



Employment Guarantees: Innovation at the Interface  
between Social and Economic Policy

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# **Employment Guarantees: Innovation at the interface between social and economic policy**

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## **Abstract**

*In 2005, India promulgated the National Rural Employment Guarantee Act, providing a guarantee of a minimum of 100 days of work per annum to every rural household with unemployed adult members. The programme now has more than 55 million participants.*

*Real policy innovation able to change society in significant ways is rare. India's employment guarantee is an innovation of this magnitude - posing a radical challenge to how we think about employment policy - and the scope for the state to act as employer of last resort where markets fail. In the process, India has given new meaning to the concept of a right to work – opening new policy doors for the rest of us too.*

*At the same time, an employment guarantee has implications for social protection policies, as well as for labour market policy – and the potential to impact on both poverty and inequality.*

*The first part of this paper explores the rationale for an employment guarantee in South Africa, summarises key features of NREGA – and looks at how the Community Work Programme has demonstrated how such an approach could work in practise in South Africa. This part of the paper was first presented at the recent conference hosted by Plaas et al: 'Overcoming Structural Poverty and Inequality in South Africa'.*

*The second part of the paper looks at some of the wider policy implications of employment guarantees as a new instrument on the policy landscape, and reflects on their potential implications for inequality, employment policy, social*

*protection and labour markets. This will be the focus of the presentation at the Conference.*

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## Towards a Right to Work: The Rationale for an Employment Guarantee in SA

### 1. The unemployment crisis

#### 1.1 Structural inequality makes employment creation difficult

South Africa has one of the highest unemployment rates in the world, but bad as the formal statistics are, they mask its uneven spread. In many economically marginalised wards, such as the former Bantustans and informal settlements, unemployment figures are far higher than the national average.

This summary of a community mapping process undertaken in Tjakastad in Albert Luthuli Municipality in Mpumalanga paints a typical picture.

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

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

**Seriti Institute 2009**

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

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

Firstly, the structure of the economy means that in South Africa, unlike in many other developing contexts, the informal sector does not provide an easy entry point for self-employment or into the informal sector when there are no other employment opportunities (See Philip 2009). Most manufactured or processed goods bought by poor people are mass-produced in the core economy, and are easily accessible in even the most remote spaza shops. This limits the opportunities for small-scale manufacturing of products targeting poor consumers – which is the typical target market for entry-level enterprise. The lack of opportunities in small-scale manufacturing contributes to the strong bias towards trading in South Africa's informal sector.

Secondly, a key feature of apartheid policy was to limit black people's access to land, to force them into the labour market. For a while, land-based livelihoods supplemented the low wages of migrant workers. But as land pressures mounted, the contribution from such activities declined, with rising dependence of the rural economy on urban remittances and, more recently, on social grants. In the process, the kinds of institutions required to sustain agrarian livelihoods and smallholder production became increasingly eroded also.

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

In South Africa, therefore, two of the most important avenues through which poor people typically engage in economic activity and enter into markets are severely constrained. This makes poor people unusually dependent on wage remittances or social grants. This dependence is structural: it's not a state of mind or a function of a lack of entrepreneurship - but it certainly contributes to

the lack of economic dynamism and to the levels of economic desperation that characterise many of South Africa's poorest areas.

These are not problems that markets – left to their own devices – can or will solve. As a result, employment creation strategies that expect poor people to navigate their way into markets under these conditions are destined to have a high failure rate – as they already do. That doesn't mean there are no economic opportunities in such areas – there are, and these need to be optimised and supported: but they are limited, they cannot create jobs at the scale required, and the returns tend to be very low.

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

Structural inequality makes employment creation difficult - and unemployment further deepens inequality. Keynes argued that unemployment is a function of economic cycles and is not the 'fault' of the individuals directly affected; as a result, the costs of unemployment need to be treated as social costs, with the burden shared by society as a whole. Ways of doing so have been central to the levels of equity achieved in much of Western Europe.

