



Indlulamithi Day 2021

**VIRTUAL EVENT**

15 July 2021

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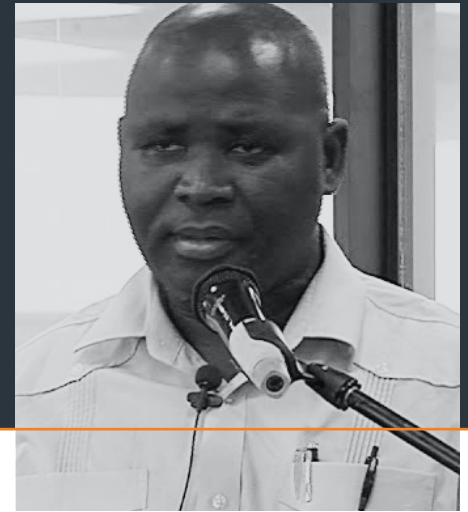
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# Indlulamithi Day 2021

## Introduction

**Dr Somadoda Fikeni**

Founding Member of the Indlulamithi SA Scenarios 2030 Trust



Never before in our 27-year-old democracy has strategic conversation about our future been so important as now. Never before has understanding of scenarios and key drivers of major trends that are shaping our future trajectory as a country been so crucial as we try to make sense of inter-sectionality of multiple crises. But again we know that deep crisis has always been used as the best opportunity to reflect and change course in many countries and organizations around the world in different moments of human history.

Indlulamithi SA Scenarios 2030 was established to provide a well-researched evidence-based deep dive platform for strategic reflection on key driving forces and major trends that are shaping the future trajectory of South Africa. The Indlulamithi SA Scenarios is built

around and informed by its key foundational question: What would a socially cohesive South Africa look like, and can we achieve it by 2030? What would a socially cohesive SA look like by 2030? To what extent is it attainable? In essence this question is probing the extent to which SA can fulfil its democratic aspiration of being a socially just, inclusive, prosperous and united society as articulated and codified in our constitution and as aspired for during the years of struggle for liberation. Indlulamithi (giraffe) must essentially at all times have a long term perspective of issues to focus on ever-changing narratives and sensational headlines. Indlulamithi must always lift its gaze above a busy foliage of trees in order to look above and beyond the here and now. This is a distinguishing aspect of our research and reports.

In 2018 we presented three scenarios during our first Indlulamithi Day, and these are

### Isibhujwa

An enclaved bourgeois nation torn by deepening divides, daily protests and cynical self-interests.

### Nayi le Walk

A nation in step with itself with growing social cohesion, economic expansion, greater collaboration and renewed spirit of constitutionalism. This being the best case scenario.

### Gwara Gwara

A floundering false dawn of restless energy and a demoralized, and of disorder and decay. This being the worst of the three scenarios.

*Somadoda Fikeni*



The second report of 2019 we presented the National Social Cohesion Barometer and Economic Modelling using the crafted key drivers and scenarios as a reference point. In 2020 the report presented added provincial Indlulamithi Barometer as a component of Social Cohesion Barometer and Economic Modelling report.

In 2021 we are presenting

1. Release the third results of the National Barometer and second sets of results for the Provincial Barometer – tracking the trajectory of the three Indlulamithi Scenarios and our Key Driving Forces, particularly in the wake of COVID 19.
2. Launch of an interactive online tool for the National and Provincial Barometer, and
3. Update on the activities of the Trust, especially our work on Social Compacting.

All this distinguishes Indlulamithi from many other scenarios that have come before it as it has institutionalized the tracking of scenarios to indicate the direction the country is drifting to and assist to focus the collective co-creative efforts of society in changing the course where necessary. It is also taking into account major development or crisis such as Covid19 which was hitherto not seen as it was a Black Swan event or ignored for it was a Grey Rhino effect and yet its consequences are seismic. Covid19 and unfolding events are a litmus test to the validity of the work we are doing and they make reference to the Indlulamithi Scenarios work more compelling than ever before as a point of national reflections.

We have been listening and responsive to the inputs of various sectors of our society saying now that you have scenarios then what? It is for that reason that we are evolving to review and revise current scenarios in view of major developments such as Covid19, and it also for this reason that we are embarking on studies exploring consensus building national dialogues that produce social compacts. This too, will be a resource

for government and key social partners in our society to utilize as a resource for navigating and shaping our future trajectory.

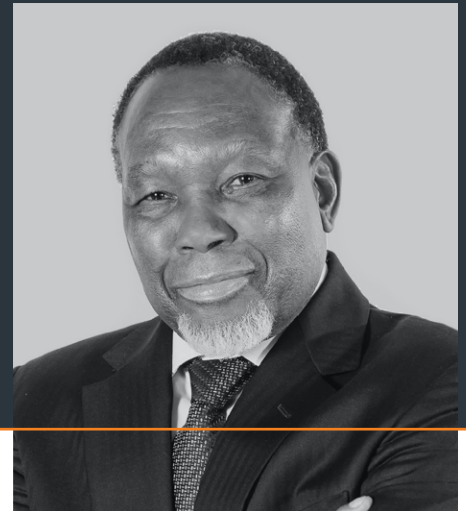
We meet in a Mandela Month and we are reminded of his words in the twilight years of his life, “It is in your hands.” Indeed, it is in our hands. Fanon writing in his book, the Wretched of the Earth said “Each Generation Must Discover its Mission, fulfill it or betray it.”

We all know at this moment, we are not where we were in 1994 and yet we are certainly not where we intended to be! At this crossroads, at this forked road, we ask, what does the future hold? Perhaps we should ask, who holds the future? We are, through this Indlulamithi work, in dialogue with the future that can be and creating future histories and memories.

We, therefore, implore you to seriously and continuously engage with Indlulamithi Scenarios and periodic surveys as well as economic simulations as you try to make sense of unfolding events and trajectory of our country. Even more important is an invitation for all stakeholders, from government to business and civil society to recognize the enormity and complexity of our compounded challenges and embrace the spirit of co-creation and co-determination of a better course for our country in our quest for a socially just, inclusive, prosperous and united society. To this end, we are encouraged by the ever growing number of key societal stakeholders who have taken interest in the Indlulamithi work and followed with engagement and some with partnerships.

# Keynote Address

## Former President H.E Kgalema Motlanthe



Our ability to explore each other's points of views, beliefs, findings, and solutions, is our strongest tool to discover how to steer the nation on a trajectory of recovery and cohesion. To engage in a national strategic conversation is to learn from one another, make collective decisions, and take action in a manner that serves the needs of a nation in trauma.

The time for dialogue has never been more pressing in South Africa's democracy than it is now. As we examine the Indlulamithi Scenarios and planning models, we gather again to deliberate on the researched and quantified data and interpretations of science to understand what needs to be done to save South Africa from injustices of the past, injustices of the present, and the injustices of poverty on people in the future. Saving the country from the ravages of an escalating pandemic, saving the youth from a buckling education system and joblessness, saving hungry families from famine, saving businesses from collapse, saving the nation from violent tension, and saving us all from the corrosion of unity. These are just some of the injustices that require our fullest attention and dedicated dialogue.

The Indlulamithi Scenarios and 2021 Barometer have scoured South Africa's state of mind, state of being, and state of flux, to get to grips with what is actually happening on the ground. Alongside ADRS's Six Pillar Policy Reforms and other possible post-COVID economic recovery pathways, we have certainly a lot to talk about. These series of conversation, however,

must not stop here in the virtual dialogue, it is our duty and responsibility to discuss the findings and solutions widely, and impose the data on those who should be listening and making decisions. It is also important to acknowledge that the discussions around scenario modelling are not new to South Africa and have been used to sway the country in the right direction in the past.

The scenario planner and strategist, Clem Sunter, proposed models in the 1980s that influenced apartheid South Africa into opting for a "High Road" scenario of political settlement, in contrast to the "Low Road" strategy of further violence and possible civil war. South Africa was in the grip of a decades-long crisis in the 1980's, and it was scenario planning that illuminated a possible pathway to democracy.

The "Mont Fleur" scenario exercise in South Africa between 1991 and 1992, showed the power of models to bring people together, think collectively about their future and discover new ways forward with an out-of-the-box approach.

A climate of conflict and uncertainty was evident during the period between February 1990, when the late Former President Nelson Mandela was released from Robben Island, and the African National Congress (ANC), Pan Africanist Congress (PAC), South African Communist Party (SACP), and other organizations were unbanned, and April 1994, when the first democratic elections were held.



The following scenarios are the four models that they believed to be plausible and relevant at the time, and which were developed into logical narratives to communicate to the wider public:

**Ostrich**, in which a negotiated settlement to the crisis in South Africa is not achieved, and the country's government continues to be non-representative.

**Lame Duck**, in which a settlement is achieved but the transition to a new dispensation is slow and indecisive.

**Icarus**, in which transition is rapid but the new government unwisely pursues unsustainable, populist economic policies.

**Flight of the Flamingos**, in which the government's policies are sustainable and the country takes a path of inclusive growth and democracy.

Although the "Mont Fleur" project was part of a larger project of forums across the country and did not resolve the crisis in itself, the articulation of the "Mont Fleur" planners' visions, contributed to a shared vocabulary that not only leaders could draw on, but trade unions, communities, civil society, the private sector, and ordinary people could use as a language for dialogue. This dialogue boosted a common understanding between parties and people, and created a climate that lent itself towards promoting mutual agreement and settlement. The purpose of "Mont Fleur" was "not to present definitive truths, but to stimulate debate on how to shape the next 10 years." By the end of 1992, the project had met its measures of success and the team dissolved.

Similarly, in 1997, the Congress of South African Trade Unions (COSATU) September Commission Scenarios sought to provoke debate and highlight critical challenges within the federation through the use of three scenarios.

COSATU noted that the three scenarios were not stories about the strategies of COSATU, more so, they

were stories about the forces and factors outside of COSATU that the federation deemed as beyond its control. The September Commission presented the following three scenarios: The Desert, Skorokoro and Pap, Vleis and Gravy.

1

## The Desert

In this scenario there is no economic development, no RDP delivery, and a high level of class conflict. South Africa finds itself in the desert instead of the promised land of the RDP. Could socialism provide the way out of the desert and towards the Promised Land?

There are massive demonstrations against the worsening conditions of the masses and placards are seen asking questions such as, "Where is the RDP? Where is the promised land?" and, "We the masses are in the desert - where is our Moses?"

Powerful organisations of the unemployed, the youth and the communities emerge, while the government detains a number of leaders. Government leaders promise to look into the people's legitimate grievances, but warn against false prophets who mislead the people.

2

## Skorokoro

In this scenario there is some economic growth and modest delivery. The main features are, on the one hand, increasing social fragmentation and conflict, and on the other hand, the rapid self-empowerment of black business and the black middle-class. South Africa is a skorokoro zigzagging from problem to problem.

Ethnicity, racism, provincialism and regionalism become very powerful as a result of lack of

delivery and conflict over resources. Patronage and corruption become the order of the day in government and in civil society.

On the ground there is a lack of cooperation or violent conflict in communities and on the shop floor. The rainbow nation does not exist.

The culture of self-enrichment and the growth of a black middle-class could undermine the unions' culture of solidarity.

### 3

### Pap 'n Vleis and Gravy

In this scenario there is massive economic growth and development. Jobs are created and the RDP delivers. There is pap and vleis for most people. The unions are involved in deal making, joint decision-making and co-determination at all levels of society. But are they getting caught in the gravy?

Over the next six years (from 1997 onward) there is tremendous growth in all sectors. All kinds of small and medium companies flourish. This means that there is a wide range of new jobs and new workers. Many women are employed in low-paid and vulnerable sectors - for example, seasonal workers in the tourist industry. Millions of people are still unemployed and many work in the informal sector.

Companies are under tremendous competitive pressures. Managers put pressure on workers and their unions to assist in improving productivity and quality, and to work harder, faster and smarter. There is also continual pressure for wage moderation in the private and the public sectors. Over the years RDP delivery increases. Millions of houses are built, but there are still huge shack settlements.

