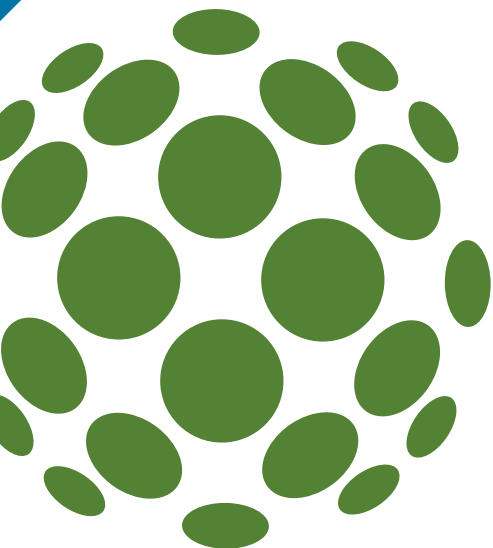




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Draft Policy Brief

Policy Enhancements in Priority Areas



DRAFT POLICY BRIEF

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National Development Agency

26 Wellington Road

Parktown

Johannesburg

2193



ZINJIYA
INFORMATION BROKERS

Email: info@nda.org.za

Website: www.nda.org.za

Tel: 011 -018 5500

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SUMMARY

The study examines the effectiveness of South African developmental and economic policies in promoting self-dependence among poor individuals and communities in South Africa. The ultimate aim of the study is for NDA to influence sustainable development policies and legislative frameworks that would promote a supportive and enabling environment for poor communities and families to actively participate in productive economic activities that can earn them sustainable income and economic growth within the communities in which they reside. The net positive outcome would be reducing large numbers of poor people migrating to areas perceived to have opportunities for earning an income and economic growth benefiting their households.

South Africa is faced with high unemployment rate, high levels of poverty and inequalities amongst its population. The current unemployment rate is 33.5% (Stats SA, 2024), poverty was estimated at 62.7% in 2023, and inequality is among the highest in the world. The persistent challenges of poverty, inequality, and unemployment in impoverished South African communities necessitate sustainable development strategies and programmes that empower communities and promote economic self-reliance.

There are marginal investments by the state on productive capacity (development) on the poor when compared to consumptive capacities (welfare and social protection) targeting the poor population group. The balancing of investment by the state on consumption economy and productive economy for the poor is negatively affecting positive gains that can be derived from reducing poverty levels in poor communities. South African poor population and households are currently trapped in a vicious cycle of poverty due to lack of developmental policies, frameworks and effective interventions to promote active participation of the poor in sustainable livelihood activities that provide sustainable income to meet their basic needs. The economic and development structure and policies of the South African economy would need to be totally transformed to create sustainable economic activities that are centered on poor individuals and families that are totally dependent on state social protection interventions and programmes for their daily survival and basic needs.

The study employed mixed methods looking into both quantitative and qualitative aspects. The methods include the following:

- A literature review, which included both South African and international literature focusing on Developmental and Economic Policies in South Africa; Poverty and Economic Inequality; Economic Self-Dependence and Empowerment; Case Studies and Success Stories; Evaluation of Development Programs; Social Grants and Social Protection Systems; Inclusive Development and Participation; Policy Analysis and Recommendations; Stakeholder Perspectives; and Global Perspectives on Poverty Eradication.
- Key informant interviews: which included structured interviews with government officials responsible for policy development, research institutions; and academia. Specific research instruments were used for this purpose. The aim of these interviews was to collect information related to qualitative aspects of the study.
- Case studies and Success Stories: Some case studies were identified from various communities in South Africa. These case studies provided some insight into the implementation of some government policies also identifying some areas of improvement necessary to improve effectiveness.
- Research survey: An online survey was conducted using a google form that was distributed to individuals who could be beneficiaries of government policies. The aim of this survey was to collect information related to quantitative aspects of the study.
- Focus Group Discussions: Two virtual focus group discussions were held in order to validate results and craft key recommendations for policy makers.

From the literature, it was learnt that several developmental policies, strategies and programmes have been developed and implemented by government and government agencies since the dawn of democracy with varying success levels but not exactly addressing the root cause of poverty, unemployment and inequity.

