


INTEGRATED SDG INSIGHTS REPORT

SOUTH AFRICA

This report provides analysis and insights for Member States in preparation for the SDG Summit and the foundation for effective policy implementation in the second half of the 2030 Agenda.

SDG MOMENT: SOUTH AFRICA

Economic growth serves as an enabler for the SDGs in the short term, while over time **the SDG agenda itself becomes a catalyst for inclusive and low-carbon growth pathways.**

South Africa is one of 65 economies out of 186 globally that are in mitigation mode in 2023 and projected to remain within it in 2024 and 2025.[1] In a context of high unemployment, elevated poverty rates, and high income inequality, the policy space for achieving the SDGs is limited. This puts pressure on mitigating the impact of economic downturns on the most vulnerable households, informal workers, youth, and MSMEs.

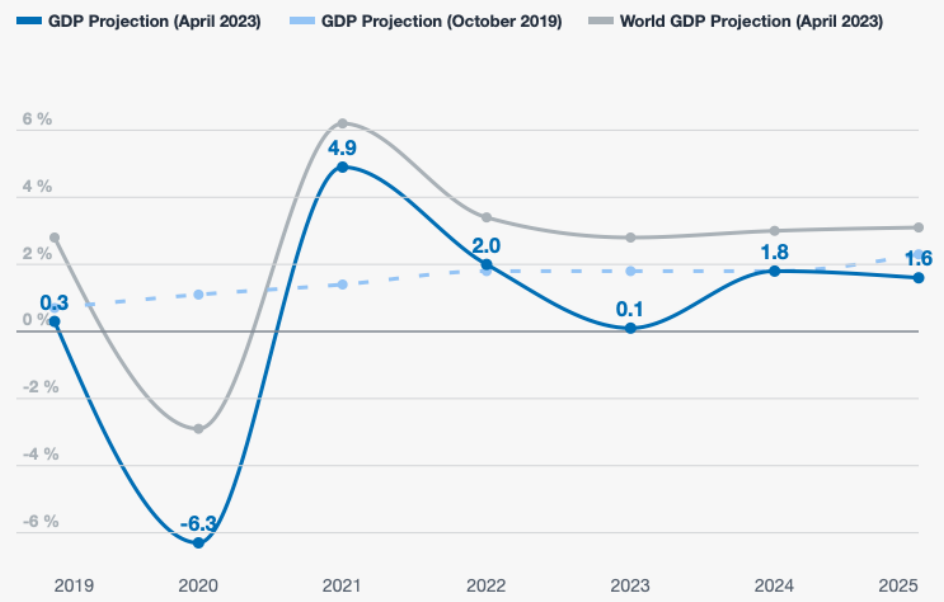
South Africa's slow economic growth cycle will continue to be dependent on carbon emissions, as the country's carbon emissions intensity of GDP only changes by an annual rate of 2% under the current conditions.[2] This pace of economic growth, on the other hand, is not expected to exert a noticeable effect on lowering the incidence of poverty, leaving it virtually unchanged in the short-term. Hence, significant distributional challenges remain to overcome this stagnation of progress.

Moving forward, the urgency to address climate change, reduce inequalities, poverty and unemployment has never been greater. Guided by SDGs and the national priorities, South Africa should continue to innovate, adapt, and scale up efforts to accelerate progress towards a more equitable, inclusive, and sustainable future.

[1] The economic cycle is determined by adjusting country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2% it is considered that the economy is in mitigation; it is muddling through if the adjusted rates range 2%-4%, and it's in acceleration if they are above 4%.
[2] CO_2 emissions intensity of GDP is computed as tonnes of CO_2 per $1,000 (2017 PPP).

GDP

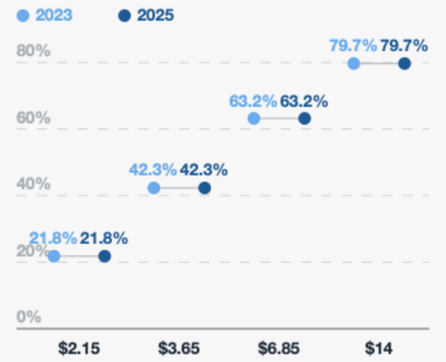
Growth Pathways



Source: IMF World Economic Outlook (WEO) (April 2023 and October 2019).

PEOPLE

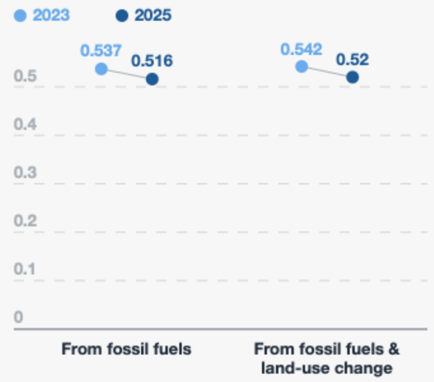
Poverty: Percentage of the population under each threshold (PPP$ a day)



Source: Projections based on binned distributions ($0.10-bins, 2017 PPP) reconstructed from the World Bank's Poverty and Inequality Platform through the pip: Stata Module.

