Towards a National Anti-Poverty Agenda for civil society

Background paper for SANGOCO's civil society Platform of the National Poverty Forum

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0. Introduction

The disturbing fact is that evidence is mounting that our policies are failing the poor and that we are, in the words of the Minister of Welfare, Zola Skweyiya, 'sitting on a time bomb of poverty and social disintegration'.[2] Persistent and 'increasing' levels of poverty [3], violence, social inequality, highly inequitable income and asset distributions, poor economic growth, etc. have the potential to 'reverse the democratic gains made since 1994'.[4] If urgent action is not taken, 'our society', in the words of a prominent South African economist, 'cannot be sustained and will collapse in 10 to 15 years because of growing inequalities'.[5]

This discussion document provides a background resource to inform the deliberations of civil society organisations that are formulating a fresh and comprehensive national strategy to promote poverty eradication in South Africa. It proposes a coherent approach to the issue and presents basic evidence and trends that can inform a process of prioritising effective anti-poverty campaign elements. It is not exhaustive but meant to stimulate debate, provide context and pointers to enable the leaders and decision-makers to make informed political decisions about the future of the War Against Poverty Campaign.

The first section reflects on the success of a Kerala State in India, which has become an inspiration for development activists in the South advocating for effective poverty eradication in spite of the prevailing, even if retreating, neo-liberal economic dogma. It serves as a beacon for thinking beyond limits of 'the possible' and reinforces the imperative of finding locally specific and appropriate solutions. The rest of the document is structured into three sections, each dealing with a potential strategic plank of a coherent anti-poverty strategic framework. The three sections focus on: i) pro-poor macro economic policy; ii) pro-poor budgets and monitoring; iii) broad-based social safety net.

Thinking Beyond Constraints

The Indian state of Kerala[6], one of the most densely populated regions in the world[7] has become an enigma to analysts of international development, social progress and peaceful change in the Third World. In less than 30 years, Kerala has made a transition from a society with high infant mortality rates, high fertility and population growth rates, and a high crude death rate to one with a low infant mortality rate, very low population growth rate, and a low crude death rate. Kerala has achieved almost full literacy. While the HDI[8] was 0.925 (1994) for the USA, Kerala stood at 0.775 (1994), with a per capita income of one-hundredth of the former.[9] In less than thirty years, Kerala with a per capita income that is one of the lowest in India has attained indicators of social development on a par with European and North American levels.

The factors responsible for Kerala's achievements can be attributed to:

- Meaningful land reforms;
- 'Food for all' schemes through fair-price shops and feeding programmes for school children, infants and mothers;
- Providing easy access to primary and preventative health care; promoting high literacy, particularly among women through free and universal primary and secondary education;
- High mandated agricultural and farm wages;

- Cost-effective transportation facilities;
- Rural electrification;
- Engaging the poor and working people in democratic processes, such as in labour and civic organisations;
- Fostering public dialogue on environmental conservation issues; and developing social movements through the establishment of vibrant civil society organisations to promote environment conservation and other grassroots projects.

What the Kerala model suggests is that radical improvement in the quality of life of ordinary citizens is possible despite low per capita incomes (one of the lowest in India) and without high economic growth. Secondly, rapid and meaningful reductions in social and economic inequality are possible when social justice is prioritised. Importantly, in the case of Kerala, reducing social inequality and decreasing inequalities in income and asset distribution and consumption were viewed as ‘a prerequisite for development’. Finally, radical redistributive policies and programmes were implemented by a democratically elected popular state government, which did not have to resort to draconian coercive measures.

What is of critical importance for this discussion is that the programmatic content and ideological basis and the human and physical resources to carry out the Kerala project were indigenously developed and mobilised. This is a very valuable lesson to our policy makers whose slavish adherence to particular growth models and policy fixes are ill-suited to the development conundrums confronting South Africans. Secondly, achieving growth in Kerala was not seen as an end in itself but as means to a social goal of increasing and/or providing equal opportunity to the means of wealth of every citizen in society.

A question to be asked is whether the government’s present obsession with getting its macroeconomic indicators right, above all else, is indeed an appropriate policy orientation with regard to eradicating poverty and maximising developmental outcomes. The words of former head of the policy unit for President Mbeki’s office are apposite in this regard. Addressing a recent conference whose objective it was to assess whether government’s policies were promoting job creation, Pundy Pillay said that government should stop trying to show that it was more conservative than anyone else. Pillay said that the economic fundamentals were in place but government continued to place emphasis on getting its macroeconomic indicators right. This was necessary, but government had now to shift its focus to job creation. – ‘Government should move away from its obsession with CPI (consumer price inflation) to EPI (employment, poverty and inequality).’ There was a need, he added, to consider what kind of growth would materialise from government’s economic policy and who would benefit.[10]

The ‘Kerala model’ and many other development innovations found in Asia (East Asian NICs, China), and Latin America (Chile, Mexico, Brazil) suggests that the theories and hypotheses we use to guide our policies and inform interventions should not be seen as historically immutable. Instead of using ideal-type policy prescriptions as a starting point for thinking about how best we might address poverty and unemployment, we should adopt policy and programmatic orientations shaped by and informed by the needs and priorities of the poor.

Developing policy and programmatic orientations that are shaped by and informed by the needs and priorities of the poor themselves – the ’true experts on poverty’[11] - will require:

- A radical rethink of the process of policy formulation and content of economic and development policy at a macro level;
- Re-orientation of the budget to ensure that maximum potential is achieved in terms of poverty reduction imperatives;
- Creation of a social security system that supports the livelihood strategies of the poor.

These themes become the major strategic planks that will be unpacked in this document.

1. Towards Pro-Poor Economic & Development Policy

The anti-poverty strategy of the first democratic government is embodied in the Reconstruction and Development Programme, which views poverty as a multi-dimensional issue. The strategy to address poverty and inequality rests on the four pillars of the RDP, namely, building the economy, meeting basic needs, developing human resources, and democratising the state. The RDP was complemented by the Growth, Employment and Redistribution Strategy, which is premised on the understanding that economic growth and employment creation are essential for inequality and poverty.[12]

The primary focus of the GEAR document is growth, achieved through greater export-competitiveness, growing foreign investment, and productivity improvements.[13] A number of policy positions make up the GEAR document. Full implementation of this collection of policies, GEAR argues, will grow the South African economy, create jobs, and redistribute incomes.

Pillars of Gear

GEAR stresses the need to adopt economic policies, which will encourage investment in the economy and allow South Africa to compete in the global marketplace. Some of the primary components of the GEAR strategy are as follows.

(1) Deficit Reduction – When government spending is greater than government revenues, the shortfall must be borrowed. The amount to be borrowed is termed the 'budget deficit'. GEAR argues that the deficit must be reduced in South Africa in order to improve business confidence and encourage investment. GEAR also argues that taxes should not be increased as a fraction of the total economy. This means that in order to reduce the deficit, government spending, as a percent of the total economy, must decline. Total government spending, therefore, can only increase if the size of the economy grows. The recent upturn in the economy, even if modest at 3% project growth rate for 2000, is important from this perspective.

(2) Tight Monetary Policy – Tight monetary policy means that GEAR supports high interest rates to keep inflation low, maintain the value of the rand, and discourage increases in credit availability. GEAR argues that financial stability achieved through restrictive monetary policy will encourage domestic and foreign investment.

(3) Trade Liberalisation – Trade liberalisation, or free trade, refers to the gradual elimination of any restrictions on foreign trade. This means that tariffs, which are taxes on goods coming into South Africa, should be eliminated. GEAR argues that removing tariffs will keep prices low (i.e. reduce inflation) and allow South Africa to integrate into the world economy.

(4) Remove Exchange Controls – Exchange controls are laws, which limit the ability of people to take money in and out of South Africa. GEAR states that exchange controls must be gradually eliminated in order to attract foreign investment into the country.

(5) Regulated Flexibility of Labour Markets – According to the macroeconomic strategy, labour markets should have some degree of regulation. In particular, collective bargaining should maintained as a method of negotiating labour market outcomes. Substantial flexibility, however, should be introduced. This could mean downward variations in employment standards, less protection for youth and other groups facing high unemployment, and moderation of wages.

(6) Productivity Improvements – In order to compete internationally, GEAR argues that productivity – that is, the amount produced by each worker – must increase. In order to ensure that productivity improvements mean lower costs of production, the macroeconomic strategy also argues that wages should not increase faster than productivity.

(7) Education and Training – GEAR argues for substantial improvements in the education and training of the workforce. These improvements will help increase productivity and attract investment.

The logic of GEAR is relatively straightforward. As unemployment drops, poverty will gradually disappear. In addition, economic growth, once it happens, will also generate additional public resources, which can then be used to provide public services and poverty relief. The document claims that reducing government spending in order to bring down the deficit will pave the way for increased spending in the future - made possible by rapid economic growth.

It is important to distinguish between the need for any country to have a formalised set of macro economic policies and the content of such policies. In other words, criticisms that simply dismiss the need for a macro-economic policy, such as GEAR, is misplaced and fail to engage with how we can ensure that macro economic interests serve the long-term developmental interests of the country. Secondly, it is also important to acknowledge that South Africa did inherit a severely distorted economy due to the inheritance of Apartheid policies and the legacy of a successful sanctions campaign during the last two decades. Some form of structural adjustment is necessary to achieve basic effectiveness and consistency. However, the question is whether such adjustment meets national priorities or confirm to an externally defined recipe. Once the distinctions are accepted it becomes easier to identify the substantive content of engagement on macro-economic policies.

Assessing GEAR's Trackrecord GEAR should be evaluated in terms of both its promised effects – job creation and growth
– and the ability to provide socio-economic rights to the people living in South Africa. To date, the only targets that GEAR has managed to reach are those that have been relentlessly pursued: inflation (which is far below GEAR projections) and the reduction of the budget deficit as a proportion of the GDP. The failure to meet other targets argues the Congress for South African Trade Unions (2000) is directly related to the 'obsession with meeting these two targets and the stifling effect this has had on the economy and employment'.[14]

The Poverty and Inequality Report – PIR (1998) supports this finding, and is highly critical of GEAR being able to reach its targets, and generate the necessary growth and investment to address poverty and inequality.[15] The authors of the PIR argue that the fiscal and monetary policies necessary to restrict inflation to any single digit may reduce employment opportunities and real income in the short term. GEAR asserts that raising the deficit above 5% will 'crowd out' investment but the PIR states that government investment in urban and rural infrastructure and human resources will 'crowd in' private sector investment. The authors of the PIR argue that rapid budgetary compression can constrain government in reducing poverty and inequality. The present high interest regime can lead to demand contraction, depressed output and lower job creation. Moreover, public sector restructuring, if not strategically managed and implemented, can whittle away existing state capacity.