In South Africa there is no instrument in place to socialize the costs of unemployment: instead, the full brunt of these costs are borne by the individuals directly affected, and by their households, on a relatively arbitrary basis.

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

This is also a key source of the ‘insider-outsider’ dynamic in South Africa. Those who manage to get a job can get ahead, with all the inter-generational implications this brings. Those who can’t are not only economic outsiders – they are outside the ambit of social protection also. This is not the fault of workers who do have jobs – although they are routinely cast as the villains, along with their dastardly trade unions; nor is it the fault of those who don’t. No societal-level mechanism is in place to bridge the distributional chasm between the employed and the unemployed, to ‘socialise’ the costs of high unemployment.

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

A new form of cash transfer would certainly help. But the crisis of unemployment in South Africa is about more than the money. In a context in which more than half of all unemployed people under 35 have never had a job, the meaning of work in society - and even the future of work – are at stake.

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

The over-riding priority in South Africa is to break this cycle; to provide work for those who need it, to instil the practices and disciplines of work, to institutionalise and embed the causal link between work and remuneration - currently often absent; to unlock the economic contribution of those excluded, and to give people access to the dignity of being productive rather than being dependent.

#### **1.4 An employment safety net while structural solutions are found**

The structural problems described are not immutable: they can be changed. But it will be hard to do and it will take time to impact.

In strategic terms, that's the key conundrum: we don't have time. Current levels of unemployment are quite simply socially, economically and politically untenable, and the consequences of unemployment continuing at current levels will erode the scope for solutions of any kind – good or bad.

That's the core rationale for a form of employment safety net in South Africa: to enable economic participation even where markets don't, providing a minimum level of work to those who need it – not as an alternative to the other economic policies required, but as part of the necessary conditions for longer-term economic change.

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

It is a model of obvious interest for South Africa.

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

South Africa already has a policy commitment to public employment, through the Expanded Public Works Programme (EPWP). The concept of an employment guarantee is however a much more substantial and systemic commitment to the provision of an employment safety net, and important as EPWP is, the current EPWP model is not easy to convert to an employment guarantee. This is because EPWP was designed to increase the labour-intensity of existing government investments. While this is sensible spending



policy in a context of high unemployment and should be supported; it doesn't constitute a crisis response and it cannot go to the scale implied by a guarantee except at relatively high cost: because most of the employment creation effects are tied to outputs that are not intrinsically labour-intensive, even if their labour-intensity can and should be increased. This is particularly the case for infrastructure, which is the backbone of EPWP, and where its main 'numbers' come from currently.

The gains from increasing the labour intensity of existing expenditure makes an important contribution to employment, but by definition, this contribution offers incremental rather than exponential gains. That is not a failure of delivery on EPWP's part: it is how it is designed. But given the need for an exponential expansion in employment, it doesn't make sense to try to achieve this through the expanded delivery of programmes in which the labour content is in fact often low. In addition, because it is tied to wider processes of delivery, it is often hard for EPWP to target the poorest areas – because these are also often where government delivery is weakest. To go to scale and to target the areas of greatest need, a different modality for the delivery of public employment is needed to complement the current EPWP model.

How then could South Africa adapt the concept of a minimum employment guarantee to our conditions? Employment guarantees can take different forms, and be targeted in different ways. How should such a guarantee be shaped here? How could it be implemented?

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

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

The Community Work Programme is not, in its current form, an employment guarantee. It is, however, a new modality for the delivery of public employment, and it was designed with the explicit intention of developing and testing an approach that could be used to implement an employment guarantee in South Africa.

While the CWP is still only an ant compared to India's elephant, its growth in less than 18 months from 1,500 participants in April 2009 to 70,469 participants by August 2010 demonstrates its potential to go to significant scale, and to mobilize the local partnerships and capacities required to do so. With a labour-intensity of 65% at site level, it is highly cost effective. The fact that communities identify and prioritise the work to be done at local level is also having a wide range of additional development impacts, and is strengthening local institutions.

