

The DBBS programme is a collaborative research programme between the University of the Western Cape (UWC) in Cape Town and the Flemish universities under the auspices of the Vlaamse Universitaire Raad (VLIR). The aim of the programme is to engage in collaborative research at postgraduate level in the following research niche areas:

- Policy management, governance and poverty alleviation in the Western Cape
- Youth wellness in community development
- Addressing the direct and indirect impact of HIV/Aids on pre-and school-going children in South Africa
- The sustainable utilisation of subterranean water resources for improvement in the quality of life
- Culture, language and identity



Understanding good governance and democracy in the context of poverty alleviation

Michelle Esau

OCCASIONAL PAPER NO. 3



UNIVERSITY of the
WESTERN CAPE

Understanding good governance
and democracy
in the context of
poverty alleviation

Michelle Esau

Project: Policy Management, Governance and Poverty Alleviation in the Western Cape

This new research programme focuses on the three key areas of government activity in housing, health and employment, through:

1. policy reviews, which entail analysis of policy documents prepared by each level of the governing hierarchy to assess their appropriateness and to determine the coherence of policy between different levels of government, and interviews with key informants at all three levels of government;
2. process studies, which are informed by the findings of the policy reviews. As well as assessing the policy framework, the process studies entail interviews with officials at different levels of the administrative hierarchy in both provincial and local governments;
3. a skills audit, aimed at comparing skills in health departments with the requisite skills for optimal health care delivery (in terms of financial management, strategic management, technical skills etc) and entailing a review of departmental organograms, of the skills and qualifications of key staff and of the quantity and quality of human resources training available to staff, as well as interviews with both management and workers; and
4. analysing the interface between the state and civil society, aimed at establishing how ordinary citizens perceive the services delivered to them and ascertaining what they believe to be their entitlements and obligations as citizens.

Published by the project on Policy Management, Governance and Poverty Alleviation in the Western Cape under the auspices of the DBBS programme, University of the Western Cape, Private Bag X17, Bellville, 7535, South Africa.

This publication is produced under the partnership arrangement with the Vlaamse Interuniversitaire Raad (VLIR).

ISBN 1-86808-618-6

Cover and text design and layout: Page Arts, Cape Town

Copy-editing: Page Arts, Cape Town

Typeset in Garamond

Printed by Mega Digital

All rights reserved. No part of this publication may be reproduced or transmitted, in any form or by any means, without prior permission from the publishers.

Understanding good governance and democracy in the context of poverty alleviation

Michelle Esau



Project: Policy Management, Governance and
Poverty Alleviation in the Western Cape

2005

Introduction

The political economy of apartheid has resulted in serious inequalities in South Africa. With the advent to democracy in 1994 it was anticipated that crime levels would drop, job opportunities would increase and standards of service delivery improve. The government elected by the people was therefore confronted with these expectations amid historical constraints. Poverty alleviation was then, and continues to be, one of the key areas of consideration in the 21st century. This is reflected through the plethora of policies, seminars and conferences focused on poverty alleviation. The 2005 Budget Speech also signified government's commitment to alleviating poverty in South Africa. Increased appropriations were allocated to social welfare, to child grants and to the fight against HIV and Aids, for example.

In section one this paper refers to a general discussion on poverty in South Africa. Section two discusses and examine the policies, legislation and other initiatives introduced by the democratic government to alleviate poverty. Section three tries to assess the successes and achievements of these policies, initiatives and legislation and finally concludes by highlighting areas for further consideration.

The purpose of this paper is to contribute to an assessment of policy efforts in order to: (i) determine the effectiveness of pro-poor policies, legislation and initiatives; and (ii) suggest possible areas for improvement where anticipated policy outcomes have not been yielded. Although initiatives extend beyond what was identified and discussed in this paper, this author has decided to limit attention to the role of social welfare and development, developments in job creation and education.

Towards political, economic and social freedom

Political renaissance

Gueye (1999:243) speaks of 'renaissance' as implying "positive transformations in all spheres of existence: culture..., economic, social and political structures...". He adds that many factors and demands have to be considered before positive transformation can be realized. Special reference is made to the plight of the poor when he argues that:

due to the current misery and poverty of the great majority of peoples of the continent, we have to pay special attention to the economic dimension of our problem, without restricting ourselves to economic reductionism, which tends to neglect other factors (Gueye, 1999:243).

Gueye's observations bring to light the importance of holistic change and transformation as encapsulating economic, social and political change. He speaks of political sovereignty as emanating from economic empowerment (Gueye, 1992:252). However, he contextualizes the complexities associated with this dependency relationship by alluding to the fight of the poor in satisfying day-to-day needs in the midst of planning for future ones. According to Gueye (1992:251):

...countries like ours whose peoples, due to their misery and poverty, are generally forced by their day-to-day struggle to neglect the future and to take from nature all she can give them today...

Positive change only occurs once significant improvements are evident in all segments and sectors of society. Ensuring sustainable human development would indeed require special attention to the cultural, social, economic and political spectrums. Such transformation is there-

fore of primary importance in a democratic political system. However, sustainability must allow individuals the freedom to ‘choose and decide’ while at the same time reducing dependency on others. Chua’s (2004) observations are more focused on free-market democracy and ethnic hatred and how these contribute towards global instability. But like Gueye, she observes that political sovereignty and freedom cannot happen unless people are economically empowered.

Many other authors refer to the importance of the holistic freedom of an individual in a democratic context. It may indeed be this dependent relationship between political sovereignty and economic freedom that sees some democratic governments succeeding while others fail to succeed.

