



social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA

DISCUSSION DOCUMENT

**LINKING SOCIAL GRANTS BENEFICIARIES TO POVERTY
ALLEVIATION AND ECONOMIC ACTIVITY**

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EXECUTIVE SUMMARY

Over the past twelve years, Government has implemented a myriad of poverty alleviation measures, with social assistance being the biggest of them all, aimed at achieving the goal of a better life for all. As a result of campaigns aimed at promoting the right of access to social assistance, the number of social grant beneficiaries has increase significantly, in particular the child support and disability grants. While, on the one hand, the increase in beneficiary numbers represented the success of the awareness campaigns and proactive registration, on the other hand, this has given rise to the sustainability of the programme and the importance giving South Africans the opportunity to enjoy the dignity of work.

Unlike most of Government's poverty alleviation measures, the social assistance programme was not specifically designed with exit strategies for beneficiaries, other than a change in their living circumstances and income levels. There is a lack of a proactive and deliberate strategy to link social grant beneficiaries to opportunities for economic activity. Consequently, an intolerable proportion of able-bodied poor South Africans (inclusive of caregivers of children receiving the child support grant) and those persons with disabilities capable of rehabilitation continue to face particular barriers to entering into, remaining in and progressing in such employment.

The macroeconomic policies over the last decade have contributed to improved economic growth performance, driven by demand-side stimuli and fuelled by lower interest rates, tax rates and accessibility to credit and financial markets. However, the labour market has not been equally responsive to the increasing demand for the creation of work opportunities, especially from the social grants population.

The imperative is to build a gateway to improve the impact of policies; to extend government support through incentives for individuals to participate in self-development programmes, for businesses to absorb such individuals into their labour force and for civil society collaboration. However, the success of the project of

a gateway to economic activity will remain a pipedream unless the economic sector introduces measures to generate employment opportunities.

The discussion document proposes a model for an active social grants system and an implementation plan.

Introduction

The FOSAD Social Sector Cluster is making progress in several areas of expanding and consolidating the social security system. In the area of social assistance, several initiatives are underway to ensure the provision of basic services and social grants as a package in terms of the first pillar of government comprehensive social security framework. The grants complement other social policy initiatives aimed at building human capital and breaking the cycle of intergenerational poverty.

This discussion document is aimed at proposing strategies to link the beneficiaries of grants and the unemployed to economic activity. Beneficiaries are unlikely to be in a position to use their social grant income to invest in wealth creating ventures. Instead, an investigation into the possibilities of creating opportunities for social grant beneficiaries and the unemployed to participate in economic activities should become a key focus if government is to meet the MDG's 2014.

The Challenges

The Design of Anti-Poverty Programmes: While scores of poverty reduction measures are operational, they are not designed to explicitly provide beneficiaries with options to migrate from welfare benefits. Many measures aimed at removing families from poverty are partial and negligible relative to the scale of the problem.

Profiles of the Target Group

The Disability Grants Profile: Table 1 below on the disability grant population indicates that over 36% of the beneficiaries with disabilities have physical disabilities that should not necessarily render them unable to obtain gainful employment. The

changing environment of the modern economy and work make render people with disabilities able to meaningfully participate in society.

There is therefore also no reason why the remainder of disability grant recipients, who have various ailments, should be excluded from employment. However, no known projects of scale exist that provide rehabilitation and support towards employment for people with disabilities. Over 90% of the people with disabilities have low levels of general education and are unemployed (see table 2). There are no public / private projects of scale geared at integrating people with disabilities into meaningful economic activity. As a society who has aspired to, and enjoy successes of employment equity, representativity and affirmative action, we cannot boast of significant successes in getting people with disabilities employed. Even government departments have failed in this regard.

