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The Mandela Initiative was privileged to enjoy numerous, strategic partnerships in its efforts to reduce poverty and inequality. The basic partnership was between the university-based Think Tank and the Nelson Mandela Foundation, a non-profit organisation focused on memory, dialogue and legacy work, founded by Nelson Mandela himself. Another key partner was the Programme to Support Pro-poor Policy Development (PSPPD) in the Department of Planning, Monitoring and Evaluation. Other collaborators and contributors since 2012 conference ranged from the academic, government, civil society, business, and development sectors. The full list of partners, collaborators and contributors may be found at http://mandelainitiative.org/about/partners.html.

**Photographs**
Between the Lines is a photographic essay consisting of 100 slides, which was prepared by Paul Weinberg for the Mandela Initiative. The essay features the work of 10 photographers, who explored some of the key issues facing South African society today, with their lenses. These photographs, drawn from the Ernest Cole Award, served as prompts and thought provocations for the deliberations for the MI’s workshop.
A selected number of photographs by the following photographers have been used in the different sections of the Report: Jerry Obakeng Gagegane, Masixole Feni, Johnny Miller, Retha Ferguson, Ilan Godfrey, Paul Botes, and Dale Yudelman.
Cover photograph: Johnny Miller
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Thinking and working out of silos and trying to understand existing non-'siloed' social and economic realities and people's practices and lived experience in these contexts

Being open to the construction of new kinds of typologies, e.g. of public infrastructure, community facilities and settlement types, and to questioning apparently self-evident assumptions

Working in ways to enable and support sustainable, locally driven initiatives or social compacts rather than imposing top down interventions

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Inputs prepared for the Mandela Initiative

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Marang a Letsatsi: “To see the sun rise”
Photographer: Jerry Obakeng Gagegane

“My intentions were to document spaces in a manner that it will give dignity back to the dwellers of the hostels, and my vision was to educate the world about the true realities of life in South Africa, to document on how people come to make home in strange and difficult spaces. The hostels represent people who have had to move, and make a home for themselves.”
A great deal was learnt at the conference. On-the-ground examples of initiatives gave evidence of both hope and anxiety. Research showed that important gains had been made since 1994 but that there were many areas in which progress had either stalled or been reversed. Alarming evidence surfaced of seriously inadequate service delivery, especially in rural and poor communities. The conference resources can be accessed at http://mandelainitiative.org.za/resources/carnegie3-conference-resources.html.

Out of these learnings and the deliberations around them, the conclusion was reached that a national inquiry was needed to understand why it had not proved possible to give effect to the promised constitutional rights as quickly as had been hoped and expected. The purpose of the inquiry was to develop a better understanding of what was working and not working in the country’s range of policy and practical initiatives with respect to the problems with a view to developing effective strategies for action. A Think Tank was formed to lead this process. It was subsequently incorporated into the Mandela Initiative (MI).

The Mandela Initiative was a partnership between the Think Tank and the Nelson Mandela Foundation. The composition of the Think Tank changed over the four years since its inception. By January 2018 it consisted of some 32 persons including two vice-chancellors, the Chief Executive Officer of the Human Sciences Research Council (HSRC), eight chairs from the South African Research Chairs’ Initiative (SARChI) of the Department of Science and Technology (DST) and the National Research Foundation (NRF), and others drawn from different sectors of society including government, civil society, business and faith-based organisations. The enquiry culminated in a national workshop held from 12 – 14 February with 111 participants drawn from government, civil society and the academy to discuss the outcomes of the research.
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The intention from the outset was to draw the research-focused first phase of the Initiative to a close by early 2018, and then to move into a second phase focused on dialogue and advocacy, with a vision for a national conversation on poverty and inequality.

The triple challenges of inequality, poverty and unemployment still reflect the racial, spatial and gender character bequeathed by apartheid.

The inquiry was not intended to be comprehensive. Nor was it intended to duplicate the work of other agencies, such as the Department of Planning, Monitoring and Evaluation in the Presidency, which provides reports on how the country has progressed in realising the objectives set for itself in 1994 and implementing the National Development Plan (NDP) adopted by Parliament in August 2012. Through a process of engagements with a broad reach across our research, policymaking and civil society communities, it was intended to bring fresh thinking to bear on the reasons for the huge chasm between the policy ambitions post-1994 and the lived experiences of the majority of people on the ground, and to generate recommendations to accelerate progress in reducing inequality and eliminating poverty.

Shortly before and after the distribution of the Draft Synthesis Report of the Mandela Initiative in February 2018, three other major reports containing assessments of progress in eliminating poverty and reducing inequality and recommendations for accelerating change, were published. These reports were:

- Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities, published by the World Bank in March 2018; and

A number of academics who played integral roles in the Mandela Initiative from the outset contributed to all four reports. Each of the reports contains evidence of advances that have been made in building an inclusive society whilst providing data indicating that South Africa remains a highly unequal society with over half the population living in poverty. The triple challenges of inequality, poverty and unemployment still reflect the racial, spatial and gender character bequeathed by apartheid.

Collectively the reports provide rich material for reflecting on the roles of the different arms of the state and the suite of policies that have been implemented since 1994 to roll back poverty; for interrogating the explanations of the persistence of structural inequality and poverty; and for assessing the potential impact of different kinds of recommendations on eliminating structural inequality and poverty. This interrogation is vital for deepening our knowledge about the nature of policies that are most likely to be effective for advancing social justice and building an equitable and sustainable social order, and for defining the attributes of a developmental state.

A detailed comparative analysis of the four reports has not yet been done. Their findings are complementary, constituting a loud, consolidated statement on the current state of the nation and the challenges it faces going forward. Many recommendations overlap. Nonetheless their aims and methods have been very different. The World Bank report is a research consolidation. The work of the High-Level Panel was a parliamentary process drawing together research and structured public input. The distinctiveness of the Mandela Initiative has been to constitute the understanding of the issues through the combined and separate insights and knowledges of both academics and stakeholders in the field of practice. From the outset, the Mandela Initiative has striven to anchor its work as closely as possible in the lived realities of South Africans in the post-apartheid period. The founding engagement in 2012 included
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a fair where non-governmental organisations (NGOs) could showcase their work, while the overall event was structured to allow for the pooling of academic research with knowledge about communities and the economy from civil society, worker and business organisations. This approach is reflected in the Think Tank membership and in the many processes of engagement followed between 2012 and the convening event, the national workshop in February 2018.

In this report the focus is on reporting on the progress and key findings of the Mandela Initiative to this point. It commences by outlining key distinguishing features of the Mandela Initiative.

The scope of the work of the Mandela Initiative coalesced around a number of distinct themes:

- The economy;
- Early childhood development (ECD) and the first 1,000 days;
- Public schooling;
- Youth, including post-school education and training;
- Sustainable development, with a particular focus on renewable energy;
- Labour market;
- Urbanisation, informality and spatial inequality;
- Transport;
- Rural economy and land reform;
- Health;
- Social cohesion; and
- Cross-cutting enablers for building a more capable and responsive state.

The wide focus was deemed necessary as the weight of evidence coming out of the 2012 engagement and all subsequent work made it clear that the country’s persistent inequalities were the result of the interrelationships between these dimensions. It was imperative then, drawing on Amartya Sen, to capture the multidimensional reality of the lives of the majority of people in South Africa, and in particular to address the policy implications of expanding people’s substantive freedoms and opportunities to choose the lives they have reason to value.

The dominant orientation of the project was accordingly towards policy (including legislation) implementation and development. At the start of the project, the Minister in the Presidency responsible for Planning at the time, Trevor Manuel, subsequently a member of the Think Tank, helped to set the framing parameters for the project through invoking issues relating to the implementation of the NDP. The improvement of implementation, the strengthening of capacity of government officials, the putting of policies ‘back on track’, and building on policies that are already in place are common refrains in the earlier meetings of the Think Tank. However, significantly, as the inquiry evolved it also increasingly embraced the need for policy critique, the need for new ‘game-changers’ and for doing things differently.

The project decided against adopting a unifying framework or ideological position, and opted rather for a more organic and inclusive approach. The methodology employed was intentionally participative and collaborative. The Initiative sought to generate policy and strategic recommendations through interactions between multiple stakeholders, including people from government, NGOs, civil society, local community organisations, the private sector, research organisations and universities. This approach was informed by a desire to co-shape recommendations as much as possible rather than merely to consult about recommendations.

During the period of the MI, 23 multi-sectoral Action Dialogues and other workshops were hosted to share experiences, research and innovations on poverty and inequality topics and to discuss possible solutions to problems. Over the same period, bi-annual Think Tank meetings provided leadership and strategic guidance to the Initiative, while eight research programmes, funded by the Department of Science and Technology and the National Research Foundation, were set up to probe key themes that emerged from the 2012 conference. Research was undertaken at macro, micro and sectoral levels. In the period 2015 – 2017 the Nelson Mandela Foundation hosted seven dialogues associated with its Annual Lecture series under the rubric of the Mandela Initiative, and convened numerous focus groups and other dialogues inspired by the Initiative’s key themes.

The transformational value of this collaborative approach
Introduction

lies in an understanding of the fundamental role that knowledge plays in confronting and changing the unequal and unjust ways in which society distributes rights and opportunities. Underpinning the approach is a belief that it is the collaboration between researchers, development practitioners, civil society and community organisations, and government that gives rise to the necessary set of new and different perspectives to create new knowledge and generate innovative solutions to problems. The Action Dialogues, in particular, enabled the capture of issues concerning the practical manifestation of poverty and the persistence of inequality and, simultaneously, encouraged critical discussion about the need to replace failed top-down technical models of policy implementation to an ‘inert’ ‘grateful citizenry’ with no agency of its own with practices that engaged the citizenry from the outset and which recognised and gave respect to people’s own efforts to change the quality of their lives. In this way the methodology employed in the MI illustrates the potential capacity of participatory methods to capture issues concerning the practical manifestation of poverty as well as help build collective agency for change.1

The interactions enabled the identification of examples of innovative models of addressing problems at local and regional levels from across the country, as these were chosen and validated by peers in the Action Dialogues, organised under the auspices of the MI. These examples, some of which are summarised in this report, constitute an importance source of information on how people across the country are exercising their collective agency and collective capabilities in enhancing the power of poor people to challenge structural inequalities at the local level and to participate in their own development.2

Regarding the units of analysis, the Initiative generated quantitative data at multiple levels – national, regional and local. It also gleaned information from case studies, discussed in the Action Dialogues, and qualitative reflections of practitioners. These different sources of data constitute a rich repository of ideas and perspectives. However, working at multiple levels and with very different kinds of units of analysis also surfaces challenges, such as thinking about how to expand the reach of successful local level initiatives and/or embed elements of the innovative models in national systems and processes. The researchers involved in the Mandela Initiative also reflected critically on their own practice with a particular focus on the nature of policymaking and the challenges and opportunities experienced in collaborative engagements between researchers and policymakers.

The recommendations contained in the report are based on summaries provided by 40 contributors and additional recommendations emanating from the national workshop held from 12 – 14 February 2018.

Background documentation to this report includes:

1. The full summaries submitted by the researchers and other MI collaborators, for this Report – available at http://mandelainitiative.org/research/synthesis-summaries.html.

The contributors to this Report were requested to structure their input around the following questions.

1. What are the major issues you have identified about the manifestations of structural poverty and persistent, deep inequalities, in [your focus area(s)]?
2. What do you think are the main reasons for the persistence of the deep inequalities and poverty in [your focus area(s)]? These can include policy, capacity or implementation constraints/problems.
3. What are you recommending at a macro policy/strategic level to deal with the major issues you have identified?
4. What do you think the potential impact of the recommendations will be on eliminating structural inequality and eliminating poverty?

The questions were framed in this way to ensure a focus on poverty and inequality in examining challenges in each of the MI’s thematic areas.

The focus at the national workshop in February 2018 was on engaging critically with the recommendations from MI contributors and discussing ideas for national conversations about what needs to be done to eliminate poverty and reduce inequality, beyond the Mandela Initiative. The Think Tank decided mainly to invite people who had participated in prior activities of the MI so that the discussions in the workshop could build on earlier deliberations. Participants were nominated by members of the Think Tank, conveners of Action Dialogues and other contributors to the Draft Synthesis Report. They were drawn from government, civil society and academia/research organisations.

For the purposes of the workshop the Initiative’s themes listed above were combined into five commissions:

- Early childhood, health and public schooling;
- Youth and the labour market;
- Urbanisation, informality, spatial inequality, the rural economy and land reform and transport;
- Social cohesion and sustainable development; and
- Growth and employment.

In this report, we have largely retained the summaries of the workstream outcomes circulated in a draft report, prior to the national workshop, except where amendments were agreed on in the commissions, as these reflected the outcomes of research and engagements already undertaken. We have supplemented the original recommendations with additional recommendations and comments emanating from the deliberations in the five commissions. These are indicated in italics. Authors of the contributions are indicated in bold, and a full list of the contributions may be found at the end of the report.

Analysis of the recommendations across the different thematic areas, and the deliberations of the Action Dialogues and the national workshop surface different underpinning socio-political frameworks informing policy and strategic choices. The report contains summaries of debates in which these differences manifested, such as in the discussions about the Constitution and the NDP on the first day of the workshop; the different approaches to education and training which manifested in the Action Dialogues on youth and skills development; the debates about economic policies for promoting inclusive development in the Commission on Growth and the Economy; and finally, about approaches to engaging with wealth and privilege.

Whilst this report reflects work in progress that requires further discussion, it also provides a possible framework for thinking about prioritising actions to eliminate poverty and reducing inequalities. (See pp 81 – 83.) We put forward this report as a contribution to national debates and the wider global discussion on how to reinvigorate the radical transformation of our society.

The Report is divided into the following sections:

- Section One: The realities of life in contemporary South Africa
- Section Two: Drivers of structural inequalities and poverty
- Section Three: Contextualising the recommendations
- Section Four: Suggested recommendations from the researchers and the Action Dialogues with comments from the Commissions in the national workshop
- Section Five: Cross-cutting enablers for building a more capable and responsive state.
Drain on Our Dignity
Photographer: Masixole Feni

“I live at the back of an RDP house in MFumele on the Cape Flats. I experience issues like poor sanitation, access to clean water and the flooding first hand.”

Sixty years after the anniversary of the Freedom Charter which campaigned for basic human rights, one person, one vote as well South Africa’s democracy, many South Africans still find themselves struggling for basic living conditions. As Feni points out, “Marginalised people were neglected by the apartheid regime. Twenty three years into our democracy, it is a reality that has stayed the same for many.”
The realities of life in contemporary South Africa

In this section, we provide data which illustrates how multidimensional poverty collectively constitutes an intersectional, oppressive reality for the majority of people by constraining opportunities for (the majority of) people to improve the quality of their lives.

The same data illustrate how, even though some of the specific processes have changed over the post-apartheid period, white people continue to access opportunities in relation to health, incomes, employment, education and living conditions which enable them to develop capacities that serve to maintain their privileged positions in South Africa.

Deep Structural Inequalities

Key indicators of deep structural inequalities, identified across the thematic focus areas, are summarised as follows:

- **Wealth** features prominently in contemporary discussions of persistent inequality. As stated by Orthofer¹, data on assets are important in assessing whether households can maintain living standards during spells of unemployment or throughout retirement. Wealth also provides a basis for income generation. This is because wealth can generate its own income (such as interest, dividends, rents or capital gains) and because it can be passed on between generations. Parents can bequeath assets to their children who can further grow them by saving or re-investing the gains. Over time, small differences in assets can thus develop into large inequalities. It is for this reason that all over the world, wealth tends to be even more unequally distributed than labour and household income. Yet there is a dearth of research on wealth inequality in South Africa. To fill this key gap, the REDI3x3 project, a partner project to the Initiative, facilitated access to the personal income tax data that is required to do research in this area.

  Orthofer’s valuable work shows that for income, the South African Gini coefficient is around 0.7, while for wealth it is at least 0.9–0.95. Both these values are higher than in any other major economy for which such data exist. Using tax records and data from the National Income Dynamics Study (NIDS), she estimates that the wealthiest 10% of the population own at least 90–95% of all wealth, whereas the top 10% in the income distribution receive a smaller proportion (55–60%) of income. The next 40% of the population share about 30–35% of all income, but only own 5–10% of all wealth. This research suggests that while there may be a growing middle class in income terms, there is no middle class with regard to wealth: the middle 40% of the wealth distribution is almost as asset-poor as the bottom 50%. Moreover, as shown in Figure 1, the white racial group (solid grey line) dominates the top-end of the wealth distribution. Indeed, it sits so far to the right of the African group (solid dark line), that the two distributions overlap only at the very bottom tail of the white distribution and the top tail of African distribution.

- **Income poverty** continues to be strongly associated with race: 65% of African youth live below the poverty line, compared to just over 4% of white young people. In 2015, 30.4 million of

The realities of life in contemporary South Africa


South Africa’s 55 million citizens – three million more than in 2011 – lived in poverty, or below the upper poverty line of R992 (2015) per person per month. One in three South Africans lived on less than R797 (2011) per month, or half of the country’s 2015 mean annual household income of R19,120. More women are affected than men, and children and the elderly are hardest hit, while racial inequalities continue to define poverty as largely an issue and challenge affecting African people. Two thirds of the population are less than 34 years of age and one third is between the age of 15 and 34 years. Unemployment is particularly high amongst youth (15–34 years) and this is increasing as more young people join the labour force.

- The racially segmented labour market, coupled with large power and class disparities between employers and employees in a job-scarce economy, is largely intact. Pay inequalities as evidenced by extreme earnings differentials are deeply entrenched in the salary and wage structures in the formal economy. Many women and men continue to face unequal opportunities in the labour market. The South African labour force is made up of 15 million employed and 7.5 million unemployed persons. Three quarters of the employed and 90% of the unemployed are from the African population group.

- Colonialism and apartheid spatially carved South Africa into three categories: white dominated commercial farming rural areas; the former impoverished ‘ex-homelands’ for Africans; and urban areas where white people had near exclusive monopoly. The above features of colonialism and apartheid remain intact. Racialised inequalities in both access to, and ownership of land persist to this day. The agrarian structure remains divided and ‘dualist’ in character, with relatively few large farming, forestry and fishing enterprises dominating most sub-sectors and even fewer agri-business companies – who increasingly are multi-nationals – up- and downstream of farm production. Processes of concentration have resulted in a minority of farm producers (mainly white) being responsible for the bulk of produce and exports; around 20% are responsible for around 80% of agricultural value. Approximately 50% of commercial farmers now own over 90% of the land and only 5% of farmers generate 52% of total gross farm income. Barriers to entry to commercial farming are high due to high costs of land and capital, as well as demanding
Spatial inequality intersects with many other dimensions of inequality such as gender, ethnicity, race, class, income, level of education, social contacts and access to political power. Where people live and work matters as livelihood opportunities, physical infrastructure and public services are distributed extremely unevenly across space. To be confined spatially in a poorly resourced or isolated place severely reduces life chances. The tragedy of post-1994 socio-economic development models is the failure to tackle the binding constraints of colonial/ apartheid geographical and spatial arrangements that continue to imprison the majority of people in the poverty, inequality and unemployment trap.

Excessive proportions of disposable household income are allocated to transport costs by those who earn the lowest incomes as a result of living long distances away from work opportunities and excessive time is spent on travel activities. This is the direct consequence of the failure to transform apartheid’s geography. Public transport services, including unscheduled paratransit services (such as taxis) and scheduled mass transit services (such as trains), are often unreliable, with respect to both frequency, service span and coverage. There is a disproportionate burden of personal security risks on low-income households when walking to public transport, waiting for public transport, and travelling in public transport vehicles.

Temporary labour migration, which separates parents from children, remains a persistent feature of African households needing to find sources of income. Most labour migrants continue to be men (although female labour migration has also increased over the past two decades). African children are far more likely than other children to live only with a mother and no father (although 71% of all children in South Africa do reside with an adult man in their home, be it a biological father, an older brother, uncle or grandfather, for example*).

Public services are distributed extremely unevenly across socio-economic groups, and continued segregation of poor people furthest away from the resources of urban centres perpetuates apartheid in all our cities and towns. In addition, indigenous people in rural areas continue to be marginalised in former Bantustan areas due to failed land restitution and reforms, as was detailed by the Motlanthe Report. There is a bimodal education system where the distribution of test scores at every level exhibits the sharp dualism between the smaller part of the school system, mainly those schools that historically served whites and Indians, which perform similarly to schools in developed countries, and the bigger parts of the system, historically serving mainly black and coloured children, which performs extremely weakly, also in comparison to much poorer African countries.

The national public transport system is inequitable across cities and modes and is poorly targeted towards passengers in greatest need. Substantial inequalities in health status remains between socio-economic groups in South Africa, with the poorest bearing the heaviest burden of ill-health not only in terms of what have been seen traditionally as ‘diseases of poverty’ such as communicable diseases (e.g. tuberculosis, HIV, diarrhoea and malnutrition) but also increasingly in terms of non-communicable diseases (e.g. hypertension/high blood pressure and diabetes). Poverty and inequality across a range of socio-economic factors contribute to ill-health and inequalities in ill-health; conversely, ill-health can contribute to poverty such as through the loss of productivity and through having to pay for sometimes costly health services.

Intergenerational Poverty

The distribution of income is an outcome of the distribution of assets, including land, financial assets

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...and the health and education capabilities embodied in individuals, their families and their communities. The unequal access to these assets form the basis of the reproduction of intergenerational poverty, regardless of merit or ability. There is an imperative to strive for equitable access to these assets for all as the basis for a just and flourishing society. Research on earnings of parents and their children shows that if parents are at the bottom of the earnings distribution, their children have a 95% chance of getting stuck there. Children of rich parents tend to remain at the upper end of the earnings distribution. Income poverty can compromise children’s health, which, in turn, impacts on education and employment prospects. In addition, poor youth don’t have access to the kinds of information and social networks (or the cultural and social capital) needed to access further education and employment.

A person’s income influences the kinds of services and opportunities he or she can access which, in turn, impacts on future life trajectories and that of his or her children. Almost six out of 10 young people (59%) live in households with a per capita monthly income of less than R779 [the ‘upper bound poverty line’, 2011], compared to 43% of the adult population. May cites a DHS report which states that 77% of children aged 6 – 23 months are not adequately fed.

These young people experience multiple forms of deprivation simultaneously, including low levels of education, poor health and limited access to housing, basic services and economic opportunities. A third of young children live in households without piped water and a quarter do not have adequate sanitation at home – not even a ventilated pit latrine. Many South African children grow up in households and communities characterised by high levels of violence and trauma. Poor children are more likely to live in food insecure households and suffer from undernutrition, which in turn affects their physical development and health. Chronic poor nutrition leads to stunting and in turn affects mental development, which exacerbates inequalities as early childhood is a particularly sensitive and rapid period of brain development. It is estimated that 27% of children under five years are stunted. Coupled with this are striking differences in levels of access to pre-school learning programmes: a four-year-old child from the poorest income quintile has a 50% chance of attending a group learning programme, compared to a 90% chance for a child from the wealthiest quintile. By the time children start school at the age of seven, inequalities are already pronounced and entrenched, so that children have unequal opportunities to realise their potential in childhood and over their life course.

Research conducted by Posel for the MI highlights that the family is the key mechanism through which economic disadvantage in the family is reproduced. Children inherit the inequalities and deprivations that exist in the adult population unless there are interventions to mitigate these. African children (10–17 years) spend significantly less time on learning activities than other children, and particularly outside school hours (in the afternoons and evenings of a weekday and during the weekend). This is because African children live in poorer households (race differences in time allocations to learning are not evident among children with the same socio-economic status). It does not appear that children in poorer households spend less time on learning because they face more constraints on their time (African children spend as much time on leisure as other children, and they are more likely than other children to evaluate their day as not busy enough). Rather, poverty appears to influence the encouragement and opportunities for children to study in the home environment because poor black parents who live on the outskirts of cities and towns leave home early and come home later. In poorer households, for example, there is less physical space to study, access to books and computers is more limited, and children may receive less input with homework from mothers who have many household chores and fathers who are less likely to be resident in the household.

Persistent race differences in educational outcomes in post-apartheid South Africa are very well documented: in comparison to other children, African children are significantly less likely to maintain grade for age and they are more likely to drop out of school. These differences are partly explained by the poor performance of schools which most African pupils attend. But the socio-economic characteristics of children’s households also influence children’s progress through school. Low levels of educational outcomes and skills, combined with the structure of the post-apartheid labour market mean that African young people are at a disadvantage and are left further and further behind. Integrated strategies are needed to effectively overcome the multidimensional effects of poverty and remove the constraints that impact on children’s abilities to develop their full capacities. In this report, we balance this polarisation by distilling a set of key prongs that should receive priority attention as the foundational necessities for all to participate in contemporary South Africa as full citizens.

Recommendation from the workshop

The data presented needs to be disaggregated by gender to get a true picture of which sections of society are most affected by structural inequality.
Section Two
Drivers of structural inequality and poverty

Unequal Scenes
Photographer: Jonny Miller

“Inequalities in our social fabric are oftentimes hidden, and hard to see from ground level. Visual barriers, including the structures themselves, prevent us from seeing the incredible contrasts that exist side by side in our cities”
Drivers of structural inequality and poverty

In formulating the National Development Plan (NDP), the National Planning Commission (NPC) noted that many advances had been made in building an inclusive society, broadening access to services and establishing the institutions necessary for a democratic and transformative society. However, it also acknowledged that “eighteen years into democracy, South Africa remains a highly unequal society where too many people live in poverty and too few work. The quality of school education for most black learners is poor. The apartheid spatial divide continues to dominate the landscape. A large proportion of young people feel that the odds are stacked against them. And the legacy of apartheid continues to determine the life opportunities for the vast majority.”

Accordingly, rolling back poverty and inequality was identified as the principal challenge to be addressed and more rapid economic growth and employment creation were prioritised. At the MI’s workshop in February 2018, the Commission outlined a wide range of “enabling milestones” to address infrastructure shortfalls, education and skills requirements, healthcare, public transport, clean water, broadband internet access, food and nutrition, social security, safety and social cohesion, amongst others. It listed 10 “critical actions” to give effect to these development objectives.

The Commission recognised that successful implementation would depend on “a developmental, capable and ethical state,” and improved performance in putting government programmes into operation, getting the basics right in many areas, holding people accountable for their actions and finding innovative solutions to complex challenges, whilst recognising that in some areas policy changes may be needed. Despite the huge amount of work that went into the development of the NDP, the major challenges identified in the NPC’s 2011 Diagnostic Report remain with us in 2018.

MI researchers, and others with whom they have engaged, have not set out to reproduce the depth and scope of the NPC’s analysis, but have sought to understand the underlying factors that account for persistent structural inequality and high levels of poverty. Neither economic growth nor the redistribution of assets and opportunities envisaged in the NDP as the enabling conditions for active engagement by the poor have been achieved. Were the policies themselves flawed? Were there major policy gaps? Were there unforeseen or unintended consequences of policy choices that undermined progress? Was there a lack of coordination across policies and between institutions? Were the problems related to the way in which government works, capacity constraints within the state, or weak engagement with the private sector and other stakeholders?

