



ANNUAL REPORT

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Ensuring graduates are workplace ready

Gap between what employers expect and students' abilities

WORKPLACE REPORTER

IN THE past 15 years, graduate employment has risen despite the country's exceptionally high unemployment rate. While a third of people are jobless, a growing number of graduates are finding work. But a gap remains between what employers expect and what students are able to deliver.

The myth that graduates are struggling to find work can be set aside for now. The problem, however, is that graduates who are entering the workplace are not ready for it and a clear skills gap exists between what employers are looking for and what graduates are able to deliver.

2007-Centre for Development and Enterprise

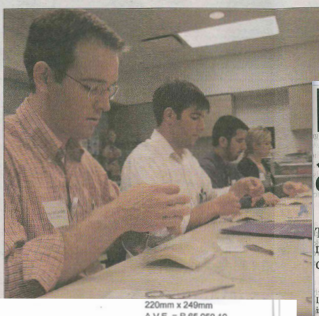
EM On My Mind
Ann Bernstein



Democracy is the only way forward

Democracy, rather than autocracies like China, prospects for growth and development

Should the future of the developing world be dominated by authoritarian governments? Are autocracies the best means of producing economic growth and inclusion? One often cited statistic is that India's GDP almost doubled between 1980 and 2007, but China's increased seven-fold. This



ing more care in the placement of graduates into internships or work-experience opportunities, whether at corporate, government or small and medium enterprise level, will see a huge improvement in the quality of the graduates entering the workforce.

Low-fee institutions are 'gaining traction'

They're staffed by dedicated teachers and run by principals determined to provide quality education, writes NEELS BLOM

LOW-fee independent education is a growing phenomenon in South Africa. It is a response to the need for affordable, quality education for all. These schools are staffed by dedicated teachers and run by principals determined to provide quality education.

Lighting up the way for pupils in learning maths

WORKPLACE STAFF

THE RECENT World Economic Forum report places South Africa's maths

school teachers as well as those with university-level maths skills to help us roll out the programme further."

subscribers have free access to technology. It was a privilege, a Mark Foundation beneficiary, a way in which pupils

cash-strapped, so the affordable rates and they are compelling. They are seeing such improvements in just a few

There has been a decline of pupils choosing pure maths literacy. According to Gail Campbell, chief of the Zenex Foundation, and an independent analyst, the problem often

The economy Ann Bernstein

Growth does not have to be at the expense of democracy

A BATTLE of ideas – a global contest between democratic and authoritarian approaches to growth and development – is playing itself out in countries around the world. Are autocracies the best way to produce inclusive economic growth for the vast majority of the population? The evidence from countries like China, India, Brazil and SA (Ibiza), is compelling and supports a resounding "No". It is not enough, as many are arguing in Africa, to give up individual freedoms, rule of law, independent institutions, a free press and

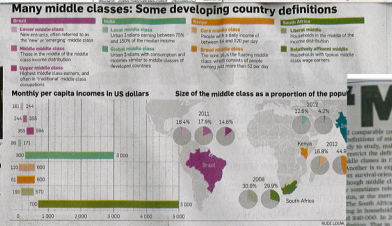
concluded that each of these developing countries requires the urgent introduction of a mix of reforms. In SA, the economy is being held back by inefficiencies and unnecessary high costs, with competitiveness stalling in a tough global environment. While maintaining macroeconomic discipline, microeconomic reforms are needed to reduce the costs of doing business, and open up competition and markets for new firms and the unemployed. Considerable deregulation would serve the interests of the economy as well as of politics: too many regulations and subsidies create opportunities for corruption, as well as slowing growth.

State bureaucracies in the three societies are too inefficient to manage infrastructure delivery effectively on their own. Governments either cold-shoulder private infrastructure investment or mismanage it. In Brazil, experts note that President Dilma Rousseff's backward-looking socialist and nationalist prejudices block the most efficient ways to bridge Brazil's huge infrastructure backlog. These comments could apply equally to SA. Faster economic growth requires popular recognition that markets, entrepreneurs and companies are vital for future prosperity. The "trust deficit" between the state and private



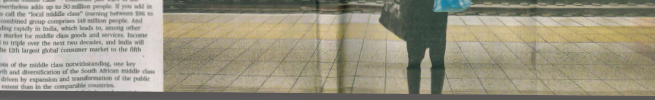
IT'S POLITICS AND TAXES

IN SA, direct taxation on individuals and businesses accounts for the bulk of state income. The country's tax system is a complex web of taxes and levies. The tax system is a complex web of taxes and levies. The tax system is a complex web of taxes and levies. The tax system is a complex web of taxes and levies.



