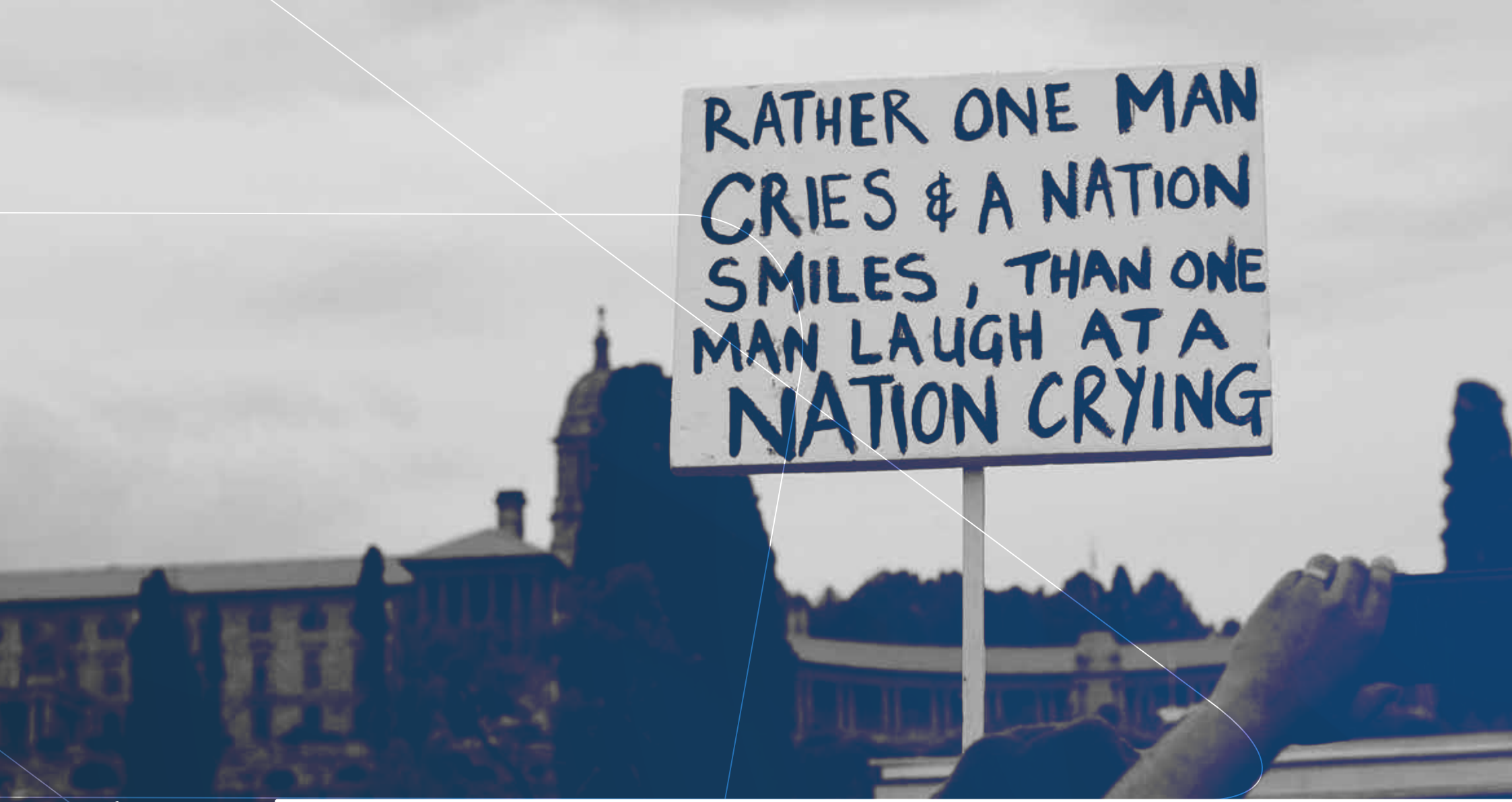


IOA | 2019 | ACBR

AFRICA COUNTRY BENCHMARK REPORT



South Africa Profile

A hand holds a white rectangular sign with black handwritten text. The background is a blurred image of a large, ornate building with a dome, possibly a government or institutional structure. The overall image has a blue tint.

RATHER ONE MAN
CRIES & A NATION
SMILES , THAN ONE
MAN LAUGH AT A
NATION CRYING



Africa's most advanced economy and the world's most unequal society combine a rich and powerful nation with 11 official languages that struggles to bring a good life to all citizens.



