

Second Economy Strategy: Addressing Inequality and Economic Marginalisation



strategy
project

Second Economy: The Headline Strategies

The 2nd Economy Strategy project is an initiative of the Presidency,
hosted by Trade & Industrial Policy Strategies (TIPS)

From analysis to action: Translation into Headline Strategies

Translation into Headline Strategies

Headline strategies need to achieve several outcomes at once;
 Taken together, they need to address all the elements below
 But it's not a linear (modular) process

Second Economy Strategy	More employment, better employment (including self employment)	Better access to and returns from economic activity	Ability to gain and secure assets	Basic needs are affordable + accessible
Structure of the economy Ownership Centralisation Power and value Labour market legacies Access for sme's Public.private				
Spatial Dimensions Urban Rural				
Human capital HRD Access to health Access to basic needs Social capital/ inclusion				

1. Tackle Inequality

A wider agenda than 2E: vital to 2E

- Distribution matters as well as growth if we're going to impact on poverty.
- We need explicit strategies to address the 3 'pillars' of structural inequality
 - The structure of the economy
 - Not just the demographics of ownership – the structure of ownership
 - The spatial issues:
 - Human capital:
- Inequality matters because its a huge binding constraint on transformation and development at all levels;
- It matters because inequality limits growth
- Because growth in highly unequal contexts tends not be pro-poor
- And because of issues of social inclusion

Strategies that target poverty involve political choices, that include choices about distribution.

Headline Strategies on Inequality

We need a framework strategy targeting areas of structural inequality. Within that: some immediate priorities:

1. **Prioritise Human Capital Development: to break the cycle**
 - HRD, literacy, skills are well established priorities;
Areas for additional focus:
 - Child nutrition;
 - Early Childhood Development
 - Improve access to (and use of) treatment for HIV/Aids:
 - Building participation and social solidarity.
2. **Increase the social wage: focus on economic and social services:**
 - So far, cross-subsidisation in access to services has had the greatest impacts on patterns of distribution in SA;
 - It reduces the cost burden of spatial inequality for the poor;
 - Increases productivity at a systemic level

Prioritise affordable public transport.



Headlines Strategies to create employment, decent work

- Place employment and decent work at the core of economic policy
- Sector Strategies
 - Operationalise a methodology that gives priority to employment, access issues: first steps in forestry
 - Develop instruments to respond to ‘self discovery’
 - Create mechanisms to support association, organisation;
 - Explore and innovate in the use of instruments ‘at the market interface’
- Focus on rural employment
 - Agrarian reform and smallholder development
 - Human capital development and associated services
 - ‘The health of a rural economy depends on the dynamism of the small town that serves it’
 - Environmental goods and services
- Target the working poor
 - In formal employment
 - In self-employment: street traders, micro enterprise, micro credit

Environmental services: New opportunities for rural (and urban) employment

- A new take on the parable of giving a man a fish vs giving him a rod;
- A new reality: natural resource constraints mean new value placed on natural capital globally.
- For example: water is an increasingly scarce resource, on which agriculture, industry and urban areas rely.
- Like energy – taken for granted: but not for long.
- Rural areas are the custodians: actions taken (or not taken) impact on volumes available: clearing of alien invasives can increase flows by a measurable 30%: other actions likewise.
 - Who delivers the service, who uses the water, who pays?
- The current allocation of costs and benefits is biased to urban areas: sustainable rural development requires a fairer allocation: a redistributive opportunity.
- Plus: other new markets (and employment opportunities) in environmental goods and services:
 - Energy: waste to biogas
 - carbon credits
 - More.

Markets for Environmental Goods and Services

A different kind of green revolution?

The value of carbon credits from rehabilitation of land and/or good land-use practice currently exceeds the returns from many current, conventional land-use practices:

- and it's a value paid in foreign exchange.

- **The carbon credits market is new.**
- **It's a prime example of the fact that markets are 'social constructs' – this one is certainly still 'under construction:' with scope to influence the terms on which it develops.**
- There are many challenges in ensuring poor communities benefit: but some significant potential advantages:
 - This market is not constrained by the slow pace of land reform
 - It's a new market: don't have to 'claw' market share away from vested interests;
 - Institutions not well established for any players; in formation;
 - An 'asset' (for carbon credits) is degraded land....
 - Payment is for rehabilitation: no harvesting or transport.
 - A growing global market
 - Strong improvements in related livelihood opportunities, sustainability;
 - Strong positive knock-on effects for agriculture.

3. Target the most marginalised

women, youth, marginal areas,
informal settlements, the social protection gap

And here are the proposals:

Three linked national programmes aiming for maximum impact :

1. Significantly expand public employment: EPWP 2
 - With the Community Work Programme as an anchor strategy
2. Transform informal settlements into sustainable neighborhoods
3. Support a national household food-security programme:
And focus on subsistence agriculture as part of livelihoods

These programmes are not dependant on markets to achieve their intended outcomes: but:

- They all stimulate local demand and scope for local enterprise activity: ie help to 'thicken' local markets;
- **They all engage people in economic activity** that builds assets and/or incomes, networks and social capital;
- All three are enabled by existing policy frameworks and can start with little delay.

2.1. The Community Work Programme

A minimum employment guarantee:

Why not?

To guarantee those who need it a minimum number of days of regular work - 1-2 days a week - to supplement other livelihood strategies.

