

TOWARDS AN ANTI-POVERTY STRATEGY FOR SOUTH AFRICA

A DISCUSSION DOCUMENT

OCTOBER 2008

DRAFT

TOWARDS AN ANTI-POVERTY STRATEGY

EXECUTIVE SUMMARY	4
TOWARDS AN ANTI-POVERTY STRATEGY	11
INTRODUCTION	11
ANTI-POVERTY FRAMEWORK	13
DEFINING POVERTY	13
THE PILLARS OF THE FRAMEWORK FOR POVERTY REDUCTION	13
STRATEGIC OBJECTIVES OF THE ANTI-POVERTY STRATEGY	14
STRATEGIC FOCUS AREAS	15
BUILDING ON EXISTING POLICY AND PROGRAMMES	15
CHANGING THE TRAJECTORY	16
BUILDING A PARTNERSHIP	18
ECONOMIC POLICY	18
SOCIAL POLICY	19
SUSTAINABLE POVERTY ERADICATION	19
GOOD GOVERNANCE	20
INSTITUTIONALISING SOLIDARITY	20
AN ANTI-POVERTY STRATEGY	21
THE NATURE AND SCALE OF POVERTY	21
PROGRESS IN FIGHTING POVERTY	24
PILLAR ONE: CREATION OF ECONOMIC OPPORTUNITIES	25
PILLAR TWO: INVESTMENT IN HUMAN CAPITAL	29
PILLAR THREE: BASIC INCOME SECURITY	33
PILLAR FOUR: HOUSEHOLD SERVICES AND HOUSING	35
PILLAR FIVE – COMPREHENSIVE HEALTHCARE	39
PILLAR SIX: ACCESS TO ASSETS	41
PILLAR SEVEN: SOCIAL COHESION AND SOCIAL CAPITAL	42
PILLAR EIGHT: GOOD GOVERNANCE	44
REFLECTIONS ON CURRENT INITIATIVES	46
KEY STRATEGIES TO ADDRESS POVERTY	47

WHO IS POOR?	48
TARGETING THOSE IN NEED	49
KEY STRATEGIES	49
THE ROLE OF ECONOMIC POLICY	51
ECONOMIC DEVELOPMENT IN GENERAL	51
ECONOMIC DEVELOPMENT IN RURAL AND POORER AREAS	54
EMPLOYMENT CREATION	56
THE ROLE OF SOCIAL POLICY	57
ADDRESSING CHILD POVERTY	57
HUMAN RESOURCE DEVELOPMENT – EDUCATION	58
EDUCATION AND CHILD POVERTY	58
EDUCATION AND RURAL POVERTY	59
EDUCATION AND TRAINING	60
PROVISION OF HEALTH CARE	63
MEETING BASIC NEEDS – PROVISION OF BASIC SERVICES	64
ESTABLISH TARGETED SUPPORT SYSTEM FOR THE POOR HOUSEHOLDS	64
COMMUNITY EMPOWERMENT PARADIGM	65
SOCIAL COHESION	66
INSTITUTIONALISING SOLIDARITY	68
IN THE STATE	68
THE PRIVATE SECTOR AND CIVIL SOCIETY	68
COMMUNITY MOBILISATION	69
ONE-STOP DELIVERY	70
THE NEXT STEPS	71

TOWARDS AN ANTI-POVERTY STRATEGY

EXECUTIVE SUMMARY

Defining poverty

Poverty is understood as deficiency in an individual's socio-economic capabilities. Its manifestations include factors such as income, access to basic services, access to assets, information, social networks or social capital. This broad approach to poverty allows for engagement with the reality of poverty and the combination of things that should be done to deal with it.

Overall strategic objectives

The overall objective of this strategy is to eradicate poverty. At the centre of the fight against poverty: ***creation of economic opportunities and enabling or empowering communities and individuals to access these opportunities***. Providing a safety net in the form of social assistance and provision of basic services continues to be critical in our efforts, but we also seek to empower individuals and communities to support themselves. The strategy builds on the work of the years since the dawn of our democracy. It also seeks to change the trajectory of our anti-poverty initiatives. As we go forward we need to strengthen our resolve to ***reduce*** the incidence of poverty as well as to ***prevent*** the reproduction of poverty within households and communities.

Central to this resolve is the ending of intergenerational poverty through improving the economic situation of households. Critical elements to this end would include:

- maintaining overall economic growth, including through substantial investment in economic infrastructure as well as appropriate fiscal and monetary policies
- targeting government support at measures that will create economic opportunities on a mass scale for the historically marginalised, including through land reform and agrarian development; support for growth in sustainable, labour-intensive formal activities, and a substantial expansion in public employment schemes, and

- instituting measures to enhance the incomes in cash and kind earned from informal activities, the bulk of which take place in agriculture, retail and services.,

To this effect **human resource development**, in particular education and skills development, will play a significant role in preventing the intergenerational transmission of poverty. An economy that creates jobs including self-employment opportunities and the ability of a country to improve the educational outcomes, skills and aspirations of children and young people are the most important factors in breaking generational cycles poverty.

A focus on **rural development and agricultural support for families** is also at the centre of the anti-poverty strategy. About half of poor people reside in rural areas, where economic opportunities are limited. Reinforced interventions are required to transform the situation of the people in rural areas, in line with the National Spatial Development Perspective¹.

Furthermore the strategy aims to **reinforce partnership** at all levels among government departments and agencies, business, organised labour and other civil society and non-governmental organisations. Within government, over and above the current initiatives, it is about doing some things, differently as well as emphasising implementation and coordination. The current initiatives to combat poverty rely heavily on government-sponsored and administered programmes and projects. Whereas the government has a central role to play, it should also focus on facilitating the involvement of other institutions, providing political leadership and using its resources and other capacities to mobilise all the role players in the desired direction. Indeed this is the “government’s vision for the developmental state, one where public institutions together with other economic actors work in a coordinated way to address poverty and underdevelopment and promote higher and more widely shared, economic growth.” (Policy brief, Competition Commission)

1

Key strategies to address poverty

Critical interventions that should receive the highest level of attention from government in addressing poverty (while improving all the others), are:

- economic interventions to expand opportunities for employment and self-employment in particular including improvement of the state's capacity to lead in job-creating industrial development.
- provision of quality education and skills and health care especially to poor communities; and
- promotion of access to assets including social capital to the poor and reduction of vulnerability
- promoting social cohesion

In line with the multidimensional nature of poverty, the anti-poverty framework is anchored on the nine pillars listed below.

1. Creation of economic opportunities – aimed at ensuring that the economy generates opportunities for poor households to earn improved incomes through jobs or self-employment.
2. Investment in human capital – providing health care, education and training needed to engage with the economy and in political processes.
3. Income security – providing safety nets for the most vulnerable, primarily through social grants. This to ensure that vulnerability associated with disability, age and illness does not plunge poor households into destitution.
4. Basic services and other non-financial transfers – what has been termed a social wage, consisting of services such as subsidised housing, and expanded access to water, electricity, refuse removal and sanitation; as well as a raft of minimum free basic services for vulnerable sectors of the population. Inability to pay for basic services should not prevent the poor from accessing these services altogether.
5. Improving healthcare – ensuring that poor children grow up healthy, providing quality and efficient preventative and curative care, and ensuring that illness or disability do not plunge poor households into destitution.

6. Access to assets – particularly housing, land and capital, including public infrastructure, both to improve economic and social security and to provide the basis for economic engagement in the longer run.
7. Social inclusion and social capital initiatives – combining programmes to ensure a more inclusive and integrated society, based on the development of more integrated structures and engagements across class and race, as well as community solidarity in communities and society as a whole. The focus is also on strengthening social capital, especially for the poor to expand their networks and ensure they have access to information.
8. Environmental sustainability – requiring strategies and programmes that help link increasing economic opportunities for the poor to the protection and rehabilitation of ecosystems, reversing environmental degradation and promoting eco tourism.
9. Good governance – direct intervention in the provision of information, facilitating participatory, pro-poor policies and sound macroeconomic management. This is to ensure proper use of public funds, encouraging shared economic growth, promoting effective and efficient delivery of public services and consolidating the rule of law.

Targeting the poor

Whereas poverty may affect a wide range of people in different circumstances, the most vulnerable groups are

- **Older people** – despite the broad coverage and reach of state old pension, income at old age is still limited. In many households, the state old pension support is eroded by dependency of unemployed able-bodied members of the households. Inadequate income and declining health status means they are predisposed to poverty.
- **The unemployed**, especially **the youth** who comprise a significant majority of the unemployed and have low levels of education – the major cause of poverty for the majority is lack of earned income due to unemployment.
- **Children**, especially those who grow up in poor families. Social assistance efforts have to be reinforced, and we have to ensure that children access education to enable them to escape the poverty trap.

- **Women** – especially single parents and particularly black women are vulnerable to poverty because they both face persistent gender discrimination and generally have extensive care-giving responsibilities. Critical support areas include expansion of ECD, provision of basic household infrastructure such as running water and electricity at an affordable cost, and improved access to training and economic opportunities.
- **People with disability** – disability is associated with difficulties of physical access, high living costs, low incomes and problems of social exclusion. It has major effects on employability. Social assistance is essential to provide a safety net for them.
- **People living in poor areas** – poverty still reflects apartheid settlement patterns. Most of the poor households are found in the former Bantustan regions, informal settlements and historically black townships. Therefore improving economic opportunities in these areas is critical.

Community empowerment paradigm

Poverty eradication initiatives should have, as a central tenet the empowerment of communities. Processes such as community/ward-based planning linked to municipal IDPs have great potential in giving communities greater control and ensuring a balance in the expectations for change between government's role as 'deliverer' and communities as driver. These processes can be unleashed with better support and resourcing focussing on ward-based implementation ideally with growing community control over resource-allocation for anti-poverty efforts.

Institutionalising solidarity

The effective implementation of anti-poverty programmes requires stronger institutions in the State, the private sector and civil society, and in poor communities themselves.

...in the State

We need to ensure that anti-poverty programmes are a top priority for all departments – social, economic and otherwise – and for all spheres of government. To that end, The Presidency should be made responsible for championing anti-poverty efforts, including:

- co-ordinating and monitoring efforts by economic, social and other departments as well as all spheres of government
- working with civil society and the private sector to strengthen, monitor and supplement anti-poverty programmes.

...in the private sector and civil society

The struggle against poverty requires involvement , not only of the State, but also of business, NGOs, students and others. This support can take several forms, such as mentoring new businesses or community organisations, volunteering in poor communities, assisting organisations representing the poor or providing funds.

Government will develop an explicit strategy for working with existing structures to prioritise the elimination of poverty, encourage concrete commitments outside of the State and get feedback on programmes. This strategy should include proposals around the National Economic Development and Labour Council, the Presidential consultative groups and other structures in business, labour and civil society. Government will consider establishing a high-level council comprising major stakeholders to advise on and help monitor and implement the Anti-Poverty Strategy.

...community mobilisation

Effective community mobilisation requires the emergence of competent and inclusive community groups that can:

- work with government to identify viable and desirable interventions
- drive implementation in their communities
- ensure that the interventions/programmes benefit the poorest households.

...one-stop delivery

Government is developing a comprehensive data system that will permit the identification of household needs in terms of infrastructure, income support, employment and basic services. This provides the basis for the establishment of structures that can

identify poor households, including ensuring that, where children live without adults, they can access available programmes and monitor the progress of households out of poverty.

In addition, Government will develop easily accessible information material on government services and how to access them.

TOWARDS AN ANTI-POVERTY STRATEGY

Introduction

Since 1994, democratic South Africa has waged a war on poverty. This is reflected in the types of policies adopted by government as well as in the spending on social policies. The challenges inherited from apartheid are massive. These range from an anti-poor economic structure to a deliberate denial of access to basic services and infrastructure, assets, education and training as well as settlement patterns that placed the poor far from economic opportunities and that discouraged establishment of opportunities in poor areas.

Much of government work is already aimed at addressing poverty and ensuring a better life for all and significant progress has been made in this regard. Anti-poverty initiatives have been successfully mainstreamed into the planning and implementation of government programmes and in the budgeting process. Moreover, government's policy orientation has been targeted to the poorest of the poor. However, there is still much that we need to do. Certain groups in our society continue to be likely to find themselves in poverty. These groups include for example, women particularly those who are single parents, children, the youth, the aged and families where one or more family member has a disability. Trends also show that there is growing inequality between the poor and rich members of society, associated with race, gender and location. We therefore need to ensure that future development of government policy addresses the needs of these groups and individuals most at risk.

The adoption of an anti-poverty strategy will ensure that the work that has already begun is harnessed more effectively. It will enable a strategic focus and broaden the scope of our initiatives to deal with a wider range of issues linked to poverty and social exclusion. It will provide measures that tackle the root causes of poverty, including addressing inequality of opportunity, combined with a commitment to giving people freedom. The fight against poverty cannot simply be the responsibility of central government. It must

involve all sectors of society – all spheres of government, other parts of the public sector, businesses, and voluntary and community organisations. Success in tackling poverty and social exclusion requires that every sector plays its part; there needs to be a national mobilisation towards a common political and social goal.

This document has two parts. The first part presents the anti-poverty framework. The second part presents strategy. Attached to the strategy is a draft programme of action.

ANTI-POVERTY FRAMEWORK

Defining poverty

Poverty is viewed as a state of multiple deprivations, i.e. a deficiency in an individual's socio-economic capabilities. Its manifestations include poverty in income (or money-metric measure), access to basic services, access to assets and, the extent of social networks or social capital among to the poor. This approach to poverty allows for engaging with the reality of poverty and thus the combination of things that should be done to deal with it. Access to social services, while critical is not on its own adequate to deal with poverty. For instance, access to electricity will not guarantee optimal utilisation of such access if beneficiaries are unemployed and therefore cannot afford the bills or buy electrical appliances. Conversely, household income in a neglected neighbourhood can easily dissipate, addressing health consequences of poor infrastructure such water and sanitation.