Despite tremendous progress, the successes of the new South Africa seem shaky. There are questions over the political direction of the ANC government, and over the prospects for continued economic growth. Will there still be pap 'n vleis for most people? Who will get the gravy? What about those who have still not benefited from growth or the RDP?

Also intended to stimulate action-oriented conversations among the public sector, private sector, and citizens were the Dinokeng Scenarios of 2008. In its summary and conclusion, The Dinokeng Scenario Team posed the following critical questions about the future of our country:

**How can we as South Africans address our critical challenges before they become time bombs that destroy our accomplishments?**

and

**What can each one of us do – in our homes, communities and workplaces – to help build a future that lives up to the promise of 1994?**

The Dinokeng Scenario project stated that although South Africa had achieved a great deal, there were also serious mistakes that threatened the future.

Many difficulties, similar to the crises at the dawn of democracy, still haunted South Africa at the time, with critical economic and social challenges in relation to unemployment, poverty, safety and security, education and health. All of which were exacerbated by the global financial crisis of 2008.

The Dinokeng Scenarios offered three possible ways that South Africa might walk into and so create a distinct future:



## 1 We Walk Apart

In this scenario, the state becomes increasingly weak and ineffective. A disengaged and self-protective citizenry eventually loses patience and erupts into protest and unrest. The state, driven by its inability to meet citizens' demands and expectations, responds brutally and a spiral of resistance and repression is unleashed.

The message of Walk Apart is that if we fail to address our critical challenges, if we fail to build state capacity, and if citizens do not organise to engage government constructively, we will experience rapid disintegration and decline.

## 2 We Walk Behind

In this scenario the state becomes increasingly strong and directive, both enabled by and enabling a civil society that is increasingly dependent and compliant. The state grows in its confidence to lead and direct development. However, it does not by itself have the capacity to address our critical challenges effectively. The demands of socio-economic development and redistributive justice amid a global and domestic economic crisis place strain on the state's capacity to serve all.

The message of Walk Behind is that state-led development cannot succeed if state capacity is seriously lacking. In addition, a state that intervenes pervasively and that dominates all other sectors will crowd out private initiative by business and civil society and create a complacent and dependent citizenry.

## 3 We Walk Together

This scenario tells the story of a state that becomes increasingly catalytic and collaborative;

of an enabling state that listens to its citizens and leaders from different sectors; a state that engages with critical voices, that consults and shares authority in the interest of long term sustainability. This is also a story of an engaged citizenry that takes leadership and holds government accountable, a citizenry that shares responsibility for policy outcomes and development.

The message of Walk Together is that we can address our critical challenges only if citizens' groups, business, labour and broader civil society actively and effectively engage with the state to improve delivery and enforce an accountable government.

South Africa's past relationships with scenario modelling, clearly illustrates how this methodology for planning can be a valuable tool for organisations ranging from government, to educational institutions, investment firms, organised labour, and communities to evaluate possible future events.

By analysing the discrepancies between possible futures, decision-makers can facilitate research into how their decisions around certain situations could directly impact the country. By creating a multitude of possible scenarios, entering varying inputs of data, and then contrasting them against a common basis, scenario modelling offers a definite and unmistakable advantage over traditional forecasting.

After 2008, for reasons that hopefully Dr Pali Lehohla and Indlulamithi Scenarios team could elaborate on, the project and methodology of scenario planning, dwindled and fell away.

It was with the dawn of the Indlulamithi SA Scenarios in 2017, that scenarios were resurrected with a team of economists, researchers, business leaders, and passionate activists to create a new set of models that offer South Africa the potential to future-proof itself.



We are undoubtedly at another crossroads in the development of South Africa, and today's layered crises present an opportunity to decide what is important to us and how we respond to a moving target.

In 2018, The Indlulamithi SA Scenarios 2030 released a forecast of what South Africa could look like by 2030 and named three possible futures: iSbhujwa; Nayi le Walk; or Gwara Gwara.

### iSbhujwa

An enclaved bourgeois nation torn by deepening divides, daily protests and cynical self-interests.

### Nayi le Walk

A nation in step with itself, where growing social cohesion, economic expansion, and a renewed spirit of constitutionalism get South Africa going.

### Gwara Gwara

A –floundering false dawn – a demoralised land of disorder and decay.

Several years later, and at a time of great challenge and despair, the Indlulamithi Scenarios now offer an updated iteration that differs to past scenarios in that they have now instituted the Indlulamithi Barometer, which monitors levels of social cohesion to determine which scenario the country is tracking towards.

How South Africa fares in the three possible futures depends on the consideration of Three Key Driving Forces in the Indlulamithi Barometer which consists of 53 indicators that underpin the scenario narratives.

#### The Driving Forces include:

1. **Resistance, Resentment & Reconciliation.**
2. **Institutional Capacity and Leadership.**
3. **Social Inequality.**

The results for each key driving force, tell us in which direction we are teetering towards: Nayi le Walk; iSbhujwa; or Gwara Gwara, and provides vital information with the intention to foster necessary dialogue to reach consensus in building a socially cohesive future.

Each scenario shows the impact – political, economic

and social – of differing levels of social cohesion. The monitoring and evaluation gives us an authoritative insight into elements that should influence the country's decision-making, namely: South Africa's overall reflection on socioeconomic and political challenges; the lack of strategic thinking for the future; and the many ways in which organisations and individuals can utilize the Indlulamithi tools in their own planning to imagine alternative pathways to a socially cohesive nation.

Consequently, the Indlulamithi Barometer and Scenarios offer a chance for the nation to examine the fundamental changes over the past few years and to investigate these changes in relation to the COVID-19 (coronavirus) pandemic.

South Africa and indeed the world, are trying to catch up with this evolving situation – endeavouring to make sense of how and where to move their pieces on an unstable chess board. However, the rules that govern how to safely move across the squares have changed. What the Indlulamithi National Barometer has designed, is a mechanism to accurately and succinctly manage our perceptions and bias versus the



hard facts of data. The Indlulamithi Barometer reveals what needs to be addressed, and what opportunities exist to rebuild our political, economic and our social structures in an ever-changing environment.

As the world rapidly morphs and alters itself, while at the same time in a seemingly constant fight-or-flight mode, we find ourselves responding to acute stress in a way that keeps us all on a heightened level of defence. Our automatic reaction, physiological and psychological, is a collective reflex to a perceived harmful threat to our survival. Indeed there are threats to our survival and more so now in a changing world with COVID-19. The nervous system of the world is under increasing strain and so embracing the maxim that “the only constant in life is change”, is perhaps one way for us to navigate ourselves through the extreme disruptions that are testing the strength of our democracy.

Indeed, change brings fear as well as hope, and it is for this reason why the Indlulamithi South Africa Scenarios 2030 is an essential tool for government, policy makers, businesses, civil organisations, communities, and all of society to conceive, plan, and then construct any kind of future for a South Africa that we dream of.

Working parallel to this constant change of life, is the Indlulamithi Barometer which tracks, records

and responds to this change. In fact, the Barometer’s calibration is designed to feed off and function because of change.

Following, probing, and examining the country’s change, the Indlulamithi Barometer presents us with hard facts that keep our opinions and visions of South Africa grounded with updated reality-checks that allow us to more accurately investigate the direction that South Africa is moving towards.

So, when we find ourselves up against the compound effect of multiple crises, on top of tough historic challenges, we are placed in a position where the projects of nation building and inclusive economic growth become illusive and somewhat fantastical.

However, as the central nervous system of South Africa comes under attack and the nation’s already rapid heart rate and high blood pressure increases further to breaking point, we are offered some confidence in the knowledge that we have primed the body for action with a powerful tool for influencing decision-making. With the Indlulamithi Barometer, we are better prepared to perform under pressure and cope effectively with mounting threats. We can see them coming, we can track them down, we can strike with evidence-based intelligence, and we can allow the data to play a critical role in our survival.

**The current tension and conflict across South Africa’s landscape, alongside the suffering and loss of a pandemic that hammers a society already broken by poverty, begs us to ask the questions:**

**What has changed? Where have we come from? How has COVID-19 changed South Africa in ways that we can learn from?**

The need for survival of families, further exacerbated by rising poverty and agitated by grief, fuels a sense of rage below the surface.

The pre-COVID state in South Africa was not desirable or conducive to the NAYI LE WALK scenario: there was already a loss of normalcy for communities; the fear of economic decline was already entrenched; the

loss of human connection was already apparent in the rising rate of GBV and hate crime; and the anticipation of further loss was already a dark cloud adding to the gloomy psyche of a nation at war with itself.

While the global focus is on recovering from COVID-19, the 2021 Indlulamithi Barometer and Economic Model highlights the 'neglected' threats and solutions, including Applied Development Research Solutions' (ADRS) Six Pillar Policy reforms and other possible post-COVID economic recovery pathways to lead us to a NAYI LE WALK scenario.

It is important for us to acknowledge, that with the Indlulamithi Scenarios, we can find meaning in the process of economic and social recovery, and that through the data, we can find a way to heal.

The 2021 Indlulamithi Barometer shows a striking dimension of social inequality that leaves us dragging far behind other developing nations and way off the mark of where we had planned to be, this far into democracy. Unfortunately the GWARA GWARA scenario rears its ugly head in this situation and is sustained by the underlying socio-economic beasts of unemployment, poor health care, a failing education system, and lack of safety.

When considering isolation and segregation, the quarantine and lockdown measures are essential to stop epidemics, however, this long-term isolationism leads to economic collapse without offering any real protection against infectious diseases. These characteristics are evident in the findings of the 2021 Indlulamithi Barometer. The data shows it.

History, however, shows us that real protection arises from the sharing and use of reliable information, from collective vision, national and international solidarity, and decision making based on these principles. It could be said that the antidote to the challenges of COVID-19 and associated challenges, is collaboration

and cooperation, but with Institutional Capacity and Leadership stumbling into the GWARA GWARA dimension at 43% in the 2021 Barometer, the data shows that there is less rather than more of the crucial antidote to a land of disorder and decay. The Barometer shows us that by February 2020 we had crossed the halfway mark into the realms of the GWARA GWARA scenario.

But where will we be in three months, next year, or ten years from now?

With the Indlulamithi Scenarios and Barometer, we can learn from our past, explore our possible futures, and indeed discover that within every crisis there is also opportunity. There are a number of possible futures for South Africa, and together with the Mapungubwe Institute for Strategic Reflection (MISTRA), the Indlulamithi South Africa Scenarios 2030, the scientists, philosophers, policy makers, creative minds, and civil society organisations gathered, we hope to paint a picture of various scenarios, and map out possible pathways to create a South Africa we know we deserve.

With all this information at our fingertips and a nation slipping into a state of GWARA GWARA, the question that begs to be asked is:

**Who is listening? Who is taking the initiative to utilise these reports? What steps are being taken to ensure that South Africa is pulled out of the doldrums of GWARA GWARA?**

All this is dependent on how government, the private sector, and society respond collectively.

We understand that dialogue among equals, will provide a platform to discover, share, and achieve a greater common good, through knowledge. This gives us a sense of autonomy to determine the future we know South Africa deserves. This gives us hope. But what we also understand is that hope is not enough.



To carry out our aspirations, we also need a solid action plan that is amplified by leadership consensus and the conviction of many.

Enter, the Indlulamithi Social Compacting Initiative that builds on the rich legacy of engagement in South Africa between all stakeholders through social dialogue, to address and resolve deep seated societal conflicts. This participatory process creates a platform for reflection, mutual understanding and motivation for a broad cross-section of society to unite through the principles of a social contract that guides us. Harnessing the power of dialogue, a compact acts as a social initiative that is underpinned by active citizenship and the pursuit of greater social cohesion as a pivotal point of national interest.

The Indlulamithi Social Compacting Initiative reinforces and echoes the significance and weight of one of the world's most progressive and inclusive social compacts, the Constitution of the Republic

of South Africa. As the supreme law of the land, the Constitution of the Republic sets the bar for which we should live up to and for which our renewal as a nation can be fully realised. But as the Indlulamithi Scenarios and Barometer have highlighted, are we living up to that bar?

