

**Social Protection in South Africa. A Quest for an Appropriate Dispensation through a  
Minimum Employment Guarantee Scheme.**

**Dissertation**

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## **List of abbreviations and acronyms**

ANC	African National Congress
BIG	Basic Income Grant
COSATU	Congress of South African Trade Unions
CRDP	Comprehensive Rural Development Programme
CBO	Community Based Organisation
CSG	Child Support Grant
DG	Disability Grant
DRDLR	Department of Rural Development And Land Reform
DTI	Department Of Trade and Industry
DBSA	Development Bank of Southern Africa
DPME	Department of Planning Monitoring and Evaluation
DSD	Department of Social Development
ECD	Early Childhood Development
EPWP	Expanded Public Works Programme
EPSNP	Ethiopian Productive Safety Net Programme
FCG	Foster Care Grant
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product
HICs	High Income Countries
HCBC	Home Community Based Care
HSRC	Human Sciences Research Council
ICESCR	International Covenant on Economic Social And Cultural Rights
ILO	International Labour Organisation
LNE	Literacy and Numeracy Evaluation
LEAP	Livelihood Empowerment Against Poverty
MD	Ministerial Determination

MCDSS	Ministry of Community Development and Social Services
MEGS	Minimum Employment Guarantee Scheme
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MTEF	Medium Term Economic Framework
NEDLAC	National Economic Development and Labour Council
NUMSA	National Union of Metalworkers of South Africa
NSNP	National School Nutrition Programme
NYP	National Youth Policy
NARYSEC	National Rural Youth Service Corps
NYDA	National Youth Development Agency
NDP	National Development Plan
NGO	Non-Governmental Organisation
OAG	Old Age Grant
PEPs	Public Employment Programmes
PWPs	Public Works Programmes
RAF	Road Accident Fund
SOAP	State Old Age Pension
SS	Social Sector
SCTS	Social Cash Transfer Scheme
UIF	Unemployment Insurance Fund
UYF	Umsobomvu Youth Fund
WSPR	World Social Protection Report
YEDS	Youth Enterprise Development Strategy

## **Abstract**

This study has analysed the unemployment phenomenon globally and in particular to the South African situation and contends that a solution to the reduction of the intractable unemployment levels lies in the implementation of a Minimum Employment Guarantee Scheme. It has further analysed the South African social protection system, and highlighted the gaps that currently exist in terms of providing social security, to the multitudes of the unemployed and poor. This is in spite of the constitution guaranteeing the right to social security and social assistance to those who are unable to look after themselves. The study further notes the limitations imposed on government in spite of constitutional provision that guarantees access to social security by the clause that limits this right to the ability of the state to provide this right within its means.

Central to the exclusion of these multitudes of the unemployed is a cohort of people between the ages of 19-35 who in terms of the policies of the country are regarded as the youth. Statistics have been shown of the magnitude of this problem amongst young people between the ages of 19-24 and the risks associated with this problem have been highlighted. The study has argued that the existing Public Employment Programmes are not as effective as they should be because there is no mechanism to enforce policy decisions and as such, while there may be a range of programmes meant for youth upliftment as highlighted, these are also not going to be effective unless and until like the Indian model, the issue of employment creation for the youth becomes a subject of statute.

The EPWP Social Sector is proposed as a viable model to test such a statute based on its design features and the nature of activities undertaken in the sector are less of a technical nature and require neither sophisticated training nor equipment. Most of these challenges addressed in the sector happen in the communities and recruitment and selection could easily be done amongst the throngs of youth that reside in those communities. As a matter of fact almost half of the participants within the programme currently are youth. It is in the best interest of the country, the study contends, that a dispensation be set up to cater for the lot of the unemployed youth and in this case a Minimum Employment Guarantee Scheme is proposed based on existing models of PEPs in the country.

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## CHAPTER ONE

### 1. Introduction

It is not always that issues affecting the poor and vulnerable have a face and name attached to them to the extent that they end up being an academic exercise. Discussions on South Africa 'social protection system are best depicted through a passage below that puts a name and face to the challenges of ensuring a fair, just and equitable system of social protection.

“The Mmupele family of Verdwaal near Lichtenburg in North West feels nothing will give them closure to the experience of losing their four children who died of hunger and dehydration two weeks ago. The four children were overcome by hunger and died on a long walk to find their mother and sister, who had gone in search of food... No one in the family has a permanent job, nor do they have identity documents, which means they cannot access social grants” (Sowetan, November; 2011). This is an all too familiar story for most South Africans that depict the vulnerability that some citizens still are exposed to in this day and age. It is a story that talks to our social protection system and how far it goes in terms of addressing the plight of many people, most of whom are rural, poor and desperate.

Verdwaal is an Afrikaans word that means lost. The four children who died of hunger and dehydration also got lost while searching for their mother who had gone to look for food for the family. Verdwaal is never in the news. It has never been in the news since that fateful day in November 2011. It is a rural town in a largely rural province. The mother of the kids was 27 years at the time. She still qualifies as a youth in terms of how government policy defines youth in South Africa. For her and many other rural women, life has not changed much. She still suffers from triple oppression on the basis of her race, class and gender. She represents many a young women who still suffer the consequences of a legacy bestowed upon them by apartheid. She reflects a daily occurrence in the lives of many like her, who because they are black they are excluded from the mainstream economy (not on the basis of legislative provision this time) as a result of belonging to a racial grouping that was hitherto denied access to opportunities. She belongs to an economic class that is excluded from the mainstream economy because of lack of skills and opportunities. She finds herself disadvantaged from accessing job opportunities in the largely farming and mining sectors of the province since most of these are availed to men. This story is at the heart of this

assignment and the need to explore an appropriate dispensation for our social protection system on matters relating to cushioning the poor from the effects of unemployment.

## **1.1 The Unemployment Conundrum**

There is a need for an intervention to be initiated to address the plight of a large number of people excluded from the social protection system. The enormity of challenges posed by youth unemployment cannot be overlooked. Whilst the phenomenon is wider than just the youth the study will show what the effects on the stability and future prospects of the country this may pose if this particular group is not given special attention.

The proposed response is located within the social protection spectrum and would not require an overhaul since the foundation for successful implementation has been laid. There is a need however for a paradigm shift in terms of how those who implement Public Employment Programmes perceive their role and the change these bring in the lives of participants in particular young people. The two key focus areas of the proposal will centre on youth unemployment and its global and regional dimensions and the EPWP in the Social Sector will be outlined as an appropriate mechanism through which the concept of a Minimum Employment Guarantee Scheme could be tested and implemented in the country.

## **1.2 Youth Unemployment in South Africa**

South Africa is generally a youthful nation. It is estimated that young people make almost 37% of the South African population. Unemployment amongst youth in South Africa is very high and estimates by among other expert bodies like Stats SA put youth unemployment among the 18 -24 year olds at almost 33%. If figures for those between 25 and 35 years are included then this gets to almost 45%. “Youth who are neither employed nor involved in studies are in many senses the most vulnerable and marginalized group in a society as they are not advancing in any way. They are not acquiring human capital in the form of studies nor are they gaining any on-the-job experience. Furthermore, youth who are idle in this manner mostly come from disadvantaged backgrounds and can statistically be associated with high rates of recidivism in criminal behaviour. In a sense, intervention at this stage is tantamount to an exercise in damage control as the literature concurs that the greatest rewards to disadvantaged youth result from early and sustained interventions” (Taljaard, 2008:03).

While most international bodies and institutions globally and locally define youth as those between the ages of 15 – 24 years, in South Africa youth is regarded as those between the ages of 14 – 35 years. This is based on the previous National Youth Policy 2014 – 2019, but has also been retained in the new National Youth Policy (NYP) 2020. The NYP recognizes the difference in approaches used to define youth and acknowledges the need to accommodate this diversity especially as it pertains to provision of services to young people. Unemployment is a global crisis especially amongst young people. It is therefore imperative to provide a picture of how South Africa fares relative to other countries in the same economic band or status.

It would also be important to sketch the factors influencing youth unemployment in the country and how they impact on the youth and their ability to make the choices that can move their lives forward. A number of policy and developmental initiatives have been proposed and initiated to respond to this challenge and these will also be reflected upon.

### **1.3 Youth unemployment - an international perspective**

“Developing countries are experiencing an unprecedented demographic shift leading to a youth bulge – a high proportion of young people aged 15 to 24. There are a greater number of young people today than at any point in history, but this demographic explosion, which has been largely absorbed by cities, has not been met by a similar growth in economic opportunities for the youth” (Ali, 2014: 13). Subsequently, these young people engage in a number of activities to keep themselves busy and to starve off alienation. A case in point but not necessarily peculiar to Somalia is a situation of young men who swarm beaches and engage in a multiplicity of activities ranging from soccer to wrestling and swimming. The irony is that these same youth are also susceptible to use by extremist groups and gang lords.

Crime, violence and drug abuse are some of the social ills that major cities in the developing world are confronted with amongst this disaffected youth. “Furthermore, high concentrations of unemployed, disenfranchised youth in rapidly growing urban centres have led to explosive conditions that have resulted in social upheaval, political crisis, instability, and violence. Specifically, crime violence has become endemic in the cities of Johannesburg and Rio de Janeiro” (Ali, 2014: 13; 16).

The recent ILO report on World Employment and Social Outlook confirms the picture painted above but also shows the schism between the developed and developing world on these issues. “There is a reversal across regions in the employment outlook. Job recovery is proceeding in advanced economies taken as a group – though with significant differences between countries. Unemployment is falling, sometimes retrieving pre-crisis rates, in Japan, the United States and some European countries. In southern Europe, unemployment is receding slowly, though from overly high rates.

By contrast, after a period of better performance compared to the global average, the situation is deteriorating in a number of middle-income and developing regions and economies, such as Latin America and the Caribbean, China, the Russian Federation and a number of Arab countries. The employment situation has not improved much in sub-Saharan Africa, despite better economic growth performance until recently. In most of these countries, underemployment and informal employment are expected to remain stubbornly high over the next five years” (ILO, 2015:11).

The report further noted that youth unemployment globally increased to 13% in 2014 which was 3 times higher than that for adults. “Many countries are projected to see a substantial increase in youth unemployment, in particular those in which youth unemployment rates are currently below the global average. The global youth unemployment rate is expected to increase to 13.1 per cent in 2015 and then remain unchanged through 2018. The largest increases in 2015 will be observed in East Asia and the Middle East, with an expected further increase over the following years” (ILO, 2015: 21). South Africa’s unemployment rates compared to countries such as Brazil and Mexico were astonishingly high. The unemployment rate hovered at almost 23% annually while those for similar countries like Brazil and Mexico were at an average of 6-7%.

## **1.4 Factors influencing unemployment levels in SA**

### **1.4.1 Poverty and unemployment**

Many of the young people struggling to find jobs come from extremely impoverished areas and households. Many studies have shown the relationship between the two and in South Africa they form part of a commonly referred to triple challenges with inequality. “Poverty and unemployment go hand in hand, as demonstrated by the fact that labour absorption rates of the working-age population in the poorest deciles are very low. For example, Leibbrandt et

al. (2010) demonstrate that only 10% and 19% of the working-age population in the poorest income decile (decile 1) and the next poorest decile (decile 2) respectively are employed. The unemployment rates (using the narrow definition) for these two income deciles were 69% and 46% respectively, and together these two income deciles possessed a share of just 1.4% of total household income (rather than 20% if household income was spread evenly across the deciles)” (Altman et al, 2014: 348).

Due to apartheid spatial patterns, most of the black youth who stay in townships which are located far from the cities and industrial areas and most who found themselves in rural or homeland areas have had to walk and travel long distances in search of work. These areas were characterised by high levels of poverty and most of those who worked were migrant labourers. Studies by Posel et al, 2006 and Ardington et al, 2009 show that in poor communities where a household(s) get a member who receives a social grant –in this case an old age grant- employment patterns changed. Young men have been found to be migrating in search of work probably because they could access a portion of the income that facilitates their movement to cities and could cushion them against hunger and starvation in their time of search. Subsequently, “research found that the old age pension modestly increased employment overall among household members aged 18 to 50, but quite markedly increased the probability that prime aged members migrated for employment elsewhere. Findings were consistent with the pension allowing households to overcome credit constraints in order to finance costly migration and job search” (Ardington, 2009: 04).

#### **1.4.2 Education and unemployment**

“Deficiency in youth education and labor market preparedness is still a relevant concern in contemporary South Africa. The March 2005 Labour Force Survey reveals that 42% of African youth who are between 15 and 24 years of age had stopped their studies and entered the labor market. What is troubling is that more than 60% of these youth have less than a matric (complete secondary) qualification, while 33% have nothing more than a complete matric. As 59% of this group experience unemployment, it is a puzzle why many of these youth quit school before they acquire matric” (Lam et al, 2008: 03). Much has been made of the country’s structural unemployment nature which harks back to lack of appropriate skills for the economy. Education therefore becomes central in equipping youth with the necessary skills though some studies show that this in itself is not enough. Studies done in the Western Cape reflected that black youth found it more difficult to enter the job market compared to

their white and coloured counterparts in spite of having equal or even better qualifications in some cases. (Mlatsheni et al, 2015; lam et al, 2008).

It is clear that in the Cape Town labour market, the outcomes of Coloured youth are better than those of African youth; however, a question that naturally arises is whether education mitigates the observed racial disparities. Evident from this diagram is that racial differences in employment are present even after the milestone of complete secondary education (matric) is reached by the youth in Cape Town. Indeed, a higher proportion of Coloured males with less than grade 12 qualifications find jobs up to 22 months after leaving school after which African youth with matric catch up” (Mlatsheni et al, 2015: 06). What this suggests therefore is that for Black youth, lack of education exacerbates their prospects of finding employment. The racial element which has emerged in these two studies is also evident amongst youth with post matric qualifications. The current internship programme run by most government departments for youth with either diplomas or degrees is almost exclusively used by Black youth.

What begs the question therefore is what happens to White, Coloured and Indian youth who may have qualified together with these same Black youth when they hardly apply for these programmes? The deduction based on the Mlatsheni et al, 2015 and Lam et al, 2008 studies could be that the former are easily absorbed by the market compared to their black counterparts which raises questions about the continued apartheid recruitment patterns. Of course this argument is not based on empirical evidence but is part of the observations the author has made in the course of his duties as a public servant. *It is thus subject to contest and may require further investigation.* The latter point is further confirmed by Lam et al’s conclusion that “the large racial differences in the LNE scores may reflect large differences in school quality, differences that may be contributing to the large racial differences in early labor market success (2008: 19). Whilst this may be true, it still does not explain in full the post higher education employment practices.