The pillars of the framework for poverty reduction

In line with the adoption of a multidimensional nature of poverty, the anti-poverty framework is anchored on the following pillars:

1. Creation of economic opportunities – aimed at ensuring that the economy generates opportunities for poor households to earn improved incomes through jobs or self-employment.
2. Investment in human capital – providing health care, education and training needed to engage with the economy and in political processes.
3. Income security – providing safety nets for the most vulnerable, primarily through social grants. This to ensure that vulnerability associated with disability, age and illness does not plunge poor households into destitution.
4. Basic services and other non-financial transfers – what has been termed a social wage, consisting of services such as subsidised housing, and expanded access to water, electricity, refuse removal and sanitation; as well as a raft of minimum free basic services for vulnerable sectors of the

population. Inability to pay for basic services should not prevent the poor from accessing these services altogether.

5. Improving healthcare – ensuring that poor children grow up healthy, providing quality and efficient preventative and curative care, and ensuring that illness or disability do not plunge poor households into destitution.
6. Access to assets – particularly housing, land and capital, including public infrastructure, both to improve economic and social security and to provide the basis for economic engagement in the longer run.
7. Social inclusion and social capital initiatives – combining programmes to ensure a more inclusive and integrated society, based on the development of more integrated structures and engagements across class and race, as well as community solidarity in communities and society as a whole. The focus is also on strengthening social capital, especially for the poor to expand their networks and ensure they have access to information.
8. Environmental sustainability – requiring strategies and programmes that help link increasing economic opportunities for the poor to the protection and rehabilitation of ecosystems, reversing environmental degradation and promoting eco tourism.
9. Good governance – accountability to citizens, direct intervention in the provision of information, facilitating participatory, pro-poor policies and sound macroeconomic management. This is to ensure proper use of public funds, encouraging shared economic growth, promoting effective and efficient delivery of public services and consolidating the rule of law.

Strategic objectives of the anti-poverty strategy

The overall strategic objective of the Anti-Poverty Strategy is to eradicate poverty. It seeks to improve income and living conditions of the most disadvantaged.

The strategy should include the following high-level priorities:

- leadership of the State in initiating or encouraging various interventions, including by the private sector
- building capacity to participate in the labour market and to take advantage of economic opportunities
- increasing employment opportunities and reducing barriers to employment
- a stronger focus on capacity-building, enhancing the state's capacity to provide a wide range of services, from health, education, employment and training, to enhancing an individual's capacity to participate in economic and social life, which should in turn acts as an "insulator" against poverty

Strategic focus areas

Building on existing policy and programmes

This Anti-Poverty Strategy builds on the work of the years since the dawn of democracy. While the achievements have varied, there has been improvement in the way we address various dimensions of poverty. Our policies and investments have contributed to promoting economic growth and employment, providing basic social services, improving human development, protecting vulnerable groups and enhancing social cohesion within the overall framework of sustainable development. Many government programmes are targeting those most in need. Social grants and the social wage are obvious examples. Departments also take account of need when allocating budgets. For example, children from poor backgrounds are specifically targeted through initiatives such as no-fee paying schools and school nutrition programmes.

The purpose of the Anti-Poverty Strategy is not to argue for a complete overhaul these principles and approaches. Nor is it to claim unmitigated success in their implementation. While it reasserts our commitment to the fight against poverty, the Strategy also seeks to ensure that important strategies are co-ordinated across departments. For example, projects which work to improve social, economic and environmental conditions in targeted areas should complement specific employment, health and education initiatives underway in the same areas. Similarly, departmental programmes should not be limited to the identified locations, but should target vulnerable

groups, irrespective of where they live. The current initiatives thus make up the first phase of efforts to fight poverty. This strategy intends to build upon what is already in place. This Anti-Poverty Strategy needs to evolve in a way that retains approaches seen to be effective, addresses existing gaps and meets emerging challenges.

As a country we have done relatively well in terms of providing social assistance, which research evidence shows plays a significant role in alleviating poverty. The provision of social grants will need to continue, particularly for the vulnerable groups such as people with disabilities, the aged and children.

Changing the trajectory

The strategy seeks to change the trajectory of our anti-poverty initiatives. As we go forward, we need to strengthen our resolve to **reduce** the incidence of poverty as well as to **prevent** intergenerational transmission of poverty within households and communities.

Key to this resolve is **creating and increasing economic opportunities** and **facilitating access** to these. Unemployment and/or the absence of earned income are the major causes of poverty. Our efforts should be focused on ensuring that as a country we create economic opportunities that will ensure the promotion of self-sufficiency. To this effect, our efforts should create opportunities that match the current pool of the unemployed. Whereas economic growth has over the past years produced jobs, these are not sufficient to address the challenge of unemployment we are facing. We should therefore develop new approaches to the creation of sustainable economic opportunities and jobs on a larger scale. All our economic strategies must prioritise shared growth, particularly by generating opportunities for employment and self-employment, supplemented by a substantial expansion in public employment schemes.

Our efforts should also be focused on facilitating access to these economic opportunities. For many unemployed people, particularly the young, subsidised employment opportunities, job search assistance and other workplace-related training

opportunities will enable the acquisition of skills and workplace experience that is important for them to access formal skills-biased jobs.

A focus on **rural development and agricultural support for families** is also at the centre of the Anti-Poverty Strategy. Reinforced interventions are required to change the situation of the people in rural areas. The interventions should ensure that people in rural areas can have acceptable living standards. Government should actively promote the development of smallholder farm schemes and enhance the processing of agricultural products in ways that support increased rural employment, including self-employment. Agricultural support to families would provide food security, especially in the light of lack of earned income. For some families, the support will go further and become a source of income as they develop their smallholding into productive small farms. This would include improving the level of physical and institutional infrastructure in rural areas, (rural roads, irrigation, access to markets, credit, resources, education and training, technical support, etc) as well as land reform that supports the generation of rural livelihoods on a mass scale.

Another strategic focus area is the prevention of inter-generational reproduction of poverty. Improving the parents' economic situation, by ensuring that they participate in economic activities, will have a significant impact on improving the circumstances of their children and **breaking the cycle of poverty**. However, we also have to ensure that the future of children who grow up in poor families is not determined by their parents' life circumstances. To this effect, **human resource development**, in particular education and skills development, will play a significant role in preventing the intergenerational transmission of poverty. Education and training opportunities are critical for the older children or young adults. Efforts should be focused on ensuring that those who can still benefit from acquiring education and skills do so. We need to ensure that the young people stay in school longer, acquire quality education and training that will enable them to take advantage of the various economic opportunities which the developmental state through the poverty strategy, industrial strategy and other initiatives will work towards ensuring are available.

Furthermore, the strategy would aim to **reinforce partnership** at all levels among departments, agencies and non-governmental organisations (NGOs). Within

government, over and above the current initiatives, it is about doing some things differently as well as emphasising implementation and co-ordination. The current initiatives to combat poverty rely heavily on government-sponsored and administered programmes and projects. Whereas the Government has a significant role to play, it should also focus on facilitating the involvement of other institutions, providing political leadership and using its resources and other capacities to steer all the role-players in the desired direction.

Building a partnership

The pillars of the framework listed above provide an outline for understanding and locating the roles of government, the private sector and society at large in addressing the different dimensions of poverty. They also reflect the interrelated and interdependent roles of these in addressing poverty. Social policy objectives can only be upheld by sustained improvements in economic policy; similarly economic policy requires sustained social policy outcomes. The success of economic policy and social policy in turn requires good macroeconomic management and good governance.

Social and economic policies as well as good governance must play a role in achieving anti-poverty outcomes. In every case, they need to take into account the specific requirements of the vulnerable groups.

Economic policy

The core function of economic policy in the anti-poverty strategy is to support shared growth through the generation of increased opportunities for the poor, through both wage labour and self-employment. It has interrelated functions to this end and these include:

- supporting sustainable economic growth, including influencing structural changes in the economy to ensure long-term expansion, a diversified industrial base, and a qualitative increase in employment creation
- directing sustainable investment to poor area within the principles identified in the NSDP and other policy and intent statements such as the financial sector charter

- developing a conducive environment for the private sector and programmes aimed at increasing employment and income-generating opportunities
- enhancing the quality and productivity of the environment and natural resources.
- enabling access to assets

Social policy

The effectiveness of economic growth in the fight against poverty is reliant on comprehensive programmes for social development.

Social development strategies have three core aims:

- to provide a safety net
- to remove all forms of discrimination and build social cohesion by protecting against risk and developing social, cultural and democratic engagement across society
- to help communities, individuals and households engage with the economy and society (above all through appropriate education and healthcare, access to infrastructure, safety and security, and cultural and sporting development).

Sustainable poverty eradication

The Johannesburg Plan of Action and legislation such as the constitution and the National Environmental Management Act 107 of 1998 demonstrate that poverty eradication must be anchored on sustainable strategies; strategies that ensure that the poor, the vulnerable and generations to come, have equitable access to the planets' resources. This means strategies must be created or expanded (for those that already exist) that aim at:

- environment rehabilitation
- protecting the environment including protecting food sources and ecological diversities and quality, taking into account the fact that, in terms of bio-diversity, South Africa is one of the richest countries in the world
- helping communities, individuals and households exploit the environment sustainably and efficiently, by facilitating equitable access to land, water and

other natural resources and rehabilitating degraded land in areas ravaged by consequences of apartheid policies.

Good governance

Improving governance and effective and efficient management of public resources are critical for poverty reduction. Good management of public resources is necessary for fiscal discipline, economic growth and equity. The poor tends to be disproportionately affected by ineffective and efficient governance. Good governance includes, among other things:

- a sound macroeconomic framework that encourages efficient and productive domestic investment
- building institutions that foster participation and accountability at all levels
- building legal and regulatory framework capacity at all levels of government.

Institutionalising solidarity

The effective implementation of anti-poverty programmes requires stronger institutions in the State, the private sector and civil society, and in poor communities.

The struggle against poverty requires support, not only from the State, but also from business, NGOs and others who are not poor. It requires working with existing structures to prioritise the elimination of poverty, encourage concrete commitments outside of the State and get feedback on programmes. This strategy should include proposals around the National Economic Development and Labour Council, the Presidential consultative groups and other structures in business, labour and civil society. Effective community mobilisation requires the emergence of competent and inclusive community groups that can:

- work with government to identify viable and desirable projects
- drive implementation in their communities
- ensure that programmes benefit the poorest households.

AN ANTI-POVERTY STRATEGY

The framework presented above provides a building foundation for developing a comprehensive anti-poverty strategy. The framework will underpin programmes of policy reform, investment projects and capacity-building.

This section provides a brief overview of the nature, intensity and spread of poverty. An examination of the constraints and opportunities for poverty reduction is distilled from a brief review of the progress in targeted interventions to improve outcomes in terms of the pillars of anti-poverty.

The nature and scale of poverty

Despite ongoing debates about how best to measure poverty and about its trends since 1994, there is little doubt that mass poverty continues to present a challenge. This section briefly summarises findings from the *2005 General Household Survey* and the *September 2005 Labour Force Survey*. Appendix A discusses some of the problems encountered with measuring and monitoring poverty, as well as providing more specific statistics.

In the absence of more rigorous statistics, here we use a reported household expenditure of R800 a month as an initial poverty line. This equates to the lowest international poverty line of a dollar a day. For most households, however, the data understate actual consumption of government services and non-marketed production by an unknown amount. Expenditure figures understate income in general and by and large ignore income in kind (mostly from subsistence farming and government services). Still, they provide a reasonable interim indication of the extent of poverty.

For most households, the immediate cause of poverty is inadequate **earned** income. Most poor households depend on remittances, pensions or grants instead of wages, salaries or profits. In 2005, just under half of poor households lived mostly on earned income, compared to 80% of better-off households. Poverty still reflects apartheid

settlement patterns. Virtually all poor households are found in the former Bantustan regions, informal settlements and historically black townships. Poor households made up just over two-thirds of the population of the former Bantustans and, in the rest of the country, in informal settlements and townships. In the former Bantustan regions, only a third of poor households survived mainly on earned income. In 2005, more than two million poor children, most of whom were in the former Bantustan regions, did not live with their father or mother but with grandparents in 2005.

The problem is not that poor households do not have anyone who can work. **Rather, working-age adults in these households are unable to find employment.** In 2005, only 25% of adults in poor households were employed. In the former Bantustans, the figure was 18%. One out of two poor households did not even have an employed person at all. Moreover, of the employed people in poor households, just over half were in elementary, domestic or agricultural work, compared to a quarter of those in better-off households.

