



## **Towards a Right to Work:** The Rationale for an Employment Guarantee in South Africa

Kate Philip

TIPS

December 2010

---

*This paper was first presented at the National Conference on Inequality and Poverty in South Africa, September 2010, hosted by Plaas, SPI and Isandla Institute; it has since been updated and extended.*

## **Abstract**

---

*What if unemployed people in South Africa had a right – a real right – to a minimum level of regular work on decent terms?*

*In 2005, India passed a law guaranteeing rural households up to 100 days of work per annum, at minimum wage rates. Over 55 million households now participate in the programme.*

*Real policy innovation able to change society in significant ways is rare. India's employment guarantee is an innovation of this magnitude, with implications for social and economic policy, and for the role of the state as employer of last resort where markets fail. In the process, India has given new meaning to the concept of a right to work – opening new policy doors for all of us.*

*This paper analyses the context of structural unemployment in marginal areas in South Africa, briefly describes India's employment guarantee programme, explores the rationale for an employment guarantee in South Africa – and considers lessons from the Community Work Programme on how such a guarantee could work in practise.*

### **Key words:**

*Employment guarantee; NREGA; Community Work Programme; public employment*

## **Acknowledgement**

---

*This paper was largely produced while the author was hosted by the Employment Intensive Investment Programme of the International Labour Office, Geneva, with the support of the South African Presidency and Trade and Industrial Policy Strategies (TIPS). This support is gratefully acknowledged. The views expressed are the author's own – unless otherwise indicated.*

# **Towards a Right to Work: The Rationale for an Employment Guarantee in South Africa**

## **Contents**

1. Structural Unemployment in Marginal Areas in South Africa
2. Learning from Innovation in India: The Mahatma Gandhi National Rural Employment Guarantee Act
3. The Community Work Programme
4. Social, Economic and Institutional Impacts
5. So, What Would it Cost?
6. The Rationale for an Employment Guarantee in South Africa: Building a Society that Works.

# 1. Structural Unemployment in Marginal Areas in South Africa

## 1.1 Structural inequality makes employment creation difficult

South Africa has one of the highest unemployment rates in the world, with formal unemployment at 25.2% (or 4.3 million people) in the second quarter of 2010 ([www.statssa.gov.za](http://www.statssa.gov.za), 4/12/2010), and the rate including 'discouraged' work seekers at 32.7% (or 6.2 million people). But bad as these unemployment statistics are, they mask its uneven spread. In many economically marginalised wards, such as in the former Bantustans and informal settlements, unemployment figures are far higher than the national averages: for example, 67% unemployment in Sakhisizwe Municipality in the Eastern Cape; 58% in Umzumbe Municipality in Kwazulu-Natal, and 57% in Bushbuckridge, Mpumalanga (Community Survey, StatsSA, 2007).

This summary of a community mapping process undertaken for the Community Work Programme in Tjakastad in Albert Luthuli Municipality in Mpumalanga paints a typical picture.

### Summary of key findings from community mapping exercise in Tjakastad, Mpumalanga

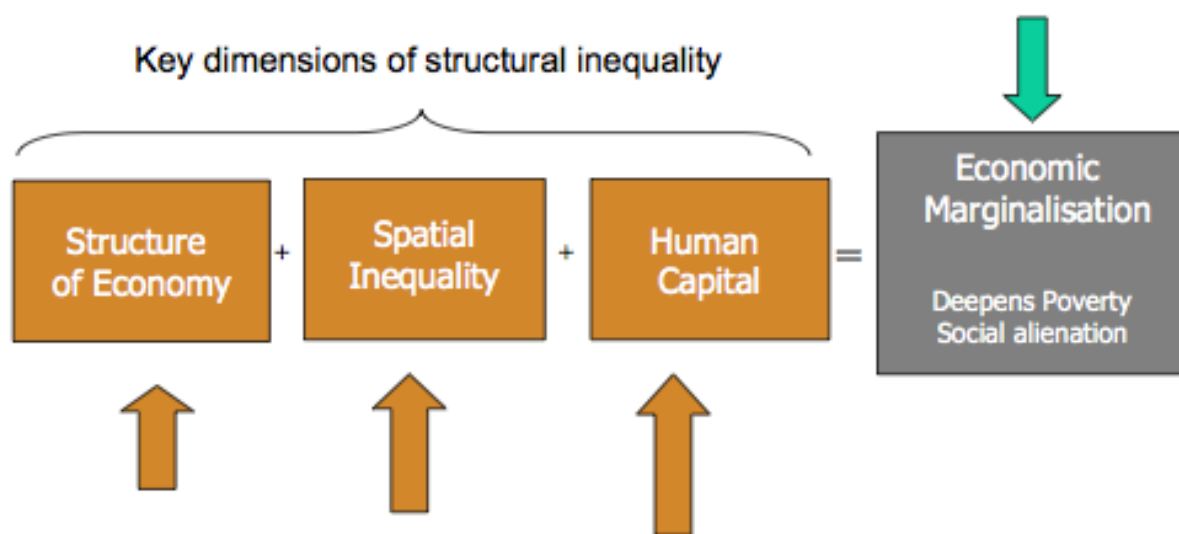
- Population size estimate: 50 000
- Households below the poverty line: 80%
- Unemployment rate estimate: 52%
- Liquor outlets: approximately 100
- Health services: one clinic
- HIV prevalence estimate (2007): 38.9%
- Social workers say that 1 out of 2 children are orphaned or otherwise vulnerable
- Schools: 11 in total; 7 primary, 4 secondary
- No full-time police station, only a satellite station
- Many gangs and high levels of crime
- Main economic activity: agriculture
- Key community challenges include: high levels of HIV/AIDS; large numbers of orphans and vulnerable children; insufficient care, support and protection for OVC; unregulated drinking outlets; violent crime related to alcohol use; alcohol use at schools; crime amongst children and youth; lack of HIV education.

Seriti Institute 2009

The uneven burden of unemployment in poor areas is just one more feature of the deep levels of structural inequality in South Africa, with its roots in key legacies of apartheid: the structure of the economy, spatial inequality, and inequality of access to human capital development.

None of these have remained the same since the end of apartheid, but nor have their impacts been overcome. Their combined effect is to contribute to economic marginalisation, and to make it unusually hard to create employment in marginal contexts in South Africa.

Analysis of these issues informed the key outcomes of a process initiated by the Presidency and hosted in TIPS in 2007-2009, to develop strategies for 'the second economy'. This process concluded that while the concept of 'the second economy' was intended to focus policy attention on the wide disparities in South Africa, the notion of 'two economies' was potentially misleading. South Africa has one economy, characterized by high levels of structural inequality; the challenge is to understand how this translates into poverty and economic marginalisation – and what to do about it.<sup>1</sup>



**Second Economy Strategy Project 2009**

In particular, the structure of the economy means that in South Africa, unlike in many other developing contexts, the informal sector does not provide an easy entry point for self-employment or into the informal sector when other employment opportunities are limited.

