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South Africa: economic progress and failures since 1994

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1 INTRODUCTION

This thesis will provide a general overview of the social-economic evolution of over the past twenty years, that is, since the end of Apartheid. Its main objective is to find out the socioeconomic areas in which South Africa managed to make progress, as well as the sectors in which it still has challenges to face, to clarify the causes of its still underdeveloped conditions, analyzing first the colonial age and then the Apartheid regime, and to verify if twenty years have been sufficient to overcome all past difficulties and discriminations. Obviously, the whole analysis will take into consideration the fact that the South African society had been profoundly divided by race since the colonial age. Therefore, each social and economic aspects will be studied considering the four ethnic groups introduced during Apartheid: the black Africans, the Coloureds, the Indians and the white group.

To tackle the above issues, a research based mainly on data collected from the country's reports and statistics made so far has been made. Relevant information has been collected from economic articles, as well as in the websites of organizations involved in the study of developing countries. Underlying approach of this work is basically that of the economics of developing countries, which describes the growth paths of countries with lower standard of living and underdeveloped economy. South Africa is a developing country, even if recently it has been classified as a Newly Industrialised Country (NIC) and this means that its market is becoming freer and more developed. Indeed, the main cause of its underdeveloped conditions is still today the racial and discriminatory ideas left by Apartheid and its legacy. The lack of investments on black people is, even after twenty years, linked to the prejudices against the most disadvantaged.

When I attended the course in economics of developing countries during my studies, I was surprised to learn that even profound economic incongruities can coexist within the same country. I chose to focus my research on South Africa because I had the chance to get to know its history during a literature course I attended in the first year of my graduate studies, and I wanted to deepen my knowledge about its economic characteristics. Moreover, I was interested in analysing the social consequences of an oppressive regime, as was the Apartheid. Indeed, I hope my research will contribute to showing that the difficulties faced by South Africa do not depend on a lack of economic resources.

This thesis will start with a general overview of the South African country. The second chapter will start with a brief geographical description of South Africa and it will continue with its historical background. Section 2.2 will focus on the main historical events relevant to this project from the colonial age to the end of Apartheid and the birth of democracy. Section 2.3 will briefly describe the development of the main political institutions of the country. The section will begin with an overview of the government's structure during Apartheid and proceed to discuss one of the most steps in the democratization process of the country: the adoption of the South African constitution. This section will end with a description of the main political institutions introduced with the democracy. The conclusive section of this chapter will outline the economic and social situation left by the Apartheid regime. This section is particularly important to understand the main weaknesses the country had once the Apartheid ended.

The third chapter will start with a summary of the current economic structure of South Africa, providing the reader with a general idea of the progress made so far. To clarify the growth path of the country leading to its socio-economic development, section 3.2 will illustrate the main economic reforms introduced since the end of Apartheid, including an assessment of their degree of success. Section 3.3 instead will concentrate on the development projects introduced in the past twenty years, with the aim of ensuring a well-developed society. After a brief description of the main objectives of each project and the instruments through which South Africa intended to reach them, the reader will be provided with an evaluation of the progress made, as well as an overview of the issues remained unresolved. This section will continue with an analysis of the main development projects realized exclusively for the South African development.

The final chapter will introduce the conclusions of this project, also focusing on the future perspectives of the country. Section 4.1 will offer an analysis of the country's economic progress and failures as evidenced by the data presented in the whole thesis, and will list the main economic policies on which the government should concentrate to bring its development process to a successful conclusion. Section 4.2 will present a similar analysis, highlighting the social improvements relevant to human rights. The chapter will conclude with a consideration of the socio-economic aspects which South Africa should concentrate on in the future to ensure better living conditions to society as a whole.

2 SOUTH AFRICA: A GENERAL OVERVIEW

This chapter will provide a broad outline of South African country. It will start by describing its geographical location and its main natural resources. Section 2.2 will concentrate on South Africa's historical background, starting from the colonial age, and it will conclude with an analysis of the end of Apartheid and the birth of democracy. Section 2.3 will focus on political institutions, providing a general overview of their historical development and highlighting the first democratic Constitution adopted in 1996. Section 2.4 will provide a socio-economic description of the South African situation at the end of Apartheid, outlining the main weaknesses of the country.

2.1 A brief geographical description¹

This section will focus on South Africa's geographical features. It will start with its location and it will continue with a climate description. It will conclude with a brief overview of natural resources and their influence on South Africa's economy.

Fig. 1.1 South Africa's map



Source: www.countrywatch.com/imgs/vcountry/159_map.gif

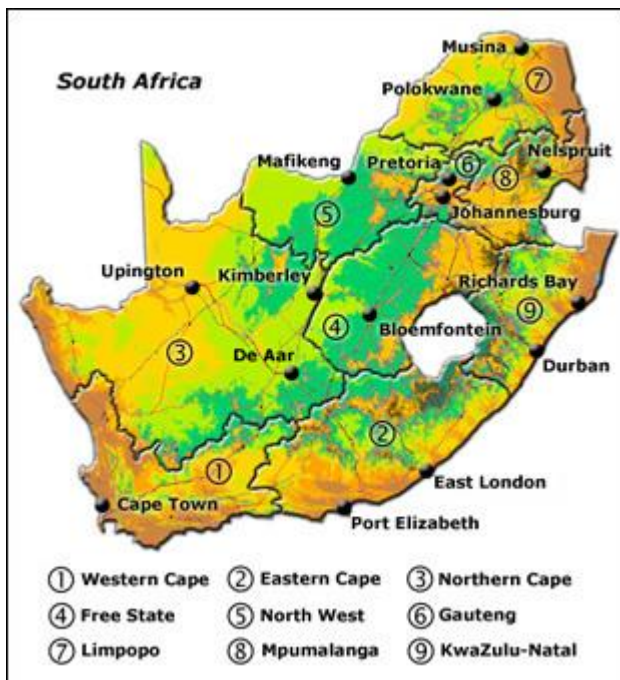
¹This section draws on the following sources: *South Africa info* website (www.southafrica.info/about/geography/geography.htm#.U6GIDP9H7Mw), *About SA* (www.gov.za/aboutsa//geography.htm), *Van Niekerk* (2012:2-5), *Globaledge* website (<http://globaledge.msu.edu/countries/south-africa>), and *BBC News Africa* website (www.bbc.com/news/world-africa-14094760).

South Africa is located in the southern tip of African continent. It also includes two small sub Antarctic islands in the Indian Ocean: Prince Edward and Marion. It is a medium-sized country with a total land area of 1,219,602 square kilometers. South Africa shares common boundaries with Namibia, Botswana, Zimbabwe, Mozambique and Swaziland, and it is surrounded by the Atlantic and Indian oceans.

Despite its subtropical location, South Africa’s temperatures are moderated by Oceans on three sides of the country and the altitude of the interior plateau, which is made of old rocks of the Karoo System and occupies almost the whole country. Therefore compared with other countries at similar latitudes, South African temperatures tend to be lower. Between east and west coasts temperatures vary, because of the warm Agulhas current and the cold Benguela current.

As it is possible to notice in figure 1.2, South Africa has nine provinces: Western Cape, Eastern Cape, Kwazulu-Natal, Northern Cape, Free State, North West, Guateng, Mpumalanga and Limpopo.

Fig. 1.2 South Africa’s provinces



Source: www.mediaclubsouthafrica.com/landstatic/82-fast-facts

Durban, a port on the Indian Ocean, is one of the most important industrial centre of the country. Along the country’s southern coast, East London and Port Elizabeth are both vital

commercial, industrial and cultural centres. It has also three capitals: Cape Town, Bloemfontein and Pretoria. Cape Town is the legislative capital, which hosts the Parliament. Bloemfontein is the judicial capital and therefore the home of the Supreme Court of Appeal. Pretoria, the administrative capital, is the home of the Union Buildings.

South Africa's economy is the largest in Africa, thanks to its vast amount of natural resources and its strong financial and manufacturing sectors. Not only does South Africa possess reserves of diamond and gold, but also of iron ore, platinum, manganese, chromium, copper, uranium, silver, beryllium, and titanium. Despite the absence of exploitable deposits of petroleum, South Africa benefits from moderate quantities of natural gas located on the southern coast. Still today, the South African economy is based principally on the mining sector. In particular, South Africa is the world's largest producer of gold, whose main mines are centered in Johannesburg. Another important mineral product is coal. The principle deposits are located beneath the Mpumalanga and northern Free State Highveld. Coal is exported to East Asia and Europe and used to produce electricity. In the Northeast, centers like Rustenburg and Steelpoort are exploited to produce platinum and chromium.

In conclusion, the vast amount of natural resources and the geographical location represent two distinctive features that make South Africa a key leader among developing countries.

2.2 Historical background ²

This section is meant to give a brief analysis of main South Africa's historical events. It will start with the colonial period, as the first form of segregation imposed on indigenous people. It will continue focusing on the characteristics of the oppressive regime of racial segregation - the Apartheid – that was in force between 1948 and 1994. The last part of this section will describe the birth of a new democratic country when Apartheid came to an end.

² This section provides information found in *Overcoming Apartheid* website (<http://overcomingapartheid.msu.edu/listunits.php>), in *South African history online* website (www.sahistory.org.za/dated-event/first-democratic-election-held-south-africa-0), in *South Africa info* website (www.southafrica.info), in *Media Club South Africa* website (www.medioclubsouthafrica.com) and in *The Presidency* (2014:2-10).

2.2.1 The colonial age

From the mid-1650s, the Dutch East India Company established a settlement at the Cape of Good Hope, dispossessing the Khoikhoi Xhosa, the indigenous population, of their land. As a result, the local population was segregated and forced to work as farmers and domestic workers for white settlers. It is difficult to find further information about people lives of these times. However, it is certain that the indigenous population was oppressed and forced to live as slaves from then onwards.

During the Boers' Great Trek of the 1830s, the British expanded their rule over the rest of South Africa. Black people were controlled and their freedoms limited. With the imposition to carry pass documents, they had no more the freedom to live, work or move where they wanted and a racial segregation started to protect white rule and domination. The situation worsened when diamonds were discovered in Kimberley in 1867 and gold on the Witwatersrand in 1884, because only the white owners were in a position to take advantage of South Africa's transformation from an agrarian society to a globally integrated industrial economy.

After the South African War of 1899-1902, the so called Anglo-Boer War, the British Crown created a Union from the previously separate colonies of the Orange Free State, Transvaal, Natal and the Cape with the Act of Union of 1910. Black people were excluded from political life, despite black leaders' appeals to the British Government. With the Mines and Works Act of 1911, skilled works were exclusively for white people, and black workers were prohibited from competing for jobs reserved for whites only. As a result, race and labour relations were damaged as well as the general economy of the country.

During the first decades of the Union, discrimination was implemented through the promulgation of many racial laws. In particular, the most important one was the Natives' Land Act of 1913, which established that 93 percent of the land in South Africa was reserved for whites. Africans were forced to live in rural reserves, where living conditions were terrible. They were dispossessed of their land without any kind of compensation and therefore many Africans became poor.

Despite the segregation's worsening, the cities grew between World War I and World War II, because of the massive urbanization. As a consequence,, black people had to face poverty as well as fear for crime. Moreover, with the 1923 Natives (Urban Areas) Act, the black people movement into town was restricted. However, with the racial oppression, many organizations amongst African, Coloured and Indian communities were created, such as the

African Peoples' Organization and the South African Indian Congress. These led to the later resistance against Apartheid.

2.2.2 The rise of Apartheid

In 1948, the National Party won the national election, introducing what is called Apartheid ("aparthood" in Afrikaans language). It can be considered as a more severe form of segregation, through which the Government aimed to create a white republic of South Africa. The Afrikaner ethnic nationalism based its thought on the Calvinists' idea that "Afrikaners were God's chosen people united by a common language: Afrikaans" (overcomingapartheid.msu.edu).

In 1950s the Nationalists approved many racist laws to enforce racial segregation. That period was called the era of *Petty Apartheid* and saw the designation to white people of many areas, such as Sophiatown in Johannesburg and District Six in Cape Town. The government introduced also the Population Registration Act to establish a Racial Classification Board, which had to determine a person's race. Moreover, with the Reservation of Separate Amenities Act all public facilities were segregated by race. From that moment onward, black people could not have access to many basic services, such as clean water, sanitation, refuse collection and electricity. They were even deprived of public transport and a good education. In 1953, the Verwoerd's Bantu Education Act introduced an inferior education system for black students. Their schools were without electricity, water, sanitation, libraries, laboratories or sport fields. In 1959, that restriction was extended also to white universities. Black students could attend only the University of South Africa and the Natal Medical School.

Apartheid brought to a form of resistance. In 1955 the Freedom Charter was adopted by a group representing all races. It introduced the idea of a democratic, non-sexist and non-racial South Africa. On 9 August 1956 with the march to the Union Buildings, 20,000 women of all races protested against pass laws. The same protest took place on 21 March 1960 in Sharpeville, but brought to a massacre: 69 people died and 180 were seriously wounded by the police.

2.2.3 The end of Apartheid and the birth of democracy

By the mid-1980s resistance against Apartheid led to mass protest and armed actions, in particular guided by the United Democratic Front. Given that South Africa was completely isolated from the rest of the world, especially by an economic point of view, President FW De Klerk felt the need for a shift. He unbanned the ANC and freed his political leader Nelson Mandela after 27 years of imprisonment.

To put an end to white minority rule and to stop the climate of violence and intimidation that started since the rise of Apartheid against black people, negotiations among different political groups began. Three agreements were reached: the Groote Schuur Minute of May 1990, the Pretoria Minute of August 1990 and the D.F. Malan Accord of February 1991. Negotiations brought to the National Peace Accord in September 1991. The Accord was thought to mediate peacefully the negotiating process and established the creation of the Goldstone Commission of Inquiry. Moreover, through the Convention for a Democratic South Africa (CODESA), the discussions between political parties were facilitated and the basis for free and fair elections was provided. According to a referendum called by the president De Klerk in March 1992 it turned out that most white South Africans desired to build a new democratic state, based on national unity, non-racialism, non-sexism and democracy. After some violent episodes, as the massacre of 46 residents of Boipatong in June 1992 and the Bisho massacre, the ANC and the government continued the negotiations to build a democratic state, avoiding a possible civil war. A record of Understanding was signed to reach compromises between the ANC and the Government. In particular, the parties established a Constituent Assembly responsible for the adoption of a new constitution. Moreover, the new Government of National Unity would represent all parties with more than 5 percent of the vote in democratic elections.

On 18 November 1993, the Interim Constitution was ratified by the Multiparty Negotiating Forum (MPFN), which replaced CODESA. The Interim Constitution introduced fundamental constitutional principles, which would ensure basic freedoms and the protection of minority rights. The climate for the first democratic elections was prepared by an Interim Electoral Commission and a Transitional Executive Council (TEC), which put together all the participants of the multiparty negotiations.

On 27 April 1994, the first democratic election was held in South Africa. For the first time all races went to the polls and elected a government of their choice. The African National Congress obtained the majority with 62.65 percent of the vote. However, minority parties

gained the sufficient percentage of votes to take part to the formation of a Government of National Unity, the president of which was Nelson Mandela, the ANC's leader. He became the first black president of South Africa. FW De Klerk and the ANC's Thabo Mbeki were elected as Deputy Presidents. After the elections, the Constitutional Assembly drafted a new constitution, which was adopted in 1996, after two years of negotiations.

2.3 Political institutions and their historical development

The following section will analyze how South Africa's government structure changed since the rise of Apartheid. The first part will concentrate on the tri-cameral Parliament, established during Apartheid and based on racial discrimination. The second part will discuss the adoption of the first democratic Constitution and provide a description of its structure. The final part will focus on Chapter 9 of South Africa's Constitution, which examines in detail institutions supporting democracy.

2.3.1 Government structure during Apartheid³

On 3 September 1984, the new South African Constitution was promulgated and came into effect from 22 September. The new Constitution established a tri-cameral Parliament led by a president as the head of state and chief executive. A white House of Assembly, a Coloured House of Representatives and an Indian House of Delegates composed the tri-cameral Parliament.⁴ To have the right to vote, people have to be a South African citizen represented by one of the parliamentary houses. Therefore, with this political system, whereas the representation of Coloured and Indian people was limited, black African citizens were excluded from voting. The establishment of a tri-cameral Parliament was the result of a referendum proposed by the Prime Minister P.W. Botha. On 2 November 1983, about seventy percent of white people expressed their vote in favor of a new political system, which would have also led to the substitution of the Prime Minister by an enforced executive presidency,

³The content of this section is based on information found in *Nelson Mandela Org* website (<http://www.nelsonmandela.org/omalley/index.php/site/q/031v03445/041v03446/051v03511.htm>), and in *South African history online* website (<http://www.sahistory.org.za/archive/tricameral-parliament>).

⁴ With the Apartheid policies, the South African population was divided in four main ethnic groups. The black people were the descendants of the original inhabitants of the southern tip of Africa, including the Khoikhoi and San people. The Coloureds were the descendants of the slaves imported by Dutch settlers, principally from Indonesia, Malaya and Indo-china. The Indians were brought to South Africa as servants to work on British sugar plantation, whereas white people were English speakers whose ancestors came from England, as well as Afrikaans speakers of Dutch descent (Fiske, Ladd 2005:5).

weakening the Parliament's role. The reason why black African majority was excluded from the representation in Parliament was the fact that their political rights were already guaranteed in their homelands⁵, while the absence of homelands for Coloured and Indian people put them in a worsen position.

The president collaborated with a Cabinet and a Ministers Council, the members of which were selected from the tri-cameral Parliament. Moreover, in case of urgent or problematic issues the president could ask for help from the president's Council. The Council was composed by twenty members from the House of Assembly, ten from the House of Representatives, five from the House of Delegates. In addition, fifteen members were nominated by the president and ten by the opposition party leaders.

Furthermore, the Constitution described how the Republic of South Africa was organized. Indeed, it was possible to read, "The Republic of South Africa, consisting of the provinces of the Cape of Good Hope, Natal, the Transvaal and the Orange Free State, shall continue to exist as a Republic under that name" (Constitution 1983).

The 1984 Constitution was replaced by the Constitution of Republic of South Africa in 1993. Since then race was no more a criterion for voting, as was confirmed also by the subsequent Constitution adopted in 1996.

2.3.2 South Africa's Constitution⁶

After the first democratic election, the Constitutional Assembly was established on 9 May 1994. It had to work on the text of the South African Constitution and to complete its work it had to meet some conditions. The Constitution would not be adopted without a two-thirds majority and the respect of 34 constitutional principles named in the Interim Constitution. From then onwards, the Constitution would be superior to Parliament. Therefore, the Constitutional Court would have the power to establish if a law would be in conflict with the Constitution. Moreover, the legislature would have to follow a complex procedure to change the Constitution. Indeed, it would be necessary to obtain a two-thirds

⁵ The South African homelands, also known as Bantustans, were areas designated by the white government to the country's black African, during the Apartheid regime. They represented an administrative device to ensure the complete exclusion of blacks from the South African political system (<http://www.britannica.com/EBchecked/topic/68315/Bantustan>).

⁶ The information provided in this section has been found in the *Constitutional Court of South Africa* website (<http://www.constituionalcourt.org.za/site/theconstituition/history.htm#condem>), and in *Media Club South Africa* website (<http://www.medioclubsouthafrica.com/component/content/article?id=83%3>).

majority in the National Assembly and the vote of six of the provinces represented in the National Council of Provinces to approve bills amending the Constitution. The Assembly had two years to conclude its work.

On 19 September 1995, a first draft of the new Constitution was ready and it was published a month later. However, there were still many unresolved issues: the death penalty, the no-strike clause, the property clause, the appointment of judges and the attorney-general, language, local government, the question of proportional representation and the bar against members of parliament crossing the floor. Once all necessary amendments were proposed, the first Court's hearing was held, but the Court disapproved the draft, because it did not respect all constitutional principles. With all necessary shifts, the text was sent to the Constitutional Court for the second hearing, which was successful. On 10 December 1996, Nelson Mandela signed the Constitution in Sharpeville. Officially, the Constitution came into effect from 4 February 1997. During the week of 17 to 21 March, seven million copies of the Constitution were distributed in all 11 languages. Since then that period is called the National Constitution Week.

It will follow a brief analysis of the structure of the constitutional text. The Constitution is composed by 14 chapters: 1) Founding provisions; 2) Bill of rights; 3) Co-operative government; 4) Parliament; 5) The President and National executive; 6) Provinces; 7) Local Government; 8) Courts and administration of justice; 9) State institutions supporting constitutional democracy; 10) Public administration; 11) Security services; 12) Traditional leaders; 13) Finance; 14) General Provisions. The text of the Constitution starts with a preamble: "We, the people of South Africa, recognise the injustices of our past; honour those who suffered for justice and freedom in our land; respect those who have worked to build and develop our country; and believe that South Africa belongs to all who live in it, united in our diversity. We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to: Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights; lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;- improve the quality of life of all citizens and free the potential of each person; and build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations. May God protect our people.[...]" (Constitution 1996).

The preamble gives a general idea of the principles on which the constitution is based. It stresses the desire to create a democratic country without any kind of injustice. Moreover, it describes a state conscious of its past and determined to offer a better future to its people.

In the first chapter of the Constitution, the basic principles are clarified explicitly: “The Republic of South Africa is one, sovereign, democratic state founded on the following values:

(a) Human dignity, the achievement of equality and the advancement of human rights and freedoms;

(b) Non-racialism and non-sexism;

(c) Supremacy of the constitution and the rule of law;

(d) Universal adult suffrage, a national common voters roll, regular elections and a multi-party system of democratic government, to ensure accountability, responsiveness and openness“(Constitution 1996).

The second section of Chapter 1 states the supremacy of Constitution. "This Constitution is the supreme law of the Republic; law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled” (Constitution 1996).

The second chapter begins with the Bill of Rights, which is defined as “a cornerstone of democracy in South Africa” (Constitution 1996). It contains the so-called “first generation” rights, which are the basic rights guaranteed by all democratic states: the right to equality, human dignity, life, freedom and security of the person, privacy, freedom of religion, belief and opinion, freedom of expression, freedom of association, political rights and the right to demonstrate and assembly peacefully. The South African Bill of Rights is different from those of other countries, because it is the first that prohibited unfair discrimination based on sexual orientation. The Bill of Rights contains also a second kind of rights, named “second generation” or socioeconomic rights. These clarify the government’s duties: provide education, health services, water and housing. The final group of rights, the “third generation” rights, is comprised of the right to have the environment protected, the right of access to information and the right to just administrative action. A distinctive feature introduced at the end is the “limitation of rights”. This clause establishes that it is possible to impose a limit on the Bill of Rights, only if the limitation respects two conditions: reasonableness and proportionality. Not only has the restriction to be reasonable, but also it has to be proportional in order to respect the importance of the limitation’s aim.

In chapters 3 to 7, the country's democratic system of government is described. The cooperation at a national, provincial and local levels according to the mechanism of cooperative governance and intergovernmental relations is enhanced.

In particular, chapter 4 describes the composition of Parliament: "Parliament consists of the National Assembly and the National Council of Provinces" (Constitution 1996). It introduces also the specific procedure followed for the election of their members and their limitations on terms of office. The final part of the chapter analyses the National Legislative Process, which has to be respected by any bill.

Chapter 5 is dedicated to the President and National Executive; chapter 6 concentrates on provinces and provincial legislatures, executives and constitutions and chapter 7 is about local government. The last chapters provide a description of the judicial authority, the public administration and the security services such as defence, police, and intelligence. Chapter 9 is particularly important because it describes in details the state institutions supporting constitutional democracy. The final chapter draws attention to the international laws and agreements.

2.3.3 Institutions supporting democracy⁷

Chapter 9 of the South African Constitution identifies the "[s]tate institutions supporting constitutional democracy : (a) The Public Protector; (b) The South African Human Rights Commission; (c) The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities; (d) The Commission for Gender Equality; (e) The Auditor-General; (f) The Electoral Commission" (Constitution 1996).

The Public Protector's role is to investigate complaints against Government agencies and officials. Complaints can be made by anyone after an episode of abuse of power, mismanagemnt or violation of a human right. However, it is possible to make a complaint only after an attempt to solve the problem by speaking or writing to the officials involved. The Public protector is elected by the president with a recommendation of the National Assembly for seven years. He/She is independent from any political party or institution and has to show respect only to the Constitution. Once the Public Protector receives a complaint, he/she tries to find a solution keeping confidential all private details of the person involved.

⁷ The information provided in this section has been collected from the *South Africa info* website (www.southafrica.info) and from the *Auditor General South Africa* website (<http://www.agsa.co.za/About/Legislation.aspx>).

After an investigating period, the Public Protector reports the issue to Parliament and verifies that all recommendations will be respected.

The South African Human Rights Commission is meant to verify the respect for human rights. These are explicitly listed in the Constitution's second chapter. A violation of a human right takes place when someone ignores or abuses of other's rights. Not only has the Commission to investigate complaints of violations of human rights, but also it has to develop an awareness of human rights among South African people. After the complaint has been made in the province where the violation took place, an investigator has to verify the details and contact who is responsible for it.

The Commission for the promotion and protection of the rights of cultural, religious and linguistic communities' aim is to guarantee the respect for the rights of cultural, religious and linguistic communities in South Africa. For this reason, it has the power to intervene in situations in which the rights of cultural, religious and linguistic communities are involved. The Commission has to be composed by representatives of the main South African cultural, religious and linguistic communities.

The Commission for gender equality has to promote a culture of gender equality in all spheres of society, in supporting changes in sexist behaviors and stressing the respect for women's rights. The Commission concentrates mainly on the most disadvantaged women, who live in rural areas. The Commission is responsible for complaints from the public, regarding issues such as race, sex, pregnancy, marital status, disability, sexual preferences, age and trade union, government and private activity. To guarantee that gender equality is safeguard, the Commission works with other institutions responsible for the respect of human rights and democracy, such as the South African Human Rights Commission and the Public Protector.

The Auditor General of South Africa (AGSA) is one of the state institutions recognized by the Constitution as impartial and independent. According to the South Africa Constitution "the Auditor-General must audit and report on the accounts, financial statements and financial management of a) all national and provincial state departments and administrations; b) all municipalities; and c) any other institution or accounting entity required by national or provincial legislation to be audited by the Auditor-General" (Constitution 1996). Moreover, the Auditor-General is also responsible for the accounts of "any institutions founded from the National Revenue Fund or a Provincial Revenue Fund or by a municipality" as well as of "any institution that is authorized in terms of any law to receive money for a public purpose" (Constitution 1996).