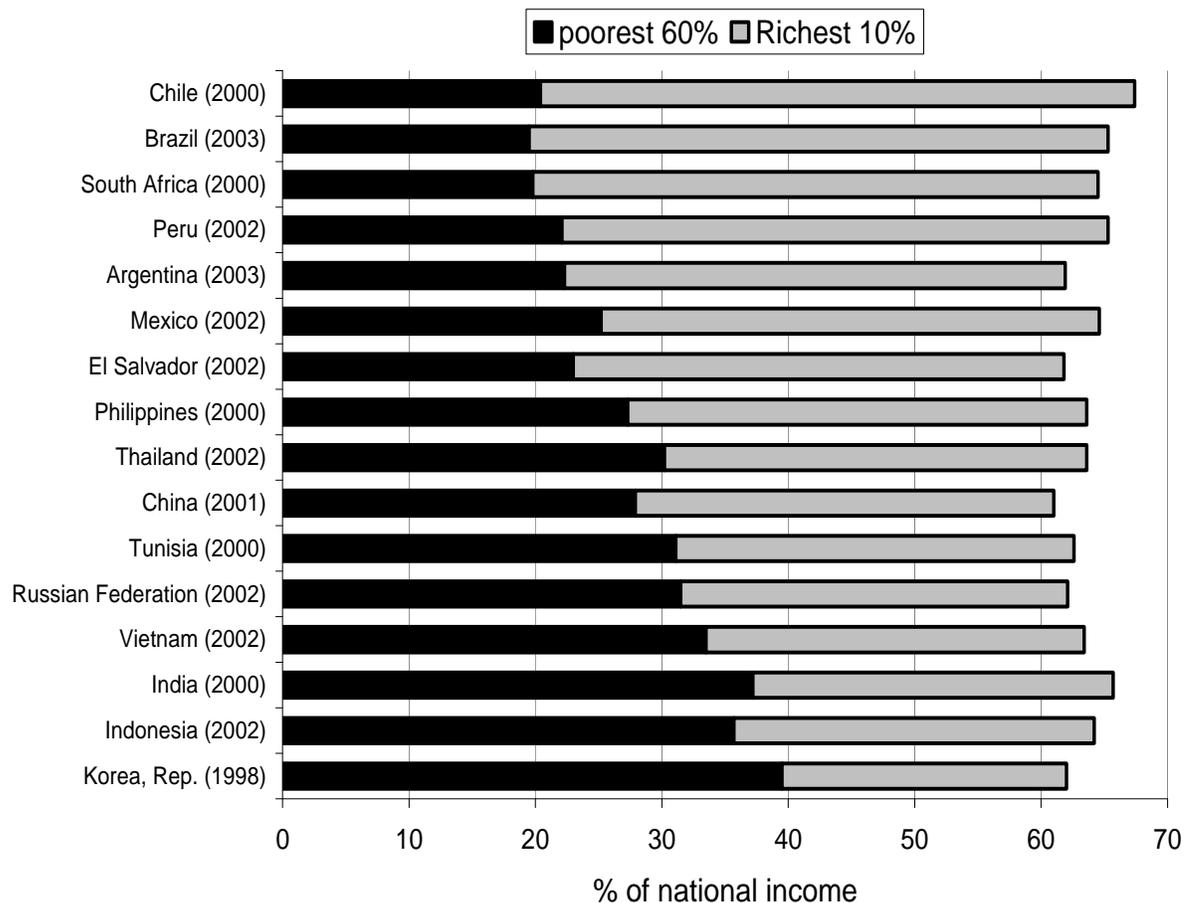
Employment levels were particularly low among poor women and young people. As a result, these groups suffered more from poverty and dependence. In 2005, in poor households, only one woman in five had paid work. In the former Bantustans, the figure fell to one in seven. For adults aged below 30 years, the unemployment rate was 43%, compared to 17% for older people. Adults aged below 30 years constituted 80% of the unemployed, but only 40% of the employed.

While unemployment is the main cause of poverty for most poor households, a substantial minority do not have any working-age adults able to work. These households will require state assistance even if employment levels rise. HIV, AIDS and migrant labour have had a particularly severe impact because they deprive households of adults able to work.

In addition, poor households were somewhat more likely to have people with disabilities. Just under 4% of people in poor households reported a disability that limited their daily activities, compared to just under 3% in other households.

Mass poverty in South Africa is associated with very high levels of inequality, increasing both the urgency and the difficulty of anti-poverty measures. The following chart compares inequality in South Africa with other middle-income economies. In 2000, the richest 10% of the population received around 45% of national income, while the poorest 40% received only 10%. This is comparable with Latin America, and is far more unequal than most of the fast-growing Asian economies.

Chart 1. Inequality in South Africa compared to other middle-income countries



Source: World Bank. 2007. *World Development Indicators*. Downloaded from www.worldbank.org in January 2007.

Inequalities are still associated strongly with race and gender as well as location. Of all those living in poor households in 2005, 46% were African men, 49% were African women, 4% were coloured and Asian, and only 0,3% were white. In contrast, the

population as a whole was 39% African men, 40% African women, 12% coloured and Asian and 9% white.

Inequality matters for reasons of social justice, and equity is an underlying principle at the root of many fundamental human rights. However, there are an additional set of reasons why addressing inequality has a direct bearing on our ability to address poverty.

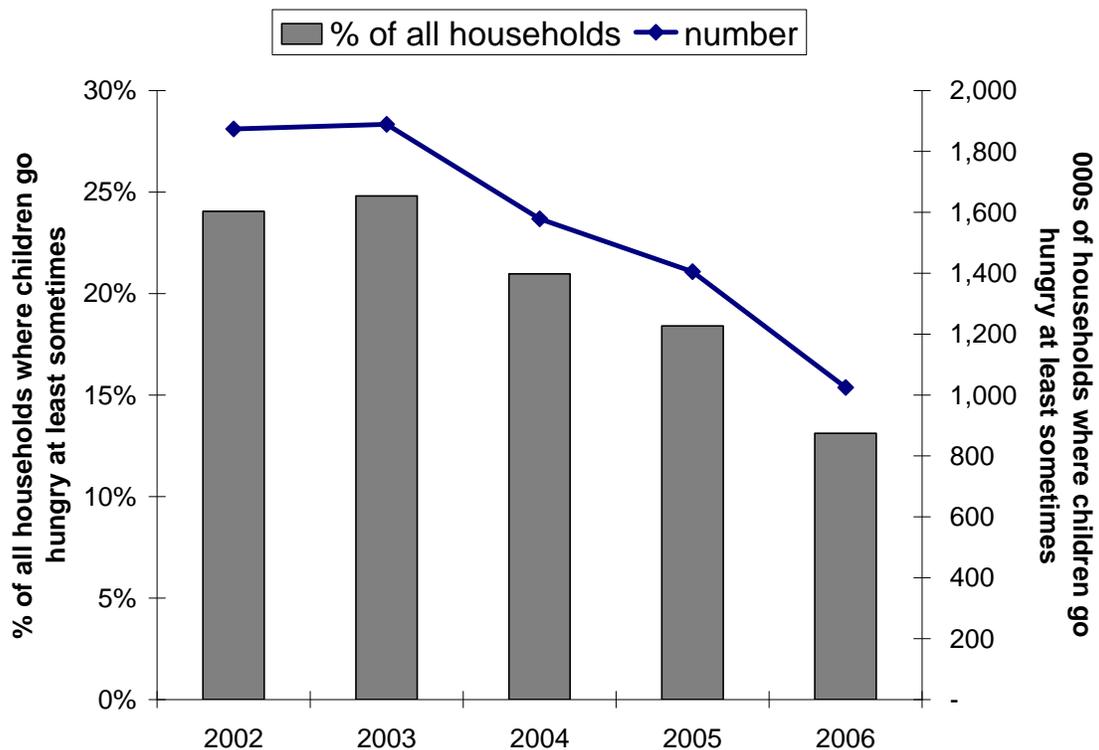
An international debate has been taking place on the impact of inequality on growth. There is some consensus on the following core arguments:

- that high levels of inequality in a society act as a constraint on growth
- that when growth does take place in highly unequal societies, it tends not to impact much on poverty reduction
- that an unequal distribution of assets and of human capital reinforces inequality and low levels of growth, and that conversely, more equitable land distribution and access to education and health services are associated with rising equality and with shared growth. (*World Development Report 2006*)

This analysis highlights the key role of social policies as an investment in achieving shared growth that also impacts on poverty. Thus policies to address inequality are key to achieving pro-poor growth – and key among these are policies such as early childhood development (ECD), education, health and social grants.

Progress in fighting poverty

While poverty remains very widespread, the available data point to a reduction in extreme destitution in recent years. Between 2002 and 2006, the *General Household Survey* found a steep decline in the share of households facing hunger. The number of households where children went hungry at least sometimes declined by almost half, to 800 000 or 13% of all households.

Chart 2. Incidence of child hunger, 2002 to 2006

Source: Statistics South Africa. 2007. *General Household Survey 2006*. Table 8, page xxxvi. Downloaded from www.statssa.gov.za in October 2007.

Unfortunately, the data do not permit a reliable description of poverty trends before 2002 or in terms of household expenditure. The recent improvements reflect higher employment levels combined with increased government provision of social grants and basic services. Using the various pillars, the progress made in addressing poverty is clear.

Pillar One: Creation of economic opportunities

Ending mass poverty requires that the economy generates employment opportunities. From the standpoint of economic and social sustainability, strategies to address income poverty can be ranked as follows:

1. full-time, reasonably paid and secure employment – both wage labour and self-employment
2. public employment programmes, which support social integration, build social capital and provide income relief
3. support for sustainable livelihoods – where households combine low or insecure income-generating employment with non-cash production and often grants
4. direct state support through grants and free social services and infrastructure.

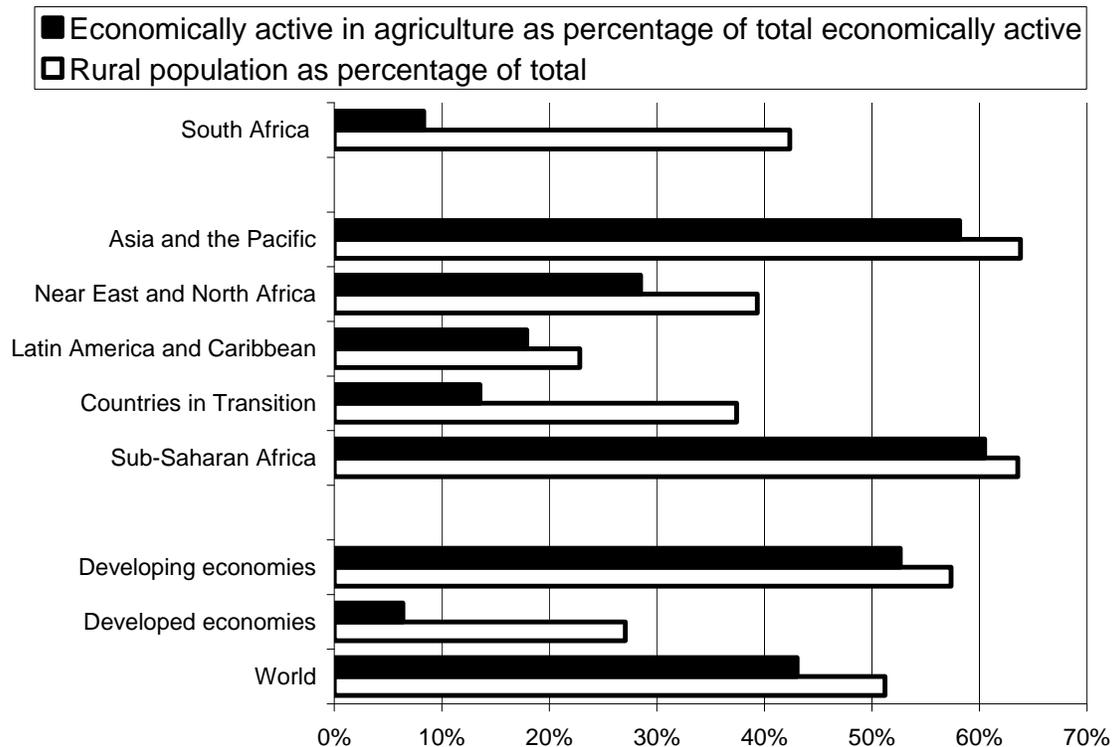
The available data indicate that employment levels and consequently earned incomes have grown measurably in the past few years. According to the *Labour Force Survey*, formal employment increased by 2,3% a year between 2003 and 2007. As a result, the share of working-age people with employment (which includes self-employment) rose from 39% to 42%, and the official unemployment rate fell from 30% to 26%. The share of women with employment increased from 32% to 34,5%, and female unemployment dropped from 36% to 31%.

Despite these improvements, the legacy of apartheid continues to appear graphically in the relatively low level of employment overall as well as high unemployment. In 2007, 42% of working-age adults had some kind of income-generating work, up from 39% three years earlier. However, internationally, close to 60% of working-age adults counted as employed or self-employed.²

A second legacy of apartheid appeared in the high level of rural population despite relatively low levels of agricultural employment. As the following chart shows, the Food and Agriculture Organisation (FAO) found that the gap between the size of the rural population and farm employment was higher in South Africa than in virtually any other developing country.

² Sample of 97 countries with data from 2003 to 2006. Calculated from data on population aged over 15 and on general employment level, downloaded from www.laborsta.ilo.org in October 2007.

Chart 3. Rural population and agricultural employment in South Africa compared to the rest of the world, 2004



Source: Calculated from, FAO, *The State of Food and Agriculture 2006*, Statistical Annex, Table A4.

High unemployment and the difficulties facing new and micro enterprises reflect, above all, the economic marginalisation of the majority of the population under apartheid. This marginalisation reproduces the deprivation of the poor, who generally find it particularly difficult to gain the skills and the social and economic resources required to take advantage of economic opportunities.

The apartheid system deprived black households of economic resources, largely in order to prevent self-employment and generate a low-wage labour force. A range of laws limited the access of Africans, in particular, to land, education, training and healthcare, markets and finance, pushing them far from economic centres. At the same time, the State failed to build up household and economic infrastructure in black communities. Meanwhile, from the late 1970s, the economy grew increasingly capital-intensive, largely as a result of continued dependence on mining and beneficiation, including the State's

strategic investments in coal-based petrochemicals. As a result, it proved unable to provide employment for many of those historically dependent, particularly on elementary and semi-skilled jobs in mining, agriculture, and to a lesser extent manufacturing. The result was deepening poverty and soaring unemployment.

Marginalisation also appears in the structure of domestic demand. Poor households cannot afford to meet their basic needs, for instance for housing, basic services and appliances. As a result, the market does not generate these goods and services on a sufficient scale or at a price that will meet the needs of the poor. To ensure that poor households can meet basic needs, government has subsidised a range of goods and services for the poor, notably housing, commuter transport, water and electricity. The question is whether the subsidies are sufficient and appropriately targeted.

The past few years have seen more rapid economic growth based largely on the international commodity boom. That, in turn, has stimulated employment creation principally indirectly, in retail, construction and lower-level business services, mostly security.

Despite the progress of the past few years, joblessness remains extraordinarily high by international standards. In addition, concerns around current employment creation relate to:

1. The sustainability of current employment growth. Virtually all new opportunities have emerged in retail and construction, which are highly cyclical, plus some (rather poorly measured) expansion in smallholder agriculture. Construction and retail together accounted for 80% of formal job growth between March 2003 and March 2007.
2. The very slow rate of employment creation in the former Bantustan regions.
3. Most projections suggest that employment has to grow even faster than it has in the past five years to achieve the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) targets. Estimates of the required growth rate vary depending primarily on perceptions of how many people will actively seek work.