GEAR's policies were meant to generate positive employment growth in the formal non-agricultural sectors of the economy. In fact, the document predicted that overall employment in those sectors would rise by 1.3%, 3% and 2.7% from 1996 to 1998. GEAR envisaged accelerated employment growth, reaching 409000 jobs annually after the year 2000 and reversing the march of unemployment. The bulk of those jobs were to have been created in the private sector. The opposite has happened. Total employment growth in the targeted sectors has plunged deeper into the negative range, from -0.7% in 1996 to -1.7% in 1997. In 1998, the total number of registered unemployed reached record highs. Contrary to the hopes expressed in the GEAR plan, the private sector has spearheaded these employment cuts. Private sector non-agricultural employment fell by -2.6% in 1996 and -2.5% in 1997.

It is estimated that close to 500 000 jobs have been shed since 1994, with one study suggesting that this figure may be as high as I million workers.[16] Meanwhile, the labour supply continues to grow by about 2% a year (or 487 000 potential workers).[17]

Even if we accept GEAR's main assertion that job creation is the main instrument to reduce poverty – despite evidence to the contrary which suggests that employment, as currently defined, may provide less compensation than required to sustain a livelihood as income inequalities in SA are largely wage driven[18] - what is disturbing is that government is now saying that it is 'impotent when it comes to creating jobs' (Trevor Manuel, Minister of Finance, 2000).[19] But contrary to the view that the state has no role to play in job creation, the state plays a significant role in employment creation, which goes beyond just creating a favourable environment for private sector investment. While the state is not an employment agency, the state can play a major role in developing job creation programmes within the public sector. Such an approach could use a combination of different policies including public works programmes (which could be linked to infrastructure delivery), maintaining a sustainable level of employment within the public service, and pursuing redistributive fiscal policies to produce and deliver public goods and services. The critical element of such an approach would be to link public works programmes and the provision of public goods to an overall goal of poverty-eradicating economic growth and development.[20]

GEAR can also be evaluated with respect to the provisions made in the Bill of Rights. Rapid deficit reduction plans – the 2000/01 budget indicates that government intends go beyond GEAR's initial deficit: GDP ratio – over the last four years have imposed heavy costs. Initial analysis indicates that, in real terms, the reduction of the deficit under GEAR has led to stagnation in spending on social services, and major cuts in infrastructure budgets. The contradiction of holding down expenditure while extending access to social programmes – as part of the government's drive to give material expression to socio-economic rights – has serious impacts in terms of output. For example, the recent Commission of Inquiry into Hospital Care Practices reported that there is a "lack of nursing staff, low staff morale, lack of managerial training, budgetary constraints, and inadequate support services" as well as "unreasonable waiting times, shortages of linen, catering and medicines with patients being turned away at pharmacies."[21] Given the inflexibility around deficit targets, there is a strong likelihood of further budget cuts if growth and revenue targets are not realised. Fewer available resources, in turn, means that the ability to ensure adequate housing, affordable food, clean water, accessible health care, quality education and improved social security will be compromised.

The GEAR policy framework – through its negative impacts on jobs, its cutbacks to government spending, and its curtailing the availability of economic resources – means that social security, broadly defined to include jobs, public support, and access to productive assets, will be reduced. This reduction in the ability to participate in the South African economy and to share in the country's resources will only exacerbate the problems of relative and absolute poverty.

Policy Gaps in GEAR

What is perhaps most alarming about the current economic policy framework is the number of economic issues, which the strategy ignores. For example, **asset redistribution is hardly mentioned**, except for a brief statement calling for land reform. The document's preference for a more restrictive monetary policy means that interest rates would remain high, access to credit and productive capital would be limited, and financing land redistribution and housing development could be prohibitively expensive.

The **informal sector is also largely ignored** within the policy framework, naturalising the vision of the sector as a residual economy. The failure of the GEAR strategy to generate employment will probably place pressures on the living standards of the informally employed as more people crowd into the informal sector.

In addition, **gender issues and household dynamics are almost completely invisible** within the current macroeconomic strategy, contributing to the on-going marginalisation of women. While GEAR might be called 'gender blind', it is certainly not 'gender neutral'. For example, GEAR calls for greater labour market flexibility in order to attract foreign investment and to improve competitiveness. The implications of this are that the most vulnerable workers (that is, women) will remain unprotected and discriminated against, and that where jobs are created they will perpetuate the poor working conditions experienced by many women workers. With greater labour market flexibility the position of women will actually worsen, since this implies decreased benefits (such as maternity benefits) and less flexibility with regard to working time and parental responsibilities.

The reduction in government spending means that women will continue to perform large amounts of unpaid labour to substitute for the lack of adequate social services. These responsibilities will continue to limit women's access to alternative economic opportunities. Furthermore, high interest rates will squeeze household resources as payments for bonds on houses and other debts increase. Household resources could be further reduced by the loss of jobs and pressures for wage moderation while prices for necessities such as food continue to increase. Because of their position in the household, women might cut their own consumption or increase their workload in order to compensate for dwindling resources. In many respects, GEAR entrenches the economic oppression women face and increases their risk of poverty.

Contextual Trends Overtaking GEAR

The growth strategy presently being followed by government has been questioned by a number of recent developments. Three of these developments are global and relate to: a) the relevance of the neo-conservative growth paths; b) policy debates that have followed in the wake of the financial crisis; and c) new findings on the relationship between poverty reduction and economic growth.

The forth is local and stems from the growing pressure within society for a rethink of the macroeconomic policy. Space does not permit a detailed elaboration of all these developments so we will only deal with those that are most salient to the present discussion. The intention is to sharpen our understanding and analysis about the inter-relationship between economic policy and poverty reduction.

With regard to new findings on the relationship between poverty reduction and economic growth, the following points are of critical importance:

⌦ **Poverty is not inevitable and that it is economically inefficient**: Widespread poverty is not only degrading in human terms and morally unacceptable but is grossly inefficient in purely economic terms (see Box 1 below [22]). Poverty reduces productivity, lowers the capacity for savings and investment, and restricts the development of dynamic markets. The cycle is mutually reinforcing in a negative direction: lower productivity reduces incomes and future investment, which in turn reduces future output, income, and investment flows. Reduced purchasing power limits market opportunities for other producers, acting as a disincentive for production and employment creation. Poverty and inequity create negative linkages, which are the mirror images of the positive linkages between growth and equity.

Recent empirical evidence suggests that a more equal distribution of assets and incomes favours higher rates of growth. Among the explanations put forward is that a more equal distribution of income implies better nutrition and stronger demand for education and hence rising productivity. From the political economy angle, an unequal income distribution is associated with greater social instability that interrupts economic progress. Thus an unequal income distribution increases populist pressures for higher government expenditure which impacts on deficits, taxation and deficits.[23]

⌦ **Growth with equity is the key to pov** development is both a requirement for accelera growth into poverty reduction. The potential of poor themselves act as agents of growth throug implications. Income redistribution can play a Also crucially important is the redistribution of take the form of tangible assets, such as land, c education and health, are equally vital to wealth creation, not least because of their implications for the productivity of tangible assets. It follows then that effective poverty eradication strategies require redistribution in three areas: redistribution of incomes, redistribution of tangible productive assets, and redistribution of human capital through pro-poor spending. What could cogently be argued is that there appears to be strong 'reverse' linkages between growth and inequality. This means that reducing inequality (through increased access to education, health and social infrastructure) leads both to poverty reduction and higher economic growth. Altering the distribution of **human capital** is the key to reducing poverty and income disparities. This makes investment in maintenance, nutrition and education of the poor critically important. This also needs to be complemented by measures to alter the distribution of physical assets such as land redistribution, progressive taxation and pro-poor spending.[24]

Box 1: Relation between Growth & Poverty

It is usually assumed that growth is good for poverty reduction, but this explains only half of the equation and says little about how the benefits of growth are distributed. Hence robust growth does not necessarily translate into reduced poverty. Correlation is not causation, however, and there is no indication which way the causation might work. Might it be that poverty reduction causes growth? There are certainly reasons for it to do so:

1. ***Poverty makes people risk-averse***: Poverty reduction makes them more prepared to take entrepreneurial risks necessary for growth
2. ***Poverty makes people immobile***: Poverty reduction gives them more resources to move, look for jobs or wait for more appropriate jobs
3. ***Poverty is an obstacle to improving the health and education of children***: Poverty reduction improves human productivity, and also means that future investment in health and education are more evenly spread among those who can make best use of them – rather than being concentrated in the small group that can afford to pay for them

(Source: UNDP, 1997)

The mechanisms for achieving growth with equity have been diverse. However, an important condition has been the creation of 'virtuous circles/cycles' of growth and human development, premised on earlier redistribution of productive assets and pro-poor spending or at least accompanied by them (see Box 2[25]).

Box 2: Linking growth, employment & human capital investment

Core lesson: Macroeconomic reforms aimed at promoting employment and growth are unlikely to realise their potential without prior investment in human capital

Increased egalitarianism and rapid decreases in poverty have been enhanced only in those few countries where redistributive policies had been achieved earlier in land and human capital formation. China and Vietnam have sustained high rates of growth since the economic reforms of the late 1970s and mid 1980s respectively. But the human capital investment on which the growth was based was made two decades earlier. In India, by contrast, low levels of literacy and poor public health provision, the consequence of grossly inadequate social policy, have prevented economic reforms introduced in 1991 from having any significant effects on growth and poverty.

It has been demonstrated in a recent study of sixty-seven countries that governments whose growth paths and investment patterns are lopsided towards human development (education, health social services) tend to enter a virtuous cycle wherein growth and human development feed into and of each other. Countries whose growth paths are strongly growth oriented and with poor investments in human development (ED - lopsided), revert to vicious cycles, i.e. poor performance on human development (HD) tends to lead to poor growth performance which in turn depresses HD achievements, and so on. The vicious cycle thesis holds for all the 67 countries studied (Latin America, Asia, and Africa). It is further demonstrated that HD must be strengthened before a virtuous cycle can be attained. Economic growth is not sustainable, it is argued, unless preceded or accompanied by improvements in HD. The lesson is that ED lopsidedness leads to vicious cycles and that it is not possible to move to a virtuous cycle via the ED-route. The GEAR logic of increased growth leading to more jobs leading to redistribution, is an ED-lopsided strategy and it questionable whether we can enter a virtuous cycle through this route.