Marysse and Palmans (2003) expand, for example, on the implications of deprivation and state that this not only includes the inability of a person to provide for and satisfy his/her and others’ basic needs of clothing, shelter and food, but it also encompasses being vulnerable, powerless and voiceless (Marysse and Palmans, 2003:10). Amartya Sen also points to poverty as extending beyond the mere loss of income. He observes, “Development has to be more concerned with enhancing the lives we lead and the freedoms we enjoy” (Sen, 1999:14). Sen identifies various forms of ‘unfreedom’ that demonstrate the inability of an individual to develop and enjoy political freedom. Famines, the denial of political liberty and basic civil rights and economic insecurity are all perceived as negatively binding and limiting people’s development. Two things come to mind. The first relates to human dignity and economic insecurity. Economic insecurity or ‘unfreedom’ can influence the extent to which an individual’s right to dignity and equal treatment is achieved. A person who is economically ‘unfree’ may be treated differently and with less respect and dignity than someone who is economically free. A person living in poverty may feel more intimidated and be less confident to challenge a rude and unhelpful official when entering

a government department or local municipality, for example. In addition, the inability of that same person to meet and satisfy basic needs in their household may impact on his/her overall self-esteem. The effect, then, of economic insecurity and subsequent 'unfreedom' extends from the household to the broader societal environment.

The second is the relationship that exists between the denial of political liberty, human dignity and equality. In South Africa, for example, many people were not even considered citizens and were forced to carry 'passports' in their country of birth. In fact, the separatist policies were premised on the fact that the black majority were inferior to the white minority and as a result were vulnerable to many injustices. To this end, emphasis is placed on the importance of addressing these insecurities through a literate and educated citizenry. If we examine the process of citizen participation, for example, it allows for: (i) the involvement of members of society in matters that directly affect them; (ii) closer relations between government and members of society; and (iii) the satisfaction of needs in a more efficient and effective way. It is believed that only when people are informed and literate are they able to articulate and communicate their thoughts effectively—consequently citizen participation becomes a worthwhile process.

Essentially, Sen's observations bring to light that freedom should allow for two things. Firstly, it should allow for the freedom of actions and decisions. However, it is important to mention that we are not referring to absolute freedom but constitutional freedom. Secondly, it should provide for actual opportunities and consider people's personal and social circumstances. It is remiss to provide opportunities whereby those previously disadvantaged are given preference in the hope of empowerment and development, for instance, but in the absence of financial and other support. Here reference is made to feelings of hopelessness, low self-esteem and the lack of confidence in one's own capability in the case of failure. Sen cites the example of the European

system of social security in illustrating the holistic impact of unemployment on an individual (1999:20). He states unequivocally:

But unemployment is not merely a deficiency of income that can be made up through transfers by the state (at heavy fiscal cost that can itself be a very serious burden); it is also a source of far-reaching debilitating effects on individual freedom, initiative, and skills. Among its manifold effects, unemployment contributes to the 'social exclusion' of some groups, and it leads to losses of self-reliance, self-confidence and psychological and physical health (Sen, 1999:21).

This view holds that it is the responsibility of the state to ensure that equality and economic security are achieved through equal opportunities that are realistically achievable. It becomes imperative that the state, in its fight against poverty, provide opportunities that will contribute towards the sustainable development of the poor. This will ensure that individuals become self-reliant, independent and maintain their dignity. In attempting an understanding of the extent of progress in South Africa towards assisting individuals in realising economic, social and political liberation, we now turn to a general discussion on poverty.

Political renaissance in post-apartheid South Africa

Aliber (2001:11) contends that the configuration of poverty and inequality in present-day South Africa bears testimony to the past policies of racial and gender divide. He cites land dispossession, policies of separate development based on race together with influx controls as having contributed to the unequal distribution of wealth, market share, skills and knowledge. Aliber further highlights the general effect of apartheid policies on the quality of life of the vast majority of South Africans. The ANC-led government consequently inherited a society with significant disparity between the haves and the have-nots, a soci-

ety fraught with high levels of unemployment and illiteracy and a society with unequal access to basic services. In addition, those deprived for so many years held high expectations associated with almost immediate change and improvement.

It is against this background that the democratic government accepted responsibility in 1994 for, inter alia: (i) creating opportunities for the poor that enabled them to escape poverty; and (ii) providing a safety net for those unable to support themselves. It has been argued that government policies have, however, been over-ambitious and subsequently resulted in the failure of government to meet the expectations of the poor (see Aliber, 2001; Nattrass, 1996 and Taylor, 2000).

Taylor (2000:55) cites poverty levels in South Africa at approximately 45%. This translates to more than 18 million South Africans living below the poverty line. In addition, it is noted that poverty levels are spatially influenced, with a higher incidence of poverty in rural areas. The Poverty and Inequality Report (PIR) illuminates this finding by referring to the fact that 45 % of the population is rural with 72% of the poor living in rural areas (in Taylor, 2000:56). The PIR notes that South Africa compares unfavourably with other middle-income countries. This is illuminated through the Human Development Index (HDI)¹ as but one measure. The HDI also varies across the provinces by reflecting significant inequality between them. The Western Cape and Gauteng fall within the high human development range while the Northern Province and Eastern Cape falls within a low human development range. The inequality gap between the haves and have-nots is more generally reflected through the Gini coefficient, which is about 0.58 and is regarded as one of the highest in the world (May et al, 1998:2). May et al (1998) mention further that, although poverty is concentrated among blacks, it is highest among Africans. Sixty-one per cent of Africans and 38% of Coloureds are poor, compared with 5% of Indians and only 1% of Whites (May et al, 1998:2-3). The PIR also

presents the relationship between poverty and education. It was found that the poverty rate of people without any form of education is 69%; among those with primary education it is 54%; among people with secondary education it is 24%, while among those with tertiary education it is 3% (May et al, 1998:3).

