4. Government and civil society interventions

4.1 Introduction and overview

This section presents a survey of existing governmental and civil society measures to address the situation of the poor and, by inference, the chronically poor. The primary aim of the survey is descriptive, but where possible we offer a cursory assessment of the efficacy and sufficiency of these measures.

The strategy of the section is to focus in turn on two broad types of interventions that impact on the poor and chronically poor. First, we survey interventions with a 'social security' or 'safety-net' objective, that is, to cushion people against the effects of poverty. Foremost here is the government's system of social security grants aimed at specific groups of vulnerable people, but civil society interventions are also critically important in this regard. And second, we survey developmental initiatives, meaning attempts to assist poor individuals, households, and groups, improve their circumstances in the short or medium-run. The majority of these latter initiatives involve training and capital investments in order to launch income-generating projects or to boost the SMME sector.

One over-arching finding from this preliminary survey, from both a perusal of relevant documents as well as discussion with key informants, is that 'chronic poverty' does not figure as a distinct category among South African institutions and officials working on poverty and poverty-related initiatives. While there is casual mention of 'poverty traps', it does not serve as an organising theme or suggest particular kinds of interventions. Nonetheless, broadly speaking we can think of social security measures and development initiatives as both having a close relationship to the concept of chronic poverty. South Africa's social security system, as will be shown, has become less of a net devised to catch an unfortunate few in times of temporary distress, than a major commitment to help a large fraction of the population over a sustained period. Absent are the vituperative public and government debates about how to pry people off the welfare rolls, and implicit is the recognition that government in particular must support some people over a long period of time.[21] Similarly, the gathering developmental impetus to provide people skills and other means to better their circumstances, as exemplified in the new 'developmental welfare' approach introduced with the 1997 *White Paper for Social Welfare*, can be understood as an attempt to help people escape their poverty traps. However, this is not to say that chronic poverty as such is implicitly well understood, nor that the mechanisms are in place to combat it effectively. On the contrary, what is still largely missing is a recognition that, amongst the poor, there is a sub-category of people who for various reasons have particularly poor chances of escaping poverty, not least because they are less able to take advantage of whatever opportunities - including these same government programmes - may come their way. Recognition of this heterogeneity among poor households and individuals might result in different types of anti-poverty measures, or different strategies for executing existing anti-poverty

[21] Arguably, one reason this debate is absent is that the system offers relatively little to the working-age unemployed. Even so, proposals for a basic income grant have been met with little public opposition, suggesting a broad recognition that poverty is endemic and for many people enduring.

measures.[22]

Three important areas of government and non-government intervention are excluded from the present discussion. First, we do not examine infrastructure investments and the impact these may have on poor people's quality of life or economic opportunities. Second, we do not touch upon interventions that may have a longer-term impact on the nature of poverty and chronic poverty, such as education. And third, we largely ignore the vast number of legislative changes that have a bearing on people's rights or the rights of specific categories of individuals, such as women and the disabled, as well as various social work services that also seek to assist such groups. That these important areas have been excluded here should not imply that they do not merit close attention in any future research programme.

Within each of the two main types of interventions that we survey - that is, social security and developmental - we attempt to identify the distinct roles of various sectors: government, meaning collectively the national, provincial, and local spheres of government; private sector, by which we mean the benevolent activities of private companies, either individually through their separate programmes, or collectively through joint initiatives or in conjunction with government programmes; NGOs and CBOs, (non-governmental and community-based organisations, respectively); and faith-based organisations (FBOs). To a large extent, much of our information is scanty, and we are left with representative examples rather than accurate summary information. This is particularly true for the activities of private companies, NGOs, CBOs, and FBOs, for which no comprehensive data bases exist that are suitable to our purposes.

Nonetheless, a summary of the main *types* of initiatives and programmes is presented in the following matrix (Table 4-1). The purpose of the matrix is to indicate the typical activities of each of the sectors in terms of social security and development. The table also ventures some extremely rough order-of-magnitude estimates as to the average annual expenditure associated with each sector for the main types of initiatives. (To avoid double-counting, for NGOs and CBOs, these estimated expenditure figures do not include what originates from the government or private sectors.) Although expenditure is not synonymous with impact, the figures begin to convey a sense of which sectors are and are not relatively significant in these two broadly defined areas of intervention.

Table 4-1: Typical poverty-related activities of different sectors[23]

	Government/ Parastatal	Private sector	NGOs and CBOs	FBOs
Social security	• Social grants (i.e. old age, disability, etc.) • Subsidised health	• Occupational insurance (unemployment insurance, medical aid, etc.)	• Community-based home-care, e.g. for orphans • Charities, child	• Soup kitchens • Health services • Shelters/ missions

