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# Research papers

## Public Employment Programmes in South Africa's Changing Social Protection Landscape



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**Public Employment  
Programmes in South Africa's  
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Landscape**

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**Abstract**

The paper examines the role of Public Employment Programs (PEPs) within South Africa's evolving social protection landscape, emphasizing their intersection with unemployment, inequality, and social policy. The study highlights structural inequalities—such as land dispossession, concentrated economic power, and spatial inequities—that perpetuate poverty and unemployment. It outlines the transformative impact of the COVID-19 pandemic, which led to the introduction of the Social Relief of Distress (SRD) Grant and the Presidential Employment Stimulus (PES). These initiatives have redefined the relationship between social assistance and public employment. The paper argues for PEPs to pivot from merely providing income support to leveraging the added value of work, enhancing social inclusion, and fostering skills development. It recommends integrated, differentiated strategies to address diverse labour market challenges, advocating for scalable, rights-based employment guarantees and adaptive policy frameworks to balance social and economic imperatives.

**Keywords**

Public employment programs, inequality, social protection, social policy.

**JEL codes**

J28, H55, J45

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## Résumé

Ce papier de recherche examine le rôle des programmes publics d'emploi (PEP) dans le paysage évolutif de la protection sociale en Afrique du Sud, en mettant l'accent sur leur intersection avec le chômage, les inégalités et la politique sociale. L'étude met en évidence les inégalités structurelles – telles que la dépossession des terres, la concentration du pouvoir économique et les inégalités spatiales – qui perpétuent la pauvreté et le chômage. Elle souligne l'impact transformateur de la pandémie de COVID-19, qui a conduit à l'introduction de la subvention de réponse aux effets économiques de la pandémie (*'Social Relief of Distress'* – SRD) et du programme présidentiel d'emploi (*'Presidential Employment Stimulus'* – PES). Ces initiatives ont redéfini la relation entre l'aide sociale et l'emploi public. L'article plaide pour que les PEP cessent de se contenter de fournir une aide au revenu pour tirer parti de la valeur ajoutée du travail, renforcer l'inclusion sociale et favoriser le développement des compétences. Il recommande des stratégies intégrées et différenciées pour relever les divers défis du marché du travail, en plaidant pour des garanties d'emploi évolutives et fondées sur les droits, ainsi que pour des cadres politiques adaptables permettant d'équilibrer les impératifs sociaux et économiques.

## Mots-clés

Programmes publics d'emploi, inégalités, protection sociale, politique sociale.

# Introduction

While employment policy is typically seen as being part of economic policy, *unemployment* is a central social policy issue, driving poverty, inequality and the myriad of challenges that arise from them. As a consequence, the issues of employment and unemployment are at the interface of social and economic policy, with the policy response including dimensions of social protection and active labour market policy on the supply side, coupled with interventions and incentives focussed at promoting employment at the firm level on the demand side. The mix of instruments and the relationship between different instruments is a critical policy question in South Africa, where unemployment was already at 20% when apartheid ended, but has climbed since then, further exacerbated by the Covid-19 pandemic in 2020 during which two million jobs were lost. This pushed the expanded unemployment rate – including discouraged workseekers – to 42,3% in Q2 of 2020 (StatsSA 2020).

In the face of escalating unemployment, rising poverty and an acute hunger crisis precipitated by the pandemic, new policy urgency and a policy willingness to do things differently meant changes were introduced into South Africa's social protection landscape. This included the introduction of the Social Relief of Distress Grant, which provided income support to

unemployed people between the ages of 18 and 60 for the first time – closing a long-standing social protection gap in South Africa, even if with a small amount. It also saw the introduction of the Presidential Employment Stimulus (PES) as part of South Africa's Economic Reconstruction and Recovery Programme (ERRP). This augmented existing commitments to public employment, but within a framework that allowed for experimentation with new approaches and institutional arrangements also.

These developments changed key elements of the landscape in relation to social assistance and public employment programmes (PEPs), with implications for the roles and interactions between the two. In particular, for as long as the SRD Grant continues, PEPs are no longer at the 'frontline' of social assistance in quite the same way, with this allowing their focus to pivot to what differentiates them from social assistance – which is the added value of participation in work.

What does this mean for the role and design of public employment in South Africa today – as part of employment policy but also as part of social protection interventions – and how might changes in the social protection landscape since the Covid-19 pandemic be creating new opportunities for more integrated approaches?

In addressing this question, this article starts with an analysis of how structural inequality underpins South Africa's dramatic levels of unemployment, limiting the scope for inclusive growth, with this a critical part of the policy rationale for investment in public employment. It then looks at global debates on the role of public employment and its relationship with social assistance and social

protection. An overview of the state of play in PEPs in South Africa before the pandemic is provided, before looking at the critical changes to PEPs and to social assistance introduced as part of the response to the pandemic. The article concludes with an assessment of the implications of these changes for strategic priorities for PEPs in South Africa.

# 1. Dimensions of inequality and unemployment in South Africa

South Africa's cocktail of challenges is unique, which means solutions may need to differ from elsewhere in the world. This section provides a whistle-stop tour through some of the ways in which this is the case.

In South Africa, unemployment is the single biggest cause of both poverty and income inequality (Leibbrandt *et al.* 2018). The dominant policy narrative is that solutions to all of these will derive from economic growth, which must therefore take policy precedence. Desirable as this may be, what it overlooks is the evidence and analysis that inequality is a major constraint on growth and that where growth does take place in contexts of high inequality, it tends not to be inclusive but to reproduce existing patterns of distribution (Ostry *et al.* 2014, World Bank 2006). South Africa would seem to be a textbook case in this regard. This creates a complex policy conundrum for South Africa – with employment at its heart. It also means that rather than redistributive policies being enabled by economic growth – redistributive policies may be a prior requirement for unlocking such growth. Yet within the framework of current macro-economic policies, the fiscal space for such measures is increasingly constrained.

Before addressing the role of public employment programmes in this complex context, it matters to understand the specificity of South Africa's structural inequality, how specific legacies of apartheid still constrain the kind of growth and development that could unlock employment and why this limits the efficacy of certain policy trajectories that are commonly recommended as solutions for our employment crisis – and as offering easy exit pathways out of public employment programmes.

Income inequality is the dimension of inequality most commonly measured, through the Gini co-efficient, with South Africa hovering around the 0.66 level. Wage income – including earning inequality – is by far the biggest driver of income inequality, with the relative contribution of wage income to overall inequality in South Africa at 70% in 2015 (Maluleke 2019). Leibbrandt *et al.* 2018 show that about one one-third of the contribution to the share of wage inequality in household income inequality comes from households in which there are no employed adults, with 85% of people in the poorest decile not co-resident with an earner. In the poorest deciles, those households that do have earners are supporting far more dependents than those in higher deciles, creating contexts of working poverty (Finn 2015).



These factors combined highlight how and why unemployment is the main driver of both poverty and income inequality in South Africa, making employment central to strategies to address both. Yet income inequality is not the only form of inequality in South Africa. Asset inequality – including in land distribution and ownership in the economy – plays a significant role; so do inequalities in human development, with race, gender and location as cross-cutting variables, creating significant structural challenges to changing South Africa's growth trajectory. Some of the ways in which they do so are discussed below.

Legacies of land dispossession, for example, are central to the structural challenges faced – with this arguably 'the original sin' of South African inequality. While it was a feature of the colonial period from the start, it's important to understand how the specific dynamics around the 1913 Land Act were linked to the formation of South African labour markets, because of the long shadow this still casts. The 1913 Land Act dispossessed black South Africans from rights of land ownership in relation to over 70% of land in South Africa (later rising to 80%), reserving this right for white South Africans. Black people were forced off land they had been farming, and into designated ethnically-defined 'homelands' or 'bantustans'. This Act was an outcome of an alliance between mining capital – who needed cheap labour – and settler farmers – who needed both land and labour. Until then, black South Africans had resisted joining the labour market at any significant scale, preferring their existing land-based livelihoods. Land dispossession significantly limited this option, forcing many into labour markets (Callinicos 1980).

Generations later, there are no longer labour shortages on the mines and in industry. Instead, labour supply now far exceeds labour demand. Yet there is no easy return to land-based livelihoods for people who can no longer be absorbed into the labour market.

In South Africa, employment in agriculture makes up just 5,6% of total employment (StatsSA, 2024). In Africa as a whole, agriculture comprised 42,5% of total employment in 2021 – down from 48% in 2010 (Galal, 2023). Much of the employment in agriculture in the rest of the developing world involves self-employment in smallholder agriculture. In Nigeria for example, of the total workforce, 36,8% were self-employed in agriculture (National Bureau of Statistics, Nigeria, 2018, p.4). This massive gap in the contribution of employment in agriculture to total employment is a function of a range of factors, that include the history of land dispossession, the decimation of small-holder agriculture that went along with this, coupled with the shift to highly mechanised commercial agriculture on what become 'white-owned' agricultural land under apartheid.

South Africa's low levels of informal economic activity have also been put forward as an explanatory factor in relation to South Africa's high unemployment levels, with South Africa a global outlier in this regard also. According to Asmal *et al.* (2024), if South Africa had an informal sector similar in size to other developing countries, its unemployment rate would be much closer to that in other developing countries.