Economic policies since 1994 have contributed to the robust growth of the past five years. Still, more must be done to bring about a more inclusive and equitable economy

as the basis for overcoming mass poverty. That requires a rigorous review of all economic policies to ensure they contribute to shared growth in the long term.

Pillar Two: Investment in human capital

Education and training are critical in the struggle against poverty. Broad-based education is critical for democracy, to give the majority a voice in governance. Education and training together open the door for individuals to take advantage of new economic opportunities. From the standpoint of society, they are necessary for long-run economic growth and equality.

Education and training are, however, not short-term solutions. That is why economic policy has to encourage the creation of lower-level employment, matched to the educational levels of the current labour force.

Apartheid left behind a segregated and highly inequitable education system. Since 1994, major achievements in overcoming this legacy include:

- the deracialisation of the schooling system, with the consolidation of the 17 different administrations established under apartheid
- re-allocation of educators between schools to ensure equitable learner:educator ratios for all
- a substantial investment in schools infrastructure, leading to significant improvements in access to water and electricity in particular
- curriculum revision to eliminate racial bias
- the introduction of feeding schemes, which improve educational output and provide critical nutrition for poor children
- the establishment of a qualifications framework and industry-based skills system aimed at increasing the level of skills development, particularly for workers who were excluded from formal training through apartheid practices
- the establishment of the Joint Initiative for Priority Skills Acquisition (Jipsa) to address skills bottlenecks.

The QIDS UP programme specifically seeks to upgrade poor schools. It has identified 15 000 of the poorest schools – around half of all schools – aiming to provide infrastructure, additional teaching and learning resources, special teacher training and regular testing of learners.

In 2007, QIDS UP provided nearly a million reading books, in all languages, to 10 000 primary schools. In addition, 21 mobile libraries were established and equipped, and 1 284 science kits were delivered to schools. Another 500 schools received photocopiers, fax machines and computers. A thousand reading toolkits for educators, with all the requirements for teaching reading, were procured for delivery at the start of 2008. In addition, a baseline test of learner performance was conducted to be able to assess the impact of the QIDS UP programme, and regular tests will monitor improvements.

Despite these hard-won gains, the quality of education for poor learners continues to lag, making it harder for them to obtain decent employment. In effect, the inequalities based on race of the previous regime have largely reproduced themselves along class lines. Moreover, the training system has not led to a qualitative increase in opportunities for lower-level workers or the unemployed.

Data from the *General Household Survey for 2005*³ show that:

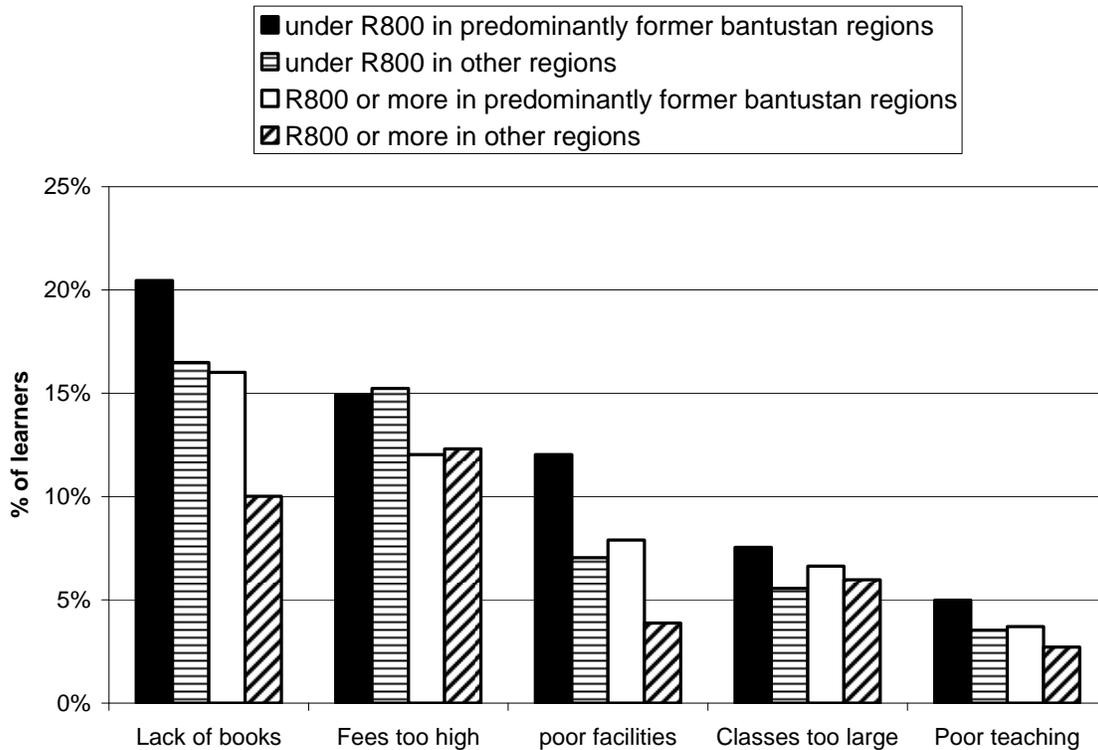
- Children from poor households were significantly more likely to drop out of school. While virtually all children aged under-15 remained in school, 20% of those aged 15 to 19 years from poor households dropped out,⁴ compared to 15% of those from better-off families. Almost half of drop-outs from poor households said the main reason was that they could not afford to stay in school; 20% blamed pregnancy or family responsibilities; and 13% said that school was useless or boring. Only 5% of drop-outs from poor families said they left school in order to work. In contrast, in better-off families, under a third said they dropped out because they had no money and 18% said they left school in order to work.

³ While the national Department of Education published extensive information on enrolments and teaching staff, it did not distinguish by household or community income or by historic school system, or provide much on the quality of education besides the matric pass rate. For this reason, we here use the *General Household Survey* findings.

⁴ The term “drop-out” is used here to refer to children of school age who are not attending school and have not completed their education.

- As the following chart shows, complaints about schools were shaped largely by income and location. Children from poor households in general were more likely to say they did not have books or decent facilities, and that school fees were too high. In the former Bantustan regions, even better-off children had similar problems.

Chart 4. Percentage of learners complaining about school conditions, 2005



Source: Calculated from, Statistics South Africa. 2006. *General Household Survey 2005*. Database on CD-ROM.

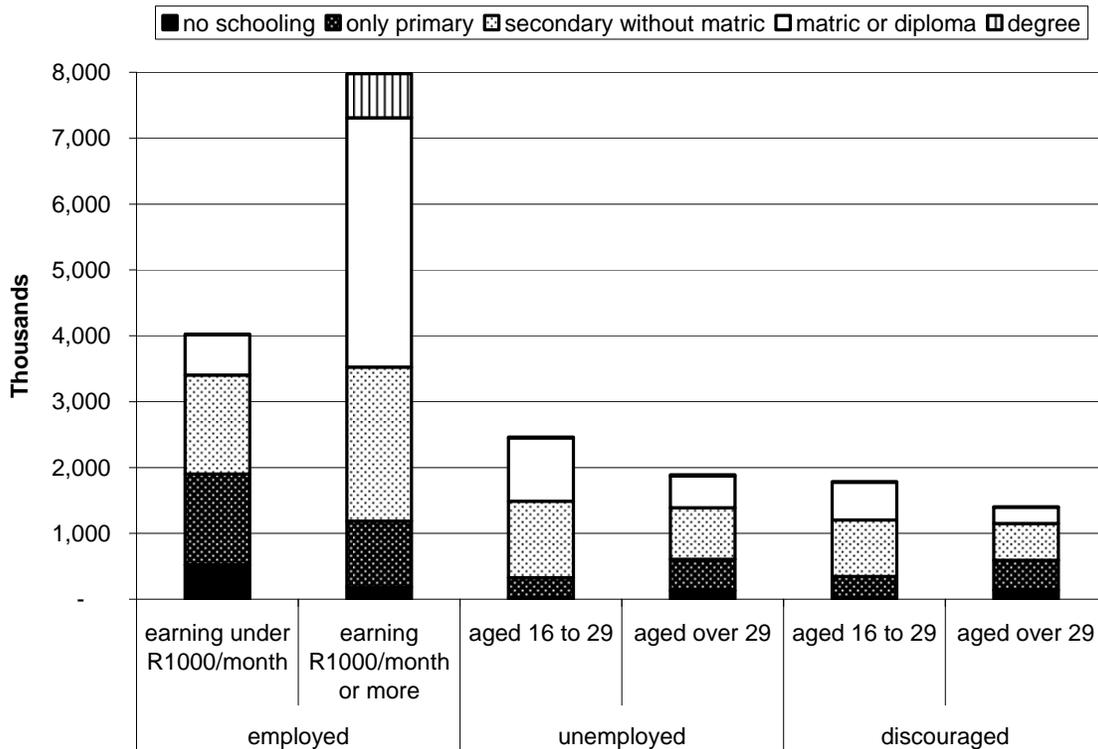
- Data on matric pass rate by socio-economic category are not available. Still, race provides something of a proxy. In 2003, only 12% of African learners got a university exemption, compared to 51% of white learners.

The problems facing historically black schools, particularly in poor communities, reflect the long history before 1994 of underfunding, community alienation and impoverishment, poor management systems and poorly trained educators, and racially biased curricula.

Remedying them requires both improved resourcing and qualitative changes in systems, cultures and relationships.

The history of inadequate education in black communities in general and for poor children in particular left a legacy of low levels of education, with lower education particularly among the jobless and the working poor. Younger people overall have far more years of education than older ones. Still, if we control for age, jobless people generally have lower education levels than employed ones. Workers earning under R1 000 – predominantly in agriculture, domestic work and construction – have lower education levels than most jobless youth.

Chart 5. Education levels by employment status, 2006



Note: Discouraged workers would take a job immediately if one were offered, but have given up actively seeking one. *Source:* Calculated from Statistics South Africa. 2007. *Labour Force Survey September 2006.* Database on CD-ROM.

The following chart indicates the size of the need for education and training outside of the normal schools for unemployed and discouraged people and the working poor.

Chart 6. Need for education and training outside of normal schooling among discouraged and unemployed adults and the working poor¹

Group	Working poor	Unemployed and discouraged		Programmes
		Aged 16 to 29	Aged over 29	
No schooling	520	40	270	Adult Basic Education and Training (Abet), vocational training, South African Qualifications Authority (SAQA)
Only primary	1 380	630	930	Abet, vocational training, SAQA
Secondary w/o matric	1 500	2 020	1 340	Further Education and Training (FET), learnerships, SAQA
Matric or diploma	610	1 540	730	Higher Education and Training (HET), learnerships

Note: 1. The working poor earn under R1 000 a month. *Source:* Calculated from Statistics South Africa. 2007. *Labour Force Survey September 2006*. Database on CD-ROM.

Education and training must assist in overcoming poverty by targeting improvements in education at poor communities and poor children, especially in rural areas and schools serving informal settlements, and by substantially expanding access to education and training for adults who left school before finishing high school.

Pillar Three: Basic income security

Measures to ensure income security for those without access to economic opportunities take two forms: social assistance and social insurance. In South Africa, social assistance mostly takes the form of social grants to people who cannot work for an income – children, the aged, people with disabilities and some care givers. Insurance schemes, which in South Africa include private medical aids and pensions as well as the state-run Unemployment Insurance Fund (UIF) and the Compensation Fund, involve contributions from employed people and employers to provide for members who cannot work.

The expansion of social grants has been a notable achievement since 1994. In September 2007, according to the Social Security Agency, 3,6 million people received an old-age pension or disability grant, at R870 a month, while eight million children received a child support grant (CSG), at R200 a month.

This redistribution of R35 billion a year through the fiscus has substantially improved conditions in poor households. The share of households who reported that pensions and social grants formed their main source of income rose from 23% to 34% between 2002 and 2005. Statistical analysis shows that access to the CGS is associated with improved nutrition for children.

In addition to social grants, public employment programmes such as the Expanded Public Works Programme (EPWP) provided the equivalent of 100 000 full-time employment opportunities spread over around a million people. Plans in the social sector would expand this number to more than 300 000 full-time employment equivalents.

Social insurance has also expanded. The UIF now covers domestic workers and taxi drivers, and has improved benefits and administration. The regulatory framework for medical schemes has been improved, and government has launched a medical scheme that cross-subsidises its lower-level employees. Work is underway to improve access to contributory old-age pension schemes, possibly with a state subsidy to lower-paid employees.

Despite the massive growth in social assistance and insurance schemes, significant gaps and obstacles remain:

- Most of the approximately 4 million unemployed people are not eligible for social grants or, since they never worked before, for the UIF. They are only eligible for public employment programmes, which are currently too limited to reach the vast majority.
- Income support programmes do not fully provide for some groups unable to work, especially adults with chronic illness, notably AIDS, which may cause recurrent rather than permanent disability, as well as children heading households and teenagers below working age.