Taylor (2000:59) looks at the levels of education in the context of race. She cites the 1996 Census when she says that 19.3% of the population of 20 years and older have had no access to schooling. More specifically, approximately 24.3% of the African population of 20 years and older have had no schooling compared with only 1.2% of the White population. At the level of higher education, only 3% of the African population of 20 years and older have had access to higher education compared with 24.1% of the White population (Taylor, 2000:59). In fact, it is cited that South Africa has the highest level of illiteracy in the world.

The relationship between poverty and unemployment as well as that between poverty and ill health is also evidenced in the PIR. It is shown that 55% of people from poor households are unemployed compared with 14% of people from non-poor households. Subsequently the inability to afford basic services increases the risk of ill health. The lack of access to clean water, proper sanitation and electricity poses health risks in various ways for the poor.

It is in this context that the democratic government's focus is now on pro-poor policies and initiatives through the appropriation of state expenditure towards 'a better life for all'. Increased appropriations have been made towards social spending and development. In the 1994 Budget Speech, for example, an amount of R418 million was made available for various social pensions and the elimination of existing backlogs of potential beneficiaries. An amount of R292 million was appropriated towards the creation of employment. In the 1997 Budget Speech, Minister Manuel stated that spending on social security would increase

by R1 billion (Department of Finance, 1997:9). In addition, R300 million was set aside for various community-based poverty relief programmes. In the same year, appropriations were made towards the creation of jobs through the Department of Public Works. R150 million was transferred to the provinces from the Reconstruction and Development (RDP) fund. This resulted in the implementation of 391 projects contributing towards jobs (Department of Finance, 1997:10). Appropriations were also made towards land restitution, redistribution and tenure.

In the 2003 Budget Speech the Minister refers to increased government spending on social services, progress made in job creation and steady economic growth. But at the same time, he refers to the continued challenge to reduce unemployment, ensure that the benefits of economic growth and development are more evenly shared and that economic participation be broadened (Department of Finance, 2003:12-13). In our opinion, the Budget indeed presents tangible evidence of government's commitment towards poverty alleviation. However, what remains important, and is indeed a matter of urgency for the millions of poor around the country, is progress towards poverty alleviation.

We witness continued frustration among the poor, protests around service delivery and continuing levels of unemployment. How do we ensure that the policies and interventions introduced contribute towards a more balanced relationship between political, economic and social sovereignty? In addressing this question let us turn our focus to a discussion on the post-apartheid poverty alleviation interventions introduced by the state.

Poverty alleviation strategies in post-apartheid South Africa

Part of the response to the question just posed may emanate from the importation of the liberal democratic model adopted in South Africa. Both Tapscott (2005) and Chua (2003) articulate their views around model importation. Tapscott's views are refined within the South African context while Chua focuses more on global aspects.

The expectations of the greater majority are articulated when Tapscott (2005:73) states that:

The ending of apartheid rule in South Africa in 1994 brought with it the hope that not only would civil rights be restored to the majority of the population, but that the advent of democracy would bring with it significant gains to the welfare of those people hitherto disadvantaged by apartheid.

According to Tapscott, however, a culture of democratic governance has yet to take full root in the country, the opinions and views of the poor must adequately be expressed and improved welfare fully achieved. According to May et al (in Tapscott, 2005:73) the predicament of the poor has not improved significantly with the gap between the rich and the poor remaining constant. This observation leads to the question of the appropriateness of the liberal democratic model of governance in South Africa. Nonetheless, it is inferred that democracy is a precondition for economic growth and poverty alleviation. This discussion entered into by Tapscott creates an awareness of the implications of importing models without consideration to peculiar social, economic and political developments. He points to the fact that a large proportion of South Africans still have not bought into the norms and aspirations of the new government, despite a sophisticated and promising institutional framework (2005:3-4). Amy Chua, in *World on Fire*,

also alludes to this problem in her exposition of America as a global market-dominant minority. She remarks:

...when Americans call for world democratization, we don't mean world democracy. For Americans, global democratization means democracy for and within individual countries. That is, we envision a world in which brutal and unjust dictatorships are replaced by freely and fairly elected leaders, accountable to their citizens. We imagine ourselves at the helm of such a world. As President Clinton predicted in his second inaugural address: 'The world's greatest democracy will lead a whole world of democracies' (Chua, 2004:260).

She continues:

...the last thing Americans want is a true world democracy, in which our economic and political fate is determined by a majority of the world's countries or citizens. The idea, for example, of the U.N. General Assembly controlling U.S. foreign investments would probably not be appealing to most Americans. Like other market-dominant minorities, we don't trust the relatively poor, frustrated, resentful majorities surrounding us necessarily to act in our best interests (Chua, 2004:260).

Tapscott and Chua both, therefore, refer to the problem of importing 'perceived successful' models in the absence of social, economic and political peculiarities of the developing world. Notwithstanding the above, the liberal democratic model indeed contributes towards an enabling environment in which individuals can achieve social, political and economic mobility. It is at this time that we turn our focus to the RDP.

The Reconstruction and Development Programme

The RDP was defined as an:

...integrated, coherent, socio-economic policy framework. It seeks to mobilise all our people and our country's resources toward the final eradication of apartheid and the building of a democratic, non-racial and non-sexist future (African National Congress, 1994).