The explanations put forward in this Report are neither comprehensive nor emphatic – they raise difficult questions and offer broad interpretations of the evidence. But we believe these questions must be asked and alternative answers considered so that we can move forward as a country. This part of the Report forms the backdrop to the recommendations contained in Section Four.

Structural Economic Decline

Nearly 10 years after the 2008–09 global recession, South Africa’s economic growth still lags well behind global trends, unemployment is rising, inequality remains extreme and the public finances are under stress. Commentators describe the outlook as a “low growth trap”: more rapid progress is needed to address social and economic pressures, yet the

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Depressed state of the economy reinforces barriers that stand in the way of investment and developmental policy initiatives.

South Africa’s poor economic performance since the recession contrasts with the previous decade, during which growth broadly matched global trends. Between 2003 and 2007, South Africa recorded gross domestic product (GDP) growth of over 5% a year, unemployment and poverty fell and expenditure on public services expanded substantially.

In sectors which have been sources of productivity growth and exports in the past – agriculture, mining and manufacturing – competitiveness has lagged behind international trends and exchange rate volatility has inhibited growth. A structural shift away from more mechanised production has contributed to job losses.

While economic activity and employment in services have continued to grow, the growth in government spending has slowed and intermediate demand from other sectors has been sluggish.

**Global and South African economic growth: 1994 to 2016**

There are several interconnected macro-economic, sectoral and institutional causes of this structural deterioration in economic performance.

- Slow economic growth and tardy business investment trends are symptomatic of weak confidence, lack of trust and pervasive policy coordination failures.

- Whereas rising commodity prices reinforced the momentum of growth in the decade before the recession, lower prices and higher costs have held back mining production and GDP growth in recent years.

- Technical skills constrain expansion in some sectors.

- Consumption-led growth has been held back by household indebtedness and constrained lending to households against the background of banking sector concerns about over-indebtedness and balance-sheet risks.

- Infrastructure investment has been dominated by Eskom’s investment in power plants and its transmission network, and road and rail transport capacity enhancements. The financing of these investments has required tariff increases that have contributed to lower demand and further
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balance-sheet difficulties for the major state-owned companies. It is also significant that the cost overruns in the investment in Eskom due to governance and maladministration (being probed by the Special Investigating Unit, as gazetted by President Cyril Ramaphosa), contributed even more to the balance-sheet difficulties in major state-owned enterprises.

- Youth unemployment is especially severe, putting post-school education under pressure and fuelling discontent.

- Corruption and maladministration in the state have diverted public resources away from the areas for which they were intended.

Much of the burden of unemployment falls on young work-seekers. Job opportunities or introductory work opportunities are scarce for those without work experience, and especially for the 60% of school-leavers who do not complete the grade 12 school-leaving examination successfully.

Slow or declining employment in primary and secondary sectors

With over a quarter of the labour force unable to find work, South Africa has one of the highest unemployment rates in the world. Measured to include “discouraged” workers, no longer actively seeking work, the rate of unemployment is close to one in three.

Structural rigidity in the labour market is reinforced by the institutional feedback loops from high and persistent unemployment. Long-term unemployment is associated with loss of skills and weak adaptability to workplace requirements. At the same time those in work and representative trade unions are strongly resistant to wage flexibility or regulatory changes that would raise their vulnerability to unemployment risks. The extraordinary huge gap between the highest and lowest paid worker in corporate South Africa contributes significantly to the unwillingness of organised labour to be more flexible in asserting their rights.

In the wake of the 2008–09 recession, South Africa sought to restore growth and investment through a counter-cyclical fiscal stance, with strongly increased government spending and a marked shift from surplus to deficit to the consolidated budget position. By 2013 however, while growth remained slow rising debt inhibited the scope for further fiscal stimulus. By 2017, slow growth and policy uncertainty had led to several downward adjustments in sovereign credit ratings. The 2017 Medium Term Budget Policy Statement signalled a continuing deterioration in the debt–GDP ratio, and substantial fiscal risks in both revenue trends and the balance-sheets of state-owned companies.
Youth employment in South Africa is lower than in other emerging economies

![Absorption Rate, 2016](image)

**Figure 4**
Source: International Monetary Fund, Country Report No. 17/189

Public finances under stress – rising debt–GDP ratio

![Debt to GDP (%)](image)

**Figure 5**
Source: Hugo Pienaar, Bureau for Economic Research
Against this background, the 2018 Budget has both raised taxes and curtailed expenditure growth, with a view to restoring a sustainable long-term debt trajectory. The current fiscal stance therefore offers limited opportunities for using expansionary fiscal measures or government spending programmes to strengthen redistribution and development. Public policy is accordingly focused, in the short term, on improving the environment for business investment, addressing regulatory uncertainties and promotion of public–private partnerships in financing infrastructure investment, job creation and urban development.

A sluggish economy and high unemployment are powerful barriers to poverty reduction and more inclusive growth. Productivity is constrained by the spatial inefficiency of South Africa’s cities and unresolved divisions in land reform and rural development. Education and access to skills opportunities reinforce earnings and employment inequalities. Both low participation in the labour market and the distribution of earnings are primary determinants of poverty and inequality.

These economic determinants of the structural persistence of inequalities and poverty are reinforced by political and institutional fragmentation, and distrust between social stakeholders and local or regional interest groups.

Aside from the difficulties in addressing our structural legacies of inequality, confidence and the impetus of investment have been shaken by revelations of large-scale corruption and fraud in both the public and private sectors. These are difficult tendencies to uproot, and are a drain on public resources. There is broad consensus that we are at a crisis-point, that a strategic shift in direction and impetus is needed to restore confidence in investment prospects and a shared frame of understanding of the respective roles, responsibilities, capabilities and capacity for collaboration between government, business, civil society and other stakeholders.

### Household income structure and the distribution of work opportunities

![Graph showing household income structure and the distribution of work opportunities](source: International Monetary Fund, Country Report No. 17/189)
Early Childhood Development (ECD) and the First 1,000 Days

There has been a huge increase in access to early childhood development measures, including grade R, the overwhelming majority of children aged 6–23 months are not being adequately fed, the level of child stunting is very high and these children experience multiple forms of deprivation simultaneously. This effective lack of ECD provision is a major determinant of intergenerational poverty.

Progress in the ECD sector has largely been driven by two factors – firstly the growing international and national evidence of the permanent damage done to children in the first 1,000 days of their lives if they don't receive appropriate care and stimulation, and secondly the existence of well-organised ECD lobby groups who have mounted successful advocacy campaigns to put the issue of ECD on the national agenda to encourage policies and programmes in support of children – and their caregivers – during this important developmental stage of the child’s life.

According to Hall, there are a number of reasons why the state is still not doing enough in the case of young children in South Africa:

- Young children (unlike students, for example) are a silent and mostly invisible constituency – they do not have political voice, they cannot vote or protest. Early childhood development, whilst recognised as important, is still often cast as a ‘soft’ issue and overlooked in the national development discourse, rather than treated as both urgent and fundamental to achieving a socially just and equitable society.

- Responsibility for ECD does not ‘belong’ to any one sector; it requires an integrated set of services and programmes that cut across departments (social development, health, basic education, home affairs, human settlements, justice, public works, labour, transport, water and sanitation, rural development) as well as overarching departments like the National Treasury and Department of Planning, Monitoring and Evaluation, and the different spheres of government (national/provincial/local). Bringing these departments and spheres together to focus on young children has proved to be enormously challenging; as are the practicalities of budgeting, planning and implementing complex programmes.

- While some early childhood services (notably in the area of health) are mainly provided by government, others have relied heavily on non-profit organisations (NPOs) for childcare and group learning programmes, mental health, parent support and welfare services. The NPO sector delivering services to young children has been overstretched and under-resourced; even where subsidies are available, and there are challenges with registration and compliance. Fragmented approaches in turn limit accountability, cross-sectoral referral systems, and the development of information systems needed for monitoring and evaluation.

- Some programmes that fall in the ‘basket’ of ECD provisions, especially in the health sector, have achieved broad reach (for example most children are born in health facilities and are fully immunised in their first year). Others (such as childcare and learning programmes) are often inaccessible or unaffordable. The service infrastructure is insufficient, and there is a strong urban bias in the provision of programmes. Even the Child Support Grant (CSG), often described as the most successful poverty alleviation intervention, has large areas of exclusion for very young children, and the CSG amount (R410 per month in 2018) is not enough to substantially reduce poverty or inequality. It does not even cover the cost of the minimum amount of nutrition that children need. (More details on
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stunting are provided in the sub-section below on Food Security)

- Centre-based and community/home-based services that provide childcare, stimulation and early learning, are not universally and publicly available because they are not in the national budget. (Stunting is addressed in the Health section).

Education

According to the national 20-year review6 launched by the Presidency in March 2014, primary school enrolment rates are good, at approximately 98%. Over eight million learners are now benefiting from no-fee policies, and this has contributed to an increase in secondary school enrolment from 51% in 1994 to around 80% currently. The school curriculum has been reformed several times. Incorrect content from the apartheid era has officially been removed. A new school governance system has been put in place which should have led to more accountability of schools to local communities. A range of interventions have led to improvements in the matriculation pass rate but there is a high drop-out rate from secondary education and the quality of passes is low.

The failure to learn to read means that children in the intermediate and subsequent phases cannot properly read in order to learn.

Notwithstanding these improvements, the public schooling system remains bimodal. Van der Berg points out that throughout the world, socio-economic status is correlated with cognitive outcomes in education, implying that it is difficult to overcome a poor background through educational interventions alone. However, the slope of the social gradient (the relationship between socio-economic status and test scores, for instance) is steeper in South Africa than in any other country for which data is available and there is a strong correlation between race and learner outcomes.

After synthesising years’ worth of collaborative research effort from contributors across economics, education and policymaking arenas, Van der Berg has reached the conclusion that the most significant factor impacting on the huge disparity in learning outcomes between learners in poor urban and rural areas and those in the ex-Model C schools, is that children in schools in the bottom 3 quintiles do not acquire the most basic reading skills, thus never fully accessing the curriculum despite being promoted to higher grades. The massive failure of children to read for meaning (even in their home language) by the time they enter the intermediate phase of education in grade 4 (where most of them also have to cope with a new language of learning and teaching) acts as a major constraint.

The failure to learn to read means that children in the intermediate and subsequent phases cannot properly read in order to learn. This is a binding constraint to all further learning. The language policy, which currently requires students to learn in their mother tongue for the first three years and then switch to English further reduces the resources of the majority of learners, hampering their academic development and literacy development in both languages with devastating impacts on aspects of their well-being such as their self-esteem. Few learners manage to acquire an adequate level of proficiency in English to learn other subjects in English. Moreover, many teachers themselves are not fluent in the language of instruction, which further hinders learning. Levels of language disadvantage experienced by African learners go some way, they suggest, to characterise learner achievement in the provincial systemic tests and ultimately in the matriculation examination.

International studies across different cultures confirm the importance of mother tongue instruction in the foundation years (grades R–3) as essential to strengthening the learning capabilities of children. The neglect of African languages in the foundation years in our school system reinforces the low status of indigenous language and culture in public life and in

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commerce and industry, undermining the self-worth and respect of the majority of children, their families and even teachers.

Van der Berg’s research has also highlighted the importance of understanding the fragilities in the learning environments in most township and rural schools. They point to four problems that act as binding constraints in education, in the sense that failure to overcome these problems will probably mean that other interventions (such as the provision of more resources) would most probably only be successful to a limited degree. These constraints are linked to weaknesses in the ability of provincial departments to perform critical administrative functions; poor management in schools resulting in wasted learning time; weak teacher content and pedagogical knowledge, including skills to teach reading; and undue union influence on the state’s ability to act in children’s best interests. Whilst many interventions have been implemented to address the first three constraints, their research has suggested that the underlying reason for the failure of these interventions to radically impact on the quality of teaching in disadvantaged schools is that the unions have been able to exercise undue influence on the nature of the teaching and learning environments in these schools – effectively undermining many efforts to improve the quality of the management and teaching and learning at the schools. They suggest that there has been a lack of political will to grapple with this problem.

A different approach to explaining the constraints has been adopted by Silbert and collaborators. They argue that the organisational challenges and high levels of teacher resistance in poor schools can be traced back to the legacy effects of apartheid in the school system – an enduring manifestation of the high levels of contestation which schools experienced during the late 1980s and early 1990s. Persistence of such practices, often supported by parents, suggests an inherently fragile and unstable organisational environment with constrained and at times compromised leadership which requires context-specific strategies and well-capacitated district support staff.

Whilst there is growing consensus of the importance of focusing on improving the quality of the teaching of reading skills in the foundation phase, the Human Sciences Research Council (HSRC) review of the past 20 years of education legislation and policy in South Africa, in 2017, has highlighted a number of policy blind spots in addition to the issue of language of learning, which have a significant impact on school environments and perpetuate the bimodal schooling system. The focus of the review was on identifying legislation and policy affordances which have helped facilitate social justice and those that are possibly hindering development and social justice. The major findings are included here as they exemplify consequences of policy choices which were made after 1994 which may have been beneficial for some sections of the population, but which have had the effect of entrenching systemic inequalities between schools in former white, coloured and Indian group areas and those in black townships and rural areas. They also exemplify unintended negative consequences of policies intended to democratise the schools.

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The South African Schools Act recognises two school types: public and private schools. The purpose of this Act was to provide a uniform system of organising, governing and funding all schools in South Africa. School governing bodies (SGBs) were given the authority to determine school policies related to admissions, the language of instruction, appointment of staff, the setting of fees, and school budgets inter alia. According to the HSRC review,

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whilst this provided schools with a great deal of autonomy with regards to governance, it enabled the SGBs to be gatekeepers to their schools, resulting in the exclusion of parents and/or marginalisation of parents and learners and very little progress in changing the race profile of educators in former Model C schools. The power of SGBs to raise additional resources to supplement government funding has enabled well-resourced schools, which were mainly in the previously designated white areas under the Group Areas Act, to become even better resourced without providing sufficient funding to the non-fee-paying schools to redress the imbalances in school infrastructure and resources in accordance with approved norms and standards for school infrastructure (e.g. electronic connectivity and recreational facilities), school capacity (e.g. classroom size), and learning and teaching support material (e.g. science apparatus, electronic equipment) which must be provided by the government.

The disparities are confirmed in the results from the Trends in International Mathematics and Science Study (TIMSS) 2015 which indicated that grade 9 learners who attended no-fee schools tended to achieve lower scores than their peers in fee-paying schools. The majority of learners who attended no-fee schools (75%) achieved below 400 points, the international mid-point. However, 60% of learners who attended private schools reached 475 points, the international benchmark or better, with 14% of who attended private schools achieved 625 points.8 Therefore, although the intermediate benchmark, with 14% of learners who attended private schools reached 475 points, the international mid-point. However, 60% of learners who attended no-fee schools tended to achieve lower scores than their peers in fee-paying schools. The majority of learners who attended no-fee schools (75%) achieved below 400 points, the international mid-point. However, 60% of learners who attended private schools reached 475 points, the international benchmark, with 14% of learners achieving 625 points.8 Therefore, although access to education has improved, allocated state funding is an unequal match for the task of improving the quality of disadvantaged schools to the level of schools which have had years of privileged resources and the ability to charge higher school fees.

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The national post provisioning norms aim to ensure that all schools have sufficient staff and can therefore be run effectively. However, a number of key challenges remain. One of the key challenges within South African education is producing sufficient qualified and competent teachers who are able to provide quality teaching for all school phases and subjects. Teacher shortages, particularly evident in the early childhood development and foundation phase, are therefore encountered; as well as uneven demand for teachers in the various school phases; and shortages of teachers in key subjects, such as languages, science and mathematics. These shortages are particularly severe in township and rural schools and lead to large class sizes, which impact negatively on teaching and learning.9 Poor management of teacher time within schools exacerbates problems, and there is a need to ensure that the number of posts allocated to each school is in line with the number of classrooms. The legislative framework, while ambitious, does not fully consider the contextual differences which exist within South Africa. Wide gaps exist between wealthier well-equipped schools and disadvantaged schools (predominantly in rural areas), in terms of the availability of resources, available infrastructure and equipment, and the training which teachers have had the opportunity to receive. Questions need to be asked about whether different policies are needed to deal with these contextual differences. While rural schools experience greater teacher shortages and have larger class sizes, SGBs in former Model C schools are able to hire more teachers than allocated to their schools (Post Provisioning Norms) if they have the resources available, enabling them to improve the quality of education which their respective schools offer.

For most schools in townships and deep rural areas, school principals and their management teams have to deal with organisational challenges that are far greater than those experienced by their counterparts in more affluent settings in which school fees can be leveraged to provide additional human resources. With heads of departments having to hold down close to full teaching loads, they carry the twin burdens of management and teaching responsibilities. This contributes to the perpetuation of inequality between those schools which have additional resources available and those schools that have limited resources. Wealthier schools are also able to attract highly skilled teachers and provide more teacher capacity building, leading to disparities in the quality of education amongst schools. This raises questions about the unintended consequences of the devolution of authority to SGBs and the current model of teacher provisioning and whether other financing models based on a notion of sharing of resources, such as is being proposed for the National Health Insurance scheme, would be more appropriate to advance equity.

The MI contributions have focused predominantly on

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the questions of the quality of teaching and resource constraints. However, Vally in his input for the MI argues that insufficient attention has been devoted to thinking about the role of education in the creation and promotion of a democratic citizenry; meeting the aspirations for social justice; human rights and the promotion of the cultural life of communities. The relative neglect of these areas, he suggests, is because of the dominance of a human capital approach in education policy with its emphasis on education’s role in relation to the economy. If we wish to advance the project of nation-building then greater attention to the role of education in building critical citizens is needed. This resonates with a call that Mamphela Ramphele, a member of the Think Tank, has made for civic education to promote awareness of the rights and responsibilities contained in the Constitution.

A final reason for the persistence of deep inequality and poverty, suggests Silbert and collaborators, is the prioritising of academic over vocational education; and the lack of government funding in the vocational sector thus reducing the range of education and training opportunities available for children of working class and rural communities.

General comments from the Commission

• Greater nuance is required in the presentation of data. For example, within the differentiated bimodal schooling system. It is not only the 70% of schools in quintiles 1–3 that are not functioning well, the performance of many schools in quintiles 4 and 5 is also not so good. The data should be disaggregated to provide a more nuanced and accurate picture of the state of education in the country.

• There is no reference in the report to the improvements in schooling that have been achieved by government departments and agencies in order to produce a more balanced picture. For example, the national government’s pro-poor policies and the provision of social safety nets have had a beneficial impact on children’s education.

• A recent national maths and science study indicates widespread improvements in the performance of pupils, which are not acknowledged in the report.

Youth

South Africa’s post-apartheid social protection system has led to increased access to services and higher levels of education among the younger generation, but quality remains elusive, leading to low progression through institutions, as well as low completion rates from schools, technical and vocational education and training (TVET) colleges and universities.

According to De Lannoy, large proportions of the country’s young people drop out of school prematurely, or out of the post-schooling education and training system before completing their qualifications. Drop-out happens for a range of reasons, but financial constraints, low results and a lack of information and support are key drivers. Subsequent entry into the labour market is further hindered by – among others – the low levels of skills, lack of information, high transport costs and a general disconnect from networks and pathways that could lead to employment.

These problems are exacerbated by the fact that the South African economy has been characterised by low economic growth rates, leading to poor employment growth and by a structural mismatch between labour demand and supply: the labour market shows a demand for highly skilled workers, but there is a surplus of low skilled potential workers. The labour force has 11.75 million persons who have less than a grade 12 certificate. Youth unemployment is particularly high, at 45% of people between the ages of 15–34.

Presently, each year around 140,000 grade 12 students complete the matric examination with a bachelor’s pass, and of these only around 50,000 students pass mathematics with a score higher than 50%. The pool of students who can potentially access university and science, technology, engineering and mathematics (STEM)-based TVET programmes is very small in comparison to the skill demands in the country.

The university and TVET college subsystems are the largest components of the post-school education and training (PSET) system. Reddy indicates that, in 2014, there were around 1.1 million students in the university sector and 0.8 million students in the TVET sector. Completion rates at both universities and TVET

10 Apart from very high-level data included in the section on Youth, the MI did not cover universities, where enrolment has almost doubled since 1994 and where the racial and gender composition of the student body has been markedly transformed.
colleges are less than desirable: in 2014 there were 185,000 completers from the university sector, and in the TVET sector; but, while 21,000 NCV4 and 57,000 NATED6 wrote the examination, only 7,400 NCV4 and 24,200 NATED6 completed the programme. The poor throughput and graduation rates indicate that there are major problems with the quality of the teaching and learning in the college sector. The reasons for the poor quality and are not handled here.

The National Skills Development Strategy rolled out in 1998 failed to provide effective skills development delivery. The Skills Education Training Authorities (SETAs) have been embroiled in bureaucratic mazes impenetrable to young people. Hence only a small proportion of young, unemployed people are participating in formal education and training programmes.¹¹

The NDP points out that the most common way to create jobs is by means of labour-absorbing growth. But the GDP annual growth has averaged only 2.9% from 1994 – 2016 and grew at a mere 0.7% year-on-year in the September quarter of 2016. The employment growth has therefore not been sufficient to absorb the large numbers of youth entering the labour market for the first time. The end result is an escalating unemployment rate, particularly for young Africans. The skills development challenge therefore is not only to focus on skilling people for and in the formal labour market, but also on skilling the unemployed, the youth, low-skilled people, the marginalised, and those in vulnerable forms of employment, including the self-employed to generate livelihoods.

However, Powell suggests that the dominant focus in policymaking and resourcing has been on efforts to improve the alignment between the supply and demand of skills for the formal labour market. As a result, the needs of the over 11 million youth who may never be able to find jobs in the formal labour market have received less attention. Yet, according to De Lannoy, the social wage package mainly provides support for those who are very young, old, or disabled. In other words, those members of society who are not yet or no longer expected to take part in the labour market. There is less support available for young people, who are expected to either be in some form of education or training, or at work, many of whom are retraumatised by a society that is still dysfunctional from centuries of oppression.

According to Edries, the main barriers impacting on the creation of new enterprises revolve around the absence of a conducive environment, including incentives for the private sector to take risks and test business ideas that would bring social benefits. The state, for its part, is not as nimble or responsive as the private sector in recognising and driving business opportunities. There is a need for a mechanism that can combine the best capabilities of the public and private sectors to trigger investments. Low-cost infrastructure that improves market access of enterprises is frequently missing or inadequately maintained. Business infrastructure which is critical to the quality and security of the workplace for enterprises or to link enterprises to markets is usually prohibitively expensive for any single employer to bear alone. Finally, she suggests that many public institutions that could facilitate job creation have weak expertise or poorly designed programmes.

Under the auspices of the Mandela Initiative, a number of Action Dialogues to discuss these challenges were organised, covering: “Skills Development for Job Creation”; “A call to action: Engaging poverty, inequality and unemployment” and “Rethinking social policy and post-school education in the Eastern Cape”, and a further two on the problems of youth¹². These dialogues were informed by very different ideological approaches. Accordingly, each offered different explanations for the reasons why so many young people are unemployed and/or not in education and training, and are feeling marginalised.

¹² These were on the need for a basic package of support for youth, and not so much their problems per se. The first dialogue focused on the problems and started thinking about solutions (the package of support); the second dialogue progressed the basic package discussions.
The Skills Development Action Dialogue focused on the barriers to access to education and training, e.g. the absence of accessible information about possible careers and education and training opportunities; mismatches between education and training programmes offered and the needs of the labour market; perceived inadequacies in the nature and quality of the programmes, particularly with regard to the development of skills for employability; absence of opportunities for young people to gain work experience, and the neglect of artisan training.

Discussions in the Eastern Cape dialogue were informed by the work of Amartya Sen, on capabilities and a desire to foreground inequality under capitalism as the cause of poverty rather than unemployment as the cause. The dialogue highlighted the limitations of translating education and training programmes into employment or poverty alleviation, arguing instead for a critique of the current macro-economic framework. Significantly, the lack of attention to the role of community colleges in enabling access for adults and youth who did not complete school, or didn’t attend school at all, and therefore do not qualify to study at TVET colleges and universities, was noted. The narrow conception of the role of TVET colleges as being mainly to serve the needs of the formal labour market has also surfaced.

Finally, the discussion focused on how South African policy has been negligent of the way in which neoliberalism has nationally and internationally restructured work in ways that has led to mass unemployment and that post-apartheid employment gains have been either in the informal sector, or in micro enterprises (to a small extent) or in the public sector. Hence it was felt that one of the reasons why the PSET system hasn’t delivered is that there has been insufficient attention to the implications of the shifting nature of work or socially useful work for thinking about the kind of education and training programmes that should be offered. There has been virtually no thinking about the role of vocational education policy in helping to advance social justice, human rights and poverty alleviation. In this regard, the workshop raised the importance of co-operatives as an alternative form of enterprise and social organisation, and as a central vehicle for social and economic development, which has not been addressed in national policy about the role of PSET to date.

The ‘youth support’ dialogues focused on understanding the implications of the multidimensional problems experienced by youth. The participants discussed the problems that youth experience because of the lack of a comprehensive social security programme. The discussions highlighted the weak evidence base for designing appropriate support for young people through the social protection system. The need for disaggregated data on the needs of youth was reinforced by a report provided by a youth-led think tank, the Youth Lab, at a Youth Conversation for Action held in October 2017, on research conducted in two geographical areas: Bonnievale, Western Cape, and Eldorado Park, Gauteng. Youth in Bonnievale indicated that poverty, the lack of qualifications and jealousy in the broader community were the main barriers to employment for them. In Eldorado Park, the top three reasons for participating young people’s struggle to get employed were the lack of the necessary education, support, and substance abuse. Other Youth Lab research found that the lack of work experience was a major barrier for young people in Cape Town and Johannesburg. Cape Town youth also indicated experiencing financial resources as a barrier – they were said to spend up to R2,000 annually in applying unsuccessfully for jobs, findings that are largely corroborated by research with youth in other parts of the country. Requirements that applicants provide a credit record were other examples of unrealistic demands placed on first-time work-seekers. Some youth also told of cases where a ‘fee’ was charged by a person who has information on work opportunities, with expectations that a share of the first month’s salary will be paid to that person if the applicant gets the job.

Labour Market

This section of the Report focuses on the persistence of extreme pay differentials, which are amongst the highest in the world.

Whilst significant progress has been made in deracialising and modernising labour laws and improving industrial relations, many features of the racially segmented labour market still persist today. Significantly, the pay gap between the top and the bottom earners in South Africa is double as high as in
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India and three times as high in Brazil. Entrenchment of inequality has been abetted by the dysfunctional education system, numerous problems in the skills development system which have left skills in short supply, and high levels of unemployment. Despite periods of strong economic growth South Africa’s Bhorat points out that the level of people searching for employment was at an unprecedented 27.8%.

The high rate of unemployment is mainly due to the absence of high rates of sustained economic growth. One of the Commissions in the workshop held in February was devoted to addressing the key determinants of an inclusive growth path.

The inputs received from Collier and Godfrey suggest that the reasons for the huge pay differential between the top and the bottom earners are that, on the one hand, there have been no national interventions to reduce pay at the top end, and on the other hand, there has been a reluctance on the part of the state to intervene to effect improvements at the bottom end, particularly in the informal sector, thus highlighting possible policy gaps and implementation challenges.