Table 1		
Ten most frequently mentioned reasons why the Disability grant is received	Frequency Percent	
	Physical impairment	151,596
Specific illness	147,741	29.3%
Emotional impairment	78,725	15.6%
Hearing impairment	26,957	5.3%
Visual impairment	22,746	4.5%
Physical impairment & specific illness	20,113	4.0%
Intellectual impairment	18,690	3.7%
Visual and physical impairment	12,707	2.5%
Visual impairment and specific illness	12,636	2.5%
Intellectual and emotional impairment	12,543	2.5%

Table 2					
People living with Disabilities					
Education level					
	None	1-6 yrs formal	7-11 yrs formal	Matric and/or higher	% currently ill
Eastern Cape	34.0%	36.2%	27.3%	2.5%	67.6%
Free State	22.7%	31.2%	43.3%	2.8%	69.6%
Gauteng	11.8%	27.1%	53.7%	7.4%	71.5%
Kwazulu Natal	32.9%	21.6%	44.0%	1.4%	65.7%
Limpopo	47.8%	23.9%	25.1%	3.2%	31.8%
Mpumalanga	43.6%	25.8%	23.6%	7.0%	62.8%
Northen Cape	31.8%	34.9%	30.1%	3.2%	55.8%
NorthWest	24.5%	47.2%	25.8%	2.6%	55.1%
Western Cape	19.0%	42.5%	29.9%	8.0%	75.7%
Total	29.3%	30.0%	36.9%	3.7%	63.9%

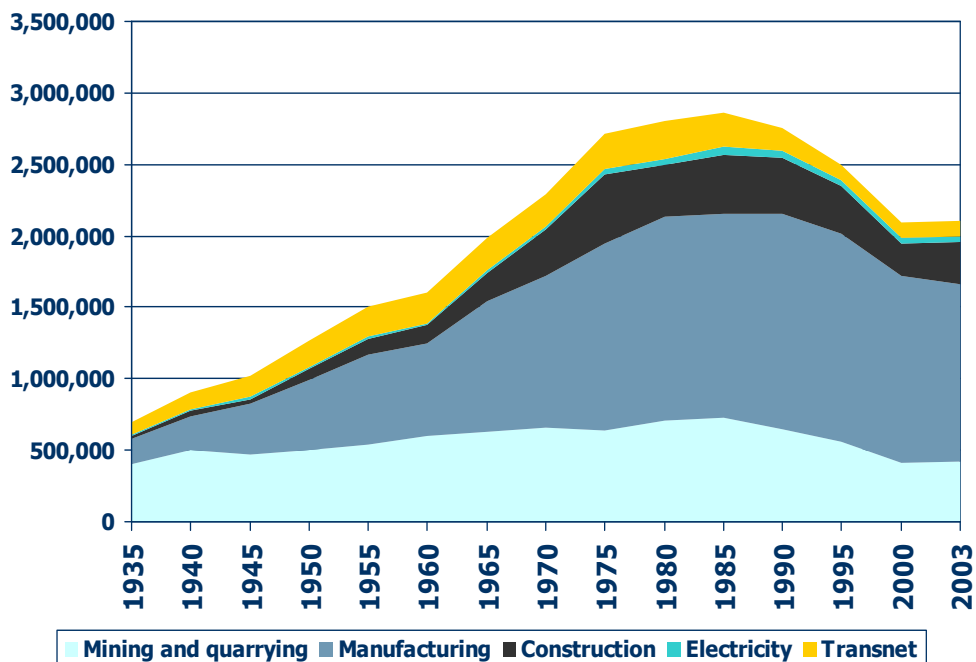
Caregivers: Child Support Grant: Table 3 presents a stark picture of the challenge of addressing the plight of care givers. According to the Beneficiary Profile of Care givers of the child support grant, over 65% of caregivers of children receiving the child support grant are single parents and about 94% of the are African. More than 11% of the caregivers have never received any formal education, while 71,5% received 1 to 11 years of education. Over 85% of the caregivers are unemployed.

Single parents with low levels of education face formidable constraints. Given resource constraints, the provision of adult basic education, since 1994, has not reached any significant numbers of caregivers. Similarly, job placements services have not explicitly targeted caregivers.

Table 3						
CSG - Caregivers educational level and employment						
	Single, never married	None	1-6yrs	7-11 yrs	Matric and/or tertiary	Not Employed
Eastern Cape	36.0%	21.7%	21.0%	50.2%	6.9%	84.9%
Free State	46.2%	9.7%	16.5%	53.7%	20.0%	71.7%
Gauteng	68.2%	9.2%	6.9%	51.2%	32.3%	67.9%
Kwazulu Natal	48.1%	7.7%	24.8%	57.9%	9.6%	87.5%
Limpopo	49.1%	16.0%	12.6%	47.7%	23.5%	89.4%
Mpumalanga	58.4%	21.1%	15.9%	38.6%	23.1%	85.7%
Northen Cape	52.8%	12.1%	25.9%	53.4%	8.3%	68.7%
NorthWest	69.0%	2.1%	26.3%	55.9%	15.6%	95.0%
Western Cape	47.9%	0.6%	18.8%	68.2%	12.4%	65.2%
Total	52.4%	11.3%	18.5%	53.0%	17.0%	82.7%