The eradication of apartheid required directing resources towards the alleviation of poverty. Ensuring access to water, jobs, land, education and health care were some of the areas listed as priorities for the new government (Roberts, 2001:9). But not too long after its introduction, the RDP was criticised as being over-ambitious and was replaced by the Growth, Equity and Redistribution (GEAR) Policy in 1996. Aliber (2001:8) describes GEAR as a “conventional neo-classical macroeconomic recipe for economic growth”. GEAR emphasised fiscal restraint, controlled inflation and interest rates and the loosening of foreign exchange control (Aliber, 2001:8). However, its focus on a smaller public service and the selling off of state-owned enterprises to the private sector was not appealing to organisations such as the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU). GEAR was in fact criticised as being inappropriate in dealing with the burning problems of poverty and unemployment. Evidence demonstrating this inappropriateness can be seen in the inability to achieve projected outcomes. For example, real Gross Domestic Product (GDP) growth reached an annual average of 2.3% as opposed to the projected average of 4.2%. Formal sector employment growth was expected to increase to 1.3 million jobs over a five-year period. In reality, however, this period witnessed an actual loss of over 800 000 jobs (Aliber, 2001:9). Other areas indicative of the inability of

GEAR to meet projected outcomes include an increase in outward direct investment of South African companies as opposed to inward direct investment by foreign investors. Furthermore, the recent strain on the local textile industry² has reflected the opposite outcome of looser foreign exchange controls. Nevertheless, state expenditure towards pro-poor initiatives has reflected commitment to promoting growth and employment. The spending plans for 2001 reflects a balance between a number of policy objectives, *inter alia*, economic growth, job creation and equity and social development (Department of Finance, 2001:20). This is evidenced when Minister Manuel refers to the accelerating economic growth over the past four years, during which time the South African economy has averaged 3.2% a year (Department of Finance, 2005:7).

Performance in the arena of basic service delivery was—until recently, though—described as good. Various government programmes have resulted in improved access to safe water, improved sanitation, health care services, housing and electricity (Aliber: 2001). Many allude to the fact that far greater strides have been made in the delivery of basic services (see Taylor, 2000; Aliber, 2001 and Hemson and Owusu-Ampomah, 2005). Hemson and Owusu-Ampomah (2005:517) state that an additional nine million people have gained access to clean water in the past ten years. Between 1995 and 2003, the number of households having access to clean water has increased by about 3.7 million. In percentage terms, the achievements have been significant, with the proportion of people having access to clean water increasing from 60% in 1996 to 85% in 2001. The percentage terms of households' access to sanitation has also increased from 49% in 1994 to 63% in 2003 (Hemson and Owusu-Ampomah, 2005:517). In fact, residents of an informal settlement known as Barney Molokoane in Khayelitsha have access to clean water and flushing toilets for the first time in 18 years (Lali, 2005:18). There are still concerns in the area of water and sanitation. For exam-

ple, complaints are raised about the distance travelled by consumers to communal taps, the danger attached to women having to fetch water during the night and problems in the maintenance of new water connections.

Recent uprisings by communities in several parts of the country reflect further unhappiness with service delivery. In Gugulethu, for example, residents were arrested after emptying rubbish bags on the township's main thoroughfare. They were upset about the process of land distribution and argued that certain individuals were favoured at the expense of others (*Cape Times*, 7 April 2005). More recently, residents in informal settlements in Nyanga, Khayelitsha and Happy Valley protested against the general lack of delivery by local government (*Cape Times*, 25 May:2005). Local government, in fact, is being accused of 'failing to meet the needs of the poor'. These protests illustrate the challenge confronting government as a result of the two economies.

Social welfare and development

Social welfare, as defined in the White Paper, is an "integrated and comprehensive system of social services, facilities, programmes and social security to promote social development, social justice and the social functioning of people"(Department of Social Development, 1997:4). Primary among the objectives of social welfare is improving the well-being of individuals, families and communities and upholding their inherent dignity. The RSA Constitution of 1996 also makes reference to the right of access to health care services, sufficient food and water, social security and appropriate social support (RSA, 1996:s 27(1c)). The obligation of the state towards society is evident. To this end, the White Paper distinguishes between social security and social welfare services. Social security refers to the state's responsibility towards an individual who has lost his/her earning potential, whose earning potential has been interrupted or whose earning potential is at a level where he/she is

unable to avoid poverty. Social welfare, on the other hand, focuses more on the development and self-reliance of an individual within an enabling environment. We consequently see evidence of the shift towards a development role by the state. Some of the goals outlined in the White Paper are:

- *Facilitating the provision of appropriate welfare services to all South Africans, especially those living in poverty... These services should include rehabilitative, preventative, developmental and protective services... and*
- *Promoting and strengthening the partnership between government, community and civil society organizations involved in the delivery of social services* (Department of Social Development, 1997:8).

The changing focus of the state towards developing and entering into closer partnerships with members of the community and community-based organisations filters through these objectives. Nonetheless, the concern with the relationship between literacy and effective citizen participation arises again. It is assumed from the recent protests in various parts of the country that the poor are not necessarily interested in participating via the formal and/or seemingly intimidating participation structures.

The 2000/2001 Annual Report of the Department of Social Development depicts the various initiatives engaged in by the department to realise closer relations between itself and the community. For example, the communication campaign³ it embarked on enabled government to communicate directly with the poor in remote rural areas, peri-urban areas and informal settlements (Department of Social Development, 2000/2001:7). Other initiatives focused on tightening existing relations and establishing new relations between government and community-based organisations as well as the private sector. Inter-departmental re-

lations were also focused on. Here successful partnerships were formed with the departments of Health, Education, Home Affairs, Justice and the South African Police Service, among others.

The department furthermore engaged in strategies to improve the management of the Poverty Relief Funds by ensuring the quicker transfer of funds to developmental projects. This process entailed, inter alia, the deployment of national and provincial officials on the ground to conduct on-site assessments, the active involvement of heads of departments in the approval process, the overhaul of the administrative process and a closer working relationship with the Independent Development Trust (Department of Social Development, 2000/2001). Further achievements during this period include an increase in the take-up rate of the Child Support Grant (CSG). The 2002 Budget Speech indicates both an increase in the value of the CSG and an extension of the grant to 1.2 million more children by the end of 2003 (Department of Finance, 2002:19). In fact, beneficiaries of the CSG increased from just over 58 000 in 1998 to over 5.5 million by the end of March 2005 (Minister of Social Development, 2005). The communication campaign and the partnerships that government entered into with civil society organizations and faith-based organisations contributed significantly to the increased number of children benefiting from the CSG. The exact number of unregistered children has been difficult to determine. In fact, the Budget Speech of 2000 refers to the country's poorest three million children as its target population. Yet the Budget Vote Speech delivered on 5 April 2005 points to over 5.5 million children benefiting from the social grant (Minister of Social Development, 2005). Under the National Food Security Scheme (NFES), a number of achievements have been made. For example, 10 000 households received food parcels during the pilot phase, institutional delivery mechanisms have been established, structures for stakeholder participation introduced, aware-

ness campaigns launched and the NFES promoted co-operation between government departments towards the achievement of co-operative governance (Department of Social Development, 2002/2003).

