



ANNUAL REPORT

2021-2022

www.cde.org.za

ABOUT CDE

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

The overarching theme and purpose of our work is inclusive economic growth which encompasses growth and jobs, youth unemployment, education and skills, cities, land reform, migration, business and markets, and strengthening democracy.

The policy recommendations we get from our research and consultations are packaged into thought-provoking digital publications which are shared widely through media and public speaking engagements, presentations and webinars. Moreover, our track record of successful engagement enables us to bring together local and international experts and stakeholders to discuss the policy implications of CDE's research findings and to share their insights on the difficult issues consuming local and global discourse.

CDE's voice and role – market-oriented, pragmatic, evidence-based – fills a void in the national landscape by promoting bold, well-informed approaches that make a critical contribution to achieving inclusive economic growth.

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MESSAGE FROM THE CHAIRMAN

Roger Jardine

“ We have a shared interest in the policy trajectory that will put South Africa on a sustainable growth path.

● **Roger Jardine,
Chair, CDE Board**

”

When I agreed to take on the chairman's role at CDE, I knew that I would be working with a team that is focussed on developing solutions to address the many policy issues that we face as a country. The year in review was a tumultuous one for South Africa, and it is quite difficult to know where to start discussing the challenges that we face. While there have been some important policy shifts by the government in recent months, like the spectrum auction, opening the renewable energy program and initiating third-party access to the freight rail network, we nevertheless experienced another year of poor economic growth, higher than ever levels of unemployment, and deepening poverty and inequality.

CDE exists as a powerful force for change. It aims to help the country make real progress on the many challenges it faces. It forthrightly tackles the admittedly complex set of issues that underpins the vortex of crises. It fills a gap in the policy landscape by combining evidence based policy analysis and research with engagement at the highest levels of business, government, and civil society.

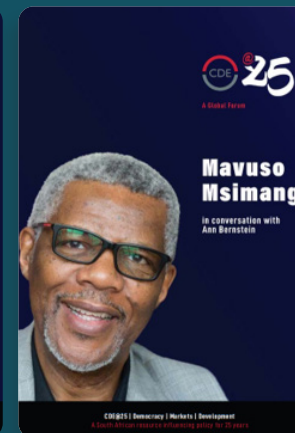
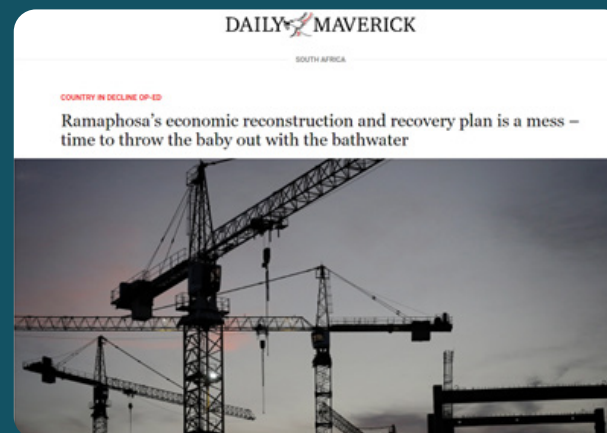
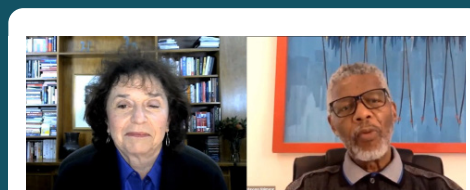
This annual report captures the contribution of what is, in many ways, a unique national resource dedicated to helping the country escape a cycle of decline. Over the past year, the organisation has focused on South Africa's economic recovery, including facilitating an important relationship between National Treasury and Harvard University's Growth Lab which aims to strengthen Treasury's response at this time of crisis. We have also addressed possible points of leverage in the youth employment crisis, business's strategy with government in order to have more impact on economic reform, and the continued underperformance of our schools.



The calibre of local and international speakers in the CDE conversations series of webinars and publications continues to be a highlight for me. It has been an innovative and excellent way to engage the world's best thought-leaders on politics, economics, and development. Many of their insights and experiences are a challenge to South Africa's current leadership to start thinking and acting differently.

This is my first year as chairman of CDE and it has certainly been a rewarding one. I have enjoyed working with board members and CDE staff. When we met to thank previous chair Laurie Dippenaar for his contribution in guiding CDE to its current position of strength, he noted that the task was considerably eased by the fact that rational and objective thinking was always the prevailing sentiment at meetings. We agreed that this is exactly what CDE is all about.

As CEO, Ann Bernstein has continued to drive the organisation to new levels of success. It is more critical than ever that an organisation like CDE is positioned and resourced to maximise its role in helping the country make real progress on these numerous challenges. To achieve economic recovery and much more employment, South Africa needs urgent action and strong leadership. CDE must remain steadfast in advocating for government to make the hard choices necessary for accelerated and inclusive growth.



REPORT FROM THE EXECUTIVE DIRECTOR

Ann Bernstein

“ CDE stands on offering bold and balanced policy recommendations, rooted in research.

**Ann Bernstein,
Executive Director**

”

Together with our powerful board, CDE has continued to make its contribution to getting the country back on track: promoting a successful South Africa that is democratic, market oriented and which expands opportunities to millions of people, hitherto denied participation in our modern economy and society.

CDE's most important initiative over the past year remains our ongoing work with head of the Growth Lab at Harvard University's Kennedy School of Government, Professor Ricardo Hausmann, to help the country make real progress with its fiscal, growth and employment crises. After a successful pilot in 2020, Professor Hausmann and a global team started a two-year project mid-2021

as a gift from special CDE donors to the country. We have the support of the National Treasury (NT) and the SA Reserve Bank and we are working closely with the NT and Professor Hausmann to make sure this work has maximum impact and usefulness. Professor Hausmann's work and CDE's support for him could play a critical role in strengthening the NT and giving real content to the idea of “growth through inclusion”.

