Reconstruction, Growth And Transformation:
Building A New, Inclusive Economy

A Discussion Document prepared by the
ANC's Economic Transformation Committee

SUMMARY

The COVID-19 pandemic continues to impact negatively on economic activity in South Africa and around the world – unemployment is rising, businesses are under pressure and public finances are being stretched. South Africa's legacy of underdevelopment and the country's ongoing realities of poverty and racial and gender inequality are once again being exposed for all to see.

The Economic Transformation Committee (ETC) of the ANC has developed this framework for Reconstruction, Growth and Transformation, with the objective of building a new, inclusive economy.

The first pillar of the new policy framework is to mobilise society around an infrastructure-led recovery with new investments in energy; water and sanitation; roads and bridges; human settlements, health and education; digital infrastructure and public transport. To achieve significant job creation multipliers, the emphasis will be on localisation, including maximising the use of South African materials and construction companies as well as labour-intensive methods.

While it is an urgent priority that state capacity to plan and monitor the execution of infrastructure projects should be strengthened, there will also need to be expanded use of public-private partnerships, including build, operate and transfer project delivery methods. The establishment of an infrastructure development agency in the Presidency will play a useful role in complementing the pockets of excellence that currently exist within the State and State Owned Companies with regard to project management capabilities.

Further, the use of the District Development Model should be strengthened and deepened to improve service delivery and infrastructure expansion in both rural and urban areas. The State, through its various spheres and organs, should at all times function as a unit. It is through proper coordination and collaboration that service delivery will be improved and our people will begin to have better access to social and economic opportunities and choices. It is also crucial that South Africa forge new spatial forms in its settlement and transport systems, to bring people closer to areas of social and economic opportunity.

As a second pillar, the new policy framework will promote investment in key productive sectors, such as, agriculture, manufacturing, mining and tourism and other services. Decisive progress will be required in telecommunications reform, including expediting digital migration and spectrum allocation to reduce data costs for households and firms. Similarly, the growth and job creation potential of energy-related investments, including green industries must be fully harnessed including through local production linked to the country's energy investment programme, as required in the Integrated Resource Plan. Industrialisation and the expansion of South Africa's productive sectors will be accelerated though increased international trade, especially with other countries on the African continent.

While working to restore fiscal sustainability, South Africa needs to deploy macro-economic policy instruments that are compatible with the reconstruction of our economy. Reconstruction programmes must be sufficiently financed and financially sustainable. The National Treasury, South African Reserve Bank, development finance institutions (DFIs) and private financial institutions all have a role to play. The mobilisation of funds for increased investment in infrastructure and key productive sectors will inevitably require a combination of public and private resources.

The sustainable financing of South Africa's economic recovery plans will require close co-ordination of fiscal and monetary policy to ensure ongoing access to capital markets and to reduce the cost of borrowing, as well as strengthening the role of DFIs. Changes should be made to Regulation 28 under the Pension Funds Act to enable cheaper access to finance for development. Furthermore, regulators should be vigilant to ensure increased competition in the banking sector, which frequently displays the kind of oligopolistic tendencies which limit access to finance particularly for SMME's and for households in historically disadvantaged areas. In order to facilitate a society-wide mobilisation of financial and real resources to advance South Africa's economic reconstruction and recovery, a process of social dialogue and social compacting, both at national and sectoral level, will be required to unite in action key constituencies including business, labour, community and government. To lead this process, South Africa's Presidency should be strengthened to play a decisive role in economic policy co-ordination and, working in close liaison with government's economic cluster, should closely monitor and manage effective policy execution.

1. Background

The NEC tasked the Economic Transformation Committee (ETC) to develop a discussion document on Economic Reconstruction, Growth and Transformation, with the overall objective of accelerating economic growth and social inclusion.

This discussion document takes forward the NEC's mandate by laying down the key elements of the plan. Broadly, the paper seeks to answer the question: what needs to be done to build a fast-growing, more resilient, and more inclusive economy, It argues that in response to the current crisis the ANC should strive to unite society around a series of bold and decisive actions in order to set the economy on a path of high growth combined with social inclusivity.

In crafting this plan, the ANC proceeds from the premise that there are many policy documents that capture the approach of government on the issue of economic growth and social inclusion. These include the *Reconstruction and Development Programme (RDP), the National Development Plan* (NDP) and the document released in 2019 titled: *Economic Transformation*, *Inclusive Growth, and Competitiveness*. In addition, individual clusters and departments have a multiplicity of plans and programmes to attain the objectives set out in the ANC's electoral mandate.

In this regard, it is not the aim of this document to list all socio-economic programmes of government. Rather, it seeks to identify catalytic interventions required in the current conjuncture to ignite economic growth and ensure that the benefits of such growth accrue to all citizens, particularly the poor. These measures must also help promote the participation of black people, women and youth at all economic levels – thus resulting in transformed patterns of asset ownership and income distribution in our society. In other words, the aim is to reconfigure South Africa's political economy in line with the ideals enshrined in the Freedom Charter and the country's Constitution, building on changes that have been affected since the attainment of democracy in 1994.

2. Organising framework

The overarching principles guiding Economic Reconstruction, Growth and Transformation are informed by the Freedom Charter's injunction that the people shall share in the country's wealth. The Plan also infused the thinking articulated in the ANC's 2017 Strategy and Tactics document that the ANC's approach to the economy is informed by the understanding that economic activity is not for its own sake. The economy is not a mysterious system, existing outside of society. It is meant to serve society, rather than the other way round.

At a practical level, the following basic principles also inform the Plan's organizing framework:

- Infrastructure programmes, including interventions in network industries, should serve as a basis immediately to ignite economic recovery. This will require further strengthening of the capacity of relevant State-owned Enterprises and better facilitation and management of procurement processes and public-private partnerships. SMMEs, especially those run by the youth, women and people with disabilities, must play a leading role in the delivery of the infrastructure build programme necessary to catalyze the economic recovery.
- There should be focussed interventions to promote sectors of the economy which, among others, stimulate industrialisation, meet domestic demand, link the economy to African and global value chains, provide supplies to infrastructure projects, promote trade and absorb the unemployed including semi-skilled and unskilled workers. The rolling-out of South Africa energy transition should be implemented in such a way as to maximise access to lower-cost electricity, localisation and job creation.
- The approach to micro-enterprises should be based on the appreciation of the profound reality that these are activities through which the poor and marginalised take the initiative to exercise individual and community agency. More resources should be allocated to promoting this sector, based on databases consolidated during COVID-19, the myriad of existing programmes such as women and youth entrepreneurship and township economy revitalization programmes.
- The macroeconomic stance should be underpinned by the coordination of fiscal and monetary policies and the mobilization of other financial instruments, to ensure that the plan is sufficiently financed and financially sustainable: the aim should be to utilise debt incurred for productive purposes to generate high growth which reduces the debt-to-GDP ratio. The South African Reserve Bank, DFIs and private financial institutions all have a role to play.
- South Africa should strengthen its multifaceted partnerships with the rest of the African continent, including through production value chains, harmonisation of infrastructure programmes, investment, and calibrated movement of goods and people in line with the African Continental Free Trade Area (AfCFTA): much of South Africa's recovery and future growth is going to depend on opportunities in sub-Saharan Africa.
- Black economic empowerment should be organically wired into the plan's configuration: the opportunities in infrastructure and sector programmes, financing mechanisms and trade should encourage and facilitate the participation of Black entrepreneurs and other elements of broad-based economic empowerment.
- The successful implementation of the programme will depend on a state that is developmental in orientation and capable in operation – to lead, guide and mobilise all social partners in the realisation of the plan. This requires that The Presidency, as the centre of government, acts as the integrator and co-ordinator of government and point of liaison with social partners.
- The private sector, workers and the rest of civil society will variously and jointly have critical contributions to make in devising and implementing the plan, ranging from investment, implementation of initiatives agreed upon in recent summits and in sector charters, to broad agreements on productivity and income, a new approach to representativity in enterprise governance structures and management of relationships between enterprises and communities in which they are located.

It may take time to agree on all the issues outlined in this document. For the sake of speed of implementation, it will be necessary quickly to identify a broad framework around which there is consensus, and start implementing the concrete actions. Society will 'learn by doing' and the programmes will be refined in the course of implementation.

3. Responding to Covid-19

The COVID-19 pandemic is the greatest public health and resultant economic emergency facing humanity in peacetime history. COVID-19 is having a devastating impact on the health and well-being of ordinary South Africans, laying bare the high levels of poverty and inequality prevalent in South

African society and leading to widespread unemployment and suffering. Many people are losing their jobs, many have gone without income for extended periods and many are going hungry every day. The pandemic has brought sharply to the fore the persistent problem of the existence of two distinct economic realities in South Africa – one poor and mainly black, and one rich and mainly white. It has highlighted the very high levels of inequality as well as the deeply engrained dimensions of poverty; in income, assets and access to basic services; all of which are defined in terms of race, gender, age and geographic location.

Even before the impact of COVID-19, South Africa's GDP had contracted for three consecutive quarters in 2019Q3, 2019Q4 and 2020Q1, and unemployment had been on the increase with the official unemployment rate rising to over 30% in 2020Q1 (see Addendum at the end of the paper). As outlined in government's Supplementary Budget announced in late June 2020, which provides a budgetary framework for government's response to the COVID-19 pandemic, South Africa's GDP is expected to contract even more sharply in 2020. Expected tax revenue losses will total around R300-billion in 2020. The budget deficit is expected to total over 15% of GDP, while the debt-to-GDP ratio is expected to climb to above 80% in 2021; putting a further strain on public finances and raising borrowing costs. Massive job losses are expected, while insolvencies, especially of small businesses, are likely to increase.

In response to the pandemic, governments across the world have focused on the provision of massive stabilisation packages, designed to flatten both the contagion curve of the pandemic as well as the curve of economic meltdown. This has taken the form of direct cash transfers to distressed households and firms, increased social transfers and grants, extended credit lines and guarantees backed by governments to households and firms.

South Africa's response to the pandemic is being implemented in three stages. The first stage focused on containing the spread of the virus through the implementation of a nation-wide lockdown and rigorous testing and tracking. The second stage focused on providing relief and support to households and firms in distress. The third stage focuses on the development and implementation of an Economic Reconstruction, Growth and Transformation Plan.

