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**"Social security in a long life society"**

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## **Extending social protection to families in the African context: The complementary role of formal and informal social security**

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# **EXTENDING SOCIAL PROTECTION TO FAMILIES IN THE AFRICAN CONTEXT: THE COMPLEMENTARY ROLE OF FORMAL AND INFORMAL SOCIAL SECURITY\***

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Marius Paul Olivier\*\* and Letlhokwa George Mpedi\*\*\*

## **Abstract**

The paper reflects critically on the complementary role played by informal and formal social security in enhancing family solidarity in the African, and particularly the southern African context. In addition, the paper explores the phenomenon that many African households survive on the basis of a combination of formal social security transfers and informal coping mechanisms. It finally explores possibilities for interaction between public or governmental interventions, on the one hand, and family or household support, on the other hand, viewed from the perspective of an integrated formal and informal social security approach. It addresses in particular possible avenues for strengthening informal social security and linking informal and formal social security arrangements.

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# **EXTENDING SOCIAL PROTECTION TO FAMILIES IN THE AFRICAN CONTEXT: THE COMPLEMENTARY ROLE OF FORMAL AND INFORMAL SOCIAL SECURITY\***

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## **1. INTRODUCTION**

The paper reflects critically on the complementary role played by informal and formal social security in enhancing family solidarity in the African, and particularly the southern African context. Drawing on the results of two recently completed research projects in South, southern and eastern Africa, the paper explores the phenomenon that many African households survive on the basis of a combination of formal social security transfers and informal coping mechanisms. A specific focus of this phenomenon is investigated in particular, namely the fact that formal social assistance transfers targeted at individuals have a much wider distributional impact, in that they effectively extend coverage to whole households and families. Also, while in traditional households older people would be taken care of by younger family members, this has to a large extent changed dramatically over the last ten years - given the prevalence of HIV/Aids and urbanization tendencies. And yet, it would appear that the formal social security system in the African context is unable, on its own, to extend protection to families generally. This is caused by a range of interlinking factors, such as: the formal employment basis of the present (formal) social security system; the urban bias of the formal system; the restricted family concept underlying much of the formal system, which does not reflect the family context in Africa; and the limited concept (for social security purposes) of work, which does not encapsulate the productive and reproductive work in which women are involved. However, despite the importance of informal social security coping mechanisms, it would appear that these are also often subject to limitations - as is evident from their limited effectiveness, reach and sustainability. Therefore, it is suggested, an integrated and coordinated approach towards social protection for families in the African context need to be adopted, embracing both formal and informal social security elements.

Bearing in mind the above, the paper finally explores possibilities for interaction between public or governmental interventions, on the one hand, and family or household support, on the other hand, viewed from the perspective of an integrated formal and informal social security approach. It addresses in particular possible avenues for strengthening informal social security and linking informal and formal social security arrangements. This, it is advocated, could also be facilitated by a rights-based approach. In terms of this the welfare rights of vulnerable family

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members, in particular the old, the young, the disabled, and (rural-based) females, would require appropriate governmental responses in the areas of formal and informal social security, in order to ensure sustainable social protection.

## 2. SOCIAL PROTECTION IN SOUTH AFRICA

### 2.1 Introduction

According to the Asian Development Bank (ADB) ‘social protection’:

“...consists of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, enhancing their capacity to protect themselves against hazards and interruption/loss of income.”<sup>1</sup>

The aim of social protection, for that reason, is to avert or minimise social risks - in that way preventing or minimising human damage - by increasing capabilities and opportunities.<sup>2</sup> As noted by the UN Commission:

“The ultimate purpose of social protection is to increase capabilities and opportunities and, thereby, human development. While by its very nature social protection aims at providing at least minimum standards of well-being to people in dire circumstances enabling them to live with dignity, one should not overlook that social protection should not simply be seen as a residual policy function of assuring the welfare of the poorest – but as a foundation at a societal level for promoting social justice and social cohesion, developing human capabilities and promoting economic dynamism and creativity.”<sup>3</sup>

Building on these approaches, the Committee of Inquiry into a Comprehensive System of Social Security for South Africa (the Committee) recently adopted a broad approach to the concept of social protection, referred to as ‘Comprehensive Social Protection’ (CSP).<sup>4</sup> The Committee notes the description afforded by the United Nations Commission on Social Development, namely that:

"Social protection embodies society's responses to levels of either risk or deprivation... These include secure access to income, livelihood, employment, health and education services, nutrition and shelter."<sup>5</sup>

<sup>1</sup> Asian Development Bank “Social Protection: Reducing risks, increasing opportunities” – accessed at <http://www.adb.org/SocialProtection/default.asp>.

<sup>2</sup> Social protection is, as pointed out by Norton A *et al* (Norton A *et al* “Social protection: Defining the field of action and policy” (2002) 20 *Development Policy Review* 541 at 545), necessary so as to “(i) develop social support for reform programmes; (ii) promote social justice and equity, and make growth more efficient and equitable; (iii) provide policy-led support to those outside the labour market or with insufficient assets to achieve a secure livelihood; (iv) provide all citizens with protection against risk (including financial crises); (v) ensure basic acceptable livelihood standards for all; (vi) facilitate investment in human capital for poor households and communities; (vii) enable people to take economic risks; (viii) promote social cohesion and stability; (ix) compensate for declining effectiveness of traditional and informal systems for sustaining livelihood security; and (x) ensure continuity of access for all to the basic services necessary for developing human capital and meeting basic needs.”

<sup>3</sup> United Nations *Enhancing Social Protection and Reducing Vulnerability in a Globalising World: Report of the Secretary-General* (39<sup>th</sup> Session of the Commission for Social Development (2000)).

<sup>4</sup> Committee of Inquiry into a Comprehensive System of Social Security for South Africa *Transforming the Present – Protecting the Future* (Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa (2002)) 41.

<sup>5</sup> Committee of Inquiry into a Comprehensive System of Social Security for South Africa *Transforming the Present – Protecting the Future* 40.

The Committee defines CSP as follows:

“Comprehensive social protection for South Africa seeks to provide the basic means for all people living in the country to effectively participate and advance in social and economic life, and in turn to contribute to social and economic development.

Comprehensive social protection is broader than the traditional concept of social security, and incorporates developmental strategies and programmes designed to ensure, collectively, at least a minimum acceptable living standard for all citizens. It embraces the traditional measures of social insurance, social assistance and social services, but goes beyond that to focus on causality through an integrated policy approach including many of the developmental initiatives undertaken by the State.”<sup>6</sup>

The CSP concept operates through a built-in package of social protection interventions and measures (captured in **Table 1** below) such as (a) measures to address “income poverty” (provision of minimum income), (b) measures to address “capability poverty” (provision of certain basic services), (c) measures to address asset poverty” (income-generating assets) and (d) measures to address “special needs” (eg disability or child support). The advantage of this ‘package’ approach’ is that it ‘enables one to achieve a degree of balance between measures focused on reducing income, services (capability) and asset poverty.’<sup>7</sup>

**Table 1: Comprehensive Social Protection Package and Components**

	<b>Application</b>	<b>Key components</b>
Income poverty	Universal (a)	<ul style="list-style-type: none"> <li>• Basic Income Grant</li> <li>• Child support grant</li> <li>• Maintained state Old Age grant</li> </ul>
Capability poverty	Universal/Eligibility criteria (b)	<ul style="list-style-type: none"> <li>• Free and adequate publicly-provided healthcare</li> <li>• Free primary and secondary education</li> <li>• Free electricity (lifeline)</li> <li>• Accessible and affordable public transport</li> <li>• Access to affordable and adequate housing</li> <li>• Access to jobs and skills training</li> </ul>
Asset poverty	Universal/Eligibility criteria (c)	<ul style="list-style-type: none"> <li>• Access to productive and income-generating assets such as land and credit</li> <li>• Access to social assets such as community infrastructure</li> </ul>
Special needs	Eligibility criteria (d)	<ul style="list-style-type: none"> <li>• Reformed disability grant, foster care grants, child dependency grant</li> </ul>
Social insurance	Eligibility (e)	<ul style="list-style-type: none"> <li>• Cover for old age, survivors’, disability, unemployment, and health needs</li> </ul>

Source: *Transforming the Present – Protecting the Future*

## 2.2 Social protection system

### 2.2.1 Introduction

There are, generally speaking, five main areas of social protection – namely labour market policies, social insurance, social assistance, micro- and area-based schemes

<sup>6</sup> Committee of Inquiry into a Comprehensive System of Social Security for South Africa *Transforming the Present – Protecting the Future* 41.

<sup>7</sup> *Ibid.*

and child protection.<sup>8</sup> Without taking anything away from the other three main areas of social protection, social insurance and social assistance have, by far, proved to be the mainstay of the South African social protection system.

### 2.2.2 Social insurance

The South African social insurance system is largely linked to formal employment. This results in a situation whereby large pockets of the rural and urban poor and the informally employed amongst them are being excluded and marginalized. As a precondition for coverage, a majority of the social insurance schemes would require of participants or contributors, and often also of beneficiaries, to fall within the ‘employee’ definition. The downside of this approach is that the concept of ‘employee’ has been defined narrowly in a majority of the laws regulating social insurance schemes. This effectively excludes the non-formally employed and the atypically employed from their scope of coverage.

### 2.2.3 Social Assistance

A number of different grants for different beneficiaries can be found in the South African social assistance system: eg the state old age grant, the disability grant, the war veterans grant and grants for children. The following table reflects the various groups of beneficiaries, types of grants as well as the qualifying conditions:

BENEFICIARIES	TYPES OF GRANTS	ELIGIBILITY CONDITIONS
AGED PERSONS	<ul style="list-style-type: none"> <li>Old age grant<sup>9</sup></li> </ul>	<ul style="list-style-type: none"> <li>Residence in South Africa at the time of application.</li> <li>South African citizenship.</li> <li>Proof that the applicant is unable to support him-/herself.</li> <li>Proof that the applicant is not receiving a social grant.</li> <li>Any other prescribed condition(s).<sup>10</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Grant-in-aid<sup>11</sup></li> </ul>	<ul style="list-style-type: none"> <li>Physical or mental condition that requires regular attendance.</li> </ul>

<sup>8</sup> Asian Development Bank “Social Protection: Reducing risks, increasing opportunities” – accessed at <http://www.adb.org/SocialProtection/default.asp>.

<sup>9</sup> S 2(a) of the *Social Assistance Act* 59 of 1992.

<sup>10</sup> E.g. a female applicant must be 60 years of age or older whereas a male applicant must be 65 years of age or older. This distinction could be challenged as discrimination against males on the basis of age and sex. See Basson A “Discrimination in social security legislation” in Strydom EML *Essential Social Security Law* (Juta 2001) 243 – 244.

<sup>11</sup> S 2(b) of the *Social Assistance Act*.

PERSONS WITH DISABILITIES	<ul style="list-style-type: none"> <li>Disability grants<sup>12</sup></li> </ul>	<ul style="list-style-type: none"> <li>Residence in South Africa at the time of application.</li> <li>South African citizenship.</li> <li>Proof that the applicant is unable to support him-/herself.</li> <li>Proof that the applicant is not receiving a social grant</li> <li>Any other condition(s) prescribed by regulation (see reg. 2 of Regulation 418 of 31 March 1998 as amended)<sup>13</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Grant-in-aid<sup>14</sup></li> </ul>	<ul style="list-style-type: none"> <li>Physical or mental condition that requires regular attendance.</li> </ul>
WAR VETERANS	<ul style="list-style-type: none"> <li>War veterans Grant<sup>15</sup></li> </ul>	<ul style="list-style-type: none"> <li>60 years of age or older.</li> <li>Unable to sufficiently provide for himself or herself due to a physical or mentally disability.</li> <li>Once served in the South African defence force during certain wars.</li> <li>Proof that he/she was in the defence force during one of the specified wars.</li> <li>Any other prescribed condition(s).<sup>16</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Grant-in-aid<sup>17</sup></li> </ul>	<ul style="list-style-type: none"> <li>Physical or mental condition that requires regular attendance.</li> </ul>
	<ul style="list-style-type: none"> <li>Supplementary grants<sup>18</sup></li> </ul>	<ul style="list-style-type: none"> <li>Supplementary grants are paid in addition to a social grant.<sup>19</sup></li> </ul>

<sup>12</sup> *Ibid.* The grant can be temporary or permanent.

<sup>13</sup> The applicant, for example, must be older than 18 years and the disability must have been confirmed by a medical report issued by a medical officer.