What does these findings mean for **formulating and implementing a development strategy that ensures consistency between aggregate fiscal targets, spending composition and poverty eradication?**

This question is pivotal in the overall discussion because it will provide a reference point for the various dimensions of the campaign. At the end of the day the fundamental issue will be our economic policy vision and analysis. In view of this function we propose that the implication be considered along three lines: ⌦ Always using a comprehensive and disaggregated approach to our understanding of poverty; ⌦ Promoting policy actions with the highest poverty reduction impact; and ⌦ Using outcome/impact indicators through participatory processes to ensure a central role for the poor in poverty policy implementation.

Each of these three key elements of the strategic framework will now be unpacked.[26]

a) A comprehensive understanding of poverty and its determinants:

Poverty is multi-dimensional and there exist various operational categories used to differentiate one kind of poverty from another. The way in which poverty is defined has a direct effect on the types of solutions that are promulgated. Perceiving the problem of poverty as one that is directly related to income and consumption inevitably leads to the promulgation of economic growth policies. By increasing economic growth, it is believed that household incomes of the poorest of the poor will improve through a ‘trickle down’ process. While economic growth is an essential aspect of poverty reduction, it cannot singularly be relied on to eliminate poverty, especially in unequal societies. The experiences of many developing countries have shown that while economic growth can help pull some households out of poverty, it also unwittingly creates a new group of poor people. Notwithstanding the failures of economic growth policies, they continue to dominate poverty alleviation strategies in developing countries. Significantly, there has been much more receptivity in the World Bank to take on board a more complex approach, no doubt in response to persistent lobbying and engagement.

For example, in a recent report it defines the poverty problematic in the following manner:

> Standard of living is multidimensional. In discussing poverty and inequality, therefore, traditional measures based on the level of income and consumption need to be accompanied by other measures that reflect such dimensions as health, education, vulnerability and risk, crime and violence, integration into the mainstream of society, and other factors highlighted by the poor themselves as being important. Moreover, not only must the measurement of poverty of the standard of living go below the household to investigate the conditions facing women and children; it must also go above the household level to take into account community-level considerations.[27]

Perhaps the greatest shortfall of money-metric definitions of poverty is the underlying assumption that the ‘poor’, is a homogenous group. As a universal category, the poor become amenable to universal, holistic solutions which fail to address the differences that exist in poverty. Rather than perceiving poverty as consisting of a stock of poor people — who remain the same and share similar characteristics — the poor should be seen as a flow of people.[28] This helps to define poverty not as a static state, but as one that is dynamic. This has various implications on interpretations of the nature of poverty. Firstly, it recognises that poverty is not a permanent state — individuals or households can flow in and out of poverty.

Secondly, if ‘the poor’ move in and out of poverty, and experience poverty at various stages their life cycle, it follows that the causes of poverty vary from one individual to another, and from one stage in a person’s life to another. Thus, understanding poverty as a dynamic state helps to recognise that the causes of poverty are numerous. Although the manifestation/symptoms of poverty are universal, their causes differ from one region to another.

Lastly, given that poverty can be ascribed to numerous causes, its solutions need to be varied, taking into consideration its various causes. Understanding the poor — and poverty — as a diverse and variegated category has direct implications for anti-poverty strategies for it means that different solutions should be prescribed for different types of poverty. Thus, for antipoverty strategies to be effective there has to be extensive knowledge on the causes of poverty and an understanding of its dynamics. However, for poverty to receive sufficient attention to warrant distinct strategies aimed solely at addressing problems of the poor, it has to be perceived as a communal problem. Thus, the existence of anti-poverty strategies is dependent on the perception that poverty is a problem not only for the poor, but also for the non-poor — particularly the elite. National interest in eliminating poverty is spurred on not only by humanistic or moral values, but the selfish interests of powerful national élites who perceive poverty as a threat to their social, economic or political status. Consider this interpretation of the problem of poverty:

> People must not be allowed to become poor so that they offend or are hurtful to society. It is not so much the misery and plight of the poor but the discomfort and cost to the community which is crucial to this view of poverty. We have a problem of poverty to the extent that low income creates problems for those who are not poor.[29]

While the above perception of 'the problem of poverty' displays ignorance, a misconception of poverty and is extremely 'un-politically correct', it defines poverty as a problem for those who may be able to do something about it. This is not to say that the poor are helpless victims who are unable to rise above their circumstances, but to acknowledge that there needs to be sufficient redirection of resources in order to enable the poor to get out of vicious cycles of poverty. As one author argues:

> …there seems to be common conditions for catalysing state action to reduce some aspect of poverty: the social interdependence of rich and poor; the existence of a credible threat from the poor often in terms of social disorder; and the belief that state action can make significant difference to the situation.[30]

Thus, bona fide political will — as opposed to mere rhetoric — is instigated by the élites who see it in their best interests to eliminate some aspects of poverty.[31] For South Africa, this raises the question: is there sufficient perceived political threat and an acknowledgement of interdependence between the poor and non-poor to prioritise an anti-poverty agenda on the political calendar? Research findings suggest that the poor, at present, pose no significant perceived threat to the South African élites.[32] Most South African élites are only aware of urban poverty. Their perception of poverty is therefore skewed, often associated with crime and the problem of unemployment — the more endemic problem of rural poverty, remains invisible and ignored. Moreover, there is no awareness amongst the South African elite that there exists an interdependence between social groups or that the élites bear some responsibility for the suffering of the poor.[33] On the other hand, there exists a ruling elite, which has altruistic ideals with regard to poverty but who views international market pressures as insurmountable.

Elitist perceptions of poverty are important for another reason. They construct (albeit partially[34]) a local interpretation of the problem of poverty. Local perceptions and experiences of poverty are imperative because they dislodge the concept of poverty from an abstract orbit into the realm of reality. This in turn brings the problem of poverty 'closer to home' and instigates more valuable action. For instance, people are less likely to identify with the fact that in money-metric terms just under 50% of South African households are poor — this not only seems like an insurmountable problem, but it constructs poverty as an abstract phenomenon. However, the poverty experienced by AIDS orphans, the woman selling mealies by the roadside, shack dwellers, single women and so on, makes tackling poverty more manageable, rings moral bells, and creates an understanding of poverty that resonates locally.[35] The way of understanding who and where the poor are and what prevents them from coming out of poverty is at the core of an effective strategy.

b) Choosing public actions that have the highest poverty impact:

Once the need to alleviate poverty has been established politically, it becomes necessary to develop ways in which poverty will be dealt with. Greatest benefits accrue from focussed strategies rather than universal ones, and these are dependent on a clear, local understanding of poverty. Perhaps the most pertinent questions that need to be addressed when developing anti-poverty strategies is: What kind of poverty should policy address? Who are the beneficiaries? And how will policy address poverty? As discussed above, there are varying types of poverty, and depending on how it is conceptualised, it could be narrowly or broadly defined.

As in other countries, a significant section of the population in South Africa experiences abject poverty, where households lack the minimum basic needs to live a decent life. While some households are created and remain in poverty, others experience transitory poverty. Yet even more South Africans experience inequality, and are thus considered poor when compared to a segment of the population. Poverty spans issues of physical deprivation to emotional psychological states.

Thus, in order to develop efficient anti-poverty strategies there needs to be greater focus on which type of poverty policy will address. There are two reasons for this. Firstly, universal policies, which provide holistic solutions to poverty are rarely effective. Secondly, anti-poverty strategies compete with other government policies for limited resources. Therefore it is unrealistic to expect that all aspects of poverty can be eradicated — no matter how meritorious the idea may be.

What this implies is that government policy needs to prioritise aspects of poverty in antipoverty strategies. More often than not, this is a political decision, which should be dependent on locally constructed understandings of poverty and a similar understanding of where the greatest need lies. Similarly, anti-poverty strategies should identify their target beneficiaries. This is much easier to conceptualise in theory than in practice. Typically, any given geographical space constitutes two distinct categories, the poor and non-poor. The challenge is to identify a mechanism of distinguishing the poor from the non-poor and developing strategies that reduce leakages to the non-poor.[36]

Finally, for greater effectiveness at reducing poverty, there needs to be a specific and targeted national anti-poverty strategy, which is consistent and focussed around the problem of poverty as understood locally. Moreover, this must be inter-linked with local anti-poverty programmes shaped around local specificities and a disaggregated analysis of local dynamics that reproduce poverty. New institutional configurations between the government and civil society organisations at national, meso and local levels will be essential to operationalise this vision. The table below in Annexure I provides a package of anti-poverty measures, examples of poverty reducing actions, and the role of government and civil society organisations.[37]

It identifies seven clusters of anti poverty action with illustrative examples of possible actions and what the distinctive and complementary roles of government and CSOs are. It is meant to help the deliberation to be more precise about possible anti-poverty actions for the campaign and how it will relate to a broader agenda. The seven clusters of anti-poverty action include the following:

1) Facilitating access to good quality employment and economic opportunities;

2) Increasing the physical asset-base of the poor: land, housing, equipment for economic enterprise; 3) Facilitating access to basic services for the poor: including water and sanitation, solid waste management, affordable and safe energy, transport education, health and shelter;
4) Strengthening community management of own initiatives and external programmes and ability to self-organise. (The most important plank of anti-poverty interventions is to facilitate the autonomy and empowerment of poor households and organisations of the poor—community management);
5) Enhance democratic participation by the poor in public decision making to ensure effective monitoring and influence over public resource allocations and service delivery;
6) Ensure the access of the poor to legal entitlements and security; 7) Ensure access to safety nets to strengthen ability to manage shocks and stresses.

c) Outcome indicators are set and monitored using participatory processes:
Identification of poverty outcome targets is key to program formulation and a crucial mechanism for regular assessment of program design and implementation. Broad participation is needed to ensure that the most relevant targets are selected and that the regular monitoring of outcome indicators has consequences. Civil society must play a crucial role in the process of selecting and monitoring indicators.

