2016

GROWTH STRATEGY

SOUTH AFRICA

A. Economic Context and Objective

1. Economic Objectives and Outlook

South Africa's **economic objectives** remain unchanged, as per the 2014-2019 Medium-Term Strategic Framework (MTSF) priorities, namely radical economic transformation, rapid economic growth and job creation. While South Africa's **economic situation and outlook** have deteriorated since the revised Antalya growth strategy was published in November 2015, the major credit rating agencies affirmed South Africa's long-term foreign and local currency credit rating at investment grade level.

SA is facing a difficult global and domestic economic environment. Globally, the realisation of a key risk to global growth, namely the UK's decision to leave the European Union ("Brexit"), has introduced downside risks to global growth. These include the dampening effects of a material increase in uncertainty which will weigh on confidence and investment. Global risk appetite has increased substantially over the past few months on expectations of a shallower path of US monetary policy tightening resulting in a weaker dollar, stronger EM currencies and increased demand for higher yielding EM bonds. South Africa has benefited from this, but like all EMs it remains vulnerable to swings in global risk appetite.

Domestically, SA looks set to grow at less than 1 per cent this year. The 2016 Budget Review forecast GDP growth to slow to 0.9 per cent in 2016, however the first quarter contraction in GDP of 1.2 per cent q/q has introduced significant downside risks to the forecast. Consumers remain under pressure, evidenced by a stubbornly elevated unemployment rate, and consumer confidence and household credit growth that are at near seven year lows. Investment, too, remains constrained by poor business confidence.

Growth is expected to rise over the medium term, but well below the National development Plan's growth targets. The 2016 Budget Review forecast economic growth to rise to 1.7 per cent in 2017 and 2.4 per cent in 2018, thanks to gradually improving global demand, enhanced policy certainty, a recovery in consumer and business confidence, and greater energy supply availability.

Risks to this outlook remain biased to the downside, and include ratings downgrade fears, tighter external financing conditions along with heightened volatility in financial markets in response to monetary and other policy surprises in the largest economies.

South Africa's **unemployment rate** remained high at 26.6 per cent in the second quarter of 2016. The South African economy has added approximately 1.8 million jobs since the end of the global financial crisis, but this has not translated into a higher absorption rate, as the labour force has expanded by approximately 3.1 million over the same period.

The prevailing low growth, low employment environment makes it increasingly difficult to tackle the triple challenges of unemployment, poverty and inequality. In this difficult macroeconomic environment, it is crucial to construct home-grown solutions to help bolster the economy. There are 3 elements to our solution: 1. Raising confidence; 2. Making it easier to do business; and 3. Supporting structural reforms to encourage faster, job-rich growth.

2. Balance of payments

South Africa's **current account deficit** narrowed to 4.4 per cent of GDP in 2015 and is expected to narrow further to 3.9 per cent of GDP by 2017 and 2018 according to the NT forecasts (Budget Review, February 2016). However, more recent SARB forecasts (July 2016) point to a fairly stable deficit at 4.2 per cent of GDP in 2016, before gradually widening to 4.7 per cent by 2018.

South Africa's capital markets have been strongly affected by global (and emerging-market) financial market trends. The substantial inflows into South African local currency bond markets due to attractive yields (relative to advanced economies), the structure of the debt market (90 per cent is rand-denominated), deep and liquid financial markets and confirmation of strong institutions have somehow cushioned the negative impacts. The reliance on foreign savings represents a challenge for the growth outlook.

B. Macroeconomic Policy Actions to Support Growth

The IMF, in its 2016 Article IV report published on 7 July 2016, recognises that the government and the South African Reserve Bank (SARB) have taken appropriate steps to counter rising government debt and inflation.

1. Fiscal policy actions since the 2015 Antalya Summit

In 2012, South Africa introduced an expenditure ceiling to begin a process of fiscal consolidation and remains the cornerstone of our fiscal consolidation process. The ceiling has been set to protect key social expenditures, while closing the deficit in a measured way.

The South African government's core fiscal objective is to stabilise the debt-to-GDP ratio. In the 2016 Budget (announced on 24 February 2016) we announced more ambitious deficit targets than in October 2015, notwithstanding the significant changes to the economic outlook and new spending pressures. Government has accelerated the pace of consolidation, and will achieve a primary balance on the consolidated government account in 2016/17, for the first time since the global financial crisis of 2009.

The 2016 Budget supports the long-term health of the public finances with a series of revenue and expenditure measures to narrow the budget deficit to 2.4 per cent of GDP by 2018/19, stabilise net debt at 46.2 per cent of GDP in 2017/18, and begin to rebuild fiscal space. In 2016/17, for the first time since the 2009 recession, government is projected to achieve a consolidated primary surplus (i.e. revenue will exceed non-interest spending), which is projected to rise from 0.4 per cent of GDP in 2016/17 to 1.2 per cent of GDP in 2018/19.

This fiscal consolidation is done through tax policy adjustments to boost revenue, moderate current expenditure and reprioritise budgets. Future fiscal plans are to maintain an expenditure ceiling, and a reduction in the **expenditure ceiling** by R10 billion in 2017/18 and R15 billion in 2018/19.

2. Monetary policy actions since the 2015 Antalya Summit

The South African Reserve Bank (SARB) increased the **policy interest rate** four times since July 2015. These four rate increases have brought the SARB's cumulative rate hikes since the start of its current tightening cycle in January 2014 to 200 basis points. More recently, the MPC decided to keep rates on hold at their last two meetings (May and July 2016), noting that recent developments in the inflation outlook and real economy had provided some room to 'delay further tightening', while indicating that the MPC is fully aware that some of the favourable factors that have provided room to pause 'could reverse quickly'.

The SARB expects an extended breach of the target band, until the third quarter of 2017. Upside risks to the inflation forecast emanate mainly from potential further exchange rate depreciation, electricity price increases, accelerating food prices related to the drought as well as potentially higher oil prices. Consistently elevated inflation expectations pose a challenge to the monetary authorities as they may ultimately influence wage negotiations and actual inflation, amid current low productivity growth.