### **1.4.3 Youth marginalisation and unemployment**

A common phrase was used to refer to disaffected youth in post-apartheid South Africa whereby they were called the “lost generation” largely because they were deemed not to be living up to the standards set by youth in the mid-70s and 80s who are credited with having contributed immensely to the liberation struggle in the country. These are young people in the

townships and slum areas of South Africa, young people from the towns and suburbs, from the Metropolitan cities who embraced a different culture and were faced with a different struggle. They are part of “ an increasing number of youth living in cities in the developing world that are facing daunting economic and social challenges, including social exclusion, lack of economic opportunities, and limited access to resources. They are increasingly marginalized, excluded from the economic growth of cities, and forced to live on the margins of society” (Ali, 2014: 14).

Some of these young people had left their homes in the rural areas to come to the cities for better opportunities, only to be confronted by a labour market that is in demand of the kind of skills their socio-economic backgrounds have denied them of. They subsequently resort to informal forms of work and due to poor earnings, find themselves at the margins of society, alienated from the economy on which their livelihoods and survival rests. The uncertainty of where and when the next meal is going to come from thus makes these youths a viable target for criminals and other unscrupulous characters. Genuine community concerns are sometimes taken over or to use a popular South African phrase *hijacked* by a criminal element usually during service delivery protests. Hence these are most often accompanied by excessive looting and violence that includes destruction to property. This violence is a sign of alienation from these assets which are not viewed as benefitting them but as symbols of authority. “If the basic issues of high youth unemployment and disenfranchisement are not addressed, cities around the world will continue to face a toxic cycle of instability, poverty, and unemployment that will undermine socio-economic development” (Ali, 2014:16).

## **1.5 Policy responses and interventions**

The South African government is well aware of the challenges faced by the youth of the country – in particular the unemployment scourge - and has come up with a number of initiatives across a variety of state departments and parastatals to respond to this phenomenon. These are outlined below but are not necessarily an exhaustive list. The focus has been put on those deemed most relevant for the purposes of this study.

### **1.5.1 Employment Tax Incentive Act No 26 of 2013**

South Africa introduced the Employment Tax Incentive Act in December 2013 amidst large protests from the ruling ANC’s partners in labour and other civil society organisations. This

is better known as the Wage Subsidy and is targeted at creating employment opportunities for youth through subsidization of employers especially in the private sector. The Act itself is defined as being intended “To provide for an employment tax incentive in the form of an amount by which employees’ tax may be reduced; to allow for a claim and payment of an amount where employees’ tax cannot be reduced; and to provide for matters connected therewith” (SA, 2013).

The issue of youth unemployment and how it can be resolved has been a source of much debate and discussion in the country. There does not seem to be an agreement on what the best option or solution is to this debacle. Ultimately the disagreements bothered on the ideological with opponents of the then proposed wage subsidy arguing that it is another neo-liberal attempt to reverse the hard fought gains made by workers. Congress of South African Trade Unions (COSATU), a major trade union movement was in the forefront of this objection with the argument that it threatens to displace permanently employed workers who are their members in majority. They also argued that this was another way of benefitting business through tax payers’ money and in the process the youth meant to benefit would be paid low wages while employers would maximize profits.

The National Union of Metalworkers of South Africa (NUMSA) which was COSATU’s biggest union before its expulsion, issued a joint statement with COSATU in opposition to the wage subsidy stating the following “the youth wage subsidy will have significant substitution effects. Firms will have an incentive to let go of existing workers in order to employ subsidised ones ... In addition, the existence of labour brokers who screen and manage workers for employers also makes it easy to fire existing workers and get “good ones” on a subsidised basis. The youth wage subsidy does not guarantee that training and skills development will take place in the workplace. The plan would put downward pressure on wages and potentially undermine collective bargaining.

In its submission the federation also argues that National Treasury is failing to address the structural problems associated with youth unemployment and that the plan will only worsen the crisis of poverty, unemployment and inequality” (NUMSA, 2013).

In the meantime, National Treasury has lauded the progress made with the Act since it came into effect. It issued a statement where it indicated that “some 270 000 young people had landed jobs since the implementation of the Employment Tax Incentive Act” (National

Treasury, 2015). The Act will come under review in 2016 to determine what improvements need to be made.

### **1.5.2 National Rural Youth Service Corps (NARYSEC)**

The Department of Rural Development and Land Reform (DRDLR) launched NARYSEC in September 2010 in order to recruit and develop rural youth. The programme was also in response to the high levels of youth unemployment and school drop-out in particular in rural communities. The conditions of youth in these areas were exacerbated by the acute lack of opportunities in areas such as schooling, recreation, employment and skills development.

NARYSEC therefore set the following key objectives:

- To recruit unemployed youth in rural areas.
- To train the youth through Further Education and Training programmes linked to the identified developmental community projects in rural areas.
- To develop youth with multi-disciplinary skills through civic education.
- To increase the number of rural communities receiving support in their self-development through the CRDP.

The youth are provided with a stipend to the value of R1320 which is very critical in assisting to mitigate the effects of poverty and unemployment on top of the various skills development programmes the participants are linked to. To ensure that the programme achieves its objectives, the youth are recruited on the basis of a few criteria such as:

To be considered for enrolment into NARYSEC, a youth must meet the following criteria:

- Must be in the 18 to 35 age group.
- Must have completed Grade 10, 11 or 12.
- Must be living in a rural area.
- Must be committed to staying in the programme for 48-months.

Already the first batch of NARYSEC participants graduated in 2014 and almost 6000 young people had been taken through an intensive skills development programme with the idea of turning them into entrepreneurs amongst other opportunities while others had learnt trades that could open doors for them in the job market. It is not clear however what the long term future of the graduates is in terms of whether some are placed with prospective employers or even assisted with seed capital to initiate their businesses.

### **1.5.3 Youth Enterprise Development Strategy (YEDS)**

The Department of Trade and Industry launched a YEDS in November 2013. This was on the basis that “youth entrepreneurial activity in South Africa is low; this is reflected in the latest Global Entrepreneurship Monitor (GEM) report, which shows that youth constitute only 0,9% of South Africa’s TEA rate of 8,9%. Simply put, only one of every nine South Africans starting an enterprise is a youth. More important than these statistics is the fact that young people do not possess the requisite skills or experience that can contribute to driving the economy forward” (DTI, 2013: 08).

The matter of youth economic participation has always been a clarion call of government youth agencies from the days of the Umsobomvu Youth Fund to the National and Provincial Youth Commissions and the current National Youth Development Agency (NYDA). The launch of YEDS should therefore be seen as a milestone in the long journey to empower especially the historically disadvantaged youth. The YEDS characterises the issue of economic exclusion and marginalisation as thus “there are many challenges that South Africa faces in promoting economic development that reverberate throughout the economy affecting enterprise development and creation among all targeted groups, particularly African youth, women, the disabled and rural people. These include the poor GDP growth rate, lack of transformation of the South African economy, low levels of youth economic participation as evidenced by low youth ratings on the Total Entrepreneurship Activity index and high levels of youth unemployment, lack of critical management skills, and lack of access to finance and economic opportunities” (2013:10).

Unlike most programmes and strategies which split their benefits or offerings for the benefit of a particular cohort of the youth, the YEDS is targeted at all youth between the ages of 18 – 35. The rationale is to cater for young men and women “who can enter into a business contract independently without the requirement of parental, guardian or representative

assistance and consent. Therefore, this strategy will only target and provide enterprise development support to the aforementioned category of youth” (YEDS, 2013: 34). The YEDS further clarifies the issue of their target group by stating that “over and above the definition of youth as natural person(s), this policy instrument also provides the definition of youth in terms of juristic person(s), i.e. various forms of youth enterprises, as part of the beneficiary base” (2013:34).

The strategy, which will be implemented over a 10 year period, provides an opportunity for our youth to acquire skills in an area of significant importance. The challenge however will be to ensure ease of accessibility to opportunities. Previous attempts at economic development run by Umsobomvu Youth Fund and even the current NYDA have been criticised for a lot of red tape and lack of accessibility by youth especially in rural communities. It is therefore imperative that these lessons are taken into account when this current initiative is implemented.

## CHAPTER TWO

### 2 Background

#### 2.1 Problem definition

South Africa has one of the most comprehensive social protection systems in the world especially for a country of its economic standing. More than 16 million beneficiaries are in receipt of social assistance while others benefit from social insurance in the form of both Unemployment Insurance Fund (UIF) and the Road Accident Fund (RAF). This is remarkable in the sense that the country has just emerged out of a history of segregation where these benefits were allocated on the basis of race. Hulme, D et al note that “ Mexico, Brazil and South Africa introduced large-scale social protection programs in the late 1990s in a Polanyian response to the harm being done by a sole focus on the market as the answer to all development problems” (2014:317).

These were of course not without criticisms especially from the North where such programs were linked to conditionalities. It was remarkable therefore that studies conducted to assess their impact found that “they reduce both immediate and intergenerational poverty, stimulate the economy, and promote development-especially in marginal rural areas as shown in South Africa” ( Hulme et al, 2014:317).

Majority of social assistance recipients in South Africa are children who receive the Child Support Grant (CSG). More than 10 million children benefit from this cash transfer. “A key benefit is enabling children to be better off as adults than their parents. This starts with more and better food when they are young, which prevents malnutrition, which is critical because the stunting caused by malnutrition is a mental as well as physical phenomenon, and children who do not develop properly never recapture that lost physical and mental development” (Hulme et al. 2014: 324).

Even with these strides that have been made, the South African social protection system is not without challenges. There are still sections of society that are vulnerable that do not receive coverage. The reasons are wide and varied. For some it could be lack of appropriate documentation such as birth certificates and identity documents, while for others it could be lack of access to information and facilities and still for others could be as a result of inherent

system conditions wherein no provision is made for unemployed adults who are neither old enough to receive the State Old Age Pension (SOAP) or have a disability to qualify for a Disability Grant (DG). These are the same people who form part of the 73% of the global population who do not enjoy access to comprehensive social protection according to the World Social Protection Report, 2014.

The South African system is such that people between the ages of 19 – 59 have no form of social protection unless they have a disability or are in receipt of a short term cash transfer in the form of the contributory Unemployment Insurance Fund for those who had been employed before and had been registered by their employers for UIF and had therefore contributed. These are the very same people who are economically active but form part of the large contingent of the unemployed in the country. The focus of this study is on the section of this group which is the youth.

The latter in South Africa are officially defined as those who fall between the ages of 14 – 35. These are the people who form the bulk of the unemployed and most distressingly the “unemployment rate among those under the age of 25 years old is about 50 per cent, accounting for 30 per cent of total unemployment. Including those aged 25 to 29 years old adds another million to the unemployed. Unemployed young people tend to be unskilled and inexperienced. Almost 86 per cent of unemployed youths did not stay in school beyond Grade 12, while two-thirds have never worked. Inexperience is a particular drag on employment prospects and can explain some of the implicit age discrimination in the labour market” (National Treasury, 2011: 09).

This is the challenge the country must confront and as former COSATU General Secretary, Zwelinzima Vavi, once said, this particular challenge could be regarded as a time bomb. This is a major challenge that our social protection system must address.

## **2.2 Problem Analysis**

“South Africa’s social safety net has its roots in a set of apartheid labour and welfare policies that were racially biased and premised on full-employment. The last vestiges of state racial discrimination have subsequently been removed, but a key underlying principle of the old system remains in place, i.e. the assumption that those in the labour force can support themselves through work, and that unemployment is a temporary condition” ( Taylor. V,

2002:15). This underlying assumption is the reason behind why even in the face of such rampant unemployment; there are no specific measures in place to guarantee victims relief. “The current social assistance system, whilst reaching some 16 million South Africans, excludes large parts of the population, namely the unemployed or working poor, thus only alleviating poverty in certain, targeted groups. In particular, unemployed adults of working age cannot access social security and can only hope to live off the grants awarded to a member of their household, typically an old age grant or a child support grant” (Brockerhoff, 2013:10)

This exclusion of a large vulnerable sector of society from the social protection system runs counter to the provisions of the constitution wherein every citizen is guaranteed access to social security and even social assistance if citizens are unable to fend for themselves within the limits of resources available to the state. It further puts a burden on the meagre resources that those in receipt of social grants have to share with the rest of the family members who have no alternative means of survival.

Critically though, the large number of the 16 million recipients are in receipt of the CSG which is meant rather for addressing the plight of poor children not to address household poverty. Failure to make provision for adults of working age therefore could mean the state gives to poor households with one hand and takes away with the other. Whilst others may argue that there’s a range of programmes meant to address poverty and unemployment such as the Expanded Public Works Programme, the reality is such that some of these initiatives are not sustainable and in some cases could actually end up causing more harm than good as participants could end up committing themselves in long term debts in the hope that these opportunities will last longer whilst in actual fact they are short term.

“Social protection plays a key role for women and men of working age by stabilizing their incomes in the event of unemployment, employment injury, disability, sickness and maternity, and by ensuring that they have at least a basic level of income security” (WSPR, 2014: xxii). It therefore goes without saying that as comprehensive as our social protection system is deemed to be, there are still gaps that need to be addressed and these would be outlined in detail later in the document.

## 2.3 Background to the study

South Africa adopted a National Development Plan (NDP) in 2011, also referred to as Vision 2030. The plan sets out the country's vision in terms of addressing both historical imbalances and the current challenges facing the people in the midst of economic and social crises. The NDP makes a bold assertion that South Africa has the potential and capacity to eliminate poverty and reduce inequality within two decades. It further goes on to acknowledge that “while we have made some progress in reducing poverty, poverty is still pervasive and we have made insufficient progress in reducing inequality. Millions of people remain unemployed and many working households live close to the poverty line. Many of these are young people who feel that the odds are stacked against them, as indeed they often are” (NDP, 2011:01).

It is the unemployment challenge that is at the heart of this study and the study seeks to show how over the past 10 years South Africa has made significant strides in addressing this scourge through implementation of Public Employment Programmes (PEPs) in particular the Expanded Public Works Programme but still has potential to do even more with a little more political will. This within the context of PEPs being part of the broader social protection system in the country as confirmed in the NDP.

The NDP asserts that employment is the best form of social protection. It is however ironic that of all the other aspects of social protection that the country provides – social assistance in the form of various social grants and social insurance in the form of various contributory schemes such as Unemployment Insurance Fund (UIF) and Road Accident Fund (RAF) - and has put guarantees to ensure access to, the employment aspect which is purportedly the best form of social protection is not guaranteed for those who need it most.

The study will seek to respond to the following research questions:

- South Africa has an intractable unemployment rate, a range of social security measures to cushion the poor against the dire impact of unemployment and poverty has been put in place. What measures should however be put in place to address the unemployment conundrum especially amongst a horde of economically active youth population?

- What measures need to be put in place to ensure accessibility to employment opportunities for youth within existing Public Employment Programmes?
- Why would addressing youth unemployment through a guarantee scheme impact more positively on poverty levels than a broad based adult employment scheme?

