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LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

CAPRICORN SOUTH DISTRICT

NATIONAL SENIOR CERTIFICATE

GRADE 11

QUESTION PAPER

ECONOMICS

CONTROLLED TEST 2

SEPTEMBER 2025

MARKS: 100

TIME: 1 HOURS

This question paper consists of 9 pages.

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INSTRUCTIONS AND INFORMATION:

1. Answer THREE questions as follows in the ANSWER BOOK:

   SECTION A: COMPULSORY
   SECTION B: Answer ONE of the two questions.
   SECTION C: Answer ONE of the two questions.

2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.

3. Number the answers correctly according to the numbering system used in this question paper.

4. Write the question number above each answer.

5. Read the questions carefully.

6. Start EACH question on a new page.

7. Leave 2–3 lines between subsections of questions.

8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

9. Use only black or blue ink.

10. You may use a non-programmable calculator.

11. Write neatly and legibly.

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SECTION A (COMPULSORY)

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 C

1.1.1 The type of wealth that consist of monetary assets …
…

A financial wealth
B National wealth
C Physical wealth
D Education wealth (2)

1.1. 2 Which workers earn a small income compared to skilled workers?

A Semi-skilled
B Unskilled
C Illiterate
D Professional (2)

1.1.3 International countries involved in HDI include …

A Developing countries
B Developed countries
C The International Monetary Fund
D Canada (2)

1.1.4 Skills development has been identified as a key requirement for the economic empowerment of the HDI …

A Spatial Development Initiatives
B Industrial Development Zones
C Export industries
D National Skills Development Strategy (2)

1.1.5 In the equation MV = PT, M represents the …

A velocity or speed of money in circulation
B the average price level
C the quantity of goods in circulation
D the quantity of money in circulation (2)

(5 x 2) (10)

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1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–F) next to the question number (1.2.1 to 1.2.5) in the ANSWER BOOK; e.g. 1.2.7 F

COLUMN A	**COLUMN B**
1.2.1 Black Economic Empowerment	A. To create a stable environment that will achieve economic growth
1.2.2 Environmental development	B. Controls the quantity of money issued and implements the monetary policy
1.2.3 Entrepreneurship	C. Money is a valid and legal means of payment
1.2.4 Legal tender	D. To ensure development in a country, its citizens have to take ownership
1.2.5 Central Bank	E. Banks that offer services to the general public and companies
	F. To increase the number of new black enterprise in priority sectors of the economy.

(5 x 1) (5)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.5) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The removal of laws and regulations that govern a certain industry

1.3.2 Its aim is to ensure that the employment of people is based on merit and not on any form of discrimination

1.3.3 Industrial development initiatives that focused in areas where poverty and unemployment is at their highest

1.3.4 The set of rules used by the Minister of Finance to control the economy

1.3.5 The Monetary Policy Committee sits every two months to decide if the target is within limits

(5 x 1) (5)

TOTAL SECTION A: 20

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SECTION B

QUESTION 2

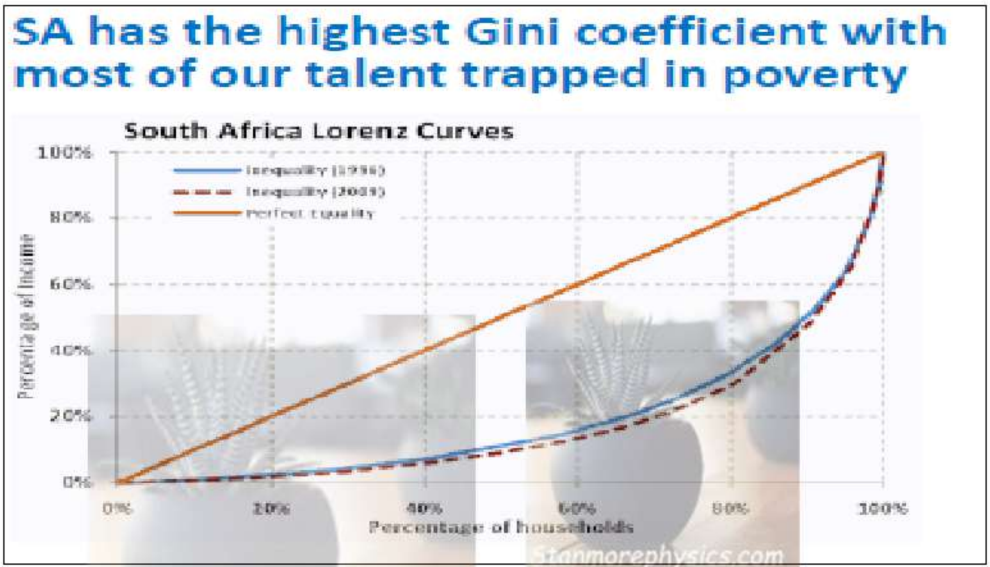
Answer only ONE of the two questions from this section in the ANSWER BOOK.