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

## **2. Innovation in India: the Mahatma Ghandi National Rural Employment Guarantee Act (NREGA)**

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

NREGA's main objectives are defined at three levels:

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

### The key features of NREGA

- The state guarantees up to 100 days of wage employment per annum to every rural household with unemployed adult members willing to do unskilled manual work.
- Such households apply for registration to the local Gram Panchayat (local government); they are issued with a Job Card.
- They may then submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought – with a minimum of fifteen days.
- The Gram Panchayat issues a dated receipt for the application.
- The Act specifies that 'if an applicant under this act is not provided such employment within fifteen days of his application seeking employment',

s/he shall be entitled to a daily unemployment allowance which will be paid by the state government. ‘

- While central government pays the wage costs and 75% of materials cost in the scheme, state governments that are unable to provide work within fifteen days must pay the unemployment allowance from their own budgets.
- Work is identified and planned by the local state, and must have a 60:40 wage: material ratio. Contractors are prohibited.
- Work should be provided within 5 km of the village or else extra wages of 10% are payable. (Summarised from NREGA)

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

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

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

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

The rollout of NREGA has relied on demand from below, in a context of uneven capacity as well as uneven willingness to deliver the programme at local government level. Sharma is quick to highlight that the outcomes from ‘four breathless years of rapid expansion’ are uneven; that in many respects,

it is too early to say with certainty what the impacts and implications of NREGA will be; and that outcomes need to be viewed as 'processes set in motion' (Sharma 2010).

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

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

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

It [the website] includes separate pages for approximately 250 000, Gram Panchayats, 6467 Blocks, 619 Districts and 34 States & UTs. All Job cards and Muster Rolls are being uploaded on the NREGA website. (Sharma 2010).

This level of electronic transparency is complemented by social processes. The Act requires that regular social audits take place at each site, with popular participation, to verify the information as reported. These social audits pose their own set of challenges: in some instances, overzealous processes have made local officials reluctant to implement the programme for fear of this level of public scrutiny and even well-meaning officials have found the

process daunting. Yet in other cases, the process has been criticised as merely a rubber stamp because villagers lack the capacity to hold officials to account. The critical issue, however, is the way space has been opened to strengthen local processes of holding public officials accountable.

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

A critical factor – and a key area of political dispute – has been the role of NREGS in setting a de facto floor for labour market standards. In India, minimum wage standards in rural areas have tended not to be honoured. Until now, workers had little recourse, and few alternatives but to work at poverty wage levels. By paying wages equivalent to the minimum wage, the employment guarantee now provides at least a partial alternative – for 100 days a year. Despite an outcry from landowners that NREGS is creating labour shortages, and despite uneven impacts across states, the employment guarantee offers a powerful new instrument for setting minimum standards in contexts in which they are unacceptably low.

Linked to this has been the impact of equal pay-rates for women and men – largely unprecedented in practice in rural India. This has had substantial impacts on incomes in the hands of women, in turn informing their expectations in the wider workplace. The provision of childcare facilities on site has further enabled the economic participation of women – who make up over 50% of the participants.

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

NREGS is credited with reductions in distress migration; and while the programme is focused on unskilled work, it has created new skilled jobs in

rural areas also. Wages are paid through bank accounts, and this has acted as a huge stimulus to financial inclusion. The sheer scale of NREGA means this has enabled wider ATM rollout in rural areas, and is also enabling innovation, such as the introduction of hand-held devices to capture bio-metric information – like thumb-prints – to confirm attendance at work sites.

While all of these outcomes may still be ‘processes set in motion,’ and the impacts and possibilities to which they give rise are still in flux and often contested, NREGA has opened a range of new development trajectories in rural India: with the creation of a statutory right to work taking rights-based approaches into important new territory.

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

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

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

The CWP provides participants with a minimum number of days of regular work, typically two days a week or the monthly equivalent. The wage rate in 2009/10 was R50 a day. It is an area-based programme, targeting poor communities, in rural and urban areas and informal settlements.