Recent research suggests that the structure of networks of institutional and social relationships that exist within an economy is a determinant of the rate of growth of that economy. The evidence from a range of studies suggests strongly that the performance of these networks and the manner through which they are institutionalised do have a robust and significant impact on growth via their effect on investment. The results underline the importance of the role of the state, to facilitate the development and enforcement of more complex, multi-agent ad multi-period contracts, to refrain from predatory actions which discourage saving, investment and production, and to extend civil, political and socio-economic rights through the development of social capital.[38] Accordingly, the implementation of a national poverty eradication programme needs to be underpinned by an agreed set of objectives, targets, time frames, adequate resources, a common vision and a nationally co-ordinated strategy with central government playing a critical role in this regard. At the centre of all this should be an acknowledgement that the poor are not completely helpless; but that their participation and inputs in determining appropriate policy responses to their plight are critical for the success of poverty relief programmes and strategies.

Given SANGOCO's identity it can contribute to a national poverty eradication strategy in multiple ways. For example, it can feed into national policy approaches and frameworks; shape targeting and monitoring processes; inform programme and project decision-making processes at all levels of government, based on a community enablement approach; and contribute directly to poverty eradication through its own independent programmes and projects in poor communities.

However, given the organisational size and complexity of SANGOCO it is absolutely critical that an approach be developed that recognises the different dimensions of the organisations, the need for overall strategic coherence and the inter-relationship between different categories of anti-poverty action. A decision-making framework is summarised in the following table:

Draft for Discussion

INTERVENTION SCALE	OPTIMAL INTERVENTIONS	PRECONDIT
1. NATIONAL		
Co-ordination: This applies to the national co-ordination mechanism in the Presidency **Sectoral:** This refers to national departments (and clusters) with most relevance to anti-poverty action, e.g. welfare, public works, health, housing, trade and industry and land and agriculture	◻ Engage with CIU on indicators, monitoring process & follow-up on lessons learnt ◻ Feed learning, lessons and critical issues into the War-on-Poverty Forum based on the experiences at sectoral and grassroots levels ◻ Identify and operationalise a mechanism to identify and unblock bottlenecks ◻ Engage on policy frameworks in terms of consistency with an 'asset-base'/empowerment approach ◻ Provide information on likely partners at provincial and local levels for implementation ◻ Provide feedback on indicators, monitoring mechanisms & learning processes to improve impact and outcomes of programmes ◻ Supply support to CBOs and social movements to engage with government programmes ◻ Feed relevant information about local dynamics and impact to national organisations, e.g. SANGOCO	◻ A clear anti-p and agenda ◻ T effectively ◻ Eff mechanisms upwar SANGOCO ◻ A analysis of governm how it contributes/u approach to povert point in each secto accountable for this linkage with nationa and sectoral affiliat
2. PROVINCIAL		
This refers to provincial levels of government. It is also possible to split the functions between co-ordination and sectoral issues	◻ Monitor provincial development strategy and implications for effective poverty reduction & engage on possible ways of improving performance ◻ Form delivery partnerships with key social service departments, e.g. welfare, health, etc. Use partnership frameworks to advocate for policy and implementation reform as appropriate ◻ Assess the interface between the provincial strategies and local (government) capacity with a view of strengthening local government capacity for poverty reduction action ◻ Feed lessons and trends into national hub of the poverty campaign and the provincial members ◻ Facilitate information dissemination and training on broader anti-poverty campaign	◻ Appropriate in between the provin government and bu provincial strategy identify priority issu resource contributi engage with nation ensure adequate in
3. LOCAL GOVERNMENT		
This refers to local government level of activity. (This requires a different model of engagement because of the specific functions and nature of this sphere of government.)	◻ Promote the adoption of formal poverty reduction frameworks by local councils, which facilitates the mainstreaming of a poverty focus (e.g. Cape Metro) ◻ Identify possible service delivery partnerships targeted at poverty reduction ◻ Monitor local government performance (using System Bill as legislative basis) and engage with budgetary allocations	◻ A strong grou government-specifi ◻ Familiarity wi government legisla ◻ Effective links
4. COMMUNITY-LEVEL		
This refers to community-based anti-poverty work by communities themselves and between NGOs and CBOs outside of the ambit of government funding.	◻ The essence of NGO/CBO approaches to poverty is the participatory poverty assessment (PPAs) methodologies which flows from an 'asset-base' conceptual approach. This implies working with the actual experiences, perceptions and understandings of poverty as expressed by the poor themselves. This translates into development work that seeks to empower poor communities and especially marginalised groups amongst the poor such as women, children, etc.	◻ Close proximi networks and their deep understandin methodologies ◻ community perspec with macro policies

Critical qualifications for interpreting the decision-making framework:

1. A tangible poverty eradication conceptual framework/model must be widely discussed, popularised and embedded in the sector.
2. A clear policy with guidelines must be developed on: appropriate indicators, monitoring mechanisms and strategies to influence decision-making of government, partnerships and multi-actor decision-making institutions as NEDLAC.
3. A SANGOCO strategy will have to clarify and distinguish a realistic long-term vision, intermediate objectives, short-term priorities, critical interventions and statement of desired outcomes in the shortto-medium term.
4. A mechanism will have to be developed to ensure strategic coherence and adequate information flow in the organisation to ensure that grassroots work and experiences feed into higher-order strategies as indicated in the decision-making framework above.
5. This framework will only work if it is accepted that the overall system must be allowed to breathe; in other words, it should not stifle local initiative and pro-activity but only seek to harness it through effective co-ordination and information sharing. Also, provincial structures, sectoral structures and individual NGOs must be allowed sufficient autonomy to identify how best to pursue their interventions at the respective levels. SANGOCO national should be responsible to maintain the overall integrity of the framework
6. An internal monitoring and reflection system must be designed and instituted to ensure that a comprehensive and multi-tiered model is progressively achieved. It will probably take 2-3 years to build in discussions and decisions about concretising the war on poverty campaign.

2. Re-orientation of the Budget

International experience suggests that in conditions of rising private income poverty, stalled growth and economic instability, governments should take all measures to resist the temptation to cutting back on consumption by the majority of the population, and protect and enhance the value of investments in human development. **Public expenditure to build on and preserve the human capital of the poor** is one of the crucial lessons that emerge from the recent World Bank writings (1998/99) on how countries can respond creatively to globalisation, financial crises, domestic economic fluctuations. The World Bank suggests that once a crisis has happened, several things should be done, e.g. key areas of public spending should be protected, especially in health care, education, rural infrastructure, urban sanitation, and micro-finance. Also, efforts should be made to preserve the social fabric and build social capital.[39]

There are no blueprints to guide government on how this is to be done but there is a growing global consensus that an explicit policy objective should be to ensure minimum consumption requirements for all (see Box 3[40]). This demands governance 'that ensures that all have enough to eat, that no child goes without education, that no human being is denied access to health care, safe water and basic sanitation and that all people can develop their potential capabilities to the full extent'.

Box 3: Poverty & Consumption

In recent years, a new variant on an old notion has emerged, which seeks to address the phenomenon of growth with increasing inequality and poverty by addressing the issue of **consumption**. This view, which was also articulated in the 1998 UNDP Human Development Report, encompasses a set of priorities which go beyond macroeconomic management and for acknowledge that the goal of poverty reduction must be to reduce poverty in the first instance, not only as a side-effect of growth. In other words, instead of focusing solely on production to increase consumption, we must also focus on consumption for its own sake, because this is the substance of poverty. The most fundamental aspect of any consumption-oriented policy is to provide a mechanism to improve incomes to levels that eliminate poverty. (Source: UNDP, 1998)

Strong public action is needed to meet these goals including policies to:

- Promote food security – ranging from conducive monetary, fiscal, commercial and pricing policies to institutions and incentives to promote local production and distribution;
- Priority public expenditures for basic social services – education, health, safe water, basic sanitation. Not only should services be expanded, but access should be made more equitable;
- Infrastructure for transport and energy to provide affordable and efficient services for people, not just economic growth;
- Incentives to develop 'poor people's goods' – low cost housing materials, energy saving equipment and food storage systems;
- Institutions and legal frameworks that secure people's rights to housing, to common property and credit.

The Current Approach to the Budget of the Government

The redistribution of assets, incomes, opportunities, capabilities and opportunities is inextricably related to the pattern of public investment and in particular the content and allocation of public spending. **If government's priority is poverty eradication, the international experience suggests that a key foundation stone is to orientate and prioritise government expenditure in ways that protect, preserve, enhance and improve the distribution of human, social and physical capital, particularly in times of economic crisis.**

Examining the linkages between social need, public policy, the allocation of the fiscus, actual expenditure, policy implementation and social impact across the human development sectors is extremely difficult in SA. Accessible and detailed information does not exist and information management systems are still biased towards tracking input data and have yet to be given an output and outcome orientation. Input data is also not conveniently formatted to permit comparison and analysis across spending agencies and actual expenditure figures are not readily available. It is important to bear this mind when discussing the matters and issues raised below.

There is widespread consensus that the post-apartheid government has substantially reprioritised government expenditure on social delivery and towards achieving greater equity. Millions more people have access to education, social welfare benefits, primary health care, clean water and housing than ever before. The largest share of the national budget is spent on health, education, social welfare, housing and the provision of water – which is a high proportion compared to other middle income developing countries.

While the budgets have until now reflected this re-prioritisation, on balance they have not sufficed to launch South Africa on a new growth path that effectively and extensively addresses South Africa's most pressing problems.[41] The 2000/01 budget is a case in point. For the first time since 1996, the budget does increase in real terms. Given the inflation rate of 7.7% (CPIX) since last year, the 8.9% nominal increase translates into a slight real increase of about 1.2%. In contrast, every budget since GEAR's adoption until now has risen less than inflation – meaning cuts in real terms. But arms procurement rather than increases in social spending drive the increase in the 2000/01 budget. The big social services remain virtually unchanged, while infrastructure provision – water, energy, housing and transport undergo steep cuts. Spending on skills development means that the Department of Labour's budget expands substantially; but the other economic services continue to decline in real terms.

Heavy spending on armaments was justified in large part by arguing that it would encourage foreign investment through counter-trade deals. It is significant to note that civil society was not allowed to scrutinise the supposed employment and investment impacts of the counter-trade. In short, the deals were signed and ratified without any meaningful input from civil society despite the fact that such spending has a heavy opportunity cost in terms of expenditure foregone in social services and infrastructure, as well as investment in labour intensive production.