Another significant initiative was CDE's workshop with the leading investors/financial institutions in the private sector and the most senior people in government (and the Presidency) working on infrastructure, which we hosted in October 2021. Infrastructure development is a key pillar of the President's economic recovery strategy, yet not one major project had broken ground since 2018! We structured a frank and robust discussion with a select group of 35 senior people.

Pulling this workshop off with such high-level participation was a big achievement for CDE. The discussion focused on what is holding back private sector investment in infrastructure, and the kinds of projects that should be prioritised for private sector investment and assistance to government.



CDE is confident that this workshop has had an impact on senior people in the private sector, the President's office and Operation Vulindlela. We released a short, hard-hitting report on how to think about infrastructure investment and in what projects in February 2022.

Over the past year, we have strengthened and deepened our focus on South Africa's economic recovery and reform in many other ways:

- In May 2021 we released a report proposing a policy reform zone to test carefully calibrated labour market reforms to attract investors in 'low end manufacturing' (the Minister of Finance's words) in South Africa. **What if South Africa had a special economic zone that was actually special?** puts forward a proposal for a 'special' SEZ and criticizes government's current SEZ policy. Through this work, CDE has built a relationship with the SEZ unit in the Department of Trade, Industry and Competition and briefed the department prior to the release of the report. This followed a co-hosted workshop on SEZ's with the DTIC at their invitation and the public acknowledgement in August 2021 of CDE's impact on the department's thinking and that of some senior officials.
- CDE released a report in November 2021 on government's forced localisation strategy arguing that it is short-sighted and an anti-export strategy. The report, **The Siren Song of Localisation: Why localisation policy will not lead to industrialisation** is based on engagement on the topic with two of South Africa's leading economics professors, David Kaplan and Lawrence Edwards, both of whom participated in CDE's launch of the report.
- CDE hosted a five-part Growth series of webinars which were well attended, off the record discussions with leading experts. The final event focused on the topic 'economic reform for accelerated growth' where I joined Ricardo Hausmann and NT's DDG in charge of economic policy at the time, Duncan Pieterse for an excellent discussion.
- CDE has been working closely with Business for South Africa and now BUSA in first, developing proposals for economic recovery and since early 2021 in helping them to start rethinking their strategy with government, in order to have more impact on economic reforms – priorities and actual implementation. This is a difficult area, but CDE has been participating in influencing business strategy as SA's crises deepen.
- For the first time, in November 2021, National Treasury called for public submissions prior to the Medium Term Budget Policy Statement. CDE made a submission, South Africa's fiscal policy choices, stating our view that there are only two ways to address the unsustainable character of South Africa's public finances: accelerated fiscal consolidation and faster economic growth.
- CDE has now hosted five 'off the record briefings' for senior journalists and editors, with leading private sector economists. These coincide with the Minister of Finance's budget and MTBPS speeches and aim to enhance the depth and quality of media coverage of the state of South Africa's economy. They have been extremely effective with private sector economists getting better known in the media and as their 'go to' people.
- The alarming state of decline in the country and the implications for the economy prompted me to write a number of op-eds published by the Sunday Times, Business Day and the Daily Maverick.

“ CDE adds to a very robust public debate

Kuben Naidoo, Deputy Governor, SA Reserve Bank

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- We have remained engaged on the issue of the 'critical skills list' and whether these are the correct set of skills we need for economic growth and whether a list is the right approach at all. Following publication of the critical skills list in February 2022, I wrote an op-ed on the topic, which followed two well publicised op eds before that.
- As part of CDE's efforts to build greater momentum for the reforms required to enable small business to thrive, we have been working with township and inner-city based small business organisations to help them get heard in policy debates. We released a report, **Small Business Organisations in South Africa: Why are they being ignored?** in February 2022 and hosted a Twitter Spaces event on the topic.

We've continued to tackle the country's youth employment and skills crisis, releasing a report in September 2021 on **South Africa's NEETs crisis: Why we are failing to connect young people to work?** It unpacks who the 9.1 million young people are who are not in employment, education or training. Based on new research, local and international, and case studies in Alexandra and Bushbuckridge, the report has recommendations for action by both government and private sector if we are to turn this catastrophic situation around. We are now focusing on the policy changes and other initiatives that could bring about large, system wide changes in the skills opportunities available for young people. CDE is identifying ways in which private sector funding can have a much larger impact in bringing about the changes that will re-align the country's skills system and make significant inroads in the youth unemployment catastrophe.

We've also made progress on a major initiative on how to move basic education out of the bottom end of all global tables and onto a much higher level of performance. There is considerable international experience of relevance. CDE now has a series of five draft reports and following meetings with our high-level advisory group and CDE's board, we've started the hard discussions on a strategy for impact.

With funding from the Reserve Bank funded/aligned organisation ERSA, we are building on our experience and continued interested in cities and growth, focusing on how urban reforms and the development of better run, spatially more efficient cities could drive growth and jobs in South Africa. CDE will pull the research together into a policy relevant report at the end of the project. Harvard University professor and the world's leading urban economist, Ed Glaeser, is acting as the advisor for the project.

Finally, we continued to engage on the issue of land which is fundamental to achieving economic growth. We submitted a response to the Expropriation Bill which was widely distributed in April 2021. In September 2021 we were invited to give an oral presentation to the parliamentary portfolio committee on our analysis and proposed amendments. In November we submitted a response to the Constitutional Amendment Bill (Section 25) to the ad hoc parliamentary committee. We argued that the urge to amend the Constitution is a diversion from the real issues holding back land reform and that doing so, has the potential to cause great and lasting harm to the economy and our constitutional order.

