

SOUTH AFRICA COUNTRY REPORT



BY CARLOS FELLMANN, JAVIER LAREQUI, JORGE KLINNERT, AND LUIS RODRIGO ASTURIAS,

NAVARRA CENTER
FOR INTERNATIONAL
DEVELOPMENT



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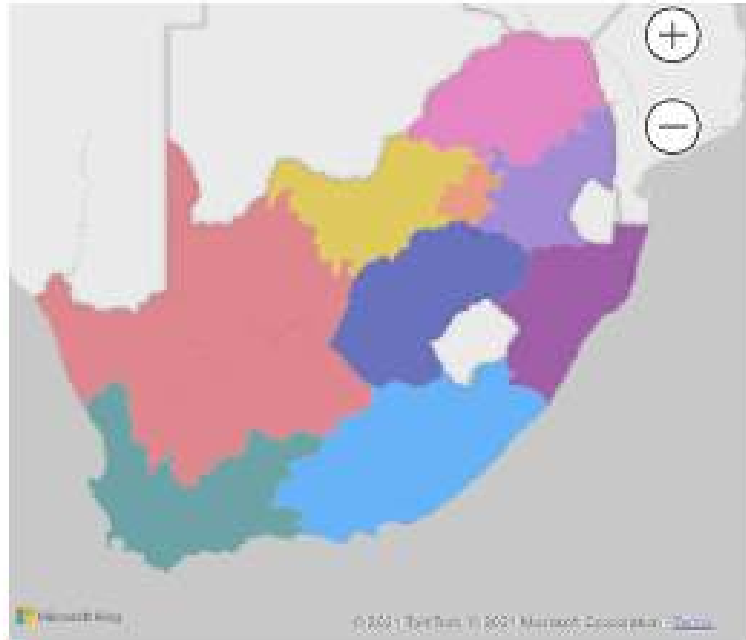
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1. COUNTRY OVERVIEW



TERRITORIAL ORGANIZATION

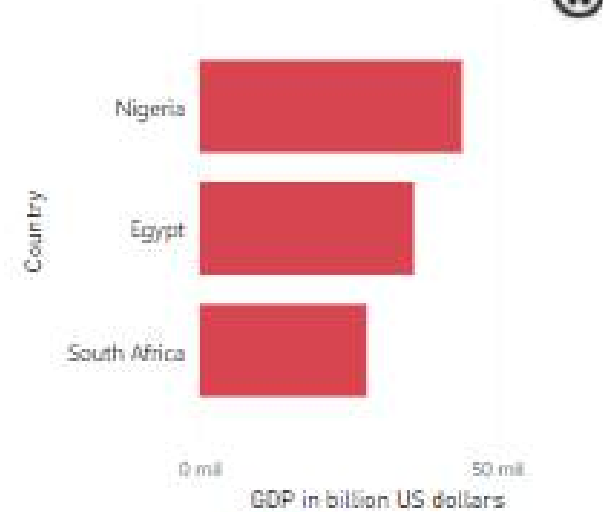
South Africa is divided into 9 provinces, each with its provincial administration. South Africa has three capitals: **Pretoria** (executive), **Bloemfontein** (judicial), and **Cape Town** (legislative). In addition, **Johannesburg** is considered the financial "capital" of South Africa.

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PRESIDENT

Cyril Ramaphosa (ANC party)
(2018-Present)
Next elections: 2024



ECONOMY

South Africa is the **third largest economy in Africa** and the second largest economy in Sub-Saharan Africa

INEQUALITY

South Africa is the country with the **largest income inequality in the world**. Even though the White ethnic group represents only 7.5% of the population, they earn **three times** as much as the Black African ethnic group which represents 81.1% of the population.

Source: [International Monetary Fund](#)
source: [Index Mundi](#)



1. COUNTRY OVERVIEW

TIMELINE OF KEY EVENTS

Prehistory 1487

Prehistory-1487 - Territory occupied by Khoikoi, San and Bantu communities.

1487

First European to land in South Africa, Portuguese Bartomoleu Dias.

1652 - 1795

Dutch colonization

1795

British forces take control of Cape Colony

1795 -1910

British colonization.

1880 - 1881

First Anglo-Boer War

1899 - 1902

Second Anglo-Boer War.

1910

Independence. Creation of the Union of South Africa.

1948

National Party wins power and established apartheid.

1961

Creation of Republic of South Africa..

1990 -1994

Apartheid repealed and transition to democracy.

1994

First democratic elections. Nelson Mandela elected as South Africa's first black president.

2013

Nelson Mandela dies at home in Johannesburg

2020

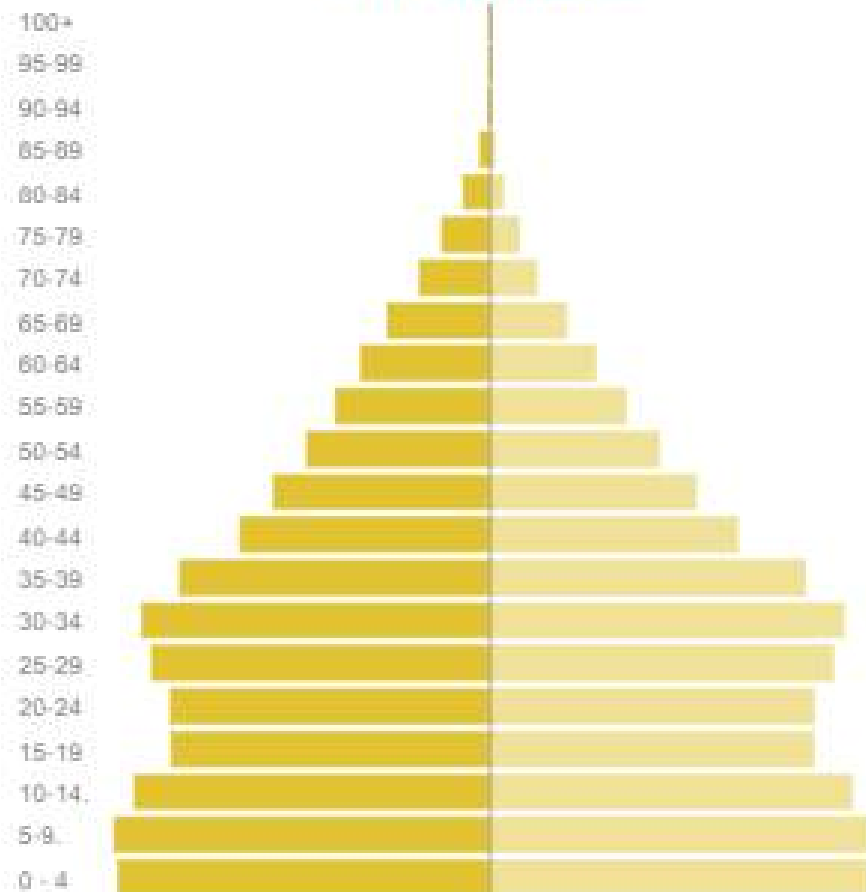
In March, the pandemic and restrictions caused by COVID-19 are announced.

2. DEMOGRAPHY

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POPULATION PYRAMID



TOTAL POPULATION
59,308,689 people (2020 census).

Population growth:
1.28% growth 2020 - 2019

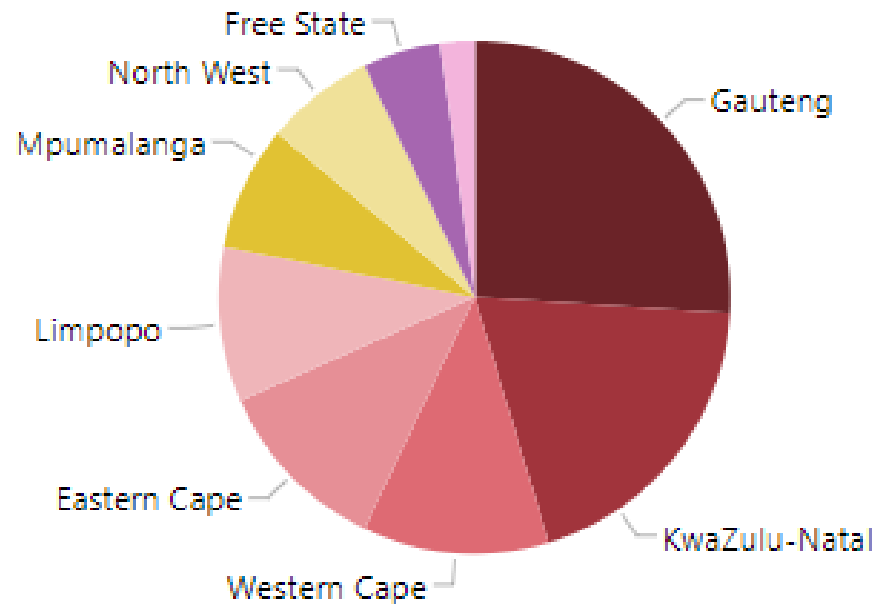
Gender:
There are more female (30,092,678)
than male (29,216,011.00).

Age:
Median age is 27.1 years old female
median age: 27.3 years; male median
age 26.9 years.



2. DEMOGRAPHY

GEOGRAPHICAL DISTRIBUTION



Gauteng province, where Johannesburg and Pretoria are located, have a population of **15.2 million** South Africans.

Gauteng is expected to receive the largest number of people, with a **net migration** of more than **one million people** predicted for the period 2016-2021, followed by Western Cape with 316.308 migrants.

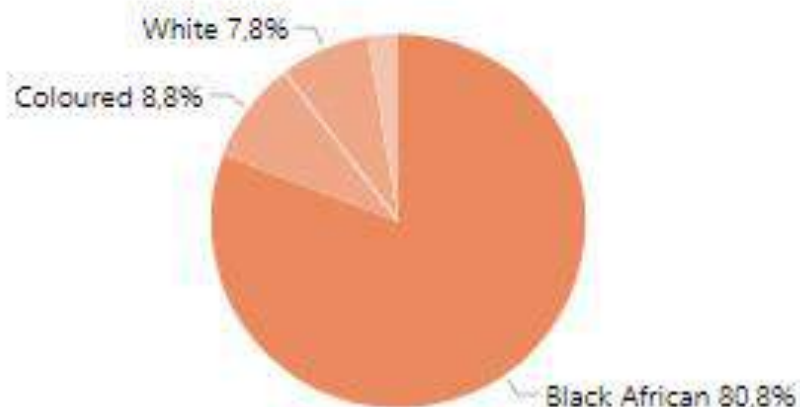
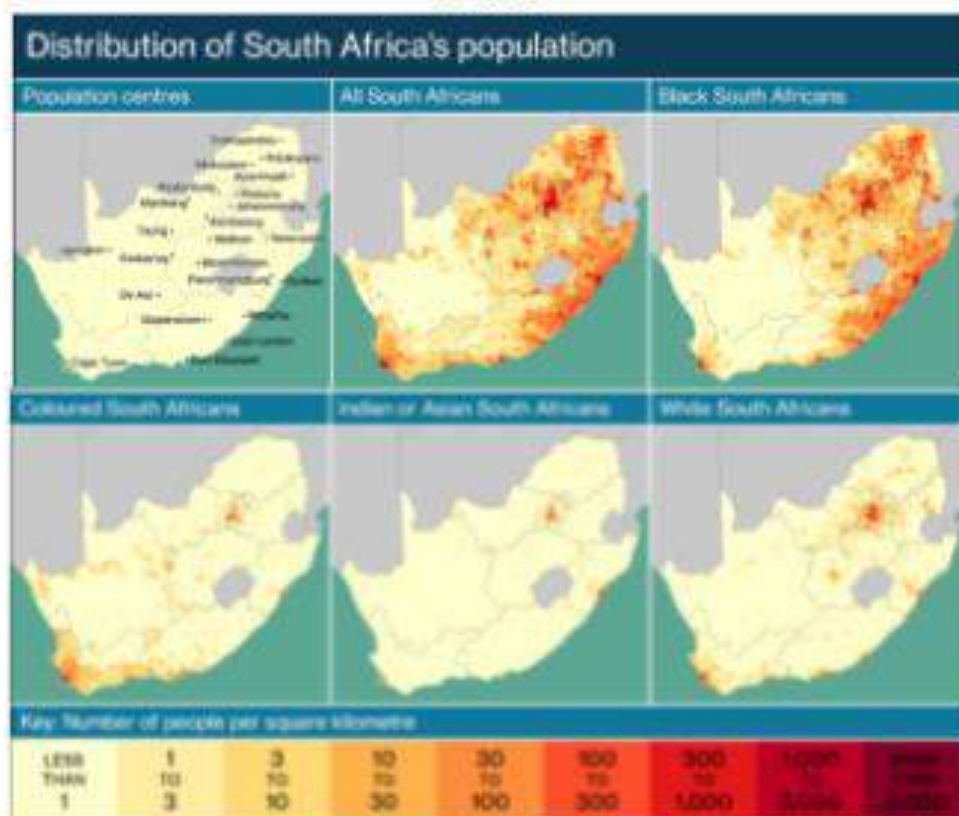
Three provinces lose citizens, led by Eastern Cape with 314.453 people leaving the province.

2. DEMOGRAPHY

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RACE



South Africa categorizes its population into **four races: African, Coloured, White and Indian/Asian**. 8 out of 10 South Africans are Africans.

Whilst **eastern** South Africa is **dominated** by **Africans, Coloured** citizens are predominant in the **Western Cape** province, whilst whites focus on urban areas and Asians Gauteng purely. Some areas do not have any dominant race.