The challenges that South Africa faces in terms of lack of access to social protection benefits, are not unique to the country. The World Social Protection Report noted that “only 12 per cent of unemployed workers worldwide actually receive unemployment benefits, and again regional differences are large, with effective coverage ranging from 64 per cent of unemployed workers in Western Europe to just over 7 per cent in the Asia and Pacific region, 5 per cent in Latin America and the Caribbean, and less than 3 per cent in the Middle East and Africa” (2014: xxii). It is still remarkable though that South Africa should rank highly amongst middle income countries whose social security system compares favourably to those of most developed Western countries. This is despite its long history of segregating against large sections of its society as a result of apartheid policies.

A lot of lessons will be drawn from other similar countries to ours who have also implemented a number of schemes that were meant to address issues of poverty, inequality and employment. In particular parallels will be drawn with countries such as Brazil who not long ago had levels of inequality that surpassed ours albeit that we have since overtaken them in this case. Some of the programmes Brazil implemented such as Zero Hunger found resonance in our country and in fact similar schemes were initiated by several government departments after senior officials had undertaken fact finding missions there to see what could be replicated here.

Hulme et al, 2014 caution that there is no single best programme option and therefore whatever is learned from one country needs to be customised to a particular country’s needs, history and even politics. They argue that after all “social protection programs and cash transfers work best when they are fair, assured, practical, large enough to impact household income, and popular” (Hulme et al, 2014: 327). Their essence is further confirmed by the contention that “social protection policies contribute to fostering both economic and social development in the short and the long term, by ensuring that people enjoy income security,

have effective access to health care and other social services, and are empowered to take advantage of economic opportunities. (WSPR, 2014:02).

## 2.4 Rationale for the study

South African society is generally a youthful society. The country has overcome a dreadful past and has grown to be a model state. Sound and progressive policies have been put in place to address imbalances of the past and to create a new nation. With the advent of democracy a new social security system was introduced and benefits extended to all citizens irrespective of race or creed. A range of programmes were introduced to respond to issues of poverty and unemployment.

Most significantly, these are the programmes extended for the benefit of children from birth to eighteen. These range from the Child Support Grant which replaced the unpopular State Maintenance Grant which excluded a lot of children in need, to the Foster Care Grant afforded to care givers approved through an order of court to look after vulnerable children. The continued rise in poverty levels and the global economic hardships afflicting most nations including ours saw government extending CSG to children up to the age of 18. On the other hand, the social assistance system benefits those between the ages of 19 and 59 living with disabilities through a state Disability Grant. Similarly, the aged now irrespective of gender qualify for Old Age Grant from the age of 60 whereas initially men used to qualify at 65 while women qualified at 60.

After careful observation through being a practitioner in the EPWP in the Social Sector, the author is of the view that the country is ready, capable and has the potential to address the plight of a lot of young people who are unemployed and unskilled through implementation of a compulsory minimum employment guarantee scheme in response to growing levels of unemployment and poverty afflicting the country. “The EPWP should be designed with explicit social protection considerations in mind. To be more effective in a context of chronic poverty it should offer sustained employment or employment guarantees” (HSRC, 2008:49). The current EPWP model is such that government departments are not compelled to participate and contribute to reduction of youth unemployment. As such a lot of opportunities are lost because participation is voluntary. Government makes available to EPWP in the form of Conditional Grants, on average in excess of R1 billion per annum to provincial

departments, local and Metro municipalities for the creation of work opportunities. These allocations accrue to departments as a form of incentive for having reported in one form or another, work opportunities created. These are resources, the study posits, that should be diverted to a special fund that could be disbursed to departments for compulsory provision of employment opportunities for young people as part of an Employment Guarantee Scheme using the EPWP Social Sector model as a basis as outlined below.

The study will therefore provide a background to the implementation of the EPWP SS and how this lends itself to fulfilling the requirements to be declared the country's version of what India called the National Rural Employment Guarantee Scheme. The study seeks to argue that the ground is fertile for the country to legislate for such a scheme to be made compulsory through an act of parliament as a step towards fulfilling a constitutional imperative of progressive realization of access to social security especially social assistance to those who need it most. This right enshrined in the constitution is realizable with enough political will and commitment.

The EPWP has, right from inception, been based on the principle of reorientation of line function budgets to create employment. The National Treasury has for the last Mid Term Economic Framework (MTEF) cycle, been consistently telling departments that there is no new money for new projects but that departments will have to reprioritize existing budget allocations. Hence the study argues for a paradigm shift in terms of how the current budget that goes to departments and municipalities as an Incentive Grant could rather be channeled towards guaranteeing youth employment. The current system used by Treasury to cut allocations to public bodies that underspend and misuse their budgets such as municipalities who with every Auditor General's report, are found to have wasted billions could be used to fund an Employment Guarantee Scheme.

## 2.5 Study Outline

The study is based on the following outline:

**Chapter one – sets the scene on the** unemployment phenomenon and the global trends and causes. It also focuses on the South African situation and in particular the major aspect of youth unemployment. It highlights the causes thereof and its implications on the social, political and economic stability of the country.

It further provides a list of policy priorities and responses initiated by the South African government in order to mitigate the impact of unemployment amongst the youth.

**Chapter two** - covers the issue of how social protection in South Africa is applied as well as the similarity globally in terms of its challenges. It also provides an analysis of the challenge in South Africa especially in terms of failure to provide relief to a sector of society that falls outside of the existing parameters of social security beneficiaries. These are youth and adults, of working age, neither of whom are disabled nor of old age to qualify for existing social security grants.

The chapter then further gives a detailed background to the study in terms of what it seeks to address and the basis for why it chose to tackle the issue. It refers to the National Development Plan which outlines the country's developmental vision and the implications of this exclusion on the country's developmental goals.

**Chapter three** – covers the broad scope of social protection and looks at the global literature on the subject and how internationally this issue has evolved. The chapter will trace its evolution and application internationally. It will also provide a comparative look at its application in the African context and particularly in South Africa. The latter will focus on the history of social protection from the days of apartheid and its transformation and application in post-apartheid South Africa.

**Chapter four** – covers the research approach and methodology used in the study and the rationale for such. It also provides an explanation of the processes followed to gather and **analyse** data used in the study.

**Chapter five** – focuses on the EPWP Social Sector and why it is being proposed for a Minimum Employment Guarantee Scheme. It looks at the design features in

terms of its duration, quality of work opportunities created and conditions required to scale up its implementation.

It further provides a rationale on why this model is being proposed as appropriate to be converted into a MEGS in the South African context based on the Indian version popularly known as the Mahatma Gandhi Minimum Employment Guarantee Scheme.

**Chapter six** – focuses on the institutional arrangements set up from the first phase of the programme and how these have evolved over the past 10 years of implementation. It also touches on the importance of these lessons in the event a MEGS were to be adopted by the country and what this may require.

**Chapter seven** - brings together into summary all the arguments advanced in the study and concludes with key policy considerations and implications.

## CHAPTER THREE

### 3 Literature Review

#### 3.1 Introduction

“Social protection systems have undergone profound changes in recent years. While many emerging economies have taken bold measures to expand social protection to promote economic and social development, other parts of the world, including many high income countries, have been grappling with fiscal consolidation and adjusting their social protection systems to make for cost savings” (WSPR, 2014: 128). This statement is testimony to the global financial and economic crisis that has hit the world in recent times. That some countries have seen it fit to cut on their social spending including much needed support for the poor and vulnerable while others have strengthened their social spending to boost coverage for those in dire straits is reflective of the divergent views and approaches by governments towards social protection measures.

Reflecting on the different interpretations and applications of social policy, Mkandawire alludes to this divergence when speaking on issues of social insurance and development by noting that “the structure of pensions reflects attitudes towards efficiency and equity. On the ideological level, it reveals attitudes towards solidarity and citizenship” (2005:20). The element of solidarity is important in a sense that it depicts a sense of responsibility towards citizens by a particular state. This chapter will therefore examine the emergence of social security measures internationally especially in the West and reflect on their influence in terms of modern day social protection policies in both the developed and developing economies. Social protection for the purposes of this study will be defined as: “public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society” (Norton et al, 2001: 21).

## 3.2 Social Protection – A discourse

### 3.2.1 The Global Context

“The existence of social protection can be recognized as one of the most significant social achievements of the 20<sup>th</sup> century. Systems of social protection enable societies to advance the well-being and security of their citizens by protecting them from vulnerability and deprivation so that they can pursue a decent life” (Garcia A, et al, 2003: 01). It is a serious concern though that with all the efforts that are being made, a large number of people still don’t have access to some of these benefits or in some cases none at all. The biggest debate is of course around who should benefit from this especially in those countries whose economies have been affected by the current economic hardships. There is a range of people in need from children, people with disability and the aged who all have traditionally been beneficiaries of the service and it’s generally accepted they deserve the benefits. What then becomes of the unemployed? Unfortunately though, this consideration is not solely about those countries that are struggling but even in your richest western countries some opponents of welfare regimes argue that some stricter measures should be put in place to curb spending on welfare benefits.

The emergence of welfare states seems to have taken place in the 1930s and 40s and is linked to one John Maynard Keynes. It is his influence according to Peter Townsend that saw the emergence of welfare states in Europe and the introduction of social security legislation in the US. “His work on unemployment and the need for greater public expenditure during the interwar years had exerted influence in the US, even if it had encountered obstruction in the UK, despite strenuous advocacy and some professional support, throughout the early 1930s” (Townsend, 2005:39). Townsend further credits Keynes in the adoption of the 1942 Beveridge report on Social Insurance and Allied Services by the British government. Thus began the introduction of unemployment insurance. “And provision of income in unemployment could not be separated from provision of income in old age, disability and raising children” (Townsend, 2005:40).

Within the parameters of the state provided social protection benefits, Norton et al posit that “two general kinds of action are conventionally distinguished:

- Social assistance, which encompasses public actions which are designed to transfer resources to groups deemed eligible due to deprivation. Deprivation may be defined by low income, or in terms of other dimensions of poverty (e.g. social or nutritional status).
- Social insurance is social security that is financed by contributions and based on the insurance principle: that is, individuals or households protect themselves against risk by combining to pool resources with a larger number of similarly exposed individuals or households” (2001:10). While acknowledging that there may be overlaps between social protection and other poverty alleviation initiatives, Norton et al argue that it is important to note the specific target of the poorest of the poor that social protection seeks to address not over the short term but over an extended period of time.

They further show how not all forms of social protection are state run but could also be through other civil society initiatives. “There is evidence that the development of informal social protection can have powerful benefits in terms of strengthening social capital, social cohesion and governance. The development of civil forms of social insurance contributed dramatically to the development of the fabric of civil society in many developed countries. In the UK, for example, the so called ‘friendly’ or ‘beneficial’ societies of the late eighteenth and early nineteenth centuries laid the foundations of a striking number of the significant civil society institutions of modern Britain, and contributed to the development of civil society pressure for public provision in health” ( Norton et al, 2001: 11).

It is noteworthy to state that major shifts were experienced in the social protection space both during the 2008/9 financial crisis and post financial crisis around 2010. “While many emerging economies have taken bold measures to expand social protection to promote economic and social development, other parts of the world, including many high incomes countries, have been grappling with fiscal consolidation and adjusting their social protection systems to make for cost savings” (WSPR, 2014: 120). The report indicates that for most of the countries that embarked on fiscal contraction measures these entailed amongst others cutting on wage bills; increasing taxes on consumption as well as introducing health care reforms.

While these cost cutting measures were not reserved for rich Western countries only, a number of developing countries that embarked on similar measures ran a risk of exposing the most vulnerable of their citizens to adverse poverty, health and other hardships due to poor planning. “Ill-designed fiscal consolidation measures threaten not only the human right to social security, but also the rights to food, health, education, and other essential goods and services” (WSPR, 2014: 125). This is most evident in High Income Countries (HICs) of Europe where due to reprioritisation by governments in which priority was put on servicing debts, levels of unemployment rose dramatically and standards of living fell amongst their citizens.

It is however important to dispel the notion of social protection as being one dimensional and viewed solely from a welfarist approach. Many studies have shown that social protection cannot be seen in isolation and in fact should be seen within the broader social policy context where in its contribution to issues of education, health care and even water provision is acknowledged. A case in point could be in South Africa wherein provision of what is deemed as a social wage falls within the realm of social protection.

This is where the state provides a certain amount of free water, electricity and even housing to a sector of society deemed to be indigent. Hence “it is important not to see social protection as a field that deals only with residual problems of human welfare, but as a form of policy which liberates human potential and promotes equality of opportunity as well as of outcome” (Norton et al, 2001: 23). This package becomes even more comprehensive if free education to certain quintile schools is taken into account including free meals to kids at these schools through a programme known as National School Nutrition Programme.

The head start these meals give to these children is immense. For some without these meals, it could have meant a whole day without anything to eat and therefore affected their energy and concentration levels. Of course this may not be a familiar situation in your much developed world but with the rising unemployment and poverty levels in some of the HICs in Europe, as reflected in the WSPR coupled with the recent influx of refugees from conflict riddled and economically distressed countries, the experience may not be too far off. “It is obvious that not all societies can afford the same level of social security. Yet it is inhuman anywhere to live and work in permanent insecurity threatening the material security and health of individuals or families” (ILO, 2001: 09). It may thus be an opportune moment for

countries from the North to take a leaf from their counterparts in the South on how some of the Social Security schemes can be of benefit to their countries not only in terms of social stability but even the economic spin offs brought about by these measures.

This point is further highlighted by Norton et al, when they argue that “it is possible to see a balanced approach to social protection contributing to economic well-being (see DFID 1999) through three channels:

- by increasing *security*, through helping households and communities sustain their livelihoods in the face of economic, political, environmental, health or other shocks – as well as reducing the likelihood of such shocks occurring;
- by contributing to *equality* through a) promoting levels of livelihood sufficient to ensure enhanced equality of opportunity by allowing for all households to achieve basic education for their children, as well as standards of health and nutrition necessary for human development, and b) raising the levels of consumption and livelihood of the poorest;

and

- by promoting *growth* through: a) ensuring that all households have the wherewithal to provide for basic human development thus ensuring a skilled, productive workforce, b) reinforcing values of social solidarity and thereby contributing to levels of social cohesion necessary for long-term economic development, and c) providing an environment in which individuals and households are able to adapt and change livelihood strategies without fear of calamity should such strategies fail” (Norton et al, 2001: 23).

It is evident therefore that while the drive for provision of social protection benefits could have emanated from the developed Western countries, the rest of the world has caught up and as the sections below would show, with minimal resources some of the middle income and developing countries have shown that cutting spending on benefits to the poor may not necessarily be the long term solution to boosting economic development and sustainability.

### **3.2.2 Sub – Saharan Africa context**

Various pieces of literature have sought to unpack the introduction and application of a range of social protection measures in Sub-Saharan Africa as both a region and on individual

countries that compose it. This study will cover some aspects of the region as a whole but then zoom into specific countries in both Middle Africa and Southern Africa. This approach is borrowed from the work by Nino-Zarazua et al (2010). This focus will deliberately exclude focus on South Africa since it will be dealt with on its own given that the overall focus of the study is on its social protection system.

