

**Achieving a Decent Work Agenda in South Africa: Finding synergies
between public employment schemes and social security
interventions within a New Growth Strategy**

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1. Introduction

To anyone familiar with the South African country context it will come as no surprise that the country faces a threefold crisis of employment, poverty and inequality. Unemployment remains high at 25.2% if the narrow definition is used and 36.3% if a broader definition is applied.¹ Worryingly, unemployment is particularly high amongst the youth, especially the African youth, and despite promising rates of job creation it has not been sufficient for keeping up pace with the increasing number of entrants into the labour market or the people who were previously unable to find employment. Furthermore, inequality is very high and poverty for the poorest section of society has only been eased slightly through the provision of cash transfers, as the relatively low monetary value of grants and the fact that entire households benefit from these transfers means that poverty has been alleviated, but is far from being eradicated.

South Africa thus faces the challenges of having to rapidly create jobs, as jobs alone will finally help people break out of the poverty trap. In addition, South Africa has committed itself to creating decent jobs, rather than just any form of employment. The question that this paper seeks to address is what support mechanisms exist for people who are currently unemployed and whether these initiatives can support the creation of decent jobs through the New Growth Path.

Undoubtedly, having a salaried income is by far the best way for individuals to lift themselves and their households out of poverty. However, given the structural unemployment we observe in South Africa, it is impossible to wait for the creation of a sufficient number of jobs. The South African constitution guarantees access to social security to all, and access to social assistance to those that cannot provide for themselves. In South Africa social assistance has taken the form of social grants - cash transfers. Without doubt, social security interventions have, and continue to make, important contributions towards reducing poverty. Whilst the creation of decent and sustainable employment remains the key, long term objective, cash transfers and public employment programmes can – in the meantime - provide substantial poverty relief to households who struggle to meet basic needs. For many South African households stuck in a poverty trap, social security support and access to a public employment scheme are essential for reducing poverty, increasing household income, enabling them to pursue job searches and livelihood strategies or simply surviving. It is for this reason that this paper seeks to investigate synergy effects between public employment schemes and, social security.

This study, commissioned by the International Labour Office (ILO) and the International Poverty Centre for Inclusive Growth (IPC-IG) under the auspice of the UNDP, is part of a three country study (Brazil, India and South Africa) on public employment schemes and social security interventions. The ILO sees synergies between social security interventions and public employment programmes as an important contribution towards achieving the Decent Work Agenda (DWA).

¹ Statistics South Africa (StatsSA), Quarterly Labour Force Survey, 2nd Quarter, 2011.

In South Africa, the National Labour Economic and Development Institute (NALEDI) was commissioned to conduct this study. The first phase of the study provided:

- A detailed description of the Child Support Grant (CSG) and the Expanded Public Work Programme (EPWP) from a Decent Work Agenda (DWA) perspective, and
- Identified existing data sets and research that could be useful for future research.

This study, which is the second phase of the project, aims to:

- Support the South African Decent Work Agenda in the context of the debate around the New Growth Path that places employment and social security at the core of a more equitable and redistributive strategy,
- Identify the interaction and possible synergies between the EPWP and Social Security transfers and explore how one, or a combination of these initiatives, impacts on households,
- Investigate what changes could possibly improve the manner in which they can complement each other and increase their impact on reducing poverty and promoting decent work, and
- Review existing social security interventions and how these may be structured to support an employment growing economy through the Decent Work Agenda (DWA) lens.

The report will largely draw on survey data, household data, qualitative household surveys and existing literature.

The report starts by sketching the economic context, within which the DWA is a central facet of South Africa's development trajectory within the proposed New Growth Path (NGP). Secondly, the study will illustrate why the economic context necessitates effective social security measures. The paper will also provide a brief overview of the structure of social security in South Africa and make the theoretical case for why the current design of the system would make creating synergy effects between social assistance and Public Works Schemes desirable. Thirdly, the paper recaps the first phase of the report by briefly analysing social grants and the national public works programmes, as well as providing some additional data and analysis. The study then aims to identify existing synergies between social grants and public works programmes by using two main sets of survey data, namely the EPWP longitudinal survey conducted by the Department of Public Works (DPW) and the Community Works Programme (CWP) site survey by the Right to Work Programme. In addition, NALEDI conducted a number of informant interviews and two focus group discussions for this project. This qualitative data will be used to further enrich the analysis.

Lastly, a number of recommendations are provided that are intended to allow for a broad debate on policy options, as well as improve our poverty interventions strategies. The aim of the paper is to

encourage a holistic policy making process that thinks of synergy effects between all government policies aimed at reducing poverty and promoting employment and job creation.

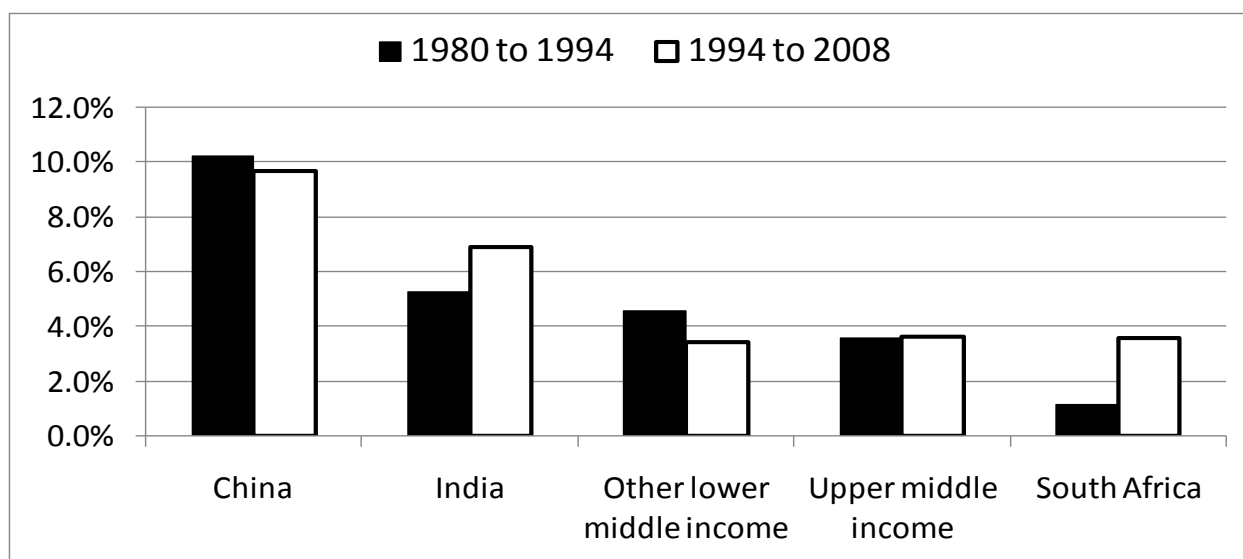
2. A New Growth Path: Supporting Synergies between Social Security Grants and Public Employment schemes

The challenge

South Africa faces a paradox: since the transition to democracy in 1994, GDP growth has essentially been the same as that of other middle-income countries, but inequalities and in particular unemployment remains extraordinarily high.

As the following chart shows, growth in South Africa averaged 1.2% from 1980 to 1994. That was substantially slower than the norm for middle-income countries and largely due to the crises surrounding the apartheid system. In contrast, from 1994 to 2008 it averaged 3.6%, equal to the norm for middle-income countries, if China and India are taken out of the picture.

Figure 1: Growth in South Africa compared to other middle-income countries, 1980 to 2008

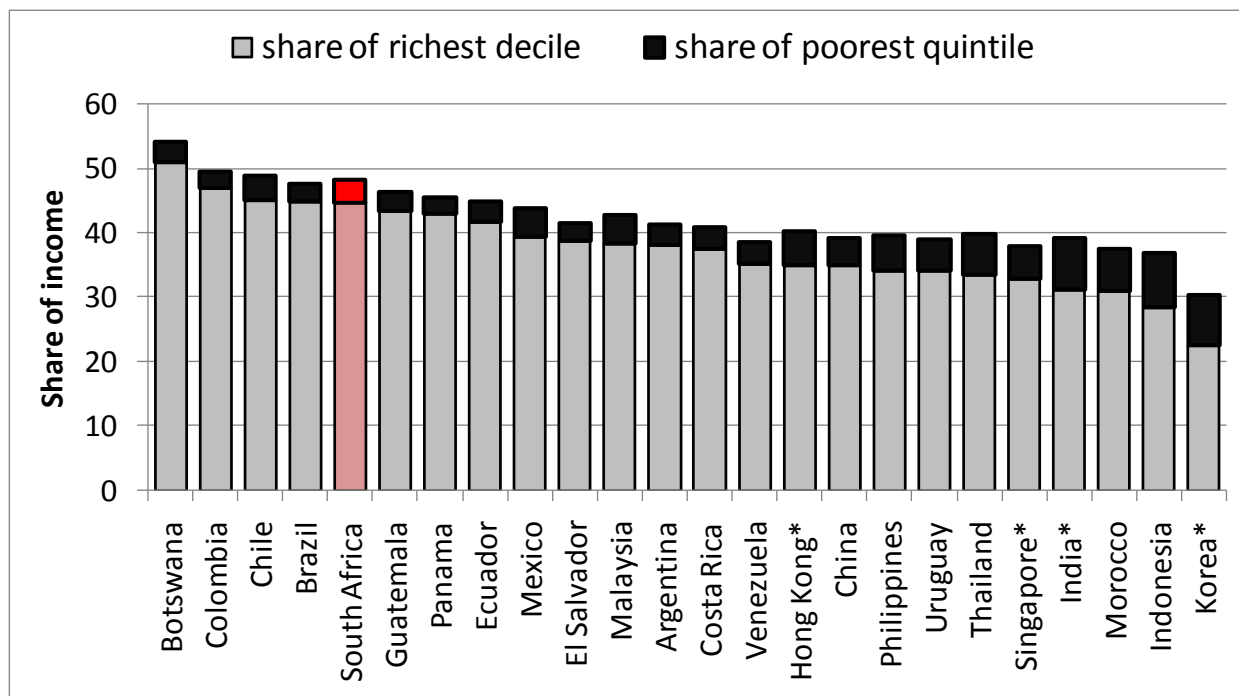


Source: Calculated from the World Bank, Development Indicators series on GDP by country in constant US dollars. Downloaded from <http://databank.worldbank.org> in September 2010.

Despite overall normal growth, joblessness remained extraordinarily high by global standards. The employment ratio – the share of employed people in the working-age population – was just over 40% in 2009, compared to the global norm of over 60%.

Income distribution is also extremely inequitable by international standards. The Gini coefficient was nearly 0.7 in the late '00s, leaving South Africa amongst the least equitable countries in the world, with levels of inequality increasing since 1994. As the following chart indicates, the richest 10% of households captured an unusually high share of income by international standards.

Figure 2: Share of richest decile and poorest quintile of households in national income in selected countries, mid-'00s



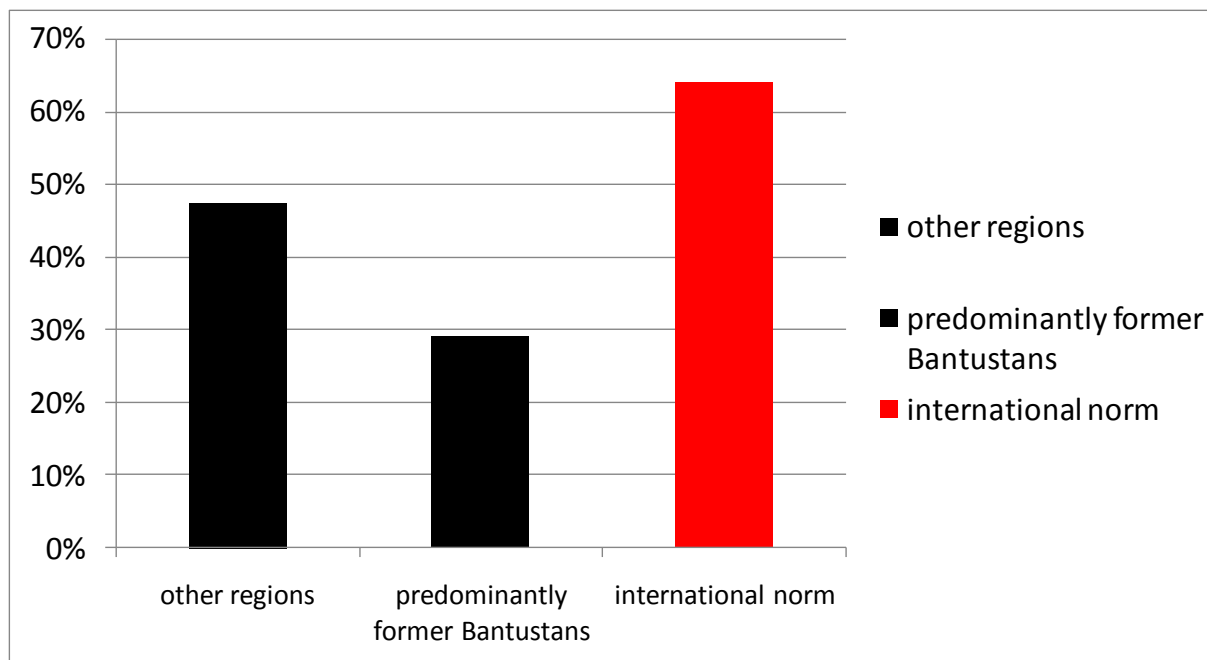
Source: UNDP, Data for HDR Report 2008. Downloaded from www.undp.org in October 2008.

The extraordinarily high levels of joblessness and deep inequalities in South Africa reflect structures established under apartheid that continue to haunt the country.

In particular:

- The apartheid system denied the majority of the population access to assets, including land, housing, infrastructure and credit.
- The system entrenched separate and unequal education systems, establishing under-resourced schools and poorly qualified educators in most African communities.
- The system also pushed much of the population into a system of labour reserves that were distant from the main economic centres. Even in the '00s, around a third of the population still lived in these former “Bantustans” areas, where less than one adult in three had paid employment.

Figure 3: Employment ratio in district municipalities located predominantly in the former Bantustans compared to the rest of the country and to the international norm



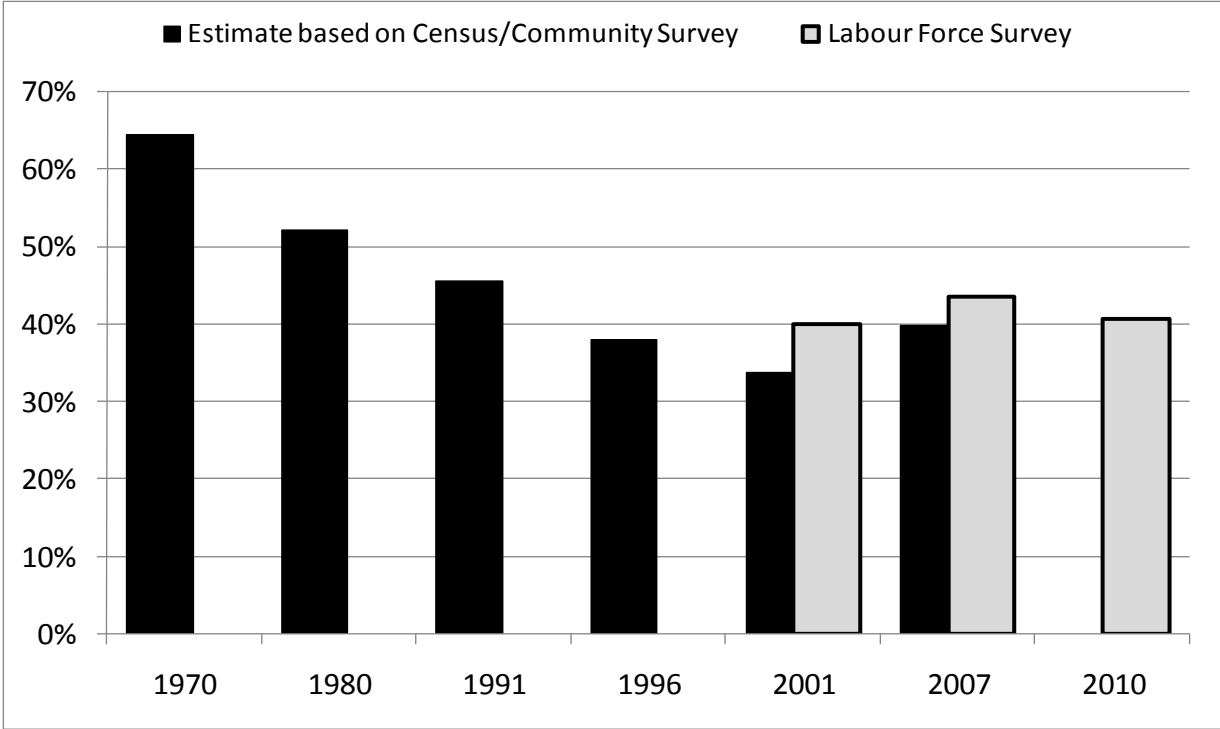
Source: Data on South Africa calculated from Statistics South Africa’s Labour Force Survey, Third Quarter 2008. Data on employment status and working-age population by district municipality. Database downloaded from www.statssa.gov.za in June 2010. Data on international norm taken from the ILO’s Key Indicators of the Labour Market, Chapter 2. Downloaded from www.ilo.org in March 2010.

The apartheid system largely functioned to impoverish non-whites and mostly Africans so as to compel them to participate in the economy as poorly paid wage workers. In addition, the economy essentially stopped generating paid employment from the late 1970s to the early 1990s. In this period, the economy remained dependent on mining exports. Simultaneously, agriculture and mining shed millions of jobs while manufacturing grew more capital intensive and overall growth remained very slow. As a result, the employment ratio dropped from around two thirds in the early 1970s to its current level of around 40% in the early 1990s.

After the transition to democracy, government efforts to address inequalities in education and ownership proved inadequate for overcoming the impoverishment and divides created by the apartheid past. In the long run, employment creation remained too low to raise the employment ratio. In addition, the economy continued to depend on the mining value chain, which accounted for over half of exports but continued to shed jobs. Agriculture also saw substantial job losses, whilst manufacturing merely grew at a very slow rate. In these circumstances, most of employment growth occurred in the retail and service sector, and much of it proved unsustainable.

As the following chart shows, improvements in the employment ratio as the result of the commodity boom in the '00s were negated by the loss of over a million jobs in 2008-'10 following the global economic crisis.

Figure 4: Employment ratios from 1970 to 2010²



Source: Calculated from Statistics South Africa, relevant Censuses, including TBVC in 1980 and 1991; Community Survey 2007 and Labour Force Survey, September 2001 and 2007. Electronic databases downloaded from www.statssa.gov.za in August 2010 and the *Quarterly Labour Force Survey*, Second Quarter 2010, downloaded from www.statsa.gov.za in October 2010.

The way forward

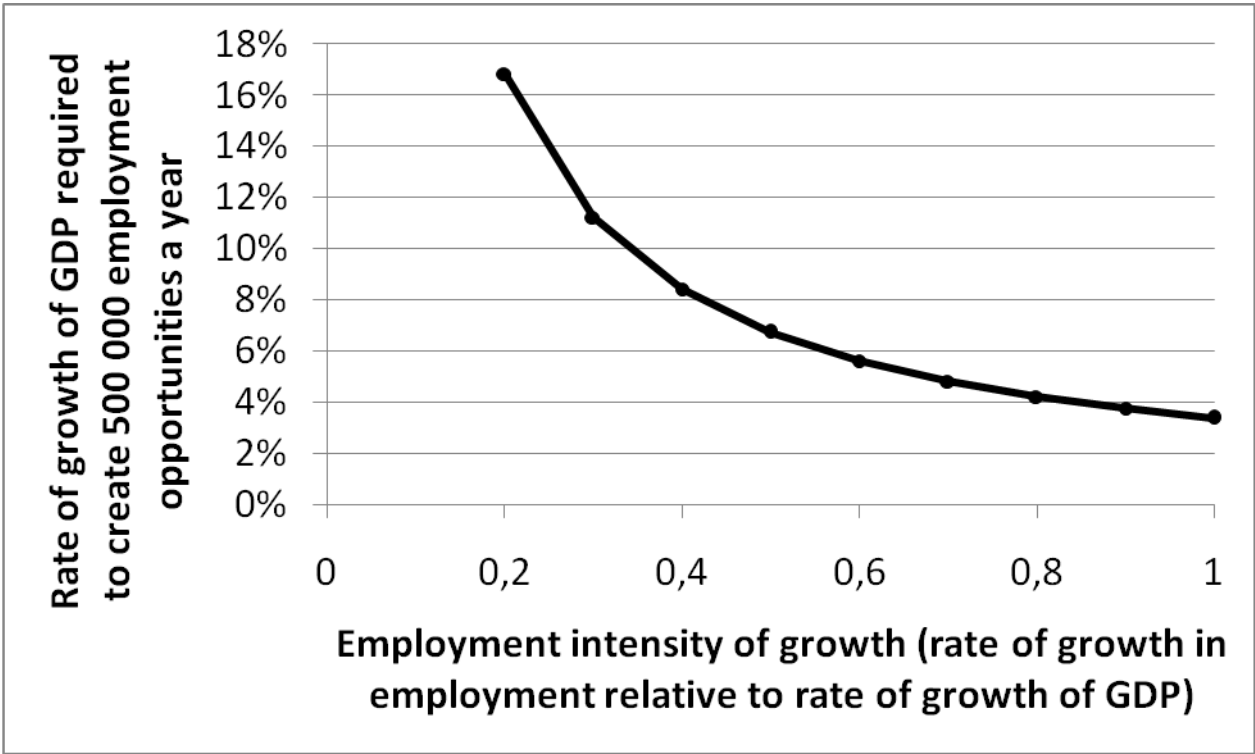
In 2010, the government set the target of creating five million new employment opportunities by 2020 in its New Growth Path document, the NGP. Bearing the projected population growth in mind, the aim is to increase the employment ratio to 50% and reduce the unemployment rate from around 25 to around 15 percent.

As the following chart illustrates, achieving this expansion in employment will require improvement in the growth of the GDP, as well as relatively labour-intensive growth. If the labour intensity of growth

² Note: Before 1996, Census data did not fully include Africans. The estimates provided here before 1996 are based on extrapolation from the data provided (a sample of 5% in 1970 and some of the Bantustans thereafter). Census data on employment is lower than findings in the Labour Force Survey. Statistics South Africa says that the Labour Force Survey data is more accurate.