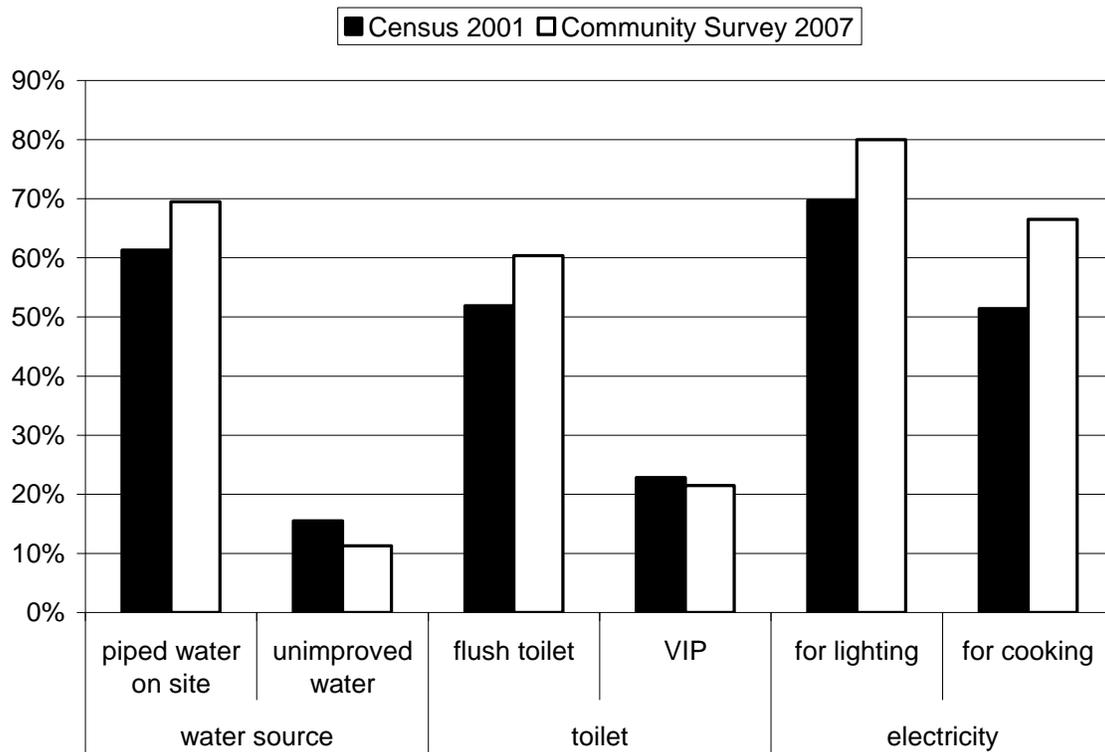
- An estimated seven million low-income earners are excluded from private pension and health schemes. The expansion of contributory schemes has been limited by low and uncertain incomes in much of the formal sector, notably for domestic, farm and security workers, as well as in the informal sector. In addition, the UIF has never included public servants, the self-employed and contract workers.

Pillar Four: Household services and housing

Ensuring clean water, adequate sanitation, light and heat as well as decent housing are critical in overcoming poverty. On the other hand, in the context of persistent inequalities and social divisions, delays in obtaining services, lower levels of service and relatively high levels of disconnection in poor communities generate considerable anger.

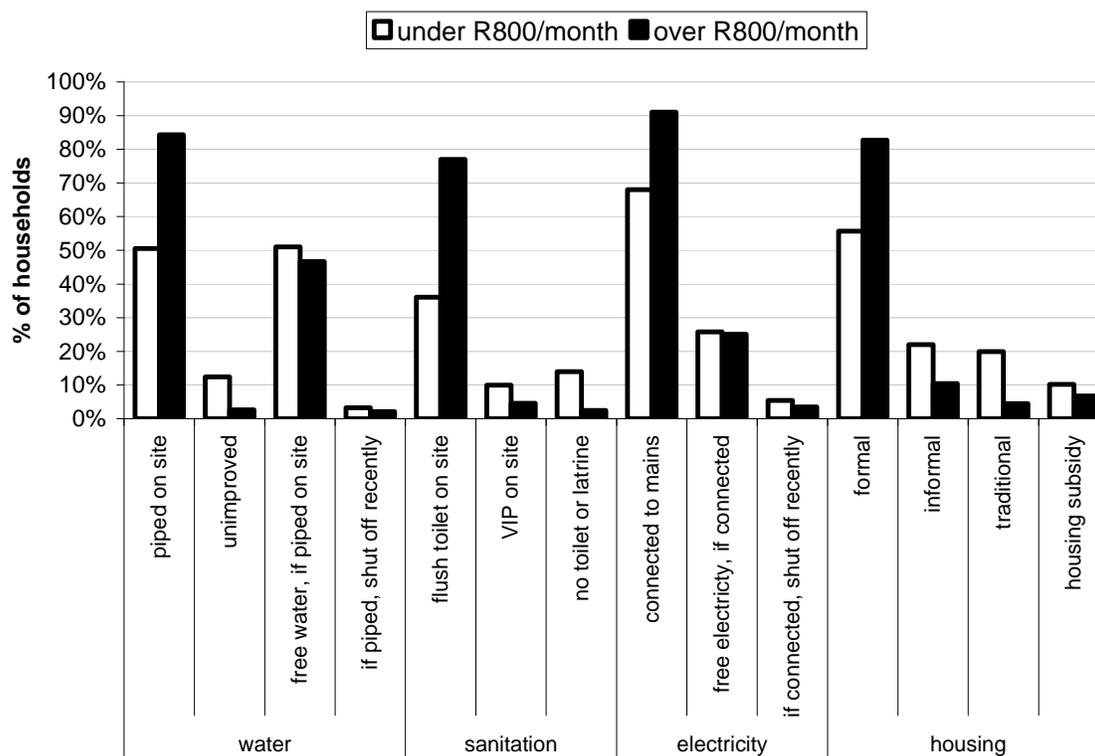
Considerable achievements have been made in this area, as the following chart indicates.

Chart 7. Access to basic infrastructure, 2001 and 2007



Source: Statistics South Africa. *Community Survey 2007: Methodology, Processes and Highlights of Basic Findings*. Pretoria.

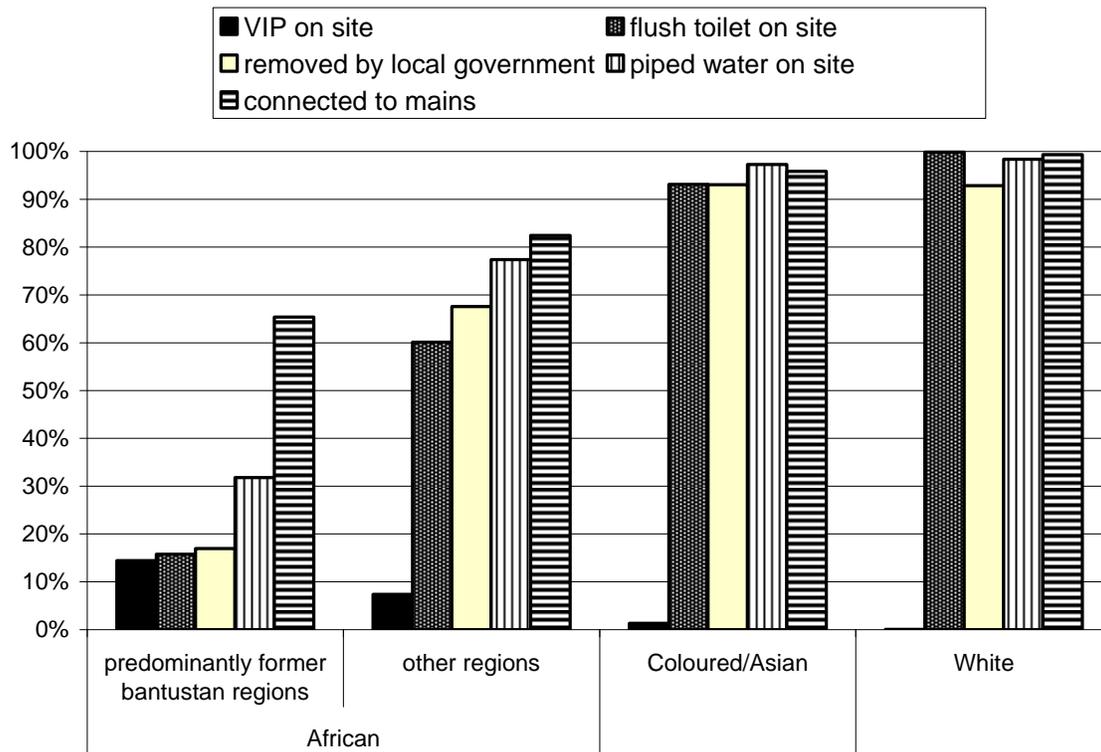
Despite improvements in government services for the poor, there are concerns. Firstly, it has proven difficult to reach many of the poorest municipal districts as well as informal settlements and farm workers. As a result, as the following table shows, poor households continue to lag in access to government services. For instance, in 2005, half of poor households still had no piped water on site and a third had no electricity. These shortfalls place a burden on women and girls, who continue to undertake most household labour.

Chart 8. Access to basic services by household income, 2005

Source: Calculated from Statistics South Africa. *General Household Survey 2005*. Database on CD-Rom.

Poor households also find it difficult to pay for services. In September 2005, 5,5% of households spending under R800 a month who had electricity said they had been cut off in the last month for failure to pay. For water, the figure was 3,3%. In contrast, among better-off households cut-offs totalled 3,6% for electricity and 2,1% for water.

Secondly, as Chart 9 demonstrates, African communities overall continue to lag behind historically white areas, which adds to social and economic divisions. Moreover, the quality of service in historically black areas is often worse than in historically white communities. For instance, even where piped water was available, 25% of African households in the former Bantustans experienced disruptions in service in 2005, compared to 8% of African households living in other areas, and 1% of white households across the country.

Chart 9. Access to basic services by race, 2005

Source: Calculated from Statistics South Africa. *General Household Survey 2005*. Database on CD-Rom.

Factors that undercut the impact of basic-service programmes on poverty include:

- Service delivery is driven by agencies organised on sectoral lines and, in the case of household services, by municipalities. This makes co-ordination difficult. Moreover, municipalities with a particularly large number of poor households typically have lower incomes, making it more difficult to manage assets, operations and maintenance.
- Rural-urban migration and the rapid growth in the number of households in the 1990s increased the demand for services, particularly around the urban areas.
- The failure to overcome apartheid settlement patterns, with townships largely distant from economic centres and spread out, raises the cost of infrastructure and transport and generally adds to residents' cost of living and the difficulty of finding employment.

- Thanks to investment over decades of colonialism and apartheid, services in historically white areas remain at a level usually seen only in industrialised countries, effectively setting high targets for service delivery across society.
- The effort to bring in new, smaller contractors has sometimes led to poor quality work, despite the efforts of government to regulate the sector through the Construction Industry Development Board (CIDB).

Pillar Five – Comprehensive healthcare

Adequate healthcare is critical in the struggle against poverty to maintain good quality of life, ensure adults are able to work and care for their families, and that children grow up healthy. If healthcare is unaffordable, an illness can plunge a marginal family into crisis. Moreover, providing adequate healthcare for all is a critical element in building social trust and solidarity.

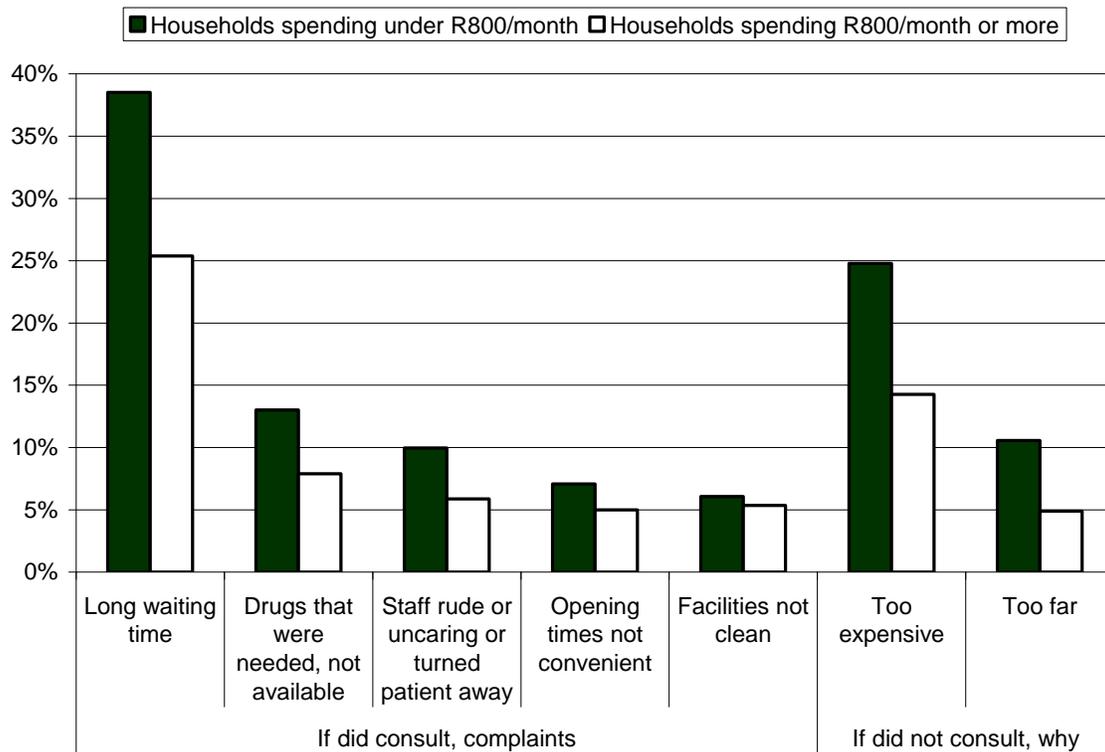
Achievements in healthcare provision include the:

- desegregation of healthcare, which under apartheid was rigidly separated by race
- expansion of primary healthcare, including constructing new clinics
- the rolling out of HIV and AIDS and STI Strategic Plan for South Africa, 2007-2011, which promises decisive action against the pandemic.

Despite these important steps forward, major challenges remain:

- The public health system continues to face underfunding and understaffing, particularly in hospitals and clinics in poor communities. As the following chart shows, people in poor households are more likely to use public healthcare. They are also much more likely to face long waiting times, lack of medicines, rude or uncaring staff and inadequate opening times. In addition, a quarter did not get care when they thought it necessary because it cost too much and a 10th because the facilities were too far away.

Chart 10. Healthcare for the poor, 2005



Source: Calculated from, Statistics South Africa. 2006. *General Household Survey 2005*. Database on CD-ROM.