WILL THE REAL middle class PLEASE STAND UP?

South Africa's middle class rise has been seen as a blessing in the last 20 years. It is a class with strong buying power and contributes significantly to the country's tax base. But understanding the middle class has been difficult. The Centre for Development and Enterprise has done two comparable reports on the middle class with those of other similar developing countries. The CDE has compiled these opinion articles which raises important policy-related issues



The Centre for Development and Enterprise

An Independent National Resource

For 20 years, the Centre for Development and Enterprise has been gathering evidence, consulting widely and generating constructive policy recommendations to meet South Africa's core socio-economic challenges. It has an exceptional track record in presenting sound ideas based on scholarly and stakeholder contributions, focused on South Africa, but always within an international context. CDE advocates a high-growth and labour intensive economic strategy reliant on market-based solutions.

The organisation's convening power brings together cabinet ministers, MPs, senior officials, business leaders and experts (local and international) in frank discussions about moving the country forward. There are few other organisations whose conversations, discussions, or workshops on the country's most important and often the most controversial issues can span such a wide range of diverse and senior participants

CDE works in three core areas: jobs and growth, education reform and scouring international experience to influence domestic policy.

The organisation has a special focus on the role of business in development.

CDE'S VISION FOR SOUTH AFRICA

- A high growth, high employment, constitutional democracy;
- A competitive economy with opportunities for new entrants;
- An effective, clean state (and business community);
- Where private enterprise and markets are the key drivers of economic growth enabled by a supportive, smart government;
- Individuals are empowered through opportunity (jobs, growth, quality education and training); and
- Poverty and inequality are addressed by fostering a labour-intensive economy and better quality education and training.

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Message from the chairman

This year, the Centre for Development and Enterprise continued to focus on influencing policy to affect South Africa's growth trajectory and our triple cocktail of challenges, namely unemployment, poverty and inequality.

In these pages you'll read about various programmes and projects highlighting their research, but perhaps less visible will be the work that goes on behind the scenes: CDE's unrivalled convening power to conduct workshops and roundtable discussions about the issues they study; countless hours engaging with stakeholders and audiences; and perhaps most importantly their focus on contextualising South Africa's challenges against our peers in the developing world and beyond.

This is my eighth year as CDE's Chairman and donor. Like many South Africans, I want to make a contribution to a better South Africa; joining CDE was a good place to start. It is a think tank that continues – after 20 years – to produce well-researched ideas that can make a systemic difference to South Africa. Its ideas and policy recommendations are based on rational analysis, with no party political bias or "political" agenda. CDE's ideas and policy positions are intellectually robust and based on facts rather than wishful thinking.

The work of a think tank like CDE is particularly difficult in the context of South Africa where there are such conflicting ideologies within and between political parties and where trust between the government, citizens and institutions of South Africa is still a work-in-progress.

Just because it is difficult, does not mean you do not try or simply give up.

CDE can and wants to be a catalyst for destiny-changing ideas.

Laurie Dippenaar



Report from the executive director

The Centre for Development and Enterprise is turning twenty and is the country's leading development think tank. We are a hybrid research and advocacy organisation undertaking intensive analysis of important national policy issues

Over the years we have produced over 170 reports on topics as diverse as migration, land reform, skills, urban strategy, business and democracy, unemployment, local government, housing, small business and trade policy.



Ann Bernstein with Minister of International Relations Maite Nkoana-Mashabane at a CDE launch

We continue to devote our attention to helping solve South Africa's challenges through facts, analysis, engagement and dialogue, seeking common purpose.

CDE analysis and extensive engagement with diverse interests enables us to promote pragmatic, market-based solutions to poverty and excessive inequality. Our work has had significant impact.

Four guiding principles drive the organisation:

- The most important use of private philanthropy is to improve how public money is spent (leading to solutions-oriented research and constructive recommendations);
- One policy change can have enormous impact on the lives of millions of people;
- Being pro-market is very different from supporting crony capitalism or anti-competitive behaviour (and we value our independence);
- Facts matter

With these in mind, the year under review was an extremely productive period:

- In each programme area we completed, published and launched findings and recommendations from a number of policy research projects, fulfilling obligations to our donors and influencing the national debate;
- We raised new money – both core and project funding – to enhance our sustainability;
- And, on the back of a significant piece of research conducted with our international think tank partners, CDE met with – or presented to – a wide variety of decision makers at over 25 speaking engagements in Cape Town, Hong Kong, Istanbul, Johannesburg, London, Nairobi, New York, and Washington. In 2015 we will address audiences in Mexico;
- Stakeholder engagement received focused attention and enhanced our ability to talk to and involve government and many other audiences in our work;
- Our commitment to inserting experience and best practice from international experts into South Africa's debate continued on many fronts. We hosted:
 - » A discussion with Professor Ricardo Hausmann of Harvard's Kennedy School of Government on growth prospects and 'raising South Africa's speed limit';