The Independent Electoral Commission (IEC) ensures the respect and the promotion of democracy. It is completely independent of Government, even if accountable to Parliament. The IEC is composed by five full-time commissioners, who have the duty to “(a) manage elections of national, provincial and municipal legislative bodies in accordance with national legislation; (b) ensure that those elections are free and fair; and (c) declare the results of those elections within a period that must be prescribed by national legislation and that is as short as reasonably possible” (Constitution 1996). The IEC has also the responsibility to intervene when there are electoral issues or an electoral law has been proposed and it is necessary to review it. In addition, it has to promote a voter education and the development of electoral expertise and technology in all spheres of government.

2.4 Social and economic consequences of Apartheid

This section will outline the economic and social situation in South Africa at the end of Apartheid. Each subsection will make a distinction among the four principle ethnic groups recognized in South Africa as they were introduced during the oppressive regime. Subsection 2.4.1 will provide a description of the South African population based on three demographic indicators: the fertility rate, the mortality rate and the immigration rate. In subsection 2.4.2 after a general overview of the South African Gross Domestic Product (GDP), the attention will be drawn to economic structure and the distribution of poverty, whereas subsection 2.4.3 will highlight income inequalities among the ethnic groups. With subsection 2.4.4, the focus will shift to the social conditions in which people lived, through an observation of life expectancy and health care system. Subsection 2.4.5 will provide a broad outline of the primary education system and its economic consequences, whereas subsection 2.4.6 will illustrate unemployment, as one of the main problem of South Africa. The section will end with subsection 2.4.7, which will discuss the Human Development Index (HDI) and its components, in order to give a general idea of the development level reached by South Africa.

2.4.1 Demography and racial discrimination

This section will focus on the racial distribution of the South African population at the end of Apartheid. In particular, it will analyze the differences among racial groups with regard to their fertility rate, mortality rate and migration patterns.

In 1996, many improvements were made in collecting census data, and for the first time all residents of the new democratic South African country were treated equally. Indeed, in the previous census (1991), many areas had not visited and all data had been estimated from aerial photographs. In 1996, all rural areas and settlements were visited in the same way and the census questionnaires were printed in all eleven official languages and not just in English and Afrikaans as it had happened in 1991.

Despite the attempt of treating the whole population equally, the 1996 census still collected data divided by ethnic groups, as they were introduced during Apartheid with the Population Registration Act. The black Africans were the descendants of the original inhabitants of the southern tip of Africa, including the Khoi Khoi and San people. Indian and Coloured were the descendants of slaves imported by settlers during the colonial period. The former came from Indonesia, Malaya, Indo-China and were brought in South Africa to work on British sugar plantation. The least numerous group were white people, the English speakers, ancestors of those who came from England during the colonization and the Afrikaans speakers of Dutch descent.

The data regarding the population distribution comes from the 1996 Census, and it is summarized in tables 2.3 and 2.4. The first one shows the distribution of the South African population by race, distinguishing between males and females for each group. Black Africans constituted the vast majority of the total population (i.e. 77.42%) as the second table shows. The white group represented only 11.03% of the total population and was very close to the Coloured population with 8.95 %. The least populous group comprised Indians and other Asian groups (2.60%). It is possible to notice that in each group females were more than males.

Table 2.3 Population distribution by ethnic group and gender

	Male	Female	Total
Black African	14,916,713	16,210,917	31,127,630
White	2,162,699	2,272,000	4,434,699
Coloured	1,744,922	1,855,524	3,600,446
Indian & Asian	512,228	533,362	1,045,590

Source: Lehohla (2012)

Table 2.4: Population distribution by ethnic group

Black African	White	Coloured	Indian & Asian	Total
77.42%	11.03%	8.95%	2.60 %	100,00%

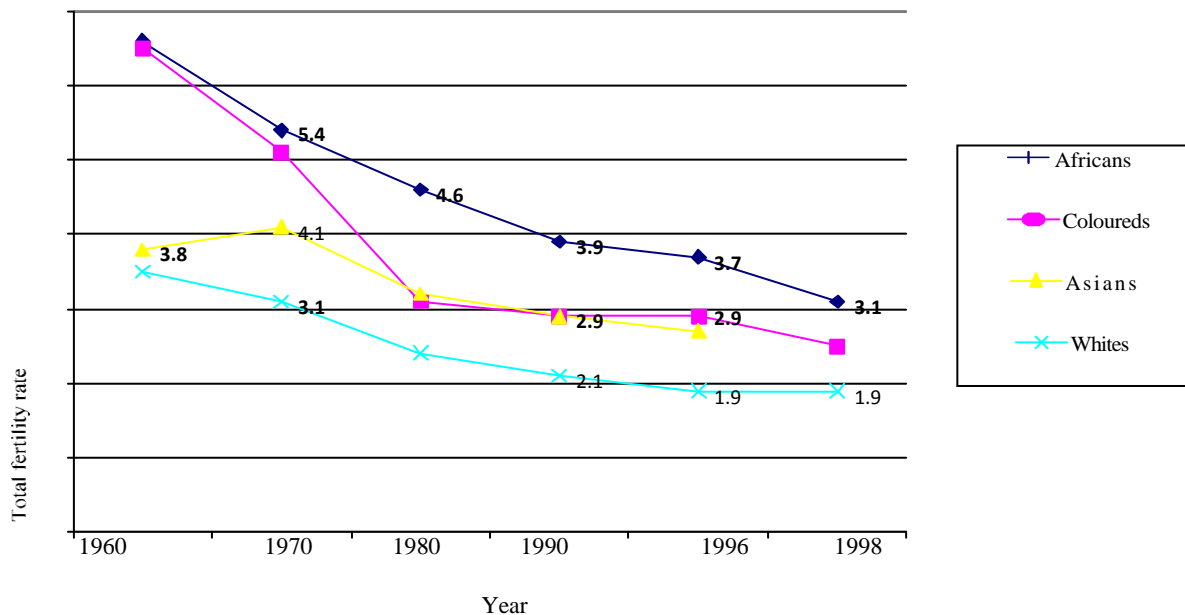
Source: Lehohla (2012)

To analyze the demographical distribution of the South African population at the end of Apartheid, it will provide a general overview of the population dynamics by investigating three main demographic processes: fertility, mortality and migration.

Before the end of Apartheid, a decrease of fertility rate was registered among all major groups in South Africa. According to Swartz (2004: 539) the causes were “the impoverishment of millions (especially African women), stark inequalities and the disempowerment of women”. Many distortions and dynamics introduced during, and continued beyond, Apartheid were the causes of poverty. What made the South African country different from the other parts of sub-Saharan Africa was the fact that poverty was not followed by a high level of fertility rate. As the author explains, “the fertility trends among population groups in South Africa shows [sic] the same patterns as that of poverty. The African component which is the poorest with regard to per capita income has the highest fertility rate, while the white population which has the highest per capita income has the lowest fertility rate”(2004:540).

However, the fertility decline started from the 1960s in all four racial groups as figure 2.5 shows.

Fig. 2.5 Differentials in total fertility rate by race, South Africa, 1960- 1998



Source: Swartz (2004:550)

The first reason why there was a decrease in fertility rate was the government's past population policies. In the 1960's the government started to provide support for family planning, because there was the need to control the population growth in order to avoid a reduction of South African prosperity and economic development. For this reason, the government provided substantial funding for private and public family planning services and distributed free contraceptives.

One such programme was the National Family Planning Programme, which was introduced in 1974. It was meant to be a way to control the high birth rate, especially among black people, considering the limited resources of the country. Moreover, it aimed to improve the health of women and their children of all ethnic groups. Kaufman (1996:4) explains that “the Government did not implement the program on a racial basis, services were provided free to any woman who sought them; however, the links between the family planning program and white fears of growing black numbers were widely acknowledged”. Episodes of forced sterilization and coerced contraceptive use made the program a kind of apartheid policy with the aim to control the lives of black population. Obviously, the hostility towards fertility

control was high, but the program was successful. Since 1974 there was an increased use of family planning services and modern contraceptives led to a decline of the total fertility rates across all population groups in the late 1980s (1996:4). The decline of the fertility rate amongst many rural African women was partly a consequence of the fact that they remained without their husbands for long periods, since they were migrant workers in cities. Many women were left alone and often their husbands stopped sending them money. Therefore, they had to make their own decisions about family maintenance and reproduction, assuming the full control of their fertility. Another cause of a lower fertility level was the increasing number of HIV-infected women, who died in their youth.

Before 1994, only a small portion of the population had access to public health services. The different availability of resources amongst the four racial groups was evident when the life expectancy figures are observed. In 1990, white life expectancy was 69 years for males and 76 years for females, whereas amongst Africans it was 57 years for males and 64 years for females. Closer to whites was the Asian group, with 64 years for males and 71 years for females. The figures for coloured people were more similar to blacks with 57 years for male and 65 for females⁸. Observing data relating to mortality rate reported in table 2.6, the thesis sustained by Kahn , Tollman , Garenne and Gear, the authors of the article entitled “Who dies from what? Determining cause of death in South Africa’s rural north-east” can be confirmed. “Much of the [...] data on cause of death in South Africa covers the Apartheid years and demonstrates differences in the mortality profile between subgroups in the country. The patterns amongst whites and Indians has been shown to reflect that of more developed countries, while the profile for blacks and coloureds is closer to that of developing nations” (Kahn, Tollman, Garenne, Gear 1999:438). Indeed, the mortality rate for blacks and coloureds is relatively high, respectively of 8.3 and 7.7 per 1000 people, whereas for Asian and whites is much lower. The difference is even more evident if one considers the data about infant mortality rate, as it is possible to observe in figure 2.7. Amongst blacks is registered the highest number subject with 52.8 deaths per 1000 live births. The lowest level is attested among whites with 8.6 deaths. A very similar discrepancy between blacks and whites can be observed in the maternal mortality rate data. Blacks registered 23 deaths per 100,000 live births, while amongst whites there were 3 deaths per 100,000 live births. However, in this case the highest level can be shown amongst coloured people with 30 deaths per 100,000 live births.

⁸ Source: South African Government news agency (2014)

Table 2.6 Basic health indicators 1990

	Asian	Black	Coloured	White
Life expectancy male	64.5	57.8	57.6	69.4
Life expectancy female (years)	71.2	64.8	65.7	76.5
Birth rate/ 1000 population	20.4	35.0	22.2	13.7
Crude mortality rate (% of population)	4.4	8.3	7.7	6.7
Population growth rate (% of population)	1.6	2.4	1.4	0.7
Infant mortality rate(% of live births)	10.6	52.8	39.4	8.6
Maternal mortality rate/100000 live births (excl.TBVC)	15	23	30	3
Childhood mortality rate (1-4 years old) per 1000 population	0.9	1.2	2.6	0.8
Deaths 0-4 years as a percentage of all deaths (excl. TBVC)	6.4	17.8	15.2	2.5

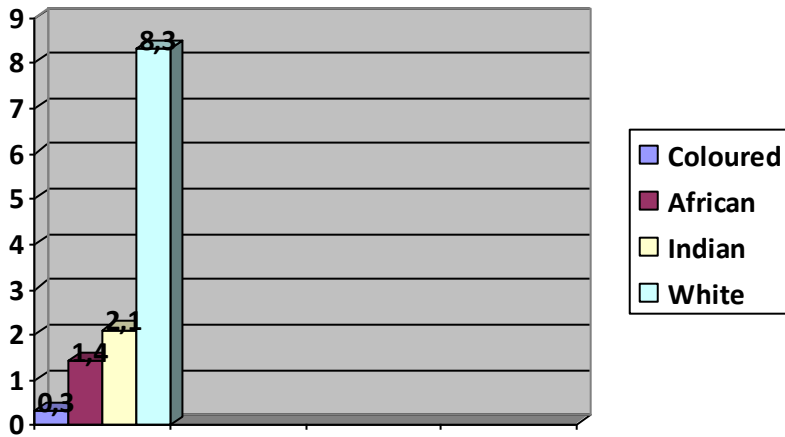
Source: www.nelsonmandela.org

According to Kahn, Tollman, Garenne and Gear, the major causes of death were diseases, especially AIDS and pulmonary tuberculosis, but also cancer and circulatory disease. Moreover, “malnutrition (diarrhea and kwashiorkor predominantly) [were] responsible for over half of deaths in under-fives” (Kahn, Tollman, Garenne, Gear 1999:433) and “accidents [were] prominent in the 5-14 age group (Kahn, Tollman, Garenne, Gear 1999:433). Maternal deaths

were caused mainly by ante-partum or post-partum haemorrhage, septic abortion or ectopic pregnancy.

The last demographic process, which has to be analyzed, is migration. A larger proportion of whites were not born in South Africa compared to other population groups, as one can observe in figure 2.7.

Fig. 2.7 Percentage of the population who were not born in South Africa across population groups – October 1996



Source: Lehohla (1996)

Before 1994, the South African immigration policy – the Aliens Control Act - was race-based and it was used by the Government as an instrument to enforce white racial domination and supremacy. Khan (2007:2) observes that “section 4 of the Aliens Control Act stated unambiguously that a person could only immigrate to South Africa if that persons habits of life is suited to the requirements of South Africa”. Therefore, the immigrants had to follow white population habits. The entry of African from neighboring countries was strictly controlled and allowed them only to enter as migrant laborers. Often they obtained contracts with a limited duration, at the end of which they had to go back to their countries of origin. At the end of Apartheid, the migration policy changed and the new democratic government abolished most of the previous restrictions. Consequently, the vast majority of immigrants came from other African countries, changing completely the previous tendency. Table 2.8 shows the major destinations for immigrants and emigrants in 1995, one year after the end of Apartheid.

Table 2.8 Immigration and emigration in 1995

DESTINATION/SOURCE	IMMIGRANTS	EMIGRANTS
Europe	2,272	2,963
Australasia	85	2,449
Asia	927	163
Africa	1,304	1,114
Americas	281	1,612
Other	195	424
TOTAL	5,064	8,725

Source: Justice and Constitutional Development Department

In conclusion, at the end of Apartheid, the black people represented the largest South African group, although from the principle demographic processes analyzed one could expect a decreasing trend. Indeed, it was registered a decline of the fertility rate, due partly to the National Family Planning Programme. Life expectancy attested among blacks was the lowest, whereas infant and maternal mortality rates were the highest. These results were linked to the absence of an adequate access to public health services. Finally, the low percentage of black immigrants during Apartheid was a consequence of the Aliens Control Act, and this trend changed only when it was abolished.

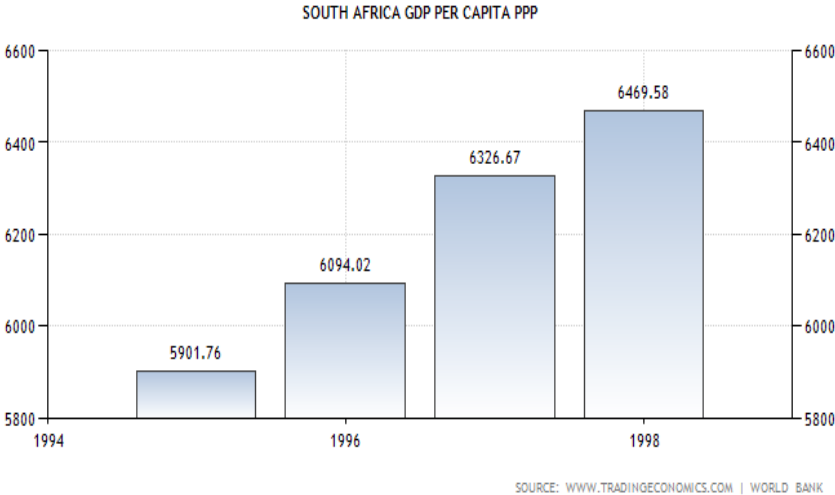
2.4.2 GDP per capita and poverty rate

The following section will concentrate on the GDP of South Africa, considering how it varied since the end of Apartheid onwards. It will continue with a more detailed analysis of the contribution of each economic sector to the whole economic system, observing the increasing importance of the tertiary sector. Finally, it will focus on poverty rate and its impact on South African population.

South Africa has always been the largest economy in Southern Africa. According to World Bank Data, in 1994 South Africa contributed to the gross national product of all countries in the Sub-Saharan Africa with 43.9%⁹.

Figure 2.9 shows the increase of GDP per capita in South Africa since 1994. In particular, it refers to the GDP per capita PPP¹⁰, which is obtained by dividing the country’s gross domestic product, adjusted by purchasing power parity, by the total population. According to the chart, the more consistent increase of GDP has been registered between the end of Apartheid and the following two years. It is possible to observe an increase also since 1996, even if it was less important.

Fig. 2.9 South Africa GDP per capita PPP



Source: www.tradingeconomics.com

As Du Plessis and Smit (2006:5) explain, “the growth performance of the South African economy could also be considered from a sectoral perspective”. The sectoral perspective draws attention to the different economic sectors. The three main sectors of a country’s economic structure are the primary, secondary and tertiary sector and each of them are composed by different kind of sub-sectors. Figures 2.10 and 2.11 show the contribution of each sector to total GDP in 1994 in South Africa.

⁹ Source: Justice and Constitutional Development Department
¹⁰ “GDP per capita based on purchasing power parity (PPP). PPP GDP is gross domestic product converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GDP as the U.S. dollar has in the United States”
 (http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD).

personal services

- General government services 18,7%
- Other services 2,4%
- Other producers 2,9%

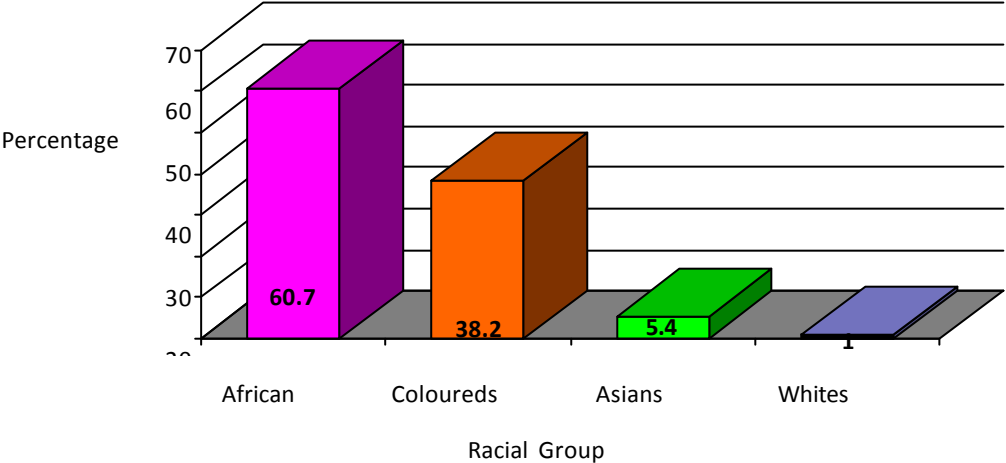
Source: Du Plessis, Smit (2006)

It is clear that the tertiary sector was responsible for the major contribution to the total GDP, whereas “[the primary sector contributed] the least to overall growth” (Du Plessis, Smith 2006:5). The secondary sector depended mainly upon the manufacturing sub-sector and contributed to 24.3 % to the total GDP. The decline of importance of the primary sector was due in particular to the reduced role of the (especially gold) mining sector. Indeed, many deposits were depleted or difficult to mine. Although there was the possibility of a consistent reduction of the primary sectors contribution to economic growth, with the platinum industry it was avoided ¹¹. In summary, what is important to consider is the fact that at the end of Apartheid the new democratic country had a considerably developed economic structure, even if the vast majority of the population still suffered from poverty.

Although Apartheid regime had ended, in 1998 many dynamics responsible for inequalities and increasing poverty rate still existed. Figure 2.12 shows how poverty was distributed among the South African population. Among whites it was close to zero, whereas the most disadvantaged group was African people with 60.7 % of poverty rate. Coloureds and Asians were less poor, respectively with 38.2 % and 5.4 %.

¹¹ Source: Rustomjee, Hanival (2008)

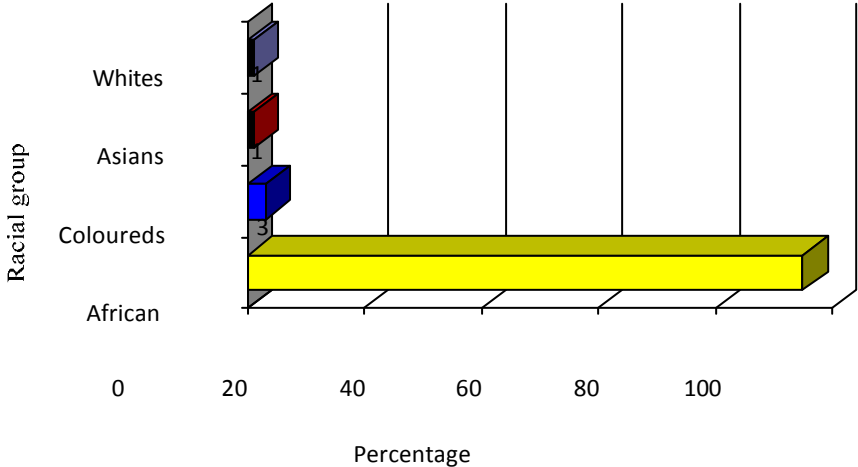
Fig.2.12 Poverty Rates among population groups 1998



Source: Swartz (2004:549)

Figure 2.13 shows how the poverty gap was distributed by race. Africans constituted 77 % of the population and therefore they account for 95 % of the poverty gap. Coloureds contributed for 3 %, whereas Asians and white each for 1 %.

Fig.2.13 Poverty gap 1998



Source: Swartz (2004:550)

The main cause of poverty and inequality in South Africa was unemployment. “The number of unemployed increased from 1.9 million in 1970 to 4.8 million in 1995, while at the same time the number of African workers employed in the formal sector¹² decreased by 20,300 or 3.8 percent. During the same period the number of non-African workers employed increased by 1.3 million or 45 percent” (Friedman, Bhengu 2008:70). In the 1970s, the unemployment rate increased for many different reasons. In 1974, the South African economy showed a slow growth, linked especially to a capital-intensive economy. Another cause was the structural change in the economic structure, with the decline of the primary sector and the increase of the tertiary sector. Moreover, since 1960 there was a consistent increase of the African population. The economic growth was influenced negatively by the events of the 1970s, especially the oil crisis of 1973. To remain competitive the production system focused mainly on the capital-intensive sector. “This strengthened the dual economy, with the labor force gradually becoming divided between the better paid, white skilled force and low paid unskilled black labor” (Friedman, Bhengu 2008:71). The fact that the corporations modified their production system, concentrating on capital-intensive activities, led to the total absence of employment opportunities for the unskilled African workers. Therefore, amongst African people unemployment increased dramatically, because of discriminatory laws, that avoided doing highly paid and skilled jobs to black people. “Inequality increased due to decreasing incomes as a result of rising unemployment and drought among blacks, while there was [sic] simultaneously rising incomes among upwardly mobile professionals, skilled workers and entrepreneurs, most of whom were white” (Friedman, Bhengu 2008:71). It is clear there was a correlation between race and poverty. “In 1995, 60.7 percent Africans, 38.2 percent Coloureds, 5.4 percent Asians and 1 percent of Whites lived in poverty” (Friedman, Bhengu 2008:71). Therefore, poverty was pervasive in particular among Blacks and Coloured people. Another important correlation was between poverty and rural environment. “The poverty rate in rural areas was 63 percent compared to 22 percent in urban areas” (Friedman, Bhengu 2008:72). Poverty was linked also to educational achievements. The higher level of poverty was registered among those who did not attend school.

¹² “Sector which encompasses all jobs with normal hours and regular wages, and are recognized as income sources on which income taxes must be paid” (www.businessdictionary.com).

2.4.3 Income inequality and the gap between the rich and the poor

This section will highlight the inequalities in income amongst South African races. Therefore, it will focus also on the instruments used to measure the inequality level and in particular it will offer a detailed description of the Gini coefficient and the Lorenz curve.

Observing table 2.14, it is possible to notice that, despite the increase of GDP registered after the end of Apartheid, a deep difference in per capita income among the four racial groups was still perceivable. This trend was a consequence of the Apartheid mechanism, which was difficult to abolish despite the new democratic government.

Table 2.14 Per capita personal income by race group in 2000 Rands

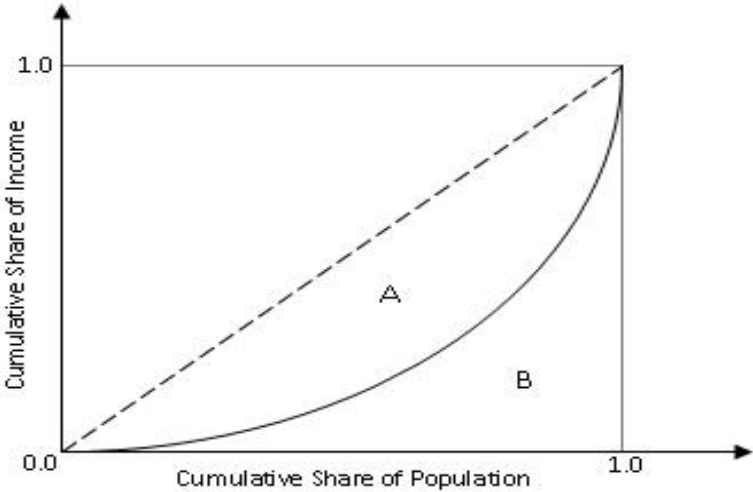
Year	White	Coloured	Asian	African
1995	48,387	9,668	23,424	6,525

Source: Leibbrandt, Woolard, Finn, Argent (2010:13)

The Gini coefficient is used to measure inequality rate within the population of a country. It is calculated from the Lorenz curve, which is a graphical description of the income distribution. The Lorenz curve is obtained drawing a correlation between the cumulative percentage of income received by each cumulative percentage of population, the value of which is plotted on the vertical axis, and the cumulative percentage of the population – from poorest to richest – plotted on the horizontal axis. The diagonal between the two axes represents the line of perfect equality and therefore, the more unequal a society is, the more distant the Lorenz curve from the diagonal is. The Gini coefficient is a number, which represents what is possible to observe with the Lorenz curve, that is the deviation from the line of perfect equality. To obtain the Gini coefficient it is necessary to relate the area between the Lorenz curve and the line of perfect equality (area A) to the total area below the line of perfect equality (area A + B)¹³. Figure 2.14 shows an example of the Lorenz curve.