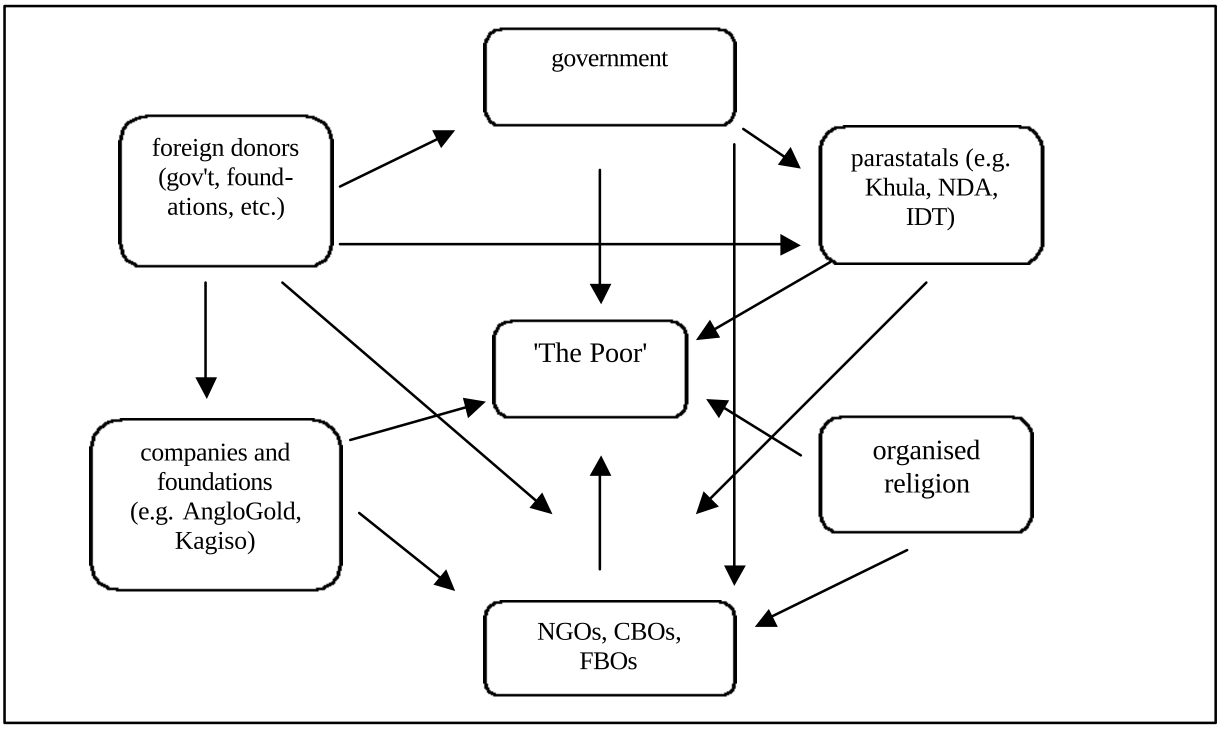
[22] There is admittedly some recognition of this heterogeneity, as shown for example in the attempts to target certain groups, e.g. rural women and the poorest geographical areas. However, it remains very crude. The issue of targeting is addressed in section 5.

[23] The assistance of Professor Anthony Asher in quantifying various categories is gratefully acknowledged. Note that the figures may or may not be inclusive of personnel costs, depending upon whether the benefit consists primarily of cash transfers or of services rendered. As of Oct. 2000, R1 bn was worth about £92 mn or $134 mn.

	care • School feeding programmes *[R48 - R50 bn]*	medical aid, etc.) • Grants for charitable causes, e.g. child welfare *[R50 - R80 bn,, of which R5-R10 bn to low-income hh's]*	welfare organisations, etc. *[R1 - R2 bn]*	*[R0.5 - R1.5 bn]*
Development and Job Creation	• Poverty Alleviation Fund • SMME support • Land redist-ribution • Community-Based Public Works *[R1 - R2 bn]*	• SMME investment and support *[R0.2 - R0.5 bn]*	• SMME support • Income generating community projects *[<R0.2 bn]*	• Income generating community projects *[<R0.2 bn]*

Of course, there are also numerous partnerships and funding flows between sectors in various initiatives. For example, many NGOs and CBOs that provide SMME support receive funding from government and the private sector. Put another way, government and large corporations often reach their target clients through the mediation of NGOs and CBOs. The business sector sometimes combines efforts with government through public-private partnerships, e.g. for provision of schools and other facilities. Indeed, it is important to appreciate these inter-relationships in order to understand how the poverty is addressed. The figure that follows is a simplistic attempt to capture this complex picture, where the arrows represent funding flows (Figure 4-1).

Figure 4-1: Funding relationships among sectors addressing poverty



4.2 Social security

4.2.1 The government's social security system

The South African government has a well established social security system which, in terms of its sophistication and the share of government resources it mobilises, is anomalous among middle-income countries (van der Berg, 1997). Much of this owes to the system's curious historical development. During the apartheid era, the two main pillars of the social security system were established to support whites, namely occupational insurance and social assistance. Occupational insurance involved business and worker-financed schemes, including retirement benefits, unemployment insurance, and workers' compensation, all eventually governed by statute and regulation. Social assistance, meaning mainly old age grants, disability grants, and child and family support grants, was introduced by government to cater to those who were not covered by occupational insurance, on a means-tested basis. Over a number of decades, benefits that were originally available only to whites were extended to coloureds, Asians, and Africans, but with benefit levels initially significantly lower for members of these other groups. However, because of the relatively low formal sector employment levels of Africans in particular, this gradual process of inclusion meant in aggregate that blacks started to capture an ever greater share of social assistance, while the importance of social assistance grew relative to that of occupational insurance. Old age pensions were not extended to Africans until 1944, but by 1990, 67% of all old age pension expenditure went to Africans (van der Berg, 1997). By 1993, parity of benefit levels was finally achieved between members of different races for the old age grant and disability grant (Lund, 1999).