3. Exchange rate and financial market policy and developments

The rand continues to be characterised by high volatility. The rand reached to a recent low of R15.64 against the dollar on 24 June 2016, in response to the British referendum results, and then rebounded to a 10-month high of R13.30 against the US dollar on 10 August 2016 as global risk appetite rose. South Africa has a floating currency to help absorb the impact of global shocks. Deep and liquid financial markets are monitored by the SARB to ensure orderly market conditions. Official reserves stand at US$45 billion and South Africa also has access to the Contingent Reserve Arrangement, a system of multilateral swap lines among the five BRICS countries, and a Renminbi swap agreement with the People's Bank of China (PBOC).

South Africa's macroprudential policy and financial supervision further support market stability (see Annexures for more details).

Finally, there is close cooperation between the SARB and NT on matters pertaining to financial markets, with regular discussions and updates around this issue. The SARB has also established a Financial Stability Committee which meets on a regular basis to deliberate and consider issues related to financial stability, including volatility in financial markets.

C. Structural Reform Priorities

C1. Implementation of Past Growth Strategy Commitments

1. Key Commitment 1: Fast track implementation of the government's infrastructure development plan

The IMF, in its 2016 Article IV report published on 7 July 2016, acknowledges that South Africa has made progress in terms of addressing infrastructure bottlenecks (especially in the electricity sector), public procurement and the commitment to state owned enterprise (SOE) reforms.

High levels of **investment by the public sector** are expected to continue, with R865.4 billion of infrastructure spending by government and state-owned companies projected over the three-year period to 2018/19 in housing, water, electricity, roads, rail and public transport and community infrastructure (Budget 2016 announced on 24 February 2016).

The **power supply constraint** has eased considerably, as Eskom adds new capacity to the grid and renewable energy projects come on stream.[1] Eskom has introduced a new build programme delivery schedule, known as the P80 schedule, which has resulted in completion dates being shifted out as well as escalations in estimated costs. However, the new schedule is on track for delivery. This is new schedule factors in 80 per cent of identified risks, while the previous schedule only factored in 50 per cent and, so there is greater confidence of delivery on these dates. All 6 units of Medupi and Kusile are expected to be completed by May 2020 and September 2022 respectively. All four units of the Ingula Pumped Storage Scheme have now come on-line as of July 2016, bringing in about 1300MW of capacity. On 22 August 2016 the cabinet committed itself to the finalisation of the Integrated Energy Plan and the Integrated Resource Plan for Electricity by the end of 2016.

Eskom received funding from the BRICS New Development Bank (NDB), with a loan of USD 180 million for transmission lines to connect around 670MW of renewable energy to the grid. See below for more details on the REIPP programme. Transport and logistics infrastructure spending account for nearly R292 billion over the next three years. R62 billion is allocated for the housing subsidy programmes and R34 billion for bulk infrastructure and residential services in metropolitan municipalities. R28 billion will be spent over the MTEF on improving health facilities and R54 billion on education infrastructure.

2. Key Commitment 2: Streamline regulatory regime

The 2016 Budget reiterates government's commitment to encourage the **growth of small businesses**, with Rand 475 billion to be allocated over the next three years to support small business enterprises and cooperatives. The 2016 Budget further reiterates government's commitment to lower the cost of doing business.

The visa regime is being streamlined. Biometric security checks are now being implemented at South Africa's main international airports. Travellers using these hubs will no longer require transit visas. In-

[1] The IMF has confirmed during the recent Article IV staff visit that *"electricity bottlenecks are less of a constraint on growth given the bringing online of additional supply from Eskom and independent power producers and subdued demand in the electricity-intensive mining and manufacturing sectors"*.

person visa applications will not be required if travellers are using accredited agencies. A number of Chinese tour operators have been accredited, and the process of accrediting Indian and Russian tour operators is under way. Long-term, multiple-entry visitor visas are now available for businesspeople and academics from Africa. A 10-year visa waiver is available for business executives from BRICS countries, allowing them to remain in the republic for 30 days at a time.

3. Key Commitment 3: Employment tax incentive

The **Employment tax incentive** was implemented in January 2014 and by December 2014 the programme supported at least 254 000 workers. Claims were concentrated in the retail and business services sectors. Work to quantify the exact impacts – particularly on employment and labour market outcomes of youth – is underway, and will be completed by October 2016.

4. Key Commitment 4: Improve investment environment for private sector

To date, a total of 64 renewable energy projects in solar, wind, hydro, and biomass etc., have been awarded to the **private sector**, and the first projects are already on line. Private sector investment over US$14 billion has been committed, and these projects will generate approximately 4000 megawatt (MW) of renewable power. [2]

The **Protection of Investment Act 22 of 2015 (the Investment Act)** was signed into law in December 2015 and will replace bilateral investment treaties concluded in the late 1990s, which are expiring and not being renewed. The Investment Act provides a framework for the protection of all investments in South Africa, both foreign and domestic, in line with the South African Constitution.

See Annexures for more details.

5. Key Commitment 5: Regional trade and investment

A Transaction Officer has been appointed to oversee the entire process of the **one-stop border posts (OSBP) policy** and possibly the implementation. The bilateral legal framework to support South Africa's first OSBP has formally been finalised with Mozambique and the DHA is currently also responsible for managing relevant implementation. Discussions have also begun with Zimbabwe to establish an OSBP, while the Heads of State of the Southern African Customs Union (SACU) have highlighted OSBP implementation for the region.

The **tripartite free-trade area (FTA) agreed by the Southern African Development Community (SADC), East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA)**: Participants have agreed on tariff liberalisation and concluded annexes on Trade Facilitation, Transit rules, Customs Cooperation and Mutual Administrative Assistance and other related rules, and the next

[2] The Council for Scientific and Industrial Research (CSIR) has found that the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has contributed significantly to reducing South Africa's electricity supply constraint.

phase will focus on trade in services. **SADC's Economic Partnership Agreement (EPA) with the European Union (EU)** is undergoing internal EU approval procedures.

C2. New Structural Reform Measures

1. New policy initiatives and announcements after Antalya Summit

In **January 2016**, during the **State of the Nation Address (SONA)**, President Zuma introduced the "**Nine-Points Plan"** to boost growth and employment, and to anchor South Africa's structural reforms implementation package within the framework of the National Development Plan (NDP):

Priority has been given to such reforms which will restore investor confidence and reduce policy uncertainty. Government has led constructive engagements with the private sector, with business, labour and government forming task teams to tackle the most immediate challenges to the South African economy:

- Averting a sovereign credit ratings downgrade
- Reforming State Owned Entities
- Promoting investment and public-private partnerships
- Supporting small businesses

These engagements have included concrete suggestions to raise growth in health, manufacturing, tourism, agriculture and services, which Ministers are engaging on to determine which policies would most likely ignite growth in the relevant sectors.