In providing relief, the South African government announced a R500 billion social and economic support package for households and firms, including a special R20 billion COVID-19 health budget, wide-ranging support for the most vulnerable through R50 billion in expanded social grants, the distribution of food parcels and vouchers, and a R200 billion government backed loan guarantee scheme for firms in distress. Additional funding was also made available to municipalities for improved service delivery.

To fund the social and economic support package, financial allocations were reprioritised entailing the formulation of a new national budget for the country. Funds have also been mobilised from local sources, such as the UIF, and consideration has been given to utilising funds from global sources and international finance institutions, including the World Bank, IMF, the New Development Bank and the African Development Bank.

Other immediate measures included the redirection of industrial capacity towards the production of essential items such ventilators and personal protective equipment; policies to promote food security and strengthen the operations of the domestic food supply chain; action by competition authorities to prevent price-gouging during the crisis; and the emergency release of telecommunications spectrum to allow for expanded access to broadband data services.

The ANC-led Alliance in its discussion document *The Political Economy of the Global COVID-19 Pandemic and South Africa's Response* supported government's health and economic response to the COVID-19 crisis. This provides a strong foundation for further uniting the Alliance, and society more broadly, around a programme of reconstruction, growth and transformation for the South African economy.

4. The balance of forces

The COVID-19 pandemic is disrupting all aspects of human life. It is forcing a rethink in the way things have been done. Even before the pandemic, there was broad consensus that global capitalism had to change course due to rising levels of inequality and exclusion as well as environmental degradation. In responding to the COVID-19 pandemic, redistribution in the allocation of resources, opportunities and basic services has been brought forcefully onto the agenda.

Progressive forces must contest the economic space to ensure alternative outcomes that truly benefit the poor, the black majority and the working class. The ANC should lead these motive forces, working with Alliance partners and society more broadly, in order to fulfil the historic mission of socio-economic transformation.

As a result of the pandemic, the contested relationship between the public and private sectors has shifted. The COVID-19 pandemic has reinforced the legitimacy of public investment in health care. It has legitimized a greater and more active role of the state in guiding the economy. It has forced a rethink on public services that are now seen as a necessary investment rather than a liability. Central banks are increasingly being called upon to assume a more active and direct role in supporting the real economy.

The pandemic has also had profound implications for the world of work. Working remotely has grown in application and in significance. The use of technology has taken centre stage in all economic sectors. COVID-19 has also laid bare structural features of the labour market, with certain jobs more secure than others. At the same time, the pandemic has exposed the digital gap, reflecting ongoing, deep inequality prevalent in South African society. The poor, urban and rural working class, who do not have the option of working from home or their children receiving online education, are most at risk. Hence, a key part of our infrastructure and service response should be about closing the digital divide.

Furthermore, as the world economy enters recession and global trade slows this has opened up avenues for greater regional integration, trade and investment. Equally, as many economies are forced to look inward, this presents opportunities to rebuild local industry, strengthen local manufacturing and drive import substitution. While these developments will impact negatively on South Africa's growth prospects, they also present opportunities, as a greater focus will be required on the domestic drivers of economic growth and development, such as local manufacturing, local content and local procurement as well as import substitution.

Hence, the COVID-19 crisis presents both challenges and opportunities. Interventions in response to the crisis must be based on a realistic appraisal of the current period's subjective and objective conditions, as well as on the global and local balance of forces.

Globally, protectionism and populism are on the rise. Institutions of global governance, finance, health and trade are being undermined. Multilateralism, global consensus and solidarity appears to be on the retreat, as countries are focusing first and foremost on what works for them.

The COVID-19 pandemic has thrust on to the state a greater responsibility and role in the economy and society. In addition, trust in public institutions and governments is on the rise. This however may be short lived. It will depend on how well governments are able to manage and resolve the crisis going forward. Due to subjective errors, the capacity of South Africa's democratic state has been weakened. Poor cadreship has resulted in the weakening of state capacity which has been compounded by corruption. There has been a lack of honesty about what can and cannot be achieved at particular points.

These subjective weaknesses need to be overcome so that the ANC-led Alliance can reassert itself as the most powerful and coherent political force in South capable of providing leadership to wider South African society, and guiding the economy onto a transformed inclusive growth path. This moment presents an important opportunity to reset and begin to more effectively build a capable, ethical and entrepreneurial developmental state that is able to direct development for the benefit of all, especially those who have been left behind.

5. Social compacting

"Our economic strategy going forward will require a new social compact among all role players – business, labour, community and government – to restructure the economy and achieve inclusive growth. Building on the cooperation that is being forged among all social partners during this crisis, we will accelerate the structural reforms required to reduce the cost of doing business, to promote localisation and industrialisation, to overhaul state owned enterprises and to strengthen the informal sector. – **Statement by President Cyril Ramaphosa on Further Economic and Social Measures in Response to COVID-19 Epidemic, 21 April 2020.**

The COVID-19 moment offers South Africa an opportunity to forge a new social compact amongst all role players. In particular, there is a need to mobilise popular support, and ensure buy-in and collective ownership of the economic reconstruction effort. It will be necessary for leaders in society to articulate the interests of the country and the economy as a whole, rather than sectoral interests. Short-term tactical compromises are required from all stakeholders, in order to achieve longer term strategic goals and objectives. In this regard, business will be required to look beyond profits, workers beyond the next round of wage negotiations, and government must have the capability to reprioritise and restructure where needed.

Business leaders must appreciate that the de-concentration of markets, increased access to finance in particular for Black-owned and SMME businesses, and the reduction of barriers to entry are essential ingredients to increased levels of competition, growth and employment. It must be understood that support to the private sector will come with conditions, such as, job retention, increased worker decision making and worker ownership.

Trade unions need to have the tools to explain to members the benefits of policies that will increase competitiveness, productivity, investment and employment creation. Public sector leaders need to eradicate corruption and build an effective developmental state.

Community based organisations, including the religious sector, must play a leading role in mobilising society towards effective and inclusive social compacting.

For a social compact to be effective, government must take on responsibilities well beyond those which are asserted by the neo-liberal agenda that seeks ubiquitous commodification and attempts to enforce market relationships on almost all spheres of life, with the result that only the well-off can afford access to quality health, education and other services.

National level compacting is required to lift overall investment and create a new, inclusive economy. Sectoral level compacting is also needed to guide sectoral reforms and unlock investment, jobs and transformation in specific sectors. Input from the key participants in those sectors identified for social compacting needs to be sought so that their work can be guided and supported. The process of developing Master Plans in various key sectors may serve as a useful building block towards the development of sector-level social compacts. Such a process should be accelerated and extended to a wider range of sectors.

6. What is to be done?

The COVID-19 pandemic has further revealed the painful persistence of South Africa's apartheid fault lines. A response to the crisis requires answers to the question: *What is to be done to build a more equal society and to create jobs for the millions who continue to be locked out of the economy?* To answer this question, South Africa must go back to the basics of the Reconstruction and Development Programme (RDP) and the National Development Plan (NDP).

The RDP envisaged that through implementing effective programmes to address the basic needs of our people we would build a new economy. Its clarion call was for policies that would promote and accelerate both growth and redistribution in the South African economy:

- *The RDP integrates growth, development, reconstruction and redistribution into a unified programme. The key to this link is an infrastructural programme that will provide access to modern and effective services like electricity, water, telecommunications, transport, health, education and training for all our people.*
  This programme will both meet basic needs and open up previously suppressed economic and human potential in urban and rural areas. In turn this will lead to an increased output in all sectors of the economy, and by modernising our infrastructure and human resource development, we will also enhance export capacity. ***(RDP 1.3.6)***

Despite progress made during the past quarter century of freedom, which has seen dramatic increases in access to basic services for the majority and sustained periods of economic growth, South Africa continues to have an economy with two vastly different lived experiences – one poor and mainly black, and one rich and mainly white. The insight of the RDP was that it should be possible to achieve inclusive growth through the structural transformation of the South African economy.

The NDP highlighted the need for a capable developmental state which is capacitated to address challenges of poverty and inequality. Its diagnosis of the macrosocial environment and summary of the 2030 vision, is instructive:

- South Africa remains a highly unequal society where too many people live in poverty and too few work. The quality of school education for most black learners is poor. The apartheid spatial divide continues to dominate the landscape. A large proportion of young people feel that the odds are stacked against them. And the legacy of apartheid continues to determine the life opportunities for the vast majority. These immense challenges can only be addressed through a step change in the country's performance.
  - ***To accelerate progress, deepen democracy and build a more inclusive society, South Africa must translate political emancipation into economic wellbeing for all. It is up to all South Africans to fix the future, starting today.***
  - ***To eliminate poverty and reduce inequality, the economy must grow faster and in ways that benefit all South Africans.***

The injunctions of both the Freedom Charter, the RDP and NDP, as well as the experiences of over 25 years of democratic governance, must inform our response to COVID-19. This is the moment to seize the opportunity to close the gap between the two kinds of lived experiences in the South African economy, just as we pursue policies to promote economic growth and job creation.

Our response to the COVID-19 crisis will require us to operate in new ways in order to be effective. To rapidly accelerate growth and investment, government should stipulate public policy objectives aimed at catalysing growth and development. Once government has outlined its transformation vision for a particular sector, private and public entities should make proposals regarding how best they will contribute to the achievement of the stipulated vision. Through such an approach, the state will play a strategic leadership role, and private and public entities will carry the risk, will operate off their own balance sheets and will have an incentive to operate at lowest cost in order to be profitable.

Similarly, in order to promote expanded infrastructure investment, an infrastructure development agency should be established to ensure that the state has the strategic capability to develop and enable the execution of infrastructure projects, including preparation for different forms of funding. Such an infrastructure development agency should plan and monitor the implementation of expanded social and economic infrastructure and would not be required to involve itself directly in construction activities, as private sector construction companies are better placed to execute such tasks. This agency is to focus on specific programmes and not necessarily replace the capacity that exists amongst certain SOCs where pockets of excellence continue to exist. The agency will also seek to mobilise and facilitate private sector infrastructure investments, with the overall aim of lifting investment to the NDP's target of 30% of GDP, in which various public and private investment arrangements should be utilised, including build, operate and transfer models where appropriate.

