National Development Plan: The Outlook in 2016

At the beginning of 2016, South Africa faced what Songezo Zibi, outgoing editor of *Business Day*, termed a "perfect storm".[1] President Jacob Zuma's December 2015 decision to replace finance minister Nhlanhla Nene with David van Rooyen, an African National Congress (ANC) backbencher, had dealt the country its biggest financial blow since the start of democracy in 1994[a]. Nene's dismissal caused the value of local stocks and bonds to decline by half a trillion rand, according to one estimate, while the currency fell to a record low of R15.39 to the dollar.[2] Although Zuma agreed three days later to replace Van Rooyen with former finance minister Pravin Gordhan, the rand continued to slide, reaching a new low of R17.99 to the dollar in mid-January 2016.[3]

Commentators feared that Zuma's actions might also result in a further downgrade of South Africa's credit rating, already hovering just above junk status amidst concerns about electricity shortages, volatile labour relations and faltering growth (see **Exhibit 1**).[4] These events came during one of the harshest droughts to hit the country in decades.[5] Several million tonnes of maize would need to be sourced abroad to make up the shortfall in local harvests, even as the falling rand was increasing the cost of food imports.[6] There was further concern about high unemployment, the untenable level of government spending at current growth rates (not least on state-owned enterprises persistently in need of bailouts) and growing debt.[7] Meanwhile, global economic uncertainty was compounding turbulence in local markets. Stock exchanges from New York to Tokyo endured a rocky start to 2016 as traders grappled with slowing growth in China, falling commodity prices and fears about whether the recovery from the 2008 financial crisis was sustainable.[8]

In 2012, Parliament had adopted the National Development Plan (NDP) as a strategy for development that dealt with many of South Africa's challenges.[9] The document was intended to produce meaningful socio-economic progress in South Africa by 2030, but had elicited critical reaction in various sectors, as well as doubts over the government's commitment to implementing it.[10]

The political and economic tumult of late 2015 into 2016 led Zibi to write: "I cannot recall any time since 1994 when the country, the state in particular, needed to be so careful in what it does next, be it the economy or profound political decisions."[11]

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[a] No reasons were initially given for the replacement of Nene. However, media reports linked the move to his efforts to prevent financial mismanagement at the national carrier, South African Airways (SAA), and to his scepticism about the procurement of prohibitively expensive nuclear power stations – an investment of which the president was a leading supporter. [Source: Hartley, R. (2015), "Nene fired: Zuma's capture of the state is now compl7ete", *Rand Daily Mail*, 11 December, available at: www.rdm.co.za/politics/2015/12/09/nene-fired-zuma-s-capture-of-the-state-is-now-complete (accessed 11 February 2016).]

Professor Eric Schaling and Dr Renée Horne prepared this case with Jacklynne Hobbs. It is intended for classroom use only. It is not intended to demonstrate effective or ineffective handling of a business situation.

Background on the NDP

Government began work on the National Development Plan 2030, subtitled "Our future – make it work", in 2010.[12] The task was undertaken by a 26-member National Planning Commission (NPC), whose goal was to develop a vision for long-term progress, based on critical and independent research (see **Exhibit 2**).[13] The commission issued a draft of the plan in November 2011 for public comment,[14] and cabinet adopted the final version of the document the following year.[15] Weighing in at almost 500 pages, the NDP emerged in a context of parallel realities. While South Africa had enjoyed various successes in extricating itself from a past marked by political disenfranchisement and economic marginalisation, the country was in other respects scarcely changed from that which had gone to the polls in 1994 to make the transition from apartheid.[16]

In a July 2015 survey of South Africa, the Organisation for Economic Co-operation and Development (OECD) noted that examples of progress in the country over the preceding two decades included the adoption of sound macroeconomic policies, the development of institutions to buttress the rule of law and the fact that policy-making processes featured consultations with a wide array of stakeholders.[17] These macroeconomic gains were in contrast to the situation in 1994 when, wrote High Court judge and Competition Appeal Court president Dennis Davis, "The economy inherited by the ANC was in complete disarray."[18]

Annual growth of gross domestic product (GDP), which had averaged 2.2% in the 1980s, slowed to 0.2% from 1990 to 1994.[19] Over the same period, government expenditure climbed to 30.6% of GDP against tax revenues of 24.7% of GDP.[20] By the 1993/1994 fiscal year, the budget deficit stood at 5.6% of GDP and national debt at 43%.[21] Interest on this debt was the largest item on the budget during the 1990/1994 period.[22] Over the 1980s, inflation rose by an average of 14.6% annually,[23] and in 1994 stood at 8.94%.[24]

Twenty years into democracy, the picture was somewhat different (see **Exhibits 3 to 6**):

	1994	2014	2015
Real GDP growth	2.3%	1.6%	1.3%
Inflation	9.0%	6.1%	4.6%
Budget deficit (percentage of GDP)	6.3%	3.9%	3.9%
Government debt (percentage of GDP)	56.8%	46.8%	50.5% (estimated)
Government expenditure (percentage of GDP)	30.5%	32.0%	32.2%
Tax (percentage of GDP)	24.2%	28.1%	28.4%

Source: Compiled from statistics drawn from the following publications:
Central Statistical Services (1995), "Gross Domestic Product (GDP) at Current Prices: Fourth Quarter 1994", Statistical Release PO441.2, 27 February, available at: http://www.statssa.gov.za/publications/P0441/P04414thQuarter1994.pdf (accessed 9 June 2016);
National Treasury, Republic of South Africa (2000), "Budget Review 2000", available at: http://www.treasury.gov.za/documents/national%20budget/2000/review/Annexure%20B.pdf (accessed 9 June 2016);
National Treasury, Republic of South Africa (2015), "Budget Review 2015", available at: http://www.treasury.gov.za/documents/national%20budget/2015/review/FullReview.pdf (accessed 9 June 2016);
National Treasury, Republic of south Africa (2016), "Budget Review 2016", available at: http://www.treasury.gov.za/documents/national%20budget/2016/review/chapter%207.pdf (accessed 27 June 2016);
Statistics South Africa (StatsSA) (2016), "Consumer Price Index: December 2015", Statistical Release PO141, 20 January, available at: http://www.statssa.gov.za/?page_id=1854&PPN=P0141&SCH=6042 (accessed 9 June 2016);
(StatsSA) (2016), "Revised Estimates of GDP: 2010-2015," Press Statement, 23 May, available at: http://www.statssa.gov.za/publications/P0441/P0441May2016.pdf (accessed 9 June 2016);
StatsSA (n.d.), "CPI History: 1960 Onwards", available at: http://www.statssa.gov.za/publications/P0141/CPIHistory.pdf? (accessed 9 June 2016);

By comparison, government debt in the United States (US) in 2014 was 102.98% of GDP, while in the eurozone and in China, it was 91.9% and 41.06% respectively.[25]

The OECD survey also highlighted the part played by welfare grants and access to basic services – the "social wage" – in bringing progress to South Africa.[26] The grants (encompassing child support, old-age pensions and disability benefits) and the provision of water, sanitation, electricity, healthcare and other services accounted for some 60% of public spending in 2014, and had a significant effect on the lives of poor citizens.[27]

A World Bank study of fiscal policy and redistribution in South Africa in the 2010/2011 fiscal year indicated that the use of taxes to fund cash transfers was sufficient to raise the disposable income of people earning as little as R200 annually (the lowest income decile) to R2 363.[28] "We find," wrote the authors, "that households in the poorest decile receive cash transfers and free basic services that are worth 11 times their market income (or 32 times their market income if the monetized value of education and health services is also included)."[29] The effect of this increase was to lift 3.6 million South Africans out of poverty during the 2010/2011 fiscal year, while the proportion of people living in extreme poverty was halved[b].[30] The social wage had also served to reduce inequality. The World Bank publication indicated that before fiscal redistribution, the income of the wealthiest 10% of South Africans was about 1 000 times higher than that of the poorest 10%.[31] After redistribution, the income of the richest was approximately 66 times higher – reducing South Africa's Gini coefficient from 0.77 to 0.59 (see **Exhibit 7**)[c].[32]

Inasmuch as these gains were a success for government, they also showed the limits of budgetary discipline and tight monetary policy. Poverty and inequality remained at unacceptable levels, even after taxes and spending, and there was little scope for addressing the situation through increasing the social wage.[33] According to the World Bank, "…South Africa's fiscal deficit and debt indicators show that the fiscal space to spend more to achieve even greater redistribution is extremely limited. Addressing the twin challenges of poverty and inequality going forward in a way consistent with fiscal sustainability will require better quality and more-efficient public services. It will also require faster and more-inclusive economic growth… to reinforce the effectiveness of fiscal policy."[34]

However, robust growth had, by and large, proved elusive in South Africa.

Economic Malaise: Global Crisis and Domestic Missteps

Between 1994 and 2015, GDP increased by an average of about 3% annually.[35] Although this growth was better than that achieved in the years immediately before the demise of apartheid, it did not compare favourably with the trend in other developing markets over the same period. During the first decade of the new century, when the rest of the continent was growing at an annual average of some 6%,[36] South Africa's GDP increased by approximately 3.6% annually.[37] And whereas per capita GDP of emerging economies such as Brazil, India and Turkey grew on average by 115% from 1994 to 2014, that of South Africa grew by just 33% (see **Exhibit 8**).[38]

Group economist for Sanlam, Jac Laubscher, wrote that a range of factors had aided economic growth in South Africa during the initial years of the new dispensation:

- the lifting of the financial and trade sanctions that had been imposed to isolate the apartheid regime;

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[b] For the report, the World Bank used a poverty line of US$2.50 a day and a threshold of US$1.25 for estimating extreme poverty. By this measure, 34.4% of the population was living in extreme poverty; this figure fell to 16.5% after transfers and the provision of basic services. [Source: World Bank (2014), "South Africa economic update: fiscal policy and redistribution in an unequal society", available at: www.worldbank.org/en/country/southafrica/publication/south-africa-economic-update-fiscal-policy-redistribution-unequal-society (accessed 28 September 2015).]

[c] The Gini coefficient measured inequality, typically concerning the distribution of wealth. A coefficient of 0 indicated perfect equality; one of 100 demonstrated absolute inequality. [Source: World Bank (n.d.), "Gini index (World Bank estimate)", available at: http://data.worldbank.org/indicator/SI.POV.GINI (accessed 21 February 2016).]

- improved productivity locally as a result of increased global competition;
- the near-doubling of private sector investment from 8% of GDP (1992) to 14% (2008) – facilitated by the emergence of new investment opportunities, a largely favourable business environment, government policies that were generally predictable, and the benefits of macroeconomic discipline (such as falling inflation); and
- increased capital outlays on the part of the public sector, especially from 2002.[39]

In the wake of the global financial crisis that began in August 2007, the picture was bleaker.[40] While South Africa had attained growth of just over 7% in the final quarter of 2006 (the highest post-apartheid GDP rate), the economy shrank by 2.6% during the second quarter of 2009[41] in response to the crisis. Despite a rebound to 3.6% growth in 2011,[42] GDP grew by only 1.5% in 2014 – the lowest level since the crisis began.[43] This sluggish growth rate was partly a consequence of slow recovery in other parts of the world. The European Union, South Africa's principal trading partner,[44] accounting for about a quarter of the country's exports,[45] had struggled to regain its footing in the wake of the collapse.[46] By mid-2013, Europe was in the grip of its longest recession since the launch of the euro in 1999.[47]

A relatively steadier economy in the US was also a factor.[48] With economic improvements in the US paving the way for an interest rate hike by the Federal Reserve, capital that had been invested in emerging markets after the crisis by investors in search of better returns began flowing out of these countries at gathering speed[d].[49] In October 2015, the Institute for International Finance, a global financial industry grouping, projected that the outflows would reach US$541 billion for the year, marking the first instance in almost three decades that more capital had exited than entered emerging markets.[50]

In addition, a slowing of the Chinese economy – and a concomitant decline in the demand for (and prices of) iron ore, copper and the like – had brought pressure to bear on South Africa and other commodity producers:[51] "…[W]hat those prices are reflecting is structural, not just cyclical. The Fed hikes, when they come, signal the end of the post-global financial crisis easy money and flood of liquidity that helped to drive up commodity prices," wrote Hilary Joffe in *Business Day*. "That is not going to come again anytime soon. Nor are China's stratospheric, infrastructure-led growth rates and the commodity boom times they drove."[52]

However, various commentators emphasised that the indifferent performance of South Africa's economy at this time was also attributable to self-inflicted wounds on various policy and planning fronts.[53]

Infrastructure Bottlenecks

The state-owned utility, Eskom, supplied 95% of the country's electricity.[54] In 1998, the Department of Minerals and Energy warned in the White Paper on the Energy Policy of the Republic of South Africa that Eskom's generation capacity would be fully utilised by approximately 2007.[55] The paper further indicated that, given the long lead times needed to expand capacity, decisions on investments for additional plants would most likely have to be made by the end of 1999 to ensure that the demand for power during the coming decade was met.[56] However, the government waited until 2004 before allowing the utility to proceed with the required investments,[57] and by January 2008 South Africa was experiencing rolling blackouts and restrictions on electricity use that took a severe toll on the economy, particularly on mining[e] and manufacturing. In the process, the country's credibility as an investment destination was compromised.[58]

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[d] The Federal Reserve ultimately announced an interest rate hike on 16 December 2015, the first increase since 2006. The bank raised the rate by 0.25% from a level of near zero. [Source: Rushe, D. and Kasperkevic, J. (2015), "Federal Reserve announces first rise in US interest rates since 2006", *The Guardian*, 16 December, available at: www.theguardian.com/business/2015/dec/16/federal-reserve-us-interest-rate-rise-fed-funds-janet-yellen (accessed 21 February 2016).]