Civil society organisations have serious reservations about the 2000/01 Budget as it provides little protection for the most vulnerable groups, particularly children, the aged and unemployed. Some of the problems are now unpacked:

- The 2000/01 budget shows clearly the governments resolve to stick to the letter of its macro-economic policy designed 3 years ago in spite of questionable success. It is clear, that government is resolved to minimise its intervention in the economy and restrict its actions to those that aim to create an economic climate that is conducive to private sector led growth. While fiscal discipline and greater transparency in the public finances are important to long-term growth and stability, a virtuous cycle of growth requires an initial stimulus. It is not certain from where this stimulus will come.

- Will government spending catalyse growth? Government is the largest player in the economy. Yet fiscal policy plans a decline in government expenditure relative to GDP. Consequently, the **2000/01 budget is a maintenance budget** – government activities detailed in the budget will not stimulate either growth or equity in the South African economy. Outside of the defence purchases and planned privatisation, even capital expenditure will decrease in real terms. Congruent with public expenditure reform in Gear, the government's efforts are targeted at improving the effectiveness and efficiency of spending. The set of activities within the Police vote provides a good example of this strategy, as well as proposals under the education vote.

Box 4: Inflation Targeting

COSATU asserts that the inflation target set by government is too low and may compromise long-term growth and employment. Business, as well as a number of press commentators, share these concerns. The target could threaten future job creation and growth by placing pressure on the government and the Reserve Bank to inappropriate instruments, such as high interest rates or wage restraint. COSATU's calls for the inflation target to be, amongst others:

- set through a consultative process
- linked to an index of long run inflation, such as core inflation
- reviewed by NEDLAC every six months, and revised if meeting them will cause excessive economic and social damage

have been rejected by government.

- What will provide the kickstart to growth? The government assumes that the kickstart to economic growth will be provided through a set of tax cuts targeted at the private sector and upper income earners. Our recent growth history suggests that this is not a reliable method. Indeed, the significant concessions afforded to the private sector and high income earners over the years has not led to increases in private investment, e.g. in the first quarter of 1999, private fixed capital formation declined by –6.5% by –4.1% in the second quarter and by 0.8% in the third quarter. Despite positive growth between 1991 and 1999, unemployment has increased significantly. While inflation targeting will provide some level of certainty, the narrow, low chosen band (3-6% per annum) will further dampen growth (see Box 4 above - [42]). A slightly more flexible band may have provided a modest stimulus to the economy to complement the R10 billion tax reduction package – the primary beneficiaries being the wealthy - in boosting employment.

- What will happen to the poor until Gear delivers (or if it does not deliver as promised)? The biggest problem with the 2000/01 budget is that it does not improve the social safety net that may provide a hedge for the poor until Gear delivers. This applies especially for children, the disabled and the elderly who are reliant on grants and pensions (see Box 5). Targeted poverty spending makes up less than 0.7% of non-interest spending over the medium term. In fact, it is likely that the social safety net will weaken over the three-year budget period.

The budget (or other policy documents) provides little by the way of an integrated poverty strategy or expenditure to relieve backlogs. Social spending shows minimal real increases. The social services budget over the next three years is unlikely to improve the social safety net. The budgets for health, welfare and education remain roughly constant (in real terms) over the medium term budget period. Unfortunately, housing expenditure will decrease in real terms over this period. Given the potential role of housing in stimulating growth and equity, it is imperative that the delivery obstacles in the ministry are removed. Highly urbanising developing countries are able to spend and deliver on housing budgets of 4-5% of GDP (Double our current housing allocation). Over the three-year MTEF period, allocations to the child maintenance will decrease to R85 in real terms, as will the real value of the primary school nutrition programme. As regards the unemployed, it is also likely that the first jobs provided through growth are likely to be skilled employment in the services sector, while the majority of the anticipated 35 000 or more jobs shed in public sector restructuring will be unskilled jobs.

Box 5: Budget Impact on Vulnerable Sectors

The 2000/01Budget and Its Impact on

Children: The value of the Child Support Grant (for children between 0-6 years) (CSG) and the Primary School Nutrition Programme (PSNP) decline in real terms. The CSG remains R100, which is R94.78 in real terms. This means that recipients have 5.5% less spending power with the grant they receive. The value of the PSNP grant to provinces declines from R82 million over the next three years. Secondly, government underestimates the number of poor children by more than 800 000, which means that there will be insufficient resources for provinces to fund these grants. Thirdly, considering the very high level of employment contraction and the low growth projection, the prospect of growing numbers of poor individuals (including children) seems a more realistic scenario than that of shrinking numbers.

Disabled: The Budget generally has good news for disabled people who are employed because they will benefit from tax cuts. Disability grants have increased from R520 to R540, however, when, adjusted from inflation this is a decrease of 1.7%. However, disability grants are poorly targeted. Currently only 24% of disabled people receive grants. Furthermore, the care-dependency grant, paid to parents of children with severe physical and mental disabilities, has a very low take-up rate. Only 19 694 children have access to this grant

Elderly: An increase of R18.95 in real terms does not translate into much of an increase in the resources that poor households relying heavily on pensions will have to share amongst members. The Pension Means Test is regarded, even by the Minister of Welfare, as unjust, inefficient and difficult to administer

Unemployed: The existing social security system provides limited relief against joblessness and poverty – it does not benefit everyone. The budget remains silent on support systems for the unemployed.

On balance then, the poor are extremely vulnerable during this budget period. The major weakness of the budget is that it does not adequately support the income and income risks of the poor and unemployed. While the government does significantly better in improving access of the poor to programs that increase the value of their labour and the access to physical assets, the budget does not support the income and income risks of the poor.

(Non)Impact of the Pro-Poor Budget Campaign

The reorientation of the budget to increase the income security of the poor, improve their access to physical assets and returns on human investment depends to a very great extent on the way civil society engages with budget formulation processes with a view to re-orientating spending. To date, SANGOCO's Pro-Poor Budget Campaign has had minimal impact on government not least because the timing has been inappropriate, the engagement is limited to criticism and broad generalisations which do not do justice with the complexity of the budget itself.

Secondly, the objectives of the campaign are extremely ambitious in the face of the capacity of the sector. To expect to develop an alternative pro-poor budget in nine months, with limited capacity, is an unrealistic demand, and in fact unnecessary. It is important to engage effectively with the budgetary process, but this must be based on realistic time frames, an acknowledgement of the limitations of the participants in the campaign, and a strategic assessment of where impact can be greatest. For example, is it realistic to attempt to develop an alternative budget when engaging with an existing established process presents such enormous difficulties? If an alternative were to be developed, what then? If the capacity is limited for analysis, will it be sufficient for ongoing intensive advocacy engagement?

Thirdly, there is insufficient buy-in of the collectivity of the campaign from high profile partners, partly due to a lack of a common approach to analysis and plans. It is the lack of a common platform of analysis, which undermines engagement. It has also become painfully apparent that the participation of some of the participant organisations is not only limited by capacity, but also by the relevance of the Pro-Poor Budget campaign for their own work. If participation is to be boosted, then the campaign activities and elements must be made relevant. Similar problems, although of a different scale and of considerably more institutional complexity are observed with the Apartheid Debt campaign.

Future Challenges for CSO Platform

More focussed engagement around the budget and macroeconomic development policy as informed by the imperatives of poverty eradication will require that civil society and their organisations mobilise around a campaign whose basic elements have sufficient appeal and is able to contain many strategies and battles. The **War on Poverty** campaign banner is an excellent vehicle for generating a significant civil society intervention from an organised sector. For effective utilisation of a multiple strategies and cross-support to other campaigns, there needs to be strategic planning which sharpens the focus, methodology and role-players of the broader campaign.

Significant to this process is a clear analysis and challenge of the current developmental framework or paradigm, which does not address, and may even exacerbate, poverty among a mass of our population. The basic question is: Can the current macro-strategy eradicate poverty? And if not, what needs to be done? This provides the integrative link to the first pillar of the strategic framework. These questions need to be posed by SANGOCO sectors and provinces, through participation in processes setting out priorities for developmental processes, such as SANGOCO's Economics Commission or the National Plan of Action. In other words, the critical defining feature for SANGOCO's engagement in the Debt and Budget campaigns should be developed through the priorities defined for the War on Poverty campaign.

A methodology for sharpening the planning of the War on Poverty campaign needs to be developed and adopted by SANGOCO, which promotes the setting of objectives, targets and monitoring mechanisms. Such a methodology must draw together the different components, capacities, and activities of SANGOCO and should

- Create a consistent campaign cycle, which can integrate the different activities undertaken by SANGOCO and its sectors;
- Provide an ongoing platform for engagement with government;
- Define clearly advocacy vs. programme components for SANGOCO and partners;
- Emphasise the need for an ongoing longer-term cyclical approach to campaigns and programmes.

But the War on Poverty forum needs new impetus, through a redefinition of the National Plan of Action. If the campaign methodology is accepted, then it is the initiatives driven by people on the ground that should set priorities for poverty eradication. Specifically the following issues may well be the focus of objectives, targets and indicators for the NPA: Job and income creation income and asset redistribution promoting livelihood opportunities education housing

The need is to make these real; i.e. how can specific targets be set for the people and programmes involved. These could include:

- a resource target (how much money directed by the budget);
- a category target (rural poor, poor women, specific provinces);
- an income target (how much increase in household income);
- an institutional target (what proportion of institutions/programmes are directed).

The specific mechanisms for implementing this kind of approach could include the development of a framework for analysis of budgets, which lays out criteria for assessment and monitoring. If produced correctly, such a framework would set out criteria and mechanisms for assessing different levels of budgets (local, provincial, departmental, or national) to determine whether they are pro-poor in orientation. An additional advantage of such a framework is that it could be used in an ongoing manner as a monitoring mechanism in the campaign to eradicate poverty. It may also be able to provide a basis for campaign partners with different ideological orientation and approach to collaborate effectively in their analysis of budgetary processes and outlines.

This common framework of analysis should be developed and implemented by all structures of SANGOCO and campaign partners, especially sectors and provincial structures. In promoting the framework, workshops should be utilised for training people from different structures and organisations in its use. Use could also be made of international agencies with experience and expertise in the development of indicators and mechanisms for assessment of budgetary impacts on poverty and poor households, such as the Centre on Budget and Policy Priorities in Washington, or the experiences of Brazil in implementing participatory processes for addressing the priorities of the poor.