Image courtesy of Mohamed Nanabhay

SOUTH AFRICA

#4

SOUTH AFRICA

OVERVIEW ANALYSIS

A dynamic and diverse economy and a robust democracy, buttressed by a free press and independent courts, are the fundamentals that overcome South Africa's noisy political, economic and environmental crises. The change in administration from the corrupt presidency of Jacob Zuma to the business-friendly presidency of Cyril Ramaphosa has lifted the confidence of local and foreign investors. An October 2018 Investors Summit, hosted by President Ramaphosa, drew billions of dollars in investments, boosting South Africa as the most technologically-advanced and diverse of African economies. Voter turnout was historically low in May 2019 elections and the ANC party faces the task of cleansing itself of corruption. South Africa retained their position from ACBR 2017 of 4th place.

KEY OPPORTUNITIES

- Investors remain interested in the country's multi-sectored diverse economy
- South Africa leads Africa in information and communications technology (ICT)
- The agriculture sector is achieving record harvests and export volumes

KEY CONCERNS

- Under the previous president, a reign of corruption undermined national institutions
- Unemployment is high and represents the economy's biggest challenge
- The potential "land seizure without compensation" concerns investors

COUNTRY HIGHLIGHTS

PREDOMINANT
RELIGION



Christianity

PREDOMINANT
LANGUAGE



isiZulu

POPULATION
WITHOUT
ELECTRICITY



15.8%
(#10) —

LITERACY
RATE



94.4%
(#2) —

PRIMARY
ELECTRICITY
SOURCE



Coal

IMPORT/
EXPORT



Machinery/
Gold

EXTERNAL
DEBT



US\$ 144.1
billion
(#1) —

ACTIVE
CONFLICT



No

LAND
SIZE



1,219,090 km²
(#9)

INTERNET
PENETRATION



54%
(#3) —

2.8%



AGRICULTURE

29.7%



INDUSTRY

67.5%



SERVICES

28.3%



0-14

17.6%



15-24

41.8%



22-54

12.3%



55+



Term:
15/02/2018 - present
5 years (2 term limit)



Political Party:
African National Congress



Recent Electoral Information:
08/05/2019
10,026,475 Votes
57.5%
Voter turnout: 65.99%