Many studies done on the subject of social security or protection in sub – Saharan Africa acknowledge the good strides that many countries have made in putting together programmes to respond to the plight of the poor and vulnerable in a more sustained manner. “Growing recognition that social protection is important, both for the well-being of vulnerable groups and for a country’s overall economic health, has led to increased attention to how programs can protect the vulnerable and encourage their inclusion in the economy” ( Garcia, M et al, 2012: 32). There’s further observation of how these differ markedly between those that are implemented in the Middle African countries compared to their Southern African counterparts.

“The extension of social protection in the sub-Saharan Africa region is highly diverse, its dynamics are complex, and the challenges to financing and delivery in low income countries remain strong. In Southern Africa, the extension of grant-based social protection has emerged as a domestic initiative, and largely tax funded. By contrast, in Middle Africa (Eastern, Western, and Central sub-Saharan Africa), the new programmes are almost entirely funded from international aid, and the design of the programmes reflects in many cases the influence of international organisations” (Nino-Zarazua et al, 2010: 03). A notable observation about these programmes though was that in the beginning the focus was more on infrastructural programmes and where cash transfers were used it had been for emergency situations. (See Garcia, M et al, 2012).

A further distinction was that whereas most of the southern African programmes seemed to be driven from their governments, those from the middle African component seemed to have been more donor funded and thereby raised a suspicion in some quarters about the commitment to their implementation. The extent of budgets spent on these programmes while at the beginning raised concerns, it highlighted the nature of competing priorities these programmes had to contend with which had not initially been considered to be part of social protection but in fact were.

### 3.2.3 Southern African context

“The Southern Africa model is largely delivered by public agencies and enshrined in legislation. As such, the connection between programme entitlements and citizenship rights is to the fore” (Nino-Zarazua et al, 2010: 07). It seems bar South Africa, Mauritius is the only country in the sub-region whose social protection scheme was introduced in the 1950s. Even then the scheme started based on conditionalities until it was made universal for older persons and is apparently providing 100% coverage for all eligible older persons.

Countries like Lesotho and Swaziland are said to have introduced their social protection schemes as recently as 2004 and 2006 respectively. It is important to note that both these countries’ economies are heavily dependent on South Africa’s economy especially the mining sector which provides jobs for many of their citizens. For a long period remittances from these workers have been a source of survival for many families in these countries. Nino-Zarazua et al further emphasise this point by noting that “there is a sub-regional underpinning for the ‘model’, as the countries involved have interlocking economies, and large scale labour migration” (2010: 12). Unconfirmed reports but very popular with people living on both the border towns of Lesotho/South Africa and Swaziland/South Africa are that some of the citizens from both these countries have been known to have been registered for the social security programmes in South Africa and are known to regularly cross over during days when pension pay outs take place.

In the case of Zambia, the country started the roll out of the national Social Cash Transfer Scheme (SCTS) between 2009 and 2012. According to Chiwele the seeming acceptance and inclination towards cash transfers in the country “is due to the positive impact of conditional cash transfers in Latin America with respect to school enrolments, improved health and reduction in poverty levels for participating households” (2010: 01). While there were still signs of ambivalence at the highest levels of government towards social protection, a significant milestone was the inclusion of a chapter on social protection in the country’s fifth National Development Plan. While some influential ministries such as the Finance Ministry, were said to be reluctant to support these schemes, it seemed the major challenges faced by the Ministry of Community Development and Social Services (MCDSS) assigned this mandate related more to its institutional, organisational and human capacity challenges.

These meant that things like policy clarity, human capacity and infrastructural capacity required for effective implementation of the scheme were lacking and thereby had a negative impact on progress.

The ILO report on Zambia's expenditure on Social Protection highlighted a number of critical factors. It noted that the country has a history of implementing social insurance but the impact of such was affected by the high informal sector employment arrangements in the country. The report further notes that "the analysis of the existing social budget clearly points to low expenditure on social assistance, which should be addressing the needs of the poorest and most vulnerable; a heavy reliance on donor funding for health care; low coverage by social security institutions, which explains its low contribution to revenues; and cuts by the government in investment expenditure" (ILO, 2010:14). This report concludes with findings that the Zambian government should conduct an expenditure review that will help reprioritisation for funding of social protection programmes and finds that there is scope and capacity to expand current coverage in both social insurance and social assistance schemes.

### **3.2.4 Middle Africa context**

"In Middle Africa, the involvement of bilateral and multilateral agencies and international NGOs is much stronger, and they have exerted significant influence on the emergence of 21 social protection strategies and social protection programmes" (Nino-Zarazua, 2010: 20). Most of the social protection programmes in the beginning apparently focused on emergency food relief and aid. This has a lot to do with the history of most of the countries in the sub-region which relates to their history of famine, conflicts and other natural disasters. The strong involvement of international donors and aid organisations implied that there could be lack of buy-in at a political level in these countries to such schemes. This did not seem to be the case though when it came to the Ethiopian Productive Safety Net Programme (PSNP) which according to Nino-Zarazua (2010) enjoyed significant political support despite it being donor funded.

A number of other countries implemented a range of programmes such as the Ghanaian Livelihood Empowerment Against Poverty (LEAP) which incidentally unlike most of the other programmes in the region was funded from the fiscus. "In Ghana, the government realized that its economic growth alone was not enough to bring the extremely poor out of poverty or to protect other vulnerable groups from falling into it. More needed to be done to

address the challenges these groups faced (Sultan and Schrofer 2008), and the government determined that a CT program was a potential solution to these issues” (Garcia, et al, 2012: 42).

The most prominent scheme though is the Productive Safety Net Programme in Ethiopia which “helps to address the needs of chronically food insecure households in identified famine-prone areas of rural Ethiopia through:

1. The predictable provision of adequate food and cash transfers to targeted beneficiary households, thus allowing effective consumption smoothing and avoiding asset depletion.
2. The creation of productive and sustainable community assets that contribute to the rehabilitation of severely degraded areas, build resilience to climate-related impacts, and increase household productivity. The program also contributes to improved access to social services, such as education and health.
3. The use of risk financing mechanisms to allow the program to scale up in times of transitory crisis” (World Bank Group, 2013: 02).

Much like in the Southern African region, the idea of cooperation with both international aid organisations as well as with other like-minded countries on issues of development should be applauded. These should not be in a cut and paste manner but be intended as lessons on how to improve situations in particularly developing countries. Earlier in this study there was reference to lessons learnt by South African bureaucrats from similar Brazilian schemes for replication in this country. Some have not been so successful simply because there was not attempt to customise these to our conditions and were just wholly adopted as is even though the conditions were not so favourable. “The influence of external actors works best where engagement with domestic political and policy processes enable stronger ownership of social protection programmes by national governments, public administrations and political constituencies, and where external knowledge is framed as learning rather than policy transfer” (Nino-Zarazua, 2010: 21).

### 3.2.5 South African context

#### 3.2.5.1 Pre democracy dispensation

The history of social protection in South Africa would not be complete if it did not reflect the unfortunate history of exclusion of the majority black population in the country. This much is reflected in the following statement: “South Africa’s social safety net has its roots in a set of apartheid labour and welfare policies that were racially biased and premised on full employment” (Taylor, 2002: 15). Its genesis could be traced back to the late 1920s and early 1930s during the period of the global Great Depression where the then Union of South Africa government had to intervene to deal with the “poor white problem” phenomenon. Seekings, 2006 however argues that even prior to the setting up of the Carnegie Commission, which is often credited with the establishment of the country’s social security system, that the country already had a social grant paid to Older Persons in terms of the 1928 Old Age Pensions Act.

Needless to say the policy of discrimination started even then with the payment of this grant to white older persons and coloured people albeit that even the coloured people received lesser than their white counterparts. Black people were completely left out. It does appear however that provision of social security benefits was a competency of non-governmental organisations in particular church organisations which apparently provided some child support grant before the Pact government could facilitate a state pension. Subsequent governments continued with their policies of discrimination that even when social grants were extended to black people they still received far less than what their white and coloured counterparts received and infrequently than the others.

“The benefit levels were highly discriminatory, however; the amount of the grant for whites was 7.5 times higher than that for Africans in 1965 [Smith Committee, 1995, annexure D2.6]. The racial gap gradually narrowed after 1965, and the benefit levels became equal among all races in 1993, the year before the first non-racial elections in South Africa” (Makino, 2004:01). Significant to note though is that the social assistance part of social security was the most distributed since the social insurance part relied on contributory arrangements and due to unemployment not many people could afford to contribute while even those who were employed did not earn much to make much of an impact. The informal employment sector was however excluded from the scheme which meant therefore even more people fell outside of the reach of social protection.

### 3.2.5.2 Post-apartheid dispensation

“A major achievement in the post-1994 period has been in securing constitutional safeguards for the right to social security and social assistance for people who are in need. Another accomplishment was the amalgamation of 14 different administrative systems inherited from the apartheid era and in the expansion of benefits to children” (Triegaardt, 2008:06). Major progress has been made however in extending the spread and reach of the social protection system in the country. In excess of 16 million people are in receipt of social assistance which is noncontributory and majority of these beneficiaries – 11 million - are children who are in receipt of the Child Support Grant which came into effect in 2002. The latter is received by primary care givers and the grant has progressively been extended to all children who qualify, up to the age of 18 years. This is certainly one of the major anti child poverty programmes that this government has ever implemented.

In spite of all the progress made in ensuring access to majority of deserving people to social security, still more people are excluded. The constitutional guarantee is significant but not sufficient in that the clause has a provision for progressive fulfillment within the state’s means. Brockerhoff raises salient points on the basis of what the clause on progressive realization of this right refers to. She argues that “if the state is only obliged to realise a right within its available resources, the realisation of the right will hinge on how much of the available resources are prioritised for the realisation of social security, compared to say spending on education, the economy or defence” (Brockerhoff, 2013:12). It further means that for this realisation to happen close and careful monitoring will have to be embarked upon to check if the necessary means and efforts are being made to fulfil this obligation. More likely than not without any exogenous factors, this may not see the light of day.

South Africa has just recently, in January 2015 ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR). What this does is to strengthen the rights enshrined in the constitution such as the right to social security albeit that Brockerhoff shows that the Constitutional Court “rejected the idea of a minimum core obligation as put forward by the International Covenant on Economic, Social and Cultural Rights (ICESCR), which states that every government is obliged to - at the very least - achieve a minimum standard of each socio-economic right or be viewed as violating the covenant” (2013: 12).

This covenant is still however very important for the sake of most people who currently are excluded by the current social security system especially the unemployed and under employed. Article 6 of the covenant commits state parties to: “recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right.

The steps to be taken by a State Party to the present Covenant to achieve the full realization of this right shall include technical and vocational guidance and training programmes, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual.” (ICESCR).

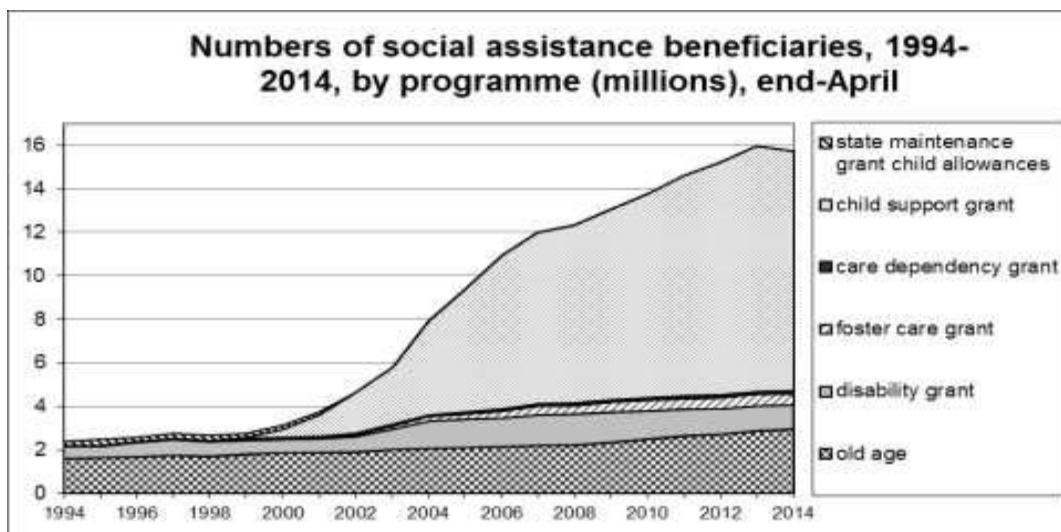
Some of the shortcomings of addressing social security gaps were attributed to neo-liberal tendencies by the ruling ANC but Seekings and Bielefeld counter this by arguing that “on the contrary, however, South Africa’s welfare state *expanded* between 1994 and 2014, helping to reduce income poverty. Despite the fact that other countries were expanding their pro-poor programmes, South Africa continued to redistribute a larger share of GDP through tax-funded social assistance programmes than almost any other country in the global South” (2014:03). They do acknowledge though that the coverage is still highly social assistance dominant and even though the state could have fast tracked more pro-poor policies such as introduction of a Basic Income Grant (BIG) this did not happen.

The ruling ANC prides itself of being a broad church and as such contestation of ideas even on what interventions to implement manifest themselves in some of the policies of government that get to be implemented. Some ambivalence still exists even at the highest echelons about what form of social protection dispensation best reflects the character of an organisation that is pro-poor. Arguments abound on what constitutes Developmental State vs a Welfare State. Proponents of the former argue that it has to be an interventionist state where market failures militate against people’ survival. The area of employment creation for instance is cited as critical in ensuring that the state provides a cushion for those whom the markets cannot absorb. On the contrary though, some express reservation about this very intervention in the provision of income support for those who cannot provide for themselves.

On the other hand, those seen as Welfarist have advocated for an improved state role in addressing rampant poverty and inequality akin to the way Social Democratic states in Scandinavia have done. They have argued instead that even the purported developmental

state requires some form of welfare intervention to thrive. While the recommendations for a BIG by the Taylor Commission in 2002 did not succeed including subsequent calls for a Jobs Seekers Grant, objections to these efforts seem not to have been influenced much by any of these groupings though but seems to come more from a neo-liberal grouping that has a strong influence on some bureaucrats within the influential Finance Ministry.

In spite of all these challenges, the South African social security system is without peer in terms of expenditure per GDP and coverage globally per population. “In terms of expenditure and coverage, post-apartheid South Africa had a remarkable, pro-poor ‘welfare state’, albeit one that was not comprehensive in terms of either coverage of the poor or the range of ‘risks’ against which people were protected” (Seekings et al, 2014: 04). Remarkable coverage was achieved in terms of social assistance between 1994 and 2014 as the diagram below shows:



**Figure 1: Numbers of social assistance beneficiaries, 1994 – 2014, by programme (millions), end - April<sup>1</sup>**

The other distinctive part of the social security system that the study has not dealt with extensively relates to the contributory part which is social insurance. Its coverage is not as widely spread as social assistance because it mainly covers well-off, formerly employed workers who in most instances only needed these benefits for short period of times during their temporary unemployment. A major branch of this social insurance related to the Unemployment Insurance Fund which got contributions from employers as well as formal

<sup>1</sup> Seekings, J. 2014. The South African welfare state after apartheid

workers and majority of those workers on informal jobs and temporary/seasonal duties were excluded until coverage was extended to them in 2003.

