

WAR ON POVERTY

The Role of Public Private Partnerships in Poverty Alleviation in South Africa

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National War Room

Department of Rural Development and Land Reform

184 Jacob Mare Street

Pretoria



Presentation Outline

- Introduction
- Problem Statement
- Government Priorities and Initiatives
- Approach & Model
- Public Private Partnerships
- Conclusion
- Way Forward



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Introduction



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Scene Setting

- Socially engineered and racial-based poverty sustained by the Apartheid system
- Forced removals of people from their land
- Black homelands and over-crowded, poorly serviced Black, Coloured and Indian townships
- Absence of social justice and restitution mechanisms
- Creation of a microcosm for poverty and its accompanying social ills
- **Birth of a social movement to fight Apartheid**
- Rejection of Apartheid and the dawn of universal suffrage in 1994



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The Problem Statement

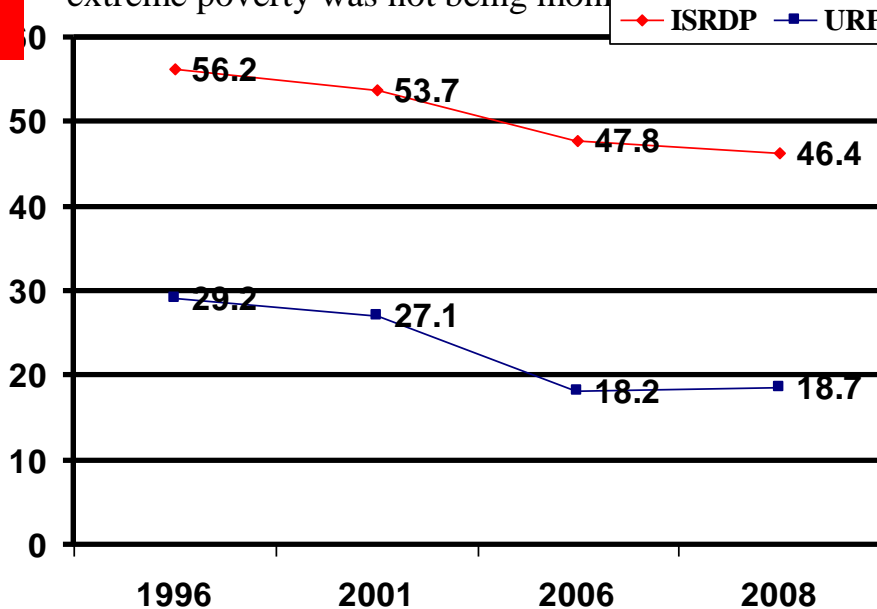


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Problem

The Review of Ten Years of Democracy findings

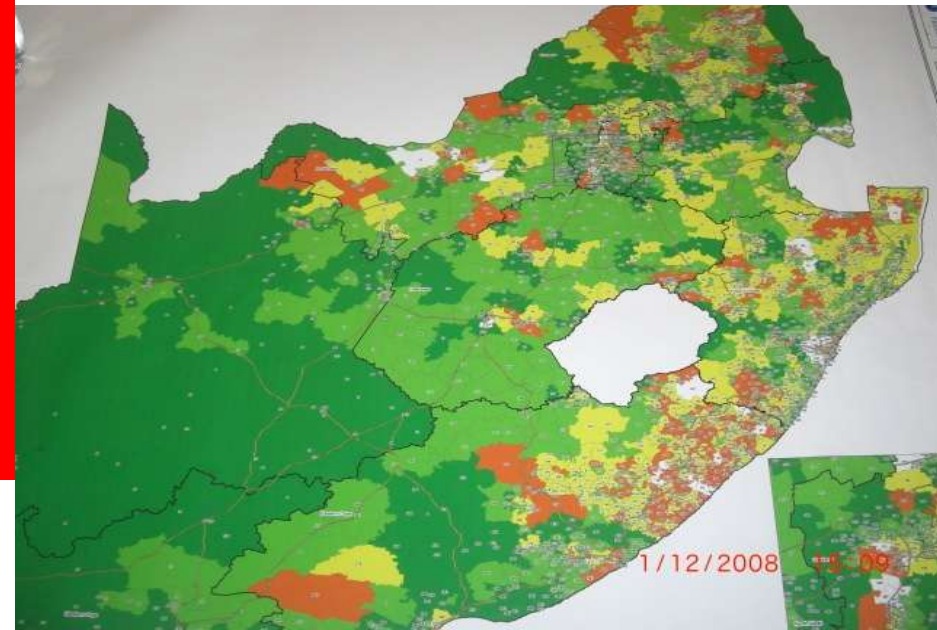
- Anti-poverty measures reduced poverty from 1994
- No comprehensive national anti-poverty strategy
- Measures were adhoc, unaligned & uncoordinated
- No comprehensive & credible information about the conditions of the extremely poor
- Progress and graduation of poor households from extreme poverty was not being monitored



Continued lack of access to existing programmes:

Eg. 2 mil people who qualify don't access SASSA Services

Defect No. 2



Persistent poverty & rising inequalities

- Rising inequalities especially among black people
- 43% of people still live in poverty
- urban poverty was rising
- rural poverty decline was slowing down
- rural poverty was more than twice urban poverty
- Amidst periods of unprecedented economic growth!
- Before the crises of food prices, fuel and finance!!