2. DEMOGRAPHY

South Africa has 11 official languages:

AFRIKAANS, ENGLISH, NDEBELE, XHOSA, ZULU, SESOTHO SA LEBOA, SESOTHO, SETSWANA, SWATI, VENDA, TSONGA

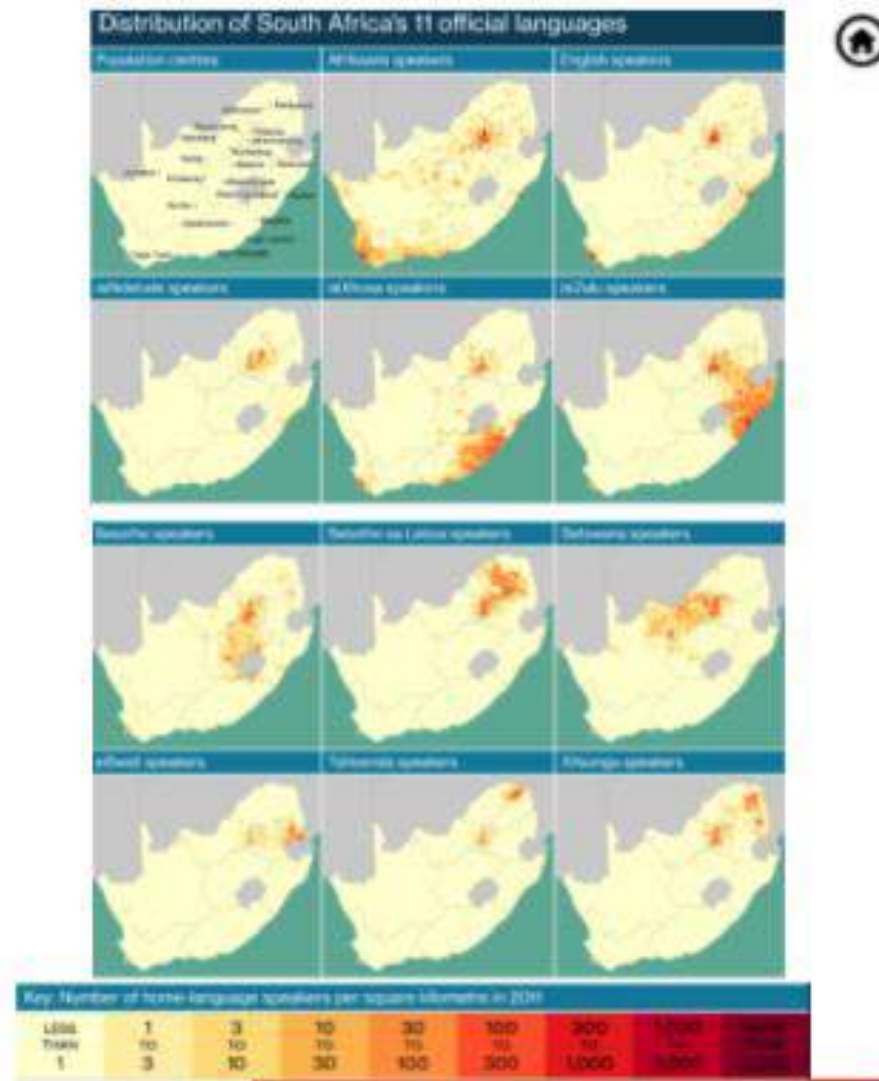
A majority of South Africans are multi-lingual.

Over one quarter of South Africans speak **Zulu** at home (25.3%), being **the most spoken language**, followed by **Xhosa (14.85%)** and **Afrikaans (12.2%)**.

English only ranks sixth with 8.1% of the population speaking it at home.

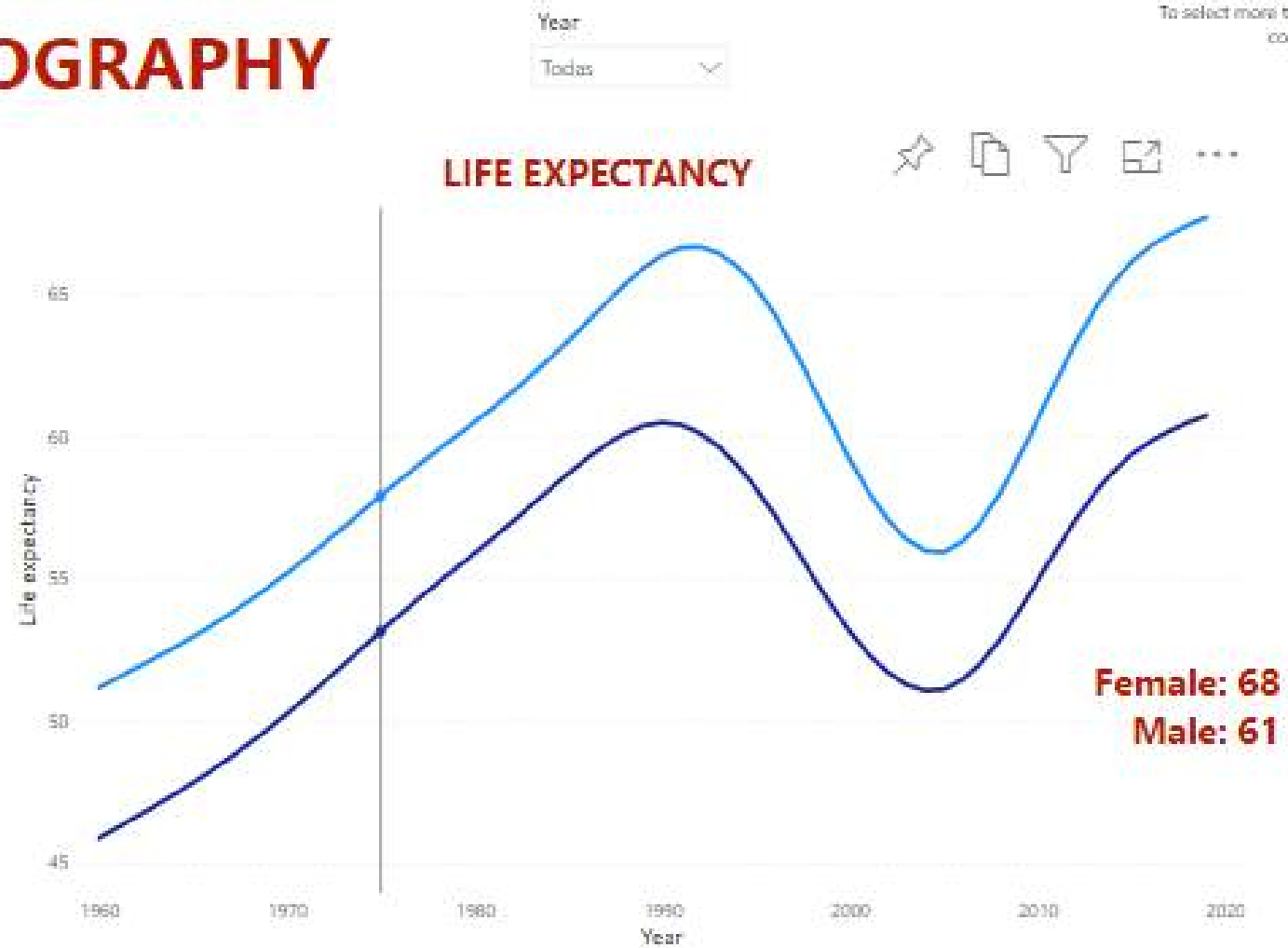
However, **English is the second language** most spoken outside the household, with a 16.1%. **Zulu** still leads in this category with a 25,1%.

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Source: SOUTH AFRICA GATEWAY, CENSUS 2011; Source: www.stat.gov.za

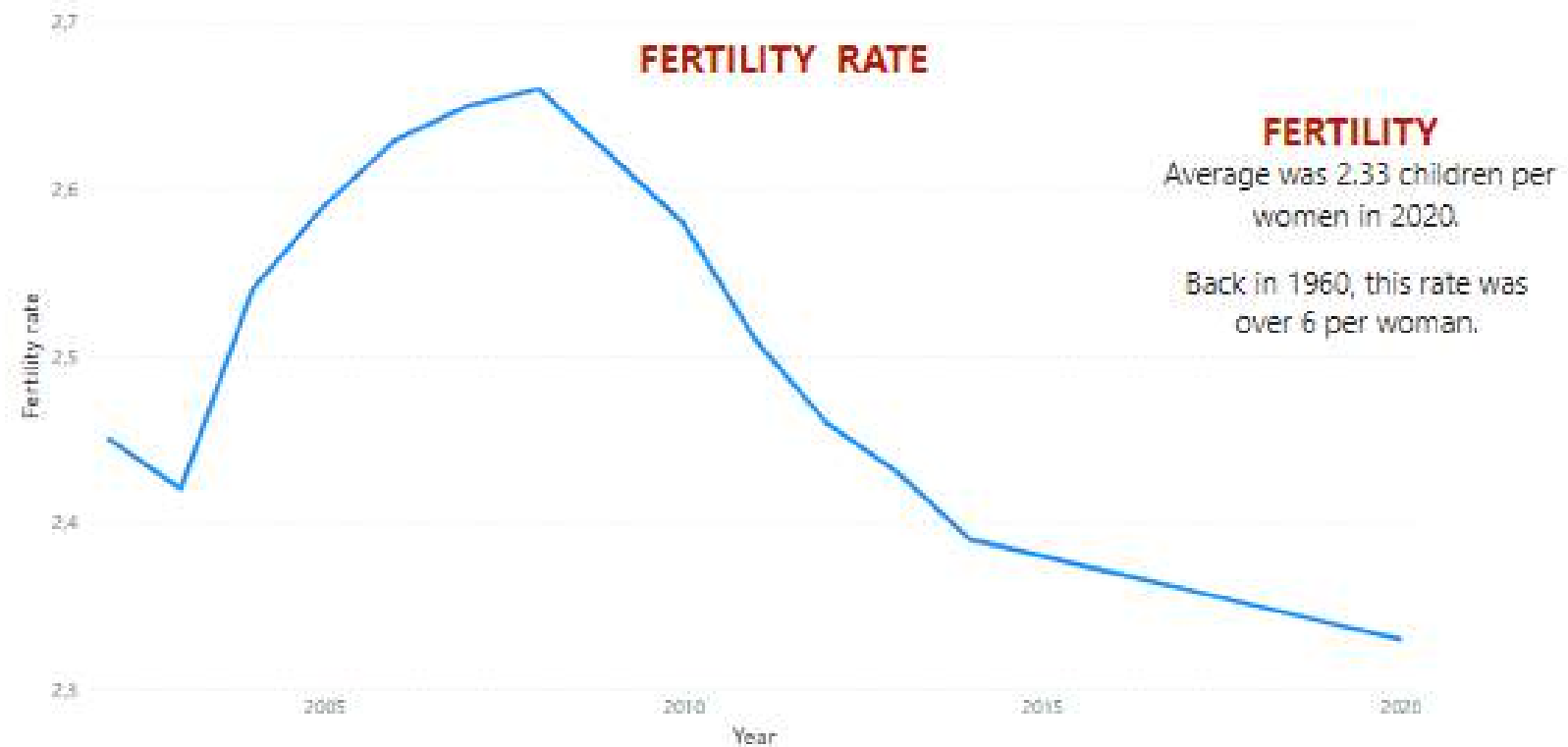
2. DEMOGRAPHY



2. DEMOGRAPHY

Year
Todos

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combination ctrl + click



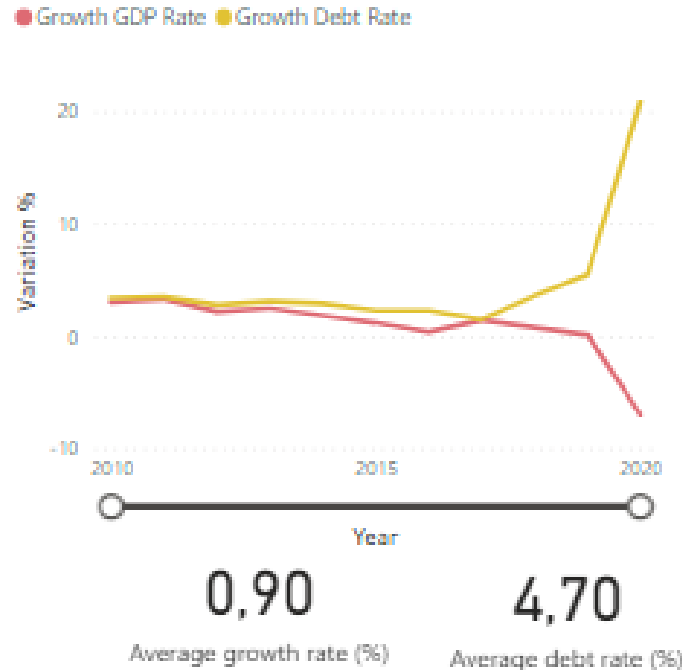
3. MACROECONOMICS

Year
Todas

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GROWTH AND DEBT RATE



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GROSS DOMESTIC PRODUCT



STAGNATION OF SOUTH AFRICA'S ECONOMY

Among the reasons that explain the stagnation of South Africa's economy, most prominently, are the sequels of Apartheid, in combination with the political transition, the global crisis of 2008 and the inappropriate way the government handled these factors.

- Deefficient health system
- Low quality education— this is highly related to the high unemployment rate
- Lack of electricity
- Manufacturing industry of intensive capital
- Unfavorable investment environment
- Rural zones trapped by poverty

South African authorities, as well as the IMF expected growth to be -5.8% in 2020, due to the impact of the pandemic. The reality, though, is that the pandemic hit harder than expected and the growth rate in 2020 was -6.95%.

The graph plots the growth rates of South Africa's economy over the last 10 years. It's clear by just looking at the graph that the economy's real growth rate was very low, or even negative, given GDP did not grow at a higher rate than debt.