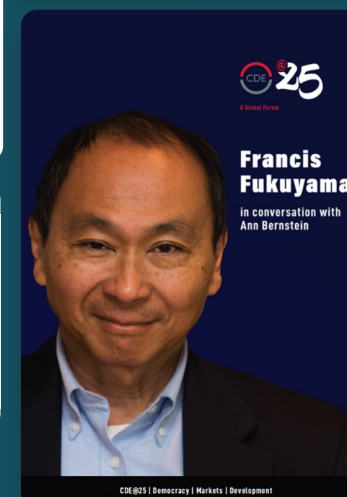
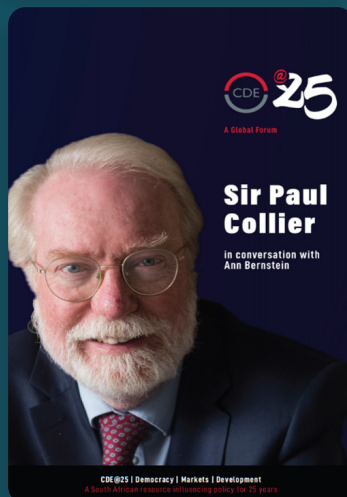
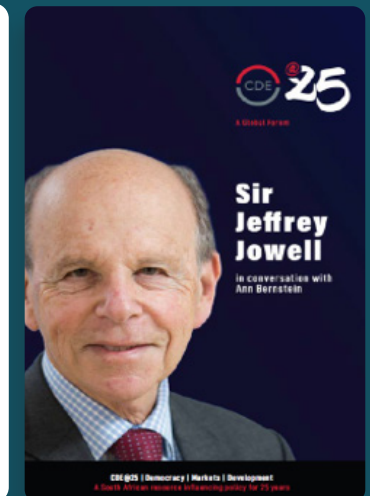
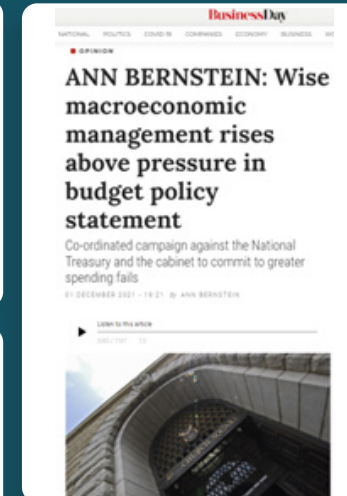
“ CDE has become to us South Africans a bridge to global debate, benchmarks and independent thought.

Monhla Hlahla, Chairman,
Royal Bafokeng Holdings

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To celebrate 25 years since its launch, in November 2020 CDE initiated a series of conversations with global development experts and leading South Africans most of whom have been involved in CDE's work on democracy, business, markets and development. This series kicked off with Paul Romer, Nobel Prize winner and we hosted eleven events during the period, including Sir Paul Collier, Martin Wolf and former SA Finance Minister Trevor Manuel which was attended by almost 500 participants.

More than ever before, CDE is ideally positioned to make a profound impact on turning things in South Africa around. Our outputs over the past year and our most important initiatives are described in more detail in the report that follows. You will see that we have achieved unprecedented access to the highest levels of government. The CDE track record and our reputation for constructive and narrative changing policy reports coupled with our ability to organise frank discussions involving the most senior people from government and business remains unique.



CDE IN NUMBERS

AVE*
R43m

Advertising value
equivalent

Online Print Broadcast
R19m R17m R7m

EVENTS

23

(4019 Attendees)

713 articles and mentions

Online Print Broadcast
349 282 82

PUBLICATIONS

22

OP-EDS

18

FEATURED NEWS OUTLETS



Beeld

BusinessDay TV

BusinessDay

City Press



DAILY MAVERICK

DIE BURGER

eNCA

financialmail

finweek

M&G



news24
Breaking News. First.



**politics
web**



Rapport



Sunday Times
THE PAPER FOR THE PEOPLE

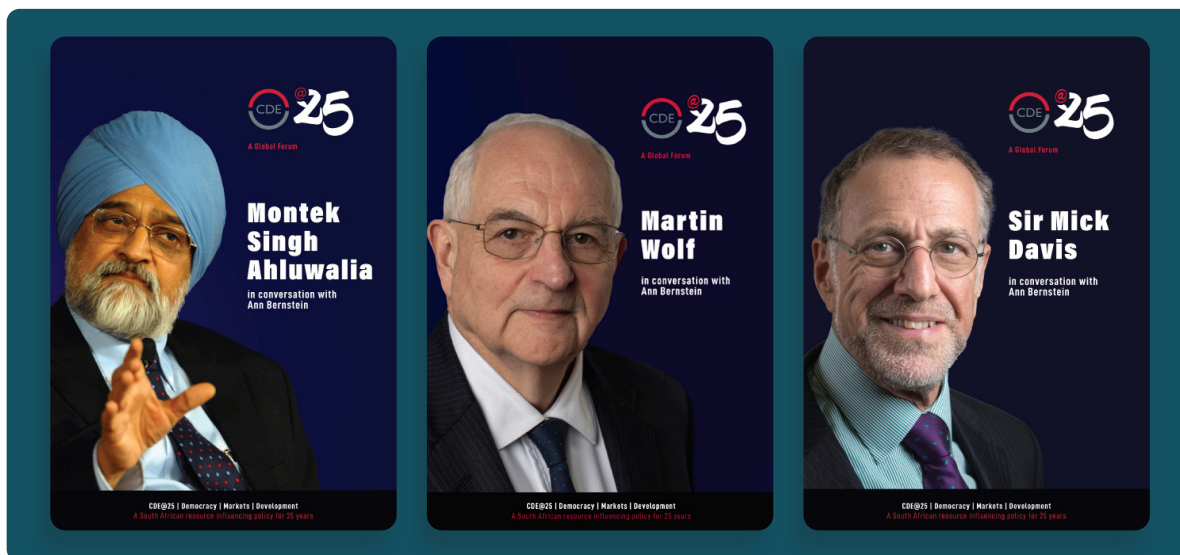


CDE @25 WEBINAR SERIES



To celebrate 25 years since its launch, CDE initiated a series of webinars with leading global experts involved in our work on democracy, business, markets, and development. CDE@25 launched in November 2020 and consists of hour long 'conversations' between Ann Bernstein and some of the most senior and influential people we have engaged with over the course of our existence.