To maximise the developmental impact, it is important that infrastructure investment programmes be sustained over a number of years. Infrastructure programmes must not be allowed to stop and start as a result of political influence and the paralysis of vested interests. Sustained plans enable the maximisation of multiplier effects as industrial policy objectives can be aligned to ensure localisation of manufacturing, technology transfer, BEE ownership and employment creation. Lack of sustained investment by the state on various programmes has added to job losses and de-industrialization. This was evident from the collapse of the factories building wind turbines and solar panels, as well as the collapse of construction capabilities needed for the infrastructure programme.

If a 'virtuous circle' of growth and increased revenue collection can be achieved through infrastructure expansion, improved state capacity and structural reforms, this will have the additional benefit of increasing the amount of resources available for the expansion of basic infrastructure in rural and urban areas. For example, having resources for the building of new, improved school infrastructure and the upgrading of community facilities will result in its own second round of multiplier effects and achieve accelerated and widened inclusive growth.

The following sections of the paper identify the areas of intervention as outlined in the 'organising framework' above. In identifying these interventions, the assumption is that the nature of the problems in each of the categories is more or less understood. Further, the aim is not to list the myriad of government programmes planned, desired or under way. Rather, the interventions are selected for their catalytic nature.

7. Infrastructure development

Guided by the RDP, this paper takes the view that through urban expansion and renewal as well as the provision of infrastructure and services to historically excluded communities in rural and urban areas, conditions will be created to repair the broken structure of the South African economy, by stimulating broad-based growth and job creation. Specifically, the economic recovery must have as one of its key elements a massive expansion of social and economic infrastructure to meet basic needs as well as investment to improve the performance of network industries. An important element of this programme should be the maintenance of existing infrastructure.

To fund the envisaged massive expansion of social and economic infrastructure, it is proposed that the Infrastructure Fund already initiated by government be strengthened. This must include attracting relevant skills and expertise to bolster existing capacity within the state in the preparation and delivery of projects, to eliminate waste, minimise delays, ensure efficiency of spending and value for money.

The COVID-19 pandemic has added to the construction industry's challenges, with projects being halted by the pandemic and the subsequent nation-wide lockdown. Due to delays, projects may potentially run over the prescribed time of delivery, with significant cost overruns.

To support the industry in the immediate term, it is proposed that credit extension should be advanced to the sector through credit guarantees.

It is further proposed that the state's engineering capacity be strengthened by drawing on the capabilities of institutions where strong capabilities exist. This will assist in eliminating incidences of bad engineering project management which have had a negative impact not only on project delivery but also on the fiscus as many public infrastructure projects have experienced major cost overruns. This capacity is critical in the short-term and can be used to support the work of the infrastructure agency.

Water and sanitation

The country is facing a projected 17% water deficit by 2030. Increasing climate variability is exacerbating this water problem. Key challenges facing the water sector include inability to effectively constrain water demand, increasing water security risks, ageing water and sanitation infrastructure as well as planning, policy and regulatory challenges.

These challenges are already having significant impacts on economic growth and on the well-being of South Africans. Going forward, these challenges will be exacerbated by climate change related impacts and the Covid-19 pandemic. In order to protect lives and livelihoods, the response must aim at strengthening the resilience of the water sector. Among others this will involve ensuring that the use of water for productive purposes is equitable; that the governance of water resources is representative and that there is expanded access to water and sanitation.

There is a need to implement demand side measures to increase water availability and prevent wastage as well as supply side measures through the construction of new dams and related water infrastructure, inter-catchment and regional transfers. Linked to this is the implementation of programmes for water resource protection such as the cleaning of canals, rivers and dams.

Across the country, an overloaded and poorly maintained sanitation system calls for massive expansion and maintenance. The relevant department(s), provinces and districts/metros must submit a list of projects for immediate implementation.

Efforts to strengthen capacity and capabilities within the sector need to be strengthened by investing in managers, engineers and planners to meet current and future demand. This includes the employment and development of a new cadre of water technicians and professionals, many of whom are currently marginalised and unemployed.

Roads

An efficient, integrated and well-maintained roads network plays a critical role in unlocking economic growth and development; in connecting people and in promoting spatial integration. Some progress has been made in building roads in the townships, however, in the rural areas more work still needs to be done. Save for the development of some regional roads, there has been a lag in developing road infrastructure in rural areas, particularly the upgrading of key arterial roads that connect communities from gravel to paved roads.

The following interventions are proposed:

- The launch a major road building, renewal and maintenance programme.
- Urgent identification of critical projects and allocation of state institutions with the necessary capacity to support districts and provinces to ensure they move from concept to execution.
- Alignment of the roads build programme with the expanded public works programme to absorb young people into employment. This includes the widespread use of labour intensive methods of construction.
- The scale and longevity of the roads build programme must be significant to allow for multi-year procurement and implementation to ensure sustainability of the SMMEs, cooperatives and other companies involved in the programme

Energy

COVID-19 and the subsequent nation-wide lockdown, which effectively froze the wheels of the economy, has given Eskom some room to undertake maintenance work. Going forward as the economy picks up momentum, electricity shortages will remain a major challenge. The ANC's approach is that efforts to address South Africa's energy security, including challenges of electricity shortages, should advance the notion of a just transition.

It should be noted that energy use is not just in electricity, but also in energy inputs required for domestic and industrial heating and transportation. In addition, South Africa has the potential of seeing investments in its offshore and onshore oil & gas resources that may make a critical contribution to its energy security. In this context, gas is emerging as a gamechanger both in terms of its role in the country's energy transition and in terms of new opportunities it presents.

The implementation of the Integrated Resource Plan should be accelerated, and its execution should be linked to industrial policy. Upstream, local partnerships should ensure that South African firms develop and own energy technologies. Downstream, the development of new 'green industries' and hydrogen technology should be incentivised. To achieve maximum localisation and industrialisation, it is important that policy implementation be consistent.

There is a need for continued support for Eskom to overcome its immediate financial and technical challenges and to ensure reliable electricity supply. A solution needs to be found to Eskom's debt problem, including the possibility of pension funds being mobilized to take over certain restructured Eskom assets. This is linked to the broader restructuring and unbundling of Eskom's corporate structure to achieve the vision set out in the 1998 Energy White Paper.

The Petroleum Resources Development Bill which will create an enabling environment for upstream investments should therefore be finalized, including the related fiscal measures that will ensure shared outcomes between the State and those granted rights, in accordance with international practice. The feasibility work for a new refinery and petroleum complex should be advanced.

Access to liquefied petroleum gas (LPG) can play an important role in household heating and cooking as well as reducing household costs. In this context, the outcomes of the LPG study by the Competition Commission should be implemented, as well as integrating LPG and gas in new housing developments to enable a shift from using electricity for heating and cooking, which also impacts on peak electricity demand.

A critical element of our energy work is intensified regional integration efforts, whether for access to gas where our neighbouring countries are endowed, or the development of new regional generation and transmission infrastructure where needed.

Commuter transport

An efficient transportation system is a critical component of economic activity. Transport availability can either boost or halt economic growth.

South Africa's public transport system remains under-developed. Coupled with this is the obsolete commuter rail transport infrastructure and network that has not been expanded and adequately maintained to respond to the creation of new human settlements post-1994.

Ongoing engagement with the taxi industry, which transports a large portion of commuters, is required with a view to accelerate transformation and genuine empowerment within the industry. Such engagement must consistently focus on supporting initiatives aimed at promoting commuter safety, convenience, and reliability as well as quality services. The implementation of Bus Rapid Transport systems should be strengthened and expanded in all major cities. As part of improving the efficiency of the commuter rail system, the possibility of municipalities running monorails should be investigated.

There is also a need to integrate the Gautrain as well as other future high-speed rail projects to the PRASA passenger rail network. The feasibility of the new high-speed rail projects linking major cities should be determined as a matter of urgency so final decisions on implementation can be taken. At the same time, partnership between Transnet and PRASA should be strengthened.

The establishment of Provincial Transport Authorities and the introduction of a single ticketing system should be among the key pillars of the process to integrate various modes of public transport.

Ultimately, our public transportation system must be modern, affordable, integrated, safe, inter-modal and reliable. This will require massive investment to improve existing public transport infrastructure and the building of new infrastructure to link communities to economic hubs and social amenities such as schools, health care facilities and places of recreation.

Freight and Logistics

South Africa should develop a corridor-based strategy for freight movements, irrespective of mode used, in order to create the scale required to attract the largest vessels to the country's ports, thereby converting key ports into strategic hubs for the major shipping lines. At least one container terminal that is of a global scale is needed, with the rest of the port system used as feeders. This would have the benefit of reducing the shipping part of the country's logistics costs and potentially allow for the benefits of transhipment traffic. This would also create an opportunity for vessels registered in South Africa to run the shipping routes between South African ports and into Southern Africa.

The Covid-19 new normal raises new challenges that must be addressed. Logistics will shift from Just in Time to Just in Case and the health and food safety testing infrastructure and its efficiencies at the ports will drive the attractiveness of one port relative to another. Cargo owners will target ports with capacity to store buffer stocks and vessels will target ports with the fastest turnaround speeds. Just in case logistics means that TNPA will have to work much closer with the IDZs and SEZs to provide the necessary warehousing to store the buffer stocks that a Just in Case logistics system requires. Between the vessels that target the most efficient ports as key hubs and the increase in wind speeds around our coastline because of global warming, port operations have to become more technology intensive.

Due to the fact that South Africa's manufacturing hubs are mostly located inland, it is imperative to try to minimize logistics costs in order ensure competitiveness and efficiency. Despite an extensive rail infrastructure network, investment in track and signalling maintenance has been neglected. In Gauteng there is the additional complexity of the shared infrastructure between Prasa and Transnet that impinges on the performance of both passenger and freight rail. It is urgent that the two systems are separated to enable efficient movement of both passenger and freight trains. These investments provide the opportunity to rebuild the rail manufacturing capacity and the electronics sector for signalling equipment. Branch lines could also be revitalised if entities with lower operating cost were enabled to provide branch line service either as intercity services or to consolidate volumes for TFR at major interchanges.