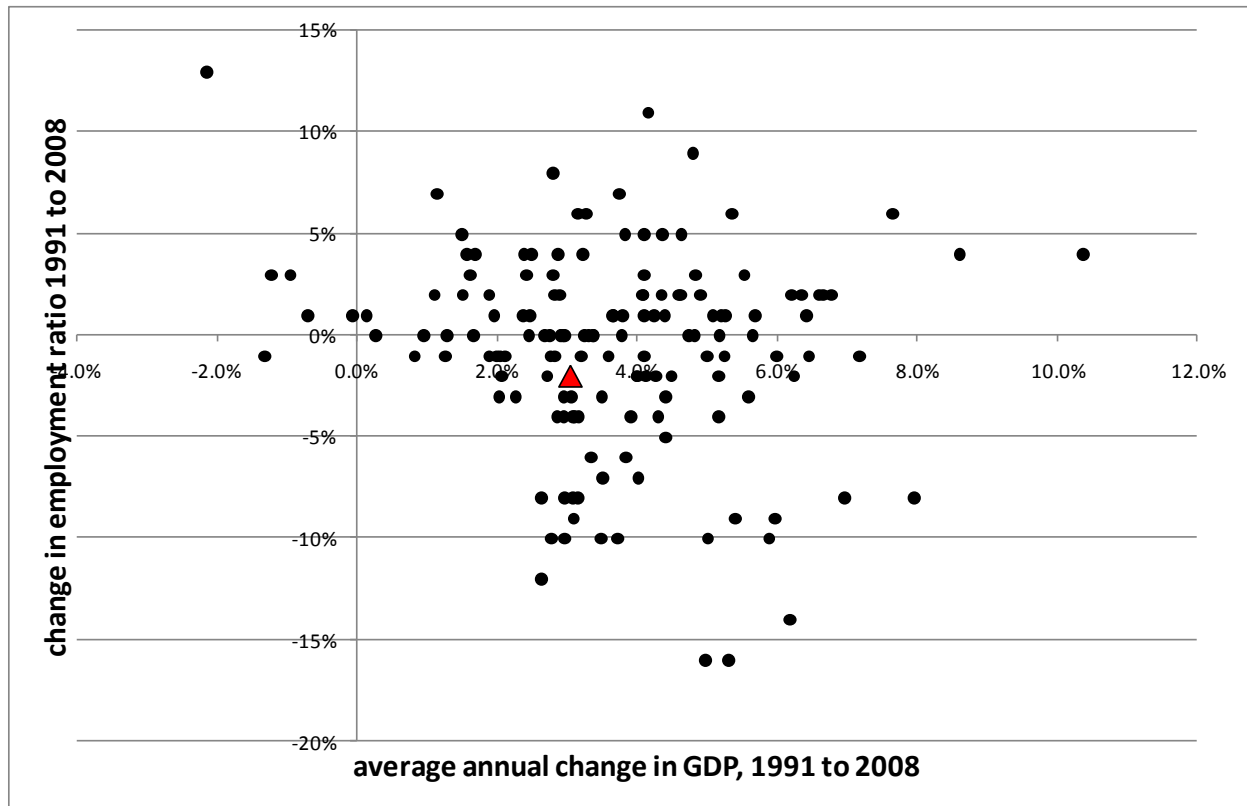
(that is, the growth in employment relative to the growth in the GDP) fell back to 0.5, the GDP would have to grow at 7% per annum for the next ten years in order to achieve the employment target. That, in turn, would mean South Africa would have to grow far above the norm for middle-income countries and would have to achieve a growth rate reached only by China and a handful of other economies in the past 16 years. On the other hand, if the economy were to continue to grow at 3.5% a year, the average GDP growth in South Africa between 1994 and 2010, the labour intensity of growth would have to reach 0.95 – a very high ratio by international standards, but one that South Africa approached for most of the democratic era.

Figure 5: Economic growth and employment-intensity of growth required to create five million new jobs by 2020



The following chart indicates that there is no obvious relationship between growth and changes in the employment ratio. Some countries have experienced rapid growth, but a decline in the employment ratio, as the economy grew more capital intensive. In others, relatively slow growth has nonetheless seen a substantial improvement in employment.

Figure 6: Change in employment ratio and GDP growth rate for 153 countries (South Africa indicated by triangle), 1991 to 2008



Source: Data on employment ratio and growth from the World Bank’s World Development Indicators. Downloaded from www.databank.worldbank.org in September 2010.

International experience suggests that mining economies are less likely to experience rapid improvements in employment and equity during commodity booms like that experienced in the ‘00s. In contrast, agriculture-based economies tend to see an improvement in exports associated with enhanced employment and some increase in equality. This might explain why the commodity boom of the 2000’s saw deepening inequalities in South Africa, but improved equity in Brazil, despite South Africa spending a higher share of its national income on redistributive grants and government services.

In short, for South Africa the challenge is to support growth in innovative activities that can create sustainable employment. Realistically, however, developing new industries that can support employment creation will take time. By extension, a strategy to support employment would entail phasing.

In the short run, government can do little to shift the economic structure towards more labour-intensive growth. It could merely create employment directly, through public employment schemes or subsidies to private employers. It could also go some way towards upgrading marginal employment. In 2010 almost four million people in South Africa, or about 30% of all employed people, worked in the informal,

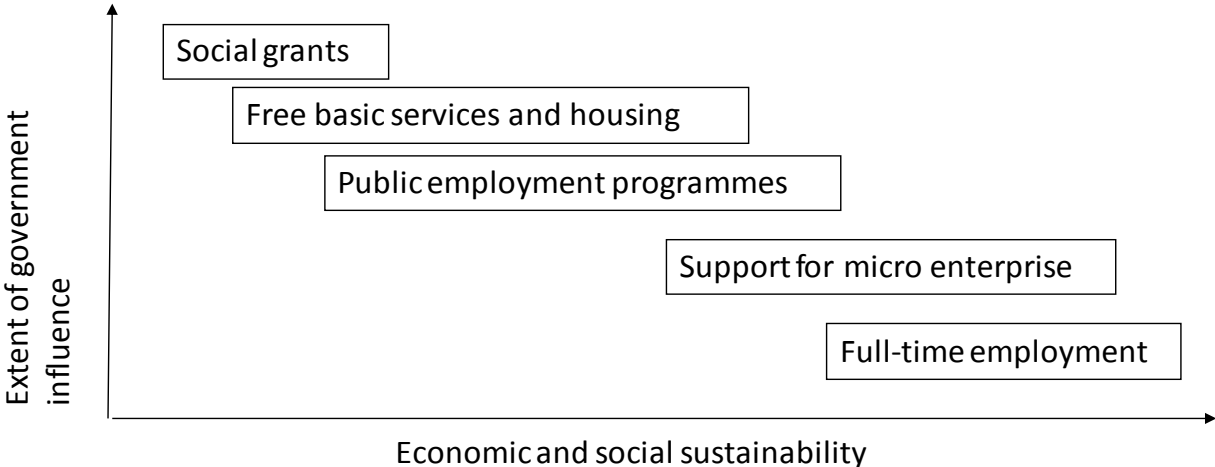
agricultural and domestic sectors, mostly earning around R1000 a month and often working under poor conditions. Government could also adopt a more expansionary macro-economic policy or seek to weaken the currency to provide a boost to private production and exports. These strategies form part of any government's response to dealing with joblessness, and can therefore be expected to persist in the longer run. Still, as the rate of unemployment improves, they should become less central.

In the medium term, government can do more to support sectors or clusters that can create sustainable private-sector employment. In South Africa, the state has identified several opportunities, notably in the agricultural value chain, construction, high-level services and light industry. These relatively labour-intensive sectors have scope to grow to meet national and regional needs and in some cases could compete on overseas markets.

Finally, in the long run sustained growth requires more dynamic, knowledge and capital intensive industries, such as electronics, pharmaceuticals and capital goods production. The challenge for South Africa is to maintain the country's capacity in these more advanced areas without starving the more labour-intensive, employment-friendly industries of the resources needed to increase employment.

This phased approach to employment creation essentially results from the effective trade-off between measures based on direct government control and those geared towards creating sustainable private-sector employment. In South Africa, mass employment creation through the economy requires the development and expansion of new activities, which cannot be accomplished overnight. It requires not only appropriate pricing and regulatory frameworks, but also supportive infrastructure, skills development and standard setting. In contrast, it is relatively easy for government to use its resources to create employment directly through public works programmes and to alleviate poverty through services and grants. Necessarily, however, the extent of these programmes will be limited by fiscal constraints.

Figure 7: Tradeoffs around options for creating employment and reducing poverty



The South African Constitution commits government to participatory democracy. By extension, public employment schemes, like any government service, should support community mobilisation and voice, as well as solidarity. From this perspective, the Community Works Programme (CWP) has a qualitatively different impact from the more direct employment creation found in the rest of the EPWP. As the following chart shows, a central selling point in the traditional public works scheme is that government will not have to spend more money on infrastructure, but will create more employment through new technologies. In contrast, the CWP promises to get resources to the unemployed and to empower communities to identify and meet their own needs. To that end, it requires investment in the establishment of new institutions that enable communities to meet and decide on specific employment needs. However, the services provided are often not included in national proposals, and the quality may well not match up to standard public-sector offerings. On the other hand, the CWP gives agency to local communities which then decide on what type of projects would be useful and what priorities to set.

Table 1: Social mobilisation and employment creation/poverty alleviation

	Social grants	Expanded Public Works Programme	Community Works Programme
Recipient	Individual	Individual	Community (ward)/ Individual
Justification	Inability to work	Government infrastructure/social/ environmental project and willingness to work for low pay	Community identified need and willingness to work for low pay
Entitlement	If meet criteria	No entitlement	No entitlement
Allocation	By government	By government and/or project manager	By community
Employment impact	None, although research has shown that households receiving grants are more likely to invest in economic activities	Unskilled, project based work	Two days a week on work decided by community
Aim	Improve incomes of the destitute	Side-benefit of existing infrastructure plans	Social integration and incomes for unemployed able-bodied adults

In a nutshell, continued short-term, but immediate interventions such as cash transfers and public employment programmes are critical for alleviating household poverty. Interventions must, however, ensure that we find substantial measures to increase household income that supports livelihood strategies, creates voice and promotes community decision making, as well as bringing poor and low income households into mainstream economic activity. The above are thus solutions to the immediate problem of poverty facing large parts of the population, whilst the creation of a sufficient number of decent jobs remains the long term mechanism for getting people out of poverty.

The ILO Declaration on Social Justice for a Fair Globalisation (2008) identifies employment, social protection, social dialogue and rights at work as the four pillars of the Decent Work Agenda. This paper will draw on existing studies and national statistics, as well as existing literature to assess the role of social grants and public employment programmes in achieving a Decent Work Agenda.

South Africa's intervention for a Decent Work Agenda needs to be strongly linked to its proposed New Growth Path (NGP). It is, therefore, important to recap the ILO Decent Work Country Programme negotiated and agreed to at the National Economic Development and Labour Council (NEDLAC). It contains the following four key priorities:

Priority One: Strengthen labour market governance that will contribute towards effective social dialogue and sound industrial relations.

Priority Two: Promote employment that will provide for inclusive job-rich growth and skills development. Strengthen national capacity for adopting labour-intensive methods in implementing employment-intensive infrastructure programmes.

Priority Three: Strengthen and extend social protection coverage that will allow access to better managed and more gender-equitable social security.

Priority Four: Strengthen workplace responses to the HIV and Aids epidemic.

Each programme outcome has specific, measurable outputs and whilst they are critical contributors towards achieving a decent work outcome they will only be truly successful if integrated into the New Growth Path.

It is therefore also important to list the five job drivers identified in the NGP:

1. Substantial **public investment in infrastructure**, both to create employment directly in construction, operation and maintenance, as well as the production of inputs, and indirectly by improving efficiency across the economy.

2. **Targeting more labour-absorbing activities** across the main economic sectors – the agricultural and mining value chains, manufacturing and services.
3. Taking advantage of new opportunities in the **knowledge and green economies**.
4. **Leveraging social capital** in the social economy and the public services.
5. Fostering **rural development and regional integration**.

An analysis of the NGP shows some potential linkages between it and public employment programmes. These are contained in Job driver 1 and 4. **Job driver 1 (Public Investment in Infrastructure)** will play an essential role and will see significant public investment in order to reach its target of creating 250 000 jobs per year until 2015. The NGP envisions that the construction sector will be the largest contributor, where most employment will arise in connection with the construction of houses and public works programmes.

In addition, and more importantly, **Job Driver 4 (Social Capital and Public Services)** supports job creation interventions in the public service, aiming for 1% growth per annum. The aim is to create jobs in health, education, policing and substantial opportunities through public employment schemes. The NGP talks about extending the Community Works Programme to more wards and the expansion of public employment will “require proper budgeting and a strategy to ensure both affordability and cost effectiveness.” Furthermore, social grants can also be seen as building up social capital.

Undoubtedly, all these interventions are crucial for reducing high unemployment and high levels of poverty. Whether the current framework of the New Growth Path can realise these important job drivers remains to be seen. Unfortunately, a clear, multi-pronged approach to poverty interventions towards the achievement of a DWA seems to be lacking. In particular, the question of how social security and public employment programmes reduce incidents of household poverty and increase job search opportunities of household members could have been explored in more detail. As will be demonstrated in the next section of the paper, South Africa does not yet have a comprehensive social security system and **Priority Three** of the DWA reiterates the need for such a comprehensive social security system.

This paper will now proceed by sketching the existing system and its gaps in coverage and explore why and how synergy effects between social assistance and public works programmes are possible and desirable.

3. How and Why Possible Synergy Effects between Social Grants and Public Employment Schemes are possible and desirable

The previous section sketched both the current economic context and the New Growth Path the country is embarking on. However, given the high levels of unemployment, especially amongst youth, and the high levels of structural poverty it is not possible to simply wait for jobs to be created. What is required is a support mechanism for the poor and vulnerable that alleviates poverty whilst we wait for full and decent employment to be created.

The South African Constitution of 1996 guarantees access to social security to all and social assistance to those that cannot provide for themselves. Social security in South Africa is compiled of two separate parts – contributory social insurance and non-contributory social assistance. Social assistance is financed by the National Fiscus and thus constitutes a redistribution of wealth from the wealthier tax payers to the poor. Social grants are thus an essential component of social security, as they address poverty and vulnerability through the transfer of national revenue from those who can provide for themselves to the vulnerable and needy. As this paper focuses on improving the livelihood strategies of the poor by investigating possible synergy effects between social security and public employment programmes, it will only deal with the social assistance part of social security.

In South Africa, social assistance has taken the form of cash transfers - social grants. Whilst we have seen huge increases in coverage since the advent of democracy, the structure of the system largely remained in place. The current social assistance system was designed under apartheid and was based on the premise of full white-male employment. As a result the system targets the vulnerable or the so-called “deserving poor” – women, children, people living with disabilities and the old. Under apartheid, full white male employment was virtually guaranteed and there was no need for a social assistance system that provided support for men and women of a working age (between 18 and 60 years).³ The brief economic overview provided in the previous section has clearly demonstrated that South Africa faces a severe employment crisis. The current social assistance system was never designed to deal with such a situation and does not provide any form of support for working age adults, other than indirectly if they are a care giver and hence receive the child support grant earmarked for their child. However, even then the grant is technically meant to be spent exclusively on the wellbeing of the child.

The results of the design of the social assistance system are manifold: firstly, grants are being diluted. This will be discussed in more detail in later sections of the report. At this point it will suffice to merely state that given the levels of destitution grants are typically shared amongst several household members. As a result, their value which was never very high gets diluted further and the amount of money that is available per person living in the household that is dependent on the income from the grant decreases. Secondly, this raises the question of adequacy. If a grant is diluted because it is shared

³ For more details on the evolution of the social security system in South Africa before and after 1994 please see: Brockerhoff, Stephanie, “Monitoring the Progressive Realisation of Socio-Economic Rights in South Africa: A Review of the Development of Social Security Policy in South Africa”, *Studies in Poverty and Inequality Institute*, October 2010.

by several members of the household, then what developmental impact can we reasonably expect it to have? Naturally, some people would argue that the grant should not be shared as it is earmarked for a specific purpose, but this objection is unrealistic given the levels of poverty in South Africa. Thirdly, we are increasingly seeing a worrying trend, where working age adults without a source of income are attaching themselves to households receiving a grant. As most grants go to the elder or care givers of children this potentially signals the emergence of unhealthy and exploitative intra-household relationships.

All of the above described trends are worrying and need to be addressed most urgently. Though the South African Constitution guarantees universal access to social security for all, this has not yet been achieved and as outlined above the results are a dilution of the value of grants that are being paid and exploitative intra-household relationships. From a developmental point of view, universal social security is important for two reasons: firstly, socio-economic rights were included in the Constitution as the mechanism through which to change and heal society and turn it into a more equitable and prosperous one. It serves to remember the crucial importance of this goal, despite the fact that this transformation process is costly to the tax payer and the national revenue. Secondly, universal social security is important for dealing with poverty and decreasing unemployment. Socio-economic rights are interrelated and cannot be viewed in isolation. For example, increases in spending on education will not yield the desired outcomes if children arrive at school hungry and are hence less able to learn. Subsequently, educational outcomes are going to be poor which will affect the future employability of the learner. Naturally, this is a very simplistic view of the inter-relatedness of these issues, but it sketches the vital importance of creating a universal social security system that provides adequate financial support to everyone and hence prevents the dilution of existing income.

The gap in coverage in the current social assistance system could be addressed in several ways. The Taylor Committee Report of 2002 suggested the creation of a universal Basic Income Grant, the BIG.⁴ However, this idea was rejected by the government of the time which instead preferred large scale public employment programmes. The idea behind public employment programmes is that they target the parts of the population, which are currently not covered by the social assistance programme, as described above. This paper does not wish to revisit the debate about whether government was right to choose public employment schemes instead of adopting a BIG. Instead, this paper wants to take the social assistance system as it is and look whether possible synergy effects exist between social grants and public employment schemes, and if they exist what they are and how they could be strengthened further.

The underlying theoretical assumption guiding this research is that grants are of an insufficient monetary value to lift households out of poverty, given that the grant income is shared by all members of the household, which in turn is the result of the current targeting structure in the system. Due to the fact that grants in South Africa do not only target certain parts of the population, but are also subject to a means test, they can be said to be going towards the poorest of the poor. If it were possible to ensure

⁴ Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa, *Transforming the Present – Protecting the Future*, March 2002. Available at <http://www.sarpn.org.za/CountryPovertyPapers/SouthAfrica/march2002/report/index.php>.

that those members of a poor household who are of working age and currently not receiving an income receive temporary employment and income through a public employment scheme, as well as improve their skill levels, then the livelihood strategies of the household would improve and poverty would be reduced. This is only the theory and requires a number of contributory elements to be achieved. However, it serves to think of all government interventions aimed at reducing poverty and creating employment as one. Only if synergies are found, and supported by administrative structures and government plans, are we likely to find viable solutions to the continuously high levels of poverty and unemployment in this country.

When thinking about these theoretical assumptions we need to distinguish two things: firstly, do we agree with the theoretical possibilities outlined above. Secondly, does the current system of Public Employment Schemes meet the desired outcomes? The latter is a design question and one that can be addressed by redesigning and improving the EPWP or by enhancing new programmes such as the CWP. The former is a more fundamental, ideological point which is harder to address. For example, one might object to the fact that the working age population does not have access to social grants and instead has to participate in public employment schemes, which merely provide temporary support, which given structural and long term unemployment is insufficient. However, the Community Works Programme is designed in such a way that it addresses these issues and might hence be viewed as a way around these problems (see table 1 in the previous section).

To recap, it serves to think holistically about all types of social security aimed at supporting the marginalised and poor. Social grants cover one part of the population and provide limited income which is diluted further for the above outlined reasons. PWP can help working age adults generate some income, a BIG could do the same thing. If income from more sources than only grants flows into households, nutrition levels will improve and hence education outcomes, job search frequency and other desirable developmental indicators, all of which are in the long run crucial for embarking on a New Growth Path that seeks to create new, decent jobs.

4. Social Grants and the Decent Work Agenda

This section of the paper recaps and builds on research conducted by NALEDI for the first phase of this project that analysed social grants from a Decent Work perspective. Chapter two of the South African Constitution, the Bill of Rights, grants social security to all, and social assistance to those who cannot provide for themselves. Social security in South Africa is comprised of social insurance and social assistance. Social insurance is contributory, whilst social assistance, which takes the form of grants in South Africa, is financed through state revenue.

The broader concept of social security can be described in terms of its objective which is to ensure what the United Nations describes as:

“... the protection which society provides for its members through a series of public measures against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, invalidity and death; the provision of medical care; and the provision of subsidies for families with children.”⁵

The aim of social security interventions, as defined by the ILO are to:

- *“...offset the absence or substantial reduction of income from work resulting from various contingencies (notably sickness, maternity, employment injury, unemployment, invalidity, old age and death of the breadwinner),*
- *provide people with healthcare, and*
- *provide benefits for families and children.”⁶*

The ILO defines decent work as:

“...productive work under conditions of freedom, equity, security and dignity, in which rights are protected and adequate remuneration and social coverage are provided.”⁷

Social protection is a broader concept which refers to all interventions that support vulnerable households and assist them out of their vulnerability. Social assistance as provided in South Africa is, however, a narrower concept in which the state attempts to address poverty and vulnerability by transferring funds from the fiscus to the vulnerable. This report aims to form the basis and inform recommendations of how existing income transfer interventions and public employment schemes can

⁵ Midgley, J., (1996), Challenges Facing Social Security, in J. Midgley & M. B. Tracy (Eds.), *Challenges to Social Security*, (pp.1-18), Westport, Connecticut, Auburn House.

⁶ ILO, 2000 World Labour Report.

⁷ www.ilo.org, accessed 28 September 2010.

reduce household poverty in the context of a New Growth Path that encapsulates Decent Work as a central tenet of its programme.

4.1 Types of social grants in South Africa

There are seven, means tested, social grants in South Africa as outlined in the table below. All the grants are financed through the fiscus and are non-contributory. Both the number of beneficiaries, as well as the value of the grants has increased over time. In the case of the child support grant, the grant recently became available to all children under the age of 18, a significant increase in eligibility, as initially it was only available to children up to the age of seven. Subsequently the growth in beneficiaries is fastest for this grant. In addition, government has increased the asset and income threshold thereby also increasing the number of people eligible for applying. An eighth grant, the grant for Social Relief of Distress is also available for persons in a temporary situation of distress. Social assistance grants are administered by the South African Social Security Agency (SASSA).

Table 2: Types and grants and their value⁸

Grant Type	Amount Payable from 1 October 2008	Amount Payable from 1 April 2009	Amount Payable as of 1 April 2010	Amount Payable as of 1 April 2011
Old Age Grant	R 960.00	R 1010.00	R 1,080.00	R 1,140.00 ⁹
Disability Grant	R 960.00	R 1010.00	R 1,080.00	R 1,140.00
War Veteran's Grant	R 980.00	R 1030.00	R 1,100.00	R 1,160.00
Grant-In-Aid	R 230.00	R 240.00	R 250.00	R 260.00 ¹⁰
Child Support Grant	R 230.00	R 240.00	R 250.00	R 260.00 ¹¹
Foster Care Grant	R 650.00	R 680.00	R 710.00	R 740.00
Care Dependency Grant	R 960.00	R 1010.00	R 1,080.00	R 1,140.00

Source: SASSA Website. Accessed on 10 April 2011 and the 2011 National Budget Review

⁸ SASSA website and 2011 National Budget Review Documents.

⁹ This year the Old Age Grant for the over 75 was actually increased by an extra R20 and stands at R1160. However, only a very small number of people actually benefit from this.