2.1 Answer the following questions.

2.1.1 Name any TWO sources of wealth. . (2 x 1) (2)

2.1.2 What is the importance of money? (1 x 2) (2)

2.2 Study the diagram below and answer the questions that follow.



Adapted from Business for South Africa Post Covid

2.2.1 Identify the item measured by the vertical line. (1)

2.2.2 What is the meaning of 40% on the horizontal line? (1)

2.2.3 Briefly describe the term Lorenz curve (2)

2.2.4 Why the Gini coefficient for South Africa became larger? (2)

2.2.5 Explain briefly the distribution method to use to reduce the gap. (2 x 2) (4)

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2.3 Study the pictures below and answer the questions that follow.

Money - associated instruments

Source: BusinessLIVE

2.3.1 Name ONE example of money associated instrument. (1)

2.3.2 Write the acronym EFT in full. (1)

2.3.3 Briefly describe the term *money associated instruments*. (2)

2.3.4 Explain briefly ONE advantage of using the above instruments. (2)

2.3.5 Why credit cards operate differently from debit cards? (2 x 2) (4)

2.4 Compare differences between economic growth with economic development. (4 x 2) (8)

2.5 Analyse the challenges faced by South Africa's economic growth. (8)

[40]

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QUESTION 3

3.1 Answer the following questions.

3.1.1 List any TWO main aspects of Human Development Index. (2 x 1) (2)
3.1.2 Why technology is important in the economy? (1 x 2) (2)

3.2 Study the extract below and answer the questions that follow.

What Is Affirmative Action?

Affirmative action refers to a policy aimed at increasing workplace and educational opportunities for people who are underrepresented in various areas of our society. It focuses on demographics with historically low representation in leadership and professional roles. It is often considered a means of countering discrimination against particular groups.

Businesses and governments commonly implement affirmative action programs by taking individuals' race, sex, religion, or national origin into account when hiring.

Adapted from Investopedia

3.2.1 Identify ONE important aspect considered when firms hire people. (1)

3.2.2 Give ONE group of people that were underrepresented in leadership. (1)

3.2.3 Briefly describe the term *economic inequality*. (2)

3.2.4 Explain the positive impact of affirmative action. (2)

3.2.5 Comment about the phrase "To be disabled does not mean that you are unable". (2 x 2) (4)

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3.3 Study the article below and answer the questions that follow.

> Lessons from 2023's bank failures: Focus on risk management
>
> In the wake of last year's bank failures, regulators have implemented measures to strengthen the banking system and prevent future crises. Areas of particular focus include governance and controls, capital planning and liquidity risk management.
>
> Adapted from capco-intelligence lessons: 17 April 2024

3.3.1 Identify ONE way of controlling future bank failure. (1)

3.3.2 Name ONE factor that determines interest rate when a loan is issued to a client. (1)

3.3.3 Briefly describe the term *bank failure*. . (2)

3.3.4 Why SARB may be unwilling to rescue the bank at times? (2)

3.3.5 What negative impact will unstable political situation have on the bank? (2 x 2) (4)

3.4 Discuss the importance of indigenous knowledge systems. . (4 x 2) (8)

3.5 Evaluate the consequences of bank failures in the economy. (8)

[40]

TOTAL SECTION B: 40

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SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/ Assess/Debate **Additional part:** Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/ Complete the given graph/Calculate/Deduce/Compare/Explain/ Distinguish/Interpret/Briefly debate/How?/Suggest	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 4

- Discuss in detail the different methods used to redistribute income and wealth. (26 marks)
- Evaluate affirmative action as a South African government effort to redress economic inequality (10 marks)

[40]

QUESTION 5

- Discuss in detail the characteristics of developing countries. (26 marks)
- How effective is Reconstruction and Development Programme as South Africa's initiative for development. (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 100

