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STATEMENT OF THE ANC NEC MEETING HELD ON 17-18 JANUARY 2020 AND THE NEC LEKGOTLA HELD ON 19-20 JANUARY 2020 PRESENTED BY THE SECRETARY GENERAL COMRADE ACE MAGASHULE

The National Executive Committee (NEC) of the African National Congress (ANC) held its annual Lekgotla from 19 – 20 January 2020.

The Lekgotla brought together the ANC NEC, Alliance partners, and ANC deployees in national, provincial and local government as well as strategic sectors in society, including business, SOEs, civil society, and traditional leaders.

The Lekgotla held robust and constructive discussions aimed at developing a concrete programme to implement the priorities outlined in the January 8 Statement.

The seven priorities identified in the January 8 Statement are: Building a capable state that serves all the people; Building a united and cohesive society; Investment, jobs and inclusive growth; An effective land reform programme; Eradicating poverty and improving people's lives; Education and skills for a changing world; Social cohesion and safe communities; Better Africa, better world.

The meeting took place at a pivotal moment for our country, when our economy is facing severe challenges and many of our people continue to endure great hardship.

The Lekgotla was preceded by a two-day meeting of the ANC NEC on 17 – 18 January 2020, that focussed on the most important issues of concern to the nation: the economy, jobs, state-owned enterprises (SOEs), and building a capable developmental state, in particular the strengthening of local government.

The NEC received detailed reports on the state of SOEs, Eskom and SAA in particular. The NEC deliberated extensively on approaches to ensure that SOEs deliver on their developmental mandate and that ANC policy on the role of SOEs is implemented.

1. The ANC has long held the position that public enterprises need to play a developmental role, especially through their production of goods and services. There should be a proper assessment of the public enterprises' strategic importance for the developmental agenda. Their mandates should be clear, costed and monitored

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consistently to ensure successful restructuring programmes.

2. As a group, 25 national SOCs and DFIs control around a fifth of the national capital stock, with Eskom, Sanral and Transnet accounting for three quarters of the total. They employ 175 000 workers directly, with around 50 000 each at Transnet and Eskom.

3. Transfers and subsidies to the SOCs account for around 4% of total expenditure, with two thirds going historically to Prasa and Sanral. In terms of debt guarantees, the 25 national public enterprises represent 14% of the national debt, with Eskom alone accounting for 11%.

4. The public enterprises as a group face significant financial challenges, which arise in part from the broader economic slowdown, which reduces their revenues and in part from inefficiency, high debt incurred to maintain investment over the past decade, and in some cases from corruption that pushed up their cost structures.

5. Detailed inputs were provided on the situation at SAA and Eskom, with specific proposals to improve their performance.

6. Investigation of historical contracts impacting negatively on SAA, including the lease airplanes and evergreen contracts;

7. The socio-economic mandates of the public enterprises need to be strengthened and costed. Government oversight structures should be streamlined and respond more rapidly and rigorously as challenges arise. Government should ensure the public enterprises are operationally efficient, maintain their integrity, and respond more effectively to national needs.

8. Where necessary, the institutional design and business models of the public enterprises should be reviewed. For this purpose, the strategic sectors and enterprises that are under financial pressure should be prioritised. Appropriate forms of partnership with private companies, investors and workers will be considered where it will enable the public enterprises better to fulfil their developmental role. The government must ensure that necessary skills are available for executive, management and technical roles.

9. Government support is needed to maintain the national resources and capacity that are embodied in the public enterprises. It must, however, be contingent on them doing more to meet the needs of our people affordably and efficiently. It cannot be a blank cheque that permits continued waste, inefficiency and in some cases

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corruption at the cost of our citizens, producers, and society as a whole.

10. SAA should be retained as a national airline, which will require substantial restructuring. Cabinet should take the operational decisions needed to achieve that aim.

11. Eskom's new management is supported in taking the measures required to ensure more reliable supply, especially by improving the quality of engineering across its operations. Cabinet should assist by fast-tracking additional, affordable sources of electricity supply, including gas, clean coal and regional partnerships as well as renewables, in order to provide Eskom with the space it needs for repairs and maintenance.

The NEC resolved that the ANC will continue to be guided by the vision outlined in our Ready to Govern policy document, which stated that the balance of the evidence will guide our structuring and restructuring of state owned companies and our decisions on when we need to increase or reduce public ownership in order to advance our economic programme.