The series showcases the important networks that CDE has invested in, and which have enabled the organisation to offer the quality of research and insights it now has a reputation for. These highly successful sessions have drawn new audiences for CDE – top officials in the presidency, Treasury and other departments attend the events as do MPs and CEOs. They have enabled prominent South Africans to identify with the organisation and its role and expanded our influence into government and wider society.



Events:

- **Francis Fukuyama on 'Populism after Trump'**, 10 March 2021
- **Martin Wolf on 'The crisis of democratic capitalism'**, 31 March 2021
- **Paul Collier on 'Capitalism and the poor'**, 5 May 2021
- **Lant Pritchett on 'Schooling ain't learning'**, 27 May 2021
- **Trevor Manuel on 'SA and the next five years'**, 23 June 2021
- **Sir Jeffrey Jowell on 'Can countries succeed without the rule of law?'**, 14 July 2021
- **Mavuso Msimang on 'Corruption and cadre deployment: How does SA move forward?'**, 4 August 2021
- **Ed Glaeser on 'Capitalism, Covid and the future of cities'**, 24 August 2021
- **Nancy Birdsall on 'Does the middle-class matter in a developing country?'**, 20 September 2021
- **Lesetja Kganyago on 'The economy, jobs and growth'**, 6 October 2021
- **Sir Mick Davis on 'Business, politics and society'**, 25 November 2021

Publications

- **Montek Singh Ahluwalia in conversation with Ann Bernstein**, 4 March 2021
- **Francis Fukuyama in conversation with Ann Bernstein**, 1 April 2021
- **Martin Wolf in conversation with Ann Bernstein**, 4 May 2021
- **Sir Paul Collier in conversation with Ann Bernstein**, 20 May 2021
- **Lant Pritchett in conversation with Ann Bernstein**, 23 June 2021
- **Sir Jeffrey Jowell in conversation with Ann Bernstein**, 4 July 2021
- **Trevor Manuel in conversation with Ann Bernstein**, 8 July 2021
- **Mavuso Msimang in conversation with Ann Bernstein**, 19 August 2021
- **Prof Ed Glaeser in conversation with Ann Bernstein**, 14 September 2021
- **Nancy Birdsall in conversation with Ann Bernstein**, 21 October 2021
- **Lesetja Kganyago in conversation with Ann Bernstein**, 30 November 2021
- **Sir Mick Davis in conversation with Ann Bernstein**, 20 January 2022

JOBS AND INCLUSIVE GROWTH

“ CDE has consistently been one of the country's best informed, most principled, and without a doubt, most interesting public policy think tanks.

**Sim Tshabalala, Group CEO,
Standard Bank Group**

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the country make real progress with its fiscal, growth and employment crises for the next two years. Professor Hausmann's work and CDE's support for him and our involvement in responding to “reforms” as they emerge could play a critical role in pushing the country on to the right path.

For the first time, National Treasury called for public submissions prior to the 2021 Medium-Term Budget Policy Statement which took place on 11 November. CDE made a submission in September 2021 detailing the country's fiscal policy choices. CDE argued that South Africa's current debt trajectory and expenditure commitments are not sustainable. The country has a large, persistent budget deficit that emerged after the global financial crisis and has resulted in a rapid increase in

Economic reform and recovery

Through a special grant from two CDE donors we secured the involvement of Professor Ricardo Hausmann in supporting the National Treasury and SA Reserve Bank in 2020. Head of the Growth Lab at Harvard University's Kennedy School, Hausmann led the team that helped the SA government in the 2000s to think about growth strategy. The success of this work in 2020 enabled CDE, early in 2021, to raise funding from the private sector (with the support of the governor of the SARB and the Treasury) for Professor Hausmann and a global team to strengthen the National Treasury and help



debt. In CDE's view, the only two ways to address the unsustainable character of public finances is to accelerate fiscal consolidation and accelerate economic growth. While fiscal consolidation will dampen the country's economic recovery, if the relentless rise in debt were left unchecked, it would lead to steeper borrowing and debt service costs, which would then create a fiscal crisis, a financial crisis, a crash in asset prices, and/or a rise in inflation. That would devastate South Africa's economic prospects for a generation. CDE called on National Treasury to address the country's underlying macroeconomic imbalances.

In the wake of CDE's facilitation of support for National Treasury by the Harvard Growth Lab, led by Professor Ricardo Hausmann, CDE republished a UNU-Wider report by Hausmann and others analysing South Africa's poor economic performance over the past 15 years. The report explains that a key driver in the growth collapse has been the collapse in output and productivity at key state-owned companies, especially Eskom. If the country is to grow much faster, it will have to improve productivity at these State-Owned Enterprises (SOEs). The report also debunks the myths that the country's growth performance over that period is a result of fiscal austerity or the end of the commodity supercycle. Instead, Hausmann et al. argue that macroeconomic policy has been too slow to adapt to slowing growth, resulting in a very rapid build-up of debt. CDE supports this analysis and will use it to influence government fiscal policy through its Harvard Growth Lab project.

CDE's series of five webinars (May to July 2021) on the constraints and possible avenues to achieve much faster and more inclusive economic growth led to many important insights which have had an influence on CDE's thinking around these important issues. The conversations between senior private sector and academic economists and CDE's executive director offered in-depth analysis of particular topics, including 'Can SA grow at 3% a year for 10 years?', 'Business' views on growth and its critics', 'Where will growth happen?', 'Political constraints on growth' and 'Economic reforms for accelerated growth'. We secured participation by a strong group of 23 panellists across the events, including Professor Ricardo Hausmann, Duncan Pieterse, Professor Johannes Fedderke, Andrew Donaldson, Gilad Isaacs, Mamokete Lijane, Lullu Krugel, Wandile Sihlobo, Simon Mantell, Duma Gqubule, Roger Baxter, Claude Baissac, Professors Ivan Turok, Professor Lochner Marais, Dr Mike de Klerk, Dr Lumkile Mondli, Professor Phillip Harrison, Carol Paton, Dr Somadoda Fikeni,