PLANET

Carbon Intensity: CO2 emissions intensity of GDP (tCO2 per PPP $1,000)



Source: Projections based on GDP data from the IMF WEO Database (April 2023), and on CO2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

SDG TRENDS

South Africa's SDG trends are calculated using data and methodology from the UN Statistics Division. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.

Trends in detail:
https://data.undp.org/sdg-push-diagnostic/ZAF/sdg-trends

SDG PRIORITIES

South Africa's national priorities are generated using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.

Key documents analyzed:

1. Revised Medium Term Strategic Framework 2019-2024
2. National Development Plan 2030
3. UN Sustainable Development Cooperation Framework
4. Common Country Analysis
5. Voluntary National Review 2019
6. Economic Reconstruction and Recovery Plan 2020

Priorities in detail:
https://data.undp.org/sdg-push-diagnostic/ZAF/current-priorities

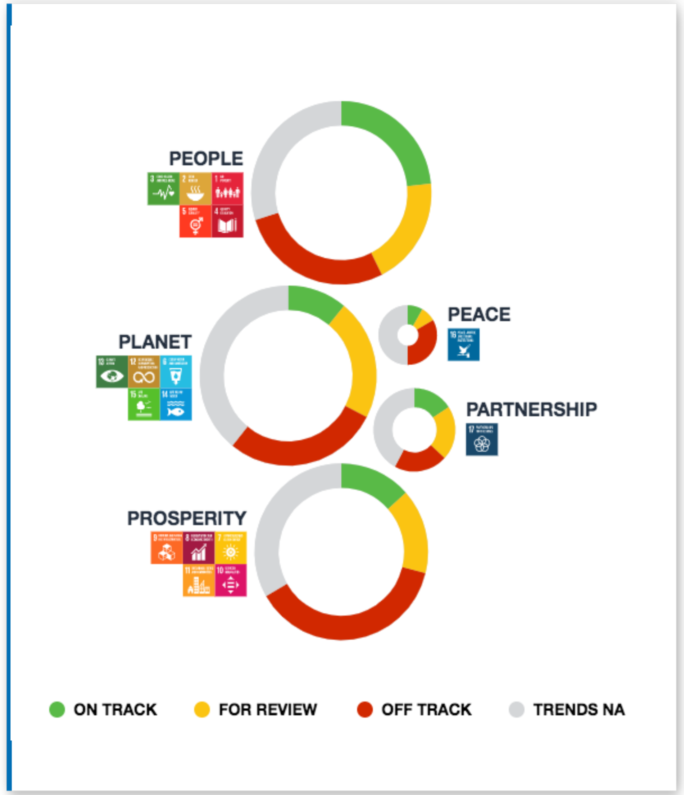
SDG INTERLINKAGES

SDG Interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help South Africa to achieve the 2030 Agenda and navigate trade-offs.

Based on a global framework for interlinkages, South Africa's SDG progress is color coded at the target level.

Building from national priorities, the following pathways reflect policy investments with the most potential to accelerate the SDGs for South Africa:

- Target 5.4: Value unpaid care and promote shared domestic responsibilities
- Target 7.2: Increase global percentage of renewable energy
- Target 8.4: Improve resource efficiency in consumption and production
- Target 10.1: Reduce income inequalities
- Target 16.6: Develop effective, accountable and transparent institutions



ACCELERATION PATHWAYS

SYNERGIES

TRADE-OFFS

SDG INTERLINKAGES

5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate

In South Africa, women experience higher poverty levels than men, and poverty is particularly prevalent among individuals living in female-headed households, disproportionately surpassing their population share.

To address this, it is essential to prioritize improved educational and economic opportunities and implement focused efforts to eliminate gender inequality. South Africa's National Development Plan (NDP) emphasizes the need for integrated approaches to promote gender equality and create greater opportunities, especially for young people.

Furthermore, leveraging the potential of the digital can empower women by enabling them to succeed in the future of work, access essential digital services including those for education and healthcare, and increase their civic and political engagement.