However, there was one grant for which government reckoned parity would be unaffordable. This was the State Maintenance Grant (SMG), which was designed to assist women-headed households for a maximum, in 1996, of R700 per month, depending on the number of children and the extent of need. In 1997, there were some 150 000 recipient households of the SMG (Department of Welfare, 2000a), a figure that was disproportionately white and coloured due to involuntarily low uptake among Africans. Had the grant been available with full parity to all race groups, the total cost would have been an estimated R13.7 billion per year (Haarmann, 1999, cited in Zain, 2000), or 15 times the actual budget for the SMG for 1997. For this reason, the Department of Welfare (now the Department of Social Development) started reducing and phasing out the SMG in 1998, a process which was completed by March 2001. The SMG was replaced with the Child Support Grant, which offers a much more modest R100 per month per child under the age of 7.[24]

Table 4-2 below presents a summary picture of the government's social security grant system, for the year 1999/2000.

[24] The cancellation of the SMG in favour of the CSG has been harshly criticised. One line of argument is that if not for the budget stringency imposed by GEAR, the state could indeed afford to offer the SMG to all deserving of it (Zain, 2000). Perhaps a more convincing criticism is that the cut-off age under the CSG of 7 years is too low. Partly in light of the initial flurry of criticism, the R75 per month per child originally proposed by the Lund Committee was raised to R100.

Table 4-2: Social security grants, 1999/2000

	budget (Rand million)	est. number of recipients	grant per recipient per month (Rand)
State maintenance grants	891	170 000	436
Child support grants	418	348 000	100
Foster care grants	268	57 000	394
Grants for the aged	10 202	1 635 000	520
Grants for war veterans	61	9 800	520
Grant-in-aid for carers of aged	10	8 300	100
Grants for the disabled	4 192	671 800	520
Care dependency grant	81	13 000	520
Grant-in-aid for carers of disabled	4	3 000	100
Social relief	61	not available	not applicable
Total	16 213	~ 2 916 000	not applicable

Source: Department of Welfare, 1999; Department of Social Development, 2000.

Note: Values are in general the maximum amounts that were available in that period, depending on the outcome of the means test. Most maximum grant levels have since increased or been scheduled for increase, e.g. the old age grant is due to increase to R570 per month in July 2001 (Department of Social Development, 2001b). As of January 2000, exchange rates with the pound and dollar were £1 = R10.05 and $1 US = R6.12.

Some of these grants have a fairly broad coverage, particularly the old age grant, which is by far the most significant in terms of numbers of recipients and total budget. The Department of Welfare's 1999/2000 *Annual Report*, for example, indicated that 70% of the aged, 50% of those with disabilities, and 15% of children relative to a target of 30%, were covered by the system. A number of studies have furthermore established that the old age grant in particular is well targeted, in the sense that it reaches poorer households (though not necessarily the poorest), women, and rural areas (see e.g. Lund, 1999, for a concise summary). It is also clear that in the absence of the old age grant, many recipients and their dependants would be much worse off. The role of the old age grant in facilitating job search among working-age family members has also been alluded to, though the disadvantages associated with the formation of "granny households" has also been highlighted.

Relative to many other government programmes aimed at improving the lot of the poor, the social grant system functions and accomplishes what it is meant to accomplish. This is not to say that there are not criticisms of it. For example, concerns have been raised that the coverage of the disability grant is too limited, and that eligibility criteria are too subjective and poorly applied (e.g. Kimani, 2000). Another area of criticism includes the inconvenience of accessing pensions at pay-out points, the time delay in having new applications processed, the incorrect dropping of hundreds or thousands of grant recipients in the course of the ongoing re-registration process, and the weakness of attempts to make people aware of their eligibility to apply for grants, especially the new CSG.[25] However, perhaps the most serious concern that can be raised with respect to the social grant system is its gaps. Specifically, non-disabled working-age unemployed people are not covered, and given the high rate of unemployment such people are very numerous. The rationale for an old age grant is that the elderly (60 years and older for women, 65 years and older for men) can not or should not be expected to work, and in the absence of adequate savings or support from family members, risk falling into desperate poverty. However, many individuals still in their working years find themselves in essentially the same position. South Africa has a high formal sector unemployment rate relative to most developed countries, and a scarcity of resources and opportunities for self-employment relative to many developing countries. A compelling - albeit counter-intuitive - argument is that young African and coloured men are in fact among the most socially and economically disadvantaged marginal section of the population, particularly so in the absence of a state-sponsored safety-net designed to support them (Asher, 2000).

Two other important types of social security assistance provided by the government, are subsidised health care and the Integrated Nutrition Grant (formerly the Primary School Nutrition Programme). While these are not categorised as social security by the government (and they emanate from other departments), they arguably belong to the same category. Health care in public health facilities is subsidised in different ways. First, there is free primary health care for all South Africans, meaning public health clinics provide certain services free of charge. In addition, there is free health care to pregnant women and children up to the age of 6. And third, health services and certain medications (e.g. light painkillers) are subsidised, including those provided through the public hospitals and clinics. Given that there is only modest cost recovery in the public health system, virtually the whole public health budget - R32 billion for 2000/01 - can be considered a form of social security assistance, mainly focused on poorer households. Of this, a relatively small amount, R582 million, is for the Integrated Nutrition Grant, which according to data from the 1999 October Household Survey, benefits roughly 45% of school children between the ages of 7-15.[26]

Notwithstanding the huge budget dedicated to the health care system, access to health care is still problematic in many cases. Poor rural people remain the most disadvantaged in this respect, in part because they are more likely to have to travel far to the nearest health facility and often have difficulty paying for transport; and in part also because they are sometimes unable to pay even the subsidised fees for medical attention, especially if it is an inherently costly procedure. Nonetheless, there is also survey information to demonstrate that significant improvements in access have been achieved since 1994, for example through the building of new clinics (Heath Systems Trust, 1999).

