



Tshwane University  
of Technology

*We empower people*

# South Africa: Developmental Context

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*Freedom to Innovate South Africa*  
Software & Business Method Patent Workshop  
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## Introduction

- *SA is a lower middle income developing country, an emerging market and society in transition ...*



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Rank	Country	GDP (purchasing power parity \$)	Date of Information
1	World	60,710,000,000,000	2005 est.
2	United States	12,360,000,000,000	2005 est.
3	European Union	12,180,000,000,000	2005 est.
4	China	8,859,000,000,000	2005 est.
5	Japan	4,018,000,000,000	2005 est.
6	India	3,611,000,000,000	2005 est.
7	Germany	2,504,000,000,000	2005 est.
8	United Kingdom	1,830,000,000,000	2005 est.
9	France	1,816,000,000,000	2005 est.
10	Italy	1,698,000,000,000	2005 est.
11	Russia	1,589,000,000,000	2005 est.
12	Brazil	1,556,000,000,000	2005 est.
13	Canada	1,114,000,000,000	2005 est.
<b>23</b>	<b>South Africa</b>	<b>533,200,000,000</b>	<b>2005 est.</b>
36	Sweden	268,000,000,000	2005 est.
49	Nigeria	174,100,000,000	2005 est.
92	Cuba	39,170,000,000	2005 est.
94	Kenya	37,150,000,000	2005 est.
95	Uruguay	32,960,000,000	2005 est.
103	Tanzania	27,070,000,000	2005 est.
105	Mozambique	26,030,000,000	2005 est.
106	Bolivia	25,950,000,000	2005 est.
115	Senegal	20,530,000,000	2005 est.
120	Botswana	17,240,000,000	2005 est.
125	Nicaragua	16,090,000,000	2005 est.
233	Tokelau	1,500,000	1993 est.

August 2006 update. CIA Fact Book




## Crisis & Transition

- Crisis of Apartheid Capitalism
  - Could not afford to reproduce the system
  - Military over-extended
  - Ending of the Soviet System (1989)
  - Ungovernable & Dysfunctional Localities
  - *“You Fat Cats have had your chance. When we take over there will be no private property, industry will be fully nationalised and the state will be the only real instrument for economic development”*
    - » Trade Unionist, France, September 1989
- From revolution to reform ...




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## Negotiated Transfer of Power

- 1990 – 1993
  - Restrictions on Political Organisations lifted
    - [ANC, SACP, PAC, BCMAs]
  - Nelson Mandela and other political prisoners released
  - Operation Vulindlela 'surfaces' & Armed Struggle Ceases
  - End of Sanctions & accession to WTO
  - +/- 150 National Forums negotiate Post-Apartheid Scenarios
  - Convention for a Democratic South Africa begins transfer of State Power –
    - *Boipatong Massacre*
  - Attempted Coup (Black Collaborators + White Right Wing)
  - Labour-led "social accord" becomes Reconstruction & Development Programme (RDP)



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## Post-apartheid South Africa

- 1994 – 1<sup>st</sup> democratic elections for a united, non-racial & non-sexist South Africa
  - Discussion Documents, Green Papers to White Papers
- 1996 – 1999
  - Macroeconomic Stability
- 2000 – 2004
  - Microeconomic Reform
- 2005 – present
  - Accelerated & Shared Growth Initiative
  - Joint Initiative on Priority Skills