Attention is now turned to initiatives illustrating government's developmental role in society. Here the discussion is limited to strategies at job creation and education as a means to alleviate poverty and reduce the chasm between the rich and the poor.

Job creation in addressing unemployment

The belief that job creation is influenced by economic growth is reflected in declining employment witnessed in the 1980s and 1990s. Declining job creation during this period was partly attributed to declining investment, policies that encouraged more capital-intensive production and the demand for skilled rather than unskilled labour (May et al, 1998:7). It was therefore only natural that the democratic government would introduce policies and programmes that encouraged economic growth through capital inflows, restructured industries and the development of new industries.⁴ Minister Manuel echoed these sentiments in his Budget Speech of 2000, as follows:

We now have an open economy, which competes with the rest of the world. Mature industries have restructured and many new industries have developed....Economic growth recovered, capital inflows resumed and business and consumer confidence increased... Our expenditures grow markedly in real terms over the next three years and remain strongly redistributive in favour of the poor (Department of Finance, 2000:5-6).

The importance of the growing economy on the poor is further referred to when the Minister says that we have to “ensure that growth leads to greater equity and prosperity for all and to the narrowing of the chasm between the rich and poor” (Department of Finance, 2000:5).

It is our opinion, nonetheless, that economic growth, though sustainable over the past ten years or so, has not necessarily been beneficial to the poor. According to Taylor (2000:32) the official unemployment rate (non-agricultural) stood at 22.9% in 1998. When including workers not seeking work⁵ the percentage increased to 37.6%. This, in fact, reflects an increase in the rate of unemployment from 35.6% in 1996. In a study conducted by de Swardt⁶ in 2004 he showed that 52% of all African households in the Western Cape generate no income from wages while 64% of adults are unemployed (de Swardt, 2004:2). His study further distinguishes between adults earning a permanent salary, those employed occasionally and those self-employed. Accordingly, 23% earn a permanent salary, 8% are occasionally employed and 5% are self-employed. Yet, a labour force survey conducted at two intervals, first in March 2004 and then again September 2004, puts unemployment at 27.9% and 26.2% respectively. In actual terms this translates to a decrease in unemployment from 4 415 000 to 4 135 000—a decline in unemployment of 280 000 (Statistics South Africa, 2004:5). This implies that the number of employed persons increased by 251 000 to 11 643 000 between March 2004 and September 2004. Between 1996 and 2004 there has evidently been a decline in the unemployment levels.

However, if one includes those not actively seeking employment, the figures may increase. In the 2005 Budget Speech the Minister refers to “the challenge of making our growth pro-poor” (Department of Finance, 2005:8). He says:

...we need to ensure that we build a more efficient economic landscape, that we contribute to more balanced development between suburbs and townships, between urban and rural areas and between the first and second economies. We need to press more on the labour-absorbing potential of infrastructure and building programmes (Department of Finance, 2005:8).

The government has embarked on various programmes aimed at creating jobs. Some include the Poverty Alleviation Fund, the Flagship Programme for Unemployed Women with Children under Five Years, the Small, Medium and Micro Enterprise (SMME) sector and the Land Redistribution Programme. We now examine these initiatives and programmes.

(i) The Poverty Alleviation Fund or Programme

The Poverty Alleviation Fund, although it extends beyond job creation, is primarily focused on creating jobs as a means towards development. The manner in which the fund operates requires that national government departments submit proposals to National Treasury for funding. This funding would be appropriated to functions that are not traditionally budgeted for or normally performed by the department (Aliber, 2001). The fund has contributed to some significant developments, for example, the Working for Water programme, managed by the Department of Water Affairs and Forestry and the Community-based Public Works Programme, managed by the Department of Public Works (Aliber, 2001).

Other initiatives have not been as effective. Noteworthy is the case of the Department of Social Welfare where R204 million went unspent. However, and as already mentioned, the department made certain attempts to remedy this problem, including, among other things, the improved management of Poverty Relief Funds to ensure quicker transfer of funds to projects, the overhaul of administrative processes, the active inclusion of heads of departments in the approval process and the formation of a partnership with the Independent Development Trust (Department of Social Welfare, 2000/2001). These improvements resulted in two things. The first was that 86% of funds intended for transfer to projects were actually transferred on time. The second was

that the department was able to develop a medium-term three-year programme for poverty relief. Evidently, the problems associated with poverty and the strategies geared towards the alleviation thereof have resulted in the department adopting a proactive approach to the problem.

(ii) The Flagship Programme for Unemployed Women with Children Under Five Years

This programme was introduced in 1996/97 with an interrelated objective in mind. The overarching objective was directed towards reducing the inequality gap between men and women in South Africa. The related objective was directed towards assisting those women who were unemployed household heads and were mothers of children under the age of five in becoming self-reliant. Through the achievement of these objectives it was hoped that women were able to overcome the discrimination of the past and realise dignity, equality and freedom. The oversight and monitoring of the programme was performed at a national level while the provincial departments took responsibility for initiating the projects at provincial level. Projects launched by the department and holding different economic opportunities included overnight facilities, eating houses, car wash services, beauty salons, vegetable gardens and bread-baking (Department of Social Welfare, 2000/2001). In the department's 1999/2000 annual report it is said that 15 pilot projects were launched with 867 women and 946 children participating (Department of Social Welfare, Annual Report, 1999/2000). The 2000/2001 annual report indicates that 801 women and 913 children participated in different pilot projects.