Confidence in policymaking is also being rebuilt:

- Reinvigorated dialogue on policy design and implications through **the Presidential Business Working Group**.
- New legislation and regulations must now undergo a **Socio-Economic Impact Assessment** (SEIAS) process so as to promote greater policy coordination and mitigate unintended consequences.
- **Key pieces of legislation and regulations are under urgent review** so as not to discourage investment, such as the Mineral and Petroleum Resources Development Act, the Mining Charter as well as visa regulations.

The national One-Stop Shop (OSS) will be fully operational by the end of October, ahead of the original December schedule. Site and design of the national OSS has been approved. Gauteng, Western Cape and KZN provincial OSS will be operational by March 2017 while OSS in the other six provinces will be rolled out over the next three years.
Extensive engagements across government have occurred, including a July workshop to coordinate municipal and national level reforms, focused on 4 of the 10 indicators followed by the World Bank, namely starting a business, registering property, trading across border and enforcing contracts. Engagements underway to effect changes required:

- CIPC increasingly automated procedures - registration now takes less than a day.
- Compensation Fund in the process of automating employee registration - to be operational in February 2017.
- The UIF is modernising its U-Filing process – to be launched in April 2017.

Support for key industries in agriculture, tourism and manufacturing continues as part of the day-to-day work of government. Of particular interest is:

- **Agriculture** – R2bn was allocated for Agri-parks initiative, construction begun in 7 of the 44 identified sites and 36 Agri-parks Business plans have been completed.Agriculture work stream has been set up with business to consider efforts to improve water sustainability, financing and insurance, and trade promotion and market access. To manage the impact of the drought, GM maize ban has been temporarily lifted to reduce the impact of higher food prices on the South African economy, and reprioritised R1.1bn (US$70bn) in drought relief. A total of 21 383 farmers were supported through drought relief programme. The task team with business and labour are considering efforts to improve water sustainability, financing, insurance and trade promotion and market access.
- **SMMEs -** Over the medium term, R475 million has been reprioritised to the **Department of Small Business Development (DSBD)**. The DSBD is working closely with municipalities to implement red tape reduction guidelines, to bring, into one location, financial and other support services, such as how to open a bank account, register a company, and set up a business plan. In order to ensure access to funding for small businesses and co-operatives, the Small Enterprise Finance Agency (SEFA) has migrated to the DSBD to ensure a more integrated approach towards extending support to SMEs and co-operatives.The **Gazelles programme** will offer targeted, specialised support and mentoring for 200 SMME's with high growth potential. Preferential procurement rules from the public sector should further support the sector. Business has agreed to set up a **fund for Small Business Support** to provide "venture" capital-type funding and mentoring, with R1billion already committed.
- **Tourism** –improving communication on reforms; R557 million Tourism Incentive Programme to help small enterprises participate in international marketing initiatives.
- **Manufacturing** – a review of manufacturing incentives is underway to see if there are ways in which government can get better outcomes given current levels of support. The Department of Trade and Industry will finalise the strategy for the deployment **of locally developed technologies** by the end of 2016. Further, the Department of Science and Technology and the National Treasury will secure additional funds to sustain and expand the **Sector Innovation Fund** through the **Economic Competitive Support Package**.

Government will maintain **policy continuity** after the local government elections on 3 August 2016. The elections (in addition to the recent Constitutional Court ruling) demonstrated the robustness of South Africa's democratic institutions.

2. New measures according to Priority Areas for Structural Reform

2.1 Priority area 2 for structural reform: Promoting competition and enabling environment

(i) The 2016 Budget reiterates government's commitment to lower the cost of doing business, remove regulatory constraints (including the easing of onerous visa restrictions) and act swiftly to remove policy uncertainty. Several regulatory reforms will encourage greater private investment and improve the cost of doing business.

(ii) The Economic Development Department (EDD) is due to conduct a review of the Competition Act this financial year, having supported criminalising anti-competitive behaviour and strengthening the public interest clauses in the Act.

(iii) **Reforms to port tariffs** are underway, with the Competition Commission announcing it will conduct an inquiry into port pricing over the next year covering all aspects of pricing in the ports sector. The Ports Regulator continues with a 10 year strategy to reform tariffs.

(iv) **A Red Tape Impact Assessment bill** dedicated to reducing red tape is with parliament and the authorities are assessing the ease of doing business across various municipalities to improve the business environment, especially for SMEs.

(v) The **Invest SA** initiative seeks to boost domestic and foreign investment. This will include one-stop shops (OSS) at national and provincial level to help investors with the procedures required to start up and run a business, and provide streamlined access to registration and authorisation processes:

a. The national OSS will be fully operational by the end of October, ahead of the original December schedule. Site and design of the national OSS has been approved. Gauteng, Western Cape and KZN provincial OSS will be operational by March 2017 while OSS in the other six provinces will be rolled out over the next three years.
b. Extensive engagements across government have occurred, including a July workshop to coordinate municipal and national level reforms, focused on 4 of the 10 indicators followed by the World Bank, namely starting a business, registering property, trading across border and enforcing contracts. Engagements underway to effect changes required.
   i. CIPC increasingly automated procedures - registration now takes less than a day.
   ii. Compensation Fund in the process of automating employee registration - to be operational in February 2017.
   iii. The UIF is modernising its U-Filing process – to be launched in April 2017.

(vi) In an effort to reduce red tape, the **9 cities World Bank Ease of Doing Business Peer Learning** project has been conducted which replicates and rolls out the good practices of nine of SA's largest municipalities across all municipalities.

(vii) To support previously disadvantaged businesses, in June 2016 government published the **Preferential Procurement Policy Framework Act**, which raised the threshold for preference to black-owned companies from R 1 million to R 100 million and proposed that for contracts of more than R 30 million, it will be compulsory to subcontract a minimum of 30% of the value to emerging suppliers, including small and black-, women- or youth-owned enterprises.

2.2 Priority area 4 for structural reform: Improving infrastructure

As mentioned above, **government continues to support investment spending through targeting fiscal savings** on wages (see section xx).

Government is also **seeking to partner with the private sector** to leverage private sector balance sheets to continue infrastructure investments.[3] On 9 May 2016 South Africa's government and leaders from business and labour agreed to consider expanding the model used for the independent power producers (IPPs) programme to other infrastructure investments and the possibility of private sector investment in state owned companies (SOCs) will be explored.