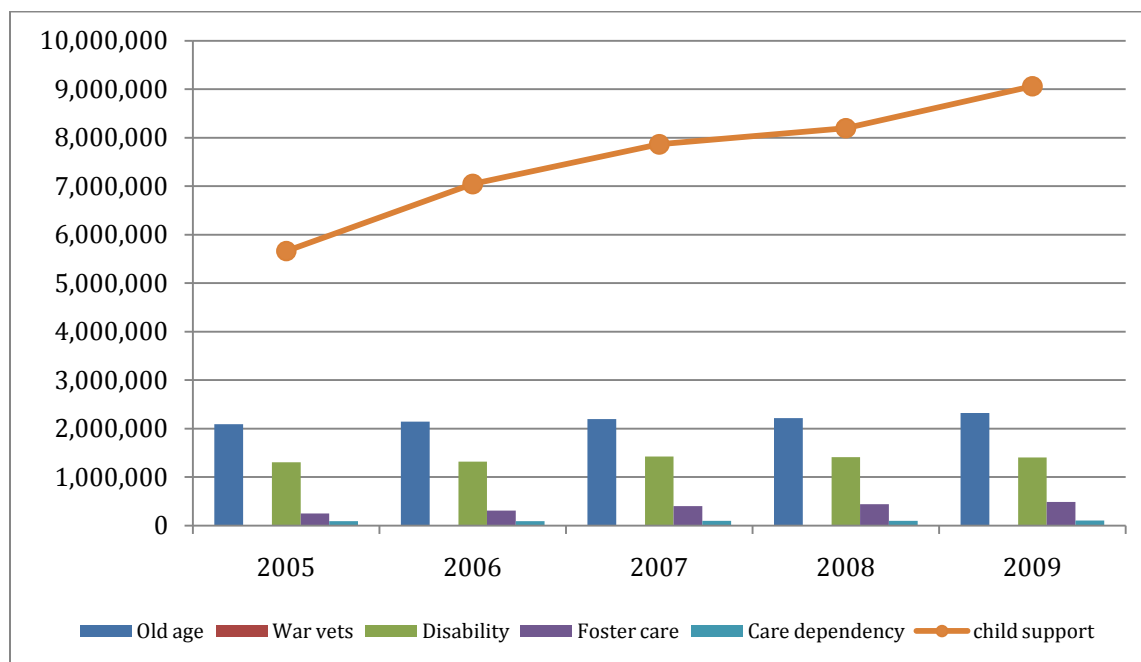
¹⁰ The budget review did not mention by how much this grant would increase this year. However, in the past it has always increased in line with the Child Support Grant. Therefore, it has been assumed that this will also be the case for 2011/12.

¹¹ This grant will increase by another R10 in October.

4.2 Social Assistance in South Africa

The 2009/2010 fiscal year set aside approximately R85bn or 3.5% of GDP for social assistance. According to the 2009 National Budget Review, almost 13.8 million social grants were administered that year. In February 2011, the number of beneficiaries reached almost 15 million. Over the previous six years, the average annual growth in the number of beneficiaries was 6.4%. Whilst the child support grant makes up the bulk of grants (69%), the old age grant continues to represent the largest expenditure item, due to its significantly higher value. The impact of the HIV/Aids crisis can be gauged by the fact that the number of foster care grant recipients increased by 12.1% in the previous year. Given problems around court and social worker capacity this is still an understatement of the actual demand for the foster care grant. Overall social grants expenditure is projected to increase by an average of 10.6% per annum between 2010/11 and 2013/14.¹²

Figure 8: Number of social grant beneficiaries, 2005 to 2009



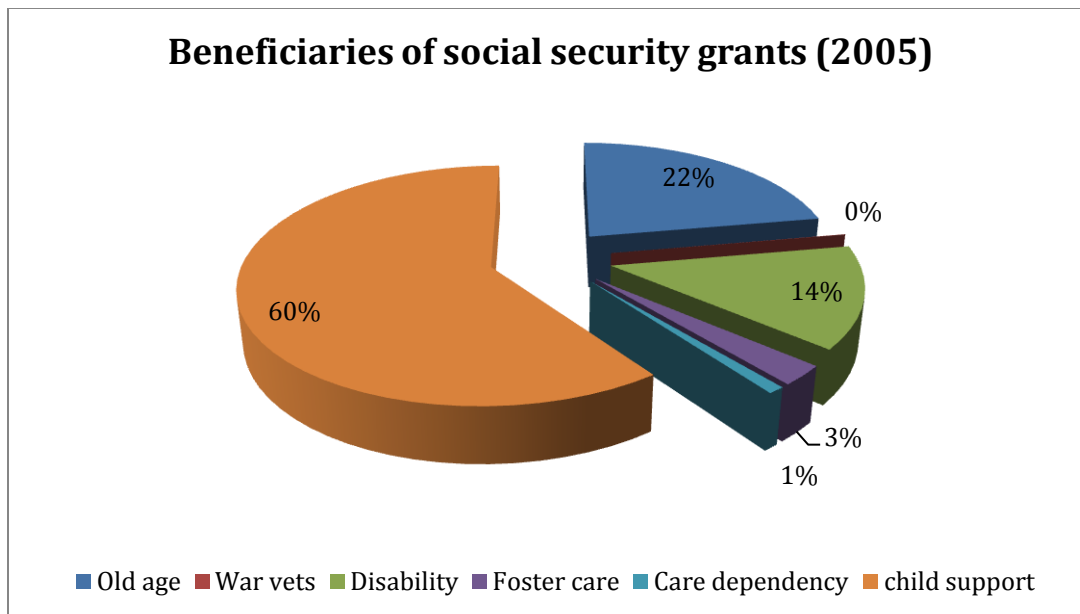
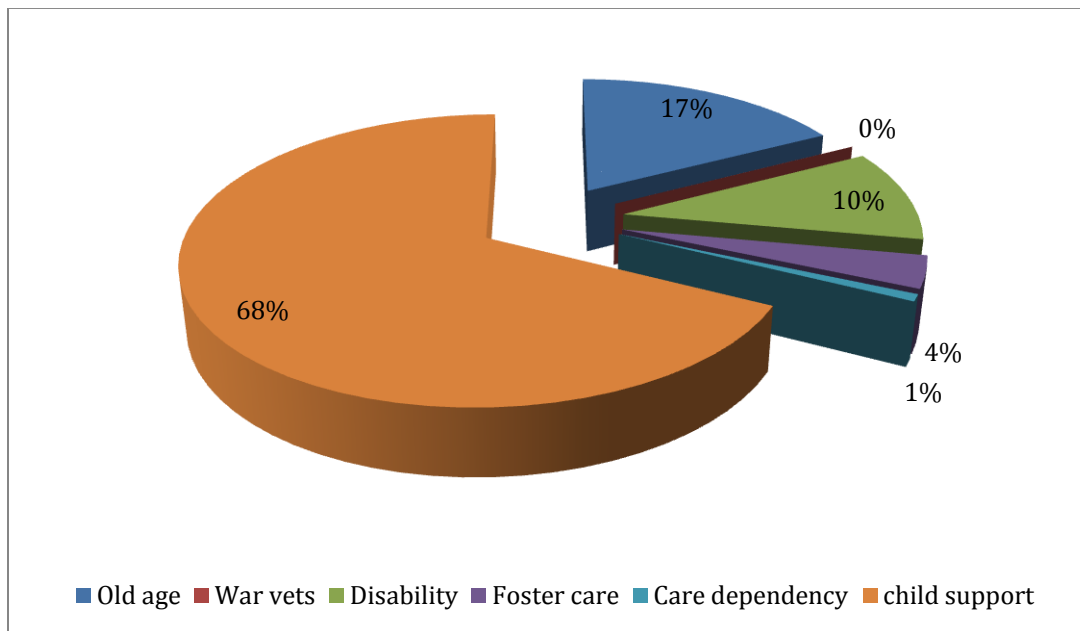
Source: 2009/10 Budget Review

The above figure illustrates an overall increase in the number of beneficiaries between the two periods across all types of grants, with the exception of the war veteran's grant which saw an overall halving in the number of beneficiaries or a 12.7% average annual decline in the number of beneficiaries. This is due to the fact that this grant is available to veterans from the First and Second World War and the Korean War, an increasingly small group. In comparison, the child support grant witnessed the biggest

¹² 2011 National Budget Review, chapter 7.

increase in beneficiaries (60%), growing its beneficiary base by approximately 15% per annum between 2005 and 2009. This increment was due in part to increases in the age eligibility criteria, as well as improved grant uptake. The child support grant increased its share amongst all grants from 60% in 2005, to around 68% in 2009, to 69% in 2011.

Figure 9: Comparison between the number of recipients of the different social grants in percentage in 2005 and 2009¹³



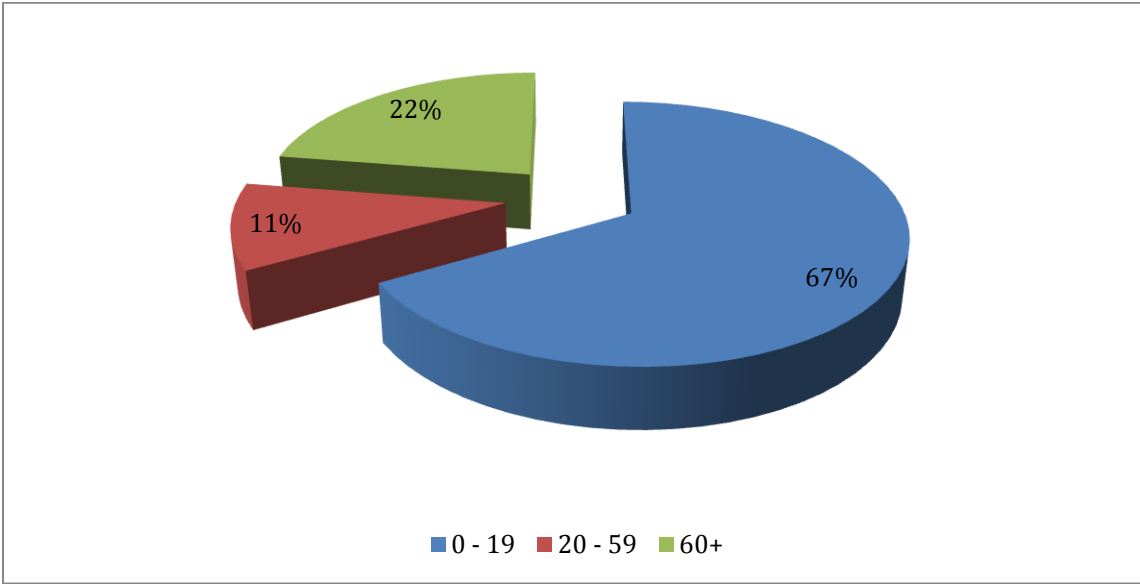
Source: 2009/10 Budget Review

¹³ The number of recipients of the War Veteran’s Grant is so low that due to rounding it is shown as zero in these pie chart.

The trends illustrated above are in line with Statistics South Africa’s (StatsSA) findings in the General Household Survey (GHS), volume I on social grants. StatsSA notes that the percentage of households in which at least one member received a grant rose from 33.5% in 2003 to 42.5% in 2007. Accompanying this was a rise in the mean number of grant recipients per household from 1.5 to 2.1 during the same period.

The 2007 Community Survey found that almost 11.2 million South Africans received some form of grant from the state (see table below). It is estimated that almost 90% of the recipients are either under 20 years of age or over 60 years of age (see chart below). The only grants available to someone outside these age groups are the disability grant and the grant for social relief of distress. Therefore, these results are hardly surprising given the design of social assistance in South Africa that targets the young, the old and people living with disabilities. The so called ‘able bodied’ men and women of a working age are not covered by the social assistance system and can only benefit indirectly if another member of their household receives income through a grant, or if they are the care giver of a child and hence receive the child support grant in order to spend it on their child. This is also, why, typically, one grant will provide income for several members of a household. This has led to a shift in power relations in households towards the elderly and women, as 55% of caregivers are women and the Child Support Grant is paid out to the care giver of the child.

Figure 10: Age of grant recipients



Source: Community Survey 2007

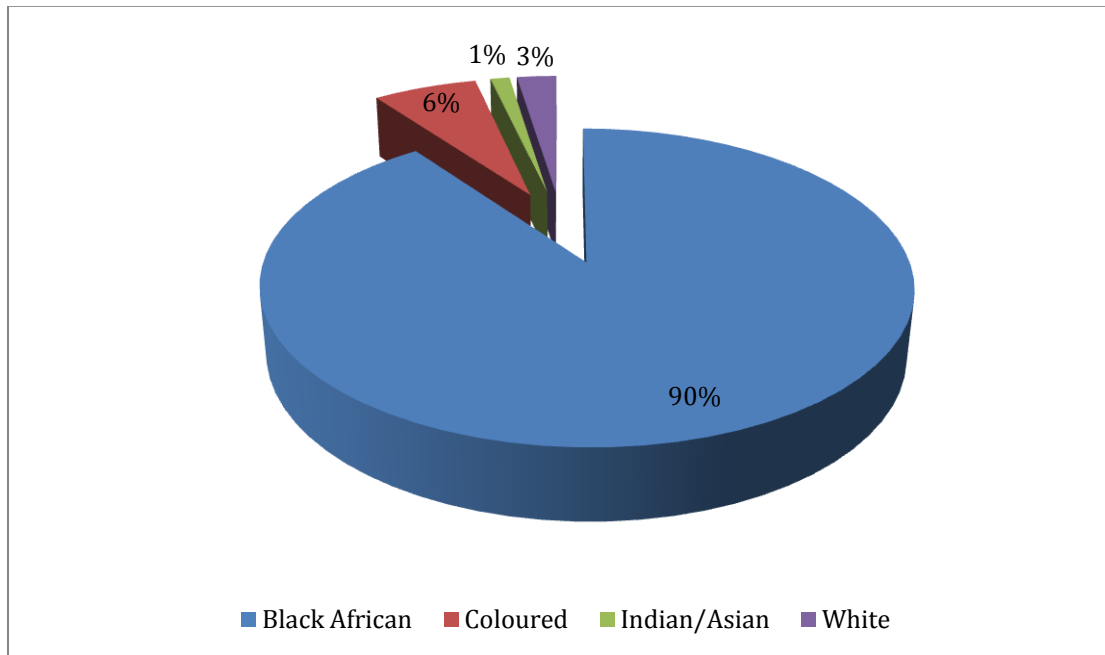
Table 3: Grant recipients by gender and age

Age	Gender		Total
	Male	Female	
0 – 19	3,705,932	3,735,329	7,441,261
20 – 59	539,385	663,153	1,202,538
60+	753,637	1,752,967	2,506,604

Source: Community Survey 2007

According to findings from the 2007 Community Survey, the vast majority of grant recipients (90%) is Black African, followed by coloureds (6%), whites (3%) and Indians/Asians (1%). In proportion to their share in the population, Black Africans are thus overrepresented in this group. Subsequently, this illustrates that poverty in South Africa continues to be related to race.

Figure 11: Grant recipients by race

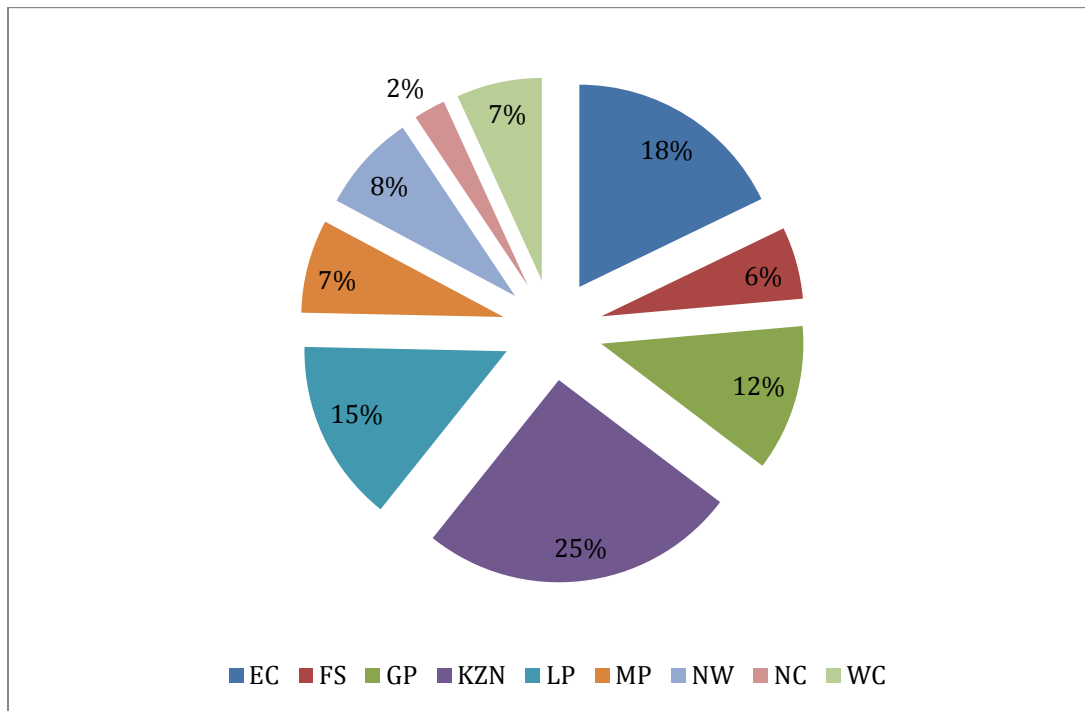


Source: StatsSA Community Survey 2007

Three sources of data were consulted in order to determine the provincial breakdown of grant beneficiaries - the General Household Survey data from 2009, the 2009 National Budget Review and the

2009 Development Indicators from the presidency. According to data from the 2009 development indicators, KwaZulu Natal, the Eastern Cape, Limpopo and Gauteng account for 70% of total grant recipients. KwaZulu Natal accounts for the largest number of grant recipients, a quarter of all national grant recipients. This is followed by the Eastern Cape (18%), Limpopo (15%) and Gauteng (12%)

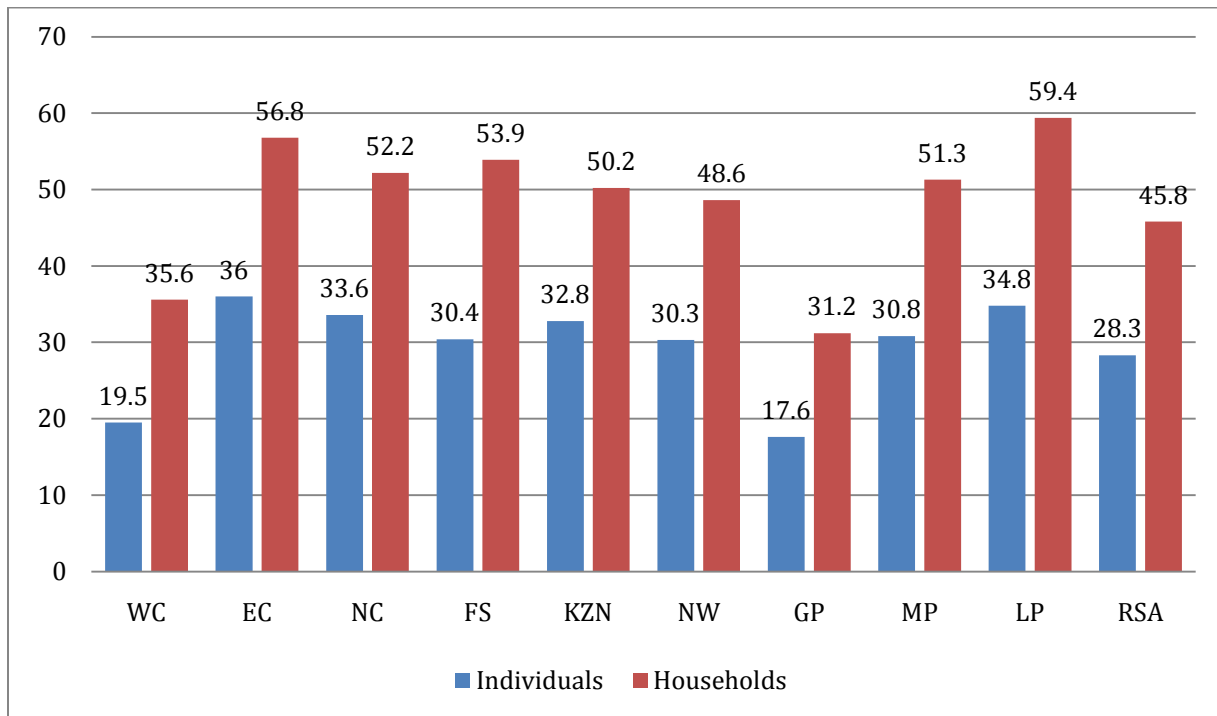
Figure 12: Grant recipients by province in 2009



Source: 2009 Development Indicators

The 2009 GHS (see chart below) estimates that almost half, or 46% of households and 28% of individuals, benefit from at least one grant. Provincially, the five provinces of Limpopo (59.4%), Eastern Cape (56.8%), the Free State (53.9%), the Northern Cape (52.2%) and Mpumalanga (51.3%) have the largest proportion of households receiving grants.

Figure 13: Percentage of individuals and households receiving grants by province



Source: StatsSA, General Household Survey, 2009

The importance of social grants as a source of income for poor and vulnerable households becomes even clearer when data on household income sources is analysed. According to the 2009 GHS, income from salaries and grants accounted for the largest proportion of household income, with an estimated average of 44% of households receiving income through grants. The analysis of household income also illustrates that most households will rely on more than one source of income. The table below also illustrates that, grants as a source of income are of particular importance in the Eastern Cape, Northern Cape, the Free State, and Limpopo. Data from the 2009 National Budget Review shows that the Northern Cape, Western Cape and KwaZulu Natal, saw the largest growth in the number of beneficiaries of social grants between 2005 and 2010.

