

- 5.1 Whilst the Committee acknowledges the fact that there was an urgent need for government to implement lockdown regulations following the outbreak of the COVID-19 pandemic, it is of the view that the policy-making process in government should at all material times take into account the effects of unintended consequences, in that policies or regulations should not inhibit the roll-out of planned programmes, particularly those that are meant to alleviate poverty and hunger and to create infrastructure for sustainable food security.

- 5.2 Whilst the Committee understands the need for budget reprioritisation and redirection of funds following the advent of COVID-19, which reportedly impacted on planned expenditure and created uncertainty, it is of the view that the National Treasury, provincial treasuries and the affected provincial departments should proactively work together to prevent administrative policy uncertainty during emergency situations. The Minister of Finance, together with Cabinet, should ensure that proper plans and mechanisms are developed in advance to mitigate administrative challenges during disaster situations and further ensure that a reasonable amount of budget reserves are earmarked for unforeseen and unavoidable situations, such as virus outbreaks and any other possible disasters.
- 5.3 The Committee strongly believes that under-expenditure on conditional grants which are meant to alleviate poverty and create infrastructure to ensure sustainable food security, is highly unacceptable. Provinces should use the available resources, such as the medium term projected budget estimates and the intergovernmental relations system, to carry out their future, or MTEF, planning cycles to prevent poor expenditure as a result of not planning timeously; while also making provision for unforeseen and unavoidable situations.
- 5.4 The National Treasury and provincial treasuries, together with the affected provincial departments, should see to it that adequate capacity, proper plans and remedial actions are developed to ensure that the Land Care Grant expenditure is improved, given the constant degradation of agricultural land through various factors such as pollution, soil erosion, alien plants and poor water conservation. Moreover, effective expenditure on this conditional grant should enable government to create much needed jobs in poor communities during the COVID-19 pandemic, while also building the much needed infrastructure for the sector. All five provinces that have reported under-expenditure on the three agricultural conditional grants should develop clear remedial actions and ensure that these are implemented without delay to improve expenditure.
- 5.5 Given the importance and the need to improve support for rural communities, the Committee is of the view that the Department of Agriculture, Land Reform and Rural Development, together with the provincial departments, should consider establishing a rural help desk programme to assist rural communities to fast-track

administrative processes that would enable them to access funding more readily; consider capacitating traditional authorities and councils to assist people to access this funding; and/or consider seconding departmental officials to assist at a district level.

- 5.6 The Committee is of the view that there might be a need for the Department of Agriculture, Land Reform and Rural Development to launch an aggressive media campaign to motivate people to go back to cultivating the land to promote food security during this time. This may reduce the heavy reliance on government social grants, which is unsustainable in the long term, given the magnitude of the growing government debt.
- 5.7 The Department of Agriculture, Land Reform and Rural Development should expedite the process of aligning the Comprehensive Rural Development Programme (CRDP), which was developed and adopted by the 4th Administration to address rural development, with the Rural Development Policy Framework and other relevant programmes. Parliament will continue to monitor progress.
- 5.8 The National Treasury, together with provincial treasuries, should ensure that provinces have adequate systems and measures in place to deal with corruption and maladministration before it negatively affects expenditure earmarked for the most vulnerable communities. Furthermore, provincial departments should develop early warning systems and strengthen their internal audit units, audit committees and monitoring and evaluation systems to detect any possible maladministration, corruption, under-performance and/or under-expenditure and ensure that consequence management, as set out in the Public Finance Management Act, as well as appropriate actions recommended by the Auditor-General of South Africa as part of the audit improvement plan, are implemented decisively.
- 5.9 The National Treasury, provincial treasuries and the national Department of Agriculture, Land Reform and Rural Development should provide the necessary support to provincial departments to enable them to spend at least 25 percent of their grant funding per quarter, rather than withholding funds as a result of under-expenditure; as this has negative implications for the beneficiaries of each programme. This is with the exception of infrastructure projects which may require more time before expenditure can take place. Furthermore, National Treasury and

provincial treasuries should ensure that fiscal dumping, which leads to wasteful and fruitless expenditure, is not tolerated within any sphere of government. Parliament should continue to monitor progress in this regard.