- HIV and AIDS, together with the associated tuberculosis pandemic, have increased the burden on the healthcare system.
- Although destitute households are not supposed to pay for healthcare, it is often difficult for people to prove they should be exempt. Research suggests that those who receive social grants gain an automatic exemption, but the working poor and people who rely on remittances often end up paying. The result is that illness can still force poor households into extreme hardship.
- For many poor people, the cost of transport for treatment remains prohibitive.
- For the working poor, long waiting times often mean lower incomes or even losing their jobs. That, in turn, means they are less likely to take time off for care even when very ill.

Pillar Six: Access to assets

Access to assets provides economic and social stability as well as a stronger basis for income generation. Current programmes revolve around land, housing and community infrastructure.

As noted above, a critical issue is to ensure that land reform is linked more coherently to the creation of livelihoods for the poor. That requires increased post-settlement support as well as an understanding of how to ensure that broad-based ownership or partnerships with private managers generate sustainable improvements in income for new farm owners.

There is also a need to support those already on the land or working the land to enable them to improve their access to land and translate such access into more sustainable incomes.

Current housing programmes, while transferring assets on a huge scale to poor families, have not maximised their economic impact. Improved outcomes require:

- the development of targets for the share of new and rehabilitated housing closer to economic centres
- the development of mechanisms to ensure that title to housing, including informal and traditional housing, is better recognised as collateral for formal credit
- a focus on upgrading settlement, to recognise and add value to the investments people have made in housing at this level.

Community infrastructure is an increasingly important form of assets for the poor. That, in turn, requires that the major social services develop explicit and sustainable strategies to target the poorest regions and to reach remote areas, starting with clinics, schools and police stations. In addition, the relevant departments should explore ways to expand productive public assets, including rental housing, irrigation schemes, cultural and retail centres and workshop sites for mechanics.

Pillar Seven: Social cohesion and social capital

Social cohesion in our context can be defined as the extent to which a society is coherent, united and functional, and provides an environment within which its citizens can flourish. Clearly, the promotion of social cohesion, nation-building and national identity remains firmly on the agenda of the South African Government and indications are that there has been increasing levels of social cohesion among South Africans since the birth of democracy. For instance, a recent Human Sciences Research Council (HSRC) social attitudes survey shows that South Africa's inherited historical fault-lines are declining. According to the survey, more than 60% of South Africans reported that they did not at all feel discriminated against as opposed to 27% who said they sometimes felt discriminated against. Above this, the survey shows that across races, pride in being a South African remains high: 94% for Africans, 84% for Indians, 87% for coloureds and 75% for whites. In total, 93% is proud to be South African and 83% would rather be a citizen of South Africa instead of any other country. In the main, the nation-building agenda has to focus on two "spiritual" challenges: weak national unity emanating from factors related to racial issues and poor community integration precipitated by deterioration in family and community values.

Recognising the material and spiritual nature of social-cohesion issues in South Africa, initiatives for improving social cohesion could be two-fold: the human development aspect that seeks to improve the living conditions of all citizens; and the nation-building aspect that seeks to promote pride in being South African, a sense of belonging, values, caring for one another and solidarity among South Africans. To this effect, government has undertaken a number of initiatives aimed at building social cohesion, notably:

- The Constitution's guarantee of rights to all, including socio-economic rights, and the entrenchment of democracy.
- Various relevant departments, such as the departments of arts and culture and social development and Sports and Recreation South Africa in particular are pursuing various interventions aimed at addressing the non-material side of human development. For instance, the Department of Arts and Culture is intensifying efforts to improve social cohesion and better canvass of the issue of the variety of identities

and the overarching sense of belonging to South Africa. Existing programmes include annual commemorations of national days, popularisation of the national symbols, and name changes coupled with nationwide public hearings on the standardisation of geographical names in South Africa. Further to this is the Social Reintegration Programme intended to address major issues involving relatively low perceptions of improvement in race relations in various parts of the country. This is done through increasing marginalised groups' access to opportunities in the arts, culture and heritage sectors.

- The Department of Social Development's ongoing work towards developing a national family policy to inform and guide government's interventions on human development and nation-building.

Nonetheless, South Africa is still a deeply divided society despite notable advances that have been made to date. The country is divided largely by race, gender, nationality and by whether one lives in urban or rural settings. In the main, it is the problem of social fragmentation at the level of communities that continues to constrain social cohesion and nation-building efforts. This social fragmentation manifests itself in various ways, including high levels of domestic violence, substance abuse, high levels of criminality, hostility towards people of foreign origin, teenage pregnancies, low levels of mutual respect, common decency, social solidarity and other behaviours that reflect a spirit of community, and a culture of irresponsibility. High levels of unemployment among the youth and women also serve to perpetuate the observed social fragmentation. While these manifestations of social fragmentation occur in all sectors of our society, there is a general consensus that they are largely prevalent in communities that are predominantly poor.

The scale of this challenge is huge. The sheer number of people on low or no income suggests that going forward, the anti-poverty initiatives require something more than the current initiatives. It also suggests that the scale of initiatives should reflect the scale of the problem.

Pillar Eight: Good governance

The multiple role of the State should be taken into account, as an actor providing services and helping create an appropriate environment for development, as a leader in forging a framework of encompassing interest amongst social actors; and as an agent of its own transformation the better to advance development of the whole of society.

Government has made considerable progress in transforming the State machinery and in improving policy coordination across spheres, but these initiatives need consolidation. Strong representative democratic institutions; a democratic culture and environment where citizens articulate and pursue their political views and ideals have been established.

The achievement of government's developmental objectives will largely be determined by the appropriateness of the institutional framework created by the constitution and related laws. It also depends on harnessing all the networks through central coordination and leadership in ways that ensures that the externalities of many separate activities and interests become complementary to the developmental effort.

Adeptness at identifying the national interest; pursuing it in a creative way and engaging the support of civil society in that quest, is part of the challenge of governance and state leadership.

Interventions should also be about improving the utility of social networks of the poor, their social capital. This pertains to communication: information on opportunities should reach poor communities who are often unable to access government services simply because they do not know of their existence. Within these communities themselves, there should be mechanisms to share information about community needs and the skills available to deal with them. From these communities, government should access information about conditions and social dynamics, to improve interventions that will enjoy the support of these communities.

The social capital of the poor can also be improved through expanded networks of government service institutions. This requires a change in mindset to ensure that government does not simply wait for the poor to come to its offices, but also conducts effective outreach programmes.

Reflections on current initiatives

Government has since 1994 delivered a large number of policies in the anti-poverty programme.

Since 1994, social transfers to the poor – in the form of social grants and basic services – have vastly improved. Still, experience shows that:

- They cannot compensate for the fact that most poor households face very limited economic opportunities.
- In a context of such high unemployment, there is concern that unemployed household members are depending on grants that are meant to target children, the aged or disabled. This causes the grant to spread very thinly, dramatically reducing its contribution to the intended beneficiary.
- Transfers are often designed only to provide a safety net. As a result, they may prove inadequate or inappropriately designed to assist households to engage economically and as citizens. Examples include the location of new housing far from economic opportunities and the failure of schools in poor communities to provide many learners with the basic skills required for employment.
- Households often do not know what programmes are available, and government does not always correctly identify the needs of households and communities. The working poor may find it hard to prove they are indigent and so end up paying for education, health, water and electricity.
- The extension of government services has not always been co-ordinated to ensure they support each other. For instance, plans for new housing settlements do not always include clinics, schools, retail and industrial sites or public transport. Sometimes people who are eligible for social grants cannot get the necessary identification documents.

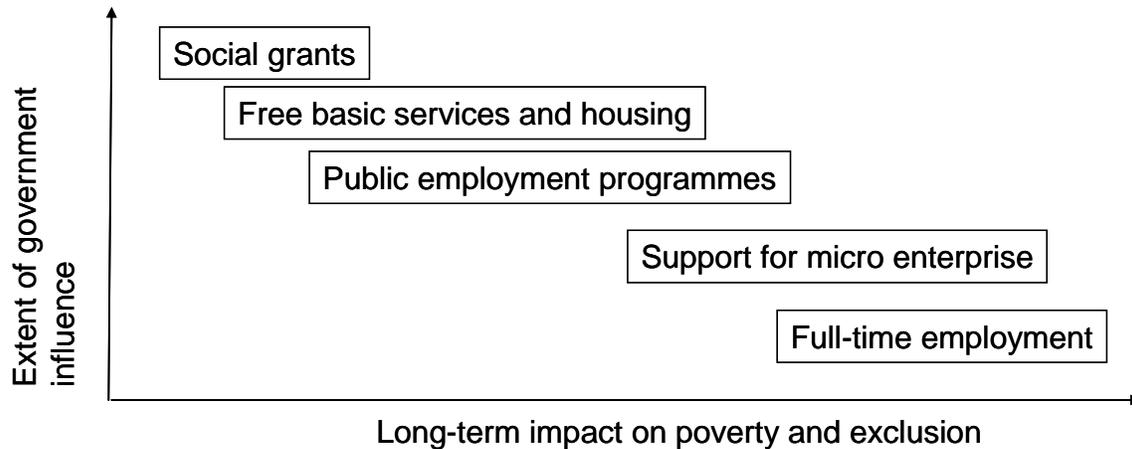
The reflection points to some gaps in the existing government services. These include lack of services for unemployed able-bodied people, deficiencies with regard to reach and coverage of some of the services currently provided, inefficiencies in the provided services, etc.

Key strategies to address poverty

Critical interventions that should receive the highest level of attention from government in addressing poverty (while improving all the others) are:

- economic interventions to achieve employment and self-employment in particular which requires improved state capacity especially to support agrarian reform and shape the development of industry and services in ways that create sustainable opportunities for the poor
- the improvement of state capacity to lead in industrial development
- the provision of quality education and skills, especially to poor communities to break the intergenerational transmission of poverty
- the promotion of social cohesion and social capital to the poor.

Government has to combine these strategies in a balanced package. As illustrated in the model below, they meet different needs and present different challenges. In essence, as the 10-year review noted, the State has the most direct control over the provision of social grants and government services. The key focus of the Anti-Poverty Strategy would thus be to influence the level of economic growth and to ensure that it translates into increased employment opportunities for the poor. In this context, both social and economic policies must play a role in achieving anti-poverty outcomes.

Chart 11. Relative benefits and difficulties of anti-poverty strategies

Who is poor?

Whereas poverty may affect a wide range of people in different circumstances, the most vulnerable groups are:

- Older people – despite the broad coverage and reach of state pension, income at old age is still limited. In many households, the State’s pension support is eroded by dependency of the households’ unemployed able-bodied members. Inadequate income and declining health status mean they are predisposed to poverty.
- The unemployed – the major cause of poverty for the majority is the lack of earned income due to unemployment. The poverty of groups such as women (single parents), the youth and other people with disabilities stem directly from a lack of employment.
- Low-wage earners – although they have employment hence income, low-wage earners tend to be vulnerable to poverty. Their employment is precarious as they move in and out of marginal, informal and low paid work.
- Women – particularly single parents are vulnerable to poverty, especially when they have young children because the responsibility for young children makes it difficult to obtain work.
- People with disabilities – disability is associated with the difficulties of physical access, high living costs, low incomes and problems relating to social exclusion. It has major effects on employability.

- People living in poor areas such as rural areas, townships, etc. – Poverty still reflects apartheid settlement patterns. Virtually all poor households are found in the former Bantustan regions, informal settlements and historically black townships.

Targeting those in need

Key strategies

While strategies to promote access to economic opportunities and social services create a longer term solution to poverty, there is an urgent need to identify and target the most vulnerable, to ensure safety nets are in place and that public spending prioritises their needs.

Targeting is necessary to:

- identify different types of poor people
- ensure that benefits reach poor people
- devise strategies that are appropriate for poor people
- prevent benefits being captured by the non-poor, at the expense of poor people.

The study on presidential nodes allows for distinguishing between issues that are node-specific, programme-specific (rural vs urban), province-specific and those that are national challenges requiring national policies and strategies and/or programmes. The study further elaborates on need assessments undertaken in different nodes. This will help tailor make the interventions and build on what already exists. It will further ensure that the anti-poverty interventions are related to the everyday realities and needs of the communities they are targeted for.

The information from that study and others will further ensure that the interventions are targeted to specific needs and tailored for specific levels (household, individual or community) or groups (youth, women, children, etc.) of the poor. Poor households, individuals and communities are dynamic while their specifics can fluctuate and this has to be taken into account.

The Government has various key instruments that can be used to accelerate anti-poverty interventions:

- **The grant system:** Grants reach over 12 million beneficiaries once a month, through a trusted channel, with which it must stay in contact. While the beneficiaries are not themselves meant to be working (unless temporarily disabled), there are potentially millions of beneficiary household members that are or could be working. The channel of grants' administration offers a unique opportunity to reach poor working and unemployed people to enhance their participation in the economy. The objective is to identify scalable policy options that could be linked to the grants, insofar as they enhance the access to economic opportunity for labour market participants in beneficiary households. This will allow for identification of location, and households and individuals in distress. It will similarly allow for targeting interventions to have greater impact.
- **The indigent register (database of poor households):** Municipalities identify households that are eligible to receive free basic services. Of the estimated 5,5 million indigent households in the country, just over four million (73%) are registered on municipal databases and currently receive free basic water. Indigent households should be linked with other government poverty-alleviation programmes such as the EPWP, Municipal Infrastructure Grant and the South Africa Social Security Agency's (Sassa) social-assistance grants programme.
- Furthermore, we will build on the work currently underway in the Integrated Sustainable Rural Development Programme (ISRDP) and Urban Renewal Programme (URP) nodes.

THE ROLE OF ECONOMIC POLICY

Economic development in general

Economic development is essential to providing sustainable solutions to poverty, and the structure in which poverty and inequality can be reduced . Yet these outcomes are not guaranteed; they are shaped by policies that promote shared growth, by accelerating employment creation and enhancing opportunities for the poor while supporting sustained and more rapid economic expansion overall. It was to achieve this purpose that AsgiSA was initiated. AsgiSA proposes three key strategies to achieve this aim.