The Employment Equity Act 55 of 1998 (EEA) expressly recognises that “because of apartheid and other discriminatory laws and practices, there are disparities in employment, occupation and income within the national labour market.” The Act therefore included a provision (Section 27) intended to progressively reduce disproportionate income differentials. However, Collier and Godfrey argue that the promise of this provision has not materialised because the Department of Labour has incorrectly interpreted Section 27 to apply only to disproportionate horizontal income differentials, which has meant that the section has been ineffective in reducing vertical differentials.

Godsell, a member of the MI Think Tank, has suggested that the narrow conceptions of many employers about the nature of work and the roles of workers continue negatively to influence how they view efforts to improve the wages and working conditions of low paid employees.

At the bottom end of the earnings spectrum, the informal economy has remained resistant to policy and programmes. Collier and Godfrey suggest that the reason for this is because proactive attempts to formalise the informal economy, i.e. to make it generate more value and become sustainable, go along with the application of regulation which has cost and risk implications. Attempts to formalise the informal economy bring to the fore the tension between positive and negative aspects of policy and regulation (effectively putting the Department of Small Business Development, which wishes to create an environment that is conducive to the establishment of small businesses, at odds with the Department of Labour, which is obligated to ensure the protection of workers’ rights). In their view policymakers have avoided dealing directly with this tension, thereby tacitly condoning low earnings and poor working conditions in the informal economy because it is generating livelihoods and jobs in a context where the formal economy is not creating enough employment. This has meant that our legislation has not created a regime of rights and pathways for the casualised and informalised end of the labour market alongside our concerns over formal sector wage inequality.

Bhorat has argued that efforts to narrow the pay differential by improving the wages of workers at the bottom end of the earnings spectrum have been bedevilled by a high incidence of multi-dimensional wage and non-wage violation and, within this, a very high intensity of multi-dimensional non-wage violation. Resources are a serious constraint with only 1,056 labour inspectors in 127 Labour Centres in the country in 2014. This means firms can violate the law with relative confidence that they won’t be caught, and even if they are caught the penalties are

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13 Preamble of the EEA.
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not severe. This suggests that the problems do not lie with the policy – they lie with the lack of capacity or political will to ensure compliance.

Violation of the law is also enabled by large power disparities between employees and employers in a job-scarce economy as a result of the deep structural inequities that characterise the South African labour market. The high incidence of strikes reflects the associated needs for greater levels of protection for workers’ rights and for policy to make headway against the high levels of wage inequality, both across and within sectors and firms.

Urbanisation, Informality and Spatial Inequality

Over the past 20 years, about 2.8 million government-subsidised houses and over 875,000 serviced sites were delivered allowing approximately 12.5 million people access to accommodation and an asset. However, apartheid urban spatial development patterns remain, and as a result even the new housing schemes have not enabled closer access to places of work.

According to Harrison, Pieterse and collaborators, there are multiple reasons for persistent spatial inequality including interests in maintaining a spatial status quo of patterns of land and property ownership; the ways in which property markets operate; the hugely variant capacity across territories to address developmental challenges; and a lack of a strategic and coordinated approach to spatial development and preparedness within government to navigate the socio-spatial complexities of the city and the demands of engaging with “informality”.

When apartheid racial influx control regulations collapsed in the 1980s, there was rapid migration to urban areas. With insufficient supply of affordable land and housing, people settled on vacant land. People settled on the periphery of urban areas or deemed “unsuitable for development”. In cities which experienced a hollowing out of the city centre, the exodus of established businesses from central business districts and the influx of excluded, poor residents from former black townships led to the occupation of an increasing number of vacant inner-city buildings. While these buildings offered housing to the poor, the occupiers’ tenure was often extremely precarious and the conditions in these buildings often hazardous or unsafe. Whether settled under a power line, on the urban edge, or in a “bad building”, the urban poor’s efforts to secure tenure has been a challenge.

The state has sought to rectify the tenure insecurity of the poor by providing free housing through state driven projects (i.e. Reconstruction Development Programme [RDP]/Breaking New Ground [BDG] housing). In these projects, beneficiaries are granted freehold title to their land, subject to the condition that they cannot sell it for eight years. In many areas, however, undocumented sales have led to the informatisation of the tenure system.

Urban land reform beyond the RDP housing programme has been limited. Urban land markets continue to produce housing and settlement opportunities which are unaffordable to the urban poor. The structural defects of these markets are worsened by localised practices of land grabbing, speculation, land holding, and housing market scams. Within South Africa, it is commonly believed that private property rights are absolute. This belief is particularly strong in urban areas where municipalities have done little to address speculation, gentrification, under-utilisation of well-located land and other challenges. The belief that private property rights trump all other rights (for example, the poor’s right of access to adequate housing, etc.) continues to impact on poverty and inequality in cities today. The obsession with formalisation undermines the urban land rights of the poor and (often) fails to contribute to real wealth redistribution. Inner-city regeneration programmes, often under the banner of “city clean-ups” or “world-class city making”, have led to the displacement of the urban poor from well-located areas to the urban periphery. Some examples include the eviction of people from “bad buildings” and the forced removal or relocation of those dependent on the informal economy (e.g. informal traders or waste-pickers) from city centres. These processes undermine poor people’s ability to both live and work in the city.

Urbanisation is a natural response to regional disparities and economic development. Government policy is ambivalent about rural-urban migration, partly because of the social dislocation in sending regions and the community pressures and social
unrest in the cities. The history of South Africa’s forced migrant labour system and the legacy of rural neglect also continue to affect ruling party thinking. Despite the policy, denial tendencies and very real obstacles to migration, recent research reveals that many of the people moving to cities succeed in getting jobs and increasing their incomes. The National Income Dynamics Study (NIDS) reveals that about 385,000 people were lifted out of poverty between 2008 and 2014 by migrating to urban areas.\(^{16}\)

The development of state-driven housing projects was originally meant to reduce informal back-yarding and informal settlements in the city. However, it is increasingly clear that efforts to reduce informal settlements have not reduced the proportion of households in informal housing. Equally the fixation on free-standing and low-density housing for the urban poor has resulted in the peripheralisation of the poor and the reproduction of deeply unequal cities. The search for cheap and “unencumbered” (i.e. easy to develop) land leads officials and developers to the edges of the city. Target-chasing couples neatly with the pervasive “fear of non-compliance”, resulting in a rejection of riskier, more complex, and or more contested projects. The subsidy system and local government target setting and tight fiscal processes are geared to supply housing, rather than to facilitate real housing choice for households, develop functional housing markets which are inclusive of the poor, or respond to the actual needs of communities. The resistance of politicians, officials and (some) civil society actors to changing the nature of the subsidised product, for example exploring incremental or higher density options, reinforces and perpetuates the status quo.\(^{16}\)

Similarly, according to research undertaken by Harrison, Pieterse and collaborators, there is an unwillingness or inability of state agencies to acknowledge the role of the spaces and practices in the informal sector that support the lives of millions of poor people, and that contribute also to the broader functioning of towns and cities. Rogan and Skinner\(^ {17}\) argue that the ambivalence towards the informal sector dates from the policy shifts in the Mbeki period. In 2003 President Mbeki publicly advocated for the idea of the “second economy” and the need for an infusion of capital and other resources by the democratic state to facilitate the integration of this economy within the “developed” sector. Subsequently there were calls for the “elimination” of the second economy in favour of the progressive incorporation of the second economy into the first economy, as evidenced in the Accelerated and Shared Growth Initiative for South Africa (ASGISA) plans. While the Community Works Programme (CWP) was implemented, the rest of the proposed headline strategies were not translated into the activities at national, provincial and local government levels.

According to Rogan and Skinner, the most recent figures show there are 1.5 million informal economy operators in total, which include 300,000 employers. In total, 2.5 million workers are engaged in the sector – about 17% of the workforce. The NDP sees the informal sector as creating 1.2–2 million new jobs – but the chapter on the economy in the NDP does not provide information on how these will be enabled.

Arguably, according to Harrison, Pieterse and collaborators, the contradictory and indecisive approach to informalisation has persisted because of a lack of political interest to change the status quo, a lack of preparedness within government to navigate the socio-spatial complexities of the city and the demands of engaging with “informality”; and, the absence of incentives for state officials at all levels to question or adapt their behaviours.

The consequence is that regulatory frameworks contribute to social exclusion and precarity. There are multiple examples of this: eradication of informal settlements, raiding street trading, denying access to services such as health and education, etc. Where authorities are not actively hostile to the activities and spaces outside their regulatory reach, there are often attitudes of ambivalence, or a simple inability to create mechanisms that would support legitimate (although not necessarily legally compliant) practices.

**Transport**

Behrens, Vanderschuren and Schalekamp capture three challenges positioned at the intersection of public transport and urban land use.

National transport policy dictates that public transport should both receive priority over private transport and

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be the mainstay of passenger transport systems. In spatial terms the key site where such priority can be affected is in the allocation of road space to particular modes of travel. In terms of policy the implication is that space on roads should be reserved for public transport vehicles, particularly where general traffic congestion would interfere with public transport circulation.

However, in practice across cities in the country only a very small proportion of road space is provided or reserved for public transport use. The consequence is that public transport vehicles are mired in the same traffic as single-occupant cars. This is an inequitable situation: public funding on road infrastructure is in effect being spent overwhelmingly to facilitate private car travel, especially in cities. There are, however, strong and intertwined class and political barriers to effecting change. Though in line with policy, charging directly for private car use on urban publicly funded road infrastructure by way of tolling has been met with resistance, as has major public transport infrastructure works. The resistance has come not least from middle- and upper-class residents whose property taxes and utility services consumption underpin municipal budgets. More pervasively, car ownership in South Africa remains a powerful status symbol, signifying social and physical mobility to a large young generation whose parents were denied both these forms of mobility under the apartheid regime.

Public transport challenges are, however, not limited to infrastructure considerations. The past decade has revealed institutional capacity limitations in estimating the operating costs (and associated subsidy requirements) of running new scheduled public transport services. Over this time period there has been a significant drive to replace and/or supplement existing rail, bus and minibus-taxi services with high-specification bus services. Key examples of these new services include A Re Yeng in Tshwane, Go George in George, MyCiTi in Cape Town, and Rea Vaya in Johannesburg.

A decade after this drive was launched the local geographical scale and national spread of these new bus systems remain small, despite substantial nationally government funding for infrastructure and municipal allocations to cover operating cost shortfalls. The distributional equity and opportunity cost implications of such transport system improvements continue to be poorly understood and fed back into implementation plans. Furthermore, alternative analysis has been weak, and the strengths and potential role of minibus taxis in the context of fiscal constraint has yet to be recognised by many city authorities. In all cities minibus taxis fill the dominant position in terms of the number of public transport passenger trips, as well as facilitating a multiplicity of urban–rural connections, and thus this constitutes a major missed opportunity. Ultimately, national public transport policy and funding frameworks are inequitable across cities and modes, and is poorly targeted towards passengers who are in greatest need of assistance.

The national crisis in relation to state-owned enterprises also finds its way into the public transport domain. Passenger rail services have arguably been in decline for many decades, the only counter to which in recent years has been the introduction of new rail sets on some routes and in certain cities. Underinvestment in infrastructure, particularly signalling and switching systems, curtail the benefit of having new rolling stock in service. To compound the issue, the leadership of the Passenger Rail Agency of South Africa (PRASA, a unit in the Department of Transport) has been unstable as a result of continual personnel changes associated with allegations of corruption and qualifications fraud. As passenger rail system investment and management remain a national government function under PRASA, city authorities have little, if any, scope to intervene in order to improve the rail services for passengers in their jurisdictions. Though current legislation does in fact provide for the devolution of rail planning and service provision responsibilities to multi-modal public

“Public funding on road infrastructure is in effect being spent overwhelmingly to facilitate private car travel, especially in cities. There are, however, strong and intertwined class and political barriers to effecting change.”
transport authorities at the city sphere, a framework to enable such devolution to take place remains absent. Yet it is not only in the rail sphere where city authorities encounter institutional constraints in terms of improving public transport services. The responsibility for regulating bus and minibus-taxi services has been and continues to vest in the provincial government sphere, as with rail, the process of devolving this key enabling function appears also to have stalled.

Rural Economy and Land Reform

A large body of evidence suggests that programmes of land reform undertaken since 1994 have failed to alter the agrarian structure to a significant degree, and few livelihoods have been enhanced. The recently released report of the High-Level Panel of Parliament is particularly damning: there has been a failure of delivery in relation to both land restitution and redistribution, with mounting evidence of both corruption and mismanagement. In relation to security of land tenure, public hearings convened by the Panel around the country saw many people complaining that they are currently more vulnerable to dispossession than they were before 1994. This problem is acute in areas where mining is taking place in the former “homelands”, and in areas in KwaZulu-Natal administered by the Ingonyama Trust. Farmworkers and farm dwellers also remain vulnerable to eviction. Further, the relatively few people who have acquired land through restitution claims, or redistribution, currently do not receive secure rights to such land, and at best are tenants of the state. The Panel comments that “recent policy shifts appear to default to some of the key repertoires that were used to justify the denial of political and property rights for black people during colonialism and apartheid.”

According to Ntsebeza, South African scholarship on the failure of the land reform programme is divided between those who, on the one hand, blame the government for lacking the political will, as well as not having the capacity to implement government policies. On the other hand, there are those who cast doubt on the possibility of altering the distribution of land within the current rule of law. The Constitution, particularly Section 25, the so-called Property Clause, is seen by these scholars as problematic in the sense that it recognises existing property rights while proclaiming that land should be returned to its rightful owners. By recognising and entrenching existing property rights, the Constitution presents us with a false hope that land redistribution can be achieved without confronting colonial dispossession and the fact that a successful programme of land redress would entail encroaching on white privilege.

As noted above, the land tenure rights of the rural poor have not been secured in practice, despite new tenure reform legislation. According to Cousins and collaborators, these failures are rooted in policy weaknesses, low levels of institutional capacity, inadequate budgets, failures of inter-governmental coordination, and a political leadership increasingly oriented to benefiting elites (e.g. traditional leaders and business people) rather than the poor. Crucially, land policies have been uncoupled from agricultural and other rural development policies and programmes. Agricultural policy has been premised on deregulation, liberalisation and promoting competitiveness, with only minimal support for small farmer development. Land redistribution has not contributed to the creation of new opportunities for smallholders, because government is not interested in subdividing farms.

Government policies tend to support the large-scale producers and companies that dominate the rural economy, in practice if not in policy documents. They also tend to be biased against small-scale, labour-intensive and black-owned enterprises active in the informal sector. None of the piecemeal attempts at support for black farmers have come close to replacing those offered to white commercial farmers in the past. This is true at all levels of government including local municipalities, where informal traders are discriminated against, and government tends to favour formal businesses, including large retail chains. This is also true of agricultural and land reform policy, where the large-scale farming model informs planning and support.

Practitioners and researchers often appear to understand the opportunities and constraints facing smallholder farmers in fundamentally different ways to government officials, and the development paradigms informing local-level project design.
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and implementation are often very different to those of policymakers. A set of largely unexamined conceptions, assumptions and paradigms in relation to agriculture appear to inform current policy frameworks. Formal markets are assumed to be more important than informal markets. Farmers are classified as either “subsistence” or “commercial”. Considerations of multiple livelihoods and the multifunctionality of agriculture are absent. The poor are often marginalised in interventions aimed at expanding major economic drivers, such as large-scale commercial farming and agro-industry.

Crop production in communal areas has long been in decline. Reasons for the decline include: the legacy of betterment planning; high input costs and risks involved in field cultivation versus the low returns; issues regarding access to and control of arable land; the retreat of labour from agriculture towards wage labour, and the withdrawal of child and youth labour from agriculture due to access to quality health services is also critical in reducing health inequalities.

As with other sectors, the apartheid inheritance of substantial differentials in the resourcing of public health services between former “homeland” and provincial areas continues to be a challenge. There are substantial inequalities in the availability of health services across socio-economic groups and geographic areas, whether one is looking at the distribution of facilities, human resources, the routine availability of essential medicines, or other service availability indicators. The lowest socio-economic groups and poorest provinces have the worst access in terms of health service availability. Differences in staff to population ratios, particularly in the most highly skilled health worker categories, and in the availability of basic equipment and essential medicines, translates into differentials in the quality of care. Poor staff morale and attitudes have also been identified as a key problem within the public health sector, particularly in poorly resourced facilities.

Although the removal of user fees at public sector primary healthcare facilities has improved access, healthcare affordability remains a challenge for many South Africans. Some of the poorest people continue to face cost barriers, particularly in terms of the costs of transport to facilities. This applies not only to primary healthcare services, but even more so to accessing hospital services, particularly given that user fees are still charged at public hospitals (although the poor can apply for a fee exemption). Those who are employed but are not medical scheme members sometimes face relatively high levels of out-of-pocket payments for inpatient care in public sector hospitals. Affordability is even a problem for many medical scheme members who face frequently high out-of-pocket co-payments and full payment for services not covered by their medical scheme. Also, lower income medical scheme members face medical scheme contributions that amount to a far greater share of their income than higher income scheme members, which also poses affordability challenges. These issues have been exacerbated by ongoing increases well above inflation in the fees of some private providers, medical scheme expenditure and contribution rates.

Key obstacles to promoting an equitable distribution of quality public sector health services are the

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continued inequalities in health budgets and expenditure across and within provinces. Two fundamental contributors to this are: firstly, the fiscal federal system whereby provinces receive an “equitable share” allocation and have autonomy in deciding on the allocation of these funds to the health and other sectors; and secondly, the reliance on historical budgeting practices within provincial health departments. Although some provincial health departments have discussed introducing mechanisms for allocating their health budget across health districts according to indicators of need for healthcare (such as population size, burden of ill-health, etc.), none have done so to date.

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As the delivery of health services is human-resource intensive, disparities in health budgets across areas translate into disparities in the availability of health workers. There is also an absolute shortage of health workers in the public health sector; human resources in this sector have declined considerably since the late 1990s, particularly in public hospitals. Total funding via medical schemes is of the same magnitude as that allocated to the health sector from government revenue, which has implications for the distribution of health professionals serving scheme members, who comprise only 16% of the population, compared with the rest of the population. It is recognised that both push and pull factors influence the relative distribution of health workers between the public and private health sectors. However, it is of considerable concern that staff establishments for public health facilities have not been updated for some time and do not reflect growing needs for health services, and budget constraints have resulted in many unfilled and frozen posts; thus, not only are post allocations inadequate, a growing number of the posts that do exist are unfilled.

Improving quality of care in public sector facilities is seen as a priority by the national Department of Health, which has introduced several initiatives to promote quality of care improvements, such as the introduction of the Office of Health Standards Compliance (OHSC) and the Ideal Clinic Initiative. While enormous efforts have been devoted to these initiatives, various criticisms and concerns have been raised. Both are seen as “top down” initiatives consisting largely of checklists against which facilities are evaluated rather than as mechanisms for strengthening and sustaining quality of care. Facility inspections to assess compliance with these checklists are often seen as punitive and demotivate staff, as opposed to as a developmental opportunity to gain insights into how to improve quality.

In terms of the National Health Act, the responsibility for the delivery of all public health services currently rests with Provincial Departments of Health; there are serious concerns about its performance in managing service delivery. Persistent inequalities in access to quality health services, and complete lack of access to quality healthcare for millions of South Africans, are in no small part due to this lack of performance at the provincial level.

The national and provincial departments of Health make all the key decisions affecting patient quality of care, but they are not directly accountable for patient outcomes. Instead, accountability for service delivery and patient outcomes is laid at the door of facility level managers. One of the key drivers of inefficiency, inadequate service quality, poor staff morale and other negative features of public sector health services is the lack of decision-making authority at the provider level. Hospital and other health facility managers have very little authority to make decisions; instead, they have to send requests up the chain of command to provincial health departments. Not only does this create long delays in responding to issues that often have serious implications for service delivery, it is inefficient and contributes to managers being seen as unresponsive to their staff and patients.
The lack of delegation of authority to enable facility managers to make all operational decisions necessary to ensure effective patient care disempowers managers and compromises service delivery. The very limited scope of authority given to public health facility managers, while holding them accountable for patient outcomes, is a fundamental flaw in the public health system.

At a more macro level, a well-designed health system has the potential to redistribute incomes, both directly through using progressive health financing mechanisms and ‘in-kind’ through the use of health services, in favour of the poor and vulnerable. McIntyre and Ataguba argue that healthcare financing mechanisms in South Africa are not realising their redistributive potential. There has not been a statistically significant change in income redistribution related to overall healthcare financing between 2005/06 and 2010/11. However, indirect taxes (such as value added tax and excise) have become more regressive and funding of health services through this component of general tax revenue has contributed significantly to widening income inequality over this period. In contrast, medical scheme membership has become even more concentrated among higher income groups; the burden of financing medical schemes is currently largely borne by richer groups.

Food security

Although malnutrition and hunger are fundamental to any initiative concerned with poverty and inequality, addressing food security and adequate nutrition in South Africa is complex, and requires an understanding of an apparent paradox, says May. South Africa produces more than enough food, both in terms of caloric adequacy and nutritional content. There is an efficient food system which, despite the effects of climatic change, unresolved land issues and an insalubrious investment environment, continues to produce, process and distribute food that is relatively cheap and safe. Yet the prevalence and depth of food poverty appears to be increasing.

In 2015 one quarter of the population lay below the food poverty line.20 Reasons for this context are complex. Poor diets are one proximal or direct explanation. South African eating habits are characterised by low dietary diversity; inadequate consumption of fruit and vegetables; excessive reliance upon energy-dense/nutrient-deficient staples; and high consumption of salt, sugar and food and beverages which can cause obesity. Poor complementary feeding practices for children are of particular concern. Environmental enteropathy arising from poor sanitation and hygiene is another proximal explanation. With more than 60,000 cases of reported childhood diarrhoea per month in 201221 and 27% of children under five years of age suffering from stunting in 201622, South Africa is again an outlier when its economic wealth is taken into account. A final direct influence is poor maternal health arising from exposure to communicable diseases including HIV/AIDS and tuberculosis, non-communicable and lifestyle illness, and the unintended consequences of the treatment of these diseases.

Addressing food security thus confronts the complex problems of collective action similar to those of addressing climate change or environmental degradation.

Indirect, or distal explanations include the food environments through which those who are poor obtain their food, demand management by food producers and distributors towards energy-dense/nutrient-deficient foods, and foodborne or waterborne microbial pathogens and chemical contaminants such as endocrine disruptors. Other explanations include multiple demands on social grants that reduce their intended impact, and the size of the grants relative to the cost of meeting essential needs. The collapse of subsistence cultivation in the former ‘homelands’ is a concern as participation in such activities has been shown to improve diets and nutritional outcomes. Inappropriate policy responses are also a possible cause and include incorrect health messages such as those concerning breastfeeding, food insensitive planning such as municipal by-laws affecting the sale of fresh produce in poor areas, and indirect subsidies on unhealthy foods. Weak

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capability of the spheres of government to implement policies concerning food security and nutrition underpins these responses. This is compounded by the absence of a central authority that is responsible for food security and nutrition. The limited capacity of government to influence nutrition outcomes in the face of a highly concentrated food and beverage industry is a further factor. Collusion between producers and distributors, in which food prices were fixed, has already been established.

The very nature of food security is a contributing factor. The benefits (or costs) of food security are generally non-rivalrous or non-exclusive. As such food security is a public good even though food itself is privately produced and consumed. Addressing food security thus confronts the complex problems of collective action similar to those of addressing climate change or environmental degradation.

**Violence Against Children (VAC)**

Jamieson notes that the causes of violence are complex and the web of interrelated risks needs to be understood to identify protective factors that can enhance resilience in children. Poverty and unemployment compromise parents’ ability to fulfil children’s rights and to support their optimal development. Other contributing factors include poor living conditions, mental health and substance abuse; individually, and exposure to crime and violence in the home and community; collectively, they increase the chances of abandonment, abuse and neglect. A weak culture of law enforcement, rapid urbanisation, inadequate housing and poor education outcomes all contribute to social dynamics that fuel violence. Additionally, South Africa’s colonial past and the legacy of apartheid have normalised violence and created widespread social acceptance. Violence against women and children is legitimised as a means of maintaining men in positions of power and control. These social norms are carried forward from one generation to the next.

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But, the Energy Research Centre (ERC) has argued that the levels of poverty could have been reduced a lot more if greater progress had been made. Indeed, their research demonstrates that it would be possible to decarbonise the electricity sector by retiring coal-fired power plants or replacing these with concentrated solar power, solar photovoltaics. Wind generation has demonstrated that implementing sustainable energy policies can stimulate economic growth and improve the quality of lives of poor people. From 2010 to 2050, the model results for the unemployment rate decrease from 25% to 12%, and the percentage of people living below the poverty line decreases from 49% to 18%. Total energy greenhouse gas emissions would be reduced by 39% and per capita emissions would decrease by 62%. This suggests that the potential for job creation is there but government needs to work in ways that maximise this potential.

According to the Alternative Information Development Centre, Government’s ‘Renewable Energy Independent Power Producers Procurement Programme’ (REIPPPP) is based on competitive bidding. It has prioritised minimising the price to be paid for renewably-sourced electricity. This has favoured large transnational corporations (drawing on global economies of scale), even though the programme has imposed some requirements on these companies to promote local economic development. In addition, Rennkamp and collaborators argue that vested interests of major industries in preserving fossil fuel production are presenting major barriers to sustainable energy transitions. Powerful actors have managed to shape climate and energy regulation and the lack thereof to protect the revenue streams of their business. The fragility of public enterprises, particularly Eskom, adds to these path dependencies. Black economic empowerment has created new small elites of contractors, but has not transformed the overall structures of the beneficiaries. The electricity sector has become a central ingredient in the state capture under the Zuma administration. Eskom and the Department of Energy have been subject to major cabinet changes to push the nuclear program.

Despite promising movements towards low-carbon energy generation, reaching the country’s poorest populations remains a challenge. Two studies conducted at the ERC, the Supporting African Municipalities in Sustainable Energy Transitions (SAMSET), and the Urban Transformation in South

Social Cohesion

In a keynote address on “Healing and Reconciliation” delivered at the South African Council of Churches’ National Convention of South Africa in November 2017, Du Plooy, the project leader of the Institute of Justice and Reconciliation’s Ashley Kriel Youth Desk, stated:

The history of South Africa is a fractured one. Traumatic aspects of our history that have contributed to this brokenness include the genocide of the indigenous peoples of the Cape region, slavery and deprivation of local and indentured labour, the atrocities of the Boer War, the brutality of the theft of land by colonists and the repeated dislocation and resettlement and related, gut-wrenching crimes of the apartheid regime. These traumatic legacies of the past have left deep, unhealed wounds that have had terrible psychological, spiritual, economic, and physical consequences. These wounds still fester.
necrotise. The trauma becomes intergenerational and it’s a poisoned chalice we pass on to our children. Symptoms of this woundedness is fear, mistrust and division. In as much as these divisions stem from the wounds of the past, the continued inequality, poverty, unemployment, high levels of violent crime and an uncertain political context further entrench divides and fault lines…

Reconciliation has long been a subtext of the South African struggle and over the years it has consequently taken on different forms. Yet despite the prevalence of the concept, Du Plooy argued that reconciliation has been difficult to understand and define.