<sup>14</sup> S 2.

<sup>15</sup> *Ibid.*

<sup>16</sup> S 3 (d).

<sup>17</sup> S 2.

<sup>18</sup> *Ibid.*

<sup>19</sup> Reg 6 Social Assistance Act Regulations of 1998 (as amended).

CHILDREN	<ul style="list-style-type: none"> <li>Child support grant<sup>20</sup></li> </ul>	<ul style="list-style-type: none"> <li>Primary care-giver who cares for a child or children (unlimited number of biological children and up to a maximum of 6 other children).</li> <li>Child or children under the age of seven.<sup>21</sup></li> <li>The care-giver must not be in receipt of income in respect of the child or children.</li> <li>Residence in South Africa at the time of application (both the primary care-giver and the child).</li> <li>South African citizenship (both the primary care-giver and the child).</li> <li>Any other prescribed condition(s).<sup>22</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Care-dependency grant<sup>23</sup></li> </ul>	<ul style="list-style-type: none"> <li>Residence in South Africa at the time of application (both the foster parent and the child).</li> <li>South African citizenship (in the case of parent and his or her child).</li> <li>Any other prescribed condition(s).<sup>24</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Foster care grant<sup>25</sup></li> </ul>	<ul style="list-style-type: none"> <li>Residence in South Africa at the time of application (both foster parent and the child).</li> <li>Any other prescribed condition(s).<sup>26</sup></li> </ul>

The social assistance grant system is, therefore, characterised by: (a) a categorical approach, in that grants are only available for certain categories of people in need, thereby excluding large categories of vulnerable people in South Africa from coverage; (b) means testing, aimed at targeting categories of poor people; and (c) with one exception, a citizenship restriction, thereby effectively excluding non South African citizens from coverage.

In January 2002, 4 356 320 people were reported to benefit from grant system.<sup>27</sup> In many instances, predominantly in black households, grants (more especially old age grants) are the only family income. Old age grants in particular are used not only to see the elderly through their old age, but they also stretch far beyond that to cater for the needs of the family.<sup>28</sup> Lund and Patel remark that:

<sup>20</sup> S 2(d) of the *Social Assistance Act*.

<sup>21</sup> It was recently announced that the qualifying age for the child support grant will be incrementally increased over a three year period to (eventually) cover children under the age of 14 who meet the other qualifying criteria.

<sup>22</sup> See Reg 3.

<sup>23</sup> S 2(g) of the *Social Assistance Act*.

<sup>24</sup> See Reg 5.

<sup>25</sup> S 2(e) of the *Social Assistance Act*.

<sup>26</sup> See Reg 4.

<sup>27</sup> Progress Report: Department of Social Development (March 2002) 6.

<sup>28</sup> See, for example, Case A *Does money protect health status? Evidence from South African Pensions* (NBER Working Paper Series (2001)), Borat H "Is a universal grant the answer?" (2002) 26 *SA Labour Bulletin* 19 at 20 – 21, Borat H "A universal income grant scheme for South Africa: An empirical assessment" – accessed at <http://www.sarpn.org.za>, Lloyd-Sherlock P "Old age and poverty in developing countries: New policy challenges" (2000) 28 *World Development* 2157 at 2162 – 2163, Barrientos A and Lloyd-Sherlock P "Non-contributory pensions and social protection" (NCPPS (2002)) – accessed at <http://idpm.man.ac.uk/ncpps>, Graham-Brown S "Social protection in South Africa" (2002) *NCPPS Newsletter* 3 – accessed at <http://idpm.man.ac.uk/ncpps>, Samson M *et al Research Review on Social Security Reform and the Basic Income Grant for South Africa* (ILO and EPRI (2002)), Duflo E *Grandmothers and Granddaughters: Old Age Pensions and Intra-Household*

“Among the African population, a quarter of all households have at least one recipient of old age pensions. Pensions constitute a larger part of all household income in rural areas than in urban areas, in households headed by women, and poorer households. Households in the lowest income bracket are there partly because they do not have an older person to receive an old age pension.”<sup>29</sup>

The grants – in particular the state old age grant – therefore, have both a direct and indirect or distributional impact. While the grant is estimated to reduce the poverty gap for older persons by 94%, it has been reported, on the basis of a study in the KwaZulu Natal province, that the pension income made up more than half the income of a third of rural households.<sup>30</sup> Similarly, research conducted<sup>31</sup> in 1999 found that the grant is used to support entire households, many consisting of three generations.<sup>32</sup> Also, the Welfare White Paper indicated that the social assistance-based old-age grant serves the purpose of supporting an additional five members of an African household.<sup>33</sup>

Notwithstanding the poverty alleviation role played by social grants, particularly in poor families, the take-up rate of social grants is still a cause of concern. This is because social welfare services, which incorporate social grants, are not accessible to all South Africans – more especially when it comes to people who live in rural, semi-urban and informal settings. The non-accessibility of social welfare services is, among other things, fuelled by ignorance and illiteracy among the prospective beneficiaries. While lack of knowledge of eligibility can be cited as one of the problems, many of the potential beneficiaries cannot read nor write and as a result find it a tedious exercise to apply for social grants. According to a recent governmental report:

“...[o]lder persons who are caregivers of young children are not aware of the availability of other grants such as the Child Support Grant, the Care Dependency Grant for disabled children and the Foster Care Grant.”<sup>34</sup>

### 3. ISSUES AND CHALLENGES FACING SOCIAL PROTECTION

#### 3.1 Introduction

Social protection for all in South Africa continues to be a major challenge. There are a wide variety of stumbling blocs on the path of endeavours to extend social protection to all present in South Africa. These social protection challenges, which pose a

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*Allocation in South Africa* (NBER Working Paper Series (2000)) and Alderman H *Safety Nets and Income Transfers in South Africa* (World Bank (1999)).

<sup>29</sup> Lund F and Patel Z “Socio-economic context of health” 1995 *South African Health Review* – accessed at <http://www.hst.org.za/sahr/chap2.htm>.

<sup>30</sup> Ardington E & Lund F *Pensions and Development: The Social Security System as a Complementary track to Programmes of Reconstruction and Development* (Centre for Social and Development Studies, University of Natal, 1994). The 1999/2000 Race Relations Survey confirms this was still true in 1997: South African Institute of Race Relations *Annual Survey*, at 274.

<sup>31</sup> By Help Age International.

<sup>32</sup> The result is that the basic needs of older persons in poor households are not met: 1994-2002 *National report on the status of older people* par 3.1.

<sup>33</sup> White Paper for Social Welfare (Government Gazette 18166 Government Notice 1108, 8 August 1997) ch 7.

<sup>34</sup> 1994 – 2002 *National Report on the Status of Older Persons* Report to the Second World Assembly on Ageing: South Africa, Madrid, Spain, April 2002 at 23.

serious threat to the future viability of the current social protection schemes,<sup>35</sup> are mainly of a social and/or economic nature.

## 3.2 Social challenges

### 3.2.1 South Africa's infamous past

South Africa's peaceful transition from apartheid to democracy, just like the fall of the Berlin wall, couldn't have come at a better time. The first democratic government inherited a host of problems from its predecessor:

“Apartheid left a legacy of human underdevelopment, the large-scale disintegration of communities and families, and a culture that did not respect human dignity or human life.

The first democratic government of South Africa inherited a society in which:

- The distribution of wealth and income was skewed along racial lines. Sixty-one percent of African people were classified as poor, in contrast to one percent of Whites classified as poor.
- Many households had unsatisfactory access to housing, clean water, energy, health care and education.
- Seventy-two percent of the poor lived in rural areas and the poverty rate in rural areas was 71 percent.
- Land ownership was racially skewed and racially-based land policies were a cause of insecurity of tenure, landlessness and poverty amongst Black people.
- Social services and social security for Black people were inferior to those provided to White people.

The major challenge for the incoming government was to redress the imbalances of the past and ensure sustainable human development within the context of globalisation.”<sup>36</sup>

It has been almost a decade since South Africa has experienced a peaceful conversion from apartheid to democracy. Be that as it may, poverty and inequality, which can be traced back to South Africa's apartheid past, continue to wreak havoc on the society and its social protection system.<sup>37</sup>

### 3.2.2 Poverty and inequality

South Africa's reputation as one of the most unequal societies in the world bears testimony to the continuing inequality crisis South Africa has to grapple with.<sup>38</sup> Many

<sup>35</sup> Sarfati H “Interactions between major labour market changes and social protection reform” (1999) – accessed at <http://www.etuc.org/ETUI/Publications/DWP/sarfati.PDF>.

<sup>36</sup> Report to the Second World Assembly on Ageing: South Africa, Madrid, Spain, April 2002 at 9.

<sup>37</sup> See, for example, Van der Berg S “Education, poverty and inequality in South Africa” Paper presented at the Conference on Economic Growth and Poverty in Africa, Oxford, 18 – 19 March 2002, Naudé W and Jansen van Rensburg L “Understanding poverty as a human rights violation: The case of legal reform and local economic development in South Africa” Paper presented at the Conference on Economic Growth and Poverty in Africa, Oxford, 18 – 19 March 2002, Carter M and May J “Poverty, livelihood and class in rural South Africa” (2001) 27 *World Development* 1, Carter M and May J “One kind of freedom: Poverty dynamics in post-apartheid South Africa” (2001) 29 *World Development* 1987 and Swartz L “Poverty, population dynamics and unemployment in South Africa, with reference to the four major racial groups” Paper presented at the Joint Population Conference, University of Pretoria, 2 – 4 October 2001.

<sup>38</sup> See, for example, May J (ed) *Poverty and Inequality in South Africa* (Report Prepared for the Office of the Executive Deputy President and the Inter-Ministerial Committee for Poverty and Inequality (1998)).

South Africans live below the breadline. Similarly to many developing countries, poverty in South Africa is more rife in rural areas than in urban areas. This is mainly because rural areas are, generally, isolated from urban areas where there are industries (and supposedly job opportunities). In addition, people who are unemployed, illiterate, and excluded and marginalized by the formal social security system are, in most instances, concentrated in rural areas.

The extent of poverty is illustrated by the fact, as indicated in the Poverty and Inequality report, that around 45% of the informally employed in rural areas receive an income which is below the MLL (Minimum Living Level).<sup>39</sup> It is also estimated that 45% of the South African population, i.e. 18 million people, live in abject poverty - they are mostly African, females and children, and rural.<sup>40</sup> The categories of the poor and informally employed mentioned (in particular the rural poor) fall within the lower end of the income inequality spectrum, contributing significantly to one of the highest Gini coefficients in the world.<sup>41</sup> Even more alarming is the dramatic increase of Gini on an intra-racial basis.<sup>42</sup> Informal employment activities amongst the poor are on the rise<sup>43</sup> and are often aimed at bare economic survival.<sup>44</sup> Furthermore, although the new democratic government has had some success in enhancing accessibility to resources such as housing, water, land and electricity, these programmes and initiatives are often not well co-ordinated, are sometimes not comprehensive enough,<sup>45</sup> and have partly failed to deliver as expected.<sup>46</sup> These facts and figures are so much more forceful if account is taken thereof (as noted by the Poverty and Inequality Report) that government has not yet put forward an integrated strategy for the reduction of poverty and inequality.<sup>47</sup> It is clear, therefore, that the present social security system in South Africa is for purposes of providing a true safety net for the rural and urban poor and the informally employed and structurally unemployed amongst them hugely deficient, operating within a paradigm where a consistent model for the alleviation of extreme poverty has yet to develop.

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<sup>39</sup> *Poverty and Inequality Report (PIR)* (1998) 80. This part draws on the contribution by Olivier M & Kalula E "Scope of coverage" in Olivier M *et al Social security: A legal analysis* (Butterworths, 2003).

<sup>40</sup> *PIR* 45. 10 million live in ultra poor households earning less than R193,77 per month: UNDP (2000) 55.

<sup>41</sup> *PIR* 2, 23-24: Gini measures the extent of income inequality. See also UNDP 63 and Van den Berg 482.

<sup>42</sup> Despite some decline in inter-racial income inequality, intra-racial inequalities are rising among in particular African people: cf *Transforming the Present – Protecting the Future* (Draft Consolidated Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa) (March 2002) 26.

<sup>43</sup> According to estimates based on the 1999 October Household Survey roughly 1,8 to 1,9 million people are employed in the informal sector.

<sup>44</sup> *PIR* 79.