President
Matamela Cyril
Ramaphosa

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

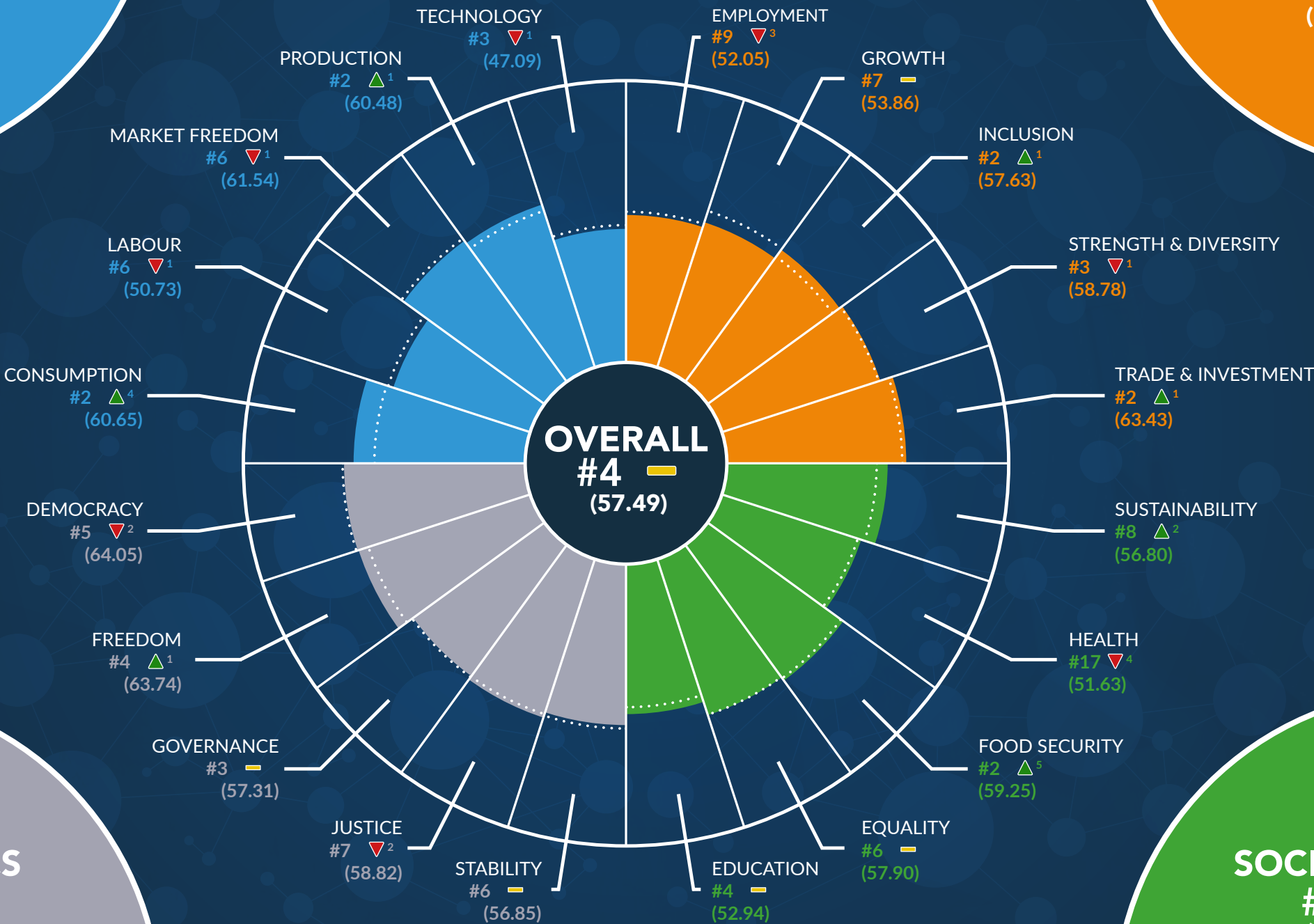
BUSINESS

#4
(56.10)

SOUTH AFRICA PERFORMANCE OVERVIEW

ECONOMICS

#3
(58.07)



POLITICS

#5
(60.15)

SOCIETY

#7
(55.66)

SOUTH AFRICA BUSINESS ANALYSIS

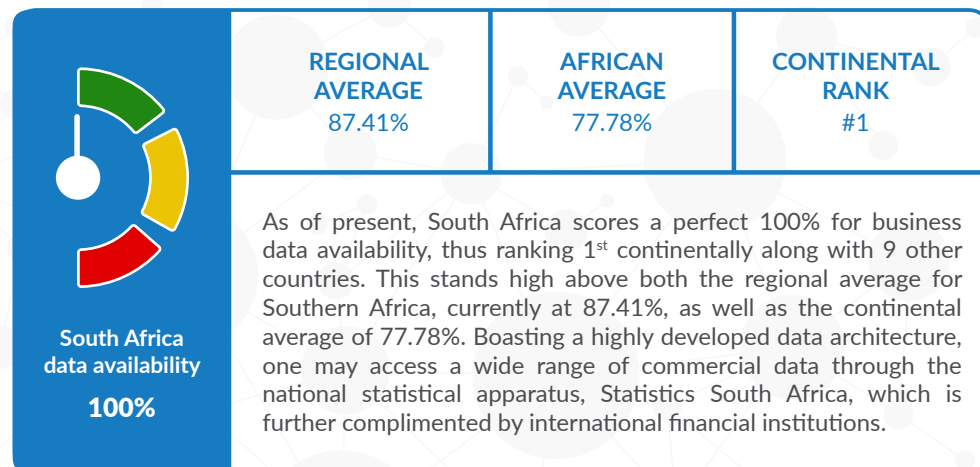
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BUSINESS OVERVIEW

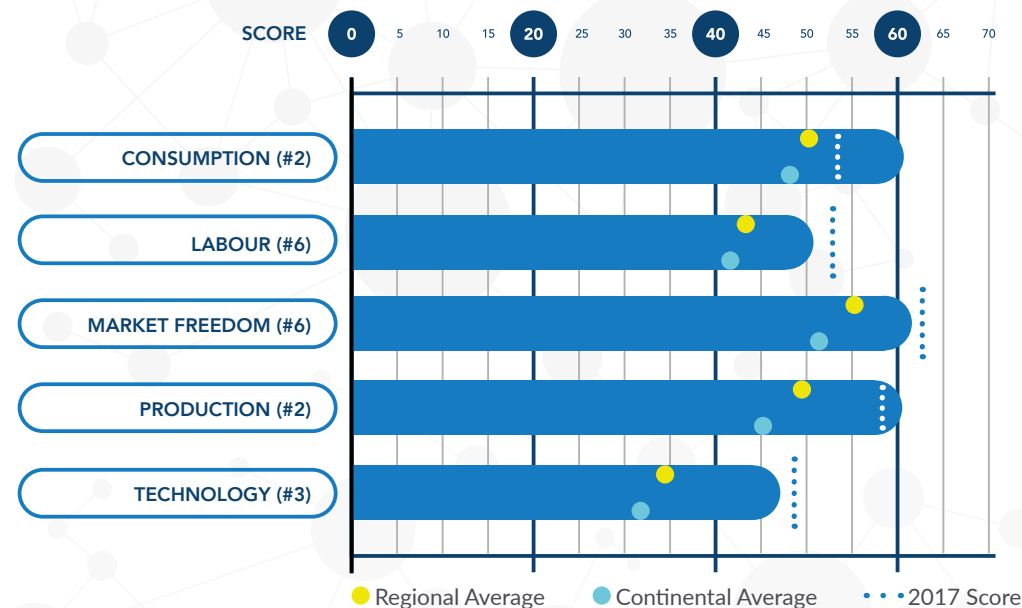
Africa's most advanced economy has produced a sophisticated ICT consumer base devoted to smartphones and wireless internet. Mobile phone connectivity in South Africa is nearly universal, and society is progressing towards business transactions conducted primarily through e-services. South Africa has a large middle class and a growing ultra-rich class that boost the retail and services sectors. Knowledge of South Africa's intricate business regulations is essential for any investor, and this knowledge must be perpetually updated because of ever-changing regulations. Most economic sectors are distorted by the presence of state-owned monopolies – like electricity provider Eskom, whose financial struggles may portend push government toward privatisation, despite