- » A discussion with Sir Michael Barber a renowned global expert on education especially for low income learners; and
- » A dinner for the Foreign Secretary of Mexico, José Antonio Meade Kuribreña, who shared his insights on his country's economic reforms known as the 'Pact for Mexico', echoing many of the recommendations CDE would advocate for South Africa.
- We have embarked on intense consultation and research for the projects absorbing our attention in the new financial year.
- Reports issued during financial year 2014-2015
 - » **Cities of Hope:** Young people and opportunity in South Africa's cities;
 - » Twelve pieces of research, three country reports and the final synthesis report, **The Democratic Alternative from the South: India, Brazil and South Africa;**
 - » **The Rising Middle Classs in India, Brazil and South Africa:** What is happening and what are the implications;
 - » **The Rising Middle Classes of India, Kenya and South Africa;**
 - » **What does research tell us about teachers, teaching and learner performance in mathematics?**
 - » **Raising South Africa's speed limit:** A Presentation by Ricardo Hausmann
 - » **Mexico's Market Reforms:** Progress and challenges
- CDE contributed a chapter to an international journal, The Annals of the American Academy of Political and Social Science, entitled: *South Africa's Key Challenges: Tough Choices and New Directions* and a book entitled: *Governance and Innovation in Africa: South Africa after Mandela*.
- Two significant project grants, one from the Bill and Melinda Gates Foundation and one from the European Union, will fund important projects in the coming year looking at, respectively, 'Expanding opportunities in the developing world' and 20 hot-spots around the country where youth unemployment is highest.
- The CDE growth project is now entering its second year. After hosting many workshops of experts in government and private sectors and discussions about our research with decision makers throughout the country from the Governors of the Reserve Bank (old and new) to CEOs of the largest SA companies, we look forward to releasing our frank assessment of what is required for South Africa to return to faster growth and our catalytic and practical recommendations to promote labour-intensive growth in the second half of 2015.
- CDE's ongoing challenges are recruitment of senior policy and advocacy staff in the context of the national skills shortage; and diversifying top management as well as our senior consultants. We've made good progress, but had a big setback during the year under review when the managing director we'd appointed resigned shortly thereafter due to the sudden onset of a serious health problem. Our intern programme for young black professionals is growing and having a positive impact on the nature of the organisation

GOVERNANCE

A note on governance: CDE has to date operated as a voluntary association registered with the Department of Social development as a Non Profit Organisation (026-485). CDE has decided to register as a Non Profit Company with the CIPC. In the first half of the 2015/16 fiscal year, CDE will start trading as a non-profit company and communicate the impact that this might have to all stakeholders.

ACKNOWLEDGMENTS

First and foremost a word of thanks for the many tireless efforts of the CDE staff. Their dedication, integrity, loyalty and grit should not go unremarked. Our shared concern for and commitment to building a successful democracy bind us and drive us forward.

On behalf of the CDE a very big thank you to our Board under the leadership of Laurie Dippenaar. The support, advice and commitment to the work of the CDE by the chairman and all the Board members is invaluable to me personally and to the organisation as a whole.

Special thanks to CDE's finance committee, comprising Simon Ridley, Antony Ball, Elisabeth Bradley and Laurie Dippenaar, for their time and immense contribution to ensuring that CDE is a financially viable, sustainable institution.

And without our donors – both core and project – we would not exist. Antony Ball, in particular, deserves special mention for his enthusiastic work and support to me with respect to core fundraising. (See list of donors on p 18)



Ann Bernstein at the launch of "The Democratic Alternative from the South: India, Brazil and South Africa" in Cape Town, September 2014.

Programme update

JOBS AND GROWTH

Growth Project

In February 2014, CDE embarked on its Growth Project, aimed at making a real contribution to breaking the country's impasse on achieving higher, more inclusive economic growth. We have structured our activities around creating a framework for understanding the source of the country's most critical growth challenges and developing alternative approaches, as well as identifying five catalytic priorities for policy action.

CDE's research has explored the following topics: a review of international and local recommendations for improving South Africa's growth; how South Africa can create more labour-intensive manufacturing; urban growth and the opportunities it presents; labour relations; policy, regulation, BEE and the cost of doing business; skills development, immigration, and special enterprise zones. Professor Charles Simkins has also made projections based on both high- and low-growth paths and the likely consequences of each for the country over the next twenty years.