<sup>45</sup> For example, in *Government of the Republic of South Africa v Grootboom* 2000 11 BCLR 1169 (CC) the Court found that while the state's housing policy programme has had some successes, one of the most deprived groups, notably those who have no shelter at all, has effectively been sidelined by the programme. See also *Minister of Health & others v Treatment Action Campaign & others* Case no CCT9/02 (judgement of the Constitutional Court, delivered on 5 July 2002) where the Constitutional Court criticised government for not having made available Nevirapine, a drug targeted at preventing mother to child transmission of HIV/AIDS, on a country-wide basis to expecting mothers. A declaratory and mandatory order to this effect was granted.

<sup>46</sup> For example, only one percent of land has been redistributed through the land reform programme: UNDP 59-60.

<sup>47</sup> *PIR* 15.

The poor in South Africa are to a large extent made up of women and children in rural areas. In *Transforming the Present-Protecting the Future Draft Consolidated Report*<sup>48</sup> (hereafter the Report), it is acknowledged that poverty is not an absolute or static term and any future social security system needs to recognise all the elements and forms of poverty. The Report<sup>49</sup> uncovered that:

- Forty five per cent of the population (18 million people) live on less than \$2 per day, as measured by the World Bank.
- Twenty five per cent of African children are stunted (that is, short for their age)
- Ten per cent of Africans are malnourished (that is, underweight for their age)
- Sixty per cent of the poor get no social security transfers.

Poverty has a cumulative effect in that the greater vulnerability resulting from poverty in youth tends to result in a continuous exposure to further risks (unemployment, ill health and disability) effectively trapping people and their dependants in a cycle of poverty.<sup>50</sup> Those with incomes below the poverty line, including the working poor, are without any social security transfers.

The limited nature of protection in terms of the South African social security system has, therefore, affected the poor, as well as the informally employed and structurally unemployed amongst them in particular. This stems from the fact that the social insurance system, notably unemployment insurance and compensation for work injuries and diseases, as a rule does not provide coverage to those outside formal employment. Social assistance measures seldom operate to the direct advantage of the poor and the informally employed amongst them. This follows from the targeted nature of both social services and programmes, and of the various social grants.<sup>51</sup> While reaching a sizeable number of beneficiaries, these grants provide relatively low levels of income support.<sup>52</sup> In addition, the said benefits have to cover for five additional household members in African communities, while the means tests created in order to access these grants have tended to promote a poverty trap syndrome, as it discourages private savings.<sup>53</sup>

### 3.2.3 HIV/AIDS

The high prevalence of HIV/AIDS<sup>54</sup> exacerbates the current poverty<sup>55</sup> and inequality situation in the country. HIV/AIDS is gradually and silently eroding hopes, dreams, survival opportunities, survival structures and the livelihood of the poor. The end result is perpetual abject poverty and severe destitution.

<sup>48</sup> Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa: <http://www.welfare.gov.za/documents/2002/May/chap2/pdf>

<sup>49</sup> Draft Consolidated Report 16.

<sup>50</sup> *Ibid.*

<sup>51</sup> Notably the old age grant, the disability grant and the child support grant.

<sup>52</sup> Van der Berg S "South African social security under Apartheid and beyond" 1997 14 *Development Southern Africa* 490 indicates that the value of the old age grant has systematically been eroded to such an extent that by 1993 the grant displaced 15,5% of the average wage (as opposed to 30% in 1980).

<sup>53</sup> Van der Berg 490; White Paper for Social Welfare (*Government Gazette* 18166 GN 1108, 8 August 1997) ch 7, par 4-7.

<sup>54</sup> See, UNAIDS and WHO "South Africa: Epidemiological fact sheet (2000 update) – accessed at [http://www.unaids.org/hivaidinfo/statistics/june00/fact\\_sheet/pdf/southafrica.pdf](http://www.unaids.org/hivaidinfo/statistics/june00/fact_sheet/pdf/southafrica.pdf).

<sup>55</sup> Booyesen F and Bachmann M "HIV/AIDS, poverty and growth: Evidence from a household impact study conducted in the Free State province, South Africa." Paper presented at the Conference on Economic Growth and Poverty in Africa, Oxford, 18 – 19 March 2002.

The issues here are that, firstly, when HIV/AIDS strikes, the social life of those living with the virus and those close to them takes a grave knock.<sup>56</sup> A family of five, for example, with the father being the sole breadwinner, can be ripped apart should the father be lost to HIV/AIDS. When the father is sick, the likelihood of the mother being infected as well is very high. This, therefore, means that subsequent to the death of both parents, the surviving children will have to fend for themselves. Chances of going to school are extremely slim.<sup>57</sup> In most instances, grandparents or other relatives look after the orphans:

“...the role played by family as a safety net is by far the most effective community response to the AIDS crisis. Affected households in need of food send their children to live with relatives. Relatives are then responsible for meeting the children’s food and other requirements. The preparation of food and agricultural work on the affected household’s land and overseeing livestock may well be carried out by another family member or neighbour, in addition to their own tasks.”<sup>58</sup>

For those with no relatives to care for them it means the older sibling will have to assume the role of a parent and head the household. In the short run, the aforementioned orphans could be lost to child labour, child prostitution or reduced to street kids. These consequences emanate from a variety of factors, including stigmatisation and discrimination by fellow members of the society. Discrimination frequently results in unemployment, homelessness as well as poverty.

Secondly, HIV/AIDS is impartial – it attacks both the rich and the poor, young and old, economically active and inactive and so on. Yet, the situation of the rural and urban poor is atrocious. This is mainly because:

“Poor families have reduced capacity to deal with the effects of morbidity and mortality than richer ones for very obvious reasons. These include the absence of savings and other assets which can cushion the impact of illness and death. The poor are already on the margins of survival and thus are also unable to deal with the consequent health and other costs. These include the costs of drugs when available to treat opportunistic infections, transport costs to health centres, reduced household productivity through illness and diversion of labour to caring roles, losses of employment through illness and job discrimination, funeral and related costs, and so on. In the longer term such poor households never recover even their initial level of living as their capacity is reduced through the losses of productive family members’ deaths and through migration, and the sales of any productive assets they once possessed.”<sup>59</sup>

Moreover, the precarious circumstances of the rural and the urban poor could – moderately speaking – be attributed to the truth that they account for a large chunk of those who are classified as living below the breadline; unemployed; operate in the informal economy (where there is little or no social protection); and sidelined by the formal social security system.

<sup>56</sup> See, for example, International Labour Organisation *HIV/AIDS in Africa: The impact on the world of work* (International Labour Office (2000)) 5 – 7.

<sup>57</sup> See, for example, Deininger K *et al* “Long-term welfare and investment impacts of AIDS-related changes in family composition: Evidence from Uganda” Paper presented at the Conference on Economic Growth and Poverty in Africa, Oxford, 18 – 19 March 2002.

<sup>58</sup> International Labour Organisation *HIV/AIDS: A threat to decent work, productivity and development* (International Labour Office (2000)) 9.

<sup>59</sup> Cohen D “Poverty and HIV/AIDS in Sub-Saharan Africa” SEPED Conference Paper Series 7 – accessed at [http://www.undp.org/publications/conf\\_pub.htm](http://www.undp.org/publications/conf_pub.htm).

Finally, South Africa has a large informal sector.<sup>60</sup> It has been reported that the informal economy in South Africa comprises 20% of all employment, excluding domestic workers.<sup>61</sup> Women comprise the largest share of the informal sector.<sup>62</sup> The likelihood of informal workers suffering, directly or indirectly, from the HIV/AIDS related hardships is very high. This is mainly because:

“...there are no health facilities or social protection arrangements at their workplaces; second, because, their activities are rarely based on or lead to financial security; and third, because the transient and vulnerable nature of their work means that any absence will probably result in the loss of the means of trading or production. For small and micro-business, the loss of one or more employees may have major consequences leading to the collapse of the enterprise. If the owner contracts HIV, become ill and dies, the diversion of the enterprise’s capital into treatment, care and funeral costs may ruin future investment, cause bankruptcy, and leave dependant employees and family member bereft. In the rural informal sector, the burden of care often results in the diversion of labour away from agricultural activities, while labour losses due to AIDS lead to lower food production and declining longer term food security. Overall, the downward economic spiral is felt particularly hard by small and micro-enterprises when the following pattern emerges: markets contract as consumers die or retain minimal disposable income because of the costs of health treatment and care.”<sup>63</sup>

### 3.2.4 Unemployment

Burgeoning unemployment is, increasingly so, proving to be the worst enemy of social protection in South Africa. As more and more people join the ranks of being unemployed, the continued financial viability of many formal social security schemes (eg the Unemployment Insurance Fund) and the continued existence of informal schemes (eg burial societies etc) and other informal transfers arrangements (eg kinship based transfers etc) turn out to be uncertain.

The socio-economic profile is further characterised by the exceptionally high levels of unemployment in South Africa. In 1998 already a government-commissioned poverty report indicated that structural unemployment, said to hover around a figure of between 25-30% of the economically active population of South Africa, made it extremely unlikely that large pockets of the rural and urban poor may be successful in entering the labour market in the near future.<sup>64</sup> More recent official unemployment figures, based on an expanded definition of unemployment, put the unemployment

<sup>60</sup> See, generally, Valodia I “Economic policy and women’s informal work in South Africa” (2001) 32 *Development and Change* 871 and Valodia I “Economic policy and women’s work in South Africa: Overlooking atypical work” Paper presented at the Conference of the International Association for Feminist Economies, Istanbul, Turkey, 15 – 17 August 2000.

<sup>61</sup> Dekker A “Social security for those who work informally, and informal (Community-and family-based) solutions to social protection” in Olivier M *et al* (eds) *The extension of social security protection in South Africa: A legal enquiry* (Siber Ink (2001)) 247 at 250.

<sup>62</sup> See Lund F and Sarvinas S *Learning from experience: A gendered approach to social protection for workers in the informal economy* (ILO (2000)) 4.

<sup>63</sup> International Labour Office *Draft code on HIV/AIDS and the world of work* (ILO (2001)) 25 – accessed at [http://www.ilo.org/public/english/protection/trav/aids/pdf/cprac\\_e.pdf](http://www.ilo.org/public/english/protection/trav/aids/pdf/cprac_e.pdf).

<sup>64</sup> See the government-commissioned *Poverty and Inequality in South Africa* Report, hereafter referred to as *PIR* (1998) 82. According to a ILO country report of a few year ago: “...The overall (unemployment) rate is high, with an apparently large proportion of those on the margin of the labour force having little inclination to seek employment, for one reason or another. Most of the unemployed rely on informal family income transfers. Youth make up a very large share of the unemployed and young African women have been facing the worst situation of all.” (Standing *et al Restructuring the labour market: the South African challenge* (An ILO country review) (1996) 123).

figure at 37%.<sup>65</sup> The labour market has, in fact, in recent times shed a large percentage of the labour force. There is some evidence that formal sector employment has declined both in real and relative terms over the period 1996 to 2001.<sup>66</sup>

South Africa's unemployment, which is structural and systemic in nature, is facilitated by, *inter alia*, forces intimately linked to globalisation. In addition, social protection measures, which are insurance-based and mainly linked to formal employment, are deficient. The South African unemployment protection system is characterised by exclusions and marginalisation of certain categories of persons (eg public servants, people who are not in formal employment etc), does not make provision for so-called pro-active measures (preventative and reintegrative measures) and does not grant unemployment assistance benefits. Basically, South Africa's unemployment protection system is, it seems, premised on the old belief that unemployment is transient – meaning that unemployed people will find their way back to the labour shortly after losing their jobs.

### 3.3 Economic challenges

The changeover from Fordism to McDonaldisism is becoming – increasingly so – difficult to ignore. This transition is discernable in almost every sphere of life. The continued existence of many persons, human as well as juristic, is faced with two options – either to sink or swim. This is the unfortunate reality of the information society of the 21<sup>st</sup> century. It is tantamount to stating the obvious to suggest that all these changes have been, to a large extent, precipitated by rapid technological change as well as globalisation. The world of work is increasingly reflecting the impact of these forces. The nature of work, for example, has undergone a striking change:

“... the institutional form of gainful employment is in a state of flux, for the relationship between labour supply and labour demand is repeatedly being organised by new and altered contractual forms. Employment relationships that were hitherto considered regular, i.e. permanent full-time relationships in an employee status, are visibly becoming less significant.”<sup>67</sup>

The breakaway from the traditional ways of working to e-working<sup>68</sup> provides compelling evidence to the effect that indeed the nature of work is not and will never

<sup>65</sup> South Africa's official unemployment rate for September last year rose to 30.5% from 29.4% in March 2002, according to a recent announcement (on Tuesday 25 March 2003) by Statistics South Africa. In the expanded definition of unemployment - including the so-called discouraged jobseekers - the rate stood at 41.8% in September 2002. (Six months earlier it was 40.9%.) The expanded definition includes those economically active South Africans between the ages of 15 and 65 who are willing and able to work, but have not tried to find employment four weeks prior to being surveyed.