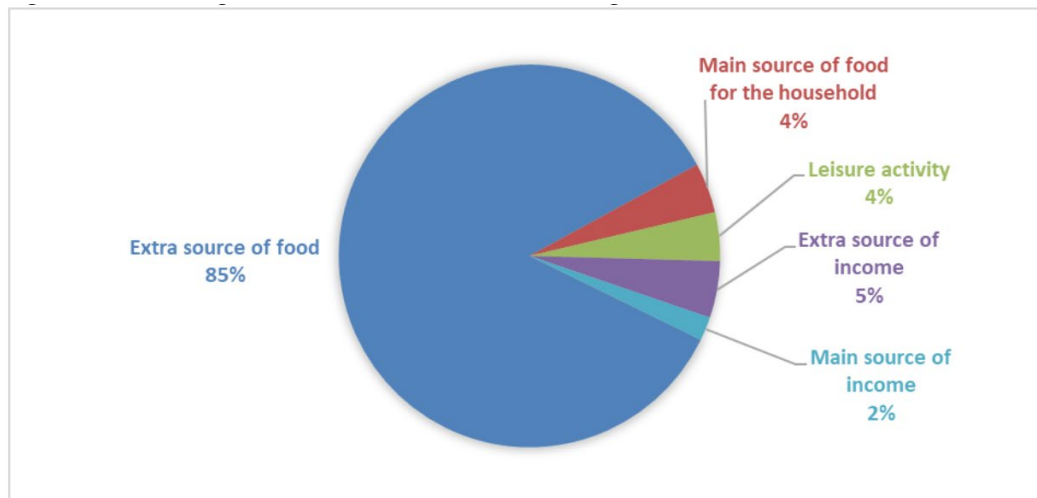
The role of land dispossession is also often overlooked in this anomaly, with the small scale of smallholder or subsistence agriculture a critical factor not only in relation to South Africa's high levels of unemployment but also in explaining the small scale of its informal sector. Globally, 93,6% of agricultural employment is informal (97,9% in Africa) (ILO 2018). By contrast, in South Africa, just 28,8% of total agricultural employment is informal – with only 4,3% of the South African informal sector being in the agricultural sector (QLFS Q3, calculation by M. Rogan).

Direct statistical comparisons are made difficult, however, by the fact that StatsSA treats subsistence farming as a 'non-market' activity and does not include them in statistics on the informal sector.

Yet other data sources illustrate the small relative contribution of subsistence agriculture. According to the General Household Survey in 2021, just 17.2% of all households are involved in some sort of agricultural activity. By contrast, the number of households involved in agricultural activities is 84% in Nigeria, 91% in Malawi, 79% in Uganda, and at least 70% in Ethiopia (Amankwah & Gourlay 2021).

In India, 70% of all rural households depend primarily on agriculture for their livelihood (Holtz & Heitzig 2021). Compare this to the breakdown of the contribution of agriculture to livelihoods in South Africa – from within the 17,2% of households so engaged (Figure 1).

**Figure 1. Percentage distribution of the main reasons for agricultural involvement in South Africa, 2021**



Source: StatsSA General Household Survey 2021, p. 54.

In policy terms, however, not even optimally effective land-reform can turn the clock back to return our largely urbanised working class back to the land at such a scale. While certainly there is scope for an increase in informal activity and for better poverty outcomes from such engagement, trying to match the scale of informality in other development contexts is not a realistic policy solution – nor necessarily a desirable one, either, given the role of informality as a poverty trap in many of those same countries.

Urban areas have their own legacies of spatial inequality, as a result of apartheid’s Group Areas Act, compounded by more recent legacies of housing development, that have embedded spatial inequality into the map of South African society, with poor people typically living furthest from economic opportunities (Pieterse 2009). Amongst many impacts, this raises the costs of work search for work seekers, with a study by Youth Capital showing that eight in ten young South Africans have to choose between looking for work and buying food because of the high cost of job hunting (Youth Capital 2023).

The next dimension of inequality that constrains employment is the structure of South Africa’s core economy, which is remarkably centralised, with high levels of monopoly and inequality in asset ownership. In 1994, the democratic South Africa inherited an economy in which just four conglomerates owned 80% of market capitalisation on the Johannesburg Stock Exchange, with the Anglo American Corporation owning 43% of this total – and not a single black-owned listed company (Roberts 2004). This centralisation was driven by key features of the apartheid period that limited the scope for mining capital in particular to

export its profits for investment in mining ventures elsewhere in the world. Exchange controls were strict, in a context of disinvestment campaigns, sanctions and the withdrawal of loan funding facilities for South Africa. 'Capital was trapped' (Havemann, 2014). Their ambitions had to be limited to the internal South African market and as a consequence mining capital diversified in atypical ways. For instance, by the end of apartheid, Anglo American had diversified from mining into investments in the production of beer, maize-meal, bread, peanut butter, jam, paper, fruit juices, canned goods, timber, cleaning materials, cement, steel, sunflower oil, dairy production and a great deal more – with a high level of concentration within each sub-sector. So in 1996, 15% of companies owned 72% of all manufacturing output (Fedderke and Szalontai 2005).

Growth in micro and small enterprise is often presented as the solution to employment creation in South Africa, with the small scale of the sector highlighted. Rarely, though, is the connection made between this and concentration in the economy, with such concentration having severe, systemic and structural impacts on the potential for small enterprise development. This is the case across the economy but its effects are however particularly sharply manifest in poor communities. This is because, in South Africa, almost every single manufactured item in the consumption basket of poor consumers is already mass-produced in the core economy (Philip 2018a). Small producers can rarely compete on price (although the cost of distance can sometimes mitigate this). They also however have to compete against the power of mass advertising and the brand recognition and aspirations it creates – in even the most remote areas. These constraints on small-scale manufacturing provide part of the explanation for why South Africa's emergent small enterprise sector has been so dominated by retail activity, which is focused on moving mass-produced, branded consumer goods from the centre to the margins, as the shelves of any spaza shop will confirm – as will the advertising on its walls, too.

Does this mean there are no opportunities for small enterprise in township and rural economies? Not at all. But it means those opportunities are rarely for the manufacture or agro-processing of basic consumer goods. Instead, the opportunities lie mainly in retail and in the services sector.

The key point, though, is that in most other developing contexts, the easiest entry point for entrepreneurs is from making and selling goods that are regularly consumed and in high demand in their own local markets, where they understand the value proposition, they know the market and they have networks and trust relationships on which to rely. So, in other

developing countries, small-scale and informal manufacturing includes production of items such as furniture, clothes, sunflower oil, peanut butter, jams and other basic goods, which contribute to total own-account work.

In South Africa, the manufacturing and agro-processing giants already occupy that market space. They show no signs of ceding it. This acts as a real barrier for new entrants looking for small enterprise opportunities in poor communities. It raises the bar for them in ways that are different from other developing country contexts. To succeed, entrepreneurs need either (1) to claw some market share from the giants or (2) to identify unmet demand in what are often 'thin' and largely saturated markets – or (3) to find opportunities to tap into higher value markets and value chains beyond the local context. The first two tend to focus on local markets, and can be undertaken within the informal sector. The latter, however, typically requires a transition to formality. This is because entry into wider markets or value chains involves 'anonymous exchange' – a transition from the 'spot transactions' characteristic of the informal sector to transactions underpinned by contractual certainty. This requires formality – with such formality also typically a necessary condition for scale and growth (Philip 2018b).

These factors are compounded by continued poor and unequal educational outcomes, with the education system failing to provide many of the foundational competencies sought by employers – and needed for social and economic functioning – with poor educational outcomes reinforcing poverty and income inequality (Mlachila & Moeletsi 2019).

## 2. Social protection and PEPs: The policy challenge

It matters to understand the diverse structural challenges described above, because they create major constraints on the scope for job-creating growth in the core economy – as well as for small enterprise and the informal sector to ‘pick up the slack’ in the ways policy discourses often expect them to do. Certainly, the scope for private sector job creation must be optimised; but South Africa’s unemployment crisis really is a wicked problem, enmeshed in deeply structural dimensions of inequality, with inequality in turn a critical constraint on the inclusive growth needed to create jobs.

The complex mix of structural and other reforms required to deliver solutions to these structural challenges is a topic for another paper. The bottom line, however, is that there is no quick fix for the challenges faced – not in the core economy, the small enterprise sector nor the informal sector. In this context, in which the economy cannot create employment at the scale of social need, there is a vital role for social protection. With what mix of instruments?

Certainly, income support is a critical element. Yet, until the Covid pandemic, South Africa’s social protection system included no cash grant targeted directly at unemployed people, despite the scale and depth of the unemployment crisis and its impacts on poverty and inequality. Only people with prior formal work experience who had been contributors to the Unemployment Insurance Fund could receive temporary benefits.

Important as income support is, the impacts of unemployment on those affected are also about more than just income loss – with social protection being about far more than just social assistance, too, with its wider role reflected in the definition provided in South Africa’s National Development Plan (NDP) 2030. This defines social protection as having the following five functions:

1. Protective: measures introduced to save lives and reduce deprivation
2. Preventative: economic stabilisers seeking to reduce vulnerabilities
3. Promotive: enhancing the capabilities of individuals, communities and institutions to participate in all spheres of activity
4. Transformative: redistributive measures to tackle inequality and vulnerability

5. Developmental and generative: enables the poor to access social and economic opportunities, promoting local economic development and increasing their consumption patterns. (National Planning Commission, 2012).

The National Development Plan further argues that 'employment is the best form of social protection' (National Planning Commission 2012) because of its impacts across this spectrum of functions, which highlight the multi-dimensional nature of poverty – and the need for multi-dimensional, integrated responses to it, that go beyond a focus on income alone. Yet in practice, conditional and unconditional cash transfers have often become the dominant form of social protection in low- and middle-income countries (Patel and Midgely 2023), focused on the protective and preventive dimensions of social protection.

PEPs are differentiated from social assistance by the inclusion of work (and the increased income transfers associated with this, too). What is the added value of such participation in work? How might participation in work contribute optimally to the other dimensions of social protection – to its promotive, transformative and developmental goals? Under what conditions might work in PEPs simply be exploitative drudgery that makes no contribution to social protection at all? How might South Africa's changing social protection landscape allow PEPs to lean into the former rather than the latter? With what interface with active labour market policies?

There are lessons from global debates and experience in this regard. These are explored before a deeper dive into the conundrums of the South African experience and its policy implications.