A wide variety of business leaders, policy-makers and experts explored a range of topics during more than fifteen workshops we hosted during the year. We have also commissioned 26 research reports from experts across the country, generating new information and insights.

1) Orientation and strategy (March-May 2014)

We set up a Leadership Advisory Group consisting of eight prominent business leaders who met both formally and informally to help us identify which issues to prioritise and what topics to research. We also held four meetings with an inner core of advisers to help CDE. Based on all their contributions, and on extensive internal staff research, we held four additional strategic workshops to canvas expert opinion more broadly. It was on the basis of this work that we commissioned a first round of reports.

2) Consultation, research and initial testing (June 2014 – February 2015)

The bulk of the work from June to February encompassed consultations with a wide variety of experts in a total of ten additional workshops and discussions held in both Johannesburg and Cape Town. Much of this addressed the initial drafts of research reports, and was aimed at sharpening our analysis and developing our recommendations. In addition, we hosted a number of further strategy discussions.

The principal achievement of these endeavours was a growing clarity about the substance of the analysis we would present and of the recommendations we would make in the final report. Crucial to this, was the opportunity to test initial ideas, formulate and reformulate emerging arguments on what reform the country needs, and to allow ourselves the time to come to a consensus as to what the catalytic priorities should be.

3) Drafting reports and further testing (March 2015)

By the middle of March 2015, CDE had a firm plan for drafting and finalising the Growth Project's six publications as well as the initial outline of an ambitious plan of outreach and engagement with many different audiences on our analysis and recommendations. The second half of 2015 will see the start of this campaign.

Cities of Hope Project

CDE launched the publication “Cities of Hope: Young people and opportunity in South Africa’s cities” in March 2014. It was based on a roundtable workshop CDE hosted, which included a presentation by Professor Paul Collier, co-director of the Centre for the Study of African Economies at Oxford University as well as a number of other international experts. The publication was released along with six commissioned background research reports. The main publication makes the case that better-managed cities and more effective urbanisation are key to stimulating economic dynamism and growth, and provides a number of policy proposals on how South Africa’s cities can create more jobs and opportunities for the young, which was summarised in a widely-read opinion piece and available on CDE’s website.

Professor Ricardo Hausmann



CDE hosted a seminar addressed by Professor Ricardo Hausmann, Director of Harvard’s Center for International Development and Professor of the Practice of Economic Development at the Kennedy School of Government, a former minister of finance in Venezuela and the leader of the team of US-based economists that advised the South African government between 2004 and 2008. Professor Hausmann talked about the challenges South Africa faces -- low levels of labour participation, contracting export sectors, and stagnant manufacturing -- and the poor policy choices that have prevented South Africa from ‘raising its economic speed limit’. We released a publication based on his talk in December 2014.

Leonardo Villar-Gómez

In November 2014, CDE hosted a presentation by leading Colombian economist, Leonardo Villar-Gómez. Dr Villar-Gómez, the Executive Director of FEDESARROLLO, a prestigious Colombian think tank, was the special guest of the Embassy of Colombia.

His presentation, “Economic Reform in a Developing Democracy”, addressed the successful macro reforms introduced in Colombia and the challenge of using the platform of economic stability to achieve higher growth.

EDUCATION AND SKILLS

Over the past year, CDE has continued to focus on the challenge of providing quality education to sustain the human resource needs of South Africa as a developing country. Through robust research and high level engagement with key role players, CDE recommends innovations and systemic interventions in the schooling system (from both public and private sector players), which could lead to large scale improvement in performance. We have distilled our work into three key areas:

1. Teacher education and development;
2. Low-fee independent schooling and its contribution to schooling provision by providing more access to quality education in disadvantaged communities;
3. Mathematics and language for improved learner performance.

During the year under review the expanded CDE education team, with external consultants and researchers, has undertaken extensive work on a range of projects.

Interaction with government

Strengthening relationships with key government departments and statutory bodies to help deepen their understanding and appreciation of the contribution being made by CDE in particular areas and to build a platform for ongoing engagement. In the past year, a number of successful meetings have taken place with senior officials in the Departments of Basic and Higher Education (DBE and DHET) and the Acting Director General of DBE.

As a result, we enjoyed close co-operation with both national education departments to develop a pioneering model for Teacher Supply and Demand from 2013 – 2015, launched just after year end on the 18th of March 2015.

CDE also met with Treasury and the National Planning Commission (NPC) to present the education focus areas and research projects. This led to CDE hosting a visit by members of the NPC Secretariat to two low-fee independent schools, which showed them first-hand the nature of these schools and the potential of the sector to offer improved quality of education to disadvantaged learners.

