

COUNTRY PROFILE



South Africa

GLOBAL RANK: 38th= of 104



The highest scoring of the African nations, South Africa scores a consistent 43rd position for Comparative Liveability and 41st for Economic Competitiveness. This places the country in 38th place overall, tied with Costa Rica and Poland. South Africa scores particularly well on religious life, combining high levels of both religious faith and religious freedom.

● BACKGROUND

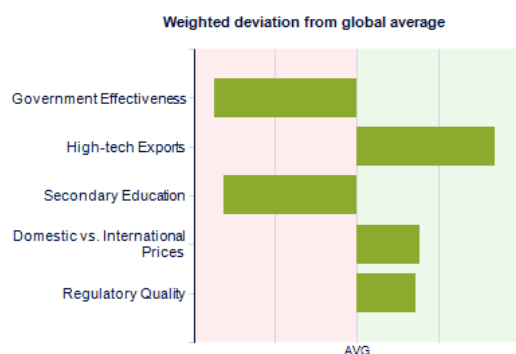
Benefiting from sound government financial management since the end of apartheid in 1994, South Africa possesses large mineral reserves, a developed services sector, and the largest stock exchange on the continent. One in five adults is infected with HIV, although access to antiretroviral drugs is improving. Unemployment rates stand at 25%, and tensions over jobs have contributed to a rising number of xenophobic attacks upon South Africa's estimated 5 million resident foreign nationals, many of them fleeing violence in Zimbabwe. Efforts to create employment are being frustrated by electricity shortages, which are deterring much-needed foreign investment and constricting economic growth.

FAST FACTS

Population:	43.8 million (2008 est.)	FDI (net inflow):	3.44% (2006 est.)
Life Today	5.1 (2007 est.)	Exports	22.79% (2006 est.)
GDP (PPP)	\$467.1 billion (2007 est.)	Imports	25.76% (2006 est.)
GDP (Growth)	5.1% (2007 est.)	Unemployment:	24.3% (2007 est.)
GDP (per Capita)	\$9,800 (2007 est.)	Life Expectancy	42.37 years (2008 est.)
Political System:	Republic		
Foreign Aid:	0.28% (2006 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS

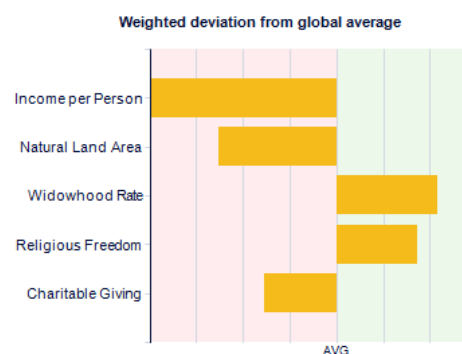


South Africa has the continent's biggest economy, and its effective governance and high quality of regulation form a solid foundation that supports well-developed financial, legal, communications, energy, and transport sectors. The country is a leading exporter of minerals, and tourism is another key source of foreign exchange.

Perhaps unsurprisingly, given the country's excellent regulatory quality scores, the cost of starting a business is low, which encourages entrepreneurship. Relative to most other African nations in the Index, South Africa's population is also well educated, averaging 2.67 years of secondary education.

However, the economy has some obvious weaknesses. The

COMPARATIVE LIVEABILITY



So far, post-apartheid South Africa has benefited from a stable political environment in which, for the most part, the provision of political rights and civil liberties is good. However, income levels remain low, and this has a pervasively negative influence on other aspects of life satisfaction. A high level of unemployment, which stands at 25.6%, also hurts average wellbeing. Despite this, there is optimism: 90%⁹ of South Africans believe they can get ahead through hard work.