### 3. Public employment in global debates

Public employment programmes (also called public works programmes, particularly where they are focused on infrastructure) can play a wide variety of roles, with those roles contested in economic theory and policy practice. These debates inform and influence the trajectory in South Africa and so a brief overview of this background is provided.<sup>1</sup>

Three strands of policy debate over the role of direct public investment in employment are covered here. The first paradigm is rooted in the idea that public employment programmes give expression to the right to work and that societies have a responsibility to ensure that all those willing and able to work are able to do so, even when economic downturns and adverse market conditions would otherwise mean high unemployment. This is part of the social contract – because of how much participation in work matters, to societies, to economies and to the people that make up both. Work matters because a crucial part of the social contract is the recognition that societies are built on forms of reciprocity, and that everyone who can is expected to contribute – at some level – to the common good. Whatever form work may take, all societies expect those who can to contribute to the work that needs to be done to achieve these goals and hence, societies place a significant social premium on working-age adults participating in work; on being ‘contributing’ members of the society (Boyd and Richerson 2009, p. 3281). This is also the philosophical foundation on which social protection systems are built.

In complex societies, complex public goods and services are built on the back of such socialized contributions. Roads, health systems, education systems, public parks and much more. The bottom line is that for a society to survive and thrive, it requires its members to work hard and contribute, even if only through their taxes, to the common good. While many different forms of work – paid and unpaid – are socially recognized and validated, it is a reality of modern capitalist societies that for many people, work takes the form of ‘employment,’ with unemployment giving people the status of a ‘non-contributor’: of someone ‘dependent’ on others, on the society – and on the state.

The need to be a contributing member of society is deeply socialised in many cultures in the world. It’s certainly strongly evident in South Africa – including in the political discourse (Noble and Nshongwana, 2008). So, the expectation that people should contribute not only to their own reproduction but to the wider society by working hard is well established. The part that gets left out of the conversation however, is what happens when people are shut out from becoming ‘contributing members of society’ by an economic system in which

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<sup>1</sup> This section draws from Philip 2023.



historic processes mean they have no access to the means of independent survival – such as from land or capital – and are also shut out of employment by a lack of market demand. It is often said that with rights come responsibilities. In this case, the responsibilities are strongly socially mandated. What is left out of the equation are the rights: the reciprocal responsibility of society to ensure that those who are willing and able to work have the opportunity to do so.

In the international landscape, the latter side of the equation became more explicit in the aftermath of the Great Depression and World War Two, both of which highlighted the devastation to society if the state did not intervene in contexts of mass unemployment, with this recognition manifest in the commitments to full employment embedded in a range of global social contracts intended to shape the post-war world order (Lieuw-Kie-Song et al, 2011, p.2).

This paradigm was underpinned by Keynesian economics, dominant in much of the developed North at the time. For Keynes, government intervention was vitally important to stabilize economies, with fiscal policy a necessary tool for stimulating aggregate demand. Keynes argued that in contexts of crisis, aggregate demand tends to fall, which contributes to rising unemployment. A critical role for fiscal policy is to break this downward spiral, using forms of public investment as a stimulus, including direct investment in employment. (Tcherneva 2014 p.9)

Such investment was about more than just raising aggregate demand, however. According to Keynes, investment in employment in particular was necessary to avoid inflationary pressures that might otherwise derive from a large-scale fiscal injection into the economy. Investment in employment was also an effective way to promote equity in the income distribution, avoiding the risk of the gains from such a stimulus being captured higher up the distribution – with such risks well illustrated by the distributional impacts of the bail-outs of the banks following the 2008 financial crisis (Tcherneva 2014).

Rather than just a crisis response, Keynes argued that such programmes needed to be a permanent counter-cyclical instrument within labour markets, targeting excluded groups and distressed areas even in contexts in which overall employment levels might be robust. He also argued that stable levels of employment are critical to social stability and peace (Tcherneva 2014).

For Keynesian economists, full employment was the primary goal of macro-economic policy and a social and economic imperative; economic development and growth would follow from policies targeting full employment.

Post-Keynesian Hyman Minsky built on this logic, arguing that, because capitalist economies are not self-correcting, the goal of full employment requires the state to function as 'employer of last resort', providing a guarantee of employment to all who need it, whatever their skills level. While such programmes were often assumed to be a response to cyclical events, Minsky – like Keynes – argued that they should be a permanent feature in societies and economies, because there are always laggard industries and regions and growth is never equally shared. Indeed, growth tends to favor leading sectors or regions, rewarding those who are already better-off. He argued that only the federal government can offer an infinitely elastic demand for labor (Wray 2007, p.6).

The concept of an employment guarantee has captured social imaginations; only India has institutionalised such a guarantee in legislation and even in India, it is targeted at rural areas. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provides a right to 100 days of work per annum to every registered rural household, with an 'on-demand' system that allows those eligible to select the timing and duration of their work, within their allocation. This shifts the concept of a right to work to a right that can only be realised when there is labour market demand in the economy – the dominant expression of this right – to a right to work when work is needed, with such work provided by the society.

The neo-liberal policies that replaced Keynesianism after the 1970s represent the second paradigm within which public employment programmes have (sometimes) been supported.

Rather than full employment being the driver of macro-economic policy, with growth the residual outcome, inflation-targeting and growth became the drivers, with employment the residual element – reduced to a function of micro-economics at best. Instead, government should keep out of the economy and out of labour markets, with deregulation the key instrument for unleashing market forces to solve unemployment.

Mitchell and Muysken (2008) characterise this as a shift from full employment being accepted as the responsibility of society and of macroeconomic policy to a focus on full *employability*, with much of the onus for achieving employment resting on the individual, regardless of levels of demand for labour in the wider economy – or of the conditions of work on offer.

The concept of systemic failure has been replaced by sheeting the responsibility for economic outcomes onto the individual. Accordingly, anyone who is unemployed has chosen to be in that state either because they didn't invest in appropriate skills; haven't searched for available opportunities with sufficient effort or rigour; or have become either 'work shy' or too selective in the jobs they would accept. Governments are seen to have bolstered this individual lethargy through providing excessively generous income support payments and restrictive hiring and firing regulations. (Mitchell and Muysken 2008)

While other forms of intervention in labour markets were criticised, Active Labour Market Policies were promoted or could at least co-exist within the more neo-liberal hegemony. Such programmes typically focus on enhancing 'employability' through skills development and other supply-side interventions aimed at assisting individuals to overcome the obstacles they may face in entering the labour market. Success is measured in relation to these individual pathways.

Certainly, there are contexts – as is the case in South Africa – in which there may be real barriers to labour market participation that can be eased for people seeking work, or groups of people for whom forms of exclusion make such access harder. Yet such interventions may nevertheless leave the net level of unemployment unchanged, having simply assisted the 'treatment group' to the front of the jobs queue, rather than changing the length of that queue. This may improve equity and allocative efficiency within the labour market – which may be important in contexts of exclusion – yet without changing levels of unemployment other than perhaps on the margins.

Active Labour Market Policies also address contexts in which there may be a misalignment between the demand and supply of particular skills in a given context. South Africa is again a case in point in this regard, given the significant mismatch between its unskilled workforce and the areas of potential growth in the economy. Here, the constraint on skills may indeed be a constraint on growth. While certainly, the lack of foundational skills such as reading writing and numeracy are highlighted by employers, many of the critical skills gaps identified are not 'classroom' skills but experiential skills or 'soft skills' including inter alia leadership, planning, team-work, organising problem-solving, critical thinking, decision-making, work ethics, accountability and empathy (Akoobhai 2023, p.26).

From an ALMP perspective, the role of public employment programmes is to enhance 'employability' at the individual level, with participation a stepping-stone into the labour market and with success measured on whether such transitions happen or not. Yet if a lack of labour *demand* is the critical constraint – and is the main rationale for a PEP in the first place – then such transitions can be impossible to achieve, other than at the limited scale of existing market demand. While this is often presented as a failure of the PEP, this assumes that the only value of participation in a PEP derives from its stepping-stone function – and that increased 'employability' can, on its own, generate increases in market demand in a seamlessly responsive manner.

Finally, public employment programmes have a complex interface with the social protection discourse, linked in turn to the paradigmatic frameworks above.

On the one hand, commitments to full employment, job guarantees and a right to work fit well within a wide definition of social protection (Devereux and Sabates-Wheeler 2004, p. iii)

Yet from within a more neo-liberal paradigm, public employment has also been put forward as a preferred alternative to other forms of social support, with participation in work made a condition of such support.

This 'workfare' tradition is the antithesis of a 'right to work' approach. It is based on the assumption that unemployed people are unemployed by choice and that making work a condition of support will address what is viewed as the scourge of 'dependency' on the state.

What distinguishes this [workfare] tradition is its grounding in the belief that jobless individuals are at fault for their own joblessness. Advocacy of the right to work is and always has been premised on the opposite assumption – that the reason jobless individuals lack work is because the economy has failed to make work available to them. Rather than supporting the use of labour as a disciplinary measure to put pressure on the poor to cure their own joblessness by reforming their attitudes and behaviour, right to work advocates have argued that job creation initiatives are needed to remedy the failure of the market to create enough jobs to eliminate involuntary employment. (Harvey 2005, p. 10)

Where public employment acts as a form of proxy for other forms of social assistance, such as social grants, it can have a range of negative consequences. In her study of over 200 public works programmes in Africa, where the 'workfare' logic has often informed public works programmes, Anna McCord found that where such programmes were designed as a

proxy for cash transfers, this status was seen to justify low stipends and poor labour standards. (McCord 2012). The focus on infrastructure works meant the duration of work was project linked and was sometimes of short duration. The net effect was that social assistance benefits were limited by being time-bound. Where social assistance was the main purpose, this also sometimes meant less attention was paid to the quality of infrastructure outcomes. Lack of clear ownership and maintenance responsibilities for such infrastructure at times compounded the problem, with instances in which schools or clinics were built with no associated operating budgets for their use (McCord 2012).