This means that the economy's growth was drowned by the growth of debt. The Pandemic's impact can be seen in that the rate of growth in the economy turned negative, and the rate of growth of debt turned to double digits.

Source: [World Bank, 2021](#)

3. MACROECONOMICS

This graph shows another face of the stagnation South Africa is going through. In fact, the volatility of this graph shows an all-too-clear thing for developing countries: the problem is not the lack of growth.

The problem is that growth is too volatile. As it can be seen in the graph, inflation seems to be stable around a 5% percent level. The problem, though, is that the growth of GDP per capita is far from such stability.

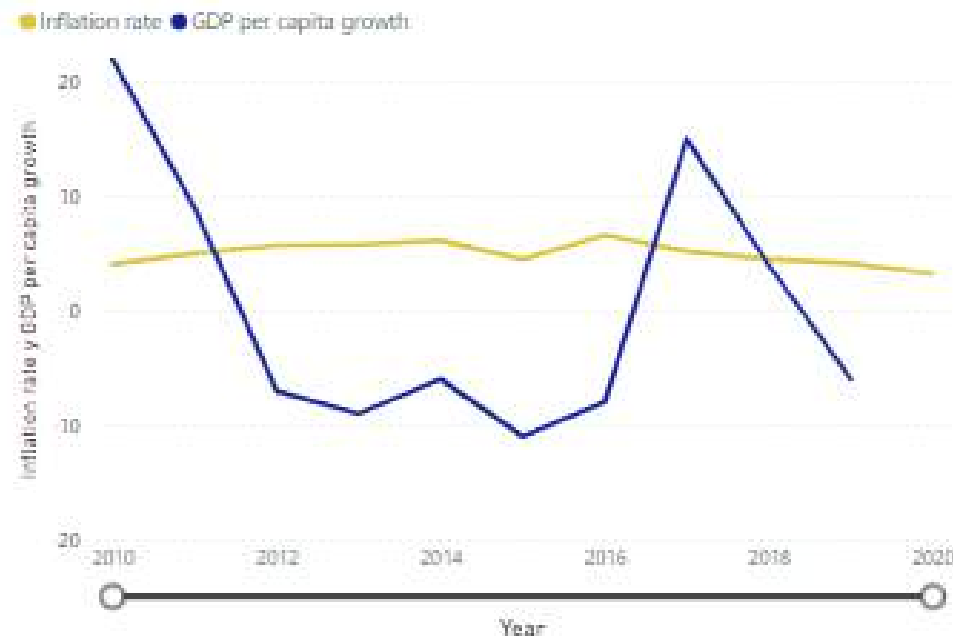
As of 2018, to make matters worse, inflation has been higher than GDP per capita growth, which means that for over 3 years now the price of the basic basket of goods has increased at a pace which the average South African cannot keep up with.

Year
Todas

To select more than one year use the combination ctrl + click.



GDP PER CAPITA AND INFLATION



-0.01

Average GDP per capita growth

4.99

Average inflation rate (%)

Source: [World Bank, 2021](#)

Source: [World Bank, 2021](#)

3. MACROECONOMICS

GDP BY SECTOR (% OF GDP)

Year	Services	Industry	Agriculture
2010	61.02	27.38	2.39
2011	60.87	26.94	2.29
2012	61.29	26.68	2.17
2013	61.17	26.67	2.10
2014	61.02	26.55	2.17
2015	61.39	26.03	2.09
2016	60.80	26.25	2.22
2017	61.03	26.29	2.36
2018	61.04	25.85	2.18
2019	61.20	26.00	1.88
2020	61.45	25.20	2.40



South Africa is the second largest economy in Africa after Nigeria

The South African economy is predominantly based on the tertiary sector, which accounts for 61.04% of the contribution to GDP. The other important sector in the country's economy is industry, which accounts for 25.85% of GDP. Finally, it is important to note that agriculture has little relevance in the country's economic activity, with an share of only 2.18%.

These proportions have been maintained without being seriously altered over the recent years. Employment in the agricultural and industrial sectors is declining and giving way to growth in employment in services.

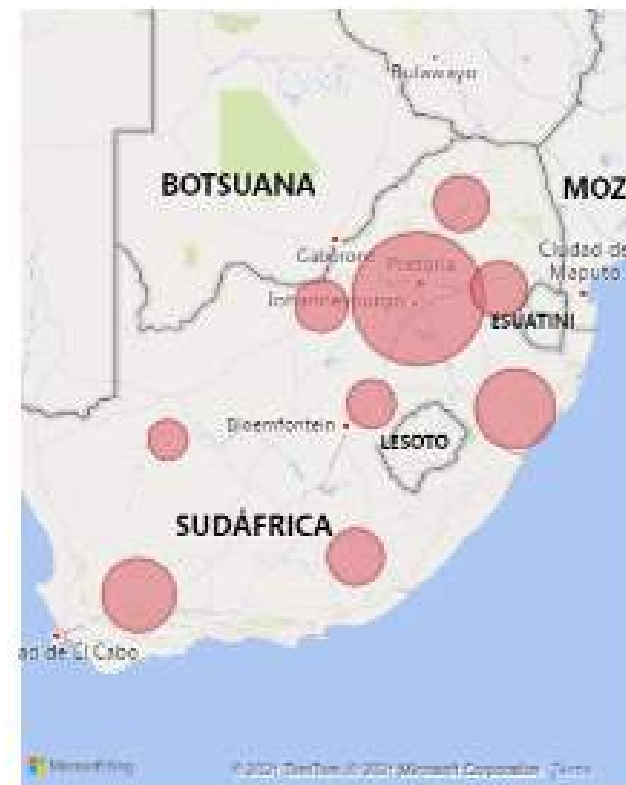
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Year
Todas

To select more than one year use the combinations ctrl + click.



% OF GDP BY PROVINCE



Source: World Bank, 2021
Source: South African Reserve Bank, 2021

3. MACROECONOMICS

Year
Todas

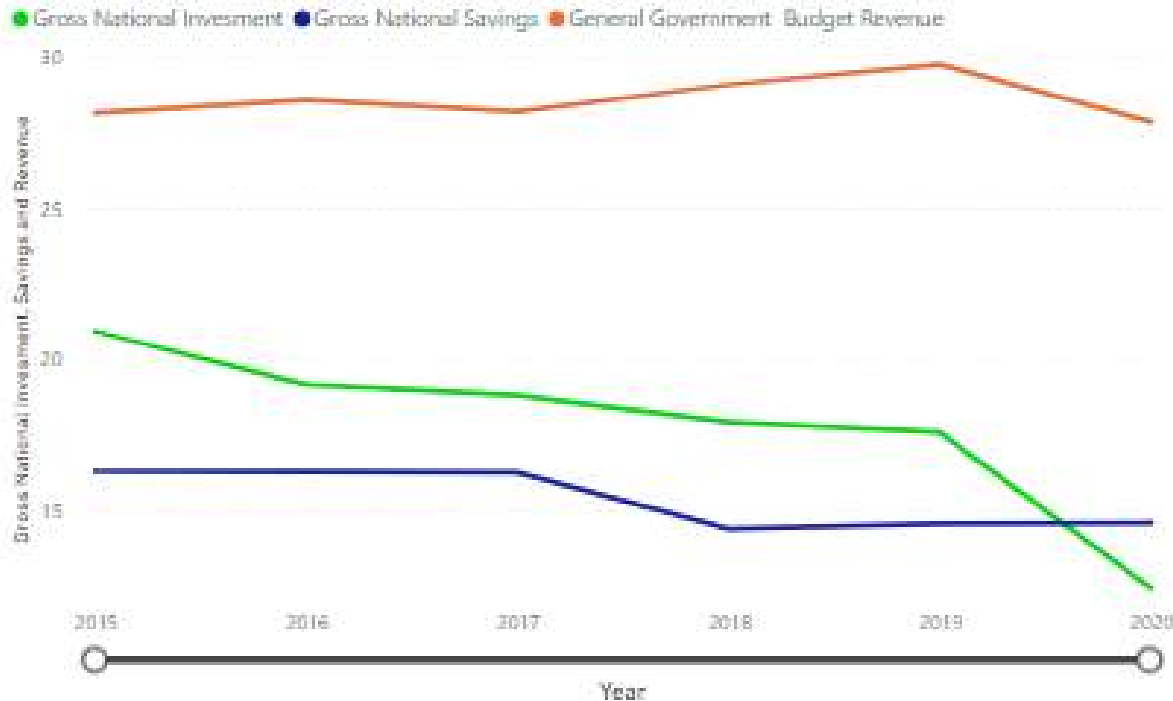
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DEBT AND CREDIT RISK



GROSS NATIONAL INVESTMENT, SAVINGS, AND BUDGET REVENUE AS % OF GDP



South Africa experienced an average annual growth rate of -1.34 per cent over the period 2012-2020. It currently has one of the lowest investment ratios among the SACU (Southern African Customs Union), just above Swaziland.

In terms of savings, the country has always been stable, experiencing light fluctuations. South Africa has consistently been one of the SACU countries to have less savings in proportion to their GDP.

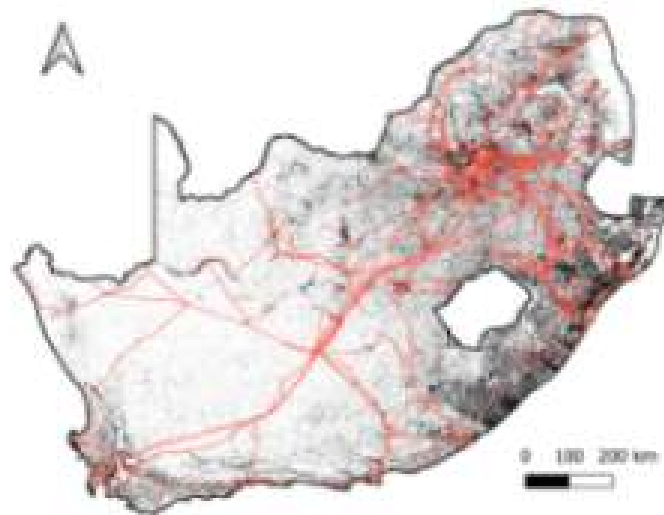
The central government finances its budget through taxes, which represent 27.3% of GDP in 2018. Amongst the BRICS countries, South Africa is the one that earns the most through taxes on income, profits and capital gains.



3. MACROECONOMICS



ELECTRICITY



Dots: Population density
Red line: Electricity grid

LIVING STANDARDS

Access to electricity is a major concern in Africa. In South Africa major cities are well connected, while smaller cities suffer from the problem of access to electricity. Academic research such as the one by S. Sarkodie and S. Adams (2020) emphasizes the aforementioned problem in South Africa.

Access to electricity also enables **access to the internet**. Internet access, in today's world, is becoming more and more important. Out of the 58.56 million population, South Africa has 38.13 million active internet users. The ratio of active internet users to the country's population is **among the highest in Africa**. However, the ratio is **still far from the value of the ratio of more developed countries**.

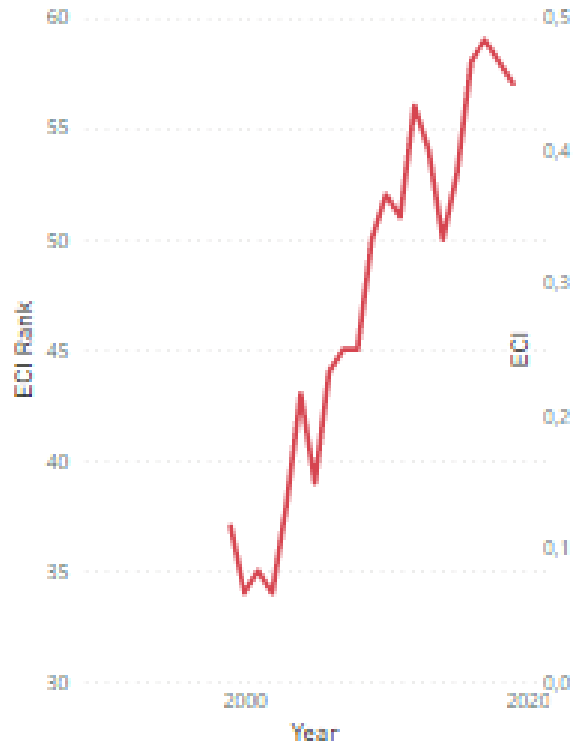
4. TRADE

Year: Country:

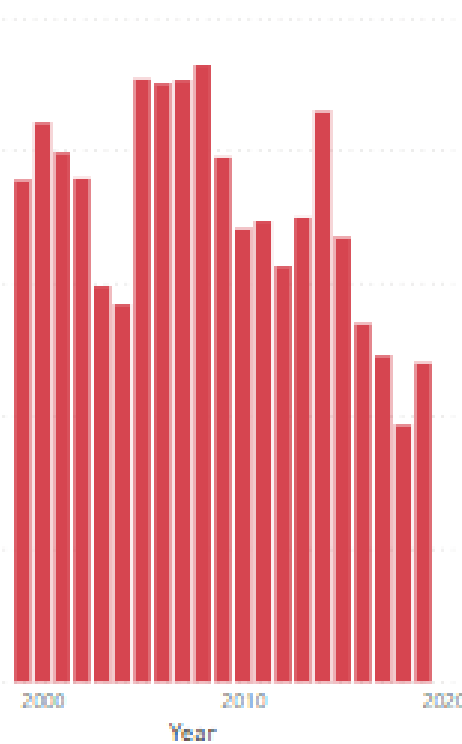
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EXPORTS

ECI RANK BY COUNTRY



ECI BY COUNTRY



South Africa is a member of the **World Trade Organization (WTO)**. Within the southern part of the African continent, South Africa represents a crucial role. One reason is the location of the country which allows trade by air, sea, road, and rail.