[e] Output for the mining sector declined by just over 22% during the first quarter of 2008. [Source: Centre for Development and Enterprise (2008), "South Africa's electricity crisis: how did we get here? And how do we put things right?", available at: http://dspace.africaportal.org/jspui/bitstream/123456789/30769/1/South_Africas_Electricity_Crisis,_Full_Report[1].pdf?1 (accessed 28 October 2015).]

The Centre for Development and Enterprise (CDE), a policy research institute, ascribed the delay in infrastructure investment to multiple instances of government incompetence – including the failure to adequately manage the issue of funding for new power installations ("…a problem that would have been simple to solve if more attention had been paid to proper pricing and to reinvesting the resulting profits").[59] Matters were compounded by the inadequate maintenance of existing infrastructure and, in support of black economic empowerment, poorly planned procurement of coal from small suppliers, instead of from the large companies that had previously provided coal to Eskom.[60] There were also long delays in bringing new coal-burning plants online. Construction on the Medupi plant, for instance, was intended to be complete in 2012.[61] However, the first unit of the plant only began operations in March 2015.[62]

Labour Market Strife and Inadequate Productivity

Strikes, typically accompanied by violence, had become more frequent in the second decade of democracy (see **Exhibit 9**).[63] In part, this trend reflected growing discontent at the pace of economic and social change in South Africa,[64] the gains observed by the OECD notwithstanding. A five-month stoppage in the platinum sector in 2014 (the longest-ever strike to take place in the country) and its knock-on effects on the manufacturing sector contributed to a 0.6% contraction in GDP during the first quarter of 2014,[65] and cut growth for the year by 0.1%.[66]

Of related concern were indications that company turnover was not keeping pace with wage increases. BNP Paribas economist, Jeff Schultz, found that, on average, turnover growth exceeded the growth in salary costs by a mere 0.6 percentage points.[67] According to Schultz, "…[S]harp increases in labour costs, which have not been matched by the requisite productivity gains, lie at the heart of SA's diminished potential growth rate."[68]

Policy Uncertainty

Lack of clarity concerning policies for the resource sector and agriculture had proved a considerable barrier to growth.[69] In a 2011 report on the global mining industry, Citibank noted that South Africa was endowed with metals and minerals valued at approximately US$2.5 trillion – greater than that of any other state worldwide.[70] However, the country's share of the global mining industry was in decline.[71] The 2015 edition of an annual survey by PricewaterhouseCoopers of the international mining sector did not include any South African companies in its list of the leading 40 mining firms globally,[72] marking the first year in which no local companies featured on the list.[73] In the first edition of the survey, issued in 2004, five South African firms were included in a list of 30 companies that formed the basis of the survey.[74]

In a sector where unambiguous, fair and stable regulation was considered crucial to counter the risks of volatile demand and long lead times,[75] investors voiced concern about various aspects of the South African mining policy.[76] Critics of the proposed Mineral and Petroleum Resource Development Amendment Bill highlighted, for instance, a lack of clear criteria for the order in which applications for mineral rights were to be processed – the bill having dispensed with the long-held principle of "first in, first assessed".[77] Instead, the amended bill assigned wide discretion in this regard to the minister of mineral resources.[78] Writing about the effects of regulation on entrepreneurial activity in South Africa, Mazanai Musara and Caleb Gwaindepi from the University of Limpopo's School of Education noted that research had shown the dangers of such an approach: "…[P]olitical and administrative discretion not only invites corruption but also generates uncertainty, making it difficult for potential entrepreneurs to plan and also leaves individual and property rights less secure."[79]

Concerning agriculture, several new laws – some in effect by 2016, others still under discussion – had generated unease about the future of the sector.[80] For example, the Restitution of Land Rights Amendment Act of 2014 allowed for resumption of the land claims process between July 2014 and June 2019[f],[81] even

[f] The claims process intended to return land to people who had lost theirs after the passing of the Natives Land Act of 1913, or providing them with compensation, and the deadline for lodging claims had previously been December 1998. The Act restricted blacks to owning and leasing land in designated areas that ultimately encompassed only 13% of South Africa's territory. It set the stage for subsequent legislation (notably the Group Areas Act of 1950) , which resulted in the sweeping dispossession of land from blacks, coloureds and people of Indian descent. [Sources: Author unknown (2014), "Land restitution bill passed after heated debate", *News24*, 25 February, available at: www.news24.com/SouthAfrica/Politics/Land-restitution-bill-passed-after-heated-

as some 13 000 applications were still outstanding from the first round of claims.[82] In a submission to parliament, the South African Institute of Race Relations (IRR) noted that the finalisation of new claims would result in protracted uncertainty about ownership of land among commercial farmers (and even beneficiaries of land restitution), as the extended settlements process was likely to take 20 years or more.[83] This, in turn, undermined investment in agriculture.[84]

The IRR also questioned the wisdom of continuing with land transfers before steps had been taken to address the widespread failure of existing land reform projects.[85] Between 50% and 90% of such projects had effectively collapsed[g], taking farmland out of productive use – a process that former director-general of land affairs, Tozi Gwanya, described as "assets dying in the hands of the poor".[86] According to the Worldwide Fund for Nature, a mere 3% of the country's farmers (all of them commercial) produced about 95% of South Africa's formal-sector food.[87]

Regulatory Burdens

In its July 2015 survey of South Africa, the OECD noted that the extent of business regulation in South Africa was not conducive to the creation and expansion of small and medium-sized enterprises (SMEs).[88] Complicated rules for permits and licences, and labour market institutions that favoured the concerns of big companies and unions over those of SMEs, were among restrictions that could prove onerous.[89] Small businesses found it comparatively more expensive than large firms to meet regulatory demands, as they lacked the staff and resources needed to do so.[90] The situation was further complicated by frequent changes to regulation, which left many SMEs uncertain as to whether they were on the right side of the law.[91]

High Unemployment, Thousands of Vacancies

Unsatisfactory growth rates contributed to unemployment levels, which were a perennial source of concern (see **Exhibit 10**). Official figures for the third quarter of 2015 put South Africa's rate of joblessness at 25.5% (in 1994, the rate was 22%). This statistic did not include people who were unemployed but not attempting to find work. When such people were factored in, under the so-called "expanded definition" of joblessness, the figure stood at 34.4% – against 35% in 1994[92]

"By some measures, SA's unemployment crisis is the deepest in the world," wrote CDE executive director Ann Bernstein. "There is virtually no other country in the world that has anything like as few adults in productive employment or self-employment as SA does. The norm is for about 60% of adults to be employed in most developing countries (Cambodia, Mexico, India, Poland, Thailand). In SA, it is a little more than 40%."[93] While South Africa's population had increased by almost 44% since the advent of democracy[h], labour absorption rates had kept pace. As a result, growth in unemployment (73.3%) had exceeded employment growth (69.2%) over this period.[94]

At the same time, changes in patterns of trade and production were prompting a relatively fast increase in the creation of posts for highly skilled workers.[95] South Africa was failing to equip workers to take up these posts, however. According to Adcorp, a recruitment and outsourcing firm, almost 830 000 jobs for highly skilled people – from senior managers, medical professionals and engineers to artisans and agriculturalists – were unfilled in January 2014.[96] However, this skills shortage coincided with a surplus of

debate-20140225 (accessed 23 February 2016); Pepeteka, T. (2013), "Reversing the legacy of the 1913 Natives Land Act: progress of land reform", Parliament of the Republic of South Africa, 27 May, available at: www.parliament.gov.za/content/Land%20Act%20-%20Paper%20-%20Thembi%20-%20Final.pdf (accessed 22 February 2016).]

[g] The IRR indicated that various factors lay behind the failure of land reform projects, including insufficient farming and managerial skills on the part of land recipients, inadequate infrastructure, high input costs, challenges in obtaining working capital – and crime. [Source: South African Institute of Race Relations (2013), "Submission on the Restitution of Land Rights Amendment Bill of 2013 – 21st June 2013", available at: http://irr.org.za/reports-and-publications/submissions-on-proposed-legislation/submission-on-the-restitution-of-land-rights-amendment-bill-of-2013-21st-june-2013 (accessed 23 February 2016).]

[h] South Africa's population stood at about 38 million in 1994, and at just under 55 million in 2015. [Sources: Statistics South Africa (2015), "Mid-year population estimates: 2015", available at: www.statssa.gov.za/publications/P0302/P03022015.pdf (accessed 24 February 2016); and Matshediso, M. (2015), "20-year youth employment review released", *South African Government News Agency*, 15 September, available at: www.sanews.gov.za/south-africa/20-year-youth-employment-review-released (accessed 24 February 2016).]

some 344 000 jobless graduates whose qualifications in the arts, social sciences and related fields were not in demand.[97]

Much of the failure to supply the professionals and technicians sought by employers could be traced to shortcomings in the country's education system. Each of the jobs named in the "List of occupations in high demand: 2014"[i] required mathematics to matric level, but a quarter of secondary schools in South Africa did not offer this.[98] In those that did, the standard of instruction was often low. The Global Competitiveness Report 2015–2016, published by the World Economic Forum, ranked South Africa lowest of the 140 countries surveyed with regard to the quality of its mathematics and science education, and 138th concerning the standard of its overall education system.[99] These rankings were despite the fact that South Africa was allocating a higher proportion of its budget to education (6.2%) than a number of developed states.[100]

In addition to unimpressive GDP growth, South Africa in 2015 was battling low savings rates and a persistent current account deficit that made the country overly reliant on portfolio inflows to cover its costs (see **Exhibit 11**).

Shifts in Economic Policy

The NDP acknowledged South Africa's interconnected challenges. It attempted an exhaustive analysis of the country's difficulties and put forward dozens of proposals aimed at helping the country match political progress with lasting economic gains. However, this attempt to posit a more inclusive future for the country risked being held hostage by past efforts at strategy: "…[T]he NDP is a highly controversial document within the tripartite alliance," observed Eythan Morris, a researcher at the Helen Suzman Foundation. "The differences run deep, and can be traced back in part to the unresolved tensions between proponents of the RDP initiative and GEAR respectively, in the 1990s."[101] These tensions, in turn, related to expectations born out of one of the ANC's foundational documents: the Freedom Charter.[102]

Adopted in 1955 in Kliptown[103] at a meeting of the Congress of the People[j], the Freedom Charter pledged supporters to work towards democracy and human rights in South Africa,[104] and articulated a socialist vision for the economy in which mineral resources, banks and monopolies would be nationalised.[105] It also envisaged that land was to be shared among the people who worked it.[106] However, by the time that negotiations to end minority rule were imminent, the ideological position of the ANC had become more nuanced. A draft resolution prepared for the 48th national conference of the party, held in July 1991, noted, "[W]e are convinced that neither a commandist central planning system nor an unfettered free market system can provide adequate solutions to the problems confronting us." This statement appeared verbatim in the vision and objectives of the Reconstruction and Development Programme (RDP), the first national economic initiative of the democratic South Africa.[107]

The RDP: All Things to All People

The RDP, released ahead of the 1994 ballot,[108] was an extensive policy framework for social and economic development that sought to deal with the legacy of colonial rule and apartheid.[109] It also served as the basis for the election manifesto of the ANC.[110] In the preface to the RDP, Nelson Mandela recognised its debt to the Freedom Charter,[111] but noted also that the document addressed "what we need and what is possible… The ANC and its Alliance partners have principles and policies to which we are deeply committed, but we will not close our ears to other viewpoints."[112] Thus, the RDP kept open the door to nationalisation in strategic sectors and a range of interventionist measures by the state, such as possible government action against financial institutions that failed to make "socially desirable and

[i] The "List of occupations in high demand: 2014" was published by the Ministry of Higher Education and Training in response to the toll that a national skills shortage was taking on growth in South Africa. The list sought to assist decision-makers with regard to skills planning. [Source: *Government Gazette* (2014), "List of occupations in high demand: 2014", 4 November, available at: www.gov.za/sites/www.gov.za/files/38174_gon863.pdf (accessed 4 November 2015).]

