

2019-2020

ANNUAL REPORT

www.cde.org.za



ABOUT CDE

The Centre for Development and Enterprise (CDE), an independent policy analysis and advocacy organisation, is South Africa's leading development think tank. Since its establishment in 1995, CDE has been gathering evidence, consulting widely, and generating innovative policy recommendations on issues critical to economic growth and democratic consolidation. CDE has a special focus on the role of business and markets in development.

We are widely recognised for the practical policy recommendations we formulate and share, outlining ways in which South Africa can tackle major social and economic challenges. We are also recognised for our role in convening robust roundtable discussions which deal with the tough issues facing South Africans across a range of traditional political and social divides and which look for common ground.

We focus on policy areas critical for inclusive economic growth: investment and jobs, youth unemployment, business and markets, education and skills, cities, migration, land reform and strengthening democracy.

CDE disseminates its work to a national audience of policy-makers, opinion formers and the wider public through briefings, printed and digital publications, infographics and multimedia platforms which receive extensive media and social media coverage.

CDE's voice and role – market-oriented, pragmatic, evidence-based – fills a void in the national landscape by bringing to the fore bold, well-informed alternative approaches which are a critical contribution to strategies for achieving inclusive economic growth and transformation.

CONTENTS

CDE Overview

Message from the chairman 1

Executive director's report 2

CDE Programmes

Elections 2019 Project 6

Jobs and Inclusive Economic Growth 9

Business and Reform 17

Cities 22

Land Reform 24

Education 26

Youth Employment and Skills Development 27

CDE Donors 30

CDE Board 31

MESSAGE FROM THE CHAIRMAN

Laurie Dippenaar

Reflections on the past year are over shadowed by the current crisis into which South Africa, and the world, has been propelled by the coronavirus pandemic. We know from early experience of the impact of the virus and the consequent economic lockdown that this is disastrous for the country's pervasive socio-economic challenges. Economic growth, unemployment, poverty and inequality are all set to worsen, most likely by margins that we have never yet experienced.

The repercussions are more severe because of the weak state of the country at the time the crisis hit. The outcome of the general elections in May 2019 gave hope that an emboldened President would take the decisive actions needed to turn the country's course. What transpired after that was not encouraging, with a deepening fiscal crisis, ongoing revelations of corruption, the collapse of state owned enterprises, continued erosion of state capacity while the number of unemployed breached 10 million.

At this time of crisis, it is important to reflect on what CDE offers the country. Like other civil society and advocacy organisations in South Africa, CDE stands against the injustice that comes from ineffective policies and their implementation. However, it goes further by offering bold and balanced policy recommendations, rooted in research, a thorough review of evidence, consultation with a wide range of experts - notably across traditional political divides, and drawing on relevant international experience and expertise. It shares these recommendations widely with a large and growing audience, and they are known to reach the highest levels of power.

“ The value of CDE's contribution to society is much greater than the cost of its resources, and it is therefore a cost-effective investment for its funders.

**Laurie Dippenaar,
Chair, CDE Board**

”



CDE is focused on policy interventions and actions that will change the country's fate. It believes that the most powerful form of transformation in South Africa could be the changes in millions of people's lives brought about by rapid, labour intensive growth. There is a pressing need for a vision and a strategy to achieve this, and new ideas on how to move forward.

As the world navigates the pandemic and South

Africa's challenges deepen, CDE's role is more vital than ever. The value of CDE's contribution to society is much greater than the cost of its resources, and it is therefore a cost-effective investment for its funders. We are grateful to the many companies, foundations and individuals who have given CDE financial support over the past year. This is always a vote of confidence in the work we are doing.

While we wait for the unknown and look back at the past year, I would like to congratulate Ann and her team for their contribution, the excellence of their research and the innovative ways in which they share it with more and more diverse audiences to achieve the influence they do, at many times under difficult conditions. The contribution from CDE's board members continues to be a great source of strength for the organisation, and I appreciate their time and involvement.

REPORT FROM THE EXECUTIVE DIRECTOR

Ann Bernstein

In the wake of the Covid-19 pandemic and the economic collapse we are facing, the upcoming few years in South Africa will determine our prospects for the next generation at least. In this period of danger and opportunity for the country, we need well-researched, market-friendly alternatives in the public arena and in front of the President and potential reformers in government and the ANC that offer ways out of our many and deepening crises. With so many challenges and failures of policy and implementation, the need for new approaches, new ideas, and international best practice is everywhere apparent.

The need for our work is more vital than ever: a fact-rich approach to tackling South Africa's most important constraints to growth, employment, skills and ever-expanding opportunities for the 50 per cent of our population who are poor and excluded. Our determined focus since 2015 on growth, inclusion and jobs remains the right one in light of South Africa's bleak position in the last few years.

Over the past year, CDE has once again found increased appetite and interest in our findings and policy recommendations from widening circles of influential South Africans – in the presidency, in government, among business leaders, in metro governments, civil society and in the media.

Highlights for the year include the following, with detail provided in the programme reports that follow:

- Francis Fukuyama, internationally renowned political scientist



from Stanford University spent a week in South Africa as CDE's guest. He participated in a series of engagements with the Presidency, Treasury and senior government officials across many other departments, the SA Reserve Bank, business leaders and leading academics. His public lecture was over subscribed and a second event had to be arranged to accommodate the interest. Once again, the value of bringing world class experts to help provoke and spread new ideas and ways forward for the country was evident. Given the importance of decisive leadership, new approaches and evidence-based policy making in South Africa today, CDE would like to build on what has been achieved and have a regular programme drawing on international expertise in a systematic way.