Furthermore, the level of cable theft and general theft of rail components means that an effective railway's policing strategy should be implemented. Improved security should be provided in collaboration with communities along the rail routes. This service could be co-funded by both the passenger and freight services. Underinvestment in transport infrastructure will remain if there is no concerted effort to resolve either the issue of subsidies for infrastructure or an economic regulatory model that enables transparent cross subsidisation across the modes.

Small harbours have the potential to contribute significantly to local economic development, and support cooperatives, SMMEs and economic activities such as tourism and fishing. The fishing industry is supported by thirteen proclaimed fishing harbours. Further infrastructural repairs and maintenance are required to ensure that these harbours remain functional. Small harbours can also serve as local economic nodes, and investment in these nodes can expand their socio-economic impact.

Aviation sector

In developing a strategy for the aviation industry in the context of the impact of COVID-19, consideration must be given to the strategic context of an airline industry underpinned by intense competition globally, on the African continent and locally. Consideration also has to be given to the vast and quality assets - including state of the art airports - South Africa has and could leverage. The state stands to benefit greatly by the strategic use and deployment of its aviation assets which are national assets. An added advantage is that the state aviation assets have strong synergies. They need to be harnessed and coordinated so as to provide an integrated service offering to benefit the country and the economy. Consolidation could open up opportunities for mutually beneficial partnerships and collaboration between various airlines in different parts of the world.

Human Settlements, Health and Education

Social infrastructure and assets improve access to basic services and provide many multiplier effects within the real economy. With regard to human settlements, priority should be given to land administration, management and development of skills in land related careers. Programmes already under way to address high property costs and accelerate the transfer of title deeds should be intensified. Critically, the 're-blocking' of informal settlements should be introduced with immediate effect, in consultation with affected communities.

COVID-19 has exposed the disparities in the education system, ranging from such basic amenities as water and sanitation to class sizes and access to ICT gadgets and data. A massive programme to upgrade school infrastructure in poor communities should be undertaken, and this should be combined with employment of educators to reduce class sizes.

Similarly, the health interventions should cover issues such as improvement of public sector health infrastructure, expansion of the personnel cohort at all levels, improved research capacity as well as the establishment of a state pharmaceutical company. Needless to say, greater focus will need to be placed on improving public hospitals all-round, as a step towards speedier implementation of the National Health Insurance.

Municipal Infrastructure and Urban and Rural Renewal

The use of the District Development Model (DDM) to improve service delivery in urban and rural areas should be strengthened. To address backlogs in municipal infrastructure building and maintenance, as well as to support urban and rural renewal, a significant portion of the proposed infrastructure build programme should be directed towards municipalities. In addition to own revenue and fiscal transfers, DFI finance and private sector investment should also be mobilised to improve rural and urban municipal infrastructure. Rural roads and water services should be upgraded with a bias towards the use of local labour forces and labour intensive methods. Attention should also be paid to the revitalization of inner cities and townships, including a model for concessionally funding title holders to upgrade backyard rentals and adding more revenue-generating commercial developments.

8. Sectors for priority interventions

This section of the paper focuses on sectoral interventions necessary to reshape and rebuild the South African economy in the aftermath of COVID-19. It focuses on specific interventions in growth sectors such as manufacturing, tourism, the creative industries, ICT, pharmaceuticals, transport and aviation, and the blue economy.

8.1 Agriculture and land reform

Agriculture remains an important sector to South Africa's economy, not only for food security purposes but also job creation, particularly in the rural areas. With South Africa's labour force being largely unskilled, agriculture presents a viable option as it is flexible enough to absorb less skilled labour The medium-to-long-term focus should revert to a sharper and more concerted effort in addressing structural and fundamental issues that have affected South Africa's agricultural sector pre-COVID-19. These include the expansion of primary agriculture, improvement of rural infrastructure, direct incentives targeted at where they are likely to have the greatest impact; greater investment in the sector; and strengthening black participation at both farm, inputs, and agro-processing levels of the value chain.

While commercial farming might be the desired path for agricultural expansion in South Africa, subsistence and small-scale farmers should not be excluded as they play a crucial part in improving household food security, affirming dignity, reducing rural poverty and creating employment. Accordingly, there should be concerted efforts to grow primary agriculture through targeted investment in smallholder farmers, including such services as irrigation schemes and pest control.

Critically, the proposals in the NDP should be implemented – with the aim of creating the projected 1-million additional jobs by 2030. These include: expanding irrigated agricultural land by one-third; expanding commercial production; picking sectors and regions with high potential; and ensuring access to product value chains.

An important part of supporting agriculture will be the development and utilisation of new digital technologies that make it easier to attract the participation of young people in agriculture. These programmes must all be in sync with the view of assisting private entrepreneurs and creating more jobs in the agricultural value chain.

The state should mobilize development partners, including the World Bank, the African Development Bank, the private sector and impact funders to contribute towards developing a thriving rural economy centered on agriculture. This includes a focus on stabilizing and ensuring the sustainability of the Land Bank.

Funding in the agricultural sector should be directed at improving agriculture infrastructure, providing targeted support to farmers in respect of production inputs and advisory services, strengthening primary research, recapitalisation of state-owned enterprises in agriculture, and mitigating against the impact of climate change and diseases. State regulatory institutions should be strengthened to support agricultural trade, food safety, water rights and the use of alternative sources of energy in agriculture.

There is also a need to support especially emerging farmers with access to markets both nationally and internationally. This includes ensuring that greater government procurement from small-holder farmers.

Land is a critical input for agriculture, rural development and human settlements. To accelerate land redistribution it is proposed that while the process to amend Section 25 of the Constitution is continuing, immediate action be taken to release land owned by the state, at all levels, for human settlements, agriculture and the development of enterprises.

It is further proposed that in order to acquire land for redistribution, the programme to expropriate land in line with the existing legal and constitutional prescripts should be continued. To further accelerate land redistribution consideration should also be given to the taxation of unused land.

There is a need to aggressively drive production on state and restituted land.

8.2. Manufacturing

Over the years, South Africa has experienced significant de-industrialization. This contributed towards the decimation of the industrial base and to significant job losses. As a consequence, South Africa continues to rely heavily on imports.

The value of imports into South Africa in 2019 amounted to about 25% of gross domestic product. Excessive reliance on imports poses a threat to the country's response to emergencies, pandemics and global disruptions, for example in the most recent case of COVID-19, most of the medical equipment and personal protective equipment had to be imported. Furthermore, disruptions to global trade and the slowing of global economic activity, as a result of COVID-19, will negatively impact those sectors that are dependent on the import of capital and intermediate goods. The import of consumer goods will also be affected.

These developments present an opportunity for South Africa to look inward by strengthening the agenda for localisation, in particular local manufacturing and local procurement. South Africa will not be alone in focusing inward. Many countries are already looking inward as global trade slows. In the context of South Africa, localization should be understood to include greater integration of South African manufactured products within the SADC and continental value chains.

To kick-start a massive programme of localisation, certain local industries where localisation will be driven aggressively must be supported with special measures.

Sectors affected should include those located in economically depressed areas; those able to create large numbers of jobs, including low skills jobs.; industries where South Africa already has existing capacity or a competitive advantage; as well as industries that support innovation.
The following key industries should be prioritized for a major programme of localisation:

- **Agro-processing** value chain, including poultry, sugar, oils, grains, juice concentrates and dairy products
- **Health-care** value-chain: pharmaceuticals, personal protective equipment and medical equipment, (e.g. ventilators)

- **Basic consumer goods:** clothing and footwear, home textiles, consumer electronic products and appliances (including televisions, mobile phones, and white goods like fridges, stoves and washing machines), household hardware products, packaging material, furniture
- **Capital goods,** equipment and industrial inputs particularly used in infrastructure projects, mining, agriculture, renewable energy, the green economy and digital infrastructure
- **Construction-driven** value-chains, such as cement, steel, piping (plastic and steel), engineered products and earth-moving equipment
- **Transport rolling stock:** automobile and rail assembly and component production, in preparation for the African Continental Free Trade Area (AfCFTA)

Localisation should be the new focus of Government, with partnerships with business at sector level, based on the following:

- State procurement should shift decisively to local procurement, with a requirement that every state entity should disclose in its Annual Reports what percentage of its Goods & Services and Capital Goods is imported products, together with an explanation why and steps taken to change the reliance on imports. The weight placed on pricing should be reviewed to enable deeper levels of local procurement, and competition policies should be utilised to ensure the state does not face unreasonable pricing. Centralised procurement should be used for all the targeted products, with transversal contracts to enable long-term procurement commitments with reciprocal commitments by manufacturers to transformation, investment and pricing.
- Sector commitments by businesses for their own procurement and with the retail industry on targets for local procurement (with a special emphasis on SMMEs and Co-operatives) – with these finalised in all industries by December 2020, and all incentives and licensing arrangements aligned to the objective
- eCommerce platforms should aggressively and actively promote locally-manufactured items
- An 'Industrial dynamism' programme with a special funding envelope, should be launched for all identified sectors and value-chains above, building on the existing successes with Master Plans and competitiveness initiatives
- The implementation of the export tax on scrap metal should be speeded up to enable foundries and steel mini-mills to recover and grow
- All innovation agencies such as CSIR and others should re-orient their budgets to new product development and to improving the industrial competitiveness of local production.
- The different tools available to the state, all public entities and the three spheres of government, including industrial funding, tax incentives, licensing, tariffs and others public measures should be reviewed to enable conditionalities to be placed for localisation.

Infrastructure supplies: The infrastructure programmes identified above all require manufactured supplies, many of which can be provided in the country. These range from road and rail projects, electricity generation and distribution, housing, as well as schools and health facilities. A systematic approach to understanding the value chains of these projects and incentivising production of these supplies is urgently required. A report should be prepared for Cabinet setting out all the supplier and input industries that should be supported and what partnership framework needs to be signed with them. In addition, taking advantage of the AfCFTA to utilise opportunities for infrastructure programmes in sub-Saharan Africa, South Africa must work with the various countries to develop well-structured specialisations and cross-border value-chains in the manufacture of these supplies.