<sup>1</sup> For more detailed analysis, see the final report, approved by Cabinet in January 2009 and included in full in the AsgiSA Report in April 2009: 'Addressing Inequality and Economic Marginalisation: A Framework for Second Economy Strategy,' also at [www.tips.org.za](http://www.tips.org.za).

Most manufactured or processed goods bought by poor people are mass-produced in the core economy, and are easily accessible in even the most remote spaza shops. This limits the opportunities for small-scale local manufacturing of products that target poor consumers. This lack of viable opportunities in small-scale manufacturing is a key factor contributing to the bias towards retail trade in South Africa's micro-enterprise sector.

Secondly, a key intention of the 1913 Land Act and later of apartheid policy was to limit black people's access to land, to force them into the labour market. For a while, land-based livelihoods supplemented the low wages of migrant workers. But mounting pressures on land lead to rising dependence of the rural economy on urban remittances and, more recently, on social grants. As reliance on land-based livelihoods declined, so did the institutions required to support these.

So while many other developing countries rely on the rural sector to act as a kind of economic sponge, providing a level of subsistence and/or economic opportunity for large numbers of people who can't find other employment, rural areas in South Africa have been unable to play this role to any great extent.

In South Africa, therefore, two of the most important avenues through which poor people typically engage in economic activity and enter into markets – the informal sector and land-based livelihoods - are severely constrained, and the returns from such participation are often too low to lift people out of poverty. In a context of high unemployment, this makes poor people in South Africa unusually dependent on wage remittances or social grants. This dependence is a consequence of the structural factors described; it's not simply a state of mind or a function of a lack of entrepreneurship - but it certainly contributes to the lack of economic dynamism and to the levels of economic desperation that characterize many of South Africa's poorest areas.

Without change in these structural constraints, employment creation strategies that expect poor people to navigate their way into markets 'from below' are destined to have a high failure rate – as they already do.

The key forms of structural inequality – the structure of the economy, spatial inequality and inequality in human capital formation - are all consequences of the social (and economic) engineering that took place under apartheid. They were intended to give particular interest groups an economic advantage – and they did. While apartheid has gone, these legacies of structural inequality remain, and continue to skew the patterns of economic access and of

distribution. These are not problems that markets – left to their own devices – can or will solve. Without other forms of intervention, markets will simply tend to reinforce these key patterns of inequality.

## **1.2 Unfair distribution of the costs of unemployment:**

### ***‘The winner takes it all...’***

Structural inequality makes employment creation difficult - and unemployment in turn contributes to increased inequality. John Maynard Keynes argued that unemployment is a function of economic cycles and is not the ‘fault’ of the individuals directly affected; as a result, the costs of unemployment need to be treated as societal costs, with the burden shared by society as a whole. Ways of doing so have been central to the levels of equity achieved in much of Western Europe ever since.

In South Africa there is no instrument in place to share the direct costs of unemployment in ways that limit the damage it causes; instead, the full brunt of these costs are borne by the individuals directly affected, and by their households, on a relatively arbitrary basis.

Important as social grants have been in combating poverty in South Africa, there is still a key social protection gap: there is little or no direct cover for unemployed people (and none at all for those who have never been formally employed). As a result, they are not only structurally dependent in economic terms – but also socially dependent on goodwill for their day-to-day survival; for indirect access to social grants from family members who receive them, or for access to wage remittances from friends or relatives who are employed. This is deeply disempowering.

This reality is also a key source of the ‘insider-outsider’ dynamic in South Africa. Those who manage to get (or create) a job can get ahead, with all the inter-generational advantages this brings. Those who can’t are not only economic outsiders – they are outside the ambit of social protection also. This is not the ‘fault’ of workers who do have decent jobs – although they are routinely cast as the villains, along with their trade unions. Instead, the real problem is that there is no societal-level mechanism in place to bridge the distributional chasm that exists between the employed and the unemployed, to ‘socialise’ the costs of high unemployment. Yet the absence of such a mechanism imposes high social costs of a different kind.

### **1.3 It's about more than the money**

A new form of cash transfer would certainly help. But the crisis of unemployment in South Africa is about more than the money. In a context in which the unemployment rate amongst youth is significantly higher than the national average, in which over two thirds of those who are unemployed are under 35 years of age, and in which over half of this group has never had a job, the meaning of work in society - and even the future of work – is potentially at stake.

It is well established that those who lose their employment start to lose the skills, habits and disciplines of work - those who have never been employed never learn them. The longer people are unemployed, the more unemployable they become. The children of those who are unemployed are also less likely to be employed, and statistics show that those who have never been employed are the least likely to succeed in self-employment.

The over-riding social and economic priority in South Africa is to break this vicious cycle; to provide work for those who need it, even where markets can't do so, in order to instil the practices and disciplines of work, to institutionalise and embed the causal link between work and remuneration - currently often absent; to give people access to the dignity of being productive rather than being dependent, and to rebuild their sense of economic agency - of their capacity to change their material conditions through their own actions, to be productive members of their household, their community and their society.

### **1.4 An employment safety net while structural solutions take effect**

The strategies required to address structural inequality, to restructure the economy and put South Africa on a new growth path are crucial to sustainable solutions: but they will take time to implement, it will take time before impacts are evident – and these are likely to reach the most marginalised last.

In strategic terms, that's the key conundrum: we don't have time. Current levels of unemployment are quite simply socially, economically and politically untenable; continued failure to create employment at the scale required is likely to lead to heightened social tension; this in turn is likely to impact negatively on the scope for economic growth and sustainable employment outcomes.



The need to break this cycle is the core rationale for creating a form of employment safety net in South Africa: to enable economic participation where markets aren't doing so, to provide a minimum level of work to those who need it – not as an alternative to the economic policies required to deliver sustainable solutions, but as a complementary strategy to create the space for these to be implemented and to take effect.

The argument that the state should act as 'employer of last resort' where markets fail has a long history in economic thought - but it has only limited precedents in practice. India's introduction of an Act that guarantees rural households a minimum of 100 days of work a year changes that, creating a level of entitlement to work underwritten by the state. This programme now has 55 million participating households – and rising. It is a model of obvious interest for South Africa.

### **1.5 The policy context in South Africa**

South Africa already has a policy commitment to public employment, through the Expanded Public Works Programme (EPWP); but achieving the kind of scale required relative to the scale of the crisis remains a challenge. In Phase 1, from 2004/5 to 2008/9, EPWP exceeded its target of achieving 1 million work opportunities. Important as this was, the target was cumulative over 5 years, and low relative to the numbers of unemployed people.

In Phase Two, the targets have been significantly increased, to 4.5 million work opportunities, averaging 100 days per work opportunity, over five years to 2013/14. These figures are however still cumulative, intended to reach 1.5 million work opportunities per annum (or 680,000 full-time equivalents) in 2013/14. (EPWP Phase Two, EPWP Five Year Report). An intergovernmental incentive to encourage additional employment creation from within existing budgets has also been introduced.