6. Conclusion

The Committee intends to invite the MECs of Agriculture from the Free State, Gauteng, Limpopo, Mpumalanga and the North West Province to its meeting that considers the next quarterly expenditure report to explain how remedial actions have been implemented as recommended by the Committee in this Report. The Report should also be brought to the attention of relevant Premiers, Provincial Legislatures and their relevant sector committees for their necessary interventions. While the Committee believes that some of these matters should be brought to the attention of sector committees in Parliament, it is of the view that the provincial departments of agriculture and other departments should resolve their budget issues with the provincial treasuries and the national sector department, where applicable.

Report to be considered.

3. Report of the Select Committee on Public Enterprises and Communication on Budget Vote 30: Communications and Digital Technologies, and the Annual Performance Plan and Strategic Plan for 2021/22 of the Department of Communications and Digital Technologies, dated 26 May 2021

The Select Committee on Public Enterprises and Communication (Select Committee), having received a briefing from the Department of Communications and Digital Technologies on Budget Vote 30: Communications and Digital Technologies and on its Strategic Plan and Annual Performance Plan, reports as follows:

1. Introduction

The Select Committee, considered Budget Vote 30, the Annual Performance Plan and the Strategic Plan referred to it for consideration and report and tabled by the Minister for Communications and Digital Technologies in terms of the Public Finance Management Act 1999 (PFMA) as well as the Money Bills Amendment Procedure and Related Matters Act, 2009.

The Committee was briefed by the Department of Communications and Digital Technologies on 19 May 2021. A central component of the interrogation of the work of the Department was to determine the extent to which the Department translated its mandate to align it to the prescripts of the Constitution, Government priorities and legislative mandate. The Committee further considered the adequacy of financial resources for the implementation of the Annual Performance and Strategic Plans.

1.1 Mandate of the Department of Communications and Digital Technologies

To encourage digital inclusion and economic growth, the Department of Communications and Digital Technologies is mandated to facilitate South Africa's digital transformation by creating an enabling policy and regulatory environment. The department implements the provisions of the 2016 National Integrated ICT Policy White Paper, particularly the participation of multiple stakeholders for inclusive digital transformation; interventions to reinforce competition and facilitate innovation across the value chain; measures to address issues raised by ICT and convergence; and the establishment of a new national postal policy framework. It also provides

for policies to address the digital divide and affordable access, supply-side issues and infrastructure rollout, and demand-side issues to facilitate inclusivity.

The department's mandate is derived from the following legislation:

- Broadcasting Act (1999), as amended, which establishes broadcasting policy in South Africa
- Electronic Communications Act (2005), as amended, which provides the legal framework for convergence in the broadcasting, broadcasting signal distribution, and telecommunications sectors. It also allows for the granting of new licences and social obligations; the control of the radio frequency spectrum; and the regulation of electronic communication network services, electronic communication services, and broadcasting services
- Film and Publications Act (1996), as amended, which provides for the classification of certain films and publications, and establishes the Film and Publication Board and Tribunal
- Independent Communications Authority of South Africa Act (2000), which establishes the regulator in the sector
- Postal Services Act (1998), as amended, which makes provision for the regulation of postal services.

Following the May 2019 National Elections, the President pronounced the establishment of the National Department of Communications and Digital Technologies. Accordingly, the Presidential Proclamations confirmed the transfer of administration, powers and functions entrusted by legislation to the Minister of Communications and Digital Technologies in terms of Section 97 of the Constitution.

Following the formation of the new Department, the institutional policies and strategies were updated. This was done in respect of Chapter 4 of the National Development Plan, which recognises that Information and Communications Technologies (ICT), is a key enabler of inclusive growth that is critical to addressing inequality in South Africa. Taking into consideration ICT developments in relation to the Fourth Industrial Revolution (4IR) including outcomes of the Presidential Commission on the 4IR, coupled with the objectives of the National Development Plan (NDP), Five Year Implementation Plan and Medium Term Strategic Framework (MTSF), the Department will over the medium term focus on developing and revising existing policies, strategies and legislation. Such initiatives are

encapsulated in the Outcome of Enabling Digital Transformation policies and strategies, which also inform the Department's legislative programme over the medium term.

The following state owned entities report to the Ministry, namely:

- National Electronic Media Institute of South Africa
- Universal Service and Access Agency of South Africa
- Independent Communications Authority of South Africa
- South African Broadcasting Corporation
- Universal Service and Access Fund
- .za Domain name Authority
- State Information and Technology Agency
- Sentech
- Broadband Infracore
- South African Post Office
- Film and Publication Board.