Quite significantly though, “parametric reforms of the UIF after 1994 were marginally pro-poor, in terms of extending coverage to domestic and seasonal workers, requiring top-earners to contribute even though they rarely claimed benefits, capping benefits for higher earners, and adjusting benefit rates so that low-earners received 60 percent of their earnings whilst high-earners received a maximum of only 38 percent” (Seekings, 2014: 09). Contrastingly though, the uptake of the UIF turned out to be very low and every year it remained with surplus which raised the ire of some in the labour movement who lamented the red tape associated with accessing these benefits especially when some of the beneficiaries happen to be the poorest who also may not be that well educated. There were even calls for the surplus to be considered for job creation initiatives in the face of a stubborn economic climate where the markets continued to bleed jobs.

The ruling ANC has not moved at speed to ensure a comprehensive review of the social security system but great strides have been taken to reach out to the majority of poor people. A package of services commonly known as the social wage has been extended to majority of the poor and consists of free basic water and electricity, housing which exceeds 5 million units, provision of free basic education including extension of nutrition to children at schools that fall within the prescribed quintiles. Significantly on housing, these units come with title deeds for owners unlike the previous system where people lived on a 99 year lease and never got to own property. The levels of coverage on social assistance cannot simply be for appeasement purposes but reflect serious political will to lift people out of poverty. Social grants are necessary but not sufficient. Most of the people on social grants whilst appreciative of the support they receive from government would rather be providing for themselves instead of depending on state hand-outs.

An African idiom widely used in most African communities to describe this sentiment goes like: “Ixoxo nexoxo liyazigxumela” meaning every frog jumps for itself therefore everyone fend for themselves. That is why evidence obtained from some of the studies on CWP for instance indicates that some of the values that people hold dear are self-sufficiency and independence. “While strong communal life and healthy family relationships are prized, individuals want to be independent and to be able to do and be what they ‘reason to value’. They also want to be able to earn a living that will allow them to be financially self-reliant

and to be able to purchase goods and services that will secure their family's wellbeing” (Vawda et al. 2013:17).

### **3.3 Conclusion**

It is quite evident that debates on social protection and how it is implemented globally are bound to be many a researcher and experts' preoccupation. Those with the responsibility to deliver the benefits whether at a political, programmatic or administrative level have to contend with continuous change in conditions either due to economic imperatives or simply to adhere to political preferences and whims.

The current economic crisis globally has necessitated a shift in terms of how some countries in Europe and other Western countries reprioritized their budgets to cope with the pressures. Some of the HICs opted to service their debts at the expense of cushioning the effects of recession on their citizens. “At the time of writing this report, there are large groups of people, many of them formerly in the middle class, living in conditions of poverty or near-poverty in HICs; this situation is most evident in the crisis affected countries of Europe, where in 2012 there were 9.5 million more poor people than in 2008, and child poverty was reported to be increasing at an alarming rate (figure 6.8). Rising unemployment and increased poverty on such a scale in so many European countries should have prompted measures to further strengthen social protection expenditure rather than curtailments informed by fiscal consolidation objectives” (WSPR, 2014:128).

This is further proof that matters of social protection should be a concern for every nation not just your poor and least developed countries. The mentality that a thriving economy insulates people against hardships is a fallacy as unexpected economic shocks could spell disaster for the less privileged. The report reflects on the situation of some of the East Asian nations like South Korea, Indonesia, etc. who at the height of their economic boom did not make provisions for social protection and were caught wanting when the global economic crisis hit.

It is also remarkable how some of the developing countries especially in Africa have made great strides in terms of developing their social protection programmes although still in middle Africa, it's international donor organisations that are still in the forefront of initiating these schemes and minimal commitment from governments whereas mostly in Southern Africa government driven programmes are in majority. South Africa seems to be a leading

light in terms of its social assistance provision which in terms of coverage and spread is unsurpassed globally. There is still a lot to do however towards achieving a comprehensive cover that makes provision even for the majority of the unemployed adults of working age who currently is not covered by any form of social grant or social insurance. The latter is yet to be fully developed and the UIF whilst having been extended to include informal workers is yet to be the perfect solution for those on the margins.

## CHAPTER FOUR

### 4 Methodology

#### 4.1 Introduction

The current Social Security system in South Africa reaches a wide sector of society that is poor and at the margins of the economy. Almost 16 million people benefit from a variety of social grants ranging from the State Old Age Pension (SOAP), Disability Grant (DG) and Child Support Grant (CSG) as the main ones. None of these are targeted at unemployed adults of working age much worse unemployed youth in need of skills and work exposure. This, amidst the country's challenges with structural unemployment which has stubbornly refused to decline.

The research will therefore show that South Africa has the capability and capacity to implement a successful Employment Guarantee Scheme targeted initially at youth between the ages of 19 and 35 because this is the group that is more vulnerable to long term unemployment. "The statistics for men aged 25 to 35 are particularly telling: only 44 percent of men in rural areas in this age group report employment. Twenty-two percent are unemployed, 9 percent report being discouraged and fully a quarter are not economically active" (Ardington, 2013: 03).

The study therefore investigates what the reasons are for the exclusion of the unemployed from this provision and what measures need to be put in place to ensure enlistment of youth in existing Public Employment Programmes in a manner that could put a dent on unemployment levels.

## 4.2 Research Problem

South Africa's unemployment levels are very high and are estimated at between 24% and 26%. The accompanying poverty levels and inequality have also been well documented. Almost 22 years after democracy, the legacy of apartheid is still felt in the mainly black townships and informal settlements. The ruling ANC government has put in place a social protection system that is the envy of many developing countries even some developed countries marvel at the measures that have been put in place to respond to the challenges of poverty and unemployment. Some critics, (Seekings, 2014) argue that had the ruling party not inherited the existing system from the apartheid government, there's doubts whether it would have achieved the progress it has made in extending wide coverage to beneficiaries of social grants previously excluded from the system.

The country's youth is most affected by the levels of unemployment but further than that, majority of those between 18 and 24 find themselves much worse off because of poor educational levels and lack of work experience. Studies do show however that in the event that a household member gets access to some form of grant or income, this is the age group that is more likely to migrate to search for work opportunities elsewhere. The elder age groups have been found to be more reluctant to leave their abode and would rather search locally.

Apart from some Public Employment Programmes and skills development programmes run by some government department such as the National Rural Youth Service Corps (NARYSEC) run by the department of Rural Development and Land Reform (DRDLR), there is not much in their way to pull them out of the throngs of poverty and unemployment. There is currently no social grant targeted at unskilled and unemployed young people including adults between the ages of 19 – 59 who may find themselves in dire straits. Several studies have proposed measures to respond to these challenges none of which have received much positive response from the state (Taylor, 2002, Phillip, 2013, Seekings, 2014) all proposed measures ranging from introduction of Basic Income Grant (BIG) to Employment Guarantee Schemes.

## 4.3 Research Objectives

### 4.3.1 Overall Objective

To explore what the required factors are to be put in place to ensure that South Africa implements a successful Minimum Employment Guarantee Scheme for the unemployed youth of the country.

### 4.3.2 Specific Objectives

- To explore ways in which the current social protection system could be strengthened to allow for measures targeted at unemployed youth.
- To explore what current programmes are that lend themselves easily for the implementation of a Minimum Employment Guarantee Scheme (MEGS)

### 4.3.3 Research Questions

- What gaps exist in the current social protection system in South Africa that needs to be addressed to ensure comprehensive coverage especially for the majority of unemployed youth?
- What measures need to be put in place to ensure accessibility to employment opportunities for youth within existing Public Employment Programmes?
- Why would addressing youth unemployment through a guarantee scheme impact more positively on poverty levels than a broad based adult employment scheme?

### 4.3.4 Research approach

The study vests within a purview of a public policy review. The review of the social protection system in South Africa is an ongoing and complex project. The research itself is based on an interpretive qualitative approach methodology. The approach allows for the researcher to be able to use open ended and exploratory questions. “Barker *et al.* (2002) suggest that exploratory questions, suitable as the base for qualitative inquiry are typically used when: (a) there is little known in a particular research area; (b) existing research is confusing, contradictory, or not moving forward; or (c) the topic is highly complex” (Elliott *et al.*, 2005: 149).

This particular review to a large extent satisfies the outlined criteria in that not much work exists on MEGS except the most popular and widely known one being India's National Rural Employment Guarantee Scheme and some work done in South Africa by Phillip (2012) amongst others. The subject lends itself to a lot of debates and is highly complex given the diverse conditions under which some of the social protections schemes are being implemented.

This further necessitated the use of a case study approach as well as literature review. The researcher himself having been involved in the coordination of the Expanded Public Works Programme for more than a decade also used observation and informal discussions with both implementers within the Social Sector and the programme widely to source views and perceptions about the validity of implementing such a scheme within the country. Furthermore with the Department of Social Development being assigned the responsibility to lead a new Outcome on Social Protection, a need was identified to explore the feasibility of implementing a Minimum Employment Guarantee Scheme as part of fulfilling the NDP objective of a comprehensive social protection system.

#### **4.3.5 Data collection**

There are several methods of obtaining information for qualitative inquiry. The study relied on the researcher as participant observer albeit that there are limitations associated to this method in that data collected may not necessarily have been for study purposed but have been in the line of duty. It is however still important to note however that "when observational methods are used in qualitative research they typically make extensive use of field notes or memos. These notes are primarily descriptive and observational but may also include the researcher's interpretations and reactions, as long as these are clearly labelled as such" (Elliott et al, 2005: 150).

This does however also bring the risk of bias and influence to the findings and recommendations. The element of bias however is one that cannot be discounted completely or avoided. What is critical is how the researcher will use different ways to ensure data validity and here the idea of triangulation is best in that it allows for comparison of data collected through various methods. "This strategy can yield a richer and more balanced picture of the phenomenon, and also serves as a cross-validation method" (Elliott et al, 2005: 151).

#### **4.3.6 Limitations**

The nature of the study posed several limitations. Firstly the subject matter is not too well researched and there's not much examples of such schemes globally and those that exist have very different dimensions which make comparison a complex exercise. The fact that the researcher is involved in the implementation of a Public Employment Programme touted as lending itself to ease of conversion to a MEGS, bring about possible bias aspects in the choice of recommendations albeit that there's other studies that have either supported the notion or discounted the feasibility of such a scheme at all.

The choice of research methodology in terms of use of case studies and participant observation rather than the commonly and popularly used interview approach could have denied the study of a plurality of views and recommendations.

#### **4.3.7 Study Significance**

The study takes place at an opportune moment when the country and the department of Social Development as the custodian of the mandate on social security have to grapple with ways of ensuring that the system meets constitutional muster in terms of affording those who are excluded rights enshrined under Chapter 2 of the constitution which guarantees a right to social security. While this right has a limitation and the state is granted the reprieve to fulfil this progressively within the limit of available resources, there are pressure groups and proponents of fulfilment of human rights who are intent on ensuring that those who are poor and vulnerable do not receive the wrong end of the stick.

It also takes place hardly a year after the country ratified the ICESCR and thereby committing itself to ensuring that some of the rights enshrined in the constitution are fulfilled. It is however at the end of the day, not so much about these various pieces of legislation but about the lived reality of the majority of the poor, unskilled and unemployed. It is about those on the margins of the economy, those far off from the hustle and bustle of the cities. It is about bringing justice albeit belatedly to the children of Verdwaal who perished of hunger while seeking their mother. It is about the young mother unemployed, poor and unskilled who has no access to any form of social security due to her location in society. It is about her continued exposure to oppression on the basis of class, race and gender, 22 years into a democratic dispensation.

It is about young people who have just passed Matric and have hopes of either furthering their studies or finding that job that will allow them to move out of poverty. The study is about realization of a nation's dream of a better life.

South Africa is a flag bearer on social protection amongst many of the developing countries. A successful development of a MEGS could spur on not only the African continent into taking a leaf out of our book but the rest of countries of the South whose challenges are almost similar to ours.

## CHAPTER FIVE

### 5 Towards a Minimum Employment Guarantee Scheme

The study has shown a range of interventions that have been put in place to address the issue of youth unemployment in South Africa. Amongst these, the intervention through Public Employment Programmes (PEPs) was not stated. There was an acknowledgement though that the list of interventions explored was not conclusive. There has been a lot of debates about the validity and effectiveness of PEPs as a social protection measure in South Africa and elsewhere. McCord, 2012 delved into this matter in detail and provides a useful clarity. Citing Devereux (2008), she indicates that “PWPs<sup>2</sup> provide income protection, and hence, represent a form of social security, a subset of social protection which refers to interventions providing a state-run method of income protection.

PWPs however have a somewhat ambiguous position in terms of social security, as they have characteristics of both social assistance and social insurance. While PWPs are often considered a form of social assistance, i.e. a non-contributory form of social security, this does not give due consideration to the work requirement (a form of in-kind rather than monetary contribution), and hence, it is sometimes suggested that PWPs are more akin to a contributory social security provision, with the contribution not made prior to, but simultaneously with the benefit” (McCord, 2012:33).

This study explores a form of PWP implemented in South Africa known as the Expanded Public Works Programme (EPWP) which the country’s National Development Plan has punted as playing a significant role in addressing poverty and unemployment through its social protection character. The EPWP has 4 sectors in South Africa namely Infrastructure, Environment, Social and Non State. The focus will however not be on all sectors but on the Social Sector specifically because of its design and unique characteristics.

This is the same sector that the study argues, based on the nature of work done, duration of work opportunities, cost of implementation and ease of access to communities lends itself easily for conversion into a Minimum Employment Guarantee Scheme and should be

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<sup>2</sup> McCord, 2012 uses the acronym PWPs while the author uses PEPs essentially referring to the same concept of provision of an employment-based form of support for the under- or unemployed, in which a wage is provided in return for labour. See McCord, 2012: xix.

explored for such a contribution if the country is to make significant impact on the levels of unemployment amongst the youth.

The history of the EPWP Social Sector will be outlined based on aspects such as its design which for the purposes of matching social protection requirements has to be sensitive to the labour market context. A detailed look at issues such as duration, targeting, coverage, scale of intervention, quality of employment and implementation modalities will be undertaken.

The Indian Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), which is the world's largest scheme guaranteeing employment for beneficiaries during periods of cyclical unemployment, will be used as reference point. A case will therefore be made on the basis of this scheme on why EPWP Social Sector could best be a model for South Africa to pilot employment guarantee targeted at youth. Focus will also be put on what conditions may have to prevail for such a scheme to succeed using the results of the latest implementation evaluation of the programme.