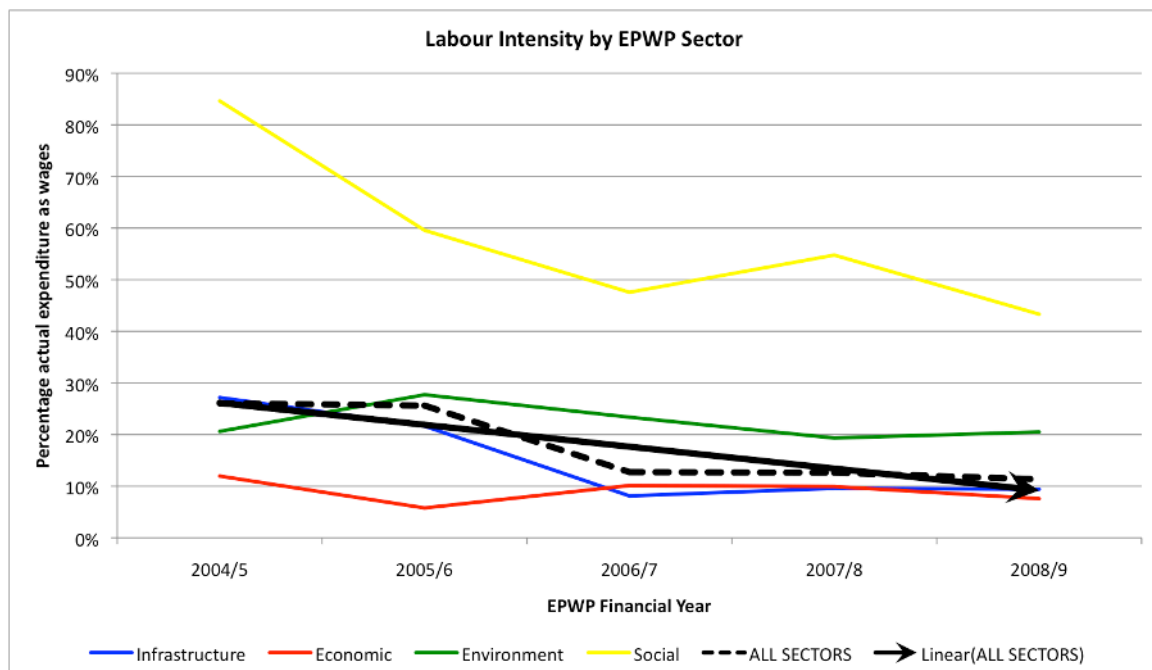
Although much improved, these targets are still relatively low given the scale of the unemployment crisis. The level at which they are set is calibrated more to perceived levels of capacity to deliver than to the scale of need – or even to the scale of financial resources that could be mobilized for this purpose if delivery was really putting pressure on existing budget allocations. Achieving them will nevertheless be a challenge. This is a genuine policy tension: do you set programme targets – and budgets – based on the scale of need, even if a realistic assessment is that on current performance, such targets can't be reached?

While it does not make sense to do so, this does not let policymakers off the hook – or make the scale of need disappear. If a given programme cannot reach the scale required to address a critical policy priority, then complementary or alternative ways of doing so need to be found.

EPWP is an important part of current policy, but key features of the core EPWP model mean it is not easy to scale it up significantly or to convert it into an employment guarantee. This is because EPWP was designed to increase the labour-intensity of existing government investments. This is good spending policy, and the gains from increasing the labour intensity of existing expenditure can make an important contribution to employment creation; but by definition, this contribution is constrained by the scale of existing commitments, and offers incremental rather than exponential gains.

That is not a failure of delivery on EPWP’s part: it is how it was designed; yet what South Africa needs is an exponential expansion in public employment. Within the current model, this is only possible at relatively high cost, because most of the employment creation effects achieved in EPWP at present are tied to outputs that are not intrinsically labour-intensive - even if their labour-intensity can and should be increased.

Figure 1: Labour Intensity in EPWP



If the purpose is to take public employment to a far greater scale, it doesn't make sense to try to do so through the expanded delivery of programmes in which the labour content is in fact often low – unless of course such expansion is justified for other developmental reasons.

Finally, because this approach ties EPWP to wider processes of delivery, it is often hard to target the poorest areas, where unemployment is highest. These are the areas where government delivery is typically weakest, and where the capacity to apply labour-based methods is often the most constrained.

The scope for EPWP to increase the labour-intensity of existing expenditure in government remains important, and scope for significant gains remains. But to go to scale and to target the areas of greatest need, a complementary modality for the delivery of public employment is needed.

What might such an approach look like? What lessons could be learned from innovation in India? How might the concept of an employment guarantee be adapted to meet South Africa's particular set of needs - and constraints?

It was to explore the answers to these questions that the Community Work Programme was initiated in 2007, by the Second Economy Strategy Project in TIPS. The design and pilot phase of the CWP was run outside of government, with donor funding and strategic oversight from a Steering Committee comprising representatives of the Presidency and the Department for Social Development, and later also from National Treasury, the Department of Cooperative Governance and the Department of Public Works.

In the State of the Nation address in June 2009, President Zuma committed government to 'fast-track' implementation of the CWP; it was also recognised as a new component in Phase Two of EPWP, its targets and budgets were raised, and during 2009/2010, it made a series of transitions into government until its formal transfer into the Department of Cooperative Governance (DCoG) from April 2010, with a target to have the CWP operating in at least two wards per municipality by 2014.

The Community Work Programme is not, in its current form, an employment guarantee. It is, however, a new modality for the delivery of public employment, to complement existing programmes and enhance delivery capacity. It was also designed with the explicit intention

of developing and testing an approach that could be used to implement an employment guarantee in South Africa – or at least to scale up public employment to meaningful levels.

While the CWP is still only an ant compared to India's elephant, its growth in eighteen months from 1,500 participants in April 2009 to 74,905 participants by September 2010 demonstrates its potential to go to significant scale, and to mobilise the local partnerships and capacities required to do so. With a labour-intensity of 65% at site level, it is highly cost effective. The fact that communities identify and prioritise the work to be done at local level is also having a wide range of additional development impacts, and is strengthening local institutions. While it is a government programme, it is also a community-driven one, implemented by non-profit agencies.

If the target of establishing a presence for CWP in every municipality by 2014 is achieved, then the institutional architecture required to roll out an employment guarantee will be in place. The steps required to make such a transition would not then be huge: the development implications certainly could be.

## **2. Learning from Innovation in India: NREGA**

The Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) was promulgated in India in 2005; implementation of the National Rural Employment Guarantee Scheme (NREGS) began in February 2006. Through the Act, the state guarantees a minimum of 100 days of wage employment to every rural household with unemployed adult members willing to do unskilled work. By mid 2010, over 55 million households were participating in the scheme.