- A new CDE series titled **Agenda 2019** was introduced in the months before the 2019 general election. This series of reports and activities encouraged voters and journalists to ask politicians the tough but important questions about critical topics ahead of the elections. The reports and related media coverage served to highlight how the country would benefit from alternative, more focussed solutions. CDE organised an eNCA televised debate on urban led growth, hosted by Tim Modise, between the largest political parties - the ANC, DA and EFF and then hosted a follow up meeting with them. Political parties were challenged to offer the electorate real solutions to the country's biggest challenges ahead of the elections, with a special focus on urban-led growth. CDE used these opportunities to share the potential of cities and propose policy reforms that could generate much more growth and inclusion.
- A new CDE publication **Ten Million and Rising: What it would take to address South Africa's jobs bloodbath** encouraged the country to take a sobering look at the plight of millions of South Africans struggling with unemployment. CDE released a comprehensive and accessible set of material, including an infographic and factsheet to highlight the depth of the crisis and the tough policy reforms needed for faster growth and increased employment. The report was released at a media briefing attended by the editors of Business Day and City Press and one of the President's investment envoys. A public event, hosted in partnership with Wesgro, took place in early March. We offered briefings on the topic to the boards and senior management of large companies, with initial good interest hampered by the coronavirus pandemic and lockdown.
- CDE's August 2019 report **Running out of Road: South Africa's public finances and what is to be done** showed how South Africa's fiscal crisis is a result of rapidly rising public spending in an era of slow economic growth. The accumulation of debt serves to further slow economic growth and government's response to the fiscal crisis has been inadequate. Without a new growth strategy which confronts some of the difficult choices, South Africa will be unable to stabilise public debt. The report was released at a media conference in Johannesburg and a public event was held in Cape Town. Lumkile Mondli, CDE Research Associate, joined me for a number of briefings to the boards and senior management of large companies which were very well received.
- This analysis informed CDE's response to the medium-term budget policy statement in October 2019, **Now is the time for CR's endgame!** We reiterated the urgency of government action to adopt growth accelerating reforms.
- We partnered with the International Growth Centre at the London School of Economics to deliver a series of high level engagements on special economic zones and the potential contribution to stimulating economic growth. We put together an excellent group of experts including Stefan Dercon, Professor of Economic Policy at the Blavatnik School of Government, Oxford University and Thomas Farole, World Bank economist and SEZ expert who participated in a roundtable discussion, a VIP dinner and a Treasury-hosted event with dti and senior officials from other government departments.
- Following the July 2019 release of the Presidential Advisory Panel (PAP) report on land reform, William Beinart and Peter Delius, emeritus professors at Oxford and Wits, wrote a CDE report in response to the report's recommendations. Land reform remains a contentious issue in South Africa and the response regards the PAP report is useful, but unlikely to meet the weight of expectation that has been placed upon it.

- CDE entrenched its position as a sought after commentator on South Africa's socio economic challenges and ways to fix them. Media coverage year on year nearly doubled, and number of op-eds placed in leading media platforms increased by 80%. Although we hosted a similar number of events to 2018/2019, our number of participants increased by 90% in the last year.
- CDE made considerable strides in how it communicates with its many and varied audiences. Reports were presented in shorter formats, with longer resource documents available for those with a deeper interest. Two infographics and a factsheet were developed.

Our Annual Report highlights these and other achievements, and I encourage you to look in more depth at the work available on our website, www.cde.org.za. Any organisation with limited resources relies heavily on a hard working, flexible and committed staff and I am grateful to the CDE team for their contribution.

CDE's Board remains an enormous asset for the organisation. We are incredibly fortunate to have access to the calibre of board members we do. This is extraordinary for a policy think tank of our size. The CDE Research Associates appointed in 2019 also offer a wealth of knowledge and experience. Well respected economists and analysts Lumkile Mondji, Wandile Sihlobo and Professor Peter Delius have given generously of their time in support of CDE programmes over the past year.

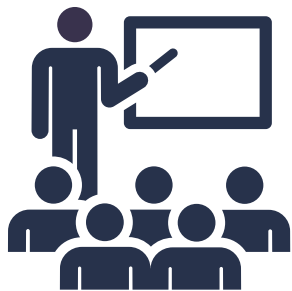
A final word of gratitude goes to our funders who believe in the CDE and thus enable us to do the work that we do. In August 2020, we will celebrate 25 years since our establishment and this would not have been possible without the growing network who has funded and supported us. CDE's biggest challenge is not getting access to politicians, cabinet members or metro governments, it is having sufficient capacity to maximize on the opportunities that open up for influence, based on our reputation for excellence and narrative changing policy reports.

Ellen Kuzwayo Award

In November 2019, the University of Johannesburg presented Ann Bernstein with the Ellen Kuzwayo Award in recognition of her 'outstanding contribution that has had a positive impact on society'.



CDE IN NUMBERS

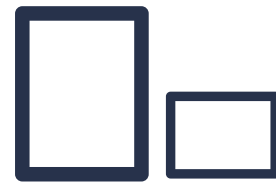


22 EVENTS

The number of people
who attended our events

766

IN THE MEDIA



668 articles and mentions

Broadcast

121

Print

268

online

279

PUBLICATIONS

16

OP-EDS

18



WEBSITE STATS

Sessions

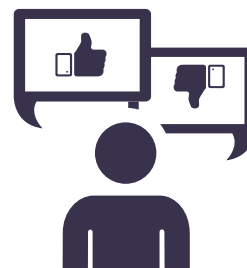
45 700

Page views

115 962

Users

35 152



SOCIAL MEDIA

3855

followers across
our social media
platforms



BusinessDay

news24



City Press

Sunday Times



eNCA



ELECTIONS 2019 PROJECT



“ I'm a great supporter of the critical role played by CDE in our country over the years. The CDE has been an integral part of SA's transformation

John Dlodlu, CEO, Small Business Institute

”

CDE initiated a special project ahead of the 2019 Elections, to encourage voters and the media to engage more seriously with the key issues that political parties should focus on during the elections. On 30 January 2019, CDE convened a debate on **Cities, jobs and economic growth**, hosted by Tim Modise and televised on eNCA. Senior leaders in the main political parties, the ANC, EFF and DA participated in the debate and the audience comprised mainly of their supporters and leadership of other political parties. Ann Bernstein raised the vital questions about cities as drivers of economic growth, including how to make interactions between local and national government more productive.