Interaction with funders

The education team has also broadened its donor base with a significant three-year grant from Pearson South Africa to undertake research on low-fee independent schools. Similarly the new First Rand Empowerment Foundation (FREF) has made funding available for two CDE projects on the financial viability of low-fee independent schools and the compliance costs they bear.

In addition we have met with previous funders who have given us grants for new research projects in 2015-2016.

Over the past year CDE work has examined:

Teachers in South Africa: Supply and Demand 2013-2025

CDE's research modelled the supply and demand of teachers in the sector and explored a number of issues relating to the output of quality teachers. The indicators suggest that South Africa will produce sufficient teachers to meet the growing demand over the next decade. However, the research shows attention needs to be given to significant projected shortages for different school phases (for example Foundation Phase) and subjects (languages, mathematics and mathematical literacy in the FET phase). The research also revealed inefficiencies in the output of teachers from higher education institutions which need to be addressed, and the limitations of current data sets available for decision making. These are generally inaccurate, incomplete and inconsistent. Finally, there will be challenges arising from the unusual age profile of teachers (as a result of years of very low graduate numbers in the first decade of the 21st century) and the resignation of more qualified teachers than unqualified ones.

The report will be released in March 2015. The research was funded by Sasol's Inzalo Foundation.

Five research reports have been completed and sent to the funders. (Teacher Evaluation internationally; the Financial Viability of Low-fee Independent Schools; What research tells us about teachers, teaching and learner performance in mathematics, Enhancing the Teaching and Learning of Mathematics; and Teacher Supply and Demand in South Africa.)

Two publications have been made publicly available (What research tells us about teachers, teaching and learner performance in mathematics, and Teacher Supply and Demand in South Africa.)

New research was initiated in four areas (Teacher Evaluation in SA, Assessment Instrument for low-fee independent schools, Compliance Costs of Independent Schools and Teacher Induction)

CDE hosted a breakfast discussion with Sir Michael Barber on Affordable Learning, renowned global expert on education, and CDE's latest information on low-fee independent schools was presented to the large audience of policy makers and education funders in the private sector.

Details of this work are given below.

Induction for newly qualified teachers

While often conceived differently in different countries, induction generally is defined as a highly organized and comprehensive form of teacher staff development which typically continues as a sustained process for the first two or so years of a teacher's career. It is recognised that mentoring and induction programmes for new teachers produce more effective teachers, and a reduction in teacher attrition.

There is currently no process of induction for new teacher graduates and government and experts have identified it as a critical policy development in South Africa. The introduction of an induction programme for newly qualified teachers will allow them to become familiar with the work expectations of teaching, the realities of practice, and the rhythms of school life, under the guidance of an experienced mentor teacher.

CDE's research will review the literature relating to teacher induction in other countries, and undertake a series of interviews with role players such as government, principals, teachers and teacher unions to better understand the needs and possibilities relating to induction. This research is currently underway, funded by the Zenex Foundation.

Teacher evaluation for accountability and development

Improving teacher effectiveness has been at the forefront of South Africa's national strategy for turning around the education system. To this end, government has prioritised the upgrading of teacher qualifications, implemented an Integrated Quality Management System (IQMS) and announced accountability measures such as performance contracts and competency tests for school principals and teachers. Recently, there has been an upsurge of interest internationally in teacher evaluation as a holistic tool for both strengthening accountability and facilitating the development of teachers.

A review of the international literature was undertaken in the first few months of 2014, and CDE is currently completing an analysis of South African policy, instruments, processes and practices based on interviews with key role players (including government and teacher unions) and a sample of public and independent schools around Gauteng. The research was undertaken with funding from Rand Merchant Bank and a full report will be released by mid-2015.

What research says about teachers, teaching and learner performance in mathematics

In 2012, CDE commissioned research into maths teaching and learning in a sample of 140 schools. These were part of a larger group of schools achieving results in maths that were below the top performing six per cent of schools which contributed 50 per cent of the maths and science passes at the National Senior Certificate (NSC) level, but better than the national average. We hypothesised that an investigation of these schools could provide insights into maths teaching and learning in general by identifying common factors that influenced performance.

In the main, our research confirmed the findings of both local and international studies as to the key factors that improved mathematics teaching and learning, but in some areas threw new light on potentially important factors affecting learner improvement. The report provides a detailed set of recommendations regarding what strategies different role players could use to improve the dismal learner achievement on mathematics in South African. The research was funded by the Zenex Foundation.