Unemployment

Changes to both the level and structure of employment are posing significant challenges to social development. Growth in employment has stagnated in the major economic sectors such as mining and agriculture from the mid-1980s and continues to decline. Mining and agriculture have declined in importance overall. While the manufacturing sector has increased in importance, its labour absorptive capacity has not been sufficient to compensate for the loss of employment opportunities in the primary sectors. The graph below paints the picture of the changes in the level and structure of employment since the 1980's.



Although the last three years have witnessed commendable growth of over 1,1 million jobs, South Africa has experienced a long period of a lack of output growth to significantly translate into employment creation. A GDP growth of 6 % may not be adequate unless growth its supply-side fuelled by mobilising and empowering the potential productive population.

THE PROPOSED STRATEGIC INTERVENTION MODEL

A model that provides the poor and recipients of social grants or the unemployed with incentives based on conditionalities and without support will not be suitable for South Africa. A more holistic approach needs to be deployed that link social grants beneficiaries and the unemployed to poverty alleviation and economic activity. The three key constituent parts of the policy intervention should be (1) *building the gateway or off-ramp*, (2) *generating employment opportunities* and (3) *a process model for diversion*.

The gateway to economic activities should have the following features:

- (i) *Aims that encompass* encouraging sustainable employment, reducing poverty and enabling individuals.
- (ii) *Policies and a policy context that support* overcoming individual's barriers to work. Programmes should focus on the individual and be concerned with human capital development.
- (iii) *The expected outcomes and evaluation* should be geared towards reducing the welfare caseload premised on an increase in government expenditure to encourage stable employment. Skills and career development prospects should be key outcomes.

Employment Creation: Consideration must be given to implementing a range of policies that include active labour market measures, skills development programmes, special employment and labour intensive development programmes and labour intensive government services.

Strategies for link beneficiaries to economic activities

1. The unemployed and beneficiaries will need additional support, or incentives in cash or in-kind with responsibilities or obligations to achieve a set of outcomes.
2. There is a need for closer working relationships between the various stakeholders, government, NGO's, CBO's and the private sector to collaborate on linking beneficiaries to economic activities. In areas where government does not have available infrastructure and staff, service providers can be contracted.

3. Consideration should be given to more significantly expanding labour intensive Government services which target low-income groups such as nursing and community-based care workers, social workers and community-based care workers, teachers and police officers
4. Consideration should be given to getting younger graduates and those with matric into government employment through half-jobs. In half jobs, the benefits of income and training opportunities are shared. The policy can also be implemented in the private sector.
5. The EPWP Task Team is identifying various options to expand job opportunities but the current targets are too low to provide the requisite number of jobs and consideration should be given to an aggressive expansion.
6. Linking caregivers to employment or training should generate a sizable market for services in the daycare and early childhood development services, which in turn will generate work opportunities.
7. An active programme must be undertaken to re-assess beneficiaries of disability grants and ways explored to get them employed.
8. It will prove difficult to place beneficiaries over the age of fifty years with low levels of education in job opportunities that become available in the current labour market and consideration should be given for their placement in the services industries.

The Process Model: In line with the institutional arrangement and delineation of responsibilities between the departments, a process model must be designed. The high level process model will work as follows: A Department responsible for the gateway profile of an applicant for diversion; the applicant is assisted to explore options, provided with an income incentive and enters into the social contract. The applicant is then referred to one of a number of options offered by partner institutions such as the Departments of Labour, Education, contracted civil society, etc.

PLAN TOWARDS THE IMPLEMENTATION OF THE MODEL

1. Surveying the terrain

The Department developed beneficiary profiles and is now undertaking, with the support of DPLG the mapping of community profiles to assess local socio-economic conditions.