<sup>66</sup> Recent figures show that formal sector employment declined from 6,8 million in 1996 to 6,7 million in 2001. During the same period, informal sector employment rose from 1 million to 2,7 million. The official unemployment figure rose by nearly 7% in this period, whilst the expanded unemployment figure rose by nearly 4%: *Transforming the Present – Protecting the Future* (Draft Consolidated Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa) (March 2002) 19-20.

<sup>67</sup> Hoffmann E and Walwei *The empirical change in employment forms – Empirical results and first explanatory* (Institut für Arbeitsmarkt – und Berufsforschung der Bundesanstalt für Arbeit (IAB) (1999)) 4.

<sup>68</sup> The term ‘e-work’ is, in this paper, used to refer to the type of work carried out through the aid of information and communication technologies at any location other than the traditional employer's workplace.

be the same. Notwithstanding the foregoing, the fact of the matter is that technology is here to stay. And as it improves and changes, on a daily basis, it impacts profoundly on the social protection.<sup>69</sup> When the labour market sheds the workforce in droves, many of the less skilled and less educated discarded labour force (together with their families) will suffer from social distress and this, as a result, will exert more pressure on the social protection system.

### 3.4 Political and policy responses<sup>70</sup>

It is evident that the more sensitive approach to matters of socio-economic concern since the democratic elections of 1994, the wider international context of the social security paradigm and the commitments which South Africa may incur in this regard,<sup>71</sup> as well as the need for a much more coherent approach in this area, have been playing a decisive role. Also, the constitutional imperative<sup>72</sup> supporting the extension of social security has been one of the primary driving forces behind the current interest in social security. More importantly, it is the very plight of those who are (still) excluded from the formal framework of social security, in particular the vast majority of the poor and needy who enjoy virtually no entitlement,<sup>73</sup> which has caused concern and already brought about some reconsideration of the fundamental characteristics of the system.<sup>74</sup> One of the consequences of this approach has been the establishment of a committee of enquiry<sup>75</sup> to investigate a comprehensive reform of the South African social security system. The committee recently released its draft consolidated report,<sup>76</sup> in which far-reaching changes to the system have been recommended.

## 4. EXCLUSIONS AND MARGINALISATION IN TERMS OF FORMAL SOCIAL PROTECTION SCHEMES: FACTORS CONTRIBUTING TO RELIANCE ON INFORMAL SOCIAL SECURITY

The concepts “exclusions” and “marginalisation” have, so far in this paper, been alluded to on a number of occasions. The question that should, therefore, be raised is what are the causes of the exclusion and marginalisation in social protection policies? The causes of exclusion and marginalisation in the South African social protection system are diverse. Be that as it may, the following may be cited as the primary

<sup>69</sup> See, for example, Low L “Social protection in the 'new' economy” (2002/03) *Bulletin on Asia-Pacific Perspectives* 29.

<sup>70</sup> See Olivier M & Kalula E "Scope of coverage" in Olivier M *et al Social security: A legal analysis* (Butterworths, 2003).

<sup>71</sup> The provisions of the important International Covenant on Economic, Social and Cultural Rights, adopted by the United Nations in 1966, are particularly relevant. South Africa signed the Covenant in 1994, but has to ratify it yet.

<sup>72</sup> Section 27(1)(c) of the Constitution of the Republic of South Africa 108 of 1996 grants the right to access to social security to everyone.

<sup>73</sup> See in particular the 1998 government-commissioned *Poverty and Inequality Report* (PIR), which highlights, amongst others, the lack of a coherent strategy on the part of government to deal comprehensively and effectively with the plight of the poor.

<sup>74</sup> For example, the recent introduction of the child support grant at the expense of the long-existing state maintenance grant, is a clear indication of a commitment on the part of government to let more and larger families in the impoverished section of the community benefit from state social assistance measures.

<sup>75</sup> *Committee of Inquiry into a Comprehensive System of Social Security for South Africa*.

<sup>76</sup> *Transforming the Present – Protecting the Future*.

sources of exclusion and marginalisation: (i) the formal-employment basis of the present (formal) social security system; (ii) the urban bias of the present (formal) system – effectively marginalising impoverished rural-based women (in particular); (iii) the restricted family concept underlying much of the formal system, which concept does not fully reflect the family context in South Africa; and (iv) the limited concept of work which does not encapsulate the productive and reproductive work in which women are involved. It is submitted that these very sources constitute the main reason why impoverished individuals and households, in particular, are relying on informal social security.

#### **4.1 The formal-employment basis of the present (formal) social security systems**

The vast majority of the poor in southern Africa are side-lined and marginalised by the formal social security system which – in most instances – is state operated.<sup>77</sup> The main driving force behind this trend is the tendency of the formal system to focus on those who are involved in formal employment. In view of the large informal sector found in South Africa, the majority of informal-sector workers and their families are marginalised and excluded from formal social security coverage. This is largely because (generally speaking) formal social security schemes extend coverage only to those who fit into the rather limited definition of ‘employee’. At the end of the day, many of those who are engaged in atypical work are left unprotected and at the mercy of social risks.

#### **4.2 The urban bias of the (formal) systems**

Formal social security services are, as a rule, situated in urban areas. This proves to be a serious barrier for the rural poor to access these services. The situation is exacerbated by ignorance and by the high-illiteracy rate found in rural areas. The majority of the rural poor are often not even aware of their formal social security entitlements.

#### **4.3 The restricted family concept**

The concept of ‘family’, which underlies much of the formal system, is not reflective of the true family concept as found in southern Africa. The notion of ‘family’, as used in formal social security schemes, is by and large based on the nuclear western family concept, i.e. a couple in a monogamous union, both in formal employment, one or two children, and so forth. This is not, however, indicative of ‘family’ in southern Africa, where extended families and polygamous marriages are common, especially among the rural and urban poor.

#### **4.4 The limited concept of work**

One of the major concerns regarding the definition of “work” is the inherent prejudice it carries towards women. Women perform various forms of unpaid labour in order to sustain the household. However, these forms of labour are not recognised as “work”

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<sup>77</sup> Even the private sector-based forms of formal social security in South Africa, in particular occupational-based and private retirement provisioning and health insurance, effectively exclude the poor and vulnerable, given their inability to contribute to and otherwise access these schemes.

for social security purposes. Some writers argue that the (social security) value placed on the productive and reproductive roles fulfilled by women should be increased. This will be possible only once the formal economy recognises that reproductive and unpaid work performed by women is also economic activity, albeit in the “care economy”.<sup>78</sup>

#### 4.5 Poverty<sup>79</sup>

Often, poverty itself forces poor communities to rely on informal social security mechanisms. For them, informal social security provides an indispensable means of survival, even if it may not be perceived as a sustainable option to provide long-term solutions to needs and calamities. To quote Holzmann:

“... The poor are typically most exposed to diverse risks ranging from natural (such as earthquake and flooding) to manmade (such as war and inflation), from health (such as illness) to political risks (such as discrimination), and (ii) the poor have the fewest instruments to deal with these risks (such as access to government provided income support and market-based instruments like insurance)”.<sup>80</sup>

#### 4.6 Other considerations<sup>81</sup>

It should also be borne in mind that African people, especially in rural communities, have a strong sense of pride in their own traditions and in the functioning of their communities. They therefore often resist changes which are imposed on them from the outside and which do not evolve from the communities themselves.<sup>82</sup> Informal social security is in some sense a way of life for the African people,<sup>83</sup> as informal networks reflect their values and culture.<sup>84</sup>

<sup>78</sup> See, for illuminating arguments about care work, Williams J “From difference to dominance to domesticity: Care as work, gender as tradition” (2001) 76 *Chicago-Kent Law Review* 1441, Silbaugh KB “Foreword: the structures of care work” (2001) 76 *Chicago-Kent Law Review* 1389, Fineman MA “Contract and care” (2001) 76 *Chicago-Kent Law Review* 1403, Becker M “Caring for children and caretakers” (2001) 76 *Chicago-Kent Law Review* 1495, Roberts DE “Kinship care and the price of state support for children” (2001) 76 *Chicago-Kent Law Review* 1619, McClain L “Care as a public value: Linking responsibility, resources, and republicanism” (2001) 76 *Chicago-Kent Law Review* 1673.

<sup>79</sup> See Olivier M & Dekker A “Informal social security” in Olivier M *et al Social security: A legal analysis* (Butterworths, 2003).

<sup>80</sup> Holzmann R “Risk and Vulnerability: The forward looking role of social protection in a globalizing world” forthcoming in Dowler E & Mosely P (eds) *Poverty and social exclusion in North and South Risk and Vulnerability* par I.

<sup>81</sup> See Olivier M & Dekker A “Informal social security” in Olivier M *et al Social security: A legal analysis* (Butterworths, 2003). See also pars 5.1 & 5.2 below.

<sup>82</sup> Sikhosana D *Role of advocacy and civil society groups in social security transformation* Paper presented at an International Workshop on Transformation of Social Security Systems in South Africa (2001). It flows logically that regard should be had to the existing systems of solidarity, social protection and insurance in the informal context in order to prevent imposing a social security system that will be detrimental to and weaken those traditional support mechanisms. One would expect that transformation of the present social security framework should, therefore, also aim at incorporating, developing and transforming existing informal social security with the view to strengthening solidarity, and in so doing incorporating informal mechanisms of social security into the existing social security framework of the country.

<sup>83</sup> This is illustrated in the principle of *ubuntu*, referring to mutual support and shared responsibility: see par 5.2 below.

<sup>84</sup> Kaseke *Informal social security in Eastern and Southern Africa 2*.

## 5. INFORMAL SOCIAL SECURITY COPING MECHANISMS

### 5.1 Conceptual framework

Destitution, vulnerability, poverty and social exclusion can either make or break you. This is abundantly clear from the historically disadvantaged and rural and urban poor South Africans. The precarious position which a majority of South Africans find themselves in, mainly as a result of social and economic hardships, brought many (particularly Africans) together either as families or/and communities and created a fertile environment for developing their own coping strategies. Iris Mary has captured the fundamental nature of this willpower to cope with natural as well as unnatural hardships in the following terms:

“Whenever a catastrophe happens, the poor are always the first that are hit. Whether it’s a war, or famine, or an earthquake. It’s sure that there is a lot of suffering, and a lot of moral suffering too, because the standard of living is low. But within all that, you also find the great richness of people. People who resist. The word resilience often comes to mind, because such people have been through so much, and they are the ones who will go on, they won’t give up. I find extraordinary resilience in women. If I look back at South Africa, and I think of all those instances where the men were sent to prison, I see it was the women who earned their living and sent their children to school, who got them an education. The women had to take over, and to support their husbands who were in prison at the same time. And even now, in a poor area, no matter what happens, the women always stand up to do something about it. It happens all the time.

Life continues and people just go on.”<sup>85</sup>

African families have – despite all the hardships life threw at them – long devised means and strategies to ease, prevent or cope with social risks (as recognized by the western concepts of social security) and other social hardships. These survival strategies which are commonly referred to as informal, traditional or indigenous social security, are still used in South Africa, Southern Africa and the rest of Africa.<sup>86</sup> The continued dependence on informal social security is facilitated by, apart from their precarious situation, traditional and/or cultural practices and values as well as exclusion and marginalisation from the formal system.

Informal social security systems are those self-organised informal safety-nets<sup>87</sup> which are based on membership of a particular social group or community, including, but

<sup>85</sup> Mary I “African values: Solidarity, compassion, equality” – accessed at <http://www.taize.fr/en/enplgaf2.htm>.

<sup>86</sup> Southern Africa countries are generally defined as Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. (Haddad L “Overview” in Haddad L (ed) *Achieving Food Security in Southern Africa: New Challenges, New Opportunities* (International Food Policy Research Institute (1997) 3 at 3).