First, sector strategies should target activities that can contribute significantly to employment creation. A critical step in this direction is to gear the Industrial Policy Action Plan explicitly to achieving the AsgiSA targets of halving unemployment and poverty by 2014. The most important value chains for shared growth are included in the 2008 Programme of Action (PoA). They are:

- agriculture and agroprocessing, centred on land and agrarian reform and including biofuels
- forestry, particularly around support for smallholder production
- retail, especially to upgrade incomes from street trading, provide outlets for micro enterprises and smallholders, and assess potential for continued employment creation in formal retail
- construction
- tourism
- business process outsourcing
- community and personal services
- cultural services, particularly the subsectors with the potential to enhance employment and social integration
- light industry besides food processing – need to identify which subsectors have growth potential (e.g. plastics, furniture, consumer equipment).

Industrial policy needs to prioritise the promotion of opportunities in these value chains (1) to increase employment creation and (2) to enhance access by small or marginalised producers.

The scope to increase employment depends in part on increased demand for products or services – domestic or international. In the domestic market, a better distribution of disposable income as well as increased government investment are both powerful drivers of demand. Better access to international markets is another important driver of sectoral growth; trade policy therefore matters a great deal to employment strategy, and needs to be informed by this priority. For example: our trade with other African countries has a higher labour content than our trade with many other trading partners. These considerations need to help inform trade policy - and foreign policy.

Securing better access to markets and into value chains for small and marginalised producers or smallholder farmers raises a different set of challenges. Access matters, but the terms of participation matter too. For small producers to secure fair terms, they need stronger forms of association and co-ordination to negotiate on their behalf, and mechanisms to facilitate access not only to markets, but to assets, skills, inputs, credit and market information. Generally, this will require resources to develop appropriate institutions able to facilitate such access as well as intermediate between micro and small producers, and wider opportunities.

The economic sector can also improve job creation by investing in increasing the efficiency of the economy for increased job creation. Such interventions include reducing the current levels of concentration in the economy, and reducing the costs of employment - by reducing what it costs a worker to be employed. For example, the high costs of transport and of service delivery when poor people live far from economic opportunities and from the urban infrastructure grid are key factors contributing to wage pressure and reducing productivity in the economy as a whole – and they are a legacy of apartheid spatial patterns that needs to be addressed.

However, despite our best efforts to stimulate employment creation, SA's unemployment challenge will remain massive into the medium term at least. Markets will take time to

create jobs at the scale required, and will still tend to exclude some of the poorest areas and the poorest people.

In this context, the policy case for a massive programme of public employment in South Africa is strong. This is also an area of significant innovation in South Africa at present, as reflected in the EPWP Phase 2 Proposals: from fiscal incentives for infrastructure to energy strategies that impact on the lives of the poor; from social sector programmes such as home based care to community works. What is required is a fiscal and policy commitment to build the institutions and capacity required take this to scale, as a vital part of rebuilding a sense of the dignity of labour amongst those who have no alternatives.

To ensure an adequate focus on generating and improving employment for the poor, the following targets have been set for the Economics Cluster:

Quick hits

1. Public and community work programmes for 1 million full-time employment equivalents a year by 2010.
2. Interventions to enhance the conditions of street/informal traders to reach 200 000 people by 2010 (improved access to transport and storage; establishment of co-ops to buy inputs; and better financial services)
3. Assisting 300 000 very poor households (spending under R400 a month) to improve agricultural production by prioritising three or four core strategies, such as incomes from livestock and chickens and intensive peri-urban farming
4. Support for farmworkers' organisation.

More sustainable and quality employment

1. 200 000 new employment opportunities annually in addition to anticipated expansion in retail and construction employment, targeting at least R800 a month, from sector strategies and SMEs
2. Smallholder schemes, environmental services, government services, agro processing and tourism for an additional 100 000 rural employment opportunities a year
3. Reviewing the creation and implementation of government policies through the lense of job creation, beginning with the Industrial Policy Framework and trade policy.

Second, the state must act to develop a more efficient economy overall, including by reducing the cost of inefficiently implemented or onerous regulation, improving the quality of economic infrastructure, and supporting more competitive production and

pricing. The inefficiencies within cities and towns resulting from apartheid settlement patterns should be addressed.

Specific steps include:

- the Public Transport Strategy and the “Breaking New Ground” strategy for housing must reduce the costs of commuting for working-class communities;
- Fast-track and resource the strategies to convert informal settlements into sustainable neighbourhoods envisaged in “Breaking New Ground”;
- review subsidies for wage goods and services and develop proposals to hold down their cost through targeted interventions, as a way to moderate the cost of labour; in particular, investigate and if possible address factors behind fluctuating food prices, primarily by stabilising supply
- analyse the costs of economic infrastructure and set key performance indicators (KPIs) that ensure sustainable growth in services without imposing excessive costs on business
- Empower the Competition Commission and industries to reduce anticompetitive behaviour that is detrimental to economic growth and job creation.
- reduce the cost of work search for new and unskilled workers.

Economic development in rural and poorer areas

- Anti-poverty work must be integrated with broader urban and rural regeneration initiatives. Poor areas that suffer from the greatest disadvantage should be prioritised in the strategy. This requires the injection and maintenance of government investment within these areas. Anti-poverty policies should ensure that all government action on poverty addresses the differing needs of rural areas.
- It requires a pro-poor pattern of public expenditure in favour of the rural poor and agricultural sector that will produce a sustained and shared growth process. There should be concerted efforts on the part of government to facilitate building primary assets of the poor through measures such as equitable distribution of land, extensive public provision of free education, promotion of small scale enterprises and

development of rural infrastructure – roads, irrigation, agricultural support outposts, health stations, etc.

- Ensure that land reform is linked more coherently to the creation of livelihoods for the poor. This requires increased post-settlement support as well as an understanding of how to ensure that broad-based ownership or partnerships with private managers generate sustainable improvements in income for new farm owners.
- Where land under claim in the restitution process sustains jobs on the land as well as in wider value chains, promote solutions that support employment retention and expansion in the value chain as a whole, as well as using the opportunity to address wider transformation issues of ownership in such chains.
- Support for livelihood strategies for landed households in poor areas and for peri-urban households essentially requires a step-up in extension, marketing assistance and, where necessary, land. They include programmes under Jobs For Growth.
- Sectoral programmes around crops and livestock for own and community consumption as well as wider markets should be developed, as well as product development facilitation for indigenous products such as marula and buchu.
- Support farm worker organisations through the provision of service centres in collaboration with unions, churches and non-governmental organisations.
- Smallholder schemes and broad-based ownership schemes in both the former Bantustans and in commercial farm areas, critical to rural employment creation and poverty eradication. The link between land reform, agrarian development and poverty alleviation must be strengthened. In addition, there needs to be a step-up in funding for smallholder support in agriculture, including both survival strategies and post-settlement support. Key programmes include:
 - Smallholder schemes under the provincial departments of agriculture. As the following table shows, major programmes are underway in some provinces, notably the Eastern Cape.

Provincial support for smallholders, 2006/07

Province	Number of landed households	Emerging farmers benefiting from:		Participation in production schemes
		Training	Advice	
Eastern Cape	533 000	15 000	32 000	686 000
Limpopo	277 000	2 000	-	2 000
KwaZulu-Natal	254 000	15 000	28 000	24 000
North West	39 000	2 000	2 000	3 000
Free State	24 000	3 000	3 000	4 000
Mpumalanga	23 000	1 000	13 000	10 000
Gauteng	14 000	2 000	1 000	40 000
Western Cape	13 000	1 000	6 000	-
Northern Cape	7 000	1 000	2 000	1 000
Total	1 185 000	42 000	86 000	770 000

Source: Landed households (that is, households with access to some land for agricultural purposes) from, Statistics South Africa. 2006. *General Household Survey 2005*. Database on CD-ROM. Achievements from National Treasury. 2007. *Provincial Budgets and Expenditure Review, 2003/4 – 2009/10*. Pretoria. Downloaded from www.treasury.gov.za in November 2007.

- Forestry in KwaZulu-Natal, Mpumalanga and the Eastern Cape.
- Development of new proposals by provinces in viable sectors (e.g. citrus, sugar, forestry, maize for own use and sale, vegetables and other fruit).
- Getting commitments from commercial farmers and retailers to support schemes in the context of Broad-Based Black Economic Empowerment (BEE).

Employment Creation

- Employment programmes that enable the unemployed to enter the labour market are a top priority for the Anti-Poverty Strategy.
- Key in the strategy should be initiatives to support recruitment of the long-term unemployed, increasing the pool of employment through economic development policies and developing partnerships with initiatives such as the EPWP, National Youth Service (NYS), etc.
- Large-scale public-employment programmes, especially in social, community and environmental services, will be established.
- Government will investigate the potential of subsidies to encourage private employers to expand employment especially for new workers.

THE ROLE OF SOCIAL POLICY

Addressing child poverty

Children who grow up in poverty are at risk of a wide range of adverse experiences, and their disadvantage can persist into adult life. They also show signs of a high level of behaviour problems, especially boys, and this could be exacerbated by overcrowded or poor housing. To address child poverty, anti-poverty programmes need to be more attuned to the particular needs of parents. Parents of children receiving CSGs should automatically be identified for various programmes and their commitments taken into account. There is a strong association between worklessness, adults with no or low educational qualifications, and child poverty:

- Supporting individuals into employment plays a key role in reducing child poverty for many families, although this will have to be combined with income support for other households. However, income through paid employment offers a more effective and sustainable route out of poverty.
- Employment assistance should be complemented by support and guidance with regard to education, training for skills development, job-search assistance, etc.
- Young mothers who can benefit from education should be encouraged and supported to improve their educational qualifications, while their parenting responsibilities are taken into account by, for example, providing child-care assistance.
- Many children in poverty live with single parents without financial maintenance from the other parent. Maintenance payments ought to play a major role in reducing child poverty. An effective system of recovering child support could make a significant difference to child poverty levels. The support could be paid into the grant system and claimed by the mother to ensure the freedom and independence of the other parent.
- Increase income-related support for children over the age of 15 years.
- Ensure that public services are better able to work together to support the most vulnerable and excluded children. For example, teachers, health professionals, social workers and others should work together as members of a single team to

provide the services that children need and address the barriers to learning that may exist.

Because adult problems impact on children's welfare, social welfare services should ensure that parents who need child-care support are assisted. They should ensure that:

- those working in adult social care respond appropriately to the needs of adults as parents
- those working in children's services ensure parents receive the help they need
- there is an adequate range of relevant services to those parents needing help with their parenting.

Despite the wide reach of CSGs and other services, there are a number of children who do not access the grant and other government services. One of the major constraints is that they lack proper documents, such as birth certificates and/or their parents or guardians lack relevant document such as identity documents. Social welfare services together with other relevant authorities should ensure that these constraints are removed and that children and their care givers have the necessary documents and are able to access government services.

HUMAN RESOURCE DEVELOPMENT – EDUCATION

Education and child poverty

Eliminating child poverty through parental support will, on its own, have a limited role in improving outcomes for children growing up in poverty. Initiatives to improve skills and employment opportunities are the most sensible way to tackle the problem of persistent poverty:

- Every child should have an equal chance of fulfilling their potential. We should ensure that it is individuals' skills or abilities, and not parents' life circumstances that determine educational attainment.
- Educational disadvantage emerges very early in life – before primary school. Therefore, to tackle poverty and inequality, ECD is a top priority and that should be reflected in decisions about spending priorities. ECD should address the health, nutrition, psychosocial and cognitive development needs of vulnerable children.
- Proper nutrition is critical for all pupils' ability to learn and concentrate. Poor diet and nutrition is a particular concern for children living in poverty, which not only affects their long-term health but their ability to learn as well.

Education and rural poverty

The most deprived communities generally have the worst educational outcomes. As deprivation has become more concentrated, the challenges facing schools in deprived areas have grown. There is a long tail of poor performance and low aspirations, as a quarter of children leave primary school without even basic literacy and numeracy skills.

- Extra attention should be paid to educational opportunities for the poor, for females and other vulnerable social groups, such as AIDS orphans.
- Closer attention should be paid to the kinds of skills required to cope with constantly changing rural and other closer labour markets. Education for rural people needs to connote skills for diversified rural development.
- Vocational agricultural secondary education should adjust to rural development needs.
- Higher education should also adjust to new needs in rural development and enable their graduates and others to keep abreast of advances. These include offering teaching in areas such as natural resources management and rural development with off-farm employment.
- Training has to be provided to rural areas to complement other support related to agricultural assistance.

Education and training

People with no qualifications and low skills are at high risk of a future of unemployment or low paid and insecure employment, and are twice as likely to be in poverty. Improving the educational outcomes and aspirations of children and young people is the single most important factor in breaking generational cycles of poverty. Therefore, initiatives to improve skills and employment opportunities are probably the only sensible way to tackle the problem of persistent poverty.

- Finance is the one barrier. School fees should not form a barrier to poor children. This requires an expansion in the no-fees schools system, as well as increased and more targeted funding for tertiary education. All children from poor households should not be expected to pay school fees.
- Free education will serve no purpose if it is not of good quality. Improve the quality and relevance of education so that young people acquire basic knowledge and skills that prepare them for further education, work and practical living.
- Build institutional capacity to deliver quality learning and teaching at schools – training of teachers to teach life skills, behavioural skills, etc. Increase training for educators and principals and expand support staff, and improve training and the provision of materials. Above all, the QIDS UP programme must be adequately resourced and monitored against the scale of needs in schools in poor communities.
- Use information and communications technology (ICTs) to complement and supplement teaching in poor schools.
- However, there are other factors which influence participation and success in education, such as ECD, earlier schooling, family background, academic achievement and motivation, which start earlier in life and in the education pipeline. The schools serving poor communities should mediate the socio-economic backgrounds of their learners. The decimation of parents and adults by the HIV and AIDS pandemic, the rise of child-headed and grandparent-headed households and increasing levels of youth-headed households living in poverty, leads to poor performance and premature school-leaving among many young people:

- Schools serving poor communities need to define themselves in the context of their communities.
 - Nutrition in schools should be expanded to include the poor learners at secondary education level.
 - Properly designed programmes for out-of-school time can have positive effects on the academic, social and emotional aspects of young people's lives. They complement the institutions of family, community and school. These programmes could be particularly beneficial for the "at risk" youth. They could provide an environment that cultivates social relationships and provides opportunities for young people to share with their peers as well as take on some responsibilities and be productive within their communities. They deter failure and disconnection with school and engagement in wrongful and risky behaviour. The importance and benefits of such programmes are evident in the proportion of youth from middle- and high-income families who spend money on "after school care" for their children. This perpetuates the disparities because those from poorer families do not have access to these facilities. Moreover, the community environment they are placed in after school is lacking in developmental opportunities.
 - From these different categories of learners, a typology of programmes and interventions can be developed.
- Encourage community involvement in supporting education. Poor parents frequently find it difficult to engage with institutions such as schools, and mechanisms must be found to give them voice.
 - Civil society and business should be mobilised to adopt poor schools in line with Department of Education guidelines. Business can be encouraged to direct some of their Corporate Social Investment budgets on programmes that will improve the education outcomes of poor schools. They could support the out-of-school-time programmes. They should also be encouraged to participate in these schools by sending some of their employees to the schools to provide support and assistance in areas such as administration, management, etc.
 - Reduce the proportion of learners who exit education prematurely and improve success rates at all levels of education.