The CWP is ‘an employment safety net and not an employment solution’, providing a minimum level of regular and predictable work while wider policy processes to create decent work take effect.

The CWP was designed to demonstrate ways of taking development delivery to significant scale, in a context in which economic programmes targeting poor people have tended not to manage to do so. The target is to create part-time work for a minimum of 1 000 people per site; sites vary in geographical size, covering an average of 5 wards.

It is designed to be an ongoing programme, and while it may help participants access other opportunities, there is no forced exit back into poverty where such opportunities do not exist. (CWP Annual Report: 2009/10)

The work performed must be 'useful work' – work that contributes to the public good, and/or to the quality of life in communities. A key feature of the CWP is that work is identified and prioritised through participatory processes at community level.

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

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

Most of the communities in which the CWP operates are highly fractured, often with limited levels of local institutional capacity, and local government structures struggling with massive service delivery backlogs. While the CWP is designed to align closely with existing development planning processes, and a site requires the formal support of local government, the CWP is implemented by non-profit Implementing Agents.

In the CWP's design phase, the concept was operationalised by two Implementing Agents, Seriti Institute and Teba Development. At the start of



the process, the CWP model was untested and uncosted; it required high levels of institutional innovation – and learning through trial and error. Funding flows were highly erratic. This had negative impacts on continuity and certainty at site level: not ideal for a programme testing the impacts of ‘regular and predictable’ work. However, through these processes, uneven as they were, the CWP concept was tested and adapted in ways that now inform the norms and standards of the programme.

	CWP Sites	Province	District	Municipality	Number of Wards	Actual Participati on Rate to August 2010
1	Pefferville	Eastern Cape	Amatole	Buffalo City	4 Wards	1,573
2	CRDP 4 Mhlontlo	Eastern Cape	O.R. Tambo	Mhlontlo EC156	25 wards	998
3	Umvimvubu 1	Eastern Cape	Alfred Nzo	Mzimvubu	7 Wards	1,010
4	Umvimvubu 2	Eastern Cape	Alfred Nzo & OR Tambo	Uzimvubu & Mhlontlo	18 Wards	1,448
5	Matatiele 1	Eastern Cape	Alfred Nzo	Matatiele	10 Wards	995
6	Matatiele 2	Eastern Cape	Alfred Nzo	Matatiele	10 Wards	994
7	Elliotdale	Eastern Cape	Amathole	Mbashe & Nggushwa	10 Wards	1,024
8	Senqu	Eastern Cape	Joe Qabi	Senqu & Elundini	7 Wards	3,141
9	Keiskammahoek	Eastern Cape	Amathole	Amahlathi	6 Wards	2,118
10	KSD Mthatha	Eastern Cape	O R Tambo	KSD	9 Wards	1,029
11	Sakhisizwe	Eastern Cape	Chris Hani	Sakhisizwe	3 Wards	1,077
12	Mbizana	Eastern Cape	O R Tambo	Mbizana	10 Wards	1,028
13	Gariep	Eastern Cape	Joe Qabi	Gariep	4 Wards	1,012
14	Lephephane	Limpopo	Mopani	Greater Tzaneen	3 Wards	2,277
15	Muyexhe	Limpopo	Mopani	Greater Giyani	3 Wards	980
16	Tubatse	Limpopo	Sekhukhune	Greater Tubatse & Makhuduthamaga	7 Wards	1,160
17	Tjakastad	Mpumalanga	Gert Sibande	Albert Luthuli	18 wards	2,958
18	Bushbuckridge	Mpumalanga	Enhlazeni	Bushbuckridge LM	10 Wards	2,075
19	Richtersveld	Northern Cape	Namakwa District	Richtersveld local	1 ward	1,095
20	CRDP 3 Riemvasmak	Northern Cape	Siyanda	Kai Garieb, but under Siyanda DMA	TBA	276
21	Bokfontein	North West	Bojanala	Madibeng	1 ward	1,897
22	Meriting	North West	Bojanala	Rustenburg	6 Wards	1,842
23	CRDP 1 Moses Kotane	North West	Bojanala	Moses Kotane	1 Ward	913
24	Rustenburg	North West	Bojanala	Rustenburg	10 Wards	634
25	Mthwalume	KZN	Ugu	Umzumbe	5 Wards	1,851
26	Jozini	KZN	Umkhayakude	Jozini & Mtubatuba & Mbazwane	19 Wards	2,036