Following this high profile event, CDE took advantage of opportunities to engage further with officials from the major political parties on issues relating to urbanisation, cities, youth unemployment and inclusive growth. On 12 March CDE hosted a policy dialogue on these issues which was attended by the leaders of the largest political parties. Many of them came to our offices for the first time.

We then released a number of short publications as part of a series titled **Agenda 2019**. Each of the three reports briefly described the issue facing the country, giving useful facts and trends, set out CDE's policy recommendations and then put forward questions that voters and media should be asking political parties before the elections, which took place on 8 May. The topics of the publications were **Business and development**, **Tackling youth unemployment** and **Creating cities of hope**.

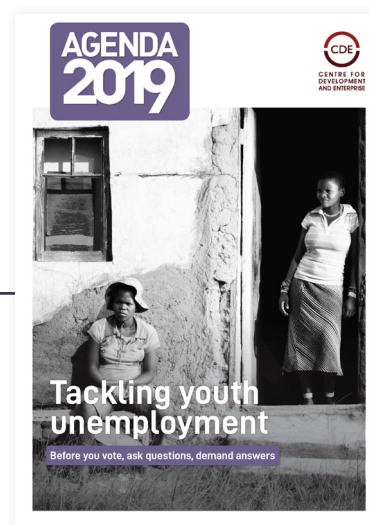
On 2 April, 2019 CDE hosted an **Agenda 2019 media briefing**. Ann Bernstein set out the vital importance of voters and journalists engaging political parties on how they intend to improve the quality of life and expand the opportunities of all South Africans, especially the 50% who are poor. She encouraged voters to go beyond the slogans and ask substantive questions on key issues before casting their votes. This project enabled CDE to stimulate a national conversation around the elections and influence its content, as well as engage key players within the top five political parties in the country on vital topics for South Africa's future.

Publications

Elections 2019 Project



AGENDA 2019
Business and development
April 2019



AGENDA 2019
Tackling youth unemployment
April 2019



AGENDA 2019
Creating cities of hope
April 2019

Events

Elections 2019 Project

**POLICY DIALOGUE ON
CITIES, GROWTH AND
EMPLOYMENT**
Johannesburg

14 March 2019

**AGENDA 2019 MEDIA
BRIEFING**
Johannesburg

02 April 2019



Op-Eds

Elections 2019 Project

DAILY MAVERICK
Sunday, 21 April 2019

Unemployed need to ask: Where's the work?
By Ann Bernstein

City Press
Sunday, 07 April 2019

Policies are what count
By Ann Bernstein

Media Coverage | Television

Elections 2019 Project

eNCA
04 April 2019

Ask questions, demand answers

eNCA
17 April 2019

Achieving inclusive growth

Media Coverage | Radio

Elections 2019 Project

SAfm
19 April 2019

Questions to ask your political parties

JOBS AND INCLUSIVE ECONOMIC GROWTH



“ CDE should continue to advocate consistently and unashamedly for the type of mindset we should have in running our economy and contrasting that with the type of mindset we seem to have.

**Norman Mbazima, Chair,
Anglo American Platinum**

”

South Africa's Fiscal Crisis

In August 2019, CDE published **Running out of Road: South Africa's public finances** and what is to be done. This publication arose out of CDE's discussions and interviews with many of the country's leading macro economists and other experts. A major finding of the report was that our rapidly escalating debt trajectory was already acting as a handbrake on economic growth. We called for fiscal consolidation as soon as possible, as well as for urgent economic policy reforms to raise growth and stabilise public debt.

The report received tremendous media coverage and an overwhelmingly positive response by senior business leaders, experts, and government officials.

The key findings were presented to Business Unity South Africa, the Banking Association of South Africa, Business Leadership South Africa, the Minerals Council, Absa, Sibanye Stillwater and Future Growth. CDE Research Associate Lumkile Mondli participated in many of the high profile briefings. A public event in Cape Town focusing on the report attracted an audience which included several members of parliament.

In response to the Medium Term Budget Policy Statement of October 2019, CDE released a statement titled **Now is the time for CR's endgame!** This short report urged government to prioritise growth accelerating reforms if it is to avoid condemning the country to increasing unemployment and declining real per capita incomes. This was accompanied by further op-eds and media interviews, with many platforms carrying the statement in full.

Job Crisis

In January 2020, CDE released a major publication on the country's worsening jobs crisis, **Ten Million and Rising: What it would take to address South Africa's jobs bloodbath**. The release took place at CDE on 29 January 2020 and was attended by 60 people including the editors of City Press and Business Day and many others including one of the President's investment envoys. In Cape Town on 5 March 2020, the report was presented at an event hosted in partnership with Wesgro and Bowmans and chaired by chairman of Wesgro and CDE Board member, Brian Figaji.

The report outlined the landscape of South Africa's labour market and policies, providing new insights and arguing anew for the importance of, among other things, labour market reform. These important issues were deliberately raised before the State of the Nation Address and the Budget Speech. The publication release was accompanied by several media interviews and op-eds, strengthening the executive director's position as a reputable commentator on this major topic. In addition to a short, accessible publication, CDE released a background report, an executive summary, an infographic and a fact sheet. The different products appealed to a broader range of audiences and were well received.

Manufacturing and Labour-Intensive Growth

In line with CDE's overarching focus on policies that enhance labour-intensive growth, we hosted a presentation by Philip Schellekens, senior economic advisor to the office of the CEO at the International Finance Corporation. Schellekens spoke in detail about the future of export-led industrialisation and what the implications were for South Africa's industrial and development strategies. He urged South Africa to embrace labour-intensive manufacturing before the window of opportunity closes. The event at CDE was well received by the audience comprising media, business leaders and civil society representatives.