¹³ Source: Bhorat, Van der Westhuizen, Jacobs (2009)

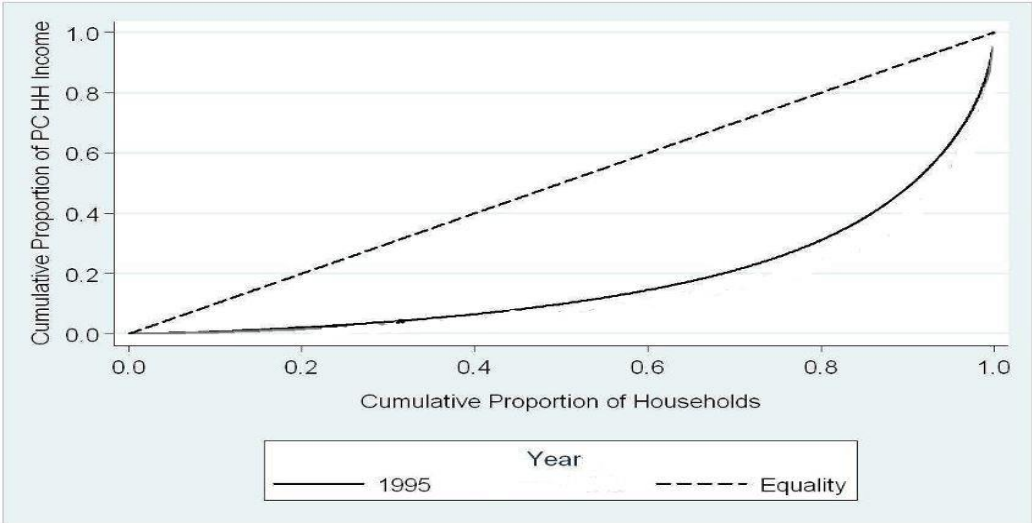
Fig. 2.14 An example of the Lorenz curve



Source: Borhat, Van der Westhuizen, Jacobs (2009:9)

The Gini coefficient can be a value from zero to one. Zero corresponds to a situation in which a society enjoys perfect equality, whereas value One indicates a situation of perfect inequality. Therefore, the higher the Gini coefficient is, the more unequal a society can be said to be. Figure 2.15 shows the inequality level of South Africa in 1995.

Fig. 2.15 Lorenz curve for South Africa, 1995



Source: Borhat, Van der Westhuizen, Jacobs (2009:11)

In 1995, the Gini was 0.64 when considering South Africa as a whole. Observing figure 2.16, it is evident that the highest level of inequality had been calculated among African people (0.56). Coloured, Asian and White people have a very similar value and respectively 0.49, 0.46, and 0.44. The lowest level is therefore amongst white people.

Fig.2.16 Inequality shifts by race: Gini coefficients for South Africa 1995

African	0.56
Coloured	0.49
Asian	0.46
White	0.44
Total	0.64

Source: Borat, Van der Westhuizen, Jacobs (2009:10)

2.4.4 Life expectancy and health care

This section will provide a description of living conditions at the end of Apartheid. First, it will concentrate on life expectancy data and population pyramids by race¹⁴. It will conclude with an accurate description of the HIV/AIDS infection, one of the main cause of death in South Africa.

On the basis of the average life expectancy South African population can be divided by race. Life expectancy is used to measure population health and gives the idea of how long on average a person is expected to live, basing on current age and sex specific death rates. The following table, which reports data from the website of Justice and Constitutional Development Department, demonstrates that white people enjoyed the highest average life expectancy in 1995, whereas the lowest level was reached by coloured people, followed by

¹⁴ Population pyramids are used by demographers to understand the trends followed by the population of a country, on the basis of its age structure. They are called *population pyramids* because of their pyramidal shape (esa21.kennesaw.edu).

Africans. Female outlived males by an average of five years amongst African, Coloured and Indian. Amongst white people, the difference reached even seven years.

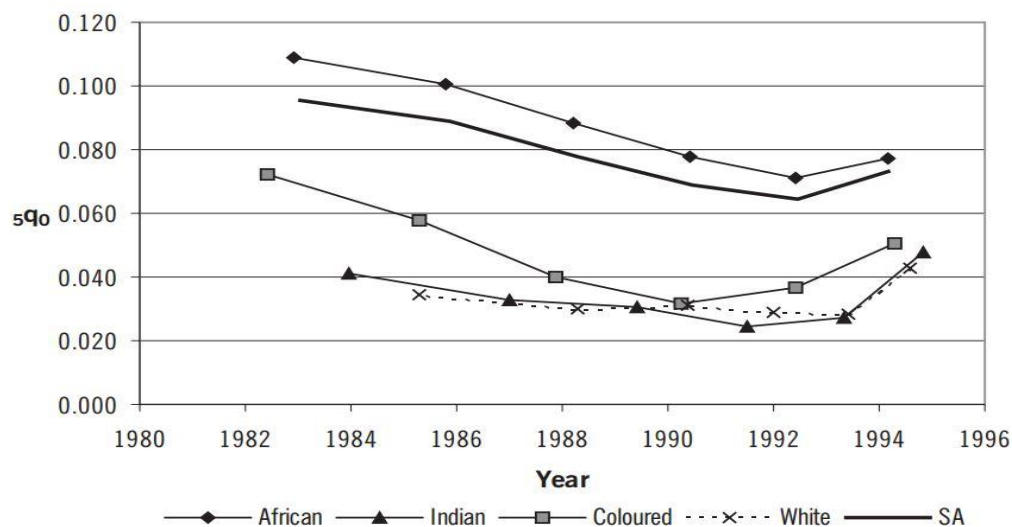
Table 2.17 Average Life expectancy 1995 (years)

Race	Women	Men	All
African	68,2	63,5	65,8
Coloured	68,5	62,6	65,5
Indian	73,0	67,3	70,1
White	76,6	69,9	73,2

Source: Justice and Constitutional Development Department

Dorrington, Timaeus, Moultrie and Nannan (2004: 2), the authors of “Estimates of provincial fertility and mortality in South Africa 1985-1996”, outline that “estimates of mortality and fertility are key indicators of the demographic status of a population”. Considering South Africa as a whole, the under-five mortality rate decreased since 1984, but it is possible to see an increase since 1992. The same tendency is followed by all racial groups, even if the highest percentage of infant mortality was registered by the African group. Making a comparison between the black Africans and the other groups, the lowest level of infant mortality was estimated by the white group, as it is possible to notice in figure 2.18.

Fig. 2.18 Under-five mortality across ethnic groups



Source: Dorrington, Timaeus, Moultrie, Nannan (2004: 11)

Observing the data collected in the following table, one can notice an increase in adult mortality rates in each ethnic group since 1997 onwards. However, among African people it was registered the highest percentage of adult mortality, immediately followed by white people.

Fig.2.19 Distribution of deaths by population group

Year of death	African	Coloured	Indian/Asian	White	Other, unspecified, unknown
1997	47 524	1 697	875	4 144	264 047

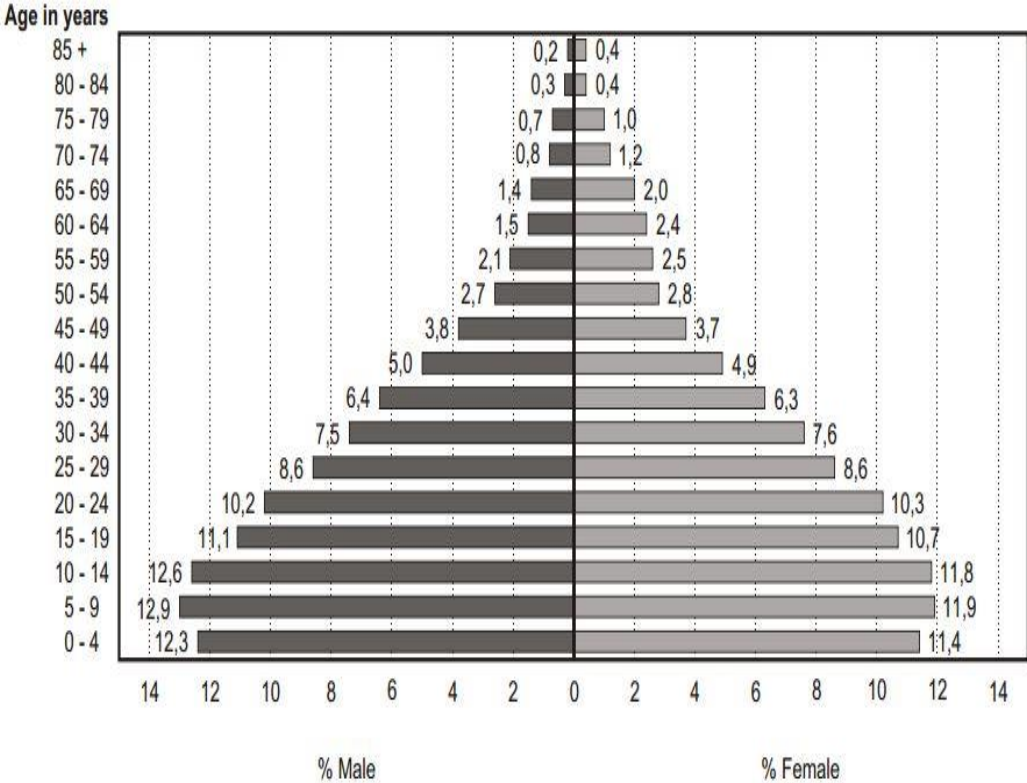
Source: www.statssa.gov.za

To understand population structure demographers use the age structure diagram, sometimes called *population pyramid*. This diagram shows the distribution of males and females across age groups within a certain population group. Each age group is represented by a bar, which is crossed in the middle by a central vertical line. This separates the data

about females from the data about the males. The diagram helps to understand if the population will grow, decline or experience no noticeable change, depending on the shape of the data plotted in it. The pyramidal shape means there will be a rapid rise in population. A generally up and down shape expect for the older age groups means there will be a stable population. A top-heavy shape means there will be a decline for that population¹⁵.

The African population almost exclusively consists of young people. The largest group of the total population is the 5-9 years old one. Moreover, males surpass females up to 24 years of age, while females take over starting from the 25-29 years old group.

Fig. 2.20 Age distribution of the African population by gender – October 1996

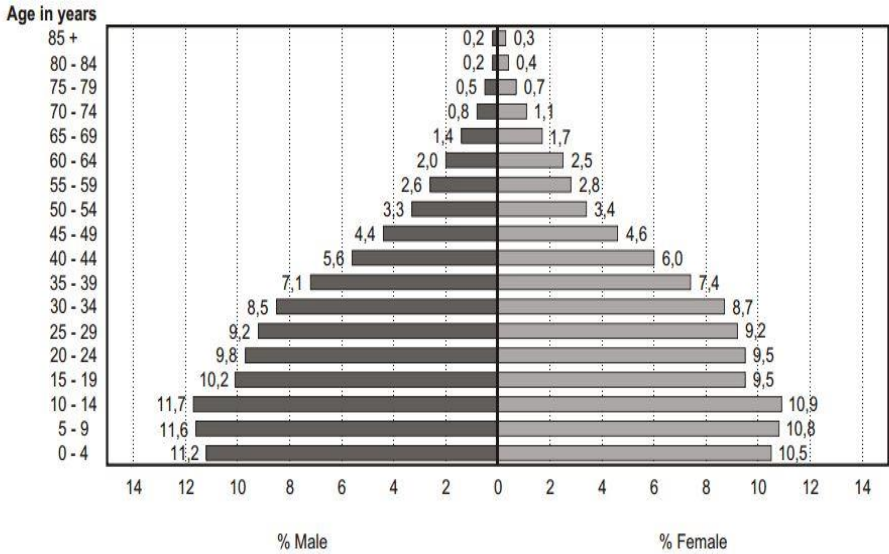


* Excluding unspecified
 Source: Lehohla (1996)

¹⁵ Source: esa21.kennesaw.edu

The same tendency emerged also when observing the age distribution of Coloured population. However, in the Coloured group the highest percentage is reached by the 10-14 years old group. The 10-14 years old group is the most populous also amongst Indian people, whereas the 20-24 years old group follows it immediately. Finally, the white group pyramid shows the lowest percentage of children across all ethnic groups. However, the 10-14 years old group accounted for the highest percentage among whites. The shape of African and Coloured population pyramids depicts a situation in which a rapid increase of population is expected, given the high percentage of young people in both groups. The Indian pyramid shows a different shape, which indicates that there will be a less consistent increase, because the age of the largest group is higher than the African and Coloured groups. The white group pyramid shows a very similar image of population distribution, but with fewer people in each age groups. Therefore, the increase of white population is expected to be slower.

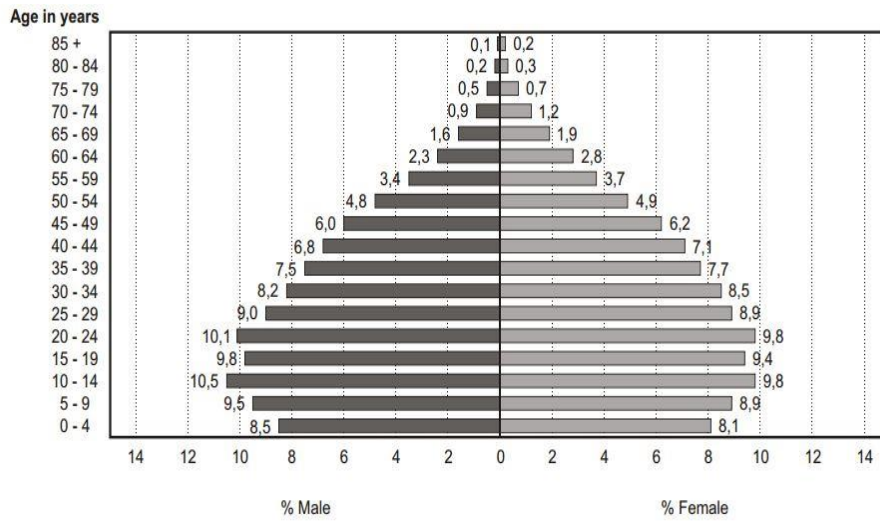
Fig. 2.21 Age distribution of the Coloured population by gender – October 1996



* Excluding unspecified

Source: Lehohla (1996)

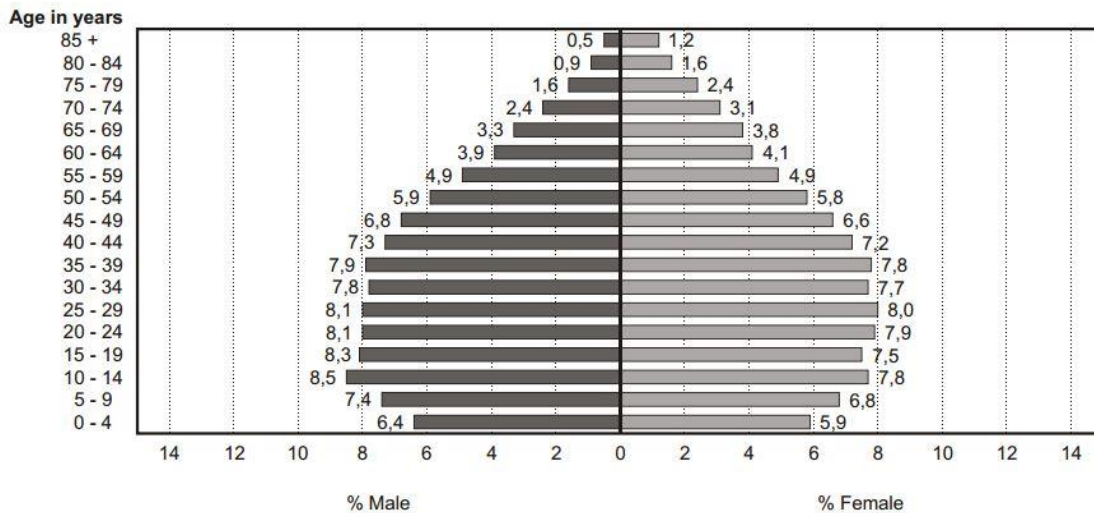
Fig. 2.22 Age distribution of the Indian population by gender – October 1996



* Excluding unspecified

Source: Lehohla (1996)

Fig. 2.23 Age distribution of the white population by gender – October 1996



* Excluding unspecified

Source: Lehohla (1996)

The African age distribution is very much like that of a developing nation, while the white age distribution is like that of a developed nation. The differences in life expectancy depend on many factors, such as public health, medical care and diet. In particular, the excess of mortality rate is due to diseases, such as AIDS and tuberculosis.

The HIV/AIDS epidemic has always been one of the major problem in South Africa. It emerged in South Africa in 1982, during the Apartheid era and at the beginning, it was ignored. The epidemic started in the gay community and spread outside of it very quickly. Indeed, according to Cichocki (2014:2) “by 1991 the heterosexual transmission rate equaled the rate of new infections among men who have sex with men”. HIV rates increased by 60 percent in the 1990s, but the government did not provide any concrete solution to what was a “public health disaster” (2014:2). Indeed, a research made by Harvard University¹⁶, showed that the Aids policies of the South African President Thabo Mbeki were responsible for the deaths of more than a third of million people in the country. In the late 1990s, Mbeki, influenced by a group of Maverick scientists – known as Aids denialists – rejected the scientific knowledge that AIDS was caused by a viral infection that could be fought, in favour of the idea that the cause of AIDS was the collapse of the immune system. According to Mbeki, AIDS was the consequence of poverty, bad nourishment and ill health and the solution to this epidemic was the alleviation of poverty. For this reason, the President rejected the offers of any kind of drugs to fight the virus. Usually those who were infected lived in poor conditions with scarce public health care resources. The access to quality medical care, HIV testing and medications was nearly absent. Moreover, the end of Apartheid was not sufficient to solve the problem and South African people are still paying the price. The largest proportion of HIV infected population was amongst young people aged 15 to 24 years. Moreover, “young people orphaned by AIDS have no access to HIV education and are powerless to protect themselves from the disease” (Cichocki 2014:2). Women were infected more often than men were, because in patriarchal South Africa men were the only able to make decisions, including also the use of safer sex methods. Another cause of HIV-transmission was the mother-to child transmission, which went hand in hand with the breastfeeding transmission. Cichocki mentions also migration as a cause of HIV-epidemic. Indeed, South African men had to migrate to rural areas to work, returning home two or three times each year. According to the author, “while they [were] away from home, unsafe sex

¹⁶ Source: Boseley (2008)

outside their marriages [was] quite common” (Cichocki 2014:3). The situation worsened since the end of Apartheid, given that travel restrictions were banned.

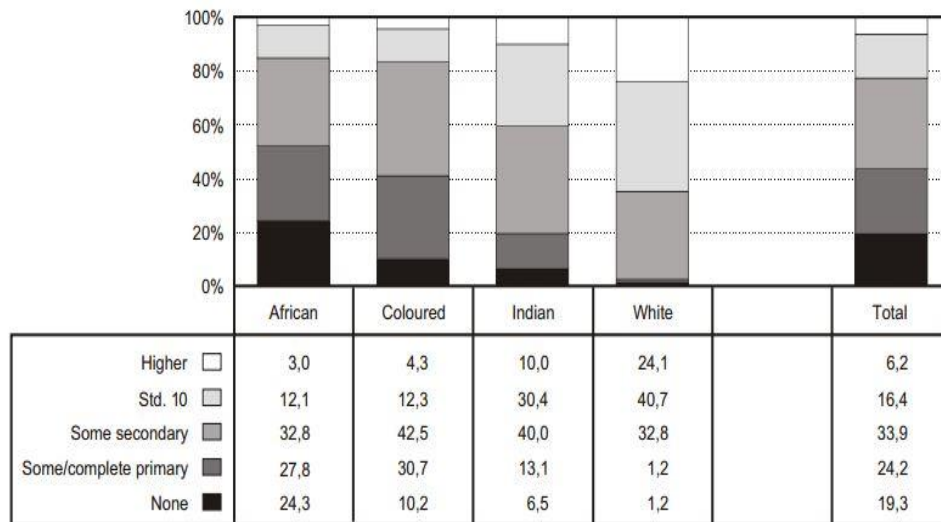
In conclusion, what emerged from an analysis of the population trends across the four ethnic groups is that the living conditions of the black African group was the worst. Indeed, at the end of Apartheid, the highest percentage of adult and under-five mortality rates was registered among black people. Among whites instead the highest life expectancy value, as well as the lowest percentage of under-five mortality rate and adult mortality rate, demonstrate they could enjoy a good health care system. This discrepancy was a direct consequence of the inequalities in living conditions left by the Apartheid legacy. To improve the situation it would have been necessary to intervene to combat the spread of HIV/AIDS, the main cause of death, especially across the most disadvantaged groups. The following section will provide an overview of the educational system, focusing on the consequences of the lack of investments on it during the Apartheid era.

2.4.5. Primary Education

This section will provide an outline of the primary education system, describing the racial policies introduced during Apartheid and their consequences once the democratic government was elected.

The adult literacy rate has always been influenced by racial discrimination in South Africa, especially because of Apartheid system. Therefore, while whites had nearly always been literate, black people were the most disadvantaged. Figure 2.24 shows the level of education reached by each group in 1995, according to 1996 Census. The percentages of literate people across each group are given in table 2.25. It is evident that the highest percentage of literate was registered among whites. The group in which the percentage of literate people was the lowest was the black Africans.

Fig. 2.24 Percentage of the population aged 20 years or more by highest level of education



* Excluding other/unspecified

Source: Lehohla (1996)

Table 2.25 Literacy rate 1991

RACIAL DESCRIPTION	PERCENTAGE LITERATE
Africans/Blacks	76,64%
Coloureds	91,06%
Indians/Asians	95,48%
Whites	99,52%
TOTAL	82,16%

Source: Justice and Constitutional Development Department

At the end of Apartheid, the education system was one of the major challenges the new democratic government had to face. Schuster (2011:41) explains that “from the

beginning of Apartheid in 1940 until it ended in the mid-90s, South Africa had an education system which trained Africans to work in the low-wage sector, in order to protect the white minority from competition for jobs”. This was a consequence of the Bantu Education Act introduced in 1953. The level of school infrastructure and teacher qualifications for non-white children was very low. Schuster (2011:42) highlights also that “96 percent of teachers at white schools had a teaching certificate, compared to only 15 percent of teachers in black schools”.

After the abolition of Apartheid, the Education Co-ordination Service was created in order to abolish the dual system and introduce a single school system for all. Schuster (2011:43) observes that “23.5 percent of the national budget for 1993/1994 was invested in education in order to offer all citizens the same educational opportunities”. Indeed, Byrnes (1996) outlines in her article that “in 1995 South Africa had a total of 20,780 primary and secondary schools. Of these, 20,303 belonged to the government, and 477 were private. In addition, 226 specialized schools were in operation for gifted pupils or students with special needs”. However, although the problem of parallel school systems had been solved, the lack of infrastructure and a shortage of qualified teachers remained. Schools were obliged to introduce fees from which only the poorest were excluded. Each province was responsible for primary and secondary schools with the national government. The government distributed equal grants to the nine provinces, which were free to use them for financing the education, health and social welfare services.

Education became compulsory for all children from 7 to 16 years. Moreover, it was guaranteed an equal access to school. However, the vast majority of African learners remained in African schools. In his study Van der Berg (2001)¹⁷ found that in 1997 “96 percent of African learners were still in mainly African schools in which close to 100 percent of the students were African” (Fiske, Ladd 2005:7). This was a consequence of apartheid legacy. Indeed, African students continued to live in rural areas even if Apartheid had ended and therefore they had access only to schools managed by homeland department of education until then. In urban areas, African and Coloured students continued to live isolated and remained poor.

In conclusion, the African students continued to attend schools with underqualified teachers and inadequate facilities. Moreover, they continued to face problems as the shortage of books and other teaching materials. Obviously, the quality of education they received was

¹⁷ Source: Van der Berg, Servaas (2001: 309-325).

the lowest in the whole country. In the following section the focus attention will be on employment trends after the end of Apartheid.

2.4.6 Employment

This section will describe how unemployment negatively influenced economic growth in South Africa, thus becoming the main cause of poverty. First, unemployment will be analyzed as a consequence of the policies introduced during Apartheid, then as a consequence of changes introduced to the economic structure.

One of the most serious problems of South Africa has always been the high level of unemployment, in particular amongst more disadvantaged people. “In 1995 14.4 million of the 26.4 million south Africans aged 15 or older were economically active, 10.2 million were employed and 4.2 million or 30% were unemployed” according to the report African Charter on Human and Peoples’ rights¹⁸. Table 2.26 shows the percentage of unemployment across the four ethnic groups, making a distinction between males and females.

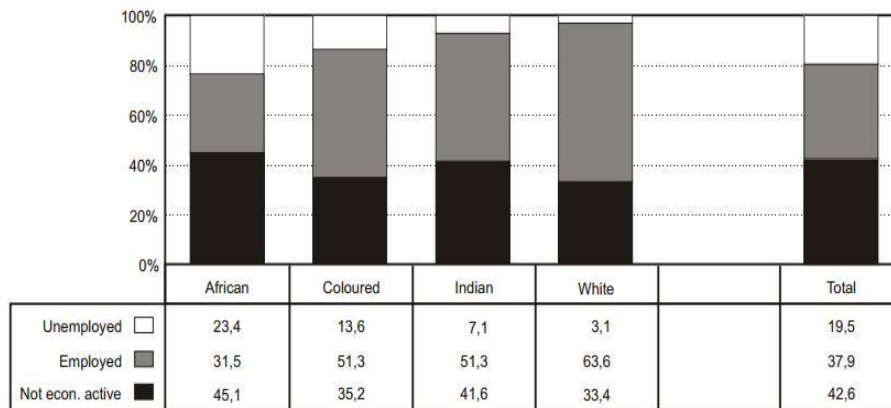
Table 2.26 Unemployment rates October 1995

GENDER	AFRICAN / BLACK	COLOURED	INDIAN / ASIAN	WHITE
MALE	33,6%	19,7%	13,3%	4,5%
FEMALE	50,2%	27,8%	24,2%	9,2%
TOTAL	41,1%	23,3%	17,1%	6,4%

Source: Justice and Constitutional Development Department

¹⁸ Source: Justice and Constitutional Development Department

Fig.2.27 Labour market status of the population aged 15-65 years by population group –



* Excluding institutions

October 1996

Source: Lehohla (1996)

As it is possible to observe in figure 2.27, the group with the highest percentage of unemployment was African people, whereas the group with the lowest percentage was white people. On the contrary, the highest percentage of employed people can be observed among white people, while in the African group people with employment were a minority. Coloured and Indian people registered the same percentage of employed people, but Coloured unemployed people were almost twice as many as the Indian people without a job. Therefore, unemployment was a serious problem at the end of Apartheid. Indeed, “by 1970, 20 percent of the potential work force was already unemployed and the figure rose to 40 percent in 1995” (Friedman, Bhengu 2008:70). Whereas the unemployed people were 1.9 million in 1970, in 1995 they were 4.8 million. Ironically, “during the same period the number of the non-african workers employed increased by 1.3 million” (Friedman, Bhengu 2008:70). Female unemployment was even higher in 1995 in all racial groups. However, the highest percentage of unemployment was reached amongst African women. Table 2.28 provides a clear image of employed and unemployed percentages across all racial groups, making a distinction between males and females.