The National Treasury is committed to working with cities to accelerate investment in urban development through the **City Support Programme**.

2.3 Priority area 5 for structural reform: Improving and strengthening the financial system

South Africa is currently preparing to implement a Twin Peaks approach to financial sector regulation to streamline the prudential oversight of the financial system and improve consumer protection from a market conduct perspective.

2.4 Priority area 6 for structural reform: Advancing labour market reform, educational attainment and skills

Perceptions of difficult labour relations have held back employment growth. A Nedlac task team is finalising a framework to reduce economic disruption from protracted strikes. Government is supporting secret balloting, compulsory advisory arbitration, and codes of good practice.

An agreement has been reached on the principle of a national minimum wage. An independent panel has been commissioned to provide advice on the implementation of a national minimum wage, including the level.

2.5 Priority area 7 for structural reform: Promoting fiscal reform

(i) South Africa continues to implement its **expenditure ceiling** to ensure fiscal discipline and debt sustainability while also reprioritizing spending towards investment and reducing budgets for non-essential goods and services in national government departments.

(ii) On **22 August 2016** the cabinet has committed government to meeting its **medium-term fiscal targets** and that it will take any additional steps to achieve this "as conditions warrant". The government has identified a set of budget priorities for 2017/18 that focused on maintaining infrastructure spend, strengthening support for skills development and maintaining real levels of spending on the poor.

(iii) **Fiscal spending composition**: The 2016 Budget proposes to reprioritise spending amounting to

[3] For example, the official opening of the R190 million investment Ballito Interchange and the P455 main road upgrade are models for smart co-funding with R123 million from SANRAL and R67 million from the KwaDukuza Municipality. These serve as catalysts for further growth and investment with the P455 main road upgrade unlocking the development of a new R1 billion retail complex which is due for completion in 2017.

R31.8 billion over the Medium-Term Expenditure Framework (MTEF) period, which are funded by large reductions in budgets for non-essential goods and services in national departments, including travel, complemented by stronger cost-containment initiatives. Compensation budgets of departments with high vacancy rates have been significantly reduced, as have transfers to several national public entities.

(iv) **Reducing waste through procurement and supply chain management reform:** Following the publication of the 2015 Public Sector Supply Chain Management Review, the Office of the Chief Procurement Officer (OCPO) was established in February 2013 and has put in place measures to accelerate the modernisation of the Supply Chain Management system and enforce greater discipline and effective controls. A single public procurement bill addressing all the legislative and regulatory requirements of the SCM system is currently being drafted that would consolidate various procurement-related laws (including the Preferential Procurement Policy Framework Act and its associated regulations) into a single piece of legislation and set aside 30% of government contracts are set aside for small and black- and women-owned companies and co-operatives. The Bill is expected to be introduced by March 2017.

(v) **Strengthening municipal finances through budget reform and technical support initiatives.** A **second phase of the Municipal Finance Improvement Programme is being implemented**, which includes support for provincial oversight of local and district municipalities. The withholding of local government equitable share allocations in March 2015 was a bold step taken by National Treasury after persistent failures by municipalities to honour debts owed to Eskom, the Water Boards and other creditors delivering services to municipalities.

(vi) The National Treasury is committed to strengthening municipal finances through budget reform and technical support initiatives. The National Treasury has strengthened its collaboration with provincial treasuries in implementing a **second phase of the Municipal Finance Improvement Programme**, including support for provincial oversight of local and district municipalities. The withholding of local government equitable share allocations in March 2015 was a bold step taken by National Treasury after persistent failures by municipalities to honour debts owed to Eskom, the Water Boards and other creditors delivering services to municipalities.

(vii) **Recapitalising state-owned companies (SOCs) in a budget neutral manner:** The government made a commitment that support to state-owned entities (SOEs) would be budget neutral. On 12 February 2016 the Presidency released the report of the **Presidential Review Committee (PRC) on SOEs**, which outlines how SOEs should be managed in order to contribute to the successful implementation of the NDP.[4] The interventions in SOEs announced during the President's State of the Nation Address on 11 February 2016 were based on the proposed reform principles and recommendations of the PRC.

(viii) Work will start on the creation of the **Presidential SOCs Coordinating Council** which will provide the President line of sight on strategic decisions and interventions to create SOCs that play a transformative role in a capable developmental state.

[4] http://www.thepresidency.gov.za/electronicreport/volume_3.html#

2.6 Priority area 8 for structural reform: Enhancing environmental sustainability
South Africa is implementing the Independent Producer Program (IPP) on renewable energy projects, which is in the process of being connected to the national grid (see below).

D. Investment

Update on Investment Measures since Brisbane

1. Boosting private investment

The **Inter Ministerial Committee on Investment**, chaired by the President, will coordinate 40 priority investment projects across government. These 40 projects include the agro-processing and agri-parks, energy and infrastructure, manufacturing and services projects. These projects were selected based on having a high-scale economic impact linked to the Nine-Point Plan; being able to take-off within the next two years; and able to crowd-in further investment and community benefits.

See above for details on Invest SA initiative.

2. Infrastructure

2.1 Renewable Energy Independent Power Producer Programme

Since the beginning of 2016, government has stepped up its efforts to partner with the private sector. The **Renewable Energy Independent Power Producer (IPP) Programme** has already begun to diversify South Africa's energy mix. To date, 6 377MW of electricity have been procured through the programme, with 2 045MW connected to the grid. To date Eskom has signed just over 90 IPP projects which are producing roughly 2 145 MW. The contracted projects, including those which are unsigned, are equivalent to just over 3901 MW.

SA is expanding the IPP programme to include other generation technologies. The electricity regulator has approved 2 500 MW of coal, 3 126 MW of gas, 1 800 MW of cogeneration and 2 609 MW of imported hydro power generating capacity is expected to be connected to grid between 2020 and 2025. Government has invited private investors to build on the success of this programme in **gas and coal**. Coal projects alone will lead to investment of R45 billion. Projects to generate 2 500MW of electricity from coal are being prepared, and government is planning a gas-to-power programme that will contribute 3 126MW of electricity.

In addition to the US$3.5 million feasibility study to expand and transmit Mozambique's hydro power and diversify South Africa's electricity supply, the Southern African Development Community's (SADC)

Project Preparation and Development Facility has allocated US$2.1 million to investigate the feasibility of a new transmission line in Zimbabwe to benefit the regional power pool.