Through the malice of pervasive corruption, a weakened state, and mounting poverty, have we placed ourselves in danger of compromising our constitutional democracy, of destroying democratic culture, of eroding the trust of the people? What of our commitment to uphold the Constitution?

At today's Indlulamithi Day virtual conference and in all spheres of life, it is imperative for us all to add value to the discourse and to further unpack the implications of our possible futures against the backdrop of the Constitution.

Allow us for a moment to review the basic provisions of the Constitution of the Republic of South Africa:

**“A Constitution is a body of fundamental principles according to which a State is to be governed. It sets out how all the elements of government are organised and contains rules about what power is wielded, who wields it and over whom it is wielded in the governing of a country. It can be seen as a kind of contract between those in power and those who are subjected to this power. It defines the rights and duties of citizens, and the mechanisms that keep those in power in check.”**

The Indlulamithi Scenarios, Barometer, and Social Compacting Initiative are tools for us to breathe life into the Constitution, to embrace its principles, and to decisively take action in a manner that we can step together in a choreographed harmony to reach a future of NAYI LE WALK.

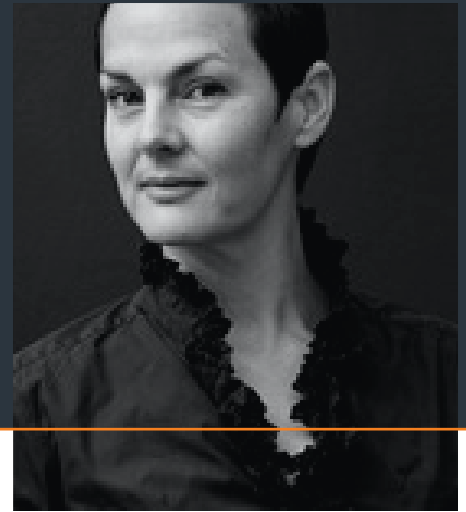
Allow me to conclude by stating that in this climate of uncertainty and fluid change, what may stabilize the vital signs of our country are the choices we can make. We can even choose to live by principles that

guide our choices and strengthen our conviction. We can live by these characteristics of ethical leadership and unite a nation at odds with itself. We can choose our attitude. We can choose how hard to fight. We can choose how much empathy we have for others. We can choose to listen and take action based on research. Life demands of us that we embrace change, and it is with the Indlulamithi South Africa Scenarios 2030 that we can make informed choices that reflect our principles of humanity and carve out a new, productive, equitable, and inclusive future for all.

# Indlulamithi Barometer

Dr Tara Polzer Ngwato

Indlulamithi Partner – Director of Social Surveys Africa



The purpose of the Barometer is to annually track the extent to which South Africa is moving towards one of the three Indlulamithi Scenarios.

Scenarios are powerful tools for influencing decision-making because they combine storytelling and hard facts. The story telling links with our emotions and allows us to feel what it would be like to live in the scenarios – either the ones we hope for or the ones we hope to avoid. The hard facts ensure that we keep our stories realistic, that we have a shared basis for conversation across different parts of our society, and that we can regularly check our biases and assumptions against something concrete.

Especially in a crisis, when everything seems to be changing even faster and more fundamentally than usual, we need ways of anchoring our reactions to some longer term perspective.

When tracking our annual progress against the scenarios, we need to maintain both the power of the story telling and of the factual basis. The annual Indlulamithi tracking process therefore has two components – one based on

stories and perceptions about key events of the year and one based on clearly defined empirical indicators. Both are equally valid – they just tell us about our experiences as a country in different ways.

First we review some of the key events of the twelve months from June 2020 to July 2021 and what they tell us about where we are in terms of the scenarios.

We have organized the events by the key driving forces which informed the scenarios and by whether the event relates to Covid-19 or not. It is crucial to remember that just because Covid-19 has had such a major impact on our lives these past 18 months, there are many institutions, processes and trends which preceded it and remain in place, or which are happening in parallel.

## Institutional Capacity & Leadership

Starting with events that relate to Institutional Capacity and Leadership and which are not Covid-19 related, the African Continental Free Trade Area began trading on 1 January 2021, creating the largest free trade area in the world, and many new economic opportunities for South Africa. The future of the country is inexorably linked to the future of the region and the continent, so this is an important step towards Nayi le Walk.

Another example of South Africa's link to the wider world is more ambivalent. The original scenarios



stories predicted that South Africa would get its first IMF loan in 2027 as part of the Gwara Gwara Scenario, and here we are in 2020 with an IMF loan. Perhaps it means something different to get an emergency Covid loan with relatively few conditionalities than the type of loan envisioned in the original scenarios. It is certainly not an embarrassment to join much of the rest of the developing world in seeking financial assistance at this time.

When we look at institutions and leadership at the national level, we have several more major events of ambivalent significance for the scenarios. The Constitutional Court findings and subsequent imprisonment of our former President Zuma could be read as a sign of political decay or as institutional strength in the judiciary and law enforcement services and so signal elements of both Gwara Gwara and Nayi le Walk.

Similarly, developments in the ruling party around sanctions against members accused of corruption, including at the highest levels, are both signs of internal tension and policy decisiveness.

The continuation of regular load shedding, on the other hand, signaling the lack of institutional planning and implementation capacity to stabilize the national power supply, is squarely within the Gwara Gwara scenario.

There are some signs, however, that a social compact around energy may improve not only the reliability of energy supply but model social compacting at industry level.

Whereas some of the country's national institutions like the judiciary remain strong, others have shown increasing weakness again this year, including the Public Protector. Similarly, in our institutions of the future – our universities – violent student protests and police responses to these once again attested to

multiple levels of institutional weakness within student organisations, university management, the relevant national departments and the police services.

Moving to examples of local level institutional capacity and leadership, we had several major examples of how mismanagement and lack of adequate prevention can result in crisis – include the blazes in Cape Town and at the Charlotte Maxeke Hospital in Johannesburg.

All of these events – from regional to local level – are examples of institutional strengths or weaknesses that were present before Covid-19 and have continued largely independently of the pandemic.

There are also important elements of institutional capacity and leadership which relate directly to Covid-19. These include the President's regular communication with the public, through what has come to be called 'Family meetings', calming fears and taking decisions with clarity and transparency.

Government's ability to shift so much of its operations online, including all Parliamentary proceedings, has accelerated many forms of transparency considered impossible just 18 months ago – as well as saving millions on travel costs.

Covid-19 has also accelerated the push to reform and renew other deliberative forums, such as Nedlac, resulting in some significant new social compacting efforts around the economic recovery plan, the Eskom social compact and expansion of the UIF beneficiaries through the TERS. These are important both for their outcomes and for the compacting processes which brought together interests across community constituencies, government, labour and the private sector.

On the other hand, of course, Covid-19 also provided opportunities for corruption at many levels. At the same time, our investigative media was strong enough

to expose such activities, and at least some of those responsible, even at the highest levels, were brought to book.

Finally, our health care system, while extremely stretched, did not collapse. While perhaps not all private and public sector capacities are being used optimally, everyone is working together on the vaccination programme.

### Social Inequality

Now moving on to the Key Driving Force of Social Inequality. Even as Covid-19 dominated everything social these past 12 months, there have been some encouraging responses, with potential positive legacies for future scenarios. One is the relatively fast and widespread introduction of the social relief of distress grant, and the digitally enabled systems built to support this.

In addition to the estimated R20 billion paid out to the unemployed through the SRD grant, the UIF has paid over R60 billion to workers over the Covid period, using relaxed qualification criteria that enabled much more inclusive access than previously.

Although the abrupt end of the grant payout and uncertainty about UIF liquidity for the current lockdown period has been a major challenge for many households across the country, the policy discussion about the universal basic income grant has been pushed forward greatly, which provides opportunities for reducing inequality and pointing towards Nayi le Walk.

Major public employment programmes were also put in place – and even if they were only for short periods of time, the online recruitment, hiring, training and payment systems established have now set precedents for removing barriers to future similar programmes.



At the same time as digitalization has progressed apace in employment, training and education, it has also excluded or disadvantaged many, including children in basic education, deepening the digital divide and increasing many forms of inequality – as predicted by the iSbhujwa scenario.

Many other forms of inequality have been deepened without any silver linings - there has been an increase in inter-personal violence when we were already among the most violent countries in the world. Socio-economic inequality overall has widened, not only reinforcing existing inequality by race but also by gender.

Perhaps the most telling indicator of all that we have reached the Gwara Gwara scenario is that food insecurity has tripled in the last year – from 5% in our last Barometer to 17% this year, with a worsening outlook to 20%, especially in KZN.

Food insecurity is the most direct and extreme expression of what the loss of incomes and the unequal distribution of basic resources really feels like. In South Africa, income poverty immediately translates into hunger, given the deep structural



histories around the misappropriation of land and destruction of subsistence agriculture, both rural and urban.

Food prices have risen globally over the last 12 months, which historically correlates strongly with political unrest across our continent and across the world – witness the food price riots in Cuba this week and the relationship between food prices and the Arab spring protests a decade ago.

**Resistance, Resentment, Reconciliation**

Now let us look very briefly at a few trends in how South Africans feel about each other and the country. South Africa’s particular, long-standing and unresolved questions of race have not, of course, disappeared, remaining core to our political landscape in how political parties are seen (viz the new leadership of the DA), how they mobilise (viz EFF protests against retail companies) and how people interact with each other in terms of racial incidents in schools. On the other hand, there is increasingly a new language around privilege and structural whiteness which is opening up

avenues for organisations and individuals to engage with questions of transformation in new and possibly more constructive ways.

There have also been some impressive collaborations across class and race around Covid-19 relief donations, with ordinary citizens along with corporates contributing to a major effort through institutions such as the Solidarity Fund and others.

Then we have the violent looting after the arrest of former President Zuma, bringing together all the trends and contradictions from across the three key driving forces: the justice system and party politics, deep social need, food insecurity and erupting frustration with a status quo state and economy that is experienced as deeply unjust, and a ‘rule of law’ which is seen to represent and protect both.

It is particularly at such a disrupted time that we must complement our analysis of major events with a view of more structural underlying trends. This what the Indlulamithi Barometer allows us to do.

**Barometer Composition** (Three Key Driving Forces)





The Barometer combines **53 indicators**, all of which are based on data published by reputable national and international organisations. Each indicator represents a dimension within one of the three key driving forces that underpin the scenario narratives. As an example, under state capacity we have auditor general report results for state entities and the reliability of basic services provision in power and water. For each indicator, we determined which outcomes would fall into which scenario. For example, to measure state capacity at the local level, we look at municipal functionality. If over 50% of municipalities receive a clean audit from the Auditor General, we would be in *Nayi le Walk* scenario. If between 20-50% had clean audits we would be in *iSbhujwa*. Less than that and we are in *Gwara Gwara*. This year, the Auditor General reported 8% clean municipal audits.

Good decision-making requires good information that cuts through the noise of too much data and the noise of the ever-changing news cycle, while not oversimplifying a complex idea like social cohesion.

Another important finding of the Barometer process is that there is a big gap in our national institutional capacity in terms of measuring key indicators for the country's wellbeing and success. Many of the most important goals we say we have set ourselves – to reduce poverty and inequality, achieve climate sustainability, improve education and health – we cannot know if we are succeeding because we are not measuring these things regularly.

In 2020-2021, this data paucity was exacerbated by Covid disruptions to regular surveys. The major example is the national census, which was scheduled for 2021 and has now been postponed, but other data collection exercises were also postponed. This has impacted on some of the regular indicators feeding into the Indlulamithi Barometer's Resistance, Resentment and Reconciliation key driving force, but we were able to replace these data sources and

some of the indicators without adversely affecting the continuity of the Barometer findings.

So what does the Barometer tell us about the scenario South African is headed into after the past 12 months?