Following the establishment of the Department of Communications and Digital Technologies (DCDT) in April 2020, through the merger of the department of Communications and the Department of Telecommunications and Postal Services, the Department is in the process of finalising the development of a revised organisational structure. As an interim measure in the short-term, the Department is functioning with a start-up organisational structure until the revised organisational structure aligned to the mandate and strategy is finalised and is approved and implemented. Following the approval of the revised organisational structure, the Department will develop a new budget programme structure that will allow the Department to deliver optimally on its mandate. In terms of acquiring relevant skills to deliver on its mandate the Department is in the process of undertaking a verification of competencies exercise, which will be followed by a structured and comprehensive skills audit. Furthermore, the Department has in place a Workplace Skills Plan (WSP) aimed at capacitating employees with requisite skills aligned to the mandate and strategy of the Department. The Department is currently prioritising the implementation of the Integrated Digital Transformation Strategy as it moves towards a paperless organisation. This programme will continue through the digitisation of additional business processes and systems as part of implementing the Integrated Digital Transformation Strategy. Within the Department, some processes and systems have already been consolidated and this include the review of existing operational policies and procedures. Moreover, the Department will ensure the mainstreaming of critical issues related to designated groups through

the Chief Directorate: Gender, Disability, Youth and Children (GDYC). This Unit will also ensure that all Departmental programmes, policies and processes are inclusive of issues related to such designated groups and will monitor the Departmental and SOCs Gender, Disability, Youth and Children Responsiveness programmes in line with National targets.

1.2 Impact of COVID-19 on ICT Sector

The pandemic has affected several industries across the globe with ICT being one of them. The industry witnessed a dynamic change during these times with some of the technologies finding new applications and some others witnessing an all-time low. The Information Communication Technology (ICT) sector has proved to be the pillar of many economies, both in developed and developing countries. With that realisation many organisations having made investment in the ICT Sector, from new Internet Service Providers (ISP's) to postal services companies and television and radio broadcasters. Nevertheless, it is important that the ICT sector focuses on adapting to the Fourth Industrial Revolution (4IR) that is bringing new technologies, which means business models, government decisions and other choices will have to transform due to a new set of challenges and uncertainties.

During the era of the pandemic, certain technologies gained traction including Over-the-Top (OTT) services, video conferencing technology, Artificial Intelligence (AI), video streaming platforms, team collaboration software, mobile security technology, video on demand (VoD) market, cloud gaming market amongst others. With organisations promoting working remotely, there is already an exponential rise in video calls/phone calls, as an increasing number of people are organising meetings via apps or collaboration platforms. Digital media and Over-the-Top (OTT) content players are benefiting while Virtual Private Networks (VPNs), cybersecurity and data security are other technologies that will see a surge as most workforces are operating remotely. Cloud services is further expected to grow boosted by higher usage of content, gaming downloads, video conferencing and the impact of remote access to corporate networks. There will also be an increased focus on technologies like artificial intelligence, big data, augmented reality and virtual reality among others going forward.

Other areas where there is an uptake include e-learning, online education, and e-governance. As shoppers begin to self-isolate and avoid crowded areas the clear winner is the e-Commerce sector with digital payment taking over a lot faster than the physical payment options. The media industry (both traditional broadcasters and newer streaming platforms) are playing a vital role

during the pandemic in providing correct and responsible health information to the public with search engines and social media platforms. In terms of the morale of those isolated, access to the wealth of quality content available is important.

The current circumstances may also accelerate the adoption of 5G to meet the demands of bandwidth, performance and network slicing. There will be more focus on the sufficiency of networks to carry the significantly increased traffic as working from home continues to ramp up. Social distancing and self-isolation mean that telecommunication has become an elevated essential service. The Communications Service Providers (CSPs) both Mobile Network Operators (MNOs) and cable operators should be able to meet the challenge of their new critical role in the changed world. Access to ICT goods and services in South Africa continues to grow. Household access to mobile telephony has reached a plateau, closing in on universal service with over 96 percent of households reporting one or more members owning cellphones. Fixed-line telephony access continues to shrink, while households using them to supplement communications. The level of household Internet access is far lower, with some percent of households reporting one or more members having access to using the Internet. However, most of this access takes place ‘using mobile devices’ with just over ten percent of households reporting internet access ‘at home’.