Agreements:

Europe: South Africa has free trade agreements (FTA) with the European Union (EU) and the European Free Trade Association (EFTA) which also include Switzerland, Norway, Lichtenstein, and Iceland.

North America: South Africa was not able to sign a FTA with the United States. However, the trade agreement between the two countries is defined by the **Trade, Investment and Development Cooperation Agreement (TIDCA)** and by the **Trade and Investment Framework Agreement (TIFA)**.

Asia (China and India): South Africa is working on the implementation of the **Partnership for Growth and Development (PGD)** with China. With India, trade negotiations are currently ongoing to establish a **preferential trade agreement (PTA)**.

South America: South Africa holds a **PTA** with MERCOSUR comprising Brazil, Argentina, Paraguay, and Uruguay.

4. TRADE

Year
Todas

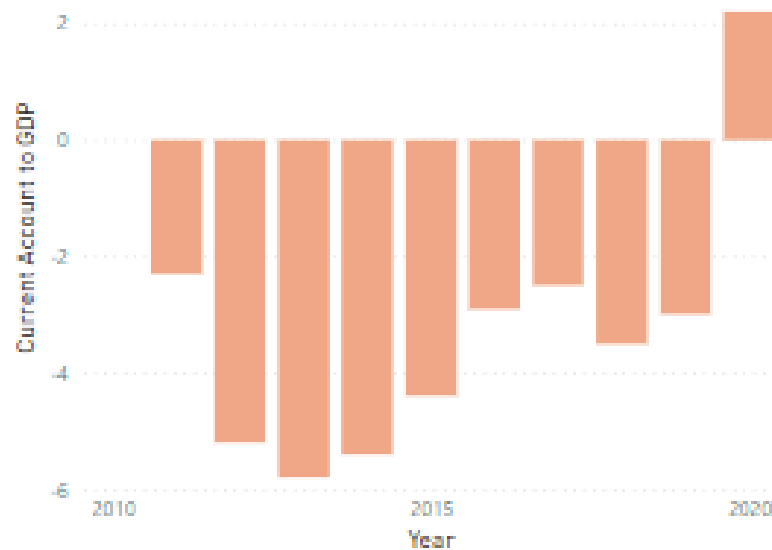
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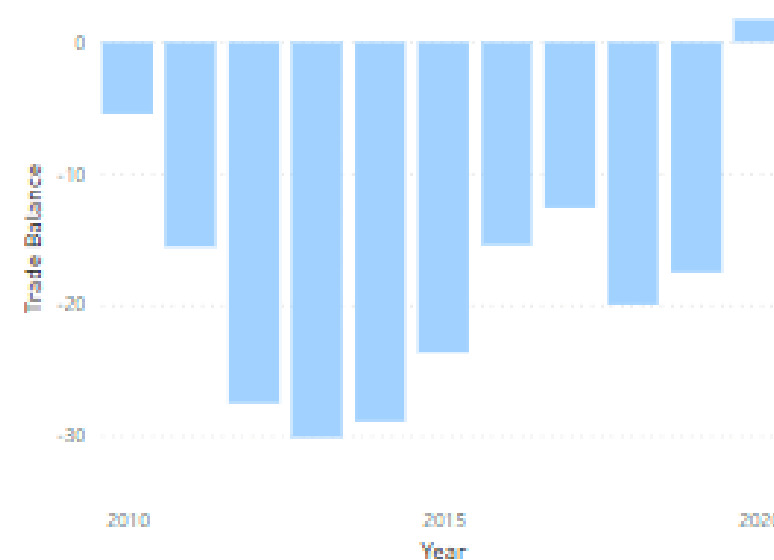
While the **current account** indicates whether a country is a net lender to the rest of the world (positive current account) or a net borrower of the rest of the world (negative current account), the ratio of the **current account balance to the GDP** provides an indication of the country's level of international competitiveness.

The current account to GDP in South Africa increased to a positive number in 2020 which means that country's level of international competitiveness increased. Moreover, the **trade balance**, which is the imported goods subtracted from the exported goods, has increased to a positive trade balance i.e. a trade surplus in 2020.

CURRENT ACCOUNT TO GDP



TRADE BALANCE FROM 2010 to 2020



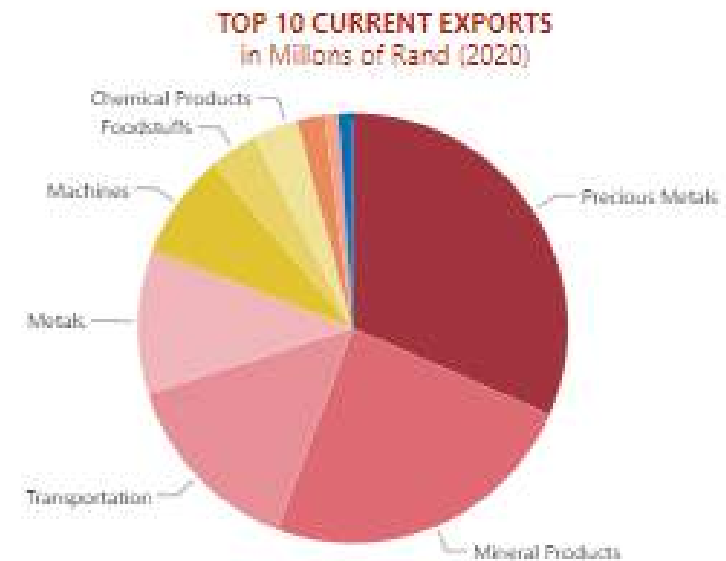
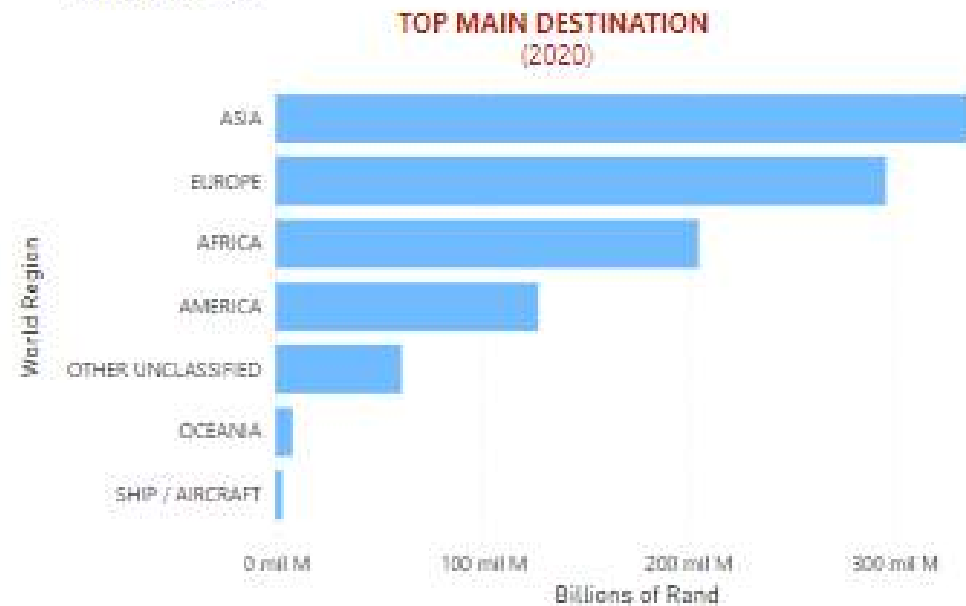
4. TRADE



EXPORTS

Overall, **China** represents South Africa's largest export connection. By region, South Africa's exports most to **China** in Asia, to the **Germany** in Europe, to **Botswana** in Africa, to the **United States** in North America, and to **Brazil** in South America.

South Africa's main exports are **gold**, **platinum**, and **cars**. These goods represent 15.5%, 8.8%, and 7% of the exports, respectively.





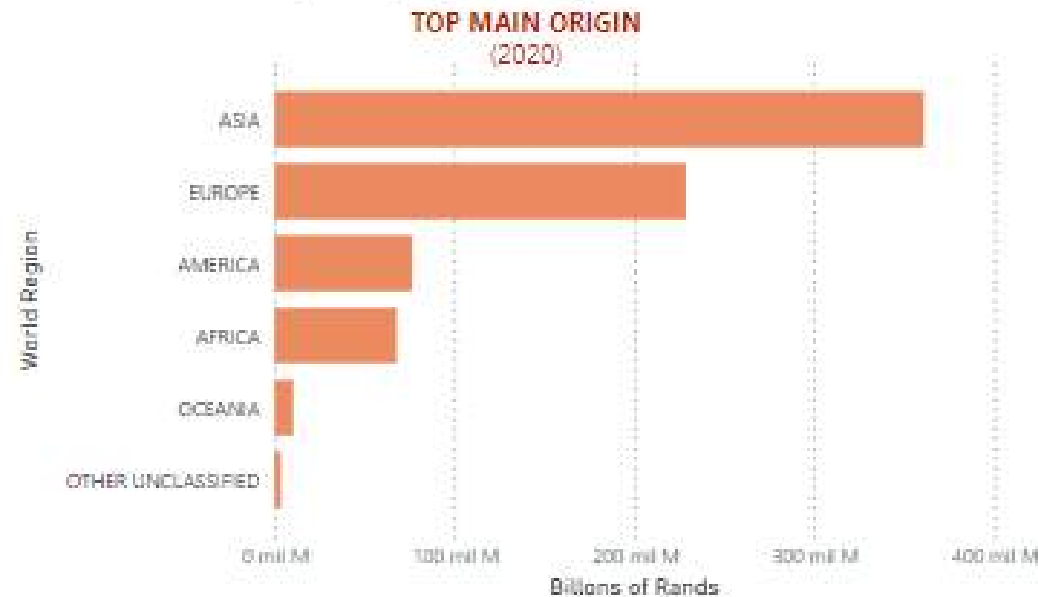
4. TRADE



IMPORTS

Overall **China** represents South Africa's largest import connection. By region, South Africa's imports most from **China** in Asia, from **Germany** in Europe, from **Nigeria** in Africa, from the **United States** in North America, and from **Brazil** in South America.

South Africa's main imports are **crude petroleum**, **refined petroleum**, and **cars**. These goods represent 10.1%, 4.8%, and 4.35% of the imports, respectively.





4. TRADE

Within the African Union framework, 44 countries signed in March 2018 the creation of the **African Continental Free Trade Area (AfCFTA)**.

Signed by 54 of the 55 African states and with the initial ratification by 22 of those in April 2019, it will be the **largest free trade** area in the world. With the 55 states it will joint USD 2.2 trillion of combined GDPs, and 1.2 billion people. **By January 2020, 29 countries had ratified the agreement.**

AfCFTA is supposed to **increase trade flows, promote trade integration** between heterogeneous economies, and **reinforce intraregional trade**, including approximately "USD 60 billion to African exports, and support ongoing diversification efforts".

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AfCTFA

As a "hub for Southern Africa", and "top-five trading partner for 14 African countries," **South Africa is meant to be a leader in the AfCTA inside the continent and towards the Global Value Change.**

Income
welfare, and
trade effects

Employment
effects

Distributional
effects

Fiscal
revenue
impact

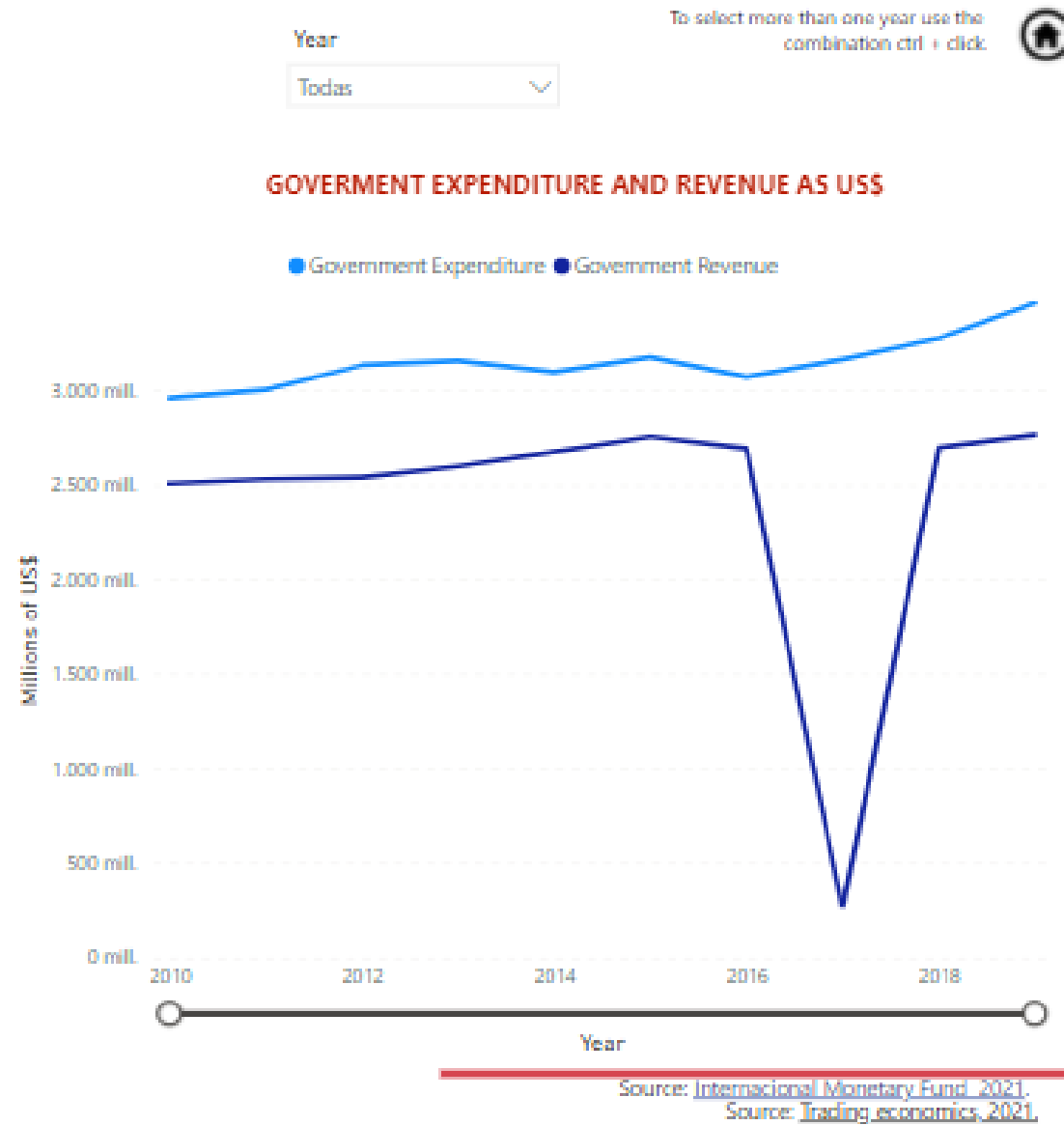
5. PUBLIC FINANCES

The above graph presents a worrisome feature of the **South African economy: over the last 10 years**, the government has spent more than it receives as income. This, of course, means that the difference must be filled by debt. In itself this is not a bad thing, given that the government could invest that money to produce growth.

