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Make South Africa average again

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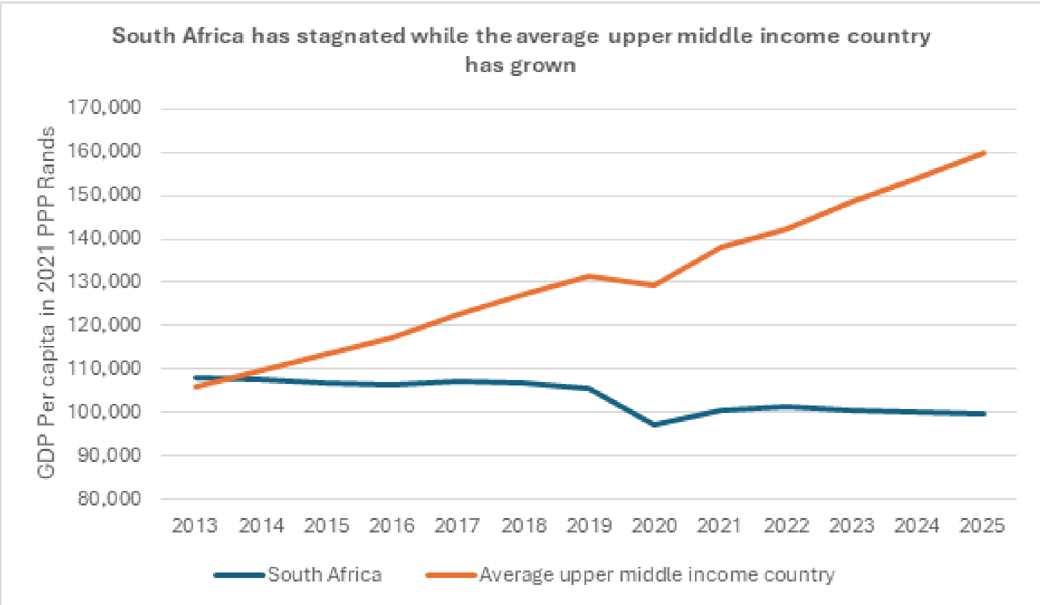
While South Africans tend to think of ours as a middling country that muddles along in an average sort of way, in fact, the economy has been performing well below average for the past decade and has now sunk to near the bottom of the class.

This year, the average emerging market is expected to grow by 3.8%. In contrast, the Bureau for Economic Research (BER) forecasts that South Africa's growth will be just 1.3%.

Perhaps it is because we are an African country? Quite the opposite. Sub-Saharan Africa is expected to grow by 4.3%. There is no average in Africa, it is a big and diverse continent. Some individual economies are doing quite well. Kenya is likely to expand by 4.5% this year, Rwanda by 7.2% and Uganda by 7.5%.



In terms of real GDP growth, South Africa is roughly three percentage points behind the sub-Saharan African average and near the bottom of all emerging markets and developing economies. So, we are at the back of the class.

Why have we fallen behind? **Last year, the IMF asked this question** . It considered the impact of South Africa becoming average in a few things – most importantly in corruption and governance. Its estimate was striking: closing just half of South Africa's gap with the best-performing emerging markets in the areas of governance and the business environment would boost output by up to 9% and lift growth to around 3% a year – almost the emerging market average.

There are many areas where we could wish to become average. Education is one. In global tests, our children score way below average. Electricity and water, all the usual things, these are all below average.

But there is one particular area that stands out, which is corruption and governance. In BER surveys of business confidence, businesses regularly cite this as a constraint. What are one or two things we could do to take our corruption and governance score up to the average?

The first is to protect the gains from being removed from the Financial Action Task Force's grey list. A review is due again shortly, and there will be close attention paid to progress on criminal justice reform.

Suggestions by the Prosecution Project at the Dullah Omar Institute would also go a long way to strengthening the criminal justice system. Their proposals include modernising the nearly 30-year-old National Prosecuting Authority Act, screening senior prosecutorial appointments through independent panels rather than leaving them to the president alone, clarifying the mandate and resourcing of the new anti-corruption directorate, and making decisions to prosecute – or not to prosecute – more transparent.

A particularly important reform would be to give the NPA more financial autonomy. At present it has no budget vote of its own; it is funded through a discretionary allocation from the Department of Justice and Constitutional Development, which means the resources available for prosecutions depend on decisions taken elsewhere in the executive. This gives the executive more power than it should have, particularly when the executive itself is under investigation.