Enhancing the Teaching and Learning of Mathematics

CDE reviewed South African and British research literature relating to factors which affect the teaching and learning of mathematics. Apart from the influence of contextual factors, the research identifies key factors that improve mathematics achievement, including school management and instructional leadership in schools; the effect of learner confidence on improved mathematics achievement; and the importance of language proficiency in the language of instruction (typically English in the higher grades) for learning mathematics (especially reading and writing in the language). It also discusses the importance of learners' conceptual understanding of mathematics and teachers' subject content knowledge and pedagogical content knowledge in effecting this. The value of professional learning communities for producing effective teacher development is highlighted in contrast to once-off workshops which have been shown to be largely unsuccessful in improving teachers' subject and pedagogical content knowledge.

The research was presented to a meeting of CDE's Private Sector Forum for Maths and Science Schooling which took place on Thursday 2 October 2014. It will not be published as a separate report but its key findings will be incorporated in other CDE reports on mathematics teaching and learning. It was funded by the Epoch & Optima Trusts.

The financial viability of low-fee independent schools:

CDE completed its research on the financial viability of low-fee independent 'stand-alone' schools and chains of schools in mid-2014. The research determined the key factors that influence their financial viability and identified financially viable models of both types of low-fee independent schools. 'Financially viable' was defined as a school's or chain's ability to generate sufficient income to meet its operating expenses and other financial obligations, while 'sustainable' is used to mean financially viable over the longer term.

The models and findings of the CDE research shed light on the potential for investment and other forms of support that donors and/or investors can provide to improve the schools' operations and delivery of quality education. In addition, they have implications for policy developments and public debates on low-fee independent schools.

The research was presented to a workshop with owners and principals of low-fee independent schools on 23 October 2014. It was funded by the FirstRand Empowerment Foundation and the report will be released in May 2015.

The Regulatory Framework: Compliance Costs for Independent Schools

As part of a project funded by Pearson, CDE is investigating the costs facing low-fee independent schools to meet the compliance demands of a host of regulatory requirements. The requirements will be documented and the costs for schools in direct outlays of money as well as the time and skills level involved will be calculated. The research will be based on a survey and interviews with school principals and financial managers on their compliance costs, as well as a review of the regulatory environment affecting South African schools.

Breakfast discussion with Sir Michael Barber

Sir Michael Barber is a highly respected global expert on education reform and system change, with a particular interest in the role of low-fee independent schools. He is currently Chief Education Advisor at Pearson and chairs the Pearson Affordable Learning Fund (PALF) which invests in low fee private schools around the world. CDE hosted a discussion attended by around 80 people, at which he shared his extensive experience on better leveraging the private sector in the delivery and improvement of schooling. In addition CDE presented "Facts, Trends and Issues" on low-fee independent schools in South Africa.



This event is being written up as a report which will be published in April/May 2015.

INTERNATIONAL THINK TANK NETWORK

Democracy and Inclusive Growth

After two years of work, the CDE -- with its partners in our think tank network -- published the papers comprising the Democracy Works! Project. We released the twelve research papers (examining the same four topics in India, Brazil and South Africa), three country reports and a final essay synthesising the papers from India, Brazil, and South Africa in 2014 to audiences in Kenya, Washington, London and New York, Johannesburg and Cape Town, followed by exploratory meetings and presentations in Istanbul and Hong Kong.



Simon Schwartzman, Stefan Schirmer, Eswaran Sridharan and Ann Bernstein in Washington prior to their presentation to Senate representatives

CDE experimented with a special portal on our website for this large project and each of the reports as well as the main report, 'The Democratic Alternative from the South: India, Brazil, and South Africa' and its two-page executive summary can be found on both the CDE website (www.cde.org.za) as well as www.democracy.cde.org.za.

We are now able to talk about key challenges facing South Africa with a comparative perspective from India and Brazil. This has allowed us access to a significantly wider audience in the country and has been invaluable in opening doors in government, parliament and elsewhere for CDE.

The project was also an important vehicle for CDE to make a contribution to global discussions about development and growth with our 'Voices from the South' arguing that more attention should be paid to important democracies in the developing world and that countries do not need to give up human rights and freedoms in order to move out of poverty. There is an alternative to the authoritarian Asian model.

In the course of 2014 presentations on the project were made to senior officials and policy makers at: the UK Parliament Offices in cooperation with the Westminster Foundation for Democracy, the Financial Times, the Economist, DFID, the UK Foreign and Commonwealth Office, the Overseas Development Institute; staffers on Capitol Hill, the US State Department, the National Endowment for Democracy, the World Bank, the Wilson Centre for International Scholars, the Washington Post, the American Enterprise Institute, Foreign Policy magazine, the Council on Foreign Relations, the New York Times and the Manhattan Institute in New York. Many of these were live streamed to on-line audiences in addition to the people who attended.

