



WHAT WILL SOUTH AFRICA LOOK LIKE IN 2030?

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ABOUT THE AUTHOR

About the author: Trevor served as South Africa's Finance Minister from 1996 to 2009. He was first appointed to cabinet as Minister of Trade and Industry in 1994. During his last term in office, from 2009 to 2014, he served as Minister in the Presidency for the National Planning Commission. He also served two terms as chairperson of the development committee of the World Bank. He is chancellor of the Cape Peninsula University of Technology and Professor Extraordinaire at the University of Johannesburg. Trevor has been a non-executive director at Old Mutual plc since January 2016.

"Economics is about people – their work, their ownership of productive assets or lack of it, their share of what they produce, what they buy and sell, their accommodation, their recreation – in fact, every element which we describe as quality of life flows from the structure and management of the economy."

The above is an abstract from the resolution on economic policy adopted at the ANC's Conference in 1997, which marked Madiba's exit as president of the ruling party. It encapsulates the way he saw Government's role in the broader economy. At the time of its inception, the National Development Plan (NDP) was destined to plot a course of action for South Africa until 2030, encompassing not only economic factors, but broader societal and governmental issues. Although there has been some contestation about the NDP's objectives and its implementation, it remains an opportunity to provide the public and private sectors as well as society at large with a unique opportunity to jointly plan, deliver and implement a new South Africa.

Development plans around the world have been most successful where they have had social support. It's always been highlighted that an active citizenry is central to the implementation of the NDP. The success of this plan, regarded as one of the country's most strategic initiatives, will ultimately depend on a collaborative approach by public, private and non-governmental sectors with citizen participation.

THE FUTURE NEEDS A PLAN

For our nation to meet its potential, South Africa's trajectory post democracy needs realignment. We





need to change course and allow the NDP to steer us towards fully realising our constitutional values of human dignity, the achievement of equality and the advancement of human rights and freedoms.

Our NDP aims to eliminate poverty and reduce inequality by 2030. Twenty three years into democracy and just 13 years away from that target date, there is still broad consensus in the market that South Africa remains a highly unequal society, with poverty, inequality and unemployment as its three main challenges. The economy needs to grow at a faster rate and in a more inclusive way that will benefit all citizens. South Africa has a large and sophisticated economy, and is recognised for having a number of sound and effective financial systems.

The country has historically ranked the highest of all African countries in the World Economic Forum's Global Competitiveness Index (which focuses on the quality of its institutions, the strength of auditing and reporting standards, efficacy of boards and protection of minority shareholders' interests). However, there are weaknesses that South Africa has to address to enhance its competitiveness and global image at large. The country needs an economy that is inclusive, more dynamic and one in which the fruits of growth are shared equitably. When the NDP was crafted, consideration was given to how we could breathe activity into securing all of the rights articulated in the South African Constitution.

Almost four years after tabling it in parliament, there is no visible programme for the NDP's implementation, despite a number of projects being currently underway. I am not sure that there is adequate pressure to follow through on measurable implementation. The current leadership is failing to provide an inclusive place for the involvement of the majority.

Moreover, the increasing reports and evidence of rampant corruption suggest that too many individuals occupy positions of authority for themselves and their cronies. Those left behind are the poor and vulnerable. The NDP, like the Constitution, should be a plan for all our people and not merely for the State.

AN EDUCATED APPROACH

Reducing poverty by tackling unemployment and dealing with poor education are the most critical areas of focus. It is a fact that 80% of South Africa's schools are dysfunctional. The latest Trends in International Mathematics and Science Study (TIMSS) highlighted how a shocking 27% of pupils who have attended South African schools for six years cannot read, compared with 4% in Tanzania and 19% in Zimbabwe. We are bottom of the class and we clearly need a new approach, as quality education leads to gainful employment. The number of unemployed youth in South Africa is a travesty.

Within this crisis, the private sector has an opportunity to get involved and use its capital for both purpose and performance. It's becoming increasingly clear that to improve our education system, strong, effective partnerships will be key. An illustration of this point is the success of Partners for Possibility, a co-action, co-learning partnership between school principals from under-resourced schools and business leaders for a creative solution to South Africa's education crisis. Partners for Possibility has earned local and global acclaim, including being awarded the Institute for Justice and Reconciliation's Reconciliation Award for its work in strengthening the fabric of society in South Africa. This unique leadership development and social support hybrid model stresses the need to link educators with their communities and the business sector. This year Old Mutual teamed up with Partners for Possibility, pairing 10 senior managers from Old Mutual with a school principal for coaching and mentoring for the entire year. This partnership forms part of Old Mutual's initiatives in supporting education and is now part of our staff volunteerism offering. The programme has been whole-heartedly endorsed by a number of other great South Africans, including Desmond Tutu and Thuli Madonsela.

BEING PROUDLY SOUTH AFRICAN

Regardless of where we are – in trade unions, business, politics or, generally, in civil society – we can make a contribution to the economy by moving out of our comfort zones and establishing a new basis for going forward. In order to achieve this, the issue of social cohesion and nation-building is most in

need of South Africa's attention. Mutual respect is the foundation for our Constitution, and this should be the basis for our plans to create opportunities. Chapter 15 of the NDP focuses on Transforming Society and Uniting the Country. Its main aim is to depict how to build a caring democracy so that Government can lead broader society into involvement. However, in light of the present issues – be it the state of Eskom or the State of Capture report – it is unclear whether the proposals to root out corruption, titled "Fighting Corruption" in Chapter 14, are understood or acted on.

The incidence of crime and general criminality in this country is increasing at an appalling rate. According to the latest statistics, in 2015/16 a murder was recorded on average 51.2 times a day, on average 57 houses were robbed each day and 40 cars were hijacked per day. Chapter 12 on Building Safer Communities is clear in its recommendations on policing – from demilitarisation to the accountability of the South African Police Service. There should also be community and private sector participation in crime prevention and safety initiatives.

Many of the aforementioned issues relate to the values of the Constitution. We have the most remarkable Constitution – a bridge from a horrible past that we must remember – but we must continue to work at building a different future. In that we find inspiration and hope.

WHAT ROLE CAN BUSINESS PLAY?

If we are to ever see the kind of South Africa we envisioned when crafting the NDP, business needs to participate and be active partners in every aspect of economic growth and employment creation. It must also be a voice for peace and development and combating corruption and cronyism. There is a trust deficit in South Africa and it is affecting our economic growth. Business doesn't trust Government and is disinclined to invest, which means that no jobs are created.

As a responsible investor, Old Mutual Investment Group has committed capital towards our country's education. The Schools and Education Investment Impact Fund of South Africa (Schools Fund), launched in 2012, was the first fund of its

kind in the country and is an impressive example of impact investing by the private sector for quality education. Funded by Old Mutual Life Assurance Company of South Africa, the Government Employees' Pension Fund (managed by the Public Investment Corporation) and the Eskom Pension and Provident Fund, the Schools Fund is managed by Old Mutual Alternative Investments' Development Impact Funds team. It aims to improve the quality of education by creating access to affordable independent schools. It has funded 24 schools across the country to date.

If the NDP succeeds, the South Africa of today will look very different in 2030. The economy will be more inclusive and dynamic and will share the fruits of growth equitably. The future is a matter of choice; we need to collectively ask ourselves what the opportunity cost of not participating, becoming involved and supporting the planning, institutionalisation and implementation would be.

This article has been taken from our annual **Tomorrow, As Invested As You Are** book, which includes articles from our investment professionals and a number of external contributors on key sustainability challenges impacting our world.



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