2. Priorities for 2020/21

In line with its mandate, the Department’s priorities for the medium-term will focus on (1) Enabling Digital transformation policies and strategies, (2) Increased access to secure Digital Infrastructure, (3) Transformed digital society and (4) High performing Portfolio to enable the achievement of their respective mandates. This will contribute to achieving the desired impact of digitally enabled citizens with secure and affordable universal access.

Over the medium term, the Department will prioritise implementation of the outcomes of the Presidential Commission on the Fourth Industrial Revolution Report (4IR) in line with the PC4IR Strategic Implementation Plan. The 4IR Report, which contains eight key recommendations on how to deliver on a 4IR-enabled South Africa was approved in 2020 by Cabinet.

The second priority area is Spectrum licensing which is the lifeblood of digital infrastructure and will ensure that the Department connects the unconnected particularly

in rural areas; as it will ensure that the Department reduces the costs of communications and data across the country to enable faster and cheaper connectivity. The Department has also developed a draft 5G Policy Direction that the department intend finalising and issuing by December 2021.

The third critical priority project for the Department is focused on human capital development and the future of work. This project forms part of the National Digital and Future Skills Strategy, which is aligned to the recommendations of the PC4IR Report. The National Digital and Future Skills Strategy, which was approved by Cabinet, is also focused on addressing the disparities in education and sophistication in different communities in our society.

The fourth priority area is focused on policy, legislation and regulation review. The fast changing environment of the ICT has rendered a number of departmental prescripts obsolete and hence the need to update our enabling legislation and other prescripts. In this regard, the Department will focus on creating a conducive policy environment for the growth and transformation of the sector. In this financial year the department will prioritise key policy and legislation including but not limited to the Digital Transformation Policy, SAPO SOC Ltd Amendment Bill, Data and Cloud Policy as well as Audio, review the Under-Served Area License (USAL) and Audio-visual Content Services Policy.

Furthermore, the Department will focus on reorganizing and repurposing identified State-owned entities (SoEs) into resilient, self-sustaining, and effective agents for delivering services to communities. In this regard, key pieces of legislation will be prioritised including the State Digital Services Company Bill and the State Digital Infrastructure Company Bill.

The fifth priority will focus on SA Connect. Digital infrastructure is key to economic growth for the country as a whole and forms the foundation for the digital transformation of both the private and the public sector.

The Department will therefore continue and prioritise the implementation of the SA Connect policy as well as fast track the Broadcasting Digital Migration Programme. The Department will also prioritise stringent oversight on our State-owned entities to ensure that they deliver on their respective mandates in the most efficient and effective manner possible.

3. Expenditure overview of the Medium Term

Over the medium term, the Department will focus on rolling out broadband to government buildings through South Africa Connect project, implementing the broadcasting digital migration policy to release digital spectrum and submitting legislation to Parliament to enable digital transformation.

The Department has an allocated budget of R8.5 billion over the medium term, of which 74.8 per cent (R6.2 billion) is for transfers to public entities for their operations and for project-specific funding. Expenditure is expected to decrease at an average annual rate of 9.6 per cent from R3.3 billion in 2020/21 to R2.4 billion in 2023/24. Driving this decrease is the conclusion of a one-off allocation of R1.1 billion in 2022/23 for the broadcasting digital migration project and Cabinet approved reductions over the Medium Term Expenditure Framework (MTEF) period of R743.7 million, mainly on transfers to public entities (R442 million) and compensation of employees (R224.2 million). The Department will rely mostly on natural attrition as a strategy to fall within the expenditure ceiling for compensation of employees. Expenditure in this regard is expected to decrease at an average annual rate of 1.2 per cent, from R302.2 million in 2020/21 to R291.3 million in 2023/4, driven by the expected decrease in the number of personnel from 367 to 343 over the same period.