Key Informants cited that the overarching objectives of their policies include tackling poverty, unemployment and inequality in line with the National Development Programme (NDP). Most key informants believe that government policies are well crafted but are facing implementation challenges. They also cited that barriers to implementation include limited resources, poor coordination between government departments and various spheres of government,

bureaucratic delays and inefficiencies, and political instability and changing priorities. Most key informants indicated that their policies do not have an in-built Monitoring and Evaluation component.

From the case studies that were examined, it became evident that some government support is needed for community projects to thrive and that partnerships between government, private sector and the international community is critical for success of community-based organisations.

From the 429 survey respondents which were from all 9 provinces and with different economic statuses, the following came to light:

- The majority of survey respondents (67%) are aware of government policies that promote self-independence but most (87%) have not received any financial support to start or expand their businesses and 84% have not received any training support from government.
- Most of the respondents' primary source of income is formal employment (33%), followed by those who operate small businesses (22%).
- Close to 80% earn between less than R1000 and R20000. For most of the survey respondents, there has not been an income change over the past five years.
- Less than 20% of respondents have been assisted by government policies to become self-dependent.
- Over 60% of respondents believe that government policies have minimal or no impact, with only 30% believing that these policies are effective.
- Only 23% indicated that they have used their social grants for business purposes with majority having used it for their small businesses.
- Over 40% indicated that their economic well-being has changed for the better in the past five years and those who are optimistic about the future are more than 80%.
- Close to 60% of respondents indicated that they or their families have benefitted from government programmes with 73% having benefitted from social grants.
- The most cited barriers against self-dependence include inadequate financial resources and limited job opportunities, with most indicating that these barriers are significant in their lives.
- Proposed improvements include improved access to finance and increased funding for skills development.

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- Over 65% of the respondents are willing to participate in new government programmes.
 - 80% of respondents indicated that they believe it is important to engage communities regarding government policies.
 - Other support needed by survey respondents include assistance with bankable business plans; incorporation of entrepreneurship education into the school system; accountability systems; and incubation programmes.

The relationships that proved to be statistically positive and significant include geographical area and educational levels; geographical area and source of income; and geographical area and income sources.

Study recommendations include:

- **Regular evaluation and review of policies and programmes**
- **Promotion of self-independence and sustainability**
- **Promotion of Accountability**
- **Increased Funding and Non-Financial Support for self-help initiatives**
- **Strengthening of Co-ordination and streamlined process**
- **Promotion of Transparency and curbing of corruption**
- **Creation of programmes that improve the quality of life**
- **Capacity-building for government officials**
- **Promotion of entrepreneurial culture:**
- **Promotion of mentorship and coaching and incubation programmes:**

PROBLEM STATEMENT

South Africa, a country marked by historical inequalities, faces the ongoing challenge of addressing poverty and promoting economic self-dependence among its disadvantaged citizens. Despite the existence of various developmental and economic policies, a significant proportion of the population continues to grapple with the harsh realities of poverty and dependency on social support. The effectiveness of these policies in facilitating a sustainable exit from poverty remains a pressing concern.

The NDA, as a development agency of government, is tasked with implementing poverty eradication programmes targeting poor people and households to actively participate in economic activities at community level for their own economic benefit and thus moving them out of poverty. South Africa is faced with high unemployment rate, high levels of poverty and

inequalities amongst its population. The persistent challenges of poverty, inequality, and unemployment in impoverished South African communities necessitate sustainable development strategies and programmes that empower communities and promote economic self-reliance. There are marginal investments by the state on productive capacity (development) on the poor when compared to consumptive capacities (welfare and social protection) targeting the poor population group. The balancing of investment by the state on consumption economy and productive economy for the poor is negatively affecting positive gains that can be derived from reducing poverty levels in poor communities. South African poor population and households are currently trapped in a vicious cycle of poverty due to lack of developmental policies, frameworks and effective interventions to promote active participation of the poor in sustainable livelihood activities that provide sustainable income to meet their basic needs. The economic and development structure and policies of the South African economy would need to be totally transformed to create sustainable economic activities that are centered on poor individuals and families that are totally dependent on state social protection interventions and programmes for their daily survival and basic needs.