## 2021 Barometer Impact of Covid on Data Availability (RRR)

### Not included:

Trust in Independence of Judges  
Perceived Freedom of civil society association  
Perceptions about reconciliation  
Shared sense of history: TRC

Afrobarometer  
SA Reconciliation Barometer

### New indicators added:

Belief in democratic dispensation  
Trust in national government  
Sense of Trust in institutions to do what is right  
Trust in government as COVID-19 information source

SASAS  
Edelman Trust Barometer  
CRAM NIDS Survey

### No change to General Data Paucity

Poverty (not updated since 2016)  
Inequality (not updated since 2016)  
ECD quality (not measured)  
Maternal and under-5 mortality rates (data not compiled or public)



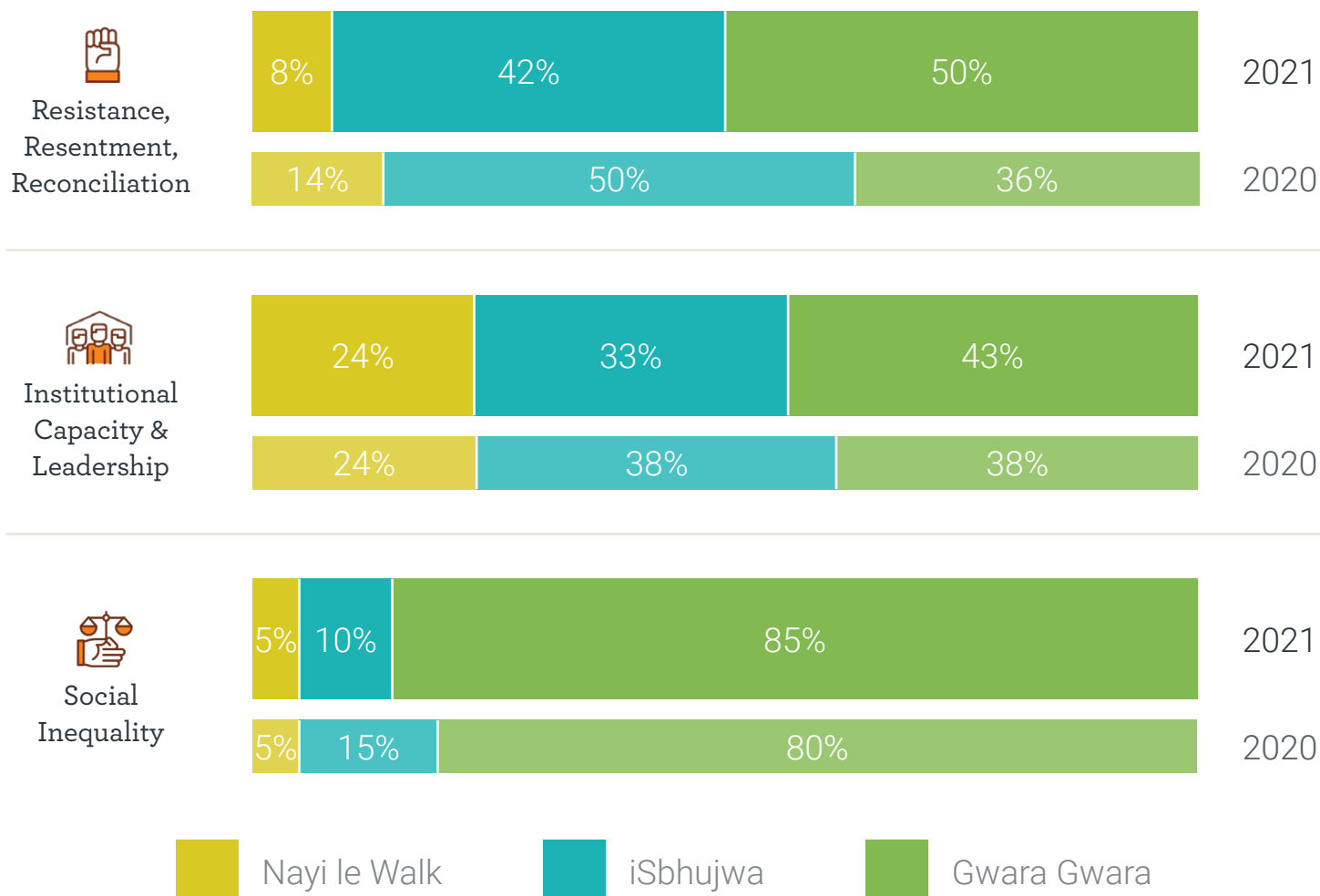
## 2021 Barometer by Key Driving Forces

When we look at how people are feeling about the country – Resistance, Resentment, Reconciliation – we see that half our indicators point to the Gwara Gwara scenario, which is an increase from last year.


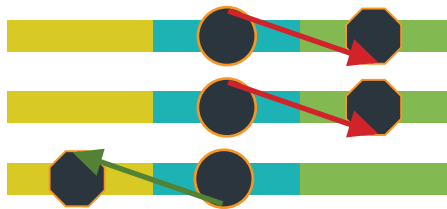

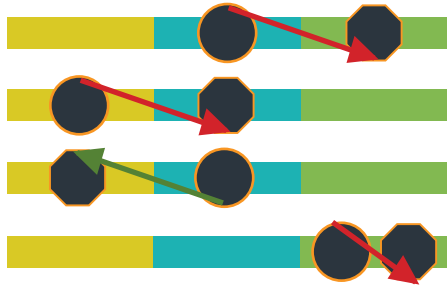


This year, the number of indicators under Institutional capacity and leadership which point to the Nayi le Walk scenario remained the same, but one indicator dropped from the iSbhujwa Scenario into the Gwara Gwara Scenario.

As in previous years, the Barometer has consistently been showing completely unsustainable levels of Social Inequality. When we compare ourselves

with targets the country has set itself as well as international comparisons, we see that the underlying socio-economic conditions for the majority of South Africans – in terms of employment, health, education and safety – are pulling us strongly into the divisive Gwara Gwara scenario. This year, compared with last year, the indicator for food security dropped from iSbhujwa into Gwara Gwara, as already mentioned.






## Indicator Trends explaining Scenario Shifts

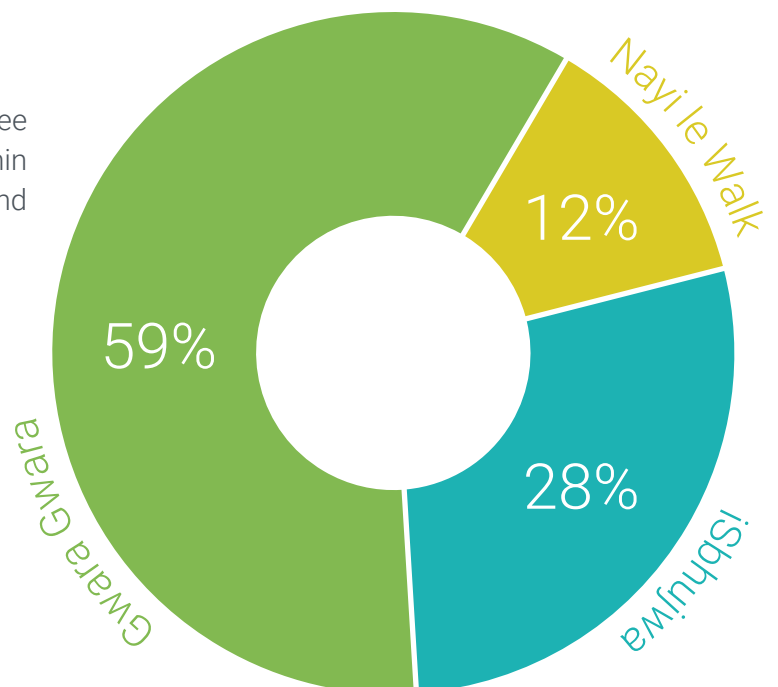
 <p>Resistance, Resentment, Reconciliation</p>	<p>Trust in Courts reduced</p> <p>Ethic/racial identity same importance as national identity</p> <p>Personal confidence about the coming year</p>	
 <p>Institutional Capacity &amp; Leadership</p>	<p>Climate policy missed opportunity</p> <p>Tax Revenue as % of GDP contracted</p> <p>Agricultural Sector growth was 13%</p> <p>Municipal functionality continues to fall</p>	
 <p>Social Inequality</p>	<p>Food insecurity from 5% to 17%</p>	

## 2021 Barometer

When we combine the three key driving forces, we see that the Barometer for 2021 puts us squarely within the Gwara Gwara scenario – a land of disorder and decay.

Compared to last year's assessment, this was a significant decline.

-  Nayi le Walk
-  iSbhujwa
-  Gwara Gwara

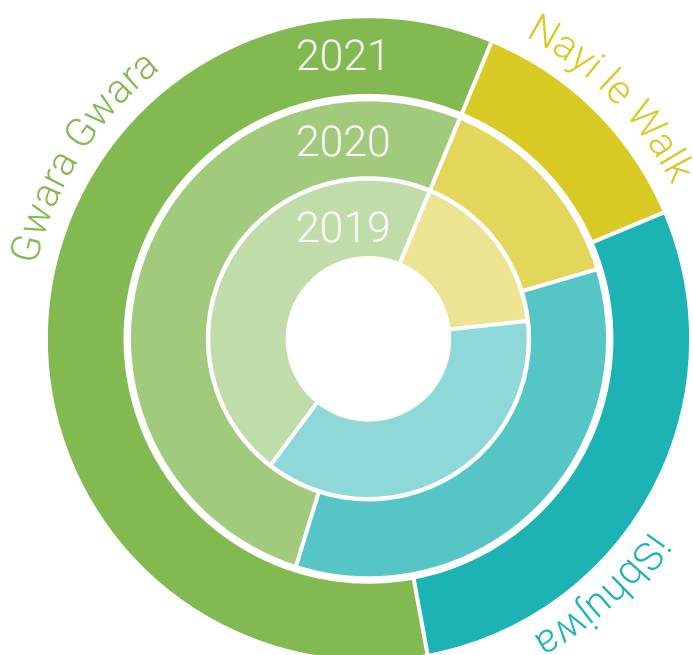


## Year on Year Trend

In only three years, South Africa has gone from

46% to 59%

in Gwara Gwara Scenario.



## Perceptions about Future Scenario.

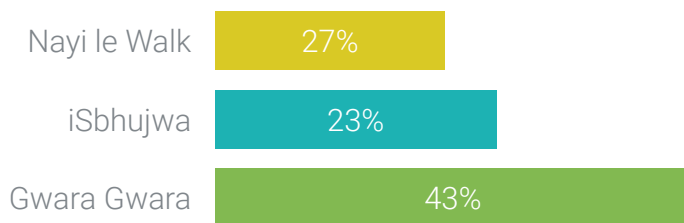
In addition to having good data, the other things you need to make change is the awareness of a need for change, the desire to change and a sense that change is possible.

In late June, so before the riots of mid July, we asked 1000 people which scenario they foresee coming true in the next 12 months. The respondents represent a spread of voices across gender, race, age, employment status and province.

Overall, South Africans are a fairly optimistic group, with almost a quarter seeing a socially cohesive South Africa emerging in the next 12 months. But the picture is less optimistic than last year, when 27% predicted

Nayi le Walk, 23% iSbhujwa and 43% Gwara Gwara.

### Perception about future scenario



### Perception about future scenario by age group



Younger South Africans under 20 remain the most optimistic, like in previous years, with 30% seeing a socially cohesive South Africa emerging from the Covid pandemic. This group were also the least likely to perceive a Gwara Gwara scenario emerging post-Covid compared to older generations.




### Perception about future scenario by employment



In terms of employment status, this optimistic age effect is also clear when we look at the scenario predictions of students. The unemployed include a group that is more optimistic than the employed (23% who foresee a hopeful Nayi le Walk) but most predict – or perhaps simply experience – today’s everyday reality of the Gwara Gwara scenario.