In August a Portuguese translation of the four Brazilian research papers was launched in book form in São Paulo and Rio de Janeiro by CDE's Brazilian partners, IETS (Institute for Labour and Society) and the Fernando Henrique Cardoso Institute.

Johannesburg and Cape Town events took place in September. The Minister of International Relations, Maite Nkoana-Mashabane joined us as a panellist in Johannesburg and praised the report as 'ground-breaking'. Similarly, the Cape Town launch prompted a wide-ranging discussion on inclusive growth and markets where ANC MPs and advisors attended, as did a large contingent from the official opposition. They were joined by the heads of the IFP and COPE as well as many other leading individuals in Cape Town.

After a scoping trip to Turkey, Walter Russell Mead, Editor-at-large, The American Interest Online, accompanied CDE to Istanbul to participate as a member of the CDE team in two successful workshops with two prominent think tanks in November. And in December CDE met with over a dozen institutions, a Judge of Hong Kong's Court of Final Appeal as well as democracy and human rights scholars in Hong Kong.

In May 2015 CDE will visit Mexico City and establish links with think tanks there on economic policy reform and education reform in that country.

Middle classes and their political and economic impact

In March 2014 CDE went to Kenya, where we organised two different workshops. The one involved a discussion to share and test the relevance of the Democracy Works! findings with leading Kenyan experts. The second workshop involved three specially-commissioned research papers which formed the backdrop for a lively discussion on the middle classes of Kenya, India and SA.

A new think tank partner, the Kenyan Institute for Economic Affairs (IEA), facilitated the presentations and two separate workshops.

CDE released the report, 'The Rising Middle Classes of India, Kenya and South Africa: What is happening and what are the implications' in September 2014. Simultaneously we released a report on The Middle Classes of Brazil, India, and South Africa, arising out of a workshop held in 2013 in São Paulo with CDE's partner think tank, the Instituto Fernando Henrique Cardoso, and involving the former president of Brazil, Fernando Henrique Cardoso.

Research on the rule of law

Scholars in South Africa, India and Brazil delivered three papers on the link between the rule of law, democracy, and inclusive growth. The findings raised important issues about the complex ways in which the rule of law interacts with the quest for economic growth and the fight against poverty.

Eminent UCT Professor of Politics, Robert Mattes, wrote a commissioned paper comparing the experiences with, and current qualities of democracy in India, Brazil and South Africa.

Expanding opportunities for the poor

With the support of the Bill and Melinda Gates Foundation, and working with the world's leading experts, CDE will develop a policy-focused research project aimed at exploring the concept of 'expanding opportunities for the poor' in the developing world as an approach to building more inclusive and developed societies. It will do this through examining what has been achieved in India, Brazil, South Africa and China, and by what means, as well as by focusing on the nature of the debate on inclusion in these countries and elsewhere in the developing world.

Media and stakeholder engagement

STAKEHOLDER ENGAGEMENT

In the period under review, we recruited a focused stakeholder-relations manager to develop and cultivate new audiences and explore areas for collaboration. Building on CDE's reputation and contacts in government established over the years, we have started to intensify these relationships and extend our outreach. Conversations about CDE and its work took place across the public service, engaging in particular with:

- Parliamentarians (especially targeted portfolio committee members);
- Legislators and public servants from the municipalities of Johannesburg, Tshwane and Ekurhuleni in Gauteng;
- The department of cooperative governance;
- The department of international relations and cooperation;
- The national planning commission;
- The diplomatic corps – especially from emerging democracies to augment our International think tank network

Based on our research covering migration and skills, the Minister for Home Affairs invited CDE's participation in two recent policy discussions examining changes to migration policy.

MEDIA AND PUBLIC RELATIONS

An important instrument for disseminating recommendations, reaching new audiences and influencing the influencers is the media. CDE has always cultivated good relationships in the media and consequently enjoyed excellent coverage. From hosting press conferences to including senior reporters and editors in workshops or seminars, agreeing to broadcast interviews, issuing press releases and writing opinion pieces, the organisation strives to include the gamut of media outlets in its outreach efforts.

According to the annual statistics compiled by our media monitoring agency, CDE reached an audience of over 10.8 million readers. Coverage measured according to the advertising equivalent for the space corresponded to some R14.5 million. Some 238 articles appeared in 127 different outlets – from print to online to broadcast media. An average of one opinion piece each month was published.