Medium Term Budget breakdown per programme

	2021/22	2022/23	2023/24	TOTAL	MTEF %
1. Administration	281 817	298 539	299 105	879 461	10%
2. International Affairs and Trade	64 639	58 862	59 557	183 058	2%
3. Policy, Research and Capacity Development	57 595	48 303	46 217	152 115	2%
4. ICT Enterprise Development and SOE Oversight	1 650 137	1 605 722	1 618 514	4 874 373	57%
5. ICT Infrastructure Support	1 564 077	338 263	337 425	2 239 765	26%
6. ICT Information Society and Capacity Development	74 616	67 493	65 591	207 700	2%
TOTAL	3 692 881	2 417 182	2 426 409	8 536 472	100%

Digital Migration

The implementation of broadcasting digital migration includes the provision of vouchers to poor households for devices that will allow analogue televisions to receive digital signals, and compensation to the South African Post Office (SAPO) for costs of administering the voucher and distribution systems. The Department will coordinate and monitor the distribution of these vouchers in 2021/22 for which R95 million is allocated for payment to SAPO. To release spectrum for mobile broadband the Universal Service Access Fund has been allocated R1.1 billion in 2020/21.

Broadband connectivity

The Department will monitor and maintain the provision of broadband services to 970 government buildings that have already been connected at a projected cost of R773.6 million over the MTEF period in the Broadband sub-programme in the ICT Infrastructure Development and Support Programme. The Department expects to finalise the feasibility study for Phase 2 of the rollout by 2021/22 and use this study to secure funding to rollout broadband connections to identified facilities from March of the 2022/23 financial year.

Enabling digital transformation

To achieve digital inclusion and economic growth, the Department plans to implement a number of digital transformation policies over the medium term, including the Digital Economy Master Plan, the Presidential Commission on the Fourth Industrial Revolution report and the revised ICT Development Strategy for small, micro and medium enterprises (SMME's). The Department plans to submit the following legislation to Cabinet, namely:

- Electronic Communication Amendment Bill
- State IT Company Bill
- State ICT Infrastructure Company Bill
- Digital Development Fund Bill.

To achieve these targets, the expenditure on the ICT Policy Development and Research Programme is expected to be R152.1 million over the MTEF period.

4. Programmes of the Department

4.1 Programme 1: Administration

The purpose of this programme is to provide strategic management and support services to the Department. Its sub-programmes are as follows:

- Ministry
- Departmental Management
- Internal Audit
- Corporate Services
- Financial Management
- Office Accommodation.

Over the medium term, Programme 1 will focus on the outcome of a higher performance portfolio to enable the achievement of the mandate of the Department. The focus will be to ensure there is sufficient adequately skilled staff who possess the requisite skills to deliver on the new mandate of the Department. To this end, a Workplace Skills Plan is being developed which is directly aligned to the mandate as well as addressing the skills gap within the organisation. Further areas of priority include the implementation of an internal Integrated Digitisation Strategy as the Department works towards a paperless environment. In addition, the Department will coordinate the implementation of the Annual Communication Plan. The outputs of Programme 1 are aligned with Priority 6 of the National Development Plan: A capable, ethical and developmental state as well as Outcome 2: Functional, efficient, integrated Government. The initiatives are aimed at accelerating the implementation of Departmental projects to improve service delivery. For the 2021/22 financial year, Programme 1 will receive R271 million which is 10 per cent of the total budget of the Department.

4.2 Programme 2: International Affairs and Trade

The purpose of this programme is to ensure alignment between South Africa's foreign policy and activities in the field of ICT. The objectives of this programme are to:

Advance South Africa's ICT interests in regional and international forums to secure partnerships for economic growth by:

- Developing Three Country Position papers to support the digital economy by March 2022, focussed on the Brazil-Russia-India-China-South Africa group of countries (BRICS) agenda; the World Telecommunications Standardisation Assembly; and the South African Development Community
- Implementing and monitoring the approved international engagement strategy by March 2022
- Coordinating and monitoring the operations of BRICS Institute for Future Networks over the medium term

- Implementing, facilitating and monitoring identified programmes focussing on the digital economy through partnerships with identified partners over the medium term.

The sub-programmes are as follows:

- Programme Management for International Relations and Affairs provides for the overall management of the programme
- International Affairs leads South Africa's ICT and strategic interests in multilateral forums
- ICT Trade/Partnership develops and advances the country's interests in international trade forums through participation in the World Trade Organisation's ICT-related initiatives and other international trade agreements such as the South Africa- European Union trade agreement and bilateral agreements with counterpart countries.