Radio and television interviews:

- **The impact of Covid-19 on South Africa's GDP, 702**, 11 March 2021
- **Operation Vulindlela, Newzroom Afrika**, 16 March 2021
- **What Operation Vulindlela means for economic reform, SAFM**, 17 March 2021
- **Economic recovery on the horizon, Newzroom Afrika**, 31 March 2021
- **Unpacking Special Economic Zones, Metro FM**, 10 May 2021
- **The potential of Special Economic Zones in South Africa, Business Day TV**, 11 May 2021
- **Can special economic zones boost the economy?, Newzroom Afrika**, 13 May 2021
- **Focus on special economic zones, eNCA**, 13 May 2021
- **Government called on to improve Special Economic Zones, SAFM**, 14 May 2021
- **Making SEZs special again, China Global Television Network**, 18 May 2021
- **An overview of special economic zones in South Africa, SAFM**, 18 May 2021
- **A proposal for a 'special' SEZ, SAFM**, 19 May 2021
- **CDE calls for bold leadership from President, Newzroom AFRIKA**, 10 June 2021
- **South Africa's leadership challenges: Health Ministry crisis, SAFM**, 11 June 2021
- **Level 4 lockdown announcement: reaction, Newzroom Afrika**, 28 June 2021
- **Politically relevant small initiatives will not do much for SAs economy, Kyknet**, 13 October 2021
- **What to expect in the Medium-Term Budget Policy Statement, Newzroom Afrika**, 09 November 2021
- **Medium Term Budget – Bailouts shouldn't be the priority, e.tv news**, 10 November 2021
- **Medium Term Budget Policy Statement reflection, eNCA**, 11 November 2021
- **Gaps in Government's localisation strategy, SABC**, 16 November 2021
- **Localisation: at what cost?, Power FM**, 16 November 2021

“ I never fail to be impressed with the contribution that this think tank makes to South African policy debates – the products that reach the public are thoroughly grounded in research and evidence, fact-based and of the highest quality, and they're always very carefully tested with a broad range of stakeholders.

● **Sipho Maseko, (then) CEO, Telkom**

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Kaplan at the University of Cape Town. It argues that, because exporting relies on imported components that cannot be produced locally, localisation policies make it harder to succeed in export markets. This means that the benefits of localisation policies will be concentrated among a few already established firms, while the costs will be borne by many more downstream, including consumers, small firms, and taxpayers, in the form of higher prices, lower quality goods, and lower public revenue. The report launch gained significant media traction and stimulated a great deal of debate, with several supporting articles being published following the release of the report. This report was mentioned in Parliament, with opposition Member of Parliament Mathew Cuthbert raising the concerns expressed therein on 17 November 2021. Although DTIC Minister Ebrahim Patel dismissed these concerns, it is pleasing to hear that the research is spurring the intended conversations.

Professor Nicoli Nattrass, Justice Malala, Cas Coovadia and Ann Bernstein.

Localisation

The Department of Trade, Industry, and Competition (DTIC) has continued to increase localisation policies such as the sectoral masterplans, the agreement to reduce non-petroleum imports by 20 percent within five years, and an expanding list of products designated for mandatory domestic production for public procurement. In response, CDE released a report in November 2021 arguing that localisation will not solve South Africa's economic challenges but will deepen them. The Siren Song of Localisation: Why localisation policy will not lead to industrialisation report is based on discussions with Professors of Economics Lawrence Edwards and David

- **Is localisation the answer to build the economy?**, Newzroom Afrika, 16 November 2021
- **Localisation will not solve the country's economic challenges**, SA FM, 17 November 2021
- **Localisation will not solve the country's economic challenges**, Metro FM, 18 November 2021
- **Localisation is a misguided policy**, CGTN Africa, 23 November 2021
- **Shining a spotlight on Government's localisation policy**, Business Day TV, 23 November 2021
- **Record unemployment rate – a national catastrophe**, Newzroom Afrika, 30 November 2021
- **Issues of employment balance between SA and foreigners back in the spotlight**, Newzroom Afrika, 21 January 2022
- **What is holding SA's infrastructure programme back?**, 702, 7 February 2022
- **Shortfalls in infrastructure programme implementation**, Kaya FM, 8 February 2022
- **Government does not have any new significant infrastructure project**, SABC, 8 February 2022
- **Public-private partnerships can help accelerate South Africa's infrastructure programme**, eNCA, 8 February 2022
- **Private sector ready to invest in bankable infrastructure projects**, Newzroom Afrika, 9 February 2022
- **SA's infrastructure programme and other expectations from the SONA**, Power FM, 9 February 2022
- **Infrastructure key to rebuilding the economy**, SA FM, 10 February 2022
- **SONA – time to get rid of dead wood**, CNBC Africa, 10 February 2022

“ CDE has done a lot to help consolidate our democracy during the past 25 years of its existence. The organisation has earned recognition as a national resource for business, government, and civil society.

Cas Coovadia, CEO, BUSA

”

a long time before a meaningful programme could be rolled out. To break through this impasse, it is necessary to decide on four-to-five projects that appeal to private investors to kickstart investment and public-private partnerships. Considerable infrastructure could also be built by the private sector if critical policy changes were introduced.

Special Economic Zones

In May 2021, CDE published *What if South Africa had a special economic zone that was actually special?*. This report on SEZs was based on a roundtable conversation CDE had in November 2019 hosted in conjunction with the International Growth Centre. The report argued that SEZs could play an important role in shaping economic policy by being experimental, with different regulations from the rest of the economy, especially as they relate to the labour market regime. Such an SEZ could test the impact of proposed reforms and potentially demonstrate their benefits to sceptics, with success generating political support for nationwide reforms.