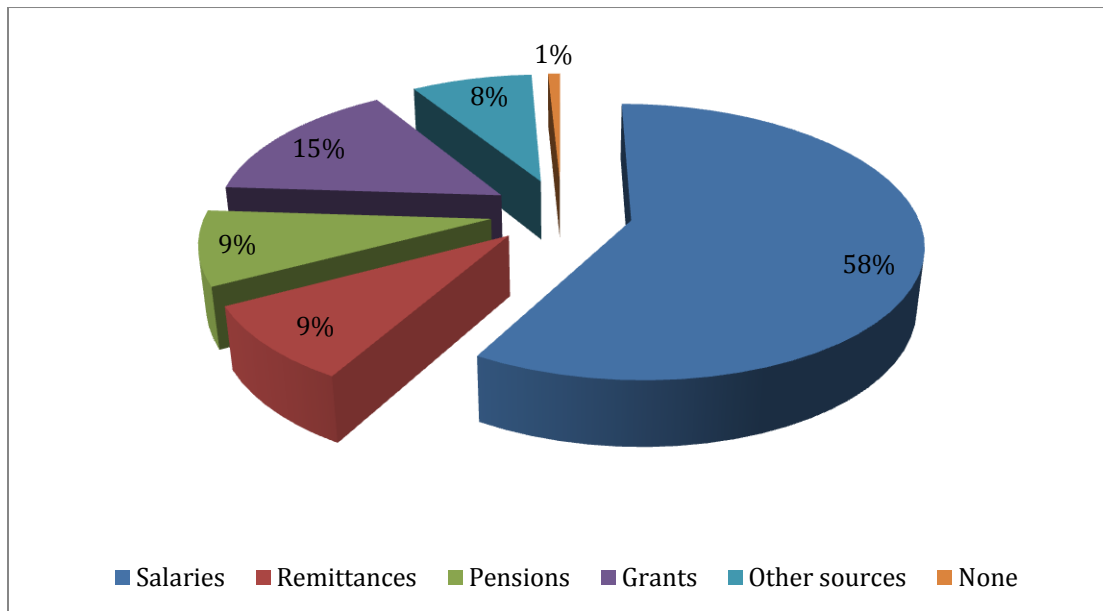
Table 4: Different Sources of income in percentages of households accessing each category

Percentages		WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
	Salary	76.6	49.1	58.1	63.9	60.7	59.2	76	62	45.8	63.5
	Income from Business	11.1	10.9	8.8	12.4	11.7	11.2	14.2	15.2	14	12.6
	Remittances	4.2	20.8	13.9	17.1	16.1	16.5	7.9	20.1	28	14.8
	Pension	16.7	13.9	11.6	8.5	15.2	9.4	9.9	9.9	10.3	12.1
	Grants	34	55.7	51.9	50.5	48.3	45.8	28.9	48.6	57.7	43.7

Source: StatsSA, General Household Survey, 2009

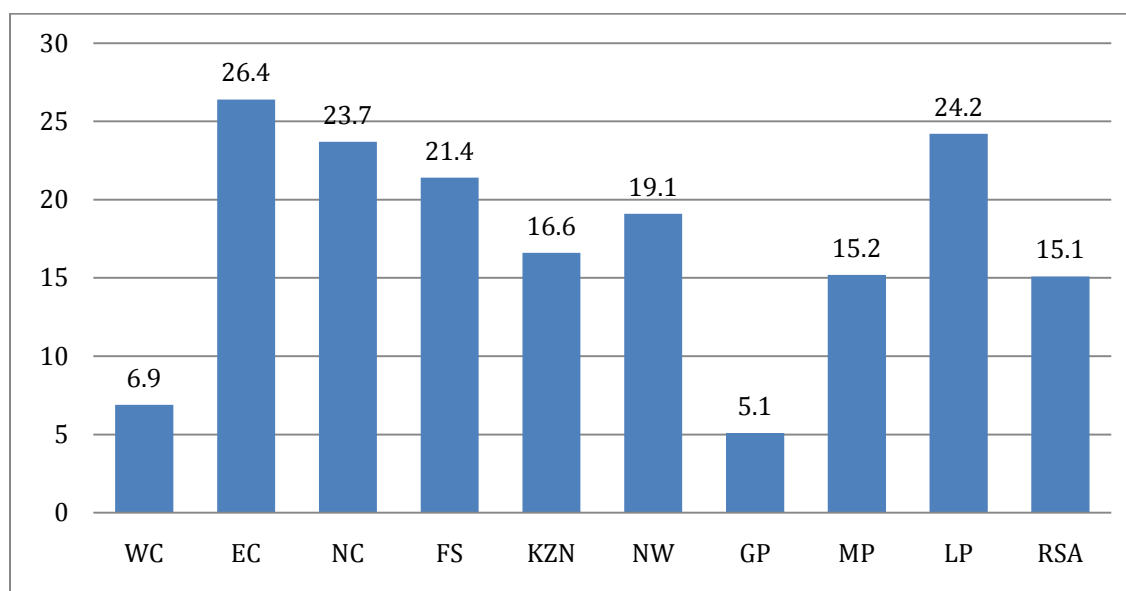
The main source of household income in South Africa is salaried income. Whilst nationally, 60% of households are dependent on salaries as their main source of income, 15% depend on social grants as their main source of income. In the Free State, the Eastern Cape, the Northern Cape and Limpopo over 20% of households depend on social grants as their main source of household income. Given the current value of grants this raises very concrete concerns about the poverty levels of these households.

Figure 14: Main source of household income in percentage



Source: StatsSA, General Household Survey, 2009

Figure 15: Percentage of households for which grants are the main source of income by province



Source: StatsSA, General Household Survey, 2009

4.3 Social grant expenditure

Since the end of apartheid and the de-racialisation of social assistance, spending on social grants has increased significantly. This is illustrated by the table below which provides information on the expenditure on social grants and their administration as a percentage of GDP between 2007 and 2011.

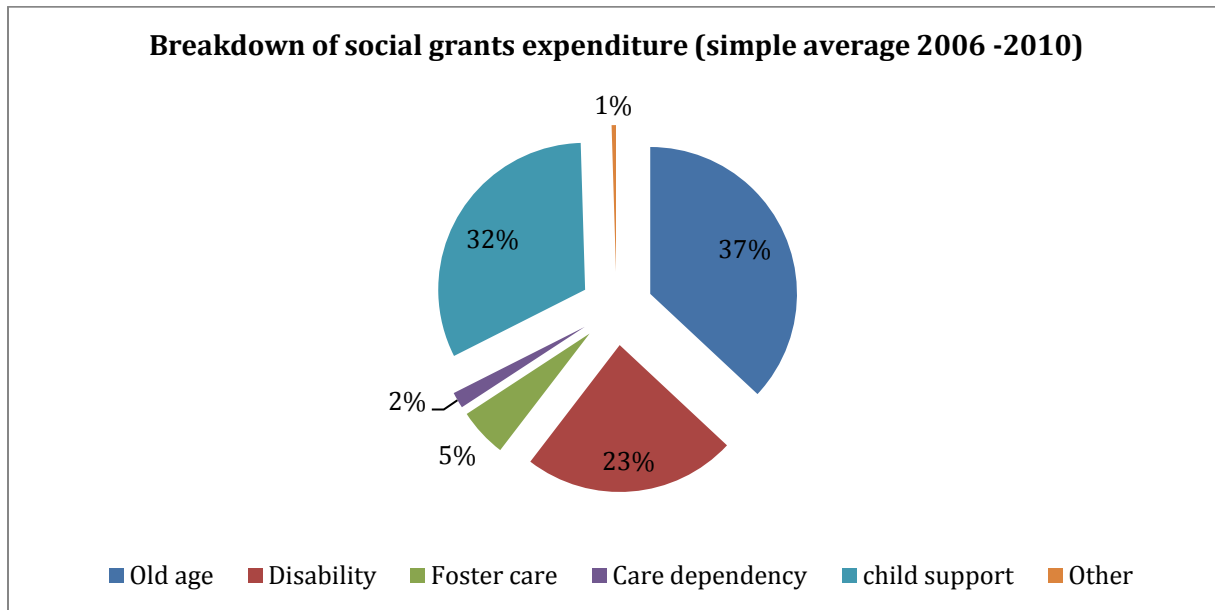
Table 5: Social grants expenditure as a percentage of GDP, 2007/08 - 2013/14

R Million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
				Revised Estimates	Medium Term Estimates		
Social Grants Transfers	62 467	70 715	79 260	88 268	97 560	106 256	114 409
SASSA administration	4 143	4 630	5 169	5 631	6 144	6 200	6 540
Total	66 610	75 345	84 429	93 899	103 704	112 456	120 949
As percentage of GDP	3.2%	3.3%	3.5%	3.5%	3.6%	3.5%	3.4%

Source: National Treasury, 2011 Budget Review

The table and chart below illustrate the breakdown of social grant expenditure as of February 2010. Whereas the Child Support Grant represents the social grant with the highest number of beneficiaries, when analysed in terms of expenditure, the Old Age Grant represents the social grant with the highest expenditure, accounting for approximately 37% of the total social grant expenditure. This is followed by the Child Support Grant (32%), the disability grant (23%), the foster care grant (5%). This is due to the significantly higher value of the Old Age grant, which is more than four times the value of the CSG.

Figure 16: Expenditure by grant type in percentage



Source: National Treasury, Budget Review 2010/11

Table 6: Expenditure by type of grant as percentage of annual spending on grants, 2006 to 2010

Type of Grant	2006-2007	2007-2008	2008-2009	2009-2010
Old Age	37.2%	36.5%	36.7%	37.5%
Disability	25.0%	24.5%	23.3%	21.0%
Foster Care	5.0%	5.5%	5.6%	5.4%
Care Dependency	1.8%	1.8%	1.8%	1.7%
Child Support	30.8%	31.4%	31.6%	34.1%

Other	0.2%	0.3%	1.0%	0.3%
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Source: National Treasury, 2009/10 Budget Review

4.4 The Child Support Grant (CSG)

The following discussion of the CSG must thus be viewed in the context of a rapid expansion of all grants, related increases in budget allocations and evidence of the importance of social grants in South Africa.

4.4.1 Location of CSG beneficiaries

The table below summarises the type of settlement beneficiaries of the CSG live in, according to information provided in the 2009 National Budget Review. The majority of CSG recipients live in rural areas, i.e. farms or villages, whilst 44% live in urban settlements. This data supports other research that found that most CSG recipients either live in rural or informal urban areas. It illustrates that with the exception of the Western Cape, where 57% of the grant recipients live in formal metro areas, less than 15% of grant recipients in the other provinces live in formal metro areas. With the exception of the Free State, Gauteng and the Northern Cape, most of the CSG recipients in the other provinces do not live in formal urban areas or towns. In the North West, Limpopo, the Eastern Cape and Mpumalanga, over 66% of CSG recipients live in rural villages that are not farms. This figure is highest in the North West and Limpopo where up to 91% of the recipients live in non-farm rural areas.

Table 7: Neighbourhood classification of CSG recipients by province

Province	Neighbourhood classification					
	Formal metro	Informal metro	Formal urban/town	Informal urban/town	Rural village (not farm)	Rural on farm
WC	56.5%	18.3%	12.2%	1.6%	3.5%	7.8%
EC	0.0%	0.3%	10.8%	15.2%	69.9%	3.8%
NC	1.4%	0.7%	30.2%	46.4%	9.3%	12.0%
FS	0.4%	1.7%	45.3%	36.9%	7.9%	7.9%
KZN	13.6%	1.5%	8.5%	20.0%	56.2%	0.3%

NW	0.0%	1.1%	4.9%	2.7%	91.4%	0.0%
GP	15.2%	8.4%	55.1%	20.0%	1.3%	0.1%
MP	1.3%	3.8%	5.8%	22.0%	66.0%	1.2%
LP	1.5%	1.0%	1.0%	2.5%	90.8%	3.3%
RSA	10.0%	3.6%	15.9%	14.9%	53.3%	2.3%

Source: National Treasury, 2009/10 Budget Review

The CSG targets poor children and the intuitive assumption that the majority of these children will live in households that tend to be located in the farm and non-farm rural area and informal urban settlements is clearly supported by the data, as illustrated above. Nonetheless, whilst the number of CSG recipients has increased significantly over the last couple of years, uptake continues to be a problem and applicants continue to struggle with gaining access to grants if they do not possess an identity document, despite new government regulations aiming to overcome this problem. In addition, lapsing grants and the backlogs SASSA continues to struggle with present additional challenges to the administration of social grants in South Africa.

4.4.2 Developmental Impacts of the CSG and DWA

In 2007, Servas Van der Berg neatly summarized the effects of grants as follows during a presentation at a conference:

“...poverty has declined substantially after the year 2000. Also, as was indicated, social grants were largely responsible for this decline. Even though more jobs were created, those jobs did not have the required poverty impact, as the poor were at the back of a very long job queue and therefore could very often not share in the benefits of such additional jobs. Thus social grants played an important role, but their very large magnitude now makes it difficult to expand them without running into severe budgetary constraints.”¹⁴

The importance of social grants in South Africa has also been highlighted by a number of other analysts, beneficiaries and international organizations alike. This section of the paper has illustrated that income through grants is a vital source of income for poor households and in some cases constitutes the main or only source of income. Furthermore, it has been shown that around 90% of grant recipients are Black

¹⁴ Van der Berg S. 2007. Declining poverty in South Africa – The role of social grants. P.21.

Africans, and grants thus go some way in easing the structural poverty that is part of the apartheid legacy. In 2008 the National Treasury predicted that around 75% of households in the bottom quintile received a grant. They also reported that the number of children that are often or always hungry decreased from 5.2 to 2%.¹⁵ This illustrates the usefulness of social assistance as a poverty alleviation mechanism. However, Leibrandt et al noted in 2010 that roughly 2.5 million children are eligible for the CSG and do not receive it. 1.9 million never applied for a grant and a lack of the appropriate documentation is typically given as the reason.¹⁶ Both SASSA and the Department of Social Development are aware of this problem.

Table 8: Alignment between the CSG and the DWA¹⁷

	Element of the DWA	Key questions to be addressed	Summary of Main Issues/ Conclusions
1	Employment opportunities	Does CSG impact on the labour supply?	<ul style="list-style-type: none"> ▪ The study indicates that households with access to social grants demonstrate high probability of job search. ▪ A broader issue is that the provision of a full set of services for children requires employment of for instance, ECD practitioners. This means that for the CSG to achieve its full potential, greater employment might be required in other sectors.
2	Adequate earnings and productive work	Does CSG affect the reservation wages of beneficiaries?	<ul style="list-style-type: none"> ▪ The finding of increased evidence of job search indicates that households are more likely to search for work. ▪ In part, this is attributable to having income to engage in so-called risky behaviour of searching for employment. ▪ Furthermore,
3	Decent hours	Not applicable	
4	Combining work, family and personal life	Does CSG enable more time to be spent with family?	<ul style="list-style-type: none"> ▪ There is little evidence in this area.
5	Work that should be abolished	Does CSG contribute to abolishment of child labour?	<ul style="list-style-type: none"> ▪ Yes, it does.

¹⁵ 2009 National Budget Review, Chapter 6.

¹⁶ Leibrandt, M., et al, 'Trend in South African Income Distribution and Poverty since the Fall of Apartheid', *OECD Social, Employment and Migration Working Paper*, No. 101, OECD Publishing, p. 59.

¹⁷ Hassen, E. March 2010. Implications of the Child Support Grant and the Expanded Public Works Programme for the Decent Work Agenda: Case Study on South Africa, First Phase NALEDI Report

6	Stability and security of work		
7	Equal opportunity and treatment in employment		
8	Safe work environment		
9	Social Security	<p>How does CSG income support the whole household versus the child beneficiary?</p> <p>Does CSG improve access to health care?</p> <p>Does CSG provide any additional social security benefits?</p>	<ul style="list-style-type: none"> ▪ Evidence indicates that households utilise the CSG in a multiplicity of ways, including pooling of other income and splitting grant money amongst household members. However, 49% of recipients utilise the grant solely for children. ▪ In terms of health care, the important relationship is that the CSG support good nutrition in children under the age of two. This is a significant finding, as good nutrition under two years is critical for physical and mental development.
10	Social dialogue, workers and employers representation	<p>What is the involvement of social partners/ National Economic and Development Labour Advisory Council (NEDLAC) in CSG?</p>	<ul style="list-style-type: none"> ▪ The CSG is not an important issue for discussion at tripartite structures, such as NEDLAC. The exception is whether it is discussed with reference to incentives or the fiscal costs of social grants. ▪ The central engagement on CSG is between government and a range of civil society organisations promoting children's rights. An important challenge is how the call of these civil society organisations links up with the demand for a Basic Income Grant.
11	Economic and social context for decent work	<p>What is the context in which CSG was initiated? How has it developed since its inception and what are current challenges and likely future developments?</p>	<ul style="list-style-type: none"> ▪ This is discussed in the body of the paper, however it is important to note that the CSG was launched during a period of fiscal conservatism. ▪ The major future challenge is whether the CSG can provide a solid platform for other initiatives aimed at addressing child poverty. ▪ In addition, the issue of adding conditions to grants is likely to be an important feature going forward.

In 2008, Lund, Noble, Barnes, and Wright noted that *“It is unwise to draw firm conclusions about the performance of a programme in existence for only a decade”*.¹⁸ Given the recent changes in the income and asset thresholds and the age eligibility criteria and the subsequently hugely increased uptake of the grant, this is even truer today than it was in 2008. However, whilst it might not be possible to make a comprehensive evaluation of the importance of social grants in general and the CSG in particular all the evidence and research show that they have been instrumental in lifting households out of the most destitute poverty, largely get spent on the purchase of food and more generally have enabled households that would otherwise be without income to maintain some sort of livelihood strategy. Given the fall of remittances and salaried income it is hard to imagine what these households would do in the absence of the social assistance system. The fact that a comprehensive social security system is still lacking remains a point of worry and it is hoped that the fact that it is included as one of the priorities of the DWA will engender some new thinking around this point.

¹⁸ Lund, F., Noble, M. Barnes, H., and Wright, G. 2009. Is there a rationale for conditional cash transfers for children in South Africa?, *Transformation* 70.

5. Public Employment Programmes and the Decent Work Agenda – the Expanded Public Works Programme (EPWP) and Community Works Programme (CWP)

Public employment programmes are important interventions when facing high unemployment and poor labour absorption, as is the case in South Africa. There are two key public employment programmes in South Africa, namely, the Expanded Public Works Programme (EPWP) and the Community Works Programme (CWP). The EPWP constitutes the main programme through which government has sought to provide short-term income support and training to the unemployed. On the other hand CWP seeks to provide minimum guaranteed employment through localized community participation and consultation. It provides a minimum safety net.

5.1 EPWP Phase 1: Employment targets

The EPWP’s aim is to provide short-term work opportunities to those excluded from the labour market. Targets for the employment of youth, women and the disabled were set. The targets are, however, disputed with the Department of Public Works estimates differing from those originally outlined in the Ministerial determination.

Table 8: Beneficiary targets for EPWP Phase 1

	Women	Youth	Disabled
Ministerial Determination	40%	30%	2%
EPWP Phase One Report	30%	40%	2%

Source: EPWP Five year Report

The extremely high youth unemployment constitutes one of the most important developmental challenges facing South Africa today. It can thus be argued that the shift better focuses the programme and aligns it with pressing national challenges. However, South Africa also faces the challenge of high rates of unemployment amongst females, which also needs to be addressed urgently.

The Department of Public Works has reported meeting the set targets for identified groups. The table below illustrates the EPWP employment targets that were set.

Table 9: EPWP key indicators

Indicators	Sectors	Targets	Achieved	%
Net work opportunities	Infrastructure	750 000	955 233	127%
	Economic	12 000	20 377	170%
	Environment and Culture	200 000	467 720	234%
	Social	150 000	174 366	116%
	Overall	1 112 000	1 617 696	145%
Person-years of work (including training)	Infrastructure	250 000	312 227	125%
	Economic	18 000	4 745	26%
	Environment and Culture	200 000	114 228	57%
	Social	200 000	119 717	60%
	Overall	650 000+	550 917	85%
Person-days of training	Infrastructure	9 000 000	3 397 697	38%
	Economic	39 000	55 917	143%
	Environment and Culture	2 005 000	1 650 647	82%
	Social	4 535 000	2 081 882	46%
	Overall	15 579 000	7 186 143	46%

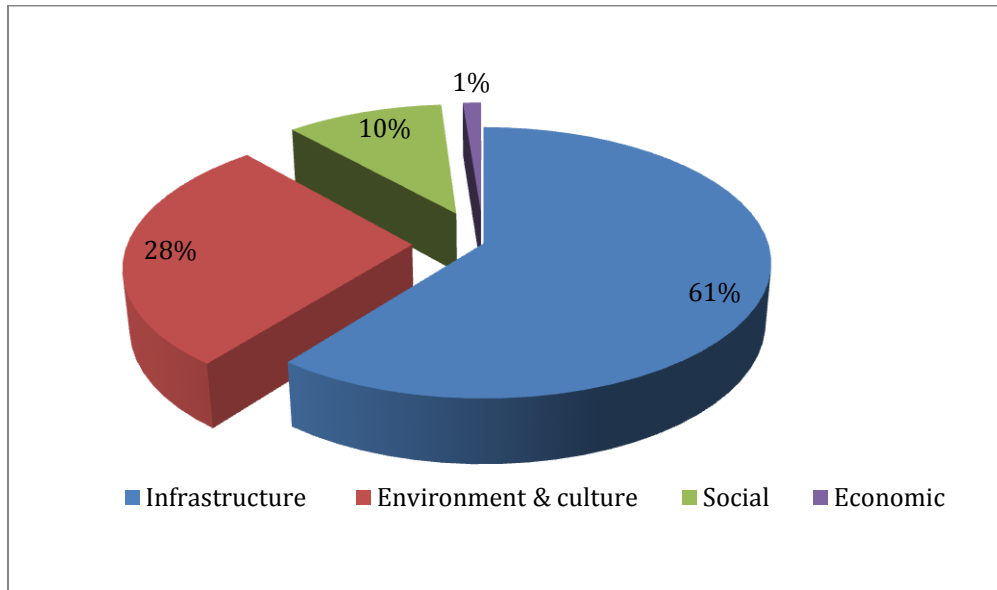
Sources: Department of Public Works, EPWP Five year report, 2004/05 – 2008/09

The following sections will provide a brief analysis of the reported achievements on these targets.

5.1.1 Employment Opportunities

The central importance of the creation of employment opportunities in the DWA cannot be over emphasized. The table above illustrates that the EPWP exceeded its overall target of creating 1 million net work opportunities by reporting a 145% achievement rate.

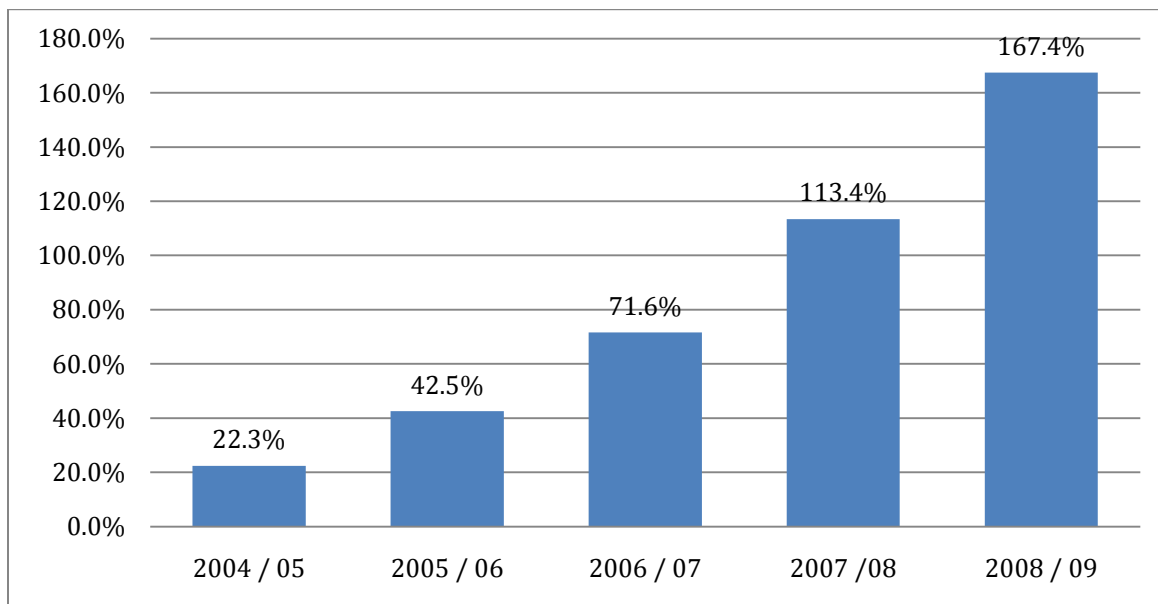
Figure 17: Sectoral network opportunities created (%)



Source: EPWP Five Year Review

As illustrated in the pie chart above, the infrastructure sector created the largest number of net work opportunities, accounting for 67%, or 1 million of the cumulative total net work opportunities. This was followed by the environment (28% or 468 000), the social (10% or 175 000) and economic sectors (1% Or 20 000).