The NEC agreed that the following steps must be prioritized:

- That the commercial and developmental mandates of SOEs and SOCs should be clearly outlined and stated and reviewed where necessary.
- The institutional design which will support their developmental mandates should be examined.
- There should be greater and more effective attention to the operational efficiency and integrity of SOEs as well as ensuring that people who are fit for purpose are appointed to various positions.
- We should look to embark on a consolidation and rationalisation process of our SOEs.
- In line with the Resolutions of the 54th National Conference, we must avoid political interference in operational matters, other than interventions in the case of mismanagement and possible company failure.

MEDIUM-TERM STRATEGIC FRAMEWORK

The Lekgotla received a report on implementation of government's Medium-Term Strategic Framework for 2019 – 2024 which seeks to give effect to the electoral mandate given to the ANC as set out in its 2019 Election Manifesto.

The MTSF is organized around the seven priorities of the Manifesto, discussed at

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the June 2019 Lekgotla. To improve coordination and integrated planning and accountability, the MTSF is organized around the approaches of (a) Integrated Spatial Planning; (b) Integrated Resources; (c) Building Social Compacts and (d) Accountability, with the District Development Model at its centre.

The MTSF also set out overarching targets for the five years, in order to make decisive progress in tackling the triple challenges of unemployment, poverty and inequality.

The overarching goals of the ANC government from 2019 to 2024 were articulated by President Ramaphosa at the State of the Nation address in 2019, as follows:

- Decisive progress in the coming decade on tackling poverty, inequality and unemployment.
- No person in South Africa will go hungry.
- Grow the economy at a faster rate than the population growth rate.
- Two million more young people in employment.
- Better education outcomes in schools, with every ten year-old able to read for meaning.
- End violent crime.

STATE OWNED ENTERPRISES AND ECONOMIC GROWTH STRATEGY

The Lekgotla agreed on the need to prioritize economic growth as South Africa's overall priority in order to accelerate job creation, particularly for women and young people.

Investment promotion efforts must be intensified and barriers to investment must be removed and growth in key job creating sectors must be promoted including manufacturing, tourism, digital economy, mining, construction, renewable energy and creative industries.

Furthermore, SOEs need to be stabilized and restructured in order to be able to effectively contribute towards economic growth and transformation and the process of rooting out corruption must continue so that state structures and SOEs serve the people. It also agreed that strategic partners must be engaged on SOEs.

It also emphasised that a just transition for South Africa must be accelerated.

It underscored the importance of improved levels of service delivery and the capacity of the state.

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The Lekgotla recognised that the operationalisation of the African Continental Free Trade Area promises great opportunities for industrialisation, infrastructure development, economic growth and intra-Africa trade.

The Lekgotla called for formation of a Pact for Investment, Growth and Job Creation, uniting government, labour, business and communities.

The Lekgotla identified the following priority areas: (i) Agrarian transformation and land reform strategies; (ii) the mining sector; (iii) energy security; (iv) innovation; (v) tourism; (vi) manufacturing and trade interventions; (vii) the quality of investment and the outcomes that are being achieved; and (viii) the strategic functioning of State-Owned Enterprises and Companies (SOEs).

The Lekgotla agreed that in order to grow the economy the following measures needed to be implemented in order to stimulate increased investment, boost consumer demand and lower the cost of doing business.

The following measures must be prioritised:

- Ensure that spectrum release should lead to lower data costs to realise the extension of access to online service and put more money in consumer pockets.
- Easing of visa requirements and related changes to encourage tourism and the inflow of needed skills into South Africa should be accelerated.
- Implementing the Integrated Resources Plan (IRP) and improving energy security;
- Creating increased investor certainty in key sectors such as automotive, mining and gas exploration;
- Improved governance at SARS and law enforcement agencies;
- Urgently crack down on tax avoidance and illicit capital outflows;
- Manufacturing continues to be a major sector of South Africa's economy and that government should continue to support and boost the manufacturing sector as it seeks to transform the structure of manufacturing;
- Build new growth sectors such as renewable energy, creative industries, aviation industries including the use of advanced ICT;

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- Furthermore, the Lekgotla called for the strengthening of BEE and other policies to transform racial, patriarchal and monopoly ownership patterns in the economy;
- A renewed emphasis must be placed on localisation in all areas of economic development;
- Take strong action to deal with criminal activities of people who describe themselves as business groups that go to infrastructure projects demanding 30% stakes, threatening violence. Government must explain properly the nature of the 30% setasides;
- Strengthen government and SOCs procurement and leverage private sector procurement to support local enterprises, township and village enterprises, and black industrialists;
- Support all initiatives aimed at reducing youth unemployment at national, provincial and local level.

EFFECTIVE LAND REFORM PROGRAMME

The Lekgotla welcomed progress with the implementation of the resolution of the 54th National Conference calling for the amendment of section 25 of the Constitution.