Table 2.28 Economically active population by population group amongst those aged 15-65 years – October 1996

	African/Black	Coloured	Indian/Asian	White	Unspecified/Other	Total
Employed						
Male	3 506 509	633 417	234 583	1 060 736	46 658	5 481 903
Female	2 175 968	496 099	128 903	795 716	35 258	3 631 944
Total	5 682 476	1 129 515	363 486	1 856 452	81 917	9 113 847
Unemployed						
Male	1 810 570	141 555	29 312	45 938	12 543	2 039 917
Female	2 395 421	157 676	21 068	43 127	14 437	2 631 730
Total	4 205 992	299 231	50 379	89 066	26 980	4 671 647
Total						
Male	5 317 079	774 971	263 895	1 106 674	59 201	7 521 820
Female	4 571 389	653 775	149 971	838 843	49 696	6 263 673
Total	9 888 468	1 428 746	413 866	1 945 517	108 897	13 785 493

* Excluding institutions

Source: Lehohla (1996)

During Apartheid, many social and economic measures were introduced to guarantee the supremacy of the white minority. With the Job Reservation System, black workers were relegated to the lowest skilled and paid occupations. However, according to Mariotti (2007:2) “by the late 1960’s and early 1970’s there was considerable growth in the number of semi-skilled manufacturing jobs open to blacks. Industries began to flout the job reservation laws, and by 1984 these restrictions were completely abandoned”.

From the 1970s, employment rates were influenced also by new trends in the labour market. Indeed, there was a decrease in agricultural employment due to the mechanization trend in agriculture and the increasing urbanization. During the 1980s and the early 1990s the services sector saw an impressive growth, including trade, finance, insurance, restaurants, hotels and other business and social services. In the 1990s a change in the distribution of labor was registered because of global and regional market factors and the political changes in South Africa. In particular, there was a decline of the work force in the mining industry (only 7% in 1995). According to the official revised employment statistics of 1994 and 1995, it was estimated that the national work force in the mid-1995 was about 14.3 million people. The statistics revised also the unemployment rate, which was estimated at 32.6 percent (Byrnes 1996). During the 1960s and the 1970s, the tendency of many industries was to increase their capital stock by investing in sophisticated machinery, following the trend toward capital-

intensive operations. As a result, there was an increase in productivity and a decline of labor costs.

However, according to the research organization called South Africa's Education Foundation the unemployment rate in 1991 increased among unskilled and uneducated workers. 500.000 skilled jobs and managerial positions remained unfilled, or filled by foreign workers. This was the consequence of poverty lack of an adequate education level among blacks, which led to negative consequences in South African businesses and manufactures. It became clear that one serious problem was the absence of skilled workers able to maintain growth in the manufacturing enterprises. At the end of Apartheid, the connection between economy recovery and educational reorganization appeared clear. It was necessary to invest in educational reforms, which would make the economic growth possible in the near future. However, by the late 1995 only a few new programs came into effect.

In the mid-1990s, only 36 percent of the labor force in formal economy were women. Across all ethnic groups, women generally were less paid than men. During Apartheid white women were employed in service industries and clerical positions, whereas black women made up most of domestic work force, only a few of them working in clerical positions and only for temporary jobs in agriculture. Observing data in tables 2.29 and 2.30, one can notice the different rates of unemployment between males and females in each economic sector.

Table 2.29 Occupation by population group - Male

	African/Black	Coloured	Indian/Asian	White	Unspecified/Other	Total
Legislators, senior officials and managers	71 087	20 007	21 600	149 192	2 810	264 695
Professionals	170 824	28 237	22 700	162 821	4 625	389 208
Technicians and associate professionals	92 886	27 234	22 973	135 960	3 113	282 166
Clerks	115 091	34 492	21 543	48 273	2 484	221 883
Service workers, shop and market sales workers	355 956	48 441	24 139	103 079	4 241	535 856
Skilled agricultural and fishery workers	208 546	28 877	1 443	44 528	1 564	284 957
Craft and related trades workers	775 325	135 694	36 282	179 420	9 347	1 136 068
Plant and machine operators and assemblers	539 073	62 101	22 560	45 124	4 350	673 210
Elementary occupations	784 959	185 542	12 381	34 543	7 310	1 024 736
Unspecified/Other	392 762	62 791	48 962	157 794	6 815	669 124
Total	3 506 509	633 417	234 583	1 060 736	46 658	5 481 903

* Excluding institutions

Source: Lehohla (1996)

Table 2.30 Occupation by population group - Female

	African/Black	Coloured	Indian/Asian	White	Unspecified/Other	Total
Legislators, senior officials and managers	26 189	10 363	5 818	56 460	1 378	100 207
Professionals	256 569	46 633	19 100	153 897	5 550	481 747
Technicians and associate professionals	85 699	28 179	13 365	130 553	2 920	260 716
Clerks	133 185	70 539	32 144	246 141	6 061	488 070
Service workers, shop and market sales workers	157 704	44 402	11 524	68 392	2 929	284 951
Skilled agricultural and fishery workers	58 695	6 551	325	6 281	468	72 321
Craft and related trades workers	117 602	24 651	6 281	16 049	1 346	165 929
Plant and machine operators and assemblers	46 548	36 994	12 903	6 723	1 537	104 705
Elementary occupations	1 133 722	186 702	6 433	19 686	8 829	1 355 371
Unspecified/Other	160 056	41 085	21 010	91 535	4 242	317 927
Total	2 175 968	496 099	128 903	795 716	35 258	3 631 944

* Excluding institutions

Source: Lehohla (1996)

Foreign workers constituted an important part of the industrial work force after the end of Apartheid. In 1994 between 1 million and 1.2 million workers came from Botswana, Lesotho, Malawi, Mozambique and Swaziland. Most of them were employed on temporary contracts in the mines or urban industries. Moreover, according to Minister of Home Affairs Gatsha Buthelezi, 2 million foreign workers were self-employed or worked illegally in South Africa (Byrnes 1996).

In conclusion, as a consequence of the Apartheid legacy, many black workers were excluded from labor market or relegated to the lowest skilled and paid jobs. Moreover, given their low educational level, they were unable to fill skilled and managerial occupations and South Africa needed to search workers overseas. This made evident that South Africa needed a better educational system, as well as the elimination of prejudices against black people to overcome the unemployment issue. The final section of this chapter will provide a comparison among all racial groups, looking at their Human Development Indices.

2.4.7 The Human Development Index (HDI)¹⁹

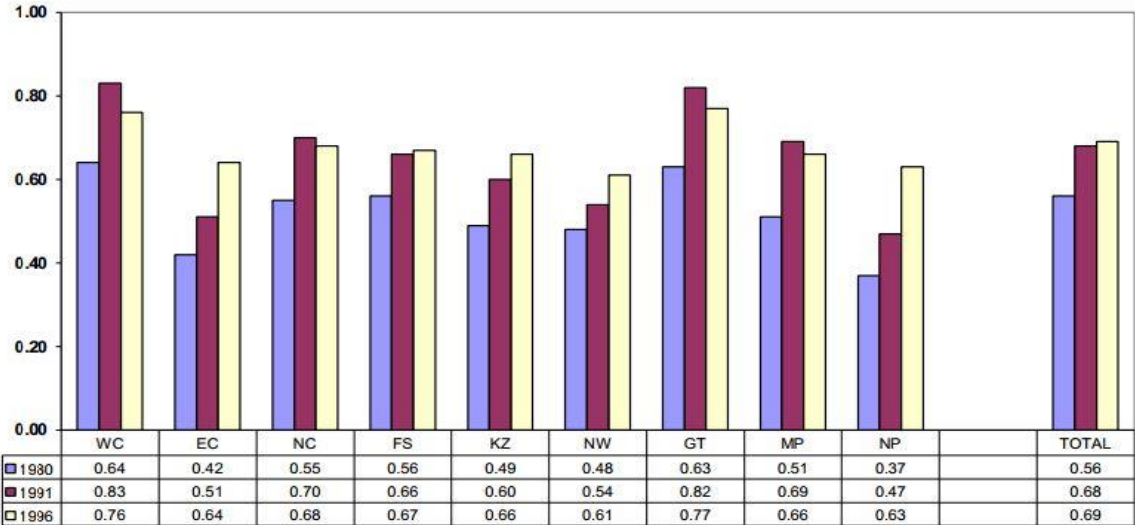
This section will start with a definition of the Human Development Index and will continue with a description of the values used to calculate it. After a general analysis of them,

¹⁹ This section provides information found in *Stats SA* website : <http://www.statssa.gov.za/publications/P0015/P00151980.pdf>.

it will focus on the statistics about South Africa at the end of Apartheid, drawing attention to each single component by race.

According to the definition provided by the Human Development Report (1996), “the Human Development Index (HDI) of the United Nations Development Programme (UNDP) is used for obtaining internationally comparable indications of the ability of individuals within a country or across various countries to live long, informed and comfortable lives”. The HDI can vary from zero, which indicates a very low development level, to one, which corresponds to a high level. To calculate the HDI three components are necessary: life expectancy at birth, educational attainment (based on adult literacy and combined with gross primary, secondary and tertiary enrolment ratio) and income (calculated on gross domestic product per capita converted to international dollars using purchasing power parity). In 1996, Statistics South Africa calculated that the HDI was 0.69 in South Africa, on the basis of data obtained from Census '96. As the report explains “this is a slight increase compared to the index of 0.68, as calculated for 1991, but a significant increase, compared with the index of 0.557, as calculated for 1980”. The change registered varied not only by province and by racial groups, but also by components used to calculate the HDI index. In 1996 the report highlights that “the HDI across provinces ranged from 0.61 to 0.77”. This means that the difference amongst South African provinces became less significant over time, as figure 2.31 shows.

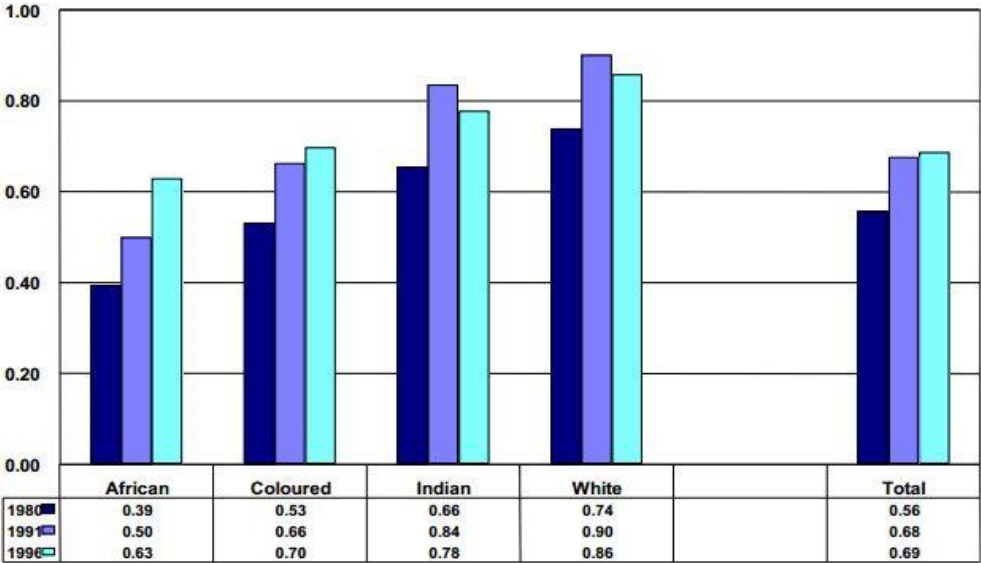
Fig. 2.31 Human Development Index by province for 1980, 1991 and 1996



Source: www.statssa.gov.za

Changes in HDI data are also registered among the different population groups. In particular, all groups saw an increase of their HDI indices between 1980 and 1991. Between 1991 and 1996 while the African and coloured groups showed an increase, the Indian and white groups saw a decrease, as one can observe in figure 2.32.

Fig. 2.32 Human Development Index by population 1980, 1991 and 1996

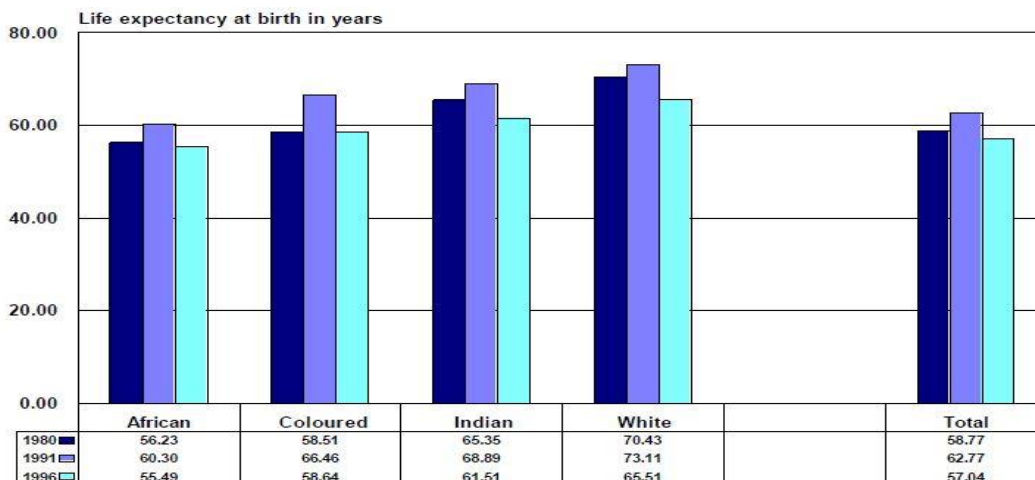


Source Stats SA data sets

Source: www.statssa.gov.za

The life expectancy at birth decreased for all groups between 1991 and 1996, whereas the literacy rate saw a considerable increase among Africans aged 15 years or older. Real GDP per capita converted to PPP\$ increased for all racial groups, but in particular for whites. Figure 3.33 shows the average life expectancy across all racial groups, while figure 3.34 shows literacy rates tendency. Figure 3.35 demonstrates instead the trends of GDP per capita between 1980 and 1996.

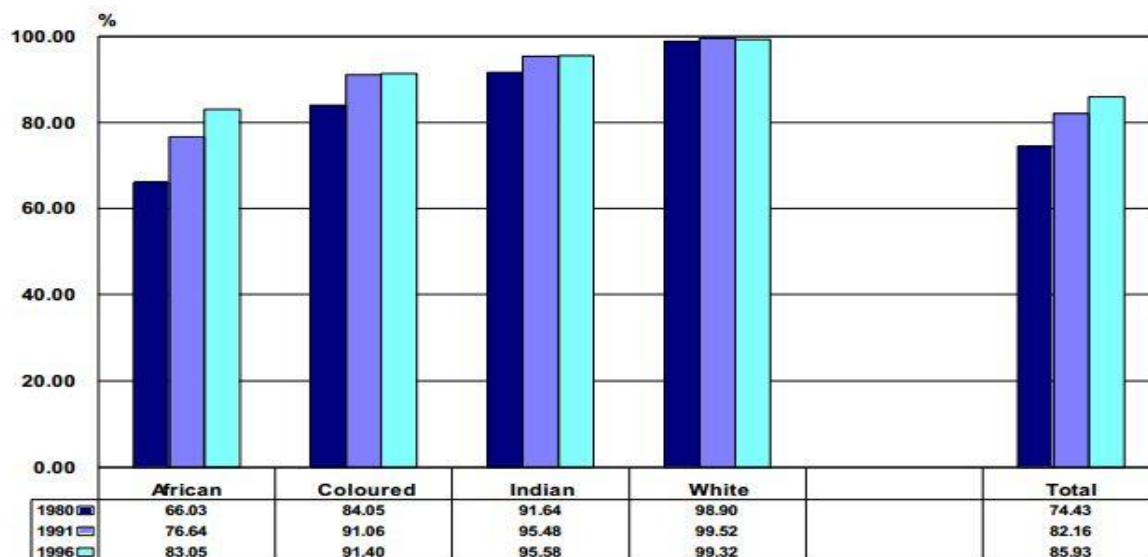
Fig. 2.33 Life expectancy (in years) at birth by population group 1980, 1991 and 1996



Source Stats SA data sets

Source: www.statssa.gov.za

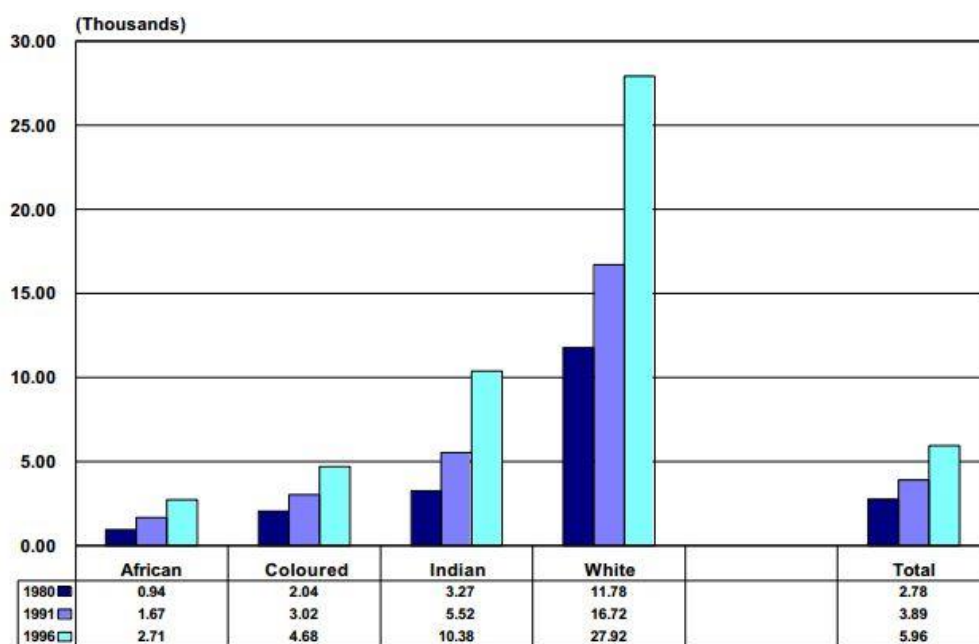
Fig. 2.34 Adult literacy rate (%) by population group 1980, 1991 and 1996



Source Stats SA data sets

Source: www.statssa.gov.za

Fig. 2.35 Real GDP per capita (PPP\$) 1980, 1991 and 1996



Source Stats SA data sets

Source: www.statssa.gov.za

It can be observed that the figure indicating educational attainment and income increased between 1980 and 1996, whereas life expectancy indicator after an increase between 1980 and 1991 showed a decrease between 1991 and 1996 in all racial groups. This was the result of the HIV/AIDS epidemic, which spread throughout the country in that period. Table 3.36 provides a summary of HDI indices of all racial groups in 1996.

Table 2.36 Human Development Index by population group:1996

Population group	HDI rank	Life expectancy at birth (years)	Life expectancy at birth (years) Index	Adult literacy rate (%)	Adult literacy index	Combined gross primary, secondary & tertiary enrolment (%)	Combined gross enrolment index	Educational attainment index	Real GDP per capita (PPP\$)	Income Index	HDI
RSA		57,04	0,53	85,93	0,86	83,88	0,84	0,85	5 916	0,68	0,688
Africans	4	55,49	0,51	83,05	0,83	82,97	0,83	0,83	2 713	0,55	0,630
Coloureds	3	58,64	0,56	91,40	0,91	86,07	0,86	0,89	4 680	0,64	0,698
Indians	2	61,51	0,61	95,58	0,96	91,95	0,92	0,95	10 382	0,77	0,778
Whites	1	65,51	0,68	99,32	0,99	89,69	0,90	0,96	27 942	0,94	0,858

Source: www.statssa.gov.za

In conclusion, in 1996, the HDI of South Africa was near to those countries with medium development indices such as China (0.71 for 1998), Indonesia (0.67), Algeria (0.68), and Swaziland (0.66) as the report outlines. However, it was very distant from the index of highly industrialized countries such as Canada (0.94). This was due to the lack of an adequate health care system, as well as an underdeveloped school system, especially among the largest ethnic group: the black South Africans. This means that, despite the progress made since 1980, it was necessary to invest more on these sectors to reach a significant improvement.

This chapter was meant to outline the main economic and social issues emerged at the end of Apartheid. Many of the problems outlined were the direct consequence of the inequalities spread across all ethnic groups during the Apartheid. Indeed, although all racial laws were eliminated once the democratic government was elected, it was necessary to intervene in many economic and social spheres to obtain a real growth. Above all, it emerged the importance of an educational system able to increase not only the skills of all racial groups, but also the awareness of the democratic principles introduced with the 1996 Constitution. Indeed, this would have brought to the complete elimination of all prejudices and discriminations spread until then, contributing to the realization of a well-developed nation.

3 SOUTH AFRICA'S ECONOMY SINCE THE END OF APARTHEID

This chapter will start with a general overview of the current South African economic structure, providing a description of the country's main economic sectors and their contribution to the country's GDP. Section 3.1 will also focus on the macroeconomic data as was collected in Trading Economics website and registered during 2013. Section 3.2 will outline the main economic reforms since the end of Apartheid, which gradually paved the way for the economic revival witnesses in the last twenty years. In each sub-section, after a brief description of the reform adopted, an evaluation of the results obtained will follow. Section 3.3 will concentrate on the main development projects introduced by the South African government since the end of Apartheid, with the aim to overcome the main economic and social weaknesses of the country. Each sub-section will describe the agenda set by the development programme introduced by the democratic government and it will end with a summary of the goals already achieved.

3.1 The economic structure today²⁰

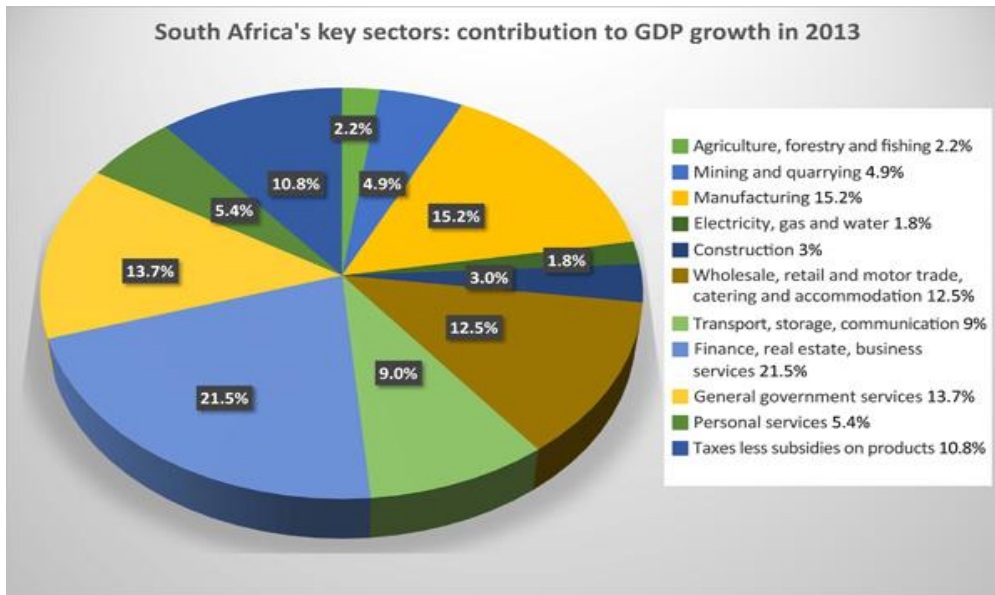
This section will focus on the current economic structure in South Africa, analyzing the country's main economic sectors and their contribution to the GDP, as well as providing a general overview of its main macroeconomic data. This will highlight the domains in which progress has been registered.

Historically, the South African economy was based on primary sectors, especially because of its vast amount of natural resources and favorable agricultural conditions. However, since the 1990's the importance of the tertiary sectors increased and the main economic activities became wholesale and retail trade, tourism and communications. Today, South Africa is following the tendency of a knowledge-based economy, mainly based on technology, e-commerce, financial and other services.

The principle contribution to the GDP comes from manufacturing, retail, financial services, communications, mining, agriculture and tourism, as figure 3.1 shows.

²⁰ All information collected here draws on: *Media Club South Africa* website (<http://www.mediaclubsouthafrica.com/component/content/article?id=111:sa-economy-key-sectors>) and *Trading Economics* website (<http://www.tradingeconomics.com/south-africa/indicators>).

Fig. 3.1 South Africa key sectors 2013



Source: www.mediaclubsouthafrica.com

To offer a more comprehensible image of the current economic situation in South Africa, a brief analysis of the country's main economic sectors will follow.

The South Africa's manufacturing sector is so well-developed, that it can compete at a global level. Its contribution to GDP reached 15.2% in 2013, becoming the third-largest contributor to the nation's economy. The dominant industries in the manufacturing sector are agro-processing, automotive, chemicals, information and communication technology, electronics, metals, textiles, clothing and footwear.

The agro-processing sector involves many activities, such as the production and export of deciduous fruit, the production of wines for local and export market and the processing of natural fibres from cotton, hemp, sisal, kenaf and pineapple. Indeed, in 2013 the agro-processing sector was worth R 49-billion and created as many as 207,893 jobs. Its importance is based also on the environmental sustainability and the economic growth that it can provide to the country.