## Where is South Africa going?

Staying with our perception survey, we asked about where the country is going in terms of each of the key driving forces. Perception about direction of key driving forces in next 12 months

 Institutional Capacity & Leadership	<b>57%</b> weaker	<b>27%</b> same	<b>16%</b> stronger
 Social Inequality	<b>45%</b> increasing	<b>22%</b> same	<b>33%</b> decreasing
 Resistance, Resentment, Reconciliation	<b>35%</b> resistance	<b>42%</b> resentment	<b>23%</b> reconciliation

Compared with previous years, there has been a major decrease in the sense of hope. When we first launched the Barometer in 2019, 47% of our perception survey respondents saw institutional capacity and leadership getting stronger. Last year this time, 47%

of our respondents saw institutional capacity and leadership getting weaker since the start of Covid. This year, negative expectations around institutions has increased to 57%.

Perceptions around whether social inequality is increasing or decreasing are surprisingly stable year on year, even when compared with our 2019 results. In terms of how people feel about the country, levels of resentment have stayed about the same, but there has been an almost 10% shift from reconciliation (which polled at 34% last year) into resistance (now at 35% from last year’s 27%).

## Provincial Barometer

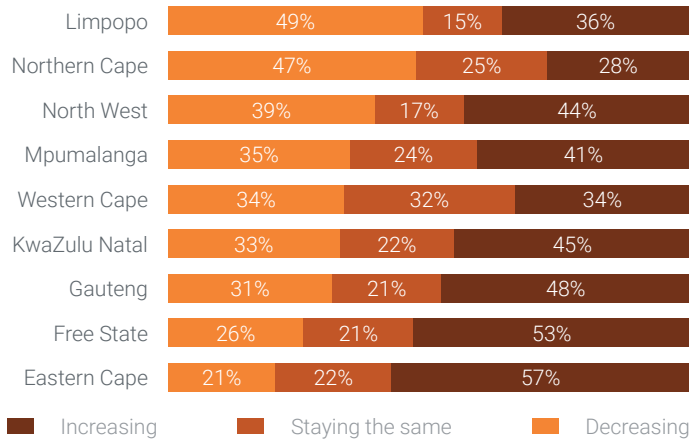
In 2020 for the first time, we published a Provincial Barometer to accompany the National Barometer. The aim was to identify opportunities at the provincial level for dialogue around social cohesion based on the specific conditions in each province. And we did find significant variations between provinces and some surprising strengths.

This year, however, the impact of Covid on available datasets has been so great that Barometer results at Provincial level are not comparable year on year. In addition, when we tried to compile an adapted Barometer looking at the institutional capacity of each province in its Covid response, we found very little available data. For example, in June 2020, the Department for Planning, Monitoring and Evaluation in the Presidency ran a survey of all 257 municipalities concerning the impact of Covid on their operations and only received 41 responses. No similar follow up research has been published since then. There has been no public reporting on the performance of provincial Covid task teams or on the spending of Covid-specific grants given to Provinces by Treasury. We hope these important exercises in transparency will take place soon.

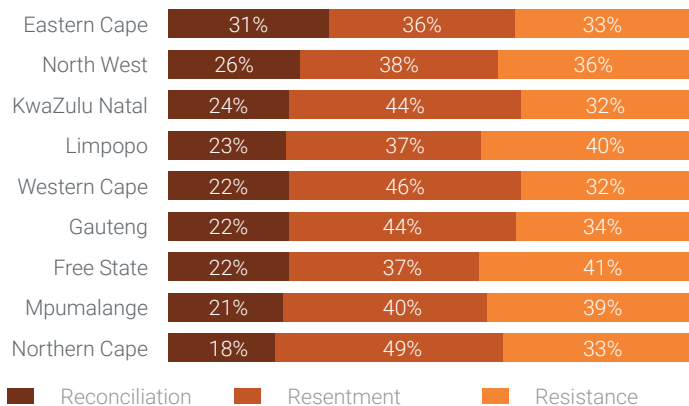


## Perceptions about Key Driving Forces by Province

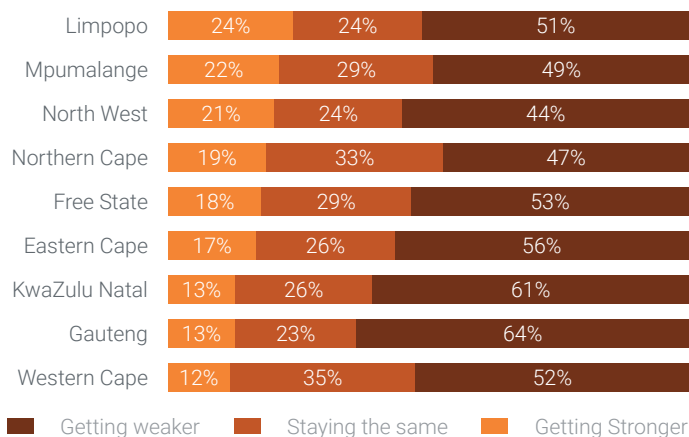
### Social inequality in the past 12 months by province



### Perception on Resistance, Resentment, Reconciliation by Province



### Perception on Institutional Capacity and Leadership by Province



We can get a sense of provincial spaces for action towards social cohesion from the results of our perception survey.

There are some provinces where there is a greater sense of hope: more respondents seeing a decrease in social inequality, strengthening institutions and a greater chance of reconciliation. Limpopo stands out in the first two areas and the Eastern Cape shows the greatest hope in terms of Reconciliation.



The Barometer is designed to focus us on where we are so that we can have the conversation about where we want to go from here.

We have stepped through the doorway of Gwara Gwara and will need an extraordinary effort to turn around... to fill in the deep social inequality cracks in the foundation of our country.



# Indlulamithi Scenarios & South Africa ADRS Post COVID-19 economic recovery choices (2021-2030)

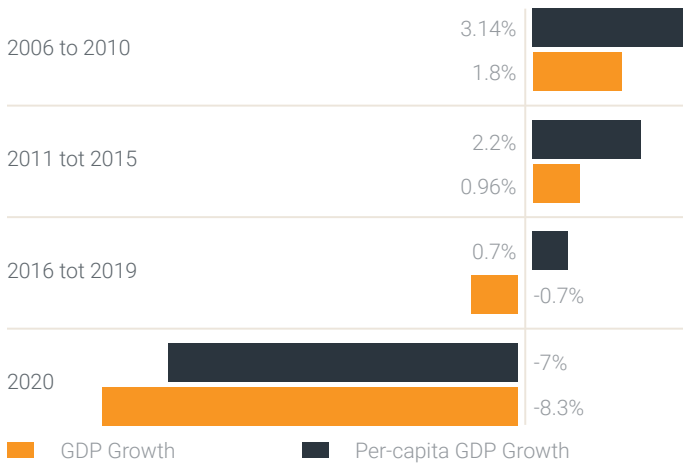
## Dr Asghar Adelzadeh

Indlulamithi Partner – Director and Chief Economic Modeler  
at Applied Development Research Solutions (ADRS)

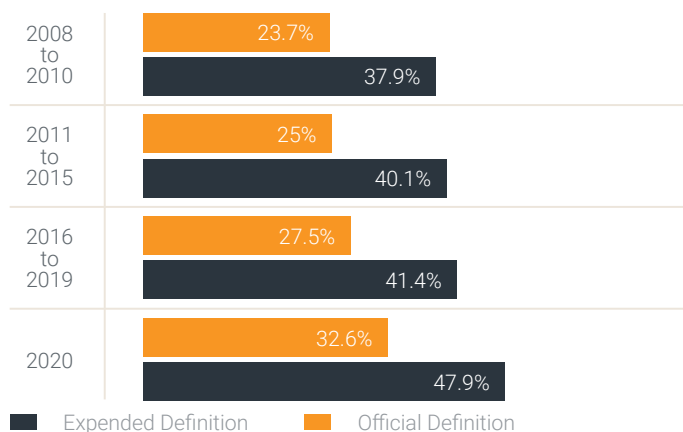


South Africa's economic crisis pre-dates COVID-19. Over the last 25 years, from 1996 to 2020, the real per capita GDP has grown at a dismal average annual rate of 0.64%, the unemployment rate has been consistently above 20%, about half of the country's population have been living in poverty, and income inequality has continuously worsened and is now considered the highest in the world.

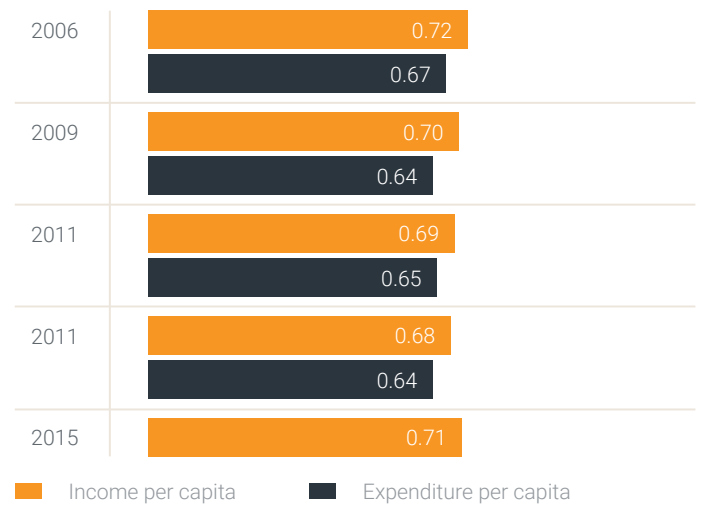
### ECONOMIC GROWTH (%) Chronic Low Economic Growth



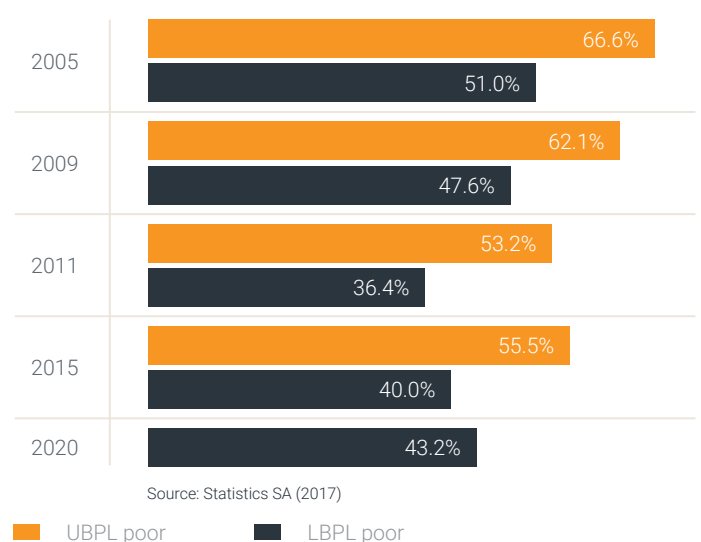
### UNEMPLOYMENT RATE (%) Persistent High Unemployment Rate



### INCOME INEQUALITY High Gini-Coefficient



### POVERTY HEADCOUNT Extremely High Poverty Rate



As the country plans for the post-covid-19 era, the most pressing question on everyone's mind is: What will that recovery look like and mean to South Africans?

Will the recovery mean recovering from the country's chronic crisis and realizing pro-poor Nayi-le-Walk outcomes?