Burns’ input for the MI also grapples with the issue of terminology. She has selected to use the term ‘social cohesion’, which is often used interchangeably or together with the terms ‘reconciliation’ and ‘nation building’, with the differences between them generally not clearly explicated.

Smith suggests that in order to deal effectively with the trauma from the apartheid legacy, the high levels of trauma associated with appalling levels of ongoing poverty, and the multiple challenges of a developmental state, we need to ‘gel’ as a nation. She argues that this will require trust, respect, dignity, tolerance of diversity, and a shared desire for social justice, which collectively constitute the elements of the ‘glue’ that can unite people in a common sense of identity, humanity and belonging, and result in a more socially cohesive society. Fostering the ‘glue’ is needed to stimulate the economy and tackle the deepening societal divisions and contestations that these are causing - suggesting that the lack of social cohesion is both a cause and a consequence of the structural inequalities which continue to characterise South Africa. Tackling the triad of poverty, unemployment and inequality will need to involve the coming together of role-players from all sectors through innovative and effective partnerships at all levels of society.

Burns defines social cohesion as “the extent to which people are co-operative, within and across group boundaries, without coercion or purely self-interested motivation”. This approach to social cohesion emphasises the importance of people learning how to relate across boundaries in ways that promote cooperation. The emphasis on people coming together and learning new ways of relating and doing things together resonates with what the Nelson Mandela Foundation describes as one prong of the reconciliation project, conceptualised originally by Madiba, as “hard negotiating of practical ways to learn to get on together”.

In reiterating Madiba’s original conceptualisation of the reconciliation project, Harris cautions that the project of reconciliation (or social cohesion) must be rooted in a restructuring of society. This restructuring demands a fundamental redistribution of wealth and privilege through a range of strategies for restitution, reparation and transformation. In trying to explain why insufficient progress has been made in all three areas, he remarks that criticisms have been levelled by some people that the embrace of neoliberalism for macro-economic planning was inordinately hasty and that too much of the institutional transformation since Mandela’s time didn’t go much beyond affirmative action, which left many systems from the apartheid era intact. The amnesty process was not followed by the prosecution of those who failed to get amnesty because the recommendations of the Truth and Reconciliation Commission were never responded to by Mbeki’s government. The pace of socio-economic change has been unacceptably slow. And finally, Harris suggests white South Africans have not demonstrated a willingness to give up their privileges and there hasn’t been the requisite political will to tackle this challenge.

The example of the Worcester Hope and Reconciliation Process outlined in Section Five illustrates how the processes of restitution, reparation and transformation can potentially be combined at local level in a manner that advances social cohesion.
Posel’s research has focused on how the legacy of apartheid and the continued neglect of rural development have impacted on family formation, and in turn constrain people’s capacities to improve the quality of their lives. Her research places structural inequality and the attendant lack of access to socio-economic rights, particularly for women who live in poverty, at the centre of any explanation about the challenge of building social cohesion at a societal level in South Africa. Her approach resonates with the research currently being undertaken by a multidisciplinary team of researchers from the Human Sciences Research Council (HSRC) to interrogate the space which they describe as the social/collective/relational realm.

A multidimensional wellbeing approach to development places the person, in their relationships and surroundings, at the centre, and presents opportunities for investigating the prevalence of racialised and gendered distribution of resources and opportunities; understandings of wellness that are different to those from people in the global North; and how these impact an individual and community’s ability to be well. Reorienting our focus from the material and subjective to the social, they suggest, should help answer questions such as: (1) How are prevailing structures of social relations in unequal societies maintained/challenged? And, (2) What is the impact of oppressive contexts on networks of relations in communities?

Posel shows that with high rates of orphanhood and physically absent parents, especially fathers (due to the migrant labour system), many young people may experience a lack of belonging in their formative years. The disruption of family care, especially at a young age, has important psychosocial effects. For example, children (boys in particular) without secure attachment are more prone to behavioural problems, learning difficulties, poor language development and weak decision-making abilities, and are less resilient to poverty, all of which affect prospects for social mobility later on. The disruption of family care also undermines the role that traditional rituals (such as circumcision) and other family-based events (holidays, religious events, birthdays) might play in healthy identity formation, which in turn, affect the ability of individuals to integrate into and participate fully and meaningfully in community activities, as opposed to remaining marginalised.

White South Africans have not demonstrated a willingness to give up their privileges and there hasn’t been the requisite political will to tackle this challenge.

Active community participation is a key aspect of social cohesion but may be undone by insecure attachment, induced by the impact of poverty and inequality on family formation, in early childhood. The absence of effective wraparound policy support to strengthen and support family care, especially that provided by women who bear the burden of care as well as work, is critical to thinking about mitigating inequality and poverty, and in supporting healthy psychosocial development of children which in turn, holds implications for their ability to integrate into broader society and for social cohesion.

The notion of agency is also key to understanding why Burns, as well as Atkinson and argue that development projects which don’t consider how to build and sustain social capital/cohesion from the outset, have generally proved difficult to sustain. Indeed, Atkinson’s research has led her to conclude that social capital is the sine qua non of any kind of effective development.

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Section Three
Contextualising the recommendations

Voortrekker Road
Photographer: Retha Ferguson
“Stretching 17 kilometres, alongside the railway line from Salt River to Bellville, Voortrekker Road trails the vestiges of society in the process of flux. Named after the single most important component in the folk memory of Afrikaner Nationalism, and once a shopping hub for white South Africans, today the road harbours a diverse economy and provides a haven for foreign nationals from all over Africa. Working class black South Africans, white South Africans and immigrants from numerous countries transact in business contracts on a daily basis. This project is a study on how a community relates to an outdated name with ambiguous historical connotations.”
The inputs to the Report did not include an analysis of the macro socio-economic and political frameworks which have guided planning and policy development in South Africa since 1994. The Think Tank decided to address this gap by including presentations on the Constitution, the macro-political environment and the work of the National Planning Commission (NPC) on the first day of the national workshop. It was hoped that the presentations and discussions in the workshop would help contextualise the discussions about the recommendations emanating from the MI.

Day One of the national workshop was anchored by a discussion on the Constitution as a framework for guiding planning and policy development related to socio-economic transformation. Whether the Constitution as a whole, or particular clauses therein, constitute barriers to redressing the apartheid legacy of race-based inequalities and poverty came under the spotlight.

In his introductory presentation, Albie Sachs, one of the original architects of the Constitution, referred to the discussions about land reform that were unfolding in the country. He reminded the workshop that the Interim Constitution did not contain any economic clauses. These were introduced by the democratically elected Constituent Assembly in drafting the final Constitution. Therefore, he believed that the property clause should not be considered as evidence of a political compromise reached between the negotiating parties at CODESA. He argued that the principles and values enshrined in the preamble of the Constitution remained pertinent for guiding thinking about transformation in South Africa.

This view was supported by Narnia Bohler-Muller, of the Human Sciences Research Council, who contended that the reasons for the slow progress of transformation should be attributed to the failures of government and/or the absence of the requisite political will to effect radical changes, and not to alleged limitations of the Constitution.

Sinoxolo Mgayi, a student activist involved in the Fees Must Fall Movement, put forward a different perspective, arguing that the Constitution reflected a neoliberal framework of constitutional democracies which did not challenge property rights acquired as a result of colonialism or capitalism. He also critiqued the manner in which socio-economic rights were incompletely defined in the Constitution, leaving the implementation of these clauses subject to interpretation by judges and the courts.

The discussion from the floor indicated that one of the features of the current context is the extent to which the Constitution has been de-legitimised, particularly amongst many black youth, as manifested by growing levels of anger directed at a state which they feel has failed the people, and a Constitution which they maintain has constrained radical redress. There was also a strong view that the Constitution remains a progressive document as it accommodates the possibility of radical economic reforms, including land restitution, and that concerns about the limitations of the Constitution reflect a degree of ignorance about the provisions in Section 25. Several speakers argued that the Constitution should not be reified and advocated for periodic reviews of it to take account of any problems that may surface from time to time.

In the second session on the political environment, Ivor Chipkin, of the Public Affairs Research Institute, picked up on the theme of frustration with the slow
progress in effecting structural economic change, and explored links with the emergence of state capture. He suggested that policies and practices intended to promote economic transformation and empowerment had opened up space for abuse and self-enrichment. Although the use of the procurement system or licencing regulations to promote black business development was underpinned by a political rationale developed ‘in good faith,’ this agenda created the enabling context for state capture. The desire to effect structural changes in the economy which did not depend on the goodwill of whites, he argued, “represented a vision that was profoundly compelling in nationalist circles” within parts of government and on the fringes of the ANC.

But from around 2011, the project of radical economic transformation increasingly began setting itself up against key state institutions and the constitutional framework. At stake was a critical reading of South Africa’s political economy and of the alleged constraints that the nature of the transition, including the Constitution, had imposed on economic transformation. He therefore felt that the country needed a fresh dialogue about the nature of South Africa’s development challenges, and that any dialogue about the Constitution should form part of this wider discussion.

Nomalanga Mkize, of the Nelson Mandela University, supported the thrust of Chipkin’s argument. In addition, she referred to the need to reflect more critically on how elites are formed and particularly about the role of non-governmental organisations and post-school education and training curricula in perpetuating systems and practices that entrench inequalities.

In discussion, several speakers, including former finance minister Trevor Manuel, took issue with the idea that empowerment policies might be associated with corrupt practices, and argued for a clear distinction between economic transformation and criminality. Others suggested that Chipkin’s point was a wider one; that radical transformation was used as mobilising framework giving legitimacy to processes of state capture.

The next session of the workshop was devoted to a discussion of the Report of the High Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change, established by the parliamentary Speaker’s Forum in 2016. The panel’s mandate was to review legislation, assess implementation, identify gaps and propose action steps with a view to identifying laws that require strengthening, amending or change.

The Deputy Speaker of Parliament, Lechesa Tsenoli, shared key recommendations emanating from the Panel’s report. He informed the workshop that the committees of Parliament would be engaging with the outcomes in the course of 2018, and that the report would then be formally considered by the new Parliament after the 2019 elections.

In commenting on the report Dinga Sikwebu of Tshisimani, a centre for activist education, reminded the workshop of previous reviews undertaken by Parliament but which had simply been disregarded. He urged the Deputy Speaker to ensure that fora were set up for civil society to engage with the recommendations as these discussions would provide much-needed spaces to reach consensus on what needed to be done to address the cleavages in our society related to inequality and poverty. He also stressed the importance of embracing the positive energies for change that exist outside Parliament in order to hold politicians to account seriously to engage with the recommendations of the High-Level Panel. Finally, he reminded participants in the workshop of their own responsibilities as citizens to see how the report could be used to strengthen or support their own struggles.

This call resonated strongly with the view, expressed in the Draft Synthesis Report, that the Mandela Initiative should not be separated from other processes unfolding in the country to encourage citizens to reclaim their citizenry, such as the National Convention of South Africa, convened by the South African Council of Churches (SACC), and the efforts of many social movements that are mounting challenges to state capture and corruption and demanding improvements in the quality of services provided by the state. All these processes can contribute to mobilising ideas, engagement and public participation in building an equitable, sustainable and just society.

In summarising the discussion, the Chair stated that there appeared to be widespread support for dialogue about how to share the evidence gained through the MI to help strengthen social movements as part of
the conversations on how to get citizens to own their democracy.

Murray Leibbrandt of the Southern Africa Labour and Development Research Unit (SALDRU), University of Cape Town, shared a high-level overview of South Africa’s distribution of wealth and income. In order to create new opportunities for South Africa’s youth, Leibbrandt argued that the vicious cycles through which inequality persists need to be understood and broken, including the persistence of inequality in wealth assets such as land and housing, alongside inequality in employment and earnings. These may be regarded as the foundational assets that might provide the poor with additional socio-economic rights – a kind of ‘citizenship-plus’. He stated that the Mandela Initiative with its focus on inequality represents part of an international shift towards foregrounding inequality with poverty seen as contingent and secondary, because lasting solutions to poverty are not possible if inequality is not addressed.

Ayabonga Cawe, co-founder of the Young Economists for Africa, in responding to Leibbrandt’s high-level overview of South Africa’s distribution of wealth and income, referred to the uneven distribution of resources between urban and rural areas and spatial inequalities within urban areas as key markers of the persistence of the apartheid legacy. He also spoke of the reluctance on the part of the state to tackle wages at the high end of the pay scale despite the fact that these were much higher than those in comparable countries.

A second respondent, Axolile Notywala from the Social Justice Coalition, used examples from two campaigns on transport and policing to affirm points made about the absence of political will to deal with problems experienced by the most marginalised sections of South African society, whilst leaving the privileges of the wealthy untouched. He contrasted the lack of response to examples of unequal allocation of resources despite the campaigns of social movements, with the immediate withdrawal of a proposal to introduce a water levy in the face of opposition from the predominantly white rich (Cape Town) communities. He suggested that these examples clearly illustrate where power continues to lie. His contentions were supported by Rudi Dicks of the Presidency, who informed the workshop that civil society and labour organisation have agreed at the National Economic Development and Labour Council (NEDLAC) that wage-capping should be considered a policy priority, but the suggestion has yet to gain political traction.

It was evident that there was strong support for an intensive focus on addressing the inequalities that continue to characterise South Africa, but a strong view was expressed that an analysis of horizontal inequalities was missing. This session also served to underscore the importance of strengthening organisations of civil society to ensure a shift in focus towards meeting the needs of the most marginalised whilst also engaging the privileges of the wealthy.

The last session on Day One of the workshop was structured around a presentation by Miriam Altman, a member of the National Planning Commission (NPC), on the state of the South African economy. She reported on current work of the NPC, which focused on understanding recent trends in the economy and priorities for improving employment and development performance. She emphasised the importance of addressing the high level of distrust between different constituencies and government that bedevils efforts to revitalise the economy.

Significantly, while building on key elements of the first National Development Plan (NDP), including its emphasis on creating work opportunities and diversifying the economy, the need for a credible fiscal framework, and open and transparent procurement practices, there is recognition in the Commission’s current thinking of the need for bolder steps in revitalising the economy and addressing structural inequalities. Systemic, institutional and intragovernmental roadblocks that impede progress have to be identified. Altman suggests that a range of alternative social protection or support measures should be costed and tested as incentives to promote employment, such as subsidising the costs of transport and job search activities. In addition, items of expenditure that impede poor people most in their quest for decent livelihoods – for example, books for school, and crucial housing and healthcare costs – should be identified and these affordability gaps should be closed.

The need for openness to new approaches to the revitalisation of the economy was strongly supported by columnist and economic consultant, Trudi Makhaya, who said it was critical to reflect on whose
Contextualising the recommendations

interests would be promoted through the strategies under consideration. She stressed that for a revised or new NDP to gain traction it would have to signal a real break with the past. South Africa, she suggested, needed to grapple with the challenge of creating competitive markets. She proposed that competition policies should extend beyond punishment of cartels to requiring companies to provide training funds, financing and support to enable new entrants to advance in the market.

In the discussion that ensued, concerns were raised about the prospect of a “second coming of the NDP”, in the absence of a deeper analysis of structural inequalities which need to be eliminated. A number of speakers contended that historical patterns of capital accumulation needed to be disrupted. Workshop participants spoke about the need for a new vision for South Africa to put the struggle against poverty and inequality on a renewed and more radical footing.

During the concluding reflections on the day, support was expressed for a national dialogue focused not only on a possible review of the Constitution but also on the development of a larger political frame of reference to assist in shaping strategies for attacking structural poverty and inequality. This view resonates with a question which Mala Singh, a member of the Think Tank, had posed in a discussion paper prepared ahead of the national workshop, about whether effective strategies for eliminating structural inequalities and poverty such as those suggested by various MI researchers, could be constructed within the ideological parameters of the existing neoliberal constitutional democracy in South Africa; or whether this would require political, economic and constitutional choices appropriate to a more consciously constructed social democracy or a social order. The workshop supported the need for such a national dialogue and where new voices can be heard and alternatives are vigorously assessed and debated.
Section Four

Recommendations from the researchers and Action Dialogues, with comments from the Commissions in the national workshop

Legacy of the Mine
Photographer: Ilan Godfrey

“The legacy of the mines revealed itself in many ways through land rendered unfit for alternative land uses such as ecotourism and agriculture, through public health crises within local communities unequipped to cope with the burden of air, land and water pollution, and through the disruptive influence of historical labour exploitation impacting on family structures and cultural positioning.”
The recommendations have been organized into four categories:

- strategies that underpin, or are pre-conditions for, the implementation of programmes in other areas;
- strategies geared towards arresting intergenerational poverty;
- strategies aimed at overcoming other structural inequalities; and
- cross-cutting recommendations focused on building a more capable and responsive state and more cohesive engagement between social stakeholders.

We have included examples of innovative practices which surfaced in the Action Dialogues, and were validated by peers, to encourage reflection on the possibility of scaling up alternative approaches to development and on ways of building capacity in government to promoting collaborative, responsive and intersectoral partnerships with civil society organisations.

This approach provided a framework for organising a diversity of inputs in a manner that places structural inequality at the core of an understanding of the persistence of poverty in South Africa.
Underpinning Drivers of Change/Preconditions to the Successful Implementation of other Strategies

Ignite inclusive growth

In drawing lessons from diverse country experiences in the second half of the twentieth century, Harvard economist Dani Rodrik concludes that there are many possible policy packages to promote growth. “First-order economic principles” allow for considerable variation in institutional designs to adapt to local opportunities and constraints. He also makes the important point that “igniting economic growth” and “sustaining it” are two rather different undertakings. Confusing one for the other leads to over-ambitious and impractical policy agendas.

Using this approach, Donaldson suggests that a decade ago, after five years of strong growth, declining unemployment and rising incomes, it might have been reasonable to regard South Africa’s development challenge as about “sustaining” growth and broadening its impact. The NDP is accordingly comprehensive in scope and involves a very wide range of programmes and policies. But in practice, its implementation is now held back because growth has stalled and public resource constraints have tightened.

A more concentrated effort to “ignite growth” is now needed, while also focusing on expanding employment and ensuring that growth is broad-based and inclusive to address inequalities.

Acemoglu and Robinson emphasize the role that institutions play in economic transformation, arguing that the fundamental change necessary for societies to broaden the distribution of wealth is political:

Countries remain poor if narrow elites continue to rule in their own interest, with power narrowly concentrated and institutions organized to “extract” wealth for those who have power…

Societies prosper if they build inclusive institutions, with security of property, public institutions that provide a level playing field, the rule of law and broad-based economic opportunities…

Improving the integrity and inclusivity of institutions is an important enabling condition for broad-based growth. But institutional reform will not in itself “ignite” a growth dynamic. This requires shifts in policy that improve certainty and investment prospects, especially for labour-absorbing sectors. In an introductory outline of possible “elements” of an inclusive growth strategy presented at the MI workshop, Donaldson suggests the following:

A clear imperative is that the unbalanced infrastructure and market structures of apartheid should be addressed. This has several large and compelling implications. One is that far greater impetus is needed in urban development, including housing investment, more densified cities, transport integration and commercial renewal. A second is that productivity and wages should be improved, which is partly why openness and global linkages are important. A third is that job creation must be accelerated, especially for young work-seekers. A fourth is that social services – schooling, healthcare, social security and welfare services – must be improved.

The context is an economy caught in a “low-growth trap” brought on by worsening commodity prices and trade conditions after the 2008 recession and a subsequent deterioration in investor confidence. Political and policy uncertainty, institutional weaknesses and unresolved regulatory conflicts have contributed to the low-growth environment. Reigniting growth requires a change in the macroeconomic and financial environment, as well as the mobilisation of organisational capacity. The circumstances call for a heterodox mix of policy initiatives, both to improve investment and growth and to broaden opportunities and employment.

Elaborating on these proposals in the MI workshop, Commission on growth, Donaldson drew on the recommendations of the Spence Commission which examined the policies of 13 high-growth economies, and of Anthony Atkinson’s 2015 study of Inequality: What can be Done. He highlighted the following.

• Greater investment in the urban landscape is required for faster and more inclusive growth – housing, social infrastructure, transport, communications and water systems, economic

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Recommendations

Enclaves and industrial zones. Urbanisation is a powerful determinant of productivity growth and improved livelihoods. While South Africa’s major cities are creditworthy and have low levels of debt, revenue systems need to be strengthened as part of an urban investment strategy. Stronger partnerships between municipalities and education institutions, business chambers and financial institutions are needed. Bolder urban plans, more inclusive development strategies, and more streamlined business processes would catalyse investment and strengthen self-sustaining growth dynamics. Outside of the metropolitan environments, the three-tier system of governance should be reviewed as it is a barrier to decision-making and development.

- An investment-led recovery will require faster credit extension over the period ahead. Cities will need to borrow to finance infrastructure investment, and substantially increased financing of housing and enterprise development is needed. Infrastructure and housing targeted at low-income communities will need partially concessionary finance, for which appropriate fiscal support or co-funding should be offered. An expanded role of the Development Bank of Southern Africa is envisaged. Long-term lending targeted at broad-based development is currently under-utilised as a fiscal and policy instrument, and should form part of co-funding partnerships between government and the private financial sector.

- Measures to support vulnerable workers and small enterprises are needed, to accompany the introduction of a minimum wage. Employment opportunities, particularly for young people, are the key to inclusive development and broadening economic participation. A statutory minimum wage was introduced in June this year, which is aimed at improving wages for many vulnerable workers. But, as the High-Level Panel chaired by former President Motlanthe has recently argued, complementary measures are needed to support employment of young people and other vulnerable job-seekers. There need to be mechanisms for young people and the unemployed to find work. Consideration should be given to extending the present youth employment incentive to cover all low-wage employees in registered employment. The Public Works and Community-based Employment programmes should be expanded, and should also be subject to the minimum wage and basic work standards.

- Household income support should run on twin tracks: cash transfers, already well-established, and basic employment assurance, which lags well behind needs.

- In addressing the challenges of financially stressed state-owned companies, there is a wide range of opportunities for emerging enterprises and private participation in intermediate supplies and devolved or decentralised operations. Infrastructure sector restructuring, reorganisation of the further education and skills development landscape, investment in special economic zones and rural development and land reform all require new kinds of collaboration between state, municipalities and the business sector. Competition and private participation would relieve the state balance sheet of rising liabilities and open investment opportunities.

- More rapid progress in regional economic cooperation, across the public and private sectors, is another imperative – one that would benefit both South Africa and its neighbours. There are growing financial, trade, and migration links among southern African countries, as well as shared water, transport, electricity, and communication networks. And yet the region suffers from a dearth of infrastructure co-investment projects, weak collaboration in trade promotion, and slow-moving cooperation in financial and tax arrangements. Reform of the Southern African Customs Union is long overdue.

It is noteworthy that much of the investment and economic expansion needed to raise living standards and reduce inequality requires activities and technologies that are familiar and well understood. Many of the greatest improvements in living standards in history were achieved through innovations that date back more than a century: electricity, telecommunications, modern water and sanitation systems, the automobile, refrigeration, mortgage-backed housing, for example. “A substantial part of a
development strategy has to be about strengthening the impetus of investment, both public and private, in the adoption of these known technologies and capabilities…”31

In a complementary presentation to the Commission on growth, Imraan Valodia emphasised the need for special measures to ensure that growth disproportionately benefits lower income groups. He elaborated on the role of competition policy in transforming the business environment, and the importance of improving the quality of public services:

- **Competition policy is vital** in countering concentrated economic power, including the role of “market inquiries” such as the current health sector review and procedures for dealing with mergers and abuse of market power by dominant firms.

- **Abuse by firms that control large market share:** Currently the competition law requires competition authorities to prove that abuse has an effect on the market. This should change so the burden of proof should be on firms to demonstrate that they are not acting abusively.

- **The informal sector is a significant area for growth in South Africa:** It provides massive opportunities for low-income groups to earn some share of the surplus. This sector should be protected and enhanced. The regulatory environment should be reviewed to ensure a more enabling environment.

- **Public sector services:** The debate is focused almost exclusively on questions of access to services. There needs to be a stronger focus on the quality of services to the poor.

The Commission also discussed the role of tax policy in underpinning fiscal redistribution, including the progressive structure of the personal income tax and accompanying taxation of wealth and estates. Recent research by Anna Orthofer32 sheds light on the concentration of wealth in South Africa and the possible contribution of shifts in tax policy from employment-related to capital-related taxes, together with more effective wealth and estate taxation.

There was debate during the Commission’s proceedings on whether sufficient progress could be made in eliminating structural inequalities within the current macro-economic policy framework. A strong view was expressed that if fiscal and industrial policies remained essentially unchanged, structural inequalities would be perpetuated. The past 25 years had demonstrated that growth did not necessarily result in employment creation or poverty eradication.

It was noted that whilst more intrusive approaches aimed at redistribution of wealth might cause disquiet within the business sector, governments all over the world use regulation and penalties to achieve their policy goals. In South Africa’s circumstances, power and privilege are strongly entrenched along racial lines, and disruptive measures are needed to achieve redistribution and a just society.

It was also argued by some participants that policy certainty is needed in order to support higher levels of investment and that radical changes to economic policies should therefore be avoided. The Commission explored the unavoidable tensions between change and continuity. It was agreed that the processes of rebuilding the credibility between government and society and boosting the economy require both constructive change and confidence in policy continuity. Both are needed to promote inclusive growth. It had to be acknowledged, though, that proactive stakeholder engagement had been weak and that many of the institutions that have been established to enable stakeholder input into policies, such as NEDLAC, are dysfunctional or have been delegitimised. There has also been a tendency to over-bureaucratise partnerships and/or make key policy decisions without much consultation. Addressing these challenges and implementing a new vision for the economy would require “sophisticated economic policy skills” and respect for processes of engagement.

Further points raised during the Commission’s deliberations included the following.

### Promoting inclusive growth

- Established concentrations of power and industrial organisation need to be broken, and new business opportunities through more intrusive competition policy and pro-competition interventions should be opened. This includes interrogating the role of the banks.

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in perpetuating the status quo and not providing loans to support emerging new farmers.

• Industries that are currently protected, e.g. farms which are handed down from generation to generation, or closed entire value chains from farm to store, should be opened.

• An enabling environment for small enterprise growth and informal sector activities (rather than more supermarket malls) should be created.

• The township economy should be purposively expanded through better and more accessible enterprise support services and more enterprise-friendly municipal planning and processes that break the apartheid mould.

• It is necessary to build the capacity of civil society to partner with government.

• Using the Unemployment Insurance Fund surplus of R130 billion to fund a guaranteed employment scheme for youth should be considered.

• Fundamental change in the rural economy, including reform of the role of traditional leaders, is needed so that land can be distributed more fairly and become productive.

Fiscal and financial reform

• To raise additional fiscal resources, an increase in the value added tax rate; the company tax rate on large companies; and differential tax rates for corporates and small businesses could be considered.

• Government should be bolder in credit-market policy, particularly in the expansion of credit for housing. This includes both interest rate policy and regulation of access to credit.

• A competitive exchange rate is important to move towards a more export-oriented economy. An interventionist stance is needed to ‘lean against the wind’ when market trends lead to unwarranted currency strength at the cost of manufactured exports and tourism.

• Terms under which businesses can take out capital should be defined, as part of prudential regulation to protect the tax base.