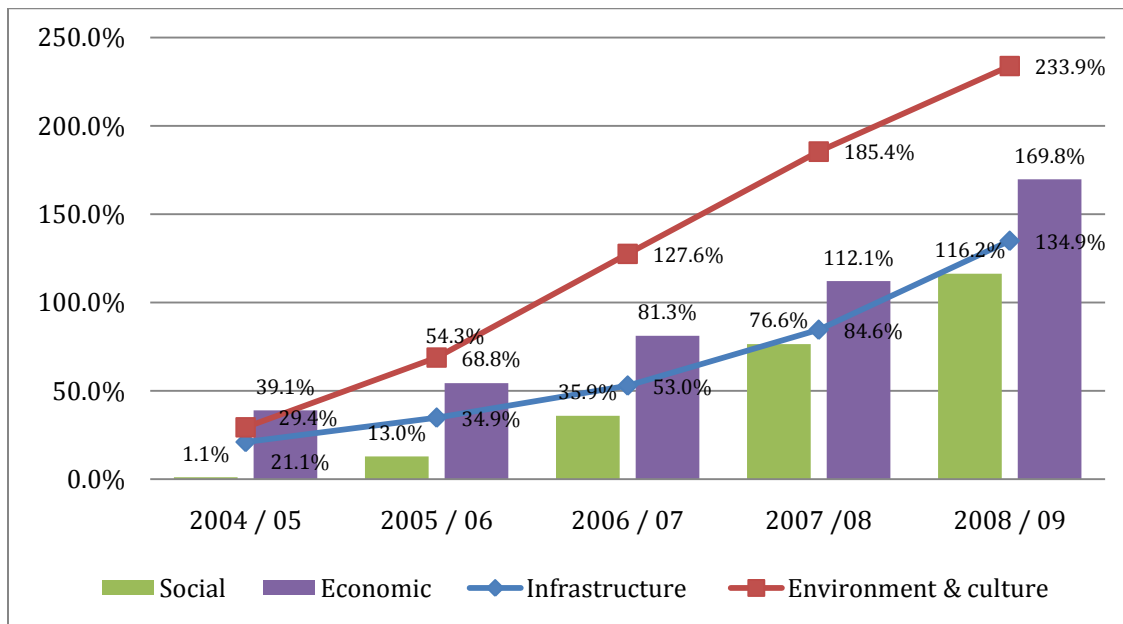
Figure 18: Overall cumulative net work opportunities created (% of target)



Source: EPWP five year review

The graph above illustrates that the EPWP had more than achieved its target by the end of the 2007/08 financial year, creating a cumulative total of 1,133,751 net work opportunities. More importantly, as illustrated by the graph below, all four sectors managed to achieve their respective targets in terms of the number of job opportunities created. As described above, the infrastructure sector created the largest number of net work opportunities (1 million), followed by the environment sector (468,000). When measured in terms of net work opportunities created *vis-à-vis* employment targets, the environment sector far surpassed its employment targets (234%), followed by the economic (170%), the infrastructure (127%) and the social sector (116%).

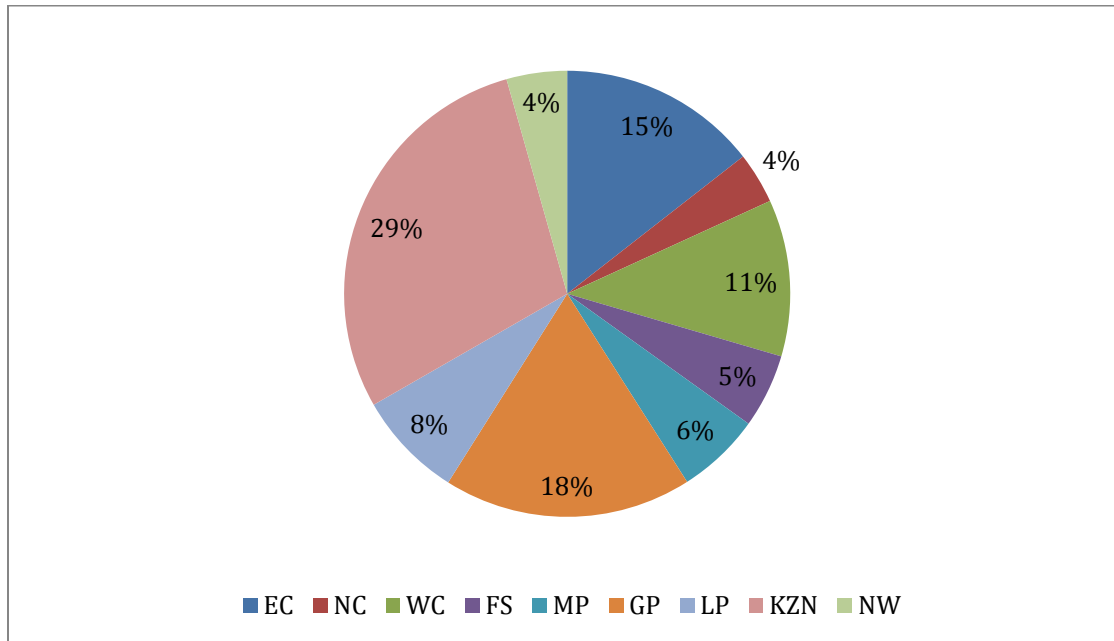
Figure 19: Sectoral cumulative net work opportunities created (% of target)



Source: EPWP Five Year Review

The following chart illustrates the provincial distribution of work opportunities

Figure 20: Net work opportunities created by province (2004 - 2009)



Source: EPWP Five Year Report

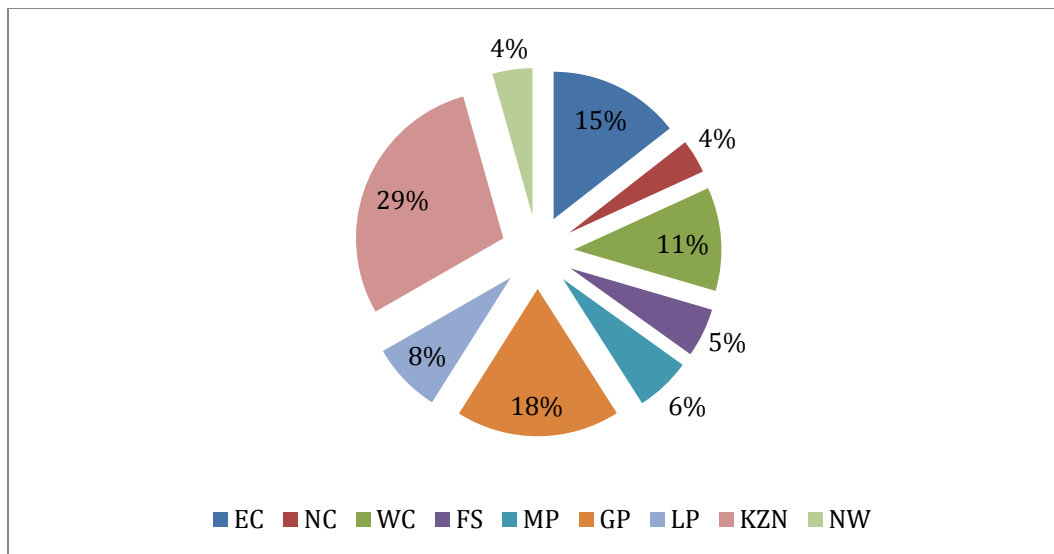
By far the largest share of work opportunities were created in KwaZulu-Natal (KZN). This is likely due to the fact that KZN was named as one of the priority provinces in the first public works programme. Good management systems and processes also played their part. Seventy three percent of the net work opportunities over the first five years were created in four provinces - KwaZulu Natal (29%), Gauteng (18%), the Eastern Cape (15%) and the Western Cape (11%).

For the purpose of this study it is particularly interesting to note that the social sector was able to exceed its employment creation target. Overall, the social sector accounted for 10% of the total net work opportunities created. A total of approximately 174,000 net work opportunities were created over the five years, exceeding the set target of 150,000 net work opportunities by 16%. The majority of net work opportunities were created in the Eastern Cape Province which accounted for a fifth of the total net work opportunities created in the sector. The Northern Cape Province accounted for the least number of work opportunities (3%). The social sector programme provides for social services under its sub-programmes and thus illustrates the possible synergies that exist between public employment programmes and social security provisions (see table below).

Table 10: Sub-programmes of the social sector program

Sub-programme	Areas of Training and Employment
Early childhood development	<ul style="list-style-type: none"> • Cooks for school nutrition • Gardeners, who can provide the vegetables for school nutrition • ECD practitioners
Home community based care	<ul style="list-style-type: none"> • Auxiliary nurses • Community care givers • Care givers providing support systems for both the children and their care takers
Community safety	Safety and security programmes for the youth

Figure 21: Economic sector net work opportunities by province (%)

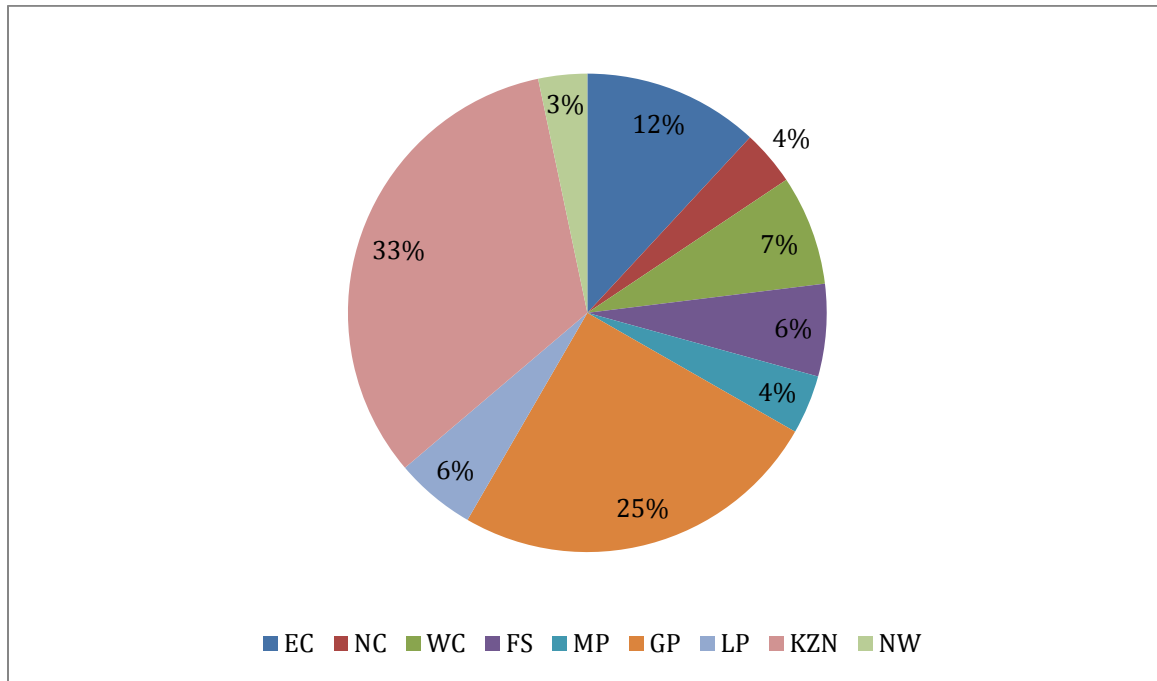


Source: EPWP Five Year report

The economic sector had the target of creating 12,000 net work opportunities over the five year period. By the end of the 2007/08 financial year, the sector had exceeded the set target and by the end of the 2008/09 financial year it had created a total of 20,378 net work opportunities, thereby exceeding its target by approximately 70%. Nonetheless, the economic sector was responsible for a mere 1% of the total net work opportunities created. Net work opportunities created in the sector were disproportionately concentrated in four provinces. The four provinces of Limpopo, the Eastern Cape, the Western Cape and Mpumalanga province accounted for a total of 91% of the net work opportunities

created in the economic sector. The smallest number of work opportunities in the economic sector was created in the Northern Cape which accounted for less than one percent of the total net work opportunities created.

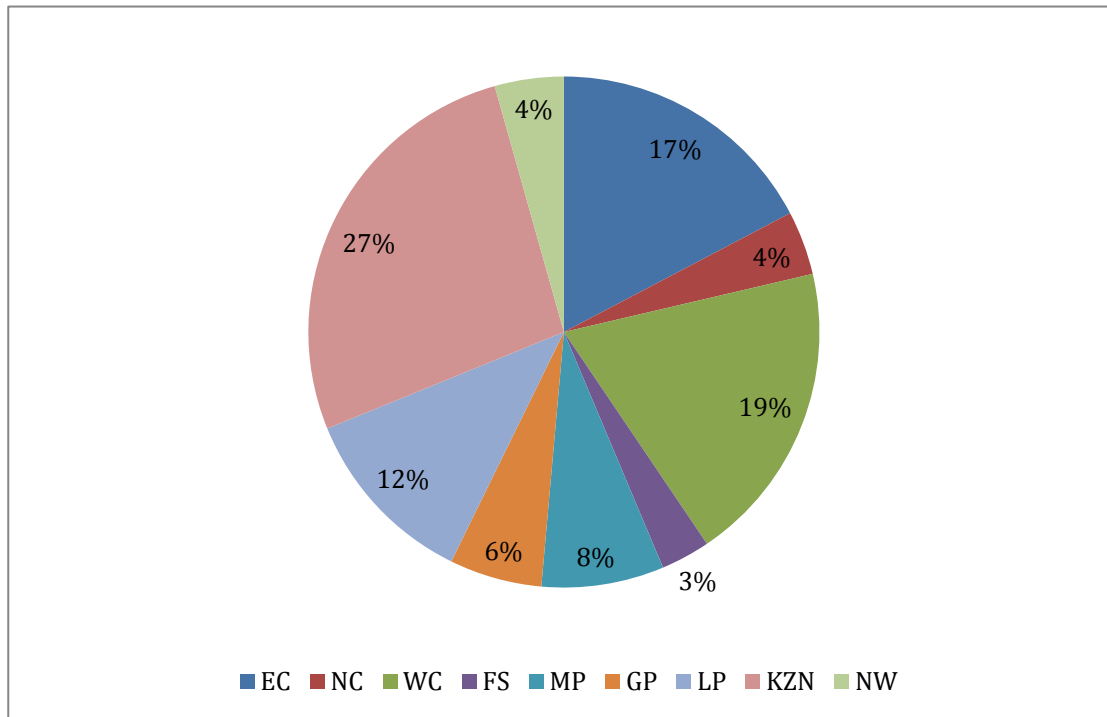
Figure 22: Infrastructure sector network opportunities by province



Source: EPWP Five Year Report

The infrastructure sector was the biggest creator of net work opportunities, creating a total of approximately 1,011,962 and accounting for 60% of the total net work opportunities created by the programme. This means that the total net work opportunities created in the sector alone exceeded the total programme target of 1 million net work opportunities. The sector set the target of creating a total of 750,000 net work opportunities. This target was exceeded by 35% by the end of the 2008/09 financial year. KwaZulu Natal and the Gauteng province accounted for over half of the net work opportunities created in this sector, with the smallest number of work opportunities being created in the North West (3%) and Mpumalanga province (4%).

Figure 23: Environment sector net work opportunities by province



Source: EPWP Five Year report

The environment sector had the target of creating 200,000 net work opportunities. It was the first sector to achieve and exceed its target at the end of the 2006/07 financial year. By the end of the 2008/09 financial year, the sector had exceeded its target by 134% and had created a total of approximately 467,721 net work opportunities. The majority of net work opportunities created was in KwaZulu Natal (27%) and the Western Cape (19%). The smallest number of work opportunities was created in the Northern Cape, the North West and the Free State province which accounted for 3%, 3% and 4% of the total net work opportunities created.

5.1.2 Participant and Household Indicators

In addition to the analysis of the created work-opportunities conducted above, the EPWP indicators from the Five year Report provide an important and insightful overview of EPWP participants and households, summarized in the table below.

Table 11: EPWP Participants and Indicators

<i>Household Participant Average Age</i>	<i>36 years old</i>
<i>Average Household Size of EPWP Participants</i>	<i>5.3</i>
<i>Average Number of Children under 18 years</i>	<i>2.3</i>
<i>% Ratio of Female/Male Participation</i>	<i>46% and 54%</i>
<i>Household Income before EPWP</i>	<i>R500 – R900 per month</i>
<i>Household Income during EPWP</i>	<i>R900 – R2,000 per month</i>

Source: EPWP Five Year report

According to the EPWP five year report, the average duration of employment was 80 days, with an average of 68 days in the economic sector, 86 days in the environment sector, 32 days in the infrastructure sector, and 163 days in the social sector. The average daily minimum wage was R64, but with significant variation between and within sectors ranging from R38 in the economic sector at the municipal level to R85 in the infrastructure sector at the national level.¹⁹ The social sector had the highest level of labour intensity with 60%, followed by the environment sector (37%), the economic sector (32%) and the infrastructure sector (22%).²⁰

¹⁹ EPWP five year report, p. 112.

²⁰ EPWP five year report, p. 113.

5.2 EPWP: Phase Two

Given South Africa's persisting poverty and unemployment problem, it is hardly surprising that the EPWP are seeing massive up-scaling in order to continue to provide employment opportunities to poor and low income households in the near future. Naturally, this will require addressing many of the lessons learnt from the first phase of the EPW Programme such as:

- Inadequate authority and coordination amongst different government departments, as well as the different spheres of government in charge of driving the programme,
- A general lack of incentives to drive the programme,
- A lack of additional fiscal commitments where the programme is performing well,
- Creating a continued demand for public employment interventions in all spheres of government that support up scaling employment opportunities and income generation for those who are willing to work,
- Ensuring that public employment programmes remain labour intensive and thus avoid shifting to employment methods that avoid maximum labour intensity, and
- Developing a more uniform wage structure.

Whilst it is difficult to assess at this early stage of the second phase of the EPWP whether these challenges have been adequately addressed, it is encouraging to note that some of the more important problems have been overcome. A case in point is the recent agreement on a uniformed wage structure for the EPWPs and the introduction of fiscal incentives of R4.2 billion to motivate performing public bodies to receive additional funding for accelerated employment creation.

It is probable that the level of the upscale and rollout of the EPWPs will be determined by the overall growth rate of the economy. Given the gravity and extent of the global economic crisis that led to a slow GDP growth and massive loss in jobs, public employment programmes will continue to play an important role in alleviating poverty, creating employment opportunities and providing some income.

Building on the relative success in exceeding employment opportunity targets in the first five years of the EPW Programme, phase 2 sets out more ambitious targets. EPWP seeks to create 2 million full time equivalents or 4.5 million work opportunities over the next five years. Put differently, government intends to provide employment opportunities that are the equivalent of 100 days of work.

Table 12: EPWP Phase 2

GOAL	4.5 million work opportunities or 2 million full time equivalents
Indicators:	
Year One - 2009/2010	500 000 work opportunities and 210 000 full time equivalents
Year Two – 2010/2011	600 000 work opportunities and 260 000 full time equivalents
Year Three – 2011/2012	850 000 work opportunities and 360 000 full time equivalents
Year Four – 2012/2013	1.2 million work opportunities and 500 000 full time equivalents
Year Five – 2013/2014	1.5 million work opportunities and 680 000 full time equivalents
Participation Targets	
Women	55%
Youth	40%
Disabled	2%
Sector Targets	
<ol style="list-style-type: none"> 1. Must define % of labour intensity 2. Set clear targets on skills development and better alignment to National Skills Development Strategy (NSDS) 3. Provide SMME support and growth 	
Infrastructure	2,3 million work opportunities or 900 000 full time equivalents
Environmental	1,2 million work opportunities or 350 000 full time equivalents
Social	750 000 work opportunities or 500 000 full time equivalents
Non- state	640 000 work opportunities or 280 000 full time equivalents
Agreement on consistent standards for both State and non-State actors	

Source: EPWP, January 2009

In order to meet these ambitious targets, EPWP must operate in an enabling environment with improved institutional support, that understands the delivery environment and provides constant reviews and, or changes in order to improve and upscale the programme (monitoring and evaluation). An enabling environment should:

- Have standardised employment conditions that recognise the nature of EPW programme,
- Align the National Youth Service (NYS) framework with the EPWP,
- Align the disability and gender frameworks with the EPWP,
- Establish clear funding criteria and budget support that meets the demand and growth in the EPWP,
- Implement a clear framework for intergovernmental protocols on the EPWP, and
- Establish and agree upon performance measurements and targets for the EPWP.

5.2.1 EPWP Phase Two: Conditions of Employment and Wage Income

In October 2010, the Department of Labour promulgated an amended Ministerial Determination on Expanded Public Works. The wages and conditions of service for all EPWP workers in the second phase of the programme have been renegotiated at NEDLAC and have been set through the Ministerial Determination 4: Expanded Public Works Programme. This is an important milestone and sets minimum conditions of service that regulate:

- Hours of work,
- Meal breaks,
- Rest periods and work on Sundays and Public Holidays,
- Sick, Maternity and Family Responsibility leave,
- Keeping adequate records of EPWP workers,
- Health and Safety and compensation for injuries, and
- Termination of services.

More importantly, the Ministerial Determination set a minimum wage of R60 per day or per task that will be adjusted for inflation on an annual basis. Overall, rights and protection are now offered to vulnerable workers in terms of the conditions of work that include health and safety requirements.

Furthermore, project-based Steering Committees (PSC) comprising of the local authorities, community leaders, and representatives of local civil society organizations are now established on all projects to monitor project activities, ensure the welfare of workers and serve as a link between the community and projects managers. In addition, all projects appoint Community Liaison Officers (CLOs) who monitor the welfare of the workers on a daily basis and communicate the grievances of the workers to the PSCs. The CLOs serve as the first complaint mechanism for workers. As they are selected from amongst the local community, the CLOs are easily approachable and it is hoped that workers will communicate their project-related problems (even very intimate ones) to them. In addition, task-work systems have been introduced that afford the workers (especially the women), the opportunity and flexibility to complete their daily assigned tasks and also undertake other household chores.

These shifts are important milestones in up-scaling EPWP but success can only be measured through an effective enforcement and monitoring mechanism. Creating partial employment opportunities must not lead to exploitative measures against EPWP workers. In this respect, compliance to minimum standards spelled out in the Ministerial Determination for EPWP workers must be respected. In particular, the implementation of EPW programmes, through the non-state sector, and the compliance to minimum wages and conditions of employment must be carefully monitored to ensure acquiescence.

According to Godfrey et al²¹ the inspectorate of the Department of Labour (DOL) is responsible for policing and enforcement of the Basic Conditions of Employment Act (BCEA) and all determinations, but they point out that the DOL inspectorate has a number of challenges in ensuring overall compliance. These challenges primarily point to a lack of capacity and poor targeting of vulnerable sectors known for poor compliance. Undoubtedly, DOL will have to play a pivotal role in the enforcement of regulations and the protection of workers employed in EPW programmes. Ultimately, lead implementing departments, municipalities, unions and community based organizations would equally have to ensure compliance to minimum standards and provisions.

5.3 Community Works Programme (CWP)

Towards the end of 2006, South Africa's adopted a framework to address equitable growth, employment and poverty through the Accelerated and Shared Growth Initiative (ASGI-SA). Amongst the key pillars contained in the AGSI-SA framework and reaffirmed in the proposed New Growth Path recognises that a significant proportion of communities and households have not benefitted directly from economic growth through collective ownership or better jobs. It acknowledges that a sustainable and equitable growth strategy in the long-run can only be created through a shared and balanced

²¹ Godfrey, S; Maree, J and Theron, J: Conditions of employment and small business: Coverage, compliance and exemptions, Labour and Enterprise Project, UCT, 14 November 2005, p70

growth environment. To achieve this ASGI-SA refers to key second-economy interventions that will implement programmes that will allow for more significant impact.