Defect No.3



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First Generation Social Programmes

- Social grants and pensions
- Cash transfers
- Wage subsidies

However,

- Point of departure treats the poor as a residual category requiring discrete (social) policies that are weakly related to economic development
- Poverty reduction approach is **delinked from inequality**
- Poverty eradication viewed predominantly as a government project with very little or no role for non-governmental actors



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Government Priorities and Initiatives



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Development Imperatives & Context

■ Developmental State:

- Redistribution of national wealth and heritage
- Nation building
- Equality and equal opportunities
- Economic development
- Human capital development
- Social capital development



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Government's Broad Agenda

■ Five Priorities of Government:

- Rural development
- Sustainable and inclusive economic development
- Agrarian reform
- Infrastructure development
- Meaningful job creation

■ The Ten Outcomes of Government

■ Constitutional imperatives

■ International commitments and obligations

■ Universal suffrage



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New Approach & Model



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New Anti-Poverty Approach

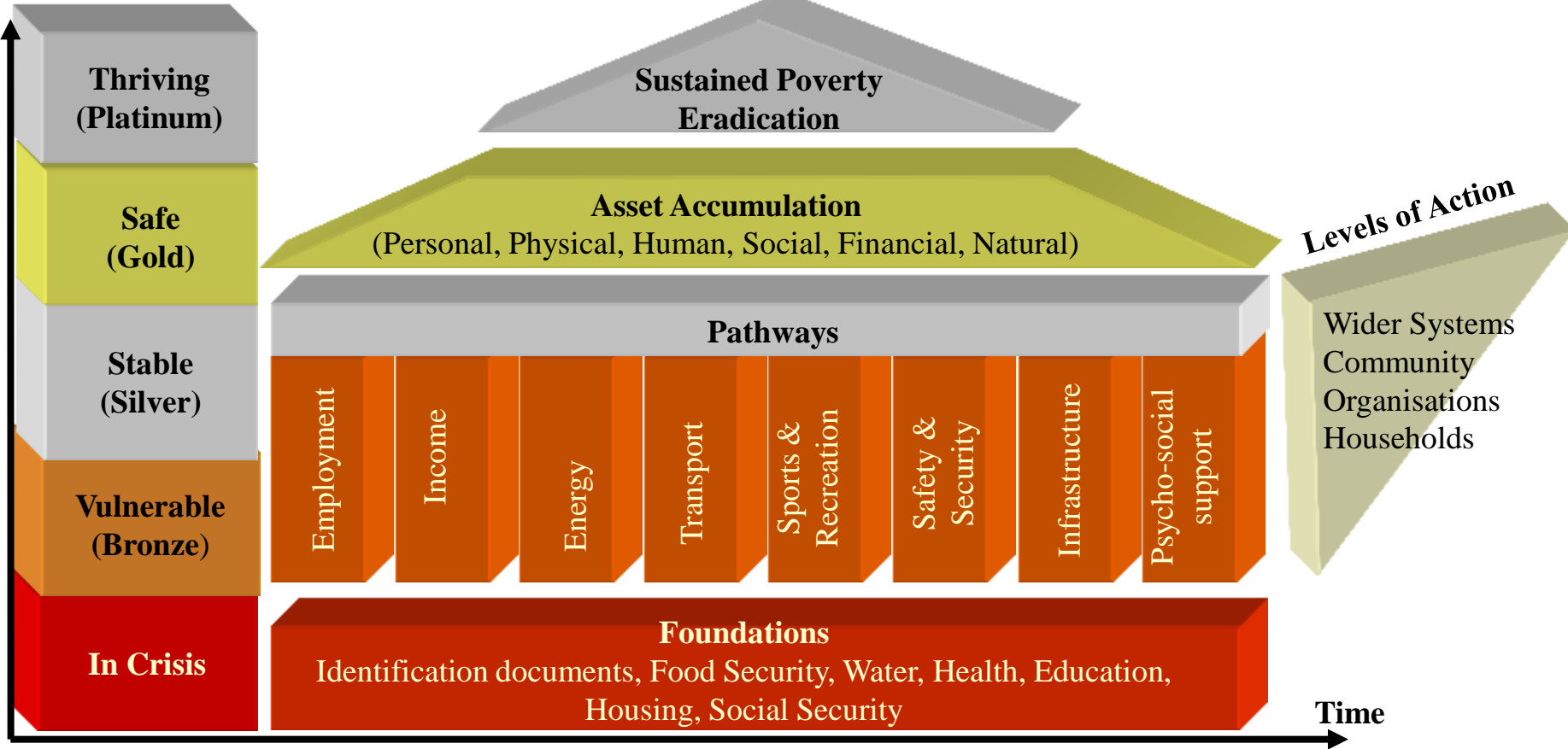
- International contemporary approaches
- Project to reduce poverty and inequality seen as an opportunity for transformations and institutional changes (building a competent State with the capacity to deliver and engage partnerships)
- The **Agenda** for poverty eradication is cast within broader objectives such as solidarity, unity, social cohesion, nation building, etc.
- Pitches poverty eradication and inequality reduction within a much long-term and broader objective of societal transformation and structural change
- Poverty eradication is a **National Agenda** and requires a social compact between Government, Business, Labour and Civil Society