Mining sector linkages: Manufacturing activities that are linked to mineral beneficiation chains include Coal-beneficiation; Platinum group metals beneficiation, such as, fuel-cells and other industrial products; Steel value-chains, which include iron-ore, manganese and chromium; and Vanadium, for production of battery-linked technologies among others. Historically, South Africa has also had a well-developed sub-sector in upstream supplies to the mining sector. The Mandela Mining Precinct established a few years ago, seeks to develop this capability, and it should receive maximum support from the state and the mining companies. This should include targeted initiatives in linkages such as green hydrogen in combination with platinum fuel cells and battery storage technology. South Africa is the world's largest platinum producer. In line with our country's long-term commitment to mineral beneficiation, there is a need to scale up existing research and development, and production initiatives, in this area. Stationary fuel cell applications in off-grid electricity generation (in which Eskom can play an important role) as well as mobile applications in fleet renewal and expansion for both municipal and Bus Rapid Transport systems can provide a market for this proudly South African product and dramatically reduce carbon gases from our public transport system.

Low-end manufacturing: With the disruption of global value chains developed in the process of off-shoring that had been under way before COVID-19, South Africa needs to identify opportunities in low-end manufacturing that it can exploit to the full. These opportunities include clothing and textiles, components for or complete ICT gadgets that the state is providing to schools and hospitals and PPE that will outlive the COVID-19 pandemic. This will require massive expansion of the SEZ and industrial park programmes. Underpinning the approach to low-end manufacturing is not only the creation of jobs for low- and semi-skilled workers, but also the opportunity to become part of African and global value chains.

Pharmaceutical and medical supplier industry: The pharmaceutical industry has a disproportionate and rising trade imbalance, as South Africa continues to grow imports of pharmaceutical products. The country imports about 90% of medical equipment and about 95% of active pharmaceutical ingredients. The sector is also heavily dependent on global value chains which places South Africa at risk with regards to key pharmaceutical and medical supplies.

Some of the immediate interventions to strengthen the sector's response to COVID-19 and place it on a sound footing going forward include the localization of the production of the country's personal protective clothing requirements. There is also a need to ensure strong and sustainable supply chains to prevent medical stock-outs. It is also important to bring about predictability and policy certainty in the industry so as to attract private sector investment. To achieve all of this will require an import replacement strategy on high value imported medicines. It will also require a proper and stringent implementation of local procurement policies and set-asides as well as the introduction of export incentives to boost export opportunities. The tender system as it applies to the sector needs to be reformed to allow local producers and SMEs to secure long-term contracts instead of the two year contracts that are disruptive to the industry.

The proposed State Owned Pharmaceutical Company should focus on the provision of ARVs and other high volume products. The active pharmaceutical ingredients for the manufacture of ARVs must be fully sourced locally. This will enable most competitive API price, will provide ARV pricing transparency and will enable local formulators to produce ARVs and other high volume products at a competitive price.

Marine manufacturing industry: Boat/ship building, repairs and maintenance as well as offshore oil and gas vessel/rig repairs are opportunities that can be expanded. Strengthening support for this industry could promote local content and localisation, providing the much-needed investments and jobs. In line with the resolution of the 54th National Conference, priority must be placed on strengthening local content and procurement in this industry. Promoting a national registry for local ownership of shipping vessels is also an area of significant growth.

8.3 Mining industry

The South African mining industry has in recent years experienced falling levels of investment and exploration, job losses, and increased cost pressures. Despite these problems, South Africa still remains a global mining powerhouse. The country's geological endowment and reputation are the envy of the world. South African leadership and expertise can be found at virtually every link along the mining value chain. Other countries look to South Africa and South African companies for the way we build mines, build relationships with local communities, and protect the environment. South Africa is also a top destination for mineral endowment and offers unparalleled access to technical skills.

In order to translate the comparative advantage South Africa has into a competitive advantage, there is a need to strengthen innovation, introduce robust junior mineral exploration and clean technology, ensure mineral processing, and build strong supportive mining supply and services sectors. The South African Minerals Energy Complex Interventions Plan outlines a vision for government, industry and stakeholders to place the mining industry on a path of competitiveness and long-term success.

The mining sector can help South Africa to drive a localisation agenda. In this regard, there is a need to more aggressively re-orient the mining sector inwardly, in order to support the local beneficiation of minerals, build the minerals value chains and strengthen broad-based industrialization. Linked to this is the identification of strategic minerals that will be designated for local beneficiation.

Regulatory disputes and uncertainties should be resolved with immediate effect to facilitate expanded investment in the sector, increase in mining R&D led by Mintek and the Mandela Mining Precinct, as well as increased mining exploration, with the Council for Geoscience playing a leading role, to ensure long-term expansion of the sector. Listings of mining companies on the Johannesburg Stock Exchange should be encouraged and South African retail investors willing to invest in mining exploration should be incentivized as is the case in other mining jurisdictions.

8.4. Green economy and green industrialisation

The green economy can be seen as part of innovative solutions to address the persistent challenges of inequality, poverty and unemployment as well as climate vulnerability. It is also a significant instrument in closing gaps in the security of energy, food, water and electricity supply. The COVID-19 economic recovery must include a green component. This will bring the following strategic advantages. First, it will have a positive impact on job creation in new green industries and enterprises that use new technologies. Secondly, dedicated international "Green Funds" could be accessed to fund these new industries. Thirdly, green bonds have been shown to be cheaper than traditional bonds. Finally, investment in green and sustainable solutions offer opportunities to promote long term economic competitiveness and climate resilience.

The focus of South Africa's green economy interventions should be on expanding the programme to retrofit public and private buildings with measures to improve energy and water efficiency. The extension of this programme to schools, clinics and other public buildings has a potential to build a local industry that is labour intensive and anchored on a sustainable value chain that supports SMME participation and skills development for unemployed youth.

Several coal-fired power stations in Mpumalanga are due to be retired as they reach the end of their useful lives. Many of these are the only source of livelihoods for local communities. Retrofitting these power stations with renewable energy generation alternatives could save jobs, support livelihoods and ensure that important grid infrastructure is revitalized. Research on the appropriateness of these geographical sites for solar energy generation has already been concluded and the feasibility studies are positive. Accordingly, it is proposed that an SEZ for renewables should be located in Mpumalanga to alleviate the impact of job losses as a result of the closure of coal plants.

South Africa is a water scarce country. In addition to the Working for Water and War on Leaks programmes, improved catchment management can yield up to six percent more water on a continuous basis.

The wild-life or biodiversity economy currently employs more than 400 000 people. This sector has been hard hit by the COVID-19 pandemic. Recovery in the sector should include infrastructure development such as the creation of fire breaks, fencing, tourism facility upgrades, road building and maintenance, all of which are labour intensive activities.

Waste recycling and the transition to a circular economy is another area where South Africa can dramatically upscale its interventions to create jobs, formalize informal micro enterprises, divert waste from landfills and the environment and improve the overall system of waste management. The development of compliant landfills in every municipality as well as appropriate recycling facilities will assist in ensuring that South Africa is able to more effectively deliver waste management services and achieve targets on waste diversion and reuse.

8.5. The Oceans Economy

The 54th National Conference directed that the ANC should ensure expanded participation in the entire value and supply chain linked to South Africa's Ocean's Economy. In order to unleash the potential of South Africa's surrounding oceans, the following sub-sectors have been identified as strategic pillars of the oceans economy: Marine Transport and Manufacturing; Aquaculture; Fisheries; Coastal and Marine Tourism; Small Harbours Development and Offshore Oil and Gas. Marine Protection Services and Ocean Governance; Skills Development and Capacity Building; and Research, Technology and Innovation have been recognised as critical enablers in this sector.

Marine Transport and Manufacturing: The Marine Transport and Manufacturing (MTM) industry comprises of marine transport (including cargo handling, national registry and flagging) and marine manufacturing (including maritime vessel building, rig and ship repair and offshore oil and gas services). South Africa can leverage its strategic location, infrastructure and skills base to accelerate the growth of the MTM sub-sector, going forward. Incentives should be put in place to move more rapidly towards the objective that at least 40% of cargo be transported on South African registered ships. South Africa has nine commercial ports that form the backbone for economic activity. Investments in port infrastructure and the availability and maintenance of port equipment such as cranes, capstans, caissons, dry-dock facilities, among others, can greatly advance the sub-sector and attract private sector investments.

Aquaculture: The South African Aquaculture sub-sector is small and well placed to address local and rural economic development. It is diverse and comprises of two culture environments with associated species: Marine: Abalone, Mussels, Oysters, Seaweeds, Finfish; and Fresh Water: Trout, Tilapia, Catfish, Ornamentals and Marron. Investments in aquaculture infrastructure, state-owned hatcheries, research and technology, exploration and diversification of markets and streamlining administrative process will further advance the sub-sector. Investments in facilities in rural and economically depressed communities can improve the livelihood opportunities for these communities.

Fisheries: The South African fishing sector is well-established, ranging from the highly industrialised fishing fleet to small-scale fisheries, subsistence fisheries and recreational fisheries. The sector remains a significant contributor to food security and the economy. Stabilising the sub-sector through the allocation of longer-term fishing rights is critical to attracting investments into the industry. The promotion of small-scale fishing can contribute to poverty reduction and the building of sustainable livelihoods in economically depressed areas.

Coastal and Marine Tourism: South Africa has a competitive advantage in nature, culture, and heritage. Further investments in supporting tourism infrastructure, maintaining the integrity of the beaches, estuaries and Marine Protected Areas will sustain the coastal and marine tourism industry. Transformation in the boat-based whale watching and shark cage diving industries has improved from an initial 8% to 85% of trading permits allocated to Broad Based Black Economic Empowerment applicants. Investment must be sustained in port infrastructure to support the cruise liner tourism industry.

8.6 Tourism

"The importance of tourism spending and investment on economic activity and employment is that for every R1 million spent in the sector, five jobs (one skilled, two semi-skilled and two unskilled) are sustained. The same R1 million in expenditure results in an added R1.26 million to the economy (directly) and an additional R350 000 added due to downstream linkages (indirectly)." **- PriceWaterHouseCoopers 2020**

The above quote points to the strategic importance of the tourism sector as a growth focal point that has the ability to absorb varying skill levels through employment. The industrial linkages of the tourism sector in the South African economy have important implications for the general stimulation of the country's economy through the multiplier effect from the expenditure side. Gross value addition in this sector is rooted in its value chain that has a strong relationship and linkages with other sectors of the economy.