[j] The Congress of the People was a movement undertaken across South Africa in the 1950s by the ANC, the South African Indian Congress, the South African Coloured People's Organisation and the South African Congress of Democrats to draw up and adopt the Freedom Charter. [Source: African National Congress (n.d.), "The Freedom Charter", available at: www.anc.org.za/show.php?id=72 (accessed 22 September 2015).]

economically targeted investments". The programme further pledged to reverse privatisation programmes of parastatals that could be deemed not in the public interest. However, the RDP also allowed for the judicious downsizing of public sector entities to improve their efficiency, and highlighted the need for stable policies and a dynamic economy able to attract foreign investment.[113]

The RDP comprised five key programmes: meeting basic needs; developing human resources; building the economy; democratising the state and society; and implementing the RDP.[114] While it declared fighting poverty and deprivation to be the first order of business, the programme acknowledged concerns in certain sectors that redistribution and social development would come at the expense of growth. The RDP sought to address these fears by proposing infrastructure investments as a link between development and growth. In meeting the need for water, housing, electricity, transport and the like, South Africa would simultaneously enhance the capacity and output of the national economy. Infrastructure targets included building a million low-cost houses within five years and supplying electricity to 2.5 million homes by 2000.[115]

In November 1994, the newly elected government issued the White Paper on Reconstruction and Development. This document formally endorsed the RDP and put forward strategies for implementing the programme. An RDP Office in the Presidency would be established, headed by a minister without portfolio who would coordinate a cabinet committee comprising ministers from the departments responsible for carrying out the RDP. However, neither the RDP Office nor RDP coordinating structures at provincial level were given any powers of implementation.[116] Thus, according to economics lecturer Jesmond Blumenfeld, it was not apparent whether the RDP Office should focus on development planning or on monitoring the work of departments to which implementation had been delegated. In the confusion, there were "'territorial' disputes" and disagreements over who was accountable for project failures.[117]

The numerous goals of the RDP could also not be squared with a simultaneous commitment by government to reduce the tax burden and budget deficit.[118] Furthermore, the breadth of ideological aspirations that had been grouped together under the RDP proved to be problematic. While some had seen the programme simply as a means to higher social welfare expenditure, others viewed it as a precursor of socialist restructuring of the economy. "The openness of the RDP to different interpretations was both its strength and its weakness: it enabled all major social, political and economic interest groups to unite in support of the programme's broad aims; at the same time, it obscured the lack of consensus about… policy issues," wrote Blumenfeld. "Consequently, after the first year, when the GNU's[k] general incapacity to deliver on its election promises in the developmental field became apparent, the RDP became an equally potent symbol of that failure."[119]

GEAR: Embracing the Washington Consensus[l]

In February 1996, South Africa experienced its first foreign exchange crisis since the advent of democracy.[120] The rand fell against the dollar by 18%, and net capital inflows by roughly three-quarters from the second half of 1995 to the first six months of 1996.[121] The depreciation was, most immediately, a reaction to the appointment of Trevor Manuel as finance minister, who did not at that time enjoy the confidence of the private sector.[122] At a broader level, it reflected concerns about whether government was able to build the economy while battling the numerous problems inherited from the apartheid era.[123]

[k] The GNU, or Government of National Unity, was a multiparty interim administration that was intended to manage South Africa in the first five years of its democracy. [Sources: Ndlangisa, S. (2014), "Who's who in the Government of National Unity", *News24*, 27 April, available at: www.news24.com/Archives/City-Press/Whos-who-in-the-Government-of-National-Unity-20150429 (accessed 24 February 2016); and University of Notre Dame, Kroc Institute for International Peace Studies (n.d.), "Powersharing transitional government: interim constitution accord", available at: https://peaceaccords.nd.edu/provision/powersharing-transitional-government-interim-constitution-accord (accessed 24 February 2016).]

[l] The term "Washington Consensus" was coined by John Williamson, a senior fellow at the Peterson Institute for International Economics, to refer to a set of policies (fiscal discipline, privatisation, trade liberalisation, etc.) that international financial institutions saw as essential for economic growth. It later evolved into a shorthand for support of unfettered capitalism. [Source: Global Trade Negotiations, Center for International Development at Harvard University (2003), "Washington Consensus", available at: www.cid.harvard.edu/cidtrade/issues/washington.html (accessed 24 February 2016).]

The crisis altered the direction of economic debate in South Africa. In June 1996, government announced a new initiative – Growth, Employment and Redistribution: A Macroeconomic Strategy (GEAR) – which focused squarely on achieving exchange rate stability and growth through tight fiscal and monetary policy. GEAR sought to attain an annual growth rate of 6% by 2000, create 400 000 new jobs per annum over this period, and reduce the fiscal deficit to 3% of GDP. It gave priority to building competitiveness for increased exports, in part through introducing greater flexibility in the labour market and linking wages to productivity[m]. Among other measures, the strategy called for faster tariff reduction, increased investment in infrastructure, and a more rapid restructuring of state assets – a euphemism for privatisation.[124] In short, it was a strategy that encapsulated the Washington Consensus.[125]

In their book *Policy, Politics and Poverty in South Africa*, Jeremy Seekings and Nicoli Nattrass of the Centre for Social Science Research at the University of Cape Town observed that "[c]ritics have portrayed the transition from the RDP to GEAR as a story of a revolution betrayed, of how a pro-labour, supposed expansionary macroeconomic, agenda was hijacked by pro-business, fiscally orthodox 'neoliberal' policies."[126] For their part, however, the authors of GEAR maintained that the goals of the RDP would be unaffordable if growth continued at the rates experienced under that programme. As such, they said, GEAR was less a reversal of the RDP than a precondition for fulfilling its aspirations.[127]

Davis further observed that it was important to understand the extent to which global trends had informed South Africa's adoption of GEAR. He noted that there was substantial pressure on the country to conform to the conservative economic policies that had taken hold internationally following the disintegration of the Soviet bloc and the resultant vindication of capitalism. The growing integration of the world economy had further amplified support for the Washington Consensus.[128]

AsgiSA: A Shift Away from GEAR

Ultimately, the GEAR target for GDP was not attained – something attributed in part to contagion from the financial crisis that shook Asian markets in 1997 and 1998.[129] Growth in 2000 stood at just over 4%, although by 2004 an upswing was underway that would see rates climb to over 5% from 2005 to 2007.[130] Government did manage to reduce the fiscal deficit to less than 3% of GDP by 1999, setting the stage for a reduction in public debt that permitted more spending on social needs.[131] Under GEAR, however, macroeconomic improvements did not bring about significant reductions in poverty, inequality and joblessness.[132] In 2000, narrowly defined unemployment was recorded at 26.7%, compared to 21% in 1996.[133] It was in this context that a new economic policy was put forward: the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), which was developed in 2005 and launched in February 2006.[134]

As with GEAR, AsgiSA set its sights on increased growth: the initiative aimed for a minimum annual GDP increase of 4.5% in the first phase of the programme (2005–2009), and 6% during the second phase (2010–2014). In line with government targets, AsgiSA sought to halve poverty and unemployment by 2014 and reduce joblessness to 15% (narrow definition).[135] While GEAR had evolved at a time of considerable economic stress, AsgiSA came in the midst of overall relative optimism about the country. GDP was expanding, commodity prices were strong and inflows of foreign capital were substantial – although a stronger currency had made non-commodity exporters less competitive, causing the trade deficit to rise to 4.3% by 2005. Given these trends, AsgiSA sought to consolidate gains more than change course: "These interventions do not amount to a shift in economic policy so much as a set of initiatives to achieve our objectives more effectively," noted the authors of the strategy.[136]

AsgiSA highlighted a number of key barriers, dubbed "binding constraints", to developing a more diversified and inclusive economy:

- ongoing currency volatility;
- logistical deficiencies, such as poor infrastructures;

[m] The labour market flexibility envisaged under GEAR included acknowledgement during wage determinations of the constraints faced by small business, reduced minimum wages for job-market entrants, job-sharing and increasing the numbers of shifts. [Source: Department of Finance, Republic of South Africa (n.d.), "Growth, Employment and Redistribution: A Macroeconomic Strategy", available at: www.treasury.gov.za/publications/other/gear/chapters.pdf (accessed 27 July 2015).]

- skills shortages, and increased labour costs resulting from apartheid-era settlement patterns that still led to many workers living great distances from places of work;
- barriers to entry in dominant market sectors;
- undue regulatory burdens on small and medium-sized businesses; and
- instances of poor governance on the part of the state.[137]

The measures presented by AsgiSA in response to these constraints were listed in six categories: infrastructure programmes; strategies for investment in key sectors; skills and education initiatives; "second economy" interventions; efforts to address macroeconomic concerns; and steps for dealing with governance matters, such as unnecessary delays in the approval of investment projects.

Among those who expressed reservations about AsgiSA's proposals for dealing with economic challenges were the authors of a paper produced under the auspices of the Center for International Development at Harvard University. Jeffrey Frankel, Ben Smit and Federico Sturzenegger questioned several aspects of the initiative, including the substantial capital investments called for by AsgiSA. They noted that successful growth strategies in other emerging countries had typically relied on productivity gains rather than capital accumulation. In South Africa, however, levels of productivity were so poor that much more investment in capital was needed to nudge the GDP upwards. Frankel, Smit and Sturzenegger warned that a growth strategy which required such extensive amounts of capital risked becoming unaffordable. Large hikes in investment might – if financed with domestic funds – cause interest rates to rise, and so threaten the viability of other projects. Furthermore, using overseas funds to underwrite AsgiSA could make the current account deficit unsustainable.[138]

The onset of electricity shortages in early 2008, combined with the effects of the global financial crisis, complicated efforts to reach AsgiSA's goals on joblessness and poverty.[139] The brisk growth of 2006 and 2007 slowed to 3.6% in 2008, and in 2009 South Africa entered a recession, with the economy contracting by 1.5% for the year. Unemployment (narrowly defined) in 2009 stood at 23.7%, compared with 22.6% in 2006 when AsgiSA was launched.[140] A million jobs were lost between the end of 2008 and mid-2010.[141]

The NGP: Roadmap to a Developmental State?

In the latter months of 2009, the government's economic cluster embarked on a further socio-economic strategy, the New Growth Path (NGP)[n]. The Economic Development Department, under minister Ebrahim Patel, was responsible for formulating the specifics of the plan, which was officially launched in November 2010. The NGP incorporated strategies from a variety of existing government initiatives – including the Industrial Policy Action Plan (IPAP)[o] and intended to address the effects of the global economic downturn and rapid technological change, as well as endemic joblessness, low income and poverty. The NGP's targets included reducing official unemployment to about 15% by 2020, for which annual GDP growth needed to increase from 4% to 7%.[142]

The NGP emphasised not only the need for more jobs, but also the creation of "decent work". The International Labour Organization (ILO) described decent work as being labour that provided fair pay, workplace security, social protections, possibilities for personal advancement, equality of opportunity across gender – and freedom for workers to organise in the workplace.[143]

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[n] The economic cluster (full title: Economic Sectors, Employment and Infrastructure Development cluster) comprised representatives from a wide range of ministries and departments, including Finance, Economic Development, Trade and Industry, Small Business Development and Labour. The cluster was one of several established to improve coordination between the various departments when planning and implementing government programmes. [Source: South African Government (n.d.), "What are the government clusters and which are they?", available at: www.gov.za/faq/guide-government/what-are-government-clusters-and-which-are-they (accessed 25 February 2016).]

[o] The Industrial Policy Action Plan (IPAP), launched by the Department of Trade and Industry in 2007, was the implementation strategy for the National Industrial Policy Framework. It was intended to align industrial and macroeconomic policies, raise competitiveness and attain economic diversification with a view to moving South Africa away from its dependence on primary resources. IPAP also sought to create an environment that was conducive to decent work, and to encourage industrialisation elsewhere in Africa. The plan was updated annually to ensure that its efforts to promote South African industry were in line with global trends. [Source: Department of Trade and Industry, Republic of South Africa (n.d.), "IPAP in brief: a user's guide", available at: www.innovationeasterncape.co.za/download/ipap_brief.pdf (accessed 28 September 2015).]

