

South Africa must work hard to raise rankings internationally

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South Africa's National Development Plan (NDP), the road map to reach its Vision 2030 - will largely depend on the country's competitiveness on an international scale. We examine how the two will intertwine to make South Africa a better country.



Sixteen years: in that time South Africa will be a very different country if the goals of Vision 2030, as set out in the National Development Plan, are met. (Image: [Cape Town World Design Capital](#))

Brand South Africa hosts the second annual South African Competitiveness Forum on 4 and 5 November with the expected outcome of being equipped to design communications, marketing, thought leadership platforms, and a range of other activities to create a truly competitive positioning for the country in international markets and domestically.

The organisation explains that the forum is a strategic platform through which to consult and work with the government, business and civil society. The objective is to identify the competitive and reputational strengths and challenges faced by the nation brand.

Through shared insights, Brand South Africa believes, actions can be decided on that may, if taken incrementally and systematically over time, contribute directly and substantially to improving the competitiveness and reputation of the country.

Competitiveness and the NDP

Sixteen years: in that time South Africa will be a very different country if the goals of Vision 2030, as set out in the NDP, are met. The aim, among others, is to eliminate poverty and create 11 million jobs by 2030. "By 2030, we must be able to declare that no South African lives below a poverty line and we can fix that line," Trevor Manuel, at the time the minister in the presidency for the National Planning Commission, wrote in the introduction to the NDP.

Drafted by Manuel and 26 other commissioners, the ultimate goal of the plan is to reduce inequality by 2030, and it gives guidance on getting to this end point. It states: "South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society." The NDP identifies blockages and proposes direction, targets and timelines for developmental programmes and projects.

Brand South Africa stresses another of its goals: to position South Africa as a key destination for foreign direct investment. "Research shows that as development levels increase, employment and vulnerability tends to spread more evenly across all sectors. South Africa's increased competitiveness and improved reputation, domestically and internationally, will be critical to the success of the National Development Plan," it says.

South Africa and global competitiveness

South Africa was ranked 54th in the Global Competitiveness Report 2014-2015, a decline from 53rd in 2013 and 52nd in 2012. Another report, the IMD Global Competitiveness Yearbook 2014, ranks South Africa 52nd for this year, based on major improvements in infrastructure.

The results of the National Infrastructure Plan, which is related to the NDP, namely the roll-out of infrastructure, can be seen in the improvement in the country's ranking in infrastructure in the World Economic Forum (WEF), as well as in the Ibrahim Index of African Governance this year, states Brand South Africa. It moved from 66 to 60 out of 148 countries, and from seven to three out of 52 countries, respectively. This means that the national investment in infrastructure is paying off in terms of competitiveness measures.

What South Africa is doing right

According to the WEF report, South Africa is doing well in the following: quality of its institutions ranking 41st in the category, including intellectual property protection at 18th, property rights at 20th, and in the efficiency of the legal framework in challenging and settling disputes, which were ranked 13th and 12th, respectively. The high accountability of its private institutions was ranked second, further supporting the institutional framework. Furthermore, South Africa's financial market development remains impressive, at a consistent third place.

South Africa was ranked at 28th for efficient market for goods and services. Business sophistication and innovation, benefiting from good scientific research institutions, and strong collaboration between universities and the business sector in innovation, were also identified as points supporting competitiveness.

But the country remains an economy of extremes. "This is illustrated in the breakdown of the components of the competitiveness ranking. South Africa ranks near the top of the global ratings in a number of factors. These mostly relate to the development of the financial sector and financial markets," says Brand South Africa.

What South Africa should improve

According to recent global reports, South Africa's strong ties to advanced economies, notably European markets, make it more vulnerable to their economic slowdown and may have contributed to the deterioration of its fiscal indicators.

In the Global Competitiveness Report, performance in the macroeconomic environment dropped sharply from 69th to 95th. South Africa received low scores for the diversion of public funds, at 99th, and for the perceived wastefulness of government spending, at 79th. A more general lack of public trust in politicians, ranked at 98th, remained worrisome, and security continued to be a major area of concern for doing business, with the country coming in at 109th.

Other challenges include: building a skilled labour force and creating sufficient employment; the health of the workforce was

ranked 133rd out of 148 economies - the result of high rates of communicable diseases and poor health indicators more generally. The quality of the educational system in South Africa was considered to be very poor, ranking at 146th, with low primary and tertiary enrolment rates. It is with this in mind that Brand South Africa plans an education and skills workshop at the South African Competitiveness Forum. It will interrogate the reputational and competitiveness issues related to the nation's performance in this sector.

Labour market efficiency is also poor, and was ranked at 116th; hiring and firing practices were seen to be extremely rigid and were ranked at 147th; companies not being able set wages flexibly got the nation a ranking at 144th; and significant tensions in labour-employer relations resulted in a ranking in the category at 148th.

With these figures in mind, Brand South Africa believes that raising educational standards and making the labour market more efficient will be critical in view of South Africa's high unemployment rate. At present, this is more than 20%; the rate of youth unemployment is even higher, estimated at close to 50%.

Brand South Africa will host its [second South African Competitiveness Forum](#) in Johannesburg on 4 and 5 November 2014 under the theme "Active citizenship and its role in changing the South African brand reality". Top minds from business, government, civil society and the academic world will come together to discuss our position in the world, and uncover ways to give South Africa a competitive edge on the global stage.

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