According to Phillips and Hassen²² the

“...‘first’ and ‘second’ economies represent two ends of the spectrum within South Africa’s highly unequal economy, with wealth and resources concentrated at one end, and poverty and disadvantage at the other.”

This polarisation that characterises the South African landscape remains largely a legacy of Apartheid and is found in its spatial patterns, labour market, availability of basic services, asset ownership, education and concentration of ownership patterns in the economy. In addressing legacy, the second economy interventions have sought to scale-up programmes through the development of a much more flexible and diverse approach to public employment. In particular, Phillips and Hassen moot the concept of community driven approaches towards public employment and investment such as:

- Localised approach towards dealing with structural poverty by targeting local investment into asset building, infrastructure and services,
- Allow communities to set priorities based on resource allocations, and
- Invest in localised public employment programmes that promote greater cohesion and participation in decision making.

Undeniably, the second economy interventions built the stepping stones for a full scale Community Public Works Programme (CWP). By 2009, CWP was introduced as a new component of the EPWP (Phase 2) programme. Below we provide a brief description, highlighting the purpose of the CWP, its characteristics and the contribution it makes towards achieving a Decent Work Agenda (DWA).

Table 13: Community Works Programme

Purpose	Key Features of the CWP	CWP and the DWA
Create a minimum level of regular work for those who need it	Identifies “useful work” opportunities at a community level on an ongoing and sustainable basis	CWP contributes to a Decent Work Agenda (DWA) by: <ul style="list-style-type: none"> • Supplementing existing income and livelihood

²² Phillips, K and Hassen, E. The Review of the Second Economy Programmes: An overview for the Presidency Fifteen-Year Review, Second Economy Strategy Project, January 2008, pg 1

Create an employment safety net by providing work opportunities to those who are unable to access social security grants through a minimum guaranteed income	Employment safety net and not an employment solution with a minimum level of 2 days of work per week	<p>strategies thus increasing overall household income</p> <ul style="list-style-type: none"> • Contributing to an employment safety together with other employment opportunities, entitlements and social protection measures for the most marginalised and unemployed • Strengthens the voice of the marginalised and poor by creating contiguity between the state and local communities. This increases overall participation in decision making. <p>CWP is simply intended to provide short term interventions for the unemployed and poor and is not a solution to achieving DWA</p>
Supplement other livelihood strategies	Must build and support other livelihood strategies already undertaken by unemployed people	
Builds public assets and services	Multi-sectoral work that targets infrastructure needs and services for the public good	
Promotes social cohesion and dignity through community participation	Ongoing programme at local level that involves the community in key decisions such as programmes, targets and employment	

Since April 2010, CWP has been based under the Department of Cooperative Governance. According to the recent Community Works Programme 2010/11 report the programme has:

- In the 12 months had close to 99 000 participating in the programme contributing to a total of more than 5.5 million workdays or in excess of 24 000 full time equivalents,
- Been implemented in over 56 sites nationally and six sites in Gauteng Province,
- A daily wage of R60 per day since November 2010,
- The ability to create predictable employment opportunities, and
- A cost per employment opportunity created of about R9,000.

With CWP being community based, local municipalities are a key participatory stakeholder in the implementation of CWP site projects. However, the project is implemented by NGO's to ensure its community driven nature. There is a strong emphasis on local capacity building to ensure sustainability and scale. Emphasis has been placed on training in life skills, skills that improve employment prospects and literacy training is also provided to community members.

To ensure a community driven process each site has a reference committee established. The reference committee is primarily made up of community based organisations, community leaders and local government. Reference committee's provide overall guidance and direction of CWP and is not a governance structure

CWP traditionally focuses on the following area based work

- Agriculture and food security,
- Social and Community Services,
- Community Safety,
- Basic Service and maintenance,
- Education Support, and
- Local Innovation.

In addition CWP has promoted the establishment of informal saving arrangements such as "stokvels" for example.

CWP intends scaling up its current employment targets to 1 million by 2014. While this may seem an ambitious target, it is likely to be achieved or even surpassed given the local approach to public employment, the ability to guarantee predictable employment and the participatory nature of CWP. The extent and continued impact of CWP amplifies the need for a diversified approach towards public employment programmes towards a DWA.

5. Public Employment Schemes and Social Grants: Survey and Interview Results

One of the aims of this study is to identify the extent to which households benefit from both public employment interventions and income through grants. Several attempts were made to do this using publicly available data from either StatsSA or the Department of Public Works. However, StatsSA stated that no public data sets exist that would permit this.

As a result, this paper will draw on two existing data sets that will merely allow for a tentative analysis of the extent to which households benefit from both EPWPs and social grants. The first study is a four site survey on CWPs carried out by Khanya-aicdd, the second is longitudinal survey conducted to evaluate the impact of EPWPs.²³ Whilst both studies pose caveats²⁴ as is the case with most data sets, they do nonetheless allow for a tentative analysis of the matter under investigation. The following sections will present some of the results from the data analysis.

On a conceptual level it is important to note a couple of points:

- Social grants target individuals living in poor households
- PWP are open to anyone willing to work for the stipulated wage

As we are looking for synergy effects between these two interventions our unit of analysis for this section is the household. In other word, we are trying to analyse the data in order to find out to what extent poor households are made up of members receiving income through grants and or through the PWP and what this means for their livelihood strategies. This is – to a certain extent – a conceptual stretch, but given the targeting system there are no alternatives if one wishes to analyse the impact of both types of interventions on poor households.

5.1 Study 1: CWP Survey

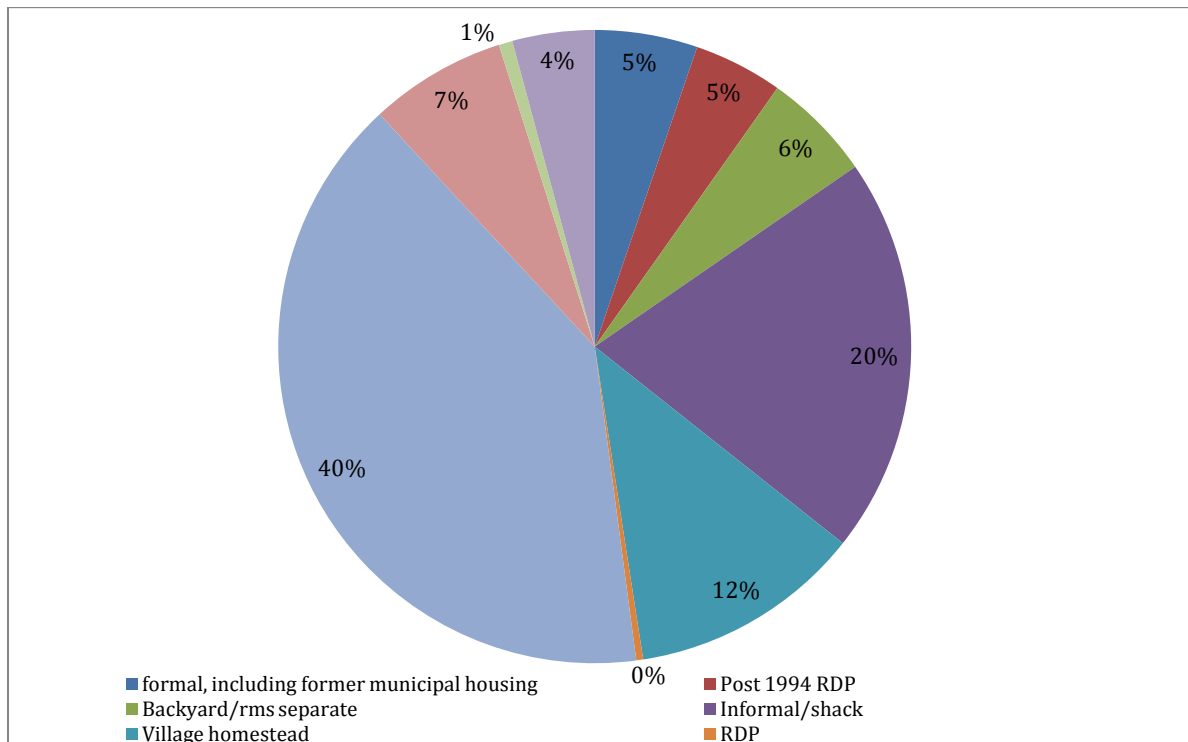
The four site survey of CWPs had 287 respondents and covered CWPs in the four sites of Mzimvumbu (Eastern Cape Province), Bokfontein (North West Province), Munsieville (Gauteng Province) and Sekhukhune (Limpopo Province). Unfortunately, it was not possible to disaggregate the data geographically.

²³ EPWP Five Year Report.

²⁴ Both the CWP Survey and EPWP Longitudinal Survey provided important results albeit their limitations of the impact both programmes have had on their respective participants. However these limitations relate largely to the manner the data sets were constructed and were not user friendly. Secondly, the data available in both data sets were limited and did not allow for extensive disaggregation

The study showed that 57% of the surveyed households were female headed, with 40% of respondents living in informal settlements or shacks in rural areas and 20% living in informal settlements or shacks in urban areas. Only 1% of respondents lived in the so called RDP houses - that is houses build by government.

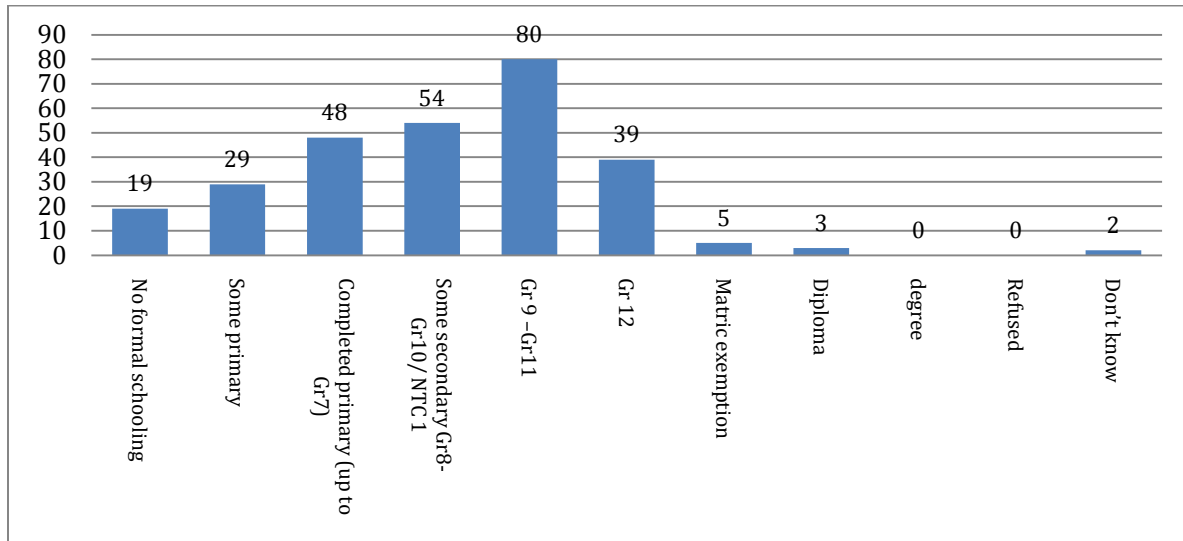
Figure 24: Type of housing of respondents



Half of the participants in the survey had attained a secondary education of grade 8 to 11. A further 15% had grade 12 level education. Only 1% of the respondents had a diploma, whilst none were educated to a degree level. This profile very closely replicates survey results of participants in the EPWP.²⁵

²⁵ This also found a large number of female headed households and a mostly low skilled, "functionally literate" population.

Figure 25: Education levels of respondents



When asked whether someone in their household was receiving a social grant, 63% of respondents said that they were (see figure below). Of the 63% that said yes, 30% were from female headed households. This suggests that 70% of people living in households that benefit from both grants and CWP were from male headed households. This means that on the basis of this survey data, male headed households were more than twice as likely to be beneficiaries of both CWP projects and social grants.

Figure 26: Percentage of respondents living in households receiving a grant

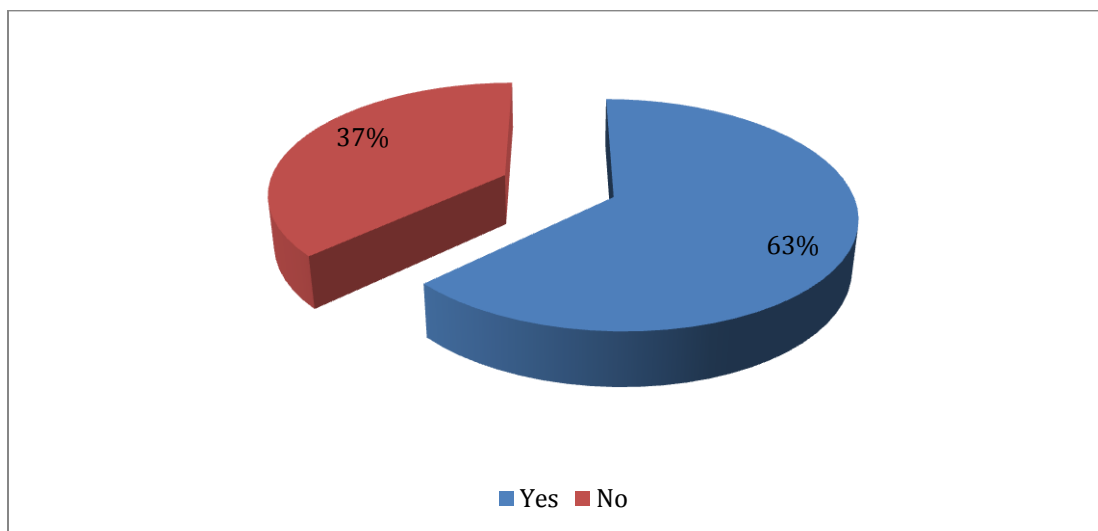
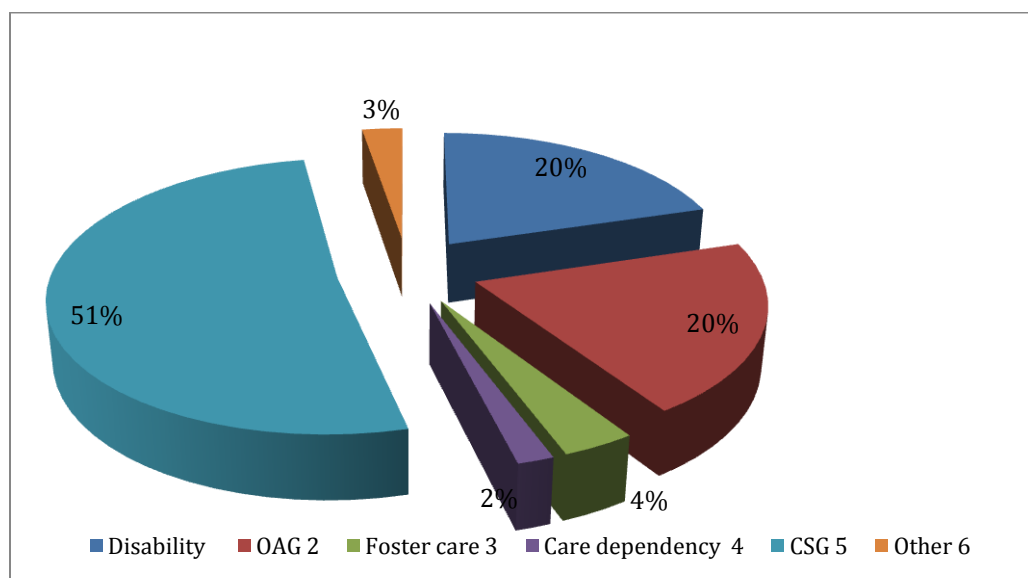


Figure 27 illustrates what type of grant respondents reported their household to be receiving. The data shows that 51% of CWP participants lived in households where in addition to them participating in the CWP someone was receiving the CSG.

Figure 27: Type of grant received by respondents



CWP participants seem to view public employment schemes as one of many measures for supplementing household income, as two out of every three CWP participant live in households where one or more members are in receipt of a social grant. Given the limited data that is available for analysis it is hard to gauge the exact impact that benefitting from both schemes has versus benefitting from only one of the interventions. Nonetheless, the data suggests that extra income coming into the households is used for meeting basic food needs, paying for basic services and job searches, to name but a few. This conclusion makes intuitive sense, as both income through the CWP and grants merely provide small amounts of cash and households are thus still likely to struggle to make ends meet. This point was also raised in the focus group discussions and will be dealt with in more detail at a later point in this section.

5.2 Study 2: Department of Public Works Longitudinal Survey

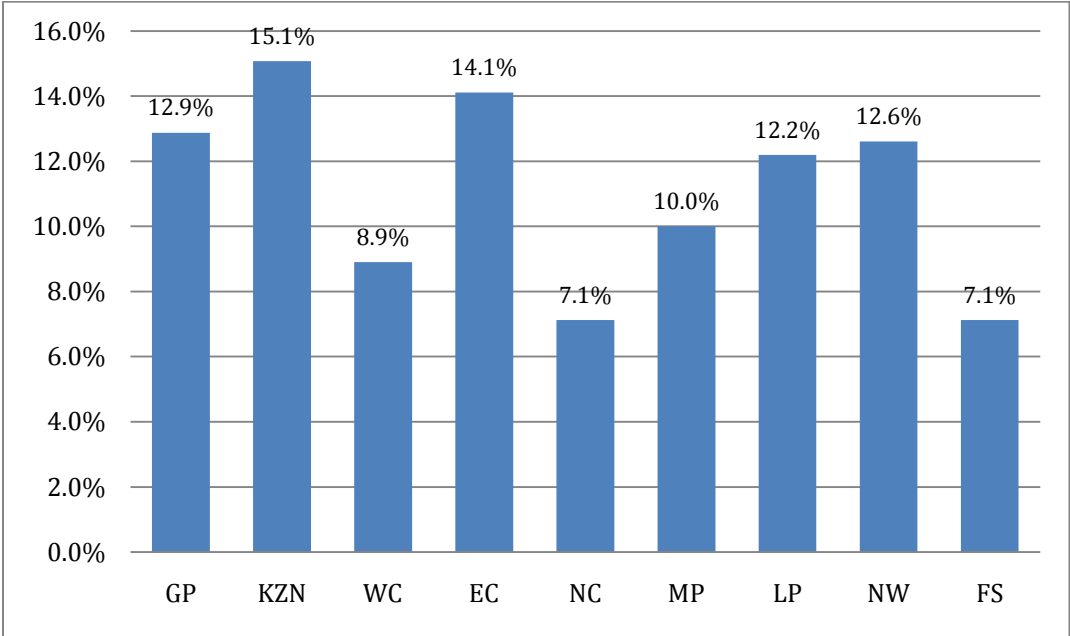
In 2005, the Department of Public Works (DPW) commissioned a service provider to undertake a one-year cross-sectional survey²⁶, to be followed by a longitudinal study in order to evaluate the impact of the EPWP. For the longitudinal study, a total of 768 beneficiaries were located and subsequently agreed to participate. This section presents data from the longitudinal study in order to assess the extent to which households are benefiting from both the EPWP and social grants.

The figure below shows what provinces participants were from. The majority of respondents (15%) were from KwaZulu Natal, followed by the Eastern Cape (14%), Gauteng (12.9%), North West (12.6%),

²⁶ EPWP five year report. For more details on how the survey was conducted go to www.epwp.gov.za/downloads/EPWP_Five_Year_Report.pdf.

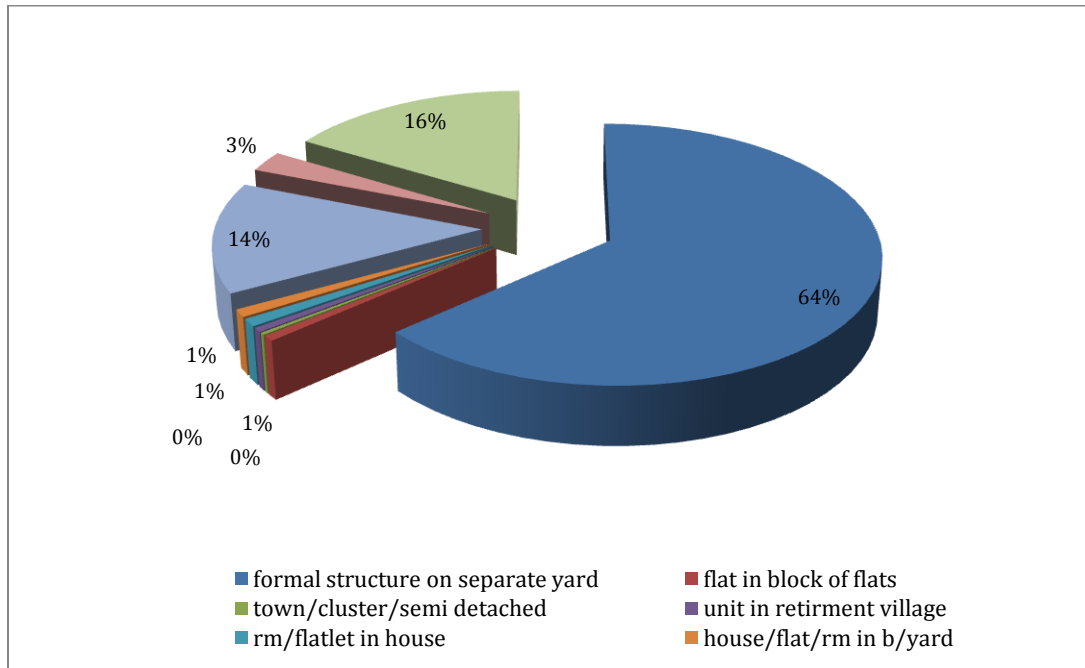
Limpopo (12.2%), Mpumalanga (10%) and Western Cape (8.9%). The Northern Cape and the Free State accounted for only 7% of respondents each.

Figure 28: Respondents by province



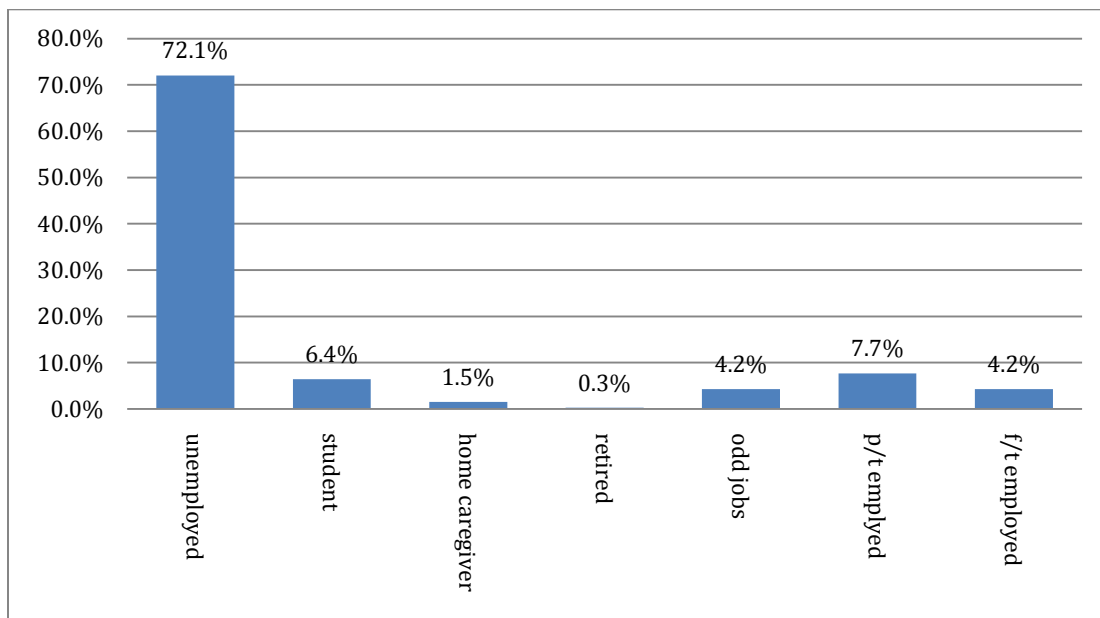
Almost two thirds of respondents lived in formal structures, whilst 16% lived in traditional structures or huts. A further 14% of respondents lived in informal shacks that were not in backyards.