<sup>87</sup> See, for further reading about the concept of informal social safety nets, Devereux S ‘*Making Less Last Longer*’: *Informal Safety Nets in Malawi* (Institute of Development Studies Discussion Paper 373 1999), Dercon S “Safety nets, savings and informal social security systems in crisis-prone economies” Paper presented at the Annual Bank Conference on Development Economics in Europe, Paris, 21 – 23 June 1999, Subbaro K *Namibia’s Social Safety Net: Issues and Options for Reform* (Policy Research Working Paper (1996)), McDonald C *et al Income Distribution, Informal Safety Nets, and Social Expenditures in Uganda* (International Monetary Fund Working Paper (1996)), Chu K and Gupta S “Social safety nets in economic reform” in Chu K and Gupta S (eds) *Social Safety Nets: Issues and recent Experiences* (International Monetary Fund (1998)) 7 at 27 and Ahmad E “Social security and the poor: Choices for developing countries” (1991) 6 *World Bank Research Observer* 105 at 111 – 112.

not limited to, family, kinship, age group, neighbourhood, profession, nationality, ethnic group, and so forth. Informal social security, as pointed out by Gsänger,<sup>88</sup> essentially rests on anyone or any combination of four security pillars:

- individual provisions based on individual economic activities (self-employed as peasants and subsistence farmers or as casual wage labourers in agriculture, or in informal off-farm jobs);
- membership of traditional solidarity networks (family, kinship, neighbourhood, etc);
- membership of co-operative or social welfare associations (self-help groups, rotating savings and credit clubs (ROSCAs), cultural associations, etc); and
- access to (non-governmental) public benefit systems (targeted transfers, donations, social services provided by voluntary organisations, churches, trade unions, etc).

Two forms of informal social security systems are identifiable, namely private-household based systems (or kinship-based systems) and member organisation based systems (or non-kinship-based systems).

#### 5.1.1 Private Household Based Systems

Private household based systems are based on kinship or family ties. Schemes which fall under this type of informal social security system may be assistance-based schemes (eg where a family provides assistance to those members who are unable to provide for themselves) or insurance-based schemes (eg a family burial society). Support provided may be in cash or in kind.

#### 5.1.2 Member Organisation Based Systems

Member Organisation-Based Systems are “non-kin based mutual aid arrangements which respond to specific social needs of their members.”<sup>89</sup> Typical examples of member-based systems are burial societies, ROSCAs and informal sector-based social security arrangements.<sup>90</sup>

<sup>88</sup> Gsänger H “Linking informal and formal social security systems” *Deutsche Stiftung für Internationale Entwicklung* – accessed at <http://www.dse.de/ef/social/gsaenger.htm>. While it should be noted that Gsänger’s observations are based on informal social security systems as found in Kenya, it nonetheless follows that these four pillars are observable in informal social security systems as found in southern Africa. See Freiberg-Strauss J *Social Security for the Poor – Options and Experiences* (Deutsche Gesellschaft für Technische Zusammenarbeit (1999)) 3.

<sup>89</sup> Kaseke E “Informal social security in eastern and southern Africa” in *Towards the Development of Social Protection in the SADC Region: Proceedings and outcomes of a conference held at the Helderfontein Conference Centre, Johannesburg, South Africa, 17 – 19 October 2001* (2002) 245.

<sup>90</sup> ROSCAs are common throughout Africa. This is evident from the various names used to identify ROSCAs that vary from one African country to the other. See Tripp AM *Non-formal Institutions, Informal Economies, and the Politics of Inclusion* (Wider Discussion Paper 2001/108) fn 6 and Madembo RC “The role of savings and credit schemes in meeting the social security needs of communal farmers” in Kaseke E (ed) *Social Security Systems in Rural Zimbabwe* (Friedrich Ebert Stiftung (1997)). The concept ROSCA has been explained as follows: “A ROSCA is a group of people who agree to make contributions to a fund which is given in whole or in part to each contributor in turn; each member makes the same contribution. After everyone has had their turn in receiving the contributions, the group may disband or start another cycle. Among rural people, the contributions are either in cash or in kind (e.g. food, agricultural inputs, kitchen utensils, etc).” (Mutangadura G *et al A*

## 5.2 The value-based spirit behind informal social security

Africans are, in their day-to-day existence, joined together by what may be termed 'African traditional values.' It is on account of these values (which are all about solidarity, collective responsibility, compassion, equality, unity, self-determination, human respect and human dignity) that individuals subsist as families and that families become closely-interlaced communities which form a large society. African traditional values are discernable in Africans' social, political and economic<sup>91</sup> activities.

African traditional values, such as *ubuntu*<sup>92</sup> and *harambee*,<sup>93</sup> constitute the basis of informal social security in Africa. As pointed out by one commentator:

*"It should, however, be emphasised that informal social security is also a way of life for the majority of the African people as it is an embodiment of their values and culture. Thus, informal social security forms part of the culture of the African people."*<sup>94</sup>

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*Review of Household and Community Responses to the HIV/AIDS Epidemic in the Rural Areas of Sub-Saharan Africa* (UNAIDS (1999)) 31).

<sup>91</sup> Traditional values and western values, in as far as business values are concerned, have been correctly differentiated by Prozesky in the following terms: "Community above individualism – it was said by traditionalist Africans (tA's) that there was insufficient sense of community in people with Western traditions, to whom it was the individual that counted. To the traditional African, the community came first; External not internal control – to "the Westerner" – the key control is within the individual who must take the right strategic decisions – the entrepreneurial sense makes success. Traditionalist Africans have strong external controls – in some sense they may feel powerless in the face of their ancestors; Supportiveness above competition – it is seen by traditionalist Africans as dehumanising to just compete – the individual is not "number one"; People, not workers/staff – should be treated as people, not workers and staff; Qualitative time – time should not be determined entirely quantitatively in terms of clock etc, but qualitatively. How this is managed in a global business perspective is a difficult question but this has to be accommodated. Leadership through care and integrity, not power and status – for tA's status will produce fear and some results but not co-operation; Holistic wealth – for tA's what is the point of success in business if it does not lead to cordial relationships, if wealth is not available and beneficial to all?" (British Chamber of Business "African business values – A global perspective" (April 2002) – accessed at <http://www.britishchamber.co.za/AfBusVal.html>).

<sup>92</sup> *Ubuntu* is a South African value which "broadly means that an individual's humanity is expressed through his relationship with others and theirs in turn through a recognition of his humanity." (Barrie GN "Ubuntu ungamuntu ngabanye abantu: The recognition of minority rights in the South African constitution" (2000) 2 *TSAR* 271 at 271). See, for the meaning of the concept of *ubuntu* and the social values it represents, Mokgoro JY "Ubuntu and the law in South Africa" Paper presented at the first Colloquium Constitution and Law held in Potchefstroom, South Africa, 31 October 1997. According to Judge Langa: "The concept [of *ubuntu*] is of some relevance to the values we need to uphold. It is culture which places some emphasis on community and on the interdependence of the members of a community. It recognises a person's status as a human being, entitled to unconditional respect, dignity, value and acceptance from the members of the community such person happens to be part of. It also entails the converse, however. The person has a corresponding duty to give the same respect, dignity, value and acceptance to each member of the community. More importantly, it regulates exercise of rights by the emphasis it lays on sharing and co-responsibility and the mutual enjoyment of rights by all." (*S v Makwanyane* 1995 3 SA 391 (CC), 1995 6 BCLR 665 (CC) par 224).

<sup>93</sup> *Harambee* is a "Swahili word that signifies that coming together relationally, facing life not alone, but pulling together, recognizing the power of one, but also the power of many one's pulling together easing the burden one might face." ("Harambee - Pulling together African Style" – accessed at <http://kabiza.com>). *Harambee* can, in addition, be described as a Kenyan value that stands for "togetherness, mutual responsibilities and mutual assistance, pulling resources together to build family and community." (Apt NA "Ageing in Africa" Paper prepared for World Congress on Medicine and Health, Hanover, 21 July – 31 August 2000. (Accessed at <http://www.mh-hannover.de>)).

In the South African constitutional context, *ubuntu* has been recognised as a value which is so fundamentally ingrained in the fabric of societal life that, according to the Constitutional Court of South Africa, it has to be elevated to the status of a constitutional value, albeit an unwritten one.<sup>95</sup> The crucial importance of this approach by the Court for the broad area of social protection and, in particular social security, is self-evident – in particular when viewed from the perspective of one of the fundamental elements of social security, namely solidarity.<sup>96</sup> This concept has also been alluded to in the White Paper for Social Welfare<sup>97</sup> as a value permeating the social security context as well.<sup>98</sup>

### 5.3 Possibilities and challenges facing informal social security

#### 5.3.1 The value and subsidiary role of informal social security arrangements

Those opposed to attaching formal recognition to informal social security arrangements argue that informal social security thrives *when* and *where* the formal system is failing to do what it is supposed to do, i.e. to provide a safety net to the vulnerable. In addition, they say that informal social security should not be romanticised as *the* safety net for the poor because it is, *inter alia*, unreliable, unstable and susceptible to external shocks. It is further argued that relieving the government from its moral and legal obligation of taking care of its vulnerable population should not be condoned, even if it is under the pretext of informal social security.

While the above arguments, looked at in isolation, may to some extent be valid, one should first appreciate the reasons for the high reliance on informal social security in South Africa, southern Africa and the rest of Africa. Yes, it is true that individuals, families and communities have to rely on informal social security by circumstances beyond their control such as exclusion and marginalisation by the formal system. It is also true that informal social security cannot provide for all the social security needs of the society.<sup>99</sup> However, in the same breath, it should be acknowledged and appreciated that informal social security is to many African individuals, communities and families a way of life. Informal social security brings out one's humaneness, it

<sup>94</sup> Kaseke E “Social security in eastern and southern Africa” in *Towards the Development of Social Protection in the SADC Region: Proceedings and outcomes of a conference held at the Helderfontein Conference Centre, Johannesburg, South Africa, 17 – 19 October 2001* (2002) 244; Sikhosana D *Role of Advocacy and Civil Society Groups in Social Security Transformation* Paper presented at an International Workshop on Transformation of Social Security Systems in South Africa (Johannesburg, 2001). It flows logically that regard should be had to the existing systems of solidarity, social protection and insurance in the informal context in order to prevent imposing a social security system that will be detrimental to and weaken those traditional support mechanisms.

<sup>95</sup> *S v Makwanyane* 1995 3 SA 391 (CC), 1995 6 BCLR 665 (CC).

<sup>96</sup> An outcome of solidarity is the prevention of social exclusion, while the effort of developing social security (and other measures aimed at the alleviation of poverty and social exclusion) must therefore be accompanied by an approach aimed at promoting this crucial sense of shared responsibility – in particular between the well-off members of society and those who live in conditions of deprivation: see ILO *An introduction into social security* (ILO (1984)) 6-7, 115.

<sup>97</sup> *Government Gazette* 18166 GN 1108, 8 August 1997.

<sup>98</sup> “The principle for caring for each other's well-being will be promoted, and a spirit of mutual support fostered. Each individual's humanity is ideally expressed through his or her relationship with others and theirs in turn through a recognition of the individual's humanity. Ubuntu means that people are people through other people.” (chapter 2 par 24)

<sup>99</sup> Apt NA “Ageing in Africa: Revisiting traditional safety nets” – accessed at [http://www.geocities.com/csps\\_Ghana/ageing/safety.html](http://www.geocities.com/csps_Ghana/ageing/safety.html).

gives one the opportunity to belong, participate and share. This is typically African. Africans, by their very African nature, approach life as a unit. Africans and their values are inseparable. This is evident from the strong sense of pride of many Africans, more especially of those who live in rural settings, who will offer resistance to anything that may threaten their sense of identity and togetherness.<sup>100</sup>

In addition, informal social security arrangements function either as independent schemes or as (unofficial) subsidiary schemes to the formal ones. The subsidiary role of informal safety nets in respect of formal systems has already been demonstrated.<sup>101</sup> Reliance on this subsidiary source may be voluntary and informed by the cultural context of informal social security in the African environment. However, what may be a natural corollary of the cultural context, could turn out to be a dramatic survival mechanism, especially in situations of deep, prolonged and systemic poverty. In South Africa, for example, the old-age grant (which is the largest social assistance programme) is – in most instances – the only form of formal income of families and households, which often comprise three generations.<sup>102</sup> This phenomenon (which is also indicative of the need for a relationship between a formal social security scheme (social assistance schemes) and an informal social security scheme (kinship-based safety net)) has been highlighted in the Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa (Report of the Committee) in the following terms:

“The SOAP [State Old Age Pension] reduces the poverty gap for pensioners by 94 per cent. Poor households that include pensioners are on average significantly less poor than households without pensioners.