[25] It needs to be noted that the increase in uptake of the CSG between 1999/2000 and March 2001, from 312 000 to 1.1 million (Department of Social Development, 2000b), is quite satisfactory, if not an indication of the intensity of the need for these grants.

[26] This figure could overstate the reach of the Integrated Nutrition Grant, in that the October Household Survey does not distinguish what food distributed freely at school is financed by the Grant as opposed to other sources. Moreover, it should be noted that the Integrated Nutrition Grant consists of a mid-morning snack, and does not aim to meet the entire nutritional needs of school-age children.

4.2.2 Social security services provided through or by the private sector

The main form of social security provided through the private sector is 'occupational insurance'. Occupational insurance falls into four main categories: retirement benefits, unemployment insurance and severance, workers' compensation, and health benefits. Taking together *statutory* unemployment insurance (through the Unemployment Insurance Fund, or UIF) and workman's compensation, the total payouts for 1999/2000 were estimated to be R4.5 billion (Department of Finance, 2000).[27] The main limitation of UIF is that it only applies to people employed in the formal sector, and is gauged according to the level of one's salary while employed. Also, UIF benefits are available only to employees who have been enrolled, which until recently did not include full-time farm employees, and still does not include domestic workers, seasonal workers, and of course those in the informal sector. Benefits extend for six months following retrenchment, at a level of 40% of one's salary. According to the Labour Relations Act of 1995, on termination of one's employment one is entitled to a severance package of not less than one week's pay for each year of continuous service, based on the rate of remuneration at the time of dismissal.

Life assurance and medical aid schemes are of course large industries in South Africa, and the total annual value of benefits paid out through them is on a par with if not greater than the government-financed social security system. These benefits do not however accrue in large measure to the poor, and are also skewed in terms of race. For example, notwithstanding the fact that white households comprised only about 16% of all households in 1995, they accounted for almost two thirds of all personal insurance cover in that year.[28] This is not to cast aspersions on the life assurance and medical aid industries, but rather to point out that they contribute in only a modest way to buffering the poor against worse hardship. In other words, the figures in the top row of Table 4-1 should be interpreted with great care. It should also be noted that both statutory and non-statutory occupational insurance are financed primarily through members' own contributions.

The relative unimportance of both statutory and non-statutory occupational insurance to the poor, is underscored by a recent study of how unemployed people survive (Erasmus, 1999). Of the almost 2000 unemployed respondents, 81% indicated that they survived by means of depending on some sort of assistance or transfer, but 63% of these people depended on assistance from a resident family member, 32% depended on remittances, and 5.1% relied on begging. By contrast, only 4.3% and 1.8% depended at all on the UIF or the workman's compensation fund, respectively, and no mention was made of any sort of non-statutory benefit. For African respondents, dependence upon the UIF and the workman's compensation fund was 3.3% and 1.2%, respectively. The implication is that occupational insurance mechanisms do not play a large role in providing sustenance to the unemployed. This serves to emphasise the point made above about the gaps in the social security system. Combined with what was reported above about the extent of unemployment, the high incidence of people who have never been

[27] The Department of Finance also reports that the payouts for the Accident Road Fund in 1999/2000 was around R2.1 billion. The Road Accident Fund is supported through a special levy on petrol and diesel.

[28] Based on data from the Income and Expenditure Survey of Stats SA, 1997. Unfortunately, more up-to-date statistics are not available.

unemployed, the predominance of involuntary unemployment, and the average duration of unemployment, it is not surprising that occupational insurance mechanisms play a relatively minor role among the unemployed, and by extension a large fraction of the poor.

Apart from occupational insurance mechanisms, the private sector offers philanthropic programmes that complement government's efforts to provide poverty relief. For example, in recent years AngloGold has financed the building of health clinics in areas where retrenched mine employees reside. The Nelson Mandela Children's Fund relies on corporate and individual gifts to finance projects having to do with direct services to children, and approved disbursement of just less than R17 million for 2000.

It is difficult to estimate the sum total of these efforts, not least because there is no data base of such gifts.[29] A very rough guess is that total South African corporate gift giving runs at between R0.5 and R1 billion per year. For sake of argument, suppose that about one third of this falls into the category of promoting social security (with the other two thirds roughly divided between education and development projects). Much or most of this amount, of course, is funnelled through NGOs and CBOs. It may be very significant for those individuals or households that happen to benefit, but in cash terms it is trivial relative to the social security role played directly by government. Where such initiatives may have a disproportionate impact, however, is where they combine funding with technical expertise in collaboration with government, e.g. to improve service delivery. This for example is one of the key strategies of the National Business Initiative, which pools resources from 181 South African and foreign companies, and often develops partnerships with national and provincial government departments around specific initiatives.

4.2.3 Social security services provided by NGOs, CBOs, and FBOs

As with corporate gift giving, there is no data base indicating the total expenditure or total number of people reached by NGOs, CBOs, and FBOs. We therefore attempt to interpolate the magnitude of the collective role of these entities from the few bits of information that we can assemble.