The NGP noted: "While the '00s saw relatively rapid employment creation, many jobs were poorly paid and insecure. Most new jobs emerged in retail, security and other low-level business services, and housing construction… Security guards alone accounted for one in 14 new jobs created between 2002 and 2008…"[144] The initiative argued for policies to ensure the sharing of wage and productivity gains, as well as to address the significant pay gaps between executives and workers at the bottom of the wage scale. These included a proposal for wage moderation that would cap both pay and bonuses for senior staff earning more than R550 000 per year, and linking settlements for workers paid between R3 000 and R20 000 to inflation, with only modest real increases in pay.

The NGP proposed a "reindustrialisation" of the country, in which resources should be targeted at sectors that had the potential to generate both large-scale employment and decent work. These included infrastructure development, agriculture, mining, tourism and manufacturing (notably to service the green economy). The NGP envisaged that the government would have a central, developmental role in achieving this. "A developmental state is not simply hostage to market forces and vested interests," it noted. "Through careful alliances, clear purpose and by leveraging its resource and regulatory capacity, it can align market outcomes with development needs."[145]

However, in an analysis of the NGP, Carel van Aardt, André Ligthelm and Johan van Tonder of the Bureau of Market Research at the University of South Africa, questioned the labour absorption capacity of the economic sectors that the NGP had earmarked as promising for job creation. For instance, since 2000, the number of positions in agriculture, mining and manufacturing had fallen. Van Aardt, Ligthelm and Van Tonder pointed out that local employers typically chose capital over labour when investing in their production processes – and that even growth of 7% would not necessarily result in the millions of jobs envisaged under the NGP.[146]

In another critique, Nattrass expressed her reservations about the emphasis on a developmental state. This form of interventionist government had indeed spurred growth in various East Asian nations during the 1960s and 1970s, she wrote, through providing protection and incentives to businesses in those states. But, such interventionism would be difficult to introduce in the current era, because of World Trade Organisation opposition. Nattrass further noted that the Asian development model failed to support the NGP's insistence that growth and decent work could be achieved in tandem, as pay and working conditions in the region had improved only after decades of strong growth had brought about a tightening of the labour market.

On a more positive note, Nattrass saw merit in the NGP's proposed caps on high salaries, but questioned whether this wage moderation would be put into practice. "Wage moderation requires either national framework agreements by powerful employer and labour unions with the power and will to discipline their members to stick to it (the old Nordic model), or it requires agreement in a leading sector (e.g. the metals industry in Germany) which then sets the parameters for wage growth elsewhere. South Africa has neither," she noted.[147]

The National Development Plan

Alongside the NGP, another strategy was evolving. In September 2009, Manuel – by then the minister in the Presidency for national planning – issued the Green Paper: National Strategic Planning, in which he put forward the case that progress in South Africa required a long-term strategy as well as the shorter programmes that had been implemented since 1994. "Governments in democracies tend to focus on policies that provide benefits within a single term of office. Yet many challenges that confront societies require a much longer time frame, in which short and medium-term programmes serve as stepping stones," he wrote, adding: "Government lacks an integrated long-term plan which outlines in specific terms the kind of society and economy that we aim for, say, in 15 years or more… Since the Reconstruction and Development Programme… there has not been a mobilising vision that has clear understanding by all sectors of society and their commitment to contribute to its realisation."[148]

The Green Paper proposed the creation of the NPC to develop a plan achievable over approximately 15 years, noting that the commission should be comprised of people from outside the administration: those in leadership positions and people acknowledged to be experts in their respective fields. As the commissioners would be detached from the immediate demands of governing, they could freely take a critical view of South Africa's progress as a democratic state, and propose policies that sought progress over the long term rather than immediate political gain.[149] Critically, the recommendations of the commission were to be grounded in evidence. Stuart Theobald, managing director of capital markets and financial services research firm Intellidex, described this as "a response to political obstinacy in the face of ideological agendas".[150]

Following discussion of the Green Paper by cabinet and parliament,[151] in April 2010 Zuma announced a 26-member NPC under the chairmanship of Manuel. Cyril Ramaphosa was named deputy chairperson of the body, which was to serve for a five-year term. In 2015, a second team of commissioners would be appointed to take the work of the NDP forward until 2020 (see **Exhibit 2**).[152] As a foundation for its work, the NPC commissioned an investigation to understand the reasons behind South Africa's post-1994 economic successes and failures. The results were compiled into a "Diagnostic Overview", which identified nine principal challenges that the country would have to overcome if it was to consolidate the gains of democracy.[153]

Ineffective measures to address unemployment. The overview highlighted the fact that widespread joblessness could be traced back to the ways in which Africans were, over more than a century, denied the right to own land, run businesses or live in areas that were well placed for socio-economic development. Currently, people with jobs often found themselves having to support multiple dependants, leading to a situation where even working households existed at the poverty line. In a detailed discussion about the ways in which the South African and global economy had evolved over previous decades, the overview touched on the country's lack of success in building a vibrant SME sector – even though it was small firms that were at the forefront of job creation. It also raised concerns about the fact that growth in South Africa over the past decade had been consumption-led – fostering the creation of short-term jobs rather than more sustainable forms of employment.

Substandard education for poor black pupils. The overview stated that initiatives to improve the quality of schooling offered to poor children had for the most part failed, with the test scores of pupils in historically black schools lagging behind those of their white counterparts. Schools that catered mostly for black children continued to lack equipment and infrastructure. The overview noted that the educational performance of poor children was also, in some measure, attributable to low levels of literacy among parents, inadequate nutrition and an insecure environment – as well as persistent changes to the curriculum and insufficient access to mother tongue education. In particular, the report criticised the performance of teachers and those in school leadership: "In-depth studies… conclude that teachers spend too little time in contact with learners, possess inadequate subject knowledge and lack basic pedagogical ability, especially in subjects such as languages, science and mathematics."

Inadequate and poorly maintained infrastructure. According to the overview, "…South Africa has effectively missed a generation of infrastructure modernisation," with capital investment having declined significantly between the early 1980s and 2003. Various factors complicated the challenge of modernising and expanding infrastructure – for instance, extending networks north of the border to take advantage of economic opportunities in the rest of Africa would require "political will", along with a determination to address tariff barriers. Additional obstacles came in the form of scarcity of funds (as the country did not have a large pool of savings from which to draw) and a lack of institutional capacity for making informed decisions about which matters to prioritise and how to maintain completed projects.

Unsustainable intensity of resource use. The overview noted that South Africa's extensive use of coal to supply energy would probably incur sanctions under global efforts to reduce carbon dioxide emissions. Significant potential existed for the use of solar energy and (from a regional perspective) hydroelectric power. However, a number of factors stood in the way of exploiting these renewable resources, including cost and technical challenges. The document further observed that the rate at which the country used its water – exploiting 31% of available resources[p] annually – was high by international norms. As South Africa approached 40% of availability, it would face serious constraints in water provision. Another limitation in South Africa's resource base was the fact that a mere 13% of the country's land was arable, and only 3% of this was considered to be land with high agricultural potential.

Spatial marginalisation of the poor. The report observed that the settlement patterns established in the apartheid era to enforce racial segregation persisted in 2015. As a result, the poorest South Africans remained in remote rural areas or far from the places of economic activity in urban areas. According to the overview, the fragmented provision of infrastructure and services had undermined efforts to reverse spatial apartheid: while the provinces were responsible for delivering housing, schools and the like, municipalities were in charge of water, sanitation, refuse removal and electricity. Security services and certain aspects of transportation were the responsibility of national government.

A failing public health system. "While the country's disease burden is rising, the health system is collapsing," stated the overview. The incidence of HIV/AIDS, injuries incurred through violence and road accidents, infectious diseases (such as tuberculosis and diarrhoea) and lifestyle-related diseases (coronary ailments, diabetes) exceeded global averages, and were the greatest sources of strain on the country's health system. Thus, while the proportion of GDP allotted to public care (3.5%) was concomitant with health spending in other middle-income nations, this allocation was probably insufficient in light of the country's disease burden. Alongside the scope and complexity of the disease burden, the report observed, a plethora of bad management decisions and poor strategy implementation by the government had also played a part in the collapse of the health system. The most serious of these related to the treatment of staff in the health sector, notably medical professionals, whose role had been undermined.

Uneven public service performance. The reform of South Africa's civil service after the demise of apartheid had presented numerous challenges, stated the overview, as institutions designed to cater for a white minority had to be reoriented to meet the needs of all race groups. There had been progress in making the public service staff representative of all races and in extending key services across the population. Nonetheless, the overview noted that the service was "chronically unstable" and prone to poor performance. It ascribed these shortcomings to various factors, such as lack of accountability and skills, flagging morale and political interference – including the appointment of party members to posts for which they lacked qualifications.

High levels of corruption. The overview described the level of corruption in South Africa as high, citing the findings of various surveys as evidence. The overview also noted findings by the Special Investigating Unit that up to 25% of public procurement spending – approximately R30 billion annually – was lost to corruption and other forms of mismanagement. Noting that corruption took place in the private sector as well as with government entities, the overview nonetheless asserted that this abuse was especially harmful when it occurred in the public sphere, saying: "It undermines confidence in the democratic system by enabling the better off to exert undue influence over the policy process or obtain preferential access to services… The fact that the costs of corruption are concentrated on those with least influence makes tackling corruption more difficult."

Ongoing divisions in South African society. The overview reported that although racism had decreased since 1994, with black and white South Africans interacting as equals to a greater extent, society was still divided along racial lines. Gender, locality and income also played a part. In turn, social divisions undermined the formation of trust and the ability to reach a consensus that was central to tackling inequality and exclusion. "The greater the differences between two groups in society, and the greater the uncertainty about the other group, the larger are the gains to stubbornness, or continued disagreement about collective decisions," said the report. Overall, the report found that progress in uniting the country had to happen more quickly, adding: "South Africans have the capability of pleasantly surprising even themselves. The largely peaceful transition of 1994 is testament to that… It should be possible to…

[p] Available water included the supply from groundwater, rivers and dams. [Source: Department of Water and Sanitation, Republic of South Africa (n.d.), "Chapter 2: Understanding water resources", available at: www.dwa.gov.za/nwrs/LinkClick.aspx?fileticket=d0C0TFZfuZY%3D&tabid=72&mid=435 (accessed 24 February 2016).]

eradicate the shadow of the past, including social fragmentation and passive citizenry which is beginning to creep into the souls of South Africans….”[154]

From Diagnosis to Plan[155]

The plan that emerged from the findings of the overview comprised a detailed analysis of 13 key topics[q], along with chapters on the challenges of operating in a globalised environment, and on South African demographics. Alongside objectives for each key topic, the NDP proposed 119 actions that encompassed activities from extending the N2 highway through the Eastern Cape province to producing more than doctoral graduates.

Over and above these 119 points, the NDP set two central goals: eliminating poverty and reducing inequality by 2030. This required that the country achieved a monthly income of R419 per person (2009 prices) by the 2030 deadline (on publication of the plan, about 39% of citizens were living below this threshold). To achieve these goals, the NDP said that priority should be given to the following areas: creating employment through faster GDP growth, improving education and skills, and strengthening the capacity of the state to meet developmental challenges.

The plan also listed a range of “enabling milestones”. These included:

- increasing the number of people in employment to 24 million from 13 million in 2010 (so reducing joblessness to 6%, in narrow terms);[156]
- raising annual per capita earnings from R50 000 to R120 000;
- increasing the proportion of national income held by the poorest 40% of citizens from 6% to 10%;
- broadening asset ownership among communities marginalised under apartheid;
- investing 10% of GDP in public infrastructure, with funds directed towards the water, energy and transport sectors. These investments were to be financed through taxes and tariffs, loans and public-private partnerships;
- providing all children with a minimum of two years of preschool education; and
- raising education standards to ensure that pupils could read and write when they reached Grade 3.

An Economy Facing Trade-offs

The NDP noted that GDP growth needed to exceed 5% annually to achieve these goals, and that SME growth would have to be at the heart of this expansion. The authors of the plan believed that SMEs would be responsible for as much as 90% of new jobs, while over 40% of new jobs would be in the provision of services. By contrast, manufacturing would account for ever-fewer jobs: from 15% to 12% of the total.

To encourage SME growth, said the report, the regulatory burden on SMEs would have to be reduced, and efforts would have to be made to align the work of the various public agencies and development entities that were mandated to support small business. The NDP emphasised that such measures should not be construed as a call for SMEs to be exempt from labour regulation, as this could pave the way for the abuse of workers. However, the authors of the plan maintained that South Africa’s labour market would have to become more flexible for the NDP to succeed. Negotiation on entry-level wages should be possible, for instance – and even on the matter of decent work. “Meeting the objectives of the plan requires leadership to drive implementation, and to convince South Africans of the need to make mutual sacrifices for longer-term benefits,” stated the plan. “In moving towards decent work for all, the short-term priority must be to raise employment… Some work opportunities may not enable individuals to immediately live the lives that they desire … Difficult choices will have to be made.”