The situation in South Africa, though, signals the opposite: as the graph of GDP growth and debt growth shows, debt has been undoing the progress achieved by growth.

This graph confirms that fact, and moreover, it shows that the government will have small room to maneuver in aiding the recovery of the crisis, since it is already spending more than it has.

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5. PUBLIC FINANCES

GOVERNMENT EXPENDITURE

141 Bn USD

LEARNING AND CULTURE 28 Bn USD

Basic education: 17 Bn USD

University transfers: 3 Bn USD

SOCIAL DEVELOPMENT 14 Bn USD

Social Security Funds: 7 Bn USD

Pensions: 6 Bn USD

HEALTH 17 Bn USD

District health services: 7 Bn USD

Central hospital services: 3 Bn USD

DEBT SERVICE COSTS 18 Bn USD

PEACE AND SECURITY 14 Bn USD

Police services: 7 Bn USD

Defense and state security: 3 Bn USD

ECONOMIC DEVELOPMENT 14 Bn USD

Economic regulation and infrastructure: 7 Bn USD

Industrialization and exports: 2 Bn USD

COMMUNITY DEVELOPMENT 15 Bn USD

Municipal equitable share: 5 Bn USD

Human settlements, water and electrification programs: 2 Bn USD

GENERAL PUBLIC SERVICES 4 Bn USD

Public administration and fiscal affairs: 3 Bn USD

Executive and legislative organs: 0.9 Bn USD



5. PUBLIC FINANCES

SUPPLEMENTARY BUDGET (JUNE 2020) COVID-19 crisis economic effects

ECONOMIC RELIEF: 29.2 USD BN

- Three main additions to spending for the fiscal response to the pandemic:
1. Support to vulnerable household for 6 months
 2. Health
 3. Support to municipalities

REVISED 2020 SUPPLEMENTARY BUDGET:
-41.48 USD BN -14.6% OF GDP

RESPONSE PHASES:

1. Preserve: immediate, temporary and targeted responses
2. Recover: supporting investment and employment
3. Pivot to position the economy for the faster growth needed

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Government expectations:

* 2020-2021 gross national **debt: 81.8% of GDP**. 2020 budget initially estimated it in 65.6%.

* Gap between revenue and expenditure is expected to widen in the following years.

Main **budget expenditure-to-GDP** ratio is projected to increase to **37.2% in 2020-21**.

* Main budget deficit and **gross borrowing requirement increase**.

* Significant **tax revenue underperformance**. Tax-to-GDP ratio, worse than in the 2008 crisis, but should recover along with the economy and further tax measures.

Source: [National Treasury, 2021](#)



6. FINANCIAL MARKETS

South Africa has the most developed financial markets in Africa. **The Johannesburg Stock Exchange (JSE)** is the largest stock market in Africa and was founded in 1887.



South Africa also has **the most developed fixed income market in Africa**, with both the government and private corporations raising financing through bonds. **A significant portion of investors in South African markets** are foreign investors, making the market highly sensitive to portfolio flows.

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Main stock indexes within the BRICS Countries

Brazil: BOVESPA
Russia: MOEX
India: BSE Sensex
China: SZSE Componeny
South Africa: S.A. Top 40

Main Foreign Direct Investing Countries

United Kingdom: 27%
Netherlands: 18%
Belgium: 14.8%
United States: 6.7%
Germany 4.9%

Source: SANTANDERTRADE.COM/

Source: Investing.com



6. FINANCIAL MARKETS

CAPITAL MARKET AND INVESTMENT

The capital market is **deeper** and more **efficient** than most stock markets in Africa. The main index is the JSE index.



349 listed companies in May 2020



Market Capitalization: 343.5% of GDP in 2019



Equity turnover ratio of 33.13% in 2019

MONEY MARKETS

The bond markets are well developed and are used for financing by the **Central Government, Municipal Governments** and **Parastatals**. Secondary trading is not common.



3-month government bond YTM: 4.78% (2020).



10-year government bond YTM: 8.84% (2020).

6. FINANCIAL MARKETS



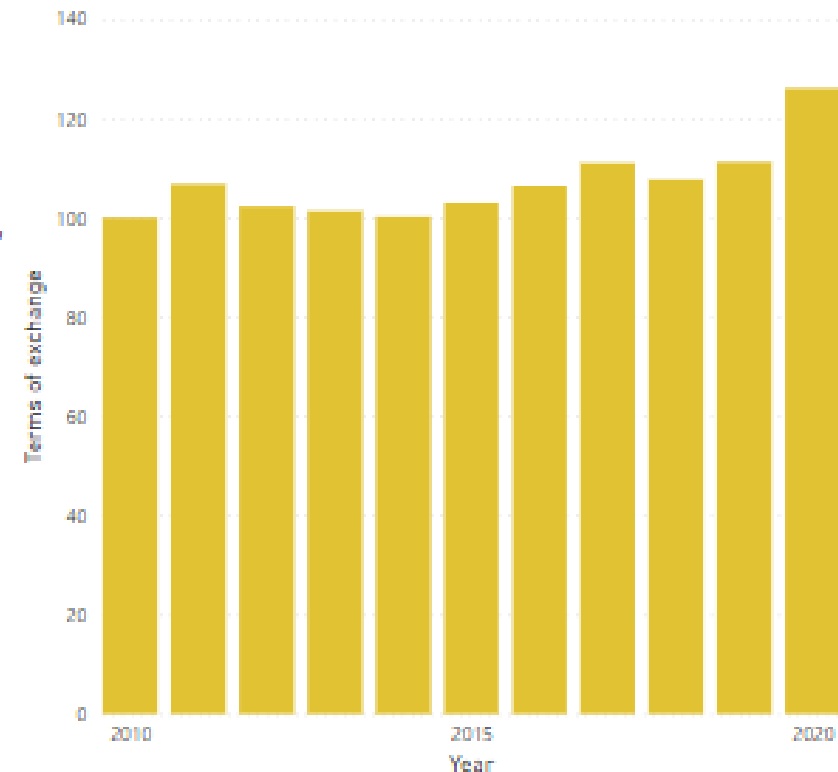
TERMS OF EXCHANGE

The terms of trade ratio measures the value of exports relative to the value of imports in a country.

If the ratio is higher than 100, it means that the country's exports are, monetarily speaking, worth more than the country's imports. This means that the country accumulates capital with exports.

On the other hand, if the ratio is less than 100, it means that the country's imports are worth more than its exports, so the country is losing capital.

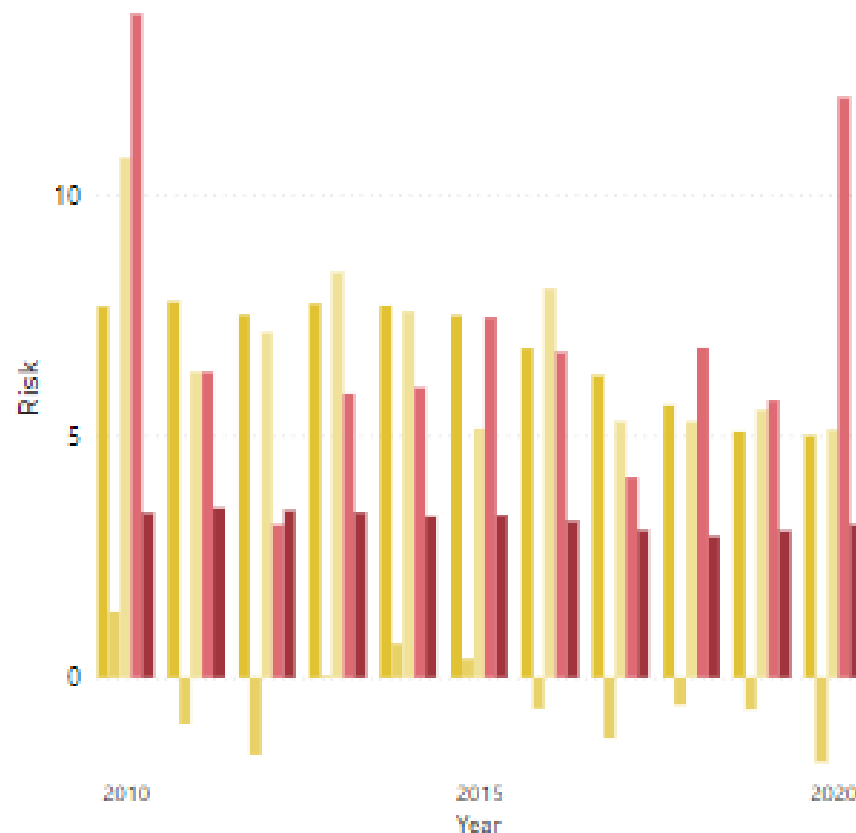
The graph shows the terms of trade ratio for South Africa. The tendency over the last 5 years seems to be positive, which means that, since 2015, South Africa is moving towards exporting high value added products, which can be taken as a signal that its economy is improving.





6. FINANCIAL MARKETS

RISK PREMIUM ON LENDING



This graph shows the risk premium that banks charge the private sector. This premium is calculated over the risk-free interest rate, set by the monetary authority, which is the 3-months interest rate.

High levels in this premium reflect a high mistrust towards the private sector, whereas negative levels mean that the banking system deems the private sector to be more trustworthy than the government.

Among Africa's largest economies, South Africa is the more stable one in this matter, showing a premium of around 3%. Stability is, in itself, a good thing, given it allows investors to plan with higher certainty for the upcoming future.

Country
Todas

Year
Todas



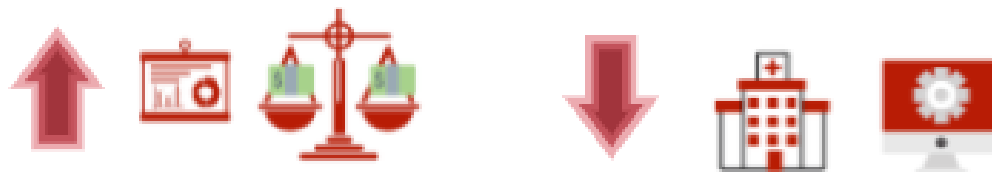
7. COMPETITIVENESS AND DOING BUSINESS

GLOBAL COMPETITIVENESS INDEX

Its **best score** was in the **Financial System** category, **ranking 19 out of 141**. Another important pillar of the index is **The Size of the market** ranking 35.

However, a poor **Healthy Life Expectancy (118/141)**, a **low-skilled workforce (90/141)** and a **late ICT Adoption (89/141)**, hinder the country's competitiveness.

GLOBAL POSITION: 60/141
SCORE: 62/100



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GCI	Score over 100 points.	Rank over 141
Finance system	83	19
Size of the market	69	35
Innovation Capability	45	46
Institutions	57	55
Macroeconomic Stability	88	59
Business Dynamism	62	60
Score GCI	62	60
Labour market	61	63
Infrastructure	68	69
Product Market	55	69
ICT adoption	50	89
Skills	58	90
Health	53	118

Source: [World Economic Forum, 2021](#)



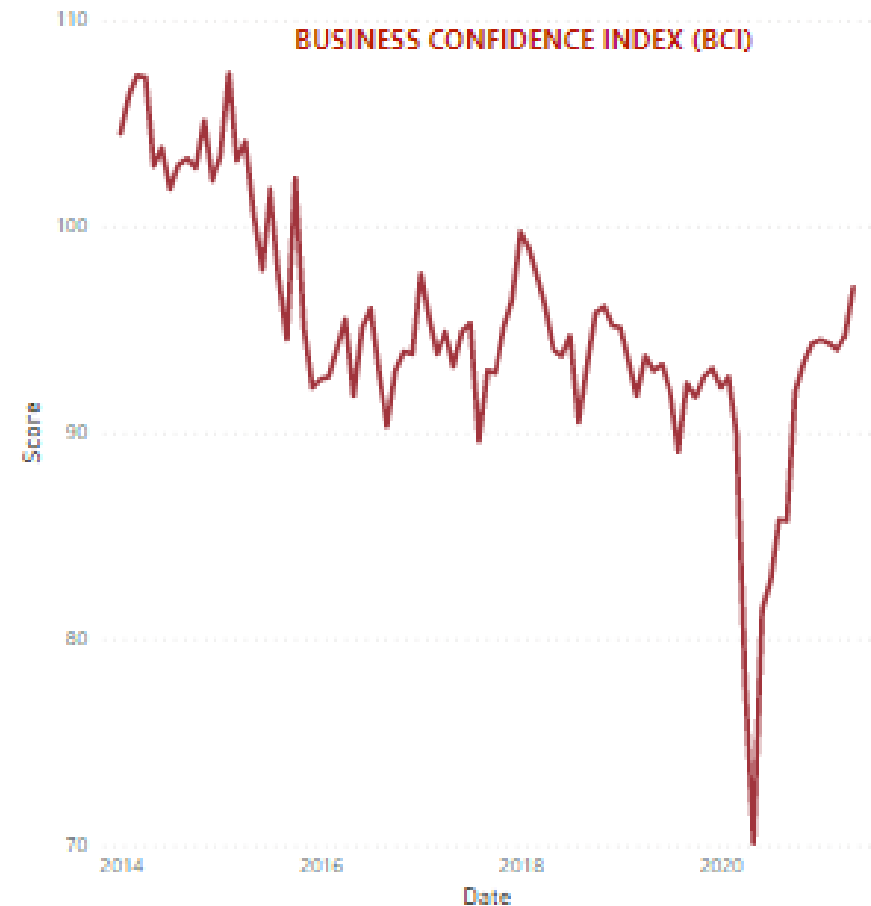
7. COMPETITIVENESS AND DOING BUSINESS

Among the **Southern African Development Community** countries (SADC) , the top 3 rank is led by Mauritius (52nd), followed by **South Africa (60th)** and Seychelles (76th).