- The Community Work Programme is an employment safety net, not an employment solution.
- It addresses a key gap in social protection, while promoting social and economic participation;
- It allows for targeting of spatial poverty traps;
- A potential ‘anchor strategy’ for addressing marginalisation:
 - Provides a ward-level mechanism for community participation in identifying ‘useful work’;
 - Creates community assets, public goods and services
 - It’s an area-based mechanism that could provide an implementing platform for a range of existing programmes: eg
 - Zibambele: rural roads maintenance
 - Informal settlement upgrading, where applicable;
 - Home-Based Care etc



The Community Work Programme

The Community Work Programme is a partnership between the Second Economy Strategy Project and the Department for Social Development
As part of EPWP 2

It has been piloting innovation for the past year in four sites
Now ready to take a higher profile and start to go to scale

The Purpose

1. The Community Work Programme is designed to provide access to regular and predictable work opportunities
ie 1-2 days a week or one week a month;
2. It is an area-based programme, intended to become a permanent feature at the local level, initially targeted at the poorest areas;
3. The CWP uses community development approaches to identify 'useful work' and priorities at community level;
4. In this way, the CWP builds participation and social participation as well as creating community/public goods and local services.
5. The project management is handled by implementing agencies appointed by the programme.

The 'work'

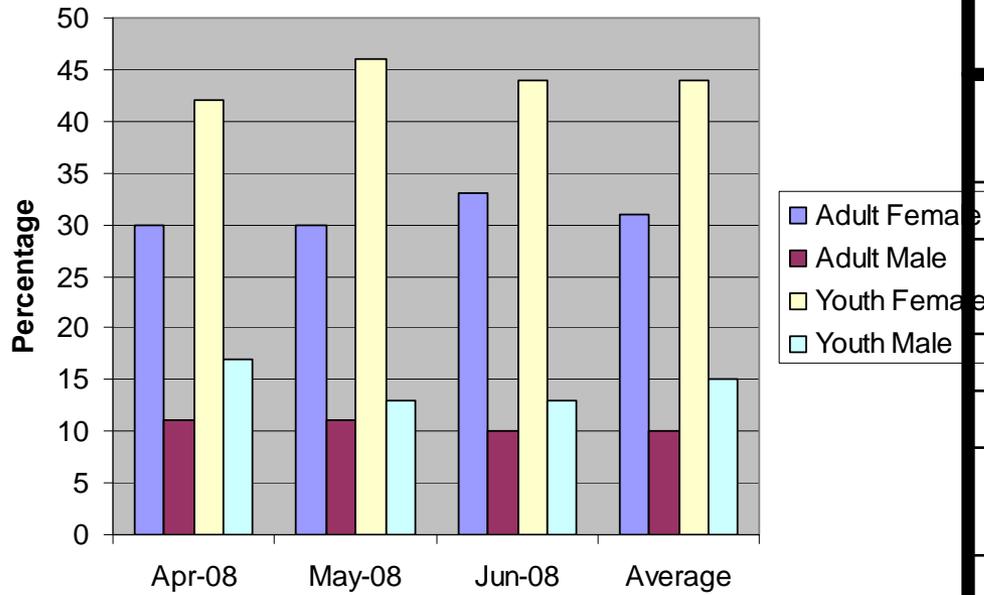
- Priorities are identified in community development forums and/or ward committees;
- Feasibility criteria are then applied by project management agencies, who manage logistics, procurement, and bring in technical expertise as required;
- Tasks are cross-cutting:
 - Alfred Nzo: water tank construction, rehabilitate classrooms, food gardens: labour support to vulnerable households.
 - Munsieville: creche, tree planting, reduce violence against women; map child-headed households;
 - Bokfontein: plant shade and fruit trees; build community info centre (part of IDP), upgrade roads, fix donga: and sink a borehole;
 - Sekhukhune – pre-defined woodland rehabilitation programme.
- Payment is cashless to improve financial control

Innovation in community development : The launch of the process at Bokfontein



About 180 people participated in an intensive one-month action/learning experience that builds the capacity to run a Community Work Programme: employing 1,000 a week at community level.

Who's benefiting?



Alfred Nzo

	VILLAGE	LABOUR EMPLOYED					
		Mar-08		Apr-08		May-08	
		Supervisory	Lab	Sup	Lab	Sup	Lab
1	Semeni	4	36	3	75	4	76
2	Mpondomisa Ridge	4	72	4	95	4	88
3	Matshamhlope	4	86	4	94	4	84
4	Gogela North	8	200	8	190	4	116
5	Gogela South					4	77
6	Elubaleko	3	83	4	99	4	81
7	Mt Ayliff1	8	124	8	150	4	
8	Mt Ayliff2					4	65
9	Tela	4	94	4	91	4	99
10	Ncome Springs	3	79	3	100	4	101
	Total	38	774	38	894	40	787

For every 20 workers,
there's a teamleader;
They work 2 days a
week.

For every 4 teams, a
local Co-ordinator.
They work 3 days a
week.

The CWP is creating
opportunities to
build local
Leadership.



The team leader of auxiliary home-based care workers,
Alfred Nzo, briefs visitors

Current Status



Auxiliary Home
based Carers in
Matshamhlope

Part of EPWP Phase 2
Key design issues being addressed:
protocols with local government, departments.