Figure 29: Type of dwelling of respondent



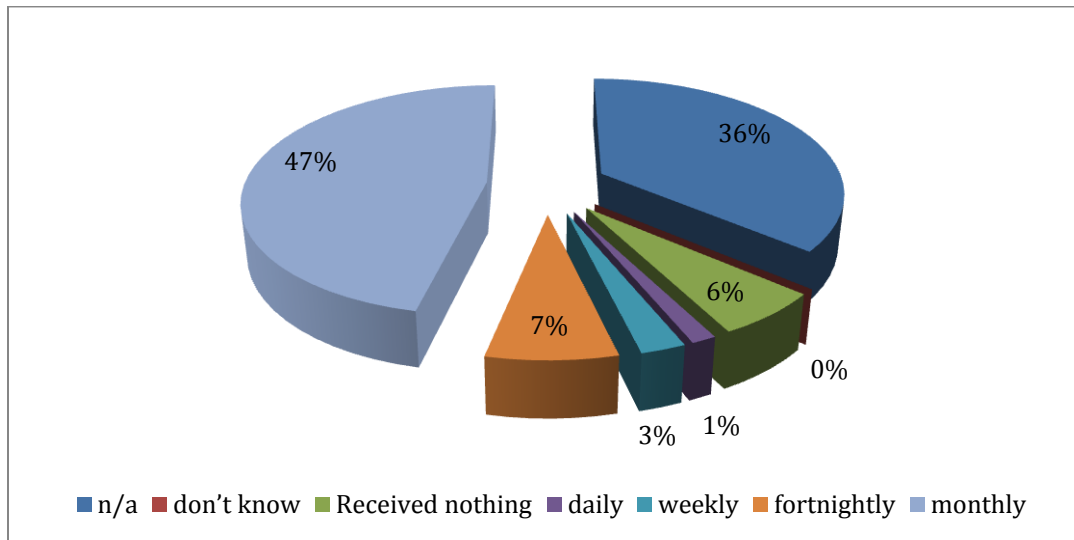
According to the survey, 72% of the 768 respondents were unemployed before joining the EPWP. Interestingly, 8% had left part time employment to join EPWP. A further 6.4% were students before joining the EPWP and 4.2% had left full time employment to join the EPWP.

Figure 30: Activity respondent were engaged in before joining the EPWP



When asked about the regularity of wage payment, 47% of respondents said that they were paid on a monthly basis and 7% that they were paid fortnightly. Only 1% of respondents reported being paid on a daily basis while 6% indicated that they received no payment.

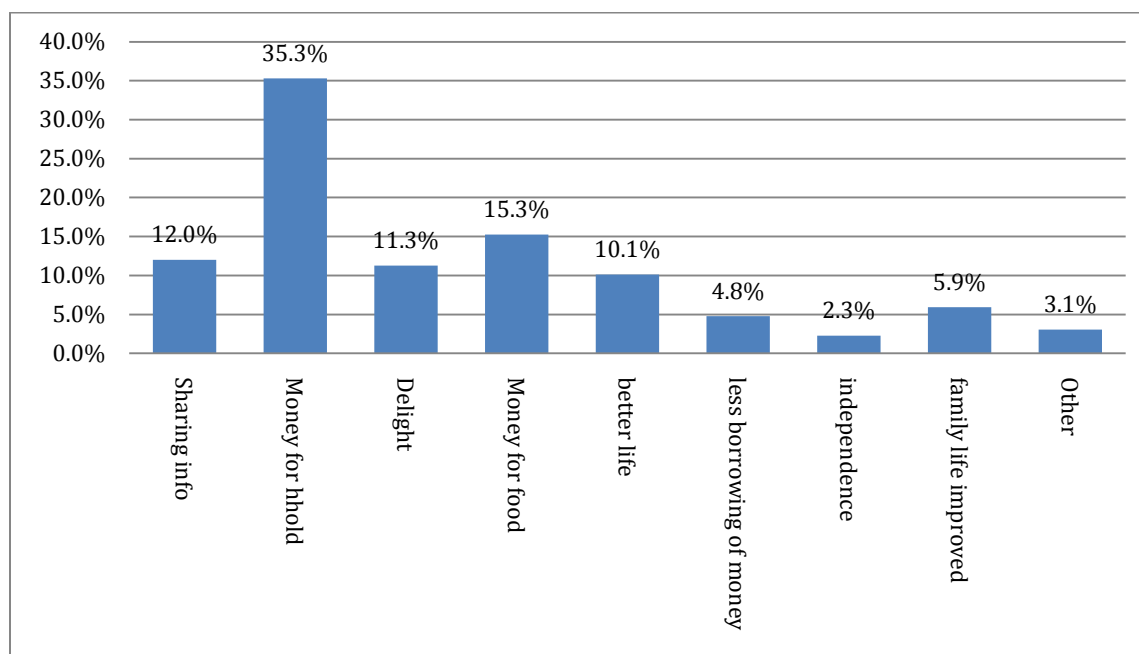
Figure 31: Regularity of pay days



When respondents were asked if participating in the EPWP had led to positive outcomes for their families, just under 75% said that there had been positive outcomes. Of the 75%, a majority (35%) reported general income through participation in the EPWP as the main positive outcome. A further 15% said that their ability to buy food with the money from the EPWP was the main positive outcome. Overall, almost 56% of respondents cited extra household income as the main positive outcome. These findings mirror results of the CWP survey.

Figure 31 provides additional detail on what participants felt was the most important outcome from their participation in the EPWP.

Figure31: Main positive outcome of participation in EPWP given by survey participants

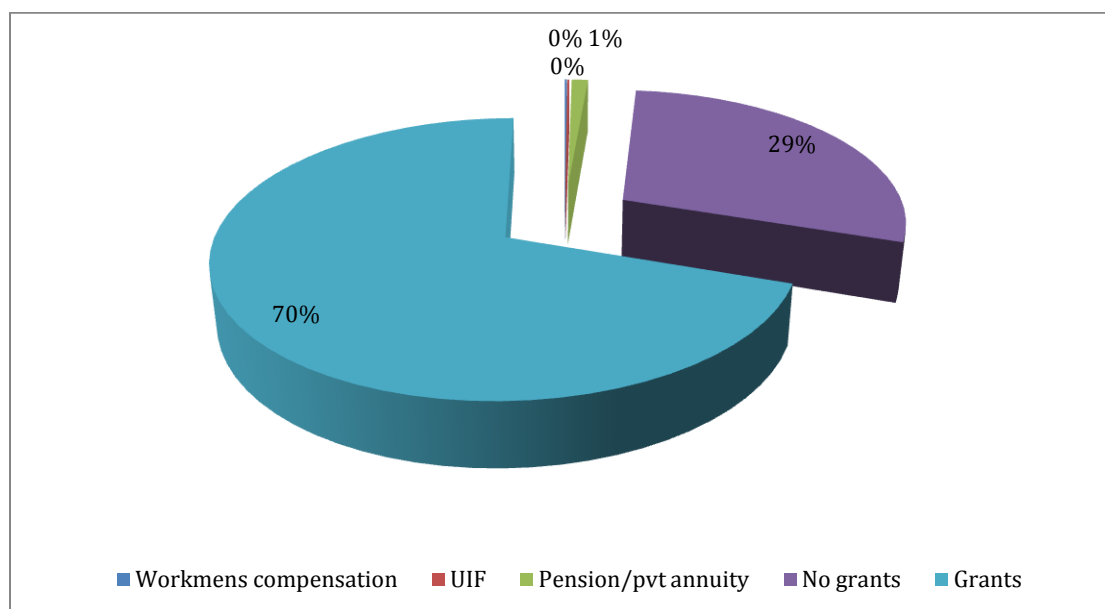


Furthermore, the survey found that:

- Of the respondents still working for the EPWP, more than a third contended that they had received training during the previous six months. Of those who no longer worked under the auspices of the EPWP, only 25% had received training in the previous six months.
- There was a lot of confidence amongst respondents that the training they had received would enable them to obtain other work.
- However, only 27% of respondents who were no longer working on EPWP projects were employed. Of these, 50% were employed on a full-time basis. This is an important finding, as EPWP work opportunities are meant to provide for employment opportunities beyond the EPWP. This means that 13.5% of people having participated in the EPWP subsequently found full time employment. However, it is also important to bear in mind that 4.2% of respondents reported having left a permanent job in order to participate in the EPWP. If these 4.2% are subtracted from the 13.5% we are left with merely 9.3% of participants who gained permanent employment after leaving the EPWP.

When EPWP beneficiaries were asked if one of the members of their household had access to social grants or other government or private support, 70% of respondents reported that they were also receiving a social grant, 29% reported that they did not have access to social grants and a further 1% said that they were receiving support from either pensions or a private annuity.

Figure 32: Household access to grant or other forms of government support



The DPW's cross sectional survey found slightly different results, with approximately 60% of EPWP beneficiaries living in households also receiving a social grant. Of those who live in households receiving social grants, 65% received the child support grants, followed by the old age grant (33%). Roughly 2% were receiving the Foster Care Grant.

Generally speaking, respondents lived in households that fell into one of three categories:

- (a) They did not receive social grants,
- (b) They received the child support grant (CSG), or
- (c) They received the old age grant (OAG).

In Gauteng, the Eastern Cape, Mpumalanga and the Free State most respondents reported that their household was receiving the child support grant, followed by those that did not receive a social grant, followed by those that reported receiving the old age grant. In the remaining five provinces a slightly different pattern emerged. In KZN and Limpopo, the majority of respondents reported living in households receiving the CSG, followed by those households receiving income through an OAG, followed by those that reported not receiving any grants at all. In the Western Cape and the Northern Cape, the majority of respondents reported that their households were not receiving any grants at all, followed by those in receipt of the CSG and then the OAG. The majority of respondents in the North West Province reported that their household was receiving income through an OAG followed by those receiving the CSG and then those not receiving any grants. These diverse findings partly reflect socio-economic realities on the ground and demographics within the region, but to a certain extent this is also evidence of persisting problems with the administration of grants.

In summary, both studies provide some important insights into the type of households participating in the CWP or EPWP. Most importantly for the purpose of this study they are also able to shed light on whether these households are also able to access social grants. As demonstrated throughout this paper cash transfer programmes such as the child support grant or the old age grant play an important role in boosting household income, meeting food and basic needs, as well as improving opportunities for formal employment. Improved income situations and the ability to meet basic needs, was repeatedly mentioned as a primary concern of survey participants. Both the EPWPs and grants play an important role in this respect.

5.3 NALEDI Household Interviews²⁷

Qualitative research was conducted by NALEDI in two communities, namely Munsiville and Kagiso. Both communities are situated in the Gauteng Province. The studies were conducted for the purpose of this paper and took place in ward 24, 25 and 27 in Munsiville and ward 53 and 7 in Kagiso. A total of 72 people were interviewed in Munsiville and 49 in the Kagiso Municipality. The Munsiville community participates in a Community Works Programme (CWP) while Kagiso has been targeted by the Expanded Public Works Programmes (EPWP).

Based on the informant interviews conducted in Munsiville;

- The majority of respondents (69.5%) had less than Grade 12 level education, with approximately 6% of the respondents having no formal education.
- The majority of respondents (67%) lived in permanent homes whilst a further 25% were shack dwellers. Most of the respondents reported owning their dwellings whilst slightly less than a fifth were either renting or living with parents.
- A significant number of the interviewees reported having access to basic services, with 90% of respondents reporting accessing portable water services, 73% refuse removal, 75% sanitation (flush toilet) and 74% electricity.
- Only 24% of those interviewed were employed. Of the 24%, around 69% were employed in the informal sector, of which 11% were informally self-employed.
- Of those who work, 63% earned a monthly income of up to R1000. A further 29% earned between R1001 and R2000, whilst only 4% earned over R2000 per month.

A similar snapshot for Kagiso based on respondent interviews suggests that:

- 55.1% of respondents had less than a Grade 12 qualification. Approximately 4% of the respondents had no formal education and 8% had tertiary education

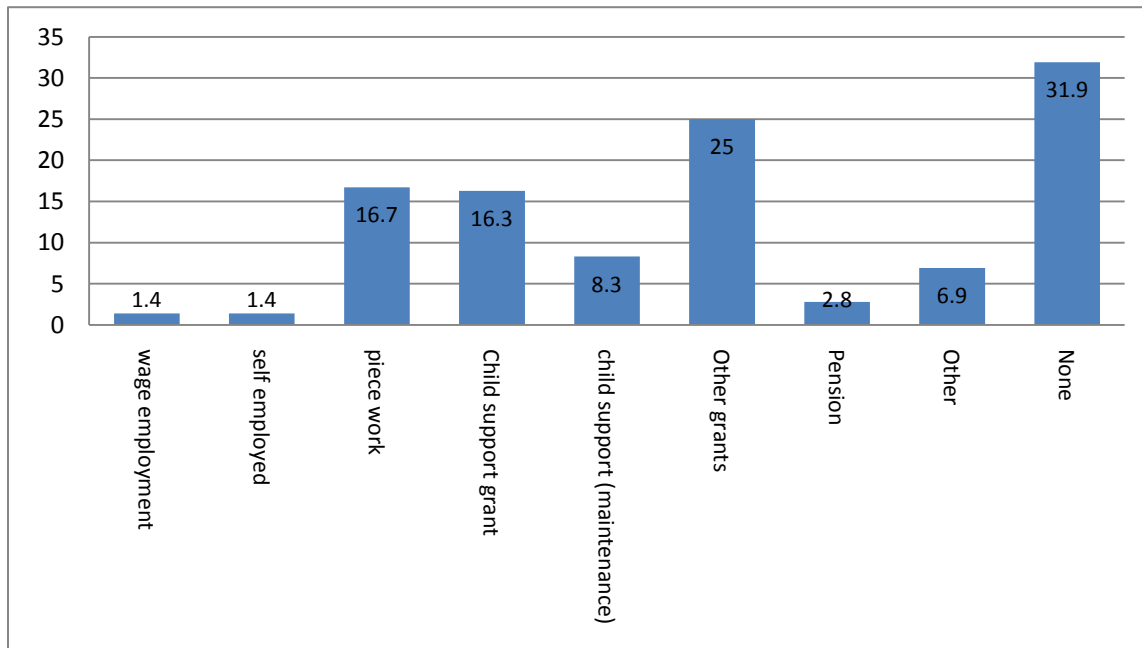
²⁷ Although we administered a formal questionnaire, we thought it best to use this data to collaborate findings from the EPWP review and DPW survey. This is due to the fact that the sample size of the NALEDI survey is not comparable to that of the other two surveys. As a result this section will largely draw on interviews and focus group discussions

- In terms of income, 61% of the respondents reported earning between R1,001 and R2,000, a quarter reported earning between R2,001 and R4,000 and 10% reported earning less than a thousand rand a month

5.3.1 Income and Grants

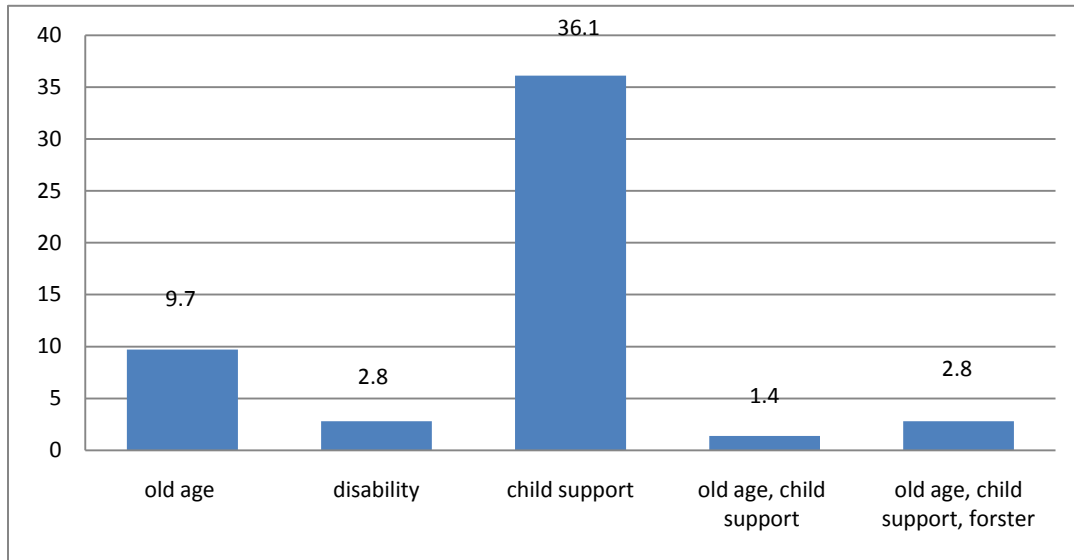
Munisivile interviewees reported having access to different forms of income to support their households. Almost a third of the respondents reported not having any extra source of income. Seven other sources of income were mentioned and most respondents (25%) reported grants from government as their main source of extra income. Only 1.4% reported wage employment as their other source of income. When asked whether the household's respondents were part of were in receipt of a government grant, 52% reported that they received a social grant whilst 48% said they did not receive a grant.

Figure 33: Other Income Sources (Munsivile)



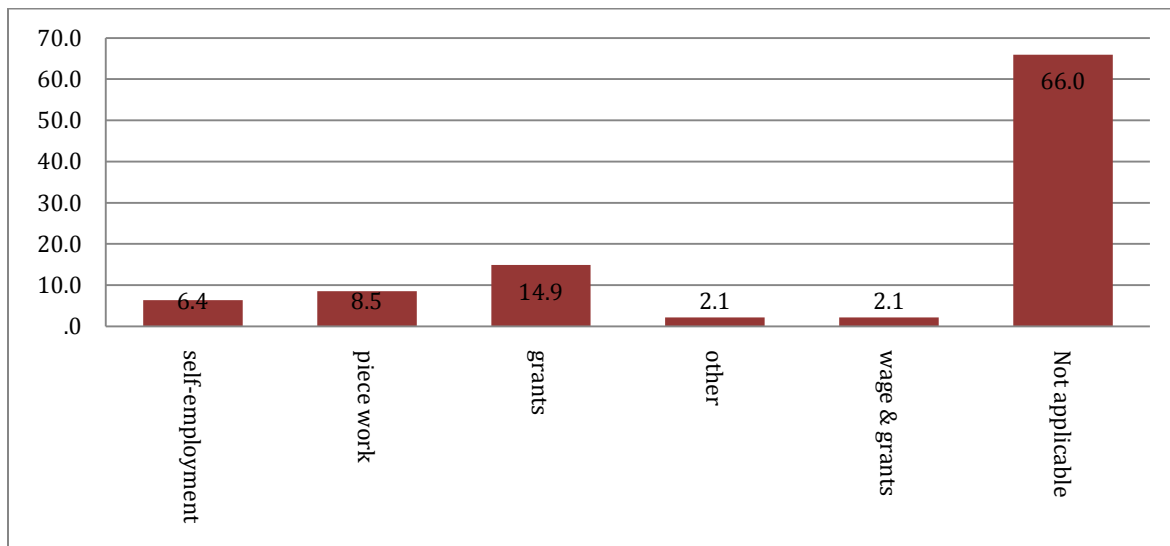
Amongst grant recipients, a majority (36%) reported receiving only the CSG. A further 10% reported receiving the OAG only and 3% reported that they were receiving the disability grant. Only about 1% of respondents said that their household received both the OAG and the CSG. 3% reported that their household received income through an OAG, the CSG and the foster care grant (see figure below). 8% of respondents reported living in households where no one was economically active.

Figure 34: Types of Grants Received (Munsiville)



When asked similar questions, 37% of interviewees in Kagiso indicated having alternative sources of income besides the income from public employment programmes, whilst the remainder reported that they were solely reliant on the income from the public employment programmes. With 15%, social grants were by far the largest source of alternative income.

Figure 35: Alternative sources of Income (Kagiso)



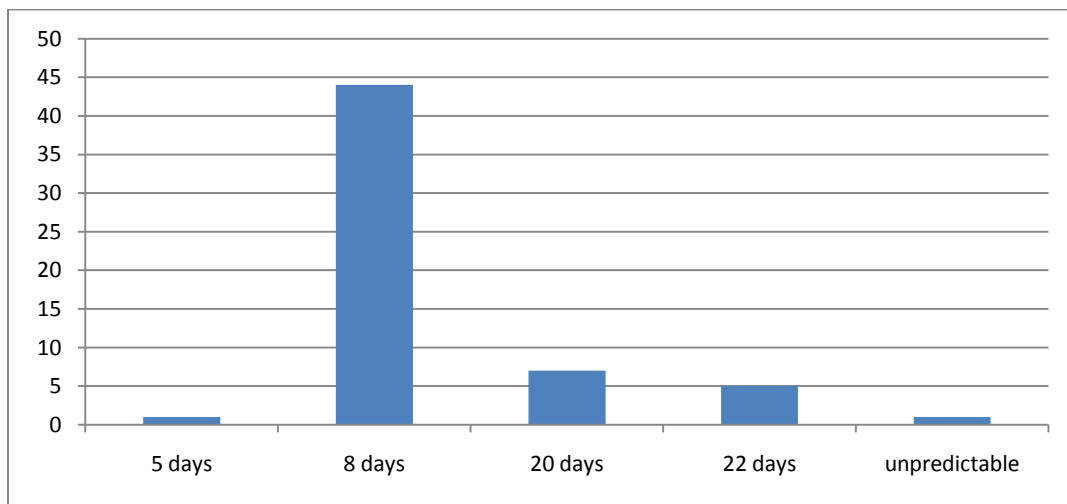
Of those living in households that are in receipt of a grant, 93% reported receiving the CSG whilst the remaining 7% reported receiving the OAG.

5.3.2 Work Opportunities

78% of Munsville interviewees reported that they had been a beneficiary of the CWP. Of these, 68% had participated in environmental and cultural programmes, 26% in the social sector (education, health and social development) and 5% had participated in both these sectors.