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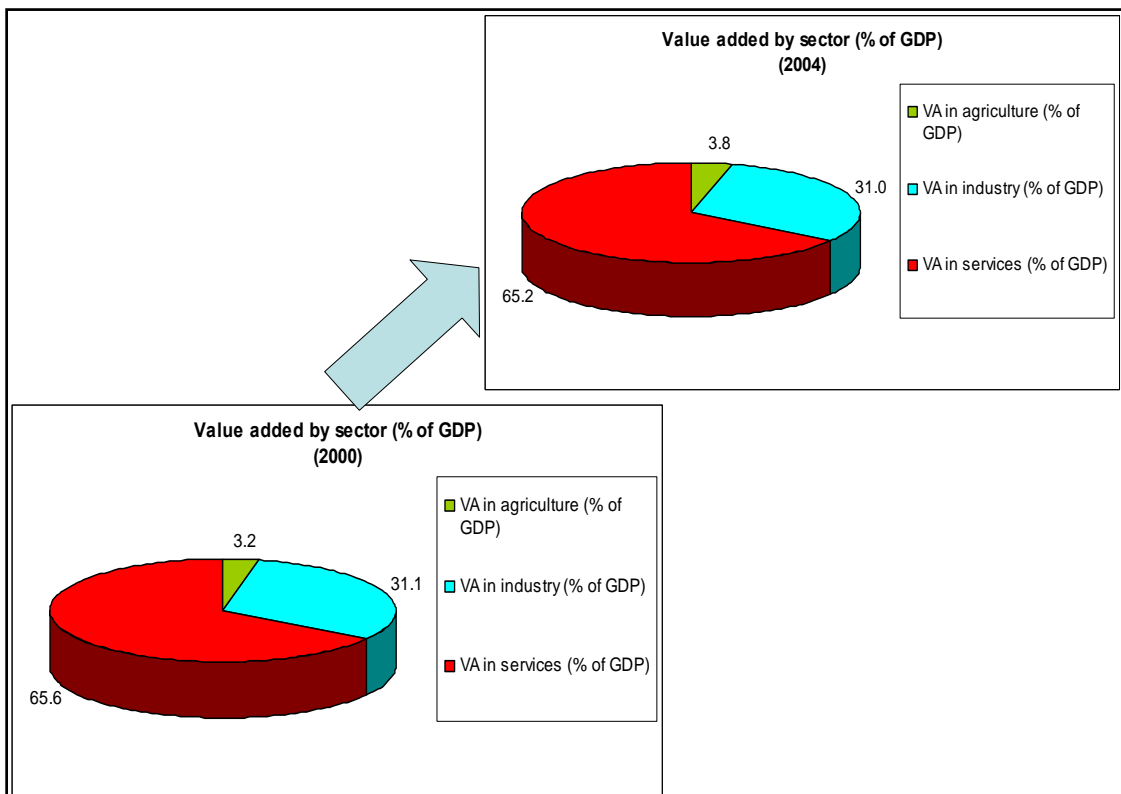