The Department of Trade, Industry, and Competition (DTIC) has taken the CDE's arguments regarding SEZs into serious consideration, such that we jointly hosted a webinar on SEZs with the DTIC in

Infrastructure

Shortly before the 2022 State of the Nation Address in February, CDE published a report about South Africa's slow infrastructure rollout, titled *Accelerating South Africa's infrastructure programme: What is holding us back?* In October 2021, CDE convened a workshop with key senior people from the private sector and government to identify ways to improve South Africa's infrastructure rollout. Government talks about the arrival of scores of projects, but none of this has materialized, and everyone at the workshop agreed that it would take

Events:

- **What if South Africa had a special economic zone that was actually special?**, 11 May 2021
- **Growth Series 1: Can SA achieve 3% growth for 10 years?**, 12 May 2021
- **Growth Series 2: Business' views on growth and its critics**, 26 May 2021
- **Growth Series 3: Where will growth happen?**, 9 June 2021
- **Growth Series 4: Political constraints on growth**, 21 June 2021
- **Growth Series 5: Economic reforms for accelerated growth**, 29 July 2021
- **SA's Infrastructure Drive: Why is this not happening fast enough?**, 14 October 2021
- **Medium Term Budget Policy Statement briefing**, 9 November 2021
- **The Siren Song of Localisation: Why localisation policy will not lead to industrialisation**, 16 November 2021
- **Post-SONA/pre-Budget media briefing**, 27 February 2022

Op-eds:

- **Economic reform (Part One): The Indian model shows a way out of South Africa's multiple crises**, *Daily Maverick*, 8 March 2021
- **Economic reform (Part Two): Operation Vulindlela ushers in significant era of 'reform-mongering' in South Africa**, *Daily Maverick*, 9 March 2021
- **It is time to do a rethink on special economic zones — the current model isn't working**, *Daily Maverick*, 11 May 2021
- **New approach to floundering SEZs is needed to tackle joblessness**, *Business Day*, 11 May 2021
- **The cost of corruption runs far deeper than rands and cents**, *Sunday Times*, 30 May 2021
- **Companies of all sizes need to employ as many people as possible**, *Business Day*, 4 July 2021

“ CDE has a reputation for speaking truth to power and is often commended for taking a bold and frank stand on crucial issues, rooted in both rigorous policy research and its widespread engagement with local and international experts.

**Songezo Zibi, founder,
The Rivonia Circle**

”

early 2021. After that the DTIC convened a meeting to discuss the possibility of reviewing SA's SEZ policy regime. At that meeting Director of the DTIC's SEZ unit, Maoto Molefane, said the decision to at least consider reviewing the policy was driven by CDE's work in this area. Although we have not heard anything further about this yet, CDE is hopeful that we will see meaningful policy reforms introduced soon. CDE's recommendations also gained support from leaders of South African SEZs, including at Saldanha Bay and East London.

Small Business and the Entrepreneurial Ecosystem

Following CDE's successful release of a report on the informal sector in August 2020, we set about increasing our learning on the very important topic of South Africa's small business sector. Two reports on small business were released during the financial year and another project on the entrepreneurial ecosystem was initiated.

The first report, What role can small and micro businesses play in achieving inclusive growth?, released in June 2021, was based on a series of workshops and conversations CDE had with academics, private sector experts, and representatives of small business chambers from around the country in late 2020. In the report, we found that South Africa's informal sector is very small compared to peer countries, with far lower productivity than the formal sector. We argued that South Africa should avoid thinking about policies for small or informal or township firms in isolation from the broader economy, because tweaking regulatory restrictions or providing various forms of direct support to small and micro firms may make little difference if the whole economy does not move onto a higher growth trajectory.

- **We need a fresh, fleet-of-foot approach to funding small business development (Part One), Daily Maverick, 6 July 2021**
- **First, do no harm: Promote formal economy for small business, but not at expense of informality (Part Two), Daily Maverick, 7 July 2021**
- **If the unrest showed us anything, it is that Cyril's 'long game' has failed, Sunday Times, 25 July 2021**
- **Costs will stop localisation from spawning industrialisation, Business Day, 16 November 2021**
- **The benefits of localisation are overstated while the costs are dramatically understated, Daily Maverick, 17 November 2021**
- **Why 'localisation' is the siren song of the South African economy, Daily Maverick 22 November 2021, (by Antony Altbeker)**
- **Wise macroeconomic management rises above pressure in budget policy statement, Business Day, 1 December 2021**
- **Government risks missing the bus on infrastructure, Business Day, 6 February 2022**
- **Ramaphosa's economic reconstruction and recovery plan is a mess – time to throw the baby out with the bathwater, Daily Maverick, 7 February 2022**

Publications:

- **What if South Africa had a special economic zone that was actually special?, 11 May 2021**
- **What role can small and micro businesses play in achieving inclusive growth?, 29 June 2021**
- **South Africa's fiscal policy choices, 9 November 2021**
- **The Siren Song of Localisation: Why localisation policy will not lead to industrialisation, 16 November 2021**
- **Accelerating South Africa's infrastructure programme: What is holding us back?, 7 February 2022**
- **Small Business Organisations in South Africa: Why are they being ignored?, 28 February 2022**

“ I recently resigned as Chairman of the organisation after 14 years. The fact that I stayed on for so long is testimony to the respect I have for CDE and the work it is doing.

Laurie Dippenaar, co-founder, FirstRand

”

results of these surveys were then used to create a slideshow presentation that was presented to government officials at a workshop hosted by CDE. However, very few government representatives pitched up, confirming what CDE had found: despite the best efforts of these small business organisations, government fails to work with them or support them in any substantial way. CDE called on government at all levels to engage constructively with well-established legitimate small business representative groups, to prioritise improved business conditions, and to reduce and remove harmful regulations.

The third project is funded by the Allan Gray Orbis Foundation Endowment, and aims to build a deeper understanding of the country's entrepreneurial ecosystem, what the challenges are, and how best to overcome them. CDE has commissioned research into the efficacy of government spending on SMMEs as part of this project and will be looking to investigate this and other important issues at an upcoming roundtable workshop in May 2022.