• Co-funding and blended finance approaches to enterprise development, housing, municipal infrastructure finance, bringing together Development Finance Institutions (DFIs) and private financial sector and investment capacity, could be considered.

Policy considerations in the post-state capture era

• The challenge of state capture remains a continuing risk to inclusive growth; there needs to be vigilance, and broader and deeper transparency to mitigate this risk.

• Revisit the behaviour of firms – both in terms of competition and opening up markets, and also in terms of corporate governance.

• A much stronger public service ethos in government needs to be promoted.

• Partnerships between government, the private sector and labour and civil society should be actively pursued. The notion of a social compact has been considerably weakened in the past decade due to deep distrust of government. This needs to be forged actively.

Public services and the role of government

• It was necessary to shift from a discourse focused on ‘bloated government’ to a ‘fit-for-purpose’ bureaucracy – some things need to be streamlined, other services need to grow and diversify.

• Administrative capabilities need to be strengthened in many ways.

• Intergovernmental arrangements should be reviewed to eliminate overlapping roles and responsibilities.

Set a national goal that every child in South Africa must learn to read for meaning by the end of grade 3.

Van der Berg argues that improving reading in the foundation phase would enhance learning throughout the subsequent years, and as such it would reduce one of the major inequities at the starting gate. According to Van der Berg, there is no guarantee that poverty and inequality in other spheres will be reduced, but the obverse is clear: Without improved education, it is very difficult to remove social inequalities and ensure that more people can be productive contributors to economic growth and development.
The consequence of using this as a unifying goal in the quest to improve the quality of public schooling, argue Van der Berg and collaborators, is that all other constraints that stand in the way of achieving this goal would need to be addressed too and that there would have to be a system in place to measure the extent to which this goal is reached.

The 2017 Human Sciences Research Council (HSRC) review of the past 20 years of education legislation and policy in South Africa surfaced a number of policy blind spots needing discussion – such as language policy, the wide gaps between wealthier well-equipped schools and disadvantaged schools, the educator post provisioning model to enable more sharing of resources, and the policy vacuum related to the needs of rural schools to create inclusive solutions to:

- transportation problems;
- the mismatch between children’s domestic duties and school day times;
- child malnutrition;
- training of rural school teachers; and
- poor resources.

General feedback from the Commission

- Many of the recommendations restate well-known policies – for example, children should be reading by grade 3. In this regard, the recommendations should rather be addressing why this has not happened rather than restating the goal. A recent national maths and science study has indicated widespread improvements in the performance of pupils. In this regard, it is important to ascertain the reasons for the improvements and then implement appropriate interventions across the system.

Wordworks Home-School Partnership Programme is an example of an integrated approach to teaching reading involving parents, home visitors, community volunteers and teachers.

Wordworks was established in 2005 to support and improve early language and literacy learning among children from disadvantaged communities in South Africa. By working alongside and sharing their materials, know-how and enthusiasm with teachers, parents, volunteer tutors and home visitors in a respectful and inclusive way, they seek to give all children a better chance of learning to read and write successfully.

Wordworks’ programmes transfer valuable knowledge and skills to those who are at the heart of their communities and best-placed to ensure that education solutions are mainstreamed and self-sustaining.

Their methodology and resources are evidence-based and reflect the extensive body of research around what works in supporting the acquisition of early language and literacy skills.

Wordworks runs four main programmes, in partnership with pre-schools, schools, libraries and community organisations:

- Training volunteers to assist young children as they learn to read and write through the Early Literacy Programme.
- Empowering parents to support learning in the home through the Home-School Partnership Programme.
- Providing training and resources for teachers to strengthen literacy teaching in grade R (STELLAR).
- Equipping Home Visitors to support early language and literacy learning in the years between birth and four.

Each of the programmes includes some or all of the following elements:

- high-quality training;
- ongoing mentoring and support;
- user-friendly materials and resources.

The Schools Improvement Initiative at the University of Cape Town (SII) has generated a theory of change for creating more enabling environments for teaching and learning in township and rural schools. Their theory is based on a model of whole-school improvement, which includes dimensions of leadership and management support, coupled with teacher professional development. An important area of learning that has emerged from this initiative is that context-specific school improvement strategies are needed to support teaching and learning. A key element of the model has involved the establishment of a Wellness Centre (WC), in partnership with the Western Cape Education Department District Office, which has implemented holistic health promotion strategies that promote agency and well-being for learners, parents and community members. The goal is to create a school environment that deals with the level of trauma being experienced in working class communities and which is conducive to sustaining improvements.

The primary objective of the WC is to forge strong interdisciplinary and intersectoral links with university and community partners to offer psychosocial wellness (personal, interpersonal and developmental); and physical and environmental wellness. Students from across the university are placed in the partner schools for their professional practice. This includes students from the School of Education’s Postgraduate Certificate in Education (PGCE); the Department of Social Development (who places social work students in the partner schools); Speech-Language Therapy; Occupational Therapy (Community Development Practice and Child, Learning Development and Play); Audiology; Information Systems (in collaboration with the Knowledge Co-op) and Students’ Health and Welfare Centres Organisation (SHAWCO) Health and Rehabilitation. These placements constitute a compulsory component of the curriculum-based student professional practice while at the same time offer much-needed support to learners by strengthening the culture of learning and teaching in the schools.

With an emphasis on holistic wellness, a variety of programmes and initiatives are offered at the WC such as:

- study skills support;
- career advice by the University of Cape Town Careers Services;
- HIV, STD testing by Médecins Sans Frontières.

A range of workshops are organised during the course of the year in collaboration with the District Office and other community-based, non-governmental organisations (NGOs) focusing on:

- addressing abuse, bullying, drugs;
- enhancing parental involvement in their children’s development.

In an attempt to broaden psychosocial support services, social work students have been placed in two of the other SII partner schools and the social worker spends one day a week at both these schools. This level of psychosocial support in conjunction with the placement of student social workers, and in collaboration with community NGOs, means that far more learners in high poverty areas are exposed to a range of psychosocial support services that could not be offered by the district support team, due to a severe lack of resources.

Recommendations

- It is important to acknowledge the real challenges entailed in rolling out pilot programmes on a large scale. Such implementation has significant management, infrastructural, human resources and other implications. Lessons can be drawn from other sectors. For example, the roll-out of large-scale antiretroviral drug delivery was only possible because of the prior existence of an effective system for delivering drugs.

Extract from the Action Dialogue report, Bridging the Gap, 22 August 2015.
Recommendations from the Commission

- Attendance levels at school, which stand at around 98%, are high but throughput is poor and school management and infrastructural capacity need to be improved.

- The language policy that requires students to learn through the medium of English from grade 4 should be revised to allow for a multilingual approach.

- In line with the interventions pioneered by the National Education Collaboration Trust, it is important to simplify interventions in schools to maximise their effectiveness and scalability. For example, simplified lesson plans produced from the Trust’s project have now gone into 66% of schools. It is important to scan the environment for such programmes that are already in existence on the ground.

- There is a need to mobilise at a local level, including with religious institutions, which may help to teach reading, in order to improve educational opportunities. A shift in culture is required. Learning should be made “cool”. In this regard, parents – both mothers and fathers – as well as teachers and caregivers can show leadership, in particular through demonstrating and performing the benefits of their own training, education and experience.

- Serious attention should be devoted to redress and distributive measures in township schools to address resource and infrastructure inequalities given the higher public investment in former Model C schools by taxpayers.

- More effective public–private partnerships and collaboration should be forged, for example, in relation to buying textbooks from the private sector.

Strategies to Arrest Intergenerational Poverty

Prioritise the developmental period from conception to two years (first 1,000 days) as most critical for investment to enable the greatest long-term gains

Childhood undernutrition – particularly in the critical window of the first 1,000 days, which include the nine months in the womb – should be a matter of the utmost national and international concern, according to Hall. Undernutrition can result in irreversible stunting, which has severe consequences on both physical health and brain development. Impaired cognitive development leads to poor achievement at school, decreased productivity later in life and diminished chances of escaping the circle of poverty. Undernourished infants are also at greater risk of becoming obese children and adults, and of suffering from diabetes and other cardio-metabolic diseases later in life.

Stunting starts before birth and is caused by poor maternal nutrition, poor feeding practices (including a lack of adherence to exclusive breastfeeding in the first six months), poor food nutritional quality, and frequent infections and diseases that can slow growth. Researchers and organisations in civil society have motivated that South Africa’s nutrition efforts should be consolidated towards a single goal of reducing stunting with a prioritisation of interventions targeting women of reproductive age and children in their first 1,000 days. The delivery of nutrition programmes for mothers and children along with quality early childhood development (ECD) programmes is a key basic service that further helps to build resilient families. ECD programmes would also relieve the childcare commitments of mothers, making it easier for women to participate in the labour market. However, these recommendations locate the care of children firmly with mothers. There seems to be little recognition of the responsibilities of fathers, and how the contributions of fathers to children can be encouraged (through the provision of paternity leave, and social education programmes for example) or ‘enforced’ (through an effective maintenance system). This gap needs attention.
The country’s first National Integrated Early Childhood Development Policy was approved by Cabinet in December 2015. The policy provides an overarching, multi-sectoral framework for a comprehensive package of ECD services and presents several strategic shifts in supporting early childhood development. It outlines services which must be realised immediately. A number of essential services are prioritised in the policy, and implementation should take effect in the short-to medium term to be available and accessible to all young children and caregivers by 2024.

The policy envisages the roll-out of the comprehensive package by 2030. The services include birth registration and access to the Child Support Grant from birth; basic healthcare and nutrition for pregnant women, infants and young children; preventive and curative maternal, infant and child nutrition services; support for parents; safe quality childcare; early learning support and services from birth; and public information about ECD services.

The case study of Philani Maternal, Child Health and Nutrition Project illustrates the elements of an integrated approach to the first 1,000 days.

While most health services have the necessary equipment, guidelines and protocols to address nutrition in children under five, some areas still have inadequate resources. The participants in the Action Dialogue held in the Karoo in 2017 advocated for a broad approach – one that addresses the underlying causes of malnutrition, including clean water and good sanitation; access to high quality healthcare; maternal health before conception, during pregnancy, and during lactation and post-lactation period; education about best feeding practices, and food security – which itself depends on many factors including improvements in sustainable agriculture; economic justice; and access to water, climate change and many other factors.

An example of a project which has managed to break the cycle of intergenerational poverty is run by the Hantam Community Education Trust in the Karoo through the implementation of a programme that addresses different phases across the life course. Importantly, the programme commences with pregnant mothers.

Philani Maternal, Child Health and Nutrition Project

This effective maternal and child health programme intervenes during the critical ‘first 1,000 days’ to support and enable family functioning. Philani recruits and trains mentor mothers, identified for their communication skills and commitment, to share their skills with other women in the community. The six-week training programme of mother tongue instruction deals with child and maternal health topics, practical skills for home visits and community work, followed by work shadowing, reflection and then a week in a community to identify resources and risks.

This is complemented by continuous in-service training, regular coordinator meetings and monthly workshops to learn, celebrate and inspire. Coordinators and nursing sisters go into the field to support outreach workers every day.

Mentor mothers are required to carry out a regime of daily visits, growth monitoring of all children, case documentation and assessment. These action-oriented interventions support clients in finding their own solutions. It was stressed that changing behaviour requires trust and trust requires listening and respect.

Hantam Community Education Trust

The Trust’s main objective is to break the cycle of poverty in a sustainable and permanent way. They do this by supporting the farming community of Colesberg in the Northern Cape across the life course.

Pregnant mothers are supported through an effective parenting programme until the baby is born, and mothers are taught how to communicate with their children. Fieldworkers visit targeted families three times a week. They use puppets and dolls to demonstrate to mothers the different development stages of the unborn baby and how it’s affected by mothers’ behaviour, e.g. alcohol consumption. Everyone in the family gets ‘workshopped’ (sic) when someone is pregnant, so they also become part of the support structure. Mothers are provided with manuals showing how the baby is developing, and how to care for a baby from 0 to 2 years (first 1,000 days). These manuals are written in English and Afrikaans. Children from poor backgrounds are further supported at an early childhood development crèche, and a feeding scheme at the primary school.

The Trust doesn’t only provide educational support, but also manages community health and youth development programmes. Its health programmes and services include a primary health clinic, a community pharmacy and health education. The home visiting programme has proven to be very successful as the number of people visiting clinics seeking healthcare services has dropped.

Hantam works within a small controlled community so this makes it easy for them to do a census at the beginning of the year to check what has changed in the community; track alcohol abuse, child-headed households, absent fathers. Teenage and unplanned pregnancies have reduced in the community throughout the years. Building and maintaining trust as well as giving people hope have helped them take responsibility for their lives.

Recommendations

General feedback from the Commission

Greater focus needs to be placed on the issue of gender in shaping unequal access to resources and as a factor in perpetuating poverty. Violence against children needs to be addressed early on, starting in the first 1,000 days. Violence at home increases the propensity of children to engage in violence themselves and negatively influences their performance at school and more broadly in society.

The reality of poverty as a contributor to violence is starting to emerge. Although the relationship is complicated and indirect, it is a factor in perpetuating violence and needs to receive more attention.

- Multiple levels of state capacity at the national, provincial and local levels need to be strengthened and coordinated more effectively. In this regard, a shift in organisational culture away from power-based and hierarchical thinking is required.

A third example is the Path out of Poverty (POP) programme of the Goedgedacht Trust.

The POP programme starts before the child is born. We believe this is a very important period for the child; and we then focus intensively on the first 1,000 days. We concentrate on all the issues around the younger child: trying to help the mothers stop drinking, make sure the child gets food, goes to school, etc. Our contention is that the support that is most important involves the ‘soft skills’ relating to the individual: education, health, personal development and care for the planet. The POP programme covers these four pillars. The programme works with children on 32 farms in this area. We have someone who goes around making sure that all these children are going to school, and that the babies that are at risk are brought to the baby unit we have here on the farm, where they are fed and looked after (early childhood development). After that we have a programme that consists of 17 different projects all the way through up to the early 20s. We focus on the importance of skills such as confidence, courage, endurance, persistence, an ability to respond to problems that are not that obvious – to make them rounded human beings. It’s an expensive programme that lasts for 25 years. Next to our preschool we have a leadership college; we will be taking the best of young people from the 18 surrounding villages who can’t get jobs, to teach them leadership skills so that they come out of the programme able to ask the right questions about how things are happening around them, and make a difference to the community where they live.

On this farm, we grow 35 hectares of olives; the Industrial Development Corporation (IDC) has been very generous in supporting our olive factory and that has become one of our income streams. Pick ’n Pay have adopted us – they are genuinely anxious to provide support for programmes like ours, and there is also self-interest involved in terms of ticking boxes on the BEE scorecard. Our products are sold in 350 of their shops around the country. We’ve signed a contract with Woolworths to do private labelling and we are going into nine different outlets with them from September and October this year. So, we have outlets for our produce, and the income it generates can go into the POP programme.

is required. Such thinking can inhibit collaboration within and among departments, and with external actors such as civil society, and impede the consideration and adoption of innovative approaches and initiatives.

- Children need to have the capacity to take charge of their own learning destinies. In this regard, a life-cycle approach should inform interventions at critical points, offering key opportunities within the context of the home as a learning space and schooling that will genuinely foster personal development and enhance pupils' prospects. However, this raises important questions about the extent of the state's engagement in the home, including its right and capacity to become involved in this space.

- There is a need to reimagine how civil society organisations deliver their services, particularly in relation to how they engage with local economies for this delivery. For example, a 30% local procurement commitment would ensure greater involvement and engagement in their programmes from local communities.

- ECD provision should be universalised. In this regard, financing for ECD could be reconfigured by financing both health and social development together, ensuring this gets down to sub-districts in an integrated fashion – leading to funded, multidisciplinary service delivery. The present financing system for ECD, which is based on providing financial support for ECD centres, reinforces the barriers to the complex, cross-sectoral interventions that are actually required. More horizontal financing arrangements should be forged to push officials from their silos into institutional arrangements across departments.

- ECD may also be used for social cohesion. Financing should be found for policies that promote integration, such as bringing together children from across socio-economic quintiles in pre-schools. At present, financing entrenches geographical segregation. Funding that followed the child would address this.

- Many ECD services are run from private homes, although this is technically illegal. A more flexible licensing regime should be introduced to enable those who are running such home-based services to register and access Department of Social Development funding, as well as subjecting them to appropriate standards and monitoring.

- Better remuneration and recognition should be provided for the pre-school workforce. Clinics should be viewed as multi-purpose sites.

- Opportunities for private–public partnerships in ECD, health and education should be explored.

**Suggested priorities from the Commission**

- The first 1,000 days of a child's life should be prioritised for attention in relation to early childhood development.

- The development of effective inter-institutional arrangements within and among the responsible government departments, including those responsible for health, education and social development, is crucial to providing comprehensive ECD services. In this regard, the coordination capacity of civil service managers should be improved as a priority. The civil service needs to reimagine its leadership functions and coordination among its systems, which are often inefficient and ineffective, empowering and equipping managers and separating politics from administration.

- The financing of ECD should be re-configured to accommodate the delivery of multi-dimensional services.

**Develop a comprehensive social security programme and provide access to responsive education and training for youth who are not in employment, education and training**

De Lannoy reports that there is consensus that areas that need to be addressed to break the intergenerational cycles of poverty and inequality in South Africa, include delivering quality education for all; preventing school drop-out; enabling access to higher education, training and the labour market; understanding and alleviating the heavy burden of disease among young people; and supporting their sense of belonging and citizenship. While an entire overhaul of the system is not possible in the short-run, participants in the Youth Conversation held in October 2017 highlighted the importance of designing a package that serves youth’s needs across different ages (life-stage approach); that acknowledges the heterogenic nature of the country’s youth cohort;
that strikes a balance by starting small and gradually scaling up interventions after initial evidence of their impact, and coming in at scale for issues that may be easier or more straightforward to begin to solve. It was suggested that the interactive, online Youth Explorer, which provides youth-centred data in one easily accessible place, can be important in defining a package of support for youth. The portal was launched in 2017 by the Poverty & Inequality Initiative at the University of Cape Town, in partnership with OpenUp (formerly Code for South Africa), Statistics South Africa and the Economies of Regions Learning Network. The portal is updated with data as they become available and accessible.

De Lannoy suggests that it is possible to identify a number of crucial moments/-transitions during the adolescent and young adult stages when additional support and improved quality of services can make a difference.

An example of a crucial moment/transition, during which additional support and improved quality of services could make a difference, is the grade 9 stage when learners need to choose their subjects for matric. This choice determines much of the further educational and career options of a young person. Providing information and guidance on subject choices, coupled with additional learning and parenting support, could make a long-term difference in a youth’s life. Exiting the schooling system is another such “hinging” moment. Finding ways to connect more young people to second chance education or some form of post-school education and training is important for their employment chances. Short interventions before or after students enter into qualifications can be as important as redesigning the entire curriculum.

In an attempt to meet young people in their request for information, the Poverty and Inequality Initiative, in partnership with the Children’s Institute, Ikamva Youth and the DG Murray Trust have developed “Yazi”, an easily accessible information portal that visually maps the pathways through the educational system – from grade 9 onwards – into higher education or into the world of work. It is meant to provide young people with the details they need to make informed decisions about their educational or career trajectories. After an initial pilot stage, it is envisaged that the portal will be evaluated and the outcomes of the evaluation translated into policy-relevant material.

However, without significant and inclusive economic growth that provides jobs that match the skills and interests of young people and without increased willingness of employers to employ youth, significant decreases in youth unemployment are not guaranteed. None of these issues can be solved in the short term. In the meantime, she argues that it is important to consider additional forms of support through the social protection system – including some form of financial support – that would prevent youth from remaining trapped in poverty. The Youth Conversation has begun a process of identifying elements of a basic package for youth support. These include improvements to, and expansion of, skills development programmes.

In his presentation35 to the Community of Practice Workshop in May 2017, Leibbrandt (drawing on Atkinson) states that, in the same way as the capital market was deemed as too important to fail in the financial crisis of 2008 and was supported through huge direct interventions, the labour market simply cannot be allowed to fail given the dire consequences of youth unemployment. Therefore, he motivates that we build on experiences in piloting guaranteed employment programmes through the Community Works programme in order to craft substantive, impactful sets of interventions alongside the Public Works programme. A national youth service programme is one option from international experience which is currently featuring in preliminary thinking in South Africa. Other prongs of labour market entry, such as internship policies and the youth wage subsidy, suggests Leibbrandt, need to be harmonised within an inclusive approach to growth, as outlined by Donaldson, to ensure clarity and coherence.

Five years ago, the Department of Higher Education and Training (DHET) launched the Labour Market Intelligence Partnership (LMIP), and coordinated by the HSRC, to conduct research to inform monitoring, planning, and policymaking for more effective skills development and equitable labour markets in South Africa (as the problems in this area are widely known). Reddy reports that the LMIP has proposed an inclusive post-school education and training (PSET) planning approach for South Africa which focuses on both the needs of the economy and of society. In most industrialised nations with high levels of education and low levels of unemployment, the skills planning focus is on the analysis of vacancies in

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the labour market. South Africa has lower levels of education and skills than most productive economies, and its fail-safe policy is to raise the levels of basic, post-school and workplace education and training. Reddy has stressed that an inclusive PSET approach must recognise all vulnerable groups (unemployed, youth, women, African, disabled) in its planning and allocation of resources. It is proposed that a set portion of the PSET budget must be allocated to enable marginalised groups to access appropriate skills training and job opportunities.

Below is an example of a skills development initiative using different knowledge sources that works with marginalised women in a local community in partnership with young people in schools, the Department of Agriculture and out-of-school youth.

**Mdukatshani Rural Development Project**

This NGO is located in KwaZulu-Natal and works mainly in the Msinga/Weenen rural areas. We support farmers on land reform farms to improve village chicken production. The Mdukatshani Rural Development Project is currently working with 62 groups of chicken farmers (with a minimum of 20 farmers per group), mostly dominated by women. We work with in-school youth (in clubs, not in the classroom) and out-of-school youth; we usually call them community livestock workers rather than community animal health workers, because they are involved with more than just the health aspect of livestock.

We work with chickens because almost every household owns chickens.

- Chickens are socially categorised as women’s livestock in terms of decision-making. Most of the farmers we work with are older women who freely make decisions about slaughtering, selling, or using the chickens for cultural ceremonies and so on.
- Chickens are easy to produce at low cost.
- They are a source of protein (meat and eggs).
- They are used for cultural ceremonies, and as a source of income.

We promote the local breed wherever we work, because they have a greater resistance to disease, and they survive in harsh conditions. Breeds are also associated with colours that have social and cultural significance – people will use a chicken of a certain colour in a specific ceremony. As part of our commitment to promoting and strengthening indigenous knowledge and farming practices, we encourage the use of traditional methods of feeding chickens. This involves allowing only one batch of chicks to hatch in winter, and use winter-laid eggs for nutrition. The unhatched eggs are cooked and ground up with mealie meal to feed these chicks through the winter. Another problem we deal with is protecting chicken nests against predators. Indigenous hens lay everywhere, and it’s important to have a system so that you know where the eggs and chicks are. We involve the local youth to create solutions to the problems, and they earn money for the nests they make. They know how to do this because they have experience of the traditional methods they’ve learned at home, using local resources and weather-appropriate materials.

We don’t give handouts but instead support farmers to improve what they have: We work with them, using outside expertise and local knowledge to create more productive livestock systems through local testing of ideas and management systems. We learn and share knowledge through theme days (where farmers choose a topic to focus on for a day, and give us the task of finding information on that topic for them), exchange visits, farmers’ days and more hands-on training. We also support knowledge transfer, by introducing youth into the programme, so that the older people in the community can pass on the knowledge they learned from their own parents and grandparents.

Current joint work with the provincial Department of Agriculture and Rural Development (ARD):

- We work together to involve women in livestock associations.
- We have produced a joint manual with the KwaZulu-Natal ARD drawing on our experience with the farmers.
- We try to involve extension officers in our experiments and information days.

*Extract from the Action Dialogue report, *Opportunities, Constraints and Innovative Approaches In Small Scale Agriculture In South Africa, 6 – 8 August 2014.*
A second example of linking skills development for emerging farmers to the establishment and organisation of micro-enterprises and cooperatives is provided in the discussion on the work of Siyavuna below. The project also integrates skills related to the generation of livelihoods in sustainable ways.

**Siyavuna**

At the heart of what we do is stimulating local economic participation, financial independence and sustainability, and adopting a pro-poor approach to value chain development. Our mission is to train and mentor emerging organic farmers for food security, developing successful micro-enterprises through farmers associations and cooperatives that market produce under the Kumndani brand. We work in Ugu District, in 10 communities, with 600 farmers. They have varied levels of education, the average age is 54, with 84% being women and 16% men. The brand is a big part of the success – it eliminates competition among the farmers to sell their produce individually to shops; we are all identified as Kumndani farmers and we sell together for the brand.

Monthly meetings are a vital part of the model. Farmers may not be interested in selling, only in food security; they can still attend the monthly Farmers Association meetings where they get training and support. If they do want to sell, they sign up for the Participatory Guarantee System (PGS), the organic monitoring model – since our work is all organic – and get a membership card. The Farmers Association decides on collection points in their community, and farmers deliver their produce to these points on foot or with wheelbarrows – for farmers with larger amounts of produce that need to be transported, Siyavuna now goes around collecting directly from them.

When I first joined Siyavuna I was dubious that it would be effective, but I’ve been proven wrong – and the trick is in the brand. The farmers see that the brand is connected to their livelihood, and so they want to protect the brand. Because of that, they are really serious about PGS. If they suspect someone is using DDT or other chemicals, there’s a whole system of reporting, sending in an investigation team and imposing sanctions. This is all done by the farmers themselves, and they are very strict with one other – all because of the brand.

Based on the research conducted under the auspices of the LMIP, it is proposed that an inclusive post-school education and training approach should involve:

- Developing a ‘portal’ or a ‘one-stop-shop’ that could assess the capabilities of youth not in employment, education or training; and connecting them to whatever education and training they may need to make them employable and work-ready. Such a portal should clarify the options available for learners.
- Scaling up the provision of artisan training.
- Building the competencies and interactive capabilities of the technical and vocational education and training (TVET) colleges to be able to respond to skills needs of core industries in their local contexts, and to benefit from more solid interactions with firms, particularly to support work-integrated learning. Public TVET colleges could also contribute more effectively to addressing new skills needs presented by land reform, housing, and other infrastructure projects.
- Redesigning the non-accredited and informal education and training schemes to enhance the capacities of unemployed youth to generate livelihoods and support the education and training needs of organisations working in the solidarity economy, such as cooperatives and community-based livelihood projects.
- Recognising and supporting the key role of industry associations and other private intermediary organisations.

In this regard Maree, conducting research for the MI, has identified a need for a compendium of all youth-related organisations and initiatives existing and operating in South Africa. Such a compendium could serve as a companion to skills developers and job creators in the form of an online e-book with interactive capabilities so that people could add, modify and update the information contained in it. To be effective it would need to operate like Wikipedia with an editor that keeps it updated and ensures a uniform style with consistently high-quality information that is user-friendly.