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National Strategic Framework

Human Condition
Thresholds



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Implementation Mechanism

- Civic participation
- Public Private Partnerships
- Volunteerism
- Sweat equity
- Social compact

**NEED FOR SECOND GENERATION PROGRAMMES THAT
BUILD UPON THE FIRST GENERATION PROGRAMMES**



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Public Private Partnerships



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Public Private Partnerships (PPPs)

- PPPs are not a buzz word but the blood of a developmental state
- PPPs are the pillar of nation building and solidarity
- Use of **Corporate Social Responsibility** and **Corporate Social Investment** as building blocks for national solidarity and poverty alleviation
- Anchored in the New Growth Path Framework
- Expressed through Outcomes 4 & 7 of Government
- Opens up opportunities for national dialogue towards an effective National Development Framework



Public Private Partnerships (cont...)

- Voluntary aspect: (Corporate Social Responsibility)
- Legislative aspect: (Corporate Social Investment)
 - King's Commission
 - Sullivan principles
 - Minerals and Petroleum Resources Development Act
 - Skills Development Act
 - Social and Labour plans
 - Industry charters and transformation scorecards
 - BEE Codes
 - JSE (Social Responsibility Index)



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Public Private Partnerships (cont...)

- Recognition by Government of the role of CSR and CSI in poverty reduction and alleviation
- The corporate world's huge investment in social spend – R4 billion in 2008 alone
- The social spend is mainly in education, training, job creation, health, social welfare, sport and recreation, and other causes
- However, the social spend of the corporate world pales into insignificance when compared to government's social wage bill – R102 billion in 2009 alone
- If you add free basic services, no fee schools, school nutrition, etc., government's social spend is immensely significant



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Public Private Partnerships (cont...)

- South Africa remains the leading country in terms inequalities (a title until recently held by Brazil)
- South Africa will only win its battle against systemic poverty if we are able to deal with our job crisis, carry out a successful land reform programme, and implement an inclusive rural development programme (Chinese Model)
- Our economy needs to be able to retain labour, absorb labour in the short to medium –term
- The long-term solution lies in investing in human capital so that we do not have a similar skills deficit amongst the next generation of South Africans (currently colour defined)



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Government's Call

- Is not for the cash value of CSI but the **value add** of business skills, expertise, and partnerships
- This suggests that a more **robust partnership** between business, civil society and government needs to be nurtured
- **Good Corporate Citizenship** implies that Corporates need to support policies wherein society takes **collective responsibility** for addressing the ills of society
- The 4 to 5 billion rand average annual corporate social spend needs to impact on government's anti-poverty campaign
- Need to crowd-in public and private resources in poor communities of South Africa



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National Stewardship of PPPs

- PPPs require national stewardship to take off and sustain themselves
- They require the following qualities:
 - Visionary leadership
 - Forward looking
 - Short-term and long-term anchors
 - Engagement with the people
 - Ability to define true service
 - Generation of a deep sense of trust and safety
 - Ability to manage social conflict
- Eminent South Africans need to provide anchors to PPPs



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Conclusion

- In return we hope for the following outcomes:
 - Common values and a civic culture
 - Social solidarity and reduction in wealth disparities
 - Increased social networks and social capital
 - Place attachment and identity



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The Way Forward

- The need for 2nd generation programmes that address the new challenges of persistent poverty and rising inequality in order to provide the bridge from social to economic development;
- The need for strategic public private partnerships for the development of a clear policy and legislation to decisively address poverty and inequality in South Africa;
- Accept that the human capital of South Africa can only be built on sweat equity led by public private partnerships



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Thank you!