This track record in parts of the developing world has certainly tarnished the reputation of public employment programmes, within the social protection and anti-poverty discourses. Wage levels, duration of income support, scale of reach, late payment and quality of assets produced: these are the core critiques. They relate primarily (but not entirely) to the scope for PEPs to function as a proxy for cash transfers (Philip et al, 2020 p.164), with the evidence suggesting that PEPs are not a good proxy for cash transfers. If the priority is income support, then cash transfers will typically trump PEPs in terms of predictability, consistency, scale of outreach and potential simplicity of administrative systems.

Yet, important as cash transfers are, there is also a growing recognition that they are not a silver bullet either and that social protection is about more than just income. This has led to a growing emphasis on the multi-dimensional nature of poverty – and the multi-dimensional nature of solutions. This is reflected in the growing literature on ‘cash-plus’ approaches within social protection. (Patel and Midgely, 2023)

All of these discourses have influenced the South African discourse – and the design and implementation of public employment programmes. In the process, debates have tended to pose cash transfers and PEPS as binary policy choices. Instead of trying to act as a proxy for cash transfers – might the role of public employment be complementary, instead? If so, where does their added value lie?

## 4. Background to Public employment in South Africa

The discourses, design choices and trade-offs outlined above are evident – implicitly and explicitly – as part of the history of public employment in South Africa, which has a strong post-apartheid history of support to public employment. This crystallised in the tri-partite Growth and Development Summit in 2003, which agreed on the establishment of the Expanded Public Works Programme.

Expanded public works programmes (EPWPs) can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. These EPWPs will be designed to equip participants with a modicum of training and work experience, which should enhance their ability to earn a living in the future. (Nedlac Growth and Development Summit Agreement, 2003)

EPWP is covered by Ministerial Determinations on wages and labour standards, that include standards and rights at work but waive some of the provisions of the regulations that apply to the wider labour market (Department of Labour 2012).

The EPWP Unit was located in what was then the Department of Public Works (now DPWI, the Department of Public Works and Infrastructure), as a co-ordinating mechanism for a highly diverse array of projects and programmes, rather than being a programme itself. Over time, it was organised into four sectors: Infrastructure, Environment and Culture, Social and Non-State (see [epwp.gov.za](http://epwp.gov.za)).

A feature of EPWP has been the level of innovation in the forms of work undertaken. While infrastructure had become the default for public works programmes in many parts of the developing world – and is an important part of EPWP – EPWP was ahead of the game in broadening the forms of work included in its ambit. This included environmental public works long before climate change concerns were prominent in the public discourse. Work in the social sector included support to previously unpaid care work. Particularly relevant was its support to work in the HIV/Aids sector, including to child-headed households in a context of official policy denialism of HIV/Aids at the time. In infrastructure, EPWP aimed to ‘mainstream’ labour intensive approaches into all publicly-contracted infrastructure rather than having stand-alone public works programmes, with this seen as achieving more systemic-level impacts and scale.

This approach to ‘mainstreaming’ was later applied to other programmes also, with provincial and municipal incentives introduced to incentivise public bodies to fund labour-intensive employment from their existing budgets. This became particularly important in

the face of declining budgets for public employment programmes. Yet while in infrastructure, labour intensity was characterised by replacing machines with labour, other sectors often did not have scope for such a replacement, with the application of the model creating some perverse outcomes, such as projects of short duration.<sup>2</sup>

In 2009, the Community Work Programme was added to the portfolio. This located its rationale in relation to the structural nature of unemployment in South Africa, and the need for ongoing employment support in the most marginalised areas of the country. (ASGISA 2009). As an area-based programme, it expanded rapidly to every municipality in the country. Certain features differentiated it from the rest of EPWP. In particular, it offered ongoing but part-time work of two days a week. Its rationale was rooted in social protection logic. It also drew explicitly from the wider discourse on job guarantees and India's MGNREGA (ASGISA 2009). Part of its rationale was to demonstrate the scope to take public employment to new levels of scale, and within a year, it was the single largest programme in EPWP.

EPWP is a very broad 'church', with over 14,000 projects reported in the 2024 financial year in its on-line reporting system (EPWP 2024). It includes support to Early Childhood Development and to South Africa's extensive school feeding scheme. Its Zibambele programme in Kwazulu-Natal is a strong example of community-based, labour-intensive maintenance of rural roads. It includes diverse environmental programmes including Working for Water and other 'working for' programmes (EPWP 2019). It is not possible to generalise about the quality of programme delivery, with different projects fitting at very different points along the spectrum of roles public employment can play.

EPWPs own recognition of this spectrum – and the complexity it introduces for coherence and co-ordination – is reflected in the figure below, in which EPWP positions itself firmly within the NDP definition of social protection.

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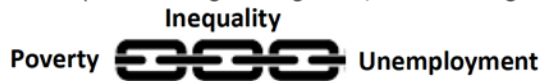
<sup>2</sup> For a more detailed discussion of the tensions this created, see Philip 2024, TIPS.



# GOVT'S RESPONSE: UNDERSTANDING PEPs

## What is a Public Employment Programme (PEP)?

- PEPs refer to a wide array of government-initiated interventions typically designed to address the trifecta of global sustainable development challenges through short, medium or long term interventions.



- PEPs are a common social protection and job creation instrument that can simultaneously perform one or more functions:

- Be protective (provide income relief, consumption smoothing – traditional cash for work, temporary or emergency employment programmes)
- Be productive (rehabilitate and maintain local infrastructure and community assets – traditional public works)
- Be promotive (build resilience, rehabilitate the environment) and
- Be transformative (provision of care services, green jobs, decent working conditions).

- PEPs can be imagined along a spectrum – in response to cyclical shocks (such as recurrent drought) or seasonal deprivation (such as during the agricultural slack season), severe macro-economic crisis involving sharp income loss and large under- and unemployment and long term rights based programmes with some level of entitlement to work.

PEPs are designed to prioritize or maximize some or all of these elements – this determined the form the programme ultimately takes

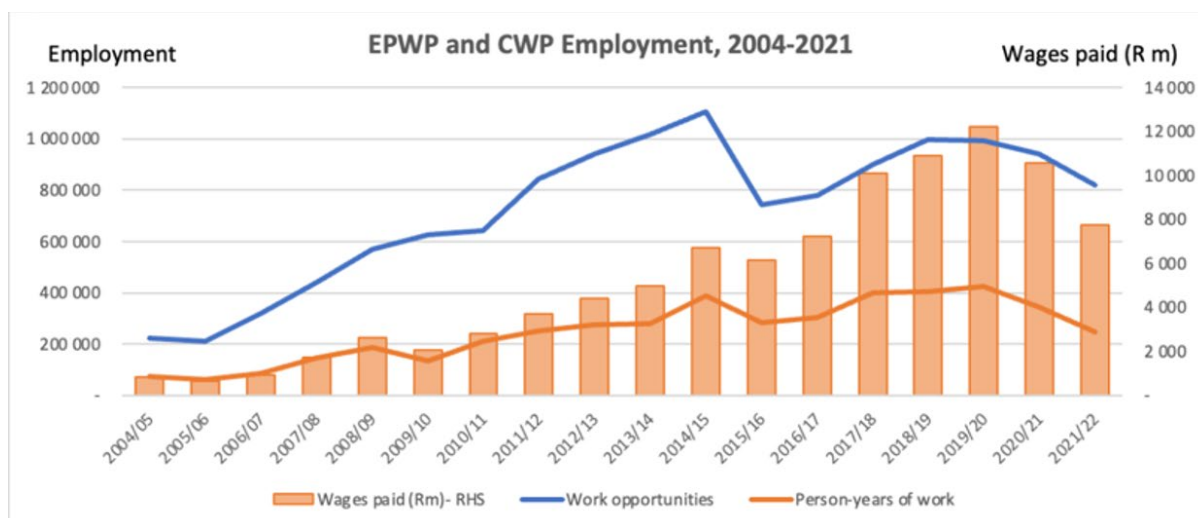


EPWP 2021 Taking the EPWP Policy Forward 26/4/2021 Presentation.

Nevertheless, despite areas of real strength, the last decade has seen certain challenges, including trends that have placed the reputation of EPWP at risk and that have made it vulnerable, in some instances, to critiques of a 'workfare' model.

Firstly, despite its name and despite the rising crisis of unemployment, work opportunities and person-years of work in EPWP have been relatively flat since 2014 as shown in Figure 2 (Donaldson 2022).

Figure 2. EPWP Employment and earnings, 2004–2021



Source: Donaldson (2022).

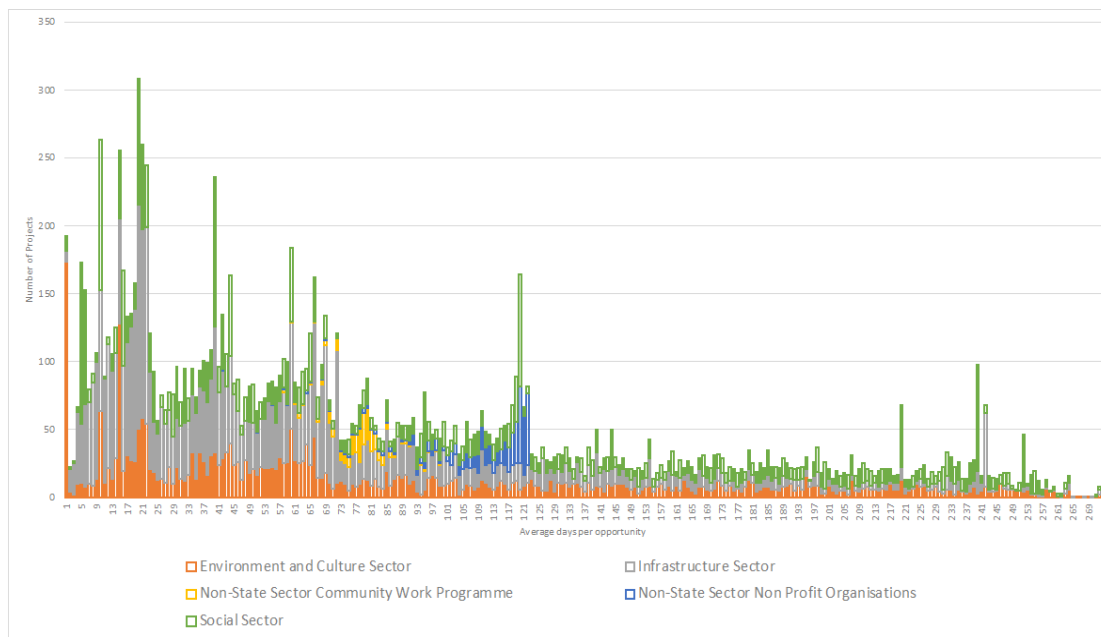
This is a consequence of two things. Firstly, there have been no budget increases that would have allowed significant growth. Secondly, the approach of ‘mainstreaming’ EPWP into existing line budgets and carving out additional resources from these had – arguably – reached its natural limit.