The examples which follow, of the Harambee Youth Employment Accelerator and the Chrysalis Academy, illustrate why building the interactive capacities of the TVET colleges is essential to improve placement rates of graduates.
Harambee Youth Employment Accelerator

The Harambee Youth Employment Accelerator is a high-impact intervention to address youth unemployment based on the premise that there are entry-level jobs available, but that employers are reluctant to place young, first-time workers due to perceived risks. Since 2011, Harambee has been targeting employers to shift their perceptions about employing young workers, based on the motivation that employing young people makes human resourcing and business sense, and enables companies to contribute to national development.

Harambee has established that they are able to provide effective support for first-time young work-seekers who perform well and are likely to stay in their jobs. The young work-seekers who recruited via social media, word-of-mouth, community radio stations, and other community-based recruitment strategies.

Youth are initially screened for numeracy and literacy potential, and are assessed to determine which sector they would be ideally suited to. Once youth have been screened, they are either counselled out of the programme (if they do not meet the placement criteria) or routed into different bridging programmes depending on their match to industry requirements. For instance, young people with competencies for retail will undergo a six-day bridging programme focusing on retail-specific skills; while those with competencies in business process outsourcing will go through an eight-week bridging programme as this requires longer-term training. All bridging programmes include workplace readiness skills. Participants are then groomed for job interviews, and Harambee facilitates the engagement between the employer and various participants so that the employer may select the participants they prefer.

Harambee reached its initial goal of placing 10,000 young people in September 2014. Although the programme has not been evaluated for impact, Harambee does track participants and relies on feedback from employers. They report a higher retention rate than other placement agencies with almost 75% of their placements staying in their jobs for at least 12 months. This benefits the employee who is able to demonstrate commitment to other potential employers. It also benefits the employer who can reduce costs by retaining staff. These gains in turn help to make a case to other potential employers to employ young people.

A key design feature of the Harambee programme is that it addresses both the supply and demand side of the labour market equation. It addresses employers’ fears about employing young people, and provides skills to young people through short-term interventions. The programme also demonstrates the potential of young people, harnessing young people’s desire to enter the labour market, and providing the connections that young people need to take that first step into employment. Harambee is demonstrating how to approach the challenge of youth unemployment innovatively but there remains a need to assess the impact of the programme.

Chrysalis Academy

The Chrysalis Academy (CA) was set up in 1999 by the Western Cape Provincial Cabinet as a Social Crime Prevention Programme. It is a registered NGO that is largely funded by the provincial Department of Community Safety.

The CA mission is to unleash the potential of youth through mental, physical, emotional and spiritual empowerment, enabling them to become positive role models and productive citizens. The Academy predominantly focuses on building personal mastery to enable youth not only to cope with their current realities but to transcend them in positive, creative and uplifting ways to the point of evolving into positive change agents within their communities. A key feature of personal mastery is the ability to connect with self and others in a positive and meaningful way.

The programme is currently [2016] aimed at youth between the ages of 18 and 25 with a minimum grade 9 certification, no criminal record and who are currently neither in employment, education nor training. Since the year 2000, more than 8,000 youth have graduated with large numbers now in employment, studying or doing socially responsive work in their communities. Selection is done through an intensive process of application and a screening which involves a face-to-face interview. The CA targets youth from across the Western Cape and its strategy comprises the following overlapping areas:

**Contributing towards building social capital by implementing high-quality outcomes-based training and development opportunities**

This strategic area is aimed at assisting youth to develop physically, mentally, emotionally and spiritually through the three-month residential programme. It comprises a number of phases aimed at enabling students to acquire skills to build their resilience and personal mastery. The programme is aimed at assisting students to re-enter the formal learning system such as schools or TVET colleges, higher education institutions, or become more employable through ongoing vocational training, or simply to become active citizens in their communities and be engaged in positive, uplifting and constructive activities. Apart from the various skills training, a strong focus is placed on aptitude testing, career guidance and partnerships with various companies in the private sector, TVET colleges and government departments, with the purpose of accessing internships, learnerships and further education and training opportunities in recognition that education is the foundation of a sustainable future.

**Promoting social inclusion and a culture of active citizenship**

In addition to the three-month course, the CA provides an aftercare service which includes counselling, career guidance and a nine-month work placement immediately after graduation. Workshops are also convened with families of students to promote caring and functioning families in recognition that families are the basic building blocks of society. At least three workshops with families are held during each course with the aim of building effective parenting skills, interpersonal communication and to explore ways to support and encourage the positive transformation in the students.

The Learning Academy of Mercedes Benz South Africa (MBSA), East London, is an example of an innovative approach to training unemployed youth to become artisans in partnership with the private sector and the Jobs Fund.

**The Learning Academy of Mercedes Benz**

MBSA started training its employees in July 1981 when it opened a technical training centre. As Mercedes Benz started exporting its motor vehicles decades later, the need arose for it to provide world-class training. In addition, the rapid advancement of automotive technologies, such as robotics and automation, placed significant training demands on the MBSA manufacturing plant and the broader industry around the plant, requiring a continuous upskilling of the workforce.

The Learning Academy was constructed in 2014 and cost R130 million in toto. Initially the Jobs Fund, launched by the Development Bank of South Africa but taken over by National Treasury, supported MBSA on a rand-for-rand basis. R100 million was raised with each of them contributing R50 million. Subsequently the Jobs Fund contributed a further R30 million on condition that MBSA also trains workers in related industries in the region and ensure that they obtain placements thereafter.

Three levels of training are provided at the Learning Academy: shop floor skills training, apprenticeship technical training, and advanced technology training.

The shop floor training programme lasts for two months and aims to prepare unemployed school- or college-leavers for a job as production workers in a typical manufacturing environment. Learners are given both theory and practical training. Once qualified, all learners’ details are placed on a database and are actively marketed with local manufacturing firms, thereby vastly increasing their employment opportunities. Unemployed learners are paid a stipend for the duration of their training to support transport and meal costs.

The apprenticeship programmes span between 3–4 years. Most applicants would have attended a technical high school or studied maths and technical subjects at an academic school or TVET college. There are two streams of apprenticeship. The first is automotive related, where learners choose between an automotive electrician and motor mechanic. The second is more plant and equipment oriented, where trade options include millwright, electrician or fitter and turner. As in the case of shop floor trainees, unemployed learners are paid a stipend for the duration of their training.

The Learning Academy is equipped with a world-class range of technologies to upskill existing artisans in the fields of robotics, plant automation and metal joining technologies. There are a wide variety of robot cells, from stand-alone robots to those equipped with technologies that include grippers, stud welders and weld-guns (steel-to-steel, steel-to-aluminium or aluminum-to-aluminium).

The Mercedes-Benz Learning Academy is both an accredited training provider and trade test centre. It is accredited by the Merseta and as a trade test centre by the Quality Council for Trades and Occupations (QCTO) and the National Artisan Moderating Body (NAMB).

The Jobs Fund put an obligation on MBSA Learning Academy to train and place 500 unemployed shop floor learners on a three-year cycle as well as about 120 apprentices per annum.

The Learning Academy is currently (2016) training 216 shop floor trainees per year and taking on 50 apprentices every year. The current (2016) number of apprentices at the academy is 200. In advanced technologies and robotics 520 people had been trained since August 2014, of which 420 had been placed.

Former President Zuma’s announcement in November 2017 that the government will introduce fully subsidised free higher education for poor and working-class students with a combined annual income of up to R350,000 – starting in 2018 in TVET colleges and universities – constitutes a major policy shift. The announcement was made on the eve of the ANC conference and no details on how it will be implemented or funded were provided. The vice-chancellors were not informed or consulted about the decision. As a result of the lack of clarity on detail, contestations in the sector are likely to continue because the 2018 application processes of the National Student Financial Aid Scheme and universities have largely been finalised. The University South Africa Forum, which comprises the public universities’ vice-chancellors, has informed the public that universities will not be able to consider applications from walk-ins. This position is likely to be challenged on the grounds that it is not in line with the political objective of giving higher education access to the poor, who may not have applied to universities previously on financial grounds.

The provision of free education for poor and working-class students will undoubtedly result in benefits for people who cannot afford paying fees. It will potentially have a big impact on reducing drop-out rates for financial reasons, and will certainly relieve heavy debt burdens on poor families. It is not yet clear how it will impact on enhancing access, as the number of students that institutions may claim input subsidies for has already been finalised by the DHET. There are also limitations on the number of students that can be accommodated at the existing universities. In 2017, TVET colleges were instructed by the DHET to keep subsidised numbers to the 2015 level due to financial constraints. In the absence of more information on how free higher education will be funded, it is not clear how this decision will impact on the quality of higher education.

**General feedback from the Commission**

There was broad support for the recommendations in the Draft Synthesis Report. However, several general comments were made, additional recommendations were suggested and possible priorities were identified.

- Insufficient focus on the needs of the most marginalised sections of our society, especially women and people in rural areas.
- Insufficient attention paid to broader educational needs of youth to empower them to deal with substance abuse, teenage pregnancies, and active citizenship.
- Insufficient focus on the role of education and training in strengthening the informal sector and cooperatives. In this regard there was a view that community learning centres could play a role in dignifying work in the informal sector.
- There should be an explicit recognition of the fact that the TVET institutions have not been able to accommodate the growing demand for education and training.
- There are insufficient education and training institutions operating in the rural areas.
- Serious attention is needed to change negative perceptions of the TVET institutions, arising from a reaction to apartheid education policies, and to encourage young people to see TVET colleges as institutions of choice.
- No mention is made of the role of TVET colleges in preparing people for the changing nature of work associated with the fourth industrial revolution.
- The dominant model of vocational education and training is still premised on people finding jobs in the formal sector. There is a need to identify people in local communities who have been successful at generating livelihoods and consider how these initiatives can be expanded and supported through appropriately designed education and training programmes.
- The recommendations do not address strategies to improve the quality of education and training programmes in the TVET colleges or the range of pedagogies that are suitable for different types of programmes. In addition, strategies to increase the number of apprenticeships available for young people are not addressed.
- The role of the private sector in not addressed.
Recommendations

Recommendations from the Commission

• The churches should be approached to assist with providing information on careers to parents so that they are better equipped to advise their children.

• Components of successful local education and training programmes that are run by the private and NGO sectors should be identified with a view to examining how these components can be institutionalised within the public colleges and community learning centres. Explore how successful initiatives can be supported to go to scale.

• Actions to develop the proposed social package for youth should be identified.

• Information on all the government departments providing education and training opportunities for youth should be collected and made available nationally.

• The state should allocate more resources to establish community learning centres as these institutions can enable people, who are presently unable to access TVET colleges or universities, to access further learning.

Suggested priorities from the Commission

• Information about organisations working in the education and training area should be shared online.

• Community learning centres should be expanded to reach the millions of young people currently unemployed or not in education and training programmes.

• Research should be undertaken into what would be required for government to provide young people with guaranteed employment for one year or to establish a national youth service. This research should take account of existing initiatives.

Strategies to Overcome Structural Inequality

In Section One we provided a high-level summary of data in each of the thematic focus areas which clearly indicated the persistence of structural inequalities which continue to impact on the lives of the majority of black people in South Africa after 24 years of democracy. In this section of the Report we share the major recommendations that have been proposed for macro-level policy or strategic changes to overcome this legacy.

Advance spatial transformation, expand housing demand and use human settlements to produce urban work opportunities

Cirolia submits that there are several important changes which could shift the terrain and work to make the urban human settlements landscape more equitable. Instead of pursuing peripheral capital intensive mega-projects, greater attention should be given to human settlements interventions which rectify the problematic legacy of housing delivery. This includes:

• Releasing well-located land for medium-density urban housing. This will require both a broader embrace of the ‘social value’ of urban land, as well as a more transparent and socially orientated approach to the portfolio of state assets, such as vacant and underutilised land and buildings.

• Enhancing housing demand through the redesign of subsidy and housing finance systems. Housing subsidies, where possible, should focus on enhancing demand and choice of households. Housing finance should be more accessible and responsive to the needs of the poor.

• Focusing attention on the provision of social, economic and networked services.

• Alignment of state and private sector investments at the city scale, and activation/support of state and community investments at the neighbourhood scale are critical.

• Ensuring that human settlement investments are designed in such a way that they create long-term work opportunities, for example in the maintenance and management of the public and networked infrastructure.
Additional recommendations from the Commission

Democratisation of ‘existing’ and ‘underutilised’ infrastructure: We should be leveraging existing material investments for value creation (including existing housing, infrastructure, and mobility networks). This includes the production of meaningful and placed work opportunities through infrastructure management, maintenance, and programming and the repurposing of underutilised spaces and investments in line with a new vision for spatial justice. Core to this is seeking to understand why infrastructure investments that the state has made have not created the intended social and economic value for people and communities.

Sprawl moratorium: There should be a moratorium on Reconstruction and Development Programme (RDP) housing projects which are located on the periphery of towns and cities, and are mostly of extremely poor quality. These projects perpetuate urban sprawl and historical spatial patterns of segregation. Instead, the state should work to unlock existing brownfield land parcels and underutilised publicly owned land within existing built areas. Investments in housing should focus on linking households to sustainable livelihoods, work, and employment and improving the quality of housing provided by the state.

Intergovernmental relations: We need to address the dysfunctional misalignments of built environment responsibilities and subsidies. Currently, the various components of human settlements (i.e. planning, finance, land, subsidies, etc.) are all held by different agencies, departments, and spheres. These agents often have conflicting logics and incentives. We need to work towards improved assignment of functions, careful decentralisation (especially to highly capacitated cities), and higher levels of coordination.

Affordable public rental housing: We should incentivise the private sector to be more involved. If incentivisation doesn’t work we should consider using legislation to require them to get involved. We should be bold enough to move away from the current dominant approach of building houses that people are required to buy. We need more rental stock. The expansion of social housing should also be explored.

Upgrading using the Urban Settlements Development Grant (USDG): Informal settlement upgrading should use the USDG (which is currently being underspent). The USDG offers a flexible instrument for funding infrastructure in the metros. This flexibility is owing both to the design of the grant and its institutional architecture (it goes directly to metros, not passing through the province). It is not burdened by many of the issues which the housing subsidy grants face. This USDG instrument has been underutilised and underspent owing to many blockages. Unlocking the USDG and enabling it to serve the needs of upgrading in metros are essential.

Leverage state assets: Release land owned by state enterprises and use this for piloting innovative approaches to the provision of housing and transport that reverses historical spatial patterns and lay the basis for a complementary network of scheduled mass transit and unscheduled paratransit services.

Provide effective public transport

Behrens and Vanderschuren caution that effective public transport is vital for improving access to opportunities and to capitalise on the potential for dense, mixed-use projects and inclusionary housing schemes around stations. Reform of the public transport subsidy framework, the introduction of user-side subsidies, and the promotion of public transport network ‘hybridity’ (i.e. a complementary network of scheduled mass-transit and unscheduled paratransit services) are needed. Legislative reform (perhaps in the form of a mooted Integrated Transport Planning Bill) is needed to enable multi-modal public transport regulation to be devolved to city authorities, and an associated opportunity for innovations in rail service provision and regulation. Better planning and decision-making – leading to incentivised ‘hybridity’ and associated shifts to feeder area quantity licensing to consolidated taxi associations or companies – should make city-wide public transport improvements more financially viable and equitable, and improve spatial and temporal accessibility. Multi-model service planning would enable integrated timetables, complementary service routes, and integrated fare structures and collection. Integrated passenger information systems, and better alternatives analysis in mode choice investment decision-making, should improve the spatial, cost and temporal accessibility dimensions of the public transport network.
Additional recommendations from the Commission

- Currently various tiers of government are responsible for different aspects of transport policy and administration. As a result, there is not an integrated strategy and there is often poor alignment between strategies adopted by the different levels. There was a suggestion to consider the use of the social grants cards issued by the South African Social Security Agency to facilitate easier movement.

- Many township dwellers maintain rural homes due to precarious land rights in the city and so minibus taxi (MBT) long-distance services are essential. MBT associations/owners/drivers are strongly rooted in particular communities; when a new residential settlement forms an MBT association often emerges along with it or lays claim to that new “territory.” Many minibuses have licences for both long and short distances, so the same vehicle may serve an urban public transport function in the week and then take the same community’s (or territory’s) members to their rural homes at other times of the week/month/year.

Reconfigure land reform policies to enable both agrarian reform and the planning of peri-urban and urban settlements that provide secure form of land tenure as well as access to economic opportunities

The potential for land and agricultural reform to address structural inequality has clearly not been realised to date, and current policies are contributing to elite capture. A rethink is called for, as made clear by the recently released final report of the High-Level Panel of Parliament. It recommended a number of sweeping amendments to existing land reform laws, and the amendment or repeal of the Ingonyama Trust Act. It also recommends two major new legislative initiatives: (a) a new Land Reform Framework Act based on Section 25(5) of the Constitution, which provides the right to equitable access to land, and would seek to clearly articulate the different components of land reform with one another. A primary objective would be to pre-empt elite capture.

A draft law proposes new institutional arrangements, and mechanisms to ensure that the public and Parliament are able to measure delivery and hold the executive to account; and (b) a new Land Records Act, aimed at enabling an inclusive and robust land administration system for all South Africans across the full spectrum of existing systems of land rights. The Panel also recommends a review of the budget for land reform, which currently stands at only 0.4% of the national budget.

Cousins and collaborators contend that land reform policies need to be fundamentally reconfigured, and must aim to underpin both agrarian reform and the planning of peri-urban and urban settlements that provide secure form of land tenure as well as access to economic opportunities. Ntsebeza has proposed that a land CODESA is convened for this purpose. Redistributive rural land reform needs to lend support to black smallholder farmers by providing them with access to an expanded land base. Expanding the number of producers on smallholder irrigation schemes, who could help supply the growing market for fresh produce, is emphasised in the National Development Plan, but the availability of water for such expansion is unclear. This debate needs to be resolved as a matter of urgency.

Supporting labour-intensive agricultural sub-sectors is key for job creation. These include small-scale irrigation, horticulture, and opportunities in forestry and fisheries. Job opportunities also exist in identified small-scale livestock production, particularly goats and sheep and live chickens for informal markets. It is suggested that the design of support programmes for smallholder farmers must be based on an understanding of the underlying dynamics of differentiation. Such interventions would distinguish between the needs and requirements of various types of smallholder farmers, as well as between ‘loose’ and ‘tight’ value chains and markets, and support both producers and market intermediaries. Specific support should be provided to subsistence-oriented smallholders on welfarist grounds.

Mdukatshani is an example of an integrated approach to working with women farmers and unemployed youth.
Recommendations

There is limited but real potential to expand the resource base for certain kinds of rural enterprise. This includes 100,000–160,000 ha of forestry land in communal areas and elsewhere, new smallholder irrigation schemes, and the redistribution of under-utilised grazing land on commercial farms to small-scale livestock producers through land reform. Government also needs to secure the land and water rights of small-scale farmers, including within irrigation schemes and provide security of tenure for communal farmers. Policies must be differentiated and flexible, suitable for different types of farmers, and allow farmers to move between types over time.

Finally, policies must attempt to address the high levels of concentration in the agricultural sector – in relation to the ‘upstream’ components of value chains (inputs such as fertilizers and seeds), in production, and ‘downstream’ components (such as agro-processing and retail).

General feedback from the Commission

• The Commission discussed the grounded way in which people navigate the cities. However, in trying to access land people are constantly being exposed to various risks, including problematic rental extraction. This should affect the way in which we think about land, how we think about land claims and how we think about social tenure.

Mdukashani – Goats as a poverty intervention

Mdukatshani is an NGO from Msinga. We do not do consulting work. We work on improving chicken and goat production in rural homes as a food security measure. We work with smallholders straddling the categories ‘subsistence-oriented smallholders’ and ‘market-oriented smallholders’. We focus on women farmers and on the unemployed youth. We work collaboratively with the state at provincial and national levels, as a pilot for their scale-up to bigger levels of implementation. We also work with academic institutions in joint research efforts based on the work we do.

We work on:
• chickens, Nguni cattle, drylands, land-reform issues, traditional authorities, gender and land.

Why goats?
• Goats are gender neutral – in African societies, it is hard working with cattle as there are many issues relating to women and ownership of cattle, girls working with them, etc. But with goats there are none of these concerns.
• They are easy to sell. Goat farming can be very productive. Goats are low maintenance, hardy and drought tolerant.
• They are largely un-commercialised – we don’t have any numbers for goat markets but these markets are large.

We use increased animal health as an entry point towards improved productivity, drawing on an international model based on community animal health workers – where you look at the livestock structures that exist around dip tanks, build up dip-tank committees, etc. The result is a very extensive network of livestock associations.

Another aim of the programme is to create an environment of research and practice to be able to give continuing support to farmers – there is no research out there to help goat farmers. However, we look for ways to work with farmers in their yards (rather than at research stations) to solve problems experienced.

Extract from the Action Dialogue report, *Opportunities, Constraints and Innovative Approaches in Small Scale Agriculture in South Africa, 6 – 8 August 2014*
Recommendations

- Participants felt that it was useful to discuss issues related to land, urbanisation and spatialisation in the same commission as it surfaced useful synergies.
- The country needs an innovative way of recording land rights that recognises the different ways in which people view land rights in their own communities and is not premised on an exclusive concept of ownership. This approach has implications for how the Land Records Act should be used as it embodies recognition of informal and customary rights.
- When we think about informal agriculture it is essential to think beyond apartheid territories and look at smallholder agriculture. This may entail revisiting the Subdivision of Agricultural Land Act of 1970, which former President Mbeki never signed into law.

Address pay inequality inherent in the labour market and protect precarious and vulnerable workers

For overcoming a racially segmented labour market, there are clear linkages between recommendations on pay differentials and those related to the promotion of inclusive growth and improving the quality of, and access to, skills development programmes for youth who are not in employment or in training.

Additional interventions proposed for this area are focused primarily on the two ends of the labour market, i.e. pay inequality primarily driven by very high earnings at the upper end in the formal economy; and poverty due to low earnings in the informal and formal economies. Reducing the level of executive's pay has been recognised by MI Think Tank member, Godsell, who is a member of the Chief Executive Officers’ Initiative, as a critical intervention to signal a commitment on the part of executives to reducing the unacceptable high levels of inequality in our society. For similar reasons raising the level of pay for workers at the bottom end signals a commitment to lifting people out of poverty.

The Department of Labour has incorrectly interpreted Section 27 of the Employment Equity Act (EEA) to apply only to disproportionate horizontal income differentials, which has meant that the section has been ineffective in reducing vertical differentials.

The genesis of Section 27 of the EEA and its explicit wording demonstrate that this section of the Act was drafted in particular to address the apartheid wage gap. The provision has the potential to create norms and benchmarks to achieve proportionate income differentials. To discuss this potential of the EEA, approximately 35 academic, trade union and civil society experts from South Africa and abroad participated in a small-sized Action Dialogue. The participants discussed the possible use of Section 27 of the EEA to regulate the ratio between the top 5% and bottom 5% of earners in all companies and institutions.

In addition, the Action Dialogue participants proposed that a Code of Good Practice on Equal Pay/Remuneration for Work of Equal Value (EP Code) should be developed which could inform human resource policies and practices (HR Code) to enable the development of a non-discriminatory, proportionate targeted pay structure.

Another option is proposed by Collier and Godfrey, who advise utilising the corporate principles currently enshrined in King IV as an additional route to address high earnings at the top end of the labour market. Principle 14 of King IV provides that the "governing body should ensure that the organisation remunerates fairly, responsibly and transparently". On this foundation King IV has introduced the requirement that the remuneration of executive management should be fair and responsible in the context of overall employee remuneration. This acknowledges the need to address the gap between the remuneration of executives and those at the lower end of the pay scale.

Collier and Godfrey also recommend engagement with the Institute of Directors, the custodians of King IV, with a view to directing greater attention on the scope of King IV to address income inequality through constraint on earnings at the top end of the labour market. Godsell has also highlighted the need to get employers to reflect on the implications of the changing nature of work and the associated roles of workers in companies. He has argued for a productivity focused approach at the plant level that challenges employers to link wages, wage fairness, working conditions and living conditions of workers to a strategy that is focused on viewing workers as resources and assets.

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37 King IV, p. 31.
At the bottom end, the National Minimum Wage forms part of a number of labour market policies designed to protect precarious and vulnerable workers and improve the plight of those at the bottom of the income distribution – albeit at what many regard at a level that is still far too low given the pay disparities. Bhorat cautions that it will be necessary to combat the high incidence of violation of labour laws by improving the efficacy of enforcement efforts and, secondly, by shifting the dynamics between workers and firms. This would entail making non-compliance expensive (appropriately set fines) and increasing the chances that such expenses would have to be paid (probability of being inspected) should non-compliance be uncovered. Weak worker bargaining power is a consequence of extensive inequalities in the labour market, high levels of unemployment, weakening union power, and large skills disparities. General strategies aimed at eliminating poverty and inequality and increasing employment will help improve the dynamics between employer and employee.

According to Schroeder, who made a presentation at an MI Action Dialogue, the situation of unequal power relations between employers and workers is aggravated by the fact that the Labour Relations Act (LRA) describes a trade union as any group of workers who associate for the purpose of regulating relations with an employer. As such, workers’ councils representing workers employed by labour brokers can bargain with the employer and they can embark on strike action. But the LRA discriminates against such councils because they are not registered trade unions. As a result, they cannot get organising rights and, until recently, couldn’t represent their members at the Centre for Conciliation Mediation and Arbitration.

Schroeder concluded that restructuring of the world of work – largely through technological innovation/de-skilling, production outsourcing, and financialisation has created a generalised precariousness and instability not only in the workplace but also in the working class, affecting the ability to organise at work and in the broader society. He therefore urged that the discussion on Section 27 of the EEA must be located in a context of a hugely ascendant capitalist class, a collapsing trade union movement and the emergence of a very large section of workers with unstable work and no organising experience.

In 2015, the International Labour Organisation adopted Recommendation No. 204: Concerning the Transition from the Informal to the Formal Economy, and, since then, has been encouraging tripartite processes in member countries to implement this recommendation. Such a process is currently gaining momentum in South Africa, involving government (with the Department of Labour taking the lead), organised business, organised labour, and civil society. It is recommended that South Africa supports the Recommendation No. 204 process, and provides research input where possible. The main objective will be to make input on key discussions about the redesign of labour legislation that will seek to turn ‘rigid’ rights (where there is either compliance or not compliance), into ‘process’ rights that can be achieved over time. Several unionists in the MI Action Dialogue argued that there is a need for a practical, workable framework defining and protecting the rights of all workers as a complement to the National Minimum Wage.

Finally, Leibbrandt suggests that the formal sector inherited and remains characterised by ossified and uncompetitive value chains in spite of active competition policy. Research by von Broembsen that was fed into the MI process through the REDI3x3 project shows that this situation is a key blockage for new entrants, inclusivity and innovation. Confronting this situation requires promoting an inclusive labour market which includes an integrated approach to formal–informal sector interactions, the informal sector as part of the value chain and needs to be conceptualised as such.
Additional recommendations from the Commission

- A pilot project on the development of norms and benchmarks of appropriate proportionate income differentials should be launched in a South African production plant that has links to a German company. The German experience on how to overcome disproportionate vertical pay inequalities between blue and white-collar workers in the German metal industry can assist in the implementation of Section 27 of the EEA.\(^{38}\)

- Research should be undertaken on the impact of digitisation and robotics on labour in an emerging economy. In times when a 3D printer can be used to produce automotive parts it is questionable whether international companies will still seek cheap labour. This shift will affect economies which think cheap labour is a locational advantage. The skills which workers will need in a factory for motorcars in Mexico City, for example, may differ from the past due to new technology.