27	Nongoma	KZN	Uthangulu & Zululand	Nongoma	13 Wards	1,492
28	Msunduzi	KZN	Umgundolovo	Msunduzi	23 Wards	1,257
29	Msinga	KZN	Umzinyathi	Msinga	4 Wards	988
30	Koppies	Free State	Fezile Dabi	Ngwathe local	2 Wards	2,419
31	CRDP 2 Maluti-a-Phofung	Free State	Thabo Mofutsanyane	Maluti-a-Phofung	1 Ward	1,081
32	Welkom	Free State	Matjabeng	Welkom & Henneman	4 Wards	3,444
33	Motheo	Free State	Motheo	Naledi	4 Wards	1,123
34	Grabouw	Western cape	Overberg	Theewaterskloof	5 Wards	1,124
35	Proudly Manenberg	Western cape	City of Cape Town	Manenburg	3 Wards	1,057
36	Munsieville	Gauteng	West Rand	Mogale City	3 wards	1,516
37	Mogale 2	Gauteng	West Rand	Mogale City	29 wards	1,863
38	Merafong	Gauteng	West Rand	Merafong -	23 Wards	1,506
39	Joburg Region A	Gauteng	City of Jhb	City of Jhb	9 Wards	1,214
40	Joburg Region C	Gauteng	City of Jhb	City of Jhb	5 Wards	1,001
41	Joburg Region E	Gauteng	City of Jhb	City of Jhb	9 Wards	1,712
42	Joburg Region F	Gauteng	City of Jhb	City of Jhb	9 Wards	2,426
43	Joburg Region G	Gauteng	City of Jhb	City of Jhb	3 Wards	1,044
44	Westonaria	Gauteng	West Rand	Westonaria	12 Wards	1,585
45	West Rand District	Gauteng	Westrand District	Westrand DMA	15 Wards	603
46	Randfontein	Gauteng	West Rand	Westrand	2 Wards	1,433
47	Randfontein War of Poverty	Gauteng	West Rand District	Randfontein	15 Wards	1,061
48	Merafong (War on Poverty)	Gauteng	West Rand district	Merafong	3 Wards	1,048
49	Westonaria	Gauteng	Westonaria	Bekkersdal	7 wards	1,031
	<b>Total</b>					<b>70,469</b>

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

CWP Implementing Agents devolve key functions to local level over time, but these capacities are built as part of the process, so that whatever gaps exist do not stop work from starting. A range of innovative methods of community consultation and skills transfer have been encouraged. For example, a methodology developed in Brazil, called the ‘Organisation Workshop’ is a month-long action-learning process that can involve up to 400 people at a time, and teaches work organisation and task management skills. These skills are crucial to the effective running of the CWP, but in a context in which most

participants have never worked before, work organisation can pose a real challenge.

### **3.2 A focus on regular and predictable work**

In India, rural unemployment is partly seasonal, and 100 days of work provided in the 'off' season helps to bridge this gap. But in South Africa, unemployment is not seasonal, and indications are that while short-term employment certainly helps, the poverty impacts of such employment last only as long as the employment itself.

In the CWP, the emphasis is on providing regular access to a minimum level of work, on a predictable basis, as an employment 'safety net'. The focus on regular work is intended to provide participants with a predictable earnings 'floor', because a sustained increase in incomes is more likely to contribute to a sustainable improvement in nutrition, health and school attendance.

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

People who are unemployed are also rarely 'idle'; they rely on a mix of casual work, income-generating activity and other livelihood strategies. While these may not be lifting them out of poverty, it still makes economic sense to supplement such income sources rather than to displace them.