2.2 Mobilizing Multilateral Development Bank (MDB) Resources

The **BRICS New Development Bank (NDB)** is now operational, and has announced its inaugural projects. Eskom is the first South African entity to receive funding from the NDB, with a loan of US$180 million for transmission lines to connect around 670MW of renewable energy to the grid.

The **Development Bank of Southern Africa (DBSA)** is playing an increasingly active role in financing municipal infrastructure and supporting economic growth. The DBSA delivered a strong set of developmental and financial results for the recently concluded year, increasing its infrastructure support by 30 per cent from R 21.4 billion in 2014 to R28.0 billion in 2015/16. The DBSA also assisted in the completion of 68 infrastructure projects (seven in water and sanitation, 51 in electricity, nine in roads and storm water and one in fleet management) across the country.

3. Tax free savings

The Minister of Finance approved the final Notice and Regulations that allow for the introduction of Tax Free Savings and Investment Accounts ("TFSAs") with effect from 1 March 2015. Tax-free savings accounts have been implemented to increase both household and corporate savings. Tax tools to encourage savings at a household level include, but are not limited to, tax-preferred savings accounts and retirement savings reforms. Tax-preferred savings accounts will have an initial annual contribution limit of R30 000, to be increased regularly in line with inflation, and a lifetime contribution limit of R500 000.

Facilitators	Safeguards

Investment Ecosystem	**1 Supporting Improvements in Investment Climate** Macroeconomic stability Competition strategy and regulatory reforms Removing restrictions on FDI Strengthening public investment efficiency Promoting R&D and business startup **2 Facilitating Financial Intermediation** Promoting domestic financial savings Private sector financing tools (local debt market and capital market) Respective role of different actors (banks, inst. investors, corporate finance)	**3 Enabling Appropriate Legal and Institutional Settings** Rule of Law and public governance Preconditions for long-term investment Governance and incentives of financial intermediaries Adequate regulatory framework Openness and information sharing Responsible business conduct
Infrastructure	**4 Supporting Improvements in Investment Climate** Regulatory framework for infrastructure Strengthening Public Investment Inflation and foreign exchange risk management alternatives **5 Facilitating Financial Intermediation** Promoting long term financing environment Developing financing vehicles Private Equity/ project bonds Develop secondary markets Tax incentives **6 Mobilizing MDB Resources and Role of NDBs** Country led MDB programs Technical assistance and experience sharing Role of National Development Banks	**7 Enabling Appropriate Legal and Institutional Settings** Develop an adequate PPP framework Stable and consistent regulation Sustainable and clean energy **8 Project Spectrum: Project Planning, Prioritization and Process Development** Project identification and prioritization Project preparation / Execution Procurement and contract management Ensuring Quality of Infrastructure **9 Addressing Data Gaps** Project availability Sharing project information
SMEs	**10 Facilitating Financial Intermediation** Movable collateral laws and registries Insolvency regimes Asset based instruments Securitization Banking sector competition Tax incentives **11 Mobilizing MDB Resources and Role of NDBs** Role of National Development Banks Technical assistance and experience sharing	**12 Enabling Appropriate Legal and Institutional Settings** Product development Non-bank SME financing settings Availability of early stage capital (seed, angel, etc.) Incentives to formality **13 Addressing Data Gaps** Information sharing (standardized data set) Payment system information SME data gap dissemination

Annex 1. Past commitment – Brisbane and Antalya commitments

The purpose of these tables is to monitor the implementation of members' previous commitments.

Brisbane and Antalya Key Commitments for Monitoring Purposes

• **KC 1: Fast-track infrastructure development plan**	**Infrastructure Development Act will fast-track implementation of the government's infrastructure development plan**		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane and Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1- Infrastructure Development Act (Act no 23 of 2014) signed on 02 June 2014	**1-** Signed on 02 June 2014	**1-**Active.
	2- Public investment in infrastructure.	**2-** Medium Term Expenditure Framework (2014-2017).	**2-Ongoing.** R865.4 billion of infrastructure spending by government and state-owned companies projected over the three-year period to 2018/19. Transport and logistics infrastructure spending account for nearly R292 billion over the next three years. R62 billion is allocated for the housing subsidy programmes and R34 billion for bulk infrastructure and residential services in metropolitan municipalities. R28 billion will be spent over the MTEF on improving health facilities and R54 billion on education infrastructure.
	3- Eskom five point plan	**3-** From 2015 to 2018	**3-Ongoing** **Maintenance practices** have been improved and resulted in 1 percentage point improvement in electricity availability factor. P80 schedule shifted out timelines, but on track for delivery. **Investment in facilities.** Sere Wind Farm (100MW) came online in February and Medupi Unit 6 (800MW) was fully commissioned in August. All four units of the

			Ingula Pumped Storage Scheme have now come on-line as of July 2016, bringing in about 1300MW of capacity. **Gas imports:** A market exploratory request for information for gas was issued in May 2015. **Independent coal power producers:** A request for proposals for 2 500 MW of coal-fired power has been issued. **Demand-side management:** Government has issued requests for information for interventions to reduce demand, shift load and improve energy efficiency.
	Improved certainty in the sector		On 22 August 2016 the cabinet committed itself to the finalisation of the Integrated Energy Plan and the Integrated Resource Plan for Electricity by the end of 2016.
Impact of Measure	Lack of energy availability is projected to be hampering potential growth by about 1 percentage point. Measures are expected to result in higher potential growth by 2018/19.		