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NATIONAL SENIOR CERTIFICATE

GRADE 11

MARKING GUIDELINE

ECONOMICS

CONTROLLED TEST

SEPTEMBER 2025

MARKS: 100

This marking guideline consists of 19 pages,

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SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE CHOICE:

1.1.1 A√√ (financial wealth)
1.1.2 B√√ (unskilled)
1.1.3 C√√ (The International Monetary Fund)
1.1.4 D√√ (National Skills Development Strategy)
1.1.5 D√√ (the quantity of money in circulation) (5 x 2) (10)

1.2 MATCH

1.2.1 F√

1.2.2 A√

1.2.3 D√

1.2.4 C√

1.2.5 B√ (5 x 1) (5)

1.3 GIVE ONE TERM :

1.3.1 Deregulation√
1.3.2 Employment Equity Act√
1.3.3 Regional development√
1.3.4 Fiscal policy√
1.3.5 Inflation targeting√

(5 x 1) (5)

TOTAL SECTION A: 20

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SECTION B

QUESTION 2

Answer only ONE of the two questions from this section in the ANSWER BOOK.

2.1 **Answer the following questions.**

2.1.1 **Name any TWO sources of wealth**.

- Inheritance√
- Salary and wages√
- Entrepreneurship√
- Natural resources√
- Royalties√
- Dividends√
- Online business√
- Education and skills√
- Investments such as stocks, bonds, real estate and other investment vehicles√
(Accept any other correct relevant response) (Any 2 x 1) (2)

2.1.2 What is the importance of money?

- Money is widely accepted by everyone in a community when transactions between buyers and sellers take place / Is a means of payment to overcome certain difficulties in the bartering system / Is a store of value which plays an important role in economic activities
(Accept any other correct relevant response) (1 x 2) (2)

2.2 **DATA RESPONSE:**

2.2.1 **Identify the item measured by the vertical line.**

Percentage of income √ (1)

2.2.2 **What is the meaning of 40% on the horizontal line?**

It means that 40% of the population are experiencing income inequality√ (1)

2.2.3 **Briefly describe the term *Lorenz curve***

Refers to the graphical representation of the cumulative distribution of income in a country / is the second instrument that can be used to measure income inequality√ √

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(Accept any other correct relevant response) (2)

2.2.4 **Why the Gini coefficient for South Africa became larger?**

It is larger because of high income inequality in the country / it is due to high poverty levels / unequal educational opportunities√√

(Accept any other correct relevant response) (2)

2.2.5 **Explain briefly the redistribution method to use in order to reduce the gap.**

- The government can use taxation / progressive tax system where high income earners are taxed at a higher rate than low income earners√√ The revenue earned from tax will be used to finance social security programmes and for the infrastructure projects√√
- The government can use the tax revenue to provide basic health-care to the poor in an effort to ensure that all citizens have access to social services√√
- The state should provide cash benefits to ensure that households are able to satisfy their basic needs such as food, etc.
- Improved education systems and access to basic education increase education levels in low-income families. √ Education improve people's prospects in the labour market as they become more competitive√√

(Accept any other correct relevant response) (2 x 2) (4)

2.3 **DATA RESPONSE:**

2.3.1 **Name ONE example of money associated instrument.**

Debit card / credit card / computer / cell-phone / Internet banking√ (1)

2.3.2 **Write the acronym EFT in full.**

EFT stand for Electronic Fund Transfer√ (1)

2.3.3 **Briefly describe the term *money associated instruments*.**

Money associated instruments refers to the means by which payments can be made or money transferred other than as notes and coins / Are instruments that display some of the functions of money, but are not actually money√√

(Accept any other correct relevant response) (2)

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2.3.4 **Explain briefly ONE advantage of using the above instruments.**

They save time, costs of travelling and bank charges /
Reduce the risks of robbery or losing money /
Are efficient and accurate√√
(Accept any other correct relevant response) (2)

2.3.5 **Why credit cards operate differently from debit cards?**

Credit cards are issued to clients that are strictly screened and qualify the criteria of being creditworthy. √√
This means that they are issued to clients who can afford / be responsible to pay monthly instalment. √√
(Accept any other correct relevant response) (2 x 2) (4)

2.4 **Compare differences between economic growth with economic development**.