While the average duration of employment in EPWP is four months, this means that about half of all opportunities are for shorter durations than this. At municipal level, for example, EPWP was characterised by micro-projects of short duration, with an average of 28 participants per project for a duration of 3,3 months of work in financial year 2019/2020 (EPWP project data, PMO calculations).

This ‘stop-start’ project profile all but ensures poor outcomes in relation to every metric. The kinds of impacts on child nutrition, school attendance and health metrics associated with regular and predictable access to income from interventions such as social grants limit the social protection impact of such participation. The benefits from participation in work are constrained, with little scope for the development of hard or soft skills. As interviews with municipalities have highlighted, such projects are usually done as add-ons to existing responsibilities. Under these circumstances, levels of productivity are unlikely to be high.

The short-term nature of such work opportunities is an outcome of a combination of factors: severe budget constraints, including the limited amounts provided as an incentive for job creation through the EPWP Municipal Incentive Grant, plus a performance framework that measures performance by ‘number of work opportunities created’ with little attention paid to the fact that more work opportunities can be created on the same budget if they are of shorter duration – with the single biggest peak in the graph below being for ten day work opportunities (Figure 3).

**Figure 3. Distribution of projects by average days per opportunity  
EPWP project data 2023/2024**



Against this backdrop, EPWP then also confronted a changing policy environment with the advent of the National Minimum Wage (NMW).

EPWP already had a minimum wage, set annually through a determination by the Minister of Labour. Despite sectorally negotiated minimum wages, South Africa did not have a national minimum wage until this was enacted in 2018. After an extensive process to determine a ‘minimum living level’, the minimum wage was set at R3,500 in 2018. This was 45% higher than the EPWP minimum wage.

EPWP doubled down in defending its existing wage level, with Deputy Minister Jeremy Cronin arguing as follows:

“... the threshold of R3 500 would not be affordable to the government if it were to be applied to public works programmes, Cronin said. “It is not going to work. These are the radically unemployed, not in the labour market. We are dealing with the segment which is not in the labour market,” he said. (Moathse, Cape Times 7/3/2017)

In the context of this debate, the argument for EPWP to be exempt from the NMW was based on its status as being primarily part of social security. Despite an otherwise comprehensive grants system – and despite unemployment being the biggest driver of poverty – South Africa at the time provided no direct social support to unemployed, working age adults who had not contributed to the Unemployment Insurance Scheme through prior formal employment. Most unemployed people therefore received no social support. EPWP was

indeed an important mechanism for providing access to incomes in this context. The problem, however, was its limited overall scale. Reaching about one million people per annum, it provided coverage to only about ten percent of the total unemployed, with short durations of work further reducing the social protection impact for many.

Political economy is, however, an interesting thing. In 2017 it was not deemed possible to extend the social security net to close this social protection gap. By 2020 it was done – a part of the story to which we will return.

The terms on which the wage gap was defended relied on a definition of EPWP as part of social assistance, with the low wage effectively justified on the basis that it was not really a wage at all, but a proxy form of social grant, with participants ‘not in the labour market.’ In the process, this positioned EPWP primarily as a poverty relief intervention, at the level of social assistance.

In a context in which the social assistance gap was real, the case for EPWP to spread itself thinly was certainly arguable. This combination of factors meant, however, that by default rather than design intent, EPWP became increasingly boxed into a corner in which at an overall level, it could be perceived as a ‘workfare’ programme, with low paid, short-term work a poor proxy for other forms of social assistance, including in terms of the coverage achieved. Again, this is not fair to high-quality programmes in its broad portfolio. It nevertheless reflects part of the picture that started to taint the reputation of public employment programmes in the public discourse.

## 5. Changes to the policy landscape in the post-Covid pandemic context

It was against this backdrop that the Covid pandemic happened. In the context of the pandemic, there were two key developments relevant to social protection and public employment.

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### 1.1 The advent of the SRD Grant

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Firstly, a Social Relief of Distress grant was approved, as part of social support to growing food insecurity in the context of lockdown (Patel et al, 2023). For the first time, this extended South Africa's social grant system to include unemployed people. For the first time also, South Africa rolled out a digital application and verification system and within a matter of months, over ten million people previously excluded from support were included within the social security system, with a grant of just R350 a month (US\$50 in Purchasing Power Parity (PPP) terms). This was equivalent to just 6 percent of the median monthly wage and was 44% below the food poverty line (Kohler & Bhorat, 2023).

Long queues for payouts at post offices for those without digital access illustrated a new reality in South Africa, with the demographics of those queues making the nature of prior exclusion from support more visible.

Despite glitches, changes to eligibility, reductions in numbers and other challenges, the SRD Grant continues (at the time of writing of this paper) to provide a minimum level of support to approximately 6–8 million people. At present, it has been extended to March 2025, with a small increase to R370, with significant social pressure for it to become permanent (Institute for Economic Justice 2023).

This of course fundamentally changes the social protection landscape. Small as the grant amount is, unemployed people without contributory coverage are now – for the first time – included in a form of social support.

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## 1.2 The advent of the Presidential Employment Stimulus<sup>3</sup>

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A second key development was the approval of the Presidential Employment Stimulus, as part of the Economic Reconstruction and Development Programme (ERRP), which brought together all the economic interventions intended to mitigate or address the economic impacts of the pandemic and lockdown.

According to President Ramaphosa, its aim was to create jobs and strengthen livelihoods while the labour market recovers, augmenting existing commitments to these outcomes.

It also recognises that the pandemic created opportunities for change – for new ways of working and of responding to a crisis of unemployment that pre-dates the pandemic – and will last beyond it also. (President Ramaphosa, in Presidency 2023).

He also emphasised the role of work experience and of local stimulus effects:

‘The work experience provided in these programmes increases people’s work-readiness and hence productivity in the wider economy – vital to a growth trajectory, and to reducing the costs and risks of hiring people with no prior work experience for the private sector. This has benefits not only for pathways to employment – but for the potential success of self-employment and enterprise activities too.

‘And then, of course: the incomes earned provide a vital economic boost to small enterprise and the informal sector in local economies across the country. School assistants employed in Umgungundlovu are spending their wages in Umgungundlovu. So too in Putsonderwater. This is the opposite of ‘trickle down’ economics.’ (Ramaphosa, in Presidency 2023)

Certainly, none of this was new, in terms of the roles articulated for public employment. Yet against the backdrop of the crisis, the PES was given space that the EPWP had never been given. This included in particular:

- The allocation of significant new budgets, which enabled rapid scale.
- Funding modalities that allowed for the PES to initiate new programmes in partnership with departments – such as the Basic Education Employment Initiative, the Social Employment Fund, the vouchers for subsistence farmers and the Creative Sector Stimulus.

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<sup>3</sup> The author is the Programme Lead of the Presidential Employment Stimulus and so this section draws from practitioner experience with scope for bias hereby flagged.

- Funding modalities that also opened an innovation window for proposals from within the state, against sets of design criteria that allowed the application of quality benchmarks in the design and selection of programmes. It was through this mechanism that MISA's waste programme was tabled, as well as the programmes from the Department of Science and Innovation, amongst others.
- This enabled the PES to focus on building a portfolio of high-quality programmes – and, over time, to remove programmes that did not meet their targets or perform to these standards (although such removal was also at times a function of budget constraints rather than performance).
- The PES was able to include a livelihoods support portfolio, which, for example, supported subsistence farmers with production input vouchers, as well as the creative sector stimulus, which mainly supported SMEs and self-employed people to create new work. The PES was therefore able to apply an expanded definition of public support to employment.

Over the period October 2020 – March 2024, PES programmes have been allocated budgets of R43 billion (Philip & Essa, 2024). This created a significant opportunity to break through the pattern of stasis in the scale of public employment and the 'project scale' mindset that lack of budgets has entrenched. Achieving scale is not, however, only about budgets or design ambition. It is also about systems and systems capacity; what was described in the PES as 'building the institutional architecture for scale'.

Three modalities have been used. Firstly, the Basic Education Employment Initiative (BEEI), implemented by the Department of Basic Education (DBE) used the distributed network of schools to roll out the single largest public employment in the country, and the largest youth employment programme in South Africa's history – with a significant level of spatial equity, reaching every community in the country, employing 319,000 young people at 23,000 schools in the first phase and over a million cumulatively by Phase Four (Philip & Essa 2024).

Technology has enabled scale also. So the Department of Agriculture Rural Development and Land reform (DALRRD) used a mobile platform for applications and delivery of production input vouchers for subsistence farmers, with over 140,000 vouchers issued.