One source of information comes from Dangor (1997), who reported that in 1994, the Development Resources Centre estimated that South Africa had 54 000 non-profit organisations. Other estimates reported by Dangor range from 45 000 to 80 000. The Centre also estimated that the amount of money which "circulated through the sector" each year was in the order of R10 billion. This is a staggering figure, representing 4.7% of GNP for that year. Even if this is true, however, it is difficult to know what it means. For one, presumably the vast majority of this is for salaries and operational expenses such as rent and telephones. How much might be left over for, say, transfers or service provision to poor people, is in any event impossible to say. Among the 108 non-profit organisations that the Centre surveyed in 1996, 46% indicated that their primary activity was education, whereas job creation was the primary activity for 27%. Of course, to

[29] The Southern African Grantmakers Association (SAGA), in 1998 published a *Donor Directory* of just over 300 South African and multinational companies and foundations which extend grants to community projects and other initiatives. Unfortunately, only 70 of these disclosed their expenditure (combining to R242 mn for 1998), and these are not broken down according to specific fields (e.g. health, training, community projects, etc.).

extrapolate from these 108 organisations to the 54 000 that were estimated, would be rather hazardous.

The Department of Social Development maintains a data base of non-profit organisations (NPOs) which must, by law, register with it. The data base presently includes over 1200 organisations, but little information is provided about activities, level of funding, etc. A large number of those listed are day care centres and religious organisations, suggesting a mix of what we are calling NGOs, CBOs, and FBOs.[30] Interestingly, some of the others are group-based income generating projects which formulated themselves as NPOs so as to be eligible for government funding for such projects (see section 5.2.3).

Whatever the funding to NGOs, CBOs, and FBOs used to be prior to 1994, it is generally agreed that it is far less now, as foreign donors have reduced their funding to these organisations in favour of direct support to government. Dangor reports that in 1991, the total funding through the three largest "conduit agencies" - Kagiso Trust, the South African Catholic Bishops' Conference, and the South Africa Council of Churches - was R436 million. By the late 1990s, the funding to Kagiso from some of its main international donors had dropped by 90%. In 1999/2000, foreign government donors contributed R760 million to the South African government, of which R350 (46%) was for the RDP Fund, and the rest was in-kind "technical cooperation" (Department of Finance, 2000). It is likely that foreign donors' collective contribution to the NGO/CBO/FBO sectors, is considerably less than this. Of course, NGOs, CBOs, and FBOs also have other sources of funding to draw on, but these are equally difficult to quantify. One lifeline that has been held out to NGOs and CBOs is from the National Development Agency (NDA), a parastatal set up to finance them using government and donor resources. In 2000, the NDA was allocated about R100 million for this purpose. Much of the R200 million budget voted to the Department of Social Development for direct welfare services, is also spent via NGOs and CBOs.

None of this information helps us discern the magnitude of resources funnelled through NGOs and CBOs that is specifically for social security purposes. Moreover, there is more to assisting poor households than spending money. Some information can be gathered from the same HSRC survey mentioned above. Of the 81% of unemployed respondents that depend on transfers or gifts for income support, 2% mentioned support from a charity or a church. Of course, this may understate the role of charities and churches in providing in-kind support to poor people, for example through soup kitchens and homeless shelters. Overall, this remains an under-researched area.

Apart from soup kitchens and shelters, about which we have very little direct information, perhaps the most important areas in which the non-government, non-corporate sector contributes to social security, is through the health facilities provided by FBOs. However, whereas in the past most hospitals serving South Africa's rural areas were sponsored by churches and religious organisations, many of these have closed down or have been absorbed into provincial health departments. The majority of the remaining FBO-related health facilities draw the bulk of their

[30] The distinction between NPOs and private sector entities is also fuzzy. For instance, the National Business Initiative is technically an NPO, but given the manner in which it was created and is budgeted, has a greater affinity (for our purposes) to the private sector.

funding from the government (Health Systems Trust, 2000). Thus the amount of additional resources provided by FBOs in this area is also not as great as it used to be, though it is also difficult to quantify.

In summary, our information about the aggregate role of NGOs, CBOs, and FBOs in providing social security-type benefits or services, is very poor. Our shaky, indirect evidence suggests that, relative to government, these organisations play a small but important role in this particular area. However, this may change in the next few years. One area where there may be a significant increase in social security-type services, is in the area of community-based care, as for AIDS orphans and AIDS sufferers. An example is Tateni Home Care Services in Mamelodi (UNAIDS, 1999b), which may be the most viable model for dealing with the growing health care crisis associated with HIV/AIDS.

4.3 Development and job creation

4.3.1 Government-led schemes for development and job creation

We describe here four initiatives launched by government in order to increase people's incomes through job creation or asset redistribution: first, we describe the Poverty Alleviation Fund; second, we examine the Flagship Programme for Unemployed Women With Children Under Five Years; third, the government's broad strategy for supporting the SMME sector; and finally, the land redistribution programme and the Integrated Sustainable Rural Development Strategy. This list does not exhaust all that the government is doing by way of fostering development and creating jobs, but it represents some of the more important initiatives, and conveys a useful idea of how government is faring in this important area.

4.3.1.1 The Poverty Alleviation Fund

The first of these is the 'Special Allocation for Poverty Relief, Infrastructure Investment and Job Summit Projects', or simply the 'Poverty Alleviation Fund' (sometimes also referred to as the 'Poverty Relief Programme'). As the name suggests, the purpose of the Fund is broader than just job creation, but job creation remains the main thrust. The Poverty Alleviation Fund initially took over the remaining RDP funds, but in 1998/99 was capitalised by the central government with an additional R598 million, or 0.35% of the total non-interest government budget for that year. Part of the original thinking around the Poverty Alleviation Fund was apparently to balance the impact of GEAR, not least in terms of public perceptions that were hostile to GEAR and to the closing of the RDP Office. Indeed, the Poverty Alleviation Fund continues to be very popular with politicians. In October and November 2000, for instance, just prior to the local government elections, there was a sudden flurry of news stories about launches of projects financed through the Fund, despite the fact that the Fund had already been around for a few years.