Our website, currently being re-vamped, saw 59,315 unique visitors. Fifty-eight per cent of those were first time viewers. Over 7000 copies of our reports were downloaded.

Strategy and prospects

SA is facing extremely challenging times. The mixture of the country's domestic issues with the rather shaky EU and global economy is very worrying. However this is not a time to give up. Rather the circumstances demand that those of us who have an interest in the country's future need to up our games.

The paradox is that, faced with this deteriorating situation, many people retreat from public life and civic engagement. But countries in trouble need more engaged and organised citizens: to defend the constitution, to express indignation, to develop and promote alternative approaches.

Consequently, while the coming year poses many risks, CDE believes the opportunities for the organisation and for increasing its influence in many different arenas outweigh these concerns. CDE's work can strengthen reformers in national and provincial governments, it can provoke debate and increased policy leadership in business and civil society and it can start to influence new circles of leadership nationally and in the cities and regions. As an independent organisation, not afraid to speak out but always doing so in a constructive manner, undertaking research in critical areas of policy and developing alternatives to the many challenges we face, CDE has a vital role to play in the years ahead.

CDE'S Programme for the Next Financial Year

JOBS AND GROWTH

Growth Project:

This year will see the completion of our work on the Growth Project. The focus of the research and analysis has centred on how a market-led and city-led approach to growth can help take the country back to higher and more labour-intensive development. In the course of the forthcoming year CDE will release six documents including the overview report, and five others on our selected areas for priority action: unemployment, a competitive economy, business and the state, cities, and skills. This will be the dominant CDE public campaign for the year.

Unemployment Project:

CDE has been commissioned by the Delegation of the European Union to South Africa to look into ways of getting young people into the formal economy. What makes it different from the other research the CDE has undertaken on youth unemployment so far, is that this project will involve engagement with some 20 local communities where we can listen to them, communicate our ideas and also push them to think harder about they can do about unemployment in their town, township or city.

As part of the programme, municipal level workshops will be held involving local stakeholders to develop a shared understanding of the nature of the youth unemployment challenge and what policy and other innovations are required to make progress. The end result will be the development by CDE of a toolkit, drawn from the learnings of multiple forums and research. This toolkit will be widely distributed to serve as a guide to other municipalities in helping to address the unemployment challenges they face.

The programme will run for 24 months. The project is important for the CDE in that it promotes our work and policy ideas to new audiences across the country and opens opportunities for a network of reformers in these 20 'hotspots' of youth unemployment.

EDUCATION

During the year ahead, CDE's education programme will focus on existing and new research projects in the three areas identified above.

Three reports on low-fee independent schools will be released in the coming months – the first covering the breakfast event with Sir Michael Barber, the second the financial viability of schools modelling and research and the third the compliance costs facing independent schools. The report on Teacher Evaluation will be released in July, and the Role of Business in Maths Teaching and Learning by November, bringing to five the number of publications that will be released across the programme before the end of 2015.

Research and engagement will continue on the teacher induction project and on developing an assessment instrument for low-fee independent schools.

New project and funding proposals will be developed in other key areas identified as priorities in CDE's strategic planning process. These areas include alternative pathways for teacher education, professional standards for teachers and professional learning communities.

INTERNATIONAL THINK TANK NETWORK

The International Think Tank Network team will conclude the Democracy Works! project in June this year. Our final months of work include a trip to India in March, where we will launch CDE's report, The Democratic Alternative from the South: India, Brazil and South Africa, and strengthen ties with Indian think tank partners such as the Centre for Policy Research and the Centre for Civil Society. We will use the opportunity to increase our knowledge of India's economic reforms and their relevance for South Africa. We also plan to visit Mexico City in May 2015 to link up with Mexican think tanks and discuss the relevance of our findings for that country as well as learn more about their strategy for economic reform and its possible relevance for SA.

We will explore what we learned from the project and how to take our work further in two final meetings with global advisers and think tank partners. One meeting will take place in Washington in May; the other in Johannesburg during June 2015.

CDE's donors 2014/15

This year, the following made contributions to the organisation for which we are extremely grateful:

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CDE's board 2014/15

CDE's Board provides the organisation with strategy and policy advice and oversees its governance functions. The members of the Board are:

Laurie Dippenaar, Chairman of the CDE board. co-founder and non-executive Chairman, FirstRand Group

Ann Bernstein, Executive Director of the CDE

Antony Ball, co-founder and retired Chief Executive Officer, Brait SE

Norbert Behrens, SASOL Group General Manager, strategy and regulatory affairs

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INTERNATIONAL ASSOCIATE

Peter L Berger is University Professor of Sociology, Emeritus at Boston University.