Keeping in mind that there is no official obligation to have a written contract in South Africa, the WEFORUM) , ranked South Africa as the country least to rethink labor laws.

In addition, there are country specific regulations that must be taken into account when starting a business such as the **black economic empowerment** which encourages to integrate black people in the workspace.

The South African Chamber of Commerce and Industry (SACCI) produces a Business Confidence Index (BCI) that takes into consideration critical indicators of the business climate.





7. COMPETITIVENESS AND DOING BUSINESS

DOING BUSINESS INDEX

South Africa's score on the Doing Business Index is 67.0 which is slightly higher than the score of its direct competitor **Zambia** which has a score of 66.9.

Poorly performing categories such as "starting a business", "enforcing contracts", and "getting electricity" are reasons that hinder doing business in South Africa.

The country's chamber of commerce: South African Chamber of Commerce and Industry (SACCI)

GLOBAL POSITION: 84/190
SCORE: 67/100

Index	Score over 100 points	Rank
Construction permit management	68,30	98
Doing Business	67,00	84
Enforcing Contracts	56,90	102
Getting credit	60,00	80
Getting Electricity	68,80	114
Opening a business	81,20	139
Property registration	59,50	108
Protection of minority investors	80,00	13
Resolution of insolvency	54,60	68
Tax payment	81,20	54
Trading across borders	59,20	145



8. EDUCATION

According to the Human Development Index, the expected years of schooling in South Africa are 13.8 and the average years of schooling are 10.2. In addition, **public spending on education has also reached figures above 6% of the GDP in 2018.**

According to the same index, the **literacy rate in this country reaches 87%** for those over 15 years of age. According to UNESCO, this rate reaches **95.3% for South Africans between the ages of 15 and 24** with a higher percentage for the female sector (96.9%). An indicator that shows that education is improving **among the female population is that in the older age groups, men are more literate than women, which is no longer the case among the younger age groups.**

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HUMAN DEVELOPMENT INDEX

EDUCATION INDEX SCORE 0.72/ 1

RANKING 114

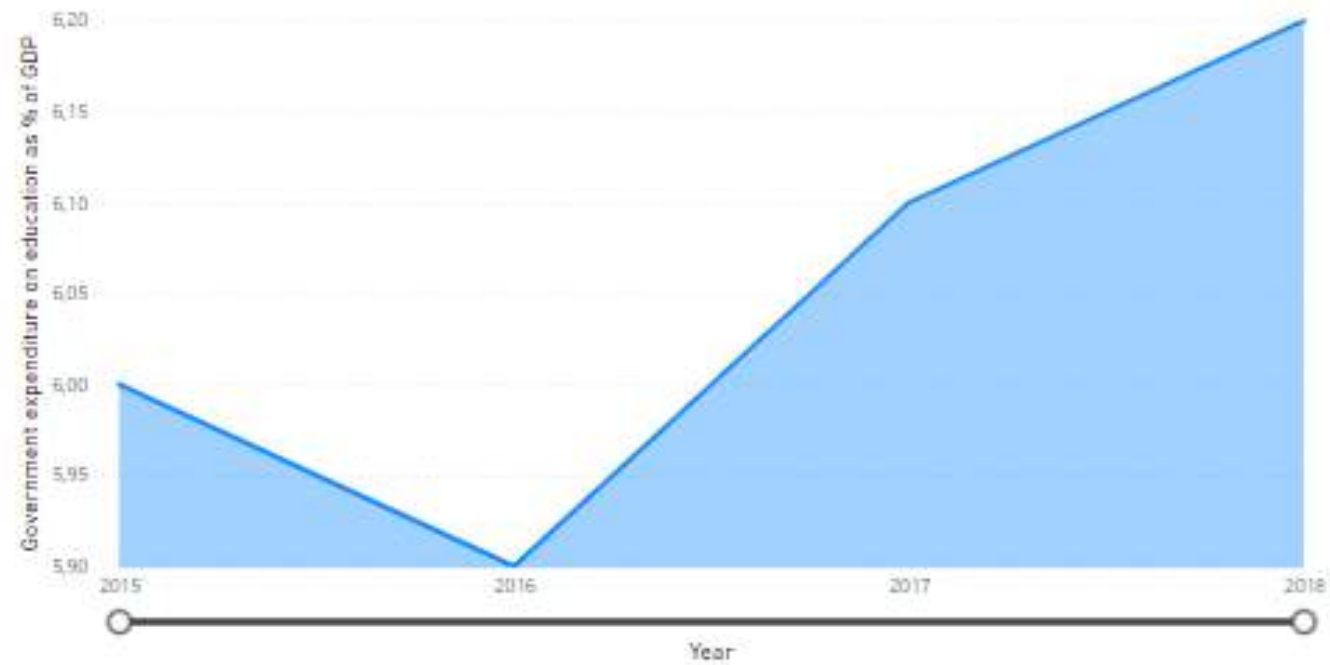


Source: [UNITED NATIONS](#)
Source: [HUMAN DEVELOPMENT INDEX, 2019](#)



8. EDUCATION

Government expenditure on education as % of GDP



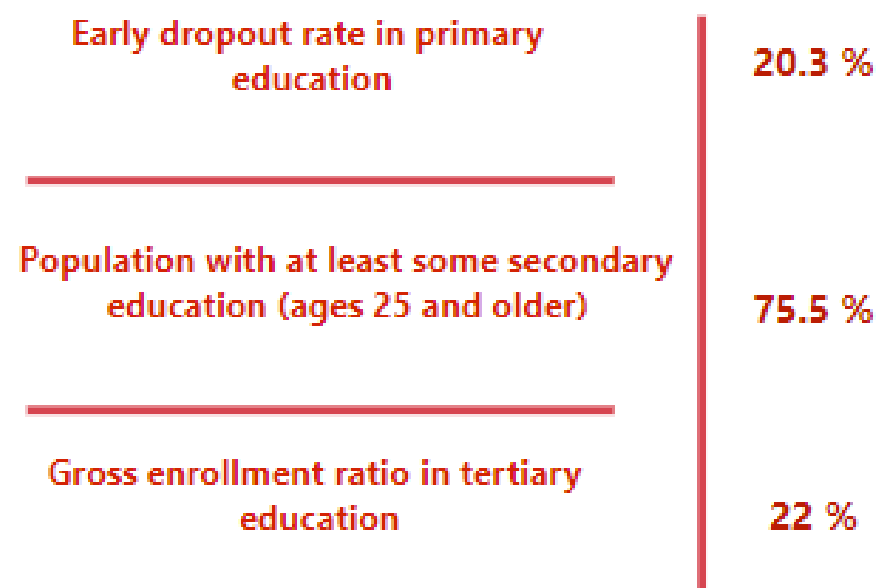


8. EDUCATION

A serious problem in education in South Africa is **the early dropout rate in primary education, which reaches 20% of students.**

Another worrying news is the setback in the educational level of South African students as a consequence of the **COVID-19 pandemic, which has forced the government to close schools and universities** in both March 2020 and other periods in 2021.

South Africa's education minister recently claimed that coronavirus has caused a 20-year setback in education as **"children learned 50-75% less than in the previous year."**





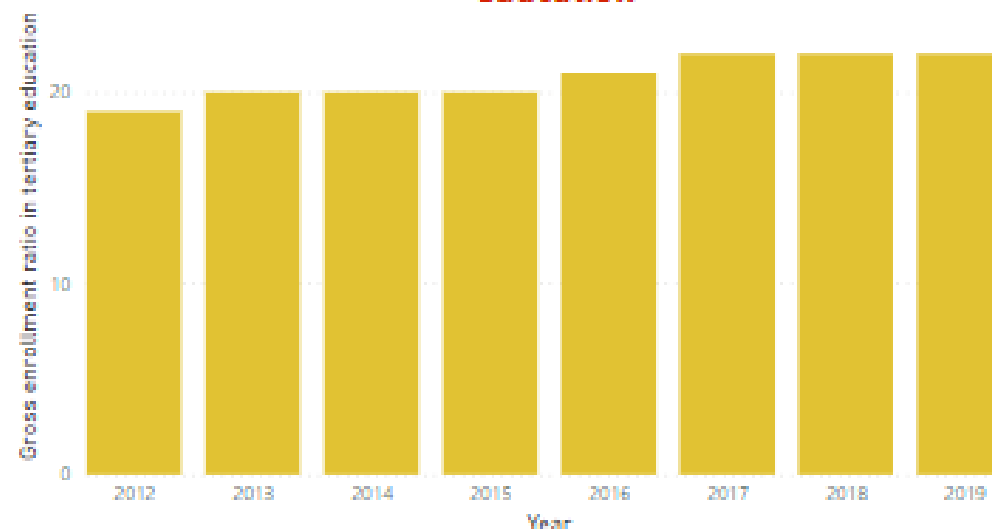
8. EDUCATION

The 4 best African universities are in South Africa

6 South African universities are amongst the top 10 in Africa

1. University of Cape Town.
2. University of Witwatersrand.
3. Stellenbosch University.
4. University of KwaZulu-Natal.
5. Durban University of Technology.
6. North-West University.

Gross enrollment ratio in tertiary education



While gross enrollment rates in primary and secondary education are high, **here is only a 22% enrollment rate in tertiary education.** Some North African countries such as Algeria (51%), Morocco (36%) or Egypt (35%) have higher percentages, but South Africa has **higher figures than the African average (12%).**



8. EDUCATION



REASONS

HIGH FINANCIAL COST

LACK OF TRANSPORT

ORPHAN-HOOD

UNPLANNED PREGNANCIES

NUMBERS

4X

There is four times as much private universities than public ones in South Africa.

40%

State contribution to tertiary education went down from a 49% in the year 2000 to a 40% in 2012, increasing the financial burden on students from a 24% to 31% in the same period.

US\$ 906 M

Total tuition fees paid at the 23 South African public universities in 2012.

US\$ 700 M

Total money owed by students to colleges between 2010 and 2020.

15 %

Only a 60% of Black students manage to finish the first year and 15% end up graduating.



8. EDUCATION

FAILURES IN THE EDUCATION SYSTEM

* The Trends in International Mathematics and Science Study (TIMSS), published in 2019, noted **some improvement in the level of South African secondary school students in mathematics**. However, this is still not happening in primary schools, so it suggests that "the state and other stakeholders should pay greater attention to this sector to improve knowledge acquisition."

* The report also notes that "**achievements in South Africa remain socially unequal** and are linked to students' socioeconomic backgrounds". Moreover, **this inequality is particularly big among some provinces**, where differences in mathematics or science attainment are well over 100 points.

* The 2016 Progress in International Reading Literacy Study (PIRLS) notes that **78% of South African Grade 4 children cannot read for meaning in any language**.

* An IMF working paper notes that "While there is a global phenomenon of weak correlation between spending on education and the quality of educational outcomes, South Africa's basic education system has poorer outcomes than that of peer countries with lower spending per capita on education (...) **the quality of education continues to limit South Africa from realizing economic returns on its education expenditure.**"



9. STATE OF DEMOCRACY

DEMOCRACY INDEX 2019

SCORE: 7.24/10

RANKING 40/167

DEMOCRACY INDEX 2020

SCORE: 7.05/10

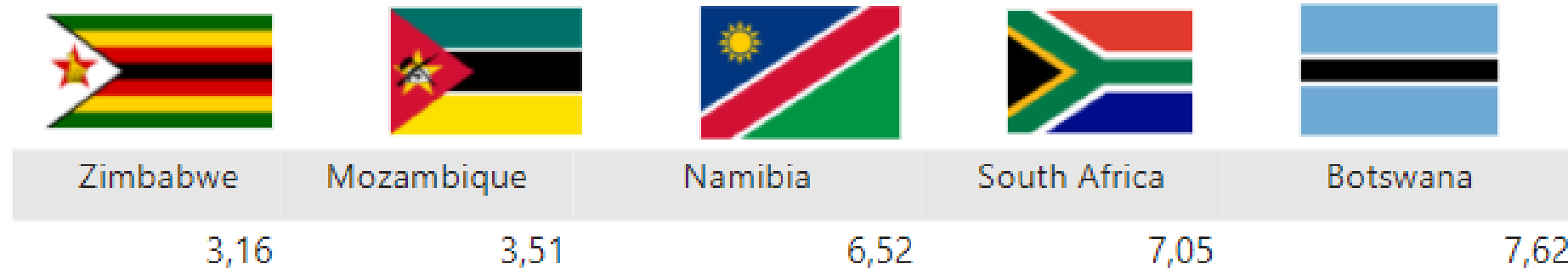
RANKING 45/167



South Africa is a **"flawed democracy"** according to the Democracy Index of The Economist Intelligence Unit. Since 2006, the date when this ranking was made for the first time, the democratic quality of South Africa has **gradually deteriorated**. Nevertheless, it is still placed in the fourth position between the countries of **Sub-Saharan Africa** – only behind Mauritania, Botswana and Cape Verde – and the first between the BRICS (main emerging countries).