Linking with the Debt Campaign

While the Debt Campaign has a number of strengths at present, it does appear to possess limited ability to address the challenges for SANGOCO at present. Specifically SANGOCO needs a campaign and strategies, which can build its capacity, and encourage broad-based participation by members and sectors. The conclusion that must be drawn is that the advocacy component of the debt campaign is thus <u>not</u> a strategic advocacy priority for SANGOCO at this point, but the potential to support a central anti-poverty thrust through developing greater economic literacy and development analysis is a good opportunity.

If SANGOCO wishes to engage with government in a meaningful way as relates to planning and budgeting, the organisation **should focus on an ongoing and systematic process of building the provincial and sectoral structures ability to engage with development planning processes.** One element of this is to workshop the Framework of Analysis proposed above, while another is to support a programme of economic literacy workshops for provinces and sectors. Such a programme could easily be integrated into existing workshop programme formats (AIDC, IPD, Fair Share etc), and a concerted attempt should be made to negotiate and support a complementary programme carried out by SANGOCO's membership support programme, and the workshop programmes carried out by these partners and other organisations.

If these proposals are accepted then, the current level of engagement will change substantially from one driving the advocacy campaigns, to one of building capacity and support for future engagement by the sectors and the provincial structures of SANGOCO.

Linking with the Job Summit

The Jobs Summit Agreements fall into five broad categories. There are agreements relating:

- **Job Creation in Sectors of the Economy**

These agreements strengthen the ability of economic sectors to create jobs. They include small business promotion, development of the tourism sector and the encouragement of sector summits in sectors that are threatened by job loss or have the potential for job creation.

⌦ The Labour Market and Human Resource Development for Job Creation

These agreements aim to raise the level of skills in the labour market. They encourage the building of human resource capacity through the piloting of learnerships provided for in the Skills Development Act. They also make provision for social security to protect vulnerable sectors of the population.

⌦ Special Employment Programmes

These programmes aim to create jobs in the short term, whilst building infrastructural and human resources that are critical to sustaining long term growth. They include Community Based Public Works Programmes and promoting labour intensive methods in the construction industry.

⌦ Job Creation in the Integrated Provincial Projects

These agreements aim to strengthen job creation efforts in areas of high social need, which have potential for economic growth. These Provincial Projects are focussed in the areas of Greater St. Lucia, the Wild Coast-Emonti area and the Greater Algoa Bay region.

⌦ Matters on Financing

The Nedlac parties undertook to make resources available for the implementation of the Jobs Summit agreements as well as for broader job creation initiatives. Government agreed to provide resources as per the Medium Term Expenditure Framework and Umsobomvu Fund. Business initiated a trust fund to support education, training and tourism projects. Labour established a trust fund based on one-day's wages donated by South African workers

Box: A brief report card on implementation of the programmes across categories

The implementation of the various projects under the different categories varies. The Integrated Provincial Projects in Coega, Lubumbo and the Wild Coast, which were among the key innovations of the Summit, have taken off, bringing together government departments responsible for infrastructure development with private-sector investors and local communities. An array of other projects and programmes aimed at creating employment opportunities has been implemented across the country, many of them targetted to benefit unemployed rural women, youth and people with disabilities. These activities relate to affordable mass housing, small business promotion, tourism, local economic development, the Social Plan, skills development and the training of the unemployed, interventions to improve efficiency in schools, social security, the Buy South Africa campaign and the strengthening of customs and excise. Government's special employment programmes - the Consolidated Municipal Infrastructure Programme (CMIP), Working for Water, Community-based Public Works Programmes, Clean and Green Living Campaign and the LandCare Campaign - are proceeding apace. These are providing short-term jobs linked to infrastructural development, building partnerships across government and with social partners and, in some cases, linked to Spatial Development Initiatives and local development aimed at creating sustainable job opportunities.

It is reported that agreements reached at the Job Summits are being taken further in Nedlac structures and others are being implemented by the Nedlac constituencies. From the government's side, Cabinet has mandated the Investment cluster to deal with the job summit implementation, whilst the Department of Labour is responsible for co-ordinating government's programme. The lead ministries are the Ministries of Labour, Public Works, Trade and Industry and Housing.

On the business side, the Business Trust has appointed an executive committee under the chairmanship of Saki Macozoma and Dave Brink, and it has appointed the National Business Initiative as the managing agent for the trust. The Executive Committee has members from both business and government. As was outlined in the jobs summit agreement, the trust's focus is on tourism, with an emphasis on marketing, SMMEs and learnerships and on education and training, with emphasis on school quality management, reducing repeater rates and capacity development in the further education and training sector. Ntsika is government's small business promotion agency, has taken up the small business promotion issues and four task teams have been formed to take forward the mentorship, access to finance, support services and business incubation projects.

There is little available information on how different projects relate to one another – considering the different implementing agencies - and there is little clarity on overall programme co-ordination. Discussion with representatives from NEDLAC and CGIS did not prove very fruitful as regards institutional arrangements for overall programme co-ordination. The Department of Labour - responsible for co-ordinating government's programme – failed to return numerous telephonic requests related to progress on implementation of the various projects in the preparation of this discussion document. Similarly, the NBI – management agent for the Business Trust – also failed to provide information on progress of implementation of different projects.

Those who are critical of the Job Summit argue that the amount allocated to the implementation of the Job Summit proposals (R1.2bn – which also includes poverty relief) is very small in relation to the need. Moreover, the largest proportion of the budget goes towards special employment programmes, which do not in themselves provide sustainable jobs. The National Expenditure Survey 2000 also chronicles numerous problems of implementation and unspent funds in many of these projects.

Although the Job Summit proposals deal primarily with the problem of job losses and unemployment, they have both a direct and indirect impact on poverty relief especially amongst certain groups such as youth, unemployed rural women and the disabled. These programmes however only address one aspect of poverty which is the poverty that results from unemployment. It is important to note that there are various types of poverty that might not be addressed by merely addressing the problem of unemployment. These may include, poverty related to old age, orphans or illness. Further, poverty could also be experienced by those in employment, who earn an income that is below the poverty line. The Job Summit document does not address the problem of poverty amongst low income households or those in low income generating activities. As discussed earlier its main focus is to prevent job losses or securing alternative employment for those who have been retrenched and providing them with social security nets. This is understandable given that the Summit was convened to address the problem of economic decline and the resulting joblessness. Therefore its attempts to alleviate poverty should be seen within this context. Its interventions should therefore be seen as forming an integral part of other national department's initiatives to tackle the problem of poverty.

3. Towards a social safety system that supports the livelihood strategies of the poor

Research on Asian economies shows that there was a significant reduction in both private income poverty and social income poverty over the previous thirty years. The adjustment policies of the 1980s led to some episodes of rising poverty, but unlike in other regions, there was no substantial increase in poverty. Countries, which adjusted on their own, however, did significantly better on poverty than those who adjusted with IMF or World Bank programmes. The main bases for good performance on the poverty reduction was a sustained growth rate and not very high commitments of national income to social expenditure, nor a progressive improvement in income distribution. Social safety nets did not play a big part. As a result when the economic crisis occurred in East Asian countries in 1997-8, there were only limited safety nets, of either a traditional or state supported kind, so that a sharp increase in poverty ensued (see Box 6 [43]).

The reliance on a growing economy, which proved to be so successful in reducing poverty over the previous 20 years, had a severe flaw in making no provision for social security for the newly unemployed. The traditional system that supported the poor in the past – the ability to retreat to subsistence production, close family links and support from the community – have been seriously weakened with the advent of a dynamic, modern, urban economy. Most of the newly unemployed are likely to suffer considerable hardship unless some provisions are put in place; but at a time of crisis it is not possible to introduce comprehensive support systems. Although reductions in employment will not directly affect the pre-existing poor in the first instance, there are bound to be knock-on effects arising from reduced dynamism of the formal sector and the price rises associated with currency depreciation, increased indirect taxation, rising food prices, and disruptions in transport and distribution due to political crises. The old poor, especially in urban areas, are likely to be especially severely affected since, possibly unlike the new poor, they do not have the buffer of prior savings. The crisis will also have a very debilitating effect on other economies in the region (Bangladesh, Cambodia, Burma, Philippines, etc.) as governments try to lesson the pain of unemployment by slashing the number of foreign workers.[44]

Box 6: Comparative Experiences of Economic Shocks

Economic crises can produce large and rapid increases in inequity. Indonesia's poverty rate had drifted down from over 60% in 1975 to 7% just prior to the crisis. It is now expected to rise to around 20% by the year 2000. In Korea more than 1 million people have lost their jobs, and may others face lower real wages and less job security. Thailand has also seen increasing poverty, unemployment, and declining real wages. Altogether, prior to the crisis there were 30 million people living on less than $1 a day in Indonesia, Malaysia, Philippines and Thailand. By 2000 that number could easily double to 60 million.

This financial crisis has had significant economic and social costs. The pain experienced by working people in the East Asian countries is intense. It is clear that in all of these economies the recovery is going to take time and has already reversed some of the remarkable gains that had been achieved from two or more decades of high growth.(Sources: Stiglitz, 1998; Minister of Finance, 1998)

Recent Ascendancy of Safety Net Policies

There is much talk by international financial institutions (IFIs), donor organisations and governments on the need to introduce 'safety nets'. For international financial institutions like the International Monetary Fund and World Bank, 'safety nets' are critical to help those least equipped to deal with, or temporarily hurt by, the perpetual process of economic adjustment. Yet the past record of safety nets that IFIs have supported elsewhere has been extremely poor, in that schemes have almost invariably reached only a fraction of those in need. Food subsidies have been narrowly targeted, missing the majority of the poor and Social Funds (see Box 8- below [45]) and/or special credit schemes have typically covered an even smaller proportion.[46]

South African Social Security System

GEAR has emphasised the role of the market in social security provision, and the role of the state as providing only a 'social security safety net'. But few people will be adequately protected by the market. The image of the 'safety net', which catches those who cannot provide for themselves adequately, is a popular one. It suggests correctly, that people must provide for themselves if they can.