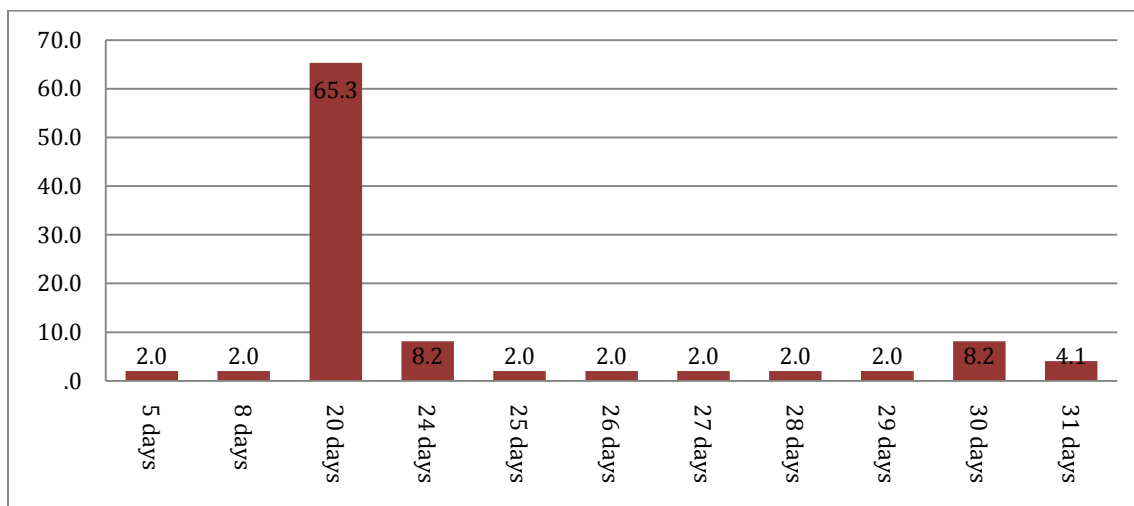
Most respondents reported that they worked 8 days per month. 17% of respondents reported having worked twenty plus days per month (See figure below).

Figure 36: Number of days worked per month (Munsville)



The majority of respondents in Kagiso (65%) reported working 20 days a month with 8% of respondents working 24 days or 30 days a month.

Figure 37: Days worked per month (Kagiso)



5.3.3 Wage Income and Payment

In Munsiville, 64% of respondents reported receiving less than R500 per month from the CWP. A further 3% reported receiving between R501 and R1000 and another 14% reported receiving over R1000 per month. This is in line with what might be expected given the average number of days worked per month. However, 35% of respondents said that they were often paid late. Around 43% reported getting paid on a monthly basis. Only 3% reported getting paid on a fortnightly basis.

Similarly for Kagiso, in terms of the frequency of pay, the majority of the respondents (57%) reported being paid monthly, 39% fortnightly and 2% reported that their payment frequency was unpredictable. 53% of all respondents also reported being paid through the bank, whilst a further 24% reported being paid by cheque.

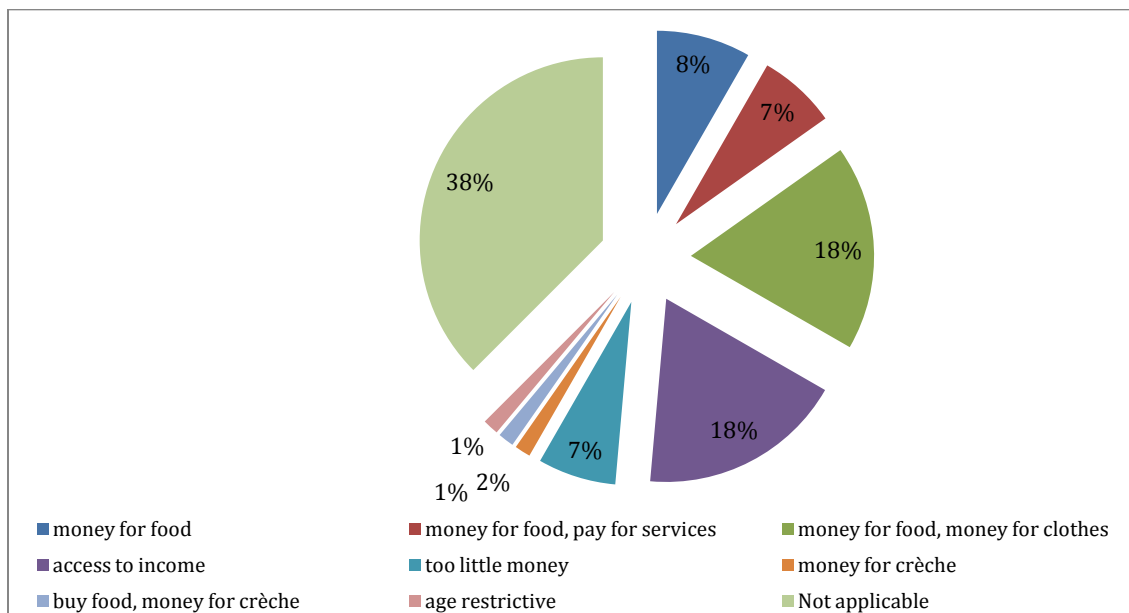
5.3.4 Impact on Households

Munsiville

Munsiville participants thought that the CWP programme had reduced unemployment. In addition, they felt that CWP had improved access to money. Very few thought that the programme had brought about no progress. Interestingly, about a third of respondents reported that they were able to save or invest household income because of the programme.

Roughly 86.7% of respondents that live in households receiving a social grant felt that accessing a grant had improved their quality of life and living standards.

Figure 38: Impact of social grant on quality of life



When asking individuals who had participated in the CWP and were in receipt of a social grant how this had impacted on their lives, 51.4% of respondents said that it had provided for additional access to income, 17.1% said that they now had more money to buy food and 14.3% said that their living standard had improved. These answers are hardly surprising given the economic circumstances people live in.

5.4 Comparing households with access to income from Public Employment Programmes to households who also access a social grant

Despite the fact that public works programmes are supposed to synergise with social grants and thus supplement short-term livelihood strategies, no comparable national data exist. Data exists on the impact of either the EPWP or social grants on households, but not of both. A case in point is that neither the EPWP1 review nor the 15 year review of anti-poverty policies in South Africa attempted to compare households benefiting from both public works programmes and social grants with those only participating in EPWPs. This is an important data problem and needs to be addressed urgently in order to improve the ability to monitor and evaluate the impact of social interventions in South Africa.

As demonstrated in the previous sections, survey data provides some insights. These findings were tested and confirmed by focus group discussions that were held in the public works sites of Munsiville and Kagiso. The majority of participants were aged between 36 and 50 years. Only one participant at both sites was between the age of 26 and 35. One participant from Munsiville was aged between 15 and 25. All participants were black Africans. In Kagiso, only one of the participants was male, whilst the other four were female. In Muinsiville there were four male and three female participants. Most of the respondents at both sites had received education up to grade 8 to 11.

Focus Group discussions indicate the importance of public employment programmes in reducing overall household poverty. However, it has been shown that households with access to both social grants and public works programmes are more positively affected than households with access to either grants or public works programmes. As mentioned above, given the levels of poverty in these communities these findings are hardly surprising. Any form of income is improving living standards and hence a higher income through grants and Public Employment Programmes is preferable to a lower income either through grants only or Public Employment only.

The length of employment as well as the safety net Public Employment Programmes can provide is very important for assessing its impact. The longer and/or predictable the number of days the programme runs, the more sustainable and pronounced will be its effect. Intuitively, this suggests that analysing households with access to either social grants or public works programmes should show that households in receipt of social grants experience more positive effects, as grants are typically a safe, monthly source of income. However, this is too simplistic as the impact of income either through grants or public

employment also depends on several other factors such as the type of grant accessed and hence its monetary value, type of public works programme, length of the public works programme and even geographical location of the recipient's households.

The above was confirmed by focus group discussions during which participants stated that having access to both social grants and public works programmes significantly improved their living standards. Most participants felt that this improvement was due to the fact that they were now able to pay off municipal bills, school fees and had more money to buy food. The social grants that were identified as crucial in this regard were the child support grant and the old age grant, which approximately 56% of households the participants lived in were receiving. In addition to social grants, focus group participants said that maintenance support (from ex-spouses), as well as pensions received by older members of the households were an additional important source of household income.

Other issues that emerged from the focus group discussions were that the participants felt that the work they had to do was physically very challenging and that they were often not given the necessary equipment (especially protective equipment such as gloves and masks etc). This means that certain sections of the community were automatically excluded. These include the elderly, those with compromised health and mothers with very young children. Additionally, younger participants were of the view that the nature of the job and the lack of skills training meant that they were not being employed in a way that matched their levels of education. In particular, this grievance was voiced by those participants with matric level education, who were upset about being unemployed or having to rely on public works programmes. These participants said that it would be desirable for public works programmes to offer them the opportunity to skill themselves on things like computer literacy.

Despite these strong criticisms by younger participants, all focus group participants were hopeful that the programme would assist them with finding permanent employment. Only one participant from each site stated that they were able to save through saving clubs. In both cases these were women. In terms of the programme assisting them in applying for and accessing bank loans and accounts, all participants stated that the fact that they do not receive a pay slip and were receiving very little money meant that banks were still unwilling to deal with them unless they dealt with the bank through cooperative savings clubs. This means that most participants were relying on loan sharks.²⁸ Access to social grants or participation in a public employment programme or a combination of both has reduced incidences of poverty and improved household income. More importantly, most respondents agree that social security interventions play a pivotal role in promoting opportunities for better economic inclusion, in particular better employment prospects.

²⁸ These are informal micro-loan activities situated in many South African townships. Many are not registered and have excessively high interest rates for borrowing. Studies on the micro-loan industries point out severe exploitative measures against borrowers, where for example, bank cards and Identify documents are withheld until re-payments has been made. Recent banking regulatory measures have improved micro-loan operations but this has not extended to informal micro-loan sector.

6. Building Synergies between Public Employment Programmes and Social Grants

When comparing the NALEDI interviews to the larger longitudinal survey, very similar results emerged. This is reassuring as it illustrates that despite problems with data reliability the general picture painted by these studies seems to be an accurate reflection of realities on the ground.

Naturally, comparing the different data sources is difficult, as the sample size of the surveys differs and the results hence do not offer the same scope for making generalisations. Nonetheless, it is felt that a comparison is useful in order to highlight a couple of key findings replicated across the surveys and informant interviews. This section, therefore, does not claim to always provide statistically significant results, but as the trends emerging out of the DPW longitudinal survey are collaborated by the results of the NALEDI interviews and focus group discussions they are nonetheless presented in a comparative manner.

6.1 Key Findings:

The survey and informant interviews showed that most beneficiaries of public works programmes (43%) were paid on a monthly basis, with 3% to 7% of participants being paid on a fortnightly basis. The NALEDI interviews highlighted a potentially worrying problem of irregular frequencies of pay and, or frequent late pay.

All studies showed that roughly a third of households were able to save some money whilst participating in the programmes. When asked if they felt that participation in the public works programmes had improved their way of life, roughly two thirds of respondents felt that this was the case.

Table 14: An Illustrative comparison between DPW Survey and NALEDI Informant Interviews/Focus Groups

	DPW Longitudinal Survey (EPWP)	Naledi Report (CWP)	Naledi Report (EPWP)
Frequency of pay	Monthly: 43% Fortnightly: 7%	Monthly: 43% Fortnightly: 3%	Monthly: 57% Fortnightly: 39%
Have households managed to save?	29% (Yes)	33% (yes)	22% (yes)

Has programme improved household way of life	73% (Yes)	89% (yes)	67% (yes)
How household life has been improved (three main reasons)	<ul style="list-style-type: none"> • More money for the household/access to income • Money for food • Improved way of life 	<ol style="list-style-type: none"> 1. More money for the household/access to income 2. Money for food 3. Improved way of life 	<ol style="list-style-type: none"> 1. More money for the household/access to income 2. Money for food 3. Improved way of life
Households benefitting from both EPWP/CWP and government grants	70%	52%	34%
Household size	5.5	5.5	5

The studies found that the three reasons most frequently cited for why public works programmes have had a positive impact on households' standard of life were:

- (1) Access to income/generally more money for the household,
- (2) More money for the household to purchase food, and
- (3) A general improvement in the standard of living.

The CWP survey, the longitudinal survey, the cross sectional survey conducted by the DPW, the NALEDI interviews and focus group discussion all show that there is a substantial group of EPWP and CWP beneficiaries that live in a household that includes a member that receives a social grants. Participants in all studies highlighted the fact that income from both grants and public employment programmes improved the well-being of the household, compared to a situation where income comes from just one of the two sources. Simultaneously, it was shown that household income continues to be very low. Income through public employment programme can therefore, and should not, replace income through grants. In order to ease poverty, households should have access to income from both sources.

It goes without saying that members of poor households are often characterized by poor skills and education levels and hence often find it difficult to get employment. The EPWP and CWP offers an opportunity for poor, low-skilled household members to earn a living with the potential of gaining access to basic skills training and future employment. It is thus intuitive that government will continue to target poor or low income households through EPWP and CWP. The fact that 72% of EPWP participants in the longitudinal study were unemployed before joining an EPWP project suggests that the programme has been able to attract and absorb the unemployed. Whilst this might suggest that the targeting of the programme was very good it could also simply be an indication of the size of the unemployment problem in South Africa.

Finally, it can be seen from the results of both the longitudinal and cross sectional survey that the “income generating” motive for joining the programme is very strong. For example, around 55% of respondents attributed, in one way or another, extra income as a positive effect of participating in the EPWP and supplementing livelihood strategies. The other positive outcomes identified (45%) were more qualitative in nature e.g. aspects of life such as independence, improved family living, a better life - all of which are reasons closely, but indirectly, related to households earning extra income or at least enough income to meet basic needs.

These results reiterate the point made throughout this paper that households are cash strapped and that any additional source of income is welcome as it enables households to pool income and pursue their livelihood strategies. There is thus clearly a potential for synergy effects between social grants and public employment programmes.

6.2 Recommendations

The results presented in this paper suggest a number of things:

Firstly, the labour market has insufficient absorptive capacity and thus job searches are unlikely to lead to full time employment in the short run, creating a growing number of short term unemployed and discouraged work seekers. EPWP and CWP provide alternative, albeit limited, employment opportunities for individuals currently not covered by the social security system. Given that it is unlikely that decent jobs will be created for all unemployed men and women in the short run, PWP should continue to provide income to this group of people as we continue to invest in new growth trajectory.

Secondly, The establishment of a daily minimum wage threshold for both EPWP and CWP participants is an important development that shifts from previous inconsistent and poor standardisation of wages and conditions of service.

Thirdly, the EPWP and the CWP provide opportunities for improving community infrastructure and services. They build community solidarity and partnerships. The CWP, in particular, creates a sense of

community participation and ownership in projects that is important for community development and growth. From a DWA perspective, the optimism and the general sense of an improved lifestyle and well-being of participants in the EPWPs or in CWP, is very important. Whilst this has been taken into account when designing the CWP, the focus on enabling agency could be strengthened for all PWPs.

Fourthly, this study laments the lack of data on household who have access to both social grants and public employment schemes. Improved national survey data would allow for better targeting of low income households. It would also enable policy makers to better assess the impact of the two programmes on poor households.

Fifthly, the lack of coordination between the public employment programmes and social grants remains a challenge that must be addressed in order to make a real impact on household poverty. The only parts of the population eligible for social grants in South Africa are children, the elderly and the disabled. Despite the raising of the income threshold, grants continue to go to the poorest households in the country. Surely, it would be prudent to target the same households with the public employment programmes. This would be of particular importance, as unemployment amongst the 18 to 29 year olds has reached 42%²⁹ and there are no grants they can apply for. They are thus left with no other option but to live of the household income, without contributing anything themselves. It is an obvious point to make that this is a potentially very destructive situation. Naturally, targeting households with members receiving a social grant would still leave the question of how to reach unemployed adults in households without access to a social grant unanswered. A more coherent and coordinated targeting strategy could be up-scaled and would allow for public employment schemes and social grant to go hand in hand and thus make a real difference to the poorest households in the country. A single registry would be crucial in this respect, as this study has clearly demonstrated the lack of a comprehensive data set that looks at PWP and grant income on the household level.

In order to improve synergies between PWPs and social grants a couple of things need to be addressed:

- The current targeting system presents a challenge. PWPs target individuals. Social grants also target individuals, but on the basis of a means test of the household. In other words, household income determines the eligibility of the child. However, the income from the grant isn't intended to supplement household income, but is meant to go towards the child. This study has shown that given the levels of poverty in the country this is unlikely to be the case. The question of whether R260 is really sufficient for meeting a child's needs in a household that has a maximum income of R2600 per month if it is a single household or R5200 if the primary care giver is married is a question that ought to be addressed. As the means test only excludes households with income over a certain amount of money, it doesn't make provisions for providing extra support for households that have a monthly income of say R300. In this case R260 will have a very different impact on the household income depending on whether

²⁹ 2011 Budget Speech

household income is at the upper or lower end of the income the government has set as acceptable for qualifying for the grant.

- This paper has demonstrated that households struggle to make ends meet. Reports that households lose income if one of their members participates in a PWP are worrying for two reasons: firstly, both the survey data and the qualitative research have demonstrated that the extra money primarily goes towards meeting basic needs. Secondly, as outlined above the South African social grant system targets individuals. No grant targets working age adults. They are thus de facto not covered by the social assistance system despite the fact that both the DWA and the South African Constitution call for comprehensive social security. If an unemployed working age adult participates in a PWP and thus earns income, this can lead to a withdrawal of the social grant another person in the household receives – the grant for a child or a person over the age of 60. This should not be the case, as participants in a PWP will by definition not be eligible for a social grant, as they would not be children, pensioners or disabled. They may live in households receiving grants, but the grants are not “intended” for them. On the contrary, it should be viewed as good targeting if EPWP provides work to someone from a grant receiving household, as they would be poor if they live in such a household. Penalising participation in a PWP by withdrawing income from grants is shortsighted as these households continue to be poor and income from a PWP is only short term and often irregular. This is a design fault in the system that undermines any attempts to improve synergies between the social assistance system and PWPs.
- Whilst it is important to create synergy effects between social grants and PWPs it is also important to remember that poor people also live in households that do not include an individual receiving a social grant. Somehow, they too have to be targeted by the PWPs.
- It might also be useful to revisit the fact that participation in a PWP is currently not subject to targeting. Poverty is not a criteria, only willingness to work at the set wage rate. Yet a young person from a relatively well-off household may still find EPWP or CWP attractive to work in and so boost overall household income. But he/she may displace someone in the community that is much poorer. Similarly, the EPWP has targets for employing women, youth and the disabled. Whilst it is naturally desirable to improve the prospect for individuals from these groups to earn income it leaves the question of what type of support men of a working age are receiving from the state unanswered. Once again, this brings us back to the question of comprehensive social security for all.

Policy makers thus need to revisit the question of targeting and solve the built-in tensions between grants earmarked for individuals, but administered according to household income. If the aim is to provide assistance to all members of poor households, then it should be impossible to lose a grant because another member of the household is participating in a PWP. Social grants exclude adults, PWPs

target them. Surely, synergy is best achieved if households can access both interventions without having to fear losing one of their sources of income.

The challenge lies in how to identify what members make up a poor household. As discussed above, SASSA knows where poor households are located, for as long as they are eligible for receiving a grant. Even if we assume that SASSA's administrative data keeping system is perfect – which it is far from – SASSA is unlikely to also have information about whether unemployed working age adults live in the household. Similarly, as soon as a child reaches the age of 18 SASSA will no longer be keeping track of them. We therefore need to design a data collection system that identifies poor households irrespective of whether they include a grant recipient. This system would have to provide information on household income and on what members make up the household. This would in turn then allow for better targeting of unemployed members of poor households. It goes without saying that this presents a huge challenge. Given the existing data constraints it seems best to start with the data SASSA already has and improve data collection from there i.e. track households beyond the time when they include an individual eligible for a social grant. SASSA could thus move into the role of the one-stop source of data on poor households and facilitate targeting not only through grants, but also through the PWP's.

6.3 Building a Decent Work Agenda

The ILO Declaration on Social Justice for a Fair Globalisation (2008) identifies employment, social protection, social dialogue and rights at work as the four pillars of the Decent Work Agenda. As stated earlier, South Africa's intervention for a Decent Work Agenda needs to be strongly linked to its New Growth Path (NGP).

As indicated earlier an analysis of the NGP showed some potential linkages between the key job drivers and public employment programmes - more specifically Job Driver 1 and 4. The extension of Community Works Programme to more wards and the expansion of public employment will continue to be an important focus given our employment challenges. This of course must be coupled to the continued roll-out and extension of social protection in South Africa.

These interventions are crucial for reducing high unemployment and high levels of poverty. Whether the current framework of the New Growth Path can realise these important job drivers remains to be seen. Unfortunately, a clear, multi-pronged approach to poverty interventions towards the achievement of a DWA seems to be lacking. In particular, the question of how social security and public employment programmes reduce incidents of household poverty and increase job search opportunities of household members could have been explored in more detail.

Data shows that receipt of a grant increases the probability of household members searching for jobs. It further suggests that receipt of the grant has the effect of increasing the intensity of the job search by availing some "extra" funds to enable household members to intensify job searches. Additionally, linked

to the CSG a range of services for children could potentially create extra jobs within the health and social services sector, such as ECD practitioners, to name but one.

The effect of grants is generally seen as positive and has increased household income. This is due to the fact that most recipients reported pooling their grant with other income sources to cater for multiple household needs. In addition, it is clear that grants in general have been government's most successful poverty alleviation strategy. That said concerns about the fiscal sustainability of social security interventions are being raised. With spending on social grants reaching 3.5% of GDP a real debate needs to be had on how to proceed. There is a need for a real coordination between social security interventions, public works programmes and government's long term plans to create a sufficient number of decent jobs. All of these programmes are interlinked and aim at bringing people out of poverty and into decent employment. Some real conceptual work is needed that talks to how these different intervention come together to help the unemployed and poor.

South Africa is fortunate to have a vibrant non-state actors/civil society (CSOs). This is largely a result of the years of anti-apartheid struggle. These CSOs have not shed away from engaging on labour and DWA related issues. The fact that the DWA campaign has progressively picked up pace with COSATU declaring that it will embark on a nationwide DWA campaign, is but one reflection of the ongoing social dialogue.

In conclusion, it remains to be said that this paper has found that despite analysts such as Hemson³⁰ arguing that earnings in the EPWP have been low across all sectors,³¹ data clearly shows that EPWP has created work opportunities and absorbed previously idle labour. Participants were not only offered the opportunity to earn an income, but also to get training, hence preparing themselves and improving their chances of actively participating in the labour force. The recent Ministerial promulgation on EPWP wages and conditions of employment is a positive step and will likely continue to contribute (given a level of compliance) towards the achievement of a DWA. The impact of EPWPs, CWP with grants is manifold. The reduction of poverty is one aspect, skills transfers another, but the impact of having employment, even if only for a short time, should not be underestimated. The generally optimistic responses of interviewees and focus group participants alike bear testimony to this effect. In line with the New Growth Path there is a need for a new or improved strategy that really reduces household poverty and allows for improved targeting through a multitude of different approaches using both social security and public employment programmes.

The big policy question that needs to be answered is thus: If we want to create synergy effects between social grants and PWP how do we identify poor households with or without grant recipients and ensure that their unemployed working age adults can benefit from the PWPs and thereby boost household

³⁰ Hemson, D., 'Mid Term Review of the Expanded Public Works Program: Synthesis report', *HSRC in partnership with SALDRU, Rutgers and ITT*, October 2006.

³¹ It can be argued in this regard that EPWP wages had to be kept low so as to dissuade possible participants from leaving other none public works employment for EPWPs. The low wages also allow for longer employment levels.

income. As discussed above, this raises a number of design and data questions, as well as necessitating a review of existing policy and targeting mechanism.

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Annexure One : Map of South Africa