According to The Economist, there has been a **general decline in the valuation of the African democracies** mainly because of the cut of civil liberties and the confinements imposed due to the pandemic of COVID-19.

Topic	Score	
Civil liberties	7,35	↓
Electoral process and pluralism	7,42	→
Functioning of the government	7,14	↓
Political culture	5,00	→
Political participation	8,33	→





9. STATE OF DEMOCRACY

According to Freedom House, the **National Africa Congress (ANC)**, party which is ruling South Africa, has been accused in the last years of undermining institutions in order to hide **corruption scandals** and keep the power.

That's why, since 2018, the government has started up an Anticorruption Commission to investigate cases of this type.

**Freedom in the world (2020): 79/100
(free)**

Political rights: 33/40

Civil liberties: 46/60

Freedom in Internet: 70/100 (free)

Obstacles to Access: 16/25

Limits to content: 29/35

Violation of users rights: 25/40

As it is doing in other regions of the world, Freedom House has also reported in the case of South Africa that freedom on the internet has deteriorated because the emergency measures of COVID-19 allowed the Government to **control press freedom online**.



9. STATE OF DEMOCRACY

WORLD PRESS FREEDOM INDEX 2021

SCORE: 21.59/100

RANKING 32/180

Press freedom has worsened in Africa as a result of pandemic restrictions. Reporters Without Borders reports the case of a journalist who had to go abroad after being threatened by the police while covering a story related to confinement. In addition, a new law has established **prison sentences of six months for those who spread disinformation about the pandemic.**

Apartheid-era legislation and anti-terrorism laws are used in South Africa, according to Reporters Without Borders, **to limit reporting when the "national interest" is at risk.** Particularly serious is the case of women journalists, with frequent examples of insults and attacks, including by politicians.



10. CORRUPTION

CORRUPTION PERCEPTION INDEX

SCORE: 44 /100

RANKING 69/180

South Africa has improved one position since 2012 in the Corruption Perception Index. According to Transparency International, **Police** has been involved very recently in many polemics related to bribes, apathy or **abuses of power**, mainly with regard to the rise of its obligations during confinement.

In any case, **the main corruption case is the one affecting former President Jacob Zuma (2009 - 2018)**, who has been sentenced to fifteen months in jail after refusing to appear in a corruption investigation during his term in office. This has unleashed a wave of violence this summer that we discuss below. Finally, the judicial authorities decided in September 2021 that **Zuma will live out his last thirteen months of his prison sentence at home for health reasons** as he could be in his last days.





10. CORRUPTION

GLOBAL CORRUPTION BAROMETER

64% Percentage of people who thought corruption increased in the previous 12 months.

18% Percentage of public service users paid a bribe in the previous 12 months.

According to the World Economic Forum, the trend in South Africa during the last three years is to **increase transparency in public contracts**. However, less than 25% of the polled say that is not common that companies offer **bribes** to get public contract or licenses.

Trust in the government, very linked to the degree of corruption and the use of public funds, **is close to 50% in South Africa**, according to the same data from the World Economic Forum. It is therefore ahead of some European countries such as Italy and Spain and below others such as Norway, Canada and Ireland.



11. VIOLENCE AND RACISM

GLOBAL PEACE INDEX 2021

Ranking: 123/163

Regional ranking: 30/44



Score: 2.34/5 points

Combined major factors

Safety and security: 3,276/5

Militarisation: 1.785/5

According to the Global Peace Index, more than 50% of the citizens in South Africa believe that **violence is the main problem that they face in their daily life**. This country is also placed between the ones where more percentage of people have experienced violence or know somebody who has suffered it. South Africa is, as a result, one of the countries in the world where **there is more fear to violence**.



11. VIOLENCE AND RACISM

Violent summer in South Africa



The arrest of former South African President Jacob Zuma after he failed to attend a corruption trial sparked a wave of violent protests mainly between July 9 and 18 in the provinces of Gauteng and KwaZulu-Natal, where Zuma still has a high level of popular support. One of the cities hardest hit by the violence was Durban, the country's third largest.

The incidents mainly involved rioting and looting in shopping malls, motivated by the above-mentioned political reasons and also by the growing inequality in the country, where many people are going hungry, something that the COVID-19 pandemic has contributed to aggravate.

These are the largest outbreaks of violence since the end of Apartheid 29 years ago. An estimated 342 people were killed in the incidents and 3,407 people have been arrested.

In addition, as a consequence of the violence, racial tensions have also increased as in Phoenix, a city of mostly British descent, some of these people armed themselves to confront the looters. This has therefore resulted in clashes between the black and white population, showing how racial tensions are still alive and well in many parts of South Africa.



11. VIOLENCE AND RACISM

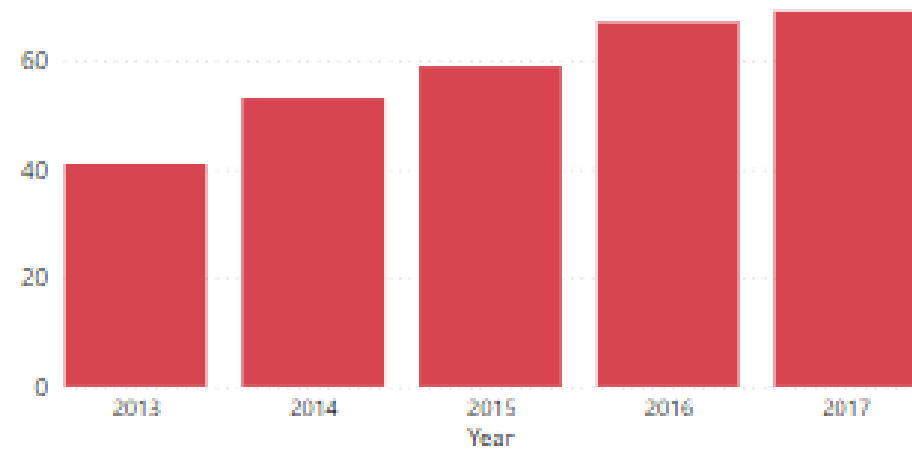
RACISM AND VIOLENCE

A majority of South Africans (57%) believe race relations have improved since 1994. Moreover, an 88% of citizens believe all races need each other to achieve progress.

However, African people (64%) are the only race who believe relations have improved. Most Coloured (51%), Indian (44%) and White (47%) respondents say relations are worse than when democracy was established in 1994.

While the share of Africans believing race relations have improved has gone up from 49% in 2001 to 64% in 2018, Coloured and Indians shifted the other way, from 45% to 26% and 61% to 31%, respectively.

RACE COMPLAINTS AS A PERCENTAGE OF TOTAL EQUALITY COMPLAINTS



The South African Human Rights Commission records that race issues are by far the major type of equality complaint received, about eight times more than the second listed, on disability grounds.

In 2016/2017 a total of 486 race-related complaints were filed in, a record 69% of all equality complaints received.



12. HEALTH

KEY HEALTH DATA

Indicator	South Africa	Sub-Saharan Africa
Health expenditure as % of GDP	8	5
Health expenditure per capita US\$	526	83
Private health care spending as % of total health care spending	44	51
Under child mortality per 1000 inhabitants	37	74

South Africa is one of the sub-Saharan African countries that invests more in terms of per capita US \$ 526 compared to the average of the region with US \$ 83.

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HOSPITAL PREPARATION

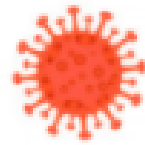
Indicator	South Africa	Africa
Physicians per 1000 inhabitants (2010)	0,90	0,36
Hospital beds per 1000 inhabitants (2018)	2,30	1,35
Ventilators per 1000 inhabitants	0,06	0,01
Intensive Care Units beds per 1000 inhabitants	0,06	0,03

South Africa is above average on all four indicators for **sub-Saharan Africa**. However, both the number of ICU beds (3,300) and ventilators (3,200), **well below the figures for developed countries**, seem very low considering that these are vital resources for dealing with the COVID-19 pandemic.

Source: [Center for Disease Dynamics, Economics & Policy, may, 2020](#)

Source: [The Lancet](#) Source: [World Bank](#), 2021

12. HEALTH



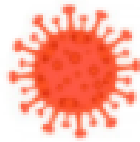
COVID-19

South Africa confirmed its **first case on March 5, 2020** of a 38-year-old man from Italy. Ten days later, a **national state of disaster** was declared with travel restrictions and school closures and on March 27, a **national confinement** was approved.

South Africa experienced a progressive growth in cases until a **first peak of infections was reached in July 2020**. The **second wave** occurred after Christmas, when infections reached more than 20,000 per day and deaths more than 600. The **third wave** reached its peak in July 2021 with case numbers similar to January, but with a significantly lower number of deaths. Since August, both infections and deaths have been declining.

In May 2021, the so-called **South African variant** emerged, although it is true that **the World Health Organization has not described it as "worrisome"**.

12. HEALTH



COVID-19



As far as vaccination is concerned, South Africa can boast that the company **Aspen Pharma is producing the Johnson & Johnson vaccine in the country**. However, in August controversy erupted because **vaccines produced in this factory were being exported to Europe**, which is much better supplied with doses.

This is one of the reasons why **vaccination is still very limited and does not reach 20% of the population** with at least one dose, which has allowed the **delta variant** to enter the country with force in the last summer.

Pfizer also produces its vaccines in South Africa after signing an agreement in July committing to manufacture **100 million doses per year** to be distributed in Africa itself. Another of South Africa's challenges is dealing with **anti-vaccine campaigners**. Convincing them is key to reaching the 70% immunization rate by the end of the year, as it has been promised by the government.

DAILY UPDATE

COVID	CASES / PEOPLE
Deaths	88.619
Confirmed cases	2.916.803
Fully vaccinated people	10.759.755
Vaccines administered	20.200.231

COVID	% OF PEOPLE
% Fully vaccinated people	18,30 %

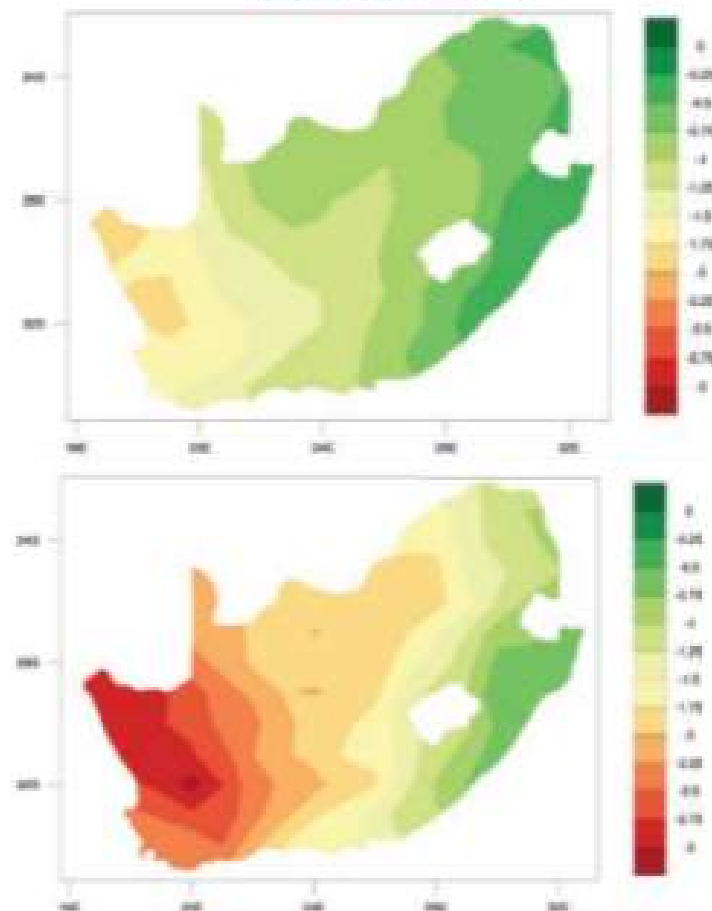
13. CLIMATE CHANGE

Climate change is a global concern which is getting more and more attention. Like many developing countries, South Africa is especially vulnerable to the impacts of climate change (Kreft, Eckstein and Melchior, 2017).

According to the National Water Resource Strategy, **water** is the channel through which climate change is being felt in South Africa. Since 2015, South Africa has been experiencing important droughts which have an effect on crop production, food security, water restriction, water security, and energy production.

The **Standardized Precipitation Evaporation Index (SPEI)** is a good way to illustrate the water concern in South Africa. The index shows the measure of the given water deficit in a specific location. Negative values of the index indicate dry conditions and positive values indicate wet conditions. A value of -3, for example, represents a situation of severe drought.