[q] The topics were: (1) economy and employment; (2) economy infrastructure – the foundation of social and economic development; (3) environmental sustainability – an equitable transition to a low-carbon economy; (4) an integrated and inclusive rural economy; (5) positioning South Africa in the world; (6) transforming human settlement and the national space economy; (7) improving education, training and innovation; (8) promoting health; (9) social protection; (10) building safer communities; (11) building a capable and developmental state; (12) fighting corruption; and (13) transforming society and uniting the country. [Source: South African Government (n.d.), “National Development Plan 2030: our future – make it work”, available at: www.gov.za/documents/national-development-plan-2030-our-future-make-it-work (accessed 7 October 2015)]

Such choices would be eased, added the NDP, if the social wage was applied more effectively in South Africa. Thus, the NDP underscored the need to lower the cost of living for low-income households, particularly through cutting the expense of transport and housing – and by improving standards of low-cost or free healthcare and education.

The plan also noted that attaining necessary growth levels would require an increase in exports. Yet exports of labour-intensive and high value-added goods had dropped during the preceding five years. To reverse this trend, said the NDP, the country would need to increase competitiveness, notably in sectors where it enjoyed a comparative advantage. These included mining, agriculture and agro-processing, construction, mid-skill manufacturing, financial and other services and tertiary education. Other advantages which the country could exploit to achieve the necessary growth rate included South Africa's fiscal position and location in Africa, its domestic aviation industry, natural beauty and conservation areas, and its tourism sector.

Reaction to the NDP

The NDP elicited a variety of responses from business, labour and civil society groups. In a 2013 interview with *Business Day*, Sizwe Nxasana, a member of the executive committee of Business Leadership South Africa, observed that the private sector supported the plan, but had yet to engage with the document meaningfully through research and analysis.[157]

The Congress of South African Trade Unions, on the other hand, had subjected the NDP to scrutiny.[158] According to Neil Coleman, strategies coordinator in the federation's secretariat, the economic strategy of the plan was flawed and would be "…fatal to its prospects of success". Coleman questioned the plan's reliance on small business for job creation, citing a 2013 study by the Southern Africa Labour and Development Research Unit. The report, titled "Job Creation and Destruction in South Africa", examined data from the Statistics South Africa Quarterly Employment Survey for 2005 to 2011 and found that larger companies had proved to be better net creators of jobs during this period than SMEs.[159] Coleman also claimed that the NDP disregarded what he termed a "consensus" about the merits of state-led growth centred on manufacturing, as successfully implemented by various countries in the BRICS alliance (this grouping comprised Brazil, India, China and South Africa).[160]

Coleman asserted that certain proposals in the NDP aimed at easing regulation for SMEs would indeed serve to undermine worker rights. He also queried the poverty measure used in the NDP of R419 per person monthly, claiming that it was too low: "In December 2012, in looking at minimum wages for farm workers, the Bureau for Food and Agricultural Production, found that farmworkers wouldn't even be able to afford enough food to feed their families adequately, if they earned R2,000 a month, let alone afford other basic necessities – therefore the R2,000 figure was way below what could be regarded as a basic minimum income level."[161]

Elsewhere, a December 2013 report on the findings of a round table held by the CDE highlighted the differences between the NDP, the NGP and IPAP, saying that while all identified unemployment as the most significant economic challenge in South Africa, their diagnoses of the causes of joblessness – and of other challenges – varied. The principal remedies that the various plans proposed were also different, and sometimes incompatible – government projects as a means of job creation in the case of the NGP and IPAP, against small business creation to achieve the same goal in the case of the NDP (see **Exhibit 12**).

Furthermore, the programmes were at odds concerning labour market reform. IPAP and the NGP wanted all new jobs to meet the standards for "decent work", while the NDP was willing to cede some ground concerning salary and labour regulation for higher rates of job creation (see **Exhibits 7** and **8**). "These differences make it clear that South Africa does not have an agreed approach to economic growth in the cabinet," observed the CDE report. "These differences and contradictions introduce uncertainty for economic actors – here and abroad – about the content, nature and direction of government policy." Acknowledging that the NDP had provided a review of South Africa's post-apartheid journey that was more frank than preceding policy documents, the CDE nonetheless queried whether the substantial length of the plan undermined its intention of articulating a clear, consistent national vision for South Africa.

Given the wide-ranging content of the plan, there was simply too great a scope for diverse interpretation of the document.[162] In a later article, Bernstein observed: "The National Development Plan (NDP) is a valuable national resource. However, at nearly 500 pages in 15 chapters, each with its own set of priorities and recommendations, it is a compendium of ideas rather than a call to action… the country needs a more focused set of catalytic priorities."[163]

Responding to criticisms of the plan, Manuel noted that labour had had a voice in the NPC (all three people whom the Congress of South African Trade Unions – or COSATU – had nominated for the NPC were accepted onto the commission, out of a total 1 300 nominees). Much of the argument in the public domain about the NDP was driven by ideological preconceptions that were deeply resistant to change, he said – noting that while some might not find the NPC's findings palatable, the commission had simply followed the evidence in drawing its conclusions. Echoing a quote attributed to US Senator Daniel Patrick Moynihan, Manuel added: "…[Y]ou have the right to your own opinion, but you don't have the right to your own facts."[164]

Implementation

In his Budget Vote speech of 12 June 2013, Zuma had asserted that although various actors might differ on particular points of the plan, a "general acceptance of the broad thrust" of the NDP had been reached, and the government was taking action accordingly. "We have moved to the implementation phase of the Plan, incorporating the economic strategies, the New Growth Path, the Industrial Policy Action Plan and the infrastructure development plan which now fall under the NDP umbrella," he said. In practical terms, the plan's proposals would be incorporated into the Medium Term Strategic Framework – a policy document that the government updated every five years. This would enable the work of national, provincial and local departments to be aligned with the NDP.[165]

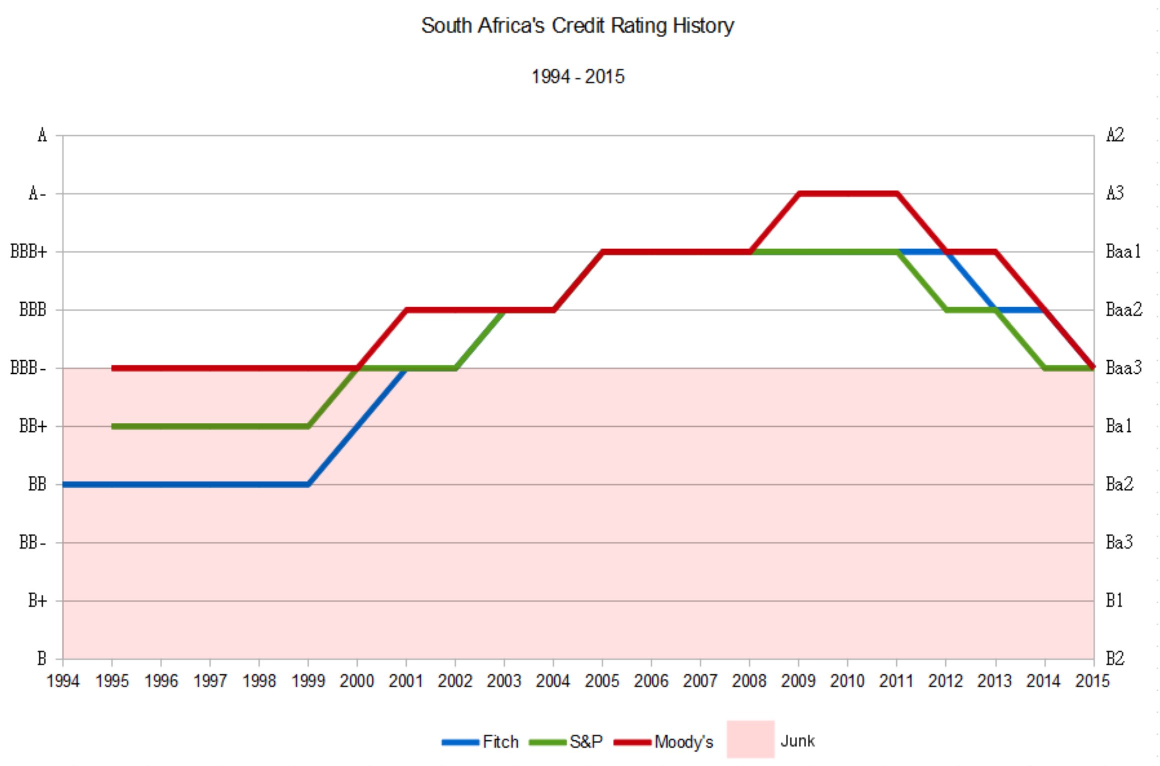
The Medium-Term Strategic Framework 2014–2019 was replete with references to the NDP and sought to integrate NDP goals into 14 priority outcomes, encompassing areas such as the economy, education, health and public safety. In a chapter titled "Decent employment through inclusive growth", the framework stated that "[c]entral to meeting the vision enshrined in the NDP is the implementation of the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and the National Infrastructure Plan".[166]

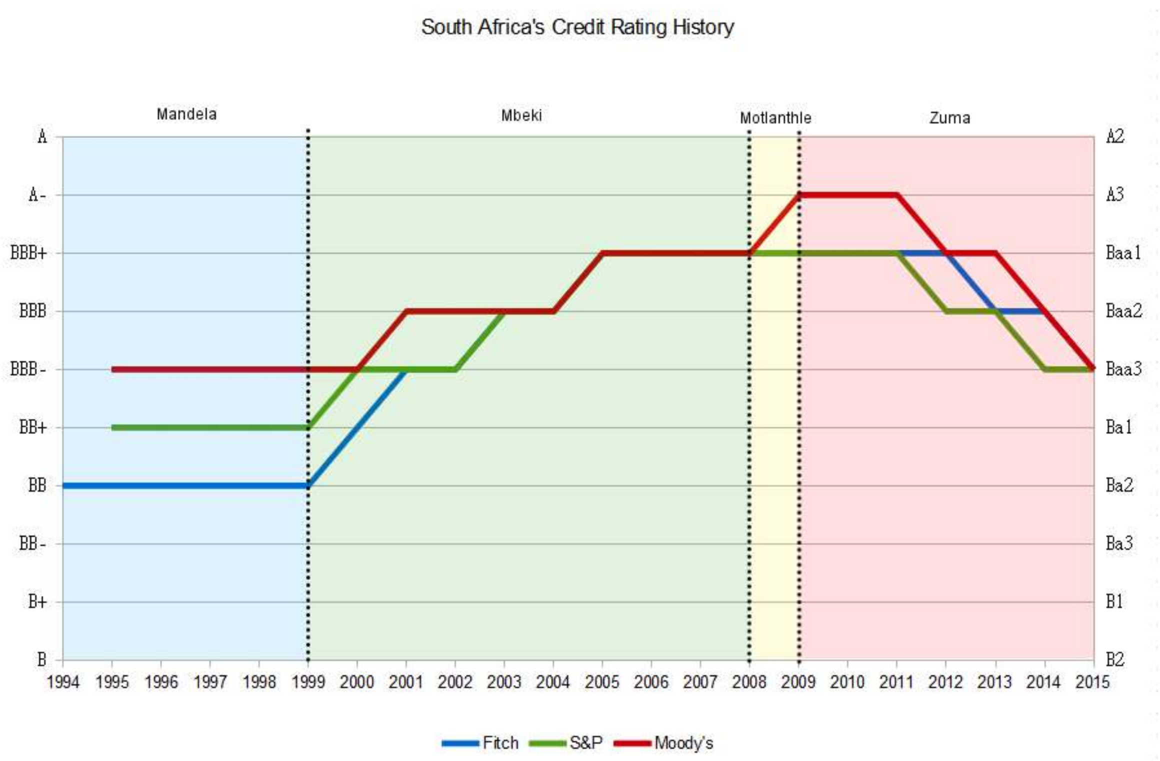
At the University of South Africa in September 2015, minister in the presidency Jeff Radebe marked the third anniversary of the adoption of the NDP by cabinet with a speech that focused on strategies in the plan to promote good governance. He noted that steps taken to implement these proposals included the 2013 appointment of a chief procurement officer by the National Treasury, to ensure transparency and cost-effectiveness in procurement; the passing of legislation to address conflicts of interest in the government by barring civil servants from doing business with state entities; and the establishment of a unit in the Department of Planning, Monitoring and Evaluation to review the effects of legislation and policies, so as to assess whether these were in line with NDP goals.[167] In April 2016, speaking at the launch of the ANC's manifesto for local government elections, scheduled to take place on 3 August, Zuma indicated that the NDP was to guide municipalities in efforts towards job creation.[168]

These developments notwithstanding, a broad unease persisted about the extent to which government and its alliance partners were truly committed to the plan,[169] particularly in a context of deteriorating relations between the ANC and labour leaders outspoken in their criticism of the party. "What we have is a president… totally preoccupied with a continuing juggling act aimed at keeping all the conflicting factions in his ruling alliance in some kind of balance," observed veteran political commentator, Allister Sparks, in 2013. "It is not that we do not have economic plans. Apart from the NDP, there is a string of others. We have green papers and white papers and papers of every colour of the spectrum. But none gets implemented, for to implement any one would upset the balance."[170]

By March 2016 the landscape had not altered significantly with regard to the meaningful implementation of the NDP, according to economist Cees Bruggemans. He described South Africa as being adrift, as a pitched battle for political power took precedence over encouraging the business confidence that would enable fixed investment and, ultimately, job creation: "For what is still needed is a full conversion to sustainable breakout policies, as intended by the National Development Plan (NDP) so far cynically abandoned while hailed with wild abandon."[171]

Exhibit 1 South Africa's Credit Rating, 1994–2015





Source: Staff writer (2015), "What junk status means for South Africa", *BusinessTech*, 10 December, available at: http://businesstech.co.za/news/business/106461/what-junk-status-means-for-south-africa/ (accessed 13 February 2016).