These are NREGA's main objectives:

- Providing wage employment opportunities
- Creating sustainable rural livelihoods through regeneration of the natural resources base i.e. augmenting productivity and supporting creation of durable assets and
- Strengthening rural governance through decentralisation and processes of transparency and accountability. (Sharma 2010)

### **Key features of NREGA:**

- The state guarantees up to 100 days of wage employment per annum to every rural household with unemployed adult members willing to do unskilled manual work.
- Such households apply for registration to the local Gram Panchayat (local government); they are issued with a Job Card.
- They may then submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought – with a minimum of fifteen days.
- The Gram Panchayat issues a dated receipt for the application.
- The Act specifies that ‘if an applicant under this act is not provided such employment within fifteen days of his application seeking employment’, s/he shall be entitled to a daily unemployment allowance which will be paid by the state government. ‘
- While central government pays the wage costs and 75% of materials cost in the scheme, state governments that are unable to provide work within fifteen days must pay the unemployment allowance from their own budgets.
- Work is identified and planned by the local state, and must have a 60:40 wage: material ratio. Contractors are prohibited.
- Work should be provided within 5 km of the village or else extra wages of 10% are payable. (Summarised from NREGA)

The kind of work that can be performed under NREGA is specified at national level, and has focused on water conservation, drought proofing, construction of irrigation canals and other works focused on land, rural infrastructure and environmental services.

According to Amita Sharma, Joint Secretary of the Ministry of Rural Development, responsible for NREGS: ‘The most significant features of the NREGA are that it creates a rights-based framework and that it is a law.’ (Sharma 2010).

This in turn creates a set of paradoxes in implementation: work is an entitlement, but accessing that entitlement requires a certain level of information and of organization from rights-holders:

Exercising rights, making choices, wresting entitlements from entrenched systems requires capabilities and most wage seekers lack these. How can they avail of the rights invested in them by the Act? There are no simple solutions. (Sharma 2010)

The rollout of NREGA has relied on demand from below, in a context of uneven capacity as well as uneven willingness to deliver the programme at local government level. Sharma is quick to highlight that delivery is uneven, and so are the outcomes from ‘four breathless years of rapid expansion’; that in many respects, it is too early to say with certainty what the impacts and implications of NREGA will be; and that outcomes need to be viewed as ‘processes set in motion’ (Sharma 2010).

The implementation of an employment guarantee in India has taken place within a context of remarkably high public scrutiny and ongoing public debate. NREGA was passed at the same time as India’s Right to Information Act, which in turn arose as a consequence of a mass campaign against corruption, focussed in part on public works programmes. In the state of Rajasthan, a grassroots organisation discovered large-scale fraud in the local public works programme, and demanded information from local authorities:

Soon villagers realised they had been defrauded and millions of rupees worth of work shown as having been completed was, in fact, never even taken up in the first place. Old public works were passed off as new. Local contractors and elites had received payments for non-existent structures. Wages were supposed to have been paid to people who did not exist in the village. (Burra 2008)

To assist in overcoming concerns about the scope for corruption in public works programmes, the Act stipulates that all information on the scheme should be in the public domain: and it is – see [www.nrega.nic.in](http://www.nrega.nic.in).

It [the website] includes separate pages for approximately 250,000 Gram Panchayats, 6,467 Blocks, 619 Districts and 34 States & UTs. All Job cards and Muster Rolls [Attendance Registers] are being uploaded on the NREGA website. (Sharma 2010).

This level of electronic transparency is complemented by social processes. The Act requires that social audits be undertaken bi-annually at each site, with a community assembly held to verify the information as reported. This has introduced unprecedented levels of local accountability – but in the process, the social audits pose their own set of challenges. In some instances, the process has been criticised as merely a rubber stamp because villagers lack the capacity to hold officials to account. Yet in other cases, public accusations of corruption can leave little scope for due process for those accused – and few villages are without any history of scores to be settled. In addition, where the social audit becomes

adversarial, the scope to use it as an opportunity to reflect on real constraints and challenges in implementation is easily lost, and even honest officials can find the process daunting. The critical issue is however the way the social audits have opened the space to strengthen local processes of holding public officials accountable – and the institutional practices emerging to address the risks described.

Within this context of ongoing contestation over the impacts of the programme, some key outcomes highlight its potential to transform rural India in profound ways.

A key issue is the role of NREGS in setting the floor for labour market standards. In India, despite minimum wages in the agriculture sector, workers have until now had little alternative but to work for lower than these wages – and because minimum wages in agriculture are set at state level, even the minimum is sometimes set very low. By setting a national minimum wage, NREGS now provides an alternative to desperation wages – even if this alternative is limited to 100 days a year. Despite an outcry from landowners that as a result, NREGS has created labour shortages, and despite uneven impacts across states, the employment guarantee now offers a powerful new instrument for setting minimum standards in contexts in which they are often unacceptably low. This is a key contribution to the decent work agenda: by setting the real floor for labour standards in rural areas.

A crucial part of this is the impact of paying equal rates for women and men – largely unprecedented in practice in rural India. The provision of childcare facilities on site – although also still uneven in practice - has further enabled the economic participation of women – who make up over 50% of the participants.

The work is focused on improving rural infrastructure and agricultural productivity, and constitutes an increasingly important investment in India's natural resource base, with the programme also seen as a key part of India's 'green jobs' and climate adaptation strategies.

NREGS is credited with reductions in distress migration; and while the programme is focused on unskilled work, it has created new skilled jobs in rural areas also. Wages are paid through bank accounts, and this has acted as a huge stimulus to financial inclusion. The sheer scale of NREGA means this has enabled wider ATM rollout in rural areas, and innovations such as the use of hand-held devices to capture bio-metric information – like thumb-prints – to confirm attendance at work sites.

Many challenges remain. For example, despite the legal provisions for an unemployment benefit to be paid where work is not provided, this entitlement has proved hard to secure, with the NREGA website indicating that in the financial year 2010/2011, the unemployment allowance has only been paid out for 19,219 days, in relation to 1,492,079 claims, and even this probably understates the instances in which work has been demanded but not delivered within the 15 days period.

While the outcomes of NREGA may still be 'processes set in motion,' and the impacts and possibilities to which they give rise are still in flux and often contested, NREGA has nevertheless opened a range of new development trajectories in rural India: with the creation of a statutory right to work for a defined set of rights-holders taking rights-based approaches into important new territory, giving a new materiality to the concept of a right to work, and opening new policy doors for all of us.

### **3. The Community Work Programme**

#### **3.1 Key design features of the CWP**

The Community Work Programme is not an employment guarantee, but it was inspired by India's example, and was initiated to test ways in which such an approach could be adapted in South Africa.