- Economic growth refers to the increase in the number of goods and services produced√ in the country during a year whilst economic development focus on improvement in the people's general standard of living√ (i.e. self-respect and freedom of choice)
- Economic growth is measured by the real GDP√ whereas economic development is measured by the increase in per capita income√
- Economic growth can be increased by using the factors of production√ whilst economic development is increased by improving the skills of people√
- Increase economic growth leads to more tax revenue which can be used to provide more social goods and services with the aim of achieving economic development (i.e. An increase in economic growth leads to more tax revenue√ that will better the lives of people in the country√ (economic development)
  (Accept any other correct relevant response)
  Note: Difference must be comparable with each other – direct opposites even if a learner uses a tabular format). (4 x 2) (8)

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2.5 **Analyse the challenges faced by South Africa's economic growth.**

- A lack of education and training tends to restrict economic growth because unskilled / semi-skilled workers will have less productivity and more time and money might be spent on training them√√
- Low levels of investment (savings) lead to unavailability of capital for entrepreneurs and existing firms that plan to expand their operations√√
- Lack of innovation and technological development decreases productivity levels and the costs of supplying goods and services will increase; e.g. changing from labour-intensive to capital-intensive methods√√
- A high level of government investment may lead to high interest rates which will decrease private investment (this is referred to as crowding out). Therefore, economic participants will be discouraged to participate meaningfully in the economy by the high interest rates√√
- A low level of productivity due to unskilled labour or lack of technology will limit economic growth√√
- Underdeveloped financial markets may limit growth because capital and financial markets will not be available to facilitate trade√√
- The institutional environment may also inhibit economic growth. For example by limiting ownership or through regulation that is too strict√√
(Accept any other correct relevant response)

Note: (Allocate a maximum of 2 marks for mere listing of facts (8)

[40]

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QUESTION 3

3.1 **Answer the following questions**:

3.1.1 **List any TWO main aspects of Human Development Index**.

- Health√
- Level of education√
- Income level per capita√ (Any 2 x 1) (2)

3.1.2 **Why technology is important in the economy?**

- Technology creates opportunities for innovation which lead to an increase in productivity /
- It increases the wealth and creates new business opportunities√√

(Accept any other correct relevant response) (1 x 2) (2)

3.2 **DATA RESPONSE:**

3.2.1 **Identify ONE important aspect considered when firms hire people**.

- Race / gender / religion / nationality√ (1)

3.2.2 **Give ONE group of people that were underrepresented in leadership**.

- Women / people with disabilities√ (1)

3.2.3 **Briefly describe the term *economic inequality***.

- Refers to the unequal distribution of income and opportunity between different groups in society /
- Refers to the disparities in income and wealth among individuals in a society√√

(Accept any other correct relevant response) (2)

3.2.4 **Explain the positive impact of affirmative action.**

- All citizens are given equal opportunities to participate in the economy / It fights discrimination of all types by giving equal opportunities to all people irrespective of race, gender, religion or nationality / It promotes equal representative of women and disabled people in different leadership and management positions√√

(Accept any other correct relevant response) (2)

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3.2.5 **Comment about the phrase "To be disabled does not mean that you are unable".**

- People with disabilities also deserve to be included as economic participants√√
- Disabled people have relevant and necessary skills that are needed by the economy√√
- For example, some people might be wheelchair bound due to an accident whilst their minds are functioning well or were involved in an accident whilst at tertiary√√
- These people can be given jobs that are suitable to their disability√√
- Buildings should be accessible / made user friendly to accommodate people with different challenges; e.g. wheelchair ramps√√

(Accept any other correct relevant response) (2 x 2) (4)

3.3 **DATA RESPONSE:**

3.3.1 **Identify ONE way of controlling future bank failure.**

- Governance and controls /
- Capital planning /
- Liquidity risk management√ (1)

3.3.2 **Name ONE factor that determines interest rate when a loan is issued to a client.**

- The term (period) of a loan /
- Credit history / creditworthiness –is the bank sees you as a risk? /
- The collateral (security) the client is able to offer /
- Economic conditions√ (1)

3.3.3 **Briefly describe the term *bank failure*.**

- Bank failure means that a bank is not able to provide the amount of cash that its depositors would like to withdraw /
- Occurs when a bank is not able to meet its obligations to its depositors or other creditors (this could happen when the bank becomes insolvent) /
- A bank can also fail when the market value of its assets is less than the market value of its liabilities /
- Occurs when a bank is unable to secure a loan elsewhere to finance its deficit√√

(Accept any other correct relevant response) (2)

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3.3.4 **Why SARB may be unwilling to rescue the bank at times?**