KC 2: Streamline regulatory regime	**The following measures would reduce compliance costs and facilitate access to equity finance:• Turnover tax regime for micro businesses • Small business corporation tax relief • Venture capital company regime • Tax treatment of grants**		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane and Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1- The South African Revenue Service to reduce the compliance burden for small businesses through continued rollout of "small business desks"	Ongoing	**1-Ongoing.** SARS has officially opened 138 small business desks nationally, with more to be announced by mid-June 2016.
	2-Regulatory reforms to reduce barriers to entry and promote shared access to broadband infrastructure will soon be		**2-**Discussions surrounding challenges related to broadband and spectrum allocation have been escalated to the Broadband War Room, a gathering of all the relevant government ministries, to ensure that policy implementation is prioritised and that policy formulation is consistent across departments.

	proposed. Rationalising state agencies working in ICT will complement this approach.		
	3-Small Business Development		**3-**The 2016 Budget reiterates government's commitment to encourage the growth of small business, with Rand 475 billion allocated over the next three years to support small business enterprises and cooperatives
Impact of Measure	None yet		

KC 3: Employment Tax Incentive	**Government shares initial cost of hiring with employer to boost job creation.**		
Inclusion in growth strategies	This measure was included in the Brisbane and Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1-Legislative drafting and public consultation	1- December 2013	1- Completed
	2-Implementation of programme	2- 1 January 2014	2- Completed
	3-Data gathering and monitoring	3-31 August2016	3-Ongoing, first round of data received December 2015
	4- Evaluation	4-30 October 2016	4- Underway, collaborative research by National Treasury and academic researcher has started.
	5- Programme extension / adjustment / closure	5- 31 December 2016	5- To be informed by evaluation, with legislation to enable extension / adjustment to be subject to public consultation.
Impact of Measure	Expected impacts: support 240 000 jobs over 3 years (Budget review 2014). Observed impacts: by December 2014 the programme supported at least 254 000 workers, but this number is a lower bound estimate. Claims were concentrated in the retail and business services sectors – where youth employment is also high. 36 616 unique employer claimed the incentive. Work to quantify the exact impacts – particularly on employment and labour market outcomes of youth – is underway, and will be assessed in October 2016.		

KC 4: Improve investment environment for the private sector	**Commitment for further bidding rounds for the renewable energy programme and commitment for the establishment of similar competitive bidding process for the production of electricity from other sources (coal and gas).**		
Inclusion in growth strategies	This measure was included in the Brisbane and Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1- Task Team on Private Sector Financing of Infrastructure	**1-** On-going.	**1-** 26 interview sessions were held – representing the organisations that account for the bulk of South Africa's financing power and experience.
	2- Renewable Energy Independent Power Producer Procurement Programme.	**2-** Completed bid windows 1, 2 and 3..	**2-** South Africa has a target of 10 000 GWh of Renewable Energy. The Minister of Energy has determined that 3 725 megawatts (MW) to be generated from Renewable Energy sources is required to ensure the continued uninterrupted supply of electricity.
	3-Investment Protection Bill	**3-**Ongoing	**3-** The **Protection of Investment Act 22 of 2015 (the Investment Act)** was signed into law in December 2015. The Investment Act provides a framework for the protection of all investments in South Africa, both foreign and domestic, in line with the South African Constitution.
Impact of Measure	To date, a total of 64 projects have been awarded to the private sector, and the first projects are already on line. Private sector investment totalling US$14 billion has been committed, and these projects will generate an approximately 4000 megawatt (MW) of renewable power. The Council for Scientific and Industrial Research (CSIR) has found that the REIPPPP has already made a contribution to South Africa's economic well-being by reducing the national electricity supply constraint.		

KC 5: Facilitate cross-border trade and investment for South African firms	**Introduce a one-stop border post (OSBP), Customs Control and Customs Duty Acts, Tourism promotion, AGOA dispute resolved**		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane and Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1-Introduce a one-stop border post (OSBP)	1), 2) and 3) Ongoing.	**1-** In December 2015 the National Treasury transferred the **one-stop border posts (OSBP) policy** development to the Department of Home Affairs (DHA). The National Treasury will continue to provide project management support.
	2-Customs Control and Customs Duty Acts Conclusion of tripartite free-trade area (FTA)	.	**2-**Trade facilitation will be enhanced by the implementation of the new **Customs Control Act and Customs Duty Act (both 2014)**. The **Customs Control Act 31 of 2014** will replace the provisions relating to customs control in the Customs and Excise Act, 1964 towards 2016. The **SADC-EAC-COMESA Tripartite Free Trade Area (TFTA)**: Participants have agreed on tariff liberalisation and concluded annexes on Trade Facilitation, Transit rules, Customs Cooperation and Mutual Administrative Assistance.
	3-Tourism promotion		**3-** Recent changes to the visa regime and well-targeted advertising will support tourism growth
	4-African Growth and Opportunity Act (AGOA) dispute resolved	4) Resolved	.
Impact of Measure	**3-Tourism** directly contributes 3 per cent to GDP and 4.5 per cent to total employment. **4-AGOA resolution**: South African firms benefit from increased access to US markets.		

Financial Policy (Brisbane Commitment)	Twin Peaks model of financial regulation
Implementation path and expected date of implementation	The **Financial Sector Regulation Bill (FSRB)** is currently under consideration through parliamentary processes and is expected to be promulgated in the second half of 2016.
Status of Implementation and Impact	**Status of Implementation:** The Financial Sector Regulation Bill (FSRB) was tabled in Parliament on 27 October 2015. Key changes have been made to the FSRB. South Africa has made good progress in recent months with the implementation of the twin peaks model of financial regulation, through the introduction of an overarching legislative framework for consideration and approval by Parliament. **Impact:** Once approved the FSRB will give effect to the establishment of two of the key financial regulators, namely the Prudential Authority and the Financial Sector Conduct Authority, and their respective powers and responsibilities. In addition, the Bill provides the South African Reserve Bank with the function of maintaining, promoting and enhancing financial stability in South Africa, as well as functioning as a resolution authority.

Investment Strategy Commitments

Please provide a general overall assessment on the status of implementation of investment strategies as below.

	Facilitators	Safeguards
Investment Ecosystem	**The Competition Commission of South Africa** was granted formal powers to conduct market inquiries in line with **section 6 of the Competition Act which came into effect on 01 April 2013.** As of **1 May 2016, sections of the Competition Amendment Act (Act),** providing for criminal liability of individuals who act in contravention of the Act, became effective.	Minister of Finance approved the final Notice and Regulations that allow for the introduction of **Tax Free Savings and Investment Accounts ("TFSAs")** with effect from 1 March 2015. The **Financial Sector Regulation Bill (FSRB)** is currently under consideration through parliamentary processes and is expected to be promulgated in the second half of 2016.
Infrastructure	The **Infrastructure Development Act** which came	**The PPP project cycle is guided by National Treasury Regulation 16,**

	into effect on 1 July 2014 formalizes and establishes in law the Presidential Infrastructure Coordinating Commission (PICC) institution. **Renewable Energy Independent Power Producer Programme (as above)**	issued May 2002 in terms of the Public Finance Management Act of 1999.It outlines the phases and tests that an infrastructure project is subject to including a comprehensive feasibility study, competitive procurement contracts that ensure appropriate risk transfer. For pension funds **Regulation 28 of the Pension Funds Act** stipulates the maximum percentage of assets that can be invested in various instruments (listed equity, unlisted equity, government bonds, etc.)
SMEs	small business development dept established in 2014 to create a favourable environment for SMEs Between 201520118 the Ministry of Small Business Development has committed to: **1 Use Transversal agreements to support small and medium enterprises**. **2 Improve access to finance** by developing a more integrated approach towards extending support to SMEs and co-operatives. **3 Work closely with municipalities to implement red tape reduction guidelines.**	