The CWP provides participants with a minimum number of days of regular work, typically two days a week or the monthly equivalent. The wage rate in 2009/10 was R50 a day, rising to R60 from 1 November 2010, to align with the newly-promulgated Ministerial Determination for workers in EPWP. CWP is an area-based programme, targeting poor communities in rural and urban areas.

The CWP was designed as 'an employment safety net and not an employment solution', providing a minimum level of regular and predictable work while wider policy processes to create sustainable employment take effect.

The CWP was also designed to demonstrate ways of taking development delivery to significant scale, in a context in which economic programmes targeting poor people have tended not to do so: CWP has a target minimum of 1,000 people per site. Sites vary in geographical size, covering an average of 5 wards.



It is designed to be an ongoing programme, and while it may help participants access other opportunities, there is no forced exit back into poverty where such opportunities do not exist.

CWP Annual Report: 2009/10

This lack of forced 'exits' is in recognition of the structural nature of unemployment, and the fact that even if the economy starts to create employment at scale, this will not reach the most marginalised areas any time soon, where the scope for self-employment is also severely constrained.

The work performed in CWP must be 'useful work' – work that contributes to the public good, and/or to the quality of life in communities – and that does not displace jobs in the public sector. A key feature of the CWP is that work is identified and prioritised through participatory processes at community level.

In practise, this means that work is multi-sectoral; yet a common set of priorities has emerged in most sites, and these have become the 'anchor programmes' in CWP. These include in particular home-based care for households affected by HIV, TB, and other illnesses; care of orphans, vulnerable children and the elderly; a focus on food security; auxiliary support to schools; youth recreation activities; community security; community clean-ups and environmental rehabilitation.

These are all necessary elements within an integrated development process at local level, where significant backlogs in delivery exist. Many are also activities that fall within existing mandates of different line departments or spheres of government; many civil society organisations are involved in delivery in these areas also. A key issue in the design phase of CWP was therefore how to support and enhance delivery, without creating duplication. The institutional arrangements at site level are key to this:

Part of the reason for the easy uptake of the CWP is that the consultation and community mapping exercises in each place have brought commitment to the process from a wide range of local actors. In each site there is an active Reference Group for the CWP, which draws in councillors, officials from the local municipality and relevant government departments, ward committee representatives and other community leadership. The existence of active reference groups has ensured that the CWP aligns with and contributes to the Integrated

Development Plan in each locality and benefits from the insights and expertise of reference group members.

Gavin Andersson and Sibusiso Mkhize, Seriti Institute,  
CWP Report December 2009

The IDP process is an annual process: the nature of the CWP means that the turn-around time is shorter. When effectively aligned, the CWP can assist in keeping participatory processes around development planning issues 'live' in ways that strengthen the interface between communities and local government. The interface with local government and ward committees is also key to enabling the CWP to make the necessary linkages to other spheres of government and line departments, in order to 'draw down' their support in a demand-driven way.

In the CWP's pilot phase, the concept was operationalised by two Implementing Agents, Seriti Institute and Teba Development. At the start of the pilot process, the CWP model was untested and uncosted, and required high levels of institutional innovation – and learning through trial and error. Funding flows were highly erratic. This had negative impacts on continuity and certainty at site level: certainly not ideal for a programme intended to test the impacts of 'regular and predictable' work. Uneven as these processes were, however, invaluable lessons were learnt, which now inform the norms and standards of the programme.

While CWP Implementing Agents devolve key functions to local level over time, they provide the capacity required to set up systems so that work can start. Each site is different; each site has its own particular history, stakeholders and challenges that influence the rollout process. Planning, logistics and management are seldom seamless from the start, but what matters is the trajectory of the process as the CWP becomes institutionalised at local level, as roles clarify and as communities learn to navigate the challenges and opportunities that the CWP provides.

**Table 1: Participation at CWP Sites: extracted from CWP Management Report August 2010.**

	CWP Sites	Province	District	Municipality	Number of Wards	Actual Participation Rate to September 2010	Unemployment rate in Municipality*
1	Pefferville	Eastern Cape	Amatole	Buffalo City	4 Wards	1 985	39
2	CRDP 4 Mhlontlo	Eastern Cape	O.R. Tambo	Mhlontlo EC156	25 wards	998	28
3	Umvimvubu 1	Eastern Cape	Alfred Nzo	Mzimvubu	7 Wards	1 015	46
4	Umvimvubu 2	Eastern Cape	Alfred Nzo & OR Tambo	Uzimvubu & Mhlontlo	18 Wards	1 725	45; 28
5	Matatiele 1	Eastern Cape	Alfred Nzo	Matatiele	10 Wards	995	39
6	Matatiele 2	Eastern Cape	Alfred Nzo	Matatiele	10 Wards	994	39
7	Elliotdale	Eastern Cape	Amathole	Mbashe & Ngqushwa	10 Wards	1 050	52; 50
8	Senqu	Eastern Cape	Joe Qabi	Senqu & Elundini	7 Wards	3 309	50; 33
9	Keiskammahoek	Eastern Cape	Amathole	Amahlathi	6 Wards	2 174	49
10	KSD Mthatha	Eastern Cape	O R Tambo	KSD	9 Wards	1 029	35
11	Sakhisizwe	Eastern Cape	Chris Hani	Sakhisizwe	3 Wards	1 131	67
12	Mbizana	Eastern Cape	O R Tambo	Mbizana	10 Wards	1 030	24
13	Gariep	Eastern Cape	Joe Qabi	Gariep	4 Wards	1 089	43
14	Lephephane	Limpopo	Mopani	Greater Tzaneen	3 Wards	2 277	43
15	Muyexhe	Limpopo	Mopani	Greater Giyani	3 Wards	1 008	45
16	Tubatse	Limpopo	Sekhukhune	Greater Tubatse & Makhuduthamaga	7 Wards	1 071	53; 60
17	Tjakastad	Mpumalanga	Gert Sibande	Albert Luthuli	18 wards	2 979	46
18	Bushbuckridge	Mpumalanga	Enhlazeni	Bushbuckridge LM	10 Wards	2 076	57
19	Richtersveld	Northern Cape	Namakwa District	Richtersveld local	1 ward	1 182	21
20	CRDP 3 Riemvasmak	Northern Cape	Siyanda	Kai Garieb, but under Siyanda DMA	TBA	901	22
21	Bokfontein	North West	Bojanala	Madibeng	1 ward	2 050	34
22	Meriting	North West	Bojanala	Rustenburg	6 Wards	2 112	28
23	CRDP 1 Moses Kotane	North West	Bojanala	Moses Kotane	1 Ward	1 135	46
24	Rustenburg	North West	Bojanala	Rustenburg	10 Wards	885	28
25	Mthwalume	KZN	Ugu	Umzumbe	5 Wards	1 857	58
26	Jozini	KZN	Umkhanyakude	Jozini & Mtubatuba & Mbazwane	19 Wards	2 037	28; 19; 20
27	Nongoma	KZN	Uthangulu & Zululand	Nongoma	13 Wards	1 492	63
28	Mkunduzi	KZN	Umgundolovo	Mkunduzi	23 Wards	1 181	39
29	Msinga	KZN	Umkhanyakude	Msinga	4 Wards	1 026	56
30	Koppies	Free State	Fezile Dabi	Ngwathe local	2 Wards	2 452	38
31	CRDP 2 Maluti-a-Phofung	Free State	Thabo Mofutsanyane	Maluti-a-Phofung	1 Ward	1 086	51
32	Welkom	Free State	Matjhabeng	Welkom & Henneman	4 Wards	3 825	35
33	Motheo	Free State	Motheo	Naledi	4 Wards	1 124	37
34	Grabouw	Western cape	Overberg	Theewaterskloof	5 Wards	1 146	19
35	Proudly Manenberg	Western cape	City of Cape Town	Manenburg	3 Wards	1 280	
36	Munsieville	Gauteng	West Rand	Mogale City	3 wards	1 534	26
37	Mogale 2	Gauteng	West Rand	Mogale City	29 wards	1 942	26
38	Merafong	Gauteng	West Rand	Merafong -	23 Wards	1 776	26
39	Joburg Region A	Gauteng	City of Jhb	City of Jhb	9 Wards	1 246	30
40	Joburg Region C	Gauteng	City of Jhb	City of Jhb	5 Wards	1 069	30
41	Joburg Region E	Gauteng	City of Jhb	City of Jhb	9 Wards	1 816	30
42	Joburg Region F	Gauteng	City of Jhb	City of Jhb	9 Wards	2 577	30
43	Joburg Region G	Gauteng	City of Jhb	City of Jhb	3 Wards	1 100	30
44	Westonaria	Gauteng	West Rand	Westonaria	12 Wards	1 731	28
45	West Rand District	Gauteng	Westrand District	Westrand District Municipality	15 Wards	623	17
46	Randfontein	Gauteng	West Rand	Westrand District Municipality	2 Wards	1 466	17
47	Randfontein War of Poverty	Gauteng	West Rand District	Randfontein	15 Wards	1 083	26
48	Merafong (War on Poverty)	Gauteng	West Rand district	Merafong	3 Wards	1 256	26
49	Westonaria	Gauteng	Westonaria	Bekkersdal	7 wards	980	28
	<b>Total</b>					<b>74 905</b>	