The spending focus of this sub-programme over the medium term will be payments for international membership fees. The allocation for the 2021/22 financial year is R64.6 million that is 2 per cent of the total budget of the Department. Over the MTEF period, travel will constitute the bulk of spending increasing from R3.3 million in 2021/22 to R4.7 million in 2023/24.

4.3 Programme 3: Policy, Research and Capacity Development

The purpose of the programme is to develop ICT policies and legislation that supports the development of an ICT sector that creates favourable conditions for accelerated and shared economic growth. Furthermore, the development of strategies that increase the adoption and use of ICT by the majority of South Africans to bridge the digital divide.

The objective of this sub-programme is to transform policies and strategies through the following:

- Implementing the digital transformation policy by March 2024
- Implementing the South African Post Office Amendment Bill by March 2024
- Facilitating and monitoring implementation of the South African Broadcasting Corporation Bill by March 2024
- Facilitating and monitoring the implementation of the data and cloud policy by March 2024
- Facilitating and monitoring the implementation of the Presidential Commission on the Fourth Industrial Revolution Report by March 2024
- Facilitating and monitoring the implementation of audio-visual media services network policy by March 2024

- Introducing the Electronic Communications Amendment Bill in Parliament by March 2024.

The sub-programmes for Programme 3 are as follows:

- Programme Management for ICT Policy Development and Research provides for the overall management of the programme.
- ICT Policy Development drafts legislation, regulations, policies, strategies and guidelines that govern the telecommunications, postal and IT sectors.
- Economic and Market Analysis conducts economic and market analysis of the telecommunications, audio-visual, postal and IT sectors.
- Small, Medium and Micro Enterprise facilitates the growth and development of digital SMMEs.
- Research to be conducted to inform the development of legislation, regulations, policies, strategies and guidelines; undertakes policy impact assessments; and monitors and evaluates the implementation of legislation, regulations, policies, strategies and guidelines.
- Broadcasting Policy drafts legislation, regulations, policies, strategies and guidelines that govern audio-visual media sectors.
- Presidential Commission on 4IR coordinates, monitors and evaluates multi-sectoral initiatives to position South Africa as a globally competitive player in the fourth industrial revolution.

For the 2021/22 financial, Programme 3 (Policy, Research and Capacity Development) receives an allocation of R57.5 million that reflects 2 per cent of the total budget allocation. The spending focus over the medium term will be on developing ICT legislation in line with the National Integrated ICT Policy White Paper. Over the MTEF goods and services will decrease from R24,9 million in 2021/22 to R15.2 million in 2023/24. The budgeted amount for travel over the MTEF is R 16.1 million and for consultants: business and advisory services is R 18,9 million.

4.4. Programme 4: ICT Enterprise Development and State Owned Entity (SOE) Oversight

The purpose of Programme 3 is to oversee and manage Government's shareholding interest in ICT public entities and State-owned entities and to facilitate the growth and development of small, medium and micro enterprises in the ICT sector.

The objective of Programme 3 is to improve the performance of State-owned entities through proactive oversight by:

- Monitoring the service delivery performance and compliance of State-owned entities against strategic plans and relevant prescripts over the medium term
- Facilitating the implementation of a performance management system for councilors in the Independent Communications Authority of South Africa (ICASA) over the medium term.

The sub-programmes of Programme 3 are reflected as follows:

- Programme Management for ICT Enterprise and Public Entity Oversight provides for the overall management of the programme.
- Regulatory Institutions monitors the implementation of policies, and provides guidance on and oversight of the governance matters of regulatory institutions.
- Universal Service and Access monitors the implementation of policies, and provides guidance on and oversight of the governance matters of relevant state-owned entities. This sub-programme also makes transfers to the South African Broadcasting Corporation, the Universal Service and Access Agency of South Africa.
- The Universal Service and Access Fund, and the South African Post Office to provide subsidies for the fulfilment of their universal service and access mandates.
- ICT Skills Development monitors the implementation of policies and provides guidance on and oversight of the governance matters of the National Electronic Media Institute of South Africa (NEMISA) for the provision of skills development programmes.
- State-owned Entity Governance and Support strengthens the capacity of the department and that of its State-owned entities to effectively deliver on their mandates.