Among some of the programme's successes were the provision of employment for women through various small-business initiatives, the increased involvement of communities in decisions affecting them, the transfer and development of skills and business knowledge to women

and the general enhancement of the self-esteem and feelings of self-worth of women involved in the various projects. Despite these successes, however, this programme appears to have ceased. Nowhere in recent annual reports is reference made to it. Although reference is made by some to its lack of growth and maturity, it is believed that other influences may negatively have impacted on its success including a lack of the entrepreneurial skills required to manage small businesses successfully, insufficient support through mentoring and coaching, the continued vulnerability of women in a male-dominated environment, a lack of will on the part of women to become entrepreneurs and consequently self-reliant and a lack of motivation as a result of the effects of poverty on one's emotional state. The participation of a select few could be identified as another factor that may have affected the success of the programme. The hidden conflict between those that were involved in the project and those who were 'excluded' could be viewed as having had a negative effect on support for projects launched in the community, for example.

(iii) The SMME sector

The SMME sector has a significant influence on the level of employment in South Africa. In fact, SMMEs contributed 32.7% and 36.1% towards GDP in 1995 and 2001 respectively (Isaacs, 2005). Of those in employment, 44% had jobs in the SMME sector in 1995 while in 2001, this figure was 53.9% (Department of Trade and Industry, 2002). Clearly, the sector is making a significant contribution towards employment in South Africa. The specific objectives of the SMME sector, as outlined in the National Small Business Act of 1996, include creating long-term jobs, stimulating economic growth and facilitating greater equality of income, wealth and opportunity.

In the context of the above discussion it is important that support

be provided to the SMME sector. And indeed, we see various interventions or programmes that provide evidence of such support. Aliber (2001) refers, for example, to the projects of the Department of Social Welfare. He also refers to the government's decision not to directly support employment growth through expanding the public service. The Budget Speech of 2005 furthermore refers to tax relief targeted at small business. Other incentives aimed at ensuring the growth of, and investment in, this sector include a write-off rate for non-manufacturing assets, exempting small businesses from skills development levies and assisting small businesses with their tax and broader business management needs (Department of Finance, 2005:28-29).

But the same concerns raised about the lack of interest in informal sector opportunities may apply to the SMME sector. In focusing on black economic empowerment and initiatives at community level the issue of infrastructural support is of paramount importance. Such support must include financial support and confidence from financial institutions to the poor, the establishment of social networks, the introduction of coaching and mentoring and constant 'skilling' and 're-skilling'.

(iv) Land redistribution

Interventions around access to and ownership of land are pertinent in bringing about redress for those previously disadvantaged or forcibly removed from land. More importantly, a land reform programme is significant in providing poor households the opportunity of improving their income through subsistence and commodity production (Aliber, 2001). The ANC-led government had, therefore (and prior to the 1994 elections) committed itself to a land reform programme. Aliber (2001) highlights the components of this programme, as introduced by the Department of Land Affairs, as restitution,⁷ redistribution⁸ and

tenure reform.⁹ Several developments have resulted in restitution, redistribution and the introduction of more secure forms of land ownership and access among the previously disadvantaged. However, there are still areas of concern that affect the impact of land ownership on their economic development and empowerment. These concerns emanate from the original programme as contained in the White Paper on Land Policy of 1997 and the revised programme introduced thereafter.

Criticisms against the original land reform programme were three-fold.

Firstly, that the economic goals linked to land reform were not clear. The relationship between land redistribution, restitution and secure tenure and economic empowerment of the previously disadvantaged was vague. Secondly, that taking over farms and continuing the farming enterprise of previous landowners affected the performance and success of many projects. No formal mechanism was in place for ensuring the transfer of skills, experience and knowledge from the previous owner to the new owner/s in the specific farming enterprise. And thirdly, but also related to the previous point, was the use of an agricultural engineer in assisting applicants with their farming proposals (Aliber, 2001). This resulted in: (i) an increase in the levels of vulnerability of the poor and previously disadvantaged; and (ii) the setting of unrealistic goals and achievements. Despite the revisions in the land reform programme in the 1999/2000 period, criticisms focused on economic empowerment, growth and increased labour opportunities continue. We witness, for example, the selling of land owned by black farmers back to white farmers (*Weekend Argus*, 30 April 2005:4). Although it was reported that only a small number of black farmers had sold their land, it still remains a concern. It is assumed by government that the land restitution programmes will contribute towards greater opportunities of employment and job creation for the poor. But this new trend could contradict these assumptions in that white farmers

could remain in control of this sector of the economy if the number of black farmers selling land back to them were to increase. This would render the anticipated outcomes of the Land Restitution Programme unattainable. Despite black farmers being confident about their ability to farm, reportedly the lack of funds, mentoring, training in marketing and economics prevents them from becoming economically empowered through farming.

It is our opinion that the lack of opportunities at establishing social farming networks/and or the formalisation of such networks affects the extent to which the goals of land reform are met. Social farming networks may result in previously disadvantaged farmers establishing networks that will allow them to keep abreast of developments in the agricultural sector, among other things. It can also contribute to better forms of mentoring and coaching that could yield the outcomes envisaged by the land reform programme.