In 2019 the tourism sector accounted for 2.9% of South Africa's GDP while contributing 4.5% to total employment. The sector is one of the hardest hit by the COVID-19 pandemic. Going forward the sector must be a major area of focus for economic reconstruction.

The following recommendations are proposed for the tourism sector:

- Finalization of the pilot project and roll out of E-VISAs, and increasing the processing capacity in the rollout of e-VISA applications.
- Finalization of the aviation strategy, given the aviation industry's strong linkages with tourism.
- Development of "new-normal" supply-side capabilities and capacity aimed at driving economic transformation in the supply side of the tourism sector.
- Government needs to urgently work on an economic case for the next round of VISA-free countries that will be targeted for purposes of boosting tourism when borders are re-opened.
- Government should develop a tourism infrastructure project pipeline to unlock South Africa's diverse product offering to both domestic and international tourists.
- Increase SMME funding in the tourism sector in a manner that deepens the spatial tourism sub-sector product offerings in villages and small towns.
- Prioritize the development of tourism infrastructure projects through DFI funding in a manner that de-risks investment in tourism projects and allows for increased blended funding to foster transformation and drive employment creation.
- Increase spending on the maintenance of strategic national parks, world heritage sites and other strategic tourist attractions.

8.7 Cultural and creative industries

The creative economy includes people in the Visual Arts and Crafts, Audio-Visual and Interactive Media, Jewellery Design; Automotive Design, Creative, Arts; Entertainment Activities, Book Publishing, Music, Advertising, Architectural and Design Activities.

In addition to their role in supporting growth and job creation, the cultural and creative industries play an important role in fostering social cohesion, nation building and national healing. Evidence shows that countries which are more socially cohesive tend to grow faster.

The industry is one of those that will have to adapt quickly to a new normal in the context of the impact of COVID-19. This is because the pandemic has led to an unprecedented demand in online and digital content as people were required to stay home. Demand for digital and online content is likely to continue into the future.

It is proposed that online platforms for the distribution of creative products be established and where they exist they must be strengthened. Digital access to creative content has become a public need. Accordingly, online dissemination of cultural products such as music, film and design products must be encouraged, supported and appropriately incentivized.

8.8 Telecommunications and digital economy

The digital economy is changing at a rapid rate. South Africa needs to keep pace with this change. This includes the need to constantly review the country's telecommunications regulatory framework to ensure that it is in line with changing circumstances and to make sure that South Africa is not left behind in the unfolding Fourth Industrial Revolution (4IR). 4IR and a digital economy will employ technology to unlock systems and innovations that will cut across all sectors of the economy and improve efficiency and productivity.

To accelerate South Africa's transition into the digital economy and the 4IR the country must craft a shared vision of an inclusive digital future, which should include a just transition. The following is proposed with the overriding objective that data costs must be reduced, and access expanded, particularly for those in low income households.

- Avoid the sterilisation of valuable spectrum through ongoing policy paralysis and uncertainty by licensing High Demand Spectrum in terms of the Policy Direction and preparations for the auction of 5G spectrum.
- Increase innovation investment and seek to accomplish more technical breakthroughs that are critical for the growth of the nation through research funding.
- Skill the youth in data processing, internet of things, blockchain, and computer education to allow young people to build and operate digital technologies.
- The competition regulator and ICASA must facilitate the reduction of data costs.
- Expansion of broadband roll-out by the state, especially in the rural and township areas.
- Emerging technology developments and innovations should be extensively decentralised and localised so that SMMEs and co-operatives are integrated into modern telecommunication systems and the digital economy.
- Strengthen e-commerce to allow SMMEs, co-operatives (inclusive of rural and township businesses) to trade online and access domestic, regional, and international markets.
- Establish incentives through unique start-up training schemes for young people to create innovative technologies and apps, tools, and facilities for all fields of government and community.
- Intensify efforts to digitise government; e-governance will allow people to access public facilities from any point of contact.
- The efficient usage of modern technologies for public infrastructure expansion should be a necessity for schools and health centres and law enforcement.
- A regulatory framework for security on the web must be established so that constitutional values are upheld.
- Rationalise State Owned Enterprises in the telecommunications sector, including the establishment of

a National Broadband Infrastructure company out of the merger between Sentech and Broadband Infraco which will, over time, play an important role in the provision of connectivity infrastructure and the reduction of the cost of data.

8.9 Innovation

South Africa has the potential to be one of the great innovation hubs of Africa, and even of the developing world, more broadly. This would have a huge impact on investment and employment in South Africa. According to estimates by the OECD, a 1% increase in the ratio of R&D investment to GDP raises economic activity by 1.2%. Innovation grew rapidly before the global financial crisis, with rising investment in R&D by all sectors of society, rising fixed investment by all sectors too, and rising employment throughout society.

Since the global financial crisis, the overall rate of investment in innovation has declined in South Africa. Gross investment in research and development (GERD), reached over 0,9% of GDP between 2005 and 2008. The business sector contributed over 50% of R& D expenditure in this era. Since 2008, GERD fell to 0.7% and only rose to 0.8% again recently. (China's GERD is around 2.1%, and both Russia and Brazil have GERD of over 1%.) The contribution of the South African private sector fell from over 50% of R&D investment to less than 40%.

Existing support for scientific research especially at the universities and the science councils should continue, but more attention should be given to encouraging growth-oriented R&D research in the private sector and the SOEs, as well as finding more ways for the science institutions to partner with the private sector.

To enhance South Africa's innovation capabilities it is proposed that the state capacity to encourage and partner with private sector investment to drive R&D needs to be strengthened. This includes strengthening existing partnerships and matching grant programs. Furthermore, it is proposed that public procurement policies should be transformed to encourage innovative new entrants, particularly small firms; cities should be adequately resourced to support the development of clusters of innovation start-up companies. Visas should also be made available to innovative start-up entrepreneurs from beyond South Africa's borders.

9. Invigorating Small And Micro-Enterprises And Cooperatives

The economic recovery plan must focus on, among others, facilitating active participation of communities in their own development and to use community assets and social capital to develop themselves. The plan must also focus on reducing the dependency of the poor on government handouts and public employment programmes. SMEs and cooperatives can play an important role in the development of underdeveloped economies and in facilitating the participation of local communities in their own development. They can also strengthen the provision of basic services as well as technical skills training and development in support of local economic development as envisaged in the RDP.

9.2. Small and micro-enterprises

Small and micro-enterprises (SMME's) constitute allow individuals to improve their conditions of life while providing services to communities. There are many programmes currently under way to assist this stratum, including 'township economy' interventions and the SMME Fund jointly established with the private sector. All these need to be operationalised on a mass scale to achieve the following key objectives:

- firstly, SMME's must be allowed fair access to markets including through removing barriers to entry at wholesale and retail levels,

- secondly, SMME's must be allowed fair access to finance including through reform of private and public finance lending practices, and,
- thirdly, there must be strict monitoring and application of 30 day payments for work done by SMME for the public sector as prescribed by the Public Finance Management Act.

Going forward, the interventions introduced to alleviate the impact of COVID-19 on small businesses provide a platform to extend further support to this sector. The registration of small businesses, including hawkers, is an opportunity to introduce targeted support to these entities; and this must be massively improved. The resources allocated for this purpose – by both the public and private sectors – should be expanded, to provide grants allocations for a period of at least two years and help these enterprises re-establish themselves.

An important advantage in supporting small and micro businesses is that they support low-income families and most tend to spend their income on goods and services provided by other parts of the domestic economy. These interventions should be combined with reforms of the financial sector proposed below.

9.3. Co-operatives

In order to build a vibrant and resilient cooperatives sector in South Africa that is capable of providing sustainable pathways for the poor to escape poverty, there is an urgent need to identify key sectors for building strong and sustainable cooperatives of the scale and capacity that can contribute in transforming the structure, ownership and management of the economy. Sectors that can be targeted to build strong cooperatives include retail, financial services (Cooperative Financial Institutions), manufacturing and infrastructure development. Young people, women and people with disabilities must be encouraged and supported to form cooperatives in these sectors.

Government should deliberately re-focus programmes such as the Community Works and the Expanded Public Works Programmes to focus on organising the unemployed into cooperatives. An exit strategy needs to be developed for poor households, who are members of sustainable cooperatives to exit the indigent register of municipalities and the social grant system. This will ease the pressure on municipal revenue as well as the national fiscus. It will also provide an incentive for members of cooperatives to ensure the continued sustainability of the cooperative.

10. Macro Framework and Financial Sector Transformation

Various funding sources will need to be mobilised for South Africa's economic reconstruction effort. Young people, women and people with disabilities must be prioritized in accessing funding for initiatives that will drive the reconstruction effort.

In addition to funding from the fiscus, which is currently constrained, the state should better coordinate monetary and fiscal policy, re-regulate aspects of the financial sector and mobilise funds from local and international development institutions. There is also a need to track domestic and international green funds as well as COVID-19 response funds. In addition, it is necessary to strengthen the operation of SARS to crack down on tax evasion and illicit flows.
While working to restore fiscal stability, South Africa needs to deploy macro-economic policy instruments compatible with economic reconstruction. Reconstruction programmes must be sufficiently financed and financially sustainable. The National Treasury, South African Reserve Bank, Development Finance Institutions (DFIs) and private financial institutions all have a role to play. The mobilisation of funds for increased investment in infrastructure and key productive sectors, will inevitably require a combination of public and private resources. Expanded investments in infrastructure and productive sectors will boost growth and tax revenues, serving as a key mechanism for stabilising public finances.

There is a need to focus on how public resources are being spent and how they can be better spent to drive inclusive economic expansion. The effectiveness of fiscal resources through non-wastage, elimination of corrupt practices, over-pricing, illicit capital flows and effective collection of taxes is critical. Another key question is how fiscal policy can be reconfigured so that it drives business expansion and creation at all levels and expands the tax base.

Monetary policy is an important part of South Africa's overall macroeconomic policy. The correct conduct of monetary policy is an integral part of the ANC's vision to stimulate inclusive growth. Monetary policy must be better coordinated with fiscal policy and South Africa needs to deploy a wider range of pro-growth and pro-investment monetary policy instruments that are compatible with the reconstruction of an economy. The COVID-19 crisis has provided a clear indication of the role the monetary authorities can play in injecting resources into the economy and in using bond purchases to stabilise capital markets and put downward pressure on longer-term interest rates.