labour union opposition. However, a balance generally exists between state and private sector businesses. Investors will find that business confidence is largely dependent upon political developments, and the installation of the Ramaphosa administration has provided a confidence boost for a more business-friendly and less corrupt government. Information is the lifeblood of any investment, and South Africa's media is the most-sophisticated and thorough of any African country in the extent of their reach. Top scoring countries in ACBR tend to retain their positions. This is true of South Africa's continued hold on 4th place in the Business quadrant. Despite the technical recession begun in 2018 and currency devaluation, South Africa ascended by four positions in the Consumption segment and by one in Production.

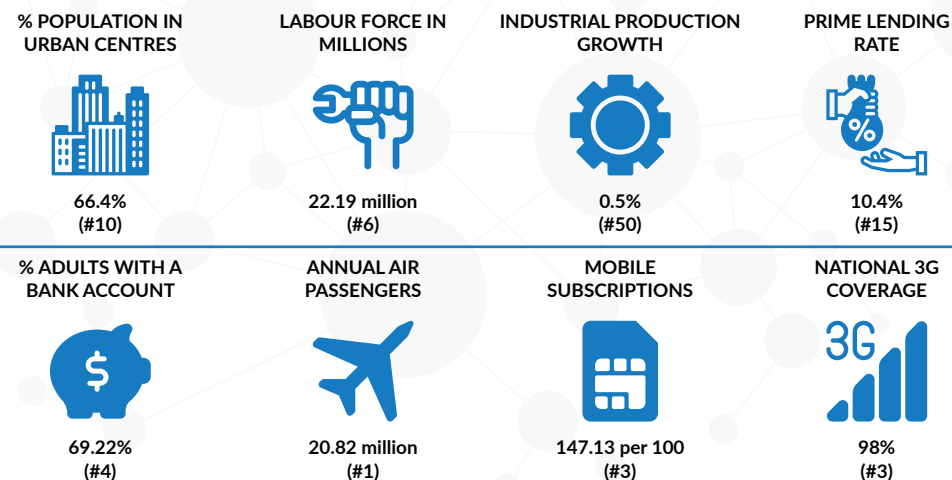
BUSINESS DATA COMMENTARY



BUSINESS SCORES & RANKINGS



BUSINESS STATISTICS



SOUTH AFRICA ECONOMIC ANALYSIS

#3

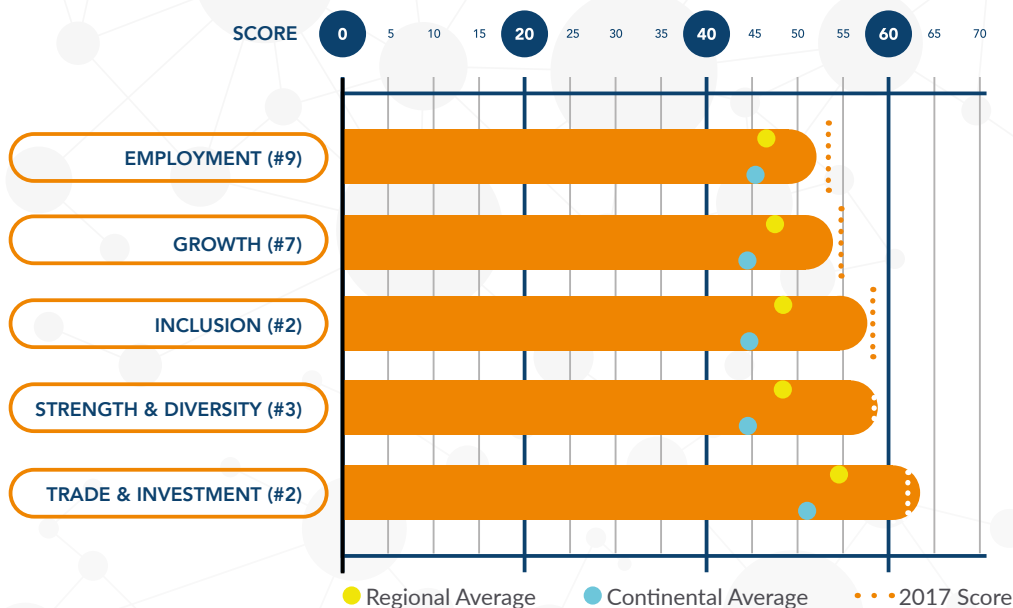
ECONOMIC OVERVIEW

What distinguishes South Africa's economy from much of the rest of Sub-Saharan Africa has been balance and diversity. The private sector has proven to be a more influential force collectively than state-owned companies. Where balance has been off, particularly in terms of economic inequality, societal trouble ensues. GDP growth of 1.3% in 2018 was insufficient to finance necessary social welfare programmes. The 1.2% growth forecast for 2019 signals tepid investment and low business confidence. Government expenditures in 2017 of US\$ 98 billion exceeded revenues of US\$ 93 billion.

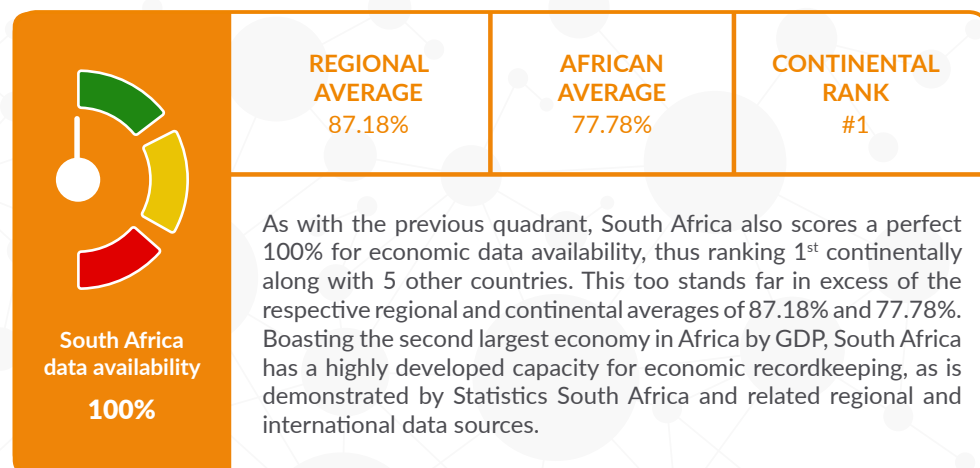
While the South African and Nigerian economies have traded places as Africa's largest in recent years – currently, South Africa is Africa's biggest economy –

there is no question that South Africa's economy is the continent's most diverse, robust and advanced. South Africa has continued expanding a balance of sectors tied together by expansive transportation and ultra-modern communications infrastructures. In 2018, an unemployment rate of 27.5% was recorded, and the youth unemployment rate was nearly twice as high. Economic inequity as expressed by joblessness is South Africa's most serious challenge. While recording a higher score in ACBR 2019's Economics quadrant, South Africa remained in 3rd place in this quadrant. Within the segment of Employment, a decrease of three positions reflects the high youth and general unemployment that is the economy's particular weakness, although the segment's rank is still a high 9th place.