The automotive industry represents one of the most important sectors in South Africa. This sector contributes with 12% to the South African manufacturing exports and constitutes a perfect investment opportunity. The main provinces, where the industry is located are Eastern Cape and Guateng. Many multinationals use South African components to assemble vehicles for the local and international markets. Companies, such as BMW, Ford, Volkswagen, Daimler-Chrysler and Toyota, have production plants in South Africa because

of low production costs and the guaranteed access to new markets due to the trade agreements with European Union and the Southern African Development Community in free trade area. Moreover, in 2013, the Automotive Production Development Programme (APDP) was introduced to diversify the automotive components chain and to increase the volume of cars manufactured in South Africa. The objective is to reach an annually production of 1.2-million cars by 2020.

The chemicals industry was seriously influenced by the Apartheid policies of isolationism and protectionism, which led to an inward approach and the import replacement in the local market. Therefore, in export markets the chemicals industry resulted non-competitive, because the import tariffs increased the raw material prices. However, nowadays, given that South Africa has obtained an active role in the global community, chemical companies are working to become internationally competitive. The main companies in this sector are Sasol, AECI and Dow Sentrachem, which are focusing on those tertiary products with export potential. In 2013, the chemicals sector ensured 200,000 jobs and contributed with 5 % to the country's GDP.

The most advanced sector in South Africa is the information and communication technologies (ICT) sector. It is characterized by technology leadership, especially in the field of mobile software and electronic banking services. The main support to the internationalization of South African companies comes from the Department of Trade and Industry through the South African Electro technical Export Council (SAEEC). The contribution of this sector to the South African GDP is about 8.2%. Several international leaders in information technologies sectors operate in South Africa, such as IBM Unisys, Microsoft, Intel, Systems Application protocol (SNAP), Dell, Novell and Compaq.

Metals industry represents a third of all South Africa's manufacturing sector. This sector includes basic iron ore and steel, basic non-ferrous metals and metal products. The largest South African producer is the Arcelor Mittal SA. In the African country, South Africa is the largest steel producer, responsible for more than half of the total steel production. However, because of protectionism over the past two years many steel companies have fallen away. To become more competitive and efficient, many steel works have to concentrate on restructuring and productivity improvements.

The main objective of the South African textile and clothing industry is to use all available natural, human and technological resources to become the preferred international supplier. Thanks to technological developments, the local production has become a capital-intensive industry with the production of an ever-increasing amount of synthetic fibres.

Benefits enjoyed in this sector are the result of the US' African Growth and Opportunity Act (Agoa), which was approved for the first time in 2000. From then on, textile exports to US increased by 62 %. However, this sector has been damaged by cheap imports. Indeed, South African businesses began importing cheaper textiles and clothing from the Asian country since 2001, when China was included in the World Trade Organisation. Moreover, the number of people employed in the local textile industry decreased from 181,000 in 2002 to 80,000 in 2013. Despite this negative trend, the government issued a plan for the textile and clothing industry in 2009, meant to foster the recovery of the textile industry in the last years.

In the past few decades, a decline in the mining's contribution to South Africa's gross domestic product has been registered, especially because of the growth in secondary and tertiary industries as well as the decline of gold production. Despite this decline, South Africa is still famous for its abundance of mineral resources (i.e. gold, platinum, base metals, coal and diamonds), which gives a significant contribution to world production and reserves, and makes a 4.9% contribution to the GDP. In addition, the South African mining production is characterized by a high level of technical and production expertise, as well as the comprehensive research and development activities. Indeed, mining industry is seeking to adapt to local and international conditions, in order to remain a key sector in the economy of the country.

The gradual development reached by the economy, led to a decrease of agriculture contribution to the GDP over the past four decades. Indeed, "in 1960, agriculture constituted 9.1 % of the total economy; this has decreased to only 2.2 % in 2013". This is an important signal of the increasing maturity of the secondary and tertiary sectors in the South African economy.

However, the biodiversity and the coastline of the country are two important aspects, which make possible the production of a vast amount of marine and agricultural products, such as deciduous, citrus and subtropical fruit, grain, wood, cut flowers, livestock and game. Despite these positive aspects, one of the biggest limits in this sector is the availability of water. Rainfall is distributed unequally all around the country and many areas are prone to drought.

One of the fastest growing sectors in South Africa has been the communication sector, thanks to the rapid expansion of mobile telephony all over the country. Indeed, the Department of Trade and Industry reported that the mobile penetration significantly increased to the point of reaching around 93% of the population. The cellular phone market has grown fast since 1994, becoming the fourth fastest growing Groupe Speciale Mobile Market (GSM)

in the world. Moreover, South Africa is also the largest internet market in the whole country. The research firm World Wide Worx estimated that South African internet users will become 9-million at the end of 2014.

Tourism is one of the largest industries at a global level and in South Africa it constitutes an ideal opportunity to add value to many natural and cultural resources. It contributes directly and indirectly to GDP and employment rate.

Finally, it is important to consider that South Africa has a sophisticated financial sector. This was a consequence of the reintegration of the South African country in the global economy since 1994. To reach the international standards in the financial sector, South Africa had to make considerable improvements. Over the years, the financial and business service sector has proved to be fundamental in the country's economic growth. The banking system is well developed and comprises a central bank, few large and financially strong banks as well as a number of smaller banks. The legislation followed in the Banks Act is the same as those used in the United Kingdom, Australia and Canada and since 1998, the financial system of South Africa has been in line with international practice thanks to the National Payment System Act.

After this broad outline of the main economic sectors' contribution to the country's GDP, a brief overview of the current South African situation, based on the main macroeconomic data will follow. Therefore, data about the current GDP and GDP per capita, inflation and interest rates, as well as jobless rate, debt to GDP and population will be provided.

At the end of 2013, the GDP in South Africa was worth 350.63 billion US dollars and represented 0.57% of the world economy. Figure 3.2 shows the trend of GDP in the 2010-2014 years. It reveals a significant increase reached in 2012 with a GDP of 430.89 US dollars, preceded and followed by a relevant decrease. The GDP registered in 2013 is the lowest in the period observed.

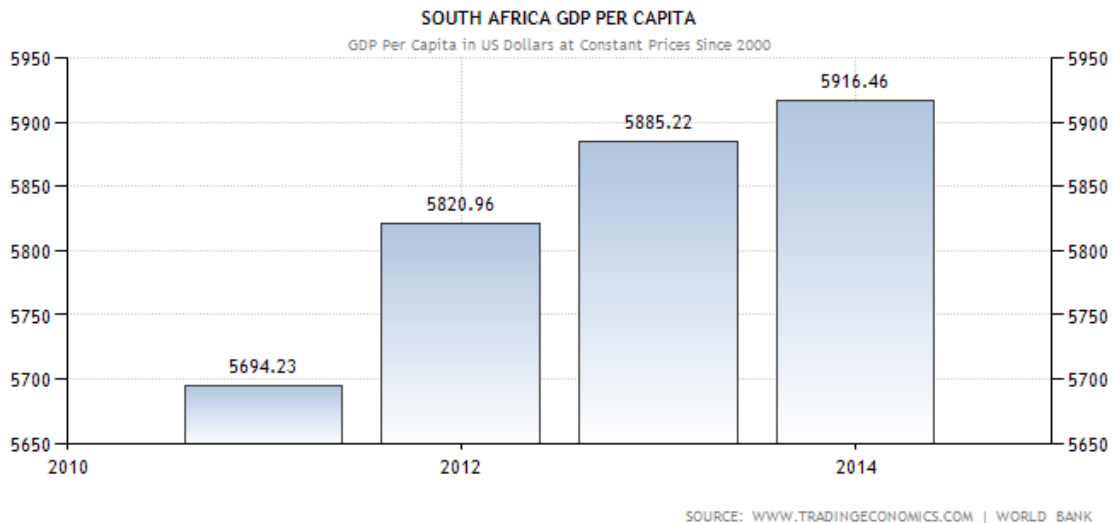
Fig. 3.2 South Africa GDP 2010-2014



Source: www.tradingeconomics.com

The GDP per capita, recorded at the end of 2013, was at 5916.46 US dollars and represents 47% of the world’s average. Figure 3.3 shows GDP per capita has increased significantly in the period observed and the current value is the highest recorded since 2010.

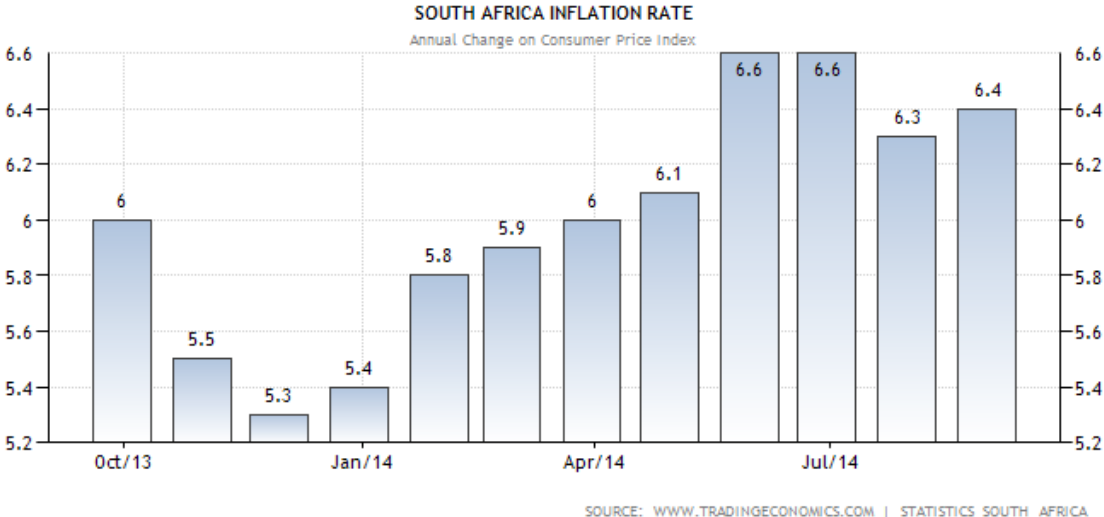
Fig. 3.3 South Africa GDP per capita 2010-2014



Source: www.tradingeconomics.com

In August 2014, the South African inflation rate was recorded at 6.40%. As it is possible to observe in figure 3.4, the annual inflation rate increased slightly from 6.3 percent (the value reached in the previous month), especially because of higher food prices, as Taborda (2014) explains by saying that “the food and non-alcoholic beverages index increased by 0.8 percent between July and August 2014”. The increase was especially linked to hot beverages (2.1%), other food (1.7%), milk, eggs and cheese (1.5%), sugar, sweets and desserts (1.1%), meat (1%), vegetables (0.7%), cold beverages (0.5%), bread and cereals (0.2%) and fruit (0.2%). The only component which shows a decrease was fish (-0.4%).

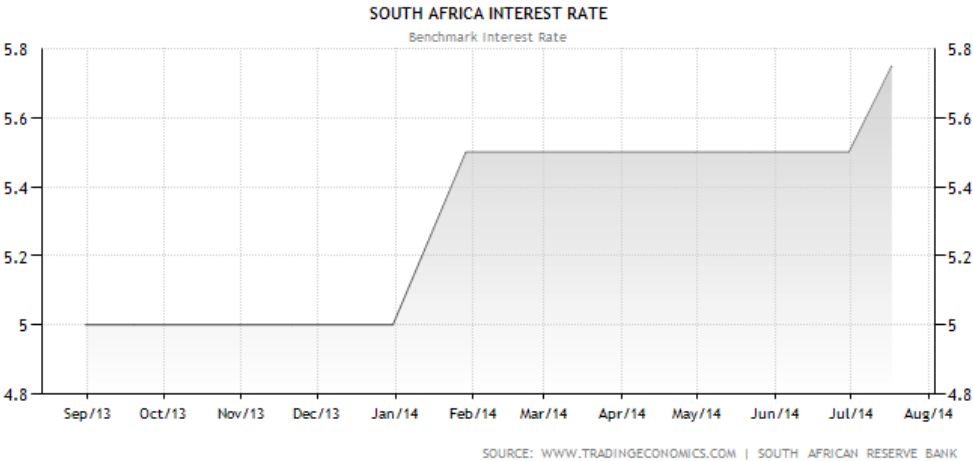
Fig. 3.4 South Africa Inflation rate 2014



Source: www.tradingeconomics.com

The South African Reserve Bank’s Monetary Policy Committee (MPC) is responsible for the interest rates decisions of the country. The Repo Rate is the official interest rate at which central banks lend or discount eligible paper for deposit money banks. In September 2014, the South African Reserve Bank established that the Repo Rate had to remain unchanged at 5.75 percent. Figure 3.5 shows the interest trend between 2013 and 2014.

Fig. 3.5 South Africa interest rate 2013-2014



Source: www.tradingeconomic.com

In 2013, the South African government debt was 46.10% of the country’s GDP. This level represents the highest peak reached in the last years, as figure 3.6 clearly shows.

Fig. 3.6 South Africa government debt to GDP 2010-2014



Source: www.tradingeconomics.com

In the second quarter of 2014, the South African unemployment rate increased to 25.50% from 25.20% as it was in the first quarter of 2014. The highest peak of unemployment rate was reached in the highest quarter of 2003, when it was registered at 31.20%. In the fourth quarter of 2008 the lowest peak was recorded with 21.50%. In the second quarter of 2014, it was reached the highest level of unemployed persons since 2008. Making a comparison with a year earlier, in the second quarter of 2014 there was a loss of 182,000 jobs.

The major job losses were registered in the manufacturing and agriculture sectors, whereas the employment rate increased in community and social services, trade and private households. Figure 3.7 summarizes data referred to the 2012-2014 years.

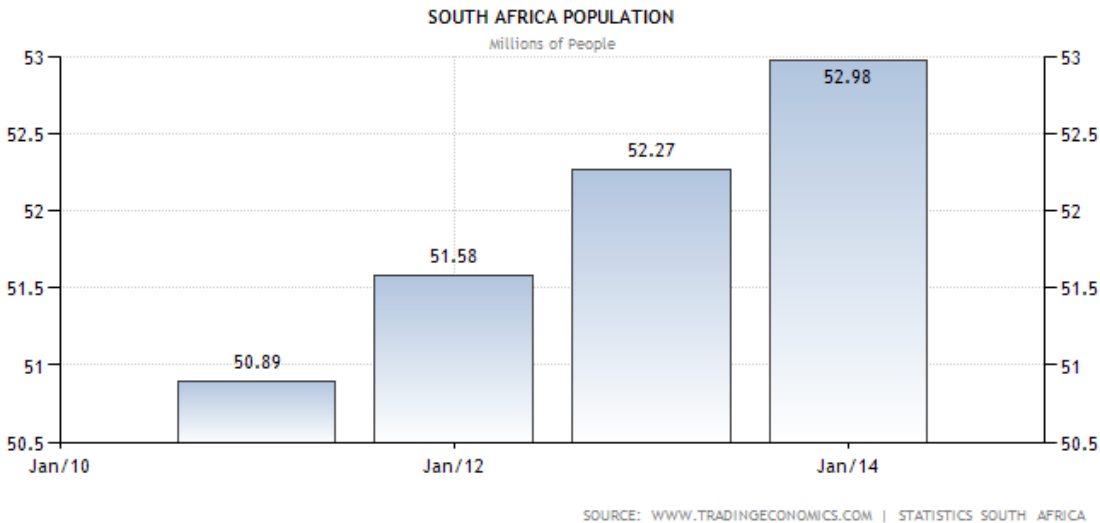
Fig. 3.7 South Africa unemployment rate 2012-2014



Source: www.tradingeconomics.com

In 2013, the total South African population amounted to 53 million people (i.e. 0.73% of the world’s population). This means that there has been an increase of 204 percent during the last 50 years. Figure 3.8 provides a clear image of the incremental increase of the country’s population in the last four years.

Fig 3.8 South African population 2010-2014



Source: www.tradingeconomic.com

To conclude this section, a brief summary of what have been analyzed so far will follow. It is possible to say that South Africa today enjoys a stable political situation and a well-developed banking system. Moreover, it is advantaged by a vast amount of natural resources and an established manufacturing sector. It has also managed to improve its research and development skills. South Africa has been classified as an upper middle-income country by the World Bank and represents the major economy in the whole country. In addition, it was admitted as a member of the BRIC (now BRICS) together with Brazil, Russia, India and China in 2011, thanks to its economic situation. However, South Africa has to tackle still many issues to implement further its economic situation. In particular, it should reverse the GDP trend and work on decreasing the inflation and debt rates. Finally, the unemployment problem, especially among young people, should be definitely resolved.

3.2 Economic reforms

This section will describe the main economic reforms introduced once the Apartheid ended: It will start with the land and agrarian reform and the industrial and trade policies. An overview of the infrastructure sector will follow and it will go on describing the fiscal and monetary policy. It will end with a description of the environmental sustainability. Throughout the chapter, an outline of the current situation, twenty years after the adoption of such reforms, is provided.

3.2.1 The land and agrarian reform

During Apartheid many policies – and in particular the Natives Land Act of 1913 – caused the dispossession of land ownership rights. As a result, there was an inequitable land distribution. Indeed, “in 1994, most agricultural land was owned by whites (83 percent) and only 17 percent of the land was available for black people in the former homelands” (The Presidency 2014:pp. 63). While in the former homelands there was only degraded arable land, the land owned by whites had a great potential and contributed to a flourishing commercial sector.

The democratic government introduced a policy for agrarian transformation with the aim of providing an equal access to land, water, economic institutions, finance and infrastructure for landless people, farmworkers and smallholder farmers, as well as increasing productivity and diversifying rural economies and rural employment. To reach these

objectives, the land reform provided land restitution, land redistribution and the tenure reform. In particular, the Restitution of Land Rights Act of 1994 was thought for those who lost their land during Apartheid. Indeed, it “[...] provided that a person, a deceased estate, a descendant or a community that had been dispossessed of land rights as a result of past racially [sic] discrimination laws or practices after 19 June 1913 was entitled to lodge a claim for the restitution of such right [sic] by no later than 31 December 1998” (The Presidency 2014:pp.63). The Restitution of Land Rights Amendment Bill is still today before the Parliament with the aim to extend the date for restitution to 31 December 2018. In 1994, the Government introduced also the Land Redistribution Programme, so that those interested in buying land from a willing seller obtained a grant from the Government and had the chance to use land for both residential and agricultural production purposes. Government intended to transfer 30 percent of the 82 million hectares of agricultural land owned by whites in 1994 to blacks by 2014 with Land Restitution and Redistribution acts. With these reforms, Government redistributed 9.4 million hectares starting 1994 and a quarter of a million people benefited of it. This means that a progress since the end of Apartheid has been registered.

However, the land reform has not yet involved progress in economic and employment growth in the agricultural sector. Indeed, the black households involved in agricultural activities accounted for 24 percent of the total, and only a few commercial farms are possessed by black people. Another problem is the inadequate use of land, due to the lack of infrastructure and technical support. For this reason, in 2010 the Recapitalization and Development Programme (REPAC) was introduced with the aim to beneficiaries the economic support necessary to use land productively. One more issue linked to the underutilization of land is the resale of land by beneficiaries. To limit the resale rights some measures were put into effect with the Green Paper on Land Reform. Additionally, in 2004 there was the realization of a Comprehensive Agricultural Support Programme to improve productivity of smallholders. The results obtained were limited because the commercial farmers were not involved in developing emerging commercial farmers and, given that there was not a transformation in the commercial agriculture sector, the black smallholders had limited access to agricultural markets and trade opportunities. An increasingly coordination amongst the various departments involved in these programmes was necessary to give more support to black farmers and this was the object of the agricultural policy action plan. In 2002, Government introduced the Communal Land Rights Bill, which became the Communal Land Rights Act (CLARA) in 2004. With these two acts, the land-owing communities were provided with tenure rights protected by law, and communal land ownership was given to

communities who received land from the state. Finally, those whose tenure of land was insecure because of past discriminatory laws or practices, obtained suitable redress.

Despite the introduction of many reforms, progress was limited. This is confirmed by employment rate in agriculture sector. Indeed, it “[.] declined from 1.1 million in 1992 to 706,000 in 2013” (The Presidency 2014:pp.65). Causes were different: the vulnerability of the sector to global market fluctuations, the small size of the commercial farming sector and the consolidation of small farm units into larger farms, and mechanization of the agriculture. In addition, women are unable to access, own, control, and use and manage land, although the Constitution recognizes equal rights to women.

In conclusion, twenty years after Apartheid, land issues remain an unresolved problem. Indeed, the vast majority of fertile land is still owned by a few thousand white commercial farmers. On 1 July 2014, with the Restitution of Land Rights Amendment Bill, the Government wanted to continue the process of land restitution, which had been stopped in 1998. This law gives those who were dispossessed of their lands the opportunity to lodge claims to, and if the claimants are successful, they will get back their land or they will receive a financial compensation. However, it is difficult to put into effect this process, because of the lack of capital to sustain the new ownership and the inability of black people to keep the farms commercially viable. For this reason, many of those who won land claims are opting to take financial compensation, rather than their land. This could represent a problem for future generations, because the inequality and poverty issues will continue to exist.

3.2.2 Industrial policy

The industrial policy incentive regime was set between 1995 and 1998. According to Rustomjee and Hanival (2008:29), “all trade and industry support programmes underwent review and were restructured to provide support in three areas: competitiveness (through a range of supply-side measures), export marketing assistance and industrial investment promotion”. To reach these objectives some changes were necessary. To increase the competitiveness of South African industry, new incentive programmes were introduced, enhancing in particular the competitiveness of capital-intensive sectors. The industrial policy tried also to ensure an increasing use of South African natural resources in the local industry to stimulate employment and add value to their manufactured products. In order to promote competition, even the dominant market power abuse was reduced. Emergent enterprises were encouraged with new forms of ownership, especially through the so-called broad-based black

economic empowerment (B-BBEE), an act introduced in 2003. This had the aim to advance economic transformation and ensure a more consistent participation of black people in South African economy. To diversify the economy and foster industrialization the investments made by the industrial sector were focused on new industries and activities. Moreover, more attention was given to technology and innovation, as well as to emerging skills.

With the aim of halving unemployment and poverty by 2014, the National Industrial Policy Framework (NIPF) was adopted in January 2007. It set new approaches to industrialization in the context of the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA) through accelerated growth of GDP of at least 6 percent from 2010. The NIPF was followed by a series of three-year implementation plans called IPAP, which established in detail key actions and timeframes in the industrial development. Since 1994, South African economy registered a stable growth and in particular the automotive, clothing and textiles, film and television, business-process services, and metals and engineering industries showed important progress.

In conclusion, the latest Industrial policy Action Plan approved by the Government refers to the period 2014/15-2016/17. It focuses on the latest trends in the industrial production at a global and local level, in order to guarantee a more competitive position to South Africa. Therefore, the current industrial policy is meant to promote progress in computing, telecommunications and digital access within the manufacturing sector. Moreover, it is working to obtain an export strategy approach to support competitive industries and enhance their technical and scientific skills. Finally, to obtain better value for money, the need to a better-developed financial scheme in the industrial sector has been identified.

3.2.3 Trade policy

The trade liberalization process started in South Africa in the early 1990s, only after the decline of Apartheid regime. Until then South Africa was under a very complex trade regime, with many tariffs and extensive import controls. Indeed, Hviding (2006:134) states that “South Africa’s trade regime was [...] considered highly complex, with the highest number of tariff lines and widest range of tariff rates in the developing world”.

Thanks to the trade policy, introduced in the 1990s, trade sanctions were eliminated and the South African trade relations with the rest of the world were strengthened. In 1996, a tariff realization process began with the aim of reducing and simplifying the tariff structure.

Hviding (2006:134) explains that “the liberalization of the trade regime consisted of the replacement of quantitative restrictions with ad valorem tariff lines, a simplification of the tariff regime, accompanied by a gradual but significant reduction in tariff rates, and a phasing out of a substantial export subsidization scheme”. The tariffs on manufacturing goods were reduced from 21.0 percent in 1992 to 15.6 percent in 1997 and reached 11.5 percent in 2002. Table 3.9 shows the reduction in the number of tariff lines and all the quantitative restrictions eliminated between 1990 and 2002.

Table 3.9: Trade Regime
(In percent, unless otherwise indicated)

	1990	1998	2002
Manufacturing			
Maximum tariff	1,389	72	60
Average unweighted tariff	30	14	12
Standard deviation	43	18	13
Number of tariff lines	>13,000	7,814	7,909
Percent of tariff lines with non-ad-valorem duties	28	26	25
Import surcharge bands	10, 15, and 40	Eliminated	Eliminated
Agriculture			
Average tariff	25	9	10
Average import surcharge	8	0	0
Export subsidy	17	Eliminated	Eliminated
Export taxes			
Diamonds	15	15	15
Quantitative restrictions on imports	15	Virtually eliminated	Virtually eliminated
Quantitative restrictions on exports	Diamonds 21 agricultural goods	Diamonds	Unprocessed tigers eye
Memorandum items:			
Trade tax revenue as share of total revenue	7.9	4.0	3.5
Import taxes as share of imports	10.8	4.1	3.4
Export taxes as a share of GDP	0.3	0.0	0.0

Source: Hviding (2006:135)

In 1996, the United States granted the Generalized System of Preferences (GSP)²¹ status to South Africa, and this represented a significant recognition of the South African economic need for help by one of the major economic powers. An additional achievement was South Africa’s participation in many bilateral or regional trade agreements. The Southern

²¹ “The U.S. Generalized System of Preferences (GSP) is a program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 5,000 products when imported from one of 123 designated beneficiary countries and territories. Products that are eligible from duty-free treatment under GSP include: most manufactured items; many types of chemicals; minerals and building stone; jewelry; many types of carpets; and certain agricultural and fishery products” (Office of the United States Trade Representative)

African Customs Union provided tariff-free trade among South Africa, Botswana, Lesotho, Namibia and Swaziland and any preferential tariff was extended to all members of the Union. In 1994, South Africa became a member of the Southern African Development Community (SADC) and in 1996 it signed a trade protocol established to create a free-trade zone over eight years. In October 1999, South Africa signed a bilateral agreement with the European Union, which provided the liberalization of bilateral tariffs over a 12-year period. The following year thanks to the African Growth and Opportunity Act (AGOA), the United States made it possible for South Africa to freely access (through the duty-free entry) a range of manufactured products.