The ANC is of the view that the constitutionally-independent SARB should be fully state owned. This, however, must be done in a manner that does not unfairly enrich certain private SARB shareholders who seek to abuse the situation.

Macroeconomic policy must provide for the sustained, national mobilisation of resources for inclusive growth. In addition to traditional fiscal and monetary policy instruments, there will be the need for a range of other interventions to improve the transformative role of finance in the South African economy.

Challenges of the financial system

A well-functioning financial system is essential for broad-based growth and poverty reduction. To support growth and development, a financial system should be able to mobilise foreign and domestic resources and channel them to investments, intermediate between savers and investors to reduce and allocate risk, and provide broad access to financial services, including for people on the margins of the economy.

The overall structure of the banking system in South Africa can be characterized as oligopolistic, reflecting the concentration of market power in the 5 big South African banks. To advance transformation and in order to address the challenges within South Africa's financial system, including lack of access to credit and the need to promote genuine financial inclusion, it is proposed that there should be proactive steps taken to increase competition in the banking sector. Processes towards the establishment of a properly capitalized and governed State Bank need to be accelerated. The State Bank must be able to access different forms of capital, in addition to taking deposits.

Once its current liquidity problems have been resolved, the Land Bank should have the capacity for wholesale deposits. There is also a need to strengthen the capacity of the Post Bank, including attracting the best financial skills and expertise into the bank. Equally there is a need to leverage the Post Bank's role in the social service payment and transfer system. Financial institutions should be held to account on commitments contained in the Financial Sector Charter, which include expanding access to the unbanked, as well as support for housing programmes and SMMEs.

Development Finance Institutions

DFIs have an important role to play in South Africa's developmental and economic transformation agenda. They correct market failures emanating from the largely oligopolistic financial intermediation market structure. Specifically, their role is in the pricing of risk in the funding of projects that are critical for development but may be at odds with the risk matrix of private funding institutions.

One of the binding constraints for the success of DFIs in delivering on their developmental mandate, is access to funds at a cost that allows for concessional interest rates. This limits the ability of DFIs to broaden de-risking in the funding of developmental projects that have a favorable economic multiplier effect.

It is proposed that DFIs should review their short-term and long-term funding models as part of alleviating the problem they often face where they access funds at market rates and are forced to on-lend at rates that are higher than or similar to those of commercial banks. This defeats their purpose as funders of projects with a developmental impact. The amendment of Regulation 28 of the Pension Fund Act can also help DFIs to access private savings in order to fund long-term infrastructure and high-impact capital projects. In the meantime, the asset classes with the highest impact must be investigated, in line with the resolutions of the 54th National Conference.

11. The Labour market

The South African economy changed dramatically as a result of COVID-19. This has had a profound impact on the ability of the economy to operate, create employment and generate revenue. The rate at which South Africa's trading partners re-open their economies is putting a demand bottleneck on our export of goods and services. There is an investment slack driven by firms' uncertainty about the speed of the economic recovery. There is increased use of technological products and services in most sectors. Households with lower affordability for broadband data are the least likely to work from home. There are new business costs related to the implementation of physical distancing measures in the workplace – resulting in changes in the composition of operational costs. Collectively these developments will further increase South Africa's unacceptably high rate of unemployment as they will lead to extensive job losses with poor and vulnerable households being disproportionately impacted. This will also deepen income inequality and poverty. The creation of decent work remains the most powerful way to address the problem of income inequality and poverty, and the capacity of the economy to create employment faster than the growth rate of the labour force depends on the economic growth rate, the efficiency of the labour market, and institutional factors which impinge on the growth rate of the labour force. Working with the SETAs, industry and TVET colleges there is a need to upscale the production of artisans with the required skills to drive the delivery and maintenance of infrastructure.

All these factors require a coherent and multifaceted combination of growth-oriented policy shifts that include microeconomic reforms, trade and industrial policy, macroeconomic reforms, social policy measures and private sector partnerships.

South Africa needs a job creation scheme that works in conjunction with the Public Works Programme. Through this, millions of workers who are currently excluded from the mainstream of the economy will be provided livelihoods and a way out of poverty. To incentivise *labour absorbing industrial programmes* policy should support those industries that rapidly absorb employment; *labour based construction* methods need to be used for infrastructure programmes; *skills formation must be embedded* as a key element of an inclusive growth trajectory; and a massive *artisan development programme* should be undertaken, including through improved articulation between TVET's and Industry.

Programmes will be needed to create mass employment opportunities, such as, expanded public works programmes, linked to increased infrastructure investment and maintenance, through which there will be a progressive increase in employment levels and an extension of the kind of skills designed to equip those involved for future employment and economic participation. Mass employment opportunities will also be created through social employment programmes, such as, waste collection, recycling and the circular economy programmes; environmental restoration and ecological services; home-based care programmes; early childhood development programmes; and support for school learning environments.

12. The African Continental Dimension

The African continent, especially sub-Saharan Africa is emerging as South Africa's key economic partner. By 2016, close to 30% of South African global exports were to African countries – though this is slanted towards the southern and eastern regions of the continent.

While African countries have suffered the effects of the global financial crisis, a large number of them had started to recover, with sub-Saharan African countries registering among the highest growth rates across the globe. COVID-19 will definitely have a negative effect on the region. But compared to others, which, according to the World Bank, are expected to contract by upward of 5% in 2020, the contraction in sub-Saharan Africa is much less at about 2.8% – and this would translate into positive growth if the big growth laggards (Nigeria, South Africa and Angola) were factored out. This is expected to pick up in the following years.

With the rise of protectionism as well as reshoring and coronavirus-related disruption of global value chains, South Africa needs to place even more emphasis on its relations on the continent. Opportunities presented by infrastructure programmes, manufactured supplies for these projects, integration into global value chains, and consumer demand from the expanding pool of economically active citizens in the emergent middle strata will need to be harnessed on a scale bigger than previously envisaged.

A critical part of South Africa's post-COVID-19 Reconstruction, Growth and Transformation plan should be bold decisions on speeding up the implementation of the African Continental Free Trade Area. While formal multilateral arrangements will take time to implement, South Africa should start scaling up its investment, trade and other activities, including in the urgent capacitation of manufacturing capabilities related to public health. There is also a need to accelerate the implementation of interregional infrastructure projects such as the Beit Bridge project.

13. Building A Developmental State

"The relationship between the national democratic state and all private capital, including monopoly capital, is one of 'unity and struggle', co-operation and contestation. On the one hand, the democratic state seeks to create an environment conducive for private investments from which investors can make reasonable returns, and through which employment and technological progress can be derived. On the other hand, through state-owned enterprises, licensing and regulation, taxation, procurement, activism by competition authorities, combatting of illicit financial flows and other means, the state seeks to attain a variety of transformative objectives. These include redistribution of income; further changing the structure of ownership in favour of Black people, workers, women and communities; directing investments into areas that promote national development; and provision of public goods primarily by the state. The balance between 'unity' and 'struggle' will be dictated to by the overall strategic imperatives of the NDR and requirements of specific phases of transition to a National Democratic Society." **– ANC Strategy and Tactics, Adopted at the 54th National Conference**

In order to achieve the objectives of accelerated reconstruction, growth and transformation, it will be necessary that South Africa act decisively to build an effective developmental state – a state that is free of corruption and is able to serve the people of South Africa by providing decisive leadership to the country's process of economic development shaping an inclusive, pro-poor growth path for South Africa.

A flawed understanding of what the developmental state is, has led to the erroneous conclusion that it is only about public investments and public ownership, with a related over-emphasis on the limited funds of the state. A developmental state does not necessarily mean higher levels of state ownership, but it does require that the state is able to provide strategic guidance to the operation and direction of the economy. This includes the use of the state's own institutions and companies as instruments to strategically guide economic development.

The ANC draws its hegemony from popular support, the coherence of its principles, theory and policies, and its electoral support which mandates legitimate control of state power. Using this hegemony, the ANC should be able to use the state apparatus to guide the country's development process and build the institutions and capabilities of the democratic, developmental state.

In rethinking the state, there is a need to draw lessons from the benefits of having sound state agencies and government departments and how these can effectively execute their tasks by attracting the right technical skills and capabilities. Setting up state agencies or authorities could assist in addressing the issue of lack of state capacity and could enable government ministries and departments to focus on policy development and oversight, leaving the execution to specialists in the field. To give expression to the vision of a state-led economic recovery and reconstruction at the highest level of government, there should be a properly capacitated economic co-ordination function in The Presidency, to be led at a senior level and staffed by a professional secretariat with the necessary combination of understanding economic policy, project portfolio co-ordination and research.

As a necessary complement to the economic co-ordination function to be located in The Presidency, powers should be devolved to lower levels of government. Globally, evidence is emerging, to suggest that effective responses are best planned and implemented at local level. Naturally, this must be done with national oversight to ensure standardisation, uniformity and quality control. There is a need in South Africa's context to strengthen the local sphere of government; ensuring that it is adequately capacitated, professionally staffed and fully resourced. The state should support the District Development Model (DDM) of service delivery. The DDM will potentially strengthen coordination amongst various government departments and spheres of government. The effective implementation of the DDM will improve the delivery of public services and will contribute positively to the process of inclusive growth. Linked to building the capacity of the state is the urgent need to restructure and repurpose state owned enterprise. A process which should be enriched by the input and guidance of the recently appointed State-Owned Enterprises Council. With regards to Eskom, the agreed restructuring process, unbundling Eskom into generation, transmission and distribution entities, must be implemented in order to ensure competitive electricity prices, universal access, more efficient services and implement a new energy mix to ensure a just energy transition as outlined in the Integrated Resource Plan.

There should also be an urgent review of PRASA and its role in the different segments of the transport system, and whether there could be efficiencies or unlocking of resources by getting it to focus on certain segments, and where relevant, partner with provinces and municipalities. Consideration must also be given to allowing lower levels of government to provide rail services. The Department of Public Works and Infrastructure should unlock the value of real estate and land oversight functions by creating a Property and Land Asset SOC (similar to ACSA in its current form), to professionalise the management of these critical assets, attract in particular young and female professionals in the built environment and ensure sustainable and diverse rental income generation.