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

### **3.4 The transformative potential of ‘Useful Work’**

Demand for work way exceeds the target in most CWP sites – and there is no shortage of ‘useful work’ to be done at local level. Community mapping exercises and consultation processes have been used to inform the work agenda. For example, this is how Tjakastad converted the set of challenges addressed in the community mapping exercise into a set of work outputs:

Work has concentrated on home-based care, with 361 homes visited and 78 families regularly cared for. A total of 88 adults and 44 children who are infected with HIV and 18 people with TB were assisted with getting medical support; 16 child-headed homes and 42 orphaned and vulnerable children have been helped with food, school uniforms and care. Seven new crèches are operating. Twenty-four people were helped with IDS and birth certificates. The community hall was renovated and toilets constructed. Eight parks, one in each section of the township with braai stands and playground equipment have been completed and launched in December. Road works and the construction of pedestrian bridges are also underway. The community has several small gardens and is the pride of the municipality. The Community Policing Forum has come alive with the help of the CWP, and regular patrols are held. The satellite police station is staffed 24 hours a day, throughout the week. Crime rates have gone down markedly, according to local police, and the gangs for which the village was famous have now disbanded. (Seriti Institute Report for Tjakastad, March 2010).

The identification of ‘useful work’ acts as a catalyst for an integrated development process - overcoming traditional ‘silos’ with relative ease. So while home-based care, care of orphans, food security, youth recreation, road maintenance and community safety are all intrinsic and linked aspects of local development, they are each the responsibility of a different line department or sphere of government – creating huge difficulties for integrated approaches when the attempt starts at national level and tries to cascade down. Yet with

'useful work' as the organising principle, this integration is happening in practise at ground level – able then to draw down on the necessary support from relevant line departments or spheres of government on a more demand-driven basis. Enabling this is a key part of the rationale for the CWP's location in the Department of Co-operative Governance.

The work identified in Tjakastad is typical, and a set of anchor programmes have developed in CWP, that are common across urban and rural sites. There is a strong focus on care, to stave off the worst impacts of chronic poverty and to counter the all-too-evident effects of the HIV/Aids epidemic.

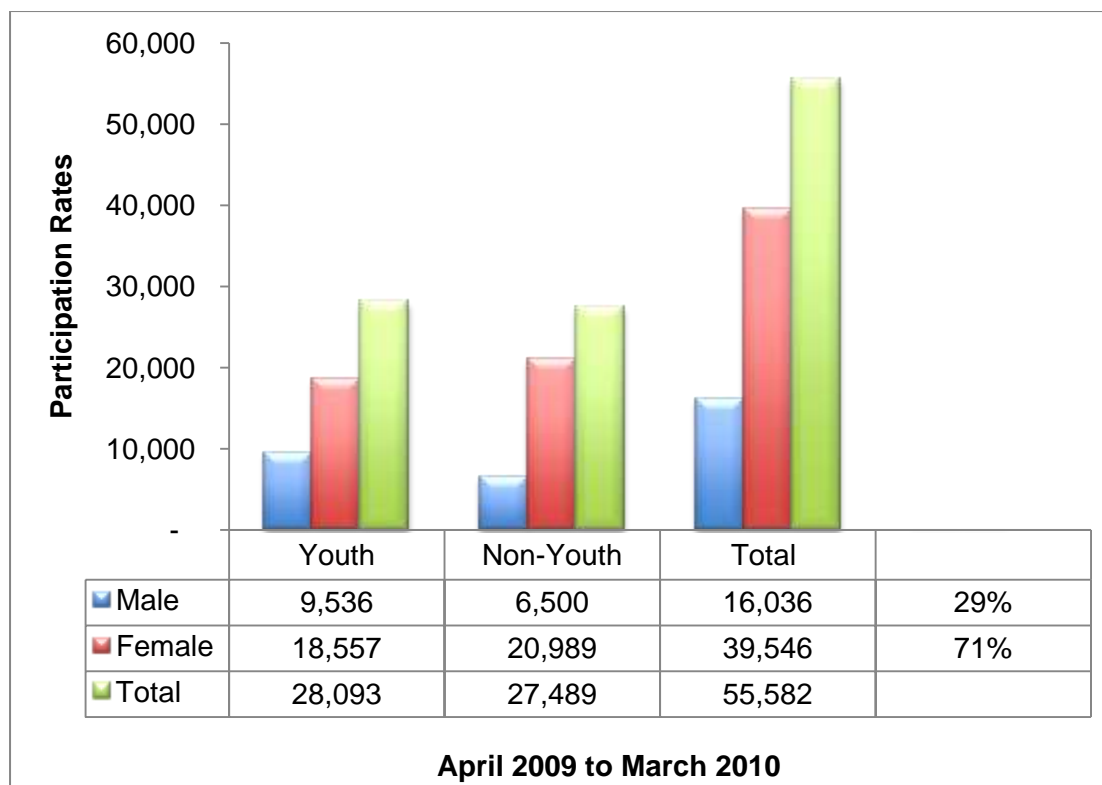
Food gardens have been created in almost all communities, in the grounds of schools and clinics, on wasteland and in the backyards of vulnerable households... Schools receiving the food report that it can make an immediate and dramatic difference to learners' ability to participate in class, and improve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