It was agreed that the ANC must embark on an intensive programme to popularise and explain its position on the amendment of section 25 of the Constitution.

The ANC calls upon all South Africans to participate actively in the forthcoming public hearings on the amendment to section 25 of the Constitution to provide for expropriation without compensation.

The Lekgotla endorsed the recommendation that the power to determine issues related to expropriation of land without compensation should reside in the executive.

The Lekgotla endorsed several programmatic priorities for the forthcoming year. Some of these include:

- The allocation of land to smallholders and subsistence farmers who are already working the land as well as those areas where there have been evictions.

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- The transfer of land in terms of the Transformation of Certain Rural Areas Act (TRANCA land) to remaining communities will also be prioritised. Redistribution must be used to benefit those claimants who missed the 1998 cut-off. The rights of women to own, inherit and use the land must be emphasized in relation to security of tenure. Concerted efforts must be made to encourage land claimants to opt for land rather than financial compensation.
- Improved post-settlement support measures will be implemented to ensure that restituted and redistributed land is brought to production through post settlement support and to improve integration and co-ordination of the land reform programme. Special attention will be given to women and young people;
- The development of black farmers will be prioritised through training, capacity building, the provision of blended funding, revisiting share equity schemes and trade agreements with other countries.
- The question of urban land will be addressed to deracialize the towns and cities and transform apartheid spatial patterns through measures such as the expropriation of well-located urban land and the targeting of derelict buildings in cities and towns.
- The challenges of climate change will be prioritized through the promotion of sustainable and smart agriculture as well assisting farmers with adaptation to climate change and effective water use through, amongst others, alternative technologies.
- The following legislative and policy measures will be prioritized: finalization of the Communal Property Associations Amendment Act; review of the State Land Disposal Act and the Government Immovable Asset Management Act to streamline national land administration, and the finalization of the Agricultural Sector Master Plan.

SOCIAL COHESION AND SAFE COMMUNITIES

The Lekgotla identified a number of measures to build social cohesion which is about the well-being, development and safety of communities. Therefore the ANC calls on government to provide comprehensive social protection programmes.

The Lekgotla agreed on the following priority actions:

- Ensuring greater alignment and co-ordination of the Justice, Crime Prevention and Security Cluster (JCPS) and the modernisation of systems in the cluster;

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- Implementation and a speedy review of the National Crime Prevention Strategy;
- Strengthening the Moral Regeneration Movement.
- Strengthening the partnership between government and civil society, including on eradicating all forms of substance abuse – which is a major contributing factor in the perpetration of violence;
- Within the context of South Africa's sustained programme to eradicate gender-based violence, government must strengthen its programmes to combat sexual harassment at the workplace, including ratification and implementation of international instruments such as the ILO Convention 190 on Eliminating Violence and Harassment in the World of Work;
- Strengthening of border management and all other instruments that seek to protect our territorial integrity, as well as by ensuring that the passing of legislation on border management is fast-tracked and implemented;
- Promoting urban safety through the eradication and formalisation of informal settlements, including reclaiming of hijacked buildings, and implementation safer cities and communities strategy;
- Enhance programmes aimed at the rehabilitation of offenders;
- Ensure consistency and uniform position on illegal migration and Xenophobia;
- We call upon all ANC structures to work with the police to combat the rampant levels of violence in the communities across the country.

STRENGTHENING OF LOCAL GOVERNMENT AND IMPLEMENTATION OF THE DISTRICT DEVELOPMENT MODEL

The Lekgotla recognised the importance of ensuring that local government becomes more effective and serves the people better.

The Lekgotla noted that significant progress has been made in establishing structures of local government and expanding access to basic services since 1994. However, the remaining backlogs have been difficult to eradicate due, in part, to increased population growth, institutional weaknesses, budgetary and skills constraints, unplanned migration, as well as the legacy of apartheid spatial planning.

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The Lekgotla also recognised that that some communities have experienced regression and deterioration in basic services due to infrastructure failure, aging infrastructure, lack of investment and implementation of operations and maintenance, vandalism, theft, corruption and culture of non-payment of services.

In order to deal effectively with these challenges the Lekgotla agreed that the following actions must be prioritized:

- CoGTA and National Treasury must implement a targeted local government programme focusing on governance, financial management and service delivery and infrastructure.
- Minimum competency framework for deployment of councilors should seriously be considered;
- Consideration of the introduction of performance management system at local level to improve performance and accountability;
- Address political infighting, instability and political killings through working with law enforcement agencies and mandating structures;
- Strengthen community engagement and feedback on municipal performance.
- Strengthen Human Resource systems and enforce compliance with MSA and its regulations on competency requirements;
- Acting firmly against corruption and enhancing good governance
- Strengthening intergovernmental relations
- Clarification of roles and functions between political and administrative leadership.

