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> " Education is one of the biggest problems, as well as the access to PCs and the Internet…it is still seen as a rich man's toy."
>
> ***—Manager, South African IT company***

> " There is strategic political will, grounded by a private-public consensus, to exploit an already strong technical infrastructure and human resource base."
>
> ***—South African IT policy analyst***

In association with the transition to a multiracial democracy in the mid 1990s, South Africa's political and business leadership targeted ICTs as an enabler of development, thus embarking on a combined process of accelerated private-sector development and public-sector vision. By the end of 2000, the South African ICT market was valued at US$4.1 billion,[1] establishing the country's position as the ICT leader on the continent. The nation's fortieth overall ranking in Readiness for the Networked World puts it in the company of countries such as Brazil, Latvia, and Turkey.

South Africa faces several challenges in attracting foreign direct investment: political turmoil close to the country's borders, HIV/AIDS, crime, and lingering foreign exchange controls (Ranking in Business and Economic Environment micro-index: 48). Nonetheless, strong political will has led to several major national initiatives working to transform South Africa into a knowledge-based economy that are expected to result in an integrated national ICT policy during 2002 (Ranking in ICT as a Government Priority: 41).

South Africa has an advanced telecommunications infrastructure and boasts the highest teledensity in Africa (Ranking in Information Infrastructure micro-index: 44). Rural areas lack connectivity, although they are starting to benefit from hundreds of telecenters around the country. There are currently two GSM operators with plans for the entry of a third operator by the end of 2001. Mobile connections significantly outnumber fixed lines. Meanwhile, Internet access is growing, but users are mostly wealthy whites.

According to the Schools Register of Needs Survey conducted early in 2000, of 27,148 schools, 58 percent had electricity, 55 percent had telephones, 30 percent had computers, and 16 percent had access to the Internet.[2] A proposed 50 percent subsidy for schools' Internet access costs, called e-rate, is imminent and is expected to help increase Internet connectivity in public schools (Ranking in Internet Access in Schools: 46). In addition, NGOs, especially SchoolNet SA, working with provincial government authorities, have linked upwards of 3,000 schools to the Internet.[3] University students in forty-eight institutions enjoy well developed telecommunications networks through the Tertiary Education Network (TENET), which obtains international and national connectivity via Telkom, the national telecommunications operator.

For a middle-income, developing country with unreliable mail and an expensive courier service, it is noteworthy that 33 percent of South Africa's online population has used the Internet to purchase goods.[4] As for locally relevant content, at least twenty-seven newspapers have an online presence; they also serve the South African expatriate community.

The diffusion of ICT into major industries can be seen primarily in retailing and financial services; it has yet to be embraced fully by the mining and manufacturing sectors. Supporting the diffusion process and fostering growth of a skilled ICT labor pool are the aims of the National Skills Development Act, which is helping quality assurance in the burgeoning ICT training sector through the Sector Education and Training Authority for Information Systems. This is especially relevant since, like many developing countries, South Africa suffers a brain drain whereby several hundred ICT-skilled professionals leave the country every year (Ranking in IT Brain Drain: 40).

Deregulation of fixed-line telephony will result in a second national operator competing with monopoly fixed-line provider Telkom by 2002. Critics fear this will simply lead to a duopoly (Ranking in Effect of Telecommunications Competition: 65). Leading observers note that the key elements needed to further Networked Readiness will continue to be telecommunications reform, affordable prices, and promotion of computer literacy.

South Africa

Key Facts

Population	43,700,000
Rural population (% of total population) 1999	49.82 %
GDP per capita (PPP)	US$9,189
Global Competitiveness Index Ranking, 2001–2002	34
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	62
Main telephone lines per 100 inhabitants	11.35
Telephone faults per 100 main telephone lines	43.00
Internet hosts per 10,000 inhabitants	42.95
Personal computers per 100 inhabitants	6.18
Piracy rate	45.00 %
Percent of PCs connected to Internet	6.95 %
Internet users per host	12.79
Internet users per 100 inhabitants	5.49
Cell phone subscribers per 100 inhabitants	19.70
Average monthly cost for 20 hours of Internet access	US$12.54

	RANK
Networked Readiness Index	**40**
Network Use component index	**41**
Enabling Factors component index	**41**
Network Access	**36**
Information Infrastructure	44
Hardware, Software, and Support	28
Network Policy	**47**
Business and Economic Environment	48
ICT Policy	46
Networked Society	**47**
Networked Learning	42
ICT Opportunities	50
Social Capital	50
Networked Economy	**36**
e-Commerce	28
e-Government	37
General Infrastructure	43