ON TRACK FOR REVIEW OFF TRACK TRENDS NA

Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/ZAF/synergies-and-tradeoffs

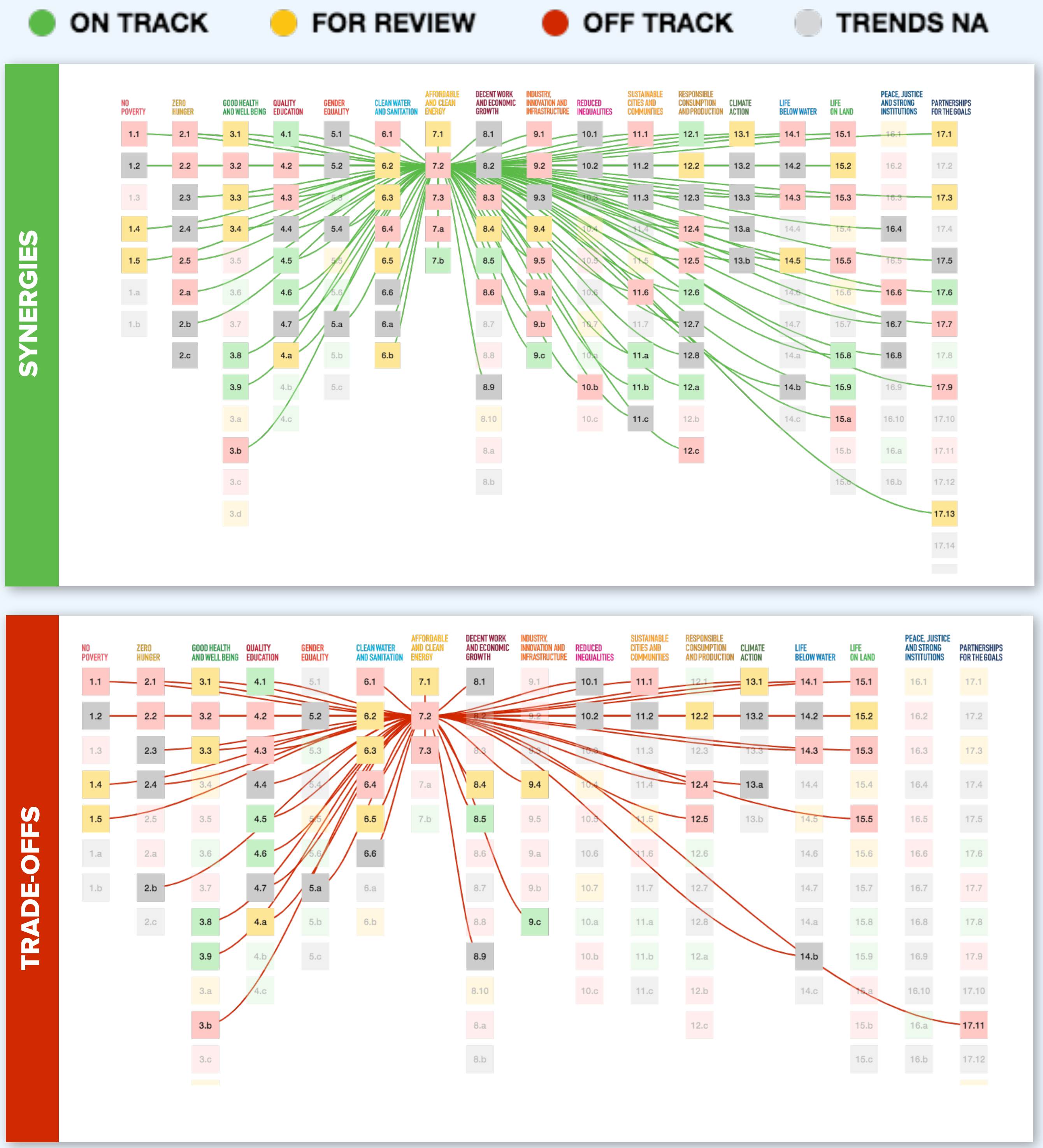
SDG INTERLINKAGES

7.2: Increase substantially the share of renewable energy in the global energy mix

Access to reliable and secure energy is crucial for meaningful progress to take place in South Africa. The persistent issue of electricity load shedding highlights the need for short-term and medium-term strategies. However, a long-term focus on significantly increasing the share of renewable energy is essential. This would result in greater electricity availability, reduced business disruptions, environmental protection, and decreased inequality.

South Africa has established a comprehensive Just Energy Transition strategy aimed at transitioning to a low-carbon economy while fostering economic growth and social justice. The strategy encompasses various elements such as renewable energy, energy efficiency, a just transition, green jobs, energy access, and energy security.

When undertaking these investments, it is vital to incorporate safeguards to ensure that the bottom 40% of the population is not left behind. This emphasizes the importance of inclusive approaches that consider the needs and welfare of all segments of society.



Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/ZAF/synergies-and-tradeoffs

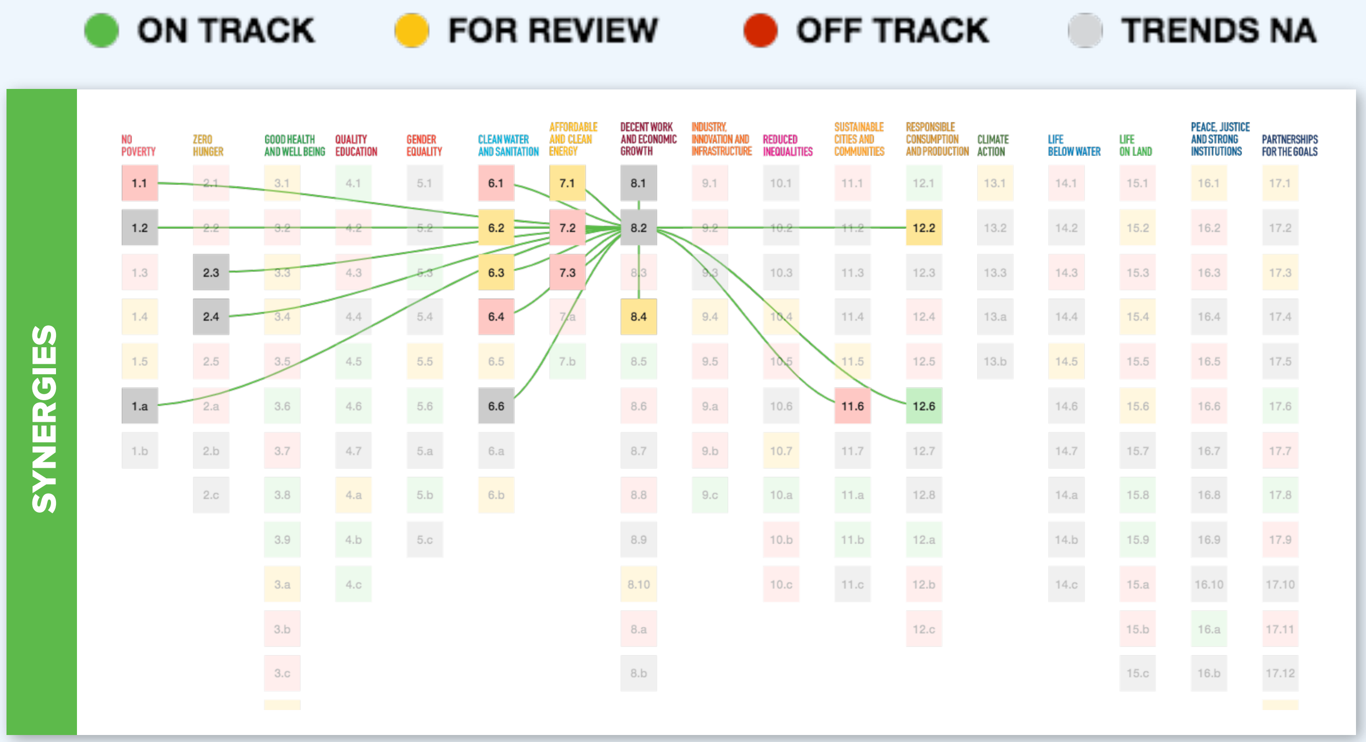
SDG INTERLINKAGES

8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

South Africa faces a challenge of having a low skills base due to inadequate and mismatched skills. The economy predominantly favours high-skilled jobs, with agriculture playing a minor role in economic output.

To promote sustained, inclusive, and sustainable economic growth, it is critical to prioritize the development of a skilled workforce and create opportunities for full and productive employment that provides decent work for all.

Achieving the nexus between water (SDG 6), energy (SDG 7), and food (SDG 2) requires a focus on economic productivity and innovation. It is essential to navigate the complexities of these interrelated sectors while ensuring policy implementation addresses competing interests and safeguards ecosystem integrity.



Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/ZAF/synergies-and-tradeoffs