‘Skip generation’ households (comprising child and grandparent), on average, have their poverty gap closed by over 60 per cent. For three-generation households the poverty gap is closed by less than 50 per cent due to the burden of the working age members.

For the average poor household without a pension-eligible member, however, social security’s impact is almost negligible. For households with no pensioners, the reduction is less than 10 per cent.”<sup>103</sup>

As discussed above, the indirect and distributional impact of formal social security transfers is, therefore, of the utmost importance for survival purposes in the South African poverty context.<sup>104</sup>

<sup>100</sup> This stems from a fact, which is often overlooked by informal social security commentators, that informal social security, in addition to providing a safety net, also provides a platform where people can meet, socialise and get to know each other. Hence there is little room in many African settings, more especially those in rural areas, for selfishness that is a characteristic of individualism. Africans, due their strong traditional values that place more emphasis on group solidarity, fathom life as a unit.

<sup>101</sup> See **Annexure A**, in particular items 3 & 4.

<sup>102</sup> See *Transforming the Present – Protecting the Future: Draft Consolidated Report* (Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa (2002)) 59, Samson M *et al* *Social Security Reform and the Basic Income Grant for South Africa* (Economic Policy Research Institute Policy Report 31 (2002)) 7 and Alderman H *Safety Nets and Income Transfers in South Africa* (World Bank Informal Discussion Papers Series (1999)).

<sup>103</sup> *Transforming the Present – Protecting the Future: Draft Consolidated Report* (Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa (2002)) 59.

<sup>104</sup> See par 2.2.3 above.

The foregoing pronouncements make it clear that informal and formal social security systems co-exist. This, however, does not imply that we must overlook the drawback of this type of transfer. Income transfers by the old to the rest of the household, irrespective of their poverty-alleviation role, weaken the impact of old age grants on the intended (individual) recipients.

The truth, however, is that many poor families base their means of support and survival strategies on informal forms of social security (where the family provides support), informal sector social security (where a member of a household is part of a social insurance scheme as part of his/her informal trade) as well as formal social assistance (where a member of the family receives a social assistance benefit, such as a disability or old age grant).

### 5.3.2 Challenges and limitations

Notwithstanding the foregoing assertions, informal social security, just like formal social security, has its own challenges and limitations. These challenges relate to its limited reliability, reach and effectiveness as a safety net. Several major challenges to informal social security have emerged. These factors are HIV/AIDS, urbanisation and migration, and education.

#### (a) HIV/AIDS

HIV/AIDS has reached pandemic levels in South Africa, southern Africa and the rest of Africa. And this situation poses a major threat to informal social security schemes in the region. Informal social support networks have proved to be major players in cushioning the negative impact of HIV/AIDS on individuals, families and communities.<sup>105</sup> As Mutangadura remarks:

*“Availability and accessibility of informal social support mechanisms is crucial for successful recovery from a death of an adult female in the household. Informal social support mechanisms refer to the inter-household relationships between the household and community members, friends, relatives, and neighbours. In times of stress, households usually resort to these relationships for help on the basis of trust and reciprocity. Traditionally it is assumed that the extended family, and the community at large assist the households experiencing*

<sup>105</sup> See, on the impact of HIV/AIDS, 'Position paper for the conference on AIDS, Livelihood and Social Change in Africa' Wageningen, 15-16 April 1999 – accessed at [http://www.sls.wau.nl/crds/congress/thm\\_01.html](http://www.sls.wau.nl/crds/congress/thm_01.html); International Labour Office *Draft code on HIV/AIDS and the world of work* (International Labour Office (2001)) 25 – accessed at [http://www.ilo.org/public/english/protection/trav/aids/pdf/cprac\\_e.pdf](http://www.ilo.org/public/english/protection/trav/aids/pdf/cprac_e.pdf); International Labour Organisation *HIV/AIDS: A threat to decent work, productivity and development* (International Labour Office (2000)) 12 and International Labour Organisation *HIV/AIDS in Africa: The impact on the world of work* (International Labour Office (2000)) 5 – 7; Walle K “The Impact of HIV/AIDS on farming households in the Monze district of Zambia” (Centre of Development Studies) – accessed at <http://www.bath.ac.uk/~hssjgc/kate.html>; Topouzis D *Implications of HIV/AIDS for rural development policy and programming: Focus on Sub-Saharan Africa* (Food and Agricultural Organization (1998)); White J and Robinson E *HIV/AIDS and Rural Livelihoods in Sub-Saharan Africa* (Natural Resources Institute (2000)) and Mutangadura G *et al A Review of Household and Community Responses to the HIV/AIDS Epidemic in the Rural Areas of Sub-Saharan Africa* (UNAIDS (1999)). See also par 3.2.3 above.

*income stress due to HIV/AIDS, send their children to live with relatives...Relatives will then be responsible for meeting the children's food requirements.*"<sup>106</sup>

As remarked by the ILO:

*"...the role played by family as a safety net is by far the most effective community response to AIDS crisis. Affected households in need of food send their children to live with relatives. Relatives are then responsible for meeting the children's food and other requirements. The preparation of food and agricultural work on the affected household's land and overseeing livestock may well be carried out by another family member or neighbour, in addition to their own tasks."*<sup>107</sup>

While the importance of informal support mechanisms to victims of HIV/AIDS in southern Africa cannot be stressed enough, one important fact remains. If HIV/AIDS continues to dominate the southern African region, the informal support mechanisms are, in the long-run, bound to fail. The increasing appearance of child-headed households clearly shows that informal social support mechanisms are under stress. As pointed out by UNICEF:

*"More children have been orphaned by Aids in Africa than anywhere else. The deep-rooted kinship systems that exist in Africa, extended-family networks of aunts and uncles, cousins and grandparents, are an age-old social safety net for such children that has long proved itself resilient even to major social changes. This is now unravelling rapidly under the strain of AIDS and soaring number of orphans in the most affected countries."*<sup>108</sup>

#### (b) Urbanisation and migration

Urbanisation and migration, which are fuelled by industrialisation and globalisation, pose a serious threat to the traditional values that form the basis of informal social security.<sup>109</sup> As pointed out by Apt:

*"Briefly put, urbanization alters individual's values, attitudes and his or her patterns of interactions and the prevailing cultural breakdown of the traditional social order and ends by undermining the traditional ability to support, integrate and provide meaning to life in one's declining years. Trends in modernization, leading to urbanization, and industrialization, leave specific impacts including physical separation of family members. To the problem of distance are added subtle changes in values associated with education, city living and access to world media."*<sup>110</sup>

<sup>106</sup> Mutangadura GB "Women and AIDS in Southern Africa: The case of Zimbabwe and its policy implications" (2001) 1 *Jenda: A Journal of Culture and African Women Studies* 1 at 4.

<sup>107</sup> International Labour Organisation *HIV/AIDS: A threat to decent work, productivity and development* (International Labour Office (2000)) 9.

<sup>108</sup> UNICEF *Children orphaned by AIDS: Front-line Responses from Eastern and Southern Africa* (UNICEF (1999)) 3.

<sup>109</sup> See, for example, Nott J and Yates S "A challenge to invisibility: Intergenerational experiences of ageing in the urban context" paper presented at the Urban Policy Group DSA Conference University of Bath, September 1999, Malhotra R and Kabeer N *Demographic transition, inter-generational contracts and old age security: An emerging challenge for social policy in developing countries* (Institute of Development Studies (2002)) and Apt NA "Rapid urbanisation and living arrangements of older persons" - accessed at [http://www.un.org/esa/population/publications/bulletin42\\_43/apt.pdf](http://www.un.org/esa/population/publications/bulletin42_43/apt.pdf).

<sup>110</sup> Apt NA "Ageing in Africa" Paper prepared for World Congress on Medicine and Health, Hanover, 21 July – 31 August 2000. (Accessed at <http://www.mh-hannover.de>).

When people migrate to urban areas they adopt, generally speaking, new ways of life which are mainly characterised by the ‘everyone for himself’ attitude and little respect for culture and its values.<sup>111</sup> Above all, they interrupt the physical support provided either on family or community basis.

According to Hjerppe:

*“Our world is turning into an urban world. Half of the earth’s population will be “urbanized” by the year 2005...From 1990 to 2030, the population is expected to grow by 3.7 billion to a total of over nine billion. Ninety per cent of this increase will occur in urban centres, and most of it will accrue to settlements in developing countries, where, in 2025, four-fifths of all city-dwellers will be living.”*<sup>112</sup>

Traditional values, as well as informal social security schemes, are - if Hjerppe’s assertions are anything to go by - facing a major challenge. This forewarns us about the importance of linking informal social security with the formal system.

### (c) Education

The aged are, according to culture and custom, the source of wisdom and a moral beacon for the young and middle aged. This has, however, changed through the years.<sup>113</sup> Education is often cited as a contributing factor:

*“Education is seen to have replaced age as the barometer of wisdom and marker of status. Increased access to modernised formal education has led to the inclusion of new values and the projection of new models of social relations in many parts of the world. This has brought the traditional roles and authority of the elderly into conflict with the values of successive generations. The role of the elder as source of wisdom and guidance is of less significance to younger generations who face a very different future.”*<sup>114</sup>

<sup>111</sup> Malhotra R and Kabeer N *Demographic transition, inter-generational contracts and old age security: An emerging challenge for social policy in developing countries* (Institute of Development Studies (2002)) 14.

<sup>112</sup> Hjerppe R “Introduction” in Hjerppe R (ed) *Urbanization: Its Global Trends, Economics and Governance* (Government Institute for Economic Research (1998)) 3 at 3. Also see Nott J and Yates S “A challenge to invisibility: Intergenerational experiences of ageing in the urban context” Paper presented at the Urban Policy Group DSA Conference ‘The Intergenerational Bargain’, University of Bath, September 1999.

<sup>113</sup> It is on account of this change that the society, politicians and the clergy are now talking about the need for moral regeneration in South Africa. See, for example, Roberts B “Africa-morality: South Africa needs moral renewal” (Agence France-Presse (2000)) – accessed at <http://www.aegis.com/news/afp/2000/AF001085.html> and Mofokeng L “Cut me out, says gospel star” (Sunday Times (South Africa) (2002)) – accessed at <http://allafrica.com/stories/200208190003.html>,

<sup>114</sup> Malhotra R and Kabeer N *Demographic transition, inter-generational contracts and old age security: An emerging challenge for social policy in developing countries* (Institute of Development Studies (2002)) 14.

## 6. EXTENDING SOCIAL PROTECTION TO FAMILIES IN AN AFRICAN CONTEXT: BUT HOW?

### 6.1 Introduction

Recent thinking, particularly from respected African scholars in the area of informal social security, supports the idea of extending social protection to families in an African context, strengthening informal social security schemes and linking the informal and formal social security systems.<sup>115</sup> Apt, for example, rightfully points out that:

“The economic development of Africa, it seems clear, can not proceed further without more detailed and systematic policy thinking on social welfare needs, priorities and arrangements, not least because of the imminence of demographic changes. The comprehensive re-consideration and re-design of the classic social welfare systems of the advanced industrial countries, creates the opportunity for forcing the explicit consideration of what forms of social welfare organisation are appropriate for Africa. The opportunity should not be lost; indigenous welfare arrangements should be identified and efforts made to provide the complementary services which can maintain and support these.

That the family, even the African family, can provide all the social welfare needs of the society is surely a myth; that it provides the central structure of social welfare in a developing society is surely a truth. The time has arrived for the design of policies which support the family rather than destroy it.’

...policy [should] be developed in such a way that it lends support to the traditional family based social insurance arrangements; social welfare arrangements should not seek to replace the insurance function of the family as they did historically in Western society but rather should seek to support and buttress the family in its performance of the important economic role of social insurance.”<sup>116</sup>

It is suggested that a multi-dimensional and interrelated approach to the meaningful extension of appropriate social protection to African families is required. This approach would require close interaction between public or governmental interventions, on the one hand, and family or household support, on the other hand

### 6.2 Framework for the integration of informal social security into the formal system and strengthening informal social security arrangements<sup>117</sup>

In developing a social protection paradigm for those reliant on informal social security, several issues have to be addressed. In his contribution on informal social

<sup>115</sup> See, for example, Kaseke E “Informal social security in eastern and southern Africa” in *Towards the Development of Social Protection in the SADC Region: Proceedings and outcomes of a conference held at the Helderfontein Conference Centre, Johannesburg, South Africa, 17 – 19 October 2001* (2002), Apt NA “Ageing in Africa” Paper prepared for World Congress on Medicine and Health, Hannover, 21 July – 31 August 2000. (Accessed at <http://www.mh-hannover.de>) and Apt NA “Ageing in Africa: Revisiting traditional safety nets” – accessed at [http://www.geocities.com/csps\\_Ghana/ageing/safety.html](http://www.geocities.com/csps_Ghana/ageing/safety.html).