Exhibit 2 Members of the National Planning Commission

NPC, 2010–2015 (job titles correct at the time of appointment in 2010)

- **Trevor Manuel** (chairperson): Minister in the Presidency for National Planning; former minister of finance.
- **Cyril Ramaphosa** (deputy chairperson): deputy president of the ANC; founder and executive chairperson of the Shanduka Group; non-executive chairperson of the MTN Group, Bidvest Group Ltd and the Mondi Group; lead negotiator for the ANC at the Convention for a Democratic South Africa.
- **Miriam Altman:** executive director of the Centre for Poverty, Employment and Growth at the Human Sciences Research Council; former programme leader for economic development at the Alexandra Renewal Project; former head of the economics programme at the Graduate School of Public and Development Management at the University of the Witwatersrand (WITS).
- **Malusi Balintulo:** vice chancellor of Walter Sisulu University; board member of the Institute for African Alternatives; chairperson of the board of directors of ArtsCape; former interim vice chancellor of the Cape Peninsula University of Technology.
- **Hoosen Coovadia:** scientific director at the Doris Duke Medical Research Institute at the University of KwaZulu-Natal; vice chairperson of the International Maternal Paediatric Adolescent AIDS Clinical Trials Group; director of the Centre for HIV/AIDS Networking.
- **Anton Eberhard:** director of the Management Programme in Infrastructure Reform and Regulation at the Graduate School of Business, University of Cape Town; former director of the Energy and Development Research Centre.
- **Tasneem Essop:** head of strategy and advocacy at the Global Climate & Energy Initiative of the World Wide Fund for Nature; former provincial minister for the environment, planning and economic development in the Western Cape; former provincial minister of transport, public works and property management in the Western Cape.
- **Bridgette Gasa:** founder and managing director of The Elilox Group; lecturer in construction management at Nelson Mandela Metropolitan University; former president of the Chartered Institute of Building.
- **Trueman Goba:** executive chairperson of Goba Consulting Engineers and Project Managers; former president of the Engineering Council of South Africa; former president of the South African Institution of Civil Engineering; former member of the Construction Industry Development Board.
- **Robert Godsell:** chairperson of Business Leadership South Africa; non-executive director of the Anglo American Corporation; former chief executive officer (CEO) of AngloGold Ashanti; former CEO of the Anglo American Corporation; former non-executive chairperson of Eskom; former president of the Chamber of Mines of South Africa.
- **Noluthando Gosa:** CEO of Akhona Properties; non-executive director at various firms; former board member of the South African Broadcasting Corporation (SABC); former councillor at the South African Telecommunications Authority.
- **Philip Harrison:** South African research chair in spatial analysis and city planning, hosted by WITS; former executive director for development planning and urban management in Johannesburg; former professor and chair of urban and regional planning at WITS.
- **Mohammed Karaan:** dean of the Faculty of AgriSciences at the University of Stellenbosch; former president of the Agricultural Economics Association of South Africa; former chairperson of the National Agricultural Marketing Council.
- **Vuyokazi Mahlati:** co-owner of the African Financial Group; chairperson of the board of the South African Post Office; non-executive director of Lion of Africa Insurance Company; former programme leader of the National Programme for the Creation of Small Enterprise and Jobs in the Second Economy; former programme director for the W.K. Kellogg Foundation, working on revitalising rural economies in southern Africa.
- **Malegapuru Makgoba:** vice chancellor of the University of KwaZulu-Natal; chairperson of the African AIDS Vaccine Programme; chairperson of the board of *Mail & Guardian*; former deputy vice chancellor of WITS; former president of the Medical Research Council of South Africa.
- **Christopher Malikane:** associate professor of economics at WITS; director of the Macro-Financial Analysis Group at the School of Economic and Business Sciences at WITS.

- **Vincent Maphai:** executive director of corporate affairs and transformation at South African Breweries; non-executive director of Discovery Holdings; chairperson of the National Responsible Gambling Programme; former chairperson of BHP Billiton; former chairperson of the SABC; former professor extraordinaire in the department of political science at the University of South Africa.
- **Elias Masilela:** head of policy analysis at Sanlam; board member of the South African Reserve Bank; board member of the Government Employee Pension Fund; former acting deputy director-general responsible for economic policy at the Treasury, and leader of the social security and retirement reform programme; lead negotiator for Business Unity South Africa (BUSA) at the National Economic Development and Labour Council.
- **Pascal Moloi:** managing director of the Resolve Group; former CEO for the Greater Johannesburg Northern Metropolitan Local Council; former director for local government and economic development in the Office of the President.
- **Jennifer Molwantwa:** manager of the hydrology unit at Digby Wells and Associates; member of the Water Institute of Southern Africa.
- **Michael Muller:** visiting adjunct professor at the Graduate School of Public and Development Management, WITS; co-chair of the United Nations World Water Assessment Programme’s Expert Group on Indicators, Monitoring and Databases; member of the Global Water Partnership’s Technical Advisory Committee; former director-general of the Department of Water Affairs and Forestry.
- **Joel Netshitenzhe:** member of the ANC National Executive Committee; executive director of the Mapungubwe Institute for Strategic Reflection; board member for the Nedbank Group and the Life Healthcare Group; former head of policy coordination and advisory services in the Presidency.
- **Ihron Rensburg:** vice chancellor of the University of Johannesburg; director of Higher Education South Africa; chairperson of the READ Foundation; former deputy director-general of the national Department of Education; former chairperson of the SABC.
- **Vivienne Taylor:** head of the department of social development at the University of Cape Town; principal author and researcher of the first two United Nations Human Development Reports on South Africa; author of a 50-country study for the African Union on social protection in Africa.
- **Jerry Vilakazi:** chairperson of Palama Investments; CEO of BUSA; chairperson of Netcare Limited; director of Business Against Crime; former managing director of the Black Management Forum; former director of the Water Research Council.
- **Karl von Holdt:** director of the Society, Work and Development Institute; former editor of the *South African Labour Bulletin*; former board member of the South African Post Office.

NPC, 2015–2020

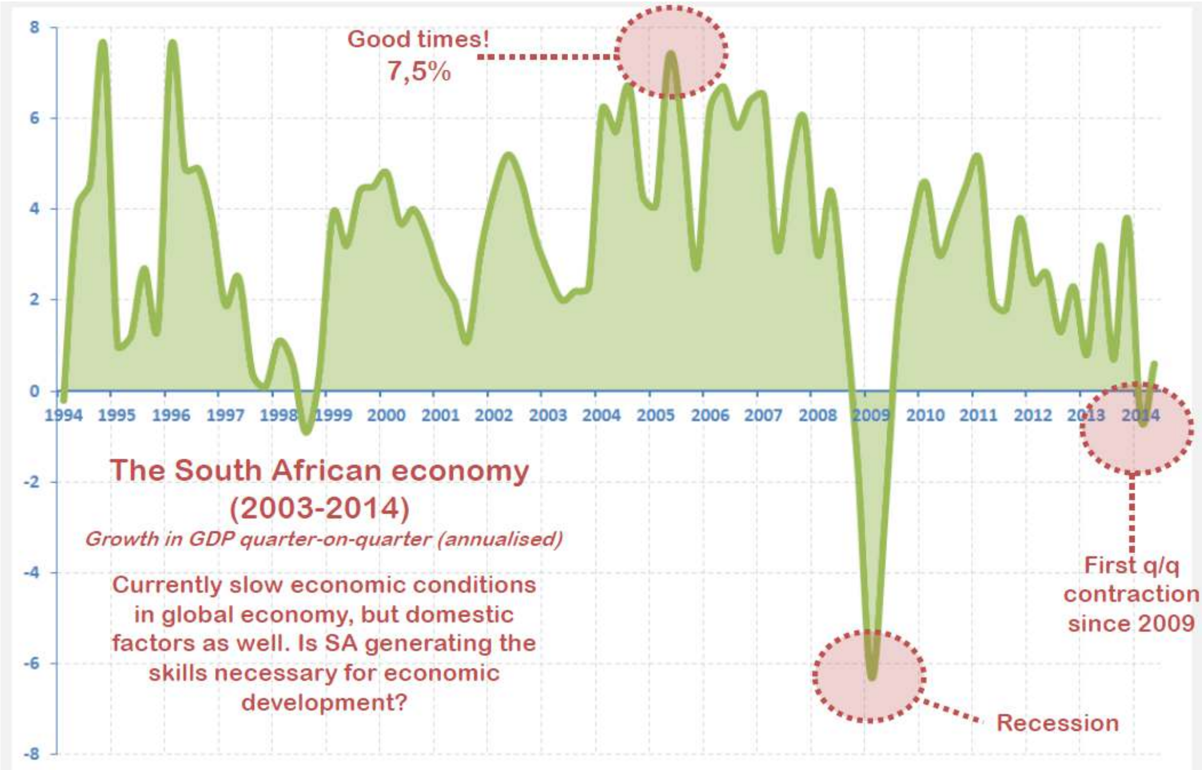
Seven members of the first NPC joined the second iteration of the commission: Altman, Essop, Karaan, Mahlati, Makgoba (as the new deputy chairperson), Masilela and Taylor. The remaining places on NPC 2015/2020 were filled as follows:

- **Jeffrey Radebe** (chairperson): Minister in the Presidency for Planning, Performance, Monitoring, Evaluation and Administration; former acting minister of health; former minister of transport.
- **Ntuthuko Bhengu:** medical practitioner and anaesthetist; panel member of the Competition Commission’s private healthcare market inquiry; chairman of the Road Accident Fund; non-executive director of Nestlé (South Africa); chartered director in the Institute of Directors of Southern Africa; fellow of the Africa Leadership Initiative; former member of the National Advisory Council on Innovation.
- **Susan Brouckaert (Sue Bannister):** partner at City Insight, former head of the Strategic Projects Unit at eThekwini Municipality; former fieldworker for the Transvaal Rural Action Committee.
- **Themba Dlamini:** managing director of the Black Management Forum; former CEO of the Independent Communications Authority of South Africa, the National Gambling Board and the Construction Education and Training Authority; former deputy director-general at the Department of Science and Technology.
- **Tessa Dooms:** director at Youth Lab; former lecturer at the University of Johannesburg, WITS and North-West University; former research project coordinator for the African Religious Health Assets Programme.