For the 2021/22 financial year, Programme 4 received R1.6 billion which is the largest share reflecting 57 per cent of the Departmental budget allocation. The spending focus over the medium term will be on continuing to strengthen the department's ability to exercise oversight over public entities and the establishment of National e-Skills Institute (iNeSI). The budgeted amount for travel over the MTEF is R13.5 million.

4.5. Programme 5: ICT Infrastructure Development and Support

The purpose of this Programme is to promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

The objective of Programme 5 is to increase access to secure digital infrastructure through:

- Monitoring and maintaining provision of broadband services to 970 connected sites over the medium term;
- Securing funding and implementing Phase 2 of the roll-out of broadband connections to government facilities over the medium term;
- Facilitating and monitoring the operations of the Digital Transformation Centre by March 2022; and
- Coordinating and monitoring 360 000 subsidized digital television installations by March 2022.

The sub-programmes in Programme 5 are categorized as follows:

- Programme Management for ICT Infrastructure Development and Support provides for the overall management of the programme
- Broadband is responsible for developing and facilitating the implementation of the broadband policy and strategy
- ICT Support is responsible for projects related to authentication, digital object architecture and internet governance
- Broadcasting Digital Migration manages the transition from analogue to digital broadcasting to enhance the digital broadcasting platform and subsequently release dividend spectrum for mobile broadband applications.

For the 2021/22 financial year, Programme is allocated R1.5 billion which is 26 per cent of the total budget allocation. Of this allocation, the Department makes transfers to SENTECH, SAPO and USAASA for the Broadcasting Digital Migration Programme.

4.6 Programme 6: ICT Information Society and Capacity Development

The purpose of Programme 6 is to develop and implement strategies to build capabilities to bridge the digital divide. The objective is to contribute towards building a digital enabled society through sound and relevant information society strategies and programmes by:

- Facilitating, monitoring and reporting on the implementation of the revised national e-government strategy and roadmap by March 2022
- Developing the African Union Artificial Intelligence Blueprint by March 2022

- Facilitating and monitoring the implementation of the digital and future skills programme by March 2022
- Reviewing and monitoring the framework on digital transformation and digital inclusion by March 2022.

The sub-programmes of Programme 6 are as follows:

- Programme Management for ICT Information Society and Capacity Development provides for the overall management of the programme
- Information Society Development supports the promotion of a digital society by facilitating the adoption and use of digital technologies
- Capacity Development facilitates capacity-building interventions related to the development of digital and future skills towards a digital society.

For the 2020/21 financial year, Programme 6 receives an allocation of R74 million which is 2 per cent of the Departmental budget. Over the MTEF, goods and services will decrease from R28 million in 2021/22 to R22.7 million in 2023/24. The budgeted amount for travel over the MTEF is R12.4 million and the budget for consultants and advisory services amount to R25 million.

5. Committee Observations

The Committee made the following observations:

1. The Committee welcomed the presentation by the Department and urged that the Committee be engaged as to where Members can assist.
2. Noting budget cuts made by National Treasury across all departments, Members queried the extent to which the Department would be able to deliver on its key priorities and the extent to which these were fully funded.
3. In response to queries relating to consultancy fees and the lack of internal capacity, the Department submitted that the medium-term focus on implementing a targeted legislative Programme under Programme 3 aimed at achieving the Outcome of having in place Enabling digital transformation policies and strategies which will form the foundation of the digital economy. Such policies and legislation will be targeted at stabilising and strengthening its State-owned entities. Amongst the Regulatory Reform Bill and White Paper on the Audio and Audio-visual Content Services will be developed and submitted to Cabinet. Relevant

policy, legislation and plans will also be focused on creating a conducive policy environment for the Digital Economy that will include the implementation of Data and Cloud Policy as well as the coordinating and monitoring of the Digital Economy Masterplan. Over the MTEF period, the budget for consultants, business and advisory services is R 18,9 million.