## **5.1 Expanded Public Works Programme in the Social Sector**

### **5.1.1 Background**

The South African government launched the Expanded Public Works Programme (EPWP) in 2003/4 financial year in response to the escalating levels of unemployment and poverty in the country. There was an acknowledgement that whilst the economy of the country showed reasonable growth, this did not bring about the necessary employment creation to stem the tide of vulnerability amongst the poorest sector of the population. Historically, PEPs were associated with infrastructure related projects where focus was on brick and mortar. A decision was however taken in the country to explore a possibility of extending these methodologies to the community and social services sector. This was a unique offering that South Africa engaged on since no other country then was known to have tested this approach in the PEP sphere. Several similar programmes have since been developed in other developing countries as well such as Ethiopia.

“When the EPWP was introduced, government directed that participating departments redirect their existing budgets to contribute to employment creation. The philosophy behind this approach was to encourage a paradigm shift in terms of how services were to be provided but also to avoid putting a strain on the already over stretched fiscus. The overall target for

the initial 4 sectors of the EPWP viz. Infrastructure, Environment, Social and Economic Sectors was creation of 1 million work opportunities between 2004 and 2009.

The Social Sector portion of this target was creation of a modest 150 000 work opportunities. Whilst the sector started implementation poorly to the extent that most pundits never gave it a chance to succeed, at the end of the 5 year term it had exceeded its targets and delivered in excess of 170 000 work opportunities. This performance was significant in informing the preparations for Phase 2 of the EPWP and had confirmed the correctness of including the social services sector in the PEP space. The targets for the Phase 2 were thus increased almost 5 fold with the Social Sector target for 2009 – 2014 set at 750 000 work opportunities”.<sup>3</sup>

At inception two programmes were identified for piloting within the SS which were the Early Childhood Development (ECD) and the Home Community Based Care (HCBC). “Both programmes are currently under serviced and rely heavily on volunteers and NGO/CBO service providers. The EPWP provides an opportunity to work with these volunteers and develop their skills base and capacity to deliver quality service in an area of great need. The programme will specifically target women who bear the brunt of poverty and unemployment by providing them with training, work experience and an income as stepping-stones to their participation in the mainstream economy”. (DSD, 2004: 08). Doubts continue to be expressed though on the real motive for targeting programmes that are largely dominated by women. Some of the critics claim that “what seems like a positive development – the drawing in of greater numbers of women through the social sector EPWP – is in fact to be expected in a programme of flexible labour, as women are particularly targeted for precarious jobs” (Parenzee et al, 2015: 13).

### **5.1.2 EPWP SS design features**

“A review of the international experience indicates that there is a set of common design features which have a direct effect on the likely social protection outcome of PWPs. Of central importance is programme duration in relation to labour market conditions as discussed previously” (McCord, 2012: 40).

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<sup>3</sup> Cited from previous assignment prepared by author for GSDPP in August 2014.

### 5.1.3 Duration

The EPWP SS has always prided itself in that the nature of work opportunities in the sector is more ongoing and therefore long term. Programmes like ECD and HCBC entail provision of services to beneficiaries on a daily basis, every month through-out the year. The need for children to be provided with care and support is a weekly occurrence in particular where both parents work and therefore need their kids to be cared for and developed in a structured environment. It therefore means that Care Givers or ECD practitioners find themselves working for a longer duration of time and as beneficiaries of EPWP are able to access an income commensurate with the number of days that they work. It suffices to indicate that remuneration for EPWP participants is calculated on a daily performance of duties. This arrangement is stipulated in the Ministerial Determination (MD) for EPWP as promulgated by the Minister of Labour. The income in a form of stipend is regulated at a specified level in line with the agreement that Government, Business and Labour agree to at the National Economic Development and Labour Council (NEDLAC). The current daily minimum is R78, 86 and for EPWP participants this translates into the daily wage being multiplied by 20 days which is the average number of days they work per month. This therefore means this extended duration of work that takes place on a monthly basis should give the participants on average R1578 per month.

This form of work with its extended duration and regularised in terms of when and under what conditions the participant operates serves as a social protection function. “Similarly, employment over a sustained period is likely to impact positively on prospects for accumulation. If the poverty reduction impact of participation in a PWP is to be sustained after programme exit, it is critical for workers to have acquired the minimum or threshold asset bundle that enables future accumulation during the period of programme participation” (McCord, 2012: 41). The amount of stipend in this case compares favourably with what recipients of Old Age grants receive in South Africa and based on the positives that have been cited on households where a recipient of a grant lives, parallels could also be drawn on the likely impacts of the stipend on poverty and livelihood conditions of participants’ households. Hence, “programmes focusing on ...the provision of social services offer greater opportunities for extended periods of wage transfer and in this way increase the potential for sufficient accumulation to cross the critical asset threshold” (McCord, 2012: 42).

#### 5.1.4 Targeting and coverage

“Targeting refers to the selection of the group eligible for participation, and coverage here refers to the extent to which a programme is accessible to all who are eligible (universal), or must be rationed, being available to only a subset of the eligible group in any given area. Universality implies that a programme is “demand-driven”, i.e. employment (or some alternative form of PWP transfer in instances where sufficient work cannot be provided) is available to all those who seek it” (McCord, 2012: 42). The issue of targeting in the EPWP SS has evolved over the past 10 years of implementation. At inception, no strict criteria were set given that the programme was leveraging on already existing programmes for reaching its targets. The burden and responsibility for recruitment and selection was solely the responsibility of NPOs through which these programmes were delivered and still are. The introduction of certain requirements as the programme evolved such as the need to ensure training of participants and adhering to particular wage/stipend<sup>4</sup> levels became of paramount importance.

A need was then identified to engage more intensively with the sector departments<sup>5</sup> responsible for the contracting of NPOs in terms of what measures must be put in place to meet EPWP requirements in terms of daily wage, training requirements, working hours, leave provision, UIF and occupational health and safety issues. The challenge for those responsible for coordination of EPWP SS (Social Development as the lead and Public Works as co-lead) was that their relationship with the NPOs is via the contracting departments and they are not party to certain clauses in these contracts. The arguments that contracting departments have is that they have budgets that are meant for service delivery and expecting the very same budgets to be utilized for employment creation is rather pushing the envelope too far. Hence with the second phase of EPWP a decision was made to introduce an Incentive Grant based on performance of departments towards achieving EPWP objectives. This development therefore allowed the coordinating departments to influence targeting and selection of

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<sup>4</sup> The income transferred to EPWP participants is referred to as a stipend largely in the programme. There’s however arguments that PEPs are a form of work and the income received is a form of a wage for work delivered albeit of an informal nature. See also McCord (2012) on the concept of sponsored work. The Ministerial Determination for EPWP does refer to a daily wage and this perhaps could be taken as authoritative enough.

<sup>5</sup> Also referred to as contracting departments based on the agreements they enter into with NPOs to deliver certain services on their behalf.

participants even insisting on compliance to conditions set in the MD on issues such as wage level and payment of UIF.

The EPWP has however been able to influence issues such as the targeting on women, youth and people with disabilities as these are determined as part of the programme design where the percentages are in Phase 3 of EPWP 55% women, 55% youth and 2% people with disabilities. The significant change in this phase is the increase in youth targeting which improved from the previous 40% in acknowledgement of the dire state of youth employment. There has been no measures put in place however to ensure enforcement or compliance by NPOs and contracting departments to these standards.

The recent EPWP SS implementation evaluation conducted under the auspices of the Department of Planning, Monitoring and Evaluation (DPME), it was found that “in terms of whether these opportunities reached the intended target group (defined in programme data only as “the poor and unemployed”), available data gives indication that most households participating in EPWP-SS would, in the absence of EPWP-SS, be considered poor as per the poverty means test applied to Child Support Grant applicants. Whether EPWP-SS is effective in reaching the unemployed adults who are most poor and marginalised, a question previous studies have also raised regarding EPWP in general, is less clear from available data” (DSD/DPME, 2015: 10).

There is no recorded instance of dispute or query around exclusion of some people who may have wanted to participate in these programmes but could not even after the introduction of a regular and predictable income. This may therefore suggest that targeting in the sector is more self-driven based on the nature of work done. What still has to be explained is the dearth of men’s involvement in these programmes which as Parenzee et al suggests could be attributed to a policy decision in the form of the NDP that results in the relegation of “working class and unemployed, usually black, women to the so called “second” economy and precarious jobs provided by the EPWP, with no mechanisms for poor women to shift into stable employment” (Parenzee et al, 2015: 15)

### 5.1.5 Scale

The EPWP broadly has not reached quite the numbers that other programmes of a similar nature have in particular the Ethiopian and Indian models. The rate at which a programme can scale up is said to be the determining factor of its social protection impact. “Discussion of

PWP scale tends to be presented in absolute terms rather than in relation to the total number eligible for programme participation, the scale of unemployment or the size of the labour force, which would offer a more meaningful expression of programme size and make the adequacy or otherwise of actual numbers of programme beneficiaries easier to understand in relation to programme objectives” (McCord, 2015: 43).

This is one area where the EPWP has been criticised in terms of its limited coverage and hence its inability to reduce the numbers of the unemployed. Of course there are arguments, correctly so, that PEPs are not a solution to structural unemployment but the levels of EPWP compared to both unemployment levels inclusively and even if they were to be looked up against simply youth unemployment are still low. Hence other critics have argued that there are probably too many objectives for EPWP and the targeting needs to be more streamlined.

#### **5.1.6 Quality of employment**

One of the biggest advantages that the EPWP Social Sector has over other sectors is around the quality of work opportunities created. The longevity of work opportunities means people stay longer and therefore are able to earn better wages. This however is undermined by some administrative processes that result in delayed payments and thereby reduce the social protection effects of the programme. “Delays in payment and uncertainty over payment frequency and wage levels (sometimes resulting from fees or deductions extracted illegally by programme implementers) can undermine potential social protection benefits which would otherwise accrue to workers from a given wage” (McCord, 2012: 46).

Indeed such practices were also discovered in the recent evaluation done by DSD and DPME wherein it was discovered that “throughout Phase Two and across almost all programmes and provinces sampled, there were instances of late payment of stipends, sometimes by as much as several months. Common causes include programme managers’ inability to get timely sign-off for stipend expenditure and the misalignment between programme planning cycles and the announcement and disbursement of the Incentive Grant allocations. This can reduce the poverty alleviation potential of the stipend, sometimes even forcing participants into debt” (DSD/DPME, 2015: 10). This is a matter that could be improved upon with proper planning in terms of when the cycle of funding for NPOs begins and ends. The administration of the Social Sector Incentive Grant has shown that the process could be run in such a way

that there are no delays in terms of payment of allocations to qualifying departments and ultimately NPOs.

#### **5.1.7 Rationale for EPWP SS to be converted to a MEGS**

The constitution of the country guarantees the right to Social Security and especially to social assistance benefits to those who cannot take care of themselves. It does however make provision for a limitation in terms of application of this right within the limits of the resources of the state. This constitutional provision is essential because it does put a burden on the state to explore reasonable means and efforts to attend to the plight of those not covered by the social security system. There are lessons for South Africa to learn especially from how the oldest MEGS was initiated and that is the Indian Mahatma Gandhi Rural Employment Guarantee Scheme.

The latter is implemented as part of a constitutional provision that guarantees citizens the right to fundamental rights and in this case “the philosophy behind the enactment of NREGS is based on Article 21 i.e. right to life and personal liberty” (Doungel, 2014: 283). He further contends that any denial of a citizen of the identified states of access to a job is a violation of their fundamental rights. Hence “as MGNREGS is enacted for providing the right to work to ruralites on the basis of the provision, enshrined in the fundamental rights of the constitution of India, it is deemed as fundamental right. So, any violation of the MGNREGS provision is regarded as violation of the fundamental right” (Doungel, 2014: 283).

It is therefore quite evident that the Indian model is not just based on the constitution but that there are measures put in place to deal with non-compliance. There is enforcement arrangements put in place and this is fundamental in any circumstance where there is an expectation that a constitutional provision should be fulfilled. “NREGS is implemented through an act, enacted by the Parliament and till now, it is the only scheme, which is enforced through an act of Parliament. As NREGS is based on Article 21, it is regarded as a full-fledged fundamental right. And as an act, NREGS is automatically armed with legal provision. If any bill or legislation is enacted as an act, it adheres rigidly in its functioning and implication. So, any law, enacted by the legislature is bound to be enforced without any changes” (Doungel, 2014: 285).

This is certainly a key lesson that South Africa can learn from. The current EPWP has been identified as a priority programme to mitigate the effects of poverty and unemployment. All

state departments have been called upon to contribute to creation of unemployment through their various programmes. The EPWP SS in 2007 identified through a research study 18 areas into which the sector could expand beyond the initial two programmes of ECD and HCBC. The outcomes of that study were then shared with the relevant departments and the process of lobbying for their participation was undertaken.

The study had determined that if all identified programmes could be implemented then almost 500 000 jobs could be created per annum. These were not necessarily new programmes but existing programmes whose departments and managers only had to begin adhering to EPWP conditions and reporting the work opportunities created. Due to the fact that there was and still is no enforcement mechanism in place for departments to implement EPWP, the much sought after targets are difficult to achieve.

Cadres suggested in the brief for further exploration		Category of worker cadres for which models were developed	Jobs *	Total jobs #	Cost Million R
School nutrition programme		School Nutrition Workers	102,372	107,788	4,438.0
School sport coaches		Sports Coaches	25,593	26,980	478.6
Maintenance of school		School Caretakers	51,186	53,954	621.2
Adult education		Adult educators	46,210	48,679	525.4
Teacher aids in special schools.		Special School Teaching Aide	25,256	26,619	290.3
Administrative support at school		School Clerks	46,480	46,515	478.6
Construction of school		(separate model)			
Youth Workers		Peer Educators	33,371	36,953	470.0
Child Care Workers					
Social Security		Social Security Workers	26,772	29,620	374.4
Emergency food relief		Food Security Workers	50,162	55,466	2,746.7
Nutrition advisors		as above			
Voluntary Counselling and Testing (VCT)	Additional categories of special focus community health workers (excluding current cadres of community caregivers)	VCT Counsellors (facility based)	21,545	22,879	349.9
Directly Observed Therapy (DOTS)		TB DOTS /adherence supporters	23,695	76,012	1,248.7
Lay counsellors		Counselling & Treatment Workers	51,012		
Malaria officers		Malaria Workers	1,305		
<b>TOTAL</b>			<b>504,959</b>	<b>531,406</b>	<b>12,021.8</b>

Key

Department of Education	* Jobs = jobs created for community workers
Department of Social Development	# Total jobs = jobs + supervisory staff
Department of Agriculture	Cost = modeled total programme costs
Department of Health	Current HCBC & ECD workers excluded

**Figure 2: Numbers of jobs that could be created in an extended list of EPWP job cadres (excluding current HCBC & ECD workers)<sup>6</sup>**

<sup>6</sup> Derived out of the DBSA baseline study on opportunities for expansion of the EPWP Social Sector(2007).

