SOUTH AFRICA

Priorities supported by indicators

Raise the quality of education and reduce its dispersion (2011)

Recommendations: Improve teacher training. Phase out school fees. Improve the provision of textbooks and reading materials, and upgrade school infrastructure.

Actions taken: Improved workbooks in literacy and numeracy for grades 1-6 were rolled out beginning in January 2011. A strategic framework for teacher training was launched in 2011, and funding for bursaries for trainee teachers sharply increased, with further increases planned for 2012-14. Increased funding was allocated in the 2011-12 Budget for improving school infrastructure, with further increases to follow in 2012-14.

Enhance competition in network industries (2011)

Recommendations: Rule out granting state-owned enterprises exemptions from competition laws. Move towards separating generation, transmission and distribution of electricity. Strengthen the independence and resources of the telecoms regulator. Unbundle the divisions of the state-owned transport conglomerate Transnet and move towards privatisation of the units where feasible.

Actions taken: No action taken.

Reform the wage bargaining system (2011)

Recommendations: Weaken administrative extension of collective bargains in sectors covered by bargaining councils. Provide for indicative guidelines for wage bargains at a centralised level consistent with inflation targets and preserving employment prospects of labour market outsiders.

Actions taken: The New Growth Path strategy through 2020 endorsed by the Cabinet in October 2010 includes a proposed broad development pact on wages, prices and executive bonuses to help ensure a sufficient employment response to faster economic growth.

Other key priorities

Strengthen policies to tackle youth unemployment (2011)

Recommendations: Provide for age differentiation of minimum wages in sectors where these are set by the state. Implement a wage subsidy, possibly via the expansion of the learnership programme. Intensify placement assistance.

Actions taken: The New Growth Path Strategy commits to new funding for employment services and to changes in the functioning of labour centres in order to improve information about job and training opportunities.

Reduce barriers to entrepreneurship (2011)

Recommendations: Introduce systematic regulatory impact assessment for all new regulation, and review existing legislation with a view to reducing administrative burdens.

Actions taken: The institutional framework for conducting regulatory impact assessments is being put in place within the National Treasury.

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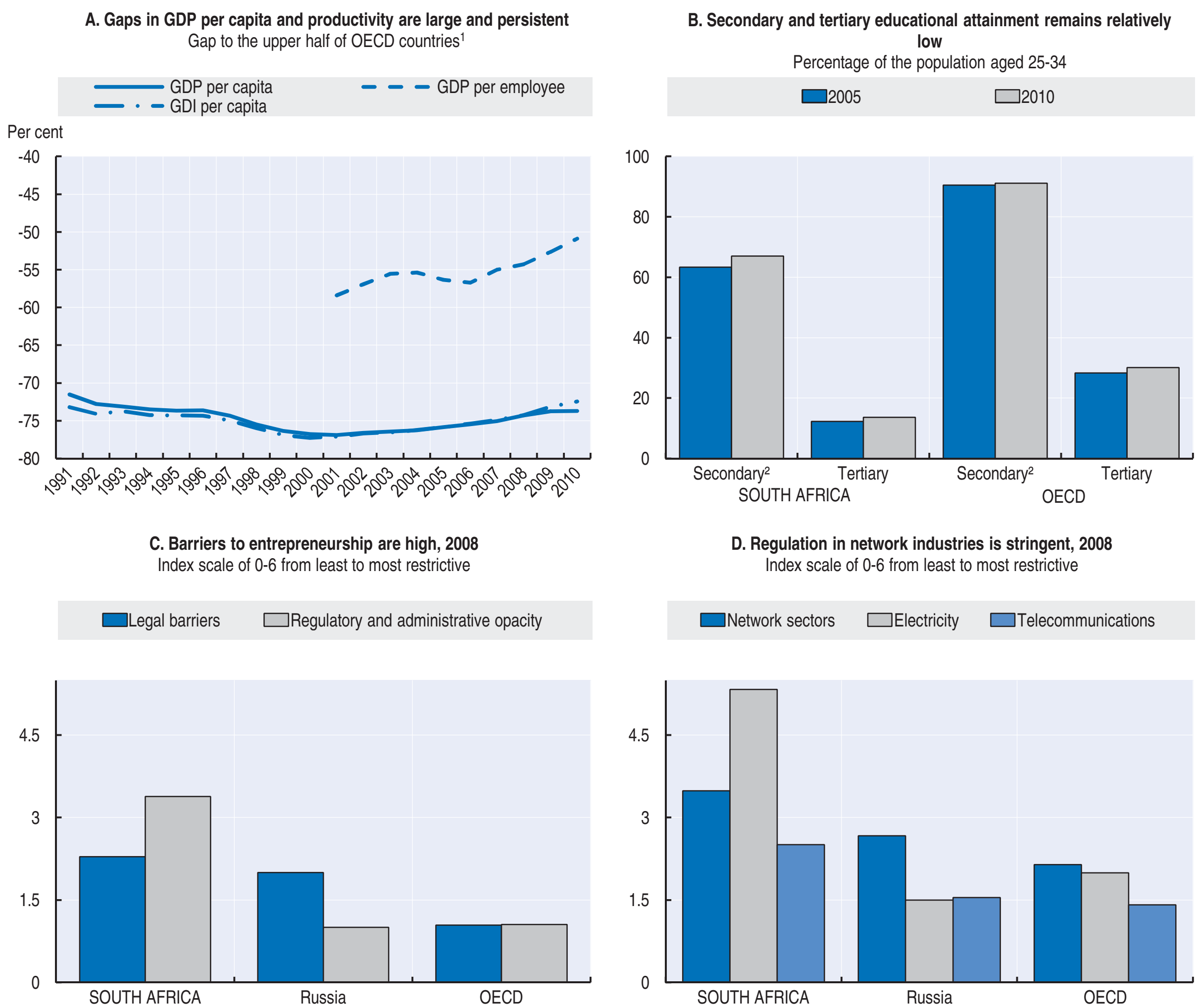
- The large GDP per capita and productivity gaps with the upper half of OECD countries have narrowed over the past ten years, and additional income convergence took place thanks to terms of trade gains. A large part of the GDP per capita gap is explained by low labour utilisation.
- In priority areas, efforts have been made to enhance the quality of education and the wage bargaining system. By contrast, little has been done to increase competition in network industries, and labour market reforms have been timid given the scale of the unemployment problem.
- In other areas, the main labour market measures taken during the crisis included the expansion of public works programmes and the introduction of a training layoffs scheme.

Performance and policy indicators



1. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per employee and GDI per capita (in constant 2005 PPPs).
2. Secondary educational attainment measures the share of the population aged 25-34 that has reached at least lower secondary education.

Source: Chart A: World Bank (2011), *World Development Indicators (WDI) Database* and *Statistics South Africa*; Chart B: Samir *et al.* (2008), "Projection of Population by Level of Education Attainment, Age and Sex for 120 Countries for 2005-50", *International Institute for Applied Systems Analysis Interim Reports*; Charts C and D: *Product Market Regulation Database*.

StatLink http://dx.doi.org/10.1787/888932565794