- If it transpires that the deficit is due to improper behaviour on the part of the bank /
- These include fraud, corruption and mismanagement; e.g. bank managers that have been bribed for loans /
- When there is evidence of fraudulent transactions of management and shareholders√√

(Accept any other correct relevant response) (2)

3.3.5 **What <u>negative impact</u> will unstable political situation have on the bank?**

- It can cause banks to fail as unrest or war results in many people withdrawing their money to survive√√ /
- Bank branches may sometimes be destroyed by terrorist actions or ATM bombings and cash in transit robberies occur√√
- Banks may lose potential depositors due to closure of some businesses which will also lead to high unemployment rate√√

(Accept any other correct relevant response) (2 x 2) (4)

3.4 **Discuss the importance of indigenous knowledge systems**.

- Refers to a complex set of knowledge, skills and technologies that exist and have been developed around specific conditions in populations and communities√√
- It play a crucial role in areas such as agriculture, food preparations, primary health care, education and training, environmental conservation, animal husbandry, savings and lending (stokvel) community development, and poverty alleviation√√
- It can be adopted and adapted elsewhere in a country to stokvel development problems√√
- It enable local people to find solutions to problems in key areas, such as soil fertility practices, traditional medicines, water collection, etc. √√
- The local communities can integrate this knowledge into the development programmes they support√√
- For it is part of the lives of rural poor, their traditions will be there forever√√

(Accept any other correct relevant response) (4 x 2) (8)

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3.5 **Evaluate the consequences of bank failures in the economy.**

Bank failures have negative impact in the economy such as:

- May result to a bank run, meaning that a large number of bank customers will withdraw their deposits at the same time due to the belief that the bank is going bankrupt√√
- It will lead to banking panic whereby a large number of banks experience bank runs at the same time. The banking function may collapse as customers lose confidence in the banking systems√√
- A systematic banking crisis may occur when all or most banking capital runs out which will result to a recession√√
- Depositors lose their deposits if there is no insurance system in place. The SARB may appoint a curator to sell the bank's assets and pay the proceeds to the locked-in depositors.√√
- The employees of all branches of the bank will lose their jobs, which will cause unemployment√√
- It will cause uncertainty in the economy that will have a negative impact on the markets and may end in economic recession. The stock market also loses value because of uncertainty in the market√√
- The housing market suffers because of depositors who cannot pay back their instalments, which leads to evictions√√
- Shareholders are the last in line to get something out of a bank failure. But most of the time, a bank will try to sell the institution as a going concern at the first sign of a bank failure√√

(Accept any other correct relevant response) (8)

[40]

TOTAL SECTION B: 40

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SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Your answer will be assessed as follows:

QUESTION 4

- **Discuss in detail the different methods used to redistribute income and wealth.**
- **Evaluate affirmative action as a South African government effort to redress economic inequality.**

INTRODUCTION

Redistribution refers to processes that distribute income and wealth more evenly among the inhabitants of a country to reduce inequality
Wealth refers to the value of all assets that are owned by an individual or enterprise. Wealth is divided into physical wealth and financial wealth, whereas national wealth consists of the business sector and the wealth of the government sector√√

(Accept any correct relevant introduction) (Max 2)

MAIN PART

1. **Taxes** √

- Several forms of taxes and wealth taxes have been implemented to address the uneven distribution of income in South Africa. √√ High income earners and wealthy people are taxed in order to provide cash benefits and benefits in kind to low-income earners and other poor people. √√ Progressive individual income tax √ – where high income earners are taxed at higher rates√√ Wealth taxes√ in South Africa include properties such as houses and factory buildings in urban areas are taxed annually. √√ Capital gains tax (CGT) √ is levied on gains (profits) earned on the sale of capital goods, e.g. properties and shares. √√ Transfer duties √ are paid when properties are bought. √√ Inheritance tax √ is levied when money is inherited from a deceased person or family member. √√ Estate duties √ – the estates of deceased persons above the value of R3,5 million are taxed√√ Land tax√ on farms has been introduced to address income inequality. √√ These taxes are used to finance development expenditures which benefit the poor more often√√

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2. Cash grants√

- The main cash grants in South Africa are old-age pensions, disability grants, child support grants and unemployment insurance. √√ These are also known as social security payments. √√ South Africa is the biggest welfare state in the world and is allocating a larger budget during each fiscal year to the kinds of grants in order to help redistribute income. √√ A major part of GDP is spent on social grants. √√ Government spend billions on social grants – with plans to replace the R350 SRD pay-outs. √√ Finance Minister has announced that social grants will increase by at least 5% in each financial year. √√