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The CWP offers auxiliary support to local institutions struggling under the weight of inadequate resources and capacity:

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

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**GRAPH 1: Demographics of Participation: CWP Annual Report 2009/2010**

Young women are the single biggest constituency of participants. In addition to providing work opportunities for youth, much of the ‘work’ also addresses challenges of youth alienation, creating recreational spaces, converting dumps into community spaces and parks, and structuring organised recreational activity.

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

If something as apparently simple as cutting long grass and clearing bush can make a difference to community safety, why does it need the CWP to make it happen? The fact that the CWP can pay people to do the work is important,

but it is only part of the story. The CWP also provides an institutional mechanism that seems to enable and unlock local initiative, because it provides an organised channel through which community problems can be tackled – in ways that are sanctioned and supported by the wider community as well as by government institutions.

In the first instance, much of the focus of the work in the CWP has been on addressing the most immediate social crises confronted: vulnerable children, destitution, inadequate nutrition, safety, and care of many kinds. This is an investment in human capital and there is plenty of work to be done in this area. While this work contributes to social development, human well-being is also the starting point for any meaningful process of economic development. Over time, however, the content of work at CWP sites also includes an increasingly explicit focus on public goods, public infrastructure and environmental rehabilitation and investment that also enhance local economic development.

#### **4. The case for an employment guarantee in South Africa**

The core arguments for an employment guarantee in South Africa are based on recognition of the deeply structural nature of inequality, the uneven impacts of unemployment, the spatially specific ways in which economic exclusion is constituted, and the limits of market-driven approaches to employment creation in the most marginal contexts. Changing this requires structural change, which will take time and we don't have time, because current levels of unemployment are socially and economically untenable.

Public employment has a long history as part of public policy; but by taking it to scale and introducing a rights-based dimension through the introduction of an employment guarantee, India has converted traditional approaches into a much more powerful policy instrument. In both NREGA and CWP, the 'processes set in motion' thus far are multi-dimensional, and include the following social, economic and institutional impacts:

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

Taken to scale and institutionalised as an ongoing programme, this is a powerful development instrument, at the interface between social and economic policy. As part of the 'processes set in motion' through implementation, the challenge is to find the most effective ways to use that power to unlock social, economic and institutional impacts across this spectrum.

In the South African context, regular access to the labour power of 1,000 people and more is a vast development resource at local level; its transformative capacity is only starting to be seen and understood, in both social and economic terms. For participants, the experience of being employed, of economic agency – of being able to change the material conditions in your community through your own labour - is having a transformative effect on their lives in ways that are hard to measure - even though they are there for all to see.





**Part Two:**  
**Reflections on the Wider Policy Implications of an  
Employment Guarantee**

**To follow.**

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