- The National Minimum Wage and Section 27 of the EEA are tools which address “classical” forms of labour. To address poverty in platform work and other new forms of labour would require amending the legal framework. The case of Uber drivers illustrates how difficult it is to get operators of technological platforms to engage around conditions of work for so-called self-employed workers who are dependent on a technological platform for work.

Allocate resources for health services more equitably

While some of the drivers of health system inequality point to very specific recommendations, such as removing user fees at public hospitals for those not covered by medical schemes and improving patient transport – particularly for referral services – many analysts have consistently pointed to the need to introduce fundamental institutional reform to achieve extensive and sustained improvements in access to quality healthcare. As the public health sector is the main provider of health services in South Africa, and public health services are used by the full range of socio-economic groups (albeit that the highest income groups tend to use mainly central hospital services), reform efforts need to focus on this sector. Key reforms proposed by McIntyre and Ataguba include:

- Centralised allocation of funds for public health services to promote an equitable allocation of resources across health districts and individual facilities.

- Piloting the delegation of management authority to individual public hospitals and to sub-district management teams for primary healthcare services. Many of the persistent challenges that face public sector health facilities, such as poor staff morale, which impacts on the quality of services provided, and perceived lack of responsiveness to patients, can only be addressed in a comprehensive and sustainable way through increased management authority at facility level combined with strong governance and accountability structures.

- Institutionalising and reaching agreement on the status of community health workers within the public health system. Community health workers (CHWs) are critical in promoting equitable access to healthcare through their ‘close to client’ service provision/regular home visits. International evidence demonstrates that CHWs make considerable contributions to improved health outcomes. There are over 40,000 CHWs in South Africa, but most are paid a small stipend and have very insecure and informal employment status, which in some cases contributes to high turnover and motivation problems. Formalising the employment of this important cadre of health workers will not only have major health benefits, but will also contribute to employment creation.

- Strategic purchasing of health services, including explicit service level agreements with all providers to clarify expectations in terms of the range and quality of services, combined with monitoring of provider performance, and changing provider payment mechanisms to promote the efficient provision of quality services. Given the substantial service delivery capacity in the private health sector, services could be purchased from both public and private providers to meet the health needs of South Africans. A single, centralised agency

\(^{38}\) Helm, R (2017) Proportionate Income Differentials: A long Walk to Social Justice. A case study on the Entgeltrahmenabkommen (ERA) Baden-Wuerttemberg, a general agreement on pay grades, that seeks to achieve pay equity in this region of the German metal and electrical industry and a critical evaluation of how this model can assist in the implementation of Section 27 of the Employment Equity Act (EEA) of South Africa. Masters thesis, University of Cape Town: http://hdl.handle.net/11427/27531.
would be able to exert considerable purchasing power to ensure that provider payment rates are affordable and sustainable. However, impeccable governance and accountability mechanisms are required for such an agency.

**General feedback from the Commission**

- The gap between policy formulation and implementation should be addressed. The Constitution gives national departments the power to make policies but no authority for implementation. This makes alignment complex and challenging and contributes to unevenness in delivery of services across the country. Policies do not always take full account of what is needed by practitioners for their delivery, including delegated power and budgetary capacity. For example, authority and budgetary capacity should be devolved down to clinic managers. The issue of access to clinics should be considered holistically. Free clinics do not guarantee comprehensive access. Transport issues inhibiting access to clinics for the poor are not just a financial issue. For example, when a poor child gets sick at night and there is no car to take them to a clinic or hospital, they may die. The current focus on establishing a target number of créches and early childhood development centres can limit the opportunities for effective interventions in this field. For example, public health contact points – such as clinics where children are inoculated – may be explored as an intersectoral node to offer a wider range of mother-and-child services more holistically.

- Policy shifts are needed to give authority those to who deliver health services.

**Address food security**

Although a range of policy recommendations have been proposed and implemented, the impact of these remains uncertain. The provision of social grants, food fortification, vitamin supplementation and primary healthcare has failed to bring about a reduction in child stunting and has not eliminated micro-nutrient deficiencies. It is possible that both may have been worsened in the face of the HIV/AIDS pandemic and high levels of unemployment. Policies seeking to regulate misleading advertising may have had an impact on goods purchased in the formal economy, but are not being enforced for goods sold in in the informal economy, such as at spaza shops. A ‘sugar tax’ on sugary beverages has been introduced, but international evidence is mixed as to whether such taxes bring about a reduction in sugar consumption and improved health. Food-sensitive urban planning has been put on the policy agenda, but has yet to have any impact on infrastructure or slow the creation of ‘food deserts’ or ‘food swamps’ in low-income neighbourhoods.

Innovative exceptions, however, can be found. One example is the Western Cape government’s integrated approach to its Food and Nutrition Security Strategy. Similar government innovations are underway in Gauteng and eThekwenni. Other potential innovations include measures to adopt climate resilient crops and agricultural practices, the use of nutritious indigenous grains and leafy vegetables, and ‘last mile’ solutions including the promotion of food literacy.

**Advance social cohesion**

The Commission took note of the summaries of the dominant approaches to conceptualising social cohesion and the highlighted definitional challenges contained in Section Two of the Draft Synthesis Report, alongside a presentation by Ayesha Fakir from the Institute of Justice and Reconciliation in the Commission. Her presentation covered high-level data on key socio-economic indicators as well as data drawn from the 2017 South African Reconciliation Barometer Survey on perceptions of the sources of the divisions in South African society, and factors and progress with regard to reconciliation. This research suggests the gap between the rich and the poor is viewed as the most important factor impacting on division, and with race being second; 73% of the sample surveyed believe that reconciliation is still needed but 63% believe that reconciliation is not possible whilst people who were disadvantaged under apartheid continue to live in poverty.

The Commission focused on generating a framework for conceptualising social cohesion that could guide thinking about desired interventions.
General feedback from the Commission

The Commission endorsed the approach that social cohesion is not possible without tackling the structural injustices that undermine the human dignity of the majority of citizens preventing them from taking ownership in shaping the future they would like to inhabit and attaining their socio-economic rights. The Commission agreed that the focus on the ‘poor’ in conversations about poverty and inequality is misplaced. The focus should shift to those holding on to inordinate wealth in a socio-economic system where wealth growth is disproportionately faster than income growth of those at bottom of the pyramid. The healing required to effect social cohesion therefore needs to involve acknowledgement of privilege by those enriched by the injustices of the past, and a willingness to work together to transform the structures that perpetuate inequity. Those impoverished also need to heal their broken souls so they can be able to participate as citizens who know and exercise their rights and responsibilities.

In this approach, efforts to promote social cohesion are part of the project of advancing economic justice. National conversations are needed to provide spaces for building a generative understanding of race and identity, intergenerational positions and power relations as factors impacting on social cohesion.

Finally, whilst the Commission recognised that it is necessary for citizens to exercise their own agency through building a vibrant civil society, the participants felt that without the implementation of socio-economic programmes aimed at eliminating structural inequalities and poverty, people’s capacity to achieve changes would remain constrained, trapped by poverty and the spatial concentration of disadvantage. In this regard, it was suggested that it was important to think about forms of organisation that are appropriate in the present context to harness and represent the interests of the poor, in particular, and creative ways of expanding civic education in the schools and society more broadly.

Possible framework for prioritising actions

Foundations for the successful implementation of other strategies

a. Macro-economic policy is critical

Igniting growth to get the economy going is vital but it must be shaped to be inclusive by targeting the most marginalised members of society: women; people living in rural and informal areas; and youth who are not in employment or education and training. Reducing inequality has to be a fundamental goal.

There was considerable debate during the course of the Mandela Initiative about the need for “thinking out of the box,” and for heterodox policies. There is no magic bullet or simple solutions and there is a need for national conversations about a new vision for our country, possibly by means of Action Dialogues, about actual policy prioritisations and configurations.

For example, in this spirit we would urge that important parts of inclusive policy be major investment (with effective quality control) in urban housing and urban transport designed as major components of a guaranteed public employment scheme. Investments in housing should focus on linking households to sustainable livelihoods, work, and employment.

b. Literacy and numeracy

There is a need for a campaign to embed basic numeracy skills in the foundation phase and achieve the national goal that every child in South Africa must learn to read for meaning by the end of grade 3 as this underpins successful learning thereafter.

c. Spatial geography

The state should work to unlock existing brownfield land parcels and underutilised publicly owned land within existing built areas for housing development and cease the RDP mass housing projects – which and are mostly of poor quality and on the periphery of cities – that perpetuate spatial geography inherited from apartheid, colour-coded privilege and structural inequalities.

Arresting intergenerational poverty

a. First 1,000 days

The state should prioritise the first 1,000 days for investment in implementing the National Integrated Early Childhood Development (ECD) Policy as this would enable the greatest long-term gains. The services include birth registration and access to the Child Support Grant from birth; basic healthcare and nutrition for pregnant women, infants and young children; preventive and curative maternal, infant, and child nutrition services; support for parents; safe quality
Recommendations

childcare; early learning support and services from birth; and public information about ECD services.

b. Youth empowerment
The state should provide a basic social package for youth support that would prevent youth being trapped in poverty and would serve their needs across different ages (life-stage approach; and that addresses structural inequalities).

a. Land and agrarian reform
The state should reconfigure land reform policies to enable both agrarian reform and the planning of peri-urban and urban settlements that provide secure forms of land tenure as well as access to economic opportunities and job creation in key agricultural sectors.

b. Urbanisation, informality and spatial inequality
See Macro-economic policy discussions above. In addition, public officials need to work with a spectrum of informality-to-fully-compliant formality and provide support for people’s efforts to generate livelihoods and to enable them to move towards formalisation when appropriate. There is much that can be done within this world and it is unacceptable to talk past or ignore such informalities when they have been and look to remain enduring realities for many.

c. Skills development for jobs and the creation of livelihoods
This should include scaling up the training of artisans; designing locally relevant training for different forms of work such as cooperatives; providing accessible information on education and training and employment opportunities using the internet, non-governmental organisations (NGOs), labour centres, schools and spaza shops; building the competences of TVET colleges to enhance their responsiveness to local and sectoral needs; expanding the role of the private sector in training and upgrading skills; and identifying the elements of successful examples of responsive education and training and developing a plan for embedding these elements in the practices of TVET colleges.

Tackling inequality at the high end
National conversations are needed about whether a wealth tax should be introduced. Research is also needed to investigate how privilege is being maintained through resourcing dispensations, infrastructure imbalances, etc. in the education and health systems and how this could be addressed.

The evidence is clear that earnings gaps within the labour market and within our firms are not accurately characterised as being outcomes of neutral labour market forces. These gaps and contemporary wage setting processes remain steeped in our history. Due consideration should be given to the use of Section 27 of the EEA to regulate the ratio between the top 5% and bottom 5% of earners in all companies and institutions and/or the development of a Code of Good Practice on a proportionate targeted pay structure.

Building a strong, vibrant civil society
No democracy anywhere in the world works without a well-informed and active citizenry that asserts their rights and exercises their responsibilities. Investment in values-based citizen education from pre-school into basic and higher education is essential to graduating citizens ready to strengthen their democracy.

Faith-based organisations have a key role to play in promoting values-based citizen education to secure accountable governance in both the public and private sectors, and in addressing the high levels of trauma and violence associated with the apartheid legacy and continued poverty and inequality.

Building a more capable and responsive state and a different way of doing things
Building government institutions (including departments) that have integrity; are efficient; are not bloated; are free of corruption and are willing work with appropriate civil society structures and collaboratively with other government departments is essential.
Section Five
Cross-cutting Enablers for Building a More Capable and Responsive State

Marikana – the Aftermath
Photographer: Paul Botes
This project was initially conceived after I attended the funeral of Molefi Ntsoele, a miner killed in Marikana, in the village of Diputane in Lesotho. What struck me at the time was the imperative of attempting to understand the consequences of the killings on the families of the deceased, as well as their communities. Almost all of the families come from rural areas that are already marginalized and impoverished. It is clear that the vacuums created by these deaths will impact heavily on the families and their communities for generations to come. The main aim of this project is to remember those who died and to deepen our understanding of who they were.
Cross-cutting Enablers for Building a More Capable and Responsive State

The National Development Plan (NDP) suggests that the potential and capacity to address South Africa’s pressing needs will depend on adopting an approach that “systematically includes the socially and economically excluded, where people are active champions of their own development, and where government works effectively to develop people’s capabilities to lead the lives they desire.” Implicit in the notion of inclusive development is the need for collaboration between different social partners for mutually beneficial outcomes, and hence new perceptions of the roles of different partners. In addition to the importance of collaboration and inclusiveness, reflections on the processes of engagement through the MI resonate with Njabulo Ndebele’s view that we need “a strong imaginative political culture” grounded in robust and hopeful imagination. One example of this would be the state’s response to the possibilities inherent in the new realities of solar and wind energy.

This section of the Report reflects on possible new or more nuanced ways of thinking that surfaced in discussions that followed presentations on research for the MI, by the eight research chairs from the South African Research Chairs’ Initiative (SARChI) of the Department of Science and Technology (DST) and the National Research Foundation (NRF), and supplemented by illustrative examples of what Sitas and Pieterse refer to as “democratic renovations” gleaned from the MI’s Action Dialogues. We have chosen to refer to these insights as cross-cutting enablers of transformative and participatory practices which can help to change our political culture and landscape and make the state more responsive.

Thinking and working out of silos and trying to understand existing non-‘siloed’ social and economic realities and people’s practices and lived experience in these contexts between different aspects of people’s realities is provided by De Lannoy, who refers to the lack of understanding about the multiplicity of deprivations experienced by the youth cohort in South Africa; and how deprivation varies from one small, local area to another. Analysis of a youth multi-dimensional poverty index (MPI), confirmed the critical role that low educational outcomes and limited economic opportunities play in contributing to poverty among youth in South Africa. Significantly, the composition of the MPI however differs from one region to another, indicating the need for a diversified approach based on the available evidence. It is very data intensive to make policy design responsive to these local-level specificities. While such technical monitoring is worth doing, the Mandela Initiative has flagged the importance of community engagement with local-level policy design and implementation processes as a priority mechanism. It is clear from our case studies that such processes greatly assist up-take and community responsiveness too.

An excellent example of the importance of understanding and responding to interconnections

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Being open to the construction of new kinds of typologies, e.g. of public infrastructure, community facilities and settlement types, and to questioning apparently self-evident assumptions

Posel’s research has challenged a normative construction that people live in nuclear families with a father, mother and children because this view is at odds with the reality that many families are headed by women and, often, with no fathers. This is the key reality for many poor women and their ‘family’ who live in rural areas and in informal settlements and who bear a number of costs not adequately covered by Child Support Grants. Appropriate acknowledgment of these realities will help to shift thinking on how to allocate scarce state resources (e.g. on rural development and investment in cities), and develop more appropriate spatial development frameworks.

Assumptions that most rural people would like decent housing in the urban areas also need to be interrogated. Research by Posel shows that that the rates of circular migration have been picking up since the 2008 recession, while Visagie demonstrates that very large numbers of people who were either in rural or urban areas in one wave of the the National Income Dynamics Survey are in the other location when the next survey is administered. This clearly shows continuing and even increased circulation as part of contemporary coping and adjustment. Many people have returned to a focus on rural areas as places where they can build dignified homes and where they can express their African identities with freedom and in places where they know and feel their ancestors are with them. Indeed, according to Bank, going to the city for money has always been part of the African life project, but it has also generally been understood that this is not where African lives should end, or where significant life-cycle events or landmarks should be acknowledged. It is a life project that needs to be marked by regular return visits to the spiritual and social spaces of home, especially in the rural areas which is the source of power and ultimate destination in a life course.

Bank is not suggesting that a ‘Nkandla home-making model’ is for everyone today nor that most households achieve the ideal. Rather, he is suggesting that rural ‘home-coming’ is still a fundamental cultural construct in minds of many in South Africa. Problems arise when a country’s spatial and economic development policies have little appreciation of the cultural and economic imperatives that drive double rootedness and the popular strategies of home-making, settlement and life-cycle planning.

Without rural land management and titling, the huge investment that migrants’ households are making to rural house-building have little long-term material value for these families (besides the cultural benefits), nor will they be recognised in the rural development frameworks of the state. In fact, no one is trying to connect the way people are actually investing in rural areas with the kinds of economic activities that might be developed there, outside of subsistence style, small-scale agrarianism. This suggests a need to reconsider new and innovative models for rural and urban development and not to get trapped in a policy polarisation that seems to demand the need to choose either urban or rural spatial policy.

Another key example that emerged in the work of the Initiative is the need for public sector officials and our public discourse to develop a new set of sensibilities in relation to informal social and economic realities, as well as different kinds of management imperatives.

The work of Harrison, Pieterse and their team surfaced examples of the multiple ways in which people on the ground are seeking to generate livelihoods, but these are not recognised or supported by the state. Hence, they argue that it is vital that public officials who interface with residents and
businesses on a daily basis reorient their mindsets to not simply see their role as enforcers of uniform regulations and standards. Instead, they suggest officials need to appreciate the makeshift and adaptive nature of poor peoples' livelihood strategies. The question, they suggest, must then become: How can the state support and enhance the livelihood ambitions of these actors and households? Instead of: How can we stamp out informality and/or illegality?

This mindset change must be supported by new institutional modalities of interface and regulation. For example, it is important that public officials work with a spectrum of informality-to-fully-compliant-formality. This implies recognising that people need support and incentives to progress from what they are doing outside of formal norms and standards to gradually move to a situation where they are compliant. Such an approach requires consideration of what regimes of 'soft regulation' might mean for different sectors such as early childhood development (ECD), street trading, informal service businesses, and so on.

In the case of ECD, instead of adopting an attitude of benign neglect, the state should rather place crèches on a spectrum of compliance and provide systematic support and incentivisation for them to improve their infrastructure, facilities and pedagogic content. This will encourage greater formalisation when the people involved are ready and can afford it. Such an approach would then have a multitude of positive spin-offs: uninterrupted education but improving conditions for poorer children and teachers, capacitation of teachers and access to grants. In light of this broader point, Harrison, Pieterse and collaborators strongly urge that a systematic review should be conducted of all domains of daily regulation across the various sectors of informal work, service provision and building. Such a review should comprise of appropriate government officials, interested non-governmental organisations, researchers, and of course representative organisations or networks of ECD practitioners or whatever sector might be under consideration. Based on such an assessment, an alternative sector-specific regime of soft regulation can be developed to underpin new patterns of interface between the state and the interested parties.

Working in ways to enable and support sustainable, locally driven initiatives or social compacts rather than imposing top down interventions

Burns has demonstrated that projects which have an explicit goal of building organisations in communities or social cohesion from the outset, whilst also aiming to address other development issues, are more likely to succeed. She has therefore proposed that government programmes should be designed and evaluated according to their impact on social cohesion. This would put the issue of building social cohesion, defined as "the extent to which people are cooperative, within and across group boundaries, without coercion or purely self-interested motivation" firmly at the centre of government initiatives.

The Worcester Hope and Reconciliation Process (WHRP) as it has developed during the course of the Mandela Initiative reflects a clear understanding that reconciliation requires more than forgiveness and that social cohesion requires more than getting people to learn to cooperate together. For the people of Worcester to learn to talk to each other after the horror of the Christmas bomb was clearly a major step forward. But there was a recognition that to build cohesion would require attention to education, living conditions, jobs and income, etc. The summary below illustrates how the people of Worcester are trying to do this.

During the first phase of its existence (2010–2012) the WHRP used the narrative of the racially motivated Worcester bombing in 1996 as a metaphor to engage the Worcester community in dealing with the history of colonialism and apartheid in the town. This work led to the arrangement of the Worcester Peace Train to Pretoria where the 63 survivors of the bombing had the opportunity to meet one of the perpetrators of the bombing, Stefaans Coetzee, in the Pretoria Central Prison. Coetzee was subsequently transferred to a correctional facility in Worcester where he had the opportunity to meet with a 1,000 Worcester residents and answer questions why he had committed the crime, and what led to his own transformation process.
The work around the Worcester bombing was developed into a film, “Black Christmas” that was launched in 2016.

Apart from focusing on the narrative of the 1996 Worcester bombing, the WHRP arranged a range of reconciliation activities to build social cohesion within the community. These activities include annual 16 December Reconciliation Day events with eminent South Africans addressing the Worcester community on the theme of reconciliation; annual peace table events where prominent Worcester residents discuss the challenges and opportunities of Worcester over a meal; the annual Worcester Peace Award; koinonia meals where small groups of Worcester residents have a meal at the home of someone from a different racial group; healing of memories workshops where Worcester residents have an opportunity to tell their own life story and listen to the stories of fellow residents; and pilgrimages to Robben Island.

Since 2013, the Restitution Foundation in partnership with the Mandela Initiative (as it became known then) and the National Planning Commission, has been supporting the WHRP to use four key focus areas (Employment, Education, Housing and Substance Abuse) of the NDP as foundation for the development and implementation of a socio-economic restitution strategy for the community of Worcester.

This collaboration included the WHRP: (i) researching which organisations are already involved in socio-economic transformation work in Worcester; (ii) conducting workshops with four Worcester sectors: business, youth, civil society and faith communities to establish in which areas more work was required; and (iii) arranging, in February 2014, a five-day workshop for 20 Worcester activists at Goedgedacht Farm near Malmesbury, where four areas of need for the Worcester community were identified: housing, substance abuse, employment and education. At the last day of the workshop, the Worcester participants used the knowledge gained at the workshop to start developing the WHRP’s own restitution plan for each of the focus areas.

The workshop was followed by more planning sessions which led to the development and the adoption of the WHRP restitution plan for housing, education, employment and substance abuse. The WHRP has been executing the plans since 2014, with the following progress:

**Education**

- As a strategy to support numeracy, colour identification and small muscle stimulation in young children, the WHRP collected 20,000 colourful plastic bottle caps and manufactured 20,000 colourful wooden blocks which were distributed equally to the 150 ECD centres in Worcester. In addition, the WHRP raised R100,000 to buy educational tools for under-resourced ECD centres in Worcester.
- Completion of the 16 weeks (every Tuesday from 09:00 – 12:00) training in English of 19 ECD educators in computer literacy.
- Completion of the training of ECD cooks to provide healthy, nutritious and affordable food (with no sugar and at least one vegetable and one fruit) for ECD learners.
- Establishment of the infrastructure (10 containers, desks and chair, magazines, etc.) of four (Zwelethemba, Roodewal, Riverview, Avian Park) Ithemb (hope) centres where eight youth workers will assist learners with their homework and provide support to learners who are suffering from challenges related to their low socio-economic environment (e.g. addressing the reasons why children are missing school, poverty, single parent households, etc.). Funds are being raised for the appointment of the eight youth workers.
- Raised funds for the training of six auxiliary social workers by the Department of Social Development. All six trainees passed their exams and are ready to be employed to work within the community.

**Employment**

- The WHRP supported the Ikhamva lethu bead work with contracts which enabled the employment of 30 people.
- In January 2015, Coetze, one of the perpetrators of the 1996 Worcester bombing, was released on strict parole conditions and started working for the non-profit organisation, Feed the Child, where he further developed his skills in organic farming. As his commitment to do restitution...
to the survivors of the bombing, Coetzee and his Feed the Child colleague, Gift Mlambo, facilitated on the 8th and 9th of December 2016 an agriculture workshop in Worcester where 30 survivors of the bombing were trained on using organic methods in starting vegetable gardens in the back of their homes. The workshop organised by the Restitution Foundation in partnership with the Khulumani Support Group provided participants with the theoretical basis as well as practical exposure to the organic farming methodology. At the end of the workshop participants received vegetable seedlings to plant in their own gardens. Three families of the survivors of the 1996 Worcester bombing are still benefiting from food provided from their vegetable gardens because of the agriculture training provided by the Restitution Foundation in 2016.

**Housing**

The WHRP designed a new housing strategy for Worcester: New housing developments should be linked with new economic developments; people should live closely to where they are working; new economic developments should be situated within the townships where most of the labour force are living; open spaces in Worcester should be used to create integrated housing whereby people from different racial groups could be living together; government subsidised housing should not only be four walls and a roof, it should be a human settlement where people can live with dignity and a sense of self-worth. This housing strategy has been adopted by the housing committee of the Worcester municipality.

This summary by the Restitution Foundation’s Deon Snyman, 2017.

The case studies below illustrate the benefits of a strong emphasis on building and maintaining community ownership of development projects from the outset.

In an Action Dialogue on renewable energy, a report was provided on a solar street light project in the town of Deben in the Northern Cape, which has had a remarkable impact on community dynamics. People can now visit one other, attend meetings, or children can play in the streets at night. New micro-enterprises are flourishing near the street lights. Furthermore, the local company trained local people to install and maintain the street lights so that young people have a sense of their own skill and importance. Everyone feels that these are their street lights, and report problems if they occur. It has also transformed their families, given them skills, and for some young people, opened the doors to securing work elsewhere. This shows the importance of bringing education and infrastructure together. There was an educational component in every step of the project.

Research by the Centre for the Study of Violence and Reconciliation on six case studies on Community Works Programme (CWP) across South Africa had similar findings. They found that, where CWPs were planned with greater community participation projects, they were more likely to run effectively, and that this participation ultimately had a cohesive effect. But the CWP was susceptible to tensions around the gendered nature of the work (predominantly viewed as ‘women’s’ work), political patronage, narrow worker solidarity, and discontent with the salary and working conditions. Despite these constraints, the CWP presented a unique opportunity for facilitating social cohesion at a communal level while allowing participants to earn a wage and subsidise low income.
Across the country there are many young people doing voluntary work in their local communities without any form of support or stipend. Local municipalities should be encouraged to find ways to connect these young people to programmes like the CBPWP so that they are able to receive a stipend for their efforts. Similarly, youth desks in local municipalities could drive youth development activities within communities that engage youth volunteers and offer them both a stipend and training opportunities.

In other words, government should be thinking about how to tailor services to support locally generated initiatives, rather than impose interventions from the top. For example, the City of Johannesburg has partnered with businesses in the Vulindlela Jozi programme to assist youth cooperatives that were established by volunteers to meet the technical requirements of bidding for a tender.

The challenge for government is learning how to be supportive of successful initiatives like Vulindlela and Ikamva Youth.

Work within the Initiative has suggested that this approach scales up to (re)generating more inclusive and consultative approaches to policymaking and implementation work. In some instances, government could usefully consider facilitating social plans or compacts. The process of reaching an agreement on a National Minimum Wage, which was led by the Deputy President, provides an example of an inclusive policy process that culminated in a social

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**Ikamva Youth**

Ikamva Youth was established in 2003 and enables disadvantaged South African youth to work towards escaping poverty through education. The innovation lies in the model: youth-driven, low cost and high impact programming which achieves academic results and post-school placements in contexts where such achievements are seldom attained. Volunteer tutors (many of whom were previous Ikamva learners) deliver effective tutoring programmes through an innovative pedagogical approach. Learners drive the agenda themselves by bringing questions and problems to small groups (Ikamva Youth aims for a tutor to learner ratio of 1:5). Tutors then facilitate peer-to-peer learning, ensuring learners explain concepts to each other, and that shy learners speak up. Tutors constantly check for understanding, and provide direct feedback on written work as learners work through examples. They often need to go back a few grade levels to ensure that fundamentals are understood. The Ikamva Youth learners’ matric pass rate has been between 80–100% since its beginning in 2003. Over 60% of the learners have accessed tertiary education, and return to pay forward the support they received by becoming volunteer tutors themselves. Approximately 5% of township learners have a tertiary qualification, whereas a survey of Ikamva Youth alumni found that “Ikamvanites” are five times more likely than the average Black South African to hold a tertiary-level qualification. Ikamva Youth has replicated its successful model in 10 townships throughout South Africa and is currently working with over 1,400 learners.