3. **Payments in kind√**

- These are essential services that the government ensure they are provided to the needy free of charge. √√ They consist of primary healthcare; basic education; feeding schemes; protection and infrastructure. √√
  Although these do not contribute to the accumulation of assets for generating long-term wealth, they satisfy basic needs. √√

4. **Education√**

- Improved education system increases education levels in low-income families in a country. √√ This improves the peoples' prospects in the labour market. √√ Education clearly makes workers more competitive in a tough labour market. √√ The supply of highly skilled labour needs to increase if unemployment and poverty are to be reduced. √√

5. Labour practice√

- Elimination of the labour inequalities improved the general working conditions for all South Africans. √√ The implementation of a minimum wage and unemployment insurance helps to reduce relative poverty for people who earn very low wages. √√ Strategies for helping the youth to obtain their first job include a wage subsidy, a search subsidy, and reduced regulations for first jobs. √√

6. **Macroeconomic policy√**

- Benefits of strong macro- economic performance and economic growth are that tax revenue is generated to fund social expenditure. √√ Macroeconomic policies such as GEAR and AsgiSA influence the distribution of income and wealth in various ways. √√ Regional development policies reduce geographical inequalities of income and wealth. √√

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7. **Redistribution methods**√

South Africa's transformation since 1994 has emphasised strategies for eliminating inequalities and living conditions for all South Africans√√. These include interventions that would ensure a more rapid redistribution of income, wealth and opportunities to the previously disadvantaged people√√. They have also implemented policies and programmes such as Black Economic Empowerment (BEE); Affirmative action; Land redistribution and Property subsidies√√. Both land restitution and land redistribution programmes are accounted for in the national budget and forms part of South Africa's land reform policy. √√ Land restitution - the purpose of land restitution is to return land (or pay cash compensation) to those who lost their land because of discrimination laws and practices. √√ Land redistribution - focuses on equal redistribution of land for residential and productive use√√. It has been carried out to abolish feudal, colonial, or collective forms of landownership and more generally to correct old wrongs of the past. √√

(Accept any other correct relevant response)
(**Note**: Sub-headings 8 marks and 18 marks of explanation / discussion) **(Max. 26)**

ADDITIONAL PART

Affirmative action has been effective in redressing economic inequality:

- The aim of this strategy is to ensure that qualified people from designated groups (such as black people, women and people with disabilities) have equal opportunities in the workplace / its aim is to benefit the marginalised groups through a set of policies and practices within government or organization√√
- The Department of Labour has been effective in ensuring that employers are implementing Employment Equity Act whereby previously marginalized groups also get the opportunity to be employed in senior management positions and earn a good income√√
- The gap between the rich and poor has been reduced; there is a number of women and disabled people who occupy senior management positions in various economic sectors of South Africa√√
- There is an increase in the number of black people who have ownership and control of existing and new enterprises through Black Economic Empowerment√√
- The government has been successful in implementing preferential procurement by awarding tenders to black people in the country (to improve black businesses) instead of government buying supplies directly √√
- The Gender Commission through the National Gender Policy Framework has bridged the inequality gap in all sectors by elevating the status of women which experience the most poverty√√

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***Affirmative action has been ineffective in redressing economic inequality*:**

- There are a number of companies who have failed to hire women and people with disabilities in senior management positions; as a result, they are still unable to earn a good income (the gap between the rich and poor is still wide) √√
- Factors such as discrimination, fraud and corruption still exist as a result some women and people with disabilities are unable to have ownership and control of existing or new enterprises through Black Economic Empowerment√√
- Stereotyping is still in existence whereby women and people with disabilities are unable to be awarded tenders in the country for certain jobs such as construction, mining, etc. √√
- Fronting, whereby other companies partner with female or people with disabilities or use "specific business names" in order to be given priority during preferential procurement process√√ (Max. 8)

  (Accept any other correct relevant response)

  (**Note**: Learners will be awarded marks for positive or negative responses)

CONCLUSION

The South African government has been successful in ensuring an improvement in redistribution of wealth and income in the country through various programmes; however, fraud and corruption should be eliminated in order to benefit all the citizens of the country. √√

(Accept any other correct relevant response) **(Max. 2)**

[40]

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QUESTION 5

- **Discuss in detail the characteristics of developing countries.**
- **How effective is Reconstruction and Development Programme as South Africa's initiative for development.**