Annex 2. New and Adjusted Policy Commitments since Antalya

1. Restoring confidence, boosting investment and improving policy certainty (new policy)	Measures to improve environment for private sector investment and improve cooperation between the public and private sectors
Implementation path and expected date of implementation	• Announcement of the **inter-ministerial committee on investment promotion** in January 2016 will ensure the policy and regulatory environment improve the investment climate, informed by recommendations of the Presidential Business Working Group. • **Invest SA**, announced in January 2016, is a public-private partnership to promote domestic and foreign investment. This initiative will include one-stop shops at national and provincial level to help investors with the procedures required to start up and run a business, and provide streamlined access to registration and authorisation processes. • The **9 cities World Bank Ease of Doing Business Peer Learning** project has been conducted which replicates and rolls out the good practices of nine of SA's largest municipalities across all municipalities.
What indicator(s) will be used to measure progress?	Private, public and total investment (gross fixed capital formation), % of GDP World Bank Ease of Doing business indicators
Explanation of additionality or adjustment (where relevant)	This is a new policy commitment that reflects various initiatives from government to improve cooperation with the private sector. Invest SA is a new measure to improve the business environment and it reiterates existing commitments to this effect.

2. Streamline regulatory regime (adjusted policy)	**Measures to improve the regulatory regime and to reduce red tape: Policy reforms (MPDRA, Mining Charter), Socio-Economic Impact Assessment, visa regulation review, business incentives review, Competition Amendment Act sections, Tax Free Savings and Investment Accounts, Red Tape Assessment Bill, SME initiatives**
Implementation path and expected date of implementation	• Recommended various policy reforms, e.g. **Mineral and Petroleum Resources Development Act (MPDRA)** is being considered before parliament, and **Mining Charter** is due to be finalised (adjustment) • All regulations and legislation have to undergo the **Socio-Economic Impact Assessment (SEIAS)** process to promote greater policy coordination and mitigate unintended consequences. • Department of Performance, Monitoring and Evaluation is conducting a **review of business incentives** to ensure that incentives yield the best return for growth and employment. • **Competition strategy and regulatory reforms:** As of 1 May 2016, sections of the Competition Amendment Act providing for criminal liability of individuals who act in contravention of the Act (e.g. cartel behaviour), became effective. • **Red Tape Impact Assessment bill:** The Bill is with parliament and the authorities are assessing the ease of doing business across various municipalities to improve the business environment, especially for SMEs. The DBSD is working closely with municipalities to implement red tape reduction guidelines, to bring, into one location, financial and other support services, such as how to open a bank account, register a company, and set up a business plan. **Small and Medium Enterprises (SMEs)** • **Gazelles programme:** The Gazelles programme was launched in May 2016 under the Presidency to support 200 SMEs. The Gazelles programme will offer targeted, specialised support and mentoring for businesses with high growth potential for 10 years.
What indicator(s) to measure progress?	Ease of doing business surveys; measures of business concentration; tourism arrivals relative to key competitor countries
Explanation of additionality or adjustment	This is an adjustment to the key policy commitment 2 to streamline the regulatory environment. However, with regards to SMEs, the proposed Venture capital fund and Gazelles programme are new measures.

3. Stimulate employment (adjusted policy)	**Measures to unblock obstacles to faster employment growth in 8 key sectors and SMEs**
Implementation path and expected date of implementation	• SME fund established to provide support to SMEs and entrepreneurs • Work on 8 sectors; priority given to employment-boosting agriculture and tourism
What indicator(s) will be used to measure progress?	Employment according to sector and total employment
Explanation of additionality or adjustment (where relevant)	This is an adjustment to key commitment 3 (to boost youth employment through the Employment Tax Incentive).

4. Fast-track government's infrastructure development plan (adjusted)	**Partnerships to expand co-investment, Strengthening public investment / procurement and contract management, developing financing vehicles private equity/project bonds, mobilizing MDB resources and role of NDB**
Implementation path and expected date of implementation	• The 2016 Budget emphasizes **partnerships to expand co-investment** in economic infrastructure, social facilities, innovation and skills development. • **Strengthening Public Investment/ Procurement and contract management:** South Africa is expanding the independent power producer programme to include other generation technologies. The electricity regulator has approved 2 500 MW of coal, 3 126 MW of gas, 1 800 MW of cogeneration and 2 609 MW of imported hydro power generating capacity is expected to be connected to the grid between 2020 and 2025. • **Developing financing vehicles Private Equity/ project bonds:** An initiative was announced in February 2016, to form a working group consisting of the National Treasury, the Johannesburg Stock Exchange, the World Bank, Independent Power Producers Unit, the Development Bank of Southern Africa to develop and implement alternative

	infrastructure funding mechanisms. • **Mobilizing MDB Resources and Role of NDB:** The BRICS New Development Bank (NDB) is now operational, and has announced its inaugural projects. Eskom is the first South African entity to receive funding from the NDB, with a loan of US$180 million for transmission lines to connect around 670MW of renewable energy to the grid.
What indicator(s) will be used to measure progress?	Public and total investment (gross fixed capital formation), % of GDP
Explanation of additionality or adjustment (where relevant)	Investment measures continue existing commitments to remove infrastructure bottlenecks and to boost infrastructure as major driver of South African growth.

5. Fiscal reform measures	**Reprioritise spending and reduce budgets for non-essential goods and services in national government departments**
Implementation path and expected date of implementation	The 2016 Budget proposes to reprioritise spending amounting to **R31.8 billion in the medium term** which are funded by large reductions in budgets for non-essential goods and services in national government departments, including travel, complemented by stronger cost-containment initiatives, and reforms to procurement and supply chain management. **Strengthening public investment efficiency:** The Office of the Chief Procurement Officer has put in place measures to accelerate the modernisation of the Supply Chain Management system and enforce greater discipline and effective controls. A single public procurement bill addressing all the legislative and regulatory requirements will be tabled in 2016.
What indicator(s) will be used to measure progress?	Government spending: total spending and non-essential spending.
Explanation of additionality or adjustment	Measures to reprioritise spending continue existing commitments on fiscal reform.