\* Community Survey 2007 StatSA

Effective community development skills are key to the rollout of CWP, and a range of innovative methods of community consultation and skills transfer have been encouraged. For example, a methodology called the 'Organisation Workshop,' first developed by Clodomir Santos de Morais in Brazil and adapted by Seriti Institute, is a 3-4 week action-learning process that can involve large numbers of people at community level. It teaches collective organisation, work organisation and task management skills – all crucial to the effective running of the CWP.

The largest OW held in South Africa was held in Meriting, near Rustenburg, and involved 400 people from six communities. This was the 'Learning Camp' for the Kwanda programme – an innovative reality TV show in which participants competed to make their communities 'Look better, feel better and work better' over a six week period. Kwanda was an initiative of Soul City Institute, Seriti Institute and the Department of Social Development. All Kwanda sites became CWP sites. (CWP Annual Report: 2009/10).

### **3.2 The rationale for a focus on regular and predictable work**

A key design feature of the CWP is its emphasis on providing ongoing access to a minimum level of regular work, rather than to full-time but short-term employment. The rationale for this is described in the March 2010 CWP Institutional Overview; the key arguments are summarised below.

The key rationale is to ensure that people with limited alternatives can rely on at least a minimum level of regular work on an ongoing basis, to provide a predictable earnings floor. This offers a 'safety-net', rather than a once-off 'windfall' from project-based employment, in a context in which for most participants, the structural nature of unemployment means that short-term public employment does not act as a springboard into decent work, but instead, means an exit back into poverty.

At the same time, the approach recognises that unemployed people are rarely 'idle'; they rely on a mix of casual work, income-generating activity and other livelihood strategies. While these may not be lifting them out of poverty, it still makes economic sense to supplement these rather than to displace them. Regular part-time work allows this.

At the same time, offering two days of work a week (or the monthly equivalent) avoids any risk that conditions in CWP may attract people out of other work – and if it does, it means conditions are so bad that this can only be a good thing.

In addition, it is also widely recognised that unemployment leads to a lack of structure in people's lives, to isolation, exclusion from the wider community, and a loss of self-esteem. The social consequences of this can include alcoholism, aggression, domestic violence, depression and/or anti-social behaviour. The focus on regular work is intended to counter this by providing a level of predictability, structure, and social inclusion on a sustained basis.

A sustained increase in incomes is also considered more likely to contribute to a sustainable improvement in nutrition and health in the household.

Finally, a regular increase in income means a regular increase in consumption spending. At the scale envisaged, such a boost to local consumption has the potential to 'thicken' local markets in sustainable ways, creating new opportunities to deepen the impacts on the local economy also.

### **3.4 The transformative potential of 'Useful Work'**

At the inception of the CWP, these were two of the critical 'open' questions:

- What would be the scale of demand for work on the terms offered?
- Would it be possible to identify enough 'useful work' to keep 1,000 people productively employed each week?

In practice, demand for work way exceeds the target in most CWP sites; nor is there a shortage of 'useful work' to be done at local level – although the development of 'anchor programmes' able to absorb large numbers on a consistent basis has proved key.

Community mapping exercises and consultation processes have been used to inform the work agenda. For example, this is how Tjakastad converted the set of challenges addressed in the community mapping exercise into a set of work outputs:

Work has concentrated on home-based care, with 361 homes visited and 78 families regularly cared for. A total of 88 adults and 44 children who are infected with HIV and 18 people with TB were assisted with getting medical support; 16 child-headed homes and 42 orphaned and vulnerable children have been

helped with food, school uniforms and care. Seven new crèches are operating. Twenty-four people were helped with IDS and birth certificates. The community hall was renovated and toilets constructed. Eight parks, one in each section of the township with braai stands and playground equipment have been completed and launched in December. Road works and the construction of pedestrian bridges are also underway. The community has several small gardens and is the pride of the municipality. The Community Policing Forum has come alive with the help of the CWP, and regular patrols are held. The satellite police station is staffed 24 hours a day, throughout the week. Crime rates have gone down markedly, according to local police, and the gangs for which the village was famous have now disbanded.