- **Frank Dutton:** policing and investigations consultant with experience in inquiries locally (notably concerning collusion between elements of the police and the Inkatha Freedom Party against the ANC during the late 1980s and early 1990s) and abroad (including in Bosnia, Kosovo, Darfur, the Democratic Republic of the Congo and East Timor); former head of the Directorate of Special Operations of the National Prosecuting Authority of South Africa.
- **Khanyisile Kweyama:** executive director of Anglo American South Africa (seconded from this post during 2015/2016 to serve as CEO of BUSA); vice president of the Chamber of Mines of South Africa; former non-executive director at Kumba Iron Ore, Anglo American Platinum and Telkom.
- **Johannes Landman:** political and economic analyst, and founder of JP Landman and Associates; visiting professor at the University of the Free State; former editor of *Finance Week* and *Finansies & Tegniek*; former economic advisor for AsgiSA.
- **Lekolota Makua:** advocate with Pitje Chambers, specialising in labour law and medical malpractice; former national legal officer for the National Union of Metalworkers of South Africa; former commissioner at the Commission for Conciliation, Mediation and Arbitration.
- **Thamsanqa Mazwai:** CEO of Mafube Publishing; chairperson of Mtiya Dynamics and of Indyeo Investments; resident executive at Wits Business School, focusing on small business support; honorary professor of entrepreneurship at the University of the Western Cape; member of the Broad-Based Black Economic Empowerment Advisory Council; member of the Black Business Council; former director of the Centre for Small Business Development at the University of Johannesburg.
- **Poppy Mocumi:** chairperson of Disabled People South Africa; former member of the National Assembly for the ANC; former office bearer in the South African Communist Party and the South African Democratic Teachers Union.
- **Kholeka Moloi:** professor of education at the Vaal University of Technology; former director of the School of Education at North-West University; former associate professor and head of department for education management at the University of Johannesburg.
- **Pulane Molokwane:** founder and CEO of POB Property Investments; non-executive director of the South African Forestry Company; board member of the Inkomati Catchment Management Agency and of Sedibeng Water; former principal environmental specialist at Sasol; senior nuclear analyst at the Pebble Bed Modular Reactor.
- **Christina Nomdo:** executive director of Resources Aimed at the Prevention of Child Abuse and Neglect; fellow of the Leadership and Innovation Network for Collaboration in the Children's Sector; former research for the Children Participating in Governance project at the Institute for Democracy in Africa.
- **Thanyani Ramatsea:** managing director of MJT Consulting Engineers; former senior design engineer at HHO Africa, working on the Gautrain design team; former principal design engineer at Arup, working on the New Multi Purpose Pipeline project for Transnet.
- **Jabulani Sithole:** former history lecturer at the University of KwaZulu-Natal; former KwaZulu-Natal provincial coordinator of the Liberation Heritage Route for the National Heritage Council; former Natal Midlands coordinator of the National Education Crisis Committee.
- **Jarrad Wright:** principal researcher for grid planning at the Council for Scientific and Industrial Research; former regional manager for Africa at Energy Exemplar; former senior power systems engineer at Parsons Brinckerhoff Africa.
- **Siphamandla Zondi:** executive director of the Institute for Global Dialogue; honorary professor of politics and development studies at the University of South Africa; former senior researcher at the Africa Institute of South Africa, focusing on regional integration and sustainable development.

Sources: Author unknown (2013), "National Planning Commission: the commissioners", *Business Day*, 4 December, available at: www.bdlive.co.za/indepth/ndp/2013/12/04/national-planning-commission-the-commissioners (accessed 1 June 2015); Parliamentary Monitoring Group (2010), "Biographies of members of the National Planning Commission", 29 April, available at: https://pmg.org.za/briefing/18843/ (accessed 12 November 2015); South African Government (n.d.), "National Development Plan 2030: our future – make it work", available at: www.gov.za/documents/national-development-plan-2030-our-future-make-it-work (accessed 7 October 2015); and The Presidency, Republic of South Africa (2015), "President Zuma announces new members of the National Planning Commission", 17 September, available at: www.thepresidency.gov.za/pebble.asp?relid=20602 (accessed 18 February 2016).

Exhibit 3 GDP Rates in South Africa, 1994–2014

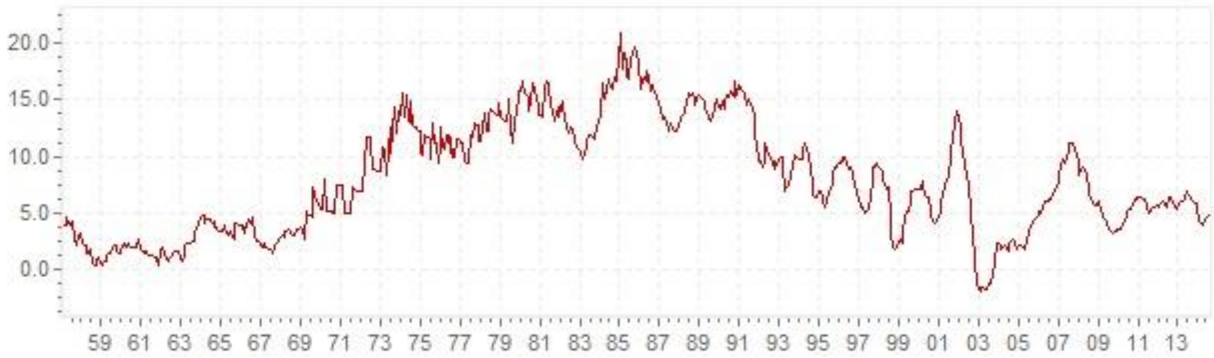


Source: Statistics South Africa (n.d.), "Employment, unemployment, skills and economic growth: an exploration of household survey evidence on skills development and unemployment between 1994 and 2014", available at: www.statssa.gov.za/presentation/Stats%20SA%20presentation%20on%20skills%20and%20unemployment_16%20September.pdf (accessed 4 November 2015).

Year	Nominal GDP growth	Real GDP growth	Tax revenue growth
1995	13.5%	3.1%	11.9%
1996	12.6%	4.3%	15.8%
1997	10.2%	2.7%	12.2%
1998	8.2%	0.5%	11.8%
1999	10.6%	2.4%	8.9%
2000	13.7%	4.1%	9.4%
2001	10.2%	2.7%	14.6%
2002	14.7%	3.7%	11.7%
2003	8.4%	3.0%	7.3%
2004	11.1%	4.6%	17.4%
2005	11.4%	5.3%	17.5%
2006	13.6%	5.6%	18.8%
2007	13.2%	5.6%	15.6%
2008	10.7%	3.6%	9.1%
2009	7.0%	-1.5%	-4.2%
2010	11.9%	3.1%	12.6%
2011	8.4%	3.6%	10.2%
2012	7.3%	2.5%	9.6%
2013	7.8%	2.2%	10.6%
2014	10.2%	1.5%	9.6%

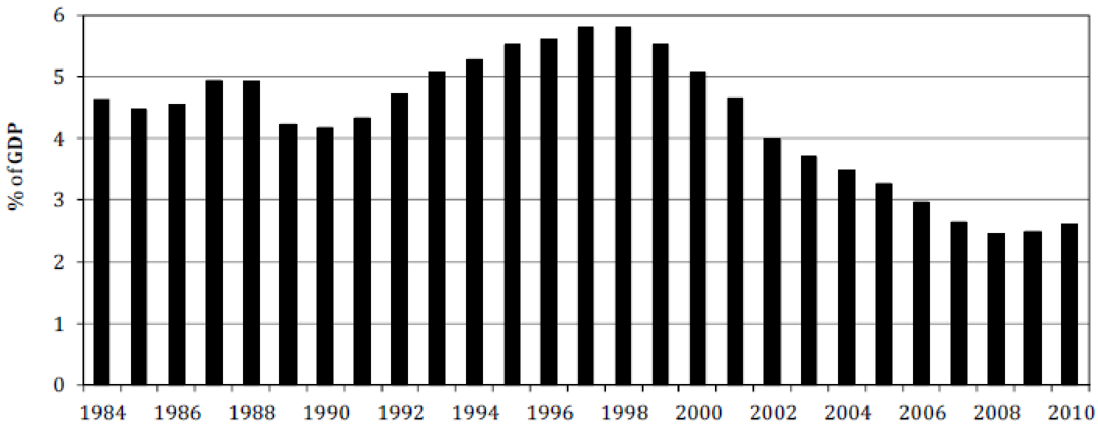
Source: Staff writer (2015), "South Africa tax vs GDP: 1994–2014", *BusinessTech*, 1 April, available at: http://businesstech.co.za/news/general/84101/south-africa-tax-vs-gdp-1994-2014/ (accessed 27 October 2015).

Exhibit 4 CPI Inflation in South Africa, 1959–2013



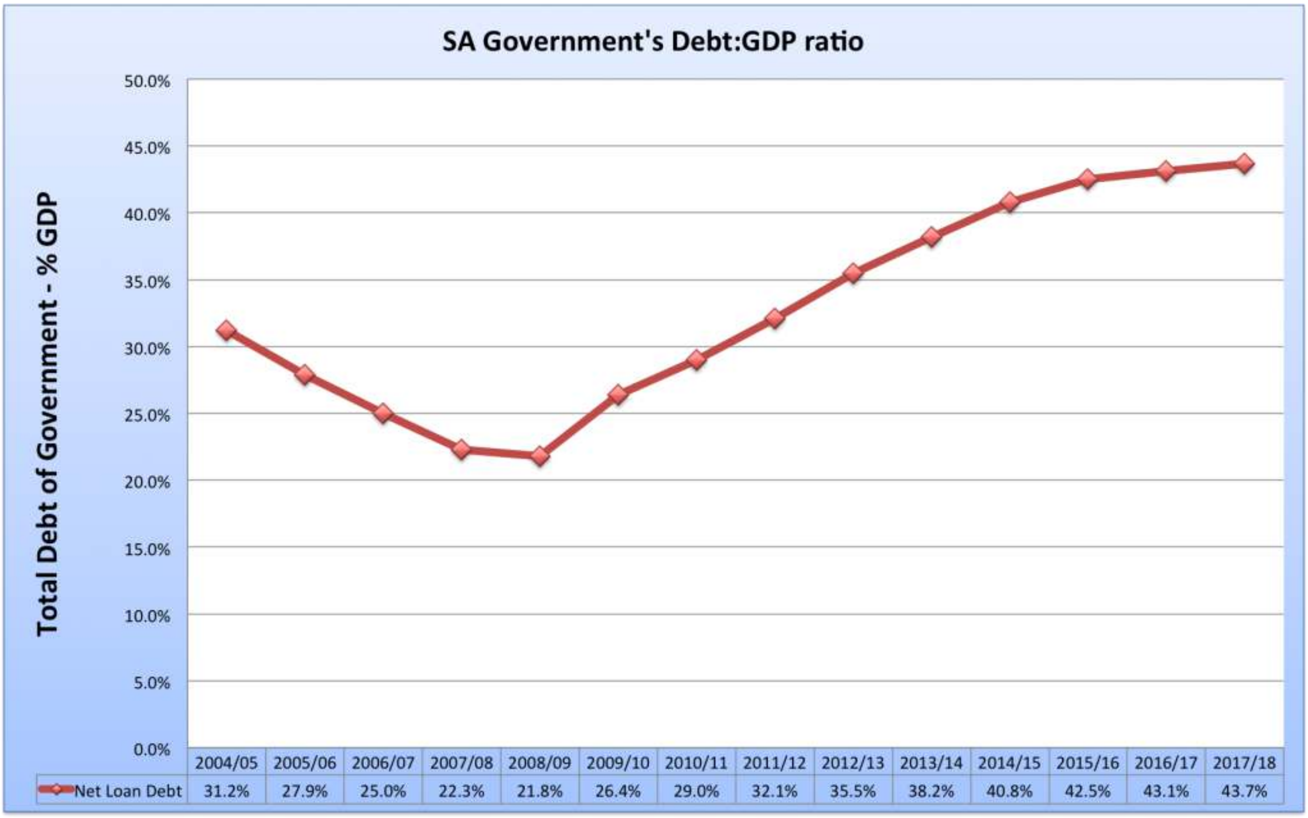
Source: Inflation.eu (n.d.), "Historic inflation South Africa – CPI inflation", available at: www.inflation.eu/inflation-rates/south-africa/historic-inflation/cpi-inflation-south-africa.aspx (accessed 26 October 2015).

Exhibit 5 South Africa's Interest Bill as a Percentage of GDP, 1984–2010



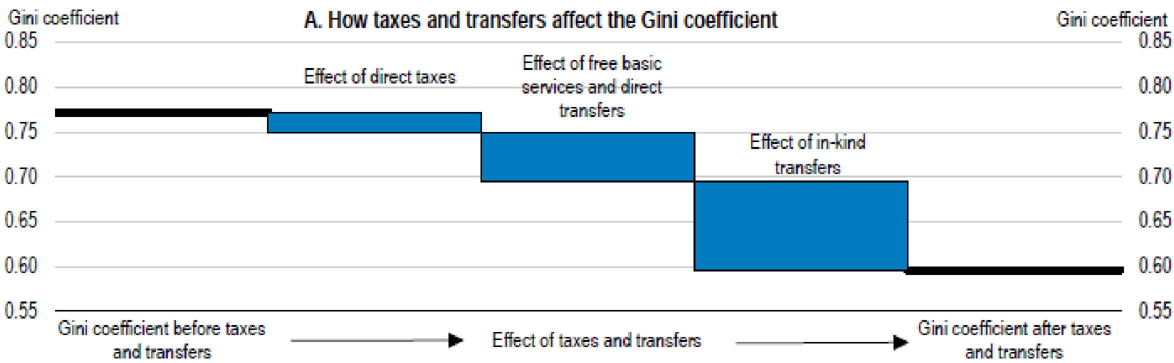
Source: Calitz, E., Du Plessis, S. and Siebrits, K. (2013), "Fiscal sustainability in South Africa: will history repeat itself?", Stellenbosch Economic Working Papers: 07/13, available at: www.google.co.za/url?sa=t&rct=j&q=&esrc=s&source=web&cd=8&cad=rja&uact=8&ved=0ahUKEwiX9KD-xobLAhVBzRoKHcWxDTsQFghFMAc&url=http%3A%2F%2Fwww.ekon.sun.ac.za%2Fwpapers%2F2013%2Fwp072013%2Fwp-07-2013.pdf&usg=AFQjCNHG10jegz5BckO7w7-a7p49JVrMvw&sig2=vUpwkQKSj23_OARIMnFbWA (accessed 20 February 2016).