The way the Fund works is that national government departments are invited to submit proposals ("business plans") to the Department of Finance (now the National Treasury), which makes recommendations to Cabinet. The process is independent of departments' normal budgeting cycle, in part because the departments are meant to be requesting money for functions that they would not otherwise perform or have not traditionally budgeted for. Indeed, one of the original stated rationales for the Poverty Alleviation Fund was to "assist provinces in re-orienting their services to the poor" (Department of Finance, 2000).

In the event, the Poverty Alleviation Fund has had successes and some failures. One major problem has been the slowness with which allocations were officially finalised to respective departments. In 1998/99, for instance, the allocation was only made in November, leaving less than 5 months in the fiscal year. R480 million out of the R598 million were unspent and then rolled over to the following year, at which time they were boosted by an additional R1 billion as a result of the Presidential Job Summit. Roughly the same amount was rolled over the following year as well (IDASA, 2000).

It is difficult to say how effective spending from the Poverty Alleviation Fund has been in terms of the Fund's objectives. Some of the departments to which resources from the Fund have been allocated have reportedly made significant accomplishments, notably the "Working for Water" programme managed from the Department of Water Affairs and Forestry, and the Community-Based Public Works Programme managed by the Department of Public Works. These two accounted for more than half of the Fund for 1999/2000. However, the allocation to the Department of Welfare of R204 million in 1998/99, went almost entirely unspent, and was the source of an Auditor General's inquiry as well as a great deal of public controversy. The Department of Welfare sought to compensate for its lack of management capacity by forging an alliance with the Independent Development Trust, a parastatal. While this does appear to be solving some of the problem, the move in itself reveals a major weakness of the Poverty Alleviation Fund, namely that many government departments lack the capacity to make effective use of it. A second problem often linked to the Fund is that, by virtue of the apparently *ad hoc* manner in which the Fund is allocated among different departments' business plans, it does not form part of or contribute to a "coherent, systematic and integrated poverty reduction strategy" (IDASA, 2000, p.3). More will be said about the project-oriented approach in a later section. The poverty impact of the Poverty Alleviation Fund is presently the subject of a thorough external evaluation.

4.3.1.2 The Flagship Programme for Unemployed Women With Children Under Five Years

As mentioned above, developmental programmes launched under the auspices of the Poverty Alleviation Fund or in terms of departments' normal line functions, tend to be targeted in a very general way. The most common approach in fact is to concentrate resources in the poorest provinces, or to establish project approval guidelines that emphasise the desirability of reaching women or people in rural areas. One important exception to this is the Department of Social Development's 'Flagship Programme: Developmental Programmes for Unemployed Women with Children under Five Years'. The Flagship Programme was introduced in the 1996/97 budget year, as part of the Department of Social Development's 'Developmental Social Welfare Services', which collectively absorb roughly 8% of the Social Development Budget. The allocations to the Flagship Programme were R3 million for 1996/97, R1.6 million for 1997/98, R2.7 million for

1998/99, and R1.6 million for 1999/2000 (Department of Welfare, 2000b).

The interesting feature of the Flagship Programme, as the name suggests, is the specificity with which it is targeted. The decision to create such a specialised programme evolved from the observation that women-headed households are very apt to be poor, with dire consequences for their children. Being unemployed and living in a rural area further exacerbate this trend, placing unemployed single mothers at particularly great 'risk', and in great need of assistance to become self-reliant (Department of Welfare, 1996). While this does not amount to saying that the Department of Welfare identified this group as especially susceptible to chronic poverty, it is very close, i.e. a conjunction of personal characteristics and environmental factors that conspire against the likelihood of lifting oneself out of poverty.

The overall design of the Flagship Programme is that the Department of Welfare (Social Development) assumes responsibility for overall management, while provincial welfare departments must identify pilot projects in their respective areas. The initial target number of projects was 20 projects overall. Provinces failing to spend their apportioned shares would forfeit the funds back to the kitty. Five years later, it is somewhat difficult to evaluate the Flagship Programme. The 1999/2000 *Annual Report* of the Department of Welfare indicates that 15 pilots have been implemented, incorporating 867 participating women, and 946 participating children. Apart from raising the question of how much of the money budgeted for the Programme has actually been spent, it suggests that the Programme could not possibly be having a discernible impact in the vast majority of communities. Indeed, the fact that the *Annual Report* still makes use of the term "pilot" suggests that the Programme is not maturing very rapidly. The projects launched under the auspices of the Programme was evidently meant to have become financially self-sustaining already, but this goal is proving elusive. It is premature to suggest that the Programme has failed, but the difficulties encountered are a sobering omen in light of the fact that the Flagship Programme is, at least on paper, one of the government's most carefully targeted development initiatives.