4. In terms of progress on legislation, the Department indicated that in respect of the South African Post Office Amendment Bill, public consultation was expected to conclude in June 2021. Thereafter it will be submitted to Cabinet in July 2021 with a view to tabling it in Parliament in the Third Quarter of the 2021/22 financial year.
5. In response to concerns raised regarding the turnaround at the South African Post Office, the Department submitted that it is working closely with the entity and a dedicated team of experts has been deployed to improve its business offerings.
6. Noting the outcomes reflected in the annual performance plan related to the four provinces identified for to digital migration, Members urged that Departmental programmes must not neglect rural provinces, particularly those with high unemployment rates and provide an equitable spread of services across provinces. Members further urged the Department to move with speed with the SA Connect project especially in rural areas.
7. Members queried the extent to which the new Department of Communications and Digital Technologies structure was fit for purpose and whether the Department was on track with the merger in respect of the approval of the organisational structure.
8. In response to queries raised by Members regarding work being done to make the cost of communications more affordable, the Department submitted that following the report completed by the Competition Commission, the former Minister for Telecommunications and Postal Services tasked ICASA to thoroughly engaged on this matter. This process is guided by the roadmap developed by the Department.
9. In response to queries by Members regarding the legal challenges in respect of finalising the spectrum auction, the Department submitted that ICASA was in mediation talks with the respective parties. While there is still a few sticky issues, the Department is optimistic that a compromise can be found, the Minister is also engaging privately with all parties to find an amicable solution. Once these matters have been resolved, the Department will be able to forge ahead with the licencing of the spectrum.
10. In respect of the consultation process of the outcomes of the Report of the Presidential Commission on the 4th Industrial Revolution, the Department submitted that consultation-workshops have been ongoing by the Department and over the next three months the Department will be engaging with the banking sector, clusters of government and the academia.

11. In response to concerns raised by Members regarding the impact of budget cuts on departmental programmes, it was reported that in respect of Programme priorities, particularly SA Connect, funding is the biggest challenge and new funding has been allocated to maintain existing sites. The Department is working with the private sector and entities and looking at a public private entity consortium to reach out and expand to other areas. Negotiations are underway with National Treasury to free up additional funding so that the Department is allocated more funds over the medium term to fund household connectivity particularly to townships and rural areas.
12. Members urged the Department to conclude the process of finalising the banking licence for the South African Post Bank, the Department acknowledged the need to complete this process noting that it would not want to lose the Post Bank's existing footprint due to delays.

6. Recommendations

The Committee recommended that the Minister of Communications and Digital Technologies should, within the 2021/22 financial year, ensure that the Department of Communications and Digital Technologies:

- Provides timelines for the processing of the South African Post Office's Amendment Bill and the corporatisation of the South African Postbank (obtaining the banking licence).
- Provides progress reports and updates on the challenges and interventions taken toward the successful implementation of the SA Connect project.
- Engages the Committee on progress in respect of the Universal Service and Access Agency of South Africa (USAASA) funding requirements.
- Provides progress reports on the release and licencing of the spectrum following legal challenges by Telkom and Etv against the Independent Communication Authority of South Africa (ICASA).
- Provides progress reports in respect of support for Small, Medium and Micro Enterprises (SMMEs) in the ICT sector and skills development in anticipation of the 4th Industrial Revolution.
- Engages with the South African Broadcasting Corporation with regard to the successful implementation of the national broadcaster's turn-around strategy.

8. Conclusion

Having considered Budget Vote 30 and the Annual Performance Plan of the Department of Communications and Digital Technologies, the Committee recommends that the Council passes the budget.

Report to be considered.

4. Report of the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour on the *International Labour Organisation (ILO) Convention concerning the Elimination of Violence and Harassment in the World of Work Convention, 2019 (No. 190)*, dated 25 May 2021

The Select Committee on Trade, Industry and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour, having considered the request for approval by Parliament of *the International Labour Organisation (ILO) Convention concerning the Elimination of Violence and Harassment in the World of Work Convention, 2019 (No. 190)*, recommends that the Council, in terms of section 231(2) of the Constitution, approve the said Convention.

Report to be considered.

5. Report of the Select Committee on Security and Justice on the Draft Amended Regulations tabled in terms of section 23(2) of the Legal Aid South Africa Act, 2014 (Act No. 39 of 2014), dated 26 May 2021

The Select Committee on Security and Justice received a briefing on the Draft Amended Regulations tabled in terms of section 23(2) of the Legal Aid South Africa Act, 2014 (Act No. 39 of 2014) on 10 March 2021.

The Committee, having considered the subject of the Draft Amended Regulations made in terms of the Legal Aid South Africa Act, 2014, referred to it, reports that it has agreed to the Draft Regulations without proposing amendments and recommends that the National Council of Provinces approve the Draft Amended Regulations as tabled.

Report to be considered.