For many in the conservative camp, the idea of 'social safety net' is limited to public sector income transfers (grants, pensions, subsidies, Social Funds, special credit schemes, etc) to offset the rise in private income poverty. At this stage, the safety nets provided to the poor in South Africa arguably fall in the conservative camp not least because of its poor articulation with other government initiatives and initiatives; i.e. they are poorly integrated with other programmes related to asset redistribution, the structural transformation of the SA economy, service delivery, etc.

Although SA is unique amongst developing countries to have such an advanced non-contributory social security system (comprising old age grants, disability grants and child support grants), assessments of the welfare policy reveal numerous shortcomings.

Box 7: Social Funds

Social funds are low-cost, flexible mechanisms for financing projects in multiple sectors and government agencies. They are institutional resources for providing funding more flexibly and transparently than regular government and line ministries usually do. Social funds are demand driven institutional arrangements that fund (on the basis of a set of guidelines) requests from community organisations for implementing small-scale projects.

For many in the development community, social funds are crucial in addressing critical economic and social needs, distributing resources to underserved communities, enhancing community participation, improving donor co-ordination, and filling the institutional gaps that exist in the public sectors of many developing countries. They do, however, have limitations. Their ability to reach the poorest communities is one reason for concern because the use of these funds depends on initiatives that may not involve the poor. There are also trade-offs between rapid implementation of social fund projects and the need to build institutional and technical ability. Lastly, because social funds have limited resources, they must be part of a larger, co-ordinated effort to meet social and economic needs, and they should not replace critical policy and public sector reform programmes (Source: World Bank, 1997).

The problems can be summarised as follows:

- While the laws have changed to offer equal benefits to all citizens, current levels of generally revenue funded social assistance cannot be spread thickly, or broadly, enough to the meet the needs of the poor. Moreover, government considers the current cost of existing programmes too high;
- There is no clear policy on home-based or community care services for people infected and/or affected by AIDS/HIV;
- The Department has yet to address the implications of the rapid increase in the number of child-headed households who do not qualify for the Child Support Grant;
- The need for material aid for people infected and affected by HIV/AIDS is growing;
- Little is known about the plight of AIDS orphans and the despair of children trying to survive with no support;
- Institutions and foster parents encounter an increasing bureaucracy for the child to be buried in a pauper's grave;
- There is a lack of a safety net for children over the age of seven (the ceiling age of the Child Support Grant);
- There is a lack of appropriate education, health and accommodation for street children;
- Often places of safety for children do not receive their fees and refuse to offer their services as a result;
- Currently only 19% of people with disabilities receive cash grants from government. The rest do not receive and fall outside the government's mainstream service delivery;
- Assistance for the elderly is insufficient – old people, especially in rural areas, spend their pensions on family and are often responsible for rearing the young;
- Old age assistance does not provide poverty relief in rural areas and the means test is unjust, inefficient and impossible to administer;
- The social assistance and safety nets do not provide coverage to those in greatest need and its administration requires drastic change; i.e. there is a wide gap, 18-59 years for women, and 1864 years for men in the social security system; welfare service officers do not apply a uniform policy or follow proper procedures when dealing with the public; the Child Support Grant is not being accessed by the people who need it; the UIF system is inadequate and has been steadily eroded by bureaucratic provisions over the last two years. Domestic workers are excluded from unemployment insurance;

- At the level of those who implement, there is a lack of knowledge and expertise on how to implement developmental social welfare programmes. Retraining of social workers and other categories of personnel is a priority;
- Budgetary constraints present a further obstacle;
- Developmental social welfare might require a bigger staff complement than the present, but which is unlikely in light of government's drive to curb personnel expenditure;
- The lack of and difficulty encountered in co-ordinating initiatives undertaken by the various government departments (at national and provincial levels) and between government and civil society presents formidable challenges. Collaboration has often proven difficult, as government bureaucracies are not designed to facilitate inter-sectoral work;
- Currently, there is no support for 90% of the working age population who are unemployed.

Alternative Policy Approach

For those in the progressive camp, social safety nets is only component of a social security system, the other components being asset redistribution; asset creation and income generation; and human capital development.[47] In the South African policy discourse, these ideas have coalesced around the notion of a 'social wage'. The 'social wage', was first raised in the Reconstruction and Development Programme (1994), and COSATU's September Commission (1997) also argued for an 'economic floor' (includes transfers, goods, services) below which no South African should fall.

Social Wage Policy The social wage, according to the ex-Minister of Welfare, would involve providing micro-credit (small loans) to the poorest of the poor; sustainable public works programmes; food security; a provincial youth service to get the young jobless people off the street; a national programme of skills training through joint programmes with business; and devising cheaper and more efficient public transport systems.[48] Last year, government was thinking of introducing a new social security system that could extend beyond the envisaged basic income grant. In the words of the former Director-General of Welfare, new social security system 'need not be purely about cash grants. **It could be made up of cash grants plus the provision of social services in the areas of welfare, health and education**'. Examples of non-cash grants included water, electricity, sanitation and telecommunications.[49]

Improved budget allocation systems Improvements in the method by which current budget allocations are delivered will play a critical role in improving delivery in the new system. One important problem with the current framework that can be improved is the method by which current budget allocations are delivered. In some cases, such as the **Working for Water Programme**, budget allocations have been used creatively in a way that reduces poverty both by providing an essential resource and by providing jobs and incomes. In others, however, such as housing, budget allocations — primarily the capital subsidy — have been delivered in a way that neither provides an adequate social resource nor addresses poverty. The problem with housing delivery is that the delivery mechanism is channelled via the private sector, rather than directly to the poor via disbursements for self-building initiatives. This has led to a situation in which it has been estimated that over 50% of the capital subsidy goes to non-physical 'inputs' such as consultancy fees. Alternatives do exist, but are hampered by the subsidy rules, which were designed by technocrats in isolation from people's housing organisations. This means that important opportunities for improved delivery, improved incomes, and empowerment are being missed. A similar problem exists with the welfare system.

Re-balancing expenditure on delivery systems The Department of Welfare's White Papers acknowledge that its delivery mechanisms are unwieldy, ineffective, and over-costly relative to the benefits delivered. A disproportionate amount of the Welfare budget is spent on salaries and infrastructure rather than direct payments to the population but the dilemma is that developmental welfare might require more personnel. This raises the question of **improved engagement between government and civil society**. As recent work has noted — echoing testimony from the Poverty Hearings — South Africa's government, particularly at provincial and local level, has so far failed to harness the community ingenuity and energy to address poverty. People often experience government officials as distant and officious, and are rarely given more than cursory opportunities to participate in policy formulation. Much work on the failure of Structural Adjustment Programmes points to this as a major obstacle to effective implementation of the social safety net provisions. Ultimately the solution to this problem must be found both in changed government practices and positive efforts to recognise and empower organisations of the poor. Unfortunately, recent experience suggests that the former may be required to force the latter. In this process, NGOs have an important role to play.

Basic Income Grant – Building Block?

In addition to improved engagement, a number of other problems need to be addressed especially with regard to the envisaged basic income grant (BIG). Firstly, the fact that such a fiscal transfer scheme does not exist at present would entail a massive initial set-up cost, combined with concurrent expenditure on maintaining the scheme. Secondly, little detail is available on the scheme and it is therefore very difficult to estimate the continued cost of the scheme from one year to the next, and how its value may fluctuate. Hence, higher poverty levels in the society, brought on for example by rising unemployment levels, may see a rapid expansion in the scheme that could make it unaffordable very quickly. A third very serious drawback of such a scheme is that does not take labour supply incentives into account. Simply put, the offer of an income grant to employed or unemployed individuals, may induce many to stop working or looking for work and live solely on the grant. Because of the skills profile of the unemployed – un/semi-skilled - individuals at the low-end of the labour market are not going to be great demand and indeed large sections of the unemployed are very unlikely to be employed anyway. In this environment, an income grant could offer much needed respite from indigence in an economy with very low job prospects. Finally, the impact of the income grant will depend in large measure on how well it is targeted. The spill-out effects of such a scheme are serious, and could conceivably mean that the scheme does not effectively reduce poverty to the levels initially aimed at.

Strategic Policy Demands for Future Engagement

Although the BIG could potentially provide and the other grants do provide vital support to the survival strategies of the poor, the following social security components should be seriously considered:[50]

- **Ensure that social assistance provides a safety net to all citizens**. The social assistance system must provide all citizens, especially the poorest, with a basic safety net. This includes the Old Age Pension for the elderly poor, child support, and disability grants. Currently, there is no support for 90% of the working age people who are unemployed. A basic income grant paid to the unemployed, and presently being investigated by a ministerial committee, could provide some level of security to the unemployed. In Brazil, the introduction of the basic income grant for women and children has positive spin-offs for the country's poor. Arguably such a grant could play a vital role in supporting the livelihood strategies of the rural poor and boost demand for goods and services in these economically depressed areas.[51] There is however an urgent need to address the problems with regard to administration of existing and envisaged grants; how to ensure full coverage; devise creative financing options to ensure that the grants are inflation indexed; and civil society organisations vigorously engaging with the Department of Welfare for greater civil society input and influence related to the defining criteria for the pegging of grant level. Key issues that need to be explored include the impact on poverty at the household level of increasing the value of the old-age pensions and the proposed BIG (from R100 to R200), and to extend the coverage of BIG to farmworkers and domestics who constitute very vulnerable segments of the labour market. With regard to the BIG, a further set of issues that need to be explored is how the necessary synergies can be effected between the grant and poverty eradicating community based local economic development strategies that aim to change the distribution of assets and incomes and provide basic services to all.

⌦ **Restructure existing social insurance institutions**. The objectives of this restructuring include the following:

- Increase coverage to all. All working people should be covered by work-related social insurance. Historically, the most high-risk and needy groups (such as domestic workers) have been excluded from social insurance because they were 'too risky' and this segment of the labour market (domestic workers) was until recently unregulated.
- Promoting greater equity. This objective entails a pooling of risks, and incorporating high and low-income earners – thereby smoothing out risk profiles and encouraging the concepts of redistribution and solidarity among all working people. For example, the inclusion of higher earners will make affordable the inclusion of more vulnerable workers.

⌦ **Replace or rationalise privately provided employment-related benefits**. Employment-related benefits such as transport, retirement, private health care and housing amount to about 30% of labour costs. Socialising these benefits through incorporating these benefits into an overall social wage package will reduce the costs to employers. More importantly, through reducing duplication and increasing economies of scale, the publicly provided safety net will be more resourced and sustainable.