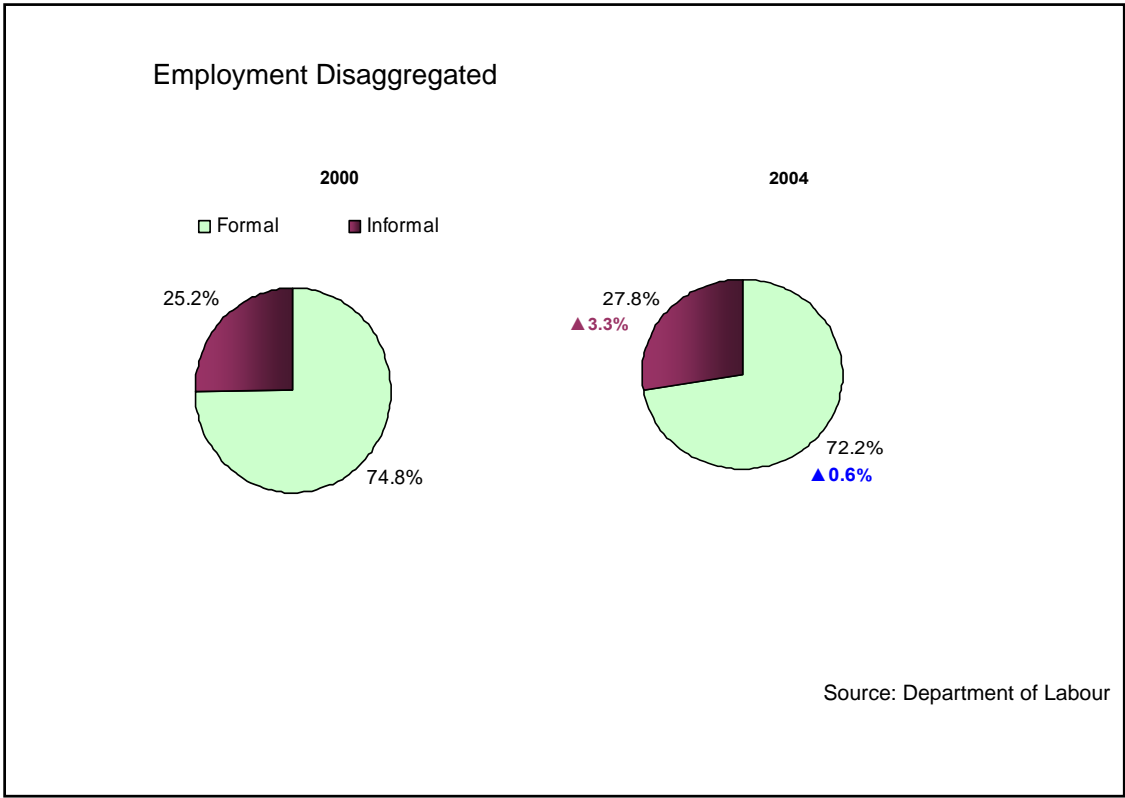
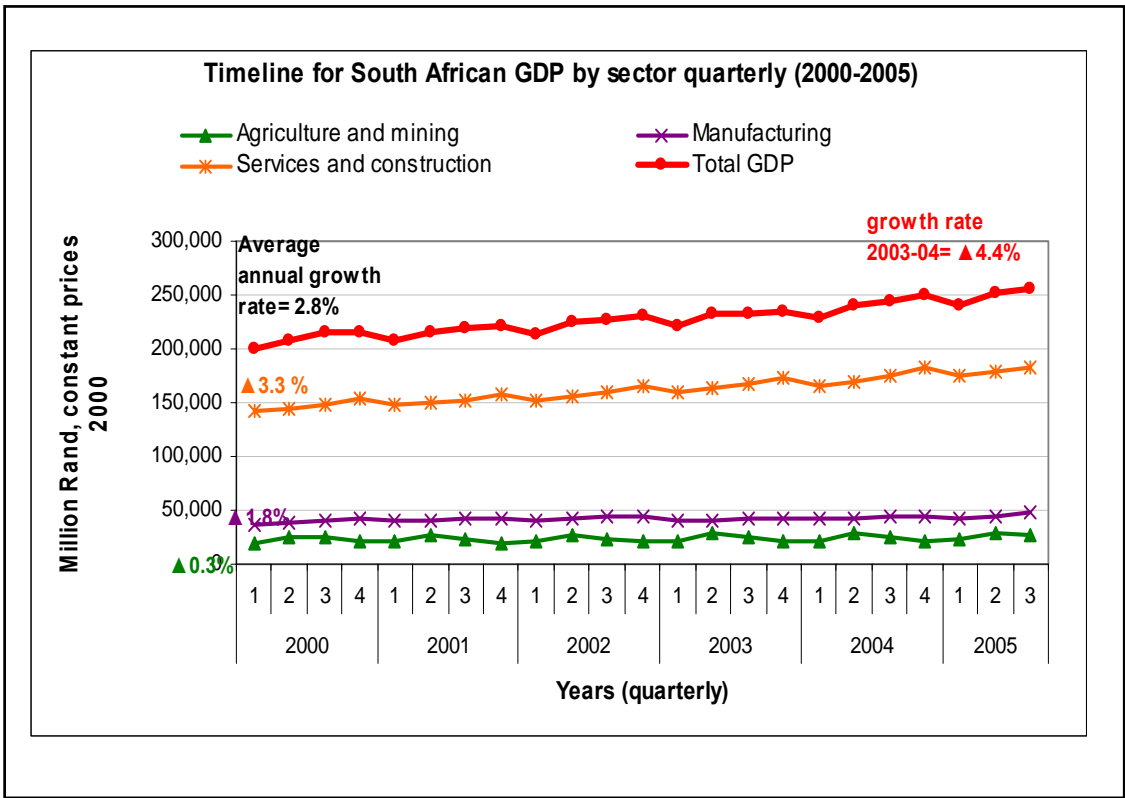
# Constitutional Reform

- Constitution & Bill of Rights
  - Debate on Electoral System
- Executive
  - Cabinet
  - Forum of SA Directors General
  - Cabinet Clusters
- Legislature
  - Proportional Representation (List System)
  - 3 spheres (nee tiers): Local, Provincial & National
- 37 National Departments
- 9 Provinces
- 6 metropolitan municipalities (2006: 45 000 candidates)
- 231 local municipalities
- 47 district municipalities