The third modality enabling scale relied on 'whole of society' approaches to crowd-source ideas and capacity against sets of criteria. The Social Employment Fund, for example, undertook calls for proposals to civil society organisations engaged in 'work for the common good' in communities. While funding could support an initial 50,000 participants, the applications that met the minimum qualifying criteria could have supported over 300,000 jobs – despite short application timeframes. This was also the case in the creative

sector, which was also significantly over-subscribed with proposals for new creative work able to create work in the sector. While ‘calls for proposals’ are certainly not new, what this illustrated is the potential to use such an approach to crowd in capacities outside the public sector to achieve levels of scale – against qualitative criteria. This draws also from approaches to procurement that solicit innovation by framing the procurement around the problem to be solved – not prescribing the solution (Smart Procurement 2023).

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### **1.3 The imperative of a Just Transition**

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The increased focus – and pressure – to ensure a Just Transition towards reduced carbon emissions was not, of course, a function of the Covid pandemic. The policy focus on this nevertheless intensified over this same period, globally and also in South Africa, where the high dependence on coal for energy coupled with the energy supply constraints that have led to load-shedding – at enormous cost to the economy and to job creation – created both opportunities and challenges for an energy transition. This has created a febrile context of political contestation over South Africa’s energy future.

Intrinsic to the Just Transition is the commitment to replace not only the direct jobs lost in the process, but to take into account the way the closure of mines and power stations (and factories producing petrol-fuelled vehicles, amongst others) ripples through communities, affecting a myriad of local contractors but also spending in local economies, impacting on local small enterprise and the informal sector. This impact compounds existing levels of poverty, unemployment and inequality and there is a real risk that such a shock constitutes a tipping point of despair in such communities – with this threatening the political viability of the energy transition.

While intensive efforts are supporting market-based job creation in affected areas, market processes don’t readily comply with policy purposes, nor do jobs created necessarily map against areas of greatest need.

...(M)ost stakeholders agree that no matter how effectively the Just Energy Transition Investment Plan (JET-IP) is implemented, market-based investment in renewable alternatives – or any forms of investment in the affected areas – [are unlikely to enable seamless transitions to new jobs, even only for current employees.](#)



Such jobs are unlikely to be created at the scale required, or in the same places as the jobs being lost. Nor will they be able to reproduce current employment and other multipliers in the local economies that stand to lose jobs in the transition process. All of this is well-recognised in South Africa's JET-IP (Philip, David & Mabye, 2023).

This creates an added dimension to the role of public employment programmes.

## 6. New opportunities at the interface between social protection and jobs

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### 1.4 Social assistance now includes unemployed adults

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It took the Covid pandemic to close a significant gap in South Africa's social assistance system, and although there is still policy uncertainty, it seems increasingly unlikely that this direction will be overturned. The policy debate on the SRD grant has shifted from whether it will become permanent, to the level at which payment should be set and the threshold at which people should qualify to receive it, with the range starting at a low of approximately six million people, a middle range going up to twelve million people – and an upper range at the level of a universal grant. Anywhere within those ranges means a significant expansion of social assistance – and a significantly higher scale of people than public employment currently reaches at any one time.

While still well below the food poverty line, this grant nevertheless takes the edge off levels of desperation and hunger (Patel et al 2023). It means that the need to play this particular role no longer forms as big a part of the rationale – nor the social responsibility – of PEPs. The role EPWP had defined for itself as filling the gap in social assistance – and spreading itself thinly in order to maximise its reach – is no longer required in the same way. In policy terms, the basis for continued support to PEPs cannot rest as heavily on the social assistance (or income transfer) dimension of their role, important as this nevertheless still is in lifting participant income above the poverty line. Instead, there is a need and an opportunity to focus more strongly on what differentiates PEPs from social assistance – which is the added value of work – and the more promotive and developmental dimensions of social protection this offers.

At the same time, consideration has to be given to the ways in which access to social assistance may change the incentives for participation in PEPs. Certainly, the grant level – currently at R370 per month in 2024 – is still below the food poverty line and is substantially below even an EPWP wage. Nevertheless, the grant is ongoing – whereas the duration of work in EPWP, for example, currently averages only four months. In addition, several individuals in a household may qualify for the SRD grant whereas the reach of PEPs in SA at present is not even at the scale of one person per poor household.

For those for whom income security is the most urgent and pressing priority, the SRD grant now provides income support. For some households that are labour constrained, for

example, because of care responsibilities, there is now a better alternative to reliance on PEPs. For such a cohort, it may make more sense to optimise their household access to income through SRD grants than to seek participation in PEPs.

In a context in which such participation is hugely over-subscribed, this is not a negative outcome. The idea that SRD grant recipients should be compelled to apply to PEPs as a condition of support – an idea that surfaces for time to time in policy debates – would reduce PEPs to workfare and in the process, sabotage much of the added value of participation in work, by removing agency from the equation.

In addition, in a context in which people who participate in a PEP will lose their rights to the SRD grant, the wage level and the duration of work will be factors influencing the livelihood security trade-offs people will make – with this an as-yet untested version of the ‘reserve wage’. The quality and duration of the work ‘offer’ from PEPs will now matter more, in a context in which people have alternatives. So will the structured support for exit opportunities. This creates the incentive and opportunity for PEPs to improve these qualitative dimensions of their role.

The ease with which people can return to the SRD Grant if labour markets cannot absorb them after they exit from a PEP will also be a critical variable in the risk assessments people make. So while the focus on interoperability of SASSA and PEP systems sometimes assumes a one-way line of march from grants into PEPs, just as important is that where transitions from PEPs into formal jobs or other opportunities do not materialise at the end of a work experience, participants can return relatively seamlessly to the SRD grant (or its future iterations).

Yet while the SRD Grant eases some of the pressure on PEPs, people’s aspirations for a better life remain strong (Patel et al 2023). Policy commitments to economic inclusion and to opportunities for pathways out of poverty cannot end with social assistance, with extensive evidence from other country contexts that while of course incomes matter, participation in work is about more than just the income. (Winkelman & Winkelman 1998, Tcherneva 2012, (Hussam et al. 2021).

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## **1.5 Beyond income effects: The added value of work in PEPs**

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The advent of the SRD grant relieves PEPs from being at the frontline of social assistance for unemployed people and enables a more concerted focus on what differentiates them from social assistance, which is the added value of work. This includes the added value of participation in work for participants, the value derived from the community assets and

services delivered by work and the impacts of both of these on social and economic inclusion and dynamism – as part of what the NDP refers to as ‘rebuilding opportunity structures’ for those excluded (National Planning Commission, 2012).

This requires a clearer articulation of what the added value of work is – and more research to build the evidence base for it, in a context in which much of the focus of research on PEPs has been on the poverty impacts of the incomes earned. So, what are the key potential dimensions of the added value of work? The change in the social protection landscape requires that these now more explicitly inform the design of PEPs in South Africa.

### **Work and the social contract**

As discussed above, participation in work is a foundational dimension of the social contract and is intrinsic to the reciprocities on which societies are founded. These are built on the assumption that those adults who can, contribute not only to their own self-reproduction but also to the greater good, through work of many kinds. In modern capitalist societies, such work often takes the form of employment and to the extent that people cannot find employment, they are cast as ‘non-contributing’.

An inability to participate in work that contributes to the household and to society is associated with deeply negative psycho-social impacts, including on mental health and social isolation. Participation in decent work offers the counter-factual: structure, access to networks, information, capabilities, self-esteem, transitions to adulthood, community recognition and more: all vital for social as well as economic functioning – and to social cohesion and stability (Sen 1999; Winkelmann and Winkelmann 1998). All of this forms part of why societies recognise a right to work. Enabling participation in decent work contributes to the promotive dimension of social protection, which focuses on enhancing capabilities and social inclusion.

### **Work for the common good**

Through the work undertaken, PEPs contribute to the common good – to public goods and services. They provide a development instrument able to unlock the social value of labour, in recognition that even where labour has no market value, it has – and can create – social value; as well as economic and environmental value also. This work builds the depth and diversity of ‘the commons’ – the resources, assets and services that people are able to access on non-market terms. By doing so, it functions as a redistributive instrument, building assets and resources in poor communities and providing a bottom-up stimulus in local economies. It can be a powerful tool for community development (Philip 2013). In all these ways, it contributes to the transformative and developmental dimensions of social

employment. These rationales are core to the policy case for PEPs, yet increasingly, more instrumentalist roles in relation to labour market transitions are prioritised in the discourse. These do also matter – but not to the exclusion of the importance of instruments of social development that promote equity, agency and well-being in a context otherwise characterised by economic exclusion.

### **PEPs as ALMPS**

With appropriate design, PEPs can function as Active Labour Market Policies (ALMPS) in a context in which South Africa's low labour demand is compounded by barriers to labour market participation, especially for young people, women and people in rural or otherwise marginalised areas.

In their regression analysis of StatsSA data, Anand et al (2016) find that previous experience is an important determinant of job-finding rates, while education has almost no effect; with previous work experience mattering most for youth (Anand et al, p. 12). StatsSA finds that people with work experience are six times more likely to find employment than those with no work experience (StatsSA 2023). The lack of work experience traps young people in particular into a vicious cycle in which they cannot get work because they have never had work. Can PEPs contribute to breaking that cycle? This requires the work experience in PEPs to be recognised and valued within the wider labour market.

PEPs can also offer on-the-job skills and, sometimes, other hard skills – with the opportunity to apply and embed skills gained through the skills system. This contributes to productivity and may, over time, move the dial on the willingness of employers to hire.

PEPs can also provide complementary ALMP support such as CV writing and reference letters, with evidence demonstrating that both of these can assist their likely success (De Lannoy 2019), with a need to explore other forms of work-readiness coaching and support that add value, such as psycho-social support.

### **The interface with livelihoods and entrepreneurship**

With appropriate design, PEPs can also support additional livelihood, self-employment and enterprise activity. With limited opportunities in the labour market, unemployed people are often expected to self-employ their way out of poverty instead. Doing so requires many of the skills and attributes associated with work experience – including self-confidence, networks, task management, time-management, communication skills and more. The social provision of work experience has the potential to address this gap, with work experience in the informal sector also improving the probability of getting a formal sector job (Anand et al, 2016, p.13).