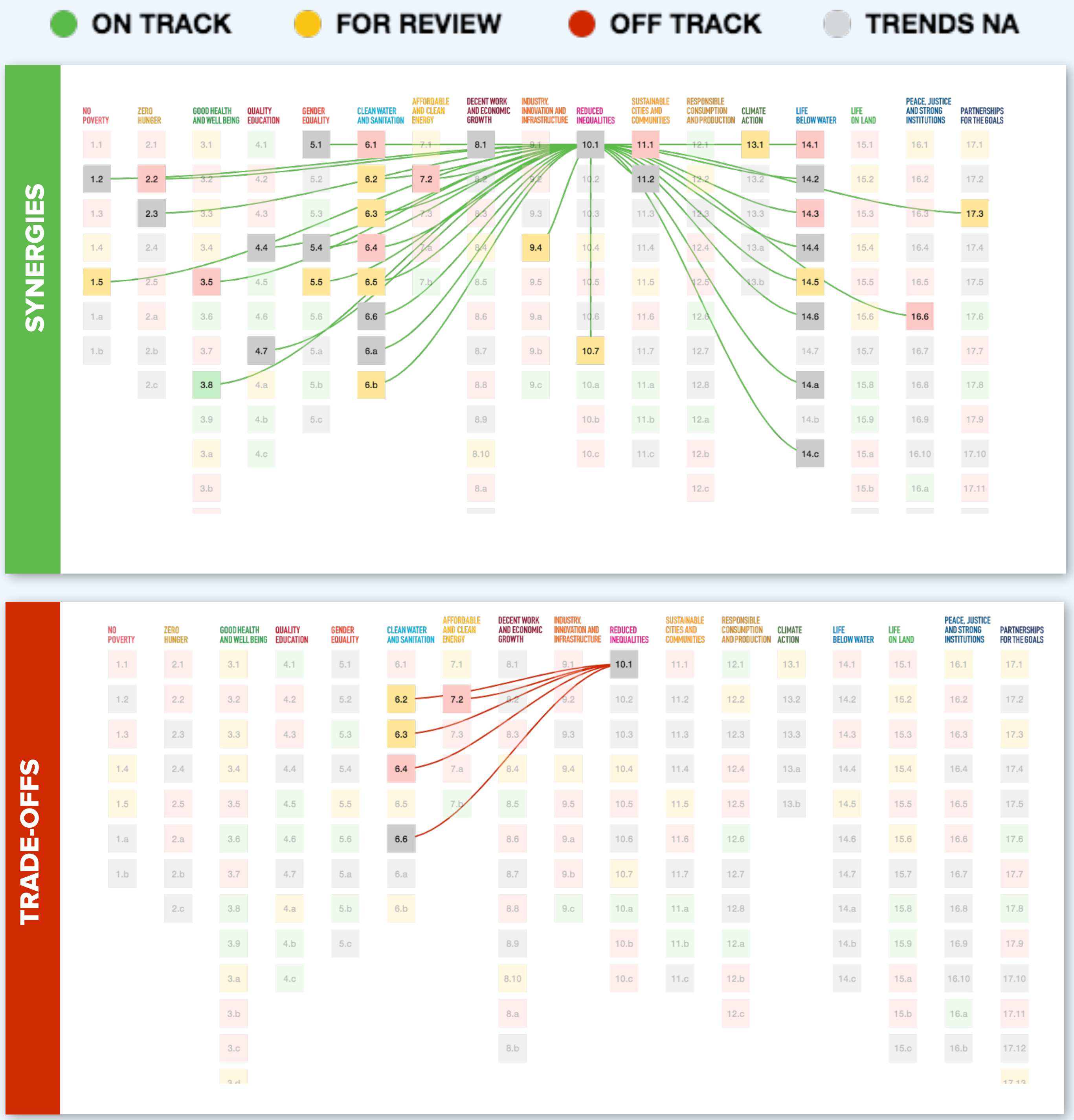
SDG INTERLINKAGES

10.1: Progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average

South Africa stands as one of the most unequal countries in the world, with a significant disparity in income distribution. The wealthiest 10% of the population earns over half of the total income, while the bottom 40% receives a mere 4% (World Bank).

To address this inequality and foster inclusive economic growth and social development, South Africa could address underlying structural issues. Initiatives such as ongoing land reforms, re-evaluation of social grants, and enhancing skill development may prove instrumental. Implementing these measures could yield multiple benefits for other SDGs including hunger, education, and health outcomes.

These interventions, if sustainably designed, would not only protect the environment but also enhance government responsiveness.



Explore the interlinkages at:

[*https://data.undp.org/sdg-push-diagnostic/ZAF/synergies-and-tradeoffs*](https://data.undp.org/sdg-push-diagnostic/ZAF/synergies-and-tradeoffs)

SDG INTERLINKAGES

16.6: Develop effective, accountable and transparent institutions at all levels

According to a report by STAT SA based on the Governance, Public Safety and Justice Survey (GPSJS) 2019/20, less than half of South Africans aged 16 years and older expressed trust in local governments (47.9%).

South Africa's primary challenge lies in addressing poverty and inequality. Improving living standards necessitates a multifaceted approach that includes increasing employment opportunities, boosting incomes through productivity growth, the provision of a social safety net, and fostering a strong connection between capabilities, opportunities, and employment for improved social and living conditions.

Crucially, effective leadership, an engaged citizenry, and effective government play vital roles in driving development within a socially cohesive environment.

Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/ZAF/synergies-and-tradeoffs

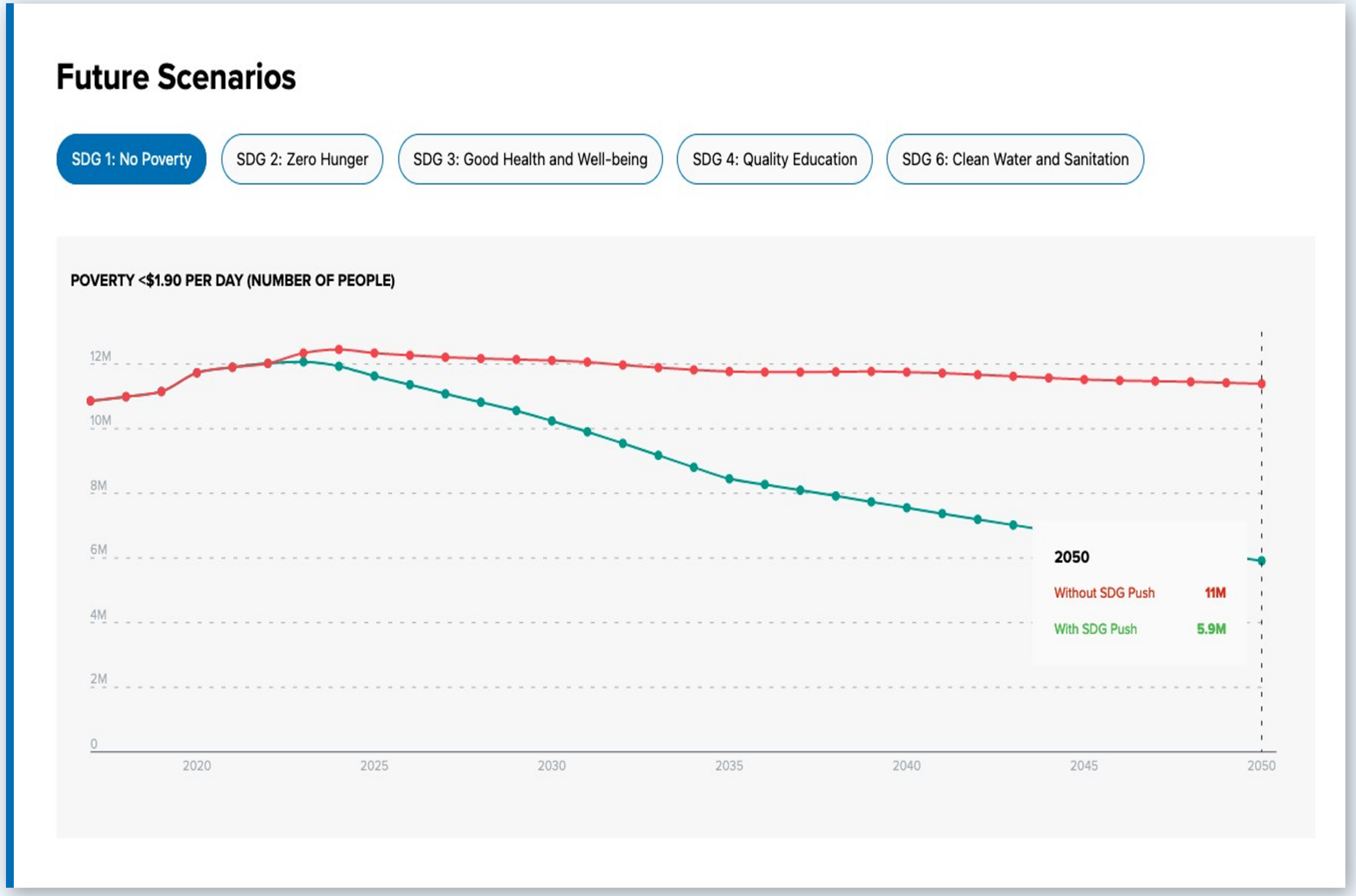
THE SDG PUSH - FUTURES SCENARIOS

Achieving the SDGs is possible.

The SDG Push' is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, Green Economy and Digital Disruption. It uses national data to explore the impact on human development to 2030 and 2050 across key SDG indicators using 'International Futures,' a systems model designed to explore interactions across development systems.

Incorporating 'SDG Push' accelerators into development interventions in South Africa can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	12 million	11 million
With the SDG Push	10 million	5.9 million



Explore SDG Futures Scenarios at:

https://data.undp.org/sdg-push-diagnostic/ZAF/future-scenarios

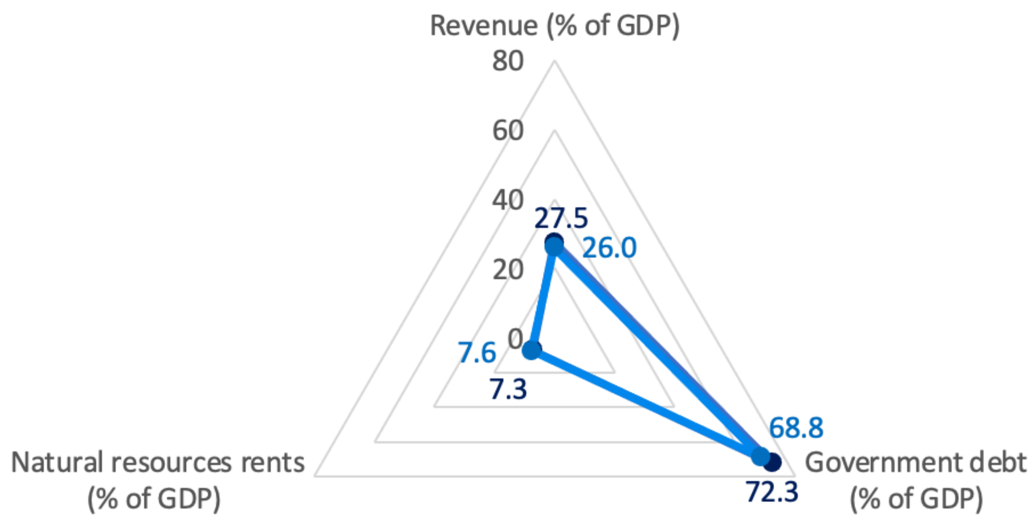
FISCAL AND FINANCIAL CONSTRAINTS

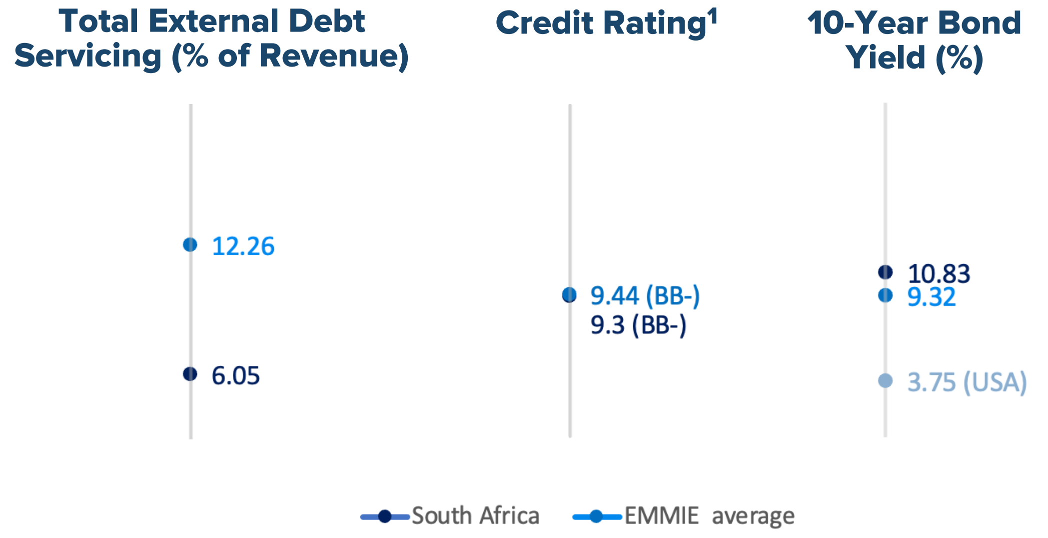
The spider diagram on the right shows low-frequency data points related to tax revenue, debt, and natural resource rents as a percentage of GDP. The financial indicator graphs show external debt servicing relative to revenue, along with the sovereign credit rating and the 10-year bond yield.

South Africa's government debt is projected to reach 72.3% of GDP in 2023, surpassing the emerging market and middle-income economies (EMMIE) group by 3.5 percentage points (pp). Revenue as a percentage of GDP stands at 27.5%, slightly above the EMMIE group's 26%.

Compared to other countries, South Africa relies less on external financing, as reflected by a lower expected external debt servicing relative to revenue of 6.1% for 2023. However, the country faces financial headwinds. Its credit rating has been downgraded several times since the global pandemic and is currently categorised as 'non-investment' grade level. This is reflected in the country's high bond yield of 10.8%, surpassing the EMMIE average by 1.5 pp and exceeding a 10-year US Treasury bond by 7.1 pp.

Gov Gross Debt and Revenue





Notes: External debt covers public and publicly guaranteed debt. The EMMIE average of 10-year bond yield (%) only includes 30 countries which reported data for that indicator.
Sources: WDI (natural resources rents, data from 2021), IMF WEO April 2023 (debt and revenue, forecasts for 2023), IDS (external debt, data from 2023), worldgovernmentbonds.com and Haver Analytics (bond yields as of 8 June 2023), S&P, Moodys and FITCH (credit ratings, data from 2023).
[1]The credit rating shows the numerical average of S&P's, Moodys', and FITCH's ratings, expressed in S&P's scale in brackets.