Special Economic Zones (SEZ)

In November 2019, CDE hosted a roundtable in partnership with the London School of Economics' (LSE) International Growth Centre (IGC). Speakers included international experts Stefan Dercon, Oxford University and Thomas Farole, World Bank and some of the most senior international and local SEZ practitioners (see below). A number of other stakeholders, including SEZ experts, business leaders and government officials from National Treasury and the Department of Trade, Industry and Competition participated in the discussions.

The discussion was fruitful, with participants giving insights into what South Africa's SEZ policy regime could learn from the global experiences. In particular, there was a focus on what needs to be done to improve the local SEZ strategy. One senior attendee who has advised dozens of governments around the world on SEZs, called it the "best such meeting" he had ever attended and praised CDE for bringing together a wealth of experience and expertise into a single room. CDE also hosted a VIP dinner alongside the roundtable with senior business and government officials, as well as a National Treasury hosted meeting for senior officials from DTI and other departments with the international experts to present to key government decision-makers across several departments. We are currently working on a report on the topic.

The following international speakers participated in these events.

- Stefan Dercon, Professor of Economic Policy at the Blavatnik School of Government at Oxford University
- Thomas Farole, World Bank economist and SEZ expert
- Rocco Macchiavello, Associate Professor in Management at the London School of Economics
- Susanne Frick, Fellow in Local Economic Development at the London School of Economics

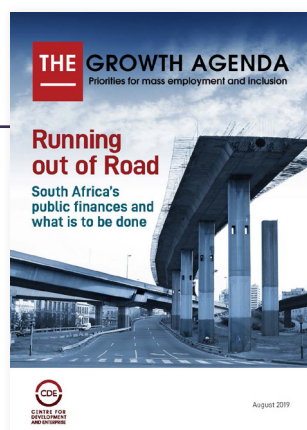
- Michael Okyere Baafi, Executive Secretary of the Ghana Free Zones Authority
- Shwe Hein, Secretary of the Thilawa SEZ Management Committee (Myanmar)
- Richard Jabo, Executive Director of the Uganda Free Zones Authority
- Moses Mwanakatwe, Acting Director of the Investments Zambia Development Agency

Crucial Conversations

The Dean of Commerce, Law and Management at Wits University, Professor Imraan Valodia, invited CDE to partner on a series of events focusing on key themes in economic policy, titled Crucial Conversations. The first debate took place on 10 October 2019, on the topic of whether inclusive economic growth is best achieved by focusing on inequality or poverty reduction. Ann Bernstein and Imraan Valodia were the key speakers with Mamokete Lijane, Absa and Professor Murray Leibbrandt, UCT as the respondents. The audience consisted of over 100 people and the debate was facilitated by Stephen Grootes and televised live on SABC.

Publications

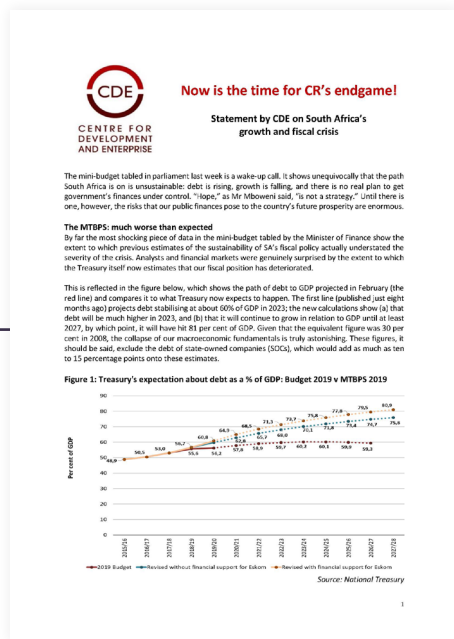
Jobs and inclusive economic growth



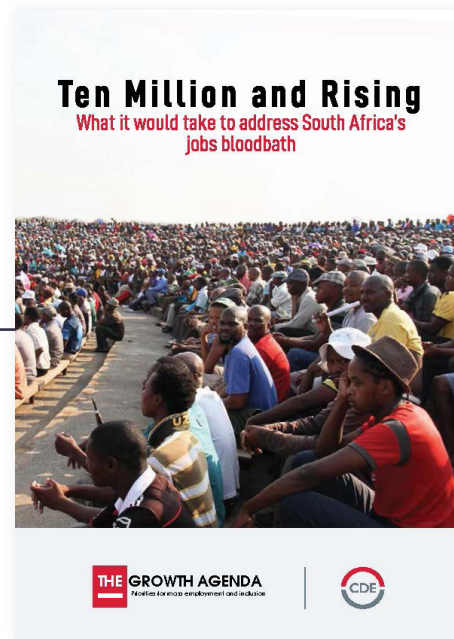
THE GROWTH AGENDA
Running out of Road: South Africa's public finances and what is to be done
 August 2019



VIEWPOINTS
South Africa's industrial policy
 By Professor David Kaplan
 August 2019



CDE
Now is the time for CR's endgame!
November 2019



THE GROWTH AGENDA
Ten Million and Rising: What it would take to address South Africa's jobs bloodbath
January 2020