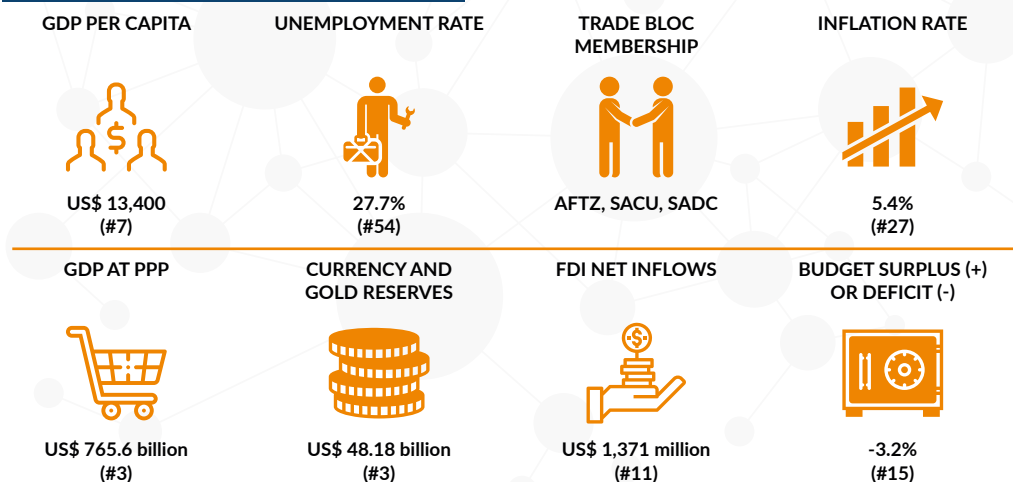
ECONOMIC SCORES & RANKINGS



ECONOMIC DATA COMMENTARY



ECONOMIC STATISTICS



SOUTH AFRICA POLITICAL ANALYSIS

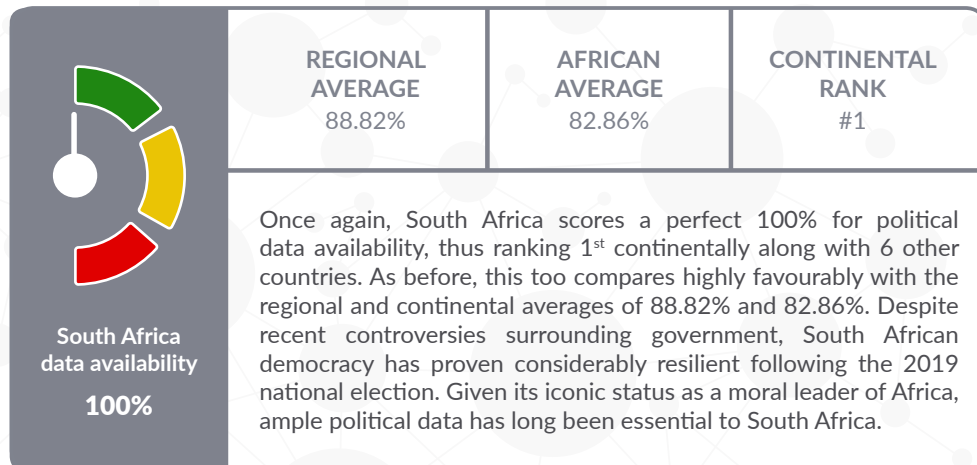
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POLITICAL OVERVIEW

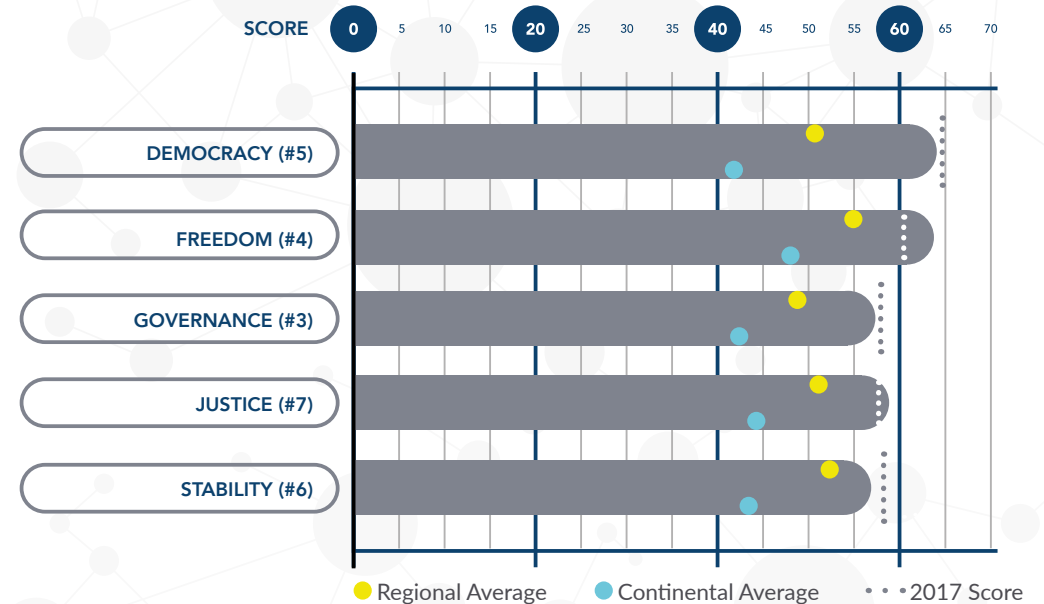
The South African cabinet is the ultimate holder of policy power in government, with the ruling party of the legislature approving the policies of the president's team. However, the National Executive Committee of the ruling African National Congress (ANC) party determines the policies that the ANC will pursue and thus has considerable influence. During the nine years of the Zuma administration, corruption replaced idealism in the ANC. Weekly in 2018, the corruption of local, provincial and national officials, as well as executives of government-owned companies were exposed in new scandals. During his re-election campaign, which he won in May 2019, Ramaphosa pledged to rid the ANC government of corruption. Fulfilling that goal, will take years to achieve.