INTRODUCTION

Developing countries are countries with economies that have a low GDP per person and rely on agriculture as the main industry. √√
(Accept any other correct relevant) (Max. 2)

BODY: MAIN PART

1. Low standards of living√

   Standards of living are measured in terms of per capita GNI or in terms of real per capita GNI if measuring over time is involved. √√ For comparisons between countries, the US dollar is used. Low living standards are also related to low levels of education√√. The level and effectiveness of education are expressed by the adult literacy rate√√. This is a percentage of people aged 15 years and above who can read, write and speak. Literacy rates in developing countries are low compared to those in developed countries√√. Education deficiencies and the apartheid legacy have caused severe skills shortages in South Africa√√. The most important way of escaping poverty for individuals is education√√. An improved education system is necessary to grow the economy as a whole√√.

2. Low per capita income√

   About 80% of developing countries are living on less than one fifth of the total world's income√√. Together, the per capita income of all developing countries; is on average one 20th of the income of the rich developed nations√√.

3. Low growth of per capita income√

   Developing countries have slower growth of per capita real GNI than developed countries√√. Since 1990 the income gap between the developed and developing countries has narrowed√√.

4. Unequal distribution of income√

   The income gap between rich and poor people in the same country is generally greater in developing countries than in developed countries√√. This income gap is also referred to as income inequality√√. It is usually measured by means of the Gini coefficient√√. Another method to measure income inequality is the quintile

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ratio√√. The gap between rich and poor is generally greater in developing than in developed countries√√.

5. Poverty√

   Low living standards express poverty and almost one third of the total population of developing countries is poor√√. It is worse in the African continent than elsewhere in the world√√.

6. Poverty line income√

   People are poor when they earn an income that is less than the amount required to satisfy their basic physical needs for food, clothing and shelter√√. Absolute poverty is when this income is less than 1$, 25 a day√√.

7. Head count index√

   This is the percentage of people living on an income which is less than the poverty line income√√. It also indicates the magnitude of poverty in the country√√.

8. Low life expectancy√

   Many people in developing countries fight a constant battle against malnutrition, disease and ill health√√. The life expectancy for South Africa in 2023 was 64.88 years, which shows a 0.39% increase from 64.63 years of 2022 and with a 0.39% increase from 2021√√. Some 90% of people who are HIV-positive are in developing countries due to lack of primary healthcare services√√

9. Low levels of education√

   Low living standards are also related to low levels of education√√. The level and effectiveness of education are expressed by the adult literacy rate√√. This is the percentage of people aged 15 years and above who can read, write and speak with understanding√√. Literacy rates in developing countries are low compared to those in developed countries√√. This is in spite of the fact that education takes the largest share of government budgets and that the enrolment for primary education increases all the time√√.

10. Low levels of productivity√

   Levels of labour productivity (output per worker) in developing countries are extremely low compared to those in developed countries√√. Low levels of productivity can be explained as follows: there is an absence or severe lack of complementary factor inputs such as physical capital, technology, materials and / or experienced management√√. There are too few financial resources and / or

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inadequate education and training to build up the stock of human capital such as managerial and entrepreneurial skills√√. Poor nutrition during childhood often severely restricts mental as well as physical growth√√. In adulthood poor nutrition from childhood causes ill health, absenteeism and a negative attitude towards work in adulthood√√.

11. High population growth and dependency burdens√

Developing countries often experience rapid population growth due to factors such as high birth rates, improved healthcare leading to reduced mortality rates, and limited access to family planning services√√. While population growth can be seen as a positive sign of vitality, it can strain the available resources and infrastructure, making it difficult to provide basic services and maintain a high standard of living for all citizens√√. High population growth puts pressure on limited resources such as land, water, and food√√. It can also lead to overexploitation of natural resources, environmental degradation, and food scarcity, especially in areas with limited agricultural capacity√√. Rapid population growth often outpaces job creation, leading to high unemployment rates, particularly among the youth√√. This can contribute to poverty and social instability, as a significant portion of the population struggles to meet their basic needs√√. High population growth can strain infrastructure systems such as transportation, housing, healthcare facilities, and educational institutions√√. Insufficient infrastructure can lead to overcrowding, inadequate access to services, and a decline in their quality√√.