The second report, Small Business Organisations in South Africa: Why are they being ignored?, was released on 28 February 2022. The report detailed a project CDE embarked on in April 2021 to find small business associations and business chambers representing the interests of small and marginalised firms across Gauteng. The idea was to boost the voices of these associations, helping them to become more effective advocates for changes in government policies that affect SMMEs. We did this by conducting surveys of the organisations' members to find out which challenges most aggravated them. The



YOUTH EMPLOYMENT AND SKILLS

“ Civil society has always been South Africa's safety net and its lifesaver on occasion. CDE is one of the foremost of those civil society organisations.

Retired Judge
Johann Kriegler

”

crisis, the project sought to identify a set of meaningful interventions that could be scaled up and contribute to fundamental change.

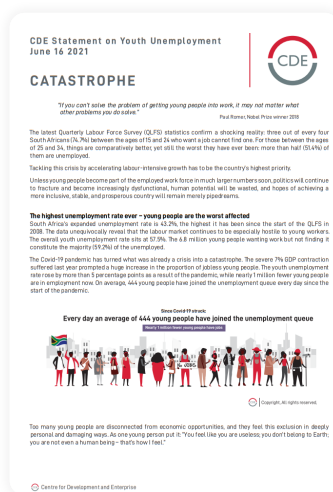
CDE produced and launched a report on the basis of extensive research and consultation undertaken over a three-year period. The launch of the report was attended by 215 participants. Board member Brian Figaji chaired the launch, and there was substantial media interest and coverage in the wake of the launch. The report, **South Africa's NEETs crisis: Why we are failing to connect young people to work**, sheds light on the various ways in which young people, once they have completed school, must be better connected to an expanding economy. It also puts forward specific interventions to improve the prospects of the most disadvantaged NEETs.

To commemorate Youth Day on 16 June 2021, CDE released a statement on youth unemployment, **Catastrophe**, emphasising that we urgently need to rethink our approach to the labour market to absorb unskilled young jobseekers into formal jobs. Linked to this statement, we also published an op-ed in City Press.

CDE successfully completed a three-year project in partnership with the Tutuwa Foundation that focused on young people who are not in employment, education or training (NEETs). To tackle the NEETs



In November 2021, CDE embarked on a new 12-month project funded by the Tutuwa Foundation, with a special focus on strengthening the role of the private sector in training young South Africans to become more employable. The project aims to develop a framework for thinking clearly about how South Africa should tackle the vital issue of skills and youth employment. We will also focus on how large South African foundations can play a catalytic leadership role in getting the country back on track.



South Africa's NEETs crisis
Why we are failing to connect young people to work

Radio and Television Interviews:

- **South Africa's rigid policy on immigration of skilled people, Cape Talk, 27 May 2021**
- **Youth unemployment paints grim picture, SABC Full View, 15 June 2021**
- **What to do about South Africa's high youth unemployment, 702, 16 June 2021**
- **Young people struggle to secure jobs, eNCA, 28 September 2021**
- **How politicians can connect with young people, 702, 29 September 2021**
- **Unpacking South Africa's NEETs crisis, SA FM, 29 September 2021**
- **Employment of young people, Power FM, 29 September 2021**
- **Unemployment crisis of young people in SA, Radio Islam, 30 September 2021**
- **Reforms needed to get young people into work, Metro FM, 08 October 2021**

Event:

- **South Africa's NEETs crisis: Why we are failing to connect young people to work, 28 September 2021**

Op-eds:

- **Short of critical skills, SA wants to allow even fewer categories in, Business Day, 24 May 2021**
- **South Africa's rigid policy on immigration of skilled people is hard to fathom, Daily Maverick, 25 May 2021**
- **CATASTROPHE, City Press, 13 June 2021**
- **Failed public training system makes this no country for young people, Business Day, 10 October 2021 (Ann Bernstein and Stefan Schirmer)**

Publications:

- **CATASTROPHE: CDE's Youth Unemployment Statement, 17 June 2021**
- **South Africa's NEETs crisis: Why we are failing to connect young people to work, 28 September 2021**

EDUCATION REFORM

“ According to the CDE report, the research produced some noteworthy and surprising findings of the current teaching force.

Angie Motshekga,
Minister of Education

Quoting CDE research in her speech
on world teachers day

”

CDE continued to work on its vitally important basic education reform project. After several delays owing to disruptions caused by Covid-19, we have decided to change our strategy on this issue. CDE is consulting with education leaders and key non-governmental stakeholders in basic education, as well as exploring the possibility of using international experts to shift the rate of delivery of education reform in the country. The appropriate strategy has not yet been decided, however we are currently working on a series of reports on how to fix South Africa's basic education system's performance challenges.



LAND REFORM

“ Well done! I think this will be an excellent contribution to the land debate.

Alan Dodson, former Judge, Land Claims Court

”

CDE has been consistent and clear in its opposition to the efforts to introduce legislative amendments to effect expropriation without compensation given the negative implications it would have on the security of property rights, which are not only essential human rights but necessary for the investment and economic growth South Africa needs to resolve its challenges of poverty, unemployment, and inequality.

During the reporting period, CDE submitted two statements to Parliament regarding land reform: one on the Expropriation Bill in February 2021, made publicly available in April 2021, and one on the proposed amendment to section 25 of the Constitution in August 2021, released to the public in November 2021.

CDE argued that the Expropriation Bill, in its then form, would lead to significant abuse of powers of expropriation. To avoid this, CDE proposed amendments that would strengthen accountability for any misuse of expropriation powers and further curb the circumstances in which a court might determine that it would be just and equitable for the state to pay no compensation for expropriated land. While CDE agrees that land reform is essential for building an inclusive, just, and prosperous South Africa, and that the injustices of the past and the extremely unequal distribution of wealth and assets must be addressed, it argued that the proposed amendments to section 25 of the Constitution should have been withdrawn, for they would create much greater uncertainty about property rights, threatening investment in the country. The Constitutional amendments



were defeated in a Parliamentary vote in December 2021, but the Expropriation Bill is still being considered as we head into the 2022/3 financial year.