The judiciary is independent and holds the legislature and executive in check. The input of a strong civil society and business community influenced politically charged policies, such as the current controversial constitutional change proposal to allow government the acquisition of private land without compensation. This measure, designed to overturn the legacy of apartheid by providing more land ownership equality, will require an amendment to Section 25 of the national constitution. South Africa remained stable in 5th place in the Politics quadrant. The performance of individual segments was mixed. However, the aggregate quadrant score confirms a politically stable country whose executive branch excesses are countered by courts, the media and civil society.

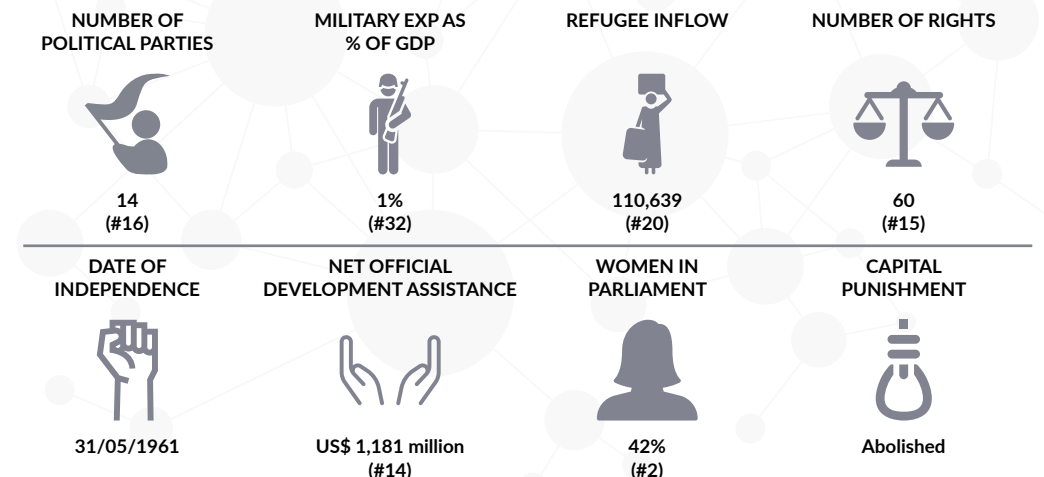
POLITICAL DATA COMMENTARY



POLITICAL SCORES & RANKINGS



POLITICAL STATISTICS



SOUTH AFRICA SOCIETAL ANALYSIS



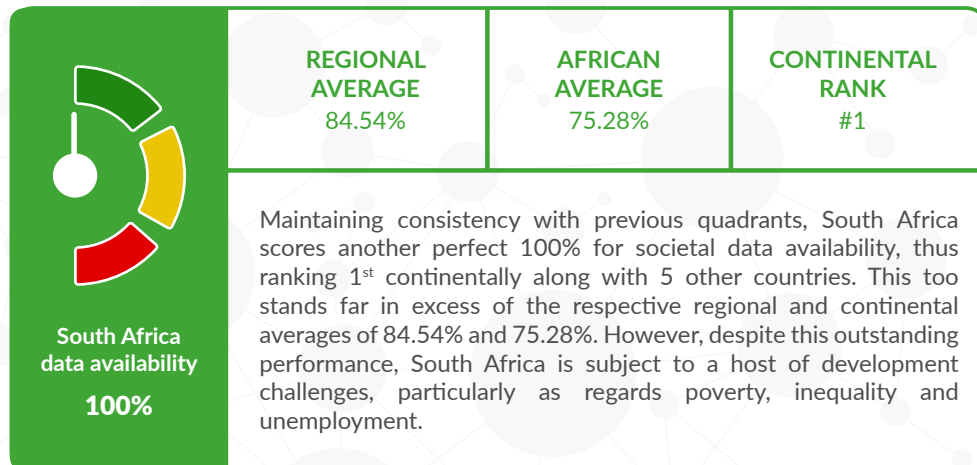
SOCIETAL OVERVIEW

South Africa's 25-year-old democracy is being put to the test by income inequity and unequal enjoyment of opportunities and social services. South Africans have access to a well-developed health sector, which government is committed to providing increased resources for. Consequently, the grave threat that HIV/AIDS poses to public health is being managed through concerted public and private sector efforts. An experimental HIV vaccine has begun tests in the country. Heightened efforts are required to improve the nation's sanitation infrastructure to reduce water-borne disease risks. Urban centres still contain growing township slums, which are inadequately serviced by water and sewage links, epitomised by the 18% of rural dwellers who do not have access to clean water. Improved sanitation