The SA Police Service (SAPS) is also in desperate need of an overhaul. Reforms which could emerge from the Madlanga Commission include the need to purge compromised leaders, ensure merit-based senior appointments; insulate the SAPS procurement process from manipulation; professionalise and modernise SAPS operations; ensure greater oversight over crime intelligence; limit political interference in SAPS operations; and decentralise policing away from police headquarters towards crime hotspots.

The Public Investment Corporation (PIC) has become the latest flashpoint in the country's battle against corruption. Over the past few weeks, the state-owned asset manager has been rocked by whistleblower allegations, resulting in a boardroom purge by the minister of finance. This has again raised uncomfortable questions about governance at the institution which manages more than R3 trillion on behalf of its clients.

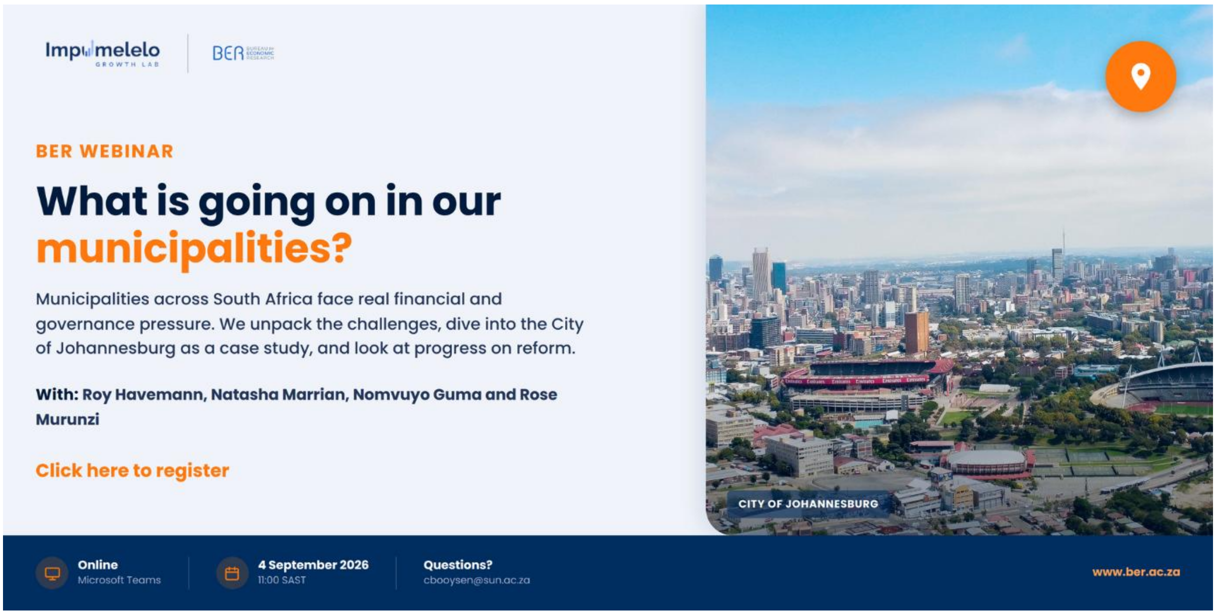
[The PIC is not in tatters nor is its investment performance disastrous], but it only narrowly escaped capture – an outcome too ghastly to contemplate given the PIC's extraordinary importance to both the country's capital markets and to the retirement security of millions of public servants.

From the Mpati Commission's work, we know that, at the PIC, clients should set the mandates, investment professionals should manage the assets, independent control functions should challenge decisions, and an independent board - stocked with professional, seasoned directors not political appointees -should oversee the integrity of the whole system. To ensure this, the BER advocates amending the PIC's governing legislation to ensure the board is chaired by an independent and experienced outsider rather than a deputy minister, as is the case currently.

The bottom line is that while South Africans tend to think of ours as a middling country that muddles along in an average sort of a way, in fact the economy has been performing well below average for the past decade. As the graph shows, SA's GDP per capita in 2025 was about R100 000 (in constant purchasing power-adjusted rands) compared to about R160 000 for the average upper middle-income country – that's a 60% gap.

Oh, if only we could be average again!

This article first appeared on News24, on 17 August *2026.*



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