The findings of the study conducted by the Social Sector are still relevant up to today. The programme has not been able to achieve or even come close to the suggested number of 500 000 jobs but the potential is there. Two of the current programmes being implemented in the sector were identified in the study and one of them, the Kha Ri Gude which is a mass literacy programme is the biggest contributor in terms of the number of jobs created albeit that it has a shorter duration.

EPWP Social Sector programmes are essentially about provision of essential social services. These are services that are needed mostly in poor and disadvantaged communities. There is a lot of youth in these communities who are unemployed, who know these communities and who could easily be recruited to partake in programmes for the upliftment of their communities. The cost of implementing Social Sector programmes is far lesser than Infrastructure and Environmental programmes as hardly any sophisticated machinery is required for the delivery of these services.

The nature of these programmes is such that they lend themselves to long term participation and implementation. There will always be a need for some of these services in communities as long as human beings exist. Early Childhood Development has just recently been declared by Cabinet to be a public good. What this implies is that every child who deserves to be in an ECD programme or facility should not be denied this right due to lack of resources. The ECD programme offers opportunities for youth to be trained as practitioners, cooks and care takers among other opportunities. Most of the programmes mentioned in the table above can in one way or another assist in contributing to the efforts towards alleviating youth unemployment as they are less technical and do not require complex academic capability.

## CHAPTER SIX

### 6 EPWP Social Sector Institutional Arrangements

The programme has, right from inception ensured that appropriate governance and management structures are put in place to oversee implementation. These structures, just like the programme itself, have evolved over the past 2 phases of implementation. A number of lessons and observations were derived that have subsequently resulted in the review and restructuring at different levels of implementation. The Social Sector has experienced much growth in terms of the number of departments contributing to the achievement of set targets as well as the accompanying programmes through which work opportunities are derived. At inception there were three departments and only two programmes. The programme has over the years grown into five participating departments and over twenty two programmes contributing work opportunities.

#### 6.1 Phase 1 configuration

The first phase of implementation was a trial and error period in many fronts. The institution of a public works methodology in the community and care work arena was a global first. The Social Sector programmes were not geared for employment creation and therefore some form of resistance was encountered. The EPWP was based on the principle of redirecting existing line function budgets and as such the programme was widely regarded as an unfunded mandate. The contributing programmes themselves were grossly underfunded even for meeting the demands of their own. The officials responsible for delivery of these programmes were not sufficiently prepared for the additional demands of reporting on work opportunities created on top of their own responsibilities and as such there was a lot of resistance to cooperate on reporting work opportunities.

The sector therefore put in place a number of structures at both national and provincial levels to facilitate seamless and cohesive implementation across the different departments and programmes especially because both the pilot programmes of ECD and HCBC were cross cutting. ECD was a dual mandate of both Social Development (DSD) and Education (DOE) departments while HCBC was a competency of both Health and Social Development departments. It was determined that the EPWP should become a Task Team of the Social

Sector Cluster, which was a strategic coordination structure of Directors General (DGs) of departments composing the Social Sector. This committee was co-chaired by the DGs of Health and Social Development and met on a monthly basis to oversee implementation of strategic government priorities as well as promoting cooperative governance. Each implementing department was expected to appoint an EPWP champion to coordinate internal implementation and to form part of the National Steering Committee that was to oversee implementation.

It was envisaged that there would also be internal departmental task teams to coordinate implementation and ensure regular reporting to the National Steering Committee. “A quarterly stakeholder coordinating forum involving all the stakeholders participating in the programme will be convened by the steering committee to review progress, table reports and discuss strategic issues. Internal departmental task teams will be established for each EPWP programme. These task teams will involve practitioners and implementers and will report to the departmental champion. Meetings will be convened on the basis of need”. (DSD, 2004:23).

This did not happen as envisaged and throughout the first phase internal departmental coordination posed a challenge. To mitigate this, the sector opted to facilitate integration between departments on the programmes reporting under EPWP to the extent that DSD was then designated to lead the ECD programme and as such be responsible for reporting on the activities. This led to the formation of the National Interdepartmental Committee for ECD and the development of the first National Integrated Plan for ECD (Tshwaragano ka Bana) wherein other stakeholders were brought in such as the department of Health.

It is this process that highlighted the huge discrepancies in the implementation of ECD such as the poor funding that the programme received. The DSD and DOE therefore in their reports to the Social Sector Cluster were meant to report on the following issues:

- Fast-track registration of ECD sites
- Increasing the level of subsidy
- Providing training for ECD practitioners at registered ECD sites and payment of stipends
- Improving access and quality of service

- Providing integrated comprehensive ECD services

It is clear that the issues being reported extended beyond what the EPWP focused on but it's primarily because of their participation in EPWP that these departments were able to lobby for more resources for critical activities such as training and payment of stipends. Subsequently ECD was elevated to being an apex priority of government and more resources were made available for its implementation. The programme status has grown so much since those days that it has now been declared a public good and for the first time a National ECD Policy has been developed. This is just but one example of the unintended positive results emanating out of EPWP implementation.

Similarly the HCBC also developed an Integrated Plan led by the department of Health and in this case as well there was a marked improvement in the levels of stipend that Community Care Givers received. These for the first time became predictable and regular which is critical in any effort to reduce poverty. At a strategic level, the sector introduced a structure of Deputy Director Generals which was meant to serve as a link between the Steering Committee and the Social Sector Cluster. This DDG forum was also meant to streamline approval processes across departments in the execution of interdepartmental / joint programmes. Unfortunately this structure met only once or twice and the intended objectives were not met. The diagram below reflects the envisaged mechanisms in Phase one of EPWP SS:



Figure 3. Institutional Arrangements in the EPWP Social Sector under Phase 1.<sup>7</sup>

The envisaged provincial structures however were successfully put into place including what is called the Extended National Steering Committee. The latter is a platform where national and provincial stakeholders meet on a quarterly basis to reflect on issues of implementation to ensure synergy and cohesion amongst programmes. Another innovation that was introduced was the institution of various subcommittees such as those for M&E, Training and Capacity Building including Communication. The challenge with these committees though is that it became burdensome for officials to be able to honour the many meetings that are convened because it's the same people who have to be in each and every one of them. What most experts call meeting fatigue ended up affecting these structures and while they were useful in making provision for detailed interrogation of operational issues, they lost their essence due to poor attendance or none at all. These are some of the factors that need to be taken into account when a massive programme such a MEGS gets developed because the same coordination demands will be exerted on it.

<sup>7</sup> Derived from the EPWP Phase One Sector Plan, 2004.

## 6.2 Phase two configuration

The huge target increase assigned to the Social Sector, almost five times the initial first phase target, meant that more resources should be made available for work opportunity creation. What became significant with the advent of phase two of EPWP was an allocation in the form of a Conditional Grant from National Treasury. The Social Sector Incentive Grant (SSIG) was meant to reward those departments that have contributed significantly to achievement of set work opportunity targets as well as training and special needs groups such as women, youth and people with disability.

Although the institutional arrangements did not change much, the configuration at the Cluster level threw a spanner in the wheels in that the Social Sector Cluster was split into two<sup>8</sup>. The new Clusters were now the Human Development Cluster which focused mainly on issues of Health and Education as well as the Social Protection and Community Development which focused on Social Development and Social Cohesion issues. It however meant that the EPWP Task Team needed to report in both the Cluster as the programme cuts across both Clusters mandate.

### Institutional Structures

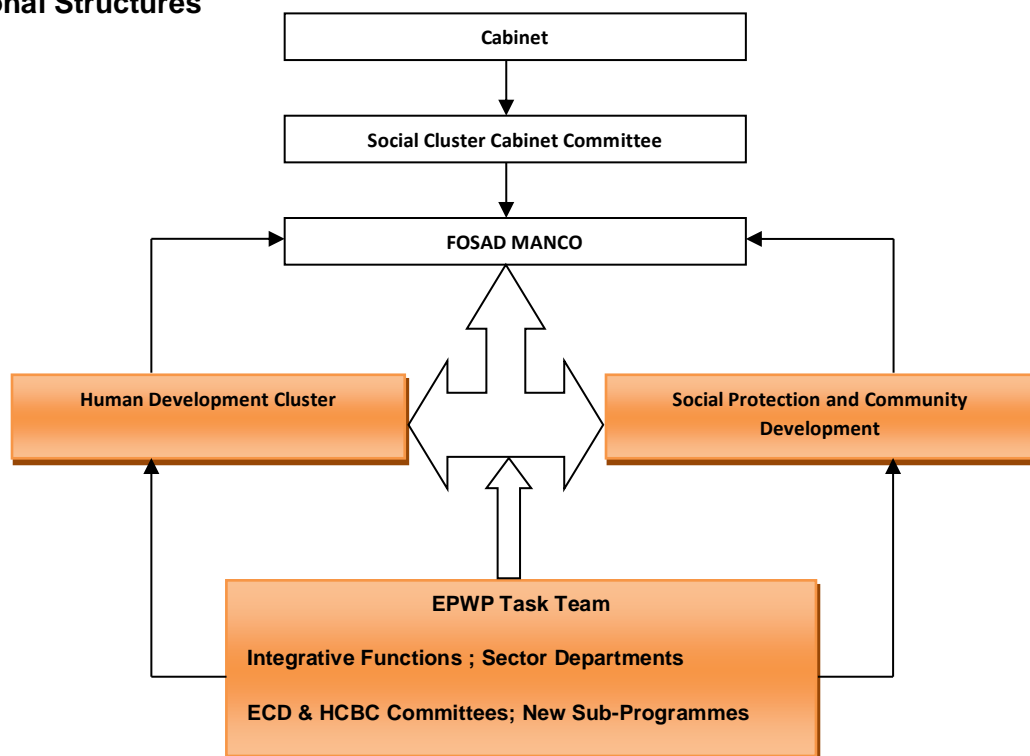


Figure 4. Institutional arrangements in Phase two

<sup>8</sup> See figure 4

Instead of this arrangement fast tracking decision making as it was meant to, the opposite became true. There were constant delays as most of the times the Clusters could not form a quorum and as such key decisions could not be made. It is no wonder that this arrangement did not last long and government decided to resort to the old combined Social Sector Cluster.

At an operational level, the sector had to set up a new mechanism for the management and oversight of the Conditional Grant. This structure, called the Incentive Project Management Team met on a monthly basis to plan, execute and monitor implementation of the SSIG. All the implementing national departments, National Treasury and the two coordinating departments, Public Works and Social Development formed part of this structure with the latter as the chair.

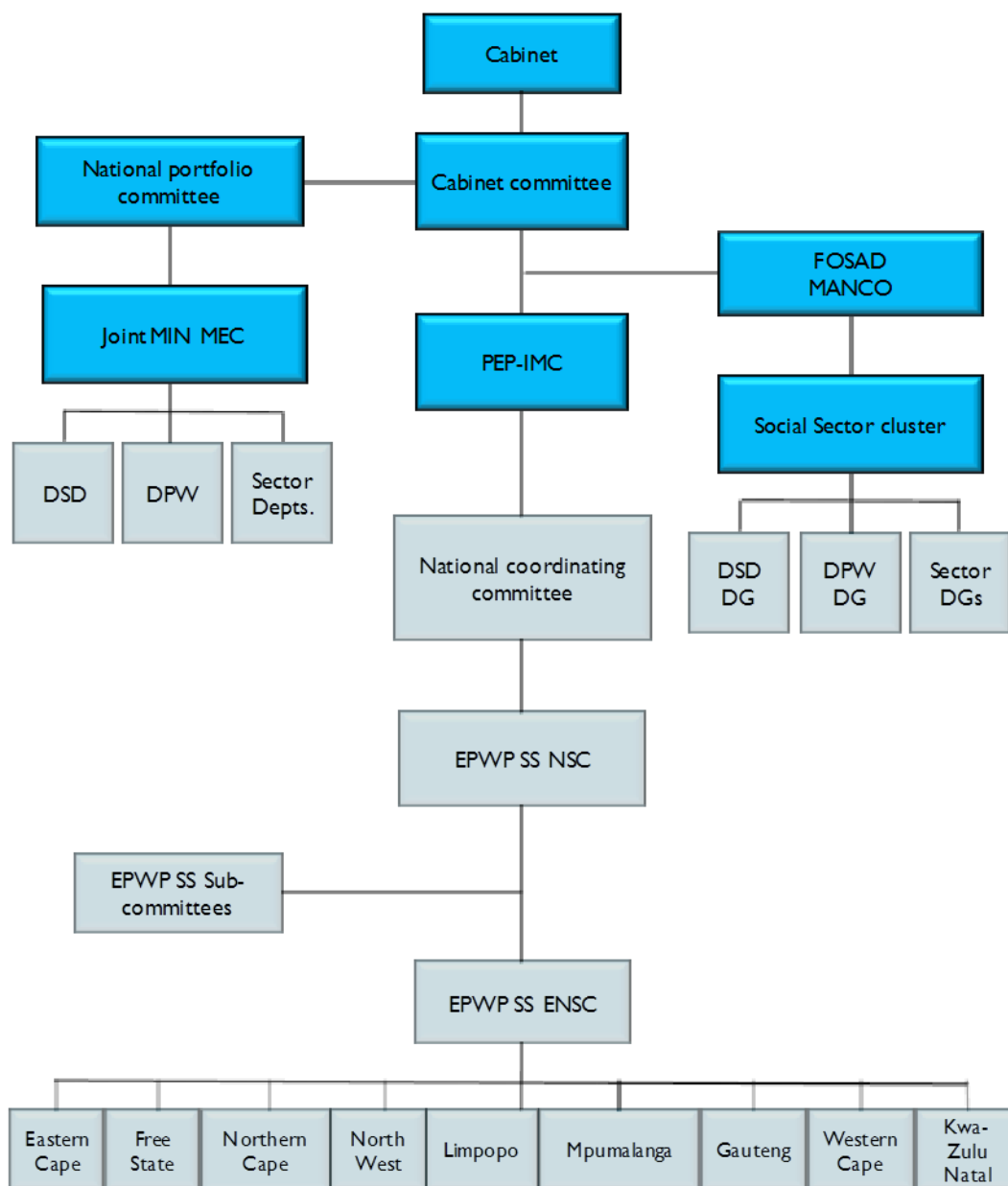
Their responsibility ranged from determining qualifying departments, communicating allocations to the provinces, facilitating development of business plans as well as monthly reporting and support. While departments were appreciative of these resources which totaled more than R750m over the first three years of the Medium Term Economic Framework (MTEF), challenges were experienced with some departments delaying submission of their business plans and Grant Agreements which meant that they could not get their tranches on time. This in turn meant that there would be delays in the payment of stipends to participants. This is one of the key findings of the EPWP Evaluation Report which found that this delay meant that participants relied on debt to survive and as such this behaviour defeated the programme objective of poverty reduction.