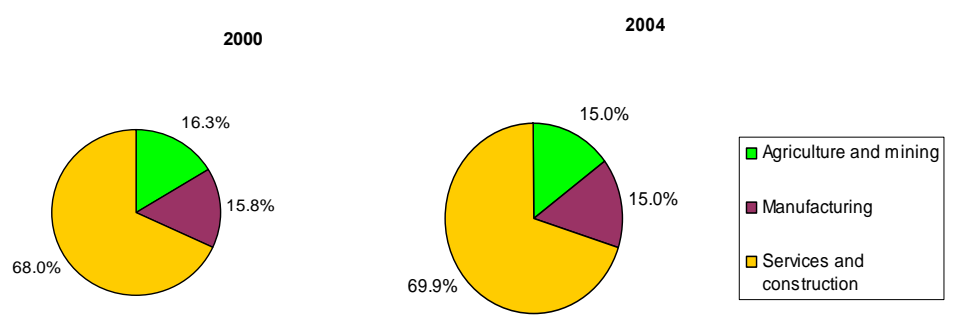


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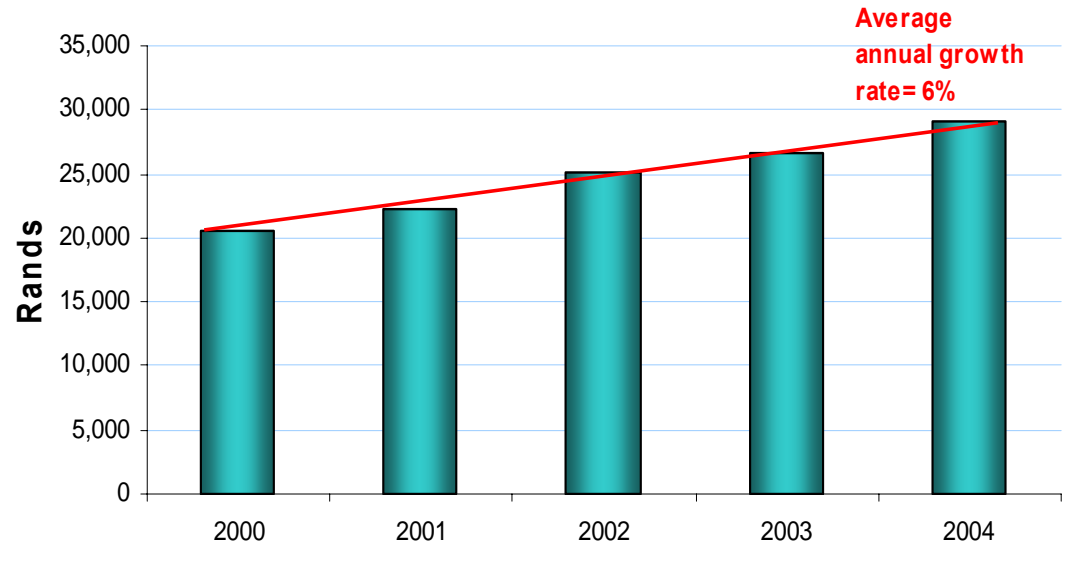