Annex 3. Past commitment – St. Petersburg fiscal commitment

Please include the overall assessment of the 2010 Toronto commitments.

Please update the tables as follows:

Medium- term projections, and change since last submission (required for all members):

Estimate Projections

	2014-15*	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Debt	46.8	50.5	50.9	51.0	50.5		
ppt change	0.6	1.5	2.3	2.0	1.1		
Net Debt	41.2	44.3	45.7	46.2	46.2		
ppt change	-2.0	-0.8	-1.8	-1.5	0.8		
Deficit	-3.6	-3.9	-3.2	-2.8	-2.4		
ppt change	-0.1	-0.1	0.1	0.4	0.6		
Primary Balance	-0.4	-0.6	0.4	0.7	1.2		
ppt change	1.0	0.6	0.9	1.1	1.4		
CAPB							
ppt change							

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

South Africa's fiscal estimates and projections are for the fiscal year starting 1 April. The deficit and primary balance is for consolidated government. These are the latest published estimates and projections from National Treasury's Budget Review (BR), 24 February 2016.

The percentage point change is from the previous published set of projections (National Treasury's Medium Term Budget Policy Statement (MTBPS), 21 October 2015) that appeared in the adjusted Antalya growth strategy, to the latest published set of projections (Budget Review (BR), 24 February 2016).

The debt- to- GDP ratio and deficit projections are contingent on the following assumptions for growth:

Estimate Projections

	2014-15*	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Real GDP growth	1.6	0.9	1.2	1.9	2.5		
ppt change	*0.0*	*-0.3*	*-0.9*	*-0.8*	*-0.3*		
Nominal GDP growth	6.5	5.9	7.7	8.3	8.6		
ppt change	*-1.0*	*-0.8*	*-0.4*	*-0.5*	*-0.2*		

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

The above real and nominal GDP growth estimates and projections are for the fiscal year starting 1 April, and are the latest published estimates and projections from National Treasury's Budget Review (BR), 24 February 2016.

The percentage point change is from the previous published set of projections (National Treasury's Medium Term Budget Policy Statement (MTBPS), 21 October 2015) that appeared in the adjusted Antalya growth strategy, to the latest published set of projections (Budget Review (BR), 24 February 2016).

Annex 4. Pre-Brisbane commitments

The purpose of these tables is to monitor the implementation of members' Pre-Brisbane commitments.

Pre-Brisbane Commitments

Commitment: Inflation Target of 3-6 per cent and financial stability	
Monetary & financial policy	**Action Plan** St. Petersburg Action Plan
Rationale for carrying forward	Maintaining price and financial stability is in the interest of long term economic growth through ensuring a stable financial environment. High volatility in inflation and financial instability can create considerable economic damage, incurring significant economic costs.
Update on Progress	The inflation targeting framework remains unchanged; price stability remains the primary responsibility of the central bank. Once the **Financial Sector Regulation Bill (FSRB)** is promulgated, the maintenance and promotion of financial stability will become an explicit responsibility of the SARB. The Financial Stability Division which was previously in the Bank Supervision Department at the SARB, has been converted into a new Department. South Africa is currently preparing to implement a **Twin Peaks approach to financial sector regulation**, with macro-prudential regulation to be housed in the SARB, as well as the resolution authority. A Prudential Authority Implementation Working Group (PAIWG) was established to facilitate a smooth transition to the twin peaks model of financial regulation. The Financial Sector Regulation Bill (FSRB) was tabled in Parliament on 27 October 2015 to give effect to the Twin Peaks regulatory model. Once approved it will give effect to the establishment of two of the key financial regulators, namely the Prudential Authority and the Financial Sector Conduct Authority, and their respective powers and responsibilities. In addition, the Bill provides for the SARB with the function of maintaining, promoting and enhancing financial stability in South Africa. The proposed FSRB should streamline the prudential oversight of the financial system and also improve consumer protection from a market conduct perspective. The Twin Peaks approach to financial sector regulation is expected to come into effect during H2 2016, by which time a Financial Stability Oversight Committee (FSOC) will be established as required by legislation, to coordinate systemic oversight in the new macroprudential framework. It is envisaged that the FSOC will be chaired by the SARB and include other regulatory agencies and National Treasury. The development of a macroprudential toolkit remains a work in progress, while a discussion paper on a resolution framework for systemically significant financial entities and market infrastructure was published in 2015. This paper has been the subject of public consultations and the SARB and NT are currently considering the comments. It is expected that this will culminate in the drafting of a Resolution Bill.

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Annex 5. Key Economic Indicators

Key Indicators

I. Macroeconomic Indicators	**2015*** **	**2016**	**2017**	**2018**	**2019**	**2020**
Real GDP (% yoy)	1.3	0.9	1.7	2.4		
Nominal GDP (% yoy)	5.1	7.7	8.2	8.5		
Output Gap (% of GDP)*						
Inflation (%, yoy)	4.6	6.8	6.3	5.9		
Fiscal Balance (% of GDP)**	-3.9	-3.2	-2.8	-2.4		
Unemployment (%)	25.4					
Savings (% of GDP)	15.1					
Investment (gross capital formation = GFCF + Change in inventories) (% of GDP)	19.5					
Public (general government and public corporations) Fixed Capital Investment (GFCF) (% GDP)	7.3	7.4	7.2	7.1		
Private Fixed Capital Investment (GFCF) (% GDP)	12.7	12.7	12.7	12.7		
Total Fixed Capital Investment (GFCF) (% GDP)	20.0	20.2	20.1	20.2		
Current Account Balance (% of GDP)	-4.4	-4.0	-3.9	-3.9		

A positive (negative) gap indicates an economy above (below) its potential.

*****A positive (negative) balance indicates a fiscal surplus (deficit).***
****** Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.***
***** South Africa's fiscal balance is for consolidated government and is presented on a fiscal year basis, for the fiscal year starting 1 April of a given year and ending 31 March of the following year.***
Source: Latest published forecasts from National Treasury's Budget Review (BR), 24 February 2016