South Africa's largest challenge is perhaps in its public health. It is surprising that 78%⁹ of South Africans claim to be satisfied with their health, when average health-adjusted life expectancy is a low 44.3 years -- above average for sub-Saharan nations in the Index, but

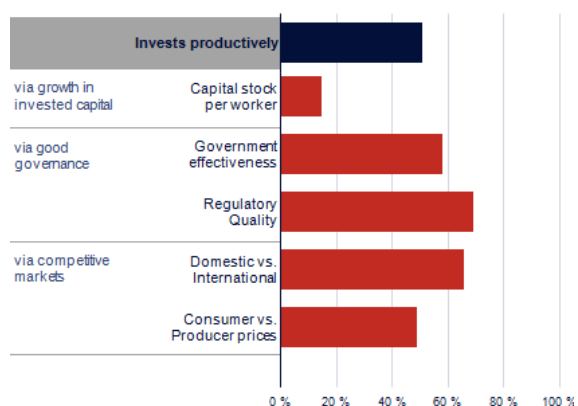
commercialisation of innovation in the form of high-tech exports accounts for just 0.5% of GDP, which is below average for an economy of this size. The low number of researchers engaged in R&D as a proportion of the workforce casts doubt on the availability of highly-skilled human capital, although the country's high number of patents is a positive sign.

As a middle-income emerging market, with an abundant supply of natural resources, South Africa has avoided dependence on revenues from exports of commodities, which account for only 4.1% of GDP. However, further diversification is hampered by low levels of capital investment per worker in South Africa, which constrain productivity growth in the industrial sectors in particular.

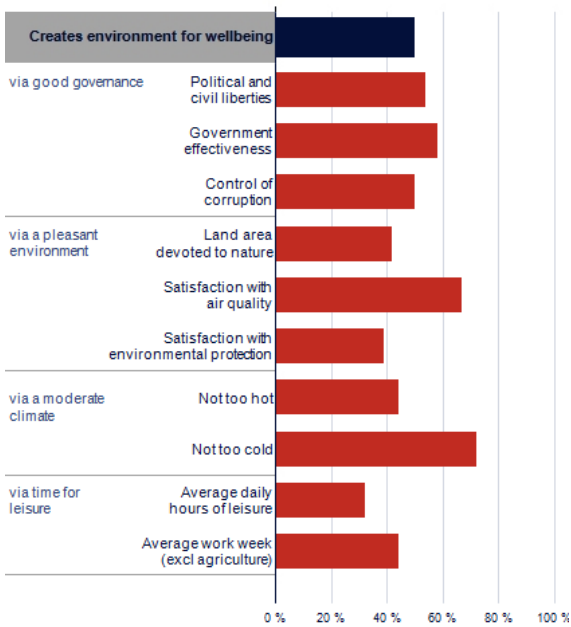
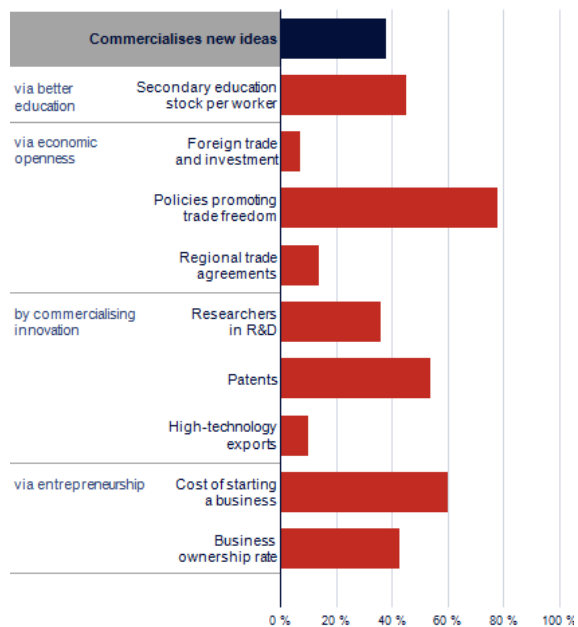
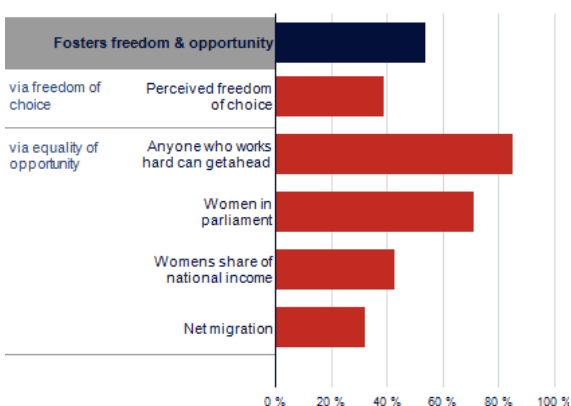
extremely poor by global standards. This is due in large part to high mortality levels from HIV/AIDS, which have been exacerbated by a lack of public education and complicated by controversial claims by the government regarding the treatment and spread of the disease. In addition, South Africans are pessimistic about their ability to control their own lives. Only 64%⁹ report satisfaction with their freedom of choice, according to the Gallup World Poll.