CDE will continue to voice its opposition to this legislative process, which does nothing to deal with the political and state capacity problems hampering existing land reform efforts.

Op-ed:

- **Expropriation Bill is not as bad as portrayed, but the crux lies in implementation, Business Day, 11 April 2021**

Publications:

- **Submission on the Expropriation Bill, 7 April 2021**
- **Submission on the proposed amendment of S25 of the Constitution, 11 November 2021**



SUBMISSION ON THE EXPROPRIATION BILL 2020

By the Centre for Development and Enterprise
To the Portfolio Committee on Public Works and Infrastructure
Friday 24 February 2021



Introduction

The Centre for Development and Enterprise (CDE) is an independent policy analysis and advocacy organisation, is one of South Africa's leading development think tanks. Since its establishment in 1998, CDE has been gathering evidence and produced analyses about South Africa's future. CDE is widely recognised for the practical policy recommendations we formulate, advising ways in which South Africa can tackle major social and economic challenges.

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's interest in the Expropriation Bill extends from the considerable work we have done over many years on land reform policy and the critical role of both the state and the private sector in helping SA to achieve its land reform goals. We are also focused on the policy choices essential for SA to achieve faster and more inclusive economic growth. Both of these critical national goals are affected by the Bill – the former directly, and the latter indirectly – and it is important that SA gets the legal provisions right to ensure that the goal of faster land reform is not achieved at the expense of faster and more inclusive growth.

In this regard, our assessment of the Bill is premised on an assessment of the extent to which its provisions differ materially from those of the Expropriation Act (1975), which it seeks to replace. In our view, while there are some important differences (detailed in relation to the provisions provided to courts as to the circumstances in which out compensation would be deemed just and equitable), the Bill is broadly similar to the Act it replaces and does not represent a significant list of changes as some of its critics have implied.

Having said that, one of the challenges in responding to the Bill is that the quality of governance has declined dramatically over the past decade, and there are far too many cases of power and authority being abused for personal gain or for purposes that are not in the public interest. In the circumstances, it is hard not to worry that the powers conferred on expropriating authorities by the Bill, however similar they are to those contained in the 1975 Act, could be misused or abused on a significant scale. This would be a tragedy if it would set back land reform and it would undermine growth. This risk is, however, inherent in the nature of these powers (and, in any event, existed under the 1975 Act), so it will be up to the courts and Parliament to ensure that abuses – which are, sadly, inevitable – are minimised and the rights are protected.

Overall, we think that the Bill achieves a reasonable balance between what competing imperatives. However, as we show below, we also think that some important amendments would strengthen the Bill, reduce some of the risks, and improve its overall impact.

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SUBMISSION ON THE PROPOSED AMENDMENT OF S25 OF THE CONSTITUTION

By the Centre for Development and Enterprise
To the Ad Hoc Committee to Amend Section 25 of the Constitution
12 August 2021



Introduction

The Centre for Development and Enterprise (CDE) is an independent policy analysis and advocacy organisation, is one of South Africa's leading development think tanks. Since its establishment in 1998, CDE has been gathering evidence and produced analyses about South Africa's future. CDE is widely recognised for the practical policy recommendations we formulate, advising ways in which South Africa can tackle major social and economic challenges.

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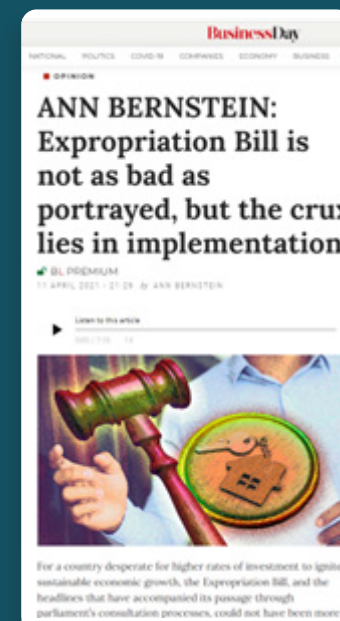
CDE's interest in the proposed amendment to S25 of the Constitution extends from the considerable work we have done over many years on land reform policy and the critical role of both the state and the private sector in helping SA achieve its land reform goals. We are also focused on the policy choices essential to accelerate economic growth and secure the economy from recession. These goals are affected by the proposed constitutional amendment, and it is vital to ensure that the goal of faster land reform is not achieved at the expense of faster and more inclusive growth.

The starting point of this submission is that land reform is essential for building an inclusive, just and prosperous SA. The uptake of the past and the extremely unequal distribution of wealth and assets must be addressed if SA is to overcome its past and build a better future. In this regard, land reform is often treated as a means to transfer wealth back to the dispossessed majority. Our view in this regard is that land reform is, instead, needed the extent to which the transfer of land would transfer wealth and opportunities can be maximised as incentives become better. We do not believe, in other words, that ownership of land and access to small parcels of land, land would greatly improve poor households' prospects. In any event, the extent to which the land reform programme initiated in the 1990s has failed is often overstated in terms of land redistribution. This was apparent in a recent report of the Bureau of Economic Research that shows that SA has achieved about two-thirds of the land reform goals set for 2030 in the National Development Plan.

It is also our view that, to the extent that the more rapid and successful land reform has not been achieved, this has nothing to do with any supposed deficits of the constitution, and everything to do with state incapacity – both in relation to the mere weaknesses in the administration and implementation of land reform, and in the choice not to provide more resources to this programme despite its obvious necessity and importance. In our view, the comment includes the question of the constitutionality of expropriation without compensation, something that has never been tested in the courts, but which most constitutional scholars and lawyers believe would pass constitutional muster without necessitating an amendment of the constitution.

In light of these comments, it is our view that the urge to amend the constitution is a diversion from the real

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For a country desperate for higher rates of investment to ignite sustainable economic growth, the Expropriation Bill, and the headlines that have accompanied its passage through parliament's consultation processes, could not have been more

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Published in August 2022 by The Centre for Development and Enterprise
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