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## Comments by

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## On

Jimi Adesina's Presentation

In Search of Inclusive Development:  
Social Policy in the Sub-Saharan African Context  
*En busca de un desarrollo inclusivo: La política social en el África  
Subsahariana*

Summary prepared for the **UNRISD - Sida/SAREC Workshop on  
"Social Policy and Equality"**  
21-22 February 2006 • Buenos Aires, Argentina

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Chairperson,

I will structure my comments by examining the specific arguments in the overview paper by Prof Adesina that speak to the issues of poverty, entitlement failure, and social cohesion; and ground this examination in the South African context.

In the paper, social policies are understood as specific and deliberate policies that positively impact on social wellbeing and security. The particular focus areas interrogated are those of education, health and sanitation, and social security. However, the author quite correctly emphasizes the importance of acknowledging and considering the links between economic and social policies; the desirable system of social relations and governance; and the specific instruments for achieving the perceived minimal level of well-being. The author also emphasizes the necessity to be sensitive to the gaps that may exist between macroeconomic policies, social policies and social policy outcomes; and between the intended and unintended outcomes of social policies that result from the interaction of various social forces and their interests.

Centred around the concepts of sovereign rentier capitalism, ruling ideas, policy environments, and time sensitivity; the author then constructs a useful theoretical framework for examining social policy in sub-Saharan Africa based on three normative concerns – inclusiveness, development and democracy.

My comments on the paper will primarily draw on the South African experience regarding social assistance. South Africa's social protection programmes and the accumulated evidence base allow us to canvass many of the issues raised in the paper. In the paper, Prof Adesina contributes significantly to the debate regarding social policy by identifying six imperatives that frame the rethinking of social policy in Sub-Saharan Africa:

1. Social policy spending as an investment in development and social cohesion, which in turn supports economic growth and the sustainability of the social programmes;
2. State capacity for social provisioning, the legitimacy of the state and social policy in its nation-building functions;
3. The advantages and disadvantages of universal access versus targeting and mean-testing in social policy;
4. The reconstitution of the state in its policymaking capacity, ability to run the state, administer society, and define the parameters of economic activities;
5. The reconstruction of social consensus and a developmental project, which call for visionary leadership that is locally grounded in African realities; and finally
6. A profound sensitivity to the gendered nature of the labour market, the interactions between the formal and care economies, and broad social relations.

I will examine the experience of South Africa against the backdrop of these imperatives.

Let me first note that the paper makes the case that sub-Saharan Africa in the period from 1960 to 1980 witnessed a significant improvement in a range of social development indicators, with the analysis of investment and savings showing that much of investment in this time was financed largely by domestic resources. However, during the next twenty years, 1980 to 2000, this has not been the case, with significant volatility in both gross domestic savings and gross capital formation, thereby increasing the region's dependence on foreign capital flows. This vulnerability has also been intensified by the increasing dependency on donor funding, with a secondary affect of monopolizing the policy landscape.

In the particular case of South Africa, a central feature of the macroeconomic adjustments and objectives outlined in the Reconstruction and Development Programme (RDP) of 1994 was the mandate to achieve correct macroeconomic balances. The RDP document stated that: "The existing (1994) ratios of the deficit, borrowing and taxation to Gross National Product are part of our macro-economic problem. We must finance the RDP in ways that preserve macro-economic balances, especially in terms of avoiding undue inflation and balance-of-payments difficulties . . . Government policy and mechanisms of raising finance are crucial to the success of the RDP. . . In the long run, the RDP will redirect government spending rather than increase it as a proportion of Gross Domestic Product."

In 1994, our democratic government was confronted with the reality that we had inherited a society and an economy that were not addressing the challenges of poverty, social exclusion, inequality, gross violations of human rights, high levels of unemployment, and stagnating growth. We therefore had no doubt that we had to make social security an indispensable pillar of our reconstruction and development programme. Our Bill of Rights thus contains a constitutional imperative that compels the government to ensure the progressive realization of the right to access social security.