Events

Jobs and inclusive economic growth

RUNNING OUT OF ROAD LAUNCH
Johannesburg
21 August 2019

RUNNING OUT OF ROAD: MEDIA LAUNCH
Johannesburg
28 August 2019



**REVIVING THE ECONOMY:
PRESENTATION WITH PROF
SCHELLEKENS**
Johannesburg

11 September 2019

CRUCIAL CONVERSATIONS
Johannesburg

10 October 2019

**SPECIAL ECONOMIC
ZONES WORKSHOP**
Johannesburg

13 and 14 October 2019

**SPECIAL ECONOMIC
ZONES DINNER**
Johannesburg

14 October 2019

**RUNNING OUT OF ROAD
PUBLIC EVENT**
Cape Town

29 October 2019

**SEZ SEMINAR WITH
GOVERNMENT DEPARTMENTS**
Pretoria

15 November 2019

TEN MILLION AND RISING
Johannesburg

29 January 2020



Op-Eds

Jobs and inclusive economic growth

news24

Friday, 30 August 2019

Here's how government can tackle its R3 trillion debt

By Ann Bernstein

BusinessDay

Monday, 02 September 2019

Prioritising growth is the only way to get out of our debt swamp

By Ann Bernstein

BusinessDay

Saturday, 26 October 2019

Every reason to fear Tito Mboweni's budget speech will be a damp squib

By Ann Bernstein

Sunday Times

Sunday, 17 November 2019

The cost of servicing our debt is eating our future

By Ann Bernstein

BusinessDay

Thursday, 30 January 2020

Mr President, this is exactly why our labour laws need to change

By Ann Bernstein

BusinessDay

Thursday, 2 February 2020

Yes, Mr President, labour law can change

By Ann Bernstein

DAILY MAVERICK

Tuesday, 11 February 2020

Ramaphosa dithers while Rome burns: Decisive action is needed now

By Ann Bernstein

DAILY MAVERICK

Friday, 21 February 2020

Tito Mboweni's balancing act on a very slack budget tightrope

By Ann Bernstein

BusinessDay

Tuesday, 08 October 2019

Industrial policy cannot be same old story on repeat amid lagging growth

By David Kaplan

Media Coverage | Television

Jobs and inclusive economic growth

eNCA

02 May 2019

Prioritise Growth and jobs

**NEWZROOM
AFRIKA**

08 May 2019

State of the political economy

eNCA

31 July 2019

SA's official unemployment rate increases

eNCA

28 August 2019

South Africa's public sector debt

**SABC
NEWS**

29 August 2019

Looking at South Africa's fiscal crisis



10 October 2019



30 October 2019



30 January 2020



30 January 2020



30 January 2020



06 February 2020



12 February 2020

Crucial conversations on inclusive economic growth

Reaction to Mboweni medium-term budget speech

Job creation conundrum

The Centre for Development and Enterprise releases report

CDE speaks on the unemployment crisis

Unpacking South Africa's unemployment crisis

South Africa is in a crisis

Media Coverage | Radio

Jobs and inclusive economic growth



08 May 2019



30 July 2019



08 August 2019



26 August 2019



30 August 2019



15 October 2019



30 October 2019



30 January 2020



30 January 2020

Building investor confidence

2019 mid-year population estimates

South Africa's public finances

The state of SA's economy

CDE calls on government to improve tax collection

South Africa's rising debt

Insights on the Medium-Term Budget Policy Statement

CDE releases Ten Million and Rising Report

Unemployment in South Africa



30 January 2020

Apartheid, state capture among issues to blame for SA's jobs crisis



30 January 2020

Unemployment still rising



31 January 2020

Unemployment crisis is worsening in SA

STATE OF THE NATION ADDRESS 2020

Media Coverage | Television

State Of The Nation Address



21 July 2019

SONA was a missed opportunity



13 February 2020

Getting analysis on the SONA 2020

Media Coverage | Radio

State Of The Nation Address



13 February 2020

State of the nation address 2020



14 February 2020

Centre for Development and Enterprise on SONA

BUSINESS AND REFORM



“ CDE does great work through your research. I really hope your message is heard and read by the policymakers.

Michael Jordaan, CEO,
Montegray Capital

”

well received when these took place. Several presentations were postponed due to the start of lockdown.

Unfortunately, the concerns of business and the urgent need for action on reforms to promote growth did not seem to impact on government action or perception of how dire the economic situation of the country was. CDE hosted a number of dinners and other discussions with business leaders to discuss the situation and how business could respond strategically.

Professor Francis Fukuyama

A highlight of CDE's year was the visit to South Africa by Professor Francis Fukuyama, world-renowned political scientist. Professor Fukuyama was the keynote speaker at CDE's annual Global Advisory Council (GAC) meeting and dinner. The GAC brings together the chairmen and CEOs of leading South African companies with friends, donors and potential donors of the CDE including senior business people in the South African diaspora in New York, Washington DC and London.

During 2019, CDE continued to spend considerable time engaging business leaders and organised business on the importance of playing a more visible role in South Africa's national debates, especially in the context of threats to property rights and other ill-advised and wrong-headed policies.

CDE supported corporate South Africa's increasingly worried calls for action on the economic and fiscal crisis. Presentations on the two major reports for the year, on jobs and the fiscal crisis, were offered to the boards of leading companies and were very

The theme for the GAC was Reform, and the keynote address delivered by Professor Fukuyama at the GAC dinner focused on how business leaders have contributed to reform in other countries. The topic for the meeting was **Populist threats to prosperity and democracy. What can be done?** A panel comprising three excellent contributors, Mondli Makhanya, editor, City Press; Sydney Mufamadi, academic, former cabinet minister and chair, Review Panel on the State Security Agency; and Songezo Zibi, former editor, Business Day and head, Corporate Communications, Absa responded to Professor Fukuyama's presentation.

A number of other events were arranged for different audiences during Professor Fukuyama's week-long visit. He met with senior staff in the Presidency and shared some thought provoking ideas on the state and development. Treasury hosted a seminar, which drew a number of senior officials, including the newly appointed head of the SA Revenue Service. The governor of the SA Reserve Bank and his senior team hosted a seminar followed by lunch which allowed for in-depth discussion of many of the key issues. Professor Fukuyama delivered a public lecture at Wits University which drew more than 250 people and provoked CDE to arrange a second public lecture, attended by over 100 people. Editors and senior journalists joined the executive director for a dinner discussion with Professor Fukuyama that resulted in excellent media coverage.

Three publications based on Fukuyama's visit and the many events CDE put together were released in August 2019. The first, **Getting to Denmark**, explains how a developing country's government can reach the bureaucratic efficiency and effectiveness displayed by leading states such as Denmark. The second report, **Contemporary Populism**, draws on Fukuyama's latest book on the politics of identity, and provides an acute analysis on various types and forms of populism, including economic populism. The final report, **The State and Economic Development**, is about the important role that government needs to play in growing and developing the economy. This can be achieved, argues Fukuyama, by creating the necessary conditions for markets to flourish, which will have wide-ranging benefits for citizens.