There is a need to critically evaluate the outcomes of South African developmental and economic policies in terms of their impact on the lives of poor individuals, households, and communities. The policies encompass diverse areas, including social grants, education and skills development, employment initiatives, housing programs, and community development projects. The central question is whether these policies have succeeded in breaking the cycle of poverty and promoting economic self-dependence.

KEY FINDINGS

- Government policies, to a certain extent, have played a significant role in combating poverty, unemployment and inequity in the country with pockets of support. However, the programmes are only dealing with the symptoms of poverty and not the root cause leading to limited long-term impact.
- South African policies are well crafted, covering diverse areas of support and have comprehensive frameworks but often struggle with implementation challenges.
- There are certain barriers that prevent effective implementation of government policies and programmes in South Africa including bureaucracy, inadequate resources and lack of capacity among government officials.

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- Proposed areas for policy amendments include increased availability of resources; greater collaboration with private sector and civil society; red tape reduction; strengthening of monitoring and evaluation systems.
 - New policy proposals include introduction of microfinance programmes and low-cost loans specifically tailored for women, youth, and persons with disabilities; expansion of mentorship and networking opportunities, Integrated government-wide approaches to scale processes and keep consistency at scale; development of a Comprehensive Entrepreneurial Development Program that goes beyond basic skills training and re-skilling Initiative should be introduced to address the challenges of automation and technological change in the job market.
 - Despite being aware of South African policies promoting self-dependence, the majority of South Africans have not benefitted either from financial or training support to enable them to start or expand their businesses.
 - The policies that are well-known include Social Relief of Distress (SRD); SEDA and EPWP.
 - For the majority of survey respondents, they or their families have benefitted from social grants.
 - Only few survey respondents have used their social grant income to support their businesses and skills development, and majority expressed that social grants have not assisted them to become self-sustainable.
 - Most survey respondents believe that government policies promoting self-dependence have little or no impact and only a few believe that they are effective and have personally assisted them to become self-independence.
 - There is generally prevalence of low-income jobs among the survey respondents and sustainability of government job creation programmes is questionable.
 - Despite challenges they are facing, most respondents indicated that the well-being in comparison to 5 years ago, the majority indicated that their well-being is much better, and their general perspective in life is optimistic.
 - Most survey respondents believe that government policies are ineffective and they have not personally been assisted by government policies to become self-sustainable.
 - Most cited significant barriers to effectiveness are indicated as inadequate financial support, lack of job opportunities and lack of access to education and skills development support. Asked about the significance of the barriers to their own situations, the majority

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- The most proposed improvement mentioned related to improvement of access to finance, increase in funding for skills development and creation of more jobs and enhancement of infrastructure.
 - The majority of respondents indicated that they are likely to participate in new government, programmes.
 - Most respondents stated that community involvement is crucial for government policies.
 - Additional support cited by respondents include the following:
 - Assistance with bankable business plans and start-up funding including grants and low-interest or interest free loans and also ensure ease of access to funding for small businesses.
 - Ability to access government tenders without having to pay any favours.
 - Enhancement of affordable education especially in underdeveloped areas including entrepreneurship, technical education, financial literacy,
 - Ensure access to affordable healthcare and social services and enabling individuals to focus on economic development.
 - Promoting research and innovation.
 - Promoting coaching and mentorship programmes in order to discourage small business mindset and instead focus on underscoring scalability of their businesses.
 - Access to procurement opportunities without having to pay bribes.
 - Improve access to high-speed internet in rural and underdeveloped areas, enabling more people to participate in the digital economy.
 - Government should teach in school subjects that education students on becoming entrepreneurs rather than teaching them how to work for a company when chances of employment are this slim anyway.
 - Holding government officials accountable so they can ensure proper administration without corruption and favouritism.
 - Streamlining the process of starting and registering a business to reduce barriers to entrepreneurship.
 - Promoting business incubation programmes
 - Offering job placement assistance, career, counselling and resume building support, introduce mentorship programs, pairing individuals with experienced mentors in their desired field for guidance and support.