4.3.1.3 Support to SMMEs

Providing support to the development of small, micro, and medium-enterprises (SMMEs) is a key tenet of government policy. This is so in recognition of the fact that government has chosen not to contribute to employment growth directly through expanding the public service (and only temporarily through public works programmes), and even if the optimistic private sector employment growth were to actually take place à la GEAR, it would still leave a large gap. One of the vehicles for invigorating the SMME sector is the Poverty Alleviation Fund itself. For example, of the projects that the Department of Social Development (Welfare) has sought to establish through its share of the Fund, a large number are income-generating community-based projects, often agricultural or small-scale manufacturing. However, a completely different approach for supporting the SMME sector has emanated from the Department of Trade and Industry, which has spawned two parastatals, namely Khula Enterprise Finance Ltd. and Ntsika Enterprise Promotion Agency. The main function of Khula is to wholesale finance to accredited SMME-oriented finance retailers (RFIs) and micro-credit outlets (MCOs). The performance of Khula has been subject to scepticism on account of the disappointing uptake from retailers, as well as the poor controls that contributed to the failure in 1999-2000 of three of the largest and most promising of the 20 or so RFIs. Notwithstanding these problems, the establishment of Khula is based on a clear rationale, namely that entry into self-employment in the informal sector is not costless, while the mainstream commercial banks are averse to devoting resources to this sector, and the burgeoning micro-lending sector is oriented predominantly to high-cost consumption loans. The high incidence of SMME failure and poor loan repayment, continue to strain remaining RFIs. In a bid to survive, some of these remaining RFIs are moving up towards the top end of the SMME scale. The relatively newer MCOs, meanwhile, which are specifically geared to focus on the lower end of the SMME scale, have adopted a step-up design together with something like a peer-monitoring approach. Whether or not the peer monitoring aspect will be applied in a sufficiently rigorous fashion remains to be seen. Presently a fair number of the MCOs are struggling with poor repayment rates.

The other main arm of the SMME support strategy, Ntsika, seeks to provide advisory services to existing and new SMMEs. Ntsika reaches its clientele largely through its Local Business Service Centres, of which there were over 80 in 2000 (BRAIN, 2000). One data bank lists another 300 - 400 NGOs and companies which exist to support the SMME sector (BRAIN, 2000).

4.3.1.4 Land redistribution and rural development

As pointed out above, one of the damaging legacies of the colonial and apartheid past is the inequitable distribution of agricultural land between race groups. Apart from being a source of ongoing social tension, this means that many poor households with poor employment prospects, have limited opportunities for providing for themselves through subsistence production or commodity production. The problem is threefold: many rural people are essentially landless; many rural people who do have access to land have very little land or very poor land, or both; and rural households having access to land often fail to derive much economic benefit from that land, even in terms of subsistence production. Lack of financing, training, and market access, are among the problems faced by smallholders. Scores of rural people therefore incur the disadvantages of being in rural areas - i.e. where there are few employment opportunities, underdeveloped infrastructure, and scarce amenities - without much enjoying the advantages of land access.

The government's Land Reform Programme was foretold in RDP documents before the 1994 elections. The Programme, introduced by the Department of Land Affairs, comprises three main parts: restitution, whereby people seek restoration of land from which they were forcibly removed (or equivalent redress); redistribution, whereby other people desiring to own or access land are provided an opportunity to do so with the assistance of government financing; and tenure reform, involving the introduction of more secure forms of land-holding among previously disadvantaged people that already access land.

We focus here on redistribution, mainly because it is the aspect of the Land Reform Programme that has the most overt developmental goals. Since 1995, with the introduction of the Land Reform Pilot Programme, redistribution has accounted for the transfer of just under 0.6% of the country's agricultural land to around 60 000 black households. Another 0.3% has been transferred in terms of municipal commonages, whereby land is vested in the municipality and is then made available to low income households, mainly for the grazing of their livestock. To date, the vast majority of the land has been acquired from private land owners who willingly sold their property. The total capital expenditure on the redistribution programme between 1995 and 2000 was around R820 million (in 2000 Rand). At its peak in 1998/99, the capital expenditure represented about 0.2% of the total government budget excluding interest.

The original vision of the land redistribution programme, as set out in the 1997 *White Paper on Land Policy*, embraced the transfer of land for a variety of purposes, including secure tenure, land for subsistence purposes, and commercial production. However, the primary mechanism for the redistribution programme, the R16 000 per household Settlement/Land Acquisition Grant, revealed the core thrust of the programme was certainly not commercial. Yet, even from very early on, there was a damaging lack of clarity as to the economic goals of redistribution. The vast majority of redistribution projects were to groups of households that formed Communal Property Associations or trusts. These in turn functioned not only as legal entities for the purposes of holding land, but typically attempted to operate commercial enterprises as a group. Most of the time, this meant attempting to carry on with the farming enterprise taken over from the land seller, often with dubious embellishments proposed by an agricultural engineer commissioned to assist applicants with their 'business plans' (Aliber, 1999). The poor performance of many projects was a consequence of confusion as to what sort of economic empowerment was possible within the confines of the grant instrument provided and the organisational form assumed by beneficiary groups. In addition, the rate of delivery has been well below initial expectations and, indeed, promises.

Despite a lengthy review of the land redistribution programme occupying much of 1999-2000, the Department of Land Affairs and the Department of Agriculture introduced a new programme that still reveals confusion as to the economic role that land redistribution can play. The revised redistribution programme was authored by the joint team from the World Bank and a South African university that was also charged with developing the new Integrated Sustainable Rural Development Strategy (ISRDS) on behalf of the Office of the President. As explained in one of the background papers to the ISRDS, a key tenet of the ISRDS is that, by resolving inefficient factor distortions (i.e. land to labour) and harnessing growth linkages, a properly formulated redistribution programme can "catalyze widely shared growth" in the rural economy (Brooks *et al.*, 2000). The two primary points of difference from the earlier redistribution programme are that, henceforth all applicants must make an own contribution in order to qualify for a grant, and grants will be available in a range, the small end of which is effectively more than three times the size of the old grant.