The Lekgotla agreed that debts owed by Eksom should be looked into. A distinction should be drawn between those who can afford to pay and those who are indigent. The Lekgotla called upon those who can afford to pay for services to do so.

Cabinet through CoGTA will interve directly in municipalities through Section 139 (7) of the Constitution in cases of persistent municipal dysfunctionality and failure by provinces to intervene decisively and effectively.

Furthermore, the ANC will become more stringent in the selection processes for all public representatives, including setting qualification criteria for cadres to be put on ANC lists. The ANC commits to consistent monitoring of performance of all our public representatives and we will apply urgent remedial steps and consequence management for poor performance, ill-discipline and mismanagement.

The Lekgotla agreed that the implementation of the District Development Model must be prioritized as a mechanism for government to serve the people better through coordinating district-based plans and budgets.

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The Lekgotla agreed that all departments across the three spheres must actively participate in municipal integrated development (IDP) planning processes and ensure that their plans are part and informed by district IDPs. ANC structures must be at the forefront of supporting the district development model and ensuring active public participation. Budgets must be informed by IDPs. It was also proposed that ministers and deputy ministers and MECs be deployed as district champions.

The Lekgotla agreed that the following actions must be prioritized:

- COGTA to establish National Programme Coordination Unit and District Hubs by end March.
- COGTA and Treasury should also ring-fence funding for maintenance of bulk infrastructure.
- Strengthen intergovernmental structures for better coordination of development efforts
- Review of fiscal incentives, criteria of existing public employment programmes and methodologies applied in government training programmes:
- Redesign the Community Work Programme (CWP) and Expanded Community Works Programme (EPWP) to provide useful skills that empower participants to access job and business opportunities after exiting the programme
- Complete the profiling of the 49 municipalities (42 DM +7 Metro's) between December and January 2020
- Reprioritisation of budgets and programmes to respond to emerging challenges;

A BETTER AFRICA AND A BETTER WORLD

Lekgotla noted that the current global environment is characterized by increased insecurity and volatility as result of a rise in right-wing nationalism, populism and unilateral trade measures and wars. It reaffirmed the ANC's commitment multilateralism in the resolution of conflicts.

The Lekgotla also noted that, 18 years since chairing the inaugural session of the AU in 2002, South Africa will once again assume this important role at the helm of the AU.

Noting that the theme of SA's chairperson of the AU is "Silencing the Guns by 2020–Creating Conducive Conditions for Africa's Development" the Lekgotla agreed on the following priorities:

- Strengthening compliance with conventional and non-conventional arms control

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regulations in pursuit of peace, stability and development on the continent;

- Strengthen economic diplomacy as well as encourage African countries to accelerate the signature and ratification of the Africa Continental Free Trade Area (AfCFTA);
- The declaration of 2020 - 2030 as the Decade of African Women's Financial Inclusion by the AU, focusing especially on women's entrepreneurship;
- Step up national and continental mobilization efforts to raise awareness about and call for the eradication of gender-based violence;
- Support for vulnerable groups including the rights of the LGBTQI+ community on the continent;
- The combatting of xenophobia, racism, ethnic and gender discrimination and all other intolerances, including discrimination against and the killing of persons with albinism;
- Solidarity and the strengthening of relations between the Diaspora and the AU;
- Use the chairpersonship of the African Peer Review Mechanism (APRM) to strengthen the APRM in order to preserve the trajectory of democracy and good governance on the continent.

Furthermore, South Africa must use its seat on the UN Security Council (UNSC), amongst others, to strengthen the call for the reform and transformation of the UNSC in line with the Ezulwini Consensus;

The Lekgotla agreed that the continued relations that South Africa has in a number of multilateral organisation, including BRICS, must be strengthened.

The Lekgotla affirmed the ANC's commitment to the One China Policy, that there is only one China in the world. The Government of the People's Republic of China is the sole legal government representing the whole of China.

The ANC reiterates our support for the oppressed people of Palestine, support the Saharawi in their quest for self-determination and confirm the resolution of the 54th National Conference on support for the Kurdish people.

INQUEST INTO DEATH OF NEIL AGGETT

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Futhermore, the NEC welcomed the opening of the inquest into the death of Neil Aggett in apartheid detention and expressed the hope that the Aggett family, and many other families, will find closure.

Amandla!

END

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