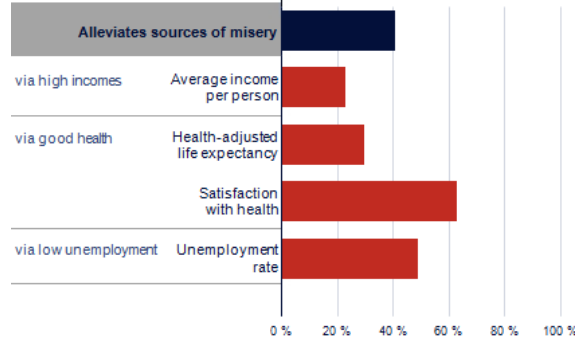
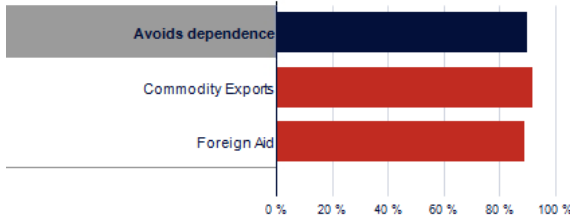
There are a number of significant ameliorating factors that raise South Africa's Comparative Liveability considerably. There is a high level of religious faith. Furthermore, the proportion of women in parliament -- an indicator that demonstrates an important role for women in society, and tends to correlate strongly with increased life satisfaction for the population as a whole -- is high at 30%.

ECONOMIC COMPETITIVENESS: SCORECARD

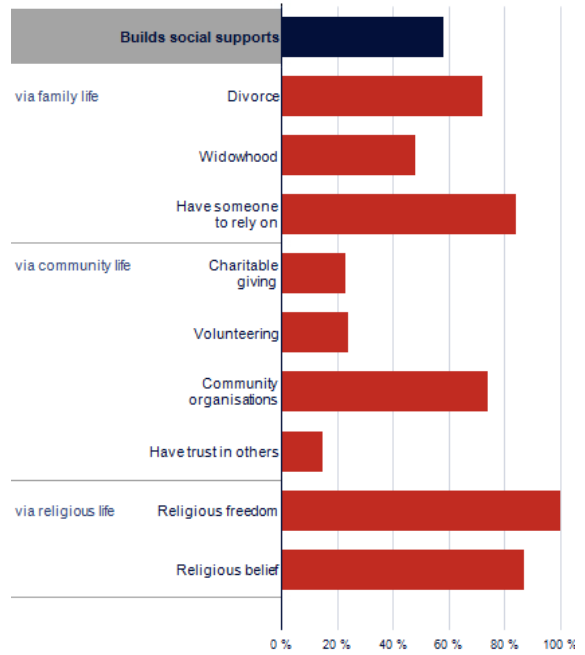


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.