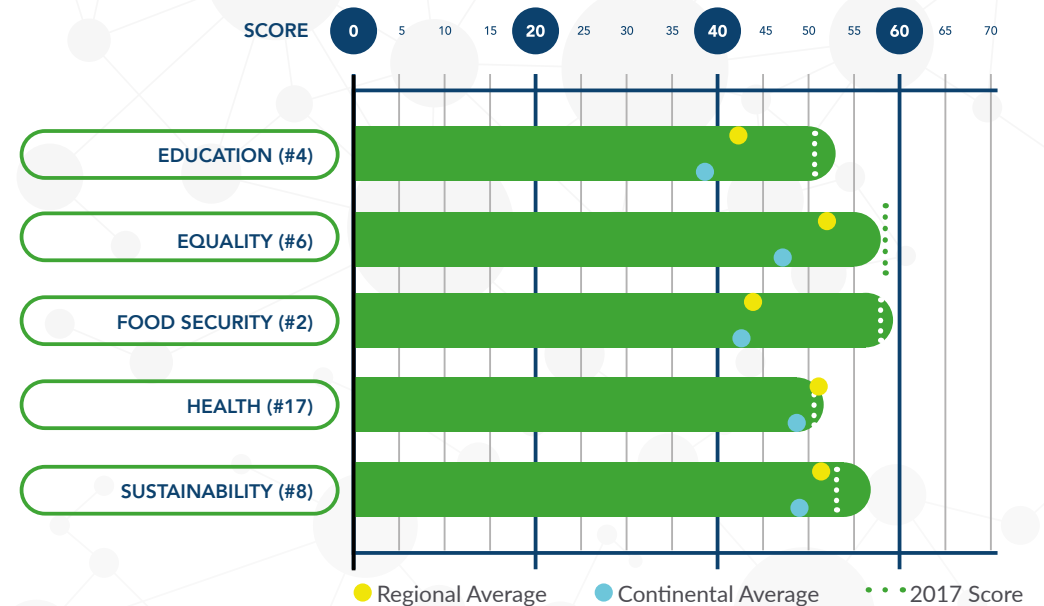
is available to 70% of urban and 60% of rural residents. Income distribution has worsened since 1994, placing South Africa in the world's top 10 for the gap between a nation's rich and poor. The lowest 10% of income earners control 1.2% of South Africa's wealth, while the top 10% control 52%.

A growing population of poor whites has demonstrated the inequity is not entirely race-based. Government corruption has siphoned funding from some necessary social programmes. South Africa recorded their only decline in position in the Society quadrant. The descent from 6th in the previous period of review to 7th place. Among Society segments, South Africa saw increases in the positions of all segments except for Health.

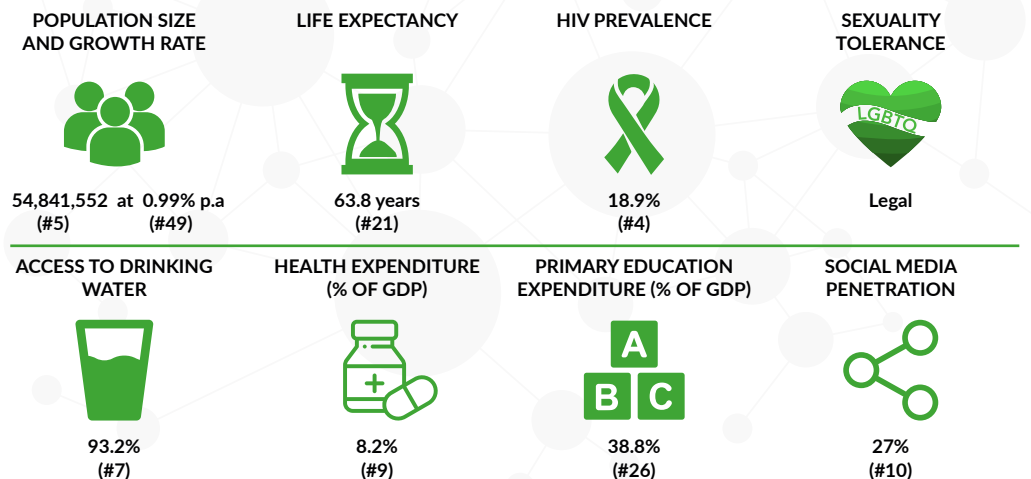
SOCIETAL DATA COMMENTARY



SOCIETAL SCORES & RANKINGS



SOCIETAL STATISTICS



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