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- Focus group discussions emphasised the importance of partnerships among various stakeholders and strengthening of data collection, statistical analysis and monitoring and evaluation systems.
 - The relationships that proved to be statistically positive and significant include geographical area and educational levels; geographical area and source of income; and geographical area and income sources. This points to specific unique interventions that are required in these areas.

RECOMMENDATIONS

- **Regular evaluation and review of policies and programmes:** Policies should be reviewed and evaluated on a periodical basis to ensure that they still meet the needs of their targeted beneficiaries and also to align with the changing environment politically, economically, socially, technologically, legally and environmentally. This will also assist in ensuring alignment with other newer policies.
- **Promotion of self-independence and sustainability:** Policies and programmes should be geared towards making community-based self-help initiatives sustainable in the coming years.
- **Promotion of Accountability:** Government and the other key stakeholders should hold themselves accountable; and to do so policies, strategies and programmes should be supported by clearly defined workplans which include monitoring and evaluation strategies and have clearly defined indicators according to which they can measure their progress.
- **Increased Funding and Non-Financial Support for self-help initiatives:** For effective policy implementation in South Africa, increasing funding for self-help initiatives is an important step in the right direction. This could be done through dedicated fund for poverty alleviation programmes, ensuring consistent and adequate financing through government budgets, grants, micro-finance programmes, interest free loans and public-private partnerships.
- **Strengthening of Co-ordination and streamlined process:** It is essential to cultivate the mentality of collaboration among government departments and other spheres of government in order to ensure equitable distribution of scarce resources and to avoid duplication of efforts. Red tape reduction and flexible qualification criteria for different levels of enterprises to remove barriers and to increase access to finance for enterprises. By streamlining bureaucratic processes and enhancing collaboration between government departments, delays can be reduced, and programmes can run more smoothly.

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- **Promotion of Transparency and curbing of corruption:** Develop and enforce strict anti-corruption policies, including transparency initiatives and regular audits to ensure funds are used appropriately and effectively. Overhaul of the government procurement system is necessary to ensure equitable access to procurement opportunities.
 - **Creation of programmes that improve the quality of life:** Strengthen Workforce Development Programmes to provide more sustainable employment opportunities that can lead to improvement of the quality of life.
 - **Capacity-building for government officials:** Invest in training and capacity-building initiatives for government staff and stakeholders involved in program implementation to improve management and service delivery.
 - **Promotion of entrepreneurial culture:** Inculcating the entrepreneurial culture from a young age by building entrepreneurial education into the school curriculum and also encouraging children from a young age to consider the option of being employers rather than being employees can help promoting self-independence from a young age.
 - **Promotion of mentorship and coaching and incubation programmes:** The importance of mentorship and coaching programmes cannot be over-emphasised. These programmes can help build confidence and strengthen the entrepreneurial spirit among individuals and communities. Incubation programmes also help entrepreneurs to address real-life business challenges while in a secure environment thus better preparing them for their future growth.

CONCLUDING REMARKS

The process of poverty eradication and promotion of self-independence among the poor is a multi-stakeholder effort which requires commitment from various stakeholders in all spheres.: Lack of coordination among government departments at all spheres and other key stakeholders may lead to ineffective use of available scarce resources There are pockets of success when it comes to government policies supporting economic self-help and poverty reduction but there are no coordinated efforts to ensure tackling of the underlying challenges of poverty, unemployment and inequality.

South Africa has a set of well-crafted policies, but they often encounter implementation challenges as a result of bureaucracy; capacity of implementing officers in terms of numbers or skills; insufficient funding and limited reach especially to remote areas. Most policies do not have clear implementation plans and Monitoring and Evaluation components embedded in them.

Key lessons have been learnt from case studies which can be used to shape future policies or implementation thereof. Key informants have proposed a number of key areas for current policy amendments and new policy proposals that can enhance the effectiveness of government policies especially for vulnerable groups ensuring equitable access to these policies and resources.

Empirical evidence from quantitative survey respondents have also revealed that the effectiveness of government policies is questionable in certain circumstances. The most important policy recommendation is that there should be increased funding support and skills development programmes in critical areas. This will ensure increased economic self-dependence.