### Sector Composition of Employment

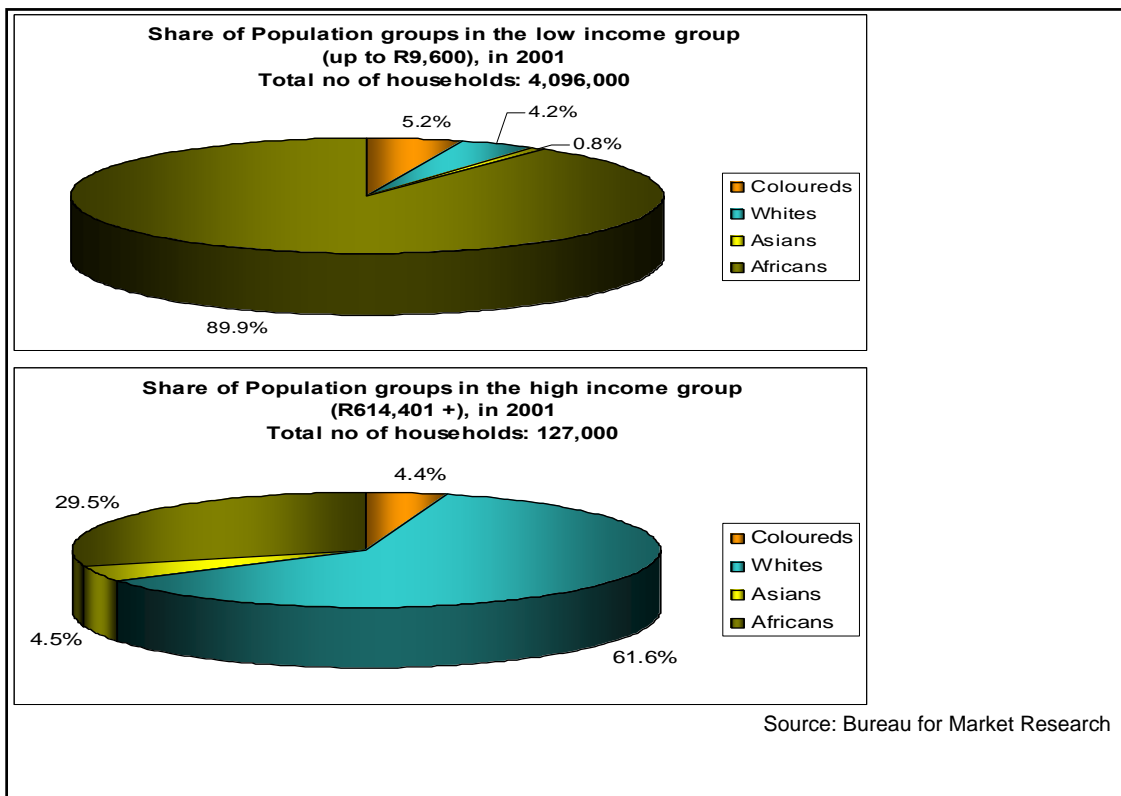


Source: Department of Labour

### Gross Per Capita Income (2000-2004)



Source: South Africa Reserve Bank



## Separate & Unequal Development

- One of the major consequences of the change in the structure of the [South African] economy is that “two economies” persist in one country
- The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive
- The second is a mainly informal, marginalised, unskilled economy, populated by the unemployed and those unemployable in the formal sector
- Despite the impressive gains made in the first economy, the benefits of growth have yet to reach the second economy, and with the enormity of the challenges arising from the social transition, the second economy risks falling further behind, if there is no decisive government intervention

• The Presidency (2004): Towards a 10-Year Review

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## Poverty, Health & Welfare

- 4,5 million – 20 million people @ \$2/day
- 5 million people live with HIV
- Public for Majority
- Private for Minority
- National Health Insurance Scheme proposed
- 10 million people receive income support
- Separation of Grants (Income) from Development (Vulnerability, Nutrition, Community building ...)



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## Education & Capabilities

- Skills shortage
  - Various studies
- Slow pace of structural reform
  - Outcomes based system
  - National Qualifications Framework
  - General Education
  - Further Education
  - Higher Education
- Joint Initiative on Priority Skills for SA
  - Public-Private Partnership

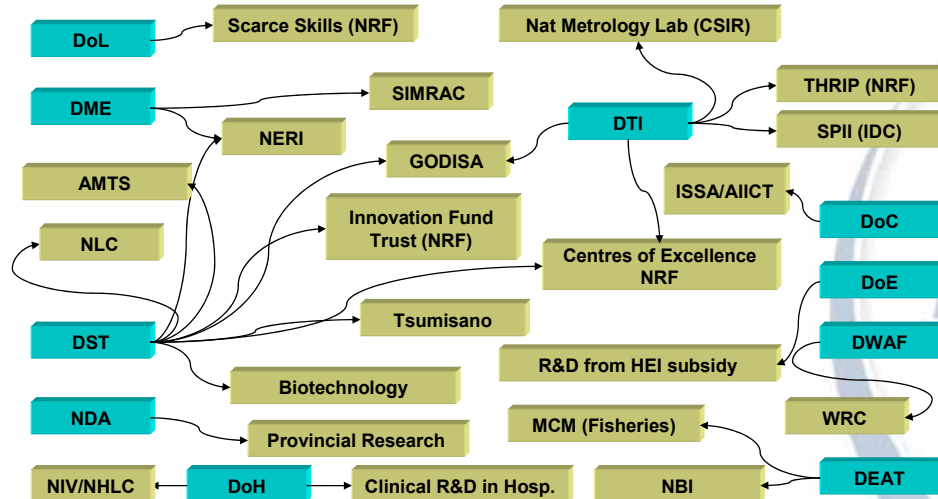


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## Alignment & Steering Challenge



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## Conclusions

- Globalisation
  - Trade & Market Integration
  - International Division & Mobility of Labour
  - International Production Systems (*Value Chains*)
- African Union
  - Political & Development Agenda
  - Ministerial & Administrative Structures
  - Policy Legacies
  - Pan-African integration
- SADC
  - Human Resources, Research & Development
  - Standards, Quality Assurance & Metrology
  - Regional Alignment by 2015



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*Thank you*

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