The Department commissioned a research survey in two provinces to gain an understanding of what constraints and barriers beneficiaries experience in attempting to move to employment or training opportunities. T

2. Establish Economic Opportunities Task Team

An Inter-departmental Task Team for Economic Opportunities must be established with representation from the departments of Education, Labour, National Treasury, the Presidency, Trade and Industry and Social Development. A Director General must lead the Task Team. This Team should be replicated at provincial and local government levels as early as January 2007.

3. Institutional Arrangements

A key challenge in migrating beneficiaries to economic activity is to develop a focused administrative infrastructure. In the UK this was achieved by merging the former Departments of Pensions and Labour. The merger enabled the new Department to immediately set up a case management system. A single Department was able to profile and divert applicants to economic activity.

There will be a need for the various Departments to share responsibilities. A firm proposal on institutional arrangements with a blueprint on its management protocols will be finalized by the end of the 2nd quarter of 2007.

4. Deployment of a Focused Staff Establishment and Piloting

Most successful active social assistance programmes have dedicated staff or client service agents dedicated for the purpose. Beneficiaries are given opportunities, up to and beyond the point of employment. Beneficiaries agree to meet obligations. It is proposed that a 'new cadre' be deployed who is knowledgeable in career counseling and the labour market, and with skills in assistance with job search. The Department

of Labour has already started with the rolling out of job placement services countrywide.

The Department of Social Development must work towards the deployment of *opportunities officers or service agents* who will work with the beneficiaries, the private sector and Departments.

5. The Development of a Database of Individual Beneficiary profiles

There is a need to develop more detailed profiles of each beneficiary in terms, education, skills profile and previous employment experience.

The architecture of the database should be centralized, providing a distributed platform for provinces and local offices to manage individuals on a case management approach with a view to link them to opportunities.

The development of this database will require a significant effort and the design and development will be initiated.

6. The Development of a Database of Job Opportunities

Government must consider providing free job advertisement services opportunities, especially for small and medium sized enterprises.

The Team will work with the State Information Technology Agency (SITA) to explore the use of interactive technology to assist the unemployed in job search and a proposal should be completed March 2007.

7. Design Specific Programmes to Migrate Beneficiaries

Based on the profiles of beneficiaries, community profiles, emerging trends in the labour market and collaboration with civil society, programmes should be designed to migrate beneficiaries to education, training, skills development and employment.

Segmentation of beneficiaries is of primary concern to design tailor made packages or programmes for the different age cohorts, based on community profiles of economic activity. A table is provided in Annexure 3 of a segmentation that must be undertaken with the design of specific programmes for each category

The Team will undertake further work on designing opportunity packages for the different beneficiary groups and complete it by the end of June 2007.

Segmentation and diversion programme design

Age cohort	% in Poverty, no income support	Proposed interventions
<14 years	40,2%	Already in receipt of child grants
14 to 17 years	40,2%	Education and training support
Disabled persons	+40%	Re-assessment, training and skills development
Single parents		Specific assistance based on age, background and skills
18 to 22 years	39,9%	(Tertiary, technical) education and training support
23 to 40	39,9%	Adult basic education, training and skills development, job placement in local industries
41 to 50 years	39,9	Training, job placement and self-employment support
50 to 59 years	39,9%	Job placement in services industry
60 to 65 year males	39,9%	Job placement in services industry
>60 females	39,9%	Already in receipt of old age pension
>65 males		

8. Piloting and Monitoring and & Evaluation

Provincial Departments must implement the process model as from June 2007. A strong monitoring and evaluation infrastructure will be set up as from the outset of the programme, and should be operational before the pilots are implemented.

Conclusion

The drive to get all South Africans working when they are able to do so must become a central preoccupation. This is a central pillar of building social cohesion and inclusiveness. There has been a lack of an active social assistance programmes and poverty alleviation measures to ensure all South Africans enjoy the dignity of work. Government is committed to ensure a better life for all, for the employed, for beneficiaries of social grants and those destitute and vulnerable. A social assistance programme alone cannot achieve the above. This document will form the foundation of a discussion that should aim to involve government, religious leaders, the NGO sector and labour and business and all other stakeholders to work

towards a more inclusive society and ensures the right to an endowment and the opportunities of employment that our successful economy can provide.

Areas for additional exploration

1. SA's Industrial Policy - Engineering news
2. National Spatial Development Framework
3. Skills Development Framework
4. Website of Works and pensions website for structure and annual report
5. Roads and infrastructure challenges in SA