Education as a means towards creating employment and a more skilled workforce

The problems of an unskilled or poorly skilled workforce are illuminated regularly in the media, through executive statements and in government departments' annual reports. Most recently, the Minister of the National Treasury engaged in a road show to promote the paying of taxes by citizens. Of significant importance in a speech delivered at the University of the Western Cape was the fact that government had under-spent by R1 billion for the first 2005 economic quarter. He cited the primary reason for this under-expenditure as being public servants' lack of capacity to deliver. Several other examples have been cited in government reports alluding to the inability of departments to deliver on government's mandate. For example, a review discussion document published by the Presidency highlighted that almost 25% of the gov-

ernment's procurement budget was spent on consultancy fees. Furthermore, the advice and information provided by these consultants were largely focused on information technology, policy advice and project management services (Policy Co-ordination and Advisory Services, 2003:12). Although attempts have been made at securing and attracting skilled labour and professionals from the private sector or through the creation of public entities, the general lack of technically skilled staff in the public sector remains a matter of concern (Policy Co-ordination and Advisory Services, 2003:12). Initiatives like Batho Pele, e-government, SMMEs and Black Economic Empowerment therefore remain at risk of failing if this problem is not addressed soon.

Education and the lack thereof also have other ramifications for the broader society. Here reference is being made to steps at increasing citizen participation and involvement in government activities. As Amartya Sen (1999) emphasises, effective citizen participation is dependent on an informed and educated citizenry. How does one make a useful contribution if one is unable to articulate one's opinions and thoughts in meetings with a councillor; how does one challenge a rude official if one lacks confidence in one's own ability; how does one take advantage of opportunities if one is ignorant of policy and laws? These are all questions that confront us when focusing on citizen participation.

Although there are no guarantees that education will lead to employment, statistics show that educational levels indeed increase the likelihood of obtaining "paid jobs" (de Swardt, 2004:4). The table below, borrowed from de Swardt, depicts that correlation.

Depicting the relationship between educational levels and the likelihood of obtaining employment¹⁰	
Ranking	Likelihood of obtaining employment illustrated through percentages
1	Tertiary qualification: 40.9%
2	Grade 8–10: 40.4%
3	Grade 6–7: 37.8%
4	Grade 5 or lower: 36.7%
5	Grade 11–12: 33.9%
6	No education: 31.2%

Table adapted from de Swardt (2004:4)

de Swardt's study illustrates the relationship between education, ability to find paid jobs and language. It was found that an individual's potential to find a job is influenced by increased years of education and, interestingly enough, the ability to speak either English or Afrikaans. Through the latter we find that subtle forms of discrimination (such as that of language preference of employer) may still continue post-1994 and could impact negatively on an individual's ability to find jobs.

Several policies, legislation and innovations by government have attempted to address the problems associated with education or the lack of education. Adult Based Education and Training (ABET), the introduction of formalised training and education in the organisation, the incentives offered to the employer through the South African Skills Development Levies Act of 1999, are all examples of such attempts.

Furthermore, the recent budget speech by the Minister of Education to offer free state education from 2006 illuminates the important role of education as a possible means to escape poverty. The Minister of Education stated that R12 397 064 million would be allocated to education. This appropriation represents approximately 25% of the non-interest budget expenditure. Of this amount 79.85% will be transferred to higher education institutions, 6.97% towards the National Student Financial Aid Scheme and 8.46% is intended for conditional grants to provincial education departments (Department of Finance, 2005). The budgetary allocations made to education reflect the accuracy of de Swardt's hypothesis on education and employment probability.

Allocations made towards public entities, conditional grants and operational expenditure furthermore depict the importance of education in the fight against poverty. Educators' salaries will also be improved and systems towards pay progression, performance measurement and other incentives will be introduced. Other initiatives towards improvements in education include the employment of full-time shop stewards and guidance counsellors at schools. The need for ensuring suitably qualified and experienced teachers in areas currently lacking was also highlighted in the budget speech. The introduction of guidance counsellors and teachers trained in areas identified as 'critical need areas' signify a changed focus or approach towards secondary education. Previously, many students entering tertiary education were unclear about their career paths or direction. The proposed strategies illustrate two things. The first is the emphasis on nurturing, guiding and informing learners about possible career choices. The second is the effort towards increasing the skill levels of the present and future labour force, particularly in professions previously reserved for whites.

Concluding reflections on strategies of poverty alleviation

The 1994 elections raised the hopes and aspirations of millions of disadvantaged South Africans. The hope of freedom—political, social and economic—influenced the expectations held by the poor. As alluded to in various sections of this paper, such expectations are not unfounded in a liberal democratic state. The effects of poverty have, however, been shown to have a negative effect on an individual's ability to achieve this holistic freedom. Furthermore, as warned by philosophers such as Gueye and Sen, special attention to the economic dimension should not obscure the peculiar realities inherent in a country. This is, in fact, one of the main criticisms cited against GEAR in the South African context. But at the same time it is important to remember our context, which is that of a capitalist society.

Reflecting on some of the poverty alleviation strategies adopted and introduced post-1994 it is clear that attempts towards the holistic development of the poor have been made. However, perceived shortcomings affect the full achievement or impact of some of these strategies. These include a fully enabling environment, a sufficiently literate, educated and informed citizenry and the lack of confidence (on the part of the poor) to take up opportunities. Despite initiatives like BEE, SMMEs and the land reform programme, it was found that performance or achievements fall beyond anticipated goals. For example, the informal sector does not appear to present an opportunity for escaping poverty. The risk of taking up the opportunity appears to outweigh the possible benefits that such an opportunity may hold. To this end, it is suggested that greater support be secured from the financial sector in assisting the poor to obtain loans. The effect of poverty on the levels of confidence and self-esteem of the poor is a further determinant in approaching

financial institutions for assistance. The lack of capacity, knowledge and skills also distort the potential effects of poverty alleviation strategies. Here reference is made to greater attention to mentoring and coaching interventions. Possibly the introduction of formalised social networks could be useful. In the case of the land reform programme, black farmers could benefit significantly from the experience, skills and knowledge of farm management of white farmers. Such an initiative could be overseen by the Agri-BEE.¹¹ The state should furthermore offer more employment opportunities through the formal sector. The poor may not yet be able to choose and decide and subsequently exist independently from the state. It would therefore be more realistic to address the unemployment problem through job opportunities in the formal sector. The informal sector as a solution may be too ambitious at this point.