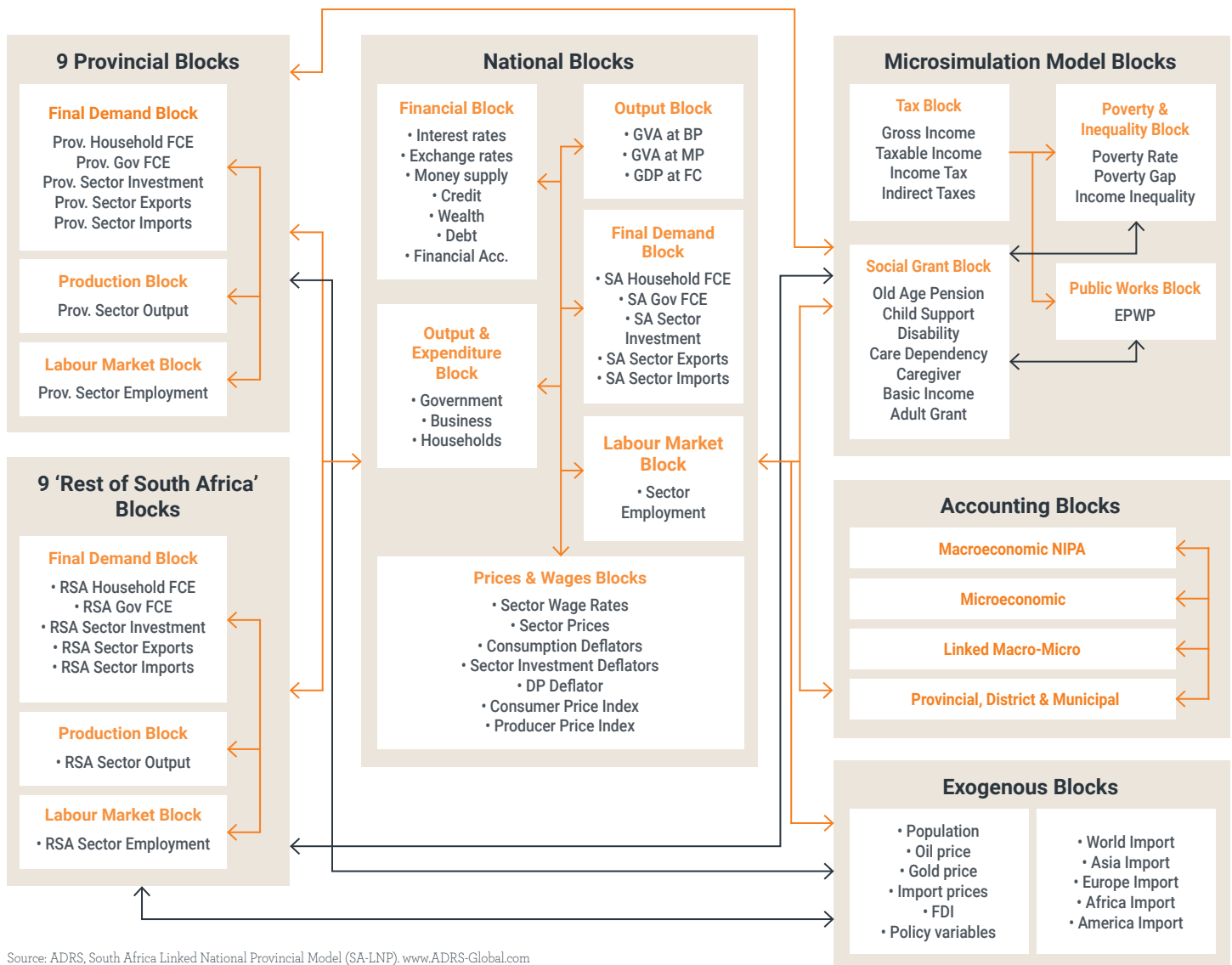
Will the post COVID-19 recovery keep the economy on the Gwara Gwara path?

Will the recovery mean return to weak economic performance of pre-Covid 19 with the benefit of growth mainly going to the top layer of the population, and a relatively small amount trickling down to the rest?

Which Indlulamithi Scenario will South Africa follow during the next 10 years?

### ADRS Linked National-Provincial Model of SA (SA-LNPTM)

Replicating the economy, Identifying policy choices and future possibilities and Forecasting likely future outcomes.





SCENARIO QUESTION

1

What if the recovery plan continues with the post 1996 economic policy framework? What will be the likely economic outlook?

iSbhujwa (Business-As-Usual)  
Policy Scenario

**What if** the general government annual spending on goods and services increases by 7.5% and continues to weakly support industrial policy.

**What if** the general government economic & social infrastructure investment annually increases by 6% and Investment by Public Corporations annually increases by 6%.

**What if** the Reserve Bank continues with inflation targeting and credit extension to private sector continues to grow by 6% annually.

**What if** the government continues with the current Public Works and Social Grant Programmes.

iSbhujwa Scenario :  
Ten year outlook

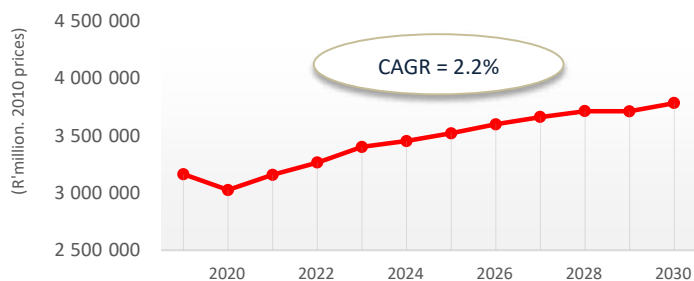
**ECONOMIC GROWTH**  
Produces average GDP growth of 2.2%

**UNEMPLOYMENT**  
Rate will be about 27 % by 2030

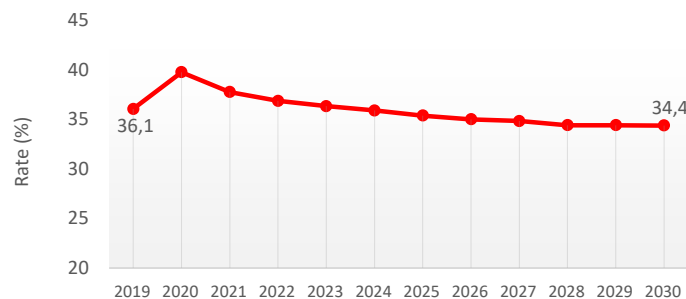
**POVERTY RATE**  
Returns to pre-Covid trend, reaching 34% by 2030

**DEPTH OF POVERTY**  
Will remain high at 18% in 2030

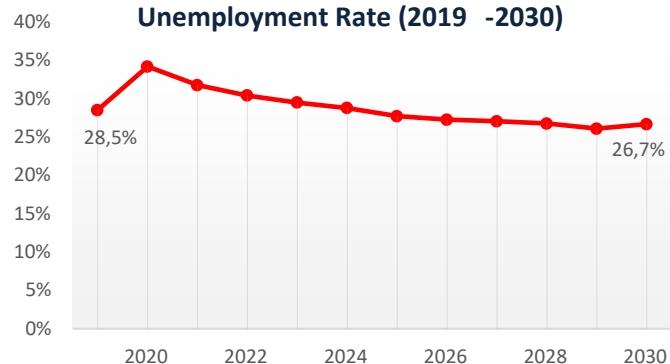
GDP (2019 -2030)



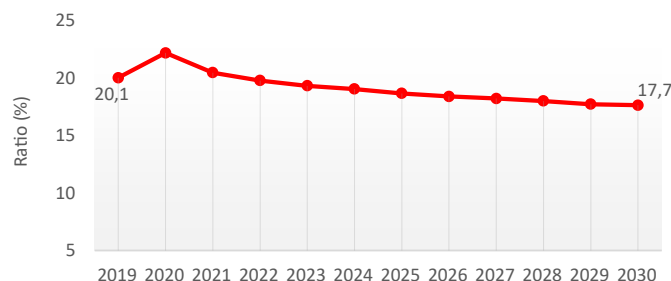
Poverty Rate (2019 -2030)



Unemployment Rate (2019 -2030)



Poverty Gap (2019 -2030)



iSbhujwa Overall Outlook:

Over the next 10 years, economic indicators will gravitate towards the low growth, and high unemployment and poverty trends established by the policy status quo.



SCENARIO QUESTION

2

What if the recovery plan augments the post 1996 economic policy framework with contractionary measures?  
What will be the likely economic outlook?

Austerity Policy Scenario

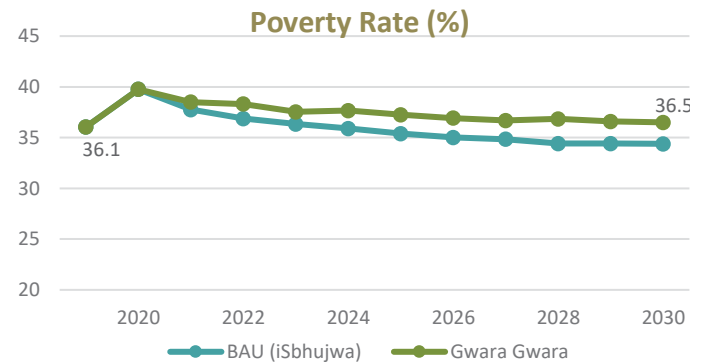
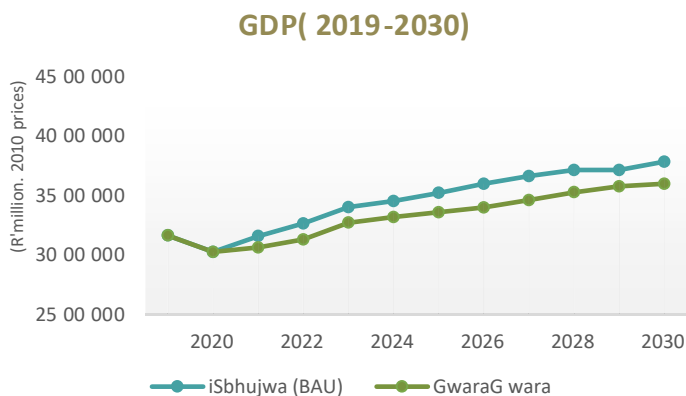
**What if** relative to the BAU scenario, the government cuts by 10% spending on goods & services, including wages & salaries, Social Benefits Transfers and Subsidies.

**What if** relative to the BAU Scenario, Capital spending by the General Government is reduced by 5%. Investment by Public Corporations is cut by 5% and FDI gradually declines.

**What if** the Reserve Bank tightens monetary policy by lowering the current 6% upper bound for inflation to 4%.

**What if** the government abandons localisation policy and cut subsidies on products and production by 5%.

Gwara Gwara Scenario: Ten year outlook



ECONOMIC GROWTH

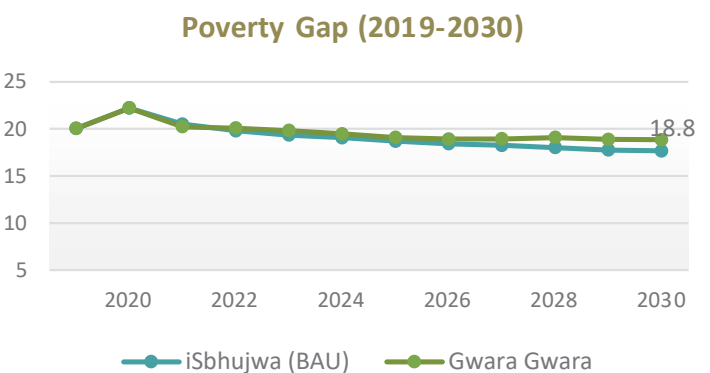
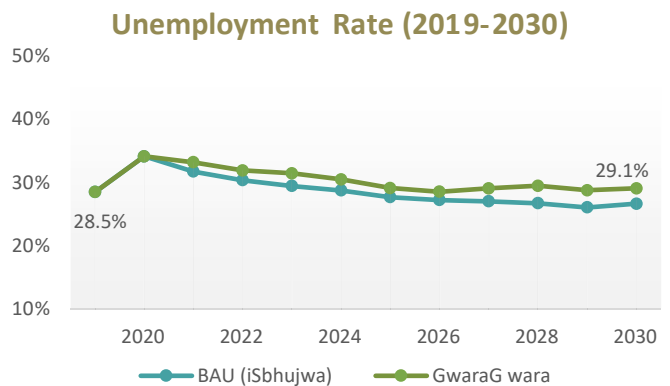
Produces average GDP growth of 1.8%

UNEMPLOYMENT

Unemployment rate stays high. In 2030 it will be 29%

POVERTY RATE

Initially declines, but stays high, reaching 36.5% by 2030



SCENARIO QUESTION

3

What if the state reconsiders the post 1996 economic policy framework?  
What policy road map is likely to put the economy on an inclusive Nayi-le-Walk path?