Publications

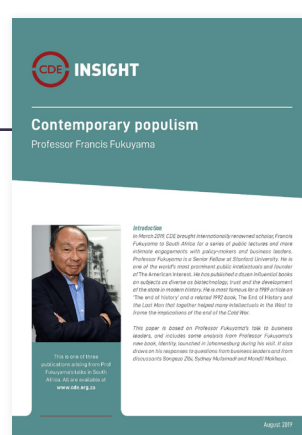
Business and Reform



CDE INSIGHT

The State and Economic Development

August 2019



CDE INSIGHT

Contemporary Populism

August 2019



"Getting to Denmark"

How societies build capable, democratic and law-bound states

Professor Francis Fukuyama



Introduction

In March 2019, CDE brought internationally renowned scholar, Francis Fukuyama to South Africa for a series of public lectures and more intimate engagements with policy-makers and business leaders. Professor Fukuyama is a Senior Fellow at Stanford University. He is one of the world's most prominent public intellectuals and founder of The American Interest. He has published a dozen influential books on subjects as diverse as biotechnology, trust and the development of the state in modern history. He is most famous for a 1989 article on 'The end of history' and a related 1992 book, The End of History and the Last Man that together inspired many intellectuals in the West to frame the implications of the end of the Cold War.

This paper is based on Professor Fukuyama's talks to senior officials in the South African Presidency, business leaders and editors.

This is one of three publications arising from Prof. Fukuyama's talks in South Africa. All are available at www.cde.org.za

August 2019

CDE INSIGHT

Getting to Denmark

August 2019

VIEWPOINTS

No 6, March 2019

Party and State in South Africa

Dr Mzukisi Qobo



Dr Mzukisi Qobo
Associate Professor,
International Business
and Strategy,
Wits Business School

South Africa has a venerable liberation movement presiding over a modern constitutional democracy. Little wonder the party sometimes revels against the constitutional order. The uneasy relationship between the party and the state frustrates democratic consolidation and imposes limits to growth and development.

The ANC was banished to exile from the early 1960s to the 1990s. The 'national mission' was loaded with disorienting apartheid. It gave little thought to the architecture of a democratic state. It failed to imagine strategies to address the institutional underpinnings, economic management, and state-society relations of the new order.

When the ANC gave up arms and entered into negotiations in the early 1990s, this was uncharted territory. On the surface, it performed quite well in its first term. The Interim Constitution, and corporatist mechanisms like the National Economic Forum (which was a precursor to the National Economic Development and Labour Council) helped

to smooth the way. Together with the Government of National Unity, they allowed the ANC latitude to take political and economic decisions in a controlled environment.

But the ANC was not sufficiently prepared to govern. It lacked bureaucratic depth and policy finesse, save for a few technocratically-minded politicians. Missing was a change of culture in the organisation, and the ability to re-align its ethos and systems with new demands.

The 1994 constitution defined the normative parameters of governance. The cream of the ANC's intelligentsia, rather than the body of the party as a whole, allowed the ship to sail steadily. Limited leadership depth meant that, at some point, the organisation would become unhinged, and taken over by factions not aligned to its professed values.

Technocrats drove the first phase of democracy. The 'liberation movement' character of the ANC was suppressed, except in leaders'



VIEWPOINTS is a series of reports on issues critical to South Africa's development. CDE has drawn on the expertise of South Africans in a range of organisations to encourage informed debate on these topics.

1

VIEWPOINTS

Party and State in South Africa

By Mzukisi Qobo

March 2019

VIEWPOINTS

No 7, June 2019

What to do about Eskom

By Dirk de Vos



Dirk de Vos is founder and director of QED solutions, a corporate finance and advisory firm

This year, in his budget speech, the Finance Minister announced that Eskom, the state-owned, crisis-riven electricity utility would be unbundled into three entities through the creation of subsidiary companies under Eskom Holdings. The decision flows out of a report of the Eskom Sustainability Task Team, appointed by the President in early December 2018.

The three entities will be responsible for generation, transmission and distribution, and each will have its own board and management structures. Eskom, it was announced, would also be supported by 'an allocation' of R22 billion per year for the next decade, although the effect of this was undermined by Nersa, which adjusted the tariff award to Eskom downwards to take account of what it deemed to be a new source of revenue.

A Chief Reorganisation Officer (CRO), nominated by the Minister of Finance and the Minister of Public Enterprises, is also to be appointed. The CRO will work with Eskom's board and management to implement

the unbundling, ensure that Eskom cuts costs, monitor critical maintenance of the power plants, and oversee Eskom's capital expenditure programme. Eskom is also required to achieve operational annual savings outside its salary bill amounting to around R22 billion per annum.

The powers of the CRO will be clarified in a new shareholder compact with the Minister of Public Enterprises. Other issues such as executive remuneration will be tied to delivering on the terms of that compact. The unbundling might take up to three years, during which a variety of measures will have to be adopted to put Eskom on a more sustainable footing and to ensure long-term energy security.

The reaction of Moody's, the only rating agency that continues to rate South Africa's debt as investment grade, at the time of the announcement was telling. 'Until the government provides a clear and detailed plan of how Eskom will be restructured, the troubled power utility will continue to overshadow the



VIEWPOINTS is a series of reports on issues critical to South Africa's development. CDE has drawn on the expertise of South Africans in a range of organisations to encourage informed debate on these topics.