Whether or not the revised model of redistribution will prove more viable than the old one is difficult to say, and will be an important area of future research. An unwieldy implementation system may impede delivery to such an extent that the efficacy of the model will be difficult to observe. On the other hand, if delivery does recover, there are reasons for pessimism that the programme will serve as an engine of rural development. First and foremost, the new strategy was designed in ignorance of the nature of the demand for land, which is overwhelmingly for subsistence-sized plots (LAPC, 1997). Secondly, evidence from former homeland areas, where land allocations are often highly inequitable between households, suggests that beyond a very modest threshold, black commercial farmers adopt labour-saving production strategies that are very similar to those of their large white commercial farmer counterparts, and thus contribute little or negatively to labour use and demand. And third, the new programme reveals little comprehension of the various non-agriculture benefits accruing to land access (Shackleton *et al.*, 2000), which can be reaped more easily if land is not apportioned in large amounts to a relatively small number of beneficiary land owners. Indeed, the unfortunate consequence of pursuing an ill-conceived commercialisation-equals-growth redistribution strategy, is that the genuine economic safety-net potential of land redistribution will be neglected. The ISRDS does however have some important virtues. The most significant of these is that it seeks to provide a mechanism to improve inter-departmental communication and coordination.

4.3.2 Development and job creation through the private sector

The private sector's role in promoting income-generating projects and SMMEs, probably rivals what the government is presently able to do. A large (but unknown) share of private companies' 'social responsibility' spending falls into this category, and is probably not less than R300 million per year. Companies use different strategies for pursuing these goals, including contributing money to professional grant-making institutions such as the National Business Initiative, linking up to development-oriented NGOs and CBOs, linking directly with government, and establishing their own programmes. Some companies have hired development professionals to help them assess opportunities to make contributions or undertake training of recipients (e.g. AngloGold), while others have established their own offices for providing services directly to aspiring entrepreneurs. As an example of the latter, Eskom, Mondi, Nedcor, South African Breweries, Standard Bank, and Hollard, have each introduced special units that seek to provide financial and/or technical support to SMMEs or emerging franchise operators. Arguably, the private sector-led initiatives furnish a greater degree technical support relative to cash than kindred government-led initiatives, though the results are probably similarly uneven (e.g. Hollard, 2000).

4.3.3 Development via NGOs, CBOs, and FBOs

NGOs and CBOs play a critical role in conducting the developmental groundwork on behalf of government and the private sector: broadly speaking, government looks to NGOs and CBOs to mobilise income generating projects and community development projects, whereas the private sector relies on NGOs and CBOs to support SMMEs. Needless to say, this is not always the case. Some NGOs and CBOs mobilise funds from foreign donors for similar purposes, but this appears to be the exception rather than the rule, not least because of the redirection of donor money since 1994 towards government (Dangor, 1997). One important conduit of development funding for NGOs has been the Transitional National Development Trust (TNDT), which channels government and foreign donor money to NGOs for a variety of poverty alleviation activities. According to the TNDT's annual report of 1998-99, of the R106 million that had been disbursed since 1996, 17% had been for SMMEs, while another 12% had been for "rural development" (TNDT, 1999; most of the rest had gone to education, training, and health). The newly constituted National Development Agency (NDA), which took over from the TNDT in 2000, was in that year allocated another R100 million, presumably to pursue a similar range of activities. The advantage of this approach is that the NDA can attract the necessary skills to ensure that development funds are disbursed to NGOs that are likely to make successful use of them, unlike poverty relief funds emanating directly from government departments, which tend to be "'thrown around" (to use the words of one frustrated government employee). However, as NDA staff indicate, the demand expressed by NGOs for financial support hugely exceeds the NDA's resources (Sokalis, 2000).

Less is known about the extent to which FBOs are involved in these types of activities, though it would appear to be far less common than the provision of welfare-oriented services.

4.4 Summary

This section presented an overview of the anti-poverty activities of government and civil society, and provided as well a number of examples of these activities. These anti-poverty activities were divided into two broad categories, firstly those with a social security goal, and secondly those designed to foster development and job creation. In terms of social security, the government's system of social grants is by far the most important intervention reaching low-income households. And, notwithstanding the Department of Social Development's commitment to embrace a more developmental approach, these grants are likely to remain an indispensable part of the country's anti-poverty efforts for the foreseeable future. Social security services provided by or through the private sector are of an equal magnitude, but are not on the whole directed at low-income households, many of whom lack formal sector employment or are employed only in the secondary labour market where such benefits are usually not available. CBOs, NGOs, and FBOs, play a critical role in providing a number of specific services to poor individuals and households, but this role has not been comprehensively captured in this report.

Government spending on development and job creation is far more modest, not least because, unlike the social security spending, these are mostly new areas of activity since 1994, but also because they are inherently more difficult to accomplish. The section paid special attention to three government initiatives, namely the promotion of income generating 'projects', the promotion of SMMEs, and land redistribution. These initiatives, while laudable, have arguably had little overall impact on reducing poverty, in part because of their small scale, and in part because even at the micro level they often fall short of their desired impact. The activities of private sector, CBOs, NGOs, and FBOs, have been equally spotty in terms of development and job creation.