13. Conclusion and way forward

The ANC, within its structures and with Alliance partners, intends to deepen engagement on building a new, more inclusive economy for South Africa post-COVID-19. The ANC will seek wide support for its economic programme and interventions – including from business, government, labour and community structures. South Africa's economic crisis requires urgent interventions. Now is the time for bold and decisive action if we are to advance economic transformation and build a new economy in which the lives and opportunities of millions of people in South Africa are to be radically improved.

14. Addendum on sequencing and implementation

Firstly, infrastructure expansion and financial mobilisation:

- Focus on expansion of key economic and social infrastructure including electricity, water and sanitation, roads, freight and logistics, human settlements, health and education
- Increase capacity of DFIs and change regulation to unlock funding for infrastructure
- Expand the use of public-private partnerships in infrastructure projects, including build, operate and transfer project delivery methods
- Utilise social dialogue and social compacting to increase private and public levels of investment in economic and social infrastructure
- Utilise South African companies and building materials, as well as labour intensive construction methods with a focus on skills transfer, in which there must be empowerment and inclusion of young people, women and people with disabilities
- Infrastructure expansion is the 'fly-wheel' which stimulates increased levels of self-sustaining economic activity, job creation and know-how, with greater economic multipliers than using limited resources simply on increased welfare payments

Secondly, promote investment and job creation in productive sectors:

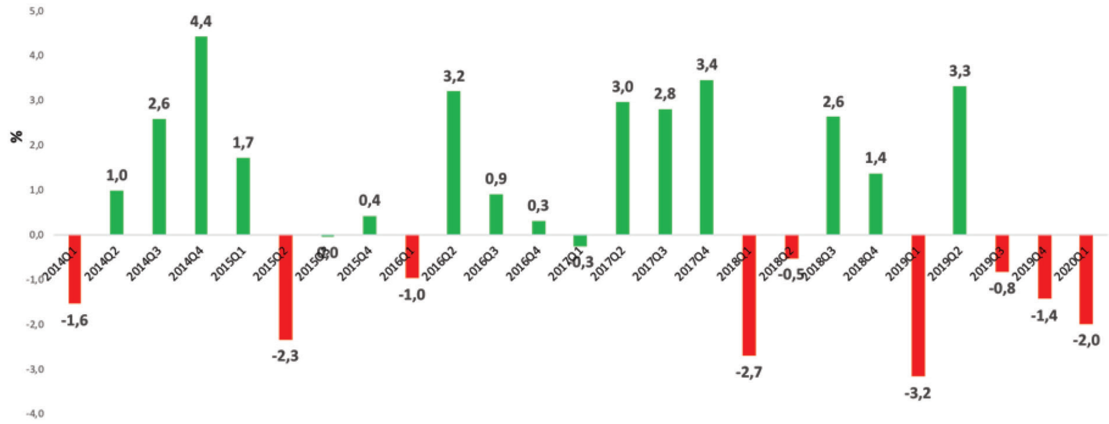
- Focus on key sectors with high growth and labour absorbing potential such as agriculture, manufacturing, mining, tourism, services, the green and blue economies and the digital economy
- Policies must be prioritised to deconcentrate industries and sectors to enhance competition and entry of new participants
- Utilise social dialogue and social compacting at sectoral level to increase private and public investment in key strategic sectors
- The developmental state to put in place policy frameworks to guide investment and expansion in these key productive sectors, removing obstacles to investment, developing required skills and promoting localisation and export competitiveness
- Industrialisation and the expansion of South Africa's productive sectors will be accelerated though increased international trade, especially with other countries on the African continent.

Concurrently, strengthen state capacity:

- Build a capable, ethical and entrepreneurial developmental state
- Strengthen capacity of the state to manage infrastructure projects through a new infrastructure development agency
- Strengthen the capabilities of the state and state-owned companies - and the manner in which the public sector engages with the private sector - to achieve the kind of strategic planning capabilities required to move South Africa onto a higher growth path
- Stabilise national debt and stimulate inclusive growth in order to strengthen public finances and thereby improve capacity for improved service delivery
- Stabilise and improve operational efficiencies of state-owned companies
- Strengthen and deepen the use of the District Development Model (DDM) to improve service delivery in urban and rural areas
- Strengthen the coordination function of The Presidency to provide direction on economic policy and engage in effective planning, together with members of government's economic cluster, carrying out close monitoring and evaluation of economic policy interventions.

15. Addendum showing key economic data

15.1 GDP growth performance (Q/Q 2014Q1 to 2020Q1) (STATS SA)

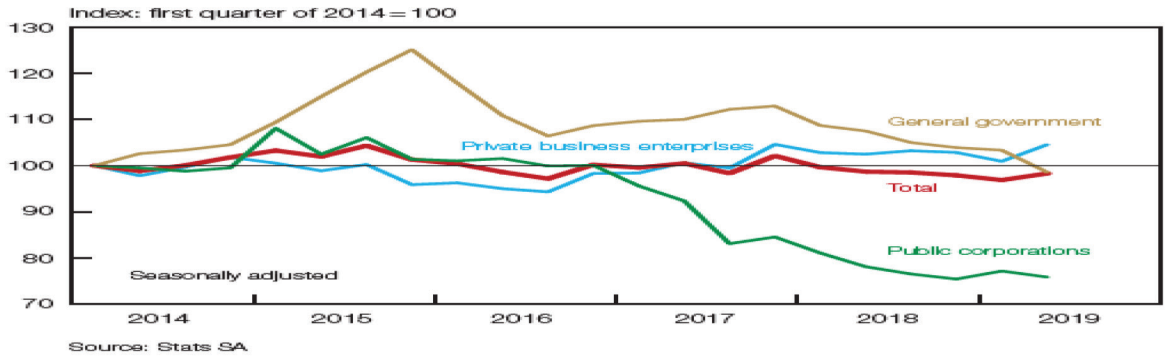


15.2 Labour Force, Employment And Unemployment (STATS SA)

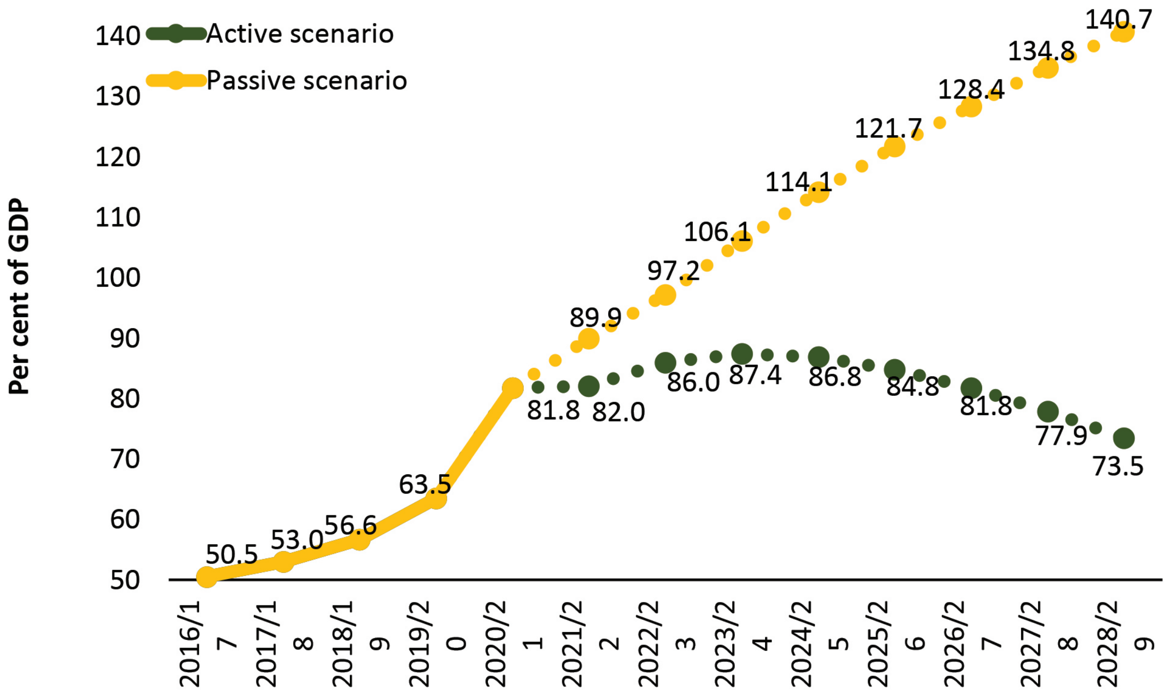
	Jan-Mar 2019	Oct-Dec 2019	Jan-Mar 2020	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
			Thousand			Per cent	
Population 15–64 yrs	**38 283**	**38 727**	**38 874**	**147**	**591**	**0,4**	**1,5**
Labour force	**22 492**	**23 146**	**23 452**	**306**	**960**	**1,3**	**4,3**
Employed	**16 291**	**16 420**	**16 383**	**-38**	**91**	**-0,2**	**0,6**
Formal sector (non-agricultural)	11 220	11 331	11 282	-50	61	-0,4	0,5
Informal sector (non-agricultural)	2 933	2 918	2 921	3	-13	0,1	-0,4
Agriculture	837	885	865	-21	27	-2,3	3,3
Private households	1 301	1 286	1 316	30	15	2,3	1,2
Unemployed	**6 201**	**6 726**	**7 070**	**344**	**869**	**5,1**	**14,0**
Not economically active	**15 791**	**15 581**	**15 422**	**-159**	**-369**	**-1,0**	**-2,3**
Discouraged work-seekers	2 997	2 855	2 918	63	-79	2,2	-2,6
Other (not economically active)	12 793	12 726	12 504	-222	-290	-1,7	-2,3
Rates (%)							
Unemployment rate	27,6	29,1	30,1	1,0	2,5		
Employed/population ratio (absorption)	42,6	42,4	42,1	-0,3	-0,5		
Labour force participation rate	58,8	59,8	60,3	0,5	1,5		

Due to rounding, numbers do not necessarily add up to totals.

15.3 Real Gross Fixed Captial Formation (2014 = 100) (STATS SA)



15.4 National Debt Outlook (National Treasury)



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