1

VIEWPOINTS

What to do about Eskom

By Dirk de Vos

June 2019

Events

Business and Reform

FRANCIS FUKUYAMA: DINNER WITH EDITORS AND JOURNALISTS

Johannesburg

25 March 2019



BUSINESS AND REFORM: GAC DINNER

Johannesburg

26 March 2019

POPULIST THREATS TO PROSPERITY AND DEMOCRACY: GAC MEETING

Johannesburg

27 March 2019



PUBLIC LECTURE BY PROFESSOR FRANCIS FUKUYAMA AT CDE

Johannesburg

27 March 2019

FRANCIS FUKUYAMA PRESIDENCY SEMINAR

Pretoria

28 March 2019



THE ROLE OF STATE IN DEVELOPMENT BY PROFESSOR FRANCIS FUKUYAMA

Johannesburg

28 March 2019



TREASURY SEMINAR

Pretoria

29 March 2019

SA RESERVE BANK SEMINAR

Pretoria

29 March 2019

Op-Eds

Business and Reform

Sunday Times

Sunday, 10 March 2019

Does Ramaphosa have the gumption to bring the ANC out of its turpitude?

By Ann Bernstein

BusinessDay

Tuesday, 26 March 2019

Cleaning up is not enough- we will have to slaughter some holy cows

By Ann Bernstein

news24

Wednesday, 27 March 2019

The rise of a populist nationalism

By Ann Bernstein

BusinessDay

Tuesday, 07 May 2019

Leaders who oppose business doom SA to spluttering economic growth

By Ann Bernstein

DAILY MAVERICK

Wednesday, 04 September 2019

Business should loudly and boldly support the National Treasury's economic growth strategy By Ann Bernstein

Media Coverage | Television

Business and Reform

SABC NEWS
28 March 2019

Francis Fukuyama public lecture

SABC NEWS
02 May 2019

Assessing workers' rights

eNCA

02 September 2019

South Africa needs stronger leadership

CITIES



“ I appreciate the way that the CDE takes key South African issues and then convenes engagements on these topics that blend international experts and a broad spectrum of relevant South Africans.

**Murray Leibbrandt,
Director: Southern African
Labour and Development
Research Unit, University
of Cape Town**

”

Over the past five years, CDE has been working closely with well-known Harvard Professor and world-leading urban economist, Edward Glaeser. Professor Glaeser has spoken at many of CDE's events and has helped CDE gain helpful insight on cities. In August 2018 he visited South Africa and CDE arranged a series of workshops and dinners in Johannesburg and Cape Town. These were well attended by mayors, senior city officials, urban organisations, business leaders and experts. CDE was able to engage closely with leading city officials in the two metro's, including the previous mayor of Johannesburg. In August 2019, CDE released a publication on the key insights and advice shared by Professor Glaeser. *Urban Management in the 21st Century: Ten lessons from Professor Ed Glaeser*, shows how cities are powerful vehicles for

prosperity because they bring people together in dense clusters. This allows people to more productively and efficiently share ideas, trade and innovate.

CDE's 'Massive Small' project continued throughout 2019 and at the beginning of 2020. With the help and guidance of Paul Jackson, CEO of the Trust for Urban Housing Finance (TUHF), and Mathew Nell, founder and director of Shisaka, CDE is in the process of finalising a report on how small entrepreneurs are rebuilding our cities so that these become more compact and expand opportunities for poorer people. A critical issue is to put in place regulations that take into account the safety of occupiers, without imposing the kinds of costs on smaller providers that preclude them from becoming part of the formal housing system. The release of the report, **'Massive Small': How new entrepreneurs are rebuilding our cities** has been delayed due to the coronavirus pandemic.

Publications

Cities



Events

Cities

MASSIVE SMALL WORKSHOP Johannesburg

03 April 2019



Op-Eds

Cities

Sunday Times

Sunday, 14 April 2019

We need to build cities of hope, not more houses in the veld

By Ann Bernstein

DAILY MAVERICK

Tuesday, 30 April 2019

Apartheid legacy of urban sprawl is the challenge our cities face

By Ann Bernstein

LAND REFORM



“ I do appreciate and find the CDE reports always very interesting and share these with my colleagues at the Department.

Eddie Ramakoloi Mohoebi
Chief Director, Department
of Agriculture, Land Reform
and Rural Development

”

In August 2019, the Presidential Advisory Panel on Land Reform and Agriculture released its report (with a minority report by two members). The report made important recommendations, including on urban land reform. In response CDE commissioned an analysis of the report and organised a workshop with leading urban experts on 2 October 2019. The workshop made it clear that managing urban land reform requires much more thought and will potentially become an extremely fraught policy issue in the near future.

CDE published a report in December by Professors William Beinart (University of Oxford) and Peter Delius (University of the Witwatersrand), titled **Next Steps Towards Land Reform**. They argue that the report is an important contribution but that a central

weakness is its failure to locate its recommendations within the current fiscal crisis. They also recommend that land reform discussions should not put rural and urban areas in separate silos as the articulation between these two spheres will be critical for wider processes of economic and social transformation. On 10 December 2019, the Secretary to Parliament referred the First Draft Constitution Eighteenth Amendment Bill to the National House of Traditional Leaders. The aim of the Bill is to “amend the Constitution of South Africa so as to, among others, provide that where land and any improvements thereon are expropriated for the purposes of land reform, nil compensation may be payable.” In response, CDE wrote a letter to the Ad Hoc Committee set up to discuss this amendment, which outlined our deep concern about the proposed constitutional amendment. Government began hosting public hearings in different provinces on 20 February 2020. This remains an important area of focus for CDE but further work has been on hold due to Covid-19.

Publications

Land Reform



Events

Land Reform

**URBAN LAND REFORM
MEETING**
Johannesburg
02 October 2019



EDUCATION REFORM



“ I am writing to express my appreciation for the work that the CDE is doing. This is nothing less than genuine concern and love for a country that has the potential to be an example of poverty alleviation in our continent.

Moshe Swartz, Director General, Department of Agriculture, Rural Development and Land Reform

”

South Africa's education system continues to perform poorly in comparison with almost every other country in the world, and many education experts concur that deep structural problems are to blame. CDE spent the year working towards an important and difficult report which takes an in depth look at the schooling system and the bold steps that need to be taken to fix it. An advisory group comprising top South African experts on education reform continued to guide CDE in this work, participating in regular meetings and helping to shape and refine a draft report.