Seriti Institute Report for Tjakastad, March 2010

The work identified in Tjakastad is typical; a set of common anchor programmes have developed at both urban and rural sites. This includes a strong focus on care, often linked also to food security:

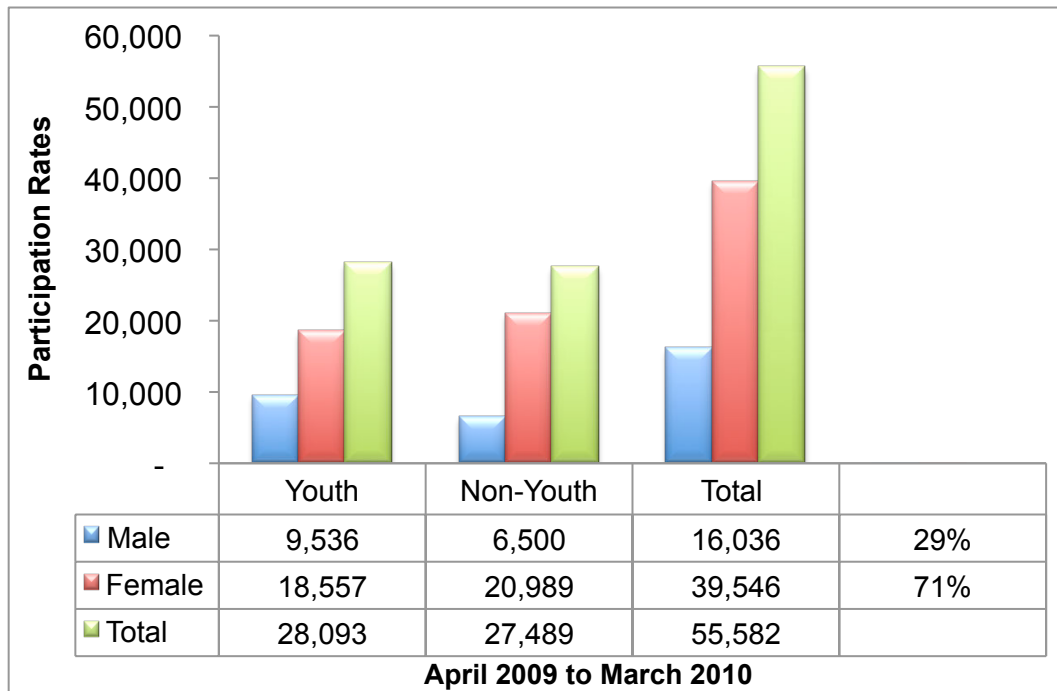
Food gardens have been created in almost all communities, in the grounds of schools and clinics, on wasteland and in the backyards of vulnerable households... Schools receiving the food report that it can make an immediate and dramatic difference to learners' ability to participate in class, and improve their general performance. In many HIV/AIDS affected households, there is a decline in the availability of labour both from the person who is ill and from caregivers in the family. This contributes to a downward poverty spiral. By providing labour to food gardens for such households, this cycle can be averted or reversed. In some cases access to food has allowed patients being treated with antiretrovirals to regularise their treatment.

CWP Annual Report 2009/10

The CWP has been used to offer auxiliary support to local institutions struggling under the weight of inadequate resources and capacity. This has included support to schools:

Schools willing to participate were selected and the governing bodies and communities were asked to identify community members with a matric who had an interest in education. The number of applicants exceeded the number of assistants that could usefully work at schools and included unemployed teachers.

**Graph 2: Demographics of Participation**



*CWP Annual Report 2009/2010*

Young women are the single biggest constituency of participants. Much of the ‘work’ also addresses challenges of youth alienation, creating recreational spaces, converting dumps into community spaces and parks, and structuring organised recreational activity.

Community safety is a recurrent theme. In Pefferville in the Eastern Cape, dense bush alongside the Buffalo River was cleared to destroy criminals hiding places: ‘Where before there was a dreaded forest there is now community parkland and vegetable gardens along the banks of the river.’ (Seriti Business Plan: July 2009).

If clearing bush can make a difference to community safety, why does it need the CWP to make it happen? The fact that the CWP can pay people to do the work is obviously crucial, but it is only part of the story. The CWP provides an institutional mechanism that seems to enable and unlock local initiative, because it provides an organised channel through which a wide variety of community problems can be tackled - in ways that can be sanctioned by the wider community, civil society organisations as well as by government institutions.

## 4. Social, economic and institutional impacts

We used to go bed with empty stomachs but now we are swiping cards like educated people.

From a song of CWP participants in Nongoma, KwaZulu-Natal

Much of the initial focus of the work in the CWP has been on addressing immediate social crises: vulnerable children, sick and elderly people, destitution, inadequate nutrition and food security, safety, and care of many kinds. This investment in human capital is an important investment in social development, but human well-being is also a necessary starting point for sustainable economic development. The content of work at CWP sites also includes an increasingly explicit focus on work that contributes to basic services (particularly in off-grid areas) and to local economic development: to public/community assets, to community infrastructure, to environmental rehabilitation and development – with spin-offs for co-ops and wider enterprise development also.

The impacts and outcomes of CWP are however still ‘processes set in motion’, nascent and in flux; some were intended, many have been unanticipated - and many challenges remain. To off-set the risk of understating these - a quick reality check from a CWP veteran:

The process of creating the CWP was not straightforward, it was not simple, it did not happen without tensions, contradictions and setbacks – and these are inevitably still part of the process. This is to be expected.

Oupa Ramachela, Department of Social Development  
and CWP Steering Committee

While recognising that the CWP is still a relatively new programme, some of its most interesting initial outcomes are in relation to its institutional impacts, because of their potential to enable and catalyse wider development processes. They do so by strengthening the interface between government and communities, in a way that has allowed a government programme to be community driven, as well as by supporting the development of the kinds of organisational capacities that assist communities to make things happen at local level. This is assisted by the fact that the CWP is highly visible, not only to participants, but to the community as a whole.

At a CWP site, 1,000 people or more come together in one place each week to be assigned to their work. This has become a magnet for other civil society organisations who want to get a message out, make people aware of what they



are doing. It's a simple thing but it has made a difference to people's access to information. Government departments are using this also; people become more aware of their rights and about what is happening.

Sibusiso Mkhize, Seriti Institute

Regular access to the labour power of 1,000 people is also a vast development resource at local level; its transformative capacity is only starting to be seen and understood: in social and economic terms – as well as in the lives of participants.

In sum, a range of different trajectories of impact are emerging that need to be further explored. In particular, these include the following:

- The transformative impacts of participation in work on the lives of participants - the rekindling of a sense of dignity, self-esteem and social and economic agency;
- The social and economic impacts of the incomes earned: how these are used, and how this impacts on poverty indicators as well as on the local economy;
- The impacts of the work done – of the public goods and services delivered - on the community, on the local economy, and on local market development processes;
- The institutional impacts, including stronger participation in local development planning, the growth in local capacities to identify, organise and manage work, the strengthened forms of local accountability, and the deepening of democracy that this entails.

## **7. So, What Would it Cost?**

The CWP costing model is a simple one. At site level, 65% of the costs are for the costs of labour. All other implementation costs, including tools, materials, and project management, are covered from the balance of 35% of the site-level budget.