## The Six-pillar Policy Framework

- |   |                                       |
|---|---------------------------------------|
| 1 | Macro-Economic Policy Reform          |
| 2 | Social Policy Reform                  |
| 3 | Micro-Economic Policy Reform          |
| 4 | Trade & Industry Policy Reform        |
| 5 | Private Sector International Support  |
| 6 | Provincial Growth & Development Plans |

PILLAR 1  
**MACRO-ECONOMIC**  
policy measures (2021-2030)

**What if** the government and public corporations systematically increase their investment in: Economic Infrastructure, Social Infrastructure and Economic Services by 10% annually over the next 10 years, which is 4% above the BAU scenario.

**What if** the Reserve Bank's current solitary mandate of targeting inflation is upgraded to a dual mandate of targeting inflation and 6% economic growth.

**What if** the government spending on goods and services (i.e., government final consumption expenditure) annually increases by 10.5% to provide necessary funding to expand the delivery of individual and collective social services.

**What if** monetary authorities adopt necessary measures to raise the annual growth of credit extension to the private sector to 15%.

PILLAR 2  
**SOCIAL**  
policy measures (2021-2030)

**What if** the government begins to make Public Works the employer of last resort for the unskilled/unemployed and increase the daily pay rate to R160.

Initially, EPWP expands to cover about 75% of the unskilled unemployed, and the coverage will grow by an additional 3% every year after 2021.

**What if** the government immediately introduces an unemployment grant for skilled unemployed and for all who have become unemployed in 2020 due to COVID-19.

The eligible unemployed workers will be entitled to receive R1000 a month, which increases by 6% annually.

**What if** given COVID-19, the government immediately introduces a caregiver grant of R500 per month for the family member that takes care of a child who receives either a child support grant or a care dependency grant.

And, "What if" the initial amount of the grant to increase by 6% annually.

PILLAR 3  
**MICRO-ECONOMIC**  
policy measures (2021-2030)

**What if** the government sector support policies help exports from the agriculture sector to grow by an additional 1% in 2021 and by an additional half a per cent every year thereafter.





Thus, by 2030, exports from the agriculture sector are expected to be 6% higher than would be the case without the measures.

**What if** the government microeconomic measures were to succeed in lowering the price of the Transport, Storage and Communication sector over the next 11 years by 5% to 10% initially (between 2021 and 2023) and then by an additional 5% annually.

**What if** the government microeconomic measures were to directly boost labour productivity in the following sectors: Transport, Storage & Communication, Agriculture, Food, Basic Chemicals, Iron & Steel, Trade and Catering & Accommodation. We therefore allowed for an annual positive shock of 1% to the labour productivities of the above sectors.

**What if** microeconomic policy reforms were to succeed in improving competitiveness in the following sectors: Trade, Catering & Accommodation Transport, Storage & Communication Financial Intermediation Insurance, Real Estate and Business Services thereby led to the gradual lowering of their mark-up by 2% points initially and an additional one percentage point each subsequent year.

#### PILLAR 4 TRADE & INDUSTRY policy measures (2021-2030)

**What if** the industrial policy measures, such as various industrial financing incentives, were to succeed in directly and indirectly increasing total annual investment in the manufacturing sector by R10 billion (in 2010 prices) during the next 10 years (2021-2030).

**What if** trade and industrial policy measures, such as the SEZ and African integration programmes, were to succeed in increasing total exports by an additional 1.5% after 2021.

**What if** the government's Proudly SA and localisation policies succeed in gradually reducing, import dependency, ratios of some sectors by 20% over the next 11 years.

**What if** the Trade and Industrial policy uses a range of policy measures, including the public sector and public-private sector investment practices, to gradually increase the employment intensity of economic growth in South Africa.



PILLAR 5  
PRIVATE & INTERNATIONAL  
support

**What if** the Public-Private Growth Initiative (PPGI) were to increase investment in the South African economy by R500 billion over the next 11 years.

**What if** Public Investment Corporation (PIC) were to increase its investment in the South African manufacturing sector by R100 billion between 2021 and 2025 (5 years).

**What if** the level of foreign direct investment in South Africa gradually increased from 1% to 2.5% of GDP between 2021 and 2030.

**What if** after COVID-19, the nominal value of total world imports grows annually by 8%.

PILLAR 6  
PROVINCIAL  
growth & development plans

**What if** Gauteng's GGT2030 industrial measures succeed in increasing Gauteng's total real output by 0.5% in 2021 and by an additional half a percent each year thereafter.

**What if** Gauteng's provincial measures to promote African regional trade succeed in increasing Gauteng exports to Africa by an extra 0.5% annually.

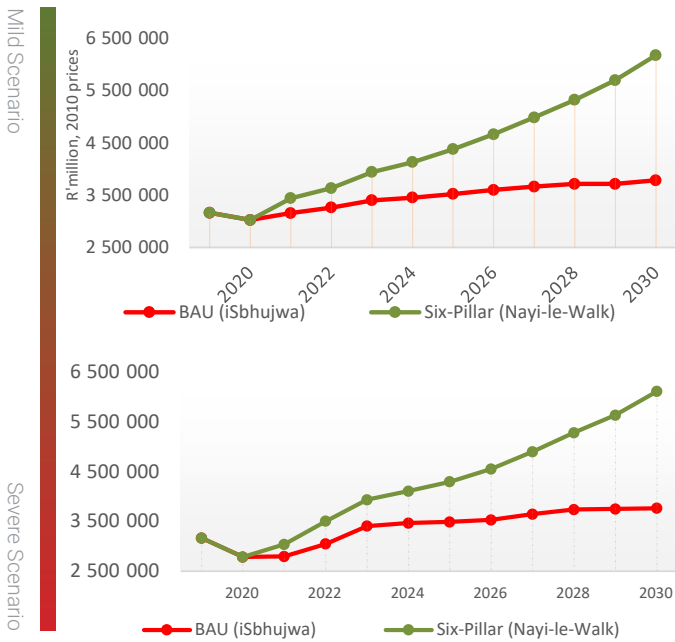
**What if** Gauteng's extensive provincial sector strategies and support measures successfully lead to an additional 0.5% annual investment increase in Gauteng's agriculture, food, electricity, water, construction, transportation and communication sectors.



## Nayi le Walk Scenario: Ten year outlook

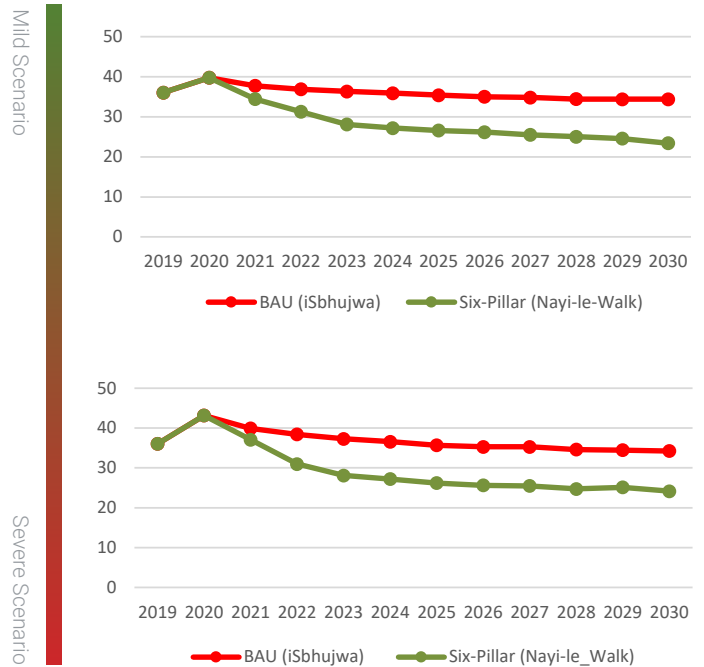
### ECONOMIC GROWTH

Produces average GDP growth of 6.2%



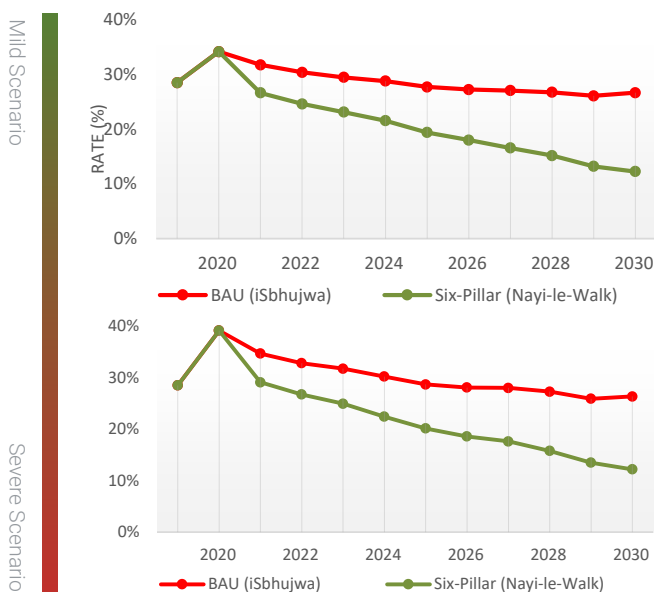
### Poverty Rate (%)