- Develop strategies for identifying youth at risk of premature exit as well as for preventing them from exiting the education system prior to completing their schooling.
- Make schooling more interesting. Introduce extra-mural activities such as sport, participation in youth-development activities, etc. These are critical for youth development as they incentivise young people to stay in school.
- Provide supplementary education for poorly performing students – either as part of the everyday learning process or through after-school tutoring. Identify at-risk learners who require supplementary education – these will include those whose performance is not satisfactory in class, demonstrate high absenteeism rates, are of an age not related to their grade and those who tend to repeat classes
- Provide out-of-school youth with second chances to complete their learning.
- Develop equivalency, literacy and job-training programmes to provide competencies for work and life.
 - **Literacy programmes** should teach not only literacy and numeracy, but also job and life skills relevant to the local context.
 - **Equivalency programmes** aim to reintegrate the younger out-of-school youth with the formal education system. The programmes help them complete the equivalent of secondary education. This will mitigate the effects of teen pregnancies.
 - **Job-training programmes** should have a strong partnership between the formal school sector, prospective employers (on-the-job training) and private training-providers (e.g. through the NYS). The programme is feasible for those who have basic education and skills, i.e. those who have completed secondary education.
 - Design second-chance education opportunities with maximum flexibility so as to facilitate young people's access to the programmes and their chances of succeeding at them. Flexibility relates to where programmes may be run, when they are available and the delivery systems used (print, face-to-face tuition and the appropriate use of ICTs).

PROVISION OF HEALTH CARE

Deprivation and health status are linked. At all ages, the probability of premature death is significantly increased by adverse social conditions and the worst off in our society are more likely to have a disability or illness.

- Improve access to healthcare by:
 - strengthening district level primary care to reduce demand at hospitals.
 - strengthening primary level care by reducing the need to travel to hospital.
 - finding alternative service-delivery models that take services as far as is possible to people.
 - reducing the need for repeat visits to clinics due to drug stock-outs, failure to diagnose, referral failures, etc.
 - improving identification of those eligible for exemption as well as communication to the public their eligibility for exemptions
 - increasing and strengthen human-resource capacity in clinics and hospitals.
- Everyone must be assisted to make healthier choices and to take greater responsibility for maintaining their own health and well-being.
- Continued emphasis should be placed on promoting health and well-being, i.e. reducing smoking, reducing alcohol-related harm, tackling levels of obesity, increasing physical activity and promoting good mental health.
- Emphasis should be place on promoting health and well-being among vulnerable groups for whom preventative measures could provide the greatest impact.
- Using the grant system would further help to identify the poor affected by AIDS in a community and devise strategies appropriate for them. This could strengthen existing solidarity, target those that benefit most from the strategies and maximise preventive action, sustainability and long-term impact. Households caring for orphans and vulnerable children (OVC) prove to be a proxy combining most conditions: they will be easily identified, present a high probability of caring for OVC due to AIDS and the caregivers themselves present a high probability of being infected by HIV. Because of the focus on children, targeting this group avoids stigmatisation and facilitates mobilisation of community solidarity. Households caring for OVC often present impoverishment processes on which preventive action is possible.

MEETING BASIC NEEDS – PROVISION OF BASIC SERVICES

Establish targeted support system for the poor households

- Municipalities to identify households in need, their needs and co-ordinate and support their access to services, and monitor the progress of these households' indigent status through the indigent register.
- Implement necessary improvements to address unco-ordinated actions and leakage of government spending from poor communities.
- Develop strategies to speed up infrastructure delivery, particularly eradicating the current backlogs.
- Co-ordinate and integrate delivery efforts that are currently sector-driven.
- Synergise housing delivery and municipal infrastructure delivery processes.
- Improve infrastructure asset management, operations and maintenance.
- Provide institutional support with the focus at municipal level.
- Ensure that quality health and education reach all people, especially very poor households.
- Promote Intergovernmental Relations (IGRs) centred on firmer national development planning that guides long-term investment and provides direction for the alignment of the National Spatial Development Perspective (NSDP), provincial Growth and Development Strategies (PGDSs) and integrated development plans (IDPs).
 - This must be viewed together with remedying weak line-department capability and accountability for spatial outcomes as witnessed by inadequate impact in the urban and rural nodal programmes.
- Realising the vision of Developmental Local Government as the vehicle to extend the reach of government into the streets and neighbourhoods of communities. The institutions established for this purpose, including municipalities and ward committees, are beginning to reach a consolidation phase and need to be strengthened to close the gap between government and communities – a prerequisite in fact for addressing poverty.
- Locating economic development so that the gap between intent and implementation is closed. The National Framework for Local Economic

Development (LED) provides a compass for this and introduces both strategic development of local economies and community-investment programming to promote sustainable livelihoods and circulation of income in local economies.

Community empowerment paradigm

The current service-delivery model has unintended consequences in that it builds an unhealthy dependence on the State and disarms greater own action with better self-mobilising effects.

- Use processes such as community/ward-based planning linked to municipal IDPs as they have a powerful potential to give communities greater control and shift the expectations for change from government as deliverer to communities as driver. These processes can be unleashed with better support and resourcing focussing on ward-based implementation (ward committees) within municipal resource frameworks and through community fund mobilisation.
- Develop a special focused programme on the roles of municipalities and ward committees and their actions regarding indigent support that needs to be guided by the unfolding Anti-Poverty Strategy.
- Ensure that indigent households are registered in the EPWP as well as in municipalities to work on projects for a guaranteed amount of days per year. The main objective of this project is to provide a way out of poverty for the indigents, albeit temporary.
- Organise indigent families into development vehicles to undertake sustainable livelihood projects at community scale. The project will be piloted in ISRDP nodes to address rural poverty traps. This responds to the need for more direct state economic development support to families rather than only through projects/opportunities that households are expected to access on an uncertain basis. The self-driving and self-motivating aspect of community development requires catalytic state support.
- The situation with respect to unemployment and poverty is prevalent in the Presidential nodes and these require unconventional LED methods given the lack of economic opportunities in these areas.

- It is proposed that indigent families be organised into co-operatives and community development trusts be piloted in a number of nodal municipalities to begin LED and sustainable livelihood projects where the poorest of the poor are located.

SOCIAL COHESION

- The Department of Arts and Culture (DAC) is leading a task team to develop a comprehensive strategic framework for promoting social cohesion and building national unity. This includes a "Vision 2010" strategy for strengthening social cohesion, using 2010 as a rallying point towards nation-building.
- Other initiatives could include:
 - Ensuring that business, NGOs, churches, the labour movement and the rest of civil society can easily exercise solidarity with needy people and communities. This requires institutional development, building on existing structures and initiatives.
 - The strengthening of communities to participate in democratic processes, with increased resourcing and opportunities for community structures to influence decisions about infrastructure, public employment programmes and local institutions. The DAC has already developed a draft strategy for community mobilisation and community involvement. The realisation of this will be heavily reliant on the success of plans to intensify existing government programmes for poverty eradication and the delivery of basic services as a key contributor to promoting cohesion and building unity in communities.
 - Implementing family policy to strengthen the role of the family (in its multiple forms) as a significant entry point of nation-building interventions, a hub for installing values and a site of socially beneficial socialisation.
 - A major expansion in cultural, sporting and recreational activities in poor communities and regions through increased numbers of cultural and sports centres and special employment programmes around cultural work and sports.

- Reviewing programmes on safety and security to ensure better infrastructure in poor communities, including both police stations and improvements in the built environment, as well as increased vigilance around violence against women and children.
- Mobilise communities and society as a whole on programmes and campaigns on matters that relate to communities' role in expanding their own respective human capabilities and on matters such as definitions of poverty, interventions to address poverty and the roles of various social partners (including campaigns to build solidarity with those infected and affected by HIV and AIDS).

INSTITUTIONALISING SOLIDARITY

The effective implementation of anti-poverty programmes requires stronger institutions to support them in the State, the private sector and civil society, and in poor communities.

In the State

We need to ensure that anti-poverty programmes are a top priority for both social and economic departments and for all spheres of government. To that end, the Deputy President should be made responsible for championing anti-poverty efforts, including:

- co-ordinating and monitoring efforts by both economic and social departments as well as all spheres of government
- working with civil society and the private sector to strengthen, monitor and supplement anti-poverty programmes.

In addition, the formats for regulatory impact assessments (RIAs) and Cabinet memorandums should include an assessment of the impact on poverty, as should departmental and provincial KPIs.

Finally, there should be a targeted review of the capacity of the 14 district municipalities where over two-thirds of households spent under R800 a month. On that basis, support programmes should be elaborated for them, with an emphasis on improving programmes for LED as well as service delivery.

The private sector and civil society

The struggle against poverty requires support, not only from the State, but also from business, NGOs, students and others who are not poor. This support can take several forms, such as mentoring new businesses or community organisations, volunteering in poor communities, assisting organisations representing the poor or providing funds.

The Presidency will develop an explicit strategy for working with existing structures to prioritise the elimination of poverty, encourage concrete commitments outside of the State and get feedback on programmes. This strategy should include proposals around the National Economic Development and Labour Council, the Presidential working groups and other structures in business, labour and civil society. Government will consider establishing a high-level council comprising major stakeholders to advise on and help monitor and implement the Anti-Poverty Strategy.

In addition, all departments, led by the Department of Trade and Industry, should systematically signal the key importance of the elements of the Broad-Based BEE Codes that can expand economic opportunities for the poor. These elements are:

- support for small and micro enterprises
- corporate social responsibility
- broad-based ownership
- skills development and employment equity, particularly for elementary workers and the working poor.

Community mobilisation

Effective community mobilisation requires the emergence of competent and inclusive community groups that can:

- work with government to identify viable and desirable projects
- drive implementation in their communities
- ensure that programmes benefit the poorest households.

These groups can provide a channel for:

- dissemination of information on new opportunities
- more effective use of resources to develop infrastructure and improve the productivity of micro enterprises and households
- the transfer of skills around new kinds of production and construction

- support for particularly poor or dysfunctional households.

In short, grassroots community organisations can multiply the impact of anti-poverty programmes. At the same time, it is critical that the groups are inclusive, with a fair voice for poor households in general and women in particular.

The challenge is to develop this type of organisation organically but comprehensively, by supporting existing initiatives and ensuring communities see benefits from working together. The process has to start with pilots, which can help to determine ways to strengthen and support community structures and make them more inclusive. We propose that the role of community organisations in the following schemes be tracked, and that the projects themselves be asked explicitly to look at ways to strengthen community organisation:

- the smallholder scheme in the Eastern Cape based on the Massive Food Project
- community-based public employment and development schemes, for instance in Munsieville and Mannenburg
- Jobs for Growth work with self-help groups and co-ops
- the ECD public employment programme.

In addition, the role of community development workers should be audited and proposals made to improve their potential for organising community groups.

One-stop delivery

The Social Cluster is developing a comprehensive data system that will permit the identification of household needs in terms of infrastructure, income support, employment and basic services. This provides the basis for the establishment of structures that can identify poor households, particularly where children live without adults, ensure that they can access available programmes and monitor the progress of households out of poverty.

In addition, Government Communications (GCIS) will develop easily accessible material on government services and how to access them.

The next steps

The challenge is to turn the high-level conceptual framework provided here into viable, phased programmes. As government interacts with the various social partners, it is keeping an open mind about other possibilities and combinations of ideas. What will be required among all social partners, though, is a preparedness to step out of straight-jackets in creatively searching for effective and sustainable ways of meeting the national objective to halve poverty by 2014. The other challenge is to turn the framework provided here into resourced and practical programmes. The main uncertainty remains around the ability to stimulate the creation of appropriate economic opportunities on the requisite scale.

Based on this discussion document, government seeks to solicit inputs and commitments from various stakeholders on their role in eradicating poverty and get inputs and comments as well as commitment and buy in on some of these government proposals

Inputs and comments will be consolidated and included in the current draft to develop

- a. An Anti-Poverty Strategy for SA
- b. An anti-poverty plan that commits all various role players in the fight against poverty

The relevant departments and clusters will therefore have urgently to:

1. Develop implementation plans for achieving the employment targets, with monitoring and evaluation systems.
2. Finalise proposals for supporting the unemployed, ill, and children in households without adults and proposals for implementing the wage subsidy for able-bodied young people.

3. Expand and ensure sufficient budgets for programmes to improve and monitor education in poor communities, and develop proposals for substantially expanding school leavers' access to training.
4. Develop proposals to improve the access of the poor to healthcare, including by addressing waiting times and the cost of treatment and transport.
5. Develop systems to identify, support and monitor indigent households. As part of this process, it is important to work with social partners to develop a common definition of poverty, and a statistical system to monitor it, as well as standards for basic services and measures to reduce the level of exclusions and shut-offs.
6. Finalise institutional proposals, with timeframes, responsibilities and funding.
7. Develop quantified projections on settlement patterns and spell out the implications for infrastructure and employment needs in both rural and urban areas.