There are many other ways in which PEPs can create interfaces with and pathways into expanded livelihood and small enterprise activity – recognising that this is no silver bullet in the context of the structural constraints described and that these can often – at best – augment PEP incomes without being able to substitute for them (Essa 2024).

The range of roles PEPs can play in this regard are well elaborated in the analysis by Essa (2024) below:

<b>Public Employment Intervention</b>	<b>Mechanism</b>	<b>Link the to income-generating or livelihood activities</b>	
Wage income transfer	Capital accumulation	Wage income can reduce liquidity constraints and enable participants to invest in productive assets (e.g., tools, seeds, livestock) and engage in economic activities (e.g., starting a small business).	Common across Public Employment programmes
	De-risking productive activities	With regular income, participants are able to take risks associated with investing in productive activities.	
Added value of participation in work	Technical skills derived through work experience	Acquiring new technical skills opens doors to previously inaccessible activities or enhances productivity in current livelihood and income-generating activities	
	Work place skills derived through work experience	Working with other people, confronting new situations and workplace norms builds soft skills which can increase the likelihood of success in other productive activities	
	Access to networks and information	Participation in work builds social capital which can provide support systems, access to markets, and information relevant to livelihood and income-generating opportunities	
	Psychosocial benefits	Participation in work enhances mental well-being, self-esteem, motivation, sociability, and ones locus of control, leading to a greater willingness to pursue livelihood and income-generating activities	
Complementary activities and livelihood support	Skills training	PEPs can provide formal training to enhance workers' skills to promote livelihood and income generating activities	Varies across Public Employment programmes
	Enhanced market access	PEPs can facilitate engagement with markets by aggregate produce or goods, streamline regulatory standards, or secure take-off agreements for participants that would not necessarily be feasible at the individual level	
	Entrepreneurship support	PEPs can provide enterprise training or deliberate pathways into economic opportunities, including informal enterprises	
	Access to productive assets or inputs	PEPs can provide access to capital or inputs that reduce barriers to entry into livelihood or income-generating activities	
	Financial inclusion services	PEPs can facilitate saving groups, improve financial management skills, and increase access to credit so that participants can engage more effectively in income-generating or livelihood activities	

Source: Essa (2024).

PEPs can be designed to optimise selected elements from within this 'menu' – rather than being able to do them all. What has become clear, however, is that the support that PEPs can offer needs to be complemented by other forms of enterprise and livelihood support alongside access to finance to enhance outcomes.

## 7. Strategic dilemmas

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### 1.6 Towards integrated approaches

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The discourse in South Africa may have moved on from one in which, at times, social grants and PEPs for unemployed adults were seen as a binary policy choice. Instead, what has opened up, in the post Covid policy environment, is a real opportunity for a more nuanced and responsive social protection system, in which support takes different forms, is layered and calibrated to different needs. Such responsive and integrated approaches also need to recognise that pathways out of poverty are not linear and the dice are loaded. Pathways into the labour market are characterised by significant ‘churn’. Many young people who do manage to land a job in the private sector are out of that job all too soon (Harambee 2022).

So while there is a tendency to contrast ‘short-term’ PEPs negatively with the holy grail of ‘sustainable jobs’ in the private sector, some of these jobs are not so sustainable after all. Alternatively, young people find themselves unable to sustain their participation in them: for reasons that require further analysis.

As Harambee argues: ‘It is vital we keep young people moving, strategically and with support, within the economy we have—not letting them stagnate waiting for the economy we want (Harambee, 2024).

This crucial point means a fundamental shift from linear thinking to more dynamic models in relation to transitions to work. In this context, PEPs may have a role not only in providing first work experience, but also in keeping people economically engaged, even as they face setbacks on their journey. Such continued economic engagement prevents their descent into long-term unemployment, from where it is far harder to re-activate people, with long-term unemployment reducing future employability (Anand et al p.12) and with people in short terms jobs twice as likely to secure other employment as people in long-term unemployment (StatsSA 2023). For some, rather than a one-way ticket to a sustainable job, PEPs may offer a reprieve from the precarity of the wider market, and an opportunity to build the resilience needed to return to its choppy waters on better terms.

In addition, while PEPs certainly have to optimise the role they play in supporting transitions to next-level opportunities, the policy case for PEPs cannot be based on the assumption that PEPs can necessarily act as a quick revolving door into the labour market. While this is often the default expectation of their role, an important part of the policy case has to include an



understanding of the added value of such participation – to participants, the society and the economy – *even where participants do not transition seamlessly into private sector jobs – or self-employment* – in a context of real structural constraints to doing so.

In this context, it's necessary to re-iterate that the South African labour market is extremely hostile. When we cite the unemployment figures, it can inform an approach that focuses the problem on the unemployed – on the supply side. But the crisis is not primarily a supply side problem. The crisis is a demand-side problem.

In 2022, just 8,7% of unemployed people – using the narrow definition – were absorbed into the labour market (StatsSA, 2023). So over 90% of all those people *actively looking for work* could not find any. That is a devastating reality not only for them but for the society.

While certainly it matters to assist people to overcome barriers into the labour market, to reduce the costs of work search and to promote equity of access to the few jobs that are available, it is important to recognise that succeeding in these objectives will not change much about the *length* of the jobs queue – just about who gets to the front of that queue. Similarly, while it is important that job search should be made as easy as possible, incentivising people to search for jobs that *we know do not exist* or making job search a conditionality of social support is an exercise in futility – if not somewhat dystopian.

More people do not get jobs just because more people look for jobs. The rationale for incentivizing job search comes from a completely different context from the South African one – such as from the United Kingdom, in which a certain residual level of unemployment co-exists with unmet labour demand, particularly for unskilled work. This is a problem that doesn't exist in South Africa.

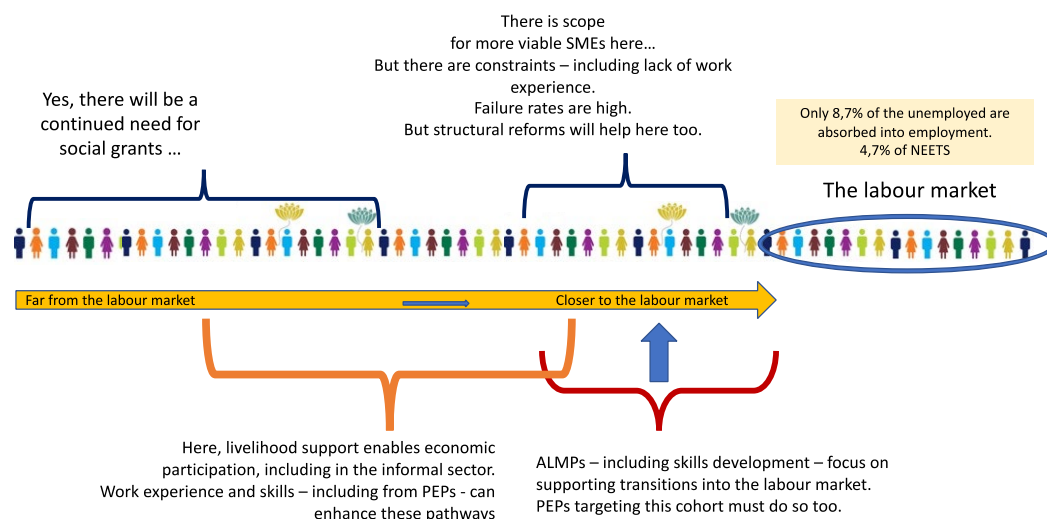
In the Basic Education Employment Initiative, for example, 1,5 million young people applied on SAYouth for the 250,000 placements available in 2023 (Philip and Essa 2024). It mattered that the application process was transparent and promoted equity of access, but 1,25 million young people nevertheless went away disappointed. The problem is that by far the majority of people already looking for work cannot find any – because *there are so few jobs*. Increasing the number of people looking for work or even their effectiveness in doing so is unlikely to change overall employment outcomes, with many people remaining unemployed no matter how hard they try. This is why alternative packages of support that keep people engaged and included are needed – with PEPs one part of such strategies.

Rather than a zero-sum expectation of transitions, there is a need to recognise that even incremental transitions into wider social and economic engagement that arise from participation in PEPs contribute to enhanced development and well-being outcomes for participants – and positive outcomes for communities and society. This may include investment in productive assets, participation in savings groups and stokvels<sup>4</sup>, in community activity or other income-generating activity. For many, such activity will augment their incomes but will not be able replace income from PEPs. For others, over time, they may be able to build a sustainable livelihood that does.

## 1.7 Implications for strategy for PEPs

The complexity of labour market challenges and the diversity of needs within it requires a spectrum of approaches, with a portfolio of programmes. In broad terms, this needs to conceptualise a strategy along a continuum, with those furthest from the labour market at one end, and those closest to it at the other end. PEPs can play roles at both ends of the spectrum – with some overlap in approaches also – but with implications for design (Figure 4).