CDE had video interviews with some of the most senior education reform experts and practitioners based in the US, the UK and Latin America to tap the experience of developing countries and to learn more about different approaches to reform. In addition, CDE interviewed officials in provincial education departments and leaders of the country's most high-

profile education initiatives. Covid-19 has impacted the education sector in dramatic ways and created a number of new challenges that have to be taken into account. Education reform remains a critical imperative for the country, and CDE is working to encourage a focus on the biggest reform priorities and ways to re-invigorate the push for reform.

A publication on the role of business in education reform, based on a workshop which brought together a number of people in the private and non-government sector who fund and implement initiatives aimed at

YOUTH EMPLOYMENT AND SKILLS DEVELOPMENT



“ CDE does such good work and their reports are always excellent.

Chantyl Mulder, executive director, SAICA

”

More than eight million young people were recorded as neither employed nor in education or training (NEET) at the beginning of 2020. CDE moved into the second year of a project seeking to identify viable ways to get NEETs, especially those who dropped out of school before they achieved matric, into skills programmes that would make them more employable. Through this project, CDE will develop a deeper and more differentiated understanding of this issue, based on a research-guided assessment of challenges and opportunities in South Africa, as well as a review of interventions that have worked in other countries.

In 2019 CDE commissioned research and engaged with experts and institutions to gain a clearer understanding of the situation and to develop a realistic assessment of opportunities that could be taken to scale. An advisory group consisting of prominent experts and leading practitioners in this field was appointed and guided the overall direction of the programme. CDE believes that solutions to this massive challenge will have to be at least partly based on a better understanding of and a bigger role for private sector skill providers.

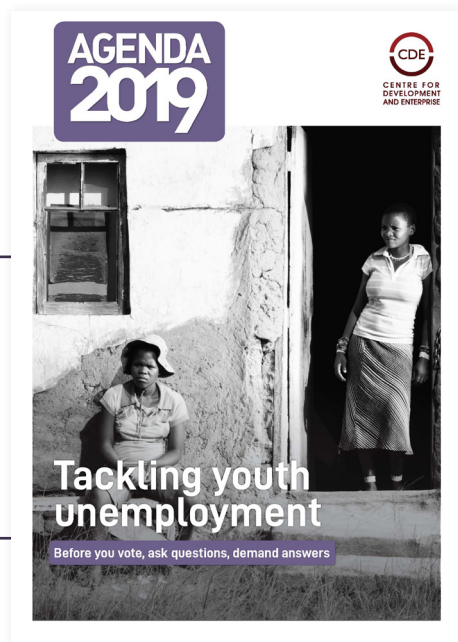
Two research papers which will feed into the final report were completed during the period under review. The first is a comprehensive summary of in-depth qualitative studies that give insights on how youth navigate the challenges they face in their transitions from education into employment. The second identifies international programmes outside the formal education system that offer skills training to young people to improve their employability and facilitate access to jobs. It has a strong focus on evaluations that demonstrate real impact, and provides insights into what has allowed some programmes to be successful.

An important focus of this project is on fieldwork to learn more about the needs and perceptions of NEETs in two areas of the country affected particularly harshly by youth unemployment: Alexandra and Bushbuckridge. A series of meetings and engagements with youth organisations in the two areas took place to frame the research, which was due to start in March 2020. This has been affected by the pandemic and an alternative approach has had to be put in place.

Before the 2019 general elections in April, CDE foregrounded the crisis of youth unemployment in South Africa as a critical issue for voters. The leading political parties were engaged on the question, a short, impactful publication was produced titled Agenda 2019: Youth Unemployment and, through a range of media engagements, urged voters to demand real solutions to the youth unemployment crisis.

Publications

Youth Employment and Skills Development



AGENDA 2019

Youth Unemployment

April 2019

Op-Eds

Youth Employment and Skills Development

news24

Sunday, 16 June 2019

No country for young people

By Ann Bernstein

City Press

Sunday, 16 June 2019

Policy must drive the change for SA's youth

By Ann Bernstein

Sunday Times

Sunday, 02 February 2020

We have to get working on the unemployment crisis

By Ann Bernstein

Media Coverage | Radio

Youth Employment and Skills Development



10 June 2019

Measuring youth unemployment



20 June 2019

South Africa's high unemployment rate

CDE DONORS

1st March 2018 – 28th February 2019



CDE BOARD

1st March 2019 – 28th February 2020



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



Ann Bernstein
Executive director,
CDE



Antony Ball
Private



Cas Coovadia
Managing director,
Banking Association
of South Africa



Brian Figaji
Chairman, Wesgro
and chairman,
I&J Fishing



Reuel Khoza
Chairman, Aka
Capital and former
chairman, Nedbank



Michiel le Roux
Co-founder and
chairman, Capitec



Sipho Maseko
CEO, Telkom SA Ltd



Ishmael Mkhabela
Chairman, Steve
Biko Foundation
and the Central
Johannesburg
Partnership (CJP)



Sipho Nkosi
Chairman,
Talent 10 Holdings



Wiseman Nkuhlu
Chairman,
Rothschild (SA)
and chancellor,
University of
Pretoria



Simon Ridley
Former CFO,
Standard Bank
Group



Mike Teke
CEO, Seriti
Resources Holdings



Songezo Zibi
Head of
communication,
Absa

Michiel le Roux resigned from the Board during the period under review



CDE Board

L Dippenaar (chairman), A Bernstein (executive director), A Ball, C Coovadia, B Figaji, R Jardine, R Khoza, S Maseko, I Mkhabela, S Nkosi, S Ridley, M Teke, S Zibi

Published in August 2020 by The Centre for Development and Enterprise
5 Eton Road, Parktown, Johannesburg 2193, South Africa | PO Box 72445, Parkview, 2122
Tel +27 11 482 5140 | info@cde.org.za | www.cde.org.za