Projected SPEI for South Africa
by 2040–2059 (up) and by
2080–2099 (down)



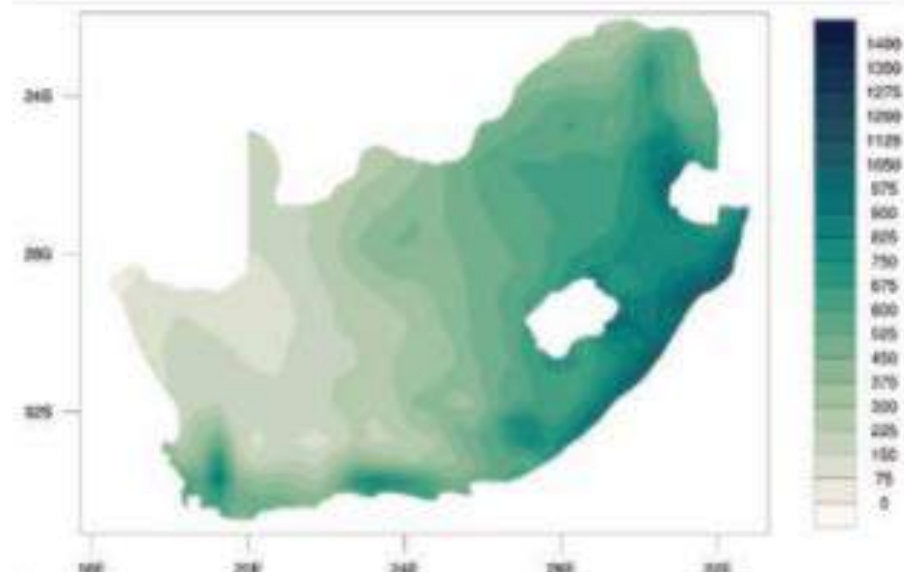
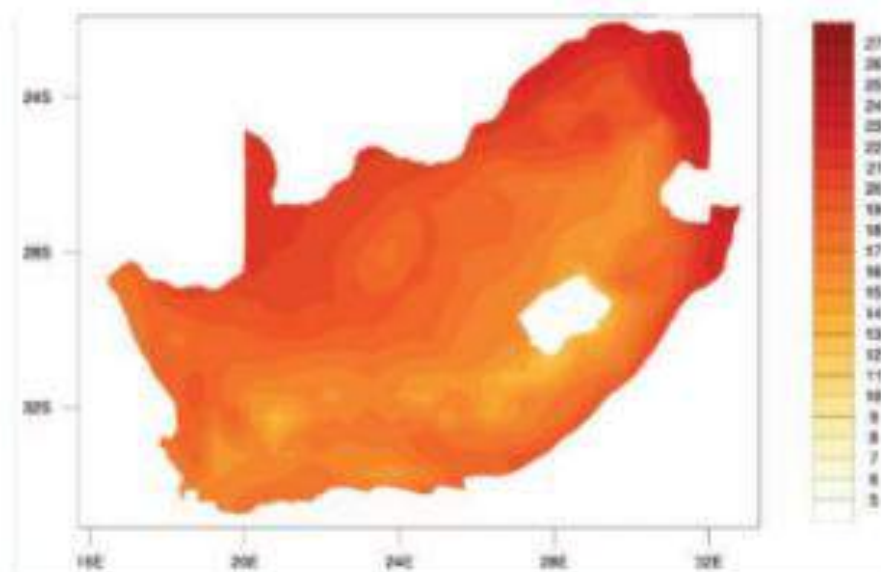
Source: [Standardized Precipitation Evaporation Index](#)



13. CLIMATE CHANGE

Looking at the map of the mean annual temperature and the annual precipitation, we see **western and northern interior regions** are becoming areas that are **seriously affected by climate change**.

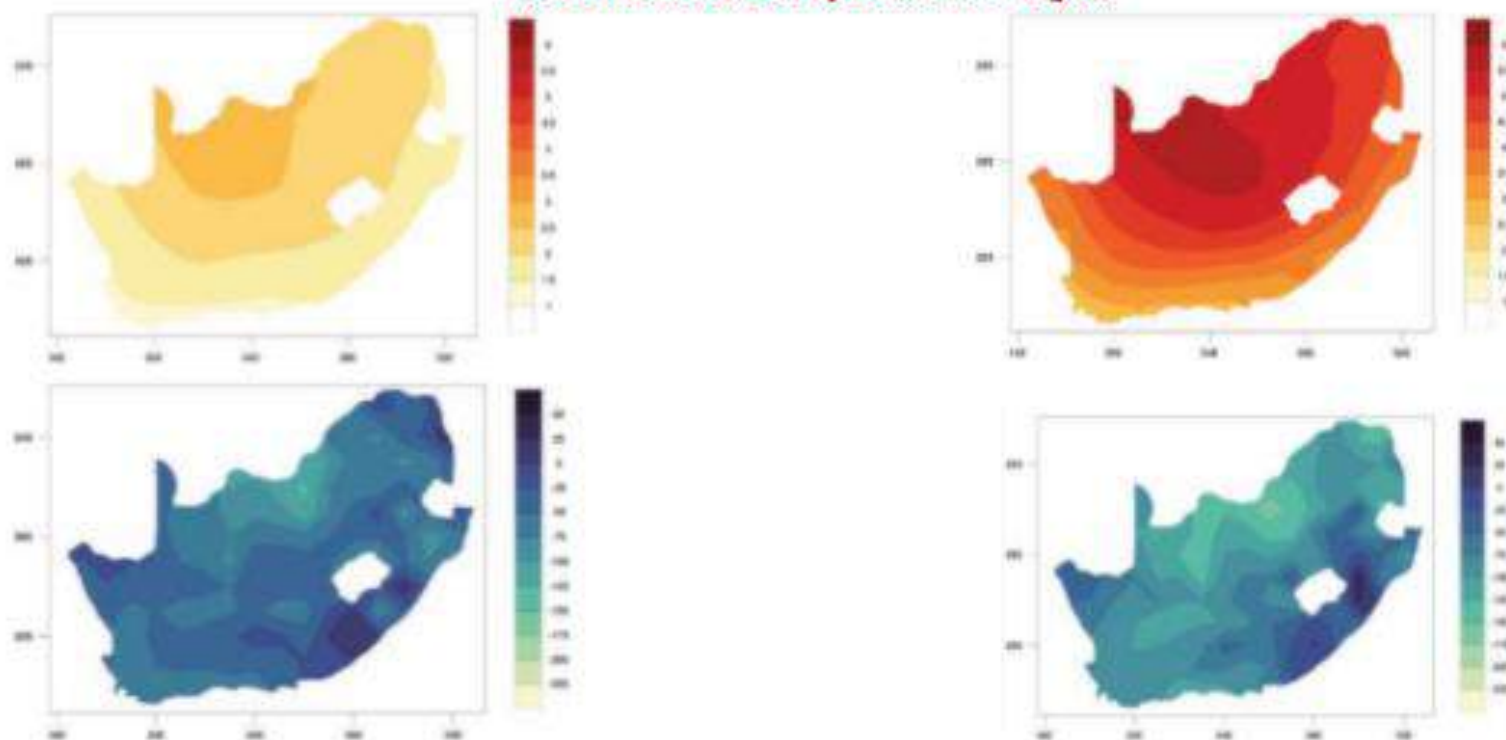
Map of Mean Annual Temperature (°C) (left);
Annual Precipitation (mm) (right) for
South Africa, 1991–2020





13. CLIMATE CHANGE

Projected Change in mean annual temperature (top) and precipitation (bottom) by 2040-2059 (left) and by 2080-2099 (right),



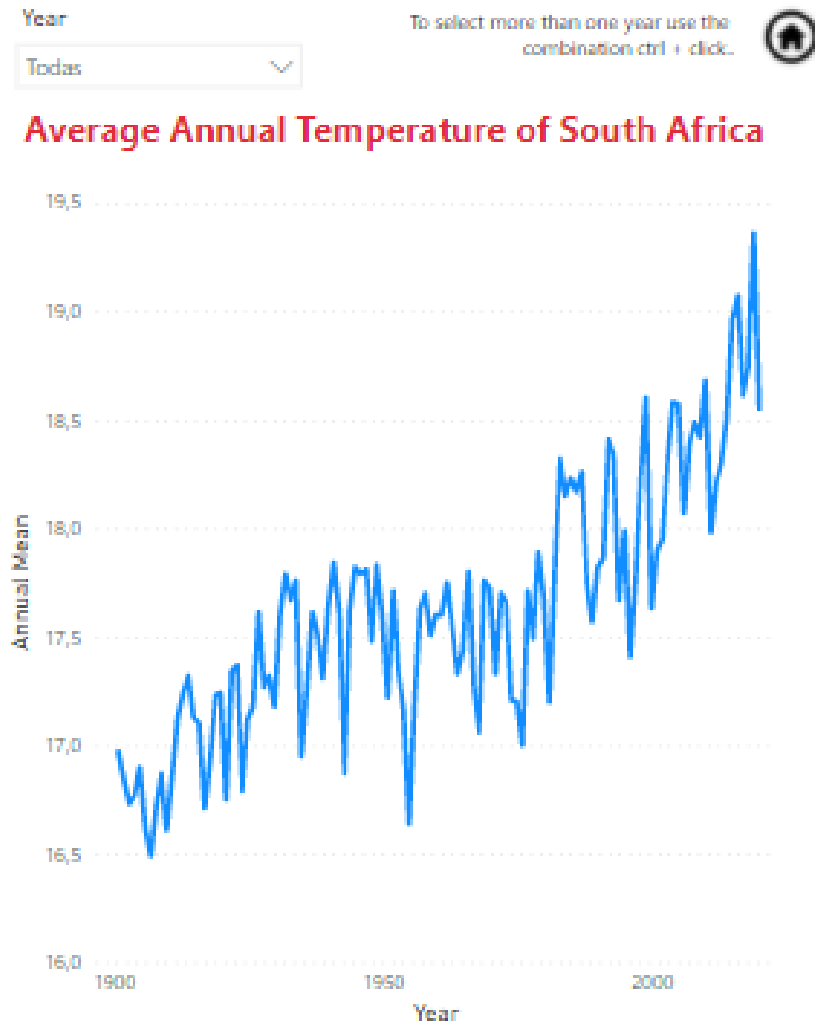
According to the temperature and precipitation forecasts of the World Bank, we identify the areas that will suffer most under climate change. The increase in the temperature and the decrease and variation in the precipitation will have **negative social and economic consequences** especially in these areas.

13. CLIMATE CHANGE

The **increase in the temperature** in South Africa can be measured already. We see that the average annual temperature in South Africa has an increasing trend.

Greenhouse Gas (GHG) emissions play an important factor, as they **accelerate** the process, in the increase of the temperature.

Therefore, it is crucial to take into account GHG emissions if the goal is to **slow down** the increase of the temperature or more generally slow down the process of climate change. The department of environmental affairs in South Africa stresses the **importance of introducing reduction measures and interventions of GHG emissions**.





14. NCID WORK



The NCID has a good relationship with the **Konrad Adenauer Stiftung South Africa** office based in Johannesburg. Both institutions share the vision of **promoting democratic values and civil liberties** in South Africa and across the African continent.

NCID Director Luis Ravina and researcher David Soler made a **fruitful trip to South Africa in February 2020 to visit institutions working on development economics and political science issues**. The visit focused on three important cities in South Africa: Johannesburg, Pretoria and Cape Town.

The goal of the visit was to strengthen ties with former partners, work to deepen collaborations with them and also to open new alliances with other institutions. In this regard, Luis Ravina and David Soler **visited the South African office of the Konrad Adenauer Stiftung**, where they had a conversation with its representative in the country, Henning Suhr, about democracy in South Africa and current political and economic issues. Suhr invited them to a reception that same evening with former opposition leader **Mmusi Maimane, previous leader of the Democratic Alliance (DA)**.

Similar to that meeting was a **fruitful visit to the South African Institute of International Affairs and the Institute for Security Studies Africa in Pretoria**. They also made other institutional visits to the Spanish Embassy in Johannesburg and the Spanish Consulate in Cape Town.

The good relations with the Konrad Adenauer Stiftung were also evident in the participation of Luis Ravina and David Soler in the event **"Shaping Europe 's Future with Sub-Saharan Africa"** held in September 2020 at Lake Como.

14. NCID WORK

PROJECT



The NCID has had an interest in South Africa for a long time. In 2015 it did a project in the country together with Fundación Moderna which gave advise to the **Cape Town and Johannesburg local governments** in the design and implementation of an economic development plan.

The **cooperation with local public officials** extended to the **agricultural industry, tourism and renewable energy** sectors.

NCID Resident Fellows Pedro Mendi and Luis Alberiko Gil-Alana participated in this project.

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GENERAL CONTRIBUTIONS

Junior Research Fellow David Soler has been studying governance, corruption and race relations in South Africa for the past few years. On these topics he has published the *Occasional Paper* "**The Decline of Southern African Liberation Movements**" and the review of the book "**Liberation Movements in Power: Party and State in Southern Africa**" by Professor Emeritus Roger Southall.





14. NCID WORK



PUBLICATIONS

Topics published about in South Africa include: **tourism, exchange rates, inflation, house prices, technology, probability of recession and others.**

The majority of these papers have been published by NCID Resident Fellow **Luis Alberiko Gil-Alana.**

7 publications which mention South Africa, featured in leading economic journals.

Other publications have been done on **Southern Africa and Sub-Saharan Africa on unemployment, health and climate change.**



WORKING PAPERS

Several Working Papers have published about South Africa since the NCID's start on **migration, technology, house prices and security.**

[The Working Paper Cooperation with the police in a diverse society;](#) the case of South Africa analyzed insecurity in South Africa. The paper researched how public cooperation could help to reduce crime in one of the countries with highest murder rates in the world.





14. NCID WORK

MEDIA APPEARANCES



One of the NCID's objective is to also reach the wider public through analysis published in media outlets on our areas of research. The NCID has published in Spanish media outlets, **El País**, **The Conversation**, **eldiario.es**, **El Orden Mundial**, **esglobal** and **Africaye**.





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OCTOBER, 2021.

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