Lowers the poverty rate by almost 50% to 23%



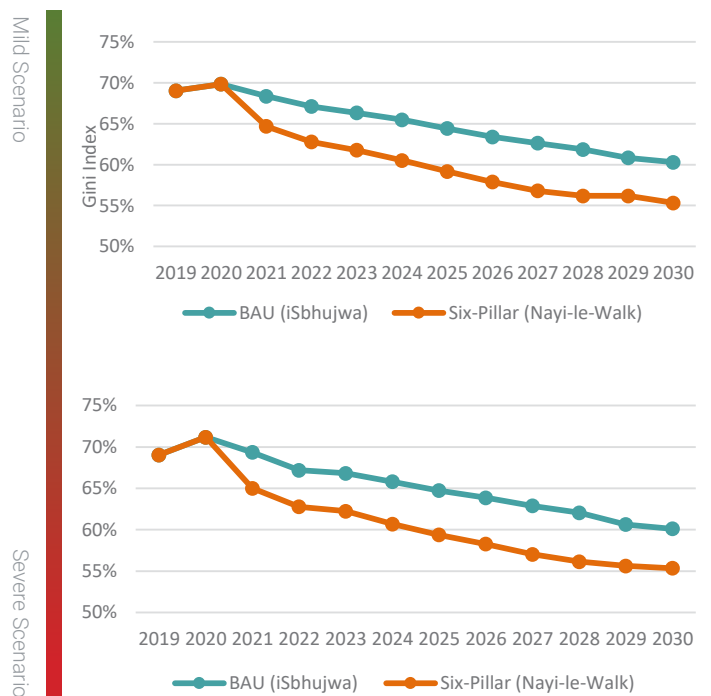
### UNEMPLOYMENT RATE

Reduces unemployment rate to 12% by 2030 by creating between 8.7m & 10m jobs



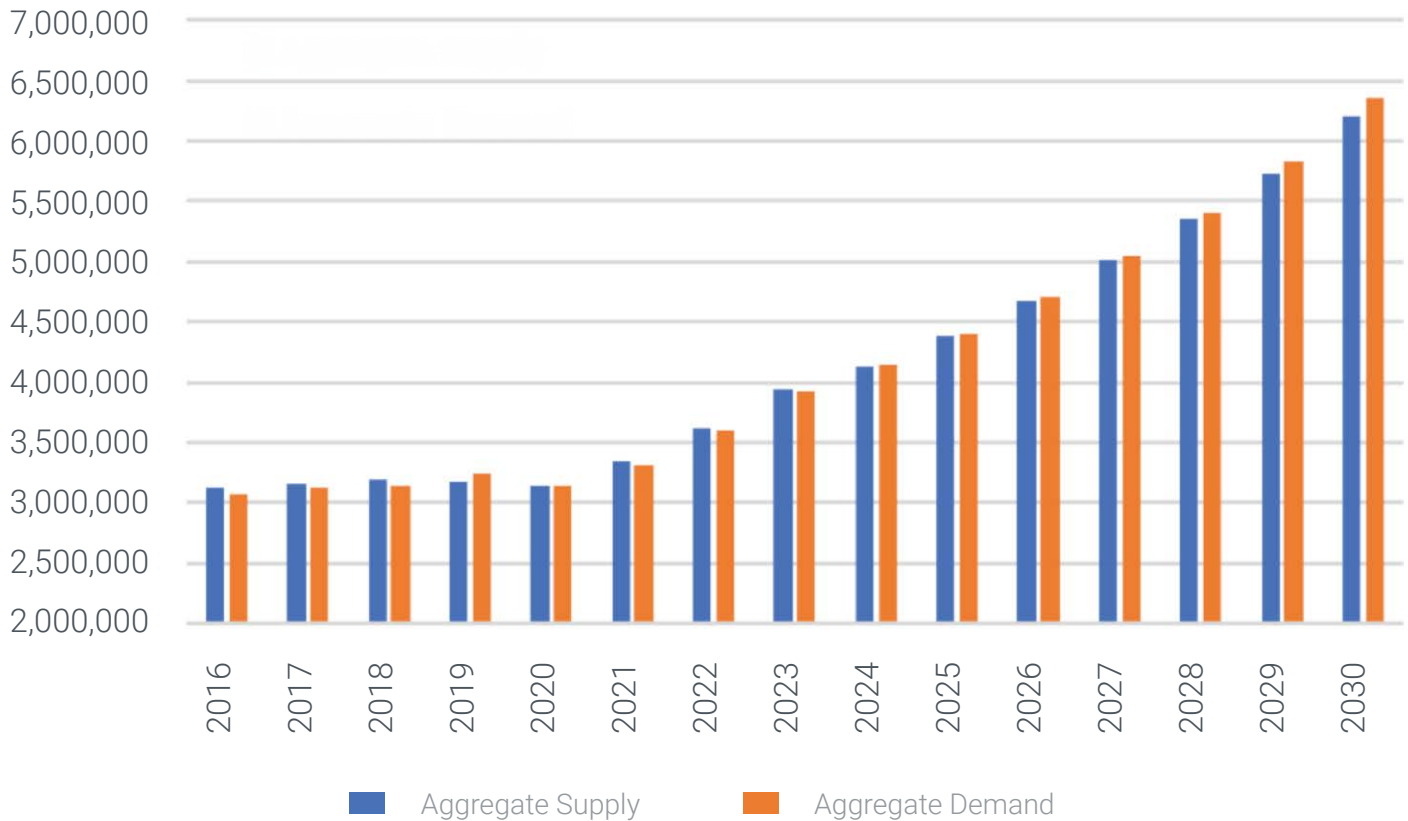
### INEQUALITY

Reduces the income inequality by 16% points



## Balanced Growth

The 6-pillar policy option produces simultaneous expansion of both aggregate demand and aggregate supply over the next 10 years.



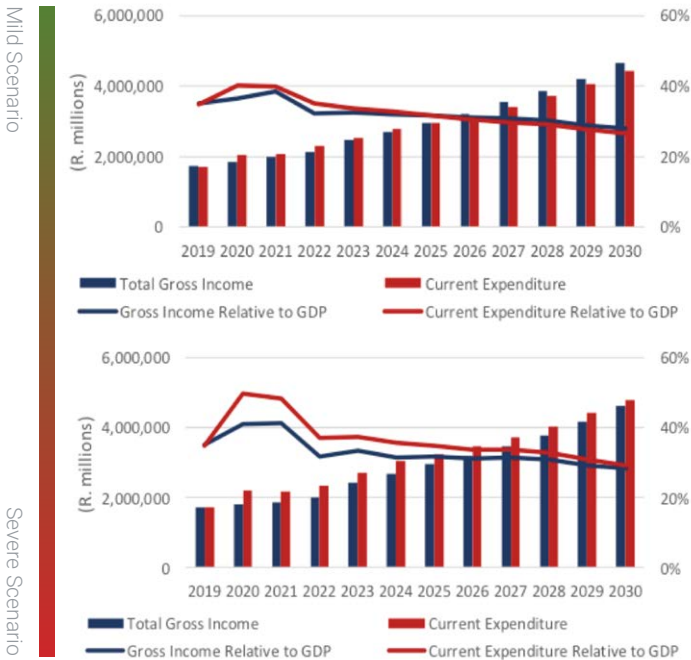
## Fiscal & Debt Sustainability

Over the next decade, government revenue will grow concurrently with the projected GDP growth, thereby generating the funds needed to pay for the scenario's expected increase in government expenditure.

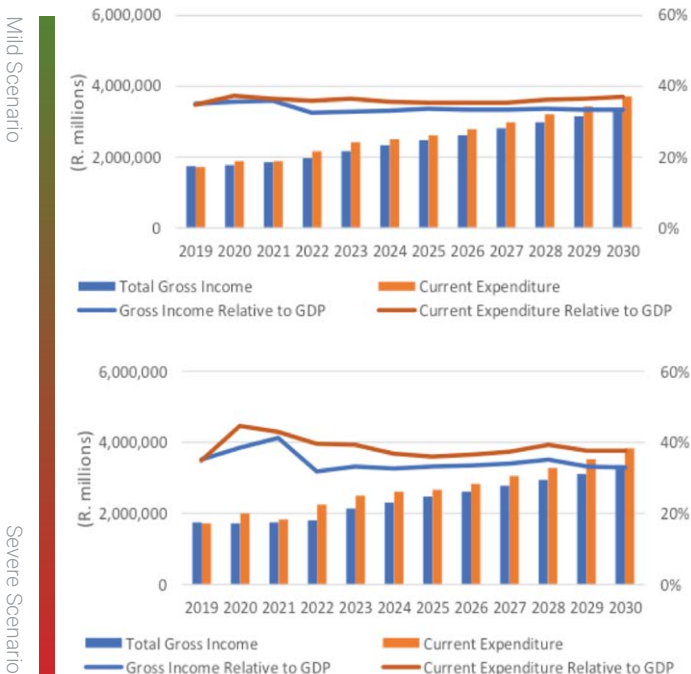


## Fiscal Sustainability Outlook (2020-2030)

### SIX PILLAR (Nayi le Walk) SCENARIO



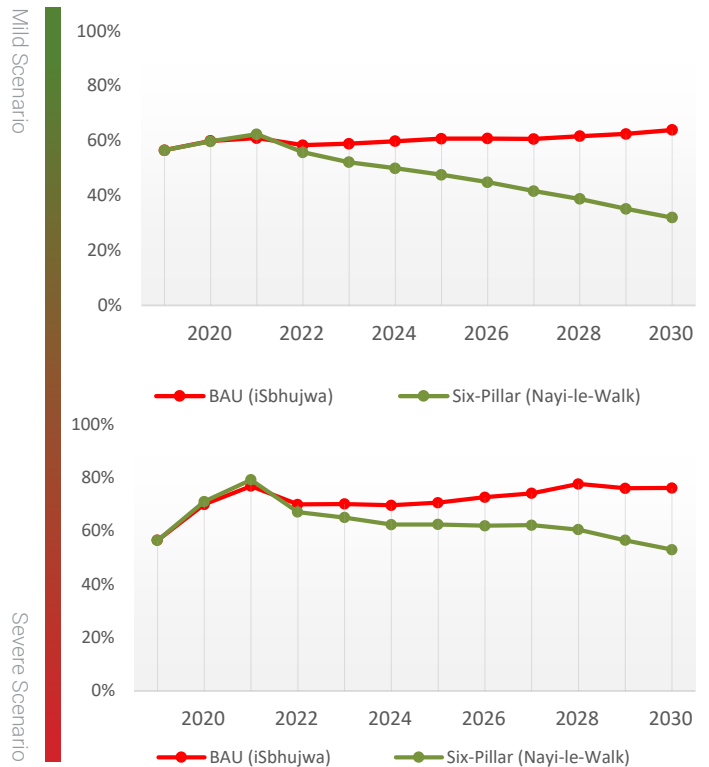
### BAU (iSbhujwa) SCENARIO



## Debt-GDP Ratio Outlook (2020-2030)

Relative to the BAU scenario, the 6-Pillar scenario's higher economic growth rates, lower real interest rates and better primary balance rates produces lower annual debt-GDP ratios.

The Six-Pillar (Nayi le Walk) Scenario produces declining Debt GDP ratio, reaching about 40% by 2030



## Inclusive Growth and Six Pillar Policy Framework: Ten year outlook

National poverty rate declines by almost 50% to 23% from 2020 to 2030.

Poverty level declines during the next decade by 40% (i.e., 10 million).





Significant improvement in the delivery of social services (e.g., education, health, land reform, housing, etc.) and economic infrastructure across the country (e.g., roads, bridges, transportation, etc.) particularly improves the living conditions of poor families.

The unemployment rate declines by almost 70% from 35% (Mild Scenario) and 40% (Severe Scenario) in 2020 to 12% in 2030.

The economy adds 8.7 to 10 million jobs to total employment between 2020 and 2030.

National income inequality, measured by Gini coefficient, declines by 16% points, 71% to 55%.

Significant improvement in the delivery of social services (e.g., education, health, land reform, housing, etc.) and economic infrastructure across the country (e.g., roads, bridges, transportation, etc.) improves the living conditions of millions of working class families.

Real GDP will almost double over the next decade, which implies a significant expansion of the domestic market.

Average profit rate remains above 16%

Improvements in the economy and overall well being of the population improve average labour productivity growth.

Government debt-GDP ratio will gradually decline, due to the high average annual growth rate, to less than 50%.

Average investment-GDP increases to about 27%.

Increase in social cohesion which enables stable capital accumulation.

### Our modelling work highlights three possible Post Covid-19 outlooks for South Africa.

#### iSbhujwa Outlook

If the recovery policy framework continues with the post-1996 policy status quo, i.e., the BAU scenario, the past trickle-down path will resume after the pandemic with the economy stuck in low growth and high rates of unemployment, poverty and inequality during the next decade.

#### Nayi le Walk Outlook

If the recovery policy framework augments the post-1996 policy status quo with contractionary measures, such as a more austere fiscal policy, the future outlook will trend more towards an immiserizing growth path of Gwara Gwara Scenario.

#### Gwara Gwara Outlook

If the recovery policy framework reflects a shift from the post-1996 policy status quo and embraces a policy framework similar to the Six-Pillar scenario, the future outlook will trend more towards an inclusive pro-poor path of Nayi le Walk scenario, enabling South Africa to recover from its chronic economic crisis.



# Closing Remarks

## Mr Andile Sangqu

Chief Executive Office of the Indlulamithi SA Scenarios 2030 Trust



Looking above the trees. Lifting our gaze above and beyond the current trajectory. Thinking about the possible future pathways today and start thinking about formulating appropriate responses to address the possible eventualities attached to a particular future pathway.

### Indlulamithi is about the three future pathways facing South Africa

#### Isibhujwa

An enclaved bourgeois nation torn by deepening divides, daily protests and cynical self-interests.

#### Nayi le Walk

A nation in step with itself with growing social cohesion, economic expansion, greater collaboration and renewed spirit of constitutionalism. This being the best case scenario.

#### Gwara Gwara

A floundering false dawn of restless energy and a demoralized, and of disorder and decay. This being the worst of the three scenarios.

We are at the edge of the precipice, facing the abyss. It is up to us to choose the future we want or to put it differently, the future we want is up to us to choose.

Let us also remember that even we choose not to make a choice, we have made a choice.

The time is now to collectively reach out to one another and join hands by working together as a collective, to co-create for ourselves the future we desire – that responsibility does not lie only with government, it lies with all of us.

The time for social dialogue for social compacting is upon us. The New Democratic South Africa is a product of a negotiated settlement. We need to dialogue of the kind of economy and the society we want to have.

It is not important or relevant anymore to ask the question:

“How did we get here?”

*Andile Sangqu*



# Mentimeter Results



On Indlulamithi Day, the audience was asked to use the Mentimeter platform to write a word or phrase that describes what South Africa will be like in 2030. This word cloud represents their answers, with the larger words being used by multiple respondents.





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