**Figure 4. A need for differentiated strategies across the labour market spectrum**

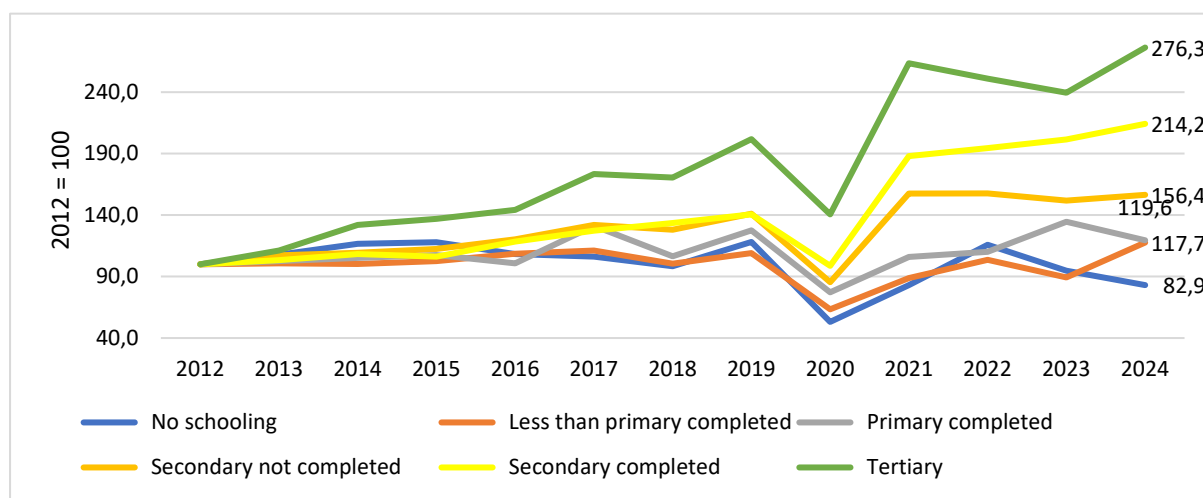


Source: The author.

<sup>4</sup> A stokvel is a South African community-based savings scheme or investment group where members contribute regular financial contributions to a collective fund. This fund is then used for group activities, shared benefits, or distributed to members in turns, often serving as a support system for financial goals, emergencies, or social events. It is rooted in mutual trust and solidarity among members.

At the more marginalised end of the spectrum, a black woman who is long-term unemployed, living in a rural area, with no prior work experience and who dropped out of school will have far fewer prospects than a young graduate in an urban area. Yet the increasing scale of graduate unemployment (Figure 5) highlights that even for this cohort, there are challenges to overcome. Programme design must, however, be differentiated to meet these different needs and opportunities in these very different contexts.

**Figure 5. Growth in unemployed persons by highest education level, 2012-2024**



For those closer to the labour market, PEPs can perform an ALMP role, tailoring work experience and even work outputs to align with labour market needs and designing skills support accordingly. Such programmes can integrate workplace readiness and add value through networks, CV and reference letter support and other complementary interventions. If their primary purpose is to enable transitions into the labour market, they should target people relatively close to the labour market, who need support overcoming barriers to entry, whether these are race, gender, spatial or other factors exacerbating exclusion. Hard as it may be to accept, there is little point or purpose in insisting that PEPs target those furthest from the labour market in the hope of leap-frogging them to front of the very long jobs queue. In a context in which current labour absorption rates means that over ninety percent of the unemployed *will not get jobs*, it makes sense to prioritise those most likely to do so and most able to contribute productively to the economy – while at the same time also enhancing the systems that get more people closer to the labour market. For these PEPs, full-time but time-bound placements that optimise people’s work experience make sense – with a duration of at least six months, although one year allows for a far more meaningful intervention.

At the same time, within the portfolio of PEPs, there need to be programmes whose role is to provide 'support scaffolding' for people unlikely to transition into the formal labour market and who need to build a livelihood portfolio that can lift them out of poverty – or at least build their resilience – and to recognise that this is the larger cohort within the unemployed group.

Within this group, there is a spectrum also – from those most likely to require continued social assistance, even if they are able to augment it from other economic activity, to those able to carve out an increasingly sustainable livelihood from a portfolio of activity that may include often informal economic activity.

It is in these contexts that PEPs have the closest interface with social assistance, and where their design needs to recognise this. This has been part of the logic informing programmes designed to provide ongoing but part-time work, such as the Community Work Programme, Social Employment and the Youth Service programme run by the National Youth Development Agency.<sup>5</sup>

Firstly, part of the logic is taken from the social protection literature, which finds that regular and predictable income over an extended period of time has stronger anti-poverty impacts than erratic or short-term earnings income (Beazley & Vaidya 2015). The part-time work programmes are designed to offer work over a longer duration than current full-time PEPs.

Regular and predictable participation in work, even if part-time, can still provide many of the benefits of participation in work, with participation providing structure, social contact, access to networks and information along with building capabilities and core work skills (Vawda et al 2013). When the work undertaken is perceived as valuable by the surrounding community, these positive impacts are amplified (Langa & Von Holdt 2011).

A key assumption of the part-time model is also that regular and predictable part-time work within a PEP helps to 'derisk' engagement in other economic activities, particularly in the early stages when returns are typically non-existent. This allows for the growth of complementary activities over time. While for some, such activities might offer a pathway beyond the PEP, for others, this is a mechanism to supplement PEP incomes, without being able to fully replace them. Even if continued participation in the PEP is required to lift individuals above the poverty line, contributions from other economic activities can enhance the overall poverty impact. Participants are also able to undertake part-time studies or engage in job search activities in parallel to their participation. This model is also

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<sup>5</sup> For more information on the NYS, see <https://nydaweb.site.azurewebsites.net/Products-Services/National-Youth-Services-Programme.html>

intended to enable the participation of women, who may be able to work two days a week despite household responsibilities that might make full-time work challenging.

In addition, using the National Minimum Wage, the monthly wages currently paid for sixteen hours of work are just above the upper-bound poverty line. Yet at this wage level, the risk of PEP wages distorting local informal-sector wages is limited, mitigating concerns in this regard.

Finally, the regular, predictable and ongoing nature of earnings in these PEPs is designed to help optimize their stimulus impact on local economies. Local street traders, spazas, taxis, internet cafes, and other small businesses rely on consistent local spending for growth, rather than the sporadic spending associated with short-term employment programmes (Plagerson et al 2023).

In sum, for a significant number of people, optimal social and economic outcomes will rely on a level of ongoing participation in work, in order to transform communities in which work is currently rare into working communities; with such work supporting a locally-driven development agenda.

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## **1.8 Time for an employment guarantee?**

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Certainly, the optimal solution would be for the state to act as employer of last resort, and to provide an employment guarantee for all those willing and able to work – with social assistance providing coverage for those who need it.

Ironically, however, the larger the scale of unemployment, the greater the fiscal anxiety about such an approach. This certainly characterises the policy response to the concept of an employment guarantee in South Africa at present, insofar as this is assessed within the framework of current macro-economic assumptions – and despite the compelling economic case for the stimulus effects such an approach could have (Tcherneva 2007).

This is coupled with recognition of the implementation challenges a guarantee would require, with a need to build the institutional architecture for such scale. This would require current capacity across EPWP and the Presidential Employment Stimulus to double and double again. It can no doubt be done, but it would need a phased approach – which is, indeed, how India's MGNREGA was implemented. In policy terms, important questions that need to be asked are: what scale of capacity and/or systems need to be in place before the policy promise of a guarantee is made? Or does the policy commitment come first? What 'proofs of concept' can be supported?

As MGNREGA has also illustrated, an employment guarantee does not have to be universal to nevertheless introduce a rights-based element into the employment landscape. In the case of India, for example, the guarantee is confined to rural households.

If a universal guarantee seems out of reach, what forms of targeted guarantee might be seen as justifiable as an entry point for rights-based approaches in the South African employment landscape? The challenge here is that given the scale of unemployment and its presence across different categories of the total population, a limited guarantee might be 'universal' within one category of the unemployed – but nevertheless be inequitable because it would crowd in resources for one group while excluding or at least circumscribing support to other categories. The rationale for 'privileging' any group within the unemployed would need to be robust. A targeted guarantee is still a form of targeting.

However, in South Africa, the focus of rights based and universal approaches within the realm of social protection is currently strongly focused on the future of the SRD grant and the potential institutionalisation of a Basic Income Grant. Is there policy space for a second 'front' in this regard? The risk is that these instruments are once more traded off against each other, with the possibility of a workfare model for PEPs in which work becomes a conditionality of social assistance.

## 8. Conclusions

If employment is at the interface between the social and the economic, then the policy case for PEPs is at this same interface. Part of this policy case is rooted in elements of social justice and social protection, in turn embedded as a fundamental part of the social contract and assumptions of reciprocity and mutual support on which societies are founded. Part of the rationale is rooted in the economic case, in relation to its roles as an economic stimulus, as part of economic inclusion, with potential impacts in relation to productivity and as part of Active Labour Market Policies. These dimensions of the policy case for PEPs have different levels of salience across the spectrum of unemployed people – with a need for design to reflect that spectrum also. For those least likely to gain access to the labour market, part-time programmes of longer duration may be needed to provide support scaffolding that lifts people above the poverty line, while creating a framework in which they are able to build and strengthen other contributions to their livelihoods. For those closer to the labour market who nevertheless face significant barriers to entry, an episode of meaningful work experience may assist in overcoming these.

In South Africa, the deeply structural nature of unemployment and the ways in which it reproduces poverty and inequality mean that the policy response in this area cannot simply be seen as a crisis response or as a transient one – which are the terms in which it is often presented. While certainly, it can be expected that structural reforms and other interventions will unlock greater demand for labour, there needs to be a realism about the speed and scale with which this is likely to bring unemployment down to levels that cease to be socially corrosive. There is also a need for realism about the possibility that the depth of the structural challenges mean a misalignment between demand and supply of labour will remain baked into the structure of our economy, with an ongoing need for public support to employment to enable this vital form of economic participation – and social protection.

Within the social protection landscape, the advent of the SRD Grant means public employment no longer has to function as a form of proxy for a missing layer of social assistance. This allows public employment programmes to focus on what differentiates them from social assistance – which is the added value of work, for participants and in terms of the significant social value that can be created by such work. With appropriate design – a vital caveat – public employment programmes can contribute to the promotive, transformative and developmental dimensions of social protection, in ways that in turn

strengthen pathways out of poverty and towards the greater social and economic inclusion that are the focus of these. They can also contribute to the realisation of most of the Sustainable Development Goals.

Part of the challenge now is to translate that opportunity into reality; to use this moment to design and deliver more integrated approaches to these challenges and for PEPs to amplify the impacts of work: which is what sets them apart as a development instrument.



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