Possible Obstacles in Transforming the Social Safety System There are many obstacles that will need to be navigated to implement a comprehensive social security system, which in the main relate to the financing and institutional capacity. At present, there are very serious **capacity constraints within government** to deliver welfare services effectively. There is poor co-ordination between national and provincial departments regarding the policy on allocation of funds from the Poverty Relief Programme and the Department has rolled over a considerable amount of money (more than R500 million) over the last three years.[52] While the lack of appropriate staff and budget cuts played no small part in the inability of the Department to distribute these funds, it would also be a mistake to lay the blame at government's feet only. Indeed, with regard to service delivery to poor communities and vulnerable persons, there are similar capacity constraints in both the private sector and other organised groupings in society. Thus there is the need for a general focus on building capacity, both within government and civil society, to ensure effective social security provision. Sadly, a common understanding of the basis for forging dynamic partnerships between civil society organisations and government is absent. The national department of welfare, according to the Minister, has failed to recognise or acknowledge the wealth of resources and skills that exist in the civil society sector. Secondly, the planning that the national department undertakes with the full range of service providers does not occur within a clear protocol on resource mobilisation and financing.

Promoting community-driven solutions Recent research suggests that community-driven approaches to poverty eradication and employment generation, concretised in partnerships between state and civil society, dramatically reduce the costs of services and goods, thereby enhancing the public sector's ability to pursue other development options and target resources elsewhere. Secondly, it strengthens the socioeconomic structures and institutions of poor communities[53] (see Box 9 below[54]). The challenge resides in designing local development strategies that builds governance capability across and between a broad range of institutional fields of salience for economic life.

This might include networks of organisation and representation across the economy straddling both 'formal' and 'informal' sectors; decentralising responsibility to an active and empowered civic sector; and, cultivating economic values rooted in cultures of trust, co-operation and solidarity between economic agents.[55] Non-governmental organisations are positioned a play a very strategic role in this regard. Two cases illustrate the point. One from Latin America and the other from Asia.

Two Comparative Experiences

In squatter settlements of Latin America, a set of initiatives have been proposed to incorporate community-based groups, the private sector and local government in a partnership for endogenous development. At the core of this kind of local initiative is the upgrading of the planning and implementation capacity of a host of neighbourhood based economic activities in low income settlements. The mass of these neighborhood based economic activities are home-based micro-enterprises. The productive potential of these enterprises is seen as often being constrained by a series of supply-side constraints (training, services, credit, restrictive regulatory environment, etc.). In action programmes that have been proposed for the consolidation of informal settlements, priority is given to the incubation of a set of microenterprises (particularly those run by women) especially related to the maintenance and improvement of the urban environment. Priority is given to increasing the labour productivity of women and young people and to activities such as garbage collection, safeguarding citizens' security, marking traffic indications, personal maintenance services and transport activities. The NGO worked with both local governments and community groups to devise the strategy and strengthen the capacity of both parties. A particular innovation of this programme is the creation of a Municipal Fund for Street Vendors (FOMA). The Fund comprises 50% of all taxes collected from street sellers. The collection is carried out by the union of street sellers, and is transferred to the municipality. Funds of FOMA are earmarked for the improvement of the working conditions of street sellers (health, childcare, and training) and the provision of small credits.[56]

Box 9: Building on the experience of the poor

In a recent publication of the World Bank – Voices of the Poor – presents detailed personal accounts from over 60 000 men and women in 60 countries about the realities of living with poverty, and what the poor need to improve their lives – James Wolfensohn writes that the Bank has embraced the key finding of the report that 'community-driven development projects," which community groups greater control over national allocations of money and resources thereby guarding against corruption and a more powerful "voice" within institutions whose decisions affect their families and livelihoods in order to make them more trustworthy and accountable. The President adds that the compelling evidence in Voices of the Poor has spurred Bank regional operations to increase their funding and support for community-driven programmes in client countries, employing social investment funds, local rural initiatives to improve water and sanitation facilities, and the upgrading of slum housing in urban areas. For example in Bolivia, where the Bank worked closely with communities in the construction and operation of rural health facilities, child mortality has fallen by more than 40% over other areas without these community-designed and run facilities.

In Bangkok, the Metropolitan Administration's (BMA) development programme includes both welfare (education, culture, health, social welfare and community development) and employment promotion components. The employment promotion component of the BMA's development plan is based on its community development (CD) programme. The CD programme and projects seek to promote a better environment and quality of life for inhabitants of slum communities; promote people's organisations; cultivate and co-ordinate private and NGO participation; promote the generation of CD funds. The employment project seeks to render technical support for employment improvement; promote employment through the formation of co-operatives; provide employment support to low income communities; stimulate employment and income generation; strengthen marketing systems; establish co-ordinating centres for vocational training. Programmes and projects are carried out through various vocational training centres and schools, mobile training units, central markets, and weekend markets. In addition to training and marketing activities, the BMA has launched projects with CD funds and revolving funds aimed at providing capital and credit for vocational development in the communities. The CD funds are aimed at mobilising local resources and stimulating people to develop their own occupations and communities through self-help. Twenty communities are targeted for projects each year. Each community selected is to raise 10 000 baht while the BMA provides an additional 10 000 baht. Training on funds management is provided to the selected community. The revolving funds are aimed at providing funds to individual community members to enable them to start their own business on completion of vocational training. Despite the sophisticated scheme, government rules, regulations and procedures are seen as major barriers to gaining access to these services. A series of reforms have been called for including simplification of various operational practices and service-rendering processes; establishment of local service co-ordinating centres at district and community level; provision of a complaint and suggestion system to improve accountability; and wider dissemination of information on available services.[57]

Immediate Priorities The recent works around the benefits of partnerships and intersectoral collaboration coupled with findings that national poverty reducing programmes are most effective when focussed around locally defined needs and priorities suggests a number of ways as how civil society and the state might work with one another to disburse unspent funds earmarked for poverty relief.

As a first step in the long process of engagement, it is absolutely necessary for SANGOCO and its affiliates to demand that the funds earmarked for Poverty Relief be ring-fenced to prevent them from being absorbed into the fiscus.

Secondly, a special purpose vehicle could be created which draws on the administrative and monitoring capacity of existing Internal Grant Makers so that the unspent money can be disbursed rapidly.

Another institutional option is for the Department to call for tenders from consortiums of service providers (spanning the public-private divide) who would then be able to draw down funds. SANGOCO, in co-operation with and assistance from its affiliates and provincial arms, is in a very good position to assemble local and sectoral consortia with a view to supporting innovative poverty-eradicating community based local economic development projects.

Another institutional option, as informed by experiments in Asia and Latin America is for government to set up a dedicated Fund which will providing credit to local communities through a range of intermediaries. Overall management of this Fund will reside with the appropriate government department and/or cluster of departments/ministries at national and provincial level. Funds for on lending will be disbursed on application to NGOs and CBOs (who may be supported by NGOs) with a capacity to manage development credit resources at community level. This will minimise the need for public personnel and state expenditure, and thus reduce the overhead costs of the Fund as demonstrated in relevant international and national South African examples – most notably the uTshani Fund of the South African Homeless People's Federation. End-user access to the Fund will be via group borrowing by households organised into savings and credit collectives.

Whatever option is chosen, it is critically important, in light of the Department having no capacity to document and share innovative strategies that evolve from civil society organisation, that all local projects make financial provisions for a research and development component. Moreover, local projects selected for support need to be 'retrofitted' into welfare spending for the next 24 months.

References & Notes:

[1] This document draws from reports prepared for SANGOCO by Isandla Institute ("National Programme of Action for the Eradication of Poverty" & "Economic Development Policy Framework") and David Husey ("A Review of the SANGOCO Apartheid Debt and Pro-Poor Budget Campaings"). It is strongly advised that the reader consult these documents should more detailed explanations and elaboration be required

[2] see http://www.welfare.gov.za/ncp_national_consultative_pro_htm

[3] A recent survey conducted by Wefa Southern Africa, an economic consultancy, demonstrates that the gulf between the 'haves' and 'have-nots' has not closed since 1994. Indeed, it has widened significantly. While the African share of national income has risen, those who have benefited most are the emerging African capitalist class. The African poor have become decidedly worse off, with the income of the poorest 40% of African households dropping by 4% per annum since 1991 (cited in A.Johnson, 2000, "SA's poor have good reason to be grumpy", Saturday Argus, March 4/5)

[4] Minister Skweyiya, op cit

[5] Pieter le Roux, University of Western Cape economist, cited in Business Day, 13 March 2000

[6] Discussion of Kerala model drawn from G.Parayil, 1996: "The 'Kerala model' of development: development and sustainability in the Third World", Third World Quarterly, 17, 5, 941-957

[7] Twenty nine (29) million people with a population density of 747 persons per square kilometres

[8] The HDI is a composite of three factors: longevity, educational attainment, and standard of living. HDI below 0.5 indicates a low level of human development, between 0.5-0.8 a medium level, and those of 0.8 a high level.

[9] It needs to be borne in mind that while SA is categorised as a middle income country (GNP per capita $3040 – 1994) with a human development index (0.716 – 1994), the HDI of the majority is equivalent to Equatorial Guinea and Congo (rated 131 and 135, respectively, out of 174 countries), while that of the White population is equivalent to Canada - the country with the best human development rating internationally

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[18] see Bhorat, H. et al, 1998: "Poverty in the Labour Market"– Report prepared for the Poverty and Inequality Project

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[28] Toye, J., 1999. 'Nationalising The Anti-Poverty Agenda', IDS Bulletin, Vol. 30(4), p. 10.

[29] Rein cf., Sen, A., 1981. Poverty And Famines: An Essay On Entitlement And Deprivation, Oxford: Oxford University Press, p. 8.

[30] Toye, op cit: 9

[31] See Hossain, N. & Moore, M. 1999. 'Elite Perceptions Of Poverty: Bangladesh', in IDS Bulletin, Vol. 30 (2), who argue that anti-poverty strategies in Bangladesh have been conceptually conflated into a 'standard repertoire of national development issues'. The problem of poverty lacks clarity, priority and focus politically because, in part, the national élites do not perceive it as a real threat to their status. Also see John Toye's article in the same issue who provides a brief history of anti-poverty strategies in Europe and argues that they were not driven solely by philanthropic ideals on the part of the élites, but by ignoble, self-interest agenda.

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[33] Ibid

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