12. Dependency burdens√

Dependency burdens refer to the proportion of the population that is not actively participating in the workforce and relies on the working-age population for support√√. This includes children, elderly individuals, and those who are unemployed or unable to work due to various reasons√√. Developing countries often have a larger proportion of young people, which can create a significant youth dependency burden√√. This burden arises when a large number of young dependents require support from a relatively smaller working-age population, straining resources and social welfare systems√√. As healthcare improves and life expectancy increases, developing countries are also experiencing a rise in the elderly population√√. This creates an elderly dependency burden, as a larger portion of the population requires healthcare services and social support, placing additional demands on healthcare systems and pension programs√√. High dependency burdens can reduce the overall productivity of a country. When a large portion of the population is dependent on a smaller working-age population,

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it can lead to reduced economic growth, lower tax revenues, and increased strain on social welfare systems√√.

12. Labour force dependency burden√

Children under 15 years old are non-productive members of society that must be supported by their families with limited resources√√. People who are older than 64 years rely on their families for a livelihood and add to the dependency burden√√.

13. High levels of unemployment√

Developing countries, in general, do not make optimal use of their labour force. They suffer from:

I. Under-employment√: these are people from both rural and urban areas who are working fewer hours than are capable of, e.g. daily and weekly or seasonally√√.
II. Open unemployment√: refers to people who are able and often eager to work but for whom no jobs are available, and are also unable to create employment for themselves√√.
III. Agriculture√: the vast majority of people in developing countries live and work in rural areas√√. Over 61 % live in rural areas and roughly 55 % of the labour force is engaged in agriculture√√. Productivity in agriculture is very low because of a lack of capital goods e.g. tractors, veterinary skills and fertilisers√√.
IV. Exports√: Primary sector goods such as agricultural produce, minerals, raw materials, and fuel as well as forestry products are the main export goods√√. In developed countries most exports are manufactured goods and services. Some 50 % of South Africa's exports are manufactured goods√√.

14. Deficient Infrastructure√

It is almost impossible to describe the deficiencies in physical, legal, monetary and market infrastructures in developing and specifically low-income countries√√. Infrastructure is almost non-existent especially in rural areas√√. A major problem in most developing countries is that infrastructure such as roads, power generation facilities and communication systems are often lacking or poorly maintained√√. This lack of infrastructure results in poor access to markets√√
(Accept any other correct relevant response)
(Allocate a maximum of 8 marks for mere listing of facts / examples.)
(The rest of the 18 marks are for discussion of the headings.)

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ADDITIONAL PART:

***RDP have been effective in improving development in South Africa by*:**

- Building and providing millions of low-cost houses to the poor people who cannot afford to buy or build houses for themselves as from 1994√√
- There was an increase in the percentage of households who have an access to water infrastructure in order to achieve the Sustainable Development Goals previously known as Millennium Development Goals√√
- Providing the electricity to all households and free basic electricity to poor households√√
- Providing land to millions of people in the country and to improve farming expertise and provide farming support to first time farmers through the Land Reform Act of 1913 (land restitution and land redistribution) √√
- Focusing on primary healthcare and poor people receive free hospitalisation and medicine, also more than 500 clinics have been built around the country√√
- Equipping millions of people over the years with labour-intensive skills such as road building; installing sewage, sanitation systems and water supply through Expanded Public Works Programme (EPWP) √√

RDP have been ineffective in improving development in South Africa because:

- Factors such as bribery, fraud, nepotism and corruption remain the stumbling blocks in the provision of low cost houses to the poor because houses are allocated to the people who do not qualify√√
- Some tender preneurs present / buy construction certificates for higher codes in order to get bigger projects and this result in rendering services of poor standard√√
- Healthcare facilities are crowded by challenges such as stealing of medication that is meant for poor people√√
- Millions of people are equipped with skills annually through EPWP, however they are unable to start their businesses or create job opportunities due to the lack of capital in the economy√√
- There are millions of people with illegal connections which increases Eskom expenditure to generate electricity but with no corresponding income received√√
- The provision of water infrastructure has created a problem because of unattended leakages and community taps that are left running – all these lead to the wastage of water that was supposed to improve the lives of the citizens√√

(Accept any other correct relevant response of higher order thinking)
(Allocate a maximum of 2 marks for mere listing of facts) (Max. 10)

[40]

CONCLUSION

The South African government and citizens should work together to eradicate corruption and to ensure that development programmes effective in order to improve the lives of all South Africans.

TOTAL SECTION C: 40
GRAND TOTAL: 100

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