It is clear that education as a means of escaping poverty has been embraced in South Africa. The relationship between education and the potential of an individual to find paid employment is also evident. However, years of inequality and differing standards of education received at schools have affected the greater majority's ability to take advantage of the opportunities secured through education. In the light of this situation we witness a number of training and education programmes aimed at bringing about accelerated equality. But the greater part of the workforce or potential workforce is still uneducated and unskilled. Therefore structures for participating in government activities cannot be, and are not, taken advantage of. This, as depicted above, has resulted in citizens partaking in other forms of participation not particularly complementary in democratic countries. It is our opinion, therefore, that sophisticated policies of citizen participation should follow interventions and policies aimed at increasing levels of education and literacy. This does not imply that citizens should not be allowed to

partake in matters that affect their daily lives or that government should decide on all matters on behalf of society. Rather, forms of citizen participation should be simple, uncomplicated and not necessarily dependent on individual strengths and attributes.

An examination of the interventions engaged upon does, on one hand, illuminate the attempts of government at addressing the problem of poverty in the country. But on the other hand, “South African still remains one of the most unequal societies in the world” (May et al, 1998:1).

Notes

- 1 The measure used to assess the extent of a country’s development through income, levels of educational attainment and life expectancy (Taylor, 2000:53).
- 2 Rex Truform, one of the long-standing clothing manufacturers in Cape Town, is involved in talks around retrenching. It is argued that big clothing stores are importing from China due to its cheap labour instead of being ‘proudly South African’.
- 3 The department used the *imbizo* format, community radio and published brochures to inform communities, roleplayers and the general public on how to access grants and services provided by the social development sector.
- 4 See GEAR for further details on government’s policy towards macroeconomic development in South Africa.
- 5 Definitions of unemployment and subsequent statistics are influenced by those actively seeking employment but not finding employment versus those unemployed but not actively seeking employment.
- 6 De Swardt’s study is confined to the African poor in the Western Cape. The statistics provided should be examined in this context.
- 7 People who lost land as a result of the previous policies of apartheid were compensated for land lost.
- 8 Government provides assistance to people previously disadvantaged wanting to own land or access land.

- 9 Government introduces more secure forms of land ownership among those previously disadvantaged who already have access to land.
- 10 These assumptions are derived from the research conducted in Khayelitsha and Greater Nyanga in 2002.
- 11 Agri-BEE is a joint relationship between government and organised agriculture to promote black farming (*Weekend Argus*, 30 April 2005).

References

- Aliber, M. 2001. Study of the incidence and nature of chronic poverty and development policy in South Africa: An overview, in *Chronic Poverty and Development Policy*, No.1, Programme for Land and Agrarian Studies (PLAAS), University of the Western Cape, Bellville.
- Cape Times*, April 7, 2005
- Cape Times*, May 25, 2005
- Chua, A. 2003. *World on fire: How exporting free market democracy breeds ethnic hatred and global instability*, Arrow Books, London.
- De Swardt, C. 2004. Cape Town's African poor, in *Chronic Poverty and Development Policy*, No. 3, PLAAS, Bellville.
- Hemson, D. & Owusu-Ampomah, K. 2005. *A better life for all? Service delivery and poverty alleviation*, HSRC Press, Pretoria.
- Isaacs, E. 2005. Small, medium and micro service providers in the Western Cape: Service or disservice? Unpublished paper.
- Marysse, S. and Palmans, E. 2003. *Local agenda 21 and poverty: A discussion paper*, Institute for Development Policy and Management, Antwerp. Policy Co-ordination and Advisory Services. 2003.
- May, J., Govender, J., Budlender, D., Mokate, R., Rogerson, C. and Stavrou, A. 1998. Poverty and inequality in South Africa: A

report prepared for the Office of the Executive Deputy President and the Inter-Ministerial Committee for Poverty and Inequality, Praxis, Durban.

Republic of South Africa. 1996. *The Constitution of the Republic of South Africa, Act 108 of 1996*, Government Printers, Pretoria.

Sen, A. 1999. *Development as freedom*, Oxford University Press, Oxford.

Streak, J. and Poggenpoel, S. 2005. *Towards social services for all vulnerable children in South Africa*, Idasa, Cape Town.

Tapscott, C. 2005. Democracy and trust in local government, in Askvik, S. and Bak, N. (eds). *Trust in public institutions in South Africa*, Ashgate Publishing Ltd., England.

Taylor, V. 2000. *South Africa: Transformation for human development 2000*, United Nations Development Programme, Pretoria. *Towards a ten year review*, Government Communication, Cape Town.

Weekend Argus, April 30 2005

Government documents

Department of Finance, Budget Speech, 1997.

Department of Finance, Budget Speech, 1998.

Department of Finance, Budget Speech, 2000.

Department of Finance, Budget Speech, 2001.

Department of Finance, Budget Speech, 2002.

Department of Finance, Budget Speech, 2003.

Department of Finance, Budget Speech, 2004.

Department of Finance, Budget Speech, 2005.

Department of Social Development. Annual Report, 1 April 2000: 31 March 2001.

Department of Social Development. Annual Report, 2002/2003.
Department of Social Development, White Paper for Social Welfare, 1997.
Department of Social Welfare, Annual Report, 1999/2000
Department of Social Welfare, Annual Report, 2000/2001.
Department of Trade and Industry, Annual Report, 2002.
Minister of Social Development, Budget Vote 18 Speech, 5 April 2005.
Statistics South Africa, The Labour Force Survey, 2004.
< www.welfare.gov.za>