We have accordingly put in place a substantial, means-tested programme of social assistance to address extreme poverty and specific vulnerabilities. The main recipients of our income support measures are the following categories of poor people -- families with children, people with disabilities and the elderly. By and large the targeted recipients of social grants are not expected to fully participate in the labour market. Presently, in total we provide income support to over 10 million people of who 6.2 million are children.

We have built up a substantial evidence base that shows that the primary policy impact of the programme has been to effectively target poor people and reduce poverty.

Social grants are financed through general tax revenues and it is projected that social assistance spending will constitute approximately 3.4% of Gross Domestic Product in the current financial year. Data on the incidence of government spending indicates that social assistance is government's most pro-poor intervention. Not only is our social assistance programme redistributive, according to a recent study, social grants reduce poverty by 66.6% when the destitution poverty line is used as benchmark<sup>1</sup>.

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<sup>1</sup> Study on the social and economic impact of social grants by the Economic Policy Research Institute, 2004

This study found that social grants also impact the economic opportunities of poor households. The provision of social grants translates relatively quickly into enduring positive impacts on labour market participation, employment success, and realized wages. In addition, social grants have positive indirect effects on economic growth through improved education. This particular study on the economic impact of social grants supplemented other research findings on the positive correlation between receiving social grants and household nutritional status and school attendance.

In the face of our Apartheid legacy, there has been consistent, solid and cross-cutting public support for a massive and successful programme of redistribution in our country. Redistribution has worked through the efficient collection of tax and the progressive incidence of social expenditures. The public support for redistribution and the social solidarity that this manifests was based upon the institutional foundation of a legitimate democratic political order and progressive governance. It may also be accounted for by collective and individual level processes of reconciliation. This social solidarity cannot be simply ascribed to an 'elite project' playing itself out in society.

During the past 12 years of democracy there has also been a steady positive increase in the number of people in our country who define themselves as South Africans "first and foremost". This growing sense of national identity of course coexists with other forms of primary self-definition based on race, class, language and religion. Government acknowledges the fact that race, class, language and religion – to differing degrees – still correlate with the ownership and control of wealth and income. It is addressing this challenge and the current accelerated and shared growth initiative is premised upon fundamentally sound economic management and strong social solidarity.

Let me now take the opportunity to contextualise the South African case with respect to social policy and inequality. Although South Africa shares many characteristics of the Sub-Saharan African region in general, there are also a number of distinguishing features. The most notorious chapter in the history of South Africa, the Apartheid era, resulted in a number of social and economic imbalances. This problem is most clearly evidenced in South Africa's highly skewed distribution of income, a high rate of structural unemployment, and severe poverty and underdevelopment in certain areas. The sustained and increasing pace of economic growth over the past 12 years has not yet led to sufficient poverty reduction and social development.

We are, however, now confident that the appropriate ratios of the deficit, borrowing and taxation to Gross National Product have been achieved and our macroeconomic and macro-social goals are focused on accelerated and shared growth.

The main constraints inhibiting the economy's growth potential are supply side in nature, with specific reference to the inability of growth strategies to mobilize and empower the untapped human resources. Growth accelerating policies in the past have mostly focussed on increasing demand in order to achieve higher economic growth through, for example, lowering tax rates. Although these policies have been successful in generating higher

economic growth rates and ensuring a stable economic environment, they have been unsuccessful in significantly lower unemployment and the associated poverty margins of society. It is doubtful whether this constitutes the 'crisis of citizenship and statehood' described in the paper -- even in the context of the HIV and AIDS pandemic.

Given the existence of a substantial and targeted scheme of social protection, a prime objective of our socio-economic policies in the medium term is to empower and mobilize the economically active population (EAP) of the country. Improving the quality and participation rate of the economically active population will lead to higher employment rates, productivity gains, faster socio-economic development, smaller dependency ratios, and relieve some of the supply-side constraints facing the economy.

The importance of our current focus on an empowered and mobilized economically active population cannot be overemphasized. It is crucial to inclusive and sustainable development on both the social and economic fronts.

Let me conclude this country-specific response to the overview paper by Prof Adesina by applauding its analytical insightfulness and utility in interrogating social policy in the sub-Saharan African context.

I thank you.