### **6.3 Phase 3 configuration**

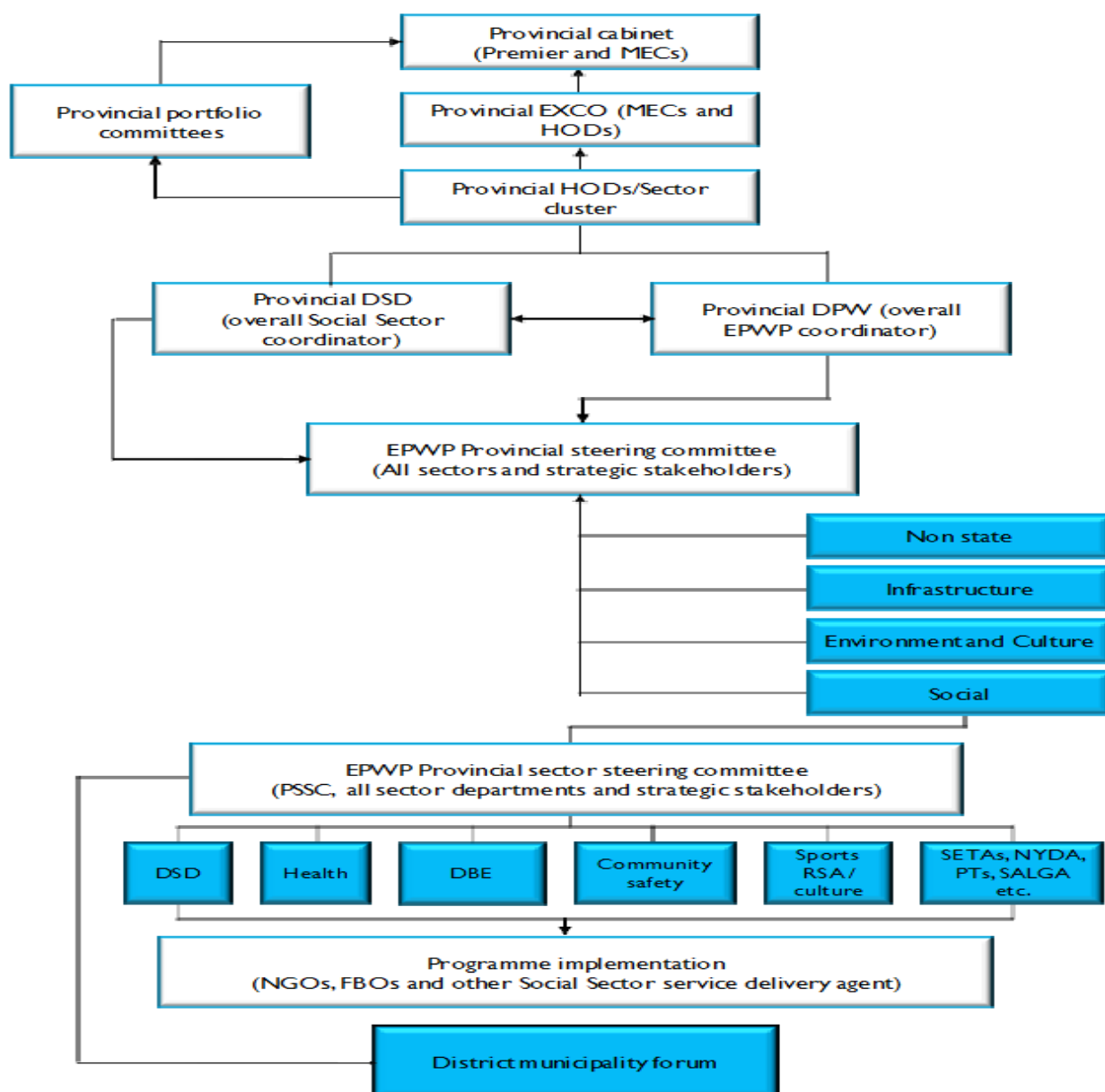
The third phase of EPWP saw an even larger increase in the number of work opportunities that the Social Sector had to create. This phase also saw specific targets being set for the local sphere of government to contribute through their social sector programmes to employment creation. While the other sectors had historically has a footprint at municipal level, the Social Sector was venturing into this area for the first time. The situation was further compounded by the fact that municipalities viewed EPWP as an infrastructural programme and when it came to resource allocation and reporting prioritised this sector and neglected the Social Sector. This expansion to local level also meant that mechanism had to be considered which would facilitate smooth entry and engagement with key stakeholders.

The phase 3 arrangements have seen the programme being elevated even higher within government in terms of reporting and the focus its performance receives. Government has in line with its priorities, established an Inter-Ministerial Committee for Public Employment Programmes (PEP-IMC) which is led and chaired by the Deputy President of the country. This therefore means EPWP is monitored at the highest level of governance on a much more regular basis than it used to be. The PEP IMC also conducts regular visits to implementation sites to monitor the conditions under which participants work as well as assuring them of government’s appreciation of the work they do in communities.

The diagram below, Figure 5, depicts the revised national institutional mechanisms:



The mechanisms at a provincial level are depicted as in figure 6 below:



In both the above diagrams, the implementation of the coordination process is hampered by both lack of capacity within implementing bodies to assign officials to undertake the work as well as the fact that as a lead and coordinating department, Social Development has also failed to put in place dedicated capacity to undertake this work. “In implementing departments, constrained human resources and a lack of alignment between departmental performance plans and EPWP-SS objectives perpetuate a tendency for programme managers to focus on service delivery and to view the pursuit and monitoring of other EPWP-SS goals as an “add-on,” unless they have direct bearing on the actual line function service delivery priorities of their programme”. (DSD/DPME, 2015:09).

The process for determination of appropriate local level coordination mechanisms is still under way and the existing provincial arrangements are used to facilitate engagement with municipalities in terms of their contribution to the success of the programme.

The recruitment and selection of participants within the Social Sector has not posed as much problems as it has in other EPWP sectors where issues of nepotism and patronage have reigned supreme. The Social Sector is historically associated with care work and sacrifice. Most of the participants in these programmes have a long history of association with Non-Profit Organisation that provides services in their communities. There is a sense of commitment associated with participation in the programme and in spite of an improved stipend being paid; this has not been associated with actual work to the extent that there would be stiff competition for posts in these organisations.

This is however so far the case with provincial programmes and could be a completely different challenge in the municipal sphere as most of the time in this area; councillors play a much more hands on approach in the selection process which then leads to the tendency to use patronage in the selection and recruitment processes. The most serious challenge so far in the sector is around compliance to the Ministerial Determination in terms of the minimum daily wage. This is however mostly the case when departments use their budgets. The SSIG allocation has shown that compliance could be achieved as the allocations are strictly made in line with regulatory prescripts.

The lessons the EPWP Social Sector has obtained in the course of implementation in both phase one and two including the current phase will put it in good stead to deal with the challenges of conversion to a massive programme the MEGS could be. It is evident that were National Treasury consider such an option, the allocations to implementing departments would be in the form of a conditional grant which is much more strident in its management requirements. The current configuration shows that the ruling ANC appreciates and realises the critical role that PEPs play in responding to the challenges of unemployment and in particular youth unemployment. The fact that PEPs are assigned the leadership of the Deputy President who is also the leader of government business means that management and oversight such a programme will be seamless across the rest of government. There is also a much higher respect and compliance afforded such programmes given the level of authority assigned to its leadership.

## CHAPTER SEVEN

### 7 Conclusion

The study has delved into the social protection arena and reflected on its evolution internationally and how developments in the West have influenced modern day social protection programmes. It further reflected on the different philosophies underpinning its implementation. While some HICs are in the process of cutting their social spending due to contracting budgets, the developing world in return has maintained largely their spend on social protection which reflects the differences in how economic and social demands are prioritised.

South Africa has a very good social protection system and its various elements were outlined. Emphasis was put on its social assistance component which in terms of coverage and reach is unsurpassed even by the developed world. The country currently provides social assistance to more than 16 million beneficiaries. The study also showed the weaker part of this social security system which deals with a contributory portion where mainly those in formal employment are able to contribute and reap the benefits. The system as it currently is excludes a lot of the informal sector workers.

These workers are however not the only ones excluded from the social security system. The study showed that a large sector of society that is poor and vulnerable is excluded from the social protection system. Social Assistance and Insurance are provided to those who qualify in the form of the aged, children and people with disabilities. Insurance on the other hand benefits those who are in formal employment who can thus benefit from unemployment insurance during temporary loss of employment and could also qualify for medical insurance that is subsidised by the state for some of their employees.

Those who are excluded from the system are adults of working age from the age of 19 – 59. They find themselves too old to benefit from children's grants but also too young to benefit from the Old Age Grant. Majority of those who have been excluded from the system are young people who in South Africa are classified as those between the ages of 14 – 35. They have no scheme or grant that benefits them in case they find themselves unemployed as most of them are.

The youth unemployment challenge is not just a South African phenomenon but the study has shown its global spread. It is however important to take note of how the levels of unemployment in South Africa are so high compared to both developed and even developing countries. The figures are worthy of being declared a crisis and therefore require a similar response in terms of interventions. The study has reflected on a few of the causes for this challenge and has also reflected on a few initiatives (not a conclusive list) that have been put in place to address this challenge. What is clear though, is that this is not a problem that could only be solved by government alone but requires the involvement of all stakeholders in particular the Business sector which has the capacity to place a lot of the potential human capacity that the youth provides.

There is also a great need to put in place measures to ensure improvements in youth educational outcomes as most of the youth who are unable to access the job market do not have the requisite skills that the job market requires. Even those who have matric and some post matric qualifications do not necessarily have the skills that match employers' expectations. While government has put in place a number of skills development and job readiness programmes, there does not seem to be an effort to harness and harmonise these in such a way that there could be complementarity in the way in which they are implemented.

This lack of integration and coordination contributes to duplication and continued waste of resources. The Youth desk in the Presidency and the NYDA as the two major custodians of youth development must ensure an integrated approach that brings together all stakeholders to ensure cost effective and efficient use of resources. This is confirmed by the NYP 2020 when it notes that "the youth desk in The Presidency should revive the functioning of a youth development forum – a coordinating structure for youth development made up of private sector, public sector and civil society stakeholders" (NYP, 2015:30).

Having analysed the social protection system and identified a gap in its provision, the study then proposes a mechanism that it believes lends itself appropriately to be considered for a Minimum Employment Guarantee Scheme for the country. The study looked at the EPWP in the Social Sector in terms of its evolution and rationale for inclusion in the Public Employment Programmes space. It dissected the programme in terms of its design as unpacked by McCord (2012), where it highlighted issues around the duration of its work opportunities which is an essential element of social protection as participants then stay longer in employment and since their wages are calculated on a daily basis, are in good stead

to earn better wages. This was followed by issues of targeting and coverage and in spite of the challenges identified in this area, the study finds that these challenges are not insurmountable and can be overcome with proper planning. While in terms of its current status, the Social Sector does not provide much opportunity for scale, the study argues that if all the relevant departments could implement the findings and recommendations of the DSD/DBSA study on expansion opportunities within the SS, then programme is set to scale up as the study had proposed 9 years ago that at least 500 000 jobs could be created per annum through almost 18 new areas apart from ECD and HCBC.

If the sector could achieve the number of jobs per annum as determined by the study, a huge impact on unemployment and poverty could be made. The potential for the sector to have created 2, 5 million jobs in 5 years is realistic based on the capacity and potential to create 500 000 per annum. There is currently no binding law that compels government departments to ensure that every citizen that is without a job and willing to work is afforded such. Same as people who qualify for SOAP can take government to court for being denied their right to a grant so should the youth be afforded this opportunity. It should however not be the risk of a court action that prompts government to take the matter of youth unemployment seriously but the socio-political and economic risks associated with this matter.

The EPWP started as a pilot for the first 5 years in Phase 1 and after a mid-term report was undertaken, a decision was made to extend it for 5 more years and as things turned out, its success has seen the programme progressing into the current 3<sup>rd</sup> Phase that will end in 2019. The inception of the programme was based on reorientation of line function budget to create employment until a need was seen to make a specific allocation for creation of work opportunities. This went to public bodies in the form of an Incentive Grant across all 4 sectors including municipalities.

The study envisages therefore that the initial pilot of the MEGS could be piloted through a conditional grant to Social Sector departments utilising the current Incentive Grant allocation. The National Treasury working with these departments could design a grant framework which will ensure that Full Time Equivalent opportunities are created by sector departments on a compulsory basis and measures are put in place to ensure legislative compliance. As stated earlier, almost R250m is paid to provincial departments annually excluding municipalities as an incentive for employment creation which goes towards creating additional work opportunities. If all savings made from underspending departments and

municipalities could be channelled into a special fund almost R1 billion could be collected towards piloting of a MEGS.

The possibility of a youth uprising is not a far-fetched idea and a few examples come to the fore – the recent campaign that forced some universities to do away with symbols of colonialism and social and economic oppression going under the banner of #Rhodesmustfall indicated how easily youth energies can be mobilised for a cause in which they believe. The campaign was able to achieve what years of debates and protests have failed to do and ultimately, the University of Cape Town for example was forced to remove the statue of Cecil John Rhodes.

The victory, however symbolic it may have been spurred this youth on and a new campaign this time calling for the scrapping of university fee increments was initiated under the banner of #Feesmustfall. Nobody including the mighty ANC government could have anticipated the youth resolve to achieve their demands but the massive support this campaign received from a variety of stakeholders including academics, political organisations, religious bodies and ordinary parents and citizens, resulted in government capitulating and the President of the country, Mr. Jacob Zuma announcing an amount of R2 billion that was to be made available to cater for this demand.

As the youth had indicated, theirs was not a short term course but was a form of revolutionising higher education and under the same banner they are calling for free higher education. These are the same youth who, some their parents may be part of the multitude of the unemployed that has no alternative means of survival. These are the same youth who are aware of the prospect of being faced with unemployment when they complete their tertiary education and may be forced into unemployment. They have seen the gains of a united front as youth across all spectrums and are highly energised. The era of social media heralds a new resolve, that of campaigning for a public good through a common medium and receiving support beyond the borders of the country. Youth in Tunisia and Egypt and other Arab countries led what is now called the Arab Spring. They were in the forefront of bringing regime changes in their countries.

The prospect of such a campaign based on the outcomes of the #Rhodesmustfall and #Feesmustfall campaigns are real and the ruling ANC government must be starkly aware of such prospects. The fact that youth affiliated to the ANC also became part of these campaigns must be a worrisome factor. These are some of the reasons why the study opts for youth to be

the beneficiaries of the proposed MEGS. The question then may be what happens to the rest of the 36-59 year olds cohort that may be excluded from such a dispensation?

There has been several campaigns calling for the introduction of a universal grant for all citizens but targeted at the poor and unemployed in the form of a Basic Income Grant. Even the government initiated Taylor Commission (2002) that was reviewing the Social Security system recommended that such a grant be considered despite backtracking on the basis that it may not be affordable. It is high time that debates on such a form of social protection are reopened in particular with the current economic situation facing the country and the rest of the world.

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