On top of this, an allocation of ten percent of all these site-level budgets is allocated for overall programme management. At this stage, this covers Departmental costs and any other layers of intermediation the Department may choose to build into the model over time.

In 2010, the actual annual cost for a CWP site with 1,000 participants was just over R9 million; including overall programme management costs, this translates into about R10 billion per million participants.

This is substantially lower than other recent estimates of the costs of scaling up public employment; for example, the HSRC's Employment Scenarios estimate that 2.9 million work opportunities in EPWP would cost R59 billion – or R20.3 billion per million people. (Altman 2009). This is not, of course, a comparison of apples with apples – and that is the point. The costs of public employment will vary substantially depending on programme design – and – all other things being equal – on labour intensity in particular. If the purpose is to reach scale, and cost is a key constraint, then this is crucial: it's potentially the difference between a viable policy option - and a non-starter.

So, to return to earlier arguments: if the labour intensity of existing, necessary expenditure can be increased, then these jobs are essentially 'free' – or at marginal additional cost. That's hard to beat; it's the logic on which EPWP was originally designed, and it's what the new fiscal incentive managed by EPWP in Phase Two is trying to incentivise. In this context, it doesn't matter if the overall labour intensity of the work being done is low – as long as the effect of the programme is to increase it – and the cost is limited to the cost of doing so. But as soon as it becomes necessary to create additional employment beyond this threshold, then the labour intensity of the work performed matters a great deal.

At present, cost calculations for scaling up public employment tend to assume that the same 'basket' of economic activities will be undertaken, at the same cost and labour intensity ratios: without taking into account that there are other ways of doing it.

## **8. The case for an employment guarantee in South Africa: Building a society that works**

Structural inequality makes employment creation difficult, especially in marginal economic areas; unemployment in turn further deepens inequality. The lack of social protection for unemployed people means they carry this burden most directly; but there are also other social costs to high unemployment.

The combined effects on South African society are devastating, locking people into poverty and contributing to rising social tension. But the kind of structural change required to put South Africa onto a new growth path, to create sustainable jobs and to achieve different distributional outcomes will take time to deliver results - and patience with solutions that take time is simply running out.

South Africa needs a form of employment safety net while longer-term policies take effect. In fact, at this stage, such an approach may even be a necessary condition for the kind of wider structural change that is required. Without such a strategy, the pressure on the core economy to create employment at a scale it simply cannot achieve in the short term is likely to lead to heightened conflict over economic policy – and an increased risk of policy designed to ‘make’ the economy deliver employment outcomes – when the conditions for it to do so at the necessary scale are simply not currently in place.

South Africa needs an instrument to facilitate people’s economic participation even where markets are failing to do so – to unlock the economic contribution of those currently excluded, to give people access to the dignity of being productive rather than being dependent, and to rebuild their sense of economic agency.

These are the core arguments for South Africa to adopt and implement an employment guarantee, in ways that meet our own particular challenges. The Community Work Programme was initiated to explore how this might be done in practise; and while many challenges remain in institutionalising and scaling up the programme, the kinds of impacts and outcomes starting to be glimpsed in the CWP offer insight into new policy possibilities also.

In particular: taken to scale, and institutionalised as an ongoing part of policy, might an employment guarantee also be an instrument for the kind of structural change needed in

marginal areas? Not the only one, certainly; but nevertheless a new policy instrument in which the need for employment creation drives significant public investment at the local level – in an integrated way that addresses many of the key elements required for such structural change.

An employment guarantee would provide a sustained investment in local incomes. A sustained rise in local incomes is a necessary condition for wider local economic development: how to achieve this is a key part of the development conundrum that has locked such areas into poverty. But an employment guarantee doesn't only contribute to raising aggregate demand at local level: it also invests in human capital development, in public/community goods and services, and in natural capital, in ways that further enhance the potential for sustained social and economic development. All of these elements are necessary ingredients of structural change in marginal areas.

Using the CWP model, such an approach could achieve these outcomes on terms that also build local organisational capacities and institutions, strengthen participatory processes of development planning, deepen local democracy, and unlock economic agency.

In other words: while the case for an employment guarantee has focussed on its role as a form of 'employment safety-net' where markets fail, could an employment guarantee also be an instrument of structural change, catalyzing wider social, economic and market-development processes in marginal areas?

---

## References

Altman, M. 2009. Can South Africa's Employment Targets be Met in the Context of the Global Economic Crisis? HSRC, Pretoria

Burra, Neera, undated. Transparency and accountability in employment programmes: the case of NREGA in Andhra Pradesh; occasional paper, Levy Economics Institute of Bard College, NY; [www.levyinstitute.org/pubs/EFFE](http://www.levyinstitute.org/pubs/EFFE) 18/10/2010.

Expanded Public Works Programme Five Year Report: 'Reaching the One Million Target'; Department of Public Works; [www.epwp.gov.za](http://www.epwp.gov.za); 8/01/2011.

Hemson, R. 2007. Mid-Term Review of the Expanded Public Works Programme: Synthesis

Report. Human Sciences Research Council

Lieuw-Kie-Song, M; Philip, K; 2010. Mitigating a Jobs Crisis: Innovations in Public Employment; Working Paper, Employment Intensive Investment Programme, International Labour Office, Geneva.

McCutcheon, R; Taylor Parkins, F. 2010. Rhetoric, Reality and Opportunities Foregone during the expenditure of over R40 billion in the Infrastructure Sector, 2004 to 2009 DPRU/TIPS Forum, Johannesburg 2010

Mehrotra, S, 2009. National Rural Employment Guarantee Act; Presentation: Employment Guarantee Policies: Responding to the Current Economic Crisis and Contributing to Long-Term Development, Levy Economics Institute of Bard College and UNDP: 22-23 June 2009.

Ngandu, S. Cross, C. Jacobs, P. Hart, T. Matshe, I. Altman, M. 2010. The Socio-Economic Impact of the Global Downturn on South Africa: Responses and Policy Implications. HSRC Pretoria.

Philip, K, 2010. Addressing Inequality and Economic Marginalisation; New Agenda Issue 37, Institute for African Alternatives, Cape Town

Sharma, A, 2010. Rights-based Legal Guarantee as Development Policy: A Discussion on the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA); United National Development Programme: forthcoming.

Second Economy Strategy Project. 2009. Addressing Inequality and Economic Marginalisation: A Framework for Second Economy Strategy. TIPS, Pretoria.

#### **CWP Programme Documents:**

Community Work Programme, 2010. Annual Report 2009/10:TIPS (Trade and Industrial Policy Strategies) Pretoria.

Community Work Programme, 2010. CWP September 2010 Report: TIPS, Pretoria.

Community Work Programme Institutional Overview, March 2010

Seriti Institute: Report to Community Work Programme, December 2009:

Seriti Institute Community Work Programme Business Plan, July 2009

Teba Development Community Work Programme Business Plan: July 2009.