<sup>116</sup> Apt NA “Ageing in Africa: Revisiting traditional safety nets” – accessed at [http://www.geocities.com/csps\\_Ghana/ageing/safety.html](http://www.geocities.com/csps_Ghana/ageing/safety.html).

<sup>117</sup> This part relies largely on Olivier M & Dekker A “Informal social security” in Olivier M *et al Social security: A legal analysis* (Butterworths, 2003).

security in eastern and southern Africa, Kaseke draws the following conclusions with regard to the strengthening of non-formal social security schemes:<sup>118</sup>

"The starting point in efforts to strengthen non-formal social security systems and schemes is recognition by governments that non-formal social security schemes are providing social protection to the majority of the people. Governments also need to accept that formal social security schemes as currently conceptualised and designed do not capture the poor who constitute the majority of the population. The following suggestions are pertinent:

- Providing training to members of mutual support schemes in order to improve the management of these schemes.
- Provision of financial assistance by governments and non-governmental organisations in order to improve their financial base and thereby enhance their capacity to provide better social protection.
- Widening the scope of non-formal social security systems in order to enhance social protection.
- Introducing linkages with formal social security systems so as to improve social protection. This would make it possible for non-formal social security schemes to incorporate the social insurance principle of risk-sharing.

In conclusion, it is important to note that social security will remain a dream for the poor unless efforts are taken to expand and strengthen non-formal social security schemes. Confining government efforts to formal social security will only serve to exacerbate existing inequalities between the rich and the poor."

Many writers argue that there is a need for "an integrated social security system which is fully-financed and which covers the whole population for main contingencies"<sup>119</sup> or that governments must create conditions to enable the poor to participate in formal social security systems.<sup>120</sup>

Some countries have opted for the creation of separate social security schemes for informal-sector workers within the formal social security framework. These schemes are arranged to address the needs and contingencies of the informal sector, as is the case in a number of European countries.<sup>121</sup>

The main problem with the extension of the formal social insurance system is the fact that it was – for most part – not designed to address the needs of the informal sector. Since it is based on the employee relationship, it normally requires the payment of amounts much higher than what workers in the informal sector can afford.<sup>122</sup>

Another reason why the mere extension of traditional (formal) social security mechanisms may not be feasible is because the African people, especially in rural communities, have a strong sense of pride in their own tradition and functioning of their communities, and thus often resist changes imposed on them from the outside and which do not evolve from the communities themselves.<sup>123</sup>

Incorporation of informal-sector workers into the formal system would place an extraordinary administrative burden on the formal system. It may be difficult to

<sup>118</sup> Kaseke *Informal social security in Eastern and Southern Africa* 8.

<sup>119</sup> Van Ginneken *Social security for the informal sector* 7.

<sup>120</sup> Kaseke *The challenges of extending social security to the poor* 10.

<sup>121</sup> See paragraph 6.1 above.

<sup>122</sup> Van Ginneken "Designing pilot projects" 5.

<sup>123</sup> Sikhosana D *Role of advocacy and civil society groups in social security transformation*

secure contributions and to control record-keeping. Another problem which could arise pertains to the replacement of benefits. Where a person has an irregular income, it is difficult to determine the rate at which such income should be replaced.<sup>124</sup>

It would not be possible to have an integrated system of social insurance that covers the full spectrum of the population and all workers in both the formal and informal sector.<sup>125</sup>

Instead of commencing with formalisation, the focus should first be on acknowledgement. Kaseke argues<sup>126</sup> that governments should recognise and acknowledge the importance of informal social security networks in the provision of social security. These networks or structures should then be strengthened, by means of training, in aspects of financial assistance and management skills. Financial assistance to these schemes should be provided by governments.<sup>127</sup> This will assist the schemes to widen their scope of protection. Linkages with the formal social security framework and instruments should also be established.<sup>128</sup>

If one considers the accommodation of informal social security mechanisms under the formal social security umbrella, there remains a tension between certain concepts, such as compulsory versus voluntary contributions, and future versus immediate needs. It should be kept in mind that workers are best protected if contributions are compulsory, since this increases the viability and reliability of the scheme. This is the best guarantee that workers with good risks support workers with bad risks. However, it may be rather difficult to compel informal-sector workers with very little and infrequent income to join on a compulsory basis. This may result in the need to design special schemes to accommodate informal-sector workers.<sup>129</sup>

Most informal social security systems are focused on addressing immediate to medium-term needs of members. Formal social security schemes, especially social insurance schemes, are aimed at addressing future risks. This could make a merger of formal and informal social security schemes difficult. Poor people can often not afford to protect themselves against future risks, since survival in circumstances of poverty is already a way of immediate risk/damage control. This distinction in focus is important when schemes are designed to incorporate informal social security mechanisms. The specific needs of the poor required to be addressed would first have to be determined, eg shelter, nutrition, adequate health and clean water.

Furthermore, a mere transplant of a Western-type social security scheme may not be acceptable to the majority of South Africans and may also not be practical, given the unique problems as far as poverty, unemployment and the political and cultural composition of the country are concerned.

<sup>124</sup> Van Ginneken *Social security for the informal sector* 7.

<sup>125</sup> Van Ginneken *Social security for the informal sector* 8.

<sup>126</sup> See the quotation above.

<sup>127</sup> This appears to be in accordance with the broad approach adopted by the Constitutional Court in *The Government of the Republic of South Africa and Others v Grootboom and Others* 2000 BCLR 1169 (CC), when the Court made it clear that effective implementation of a particular programme, which gives effect to a constitutionally-entrenched fundamental right (*in casu* the right to adequate housing), requires at least adequate budgetary support by national government: pars 66, 68.

<sup>128</sup> Kaseke *Informal social security in Eastern and Southern Europe* 8.

<sup>129</sup> Van Ginneken "Designing pilot projects" 6.

The question, however, is whether the whole-scale incorporation of informal social security into the formal social security framework should actually be the aim and ideal. Informal social security specifically-developed separately from the formal system, serving a distinct purpose, although its development was at least partly-necessitated by the exclusion of, in particular, poor people from the formal system. The extension of social security protection by means of incorporation is not always the ideal solution. The question should rather be: Under which conditions and in what manner should governments and private role players become involved in informal social security arrangements? It is imperative to distinguish between the formalisation of these informal social support structures, and the transformation of informal social security to formal social protection.

In many rural communities there is a co-existence of traditional systems of solidarity and modern systems. This is illustrated by the fact that in the South African context old-age grants serve as an important source of income in rural communities, along with other informal social security measures. For a realistic assessment of social security from an African perspective, it is important to have an understanding and knowledge of the socio-economic organisation, the social structure, family-patterns, jurisprudence and the normative order of the African people.

A more appropriate approach aimed at extending social security to rural areas may be to utilise alternative forms of social protection. This approach is advocated by Van Ginneken,<sup>130</sup> who emphasises the need to design a social security scheme that is suited to the needs and contributory-capacity of the marginalised, instead of merely extending statutory social insurance programmes in an attempt to accommodate the marginalised.

There are two fundamental requirements for setting up a successful informal social security scheme, namely the existence of an association of mutual trust, and an administration capable of collecting contributions and providing benefits.<sup>131</sup> These two principles should be strengthened when an informal social security system is designed.

It is possible, however, to extend the formal social security framework to at least certain categories of informal social-sector workers. This may require a pragmatic approach and a pragmatic definition of social security.

A modified definition of “work” may have to be designed in order to expand the scope of the existing formal social security system. This will enable more informal-sector employees to be incorporated into the formal social security structures. This is illustrated by the recent inclusion of domestic workers and seasonal workers in the scope of the application of the *Unemployment Insurance Act*.<sup>132</sup> The Act requires specific provision to be made as far as the administrative arrangements for the collection of contributions are concerned, and that the Minister of Labour must appoint a task-team for this purpose.

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<sup>130</sup> Van Ginneken “Designing pilot projects” 6.

<sup>131</sup> Van Ginneken “Designing pilot projects” 5.

<sup>132</sup> Act 63 of 2001.

A modified definition of “work” could also lead the way in transforming the traditional Western idea of social security into a usable definition for social security in Africa, whereby women as social care-takers are recognised as workers in the care economy, thereby recognising their role as contributors to the mainstream economy of the country.

The following challenges can be identified in progressing along the path towards a comprehensive social security policy:<sup>133</sup>

- to reach the majority of the population with social insurance schemes that are specifically designed for them, protecting them against poverty, while promoting productivity and employment;
- to promote and develop cost-effective social assistance;
- to reform the statutory (formal) social insurance schemes in order to extend their coverage to larger groups of regular and casual workers; and
- to involve all social partners in the design and execution of a comprehensive social security policy.

In developing a comprehensive social security model for South Africa, the importance of social solidarity in most marginalised societies must not be underscored. Social solidarity is the backbone of informal social security systems and stands in contrast to the credibility problems of formal social security institutions.

### 6.3 Rights-based approach

It is suggested that the recognition of a rights-based approach could a long way to ensuring the extension of proper protection to African families – with regard to both formal and informal social security arrangements. This rights-based approach is informed by, amongst others, the constitutional protection of social security as a fundamental right, international minimum standards, and the statutory framework.

In the chapter dealing with the Bill of Rights,<sup>134</sup> the Constitution<sup>135</sup> introduces a constitutional imperative in terms of which the government is compelled to ensure the "progressive realisation" of the right to access to social security. It grants to everyone "[t]he right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance".<sup>136</sup> It also obliges the state to implement appropriate measures: "[t]he state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights".<sup>137</sup> In addition to that, it is required of the State to respect, protect, promote and fulfill the rights contained in the Bill of Rights.<sup>138</sup>

Some of the practical implications of these constitutional provisions and prerequisites constituted the subject of comment by the Constitutional Court in the case of

<sup>133</sup> Van Ginneken *Social Security for the Excluded Majority* 179.

<sup>134</sup> Ch 2.

<sup>135</sup> 108 of 1996.

<sup>136</sup> S 27(1)(c).

<sup>137</sup> S 27(2).

<sup>138</sup> S 7(2).

*Government of the Republic of South Africa v Grootboom*.<sup>139</sup> The Court stressed the interrelated and mutually-supporting nature of the various socio-economic rights. It emphasized that realising socio-economic rights enables people to enjoy the other rights in the Bill of Rights, and that human dignity, freedom and equality are denied to those who have no food, clothing or shelter.<sup>140</sup> It could be said that this translates into a baseline or package approach with the emphasis on ensuring truly dignified living, as is also apparent from the reinforcement of the right to have access to social security by other fundamental rights contained in the Constitution. Together, these rights can be said to ensure - from a constitutional and human rights perspective - adequate social protection.<sup>141</sup> However, as noted by the Court in *Grootboom*, if under section 27

"the state has in place programmes to provide adequate social assistance to those who are otherwise unable to support themselves and their dependants, that would be relevant to the state's obligations in respect of other socio-economic rights."<sup>142</sup>

The Court also made it clear that a reasonable programme must clearly allocate responsibilities and tasks, and ensure appropriate financial and human resources.<sup>143</sup> This does not apply only to the various spheres of government (national, provincial and local), but also to non-governmental organisations and other private providers. The responsibility in the areas of social security implementation and service delivery is shared not only by state institutions at the various levels, but also by other agents within society, including individuals themselves. Providers of informal social security are, therefore, also meant to be included. They must be enabled by legislative and other measures to provide the necessary facilities and services (within the context of the *Grootboom* case, this refers to housing). National government bears the overall responsibility for ensuring that the State complies with its constitutional obligations.<sup>144</sup> The Court also stressed, within the context of the right to access to housing, that effective implementation requires at least adequate budgetary support by national government.<sup>145</sup> It emphasised that it is essential for a reasonable part of the national housing budget to be devoted to granting relief to those in desperate need, but that the precise allocation is for national government to decide upon in the first instance.<sup>146</sup> Provision must be made for the most vulnerable and desperate in society.<sup>147</sup> In particular, where communities are negatively-affected, and the right infringed is fundamental to the well-being of (categories of) people (such as

<sup>139</sup> (2000) 11 BCLR 1169 (CC).