In conclusion, the trade liberalization increased South Africa's combined external trade, which has become an important part of the total GDP. Nowadays South Africa's exports to the EU are increasing and their composition are becoming more diverse. Indeed, South African exports include also manufactured products and not only commodity-based products. The main products exported to the EU are fuels and mining products, machinery and transport equipment as well as semi-manufactured goods.

3.2.4 Infrastructure

The economic infrastructure is relevant because of their impact on economic growth. With infrastructure investments, the availability of infrastructure services, as well as the amount of better services will increase. Therefore, there is an obvious link between infrastructure investment and economic growth. However, such investment could have some indirect effect on the economic growth of a country, i.e. an increase in workers' productivity, trade, competitiveness, regional integration and tourism. This section will start with a description of the economic infrastructure during Apartheid and it will continue focusing on improvements made in this sector by the first democratic government. It will end with a general overview of the progress made so far and the projects planned for the future.

From the early 1960s to the late 1970s, Government infrastructure investments grew significantly and the infrastructure realized during that period are still good. Much of the infrastructure provided during Apartheid was thought to increase racial segregation. Indeed, investments in infrastructure served mainly the white minority and the vast majority of consumption expenditure was used to favour only that part of the population, rather than the *whole* population. For this reason the homelands policy caused large expenditure in areas with a little economic value. Railway infrastructure were not improved and remained the same

since the 1930s, whereas paved roads, cargo handled at ports and electricity generation saw an increase in the 1970s, because of an increase in infrastructure spending.

Although investments in infrastructure represented a high percentage of total GDP during Apartheid, the infrastructure realized were often of poor quality, poorly located, under-maintained and ill-equipped for a modern economy. The new democratic government had to correct the imbalance in the infrastructure sector, reconciling its priorities with the country's needs for a better welfare system. Since 1994 up to the early 2000s, the Government tried to guarantee better social infrastructure through the provision of housing, schooling and healthcare and providing households with electricity grids and water networks. Those fiscal choices led to GDP growth rates, a wider income distribution and improved welfare and standard of living. The increasing use of infrastructure resulted in new demands for road, rail, port, water, electricity and telecommunications infrastructure.

Improvements were made in some of the key infrastructure sectors, such as electricity, transport, water and communications. To increase the availability of energy two new large coal-fired power stations with a pumped storage scheme have been planned. Moreover, to respect the Integrated Resource Plan (IRP), the current administration tried to convince the private sector to offer contracts to supply the national grid with renewable energy. However, many transmission network improvements would be necessary to provide connections to unelectrified households and to offer the possibility of growth in underdeveloped regions.

Transportation were affected by racial segregation during Apartheid, given that black people were allocated far away from business centers and transport infrastructure were so poor that for South African people did not have easy access to economic opportunities, social spaces and services. Once the pass laws (see section 2.2.2) were abolished, it became easier for black people to move and new settlement were built near cities. However, many steps are still necessary to guarantee new housing developments closer to people's job opportunities.

The democratic government gave priority to the delivery of water and sanitation services to the population because "in 1994 approximately 40 percent of households had no access to basic water supplies [...]" and "[...] approximately 50 percent of households lacked basic sanitation [...]" (The Presidency 2014:112). Since then, some important progress has been made. The percentage of households without access to water was reduced to 5 percent in 2012 and the percentage of households to which a basic level of sanitation was guaranteed increased from 50 percent in 1994-95 to 83 percent in 2011-12. However, South Africa is a water-scarce country, which negatively affects its economic growth. To remedy this situation, efforts are being made to improve and expand the water infrastructure all around the country.

The Lesotho Highlands Water scheme is one of the major project in this sense, which started in 1998 with the delivering of water to South Africa's industrial heartland. Another project approved by the Government provided the realization of a transfer tunnel to the Muela Hydroelectric Plant with the expansion of other infrastructure in Lesotho. These and other bulk water resource projects were possible thanks to the Trans Caledon Tunnel Authority (TCTA), an agency of Department of Water Affairs. Moreover, to improve the quality and quantity of South Africa's water supply it would be necessary to save water, prevent leakages, reduce pollution and maintain waste water plants.

According to a European Commission report, infrastructures of good quality are necessary for a sustainable development. With efficient transport, sanitation, energy and communications systems, it would be possible to guarantee a decent standard of living to the whole population. (Kumo 2012:5). The current South African transport infrastructure is well-developed and modern. In particular, the air and rail networks are the most developed in the whole country and the roads are still in good condition. Moreover, the ports of South Africa enable the country to maintain commercial relationships with Europe, the Americas, Asia, Australasia and both costs of Africa. In the telecommunication sector, a significant development has been recorded. In particular, the South Africans with a mobile phone are today 2.9 million and the internet users continue to increase.

In conclusion, it is important to outline the main projects planned in this sector for the future. South Africa's government has projected to invest in improving the country's roads, railways and ports, given its strategic contribution to the economic growth. With regard to the energy sector, an ever-increasing demand for electricity has been registered, given that the South African economic growth is principally concentrated on the industrialization. To satisfy such demand for electricity, South Africa has embarked on a massive programme, which involve the collaboration between the Government's Department of Energy and Eskom, the state-owned company responsible for the vast majority of energy generation and distribution. Moreover, the Government's Department of Energy and Eskom are working also on renewable energy programmes, supporting sustainable green energy initiatives, the future of energy production. Finally, an important sector in which South Africa is investing is the number of undersea connecting cables, which make possible the connection between South Africa and the rest of the world. Future projects have to do with the Africa coast to Europe cable (between France and South Africa) and the South Atlantic Express Cable (among South Africa, Angola and Brazil).

3.2.5 Fiscal and monetary policy

South African public financing saw many changes since 1994. One was an increase of debt as part of GDP. Indeed, in the period 1995-2004 years it reached the highest level since the 1960s. In the same period, the deficit level decreased from 5.4% to 2.5 %. Expenditure as part of GDP saw an important increase from 18.4% in the 1960s to 26.4% in the first decade after 1994²². Even the consumption expenditure by the Government increased significantly, which was focused mainly on education, health and their associated supplies and equipment. Table 3.10 shows how the main indicators of fiscal policy have changed between 1960 and 2004.

Table 3.10: Trends in fiscal policy variables and GDP, 1960-2004

Period average	1960-1969	1970-1979	1980-1989	1990-1993	1995-2004
<i>As percentage of GDP</i>					
Debt	44.7%	39.7%	32.4%	39.0%	45.2%
Deficit	-2.5%	-4.5%	-3.3%	-5.4%	-2.5%
Consumption	11.1%	14.2%	17.4%	20.0%	18.7%
Expenditure	18.4%	23.7%	25.6%	28.7%	26.4%

Source: Ocran (2009: 3)

It is important to consider the context in which the fiscal policy was introduced. In 1994, the international environment was hostile, the economy was emerged from severe recession and drought, investment levels were very low and manufacturing sector had lost many jobs. In table 3.11, it is possible to observe the annual GDP growth since the 1960s. Looking at the data, the presence of a long-term structural weakness in the country is clear.

²² Source: Ocran 2009

Table 3.11 The unwinding of economic growth

Annual average GDP growth	
1960s	5.7 %
1970s	3.3 %
1980s	1.5 %
1990 to 1993	-0.4 %
1994 to 2003	2.8 %

Source: Naidoo, Willcox, Makgetsi and Stott (2008:5)

However, globalization put pressure on South Africa to obtain a reform of the fiscal policy, with a deficit reduction, a tax reform and the reconstruction of public enterprises. A fundamental problem was the democratic government’s lack of credibility in the area of economic management. “[T]he perception of many international and domestic investors was that the ANC would adopt socialist economic policies that would result in rising tax rates, rising interest costs and increased state intervention in the economy” (Naidoo, Willcox, Makgetsi, Stott 2008:5). The country itself had also to face some internal economic issues. In the mid-1980s, South Africa started to register a decline in the fertility rate due to a rapid urbanization, a breakdown in subsistence agriculture and higher level of education. Consequently, the growth rate of the population declined except for working-age people, who registered a rapid increase in number. The problem was that in the short-term the school population with the working age population were increasing much faster than the overall rate of population growth.

To find a solution to all economic problems, the new government looked at how Europe and the US had overcome respectively the Second World War and the Great Depression. Europe and the US adopted a demand-driven approach to restart the economy. With infrastructure programmes, more public investments, an increase in public sector employment and higher social security spending, the South African economic situation will improve. The Reconstruction and Development Programme (RDP) was meant to increase the delivery of social goods (the construction of a million houses, the provision of water and electricity, employment in education health and policing and a land reform). The RDP programme was based on the idea that the government should drive up domestic demand, so that the same would happen with the investment rate and employment rate. However, the

foreign lenders were not interested in the South African economy because of debts of the new government and therefore borrowing from other countries appeared to be risky and expensive. Moreover, the public service was unable to provide a massive investment programme and finally, the South African suppliers were unable to respond to the increased demand when public spending rose with the domestic demand.

To solve the economic problems, programmes such as reducing the level of taxation with the budget deficit and increasing the public spending on infrastructure the Growth Employment and Redistribution strategy (GEAR) were adopted. GEAR was a macroeconomic strategy, which involved some microeconomic reforms on the basis of three main assumptions. The first one was the idea that the current account deficit was a binding constraint to faster growth; the second considers the low level of domestic savings as an obstacle to increasing the level of investment; and the last one attributes the low level of savings to the government's deficit and tax policies.

However, the Government was not successful: despite reductions in tax rates, the tax to the GDP ratio did not decrease and the spending of infrastructure was reduced from about 4 percent of GDP to 2 percent. On the other hand, the deficit decreased significantly, providing new resources to the government.

Finally, the government tried to modify the fiscal policies in order to be in line with the new Constitution. Therefore, provinces obtained more power and were able to decide how to use their own budget. Financial management was modernized with the Public Finance Management Act, with which three year budgeting was introduced, and the new focus of public financial management turned out to be outputs.

3.2.6 Environmental sustainability

According to the "South African Human Development Report 2003", "Environmental sustainability implies avoiding the overexploitation of renewable resource systems and maintaining the integrity of systems providing environmental sink functions. It also implies prudence when depleting non-renewable resources and only to the extent that investment is made in adequate substitutes" (South African Human Development report 2003:124).

During Apartheid, the majority of Africans were deprived of the right to own land and forced to live in homelands, where land was owned by the state. The productive capacity of land in the homelands was damaged by the presence of millions of people. In many cases, land was occupied by traditional leaders without magistrate permits, which caused the loss of

the land's productivity together with natural assets necessary to guarantee population sustainability.

At the end of Apartheid, with regard to environmental sustainability, three problems were recognized. The first issue was the dependence of the South African economy on the resource extractive industries, which exacted a heavy toll on the natural environment. A second problem was the South African industry dependence on low energy prices. Indeed, South Africa depended mainly on electricity from coal power, one of the major cause its environmental problems. The third issue was the lack of efficient equipment in terms of energy use and waste disposal. That is high pollution levels and lack of energy from renewable resources. Moreover, intensive agriculture had a bad impact on the environment and caused soil degradation, the pollution of waterways and underground water sources with consequent loss of biodiversity. The situation was even worse in the homeland areas, where soil degradation and erosion were consequences of overcrowding and poverty. Other environmental problems, such as deforestation and soil erosion, was the consequence of the collection of wood, due to the use of traditional methods of energy for cooking and heating in the black townships. This situation was the direct effect of the lack of access to water, electricity and sewerage facilities among black people.

Only with the 1996 Constitution, it was established that “everyone has the right to an environment that is not harmful to their health or well-being” (South Africa Human Development Report 2003:129) and that the government had the responsibility for “taking reasonable legislative and other measures that prevent pollution and ecological degradation; promote conservation; and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development” (South Africa Human Development Report 2003:129). In 1998, these principles were translated into legal provisions by the National Environmental Management Act (NEMA), which regulated the legislation for environmental governance in South Africa. NEMA introduced the key principle of sustainable development: a people-centred, integrated and participatory approach to development. Another policy about the environmental sustainability was the Department of Environmental Affairs and Tourism's policy on pollution and waste management, which was a statement focused on the need of waste prevention rather than waste control. Its goal was to integrate environmental considerations with social, political and development needs.

With regard to renewable energy, the Department of Minerals and Energy Affairs' statement was introduced. According to the document, renewable energy produced from sustainable natural resources could give a contribution to sustainable development, industry,

the economic growth and the environment. However, the provision of renewable energy was limited by high social and economic priority programmes, thought to provide services to disadvantaged communities. Therefore, there was a discrepancy between incentives for clean energy and the needs of historically disadvantaged households.

Over the last twenty years, the relationship between economic growth and environmental degradation has become a global issue. Since 1994, the South African planning system has changed its priorities because of the globalization's influence, and the incorporation of sustainable development principles in policies and legislation.

3.3 Development projects

This section will provide a brief analysis of the main development projects introduced by the new democratic government to overcome the economic and social weaknesses that South Africa had at the end of the Apartheid. It will start with the Millennium Development goals (MDGs) Declaration, a development programme addressed to all United Nations members. It will proceed with a description of the Reconstruction and Development Programme (RDP), the first concrete development programme introduced by the South African government. This section will then focus on the Growth, Employment and Redistribution policy (GEAR), the Accelerated and Shared Growth Initiative for South Africa (ASGISA) and it will end with the New Growth Path (NGP). At the end of the description of each development programme, an analysis of the progress and failures made since their adoptions will follow.

3.3.1 Millennium Development Goals

The focus of this section is on a development project born to solve the problem of extreme poverty and to overcome the many forms of deprivations that influenced negatively all societies for millennia. The first part of this section will describe the Millennium Development Goals (MDGs) Declaration, which came from the UN Millennium Declaration, adopted at the conclusion of the Millennium Summit of the United Nations on 8 September

2000²³. An analysis of the South African situation with regard to each goal and the results obtained since 2000 onwards will follow.

The Millennium Development Goals is a project comprising eight goals, which have to be achieved by 2015 by all 191 UN member states. The eight goals were identified as the minimum commitment to the global development agenda, with the aim of guaranteeing minimum standards necessary to meet the development needs of the population of each country. Table 3.12 provides a list of the eight goals and their short-term objectives.

Table 3.12 The Millennium Development Goals

MDG goals	Target
Goal 1: Eradicate extreme hunger and poverty	<ul style="list-style-type: none"> • Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day; • Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
Goal 2: Achieve universal primary education	<ul style="list-style-type: none"> • Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
Goal 3: Promote gender equality and empower women	<ul style="list-style-type: none"> • Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.
Goal 4: Reduce child mortality	<ul style="list-style-type: none"> • Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
Goal 5: Improve maternal health	<ul style="list-style-type: none"> • Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
Goal 6: Combat HIV/AIDS, Malaria and	<ul style="list-style-type: none"> • Have halted by 2015 and begun to reverse the spread of HIV/AIDS; • Have halted by 2015 and begun to

²³ It was a three-day summit held at New York, which gathered all major world leaders. The Declaration was the document written during the summit and contained the values, the principles and the objectives established for the 21st century international agenda.

other diseases	reverse the incidence of malaria and other major diseases.
Goal 7: Ensure environmental sustainability	<ul style="list-style-type: none"> • Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources; • Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation; • Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers.
Goal 8: Develop a global partnership for development	<ul style="list-style-type: none"> • Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system; • Address the special needs of the Least Developed Countries; • Address the special needs of landlocked developing countries and small island developing states; • Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

A brief description of each goal will follow, focusing on the main objectives set in the document and for each of them it will be provided a description of the partial progress made until today by South Africa.

Goal 1: Eradicate extreme poverty and hunger

According to the World Bank²⁴, South Africa is considered a middle-income country. Indeed, “the international poverty lines fall within 10 and 30 percent of population range, compared to other poorer countries where these lines are more centrally located” (MDG Country Report 2005:11). Figure 3.13 provides a list of the main poverty indicators and shows that in 2000, 11 percent of people were living with less than US \$ 1 a day, and 34 percent with less than US \$ 2 a day.

²⁴ Source: <http://data.worldbank.org/country/south-africa>

Fig. 3.13: Summary of international poverty and inequality measures for South Africa: 2000

INDICATOR	2000	Target	Progress towards target
Proportion of population living below international poverty line of US\$1/day (or R87/month)*	11.3 %	5.7 % by 2015	Attainable
Proportion of population living below international poverty line of US\$2/day (or R174/month)*	33.4 %		

Source: MDG Country Report 2005:11

However, South Africa evaluates its poverty level not only focusing on monetary aspects, but also on basic needs, such as the provision of better infrastructure, and the access to clean water and electricity. Moreover, it includes also the creation of opportunities for all, as clinic services, free primary health care and compulsory education for those aged 7-15 years. Generally, South African households saw improvements in access to electricity, piped water, telecommunications and infrastructure even before the MDG declaration was written. These improvements are outlined in table 3.14, which shows the progress made between 1995 and 2000 among those who lived with less than \$ 1 a day. However, with regard to sanitation, levels of access remained constant and the cause of this is attributed to rapid changes in demographics and migration trends.

Table 3.14: Changes in Household access to Basic Services by poverty group: 1995 and 2000

Percentage of households with access within each poverty group*				
Basic Service	Year	Less than US\$1/day*	Less than US\$2/day*	All households
Public electricity	1995	20	26	60
	2000	31	42	70
Piped water	1995	45	52	76
	2000	48	59	82

Sanitation facility	1995	57	68	85
	2000	57	67	85
Telecommunications	1995	1	3	26
	2000	5	10	36

* Household per capita expenditure

Source: MDG Country Report 2005:13

Although South Africa has been living in a democratic regime for 20 years, it is still facing its long-standing issues, such as poverty, inequality, unemployment and hunger. Indeed, according to the United Nations, in 2010, 1.2 billion people were living in extreme poverty. Even if a significant reduction since 1990 has been registered, the poverty rate is still considerably high. The policy adopted by South Africa to achieve the first MDG goal was the provision of a social wage package, with the aim of reducing the cost of living to poor people. Table 3.15 provides a list of the main indicators used to verify how much progress has been made so far.

Table 3.15 Eradicate extreme poverty indicators

INDICATORS	BASELINE	CURRENT STATUS	2015 TARGET	TARGET ACHIEVABILITY
Proportion of population below \$ 1.00 (PPP) per day	11.3 (2000)	4 (2011)	5.7	Achieved
Proportion of population below \$2.00 (PPP) per day	33.5 (2000)	20.8 (2011)	16.8	Likely
Gini coefficient	0.70 (2000)	0.69 (2011)	0.3	Unlikely

Source: MDG Country Report 2013:25

Despite the decline in poverty gap between the richest and the poorest, the level of inequality has remained relatively high in South Africa. Indeed, the Gini coefficient has remained at around 0.7 since 2000 and for this reason South Africa is still one of the countries with the highest level of social inequality in the world. Therefore, only the target of completely eradicating extreme poverty among workers is considered achievable. This means that the extreme poverty issue has been solved only partially, given that the percentage of unemployed people has remained around 41-45%.

In addition, the first goal is meant to reduce the number of people suffering from hunger. The following table provides an image of the situation in South Africa before the MDG Declaration was written, with regard to three main indicators: the underweight prevalence among under-five children, the percentage of children showing wasting and the percentage of children showing stunting.

Table 3.16: Summary National Hunger Statistics, 1994-1999

Indicator	1993	1998
Prevalence of underweight children under-five years of age	13.2	12.6
Percent of children showing wasting	7.8	6.5
Percent of children showing stunting	30.4	28.2

Source: MDG Country Report 2013

By observing the value registered by the same indicators in 2008, it is possible to notice some progress. The MDG Country Report of 2013 reported a declining rate of stunting amongst children to 23.9% in 2008. Wasting levels reached 4.6% and the levels of underweight decreased to 8.7%. Therefore, under this aspect, the South African situation is very similar to the situation of many other emerging economies. Table 3.17 shows the achievements reached so far, as a result of the global increase of food and fuel prices and the influence of the financial crises.

Table 3.17 Hunger indicators

INDICATORS	BASELINE	CURRENT STATUS	2015 TARGET	TARGET ACHIEVABILITY
Percentage of people who report experiencing hunger	29.9 (2002)	12.9 (2011)	15	Achieved
Prevalence of underweight children under 5 years of age	13.2 (1993)	8.3 (2008)	4.7	Likely

Source: MDG Country report 2013

Goal 2: Achieve universal primary education

This goal was meant to guarantee a full course of primary schooling to all boys and girls by 2015. In South Africa, education was declared compulsory for almost all children aged 7 to 15 years and significant progress in access to education had already been made at the end of Apartheid. Indeed, “since 1996, the primary net enrolment ratio (NER) for children aged 7 – 13 (grades 1 to 7) has increased, from 88 % in 1996 (Census 1996) to 96 % in 2004 (Labour Force Survey, March 2004)” (MDG Country Report 2005:15).

It is possible to observe improvements also among those who continued to attend school even after the primary school. In 1996, 81 percent of those aged 17 years completed primary school or reached higher level of education. Moreover, between females and males, the literacy rates were quite similar, because of the equal probability of enrolment of females and males in the school system.

However, in the 2001 Census, “the number of eligible children aged 7 – 15 years not attending school was estimated to be 582,000 or 6.5% of a total of 9 million children in this age group [...]” (MDG Country Report 2005:19), despite all the progress made in this domain. Failure to attend school depended on many issues, such as affordability, age (too old to start school), distance to the nearest school, illness and child labor. (The Survey of Activities of Young People in South Africa (SAYP) reported that in 1999, 3% of 13.4 million children aged 5-17 years were working). Additionally, despite the improvements made in guaranteeing

an equity level among races in education, poor learning conditions remained in the most disadvantaged schools during Apartheid, especially in terms of infrastructure and resources.

The MDG Country Report of 2010 concluded that the second MDG goal had already been achieved, even before 2015. For this reason, in that report the maximization of the target fixed was encouraged, concentrating on educational transformation and improvements in educational quality. Table 3.18 reports the Adjusted Net Enrolment Rate (ANER) data for the 2008-2011 period, outlining the differences between males and females, which started to decrease in 2002 and currently is less than 0.5 percentage.

Table 3.18 Adjusted Net Enrolment Rate in primary education by year

	2008	2009	2010	2011
MALE	98.0	98.8	99.0	98.9
FEMALE	98.3	99.0	99.1	99.2
NATIONAL	98.1	98.9	99.1	99.0

Source: MDG Country Report 2013:41

In conclusion, results achieved by South Africa in education are fairly good by international standards and indicated an efficient school system. However, the situation is different, with regard to secondary education. Indeed, only 43.9% of learners completed secondary education and, by international standards, this level is relatively low. Therefore, the main challenge that South Africa will face in the following years regards the underperformance of those who desire to complete their school careers.

Goal 3: Promote gender equality and empower women

The promotion of gender equality is linked to the primary school enrolment and all levels of education. The first target should be reached by 2005, the second one by 2015. In the 1990-2001 years, the number of girls and boys enrolled in primary school was roughly the same. Table 3.19 shows the principle indicators to make a comparison between the number of males and females enrolled in school. It also indicates the targets fixed by MDG Declaration, showing which ones were attained even before the end of 2005.

Table 3.19 Summary of gender statistics

INDICATORS	BASELINE	YEAR	2015 MDG TARGET	PROGRESS TOWARD TARGET
Ratio of girls to boys in:				
PRIMARY EDUCATION (girls per 100 boys)	98:100 (1994)	96:100 (2001)	Equal access to primary education for girls and boys	Have already attained target
SECONDARY EDUCATION (girls per 100 boys)	118:100 (1994)	112:100 (2001)	Equal access to primary education for girls and boys	Have already attained target
TERTIARY EDUCATION (girls per 100 boys)	92:100 (1996)	116:100 (2003)	Equal access to secondary education for girls and boys	Have already attained target
Ratio of literate females to males (15-24 years)	111:100 (1996)	109:100 (2003)	Equal female to male ratios	Have already attained target

Source: MDG Country Report 2005:20

South Africa has reached gender equality targets in educational system, with a good performance also on international indicators. Indeed, according to the MDG Country Report 2013, the primary gender parity index (GPI) remained constant between 1996 and 2011. At the secondary level instead, there was an increase of GPI only after 2007 and in 2011, it was 1.07. Similarly, in the tertiary education system the gender ratio was in favor of women, who reached 57.9% of the total students in 2011.

This goal was meant to reduce gender disparity in the non-agricultural sector and in the national parliament. In table 3.20 it is possible to observe that the inequalities between males and females were more marked in employment than in school enrolment.

Table 3.20 Summary of gender statistics

INDICATORS	BASELINE	YEAR	2015 MDG TARGET	PROGRESS TOWARD TARGET
Share of women in wage employment in the non-agricultural sector	41 % (1996)	43% (2001)	Equal access to employment	Slow
Proportion of seats held by women in national parliament	25 % (1994)	33 % (2004)	Equal access to public office	Potentially should reach target

Source: MDG Country Report 2005:20

As the MDG Country Report 2005 shows in figure 3.20, the share of females in wage employment was lower than the share of males in the non-agricultural sector. However, in 2012 the share of women in the non-agricultural sector wage employment reached 45%²⁵. This is an important indicator of the improvements achieved in gender equality. On the other hand, even if only in part, the disparity in Parliament seats had already been overcome in the first democratic elections. Indeed, there was a 30 percent quota of women in the party list of the ANC. The situation continued to improve slightly in the following years. In mid-2003, the percentage of women among the National Assembly members reached 32% and increased to 33% in late 2004.

However, despite all progress made so far, it is not possible to declare that South Africa has reached gender equality. Indeed, women are still paid less than men, and violence against women is still a very serious problem in South Africa, even if there are no reliable data available on it. In conclusion, to reach the targets fixed by the MDG Declaration, improvements should be registered also in these two domains.

Goal 4: Reduce child mortality

The fourth goal is the reduction of under-five mortality rate by two-thirds between 1990 and 2015. Levels of childhood mortality reflect the efficiency of the health system, as well as the socio-economic development of a country. The importance of infant and child mortality is linked to its impact on life expectancy. Obviously, with a high level of infant mortality, the life expectancy tend to remain low.

²⁵ Source: MDG Country Report 2013:56.

Figure 3.21 shows that infant mortality rate and under-five mortality rate remained quite the same between 1998 and 2002. It also includes the target set by the MDG Declaration.