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compact. Although there are ongoing contestations about whether the stipulated amount is appropriate given our extreme pay differentials, the process demonstrated that moving forward on contentious issues is possible through negotiations and consensus building.

Collecting and providing accurate information

A key constraint to detailed evaluation of efficiency, equity and quality in all the focus areas addressed in this report is the lack of publicly available comprehensive, accurate data on both the public and private sectors. Data on the informal sector is largely not available.

Challenges are also experienced with regard to the ability to collate information from various sources. Data residing in the private sector, for example in insurance companies, is not publicly available and yet such data would provide very useful information on how people manage their lives. In most sectors, it is necessary to draw data from various vital statistics and other datasets, district or local information systems, the public financial management system, the PERSAL human resource system and a range of household survey datasets. Access to available public sector data is often tightly controlled. There is an urgent need for integrated and comprehensive data on resources and services in the public, private sector and informal sectors, that are routinely updated and publicly available.

Equity analyses rely heavily on household survey data. While most household surveys containing health and health service-related variables are placed in the public domain, many of the surveys conducted in South Africa have serious deficiencies particularly in relation to the measurement of health service utilisation.

It is recommended that processes are put in place to identify deficiencies in relation to the household surveys and elsewhere and to investigate the feasibility of introducing legislation to address information gaps that are identified by the various sectors.

Good governance is key to eliminating poverty and inequality, and accountability, in particular, needs to be prioritised

The extent of state capture demonstrates the need to strengthen accountability at all levels within the state and the broader society to ensure that public resources are used for their intended purposes. We also recognise the critical role of the Department of Planning, Monitoring and Evaluation (DPME) in the Presidency in monitoring the way in which policies are implemented, to identify challenges, ensure consistency across the country, and track progress.

Notwithstanding this, the MI did not have a strong focus on governance. Several participants and fora, though, have suggested that different policies require different levels of decentralisation and accountability structures. For example, decentralising authority and management of health and transport facilities has the potential to create both accountability and more effective delivery. At the local level, community governance is important for facilitating the best use of infrastructure and public facilities to help secure positive outcomes in health, education, crime and support for informal economic activity.

The Initiative is flagging the central and urgent importance of honing a new set of governance recommendations alongside better policies. No democracy anywhere in the world works without a well-informed active citizenry that asserts its rights and exercises its responsibilities.

The Initiative is flagging the central and urgent importance of honing a new set of governance recommendations alongside better policies. No democracy anywhere in the world works without...
a well-informed active citizenry that asserts its rights and exercises its responsibilities. Investment in values-based citizen education from pre-school, basic education and higher education is essential to graduating citizens ready to strengthen their democracy. Faith-based organisations are essential to promoting adult values-based citizen education to secure accountable governance in both the public and private sectors.

Building state capacity to work in integrated and flexible ways

Several of the researchers have suggested that strategies to overcome poverty and reduce inequality will only succeed if comprehensive, intersectoral approaches are adopted. For example, De Lannoy argues that a comprehensive approach to youth development is needed to address a range of structural barriers and unlock real change for young people. Such a plan, she proposes, should incorporate cross-cutting strategies that address the ways in which the multiple dimensions of poverty intersect and constrain young people’s lives. In addition, it would be necessary to get clarity regarding the responsibilities towards young people within the various line departments and within the cross-departmental Youth Desk (in Presidency) and the National Youth Development Agency. The importance of joined-up approaches has also been stressed in relation to ECD, skills planning and housing development.

Hall used ECD to make a similar point. She states that responsibility for ECD does not ‘belong’ to any one sector; it requires an integrated set of services and programmes that cut across departments (social development, health, basic education, home affairs, human settlements, justice, public works, labour, transport, water and sanitation, rural development) as well as over-arching departments like the National Treasury and DPME, and the different three spheres of government. Bringing these disparate departments and spheres together to focus on young children is enormously challenging, as are the practicalities of

Dundee, formerly a coal mining town, is situated in the heart of the historical KwaZulu-Natal battlefields. The Talana Museum is one of the largest repositories of colonial memorabilia from the Anglo-Zulu wars and of coal-mining technology. A very particular history has been preserved in this archive, which is also replicated annually in historical re-enactments. The artists Vaughn Sadie and Neil Coppen recognised a disjuncture between the recorded history and the lived experience of young people in the area, many of whom have a different perspective on the colonial memory that is usually valorised. The artists identified three local schools and invited the learners to attend a series of workshops. Having been given access to the Talana archives, they photocopied reams of historical documentation and used these photocopies as the basis of a series of collage workshops. The kids were invited to chop and stick ‘history’ into new configurations. The workshops allowed for new kinds of historical critiques and narratives to emerge. In dialogue with the learners, it was decided to try and run a series of public workshops during which the kids would engage members of the public to take part. In this moment, the learners became facilitators. The children’s collages installed in a shop front in the centre of town and the animation videos screened in the shop-cum-studio as well as in public space became the catalyst for broader discussions on history-making and historical representation. Plans are under way for the material generated as part of these workshops, and documentation of the project, to re-enter the Talana archive (Pieterse & Sitas, pp338-9)
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budgeting, planning and implementing complex programmes. While some early childhood services (notably in the area of health) are mainly provided by government, others have relied heavily on non-profit organisations (childcare and group learning programmes, mental health, parent support and welfare services). The NPO sector that delivers services to young children has been over-stretched and under-resourced; even where subsidies are available, there are challenges with registration and compliance. Fragmented approaches in turn limit accountability, cross-sectoral referral systems, and the development of information systems needed for monitoring and evaluation. NPO services need to be recognised and adequately funded, and there needs to be better integration of services offered by government and non-government agencies.

Government systems and mindsets also need to be progressively shifted from a compliance culture and a bureaucratic, punitive approach towards a smarter, more pro-active, problem-solving approach based on empowering local government and frontline staff. This would help committed officials to experiment and develop more creative approaches to, for example, affordable housing and settlement upgrading. By unlocking and assisting spontaneous social energies, government can do much more. This will require public officials to work with a spectrum of informality-to-fully-compliant formality. Government should also not be afraid to use creative ways of soliciting ideas from local communities, such as public art programmes, to solve problems.

The vignette below, from Sitas and Pieterse42, illustrates how art can be used to generate alternative histories.

Building partnerships

While the coming together of the DST-NRF SARChI Chairs who participated in the MI’s work constituted a Community of Practice43 (CoP) on strategies to overcome poverty and inequality in South Africa, the Research Chairs and their respective researchers themselves often in fact functioned as small CoPs, which at times interacted and engaged with policymaking processes, and sometimes actively participated in these. In a workshop with the Research Chairs from this CoP, a number of reflections were shared that are indicative of challenges and opportunities experienced in collaborative engagements between researchers and policymakers. The reflections are clustered in themes.

Ideologies, relationships and access to policymakers:

- In some thematic areas it has been hard to access government officials because of the critical nature of academics’ and civil society’s contributions to highly contentious debates.
- National networks, such as the South African Cities Network, can play critical roles in facilitating discussions between a range of different stakeholders, including government, about more in-depth and effective methodologies needed to effect policy change.
- Successful policy influence often depends on how particular policymakers perceive evidence and the research process – more success is likely when policymakers see the value of research to inform policy rather than as a threat.
- Academics need to be sensitive to different ideological positions being articulated by key stakeholders and may need to step back at times to enable political processes to unfold before consensus may be possible on policy proposals.
- When a CoP is established across diverse sectors, complexities in relation to power dynamics, the availability of resources and so forth, need to be discussed at the beginning to lay the basis for the collaboration.

Political opportunities, and CoP collaboration:

- A ‘Lab’ model, involving an ongoing forum for policymakers, civil society and academics to engage around a thematic area and collectively explore solutions to problems, helps to build long-term relationships based on trust and deep knowledge of the different contexts within each of the various constituencies operation. Such fora can more easily help to shift public servants’ mindsets, capabilities and framing of issues. They can also help to prevent rushed policymaking.
- Institutional constraints need to be kept in mind, for example the time that is required to undertake research, while government officials work within shorter policymaking timeframes.

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• Problems often arise not because of the absence of sufficient evidence and ideas for policy change, but rather with respect to the absorption and translation of these into government policy.

• A key challenge for policymakers is the level at which the knowledge is being harvested and knowing what kind of policy guidance to derive from such knowledge. Establishing mechanisms to co-determine the research from its inception enables buy-in from policymakers. At the same time, it is important for academics to appreciate that often the pressures on policymakers do not allow them to wait for research to provide solutions. However, given that the policymaking process is not linear, it can still be possible to modify strategies or policies later on.

Changes in governance and political leadership:

• Events and developments in the political space, such as changes in leadership or elections, generally have a big impact on efforts to build support for policy or strategic shifts. A change in governance can cause loss of interest in a particular organisation or its research. Efforts to engage around evidence may have to commence afresh at an appropriate time.

Communication:

• The government, or a private communication company used by the government, often tend to take over the function of communicating policy process, and exclude constituencies who have been actively involved in helping to shape policies. This creates tensions in the relationship between government and others, suggesting the need for a CoP collectively to determine strategies for communication and popularisation.
Conclusion

Life Under Democracy
Photographer: Dale Yudelman

Life under Democracy is a provocative essay of contrast and social commentary executed in Yudelman's inimitably, edgy style, in cohorts with new generation technology. A salient social documentary, inoculated against sensationalism, traditionalism and drudgery. A work that invests in the power of smaller moments and features South Africans in their eighteenth year of freedom – intimate and 'uncanned' images; a series that speaks with resounding clarity on how the politics of the day filters into reality.
Conclusion

Reflections on the workshop

The Mandela Initiative's national workshop in February 2018 was a thought-provoking and challenging event. There appeared to be broad endorsement of the key findings that had emerged from the preceding work of the Initiative. Gaps and concerns were identified and recommendations were honed by the commissions. The inclusion of the examples of innovative practices that surfaced through the Action Dialogues helped to stimulate discussion about possible new ways of thinking about, and providing, services in the future. It was recognised that this would necessitate overcoming the fragmentation between government departments and ensuring that officials are empowered to adopt more flexible approaches to policy implementation to support successful local initiatives on the ground.

There was general agreement about foregrounding inequality as the most damaging legacy requiring urgent attention, and the identification of cross-cutting strategies to address both the top and bottom ends of the wealth and income scales. This focus on inequality and privilege was, according to Leibbrandt, in line with emerging thinking internationally. In an input to a Think Tank meeting in 2016, Trevor Manuel noted that the contemporary international inequality literature provides strong evidence of intersecting and multidimensional inequalities working together to distort and limit growth and the potential of societies at the macro, meso, and micro levels. He drew attention to a famous book, ‘The Spirit Level’, in which Pickett and Wilkinson detail the pernicious correlates between positions in the income distribution and positions in the distributions of health, education, crime and a number of other domains. Therborn calls these social processes that stifle opportunities for many “the killing fields of inequality”. Stiglitz sought to show the high consequences of inequalities of capital and wealth for the broader political economy of growth. Then, as Andrew Donaldson reminded the Think Tank, even the International Monetary Fund has become strident in insisting that inequality harms growth and that there is scope for growth-enhancing redistributive policy.

This international discussion that has been playing out in real time alongside the Initiative has had to confront persistent and growing inequalities in many contexts and in doing so has cleared much ground that is potentially very useful to South Africa. Like much of the content of this report, the international discussion has recognised the importance of the prevailing structural realities (such as the distribution of assets and of power) that constrain the transformational possibilities of any society at any point in time. The questioning of orthodox thinking about growing economies internationally, which is evident also in the economic sections of this report and the discussion in the Commission on growth and employment is necessary. It is hoped that openness to this may help to stimulate new thinking about appropriate policies.

At the end of the Day Two of the workshop, after all the Commissions had reported, the Chair of the session, Edgar Pieterse, expressed a concern about how insular the conversations appeared to have been in that there had been no references to linkages with the rest of the continent and to initiatives being spearheaded by the African Union, such as a single African passport. He pointed out that the global economy is anchored in city regions. South Africans

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hence need to start thinking about our provincial economies in relation to the continent and the global South more broadly.

He also challenged participants to think in more integrated and imaginative ways, for example, by recognising the agency of poor people – individually and culturally – the way in which they exercise their identities; and how they organise together in social collectives, religious formations, sporting clubs, and in neighbourhoods; and then thinking of these forms of organisation as expressions of people's multidimensional reality. Government and researchers could then investigate what needed to be done to activate and support locally based interventions and connect these with the national and provincial strategies to restructure the economy. However, he stressed that government would need to work in more integrated and coordinated ways for these new ways of doing things to flourish. Citizens too would need to be more organised to steer initiatives and hold government accountable.

Mamphela Ramphela, a member of the Think Tank, in responding to Cousins, also a member of the Think Tank, suggested that the dominant ethos in society needed to be transformed and citizens should be conscientised – as they were in the struggle against apartheid – to drive change. Leaders within civil society, public service and the faith-based community should deploy their critical consciousness to this end.

**Reflections on the MI**

In reflecting on the MI, the Chair of the Think Tank, Crain Soudien, stated: “From the outset, one strong point of agreement was that our work had to confront South Africa’s inequality, honestly and deeply. Given our country’s history and our very limited progress in building a new South Africa that has broken with these structural legacies, our sense was that confronting our many persistent inequalities was key to forging an inclusive and transformed society. In particular, we sought to deploy the [DST-NRF] South African Research Chairs Initiative (SARChI) chairs to coordinate researchers who engaged communities of practice around key developmental topics. There were clear divisions of labour among these teams, as well as a shared understanding of the importance of interdisciplinary spaces and a realisation that no one had the final word in discussions”.

There was general agreement about foregrounding inequality as the most damaging legacy requiring urgent attention, and the identification of cross-cutting strategies to address both the top and bottom ends of the wealth and income scales.
opportunities for networking which have greatly enriched the knowledge generation process.

In light of Cousins’ cautionary remarks, which seemed to resonate with that of the participants, it was recognised that there need to be conversations about the challenges associated with maintaining momentum in collaborative research initiatives. Going forward, he suggested it may be necessary to advocate for government and universities actively to embrace contention in order to nurture generative spaces for robust debate about alternative approaches to redressing inequalities.

As stated in the introduction, the Think Tank decided against adopting a unifying framework or ideological position, and opted for a more organic and inclusive approach to formulating recommendations. Phase One of the Mandela Initiative has not culminated in consensus about a framework for articulating a coherent set of recommendations across the different thematic focus areas. The closing event was structured in a manner that provided a space for the recommendations to be debated and critiqued rather than for consensus seeking. However, we believe that this should not prevent serious engagement with the individual recommendations.

We are mindful of the fact that a number of areas impacting on the lived reality of South Africans did not receive the attention that they required from the Mandela Initiative.

These include:

- The role of education in meeting aspirations for social justice and human rights and advancing the project of nation building, and how this would impact on thinking about the curriculum in the full suite of our education and training institutions.
- Exploration of different resourcing and governance models to advance equity in the public education system.
- Discussion of how to take successful local examples to scale.
- Examination of the range of policy changes needed to end racial segmentation in the labour market and enable the protection of people rather than jobs.
- Disaggregation of the socio-economic profiles of the students across the university sector to enable a more nuanced analysis of the contributions of individual universities to promoting social mobility.
- Understanding how poor urban households access food is critical. This would require an understanding of the complexities of food distribution systems which serve the range of needs of poor urban communities.
- Understanding South Africa’s provincial economies in relation to the continent and the global South more broadly.
- Identification of synergies between the recommendations across the thematic focus areas.

**Going forward**

Currently there is no clear, widely supported national framework to guide the development of strategies to end poverty and structural inequality. This constitutes a political vacuum which clearly impacts on thinking about various policy options for the next 20 years. However, there appeared to be agreement in the workshop that the current political context represents a critical moment in determining the country’s trajectory. The diagnosis provided in the Synthesis Report of the drivers of structural poverty and inequality, the recommendations contained in the individual focus areas and the proposed framework for prioritising actions suggest possible implications of strengthening a policy focus on addressing the structural inequalities in our society as opposed to a focus on reducing poverty.

There are a number of important policy implications that flow from this. Retaining the current optimism in the country will require combatting state capture and re-prioritisations of government expenditure to advance inclusive development alongside complementary policies that address directly the distribution of assets, including taxes on wealth and inheritance. As was argued by the Commission on Social Cohesion, the focus on the ‘poor’ alone in conversations about poverty and inequality is misplaced.

The discussion on the first day suggested that re-
using the NDP as the basis of the way forward may miss the opportunity to move beyond old debates to forge a new consensus and a new depth of social partnerships. Workshop participants spoke about the need for conversations to forge a new vision for South Africa to put the struggle against poverty and inequality on a renewed and more radical footing. Support was expressed for a national dialogue focused on whether the Constitution needs to be reviewed and on the development of a larger political frame of reference to assist in shaping strategies for attacking structural poverty and inequality. There were also calls for a much stronger focus on thinking about the forms of organisation that are appropriate in the present context, to harness and represent the interests of the poor (in a manner that will be perceived to be legitimate) by different ideological groupings.

Francis Wilson, the coordinator of the MI, shared information about the Action Dialogues and reflected on how the methodology used in the Mandela Initiative had spawned the establishment of networks, relations and knowledge about civil society organisations and community-based initiatives. This Report contains suggestions for ways in which the state can become more enabling of bottom-up changes, such as those that surfaced in the Action Dialogues.

It was recognised that the recommendations from the MI will only be realisable if these ideas are embedded in efforts to build a strong and vibrant civil society. We need to do different things and we also need to do things differently. We need to think more imaginatively about ways in which we can introduce the perspectives forged through the Mandela Initiative into socio-economic and political conversations in an inclusive fashion in order to muster greater support for its goals. Creating spaces for mutual understanding between researchers and government and communicating in simple, impactful ways are crucial to this process of creating a collective purpose.

The ideas should be shared with organisations leading the growing forces of resistance to a state which, as Njabulo Ndebele in his speech to the Consultative Conference of the ANC Stalwarts and Veterans said, has “abdicated its responsibility to promote law, order and constitutional rule” and “has fraudulently diverted public resources away from dealing with poverty and inequality for the purposes of self-enrichment.”

**National conversations**

The Nelson Mandela Foundation formally engaged with what was to become known as the Mandela Initiative in 2015 at a time when its Board of Trustees had identified poverty and inequality as one of the organisation’s critical focus areas for dialogue and advocacy. Also in 2015, Professor Thomas Piketty visited South Africa as a guest of the Foundation and through a number of engagements provided a strong initial impulse to the organisation’s participation. The objective – in retrospect spurred by some measure of hubris – was to contribute to a game-changing intervention and to convene a national conversation on poverty and inequality during 2018, the centenary of Nelson Mandela’s birth. Preliminary analysis had already identified six potential gamechangers, each one being addressed by Mandela Initiative research and each one arguably part of the unfinished business of Madiba’s generation of leadership:

- Reimagining and accelerating land reform
- Fixing the education system
- Introducing a minimum wage
- Reforming the tax system, including through the introduction of a wealth tax
- Protecting the public sector against privatisation, graft and mediocratisation
- Securing workplace democratisation

What is clear now is that game-changing interventions cannot be reduced to a ‘top six’ kind of strategy. Also clear is that national conversations

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47 This paragraph and the next are based on a contribution made by Sello Hatang at the Mandela Initiative Conference, held on 12-14 February 2018 at the Graduate School of Business, UCT.
Conclusion

Better knowledge of the challenges facing endeavour to overcome inequality and poverty in South Africa is still needed in critical areas. The dialogue shaping this process must be inclusive, respecting the alienation from established platforms for knowledge production and decision-making experienced by many groups.

are already underway across the country and at multiple levels. The central challenge is to find ways of connecting these conversations and focusing endeavour within an appropriate framework for prioritisation.

From 2014 to 2017, in parallel with the Mandela Initiative, the High-Level Panel of Parliament, chaired by former President Kgalema Motlanthe, undertook a review of the impact of key legislation in promoting transformation. Two other reports on poverty and inequality were published in 2016 and 2017, by Stats SA and the World Bank respectively. In this context and in order to have an impact, the final Report produced by the Mandela Initiative should be taken back to local communities, many of which informed its contents. In addition, careful consideration should be given to how best to take the Initiative forward: whether future actions should take the form of national conversations or another approach; and how the partners in the Initiative can leverage their organisational positions most effectively to enhance the impact of the report’s findings.

The processes for seeking change that are started as part of the Mandela Initiative should respect the woundedness of many sections of society caused by the legacy of apartheid and should, accordingly, seek to bring healing. It is important that a shared language is promoted to implement the Initiative’s recommendations, breaking down the barriers between academia and the rest of civil society. In addition, given the many limitations of, and blockages within, the policy implementation systems that have been identified by the Mandela Initiative, multiple, new ways of creating change, beyond the traditional methods of advocating for the adoption of different policies, should be forged.

Better knowledge of the challenges facing endeavour to overcome inequality and poverty in South Africa is still needed in critical areas. The dialogue shaping this process must be inclusive, respecting the alienation from established platforms for knowledge production and decision-making experienced by many groups.

In this regard, the conversations that need to be held should embrace not just academic and bureaucratic discourses, but personal voices. In addition, officials in government and decision-makers in other sectors need to be held accountable for their actions. The Mandela Initiative should go beyond creating spaces for discussion to creating real change in people’s lives. As Mandela said in 1998:

We constantly need to remind ourselves that the freedoms which democracy brings will remain empty shells if they are not accompanied by real and tangible improvements in the material lives … of ordinary citizens.

Inputs prepared for the
Mandela Initiative

* Connotes a DST-NRF SARChI Chair

Atkinson, D (Development Studies, Nelson Mandela University): Action Dialogue on Social Cohesion held in the Karoo: Policies and lessons

Bank, L (University of Fort Hare): Urbanisation and Double Rootedness: Home-Making in a Migrant Social Economy

Behrens, R & Vanderschuren, M (Centre for Transport Studies, University of Cape Town): Land Passenger Transport

*Bhorat, H (Development Policy Research Unit, University of Cape Town): Strikes

*Bhorat, H; Kanbur, R; Stanwix, B; Thornton, A (Development Policy Research Unit, University of Cape Town): Measuring Multiple Levels of Minimum Wage Violation in the South African Labour Market

Bohler-Muller, N (Human Sciences Research Council): The Use of Law and Constitutional Rights in Strategies to Tackle Poverty and Inequality.

Burns, J (Southern Africa Labour and Development Research Unit, University of Cape Town): Social Cohesion

Cirolia, LR (African Centre for Cities, University of Cape Town): Human Settlements

Clark, M (Socio-economic Rights Institute of South Africa) & Cirolia, LR (Researcher at the African Centre for Cities, University of Cape Town): Urban Land rights

*Cousins, B (Institute for Poverty, Land & Agrarian Studies, University of the Western Cape): Action Dialogue: Opportunities, Constraints and Innovative Approaches in Small-scale Agriculture in South Africa

*Cousins, B (Institute for Poverty, Land & Agrarian Studies, University of the Western Cape): Action Dialogue on Rethinking Agriculture in South Africa: Constraints and Opportunities

*Cousins, B (Institute for Poverty, Land & Agrarian Studies, University of the Western Cape): Job Creation in Rural South Africa

De Lannoy, A (Southern Africa Labour and Development Research Unit, University of Cape Town): Youth and the Intergenerational Transmission of Poverty

Donaldson, AR (Southern Africa Labour and Development Research Unit, University of Cape Town): Inclusive Growth: A Strategic Perspective

Edries, N (National Treasury): The Jobs Fund

Francis, D; Jurgensen, K; Valodia, I (Faculty of Commerce, Law & Management, University of the Witwatersrand): Inequality in the South African Labour Market: Navigating the South African Minimum Wage

Godfrey, S & Collier, D (Labour and Enterprise Policy Research Group (LEP), Faculty of Law and Sociology Department, University of Cape Town): Working Inequality and Working Poverty: A Policy-oriented Socio-legal Perspective

Hall, K (Senior Research at the Children’s Institute, UCT): Early Childhood Development

*Harrison, P; *Pieterse, E; Rubin, M; & Scheba, S (University of Cape Town & University of the Witwatersrand): Formalisation, Urban Poverty and Inequality

Helm, R (Build Ubuntu): Close the Pay Gap

Jamieson, L (Children’s Institute, University of Cape Town): Action Dialogue to Combat Violence Against Children

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48 The inputs were made in 2017, and can be downloaded from: www.mandelainitiative.org.za/research/synthesis-summaries.html.
Conclusion

London, L (School of Public Health, University of Cape Town): Mobilising Community Voice to address the Social Determinants of Health – Using Statutory Structures for Meaningful Participation in Health


Maree, J: Job Creation through Skills Development

May, J (DST-NRF Centre of Excellence in Food Security, UWC): Food Security and Nutrition

*McIntyre, D & Ataguba, J (Health Economics Unit, UCT): Assessing the Redistributive Potential of the South African health system

Mqadi, S (DG Murray Trust): Action Dialogue on Stunting held in the Karoo

*Ntsebeza, L (AC Jordan Chair in African Studies, University of Cape Town): Land Reform

*Posel, D (School of Economic & Management Sciences, University of the Witswatersrand): Families and Inequality

Powell, L (Nelson Mandela University): The Poverty and Inequality Inquiry Colloquium. A Call to Action: Engaging poverty, in equality and unemployment & rethinking social policy and post-school education in the Eastern Cape

Reddy, V (Human Sciences Research Council): Inclusive Education and Skills Planning for South Africa: Reflections from the Labour Market Intelligence Partnership

Rennkamp, B (Energy Research Centre, University of Cape Town): Poverty and Inequality in South Africa’s Energy and Climate Policy Issues

Silbert, P; Galvan, R; Clark, J (Schools Improvement Initiative, University of Cape Town): Education

Sinwell, L (Centre for Social Change, University of Johannesburg): Responses of Social Movements

Snyman, D (Restitution Foundation): Action Dialogue, Worcester Hope and Reconciliation Process

Swartz, S (Human Sciences Research Council): Multidimensional Wellbeing: What it is, and how it relates to reducing poverty and inequality – A conceptual, historical, methodological and practical approach

Vally, S (Centre for Education Rights and Transformation, University of Johannesburg): Education

*Van der Berg, S (Stellenbosch University): Education, Poverty and Inequality

Visser, M (School of Economics, University of Cape Town): Are Green Nudges and Technology uptake a Solution to Water Conservation that does not harm the Poor?

Turok, I & Visagie, J (Human Sciences Research Council): Urbanisation and Socio-Economic Transformation
Other sources


Conclusion