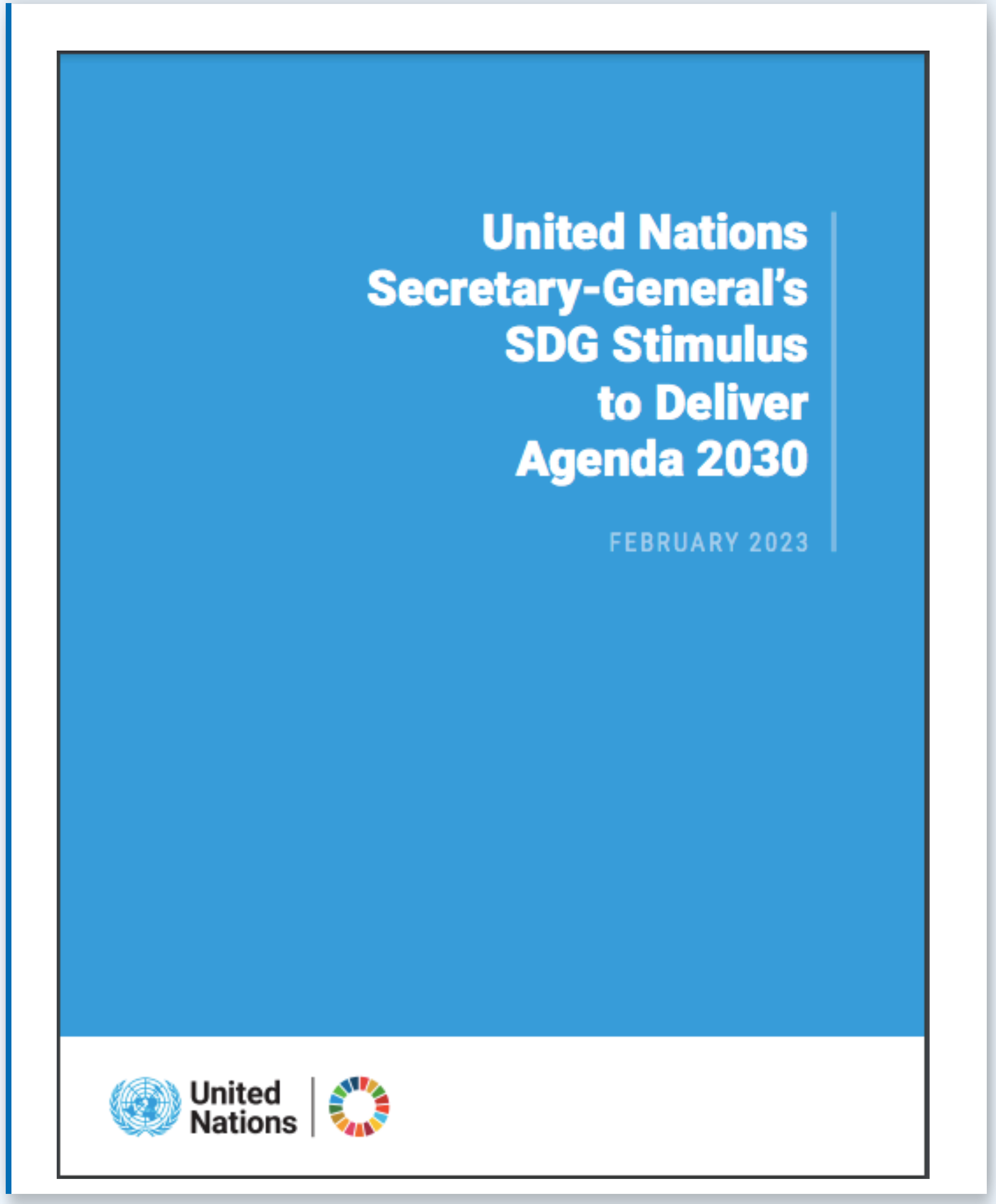
SDG STIMULUS

Countries are facing reduced fiscal space and high debt levels, rising interest rates, and increasing exposure to climate-related shocks. The acceleration pathways here identified need the appropriate means of implementation to move from aspiration to reality. The [SG's SDG Stimulus plan] lays out a blueprint to provide the means to implement them through four key actions:

- Provide liquidity to support recovery in the near term
- Enhance debt relief for vulnerable countries
- Better leverage lending
- Align financial flows with the SDGs and Paris Agreement, according to country-level priorities and needs, for example through the rollout of the UN INFFs

Considering the financial limitations and fiscal constraints experienced by South Africa, the potential methods for funding the investments resulting from the identified interlinkages are the mechanisms outlined in SDG Stimulus:

- Tax and revenue reform
- Increasing the efficiency of government expenditure
- Climate finance
- Blended and public-private finance
- SDG Aligned business environment and investment
- Accessing financial markets and insurance


United Nations Secretary-General's SDG Stimulus to Deliver Agenda 2030

FEBRUARY 2023

United Nations