Fig. 3.21 Summary of indicators related to child mortality

INDICATORS	1998	2002 (Preliminary)	2015 MDG target
Infant mortality rate (per 1 000 live births)	45	44	15
Under-five mortality rate (per 1 000 live births)	59	60	20

Source: MDG Country Report 2005:26

An area in which South African interventions have been successful is the mother-to-child transmission of HIV. Indeed, the Medical Research Council Report demonstrated that the national HIV mother-to-child transmission rate decreased to 2.7% in 2011. But despite the positive results achieved, many other interventions are still necessary to reach the target established by MDG Declaration of 29 deaths per 1,000 live births. Table 3.22 provides a clear image of the main indicators used to calculate the child mortality rate, their current status and the target established for each of them.

Table 3.22 Reduce child mortality indicators

INDICATOR	BASELINE	CURRENT STATUS	2015 TARGET	TARGET ACHIEVABILITY
Under 5 mortality rate (per 1,000 live births)	59 (1998)	53 (2010)	20	Likely
Infant mortality rate (per 1,000 live births)	54 (1998)	38 (2010)	18	Likely

Source: MDG Country Report 2013

Remarkable progress has also been made in the efforts to immunize under-one-year old children since 2003. To reduce child mortality and illness from vaccine-preventable diseases, the Expanded Programme on Immunisation (EPISA) programme was introduced. The objectives established for 2005 were “attain 90 % full immunization coverage amongst children at 1 year of age by 2004; vaccinate 90 % of children against measles; achieve a less than 10 % drop out rate between measles 1 and 2 doses and eradicate polio” (MDG Country Report 2005:27). Thanks to EPISA, there was an increase of one-year children immunized against measles from 72 % in 1998 to 82 % in 2002. In 2011, according to the MDG Country Report 2013, the percentage of children under-one-year old children in health facilities increased to 93%.

In conclusion, it seems possible that South Africa could achieve the target set by the MDG Declaration by 2015. This is in particular the consequence of the success obtained by the mother-to-child campaign of prevention.

Goal 5: Improve maternal health

In the 1992-1998 period, the maternal mortality ratio was 150 deaths per 100,000 live births. The Confidential Enquiry into Maternal Deaths revealed that the main causes of mortality among women turned out to be related to complications during pregnancy and childbirth, especially in many less developed countries²⁶. The National Department of Health established as a goal for 2005 the reduction of maternal mortality by 25%, and by 50% by 2015, excluding deaths due to HIV/AIDS.

In the period 1997-2003, an increase of maternal mortality ratio has been registered. According to the MDG Country Report 2013, the trend of maternal mortality rate was at first of an increasing death rate (from 133 maternal deaths per 100,000 live births to 312 maternal death cases) until year 2009, when the opposite trend started to be observed. Indeed, in 2010 a significant decrease to 269 maternal deaths per 100,000 live births was registered. Figure 3.23 shows how the situation changed since the adoption of the MDG Declaration and which is the target set by 2015.

²⁶ It is important to consider that often births in South Africa are not registered in the year in which they occur; they are registered when a child starts to attend school. For this reason, there could be an underestimation of births and therefore an overestimation of the maternal mortality ratio.

Fig.3.23 Improve maternal health indicators

INDICATORS	BASELINE	CURRENT STATUS	2015 TARGET	TARGET ACHIEVABILITY
Maternal mortality ratio (per 100,000 live births)	150 (1998)	269 (2010)	38	Unlikely

Source: MDG Country Report 2013

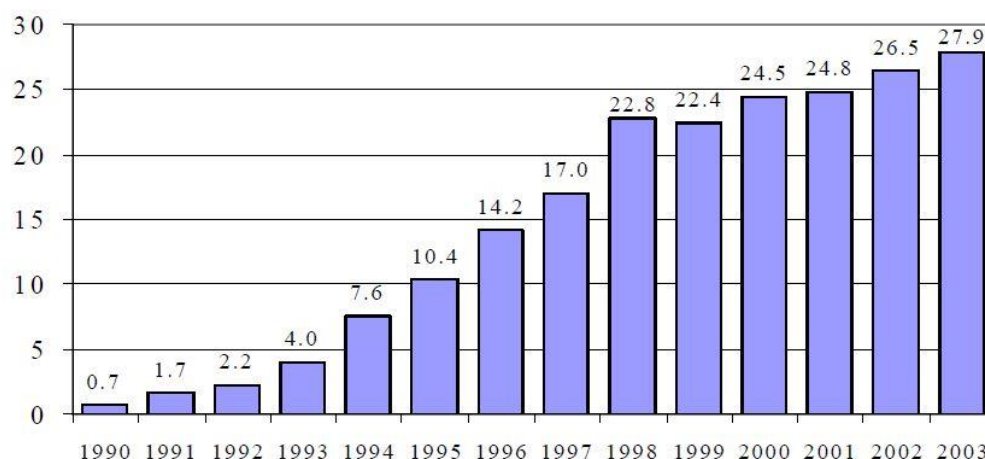
In conclusion, it seems difficult that South Africa could manage to reach the target set for the maternal mortality rate by 2015, although some progress has been made. The aspects on which the country should concentrate to improve its health care system are transport facilities, as well as health care facilities and provision of appropriate training staff.

Goal 6: combat HIV/AIDS, malaria and other diseases

Goal 6 is to halt and reverse the spread of HIV/AIDS, malaria and other major diseases by 2015. As figure 3.24 shows, between 1990 and 1998, HIV levels increased exponentially, even if a gradual stabilization was registered. Also, the antenatal survey estimated that by the end of 2003 at least 4 million South Africans would be HIV-positive (i.e. a higher percentage than the 2002 estimate²⁷) and that, among women aged 15-49, HIV prevalence would be higher than among men. Indeed, the HSRC Study of HIV and AIDS showed that there are many biological, social and circumstantial factors that causes a higher presence of HIV-infected among women than men (MDG Country Report 2005:37).

²⁷ Source: MDG Country Report 2005:36

Fig. 3.24 Prevalence of HIV among antenatal care attendees aged 15 – 49 in South Africa, 1990 – 2003 (%)



Source: MDG Country Report 2005:34

According to the MDG Country Report 2013, in 2012 5.6 million people were living with HIV/AIDS infection, the largest proportion of infected population all over the world. With this epidemic, also the possibility to achieve many other development goals, such as reduce child mortality and improve maternal health, has been reduced. HIV infection turned out to be associated with sexually transmitted diseases. For example, since 1990, syphilis prevalence was tested among pregnant women during the antenatal clinic (ANC) survey, demonstrating the presence of a high percentage of ill women until 2000. However, recently results registered showed a decline in syphilis prevalence.

To fight HIV infections, the South African Comprehensive Programme was introduced. It included a strengthening health system, a full package of care for infections, the provision of security food packages and multi-nutrient supplementation as well as the provision of antiretroviral drugs²⁸. The improvements in the antiretroviral drugs provision started in 2004.

Despite the introduction of National TB Control Programme (NTCP) in 1996, another important cause of the increase in the mortality rate between 1997 and 2002 was tuberculosis and specifically respiratory tuberculosis. In 2002, the cases of death due to tuberculosis were 224,420, an increase of 16% from 2001.

²⁸ “Standard antiretroviral therapy (ART) consists of the combination of at least three antiretroviral (ARV) drugs to maximally suppress the HIV virus and stop the progression of HIV disease”(http://www.who.int/hiv/topics/treatment/en/). The prevention of HIV infection is particularly recommended for pregnant women, young children and key population exposed to HIV risk.

South Africa registered also a high level of deaths because of malaria. In the late 1990s, 64,222 infection cases were registered and in 2000, 458 deaths were caused by malaria. The main causes of malaria increase were probably climatic conditions, parasite drug resistance and insecticide resistance. Between 2000 and 2004, the reported cases of malaria decreased, maybe as a result of a combination drug therapy in Kwazulu-Natal and Mpumalanga, the reintroduction of DDT (as an effective insecticide), and malaria control with Swaziland and Mozambique. For the 2004-2009 period, the Department of Health established that defeating malaria had to be a priority, and therefore, the rate of malaria cases had to lower to 0.5%. Since then, South Africa made significant progress. Indeed, the incidence of malaria decreased from 147.9 per 100,000 population in 2000 to 13.4 per 100,000 in 2012. Table 3.25 describes the three main causes of death in South Africa and the progress made since the adoption of the MDG Declaration.

Table 3.25 HIV/AIDS, malaria and other diseases indicators

INDICATORS	BASELINE	CURRENT STATUS	2015 TARGET	TARGET ACHIEVABILITY
HIV prevalence among population aged 15-24 years (%)	9.3 (2002)	7.3 (2012)	4.2	Likely
Death rates associated with tuberculosis per 100,000 population	147 (2002)	49 (2011)	< 147	Achieved
Death rates associated with malaria per 100,000 population	459 (2000)	72 (2012)	229	Achieved

Source: MDG Country Report 2013

Goal 7: ensure environmental sustainability

Goal 7 addresses the integration of the sustainable development principles in the country policies and programmes and the reduction of the loss of environmental resources. After Apartheid, a significant ecological damage emerged due to massive deforestation, soil

erosion, loss of biodiversity, as well as damaged rivers and wetlands. Therefore, the policies introduced during the peaceful transition had the objectives of ensuring sustainability and an equal access to resources. Many areas were proclaimed protected to ensure their conservation, with a view to expanding the protected areas to 8% in the terrestrial environment and to 20% in the marine area by 2010.

Additionally, to respect the principles of sustainable development in the country, a renewable energy sector was implemented. With regard to carbon dioxide emissions, South Africa took part in the United Nations Framework Convention on Climate Change (UNFCCC) in 1997 and became a member of the Kyoto Protocol in 2002.

This goal concentrates also on the population’s access to safe drinking water and basic sanitation. The Department of Water Affairs and Forestry (DWAF) observed that by 2005, “the percentage of people without access to basic services has been halved since 1994 [...] and the percentage of people without any access to an improved water source has been reduced even further[...]” (MDG Country Report 2005:50). With regard to sanitation, the DWAF reported that only 65.3% of the population had access to it. However, in the 2011 Census, the percentage of the population with access to improved drinking water resources accounted for 90.8% (see table 3.26).

Table 3.26 Environmental sustainability indicators

INDICATORS	BASELINE	CURRENT STATUS	2015 TARGET	TARGET ACHIEVABILITY
Proportion of population using an improved drinking water source (%)	76.6 (1996)	90.8 (2011)	88.3 (2015)	Achieved
Proportion of population using an improved sanitation facility (%)	49.3 (1996)	66.5 (2011)	74.65	Likely

Source: MDG Country Report 2013

In conclusion, MDG Country Report 2013 demonstrates that South Africa reached only one of the targets fixed for this goal. Indeed, the proportion of the population without sustainable access to safe drinking water has been halved. However, with regard to sanitation, many improvements have been made so far, but the target set has not already been reached. Therefore, South Africa should continue to concentrate on this domain.

Goal 8: Develop a global partnership for development

The last goal gives priority to the necessity of an international effort to reach all the MDGs' goals. In particular, it focuses on many aspects specifically related to the conditions of less developed countries. It is meant to develop a nondiscriminatory trading and financial system, as well as make the debt problems of the developing countries sustainable in the long-term.

In this sense, South Africa collaborated with G8 members to work on a Plan of Action to develop the country, and it is involved in the promotion of South-south cooperation to guarantee an equitable global development. It is a member of the India Brazil South Africa Dialogue Forum (IBSA), which is an instrument used to facilitate the political consultation and co-ordination, as well as to strengthen the co-operation in sectoral areas between all members and the countries of the South.

This goal stresses the link between the MDGs' goals and the access to markets in industrial countries. For this reason, South Africa participated in the G 20, which is especially focused on the elimination of export subsidies and trade-distorting domestic support and it tried to extend the economic relationships among African countries. Moreover, South Africa participated to the Southern African Development Community (SADC) and the Southern African Customs Union (SACU). Finally, South Africa played an active role in the work of the Commission for Africa, established by UK Prime Minister Tony Blair, "[...] which calls on wealthier nations to double aid to poor African countries to \$ 50 billion by 2015, reduce agricultural subsidies, and cancel the debt owed by impoverished countries" (MDG Country Report 2005:62).

More recently, South Africa has developed important strategic linkages through its inclusion in the BRICS in 2011, obtaining the chance to cooperate with other major developing countries. Moreover, according to the 2013 MDG Country Report, since 2010 South Africa managed to ensure the increase of GDP, even if it is still below the required levels.

In conclusion, South Africa should continue to maintain the level of development reached so far in those sectors in which its interventions were successful, whereas it should

try to implement its efforts in those fields in which it appears to be still underdeveloped. In particular, South Africa should invest more energies on health system and welfare services.

3.3.2 The Reconstruction and Development Programme (RDP)²⁹

The Reconstruction and Development Programme was chosen as the first socio-economic programme to rebuild the economy of the country after years of Apartheid, economic isolation and financial sanctions. It was part of the African National Congress (ANC) platform and therefore, it was introduced when the ANC won the 1994 elections. This policy aimed to overcome the social, economic and spatial inequalities inherited from Apartheid. Indeed, South Africa needed a programme to overcome the deep division among its people caused by its history of colonialism and Apartheid. Some people lived in developed suburbs and enjoyed a high standard of living, while many lived in poor conditions even without basic necessities, such as homes, jobs, land, medical care and education.

The Reconstruction and Development Programme (RDP), introduced in 1994, was the conclusion of the consultation among the ANC-alliance and other mass organizations with a whole range of nongovernmental organizations and research organizations. It was focused on many social and economic problems, such as violence, lack of housing, lack of jobs, inadequate education and healthcare, lack of democracy and a failing economy. The RDP was born from the idea that all these issues were connected.

The main objective of RDP was to conclude the Apartheid era, building a democratic, non-racial and non-sexist country and it was based on six principles.

- It was an integrated and sustainable programme, made by coordinated policies and strategies at national, provincial and local levels.
- It was a people-driven process. The RDP recognized that people, with their aspirations and collective determination, are the main resources of a country.
- It was meant to guarantee peace and security for all.
- It was based on a Nation-building principle, meant to ensure the realization of a country without any kind of separation or inequalities among South African people.
- It tried to create a link between reconstruction and development with an infrastructural programme.

²⁹ This section draws on the following sources: African National Congress (1994) and *Nelson Mandela Org* website (<http://www.nelsonmandela.org/omalley/index.php/site/q/03lv02039/04lv02130/05lv02120/06lv02126.htm>).

- It aimed at the democratization of South Africa, in order to involve people in the decision-making process.

The RDP tried to draw attention especially to South African people, focusing on their needs and their resources. To this end, it was essential to treat all people fairly and equally, in order to ensure peace and security. To rebuild the country the RDP established five key programmes: meeting basic needs, developing our human resources, building the economy, democratizing the state and society, implementing the RDP. A brief description of all key programmes and the different interventions included in each of them will follow. After this general overview, also an evaluation of the results reached after the RDP's adoption will be provided.

1) **MEETING BASIC NEEDS:** The priority was given to all basic needs necessary to reconstruct family and community life - jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care and social welfare. The failure to meet basic needs was contributing to increasing the poverty of the country, even if, with its per capita income national product (more than R 8,500), it was classified as an upper middle income country and possessed all the necessary resources to guarantee good living conditions to all citizens. To achieve the goals of this programme, many infrastructural programmes were set out for the following five years, in order to stimulate the economy, increasing the demand for materials, appliances and other products. Table 3.27 provides a summary of the main objectives of this first programme.

Table 3. 27 Meeting basic needs

BASIC NEED	TARGET TO REACH
Land Reform	Redistribute residential and productive land to those who need it; and restitute land to those who lost it during Apartheid.
Housing and Services	Provide for the homeless, respecting minimum standards in each house.
Water and Sanitation	Guarantee access to clean drinking water and adequate sanitation.
Energy and electrification	Provide electricity to an additional 2.5 million households by 2000.

Telecommunications	Provide a universal access to the telecommunication system.
Transport	Guarantee a major road safety, considering needs of women, children and disabled people.
Environment	Reduce the pollution.
Nutrition	Ensure basic nutritional requirements to everyone as soon as possible.
Health care	Increase the standard of living (wages and income opportunities, sanitation, water supply, energy sources and accommodation); combat the spread of HIV/AIDS, tuberculosis, carcinoma of the cervix, hypertension and diabetes.
Social security and social welfare	Avoid all discriminations in social welfare services.

2) **DEVELOPING OUR HUMAN RESOURCES:** To develop human resources an education and a training programme was essential, in order to give people the opportunity to be part of the decision-making process. Moreover, the importance of a training programme emerged, with the aim of implementing industries and focusing on their reconstruction, in order to make the country a part of the world economy. Even an arts and culture programme has been introduced, and to give the chance to all to be represented even in the sport arena, the RDP introduced also a programme focused on sport and recreation, with the object to offer sport facilities to all people. All policies were meant to overcome youth marginalization, empowering them and ensuring them the possibility to reach their full potential. Table 3.28 provides a summary of the interventions included in this key programme, meant to improve the education and training system, the artistic and cultural expression, the sport and recreation and the youth development.

Table 3.28 Developing our human resources

HUMAN RESOURCES	TARGET TO REACH
Education and Training	Provide an equal educational system; improve literacy and numeracy skills.

Arts and Culture	Overcome the limited freedom of expression and creativity imposed during Apartheid; Give the chance to everyone to practice his own culture, language, beliefs and customs.
Sports and Recreation	Guarantee the access to any kind of sport facility to all communities and schools.
Youth Development	Solve the unemployment issue among young people.

3) **BUILDING THE ECONOMY:** The main strengths of South African country were mining, manufacturing, agriculture, commerce, financial services, infrastructure and electricity. However, there were also many weaknesses in the South African economy. In particular, inequalities were present in many aspects of social life, such as ownership, employment and skills, because of the past industrial policies. Indeed, the previous policies made low investments in research and development, with inappropriate skill levels, high costs, low productivity and declining employment rate.

The most important challenge South Africa had to face regarded workers' rights. First, it was necessary to avoid exploitation and repression, as well as inequalities between employers and employees. With the RDP, even the participation of workers into the reconstruction and development process was considered fundamental. This programme introduced also the idea that the South African economy cannot be built in isolation from its southern African neighbors. Cooperation was seen as a valid solution for developing a large stable market, with stable employment and common standards in all areas.

As table 3.29 demonstrates, policies introduced by this programme were related to the integration of reconstruction and development; industry; trade and commerce; resource-based industries; upgrading infrastructure; reform of the financial sector; labour and worker rights and southern African regional policy.

Table 3.29 Building the economy

ECONOMIC SECTORS	TARGET TO REACH
Integrating reconstruction and development	Overcome the regional, racial, gender and structural imbalances.
	Coordinate industry, trade and commerce sectors through coherent strategies in order to compete with

Industry, trade and commerce	a changing world economy.
Resource based industries	Introduce programmes and policies to transform mining and mineral-processing; improve living and working conditions of farmworkers and introduce labour-intensive and sustainable methods of farming.
Upgrading infrastructure	Integrate and implement infrastructure.
Reform of the financial sector	Support innovative financial institutions to increase the mobility of private domestic savings and help fund the RDP.
Labour and worker rights	Safeguard labour and workers' rights; ratify the International Labour Conventions of the International Labour Organisation (ILO).
Southern African regional policy	Reconstruct all neighboring countries to limit the level of unemployment, labour migration and brain drain to industrialized areas.

4) **DEMOCRATISING THE STATE AND SOCIETY:** Democratization is an essential part of the RDP. Without it, the realization of a coherent programme of reconstruction and development would not be possible. All South Africans should have access to power, through expanded rights, meaningful information and education and an institutional network, which represents participatory and direct democracy. Additionally, the RDP concentrates in particular on the empowerment of women and of black people. Table 3.30 provides a synthesis of the main institutions in which it was necessary to intervene, in order to realize the democratizing process.

Table 3.30 Democratizing the state and society

STATE AND SOCIETY INSTITUTIONS	TARGET TO REACH
Constituent assembly	Guarantee a substantive equality of rights to all citizens and include all social, economic, environmental and peace rights in the Bill of Rights.
National and provincial assemblies	Introduce programmes able to guarantee substantive equality.

National and provincial government	Provide to all provinces the opportunity to work together.
Security forces	The defence force, the police and intelligence services must be under civilian control, non-partisan and have to respect clear codes of conduct.
The administration of justice	Improve the defense system and reform the prosecution system; make the system of justice accessible to all.
Prisons	Prisoners have to be protected by the Constitution and human rights have to be guaranteed to them.
Restructuring the public sector	Change the composition of employees, in order to reflect the national distribution of race and gender.
The public service	Follow a Code of Conduct based on the principle of serving people.
Parastatals and state development institutions	Represent adequately the civil society.
Local government	Follow the Local Government Transition Act principles to realize the democratization process.
Civil society	Involve trade unions and other mass organisations in democratic public policy-making.
A democratic information programme	Guarantee the exchange of information among all single individuals.

5) **IMPLEMENTING THE RDP:** The implementation of the RDP involved many organizations outside the government, different from the previous apartheid legacy. The implementation of the RDP required RDP structures at a national, provincial and local level, and needed the reconstruction of the planning processes and the rationalization of the racist and fragmented structures existed until then.

To implement the RDP a reform focused on major weaknesses of the country was fundamental. Table 3.31 summarizes the main sectors in which government should have focused for future progress.

Table 3.31 Implementing the RDP

INTERVENTIONS	TARGET TO REACH
Implementing and coordinating structures	Avoid the fragmentation among different government departments.
Planning frameworks	Create a clear hierarchy of areas of responsibility, roles of sub-national plans, guidelines for decision-making, strategy formulation and procedures.
Financing the RDP	Use revenues, issuing debt and grants to finance RDP.

The RDP was particularly successful in some areas, such as social security, in which the government managed to establish a well-developed welfare system. The system adopted helped above all people in need, too poor to meet their basic needs. Moreover, free health care programmes were introduced to help pregnant women and children. However, the RDP was not successful in fostering economic growth, even if it is still considered the main development policy introduced so far. The new democratic government encountered difficulties due to the fiscal and economic legacy inherited from the Apartheid. Additionally, government demonstrated a lack of an efficient public service and the inability to prioritize RDP policies. In conclusion, RDP did not reach all the targets set by its policies, and this was because of the lack of skilled managers and the underdeveloped methods used.

3.3.3 Growth, Employment and Redistribution policy (GEAR)³⁰

In 1996, the Minister of Finance Trevor Manuel announced the adoption of the Growth, Employment and Redistribution strategy (GEAR), as a macro-economic strategy meant to tighten the fiscal policy and to liberalize the foreign exchange controls. The Government retained that this kind of intervention was necessary to face the economic constraints remained unresolved after the adoption of the RDP. To provide resources necessary to meet social investment needs, it was essential to find a way to stimulate a faster economic growth. Even if GEAR contained many of the social objectives already introduced

³⁰ This section draws on the following sources: National Treasury (1996) and *South Africa history online* (<http://www.sahistory.org.za/dated-event/trevor-manuel-unveils-gear>).

with the RDP, it also added new interventions, such as the reduction of fiscal deficits, the control of inflation, a stable exchange rate, a decrease of trade barriers and the liberalization of capital flows. A brief overview of the principle sectors in which GEAR was meant to intervene will follow, with a final evaluation of the results obtained.

Fiscal policy: The fiscal situation became unsustainable in 1992/93, when the deficit reached 7.9 percent of the GDP. Therefore, the fiscal policy established as its goals the reduction of the overall budget deficit and the level of government dissaving; the elimination of the increase in the tax burden; the reduction of the consumption expenditure and the increase of the general government contribution to gross domestic fixed investment. Consequently, it would have been possible to control the inflationary pressures and domestic resources would have financed capital formation. A decreased of the fiscal deficit target from 4.5 percent of GDP to 4 percent in 1997/98 was proposed, so that in 1999/00 it would be possible to reach the target of 3 percent of GDP. The success in the process of administrative restructuring of the public service would increase the government wage bill of 2 percent per annum in the following five years.

Monetary policy and inflation: The monetary policy aims at maintaining financial stability and reducing the inflation rate, the goals being to obtain a higher economic growth, to create more employment opportunities and a more equitable distribution of income. Monetary policy was also meant to maintain real interest rates at positive levels, in order to encourage savings and investment. With the domestic inflation, the monetary authorities could also stabilize the external value of the rand.

Trade, industrial and small enterprise policies: Trade and industrial policies were meant to increase the country's competitive capacity, promoting tourism as an export sector and growth-oriented policies in other sectors. The reforms introduced had the objectives of obtaining lower prices for industrial inputs and low-income households, avoiding job losses and removing price distortions in domestic markets. This would minimize the negative effects of the depreciation on consumer prices and maximize the industrial production. Moreover, additional investments and job creation would be encouraged. More attention would be given also to the industrial innovation support programmes, such as the Special Programme for Industrial Innovation and the Technology and Human Resources for Industry programme. The Government's strategy for employment creation and income generation was concentrated on the development of small, medium and micro enterprises, which was an under-developed sector until then.

Social and sectoral policies: Education was one of the major issues discussed, given its importance in the long-run economic performance and income redistribution. To improve the quality of educational system, many reforms were necessary, in order to guarantee also a better educational administration. These strategies would solve also many problems due to poverty, in particular in rural areas. Another important goal was the improvement in the housing and infrastructural programmes.

Public investment and asset restructuring: To increase the productivity of labour and business and therefore to obtain higher growth rates, it was important to invest in social and economic infrastructure.

Employment, wages and training: The labour market of South Africa was extremely problematic. The Labour Relations Act was one of the major development in the primary segment of the labour market. It introduced a single industrial relations system for all employees, providing organizational rights for trade unions, establishing new procedures for resolution of disputes and introducing the employee participation in the conflictual employer-employee relations.

With the GEAR policy many progress was made. At the end of 2000, fiscal deficit accounted for 2.2%, inflation reached 5.4% and government consumption 18%. Consequently, a more stable macroeconomic environment followed and it was possible to reverse the GDP negative growth rate of the early nineties. Moreover, by tightening the monetary policy and implementing the Government structure, there was a significant decrease of the Government expenditure. However, in many sectors the GEAR policy was not successful. In particular, the unemployment rate was not reduced, because of the low economic growth and the insufficient level of private investments. Similarly, very little success was achieved in the distribution of wealth. In conclusion, the GEAR policy made it possible to achieve many of the macroeconomic objectives, but not all the social challenges, such as the poverty reduction and the employment creation.