Exhibit 6 Debt to GDP Percentages in South Africa, 2004–2018 (Projected)



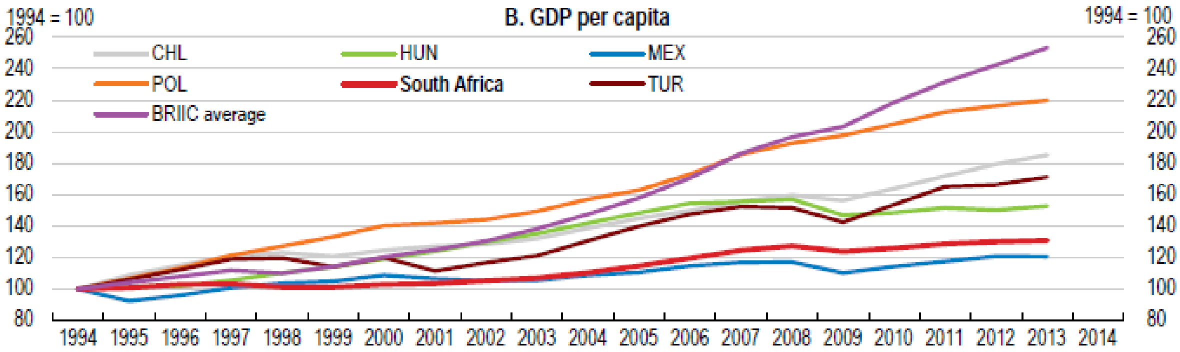
Source: Hogg, A. (2015), "Budget 2015: SA's debt: GDP ratio – scariest graphic in Nene's package", *Biznews.com*, 26 February, available at: http://www.biznews.com/budget/budget-2015/2015/02/26/budget-2015-sas-debtgdp-ratio-scariest-graphic-in-nenes-package/ (accessed 19 February 2016).

Exhibit 7 Effect of the Social Wage on South Africa's Gini Coefficient



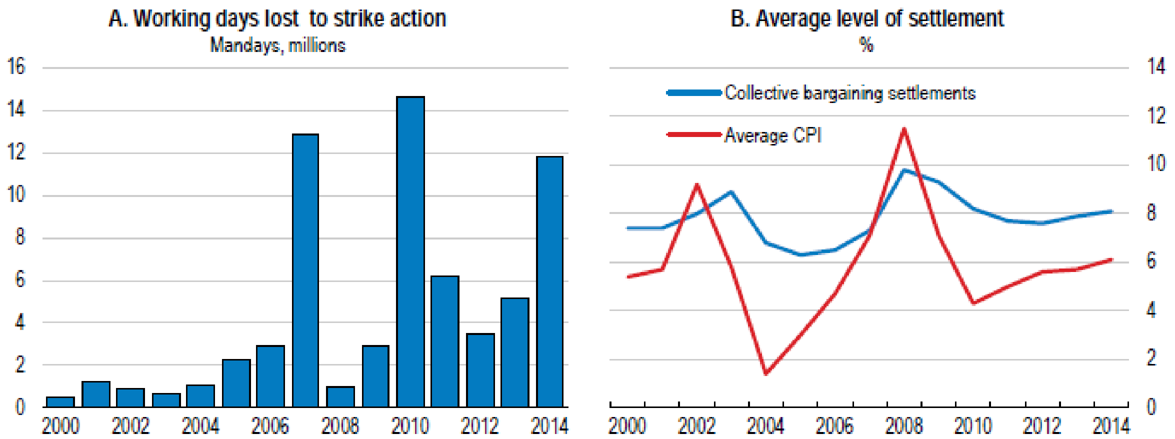
Source: OECD (2015), "OECD Economic Surveys: South Africa, Overview", available at: http://www.oecd.org/southafrica/economic-survey-south-africa.htm (accessed 28 September 2015).

Exhibit 8 Growth Rates, South Africa vs Key Middle-income Economies



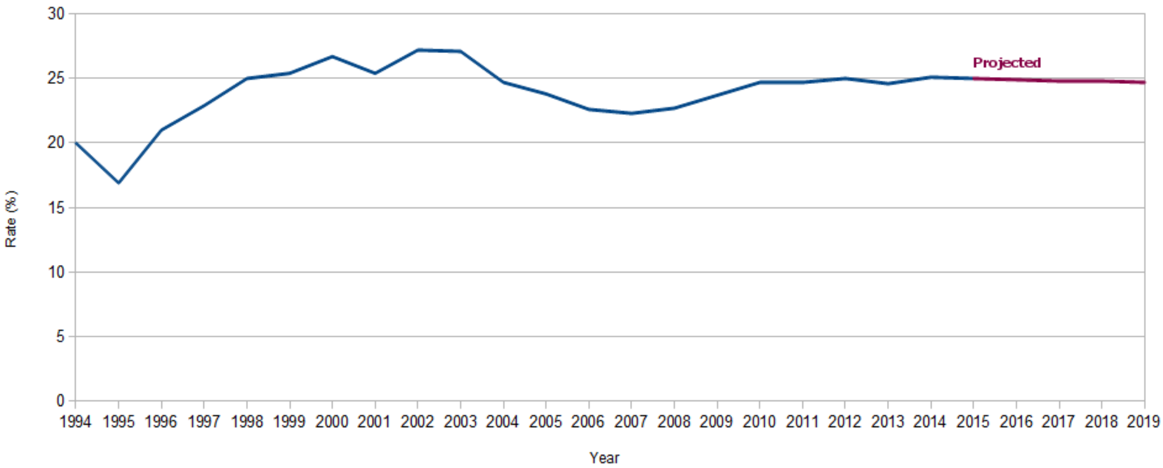
Source: OECD (2015), "OECD Economic Surveys: South Africa, Overview", available at: http://www.oecd.org/southafrica/economic-survey-south-africa.htm (accessed 28 September 2015).

Exhibit 9 Strike Activity in South Africa, 2000–2014



Source: OECD (2015), "OECD Economic Surveys: South Africa, Overview", available at: http://www.oecd.org/southafrica/economic-survey-south-africa.htm (accessed 28 September 2015).

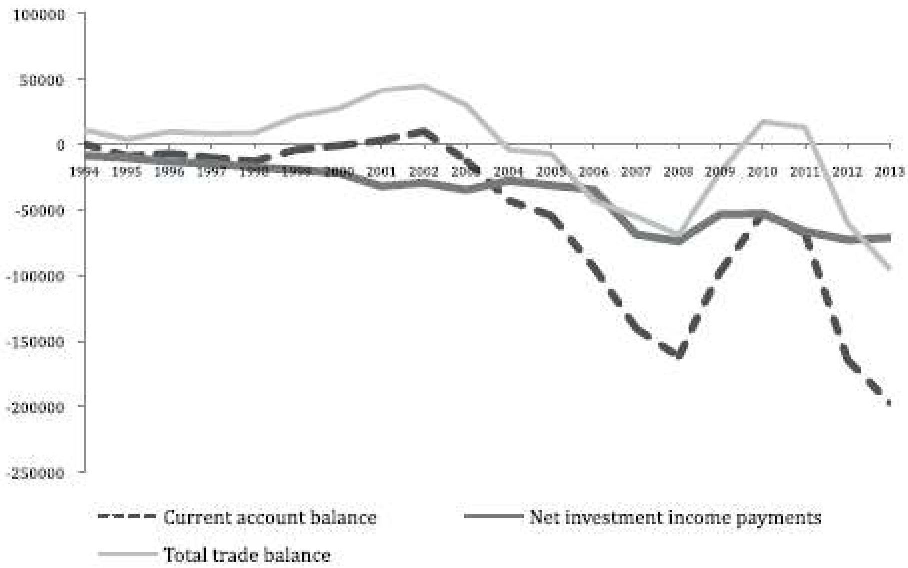
Exhibit 10 Unemployment in South Africa (Narrowly Defined), 1994–2019 (Projected)



Year	Unemployment rate	Global rank
2019	24.7%	6th
2018	24.8%	6th
2017	24.8%	6th
2016	24.9%	7th
2015	25.0%	8th
2014	25.1%	9th
2013	24.6%	9th
2012	25.0%	7th
2011	24.7%	6th
2010	24.7%	6th
2009	23.7%	8th
2008	22.7%	9th
2007	22.3%	10th
2006	22.6%	12th
2005	23.8%	9th
2004	24.7%	10th
2003	27.1%	8th
2002	27.2%	7th
2001	25.4%	8th
2000	26.7%	5th
1999	25.4%	9th
1998	25.0%	9th
1997	22.9%	10th
1996	21.0%	14th
1995	16.9%	26th
1994	20.0%	18th

Source: Staff writer (2015), "South Africa unemployment: 1994–2015", *BusinessTech*, 21 January, available at: http://businesstech.co.za/news/international/77737/south-africa-unemployment-1994-2015/ (accessed 24 February 2016)

Exhibit 11 South Africa's Current and Trade Accounts, 1994–2013



Source: Strauss, I. (2015), "Understanding South Africa's current account deficit: the role of foreign direct investment income", *Africa Economic Brief*, 6(4), pp. 1–14, available at: www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEB_Vol_6_Issue_3_2015_Understanding_South_Africas_current_account_deficit_The_role_of_foreign_direct_investment_income_-_06_2015.pdf (accessed 14 August 2015).

Exhibit 12 Comparison of Goals Set by IPAP, the NGP and the NDP

Table 1: Summary of differences in objectives between IPAP, NGP and NDP

	OBJECTIVES	QUANTIFIED OBJECTIVES	EMPLOYMENT OBJECTIVE	CHARACTERISING EMPLOYMENT
IPAP	• Exports • Technology • Skills • Employment	• Employment (aggregate)	• 2 447 000 by 2020 (direct and indirect) • 350 000 by 2020 (direct)	• N/A
NGP	• Employment • Growth • Green economy • Reduction in inequality	• Employment (sectoral targets)	• 5 million jobs by 2020	• Decent work
NDP	• Output • Investment • Exports • Employment • Poverty and inequality	• Output • Investment • Exports • Employment • Poverty and inequality	• 11 million jobs by 2030	• Decent work over long term

Table 2: Policy proposals made by the three documents

POLICIES	IPAP	NGP	NDP
Exchange rate	• Unqualified support for depreciation	• More competitive • Requires fiscal restrain • Accord on wages and prices	• No normal devaluation • Conditions for effective devaluation do not exist
Development finance institutions (DFIs) and capital subsidies	• Expanded DFIs • Investment subsidies	• Expanded DFIs • Investment subsidies • Development bond • State-owned bank for rural areas	• None advanced
Local procurement	• Unqualified support	• Unqualified support	• Caution on higher costs jeopardising growth
Sector support strategies	• Very wide-ranging industrial policy, with an emphasis on beneficiation	• IPAP plus: – infrastructure – agriculture – mining – green economy – tourism – high-level services	• Protect sectors with long-term prospects • Short-term support measures for industries affected by cyclical downturn
Labour market	• No consideration	• Productivity accord • Tighten subcontracting, labour broking and outsourcing • Support for workers in unorganised sectors to achieve greater organisation	• Youth wage subsidy • Wage restraint • Regulation and subsidy to labour placement sector • Unfair dismissal not to apply for probation period • Simplify dismissal procedures • Migration policy reform to attract more foreign skills

Source: Altbeker, A., Storme, E. and Bernstein, A. (2013), "Growth in a time of uncertainty: does South Africa have a growth plan?", proceedings of a round table hosted by the Centre for Development and Enterprise, Johannesburg, June, available at: http://dspace.africaportal.org/jspui/bitstream/123456789/34148/1/Growth%20in%20a%20time%20of%20uncertainty_Does%20South%20Africa%20have%20a%20growth%20plan.pdf?1 (accessed 30 September 2015).

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