<sup>140</sup> Pars 23, 35 and 83.

<sup>141</sup> See chapter xxxx above. Such a baseline or (minimum) package approach is also supported by the Committee of Inquiry into a Comprehensive System of Social Security for South Africa *Transforming the Present – Protecting the Future (Draft Consolidated Report)* 41-42.

<sup>142</sup> *Government of the Republic of South Africa v Grootboom* 2000 11 BCLR 1169 (CC) par 36.

<sup>143</sup> *Grootboom* par 39.

<sup>144</sup> *Grootboom* par 66.

<sup>145</sup> *Grootboom* par 68.

<sup>146</sup> *Grootboom* par 66.

<sup>147</sup> *Grootboom* (pars 52 and 69), where the failure to make express provision to facilitate access to temporary (housing) relief for people who have no access to land, no roof over their heads or who live in intolerable conditions was found to fall short of the obligation set by s 26(2) in the Constitution. See also *Minister of Health & others v Treatment Action Campaign & others* Case no CCT9/02 (judgment of the Constitutional Court, delivered on 5 July 2002), where government was ordered to "[R]emove the restrictions that prevent Nevirapine from being made available for the purpose of reducing the risk of mother-to-child transmission of HIV at public hospitals and clinics that are not research and training sites." (par 135)

housing), the Constitutional Court appears to be willing to intervene. This is, in particular, the case where the said communities have been historically marginalised and/or excluded or appear to be particularly vulnerable.<sup>148</sup> This, of course, implies priority-setting.

International agreements often set minimum standards, which could serve as benchmarks for evaluating whether a country is complying with its international obligations. South Africa has signed and is in the process of ratifying the International Covenant on Economic, Social And Cultural Rights. Even in those instances where South Africa is not legally bound by obligations under a treaty, section 39(1)(b) of the Constitution provides that: "when interpreting the Bill of Rights, a court, tribunal or forum must consider international law."<sup>149</sup>

Finally, statutory protection (as supported by administrative law tenets) potentially plays an immensely important role in extending protection to poor families. Laws normally serve as the primary source of individual beneficiaries's entitlement to benefits available under the formal social security system. It has often been emphasised that the courts will guard jealously against the unlawful infringement of social security, inclusive of social assistance rights, which are statutorily guaranteed.<sup>150</sup> Already in 1956, in the matter of *R v Canqan*,<sup>151</sup> Price J commented on the impact of and interpretation to be accorded to social (labour) legislation. According to him, social legislation:

"... is designed to protect the interest of employees and to safeguard their rights, and its effect is to limit the common-law rights of employers and to enlarge the common-law rights of employees. The history of social legislation discloses that for a considerable number of years there has been progressive encroachment on the rights of employers in the interest of workmen and all employees. So much has this been the purpose of social legislation that employees have been prevented from contracting to their detriment. They have been prohibited from consenting to accepting conditions of employment which the legislator has considered are too onerous and burdensome from their point of view."<sup>152</sup>

<sup>148</sup> *Grootboom* par 35. A statistical advance may not be enough and the needs that are the most urgent must be addressed; it is not only the state that is responsible for the provision of (for example) houses, but it may be held responsible if no other provision has been made or exists.

<sup>149</sup> Jansen van Rensburg, L "The Role of Supervisory Bodies in Enforcing Social Security Rights" in Olivier, M *et al* (eds) *The Extension of Social Security Protection in South Africa – A Legal Enquiry* (SiberInk, 2001) 114.

<sup>150</sup> *Bacela v MEC for Welfare (Eastern Cape Provincial Government)* 1998 (1) All SA 525 (E); *Ngxuza & others v Secretary, Department of Welfare, Eastern Cape Provincial Government & another* 2000 BCLR 1322 (E); *Bushula & others v Permanent Secretary, Department of Welfare, Eastern Cape Provincial Government & another* 2000 BCLR 728 (E); *Rangani v Superintendent-General, Department of Health and Welfare, Northern Province* 1999 (4) SA 385 (T); and *Mpofu v MEC for the Department of Welfare and Population Development in Gauteng Provincial Government* unreported WLD case 2848/99 of 18 February 2000. The *Ngxuza* judgment has recently been upheld by the Supreme Court of Appeal: *The Permanent Secretary, Department of Welfare, Eastern Cape Provincial Government v Member of the Executive Council for Welfare, Eastern Cape Provincial Government* 2001 (4) SA 1184 (SCA).

<sup>151</sup> 1956 3 SA 355 (E).

<sup>152</sup> 357-358.

## 7. CONCLUSIONS AND POLICY RECOMMENDATIONS<sup>153</sup>

In any discussion of the role of government vis-à-vis informal social security, one should be mindful – at least in the South African context – of the parameters of appropriate government involvement. Several issues are of concern in this regard: the constitutional context, the need for some measure of governmental interference, what kind of support government could or should render, and the role of government with regard to the difficult area of dovetailing informal and formal social security.

In view of the constitutional entrenchment of the right to access to social security (inclusive of social assistance) and related rights, read with the state's obligations in this regard, it is clear that government - in particular national government - bears the ultimate responsibility to ensure the realisation of the said rights.<sup>154</sup> Even to the extent that government's role in this regard - in the area of informal social security - may be of a subsidiary nature (and not merely that of primary provider), it is still responsible to see to it that an appropriate framework for giving effect to the said rights exists, which may include creating the necessary legislative framework, introducing appropriate control mechanisms aimed at consumer protection, and setting the contours within which sustainability may be ensured. This would imply that informal social security arrangements operate within the broader governmental enabling environment. It certainly does not mean that informal social security is seen as a substitute for extending the reach of the formal system - albeit in adapted form - or that government could effectively discriminate against those subject to informal social security arrangements. It is highly unlikely that such a discriminatory approach would pass equality muster.

There is, of course, no fixed formula for appropriate governmental or public intervention. As noted by Holzmann:

"In any given country, whether and which public interventions are appropriate should be guided by the strengths, costs, gaps, and constraints of the existing informal and market-based arrangements. This implies that public interventions are important in those areas where informal and market-based arrangements: (i) do not function properly because of the severity and scope of a particular risk; (ii) reinforce inequities; (iii) are lacking or dysfunctional; and, (iv) can benefit from public action."<sup>155</sup>

Bearing in mind the partly-complementary, partly-regulatory, and partly-provisionary role to be fulfilled by public interventions, it should be clear that governmental measures should operate in particular where:

- (i) the nature of the risk is such that informal arrangements can rarely provide a sustainable and/or long-term solution, as is the case with large covariate risks<sup>156</sup> or the provision of retirement benefits;<sup>157</sup>
- (ii) informal arrangements may be effective in managing risk but are detrimental to

<sup>153</sup> This part relies largely on Olivier M & Dekker A "Informal social security" in Olivier M *et al Social security: A legal analysis* (Butterworths, 2003).

<sup>154</sup> *Government of the Republic of South Africa v Grootboom* 2000 11 BCLR 1169 (CC) pars 40, 66.

<sup>155</sup> Holzmann *Risk and Vulnerability* par III.

<sup>156</sup> Such as natural disasters.

<sup>157</sup> "This calls for stronger emphasis to ensure provision of retirement benefits for the informal sector and lifetime poor" – Holzmann *Risk and Vulnerability* par III.

long-term development goals – for example, decisive governmental measures may be required to eradicate child-labour practices which may be supportive of informal coping mechanisms, but are evidently harmful;<sup>158</sup> and (iii) it is necessary to adopt specific measures to support informal arrangements. In this regard Holzmann refers to, amongst others:<sup>159</sup>

- the encouragement of legal reform to protect poor people's (and especially poor women's) property rights to assets;
- supporting community-based coping related to orphans and AIDS victims beginning in the parts of sub-Saharan Africa where the traditional coping mechanisms have been put under an unbearable strain;
- developing micro-finance within social protection programmes (inclusive of micro-savings and micro-insurance) as well as developing new models around the combination of community-based and market-based arrangements (reinsurance) that will meet both financial and social sustainability criteria; and
- building financial literacy.

In the South African context, the combination of exclusion and marginalisation of large pockets of poor people, the constitutional imperative to provide access to social security and social assistance, the skewed nature of the present social security system and the extent of poverty, unemployment and inequality incidences, may warrant the adoption of a particular baseline approach, aimed at ensuring a minimum acceptable living standard.<sup>160</sup> This approach may require the introduction of specific government-initiated measures to address income-poverty and to ensure temporary relief.<sup>161</sup> It is evident that these measures will be of particular advantage to those who have to rely primarily on informal social security arrangements.

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<sup>158</sup> See Holzmann *Risk and Vulnerability* par III.

<sup>159</sup> Holzmann *Risk and Vulnerability* par III.

<sup>160</sup> *Transforming the Present – Protecting the Future* (Draft Consolidated Report of the *Committee of Inquiry into a Comprehensive System of Social Security for South Africa*) at 41, where it is suggested that it should be the aim of a comprehensive social protection package to ensure at least a *minimum acceptable living standard* (own emphasis).

<sup>161</sup> The Committee of Inquiry into a Comprehensive System of Social Security for South Africa is, therefore, suggesting – as the preferred option – the extension of the Child Support Grant to all children under the age of 18, the scrapping of the means-test as far as social grants are concerned, and the introduction of a basic income grant: *Transforming the Present – Protecting the Future* (Draft Consolidated Report) 64-65.

## Annexure A

**The role of formal and informal institutions in promoting well being**

<b>Contributing Factors</b>	<b>Informal Institutions</b>	<b>Formal Institutions</b>
<b>1. Information:</b> <ul style="list-style-type: none"> <li>Market, prices, product innovations</li> <li>Values, opinions, beliefs</li> <li>Political leaders, state performance</li> </ul>	Families, friends, peers, neighbours, kin, ethnic networks, informal groups, work related networks; festivals, rituals, sports events, story telling, religious activities, civil society groups	<ul style="list-style-type: none"> <li>Newspapers, trade journals, magazines, books, radios, television, internet, freedom of press, information disclosure laws; regulations</li> <li>Provision of infrastructure; roads, post offices, electricity, telephones</li> <li>Schools, school curriculum</li> <li>Political competition, citizenship rights, freedom to associate, independent audits, civil society participation and other accountability mechanisms</li> </ul>
<b>2. Trust</b>	Norms, values, interpersonal relations, social sanctions	<ul style="list-style-type: none"> <li>Rule of law, independent judiciary, equity before law, enforceable human, consumer and property rights and contracts at low personal and financial cost;</li> </ul> Secure financial institution Schools, school curriculum, educational institutions, values education Citizen participation in state activities and accountability mechanisms
<b>3. Managing Risk:</b>  Health  Livelihood	Different health care spending, and selective feeding to optimise chances of survival of the 'breadwinners'; Home-based care Within family diversification; kin or social group network; inter-generational transfer; work related networks, civil society groups	<ul style="list-style-type: none"> <li>Health insurance policies; subsidized healthcare for the poor in clinics and hospitals; education; positive investment in girls.</li> <li>Investment in human capability; stimulating livelihood opportunities; unemployment insurance, social security, safety net schemes; pensions, laws enforced for open and fair hiring based on merit; investment incentives for private sector</li> </ul>
<b>4. Credit</b>	Ethnic groups, kin networks, friends, money lender, revolving credit societies, civil society groups	<ul style="list-style-type: none"> <li>Banks, credit rating bureaus, training and marketing</li> </ul>
<b>5. Local public goods, basic services and common property resources</b>	Community groups and committees	<ul style="list-style-type: none"> <li>Co-production with local groups through direct or indirect representation</li> </ul>
<b>6. Child care and socialization</b>	Family, neighbours, friends, religious institutions	<ul style="list-style-type: none"> <li>Day care, nursery schools, schools, school based clubs, media; parent education, counselling</li> </ul>
<b>7. Dispute management and resolution</b>	Family, extended kin, ethnic network, traditional council, church, community groups	<ul style="list-style-type: none"> <li>Lawyers, courts, tribunals, dispute resolution bodies, small court claims, mediation centres, police, social worker, alternative dispute resolution mechanisms</li> </ul>
<b>8. Security</b>	Norms, self-policing, neighbourhood or social group based security systems	<ul style="list-style-type: none"> <li>Police, armed forces, security personnel, laws about carrying arms by citizens, law enforcement and fairness in law enforcement, zoning laws, investment incentives to private sector</li> </ul>

Source: Narayan D *Bonds and Bridges: Social Capital and Poverty* (World Bank (1999)) 19.