3.3.4 The accelerated and shared growth initiative for South Africa (AsgiSA)³¹

Given that South Africa continued to register a high level of poverty, despite all development projects introduced until 2005, a new policy was adopted. In 2006, the

³¹ This section provides information found in *South Africa history online* (<http://www.sahistory.org.za/article/south-africa%E2%80%99s-key-economic-policies-changes-1994-2013>), The Presidency (2006) and The Presidency (2008).

accelerated and shared growth initiative for South Africa (AsgiSA) was introduced to halve poverty and unemployment by 2014. It was based on the main goals of the RDP: build a united, democratic, non-sexist and non-racial society and a single integrated economy. AsgiSA aimed to reduce poverty by 2010 and halve unemployment by 2014 from 28% in 2004 to 14% by 2012. To reach these goals, AsgiSA mentioned the necessity of “sustained and strategic economic leadership from government, and effective partnership between government and stakeholders such as labour and business” (The Presidency 2006:3). AsgiSA was not only a government programme, above all it was a growth initiative meant to involve the whole nation.

AsgiSA established that an average 5% growth rate was necessary to reach the South African social goals between 2004 and 2014. Two phases were set to reach this goal. In the first phase, between 2005 and 2009, the target set was about 4.5% or higher; in the second phase, between 2010 and 2014, the target to reach was an average growth rate of at least 6 % of GDP. The interventions necessary to overcome all economic constraints are grouped into six categories: infrastructure programmes, sector investment strategies, skills and education initiatives, second economy interventions, macro-economic issues and public administration issues. Table 3.32 summarizes the six sectors of interventions and the objectives fixed for each of them.

Table 3.32 The accelerated and shared growth initiative for South Africa

Infrastructure investment	Implement the infrastructure services to obtain an increasing demand.
Sector strategies	Promote private investment, giving priority to business process outsourcing and tourism.
Education and skills development	Intervene in private investment programmes to guarantee a higher level of skills, where it is necessary.
Eliminating the second economy	Reduce inequalities, increasing the level of public expenditure and the economic opportunities for small businesses.
Macro-economic issues	Reduce the volatility and overevaluation of the currency.

Governance and institutional interventions	Improve the quality of economic services and deploy experienced professionals and managers to local governments to implement the development projects.
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According to the AsgiSA report of 2008 (The Presidency 2008), many of the economic proposals made have been achieved. In particular, an economic growth averaged over 5% from 2004 and 2007 has been registered. Moreover, the lives of many young people were improved by the initiatives introduced with AsgiSA. However, many interventions are still necessary to ensure a more inclusive growth and a reduction of inequalities. In particular, South Africa should maintain an infrastructure spend in order to stimulate the economic growth. The South African country should also focus on skill development and social security interventions. Finally, major attention should also be put on implementing an industrial strategy aiming at labour-intensive sectors.

3.3.5 The New Growth Path³²

Although many strategies were adopted since the end of Apartheid, in 2010 South Africa still presented many of the structural weaknesses it had when the new democratic government was elected. In particular, the unemployment rate was still high, poverty continued to afflict a vast majority of the population, many workers were still oppressed and the inequalities appeared to be deeper than ever before. Despite the South African growth rate really close to that of other upper-middle income countries, for most of the 2000's, its economy continued to be one of the most unequal. The high level of inequalities was associated with the unemployment rate. For this reason, on 23 November 2010, under the leadership of Minister Ebrahim Patel, the government introduced the New Growth Path, a policy based on the reconstruction of South African economy, in order to implement labour absorption, its composition and the rate of growth.

To fight poverty, the key solution was the creation of more and better jobs' opportunities, reducing inequalities and consequently also rural underdevelopment. To reach this goal, macro and micro economic policies were necessary, in order to create a more

³² This section provides information found in the *International Labour Organization website* (http://www.ilo.org/jobspact/news/WCMS_151955/lang--en/index.htm) and Economic Development Department (2010).

favorable environment and give more support to labour-absorbing activities. The state should accelerate the process with direct employment schemes, subsidies and more expansionary macroeconomic package. In the medium term, the state could support labour-absorbing activities, such as agriculture, light manufacturing and services for the creation of large-scale employment. Once full employment would be achieved, the state should concentrate on knowledge- and capital-intensive sectors to remain competitive. Moreover, South Africa should work to find opportunities in the fast-growing economies of China, India and Brazil.

The New Growth Path main objective was to increase the employment rate by five million jobs by 2020, which would reduce unemployment rate by 10%. The idea was to guarantee the creation of more employment opportunities, especially in the private sector, as well as to maximize growth. The New Growth Path identified some job drivers in need of supported for a more employment-intensive growth. These job drivers were: public investment in infrastructure, more labour-absorbing activities in the main economic sectors, new opportunities in knowledge and green economies, social capital investments in the social economy and public services, rural development and regional integration. Moreover, the major effort should be the realization of more job opportunities to young people, often the most disadvantaged ones.

New employment opportunities would be also the result of growth in the social economy, which includes not-for-profit institutions, co-operatives, non-governmental organizations and stokvels. However, to create new employment opportunities a single policy instrument could not be sufficient, a full package of interventions is necessary. In the macroeconomic area, the government should be guided by a looser monetary policy and a more restrictive fiscal policy, to limit the inflationary pressures and to enhance competitiveness. The microeconomic package instead aimed to control inflationary pressures and inefficiencies with more strategies to support an inclusive economy, social equity and regional development.

The New Growth Path fixed six areas in which job creation had to be a priority: infrastructure development, agriculture, mining, manufacturing, the green economy and tourism. This programme met some opposition due to the lack of concrete measures to fight the unemployment high level and create new job opportunities. Moreover, employers complain because of too much state intervention. Another critic moved to the New Growth Path regards the absence of public healthcare and education in expanding job opportunities. For this reason, it seems that to obtain concrete results, this programme should be implemented further.

4 FUTURE PERSPECTIVES

On 27 April 2014, South Africa celebrated twenty years since the first democratic elections, held in 1994. The so-called Freedom Day celebrates also the liberation of the country from a period of colonialism and white supremacy. Despite this significant progress towards social freedom and empowerment, many issues are still unresolved, such as poverty, unemployment, racism, sexism and other forms of discrimination. This chapter will start with an overview of the steps forward made and the setbacks suffered by the South African government so far. In particular, section 4.1 will focus on economic aspects and will conclude with the government's future projects. Section 4.2 will focus on the history of human rights since the end of Apartheid, focusing attention away from the improvements achieved to the discriminations still present in society. This section will end with an outline of the future perspectives for the country.

4.1 Economic progress and failures³³

In the past twenty years South Africa has taken part in a transition process from an oppressive regime to a democratic state. Today, South Africa is a stable, multi-racial democracy and the African National Congress (ANC) has been driving its political life since 1994. Firstly, this section will provide a general overview of the economic achievements registered in the South African economy, including its economic relationships with other countries. It will go on to broadly outline the main sectors in which government's efforts to change the situation were largely unsuccessful. Finally, it will conclude with a summary of projects and perspectives on the future of South Africa.

Since the end of Apartheid South Africa has made many considerable progress so far. According to the Economic Policy Research Institute, poverty rate decreased from 45% in 1993 to 38% in 2013. The reasons were the redistribution of taxes to poorer households with social assistance grants; education, health, labour market interventions; an increase in the economic participation; the building of democratic institutions; better public services and basic services. South Africa succeeded also in improving the access to primary and secondary education and, in higher education, it managed to double the enrolment rate. Millions of

³³ This section provides information found in the *People's daily online website* (<http://english.people.com.cn/90001/90776/90883/7270020.html>), The Presidency (2012), Zarenda (2013), The Presidency (2010), Medupe (2013), Fundira (2012), Pullen (2013) and Dube (2013).

people were accommodated in formal housing and primary health care was expanded. Furthermore, an ever-increasing number of families have been enjoyed access to electricity and water. In the management of social and environmental infrastructure, about two million free houses were constructed for low-income families and household electrification has significantly expanded. In the same way, potable water supply and basic sanitation services have been provided to million of people. Economically, South Africa registered an increase of about 3.3% a year between 1995 and 2010. It has been successful also in the reconstruction of public finances, which gave the country the opportunity to avoid a debt trap. South Africa managed also to realize an efficient tax system with a well-developed central bank. Social grants expenditure and the number of beneficiaries have increased significantly since 1994, thanks to social insurance programs, which include state old-age pensions, child support grants, conditional grants for school feeding and early childhood development and disability grants. In addition, the percentage of black people in the top 20 percent of income earners increased from about half to over two-thirds between 1995 and 2009.

Another clear demonstration of the economic improvements achieved by South Africa was its inclusion into the BRIC (i.e. Brazil, Russia, India and China; now BRICS) group in 2010 as a global player on the economic scene. The BRICS group includes the countries with emerging and rapidly developing economies, and acts as a counterweight to the G8 and the G20, which mainly represent rich-world economies. South Africa represented the best African ally for other BRICS members. Indeed, it is the most developed economy in African continent, with advanced financial services, a stable legal system and relatively good infrastructure. For the BRICS economies, South Africa represents an important source of raw materials and represents also an export market for their manufactured products. Moreover, the BRICS members are an important resource of foreign investments in Africa, especially in infrastructure development, the agricultural sector and industrial. For South Africa, becoming a member of BRICS represented an opportunity to cooperate with other developing countries. Indeed, trade and economic relations have grown significantly and South Africa has been involved in a project to increase the industrialization and integration of the country. Compared with other members, South Africa is the smallest economy, but it represents an opportunity to expand the international trade relationships with the African continent and, according to Dr. Rob Davies, the South African Minister of Trade and Industry, after Asia, South Africa is the fastest growing country, thanks to four driving forces in economic growth. In particular, the boom in mineral products, the development of the service industries, the benefit of not having financial crisis and infrastructure development.

Moreover, thanks to being a member of BRICS, South Africa could implement its partnership with China. Indeed, South Africa and China are interested in increasing trade relationships between each other. However, the South African inclusion in the BRICS group raised many concerns about the possibility that the other emerging economies, such as India and China, could be interested only in South African natural resources. These concerns are due to the fear that the South Africa's supremacy within the African continent could be something temporary. Indeed, Angola and Nigeria are growing faster than South Africa, and Kenya covers a better geographical location for foreign direct investment and infrastructure. Additionally, it seems there is a deep incongruity between South Africa and other BRICS members, given that Brazil and China followed a very different growth path.

The biggest challenge South Africa has to face today is the exclusion of millions of people from active and equal participation in social and economic life. Indeed, even if South Africa is classified as an upper-middle income country, on the basis of national income per person or GDP per capita, extreme inequality in income and access to opportunity are still present, as the Gini coefficient demonstrates. In 2013, South Africa's Gini coefficient was 0.70, among the highest in the world. The unemployment issue is still unresolved, because South Africa's economy has so far been unable to create job opportunities for all. The high unemployment rate is also caused by the previous isolationist policies, the concentration of production on industrial sector and the absence investment in human resources. Unemployment spread mainly among young people. Indeed, about two thirds of all unemployed are below the age of 35. Another big problem is relevant to the education system, given the poor quality of learning resources provided to black children. Unfortunately, the legacy of Apartheid still influences South African society, and people's lives continue to be profoundly affected by discriminatory environment. The Government should therefore implement the educational system and increase the employment rate, in order to offer more opportunities to young people, a higher productivity growth and rising incomes.

To develop a future economic and socioeconomic strategy and to solve the country's main problems, the African National Congress and South African Government adopted the National Development Plan (NDP) in 2012/2013. The NDP was planned as a long-term strategy (until 2030) with the aim of eliminating poverty and reducing inequalities, so that all South Africans could enjoy a good standard of living. The NDP was drafted after the Diagnostic Report made by the National Planning Commission in 2011. The Diagnostic Report highlighted the causes of South Africa's socio-economic failures and its slow progress, and identified the main challenges the government should face. It should increase

the employment rate, improve the quality of school education for black people, improve the infrastructure location and maintenance, promote an inclusive development of the country's economy, reduce the resource dependence structure of the economy, increase the provision of public health services, improve the quality of public services, reduce corruption levels and avoid the social divisions still present in the country. The decrease of poverty rate should be reached by reducing the Gini coefficient to 0.6, raising the employment rate to 24 million people and doubling per capita income. The NDP is certainly ambitious and, given that it covers a wide range of initiatives, it involves every governmental department and ministry at provincial and municipal levels. Indeed, the success of the plan depends mainly on the ability of building a united country. The possibility that the South African NDP will be a success depends mainly on all South African companies involved and how many efforts they are prepared to do. It is obvious that if the government will be left alone, the plan's objectives could not be achieved.

For the country to be economically successful, the collaboration between the public and the private sectors appears to be extremely important, as well as the involvement and participation of all citizens. The elimination of poverty could be possible only if the country's economy will grow faster and in a more inclusive way, so that all South African citizens could benefit from it. However, the NDP can not solve all problems and difficulties the state has to face. There are some weaknesses, which the country has to overcome to become more competitive at a global level. In particular, these are the infrastructure sector, the poor quality of primary education and the quality of its maths and science education. Moreover, South Africa needs a more inclusive and dynamic economy, in which success would be shared equally. However, the main obstacle is represented by the GDP growth, which was about 0.9% in the first quarter of 2013, whereas the NDP refers to a growth rate of at least five percent or more to register a concrete step forward. Therefore, the Government and the business sector should collaborate to promote long-term growth and increase the job creation. A sector particularly important for future economic progress is education. Investments in this sector could be advantageous for both government and business. Relating to this area, the main issue, which need to be solved as soon as possible, is to find a way to integrate the private sector in the education system and to define a concrete role for it. Business and government should increase their collaboration even in innovation sector and the protection of intellectual capital, because innovation is fundamental to create competition and promote growth.

In conclusion, the domain the Government should focus on in the future is successful innovation, which requires well-functioning markets, low corporate taxes and appropriate R&D incentive. The Government should also invest on higher education and should focus on foreign direct investments.

4.2 Improvements in human rights³⁴

The most important step taken by South Africa in the history of human rights is the adoption of the Constitution in 1996. For this reason, this section will start by briefly describing the importance of the adoption of the Constitution, focusing on the contents of Bill of Rights. It will continue with a broad outline of the main sectors in which South Africa has been successful. The conclusion will focus on those areas in which the Government should intensify its interventions to make further progress.

The Constitution represents the foundation of a democracy and defines the concept of freedom. In the preamble, the Constitution refers to a democratic and open society. Moreover, it outlines the idea that the South African government will be based on people decisions and each citizen will be protected by law. Within the Constitution, the Bill of Rights established the democratic values of human dignity, equality and freedom. It refers to the right to inherent dignity, freedom of conscience, religion, thought, belief and opinion, as well as the right to freedom of expression and association. It is important to mention also that, since the first democratic election in South Africa, the country took part in many international human rights treaties. In particular, it played an active role in the International Convention on the Elimination of All Forms of Racial Discrimination (CERD), the International Convention of the Elimination of All Forms of Discrimination against Women (CEDAW) and the Convention against Torture and other cruel, inhuman or degrading treatment or punishment. Detailed and concrete programmes were also introduced to ensure the South African commitment to respect human rights. In particular, priority was given to the abolition of Apartheid's discriminatory policies, and a number of independent institutions were created

³⁴ This section provides information found in the *UNICEF South Africa website* (http://www.unicef.org/southafrica/8541_8559.html), Liebenberg (2000), the *Amnesty International USA website* (<http://www.amnestyusa.org/our-work/countries/africa/south-africa>), The Presidency (2014), Malala (2012), Raghavan (2013), the *Economist website* (<http://www.economist.com/news/briefing/21564829-it-has-made-progress-becoming-full-democracy-1994-failure-leadership-means>), Johnson (2010), Fihlani (2011), Heisten (2012), the *World Bank website* (<http://www.worldbank.org/en/country/southafrica/overview>) and the Presidency (2010).

with the aim of controlling the respect of human rights, helping those who were not adequately respected, and implementing human rights awareness.

Once the Constitution was adopted, South Africa started to work to guarantee the respect of human rights. An important challenge for South Africa since the end of Apartheid was the transformation of the public health system in a more integrated national service, in order to provide essential healthcare to the most disadvantaged, thus overcoming the inequities of the previous era. Thanks to all the reforms introduced and the abolition of fees for all, the access to primary healthcare increased from 67 million in 1998 to 129 million by the end of March 2013. This progress was the result of the conclusion of more than 1,500 health-facility infrastructure projects. Many efforts have been made also to ensure an equal access to essential drugs. Moreover, in 2010 the HIV Counselling and Testing Campaign was introduced to test all South Africans for HIV. This programme resulted in a significant increase of people tested and led to access to better treatment, care and support. There was an increase also in the number of patients receiving antiretroviral therapy from 47,500 in 2004 to 2,4 million in 2013. The cases of people dying because of AIDS decreased from 300,000 in 2010 to 270,000 in 2011. In the same way, also the Prevention of Mother-to-Child Transmission Programme has been successful: more than 100,000 children has been protected from HIV between 2008 and 2011. Thanks to the Prevention of Mother-to-Child Transmission (of HIV) Programme, a decline of child mortality by an average annual rate of 10.3% between 2006 and 2011 was also possible. This success was due to improvements in immunization practices, meant to protect children from diseases like diarrhoea and pneumonia. Recently, the Government started its collaboration with many organizations, such as the Heart and Stroke Foundation, Diabetes Association of South Africa, Cancer Association of South Africa and the South African Society of Psychiatrists for protecting the population from non-communicable diseases.

The antiretroviral medication access for those who are living with HIV is expanding, but there is still a high maternal mortality rate caused by HIV-infection during pregnancy. Moreover, according to the United Nations, 4,500 women die each year because of preventable and treatable pregnancy diseases, as a consequence of many factors. The most problematic of these is the lack of accessibility of health services in many cases.

Moreover, in the former homelands, women are still affected by HIV and victims of abuse and sexual violence. Indeed, in many regions of South Africa, violence against women persists and only a little percentage of these are reported to the police. The main problem is

that the lack of a criminal justice system able to investigate and punish cases of sexual violence has led to the common idea that rape does not deserve to be punished.

It therefore appears that, despite the improvements in the standard of living linked to a better health care system, social inequalities have remained high. Not only does South Africa continue to exhibit gender inequalities, but also issues of race, representation and equity. Even nowadays, the main reason of discrimination is race and black people continue to live at the bottom of the South African society. Indeed, since Apartheid ended, only a little black elite made fortune and this resulted in a deeper wealth gap. Most black people still receive a lower income and the vast majority of them live in rural areas, especially in former bantustans. Despite the high level of organization reached by legislation in protecting the rights of workers, in many sectors, workers continue to be really vulnerable, especially the farmworkers, most of whom are overexploited, underpaid and/or exposed to harmful pesticides. However, poverty is also present in cities, because of migrants in search of work. Another still evident discrimination regards the average earnings of women, who continue to earn less than men.

The persistent social inequalities across ethnic groups is partly due to the South African government's failure to provide black people with access to adequate education. Many schools are still suffering from poor equipment and the standard of teaching is low, although many reforms have been introduced by Government since 1994, with the aim of reducing past inequalities and increasing the opportunities for all South Africans. Poor education is also the main cause of thousands of unfilled job positions, especially in the public sector. Obviously, unequal education leads to unequal employment opportunities and therefore, the unemployment rate continues to remain higher among blacks.

Although living in South Africa continues to be more difficult for those who have always been discriminated, the South African government is observing a massive emigration trend, especially among white people. The major reason for emigration is fear of crime, especially among whites. Indeed, in South Africa, one of the highest per capita murder rates in the world has been registered, and the same is for rape. A growing number of white farmers have been attacked and this could have even a serious economic consequence. Moreover, many whites have noticed serious limitations to their opportunities for career advancement, thus choosing to live overseas. Given that the majority of those who are leaving the country are often skilled and well-educated, this situation represents an impoverishment of human capital and therefore has to be solved as soon as possible. However, also many Blacks, Coloureds and Indians would like to leave for the same reasons. This means that, all

progress made since the end of Apartheid does not appear to be enough to ensure a stable socio-economic growth. Therefore, South Africa is not only losing the country's best and the brightest, whom the Government invest economic resources in, but it also has to look for talented job applicants, while the unemployment rate continues to be high. To solve this issue, the South African government should both provide professional opportunities for nonwhites and focus on black empowerment programmes, besides also fighting crime, so that those who are the most susceptible to emigration will be able to compete for jobs. This certainly will not solve completely the problem, but it will reduce the emigrants from South Africa.

In conclusion, to give a general idea of the progress made by the country with regard to human development, it is necessary to mention the HDI index. In 2013, South Africa's HDI index was 0.658, positioning the country in the medium human development category. This means that South Africa's HDI index increased by 15.6% between 1980 and 2013. However, the HDI index does not provide a clear image of the current situation in South Africa, given that it obscures the high level of inequality still present today. To solve this problem, the government should improve the educational system. It is evident that all reforms introduced in the past twenty years have not been enough. Too many potential employees are still excluded from a labour market that requires good education, technical skills and entrepreneurship and too many well-educated professional are leaving the country due to lack of career prospects. By prioritizing the development of its educational system, the country will also gain the trust of its citizens that today cannot hope for a better future, due to fear of unemployment and a high crime rate. Moreover, South Africa should revitalize an inclusive society to provide opportunities for public participation and increase the access to information. This will increase the awareness of individual responsibilities in order to improve things at a local level, for example with civic engagement or involvement in local community organizations. If South Africa meets all these challenges, the level of inequality will be reduced and the living conditions will be significantly improved for all.

5 CONCLUSION

This work was meant to explore the democratic evolution of South Africa over the past twenty years, as a process of the economic and social growth since the end of Apartheid. The thesis started with a general overview of the country, describing its geographical location and historical background. The focus then shifted to the political institutions and their historical development, highlighting the importance of the 1996 South African Constitution. The first chapter concluded with an analysis of the main economic and social aspects that characterized South Africa once the oppressive regime ended. The data presented revealed a high level of inequality among the four racial groups (i.e. Black, Coloured, Asian and White Africans) officially distinguished during the Apartheid. Indeed, the population was divided in Black, Coloured, Asian and White Africans. Inequalities were evident in each aspect of economic and social life. Not only did black people receive lower pay, but they also had access to an underprivileged school system, and in addition, the majority of children were excluded from primary education. Also, black people could not afford an adequate health care system and therefore, their mortality rate was higher especially among children and women. Consequently, even life expectancy among black people was much lower. The data also revealed an additional type of inequality, which became a major issue the Government had to face after the end of Apartheid, namely the high unemployment rate, particularly among those who suffered from poverty. Moreover, the discussion above showed that the elimination of all discriminatory laws was not sufficient and the Apartheid legacy continued to influence the whole society. White people remained the most privileged group, and Black people the least privileged one, in all sectors of the South African society – life expectancy, education and income – as attested in the Human Development Index.

However, a consideration of the current situation in South Africa, focusing on the economic structure and the macroeconomic data, showed emerged that the country made significant progress, in such domains as education and the health care system, but especially the economy. Nowadays, the country's economic growth depends mainly on the secondary and tertiary sectors, which means that the South African economic structure became more sophisticated, and its GDP has considerably increased. To understand how it was possible to reach such economic development, an analysis of the main economic reforms, relating to the principle economic sectors, was made. For each of them a brief description of the objectives fixed and the results obtained was provided. However, South Africa needed also to tackle the

conditions responsible for the high poverty level, as well as the high rate of unemployment. To this end, the government introduced and adopted many development projects after the first democratic election. Thanks to them, it was possible to increase the number of those who attended the primary and secondary schools, and to reduce the child mortality rate, as well as the mortality rate due to HIV and AIDS.

Despite the above progress, the South African government still has a large amount of work to do to improve the living conditions of all its citizens with regard to income, education and employment. Indeed, a high level of poverty is still present today, especially among those who has always been the most disadvantaged, namely black Africans. It is also possible to observe profound inequalities, especially in educational system. A vast majority of black children have no chance of attending school and those who can afford it are disadvantaged by the lack of adequate resources and structures. The absence of education in many areas of South Africa has dramatic consequences for the whole country. Many job positions remain unfilled, in particular in the public sector, because of the lack of well-educated people. For this reason, the unemployment rate continues to be high. Moreover, the situation worsened even because the spread of a massive migration overseas, especially among the well-educated. This problem is linked to the fear of crime and the mistrust of the government. Consequently, South Africa has to attract professionals from overseas.

This project also touched upon the future perspectives of the country. When making a comparison between the past and the current situation in South Africa, it appears that the country managed to overcome many of its problems. It became an active player in the world economy with its inclusion in the BRICS group, and its economic relationships developed with the liberalization of its market. It improved its economic structure, concentrating on the industrial production, as well as the technological and innovation sectors. It made significant progress in the reduction of the HIV/AIDS victims, thanks to the provision of antiretroviral drugs to its citizens.

However, there are still some big unresolved issues. The most important of these is the inadequate level of education, especially among black people. The legacy from the past, even after the abolition of the discriminatory policies of Apartheid, appears to be still present today. Indeed, the lack of investments on black people could be linked to the prejudices against them, which are profoundly rooted in the whole society. The responsibility of this phenomenon can be partly attributed to a government inefficiency in overcoming past discriminations. To improve the situation, it might have been necessary to introduce programmes meant to spread the democratic principles and increase the people awareness of

them. In many cases, the discrepancy in the opportunities provided to white and black Africans by the government should be one of the main reason why its citizens have lost their trust in a better future. On one hand, this represents the main cause of the increasing crime rate, especially among white farmers; on the other hand it is the explanation of the recent desire to leave the country among the well-educated. To stop this trend before it will be too late, the government should intervene as soon as possible.

Fortunately, South Africa has all the resources necessary to emerge, but it has to exploit them correctly. First, it should eliminate any extant discriminatory practices, investing on its citizens and their potentialities. By providing its people with better opportunities, the country would positively affect its economy, and as a result, unemployment and poverty rate would be significantly reduced. If the government manages to improve the living conditions of those who are still suffering from poverty, it could also guarantee a safer environment to all. Indeed, these positive changes will probably ensure a decrease of the crime rate and, as a consequence, the desire to leave the country would be eliminated.

In conclusion, it would be sufficient to take a step in the right direction to trigger a reaction that could have long-term and wide-ranging effects on the South African economy.

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